West Bengal Electricity Regulatory Commission

Corrigendum to the Tariff Order dated 04.03.2015 of the Commission including the corrigendum dated 19.03.2015 in regard to the Tariff Application of the CESC Limited, for the years 2014-2015 to 2016-2017 in Case No TP-56/13-14

Attention of the Commission has been drawn to a typographical error / apparent mistake in the tariff order dated 04.03.2015 passed by the Commission including the corrigendum dated 19.03.2015 in regard to the Tariff Application of CESC Limited, for the years 2014-2015 to 2016-2017 in Case No: TP-56/13-14 .

The Commission is of the considered opinion that in the interest of all concerned such typographical error / apparent mistake which do not have any effect on tariff determination already made inadvertently in the said tariff order including the aforesaid corrigendum, be corrected and necessary corrigendum be issued. The Commission accordingly carries out such correction keeping in view the provisions of Section 94 of the Electricity Act, 2003 and directs the Secretary to issue the following corrigendum :-

Correction of the typographical error / apparent mistake in the Tariff Order dated 04.03.2015 including the corrigendum dated 19.03.2015 in respect of CESC Limited.

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Page No	***Nomenclature***	***Present Description***	***Corrected Description***
112	Some of the signs in first column with the column heading "Power Factor (PF) Range in %" of the Table "Power Factor Rebate & Surcharge on Energy Charge in Percentage" in the corrigendum.	Power Factor (PF) Range in %	Power Factor (PF) Range
		PF > 0.99%	PF > 0.99
		PF > 0.98% & PF ≤ 0.99%	PF > 0.98 & PF ≤ 0.99
		PF > 0.97% & PF ≤ 0.98%	PF > 0.97 & PF ≤ 0.98
		PF > 0.96% & PF ≤ 0.97%	PF > 0.96 & PF ≤ 0.97
		PF > 0.95% & PF ≤ 0. 96%	PF > 0.95 & PF ≤ 0. 96
		PF > 0.94% & PF ≤ 0.95%	PF > 0.94 & PF ≤ 0.95
		PF > 0.93% & PF ≤ 0.94%	PF > 0.93 & PF ≤ 0.94
		PF > 0.92% & PF ≤ 0.93%	PF > 0.92 & PF ≤ 0.93
		PF ≥ 0.86% & PF ≤ 0.92%	***PF ≥ 0.86 & PF ≤ 0.92***
		PF ≥ 0.85% & PF < 0. 86%	PF ≥ 0.85 & PF < 0. 86
		PF ≥ 0.84% & PF < 0. 85%	PF ≥ 0.84 & PF < 0. 85
		PF ≥ 0.83% & PF < 0.84%	PF ≥ 0.83 & PF < 0.84
		PF ≥ 0.82% & PF < 0. 83%	PF ≥ 0.82 & PF < 0. 83
		PF ≥ 0.81% & PF < 0.82%	PF ≥ 0.81 & PF < 0.82
		PF ≥ 0.80% & PF < 0. 81%	PF ≥ 0.80 & PF < 0. 81
		PF < 0.80%	PF < 0.80

Page No	Nomenclature	Present Description	Corrected Description
43 & 44	The first paragraph of paragraph no. 4.9.2 under chapter 4 of the tariff order.	For purchase of power by CESC Limited from WBSEDCL, the Commission admits the fixed charge of Rs. 4314.00 lakh per month for March 2015 in respect of 2014 – 2015. Prior to March, 2015, the purchase price of power by CESC Limited from WBSEDCL will be in single part and at an average rate of 571 paise / kWh which is average current purchase price inclusive of MVCA. In this context this may be clearly noted that during the period of April 2014 to February, 2015 the power purchase price will be Rs. 571 paise / unit on the basis of the actual energy drawal and no separate charge will be applicable. The mechanism of two part tariff will be introduced from March, 2015 as the same is the major structural change requiring modification of despatch protocol at both seller's and purchaser's end as well as there is requirement of modification in scheduling and related state energy accounting procedure at SLDC end. However, for 2015 – 2016 and 2016 – 2017 the purchase price of CESC Limited from WBSEDCL shall be two part where the capacity charge will be Rs. 2545.00 lakh per month and Rs. 2885.00 lakh per month respectively subject to the conditions as laid down in paragraph 8.16 (ii) in Chapter 8 of this order. To accommodate the need of the said direction in paragraph 8.16 (ii) in Chapter 8, the single part tariff for 2015 – 2016 and 2016 – 2017 will be 736.68 paise / kWh and 757.30 paise / kWh respectively. Besides the fixed charge per month under two part tariff mechanism, CESC has to pay energy charge on actual energy drawal every month as per the rate admitted and shown in Annexure 4F.	For purchase of power by CESC Limited from WBSEDCL, the Commission admits the fixed charge of Rs. 4314.00 lakh per month for March 2015 in respect of 2014 – 2015. Prior to March, 2015, the purchase price of power by CESC Limited from WBSEDCL will be in single part and at an average rate of 571 paise / kWh which is average current purchase price inclusive of MVCA. In this context this may be clearly noted that during the period of April 2014 to February, 2015 the power purchase price will be Rs. 571 paise / unit on the basis of the scheduled energy drawal and no separate charge will be applicable. The mechanism of two part tariff will be introduced from March, 2015 as the same is the major structural change requiring modification of despatch protocol at both seller's and purchaser's end as well as there is requirement of modification in scheduling and related state energy accounting procedure at SLDC end. However, for 2015 – 2016 and 2016 – 2017 the purchase price of CESC Limited from WBSEDCL shall be two part where the capacity charge will be Rs. 2545.00 lakh per month and Rs. 2885.00 lakh per month respectively subject to the conditions as laid down in paragraph 8.16 (ii) in Chapter 8 of this order. To accommodate the need of the said direction in paragraph 8.16 (ii) in Chapter 8, the single part tariff for 2015 – 2016 and 2016 – 2017 will be 736.68 paise / kWh and 757.30 paise / kWh respectively. Besides the fixed charge per month under two part tariff mechanism, CESC has to pay energy charge on scheduled energy drawal every month as per the rate admitted and shown in Annexure 4F.
130	From 6th line to 9th line in clause (i) under paragraph 8.4 of the tariff order.	Such calculation sheet shall also specifically mention the received fuel bill which has not been considered or partly considered in the said MVCA in pursuance to note (g) under sub- paragraph (e) of paragraph A of Schedule – 7B of the Tariff Regulations.	Such calculation sheet shall also specifically mention the received fuel bill and/or power purchase bill which has not been considered or partly considered in the said MVCA in pursuance to note (g) under sub- paragraph (e) of paragraph A of Schedule – 7B of the Tariff Regulations.

Sd/-
(SUJIT DASGUPTA)
MEMBER

Dated: 25.05.2015

West Bengal Electricity Regulatory Commission
Corrigendum to the Order dated 04.03.2015 of the Commission in regard to the Tariff Application of the CESC Limited, for the years 2014-2015 in Case No TP-56/13-14

Attention of the Commission has been drawn to a typographical error / apparent mistake in the tariff order dated 04.03.2015 passed by the Commission in regard to the Tariff Application of CESC Limited, for the year 2014-2015 in Case No: TP-56/13-14 .

The Commission is of the considered opinion that in the interest of all concerned such typographical error / apparent mistake which do not have any effect on tariff determination already made inadvertently in the said tariff order, be corrected and necessary corrigendum be issued. The Commission accordingly carries out such correction keeping in view the provisions of Section 94 of the Electricity Act, 2003 and directs the Secretary to issue the following corrigendum :-

Correction of the typographical error / apparent mistake in the Tariff Order dated 04.03.2015 in respect of CESC Limited.

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Page No	Nomenclature	Present Description	Corrected Description
112	Some of the signs in first column with the column heading “Power Factor (PF) Range in %” of the Table “Power Factor Rebate & Surcharge on Energy Charge in Percentage” under sub-paragraph 7.3.7.1 are erroneously printed.	Power Factor (PF) Range in %	Power Factor (PF) Range in %
		PF > 0.99	PF > 0.99%
		PF > 0.98 & PF < 0.99	PF > 0.98% & PF ≤ 0.99%
		PF > 0.97 & PF < 0.98	PF > 0.97% & PF ≤ 0.98%
		PF > 0.96% & PF < 0.97%	PF > 0.96% & PF ≤ 0.97%
		PF > 0.95% & PF < 0. 96%	PF > 0.95% & PF ≤ 0. 96%
		PF > 0.94% & PF < 0.95%	PF > 0.94% & PF ≤ 0.95%
		PF > 0.93% & PF < 0.94%	PF > 0.93% & PF ≤ 0.94%
		PF > 0.92% & PF < 0.93%	PF > 0.92% & PF ≤ 0.93%
		PF > 0.86% & PF < 0.92%	PF ≥ 0.86% & PF ≤ 0.92%
		PF > 0.85% & PF < 0. 86%	PF ≥ 0.85% & PF < 0. 86%
		PF > 0.84% & PF < 0. 85%	PF ≥ 0.84% & PF < 0. 85%
		PF > 0.83% & PF < 0.84%	PF ≥ 0.83% & PF < 0.84%
		PF > 0.82% & PF < 0. 83%	PF ≥ 0.82% & PF < 0. 83%
		PF > 0.81% & PF < 0.82%	PF ≥ 0.81% & PF < 0.82%
		PF > 0.80% & PF < 0. 81%	PF ≥ 0.80% & PF < 0. 81%
		PF < 0.80%	PF < 0.80%

Sd/-
(SUJIT DASGUPTA)
MEMBER

Dated: 19.03.2015

ORDER

OF THE

WEST BENGAL ELECTRICITY REGULATORY COMMISSION

FOR THE YEAR 2014 – 2015

IN

CASE NO: TP – 56 / 13 - 14

IN RE THE TARIFF APPLICATION OF CESC LIMITED

FOR THE YEARS 2014-2015, 2015-2016 and 2016-2017

UNDER SECTION 64(3)(a)

READ WITH SECTION 62(1) AND SECTION 62(3)

OF THE ELECTRICITY ACT, 2003

DATE: 04.03.2015

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. CESC Limited, a Company under the Companies Act, 1956, is a distribution licensee in the State of West Bengal for supply of electricity in Kolkata and some areas in the districts of Howrah, Hooghly, North 24 Parganas and South 24 Parganas of the State. It was a licensee under the provisions of the Indian Electricity Act, 1910 (since repealed) and has become a deemed licensee in terms of the first proviso to section 14 of the Act with effect from 10.06.2003 i.e. the date of coming into force of the Act.

1.3. West Bengal Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2011 has come into effect 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 was further amended by notification in The Kolkata Gazette dated 30th July, 2013.

1.4. In terms of West Bengal Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2011, as amended from time to time (hereinafter referred to as the 'Tariff Regulations'), the tariff applications for the fourth control period consisting of the years 2014 – 2015, 2015 – 2016 and 2016 – 2017 under the Multi Year Tariff (MYT) framework was required to be submitted by CESC Limited 120 days in advance of the effective date of the said control period. The effective date of the fourth control period is 1st April, 2014. CESC Limited submitted an application on 11.11.2013 for extension of date for submission of their MYT application for the fourth control period till end December, 2013 on the plea that the Amendment Regulations, 2013 was gazetted on 30.07.2013 and considerable time would be required for preparation of MYT application for the fourth control period in view of extensive compliance requirements and wide ranging impact. The Commission, after considering the application of CESC Limited and also the applications received from some distribution licensees and the transmission licensee for extension of time of submission of MYT application, decided to fix the last date of submission of MYT application for the fourth control period on 31.12.2013 and accordingly issued an order dated 02.12.2013.

1.5. Accordingly, CESC Limited, complying with the provisions of the Tariff Regulations, prepared the application for determination of its tariff for the fourth control period and submitted the same to the Commission on 28.12.2013. This tariff application was admitted by the Commission and was numbered as TP-56/13-14.

1.6. CESC Limited was thereafter directed to publish, as required under section 64(2) of the Act, the gist of the tariff application as approved by the Commission in the website and newspapers as specified in the Tariff Regulations. The gist was, accordingly, published simultaneously on 19.02.2014 in 'Anandabazar Patrika', 'The Telegraph', 'Sanmarg', 'Sangbad Pratidin; and also in certain other newspapers. The gist along with the tariff petition was also posted in the website of CESC Limited. 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 CESC Limited for the fourth control period and requested for submission of suggestions, objections and comments, if any, on the tariff application to the Commission by 21.03.2014 at the latest. Opportunities were also afforded to all to inspect the tariff application and take copies thereof.

1.7. The suggestions, objections and comments on the aforementioned application of CESC Limited for determination of tariff for the fourth control period were received only from the following stake holders within the specified time limit and the same have been recorded in a summarized form in Chapter 3 of the instant order.

i) Ganatantrik Nagarik Samity, Howrah,

ii) Indus Towers Limited,

iii) All Bengal Electricity Consumers Association (ABECA).

1.8. 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 2013 – 2014 to arrive at the estimated expenditure / cost under different heads for the years 2014 – 2015 to 2016 – 2017.

1.9. The estimation made for 2013 – 2014 by the Commission in this order shall not be construed by CESC Limited as admission of at least such estimated amount in APR for 2013 – 2014. 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 fourth 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 CESC LIMITED

2.1 CESC Limited (in short 'applicant') has submitted the application for determination of Annual Revenue Requirements (ARR) and tariffs for the fourth control period, covering the years 2014-15 to 2016-17, in accordance with the Tariff Regulations. The applicant has projected the ARR and tariff for each ensuing year of the fourth control period and has prayed for allowing the same. The applicant has also prayed for other dispensations which are mentioned in subsequent paragraphs.

2.2 CESC Limited has prayed for an average tariff of 755.84 paise per unit for 2014-15 which is higher than the average tariff of 610.33 paise per unit allowed by the Commission for 2013-14 plus Monthly Variable Cost Adjustment of 28 paise per unit at the time of publication of its gist. The applicant has claimed that there has been sharp increases in prices of both primary and secondary fuel and that the Company, notwithstanding such steep rise in fuel costs coupled with inflationary pressure, is able to contain its prayer to a reasonable level due to several efficiency measures undertaken by it in line with the Commission's directions.

2.3 In the tariff application several charts have been furnished by CESC Limited showing the steady plant availability of their generating stations and also steady generation in their pulverized fuel generating station. In their opinion, there is no further scope for improvement and, as a matter of fact, sustaining the present level of excellence is a challenge in itself. According to CESC Limited, the company has achieved further improvement in consumer service and continues its special thrust on consumer services.

2.4 CESC Limited has submitted that it is alive to the spirit of the Tariff Regulations including the special thrusts given on compliance of environmental standards, safety standards and that it will strive towards achieving the same. They are also simultaneously augmenting network at all levels of distribution system for ensuring security of supply.

2.5 It has been submitted that average tariff of CESC Limited is much lower than those prevailing in the cities of Delhi and Mumbai. It is also submitted that with the rising fuel cost, increase in input cost, insistent inflationary pressure and need to enhance energy security and reliability, it is no longer feasible to operate at such tariff. Global prices for both Aluminium and Copper, which are the major materials for electrical plants and equipments, have shot up over last few years.

2.6 Highlighting that "Distribution is the most critical segment of the electricity business chain", as observed by the National Electricity Policy, and that it is this segment that carries the maximum risk within the power sector, CESC Limited submits that the tasks being performed by a distribution licensee have been rendered significantly difficult by an ever-increasing customer expectation and the statutory obligation of a distribution licensee for providing universal service. The present consumer base of CESC Limited, as stated, is 27 lakh and 50% of this consumer base contributes less than 10% of their energy sale. Added to such onerous obligations, the distribution licensees are required to combat the social menace of power theft and in doing so CESC Limited has to run its theft control operation in a hostile environment, often involving physical violence. Under such circumstances, safeguarding the sustainability of the operation of a distribution licensee is, according to the tariff applicant, of vital importance in the interest of their consumers in general and particularly the smaller segment thereof and CESC Limited suggests that the same should be achieved by ensuring revenue sufficiency to meet its costs and by allowing it a return commensurate with the risks it takes. In the opinion of CESC Limited, the much sought after private sector participation in promoting investment in electricity industry which has a long gestation period in addition to being capital intensive, will not be forthcoming unless the problem of risk is addressed and the regulatory uncertainties are adequately mitigated.

2.7 It has been submitted by CESC Limited that regulated licensees are statutorily required to provide critical services under hostile circumstances. They should be in a position to finance their ongoing operations including essential repairs and maintenance. CESC Limited has only thermal generating stations with coal as the primary fuel and oil as the secondary fuel. Coal and oil prices have increased substantially in national and international markets, adversely affecting its operation costs. CESC Limited has furnished a few more charts to exhibit that while coal and oil prices have increased significantly during 2003-04 to 2013-14, CESC Limited's average tariff has increased at a much lower rate during the same period. Similarly, CESC Limited has sought to illustrate through other charts that even in the face of a high inflationary trend over last several years, its average tariff has not been increased significantly during that period.

2.8 CESC Limited has submitted their performance on the basis of achieved PLF. As per performance graph depicted in the submission of petition, CESC Limited has established that they have attained the maximum possible efficiency level and sustaining the present level of excellence is a challenge for them. Though the Commission stipulated stringent standards of performance of distribution licensees in its Regulations, the company is committed to adhere to the standards set by the Commission.

2.9 CESC Limited has submitted that while the company has handled the pressure well in the past through sustained performance improvement, the current space of continuous and unrelenting inflationary pressures are becoming difficult to withstand and is being reflected in higher levels of both operating and capital expenditures, increased administrative and general expenditures, higher employee cost, etc. It is also submitted that efficiency measures can contain costs upto a certain extent and curtailment of necessary expenditure is bound to manifest itself as service as service inadequacies and eventually goes against the interest of the consumers.

2.10 CESC Limited has informed that the company does not receive any external subsidy from any agency.

2.11 It has been claimed that CESC Limited's Plant Availability is one of the best in the country. Its planned maintenance is done in such a way that downtime is reduced to a very significant extent and thus, it is claimed, has allowed generation to take place at a high Plant Load Factor whenever there is demand. It has been stated that the Company operates its pulverized fuel fired power stations viz. Budge Budge, Southern and Titagarh at a higher merit order dispatch schedule thereby achieving optimization of fuel consumption and generation efficiency. It has also been claimed that generation has been planned assuming conducive operation conditions, adequate load availability, the proposed decommissioning of New Cossipore generating station, *etc*. Despite the highly fluctuating day and night demand as also seasonal demand, the Company is already operating at high levels of PLF / PAF and the Company feels it deserves incentives for maintaining a high operating level.

2.12 Enumerating various awards, on environmental related performance, which CESC Limited has won, both at the State level and at the National level, CESC Limited has sought to show how it has been successfully carrying out its environmental responsibilities, particularly in monitoring and controlling emissions and effluents. Emission level at the power stations of CESC Limited, as stated, is much lower than the standards set by West Bengal Pollution Control Board. An environmental statement report for the year ending 31.03.2013, as submitted by West Bengal Pollution Control Board, is annexed with their tariff application.

2.13.1 On the front of distribution loss, CESC Limited has claimed that as per the report of Central Electricity Authority the distribution loss figures in the country are around 26%. The applicant submits that theft of electricity is the main contributor to such loss. CESC Limited submitted that they operate their loss control activity in a hostile environment where stiff opposition from miscreants, physical violence and continuous threat to their staff are on the rise. CESC Limited, it has been submitted, took all possible actions to reduce its distribution loss substantially in the last few years. The reduction in loss, as stated, was possible through concerted efforts by all concerned inspite of hostile environment and stiff opposition from miscreants, ingenious methods / technologies deployed by pilferers and continuous decline in HT sales in comparison to LT sales. It is also submitted that energy audit at distribution transformer level is being continued. A number of loss prone areas have been identified and authorities are kept apprised. The sensitive nature of most of such areas precludes administrative supports being forthcoming.

2.13.2 It is also the submission of CESC Limited that higher the proportion of low voltage sales, higher is the distribution loss on account of technical reason. It is also submitted that proportion of sales of electricity to high voltage consumers has been steadily going down in CESC's area from 51% in the year 1993-94 to less than 34% in the year 2012-13, This factor, as stated, has adverse impact on CESC's distribution loss, which is entirely beyond their control.

2.13.3 CESC Limited, as stated, has taken all possible actions in dealing with the pilferage menace and has achieved progressive improvement in the last few years. As stated, intense level of activity in meter checking, surprise inspection, removal of hooking, vigilance, filing of FIRs, following up cases in legal forums, etc. are being continued. Innovative services / making arrangements, extension of High Voltage Distribution System (HVDS) and replacement of LT OH line by Airial Bunched Cables (ABC) are being taken up in theft prone areas. CESC

Limited, as stated, is continuing with extensive public awareness campaign covering print and electronic media. Regular visits to schools are also made to instill awareness against their social menace particularly among the young.

2.14 CESC Limited submits that its dispatch schedule maximized its own generation to the extent feasible and cost effective. The company entered into long term purchase agreement with West Bengal State Electricity Distribution Company Limited (WBSEDCL) and Haldia Energy Limited (HEL) to ensure reliability of supply. Shortage of power during peak period being a national phenomenon, procurement of peak power is difficult and is associated with higher cost. High Unscheduled Interchange (UI) charge has been fixed by Central Electricity Regulatory Commission (in short 'CERC') which exhibits demand for electricity even at such high steep rates. The Central Electricity Regulatory Commission in their regulation CERC (Unscheduled Interchange charges and related matters) Regulations, 2009, as amended has provided additional UI charge for over-drawal of electricity. The energy charge becomes Rs. 18.00 per kWh for over-drawal when frequency falls below 49.2 $H_{Z.}$ In order to tide over the power crisis, purchases have been stated to be made to the extent of necessity particularly during peak period. CESC Limited has also stated to reduce consumption of coal at high price by substituting generation with purchased power, particularly during lean period to the extent cost becomes attractive. CESC Limited has also stated that it consistently pursues application of modern technology for optimum load dispatch and mix of various sources of power is selected in such a way that the same works out to be the most economic one under the given circumstances. CESC Limited has also endeavoured to procure power from other renewable and cogeneration sources through diligent efforts.

2.15.1 CESC Limited has described how it has estimated sales, i.e. by application of Geometric Mean Analysis for all categories of consumers. For stable categories of sales, a period of reference from 1995-96 is considered appropriate to project the sale of power under CAGR method. For new consumer classes, it has used respective periods of stable sales for analysis or has estimated on the basis of available consumption trend. In its opinion, the risk of migration of HT industrial consumers to their own captive generation plants cannot be assessed at this stage. However, it apprehends that the situation is likely to worsen. Pointing out that it is very difficult to assess future sales, it suggests that any variation from recovery of fixed costs permitted in the tariff order on account of variation of sales volume data should be adjusted through a suitable mechanism based on actual sales data when available at a future date.

2.15.2 Through a number of charts, CESC Limited has presented forecasts about how the long term growth rate of LT domestic sales achieved so far is expected to be sustained, how growth in the LT commercial and industrial segments are expected to be positive, thereby leading to a positive growth of the total LT sales, how long term steady growth in HT commercial sales is expected, how the HT public water works sales is expected to be on the rise, how HT sales to Metro Railways show a positive growth trend, how the overall trend of HT industrial sales is likely to be neutral, and how the overall outlook in HT sales reflects a positive trend.

2.16.1 CESC Limited has claimed that it continues its special thrust on consumer services and highlighted certain initiatives as enumerated below.

2.16.2 CESC Limited states that it is following the Grievance Redressal Procedure set up as per guidelines of the Commission and that the Grievance Redressal Officers ensure that all complaints and grievances of the consumers are dealt with promptly and within the time limits set by the Commission.

2.16.3 The entire operational area of CESC Limited, it is claimed, is covered by mobile emergency service round-the-clock. There are now about 200 motorized units with teams of experienced linesmen / electricians attending to emergency calls from LT consumers round the clock. Besides, the Company runs a special help desk having dedicated telephones and manned by experienced personnel for meeting the emergency needs and outages of supply of HT consumers.

2.16.4 CESC Limited is operating a 24 hour call centre as a part of their constant endeavour towards meeting its customer satisfaction which handles cases of supply breakdowns and other supply related complaints of LT consumers. Power theft can also be reported at the call centre, without divulging name/address of the complainant. Various information provided in the company's website for the consumers includes planned outage, power saving guideline, safety tips, power consumption guide, details of district offices, cash offices, etc. The consumers can also report complaints through the website. The consumers can get his bill through e-mail as well. Recently the provision for an application for new supply, change of name against existing consumer number and additional load requirement has been incorporated in their website.

2.16.5 All normal bills of the consumers, CESC Limited has claimed, are being delivered by courier services, resulting in savings in delivery expenses.

2.16.6 The consumers, it is claimed, receive their bills normally every month. The bills contain information on energy consumption of the last six months vis-à-vis the same period of the previous year. The amount of security deposit maintained by the consumer is also highlighted. CESC Limited has also introduced a number of other bill payment options viz. electronic payment through several payment gateways, on line payment by credit card / debit card, ECS, net banking through company's website, cheque drop box at different locations, payment through authorized agency [(EASY BILL, ITZ (cash)], advance payment etc., besides payment at 39 cash offices.

2.16.7 Senior officers of CESC Limited continue to visit individual HT consumers to obtain their feedback. CESC Limited has also stated that it acts upon such feedback.

2.16.8 In order to increase consumer awareness, the licensee regularly sends message through electricity bills as well as sends mailers to the consumers about safety, power consumption, power theft, grievance redressal, etc.

2.17 Budge Budge, Southern and Titagarh generating stations of the company, it has been stated, are accredited with certification both under the ISO 14000 and the ISO 9000. Besides a number of regional offices, the Testing Department and the Materials functions have also been brought under the ISO certification. Further, CESC Limited's three pulverized coal generating stations are accredited under an international standard on Occupational Health & Safety Assessment Series (OHSAS).

2.18.1 CESC Limited, as stated, has always accorded high priority to safety matters. The Company has active Safety Committees in each of its generating stations as also in the distribution wing. The generating stations are continuing a "Safety, Health and Environment" programme. On the distribution side, the emphasis is on improved practices, tools and tackles. Moreover, safety is overviewed by an inter-departmental committee. Its Human Resource Department conducts regular programmes / workshops covering all sections of employees and holds annual competitions covering all safety aspects.

2.18.2 CESC Limited, as stated, has always involved itself in socially relevant projects. The Company has tied up with a leading English daily and now participates, during the Durga Pujas, in campaigns dealing with safety, social responsibility and civil consciousness.

2.18.3 CESC Limited has stated that they have installed about 4700 number of state-of-the-art technology SF6 Gas Insulated RMU for protection and operation of its primary distribution network (6 kV / 11 kV) and this has improved their safety aspect to a great extent. It is also stated that the Oil Circuit Breakers are replaced in phases by Vacuum / SF 6 Circuit Breaker to avoid fire hazards.

2.19.1 CESC Limited submits that it has estimated the fuel cost on the basis of the generation plan as projected in the instant tariff application and the estimate is based on the norms set by the Commission in the Tariff Regulations. CESC Limited has referred to a Notification, issued by the Ministry of Environment & Forests, requiring use of coal with limited ash content in urban areas. It has submitted that the Tariff Regulations also recognize the need to comply with environmental standards. It is also submitted by the company that due to amendment of new Coal Distribution Policy of GoI, there will be shortfall in coal supply.

2.19.2 CESC Limited has submitted that for maintaining reliable supply of power adequate quantity of fuel stock is required. But stock is critical for maintaining a high PLF level and it would be difficult for them to sustain PLF at a high level unless it is given a guaranteed coal supply stream. CESC Limited has submitted that superior grades of coal are required for New Cossipore generating station as also for Titagarh generating station to the same extent. There has been a sharp increase in coal price and further additional charges are payable under FSA. Further, additional cess and duties have been introduced and enhanced. Oil prices are also highly volatile and have exhibited sharp rises. The projected costs of fuel are based on the latest Notification, issued by Coal India, on 27th May, 2013, 13th November, 2013 and 16th December, 2013, the prevailing oil price and the Regulations framed by the Commission in this behalf. As per CESC Limited, quality of coal supplied by CIL is very poor. There has also been a change in the sampling system. Third party sampling has been phased out and power generating companies are at the receiving end because of huge bargaining power of CIL. There is no Regulation for coal sector.

2.20 Maintenance of generation at a high PLF, CESC Limited has submitted, involves removal of a high volume of ash. In the opinion of the licensee, this calls for use of a judicious mix of coal and a comprehensive approach towards ash management including washing of coal.

2.21 CESC Limited has submitted that its Plant Availability Factor (PAF) is one of the best in the country. Budge Budge generating station is in the highest merit order in the dispatch schedule.

2.22.1 On the issue of repairs and maintenance in generation plants, the applicant has tried to make out a case of incurrence of additional maintenance costs, because CESC Limited is committed to the maintenance of a high PAF level and also because its plants are ageing and require enhanced maintenance so as to continue to function efficiently.

2.22.2 According to the Company, it also strictly adheres to a comprehensive preventive maintenance schedule which it itself has developed, covering the entire gamut of its distribution plant and network. But micro-tunneling by other agencies at random and also in an uncontrolled fashion, frequently damages the power supplying cables. Besides, the distribution plants and equipments get damaged because of excessive overloading which in turn is caused by the high level of pilferage. All these, CESC Limited points out, need repair and maintenance. The tariff applicant pleads that such appropriate repairs serve the interest of the consumers and therefore need to be allowed by the Commission.

2.22.3 CESC Limited has submitted that there has been unprecedented inflation as interest rates are also high.

2.23 CESC Limited has submitted that the demand pattern in CESC Limited's licensed area is widely varying pattern over the hours of a day. Demand of CESC Limited fluctuates at a range between 1900 MW, (peak summer) and 450 MW (lean winter). Since the demand profile is beyond the control of the licensee, a gap between plant availability factor and plant load factor is inevitable. According to the Electricity Act, 2003, CESC Limited may look beyond its licensed area for selling of surplus power, subject to market, economics and evacuation constraints. In this regard, CESC Limited has initiated suitable action and is making continuous effort to the extent feasible and cost effective, through dual strategy of increasing sale to persons other than its own consumers and reducing power purchase. Target for sale to persons other than own consumers have been set for the years 2014-15 to 2016-17 considering both capacity and relative economics.

2.24 It has been submitted that CESC Limited may sell electricity to other persons after meeting the demand of own consumers, but surplus capacity at their generating stations exists generally during off-peak period. As the power scenario in the country and power market condition are presently not very encouraging for sale of power utilizing surplus capacities during the off-peak period, they make a conservative target of sale to persons other than consumers and licensee during the year 2014-15 to 2016-17 considering both capacity and relative economics.

2.25 CESC Limited has also submitted that Intra-State ABT is in operation in the State in accordance with the directions of the Commission and the relevant Regulations. Due to intra-state ABT operation, some quota of Unscheduled Interchange (UI) of energy from state grid is inevitable which cannot be assessed beforehand.

2.26 CESC Limited has stated to estimate capital expenditure in line with Regulations and following certain objectives like security of supply, downtime reduction, prevention of frequent failures, overloading reduction, containing load shedding and distribution loss, etc.

2.27 CESC Limited has furnished item wise summarized reports on the directives issued by the Commission as applicable.

2.27.1 On the Commission's directive towards encouragement of TOD tariff, the Company reports that TOD tariff is being actively encouraged as an effective mechanism for load leveling since improvement of night-time utilization and curbing consumption during peak period improves the system and they use this as a tool for Demand Side Management. The Company is continuing campaign for encouraging TOD tariff and has put up advertisement in newspapers.

2.27.2 CESC Limited has provided pre-paid tariff schedule for a number of consumers. CESC Limited has submitted copies of the quarterly reports on implementation of pre-paid meter along with the instant tariff application.

2.27.3 CESC Limited has stated that they have taken up projects for providing metered supply to street light with the co-operation of Kolkata Municipal Corporation and Howrah Municipal Corporation. They have submitted the latest report on conversion of unmetered street light supplies to metered supplies along with the instant tariff application.

2.27.4 CESC Limited has submitted that it has made exhaustive effort in procuring power from co-generation and renewable energy sources and has also submitted a report regarding compliance status of renewable and co-generation obligation, along with the instant tariff application. The company has placed documents to show that it had issued advertisements seeking to purchase power from appropriate sources. Negotiations are on with developers of wind power, solar power, biomass plant, MSW plant, etc., particularly regarding prices offered, connectivity and other related issues. The company has effected net metering arrangement for roof-top solar PV power plant in its distribution system at some places in and around Kolkata.

2.27.5 CESC Limited has appended to the instant tariff application a report on energy audit measures undertaken by it. CESC Limited has also submitted reports on safety and occupational health hazard.

2.27.6 It is reported that CESC Limited is continuing its efforts in persuading large consumers to undertake energy audit in their premises / factories. A copy of the mailer for energy audit sent to such consumers has been appended to the tariff application.

2.27.7 CESC Limited confirmed its activity on reassessment of connected load, installation of capacitor banks and demand side management.

2.27.8 CESC Limited has submitted a report along with the instant tariff application giving details of its efforts to reduce emission and meet environmental responsibilities.

2.28 CESC Limited submits that it has furnished, in accordance with the Tariff Regulations, all relevant information and supporting materials in specified forms, but it simultaneously undertakes to make available such other or further information, particulars and documents as may be considered appropriate and called for by the Commission.

2.29 It has been submitted that in the event any rebates / incentives are allowed in the tariff structure, and/or if new tariff categories/classes are introduced, then the same may be allowed in such a manner that the net revenue requirements as may be determined by the Commission are fully protected and the Company is able to collect the same in its entirety.

2.30 CESC Limited has also stated that it has presented, in the instant tariff application, a tariff structure on a pro-rata basis as per the existing structure and that further differentiation in terms of section 62(3) of the Act may be made by the Commission as may be deemed appropriate.

2.31 It has also been submitted that both the quantum and coverage of demand charge may be looked into for appropriate recovery of fixed cost incurred / to be incurred by the licensee.

2.32 The tariff applicant has, in conclusion, prayed for (a) confirmation of the Aggregate Revenue Requirements for 2014-15, 2015-16 and 2016-17 as contained in Annexure - 1 of the tariff application and granting of commensurate tariff increase in accordance with the Tariff Regulations; (b) allowing additional amounts for the appropriate years for any increase in power purchase cost from WBSEDCL and HEL beyond what has been considered in the petition; (c) allowing appropriate adjustments towards fuel and power purchase cost adjustment and annual performance review of earlier year(s); (d) allowing additional amounts towards development fund as deemed appropriate by the Commission; (e) confirming the capital expenditure proposed as contained in the Annexure – I read with the perspective plan; (f) early disposal of the application as the business of Commission would permit and (g) passing of such further order or orders as the Commission may deem fit and proper.

CHAPTER - 3
OBJECTIONS, COMMENTS, ETC.

3.1. Suggestions, objections and comments on the tariff application of CESC Limited for the fourth control period covering the years 2014-15, 2015-16 and 2016-17 have been received within 21.03.2014 i.e., the due date from the persons are mentioned in paragraph 1.10 of Chapter-1. The main points of the suggestions, objections and comments etc. are summarized in the following paragraphs in this chapter. The Commission's views on the relevant objections, comments etc. are also recorded in this Chapter.

3.2. The submissions and the relevant issues pertaining to tariff determination of 4th control period made by Ganatantrik Nagarik Samity, Howrah (hereafter referred as GNS) are as follows against which commission's views are given.

i) GNS proposes that the consumers should be given incentives for consuming less power. The benchmark consumption of each domestic and commercial consumer can be derived through a suitable and transparent process based on average consumption of last three years. Thereafter, whoever consumes less power in a month should be given an incentive in tariff on a graded scale.

While the Commission has noted the point, considering the number of practical problems of its implementation such as consumer specific continuous monitoring on each billing cycle and the resultant burden on the utility's information system, the Commission decides to retain the existing slab system as the same helps to achieve the same objective.

ii) GNS is of the view that the cost of power procurement from renewable energy sources as well as other costs for promoting renewable power should be levied as 'Green Energy Charge' to the consumers. CESC Limited should be directed to clearly show the same separately in consumers' bill.

The Commission noted the content. But at this stage such matter is not considered. This will be taken up in due course after taking the public opinion at large.

iii) GNS is of the opinion that the Commission should direct CESC Limited to set up their own renewable and non-conventional power generation unit. Since CESC Limited has also prayed for allowing expensive power procurement from renewable and non-conventional sources, it will definitely be a better proposition for them to set up their own units for renewable power generation. In this respect, GNS also appreciates procurement of power from cogeneration sources within the price cap specified by the Commission as the lowest cost option of cheaper renewable power. GNS does not recommend purchase of REC to meet RPO obligation as this is a paper transaction and does not help environmental concerns.

The Commission observes that its existing regulation covers the issue as suggested by GNS.

iv) GNS has stated that CESC Limited has effected net metering arrangements in a few places for energy injected from solar roof-top photovoltaic power plants in its distribution area. Such procurement of energy, as a separate transaction, should be encouraged and recognized towards RPO.

The Commission has noted the issue that energy generated from such solar roof-top photovoltaic power plants shall be considered both on the consumption side and as input energy from renewable sources while *determining the RPO obligations, in terms of the Electricity Act, 2003 and the relevant regulations.*

v) GNS stated that the New Cossipore Plant of the company is incurring higher cost as well as causing higher pollution. It is necessary in the consumers' interest that a time bound plan for closure of New Cossipore is now taken up immediately.

In this context, the Commission has provided its direction in the appropriate chapter.

vi) GNS has stated that CESC Limited has claimed to be alive to the need to 'arrange for/ create reserve generation capacities' and have a vision of 'building up a robust reliable network, matching megacities of the world.' GNS finds from various reports that the company is still largely dependent on power purchase from the State grid/ other licensees. If that be the situation, the company should be directed to increase generation from plants installed/ to be installed by their own group through additional investment, if required.

The Commission noted the point and provides appropriate direction in this respect in the relevant chapter.

vii) GNS expressed deep concern with the proposal for steep rise in selling price of power by WBSEDCL to CESC Limited to a level which is far more than the average tariff proposed by WBSEDCL for its consumers. GNS also stated that peak power demand occurs in the evening for any Licensee largely because of demands of small consumers who need such power only for this time. Purpose of supply as a stipulated consideration for differentiation of tariff, envisaged in the Act, should be given due weightage. Also tariff specified by the Commission for WBSEDCL considers lower tariff and additional rebates for power procurements at 132 KV. Considering relative tariffs of two licensees and the fact that more than 50% of CESC Limited's consumers are small, such tariff to Licensees should not exceed 50% to 60% of the average cost of supply of WBSEDCL. GNS also stated that detailed aspects of WBSEDCL tariff shall be dealt in their objections regarding tariff proposal of WBSEDCL. In further submission, GNS stated that even based on CESC Limited's submissions, the rate for procurement from WBSEDCL is higher than that from a new generating station at Haldia. Even this WBSEDCL figure is understated on account of MVCA at 36 paise/ unit. This would require urgent and careful consideration of the Commission for the simple reason that inter-licensee exchange of power between two West Bengal Licensees should assist each other in balancing their demands and to cater to large number of small consumers embedded in their system for whom they have respective supply obligations. The major source of power purchase of the company is WBSEDCL who in turn, procures power from WBPDCL. According to GNS, the Company should be directed to make purchase from WBPDCL, a far more cost effective source. This will reduce the burden on CESC Limited's consumers. Moreover, as CESC Limited claims that due to low demand in its area during night, it cannot fully utilize its generating potential. If so, CESC Limited should be directed to look for further opportunities to export power outside its area during such low demand periods and through such export of power, positive contribution earned therefrom will also benefit the consumers. GNS further stated that power purchased from WBPDCL is sold by WBSEDCL to CESC Limited Such rate should not exceed the average rate at which power is sold by WBPDCL to WBSEDCL plus 20 paise per Kilowatt-hour towards transmission charges. Such fixation will go to protect CESC Limited's consumers' interest. That CESC Limited's consumers should not be asked to subsidize consumers of WBSEDCL.

In this context the Commission's view is that the tariff proposed by WBSEDCL is found to be reasonable in 2014-15 if per unit cost is considered. But due to skewed drawal pattern in peak and off peak period proposed by CESC Limited in 2015-16 and 2016-17 per unit sale price by WBSEDCL to CESC Limited seems to be high. The Commission is taking a view after detailed examination of the figures involved, component of power purchased by WBSEDCL from short term market and its price and whether it is two-part or single part etc. However CESC Limited is being directed to separately search for power from other source(s) having supply pattern and cost involvement / economics more favourable for CESC Limited's consumers so that CESC Limited can reduce its dependency on WBSEDCL which primarily has thermal sources, in order to check the rise in retail price of electricity for the consumers also in future in a better way. To cover such issues, the Commission has issued an appropriate direction in the direction chapter.

viii) According to GNS many of the consumers are forced to arrange for alternative power sources like own generators, invertors and solar power in case of shortage in supply. GNS further pointed out that the alternative sources of power is costly, even going up to Rs. 12 to Rs. 14 per unit. GNS is of the opinion that as CESC Limited's duty is to cater to the total need of all the consumers within their jurisdiction, CESC Limited should be directed to procure power from other sources so long as such power is cheaper than the cost of alternative power. As per GNS, load shedding is not acceptable by the consumers who would prefer to pay the just cost of power.

The Commission has noted the comments made.

ix) GNS also made submission that as a custodian of all stakeholders' interests, the Commission is requested not to accept every claim for cost push. Tariff increase should be allowed only where there are genuine reasons for higher cost.

The suggestion has been noted by the Commission.

x) GNS has pointed out that the new Act has brought with it the threat of flight of larger consumers from the distribution licensee's ambit. Flight of larger consumers goes directly against the interest of smaller, weaker consumers. Such small consumers must be protected by levy of an appropriate surcharge on the large consumers leaving the system. Cross-subsidy surcharge as well as additional surcharge provided for in the Act should be levied on such outgoing consumers, so that small consumers do not suffer. GNS apprehends that such outgoing customers may take part of their load from the licensee and opt for Open Access for the other part of their load. Tariff for such consumers for the load taken from the Licensee cannot be equated with the tariff of other embedded consumers who have no means of separate power source. A separate sub-category with appropriate tariff higher than applicable tariff for the sub-category is called for. Also over drawal charges should be seriously reviewed by the Commission in this light and a two-part mechanism is needed. Such outgoing customers seeking Open Access for part or entire load, may depend on the Licensee for back-up power. Such back-up power arrangements between the Licensee and Open Access Customer should not be at the detriment of embedded consumers' interest. Priority of drawal for backup power should be least in the dispatch schedule and no ordinary consumer should be made to suffer power-cut on this account. Present Temporary Supply charge, it is submitted, cannot address this nature of demand placed on a continuous basis and a separate category for Back-up charge is required to be put in place. The demand risk put on the distribution system should be valued at least at thrice the demand charge levied with to other consumers, besides charging them appropriate energy charge for actual drawal. Any drawal beyond contracted back-up power should be levied over-drawal charge at least four times the demand charge of the relevant category. Licensee and the Open Access consumers, in their back-up power agreement must agree to this tariff fixed by the Commission and should not make any underhand deal to the detriment of the small consumers. Proceeds from such charges should go on to reduce the revenue required to be met from consumers embedded in the system.

The Commission is of the opinion that the present regulations framed by the Commission governing open access and tariff are provided in a manner to balance the interest of different groups of consumers and the issues raised by GNS are addressed in the regulations in an appropriate manner.

3.3. Indus Towers after submission of views / suggestions / objections vide letter dated 18.03.2014, submitted another letter on 23.04.2014 withdrawing their earlier letter dated 18.03.2014 containing the above suggestions / objections, stating that they have since been satisfied by clarifications obtained from CESC Limited on most of the points. Such withdrawal has not been considered by the Commission as the same was submitted after the last date fixed for submission of objections, suggestions and comments. Accordingly, the Commission has dealt with the suggestions and objections of Indus vide letter dated 18.03.2014 hereinafter, pertaining to the tariff determination of the fourth control period.

i) Indus has a blanket prayer that any capital expenditure which accounts for increase in tariff rate should not be allowed on the ground that it is an extra burden to the consumers as CESC Limited is already supplying quality power to the city.

However, Indus has not specifically mentioned which items of capital expenditure are avoidable together with their views / reasons. In the absence of such specific comments, the Commission is unable to take a view

ii) CESC Limited has a plan to moving to the smart grid over time. Thus, as a consumer Indus would like to know more about its impact on cost and added advantage available to its consumers.

The Commission noted the point and accordingly issued appropriate direction in the relevant chapter of this order.

iii) Indus has made an analysis of power tariff across India and different cities of the world to show that though the cost of living is the lowest in Kolkata among the metros but the cost of electricity is allegedly the highest at Kolkata. Indus has also referred to a Corporate Group presentation of RP-SG group to show that CESC Limited accounts for a large share of the group, contributing more than 38% of the group revenue with a steady growth in its EBITDA and net profit. According to Indus, the present EBITDA for the CESC Limited is around 26% and the present net profit is around 12%, which is one of the highest for the DISCOM in India. In such context, Indus submitted that a part of this net profit of CESC Limited may be passed on to the consumers by way of the tariff relief.

In this context the Commission is of view that the tariff determination process is guided by the regulations framed under the Electricity Act 2003 after due previous publications of the regulations where the stakeholders views have been duly considered. Thus tariff is to be determined as per the principles laid down in the regulations and the Electricity Act 2003 alone.

iv) Indus has also mentioned that a steep target for reduction of AT & C loss should be given to the CESC Limited. Amount saved from this should neutralize the increased cost of fuel etc.

The Commission's observation in this context is that it has already set the target of distribution loss in the relevant regulations which will be followed in this tariff determination process.

v) Indus pointed out that a much more robust mechanism of loss control such as energy audit at each level, identification of loss making feeder etc. is required. In case of any shortage of power, it is suggested to switch off the loss making feeder instead of purchasing costly power. This will help the honest consumer while the consumers who indulged in power theft may become an honest consumer to ensure quality 24 x 7 power at their premises.

The Commission does not agree with the above proposal of Indus as the law abiding consumers serviced by the loss making feeder will be put to hardship in such a case. Moreover, the Electricity Act 2003 has provided different stringent provisions against different types of power theft which can be effectively used by different law enforcement authorities to reduce the losses.

vi) From 2010 onwards, the eastern grid had seen a very good frequency and the grid is almost self-sufficient in catering to its demand. The UI rate is seen at its bottom. In spite of this favourable condition, CESC Limited had purchased power on short term basis through some co-generation units. An impact analysis relating to the forecast/ schedule and actual demand is required and a much more transparent system for purchase of power through open bidding process is also needed to curb the power purchase cost of the CESC Limited.

The Commission in general cannot agree with the proposal of taking advantage of the UI / deviation settlement situation because UI / deviation settlement is meant for maintaining grid discipline and grid security but not as a source of power drawal of permanent nature to replace power procurement. Regarding purchase of power the regulations have clearly mentioned the method of short term procurement. Power procurement from renewable and cogeneration sources is guided by the relevant regulations of the Commission and goes to meet the renewable power purchase obligation of the licensee.

vii) CESC Limited had shown concern for incurrence of added maintenance cost due to damages done to its cable etc. by other utilities/ civil authorities. However, as per understanding of Indus, prior clearance from CESC Limited is required by such civic bodies/ other utilities and if any utility damages the CESC Limited's network, CESC Limited can claim the cost of such damages from such civic bodies/ other utilities. Thus question of incurring added maintenance cost does not arise.

The Commission has noted the point.

viii) Indus in their submission has mentioned that in the recent times, CESC Limited had replaced their old dilapidated equipment with modern maintenance free equipment. Thus with introduction of new equipment, the maintenance cost of the CESC Limited should decrease and the consumers should be allowed a relief in the proposed tariff due to this reduction of operation and maintenance cost. This decrease is not visible in ARR.

The Commission has noted the point.

ix) To flatten the load curve Indus suggests implementation of the TOD tariff at-least for the commercial and industrial tariff categories and that minimum 30 KVA load criterion should be removed for eligibility for TOD conversion. Also, a program should be mandated to CESC Limited, wherein the pumping station load, drainage station load and other load which can be shifted to non-peak hour should be shifted. A target should be given to CESC Limited for reduction of tariff by peak clipping and accordingly the reduction in tariff due to this should be reflected into the proposed tariff.

The point has been noted by the Commission.

x) A consumer like Indus, which has a distributed presence across the geography of the licensed area, should be covered under the centralized billing and parent and child id. To further enhance the billing and collection efficiency, AMR installation and online payment against single RTGS payment are also suggested.

The Commission is of the view that it has provided for adequate facilities for online payments through RTGS / NEFT and other internet based options for consumer convenience through its regulations and corresponding orders. However, consumer consolidation, billing centralization for payment convenience etc. cannot be addressed through proceedings for tariff and ARR determination.

xi) CESC Limited, according to Indus, might explore the other avenues such as letting its property for advertisement / ATM Installation etc. / use of bill etc. for advertisement to generate additional revenues, which should reflect in to the reduction of tariff for the next MYT period.

The Commission is of the opinion that such revenue generation is already covered under its regulations.

xii) Indus had applied to CESC Limited and the Commission during 2012-13 for extending benefit of Industrial tariff to the Mobile tower, in line with Maharashtra. Although the Commission has furnished its view, Indus has once again raised the issue.

The Commission is of the view that the current proceeding is one of tariff and ARR determination under the relevant regulations and classification of individual consumers cannot be addressed through such proceedings.

3.4. The Commission has gone through the submission of ABECA, and addresses the issues pertaining to the tariff determination for the 4th control period only as follows.

i) ABECA has raised certain issues on allocation and utilisation of coal block.

In this context, the Commission's view is that allocation of mines and allied issues are guided by statutes other than the Electricity Act, 2003 or any regulations made thereunder and monitored by other authorities. The Commission will deal this matter as per the Tariff Regulations as has been done in the past.

ii) ABECA has opposed the provision of incentive for generation above the normative PLF against Budge Budge TPS.

The incentive scheme has been introduced through regulations as specified after following due process and hence, the same is to be followed by the Commission.

iii) ABECA pointed out that in the gist of tariff proposal for 2014-15 CESC Limited at para (iv) did not disclose the details relating to coal price enhancement by Coal India Limited

The Commission finds that the petition contains necessary details and the gist is meant for sensitizing the issues. Therefore, there is no infirmity involved.

iv) ABECA pointed out that while electricity market is providing/ selling electricity at a cheaper rate then why CESC Limited fails to produce / buy electricity at a cheaper rate.

In this context, the Commission is of the opinion that it is to be noted that long term agreement price cannot be compared with short-term market price where electricity price often does not reflect actual generation cost recovery. Appropriate direction has already been given in this respect in direction chapter.

v) ABECA is of the view that while CESC Limited itself submitted projected power purchase cost which shows reduction from 251 paise in 2014-15 to 247 paise per unit in 2016-17 if it is purchased from another source, hence the logic of inflation and coal price increase is not tenable.

ABECA has merely picked up the variable cost of energy from one source but could not substantiate its claim with appropriate facts and figures that the CESC Limited's logic of inflation and coal price increase is not tenable. Thus the Commission has no specific material from this submission to deal with it further but while disposing of the tariff application appropriate prudence check will be made.

CHAPTER - 4
SALES, ENERGY BALANCE & VARIABLE COST

4.1 CESC Limited is a distribution licensee having four (4) generating stations of its own. A substantial part of its energy requirement is met out of its own generation and the balance is met by purchase from other agencies. The proper assessment of the sales during the year for which the tariff is to be determined on prospective basis is of prime importance. The Commission is, therefore, taking up first the examination of sales projection of CESC Limited.

4.2 Sales Projection

4.2.1 While projecting sales, CESC Limited has stated that the estimation of sub-category-wise demand has been done through Geometric Mean Analysis (Compounded Annual Growth Rate) for all categories of consumers. For stable categories of sales, a reference of previous trend has been used. The applicant has submitted the break-up of category-wise actual consumptions from 2009-10 to 2012-13, estimated consumptions for 2013-14 and the projections for 2014-15 to 2016-17. It has also shown sales of its power to WBSEDCL in a very limited way. CESC Limited also consumes power in his own premises. After meeting such demand, the balance available surplus energy is proposed for sale to persons other than the licensees of the Commission or the consumers of CESC Limited. Accordingly, projected figures of supply are as follows:

Figures in MU

Sl. No.	Category of Supply	Projected for 2014-15	Projected for 2015-16	Projected for 2016-17
1	Sale to Consumers	9074	9424	9794
2	Sale to WBSEDCL	33	33	33
3	Consumption in own Premises	20	20	20
4	Sub-Total (1 + 2 + 3)	9127	9477	9847
5	Sale to Persons other than the consumers and other licensees of the Commission	137	394	392
6	Total (4 + 5)	9264	9871	10239

4.3 **Sources of Energy**:

4.3.1 The Commission is now to view the sources of energy requirements of CESC Ltd to meet its supply obligations to its consumers and to effect the projected quantum of export. As mentioned earlier, a substantial part of its total energy requirement is met out of ex-bus generations from its own power stations. The quantum of ex-bus generation that will be available to CESC Ltd., will depend on capacity utilization of the plants and the rates of auxiliary energy consumption therein. Balance energy required is proposed to be purchased mainly from WBSEDCL and Haldia Energy Limited (in short 'HEL') through long term arrangement and a small quantum from different other sources.

4.4 **Sent Out from Own Generating Station**:

4.4.1 CESC Limited projected the generation at their own generating stations at lower level than that was achieved during the year 2012 – 2013. Some of the objectors, however, have asked for higher generation by CESC Limited's own plants. For energy availability from own sources, Commission has not accepted the projection of CESC Limited regarding generation from own generating stations as those are lower than the computed generation as per normative Plant Load Factor (PLF) for incentive specified in the Tariff Regulations. The Commission has considered the generation from Budge Budge generating station during the year 2014 – 2015 at a PLF of 88.4% as was achieved during the year 2012 – 2013. The Commission considers the generation at Southern generating station at a PLF of 88% during the year 2014 – 2015. The PLF achieved at Titagarh generating station during the year 2012 – 2013 was less than 80%. The Commission considers generation at Titagarh generating station at a PLF of 85% for the year 2014 – 2015. The Commission, however, has considered the generation from the generating stations at Budge Budge, Southern and Titagarh during the year 2015 – 2016 and 2016 – 2017 on normative PLF basis as per

Tariff Regulations. In case of New Cossipore generating station, CESC Limited has projected generation for the year 2014 – 2015 only at a lower level than the norm set in the Tariff Regulations considering its vintage, high fuel cost, requirement of high grade coal, etc. and also the peak power availability. CESC Limited has proposed phasing out of the New Cossipore generating station after 2014 – 2015 and has not considered any generation from the said generating station for 2015 – 2016 and 2016 – 2017. The Commission considers the energy generation at New Cossipore generating station as proposed by CESC Limited. Low generation from New Cossipore generating station is being allowed in view of its retirement programme by 2014 – 2015. However, capacity charges shall be recovered on the basis of normative Plant Availability Factor (PAF) for each generating station including that of New Cossipore generating station. For the actual energy recovery through FPPCA actual energy generated by a generating station to meet the actual system demand shall be considered on the basis of normative Station Heat Rate (SHR) and Auxiliary Energy Consumptions (AEC). The Commission has allowed auxiliary energy consumptions at the rates as per norms as specified in the Tariff Regulations. Accordingly, admitted generation, auxiliary energy consumptions and net sent out energy from each generating station of CESC Limited are given below:

Generation by Generating Stations of CESC Limited in MU						
Power Station	As proposed			As Admitted		
	2014-15	2015-16	2016-17	2014-15	2015-16	2016-17
Budge Budge (750 MW capacity)	5290	5290	5452	5808	5590	5590
Titagarh (240 MW capacity)	1475	1475	1475	1787	1685	1685
Southern (135 MW capacity)	830	830	830	1041	950	950
New Cossipore (100 MW capacity)	110	0	0	110	0	0
Total	7705	7595	7757	8746	8225	8225

Auxiliary Energy Consumption by Generating Stations of CESC Limited in MU						
Power Station	As proposed			As Admitted		
	2014-15	2015-16	2016-17	2014-15	2015-16	2016-17
Budge Budge (750 MW capacity)	476	476	491	523	503	503
Titagarh (240 MW capacity)	133	133	133	161	152	152
Southern (135 MW capacity)	75	75	75	94	86	86
New Cossipore (100 MW capacity)	14	0	0	11	0	0
Total	698	684	699	789	741	741

Net Sent Out Energy by Generating Stations of CESC Limited in MU						
Power Station	As proposed			As Admitted		
	2014-15	2015-16	2016-17	2014-15	2015-16	2016-17
Budge Budge (750 MW capacity)	4814	4814	4961	5285	5087	5087
Titagarh (240 MW capacity)	1342	1342	1342	1626	1533	1533
Southern (135 MW capacity)	755	755	755	947	864	864
New Cossipore (100 MW capacity)	96	0	0	99	0	0
Total	7007	6911	7058	7957	7484	7484

4.5 **Distribution Loss**:

4.5.1 The Commission has allowed distribution loss as per norms specified in the Tariff Regulations against sale of energy to consumers and WBSEDCL in radial mode and also for consumptions in its own premises as projected by CESC Limited. Accordingly, the distribution loss as admitted by the Commission is shown in the following table:

Distribution Loss			
Year	Sale of Energy through Distribution Net Work in MU*	Normative Distribution Loss in %	Normative Distribution loss in MU
2014-15	9127	14.3	1523
2015-16	9477	14.3	1581
2016-17	9847	14.3	1643
*Note: Sale to own consumers, WBSEDCL in radial mode and consumption in own premises.			

4.6 **Purchase of Power**:

4.6.1 Power purchase quantums in respect of WBSEDCL, as proposed by CESC Limited, for all the three ensuing years of 2014 – 2015, 2015 – 2015 and 2016 – 2017 are admitted by the Commission and are given in the following table. CESC Limited has projected purchase of power from HEL. The power purchase agreement has already been executed by and between HEL and CESC Limited. First unit of HEL at Haldia has achieved commercial operation on 28.01.2015 and the second unit is yet to achieve commercial operation. The quantum of purchase from HEL as projected by CESC Limited, is 1620 MU, 3561 MU and 3788 MU for 2014 – 2015, 2015 – 2016 and 2016 – 2017 respectively, but as the first unit of HEL's generating station is stated to have been started commercial operation only on 28.01.2015 and the commercial operation of second unit of HEL's generating station is yet to be started and stabilized the Commission has estimated the energy purchase from HEL conservatively for 2014 – 2015, 2015 – 2016 and 2016 – 2017 on the basis of balance power requirement to meet its energy sale commitment in West Bengal. The quantum of energy purchase from HEL during 2014 – 2015, 2015 – 2016 and 2016 – 2017 as estimated and admitted by the Commission is 433 MU, 2594 MU and 2971 MU respectively. CESC Limited has projected purchase of power from co-generation sources through electricity trader at a level of 84 MU each year during the fourth control period and the same is admitted by the Commission. This should not be construed as giving clearance by WBERC of meeting the obligation on purchase from renewable and co-generation sources of energy in full. The power purchase quantum against supplementary purchase from other sources during the year 2014 – 2015 has been considered at an increased level of 366 MU as against projected energy of 266 MU as the estimated quantum of purchase from HEL is considered at a reduced level than the projected purchase from HEL during the year 2014 – 2015 as explained above. The power purchase quantum of 266 MU each year against the supplementary purchase from other sources, as projected by CESC Limited, for the ensuing years of 2015 – 2016 and 2016 – 2017 required to meet their peak demand is being admitted by the Commission.

4.6.2 While the energy balance is drawn, it is considered that CESC Limited will adopt economic despatching schedule / merit order despatch in terms of the Tariff

Regulations and other relevant Regulations. Surplus energy is required to be appropriately sold out / banking / swap to a person other than consumers and licensee in order to bring down the consumer's tariff. The Commission will review the matter while truing up during the APR of concerned years.

4.6.3 The purchase of energy from different sources, as projected by CESC Limited and as admitted by the Commission are given below:

Sources	As proposed by CESC Limited (in MU)			As admitted by the Commission (in MU)		
	2014-15	2015-16	2016-17	2014-15	2015-16	2016-17
WBSEDCL	1810.00	630.00	685.00	1810.00	630.00	685.00
Haldia Energy Limited	1620.00	3561.00	3788.00	433.00	2594.00	2971.00
Co-generation source	84.00	84.00	84.00	84.00	84.00	84.00
From other sources	266.00	266.00	266.00	366.00	266.00	266.00
Total	3780.00	4541.00	4823.00	2693.00	3574.00	4006.00

4.7 **Energy Balance**:

4.7.1 On the basis of the analyses done in the foregoing paragraphs, the Commission admits the following Energy Balance for CESC Limited for the years 2014 – 2015, 2015 – 2015 and 2016 – 2017:

ENERGY BALANCING FOR CESC LIMITED					
SL NO	PARTICULARS	UNIT	ENSUING YEARS		
			2014-15	2015-16	2016-17
1	Generation from Existing Units	MU	8746.00	8225.00	8225.00
2	Aux Energy Consumption of existing units	MU	789.00	741.00	741.00
3	Ex-bus Generation [(3) = (1) – (2)]	MU	7957.00	7484.00	7484.00
4	Energy Purchased from WBSEDCL	MU	1810.00	630.00	685.00
5	Energy Purchased from HEL	MU	433.00	2594.00	2971.00
6	Supplementary Energy Purchase and purchase from co-generation	MU	450.00	350.00	350.00
7	Energy at input of CESC [(3) to (6)]	MU	10650.00	11058.00	11490.00
8	Unit Sold To Consumers	MU	9074.00	9424.00	9794.00
9	Unit Sold to WBSEDCL in radial mode	MU	33.00	33.00	33.00
10	Unit Utilized in Own Premises	MU	20.00	20.00	20.00
11	Target Norms of Distribution loss	%	14.30	14.30	14.30
12	Normative T& D loss on (8+9+10) as per rate of (11)	MU	1523.00	1581.00	1643.00
13	Unit Available for sale to persons other than licensees of the Commission or consumers of CESC Limited including losses [(13) = (7)-(8)-(9)-(10)-(12)]	MU	0.00	0.00	0.00

4.8 **Fuel Cost**:

4.8.1 An examination of the projected fuel cost claimed by CESC Limited for the ensuing years 2014 – 2015, 2015 – 2015 and 2016 – 2017 of the fourth control period under different heads for its power station has been taken up in this paragraph.

4.8.2 Fuel cost for different power stations of CESC Limited presently in operation as per its projection comes as under:

Fuel Cost in Rs. in Lakh			
Power Station	**2014-15**	**2015-16**	**2016-17**
Budge Budge*	114417.00	108779.00	112438.00
Titagarh	39150.00	39150.00	39150.00
Southern	22456.00	22456.00	22456.00
New Cossipore	7471.00	0.00	0.00
*Fuel cost of Budge Budge generating station excludes the fuel cost of gross generation corresponding to sale to persons other than consumers and licensee.			

4.8.3 In the tariff application for the fourth control period, CESC Limited has proposed fuel cost on the basis of norms of plant load factor, auxiliary energy 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 three ensuing years of the fourth control period, CESC Limited has not envisaged any price increase in average price of coal or average price of oil in its projections for 2015-16 and 2016-17.

4.8.4 The Commission has adopted the procedure for calculation of the fuel cost in accordance with normative parameters applicable to CESC Limited as specified in the Tariff Regulations and allowed fuel cost to CESC Limited as mentioned in subsequent paragraphs.

4.8.5 While determining the average price of coal and average price of oil for the years 2014 – 2015, 2015 – 2016 and 2016 – 2017 of the fourth control period, the

Commission has noted that CESC Limited has projected cost of coal based on the grade wise price of coal as per Notification of Coal India Limited (CIL) issued upto 17th December, 2013 including other applicable notifications for indigenous coal, latest available prices for imported coal and present price trend for oil. A number of statutory levies such as excise duty at 6.18% and clean energy cess at Rs.50.00 per MT have been made applicable. Related charges are also factored in terms of present Fuel Supply Agreement (FSA).

4.8.6 CESC Limited has mentioned that as per FSA with CIL supply beyond 90% of Annual Contracted Quantity (ACQ) attracts higher charges for which they have claimed additional fuel cost for all the four generating stations. The Commission has considered the price of coal as per the CIL notifications as mentioned in paragraph 4.8.5 above including other applicable subsequent notifications with all necessary charges, levies, duties and cess etc. to arrive at the average price of coal for all the three years i.e., 2014 – 2015, 2015 – 2016 and 2016 – 2017. However, any major variation in fuel price in subsequent period should be adjusted through Monthly Variable Cost Adjustment (MVCA) as per provision made in the Tariff Regulations.

4.8.7 Accordingly, the average oil price and the average coal price based on the proposal of CESC Limited for grade mixing of coal from different sources along with their price, considered for the power stations of CESC Limited for the three years of the fourth control period are shown below:

Power Station	Average Coal Price in Rs./MT for the period			Average Oil Price in Rs./KL for the period 2014-15, 2015-16, 2016-17
	2014-15	2015-16	2016-17	
Budge Budge	3026.00	3026.00	3026.00	77046.00
Titagarh	3709.72	3709.72	3709.72	60113.00
Southern	3511.07	3511.07	3511.07	76920.00
New Cossipore	5808.66	Not applicable		Not Applicable

Detailed computation of coal price for 2014-15 has been given in the enclosed table at Annexure 4A to this chapter. The same prices are also considered for the years 2015 – 2016 and 2016 – 2017 for the respective generating station. Amounts proposed by CESC Limited towards amounts to be claimed by Coal India Limited for supply beyond 90% of Annual Contracted Quantity (ACQ) in terms of Fuel Supply Agreement have not been considered at present and if any, will be looked after during Fuel and Power Purchase Cost Adjustment in terms of the Tariff Regulations on the basis of actual audited figures of fuel cost.

4.8.8 Heat value of oil has been considered as proposed by CESC Limited as it is almost the same as per the estimated value of 2013-14. Heat value of coal has been considered as per the Tariff Regulations, and is to be finalized during Fuel and Power Purchase Cost Adjustment at the end of the years, in accordance with the Tariff Regulations.

Power Station	Heat value of coal in Kcal/Kg	
	As proposed for the period 2014-15, 2015-16, 2016-17	As admitted by the Commission for the period 2014-15, 2015-16, 2016-17
Budge Budge	3578.31	3578.31
Titagarh	4275.00	4275.03
Southern	4006.00	4006.12
New Cossipore	5786.00	5785.69

4.8.9 On the basis of above average price of coal and average price of oil and as per above heat value of fuel and normative parameters as specified in Schedule 9A of the Tariff Regulations, the allowable fuel costs are shown by detailed computations in the table at Annexure 4B to 4E enclosed to this chapter.

4.8.10 The summarized statement of admitted fuel cost for the power stations of CESC Limited for the fourth control period is given hereunder:

Power Stations	Total fuel cost (Rs. in Lakh)		
	2014-15	2015-16	2016-17
Budge Budge	127435.00	122652.00	122652.00
Titagarh	47419.00	44712.00	44712.00
Southern	28159.00	25698.00	25698.00
New Cossipore	6454.00	0.00	0.00

4.9 **Cost of Power Purchase**:

4.9.1 CESC Limited has projected the cost of power purchase from WBSEDCL for the years 2014 – 2015, 2015 – 2016 and 2016 – 2017 at Rs. 96388 lakh, Rs. 33592 lakh and Rs. 36578 lakh against the projected purchase of 1810 MU, 630 MU and 685 MU respectively based on the rate prevailed for the year 2013 – 2014. The cost of power purchase by CESC Limited from WBSEDCL during any year in determination of ARR of CESC Limited will be required to be considered as revenue income from sale of power to CESC Limited by WBSEDCL in the tariff order of WBSEDCL. In their tariff petition WBSEDCL have proposed for two part tariff for the years 2014 – 2015, 2015 – 2016 and 2016 – 2017 for sale of power to CESC Limited by WBSEDCL. On the basis of projected peak demand of 620 MW by CESC Limited for the month of April, 2014 and in consideration of the peak demand of WBSEDCL established during April 2014, WBSEDCL has projected the fixed charge of Rs. 4764.00 lakh per month to be recovered by WBSEDCL from CESC Limited. WBSEDCL has accordingly projected the fixed charge for the years 2015 – 2016 and 2016 – 2017 at Rs. 2819 lakh per month and Rs. 3261 lakh per month based on the projected peak demand at 330 MW and 385 MW for April 2015 and April 2016 respectively.

4.9.2 For purchase of power by CESC Limited from WBSEDCL, the Commission admits the fixed charge of Rs. 4314.00 lakh per month for March 2015 in respect of 2014 – 2015. Prior to March, 2015, the purchase price of power by CESC

Limited from WBSEDCL will be in single part and at an average rate of 571 paise / kWh which is average current purchase price inclusive of MVCA. In this context this may be clearly noted that during the period of April 2014 to February, 2015 the power purchase price will be Rs. 571 paise / unit on the basis of the actual energy drawal and no separate charge will be applicable. The mechanism of two part tariff will be introduced from March, 2015 as the same is the major structural change requiring modification of despatch protocol at both seller's and purchaser's end as well as there is requirement of modification in scheduling and related state energy accounting procedure at SLDC end. However, for 2015 – 2016 and 2016 – 2017 the purchase price of CESC Limited from WBSEDCL shall be two part where the capacity charge will be Rs. 2545.00 lakh per month and Rs. 2885.00 lakh per month respectively subject to the conditions as laid down in paragraph 8.16 (ii) in Chapter 8 of this order. To accommodate the need of the said direction in paragraph 8.16 (ii) in Chapter 8, the single part tariff for 2015 – 2016 and 2016 – 2017 will be 736.68 paise / kWh and 757.30 paise / kWh respectively. Besides the fixed charge per month under two part tariff mechanism, CESC has to pay energy charge on actual energy drawal every month as per the rate admitted and shown in Annexure 4F.

The above fixed charges of Rs. 4314.00 lakh / per month, Rs. 2545.00 lakh / month and Rs. 2885.00 lakh / month in 2014 – 2015, 2015 – 2016 and 2016 – 2017 respectively, are based on agreed annual maximum drawal of 620 MW, 330 MW and 385 MW respectively. In case such above agreed maximum drawal for any year increases or decreases due to any agreed principle between CESC Limited and WBSEDCL including that in the terms and conditions of the PPA as per the direction in paragraph 8.16 of this order, then the above fixed charges will be accordingly increased or decreased in proportion to the increase or decrease in maximum agreed drawal. Accordingly, corresponding single part tariff will also be increased or decreased. Such change is to be done through agreement.

4.9.3 CESC has projected the cost of power purchase from HEL, including transmission charge and SLDC charge payable for such purchase, at Rs. 85522 lakh, Rs. 186533 lakh and Rs. 204641 lakh against estimated purchase of 1620 MU, 3561 MU and 3788 MU respectively for the years 2014 – 2015, 2015 – 2016 and 2016 – 2017. The power plant of HEL is yet to stabilise. HEL has filed separate applications for determination of generation tariff and the transmission tariff for evacuation of power from HEL power station to delivery point for the years 2014 – 2015, 2015 – 2016 and 2016 – 2017. The Commission now considers the rate of power purchase from HEL @ 485 paise / kWh being rate of infirm power on the admitted purchase of 433 MU, 2594 MU and 2971 MU for the years 2014 – 2015, 2015 – 2016 and 2016 – 2017 respectively. For the purpose of merit order despatch, the proportion of capacity charge and energy charge shall be considered as 50:50 for the present purpose. CESC has projected the transmission charge and SLDC charge to be payable by them against the projected purchase of power from HEL during the years 2014 – 2015, 2015 – 2016 and 2016 – 2017 as Rs. 5924 lakh, Rs. 12899 lakh and Rs. 14589 lakh respectively. The Commission considers 75% of such projected cost on the basis of admitted purchase of energy for the respective year. The actual power purchase cost for 2014 – 2015 after determination of generation tariff of HEL and the transmission tariff for evacuation of power from HEL power station to delivery point will be reconciled in the relevant FPPCA for the concerned year. The power purchase cost for 2015 – 2016 and 2016 – 2017 shall, however, be considered for revision, if required, in future as per provisions of the Tariff Regulations.

4.9.4 The cost of power purchase from co-generation sources including transmission charge, SLDC charges for the ensuing years of the fourth control period is considered as projected by CESC Limited.

4.9.5 The cost of purchase of supplementary power including transmission charge, SLDC charge and other charges is considered @ 457.71 paise / kWh as per actual of 2012 – 2013 for all the three years of 2014 – 2015, 2015 – 2016 and 2016 – 2017 under fourth control period.

4.10 The power purchase costs of CESC Limited for the years 2014 – 2015, 2015 – 2016 and 2016 – 2017 have been worked out as under. This power purchase cost will be adjusted during Fuel and Power Purchase Cost Adjustment in terms of the Tariff Regulations on the basis of actual audited figures for the respective years.

Power Purchase Source	Power Purchase Cost as admitted by the Commission (Rs. In lakh)		
	2014-15	2015-16	2016-17
WBSEDCL	106670.00	46411.00	51875.00
Haldia Energy Limited	22188.00	132856.00	152675.00
Co-generation	3051.00	3051.00	3051.00
Others	16752.00	12175.00	12175.00
Total	148661.00	194493.00	219776.00

ANNEXURE – 4A

PROJECTED COAL PRICE AND HEAT VALUE FOR BUDGE BUDGE GENERATING STATION					
SOURCE OF COAL	QUANTITY (%)	UNIT PRICE IN RS / TONNE	PRICE X QUANTITY IN RS	HEAT VALUE IN KCAL/KG	QUANTITY X HEAT VALUE
ECL-G3	2.95	5602.81	165.28	5926.00	174.82
ECL-G4	4.79	5051.85	241.98	5648.00	270.54
ECL-G5	2.97	4100.34	121.78	5120.00	152.06
ECL-G6	0.50	2513.25	12.57	4540.00	22.70
ECL-G7	1.29	2237.77	28.87	4293.00	55.38
BCCL-G3	0.30	5113.43	15.34	5926.00	17.78
BCCL-G5	0.50	3743.23	18.72	5120.00	25.60
BCCL-WIII	8.95	2687.69	240.55	4714.00	421.90
BCCL-WIV	11.15	2580.21	287.69	3854.00	429.72
MCL-G12	6.00	1120.32	67.22	1546.00	92.76
ICML	37.50	1270.25	476.34	2750.00	1031.25
IMPORT	10.60	4789.19	507.65	4800.00	508.80
WASHED	12.50	1496.00	187.00	3000.00	375.00
TOTAL	100.00		2371.00		3578.31
TOTAL PROJECTED COST IN RS/MT					2371.00
TOTAL PROJECTED TRANSPORTATION COST IN RS./MT					655.00
TOTAL LANDED COST IN RS/MT					3026.00

PROJECTED COAL PRICE AND HEAT VALUE FOR TITAGAR GENERATING STATION					
SOURCE OF COAL	QUANTITY (%)	UNIT PRICE IN RS/TONNE	PRICE X QUANTITY IN RS	HEAT VALUE IN KCAL/KG	QUANTITY X HEAT VALUE
ECL-G2	1.00	6952.65	69.53	6437.00	64.37
ECL-G3	10.00	5602.81	560.28	5926.00	592.60
ECL-G4	36.00	5051.85	1818.67	5648.00	2033.28
ECL-G5	2.00	4100.34	82.01	5120.00	102.40
ICML	37.50	1270.25	476.34	2825.00	1059.38
IMPORT	1.00	4789.19	47.89	4800.00	48.00
WASHED	12.50	1496.00	187.00	3000.00	375.00
TOTAL	100.00		3241.72		4275.03
TOTAL PROJECTED COST IN RS/MT					3241.72
TOTAL PROJECTED TRANSPORTATION COST IN RS./MT					468.00
TOTAL LANDED COST IN RS/MT					3709.72

PROJECTED COAL PRICE AND HEAT VALUE FOR SOUTHERN GENERATING STATION					
SOURCE OF COAL	QUANTITY (%)	UNIT PRICE IN RS/TONNE	PRICE X QUANTITY IN RS	HEAT VALUE IN KCAL/KG	QUANTITY X HEAT VALUE
ECL-G2	1.50	6952.65	104.29	6437.00	96.56
ECL-G3	14.50	5602.81	812.41	5926.00	859.27
ECL-G4	20.50	5051.85	1035.63	5648.00	1157.84
ECL-G5	1.00	4100.34	41.00	5120.00	51.20
ICML	45.00	1270.25	571.61	2825.00	1271.25
IMPORT	2.50	4789.19	119.73	4800.00	120.00
WASHED	15.00	1496.00	224.40	3000.00	450.00
TOTAL	100.00		2909.07		4006.12
TOTAL PROJECTED COST IN RS/MT					2909.07
TOTAL PROJECTED TRANSPORTATION COST IN RS./MT					602.00
TOTAL LANDED COST IN RS/MT					3511.07

PROJECTED COAL PRICE AND HEAT VALUE FOR NEW COSSIPORE GENERATING STATION					
SOURCE OF COAL	QUANTITY (%)	UNIT PRICE IN RS/TONNE	PRICE X QUANTITY IN RS	HEAT VALUE IN KCAL/KG	QUANTITY X HEAT VALUE
ECL-G2	6.00	6952.65	417.16	6437.00	386.22
ECL-G3	32.50	5602.81	1820.91	5926.00	1925.95
ECL-G4	61.50	5051.85	3106.89	5648.00	3473.52
TOTAL	100.00		5344.960		5785.69
TOTAL PROJECTED COST IN RS/MT					5344.96
TOTAL PROJECTED TRANSPORTATION COST IN RS./MT					463.70
TOTAL LANDED COST IN RS/MT					5808.66

ANNEXURE – 4B

SL No.	ITEM	UNIT	FUEL COST DETERMINATION OF BUDGE BUDGE GENERATING STATION					
			2014-15		2015-16		2016-17	
			PROPOSED	ADMITTED	PROPOSED	ADMITTED	PROPOSED	ADMITTED
1	Gross Generation	MU	5290.00	5808.00	5290.00	5590.00	5452.00	5590.00
1A	Sent out energy	MU	4814.00	5285.00	4814.00	5087.00	4961.00	5087.00
1B	Energy sold to persons other than consumers anf licensee including loss	MU	137.00	0.00	394.00	0.00	392.00	0.00
1C	Sent out generation for sale to own consumers and licensee	MU	4677.00	5285.00	4420.00	5087.00	4569.00	5087.00
1D	Gross generation for sale to own consumers and licensee	MU	5153.00	5808.00	4896.00	5590.00	5060.00	5590.00
	Aux rate	%	9.00	9.00	9.00	9.00	9.00	9.00
2	Auxiliary Consumption	MU	476.00	523.00	476.00	503.00	491.00	503.00
3	Ex-bus generation (3=1D-2)	MU	4677.00	5285.00	4420.00	5087.00	4569.00	5087.00
4	Heat rate	KCAL/KWHR	2470.00	2470.00	2470.00	2470.00	2470.00	2470.00
5	Total Heat (5=1×4)	M. KCAL	12728145.00	14345760.00	12093596.00	13807300.00	12498951.00	13807300.00
6	GCV of OIL	Kcal/lit	9546.00	9546.00	9546.00	9546.00	9546.00	9546.00
7	Specific Oil Consumption	Ml/kwh	1.30	1.30	1.30	1.30	1.30	1.30
8	Oil Consumption (8=1×7)	KL	6699.00	7550.40	6365.00	7267.00	6578.00	7267.00
9	Average Price of Oil	Rs/KL	77046.00	77046.00	77046.00	77046.00	77046.00	77046.00
10	Cost of oil (10=8×9 ÷100000)	Rs(lakh)	5161.31	5817.00	4904.00	5599.00	5068.00	5599.00
11	Heat generated from oil (11=6 × 8÷1000)	M Kcal	63949.00	72076.12	60760.00	69370.78	62794.00	69370.78
12	Heat from coal (12=5-11)	M Kcal	12664196.00	14273683.88	12032836.00	13737929.22	12436157.00	13737929.22
13	Heat value of coal	Kcal/Kg	3578.31	3578.31	3578.31	3578.31	3578.31	3578.31
14	Coal required (14=12×1000÷13)	MT	3539156.00	3988946.00	3362715.00	3839222.77	3475428.00	3839222.77
15	Coal required with Transit loss	MT	3565900.00	4019089.00	3388126.00	3868235.00	3501691.00	3868235.00
16	Weighted Average Price of coal	Rs/MT	3064.00	3026.00	3066.00	3026.00	3066.00	3026.00
17	Cost of Coal (17=15 x16÷100000)	Rs. (lakh)	109255	121618.00	103875.00	117053.00	107370	117053.00
18	Total Cost of Fuel (18=10+17)	Rs. (lakh)	114417	127435.00	108779	122652.00	112438.00	122652.00

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ANNEXURE – 4C

SL No.	ITEM	UNIT	FUEL COST DETERMINATION OF TITAGARH GENERATING STATION					
			2014-15		2015-16		2016-17	
			PROPOSED	ADMITTED	PROPOSED	ADMITTED	PROPOSED	ADMITTED
1	Gross generation for sale to own consumers and licensee	MU	1475.00	1787.00	1475.00	1685.00	1475.00	1685.00
	Aux rate	%	9.00	9.00	9.00	9.00	9.00	9.00
2	Auxiliary Consumption	MU	133.00	161.00	133.00	152.00	133.00	152.00
3	Ex-bus generation (3=1-2)	MU	1342.00	1626.00	1342.00	1533.00	1342.00	1533.00
4	Heat rate	KCAL/KWHR	2910.00	2910.00	2910.00	2910.00	2910.00	2910.00
5	Total Heat (5=1×4)	M. KCAL	4292250.00	5200170.00	4292250.00	4903350.00	4292250.00	4903350.00
6	GCV of OIL	Kcal/lit	9248.00	9248.00	9248.00	9248.00	9248.00	9248.00
7	Specific Oil Consumption	Ml/kwh	2.10	2.10	2.10	2.10	2.10	2.10
8	Oil Consumption (8=1×7)	KL	3098.00	3753.00	3098.00	3539.00	3098.00	3539.00
9	Average Price of Oil	Rs/KL	60113.00	60113.00	60113.00	60113.00	60113.00	60113.00
10	Cost of oil (10=8×9 ÷100000)	Rs(lakh)	1862.00	2256.00	1862.00	2127.00	1862.00	2127.00
11	Heat generated from oil (11=6 × 8÷1000)	M Kcal	28646.00	34708.00	28646.00	32729.00	28646.00	32729.00
12	Heat from coal (12=5-11)	M Kcal	4263604.00	5165462.00	4263604.00	4870621.00	4263604.00	4870621.00
13	Heat value of coal	Kcal/Kg	4275.00	4275.03	4275.00	4275.03	4275.00	4275.03
14	Coal required (14=12×1000÷13)	MT	997334.00	1208287.00	997334.00	1139319.00	997334.00	1139319.00
15	Coal required with Transit loss	MT	1004871.00	1217418.00	1004871.00	1147928.00	1004871.00	1147928.00
16	Weighted Average Price of coal	Rs/MT	3711.00	3709.72	3711.00	3709.72	3711.00	3709.72
17	Cost of Coal (17=15 x16÷100000)	Rs. (lakh)	37288.00	45163.00	37288.00	42585.00	37288.00	42585.00
18	Total Cost of Fuel (18=10+17)	Rs. (lakh)	39150.00	47419.00	39150.00	44712.00	39150.00	44712.00

ANNEXURE – 4D

SL No.	ITEM	UNIT	FUEL COST DETERMINATION OF SOUTHERN GENERATING STATION					
			2014-15		2015-16		2016-17	
			PROPOSED	ADMITTED	PROPOSED	ADMITTED	PROPOSED	ADMITTED
1	Gross generation for sale to own consumers and licensee	MU	830.00	1041.00	830.00	950.00	830.00	950.00
	Aux rate	%	9.00	9.00	9.00	9.00	9.00	9.00
2	Auxiliary Consumption	MU	75.00	94.00	75.00	86.00	75.00	86.00
3	Ex-bus generation (3=1-2)	MU	755.00	947.00	755.00	864.00	755.00	864.00
4	Heat rate	KCAL/KWHR	2900.00	2900.00	2900.00	2900.00	2900.00	2900.00
5	Total Heat (5=1×4)	M. KCAL	2407000.00	3018900.00	2407000.00	2755000.00	2407000.00	2755000.00
6	GCV of OIL	Kcal/lit	9382.00	9382.00	9382.00	9382.00	9382.00	9382.00
7	Specific Oil Consumption	Ml/kwh	2.10	2.10	2.10	2.10	2.10	2.10
8	Oil Consumption (8=1×7)	KL	1743.00	2186.10	1743.00	1995.00	1743.00	1995.00
9	Average Price of Oil	Rs/KL	76920.00	76920.00	76920.00	76920.00	76920.00	76920.00
10	Cost of oil (10=8×9 ÷100000)	Rs(lakh)	1341.00	1682.00	1341.00	1535.00	1341.00	1535.00
11	Heat generated from oil (11=6 × 8÷1000)	M Kcal	16352.83	20509.99	16352.83	18717.09	16352.83	18717.09
12	Heat from coal (12=5-11)	M Kcal	2390647.17	2998390.01	2390647.17	2736282.91	2390647.17	2736282.91
13	Heat value of coal	Kcal/Kg	4006.00	4006.12	4006.00	4006.12	4006.00	4006.12
14	Coal required (14=12×1000÷13)	MT	596766.64	748452.37	596766.64	683025.70	596766.64	683025.70
15	Coal required with Transit loss	MT	601276.00	754108.00	601276.00	688187.00	601276.00	688187.00
16	Weighted Average Price of coal	Rs/MT	3512.00	3511.07	3512.00	3511.07	3512.00	3511.07
17	Cost of Coal (17=15 x16÷100000)	Rs. (lakh)	21115.00	26477.00	21115.00	24163.00	21115.00	24163.00
18	Total Cost of Fuel (18=10+17)	Rs. (lakh)	22456.00	28159.00	22456.00	25698.00	22456.00	25698.00

ANNEXURE – 4E

SL No.	ITEM	UNIT	FUEL COST DETERMINATION OF NEW COSSIPORE GENERATING STATION 2014-15	
			PROPOSED	ADMITTED
1	Gross generation for sale to own consumers and licensee	MU	106.34	110.00
	Aux rate	%	10.00	10.00
2	Auxiliary Consumption	MU	11	11.00
3	Ex-bus generation (3=1-2)	MU	96.00	99.00
4	Heat rate	KCAL/KWHR	5800.00	5800.00
5	Total Heat (5=1×4)	M. KCAL	616772.00	638000.00
6	Heat from coal	M. KCAL	616772.00	638000.00
7	Heat value of coal	Kcal/Kg	5786.00	5785.69
8	Coal required (8=5×1000÷6)	MT	106597.30	110272.07
9	Coal required with Transit loss	MT	107402.82	111105.36
10	Weighted Average Price of coal	Rs/MT	6956.00	5808.66
11	Cost of Coal (11=9 x10÷100000)	Rs. (lakh)	7471.00	6454.00
12	Total Cost of Fuel	Rs. (lakh)	7471.00	6454.00

ANNEXURE – 4F

ENERGY PURCHASE RATE OF CESC LIMITED FROM WBSEDCL IN PAISE / KWH FOR 2014 – 2015, 2015 – 2016 AND 2016 – 2017 UNDER TWO PART TARIFF MECHANISM

Item	Unit	2014-15	2015-16	2016-17
Agreed annual maximum drawal	MW	620	330	385
Monthly fixed charge	Rs. lakh / month	4314.00	2545.00	2885.00
Energy charge	Paise / kWh	260.00	252.00	252.00

Note:

i) The above fixed charge is subject to condition of change in agreed annual maximum drawal as mentioned in paragraph 4.9.2 and paragraph 8.16 of this order.

ii) In any day due to urgent necessity if any short term power is required by CESC Limited, then CESC Limited can draw power more than the agreed annual maximum drawal if WBSEDCL agrees and in that case CESC Limited shall pay increased fixed charge for that day in proportionate to actual additional drawal for that day. The additional fixed charge payable for such day only will be as per following formula:

Additional fixed charge payable for a day due to drawal above the agreed annual maximum drawal =

(Maximum drawal in MW during the day ÷ Agreed Annual Maximum drawal) x (Monthly fixed charge for the month corresponding to the day concerned ÷ number of days in that month).

iii) If in any month CESC Limited's drawal is within the agreed annual maximum drawal then CESC Limited shall pay the monthly fixed charge as per table above.

WBSEDCL shall, however, ensure that it makes power available to CESC Limited at the level of agreed annual maximum drawal every month.

iv) If in any case WBSEDCL fails to provide electricity on any day as per requisitioned power within the agreed Annual Maximum drawal then for that day the payable fixed charge will be proportionately reduced.

v) The above conditions may be changed as per the terms and conditions of the PPA approved by the Commission in pursuance to the directions in paragraph 8.16 of this order.

CHAPTER - 5
FIXED CHARGES

5.1. The analysis of the fixed charges projected by CESC Limited for the ensuing years of fourth control period under the Multi Year Tariff approach under different heads of accounts has been taken up in this chapter.

5.2. **Employee Cost**:

5.2.1 The expenditures projected by CESC Ltd for different ensuing years towards employee cost are as under:

Rupees in Lakh

Sl. No.	Particulars	2014-15	2015-16	2016-17
1	Generation	21129	18264	19909
2	Distribution	32286	35192	38359
3	Sales function	10453	11393	12419
4	Central overhead	12813	13967	15223
5	Total [(5) = sum (1) to (4)]	76681	78816	85910
A	Salaries and Wages for own employees in regular establishment	71357	74204	80883
B	Salaries and wages to contractual manpower at generating station	5324	4612	5027
C	Total [(C) = (A) + (B)]	76681	78816	85910

The above projected expenditures chargeable to different cost centres are net of capitalization. The projected amounts for generation function, however, include cost of contracted employees. In case of other cost centres, such costs are considered for charging to Repairs and Maintenance. It has been stated that for the generating stations, in order to remain within the man/MW norm stipulated in the Tariff Regulations, the number of existing workforce therein (both own employees and contracted employees) have been restricted to the aforesaid normative ceiling while projecting employee cost for the concerned years.

5.2.2 The Commission has carefully examined the projected amounts of expenses and it has been observed that the applicant has asked for an average annual increase of 9% for the years 2014 – 2015, 2015 – 2016 and 2016 – 2017 over the estimated expenditure of the previous years for the respective generating stations, distribution functions, sales functions and central overhead. CESC Limited has claimed that this increase has been necessitated by significant inflation requiring higher D.A. compensation and statutory changes including considerable rise in minimum wages, increase in ceiling for gratuity payment etc. The pay and wages of the own employees of CESC Limited has, however, been revised in 2013 – 2014 w.e.f. 2012 – 2013. The month wise rate of inflation as per Consumer Price Index (CPI Index) for industrial workers for the years 2010 – 2011 to 2014 – 2015 (upto September, 2014) are shown in Annexure – 5A. The average inflation rate as per CPI for the year 2013 – 2014 comes to 9.72%. The average inflation rate as per CPI for the period October, 2011 to September 2014 (36 months) comes to 9.15%. As employee cost is sensitive to CPI, the CPI based inflation rate is considered for employee cost projection in fourth control period. Thus, the Commission considers that 9.72% (inflation rate for 2013 – 2014) increase over the employee cost for 2012 – 2013 shall take care of the normal increase in employee cost for the year 2013 – 2014 for the cost centres for the own employees in regular employment. The Commission, however, considers annual increase in employee cost for cost centres for the own employee in regular establishment @ 9.00% for the years 2014 – 2015, 2015 – 2016 and 2016 – 2017 as per projection of CESC Limited which is less than the average inflation rate for the period October, 2011 to September 2014. The employee cost for the contracted manpower is dealt with separately in subsequent paragraph.

5.2.3 CESC Limited has not considered any employee cost for the year 2015 – 2016 and 2016 – 2017 in respect of New Cossipore generating station as the said generating station is proposed to be phased out after 2014 – 2015.

5.2.4 It is seen from Form 1.17(h) to Annexure – 1 of the tariff application that the actual employee cost for own employees for the year 2012 – 2013 was Rs. 51144.00 lakh after net of capitalization, but excluding the impact of pay revision. It is also seen that an amount of Rs. 4500.00 lakh has been provided each year of 2012 – 2013 and 2013 – 2014 as impact of pay revision made in 2013 – 2014 w.e.f. 2012 - 2013. Since such impact of pay revision is provisional the Commission considers 75% of such impact and the estimated amount of employee cost for 2012 – 2013 under revised pay comes at Rs. 57894.00 lakh. If we consider 9.72% inflationary hike over the employee cost of 2012 – 2013 as revised (i.e., Rs. 57894.00 lakh), the estimated employee cost for 2013 – 2014 would be Rs. 63521.00 lakh. The employee cost as projected by CESC Limited for the year 2013 – 2014 net of capitalization as per revised pay and wages is Rs. 65465.00 lakh. The Commission considers the estimated employee cost for 2013 – 2014 as Rs. 63521.00 lakh. The break-up of employee cost of Rs. 63521.00 lakh for 2013 – 2014 is shown as below:

Sl. No.	Generating Station	2012 – 2013 (as estimated under revised pay)	2013 – 2014 (estimated by the Commission
1	Budge Budge	3271	3589
2	Titagarh	4122	4523
3	Southern	2770	3039
4	New Cossipore	2661	2920
	Sub-total	12824	14071
5	Distribution	45070	49450
	Total	57894	63521

5.2.5 Taking the estimated amount of Rs. 63521.00 lakh as expenditure towards employee cost during 2013 – 2014 as base, the allowable amounts for the years 2014 – 2015, 2015 – 2016 and 2016 – 2017 under different cost centres considering the annual increase @ 9.00% come as under:

Rupees in Lakh

Own Employee Cost in Regular Establishment							
Sl. No	Power Station	As Proposed by CESC			As admitted by the Commission		
		2014-2015	2015-16	2016-17	2014-2015	2015-16	2016-17
1.	Budge Budge TPS	4032	4395	4791	3912	4264	4648
2.	Titagarh TPS	5079	5536	6035	4930	5374	5858
3.	Southern TPS	3414	3721	4056	3313	3611	3936
4.	New Cossipore TPS	3280	0	0	3183	0	0
	Sub-Total	15805	13652	14882	15338	13249	14442
5.	Distribution	55552	60551	66001	53901	58752	64040
	Total:	71357	74203	80883	69239	72001	78482

5.2.6 Regarding expenditure claimed by CESC Limited for contracted manpower in regular establishment in generating station the Commission considers 75% of the expenditure claimed by CESC Limited for the year 2014 – 2015. The Commission also considers an annual increase of 9.00% over the expenditure admitted for the previous year to arrive at the admitted amount for 2015 – 2016 and 2016 – 2017. The admitted amount for different generating centre at the aforesaid rates of average annual increase come as under:

Rupees in Lakh

Employee cost for contracted man power in regular establishment							
Sl. No	Power Station	As Proposed by CESC			As admitted by the Commission		
		2014-2015	2015-16	2016-17	2014-2015	2015-16	2016-17
1.	Budge Budge TPS	2869	3128	3409	2152	2346	2557
2.	Titagarh TPS	1296	1412	1540	972	1059	1154
3.	Southern TPS	66	72	78	50	55	60
4.	New Cossipore TPS	1093	0	0	820	0	0
	Total	5324	4612	5027	3994	3460	3771

5.2.7 It is, however, pertinent to mention that, in terms of the Tariff Regulations, the employee cost is an uncontrollable factor. Any reasonable variation of actual chargeable amount of expenses under this head of fixed charges is subject to adjustment through the APR based on the audited accounts.

5.3 **Coal & Ash Handling Expenses**:

5.3.1 CESC Limited has claimed Rs. 1843 lakh, Rs. 1920 lakh and Rs. 2093 lakh for 2014 – 2015, 2015 – 2016 and 2016 – 2017 respectively towards coal and ash handling expenses. It has been stated that, in order to contain overall expenditure in this regard, the applicant has taken quite a number of steps including utilization of ash. However, to ensure availability of adequate coal for smooth functioning of the generating stations and for sustaining Plant Load Factor (PLF) at the desired high level, certain critical expenditures are found inevitable.

5.3.2 The amount of expenditure under this head of account is related to the scale of operation of the generating plants. The Commission has, however, considered to operate the plants at PLF to the normative level for their generating station at Budge Budge, Titagarh and Southern. The claim of CESC Limited for 2014 – 2015, 2015 – 2016 and 2016 – 2017, which are higher than the admitted amount for 2012 – 2013, have been viewed considering the amount claimed by CESC Limited and present inflation as per Whole Sale Price (WPI) index published in the website of the office of the Economic Advisor, Government of India for the period October, 2011 to September, 2014 (36 months) as shown in Annexure 5A to this order. The average inflation rate as per WPI for the period 2013 – 2014 comes at 5.98%. The average inflation rate as per WPI for the period October, 2011 to September, 2014 (36 months) comes at 6.62%. The Commission considers a hike in coal and ash handling cost @ 5.98% over the admitted amount for 2012 – 2013 to arrive at the estimated amount for the year 2013 – 2014 and then consider an annual increase @ 6.62% to arrive at the allowable expenditure for the years 2014 – 2015, 2015 – 2016 and 2016 – 2017. On the basis of such considerations, the cost proposed by CESC Limited for their existing units is thus revised and admitted. The allocated cost of such coal and ash handling expenses is shown in the following table which is according to the proposal of CESC Limited.

Coal and Ash Handling Charges (Rs. in Lakh)									
Sl. No	Power Station	As admitted in APR	Estimated by Commission	As Proposed by CESC			As admitted by the Commission		
		2012-2013	2013-2014	2014-2015	2015-16	2016-17	2014-2015	2015-16	2016-17
1.	Budge Budge TPS	482	511	724	789	860	545	581	619
2.	Titagarh TPS	768	814	1029	1121	1222	868	925	987
3.	Southern TPS	8	8	9	10	11	9	9	10
4.	New Cossipore TPS	31	33	81	0	0	35	0	0
	Total:	1289	1366	1843	1920	2093	1457	1515	1616

5.4 **Water Cess/ Charges**:

5.4.1 The expenditure towards water cess is uncontrollable and is related to the quantum of water to be used in the generating stations and rate of charges to be paid for use of water. Such projected expenditure for the year 2014 – 2015, 2015 – 2016 and 2016 – 2017 which are higher than the admitted amounts for 2012 – 2013 has been viewed by the Commission as per Whole Sale Price (WPI) index published in the website of the office of the Economic Advisor, Government of India for the period October, 2011 to September, 2014 (36 months) as shown in Annexure 5A to this order. The average inflation rate as per WPI for the period 2013 – 2014 comes at 5.98%. The average inflation rate as per WPI for the period October, 2011 to September, 2014 (36 months) comes at 6.62%. The Commission considers a hike in water cess / charges @ 5.98% over the admitted amount for 2012 – 2013 to arrive at the estimated amount for the year 2013 – 2014 and then consider an annual increase @ 6.62% to arrive at the allowable expenditure for the years 2014 – 2015, 2015 – 2016 and 2016 – 2017. On the basis of such considerations, the cost proposed by CESC Limited for their existing units is thus revised and admitted. The allocated cost of such water cess / charges is shown in the following table which is according to the proposal of CESC Limited:

Water Cess / Charges (Rs. in Lakh)									
Sl. No	Power Station	As admitted in APR	Estimated by Commission	As Proposed by CESC			As admitted by the Commission		
		2012-2013	2013-2014	2014-2015	2015-16	2016-17	2014-2015	2015-16	2016-17
1.	Budge Budge TPS	10	11	11	12	13	11	12	13
2.	Titagarh TPS	109	116	129	141	154	124	132	141
3.	Southern TPS	67	71	79	87	94	76	81	86
4.	New Cossipore TPS	15	16	18	0	0	17	0	0
	Total:	201	214	237	240	261	228	225	240

5.5 **Operation and Maintenance Expenses (O&M) / Rates and Taxes, Lease Rental, Insurance and Outsourcing Cost (Call Centre)**:

5.5.1 After analyzing the tariff application of CESC Limited for the fourth control period, the Commission has allowed O&M expenses for the generating stations in accordance with the norms specified in Schedule 9A of the Tariff Regulations, wherever applicable. The (O&M) expenses claimed by CESC Limited in respect of Southern generating station for the years 2014 – 2015, 2015 – 2016 and 2016 – 2017 included Rs. 20.00 lakh, 21.00 lakh and Rs. 22.00 lakh respectively towards expenses on rent. In terms of the Tariff Regulations, the expense on rent for Southern generating station is treated separately.

Rupees in Lakh

O & M expenses for generation as proposed and admitted by the Commission							
Sl. No	Power Station	As Proposed by CESC			As admitted by the Commission		
		2014-2015	2015-16	2016-17	2014-2015	2015-16	2016-17
1.	Budge Budge TPS	8760	9285	9840	8760	9285	9840
2.	Titagarh TPS	3259	3454	3661	3259	3454	3660
3.	Southern TPS	1846	1957	2075	1846	1957	2075
4.	New Cossipore TPS	1823	112	119	1823	112	119
	Total	15688	14808	15695	15688	14808	15694

5.5.2 The Commission has made prudent analysis of the charges claimed by CESC Limited under the following heads.

i) Different sub-heads of O&M expenses for distribution function,

ii) Lease rentals

iii) Rates and Taxes

iv) Service Tax for distribution works and entry tax,

v) Insurance,

vi) Outsourcing cost (call centre)

While determining fixed charges on such heads for the fourth control period (2014-15, 2015-16 & 2016-17) the following considerations have taken place.

5.5.2.1 CESC Ltd has referred the inflation rate of 11.1 % on the basis of actual inflation rate for the month of December 2013 but for estimating/projecting expenditures for 2013-14 a general rise of 9% per annum over the actual of 2012-13 is considered. Exceptions in some case are also explained by them in the petition. Commission instead of considering the inflation rate of 9% in general for projection purpose decides to proceed in a further rational manner by following a methodology that has been applied for all distribution licensees subject to case specific differences in some cases to protect the interest of the consumer as far as possible after meeting the requirement of reasonable tariff determination to provide end of justice to all concerned stake holders, as deemed fit by the Commission. Moreover by the time of processing the tariff application by Commission the inflationary trend shows downward direction. Due to the above fact, Commission decides to determine projected inflation rate and the resultant escalation rate in view of such inflation rate as detailed out in subsequent paragraphs.

Commission observed that Central Electricity Regulatory Commission based on a hybrid index of WPI (Wholesale Price Index) & CPI (Consumer Price Index) has observed an annual inflation trend of 8.35 % while fixing the norms of O&M expenses in Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2014 (hereinafter refer to as 'CERC Tariff Regulations') for central sector utilities for the period 2014-2019. This inflation trend of 8.35 % is computed based on five year average of WPI and CPI indices for FY 2008-09 to FY 2012-13 considering 60% and 40% weightage on WPI and CPI respectively. However, while fixing norms of O&M cost (which includes employee cost also) the annual escalation rate on O&M expenses during the period 2014-2019 has been considered as 3.32% for A.C. transmission system as per the statement of reasons of the CERC Tariff Regulations for the said period. This 3.32% is the 110% of the actual Compounded Annual Growth Rate (CAGR) (3.02%) of O&M expenses for A.C. transmission system during the period 2008-09 to 2012-13 computed on the basis of 70% weightage on actual O&M cost of per bay of sub-station and 30% weightage on actual O&M cost of per CKM transmission line.

Taking the above mentioned principle adopted by CERC as a guideline Commission also decides to find out a reasonable annual escalation rate for CESC Limited for all sub-heads of O&M expenses for distribution function, rates & Taxes, service tax and entry tax, insurances, lease line expenses and

Outsourcing Cost for distribution function for call center with certain deviation based on reasons as explained below:

a) The control period is of three years and as more than 6 months of 2014 has already passed thus the inflation trend between October 2011 and September 2014 has been computed where weightage has been given to WPI and CPI at the ratio of 60:40 in line with the norms fixation methodology under CERC Tariff Regulations. This is being done in order to capture the realistic trend of 2014-15 as far as possible so that projection for fourth control period can attain better accuracy. Accordingly, based on the WPI numbers and CPI numbers as available in the website of Economic Advisor of GOI for WPI and Labour Bureau of GOI for CPI the computed inflation trend for the above 36 months are given in the following table 5.5.2.1-I.

Table- 5.5.2.1-I

TREND OF INFLATION RATE FOR THE PERIOD OCTOBER 2011 TO SEPTEMBER 2014	
Average inflation rate as per WPI from October 2011 to September 2014	6.62
Average inflation rate as per CPI from October 2011 to September 2014	9.15
Average inflation rate as per WPI + CPI (60:40) from October 2011 to September 2014	7.63
Note : For detail data at Annexure – 5A may be seen	

b) Different sub heads under O&M expenses, expenses for outsourcing of call centre, insurance, lease rental expenses, service tax for distribution work and entry taxes, and rates & taxes are effected by inflationary trend but at different degrees depending on the characteristics of such head or sub-head. In this context two recognized inflationary trends used in the country are WPI index and CPI index. Along with these two types of inflationary rate for power sector another third type inflationary rate used by the Commission is based on hybrid index (WPI+CPI) as explained in paragraph (a) above. In table-2 in Annexure-5B the basis of inflationary rate considered for such heads and sub-heads of expenditure are given. However for lease rental line such sensitivity is considered with WPI index. In this context it is to be noted that all these heads of expenditure are treated as heads under O&M function of CERC Tariff Regulations. Accordingly the above inflation rate as given in the table above are used for applicability in giving escalation rate in 2014-15, 2015-16 & 2016-17 with respect to the previous years' admitted expenditure to find out the admitted expenditure of the referred heads in those years. Thus the inflation rate considered for tariff computation is as per the following table 5.5.2.1- II.

Table 5.5.2.1-II

INFLATION TRENDS				
Financial Years	**CPI**	**WPI**	**Combined WPI & CPI (60 : 40)**	**Remarks**
2010-11	10.53	9.57	9.96	Actual
2011-12	8.42	8.96	8.74	Actual
2012-13	10.43	7.36	8.59	Actual
2013-14	9.72	5.98	7.47	Actual
2014-15	6.81	4.78	5.59	As per 6 months trend
2015-16	9.15	6.62	7.63	As per Table 5.5.2.1-I & as explained above
2016-17	9.15	6.62	7.63	
2011-12 to 2013-14	9.52	7.43	8.27	Averaged on annual basis
2010-11 to 2013-14	9.78	7.97	8.69	
Note : For detail data at Annexure – 5A may be seen				

In 2014-15 as the trend is downward than the value under Table 5.5.2.1-II and as the time already passed in 2014 – 2015 has covered fifty percent of the year, thus such value has been considered with due insulation against uncertainty wherever required through providing necessary certain additional float.

c) For finding out the expenditure to be admitted by the Commission, the estimated expenditures of 2013-14 submitted by CESC Ltd are scrutinized by the Commission so that overestimated value can be rationalized to a reasonable extent. This is being done as otherwise the existence of too much over estimated expenditure for 2013-14 may result into unreasonably higher admitted amount for fourth control period as because the computation for projection of expenditure for 2014-15 to 2016-17 are done by applying the annual escalation rate over the estimated figure of 2013-14. On the estimated value as provided by CESC Ltd for 2013-14 Commission finds that against some elements the estimation of expenditure by CESC Limited seems to be on higher side as it has been noticed that in past period the last audited actual expenditure in 2012-13 has made a sharp increase for those elements which does not commensurate with the previous trend even after considering the inflationary trend. The Commission cannot accept such over estimation. In any year this deviation can occur for any item of expenditure but it cannot be considered as a trend for future projection. Such items of expenditure as estimated by CESC Limited are on the head of Repair and maintenance, Auditors fees, legal charges, other administrative and general expenditure and service tax for distribution work and entry tax. Thus, for realistic projection for 2013 – 2014 impact of business volume increase for the said period has been considered by the Commission in a same way as has been considered for other licensee in the tariff order. The expenditure items which are sensitive to Consumer strength moderately the impact of business volume increase has been given as 2%. Such impact has been considered as 1% where the expenditure of item is sensitive to distribution line length. Accordingly, the Commission has done its own estimation based on the Table-1 of Annexure – 5B by applying its prudence which are explained below item wise.

i) Out of the above five items, the first four items are element of O&M expenditures which are Repair and maintenance expenditure, Auditors fees, legal charges and other administrative & general expenditure and for them commission finds that the admitted amount on these heads in the tariff order for 2013-14 can be the most reasonable estimated expenditure also for the base year of fourth control period for the only purpose of projected expenditure of the ensuing years of fourth control period.

ii) The trend of estimated expenditure on service tax for distribution work and entry tax as done by CESC Ltd in 2013-14 seems to be high by more than 40% with respect to actual expenses of 2012-13. However, 2012 – 2013 being the year of introduction of entry tax, some time may be required to have a stabilize data pattern. Thus at this stage a 10% deduction has been done on such estimated amount of Rs. 1022 lakh to provide an estimated expenditure on the said head at level of Rs 919 lakh for 2013-14 as determined by the Commission for this purpose of projection only for fourth control period in this tariff order.

d) Where the past CAGR of expenditure of any above referred elements for any period between 2010 – 11 and 2013 – 14 which has been considered as basis for escalation rate for future projection for the fourth control period and is lesser than the corresponding inflationary rate of the same period as provided in table 5.5.2.1-II in such case in line with CERC's principle 110% (an additional 10% margin over actual growth rate) of such growth rate is considered as the annual escalation rate for 2014-15 to 2016-17 for the following reasons:

i) to ensure the interest of all other stakeholders in a more better way from the point of view of availability considerations of the network asset and different services,

ii) also to provide a comfort to CESC Ltd in carrying out O&M of the assets by extending an additional insulation against uncertainty arising out of increased expenditure for any unforeseen reason.

It is to be noted that for the said period the expenditure considered for 2013-14 is estimated one by the Commission and for 2010 – 2011, 2011 – 2012 & 2012 – 2013 actual expenditure allowed by the Commission. In general, the lowest non zero least positive value out of the three periods (2010 – 11 to 2013 – 14, 2011 – 12 to 2013 – 14 and 2012 – 13 to 2013 – 14) is considered for projection of estimated expenditure of heads of any year under the fourth control period. The CAGR for certain other period is also considered in some cases where Commission finds that such decision will provide more rationale and better accuracy in the projected admitted cost.

e) Where the projected expenses by CESC Ltd is less than the estimated value of 2013-14 by the Commission and also actual value of 2012-13 in such case no escalation is being allowed for fourth control period because CESC Ltd's projection is considered as admitted figure.

f) Where the past data shows irrational/asymmetric character in such case Commission by applying due prudence take an appropriate escalation rate which is discussed in relevant portions.

g) Where annual escalation rate or CAGR of past period crosses the concerned inflation rate of the said past period in such case escalation rate for projected expenditure due to business volume increase is computed from past trend by reducing it with the concerned inflation rate of the relevant past period and that has been explained in the relevant portions. In such case the annual escalation rate for 2014-15, 2015-16 and 2016-17 are as follows:

Annual Escalation Rate (%) for any ensuing year = A+ R × BGR+Ad_F

Where	A	=	Inflation rate (%) based on CPI or WPI or hybrid (WPI+CPI) index as applicable for the fixed charge element.
	R	=	Ratio of percentage annual increase in expenses in the past period and percentage increase in business volume parameter during the same period.
	BGR	=	Projected growth rate (%) for the ensuing year of the business volume parameter to which the fixed charge element under consideration is sensitive.
	Ad_F	=	Additional float in % as decided by commission to provide insulation against uncertainty in projected inflation or business volume growth.

For such annual escalation rate calculation the annual increase (%) in expenses as required for calculation of R is decided by commission by taking the lowest positive CAGR value from among CAGR of 2013-14 (i.e., annual increase rate) or CAGR of 2011-12 to 2013-14 or CAGR of 2010-11 to 2013-14 subject to different aspects considering rationality or level of asymmetric character of past data as has been explained in the relevant portion. However principally wherever R on computation found to be higher than one then in such case R is considered not more than 1 as Commission is of the opinion that rate of increase in expenses due to business volume increase cannot surpass the rate of increase in business volume parameter unless there is any specific reason which can be established by the licensee. Similarly when R is found to be a value between 0.5 and 1 then also in ensuing year annual escalation rate is further reduced by a small quantum with an objective of gradual improvement in efficiency of the licensee in expenditure control by utilizing different resources in a more effective manner.

Where necessary while computing additional expenditure represented by (R×BGR) of any element of fixed charge due to increase in business volume that additional expenditure is modified in a reasonable and rational manner after taking the impact of above mentioned sensitivity parameter on the additional expenditure. Detail of such modification and any other specific consideration are detailed out in relevant portion where each element of fixed charge is dealt with. For controllable factor additional float of 0.5% is given to cover any expenditure hike due to any unforeseen reasons.

h) The Commission decides that for the ARR determination in the tariff order of fourth control period the impact of increase in business volume on different sub-heads/ heads will also be considered from the point of sensitivity of the head/sub-heads to certain business volume parameter. For such purpose in the business process of CESC Ltd there are two important business volume parameters such as Distribution line length (DLL) in Circuit Kilometer (CKM) and Consumer strength. Different elements of fixed charge elements are sensitive to either of the above two parameters and where such element is sensitive to consumer strength there is variation in the degree of such sensitivity. After applying such degree of sensitivity the number of business parameters considered in this tariff order are Distribution Line Length (DLL), Consumer Strength in moderate degree (CSM), Consumer Strength in high degree (CSH) and Consumer strength with lesser degree than CSM (CSM-L). The table 1 under Annexure 5B shows the concerned business volume parameter sensitivity against different elements of the fixed charges.

i) CESC Ltd has projected consumer strength annually for 2014-15, 2015-16 and 2016-17. Accordingly, the growth rate has been derived at 2.94%, 4.53% and 4.34% for 2014 – 15, 2015 – 16 and 2016 – 17 respectively. But for distribution line length the projected annual escalation rate considered by the Commission for 2014-15, 2015-16 and 2016-17 is 4.82% in line with estimated growth rate of 2013 - 2014.

While projecting the above figure it has been considered that as the original tariff application is submitted during the last quarter of 2013-14 it is expected that the estimated data for 2013-14 will have high degree of accuracy.

During truing up in Annual Performance Review (APR) of the above ensuing years of 2014-15 to 2016-17 such projected distribution line length in CKM and Consumer Strength in number as given in table 5.5.2.1-III shall be considered as the basis against which the expenditure has been admitted during concerned tariff order and accordingly truing up will be taken up.

Table 5.5.2.1-III

Particulars	Unit	2013 – 2014	2014 – 2015	2015 – 2016	2016 – 2017
Distribution line Length (DLL)	(CKM)	20480	21467	22502	23587
Consumers	(Number)	2857000	2940900	3074100	3207400

j) For computation of computed expenditure by the Commission on different heads for 2014-15 to 2016-17 the base expenditure over which the above escalation rates are applied has been considered on the estimated expenditure of 2013-14 made by CESC Ltd and duly modified in some elements by the Commission as explained in paragraph (g) above. This is being done as the application of tariff is submitted at the last quarter of 2013-14 and is likely to have little inaccuracy with respect to actual expenditure or in other word having better accuracy.

k) Based on the above principle the projected expenditure on above mentioned different elements of fixed charges for 2014-15, 2015-16 and 2016-17 has been computed and then compared with the claimed amount of CESC Ltd for the said year and whichever is lower is being admitted in this tariff-order.

5.5.2.2 **O&M Expenses determination for Distribution:** Based on the laid down principle in paragraph 5.5.2.1 above following different sub-heads of O&M function are determined. In this context table in Annexure – 5B may be referred to for the past trend of expenditure.

a) **Audit fees and Other administrative and General Expenses:** For these two elements, the escalation rate that is considered for projection of expenditure in 2014-15, 2015-16 and 2016-17 is the CAGR of the period 2011-12 to 2013-14 because other two periods under consideration has either negative growth or very high growth which in real life cannot occur consistently in every year. Accordingly the escalation rate thus selected is the CAGR of 2011-12 to 2013-14 which is found to be higher than the average inflation rate for the above period. Thus by using such escalation rate in the methodology as mentioned in sub-paragraph (g), (j) and (k) of Paragraph 5.5.2.1 the values found for ensuing years of 2014-15 to 2016-17 are given in Table 5.5.2.2-I. While applying the methodology under sub-paragraph (g) of Paragraph 5.5.2.1 the additional float is considered as 0.5% in order to provide insulation against uncertainty in any expenditure hike due to any unforeseen reasons and also to cover the logic for additional margin as mentioned in sub-paragraph (c) of paragraph 5.5.2.1.

b) **Repair and Maintenance Expenditure and Rent:** For the said two elements of expenditure the trend of escalation rate is CAGR of 2010-11 to 2013-14 and such rate is found to be lower than the average inflation rate of the above period. The CAGR of 2010-11 to 2013-14 is considered in preference of the other two periods as large period evens out the uneven growth rate of past in a better way. Thus by using such escalation rate in the methodology as mentioned in sub-paragraph (d), (j) and (k) of Paragraph 5.5.2.1 the admitted values found for ensuing years of 2014-15 to 2016-17 are given in Table 5.5.2.2-I.

c) **Legal charges:** For the said element of expenditure the trend of escalation rate is annual growth rate of 2013-14 with respect to 2012-13 and such rate is found to be lower than the average inflation rate of the above period. Such escalation rate based on above period in preference of other two periods are considered as it provides lower escalation rate which according to Commission is sufficient in view of the fact that for last few years on this legal charge head expenditure has increased consistently and regularly in more or less even manner. Thus by using such escalation rate in the methodology as mentioned in sub-paragraph (d), (j) and (k) of Paragraph 5.5.2.1 the admitted values found for ensuing years of 2014-15 to 2016-17 are given in Table 5.5.2.2-I.

d) Thus the admitted expenditure under O&M expenses for distribution are as follows:

Table 5.5.2.2-I

Sl No.	Particulars	As Claimed by CESC Ltd			As Admitted by WBERC		
		2014-15	2015-16	2016-17	2014-15	2015-16	2016-17
1.	R & M Charges	23579	24175	26351	16563	17897	19338
2.	Rent	805	877	956	786	837	892
3.	Audit Fees	114	124	135	71	78	85
4.	Legal charges	728	794	865	702	754	809
5.	Other A&G expenses	12188	13284	14480	10912	11868	12905
6.	A&G expenses (2+3+4+5)	13835	15079	16436	12471	13537	14691
7.	O&M expenses for distribution (1+6)	37414	39254	42787	29034	31434	34029
Note : For detail calculation three tables 1,2 & 3 under Annexure-5B may be seen							

5.5.2.3 **Some Small Expenditure:** Some of the small items viz. rates & taxes, service taxes for distribution work and entry tax, insurance and lease rental are uncontrollable in nature till the third control period and thus they are all dealt under this paragraph as discussed in the following paragraphs.

a) **Rates and Taxes**:

For the said element of uncontrolled type of expenditure the trend of escalation rate is CAGR of 2010-11 to 2013-14 and such rate is found to be lower than the average inflation rate of the above period. The CAGR of 2010-11 to 2013-14 is considered in preference to the other two periods as large period evens out the uneven growth rate of past in a better way. Thus by using such escalation rate in the methodology as mentioned in sub-paragraph (d), (i) and (k) of Paragraph 5.5.2.1 the admitted values found for the above referred heads for ensuing years of 2014-15 to 2016-17 along with the allocation are given below:

Rupees in Lakh

Rates and Taxes							
Sl. No	Power Station	As Proposed by CESC			As admitted by the Commission		
		2014-2015	2015-16	2016-17	2014-2015	2015-16	2016-17
1.	Budge Budge TPS	293	319	348	293	319	348
2.	Titagarh TPS	175	190	208	175	190	208
3.	Southern TPS	61	66	72	61	66	72
4.	New Cossipore TPS	13	0	0	13	0	0
	Sub-Total	542	575	628	542	575	628
5.	Distribution	245	267	290	245	267	290
	Total:	787	842	918	787	842	918

b) **Expenditure for Service tax for distribution work and Entry tax**:

For this element the actual data is only available for 2012-13 and for 2013-14 the estimated amount shows a sharp rise. In view of the recent introduction of this item the data characteristics do not yet stabilized. Thus as a reasonable measure at this stage for projection purpose of this uncontrollable item for the period 2014-15 to 2016-17 the sub-paragraph (g), (i) and (k) of Paragraph 5.5.2.1 has been applied with R=0.5. The admitted amounts are given in Table below:

Sl No.	Expenditure Head	As Claimed by CESC Ltd			As Admitted by Commission		
		2014-15	2015-16	2016-17	2014-15	2015-16	2016-17
1.	Service Tax for distribution and Entry Tax.	1114	1215	1324	998	1103	1219
Note : For detail calculation three tables under Annexure-5B may be seen							

c) **Insurance**:

For the said element of uncontrolled type of expenditure the trend of escalation rate is CAGR of 2010-11 to 2013-14 and such rate is found to be lower than the average inflation rate of the above period. The CAGR of 2010-11 to 2013-14 is considered in preference to the other two periods as large period evens out the uneven growth rate of past in a better way. Thus by using such escalation rate in the methodology as mentioned in sub-paragraph (d), (i) and (k) of Paragraph 5.5.2.1 the admitted values found for the above referred heads for ensuing years of 2014-15 to 2016-17 along with the allocation are given below:

Rupees in Lakh

Insurance							
Sl. No	Power Station	As Proposed by CESC			As admitted by the Commission		
		2014-2015	2015-16	2016-17	2014-2015	2015-16	2016-17
1.	Budge Budge TPS	447	503	548	447	503	548
2.	Titagarh TPS	95	103	113	95	103	113
3.	Southern TPS	56	61	66	56	61	66
4.	New Cossipore TPS	14	0	0	14	0	0
	Sub-Total	612	667	727	612	667	727
5.	Distribution	279	304	331	279	304	331
	Total:	891	971	1058	891	971	1058

d) **Lease Rental**:

For this element the past escalation trend has been taken from CAGR of 2011-12 to 2013-14 as this CAGR provides the least positive non zero values out of the three periods. Such annual escalation rates for this element are found to be lesser than the concerned average inflation rate of the same period. Thus for future projection such escalation rate is applied in the methodology as mentioned in sub-paragraph (d), (j) and (k) of Paragraph 5.5.2.1 but ultimately the amount Rs 1111 lakh as projected by CESC Ltd for 2014-15, 2015-16 and 2016-17 is admitted by the Commission as such expenditure is at the same level of 2013-14. Beyond 4th control period this expenditure will be controllable item. The allowable amount of Rs 1111 lakh has been allocated to Titagarh and Southern generating stations and distribution system in each year of the fourth control period 2014 – 2015, 2015 – 2016 and 2016 – 2017 as proposed by CESC Limited and is shown in the table below:

Rupees in Lakh

Lease Rental							
Sl. No	Power Station	As Proposed by CESC			As admitted by the Commission		
		2014-2015	2015-16	2016-17	2014-2015	2015-16	2016-17
1.	Titagarh TPS	62	62	62	62	62	62
2.	Southern TPS	208	208	208	208	208	208
	Sub-Total	270	270	270	270	270	270
3.	Distribution	841	841	841	841	841	841
	Total:	1111	1111	1111	1111	1111	1111

5.5.2.4 **Expenditure for Outsourcing cost of Call Centre:** The past trend of annual escalation rate shows gradual increase in the annual growth rate in the third control period. Thus such increasing trend in escalation rate of expenditure from year to year is required to be contained at earliest in reasonable way. Thus the CAGR of 2010-11 to 2013-14 is considered as the annual escalation rate for projected call center expenditure for the fourth control period because it is the lowest CAGR out of the three periods under consideration. Thus by using such escalation rate in the methodology as mentioned in sub-paragraph (d), (i) and (k) of Paragraph 5.5.2.1 the admitted values found for the above referred heads for ensuing years of 2014-15 to 2016-17 are given in Table below.

Rupees in Lakh

Cost of Outsourcing							
Sl. No	Power Station	As Proposed by CESC			As admitted by the Commission		
		2014-2015	2015-16	2016-17	2014-2015	2015-16	2016-17
1.	Outsourcing cost (allocated under distribution function)	921	1004	1094	896	950	1007

5.5.2.5 It is to be noted that the estimated expenditure determined by the Commission for 2013-14 against any head or subheads as discussed above in paragraph 5.5.2.1(c) have been considered as base year expenditure for those heads for tariff determination purpose only. In case any of such estimated expenditure made by the commission is found to be less than the audited actual expenditure for 2013-14 vis-à-vis business volume parameter increases then the consequential impact on the projected expenditure against concerned heads/sub-heads for the period 2014-15 to 2016-17 will be passed through tariff proportionately in APR of concerned year separately irrespective of whether such item is controllable factor or uncontrollable factor. During truing up exercise in APR of the concerned year the estimated expenditure of all the elements of different heads as mentioned in paragraph 5.5.2.1(c) above for 2013-14 are to be considered as has been incurred against the actual value of the business volume parameter (i.e., DLL and consumer strength) that has been achieved at the end of 2013-14. In case the actual value of DLL or consumer strength in 2013-14 is found to be higher than the estimated value that has been considered for 2013-14 in this tariff order then impact of such enhanced amount will be added to the projected value of DLL or Consumer strength for the period 2014-15 to 2016-17 of the tariff order to find out the target business volume parameter against the projected expenditure that has been admitted in the tariff order. On the basis of such revised targeted business volume parameter the truing up exercise in APR will be done specially while applying the regulation 2.6.10(v) of the Tariff Regulations. Beyond the fourth control period the expenditure under this head will, however, be considered as controllable.

5.6 **Rent for generating stations**:

5.6.1 In terms of Tariff Regulations, rent for generating stations requires separate disclosure. Rent for Southern Generating Station is allowed separately and included in paragraph 5.5.1 for each of the years 2014 – 2015, 2015 – 2016 and 2016 – 2017 as per projection of CESC Limited as follows:

Rupees in Lakh

Rent for generation							
Sl. No	Power Station	As Proposed by CESC			As admitted by the Commission		
		2014-2015	2015-16	2016-17	2014-2015	2015-16	2016-17
1.	Southern TPS	20	21	22	20	21	22

5.7 **Interest on borrowing**:

5.7.1 CESC Limited has submitted in specified formats the detailed computations of interest chargeable to revenue accounts for all the three years of the fourth control period based on its existing as well as projected capital borrowings from different sources. The position of its outstanding borrowings at the beginning of the year, additional borrowings during the year, repayment schedule for the year, the outstanding balance at the end of the year and interest charges on capital account as per Form – C of the tariff application can be summarized as follows:

Rupees in Lakh

Sl. No.	Borrowing Particulars	2014-15	2015-16	2016-17
1	Outstanding Balance at the beginning of the year	290239	302857	310794
2	Add: Drawal of loan on capital account	55483	58028	61078
	Sub-Total (1 + 2)	345722	360885	371872
3	Less: Repayment of existing loan during the year	42865	50091	55469
4	Outstanding balance at the end of the year	302857	310794	316403
5	Gross interest on capital account for the year	32389	34597	36196
6	Less: Interest capitalized during the year	2344	2337	2328
7	Net interest on capital account (5 – 6)	30045	32260	33868

5.7.2 The rates of interest on existing and proposed rupee borrowings from different financial institutions are projected between 9.75% and 12.75%. CESC Limited has submitted that interest rates are steadily rising in the country. As illustration, they have furnished documents to exhibit that the Prime Lending Rate (PLR) of State Bank of India, which is a general index for prevalent interest rate, has risen from 11.75% on 1 April 2010 to 14.75% on 7th November, 2013. Normative loan on actual basis will be considered during APR.

5.7.3 The amount allowed by the Commission is allocated to generating stations and distribution system for the year 2014 – 2015, 2015 – 2016 and 2016 – 2017 as shown in the table given below based on the projections made by CESC Limited in regard to the purpose and utilization of the said loan.

Rupees in Lakh

Interest on capital borrowing							
Sl. No	Power Station	As Proposed by CESC			As admitted by the Commission		
		2014-2015	2015-16	2016-17	2014-2015	2015-16	2016-17
1.	Budge Budge TPS	6488	5243	3876	6488	5243	3876
2.	Titagarh TPS	493	558	631	493	558	631
3.	Southern TPS	337	362	359	337	362	359
4.	New Cossipore TPS	9	0	0	9	0	0
	Sub-Total	7327	6163	4866	7327	6163	4866
5.	Distribution	22717	26098	29002	22717	26098	29002
	Total:	30044	32261	33868	30044	32261	33868

5.8 **Interest on Temporary Accommodation**:

5.8.1 CESC Limited has claimed Rs. 7659 lakh, Rs. 6310 lakh and Rs. 5770 lakh on account of interest on temporary accommodation for the years 2014 – 2015, 2015 – 2016 and 2016 – 2017 respectively. CESC Limited in their submission highlighted the necessity for availment of funds by way of temporary accommodation arose pursuant to the tariff orders for the years 2011 – 2012 and 2012 – 2013 together with APR orders for 2011 – 2012 and 2012 – 2013 giving rise to unrealized amount which are recoverable in accordance with the applicable orders. CESC Limited has stated that the interest amount has been arrived at considering interest rate of 12.75% on the average balance considering recovery as per the existing order.

5.8.2 In terms of regulation 5.6.5.4 of the Tariff Regulations, the Commission may allow, if considered necessary, interest on temporary financial accommodation taken by a generating company / licensee from any source to a reasonable extent due to unrealized arrears from the consumers / beneficiaries.

5.8.3 As per Form – C to Annexure – 1 of the tariff application, it has been observed that amount of Rs. 7659 lakh, Rs. 6310 lakh and Rs. 5770 lakh has been projected towards interest on short term loan on revenue accounts for the years 2014 – 2015, 2015 – 2016 and 2016 – 2017 respectively. CESC Limited has not given the amount of loans, source of the loan, date of drawal, amount of repayment during the years, if any, and other details in this respect, as required under Form-C in order to ascertain the amount of interest allowable. The Commission considers to admit 50% of the claim of CESC Limited at present and directs CESC Limited to comply and clearly indicate the above details along with their claim in their APR for the concerned year. In case of non-compliance of the above directives, no amount under this head will be allowed in the APR for the concerned year.

5.8.4 The function wise allocation of the interest amount as admitted by the Commission is as under:

Rupees in Lakh

Interest on temporary accommodation							
Sl. No	Power Station	As Proposed by CESC			As admitted by the Commission		
		2014-2015	2015-16	2016-17	2014-2015	2015-16	2016-17
1.	Budge Budge TPS	1953	1466	1290	977	733	645
2.	Titagarh TPS	688	546	478	344	273	239
3.	Southern TPS	390	310	270	195	155	135
4.	New Cossipore TPS	186	0	0	93	0	0
	Sub-Total	3217	2322	2038	1609	1161	1019
5.	Distribution	4442	3988	3732	2221	1994	1866
	Total:	7659	6310	5770	3830	3155	2885

5.9 **Foreign Exchange Rate Variations**:

5.9.1 CESC Limited has not projected any amount of additional liability for repayment of foreign loan during the fourth control period in the tariff petition and thus, the Commission does not consider such liability for the said period.

5.10 **Interest on Consumer's Security Deposits**:

5.10.1 CESC Limited claimed Rs. 8582 lakh, Rs. 9511 lakh and Rs. 10175 lakh respectively for 2014 – 2015, 2015 – 2016 and 2016 – 2017 on account of interest payable to the consumers on their security deposits at the rate specified by the Commission. It has been observed from the audited accounts of CESC Limited that the total amount of consumers' Security Deposits as on 31st March, 2012 was Rs. 1050.90 crore and that of as on 31st March, 2013 was Rs. 1139.06 crore, which indicates a growth of 8.4% on consumers' security deposit. Again, interest on consumers' security deposit for the financial years 2011 – 2012 and 2012 – 2013 were Rs. 64.60 crore and Rs. 70.81 crore, respectively. Thus, the burden of interest on consumers, security deposit was increased by 9.6%

(approx). Based on the above, the Commission admits the interest on consumers' security deposit considering annual increase of 9.6% over the amount of Rs. 7081 lakh being the interest on consumers' security deposit for 2012 – 2013. The amount admitted under this head are allocated to distribution function as follows:

Rupees in Lakh

Interest on consumers' security deposit							
Sl. No	Particulars	As Proposed by CESC			As admitted by the Commission		
		2014-2015	2015-16	2016-17	2014-2015	2015-16	2016-17
1.	Distribution	8582	9511	10175	8506	9322	9882

5.10.2 During APR, CESC Limited is required to submit actual audited data for interest on consumers' security deposits and to confirm that the entire amount of interest payment has been appropriately settled in terms of the Commission's concerned Regulations. CESC Limited is, therefore, directed to do the needful accordingly in this regard. The actual interest paid by CESC Limited for consumer security deposit will be adjusted in the APR of the concerned year.

5.11 **Other Finance Charges**:

5.11.1 The amounts of other finance charges projected by the applicant are as follows:

Rupees in Lakh

Sl. No.	Particulars	2014-15	2015-16	2016-17
1	Net borrowing cost towards front end fees / arrangement fees for loans and bank facilities	467	489	514
2	Bank charges for financial services	317	346	377
3	Bank charges for cash management services	199	217	237
4	Other miscellaneous finance charges	26	28	30
	Total	1009	1080	1158

5.11.2 The amounts claimed by CESC Limited towards other finance charges as shown above are found reasonable as per the information of the actual finance charges for the year 2012 – 2013 and current inflationary effect on the market. The Commission thus admits the amount as projected by CESC Limited. The allocation of the admitted amount as per projection of CESC Limited are shown in the table given below:

Rupees in Lakh

Other finance charges							
Sl. No	Power Station	As Proposed by CESC			As admitted by the Commission		
		2014-2015	2015-16	2016-17	2014-2015	2015-16	2016-17
1.	Budge Budge TPS	257	251	259	257	251	259
2.	Titagarh TPS	91	93	96	91	93	96
3.	Southern TPS	51	53	54	51	53	54
4.	New Cossipore TPS	25	0	0	25	0	0
	Sub-Total	424	397	409	424	397	409
5.	Distribution	585	683	749	585	683	749
	Total:	1009	1080	1158	1009	1080	1158

5.12 **Interest on Working Capital**:

5.12.1 CESC Limited has asked for interest on normative working capital as under:

Rupees in lakh

Particulars	2014-15	2015-16	2016-17
Interest on working capital	5794	6105	6489

5.12.2 The Commission decides not to consider interest on working capital at present and the same shall be considered during APR of the concerned year in terms of Tariff Regulations.

5.12.3 The necessity of borrowing working capital, however, cannot be ruled out. If any such borrowing is done for any of the years, the incidence of interest on that will be considered for re-imbursement through APR for the concerned year, in terms of the Tariff Regulations.

5.13 **Bad Debts**:

5.13.1 The bad debts projected by CESC Limited are as under:

Rupees in lakh

2014-15	2015-16	2016-17
3442	3671	3923

5.13.2 In terms of the Tariff Regulations, the Commission may allow amount of bad debts as actually had been written off in the latest available audited accounts subject to a ceiling of 0.5% of the annual gross sale value of power at the end of the current year. The last audited account submitted along with the tariff application is for 2012 – 2013. As per the audited accounts for 2012 – 2013, the amount written off as bad debt during the year was Rs. 2674 lakh. The Commission admits the amount of bad debts for the fourth control period at Rs. 2674 lakh for all the financial years 2014 – 2015, 2015 – 2016 and 2016 – 2017 which is within the limit of 0.5% of the annual gross revenue from sale of energy as projected by the petitioner for the respective years. The admitted amount is allocated to the distribution systems only.

5.14 **Depreciation**:

5.14.1 The amounts of depreciation, computed in terms of the Tariff Regulations, come to Rs. 33311 lakh, Rs. 35080 lakh and Rs. 38063 lakh for the years 2014 – 2015, 2015 – 2016 and 2016 – 2017 respectively with the following functional category wise break up of fixed assets.

Rupees in Lakh

Sl. No.	Particulars	2014-15	2015-16	2016-17
1	Generation Assets	10381	9257	9417
2	Distribution Assets	19806	22387	24943
3	Metering Assets	1814	2039	2209
4	Other Assets	1494	1581	1678
	Sub Total	33495	35264	38247
5	Less: Depreciation on assets created by utilizing proceeds from sale of old assets	184	184	184
	Total	33311	35080	38063

5.14.2 The computations of the above amounts of chargeable depreciation are based on the additions to the original costs of fixed assets by way of transfer from the cost of capital works-in-progress and retirement of assets during the relevant years.

5.14.3 The chargeable depreciation with such capitalization programme involving considerable amounts can not be precisely determined. The amount of chargeable depreciation, in such a case, may vary on account of the variations in the amounts of year wise planned capitalization as well as in the dates of putting the assets into commercial operations. The Commission, therefore, stipulates that the amounts of depreciation found chargeable as per the audited books of accounts will be considered for carrying out necessary adjustment in Annual Performance Review for the concerned year in due course. The amounts of depreciation allowed by the Commission after allocating the same to the generating stations and distribution system based on fixed asset functionally utilized as proposed by CESC Limited are shown in the table given below:

Rupees in Lakh

Depreciation						
As proposed by CESC Limited and allowed by the Commission in the tariff order						
Year	Budge Budge Generating Station	Titagarh Generating Station	Southern Generating Station	New Cossipore Generating Station	Distribution System	Total
2014-15	9948	535	277	109	22442	33311
2015-16	8796	597	301	0	25386	35080
2016-17	8861	660	331	0	28211	38063

5.15 **Advance Against Depreciation**:

5.15.1 In terms of the Tariff Regulations, advance against depreciation is allowed when the actual amount of depreciation falls short of the amount of loan repayment in any financial year. As per the details submitted along with instant tariff revision application, the total projected loan repayments during the financial years under the concerned control period are Rs. 42865 lakh, Rs. 50091 lakh and Rs. 55469 lakh respectively for 2014 – 2015, 2015 – 2016 and 2016 – 2017. The amounts of allowable advances against depreciation in terms of the Tariff Regulations work out as under:

Rupees in Lakh

Sl. No.	Particulars	2014-15	2015-16	2016-17
1.	Projected loan repayment	42865	50091	55469
2.	Depreciation (vide paragraph 5.16 above)	33311	35080	38063
3.	Additional fund requirement (1-2)	9554	15011	17406
4.	Maximum ceiling of advance against depreciation	45781	51584	57692
5.	Allowable advance against depreciation (lower of 3 & 4)	9554	15011	17406

5.15.2 The Commission has allowed the amounts of advance against depreciation in this tariff order and allocates the same to the generating stations and distribution system based on information furnished by the CESC Limited in its application for tariff for the fourth control period as shown in the table given below:

Rupees in Lakh

Advance against depreciation						
As proposed by CESC Limited and allowed by the Commission in the tariff order						
Year	Budge Budge Generating Station	Titagarh Generating Station	Southern Generating Station	New Cossipore Generating Station	Distribution System	Total
2014-15	2853	153	79	31	6438	9554
2015-16	3764	255	129	0	10863	15011
2016-17	4052	302	151	0	12901	17406

5.16 **Write Off of Intangible Assets**:

5.16.1 The value of Intangible Assets to be written off as projected by CESC Limited to the generating stations and distribution system and allowed by the Commission are as below:

Rupees in Lakh

Write Off of Intangible Assets						
As proposed by CESC Limited and allowed by the Commission in the tariff order						
Year	Budge Budge Generating Station	Titagarh Generating Station	Southern Generating Station	New Cossipore Generating Station	Distribution System	Total
2014-15	21	1	1	-	49	72
2015-16	19	1	1	-	51	72
2016-17	17	1	1	-	53	72

5.17 **Return on Equity**:

5.17.1 Based on the information provided by the CESC Limited in specified form, the returns allowable to it in the different years of the fourth control period work out to Rs. 50834 lakh, Rs. 54789 lakh and Rs. 58663 lakh for the years 2014 – 2015, 2015 – 2016 and 2016 – 2017 respectively. The detailed computations of the amounts so arrived at are shown in Annexure 5C.

5.17.2 It is to be clarified that the equity bases admitted for allowing returns as shown in the referred Annexure are computed for the prospective years and therefore they need adjustments subsequently on the basis of audited accounts. Such adjustments will be carried out at the time of APR for the concerned years. The projected incurrence of capital expenditures over the years have been considered after netting off estimated contributions from the consumers. The Commission admits the claim of CESC Limited and allocates the same to the generating stations and distribution system on the basis of the average fixed assets functionally utilized as evident from the information submitted by the CESC Limited in its tariff application.

Rupees in Lakh

Return on equity				
Sl. No	Power Station	As admitted by the Commission		
		2014-2015	2015-16	2016-17
1.	Budge Budge TPS	15756	16062	16173
2.	Titagarh TPS	1361	1422	1499
3.	Southern TPS	1281	1351	1385
4.	New Cossipore TPS	222	0	0
	Sub-Total	18620	18835	19057
5.	Distribution	32214	35954	39606
	Total:	50834	54789	58663

5.18 **Income Tax**:

5.18.1 The applicant has projected the provision of Rs, 26217 lakh, Rs.28257 lakh and Rs.30255 lakh respectively for the years 2014 – 2015, 2015 – 2016 and 2016 – 2017 towards taxes payable under the provisions of the Income Tax Act, 1961. The projections are based on the assumption that the applicant would be paying tax at normal rate applicable to the corporate, net of available credit which is not readily ascertainable. In terms of the Tariff Regulations, the taxes payable on the incomes from the core business of the applicant and other applicable taxes under the provisions of the Income Tax Act are recoverable as pass through from the consumers. The Commission is, therefore, to allow the provision for payment of MAT in this regard subject to adjustments on the basis of tax assessment and payments made accordingly. Such provisions are being considered on the assumption that the applicant would be required to pay taxes at the current rate of MAT as per Income Tax Act.

5.18.2 The amounts of projected and permitted returns for the different years under the control period are taken as the basis for computing the incidence of taxes payable. The provisions towards income tax on aforesaid basis come as under:

Rupees in Lakh

Sl. No.	Particulars	2014-15	2015-16	2016-17
1	Return on Equity as admitted by the Commission in the tariff order	50834.00	54789	58663
2	Rate	20.00%	20.00%	20.00%
3	MAT	10167	10958	11733

5.18.3 The Commission allows the amount in the tariff order and allocates the same to the generating stations and distribution system as shown in the table given below subject to adjustment of actual tax liability in the APR for the concerned year.

Rupees in Lakh

Taxes on Income						
As allowed in the Tariff Order						
Year	Budge Budge Generating Station	Titagarh Generating Station	Southern Generating Station	New Cossipore Generating Station	Distribution System	Total
2014-15	3151	272	256	45	6443	10167
2015-16	3212	284	270	0	7192	10958
2016-17	3235	300	277	0	7921	11733

5.18.4 CESC Limited is directed in terms of regulation 5.13 of the Tariff Regulations to furnish final assessment order of Income Tax Authority for each assessment year corresponding to relevant financial year or other valid documents along with Auditor’s certificate in respect of income tax assessed and actual income tax paid after adjustment of credit of income tax for the relevant financial year while submitting APR application for the respective financial years.

5.19 **Performance Incentive**:

5.19.1 The petitioner has claimed nothing towards performance incentive during the fourth control period and thus, the Commission does not consider any incentive for the said period.

5.20 **Reserve for Unforeseen exigencies**:

5.20.1 In terms of the Tariff Regulations, CESC Limited has computed and prepared reserve for unforeseen exigencies @ 0.25% on the opening gross value of fixed assets of each year of the fourth control period as shown in the table given below:

Rs in lakh

Years	Gross value of fixed asset at the beginning of the year	Reserve @ 0.25%
2014-15	1080650	2702
2015-16	1177655	2944
2016-17	1260996	3152

5.20.2 It is evident from the Balance Sheet of CESC Limited as on 31.03.2013 that the amount of Reserve for Unforeseen exigencies stands at Rs. 14155 lakh on that date including Rs.3188 lakh appropriated in the previous year towards Reserve for unforeseen exigencies including interest accrued on such investment.

5.20.3 The Commission decides that for fourth control period no amount will be considered under the head reserve for unforeseen exigencies in order to have lesser impact on the tariff increase.

5.20.4 CESC Limited is, however, directed that investment of the amounts so far created under the head must be done in accordance with the provisions of the Tariff Regulations. For failure to comply with the provisions of the referred regulation, double the amount allowed for the purpose will be deducted from the amount of return on equity as allowed to CESC Limited during APR of any succeeding years. Income from such investments of Reserve for Unforeseen Exigencies as was previously directed, shall be reinvested for the same purpose and shall be shown separately in the application of APR or tariff, as the case may be, supported by necessary audited data for any year. Moreover, this income should not be considered under income from non-tariff sources for the determination of Net Aggregate Revenue Requirement in APR or tariff for any year.

5.21 **Terminal Benefit**:

5.21.1 CESC Limited has claimed Rs. 1500 lakh each for the years 2015 – 2016 and 2016 – 2017 towards terminal benefit in respect of New Cossipore generating station. CESC Limited does not give any details against such claim. The Commission therefore does not consider such claim. CESC Limited shall come up with their proposal in details separately to the Commission.

5.22 **Income from other Non-tariff Sources**:

5.22.1 CESC Limited has projected incomes from other non-tariff sources as under:

Rupees in lakh

Sl. No.	Particulars	2014-15	2015-16	2016-17
1	Rental of meters and other apparatus hired out	4534	4705	4881
2	Sale and repair of lamp and other apparatus	175	175	175
3	Income from Investments and Bank Balances etc.	861	861	861
4	Surcharge for Late Payments	1403	1403	1403
5	Other General receipts arising from and ancillary or incidental to the business of electricity	1125	1125	1125
6	Total	8098	8269	8445

5.22.2 The proposal of income from other sources of CESC Limited has been admitted by the Commission for all the three ensuing years with allocation of the income to the generating stations and distribution system on the basis of the nature of income. Thus the allowed amounts for income from non-tariff sources are Rs. 8098 lakh for 2014 – 2015, Rs. 8269 lakh for 2015 – 2016 and Rs. 8445 lakh for 2016 – 2017. The incomes from rental of meters and other apparatus hired out, sale and repair of lamp and other apparatus, service connection fees and surcharge for late payment have been considered in the distribution system head. Income from investment and bank balance and other general receipts have been distributed to generating stations and distribution system in line with the proposal submitted by CESC Limited in its tariff application. Accordingly, the allocated amounts as allowed by the Commission are as follows:

Rupees in Lakh

Income form other Non-tariff sources							
As allowed by the Commission in the tariff order							
Year	Income from Non-tariff Sources	Budge Budge Generating Station	Titagarh Generating Station	Southern Generating Station	New Cossipore Generating Station	Distribution System	Total
2014-15	Income from Investments and General Receipts	640	55	52	9	1230	1986
	Other income from distribution system	0	0	0	0	6112	6112
	Total	640	55	52	9	7342	8098
2015-16	Income from Investments and General Receipts	602	53	51	0	1280	1986
	Other income from distribution system	0	0	0	0	6283	6283
	Total	602	53	51	0	7563	8269
2016-17	Income from Investments and General Receipts	564	52	48	0	1322	1986
	Other income from distribution system	0	0	0	0	6459	6459
	Total	564	52	48	0	7781	8445

5.23 **Benefits to be passed on to Consumers**:

5.23.1 **Sharing of benefits from sale of power to persons other than consumers and other licensees**:

5.23.1.1 CESC Limited has projected to sell 137 MU, 394 MU and 394 MU of energy to persons other than its own consumers and licensees of the Commission during 2014 – 2015, 2015 – 2016 and 2016 – 2017 respectively. Such projected sales are to minimize the under utilization of its cost effective generating stations when demand of the consumers is found less than their sent out capabilities. It has also proposed to pass on 60% of the benefits to be derived from such sale to the consumers in terms of the Tariff Regulations which are Rs. 43 lakh for 2014 – 2015, Rs. 90 lakh for 2015 – 2016 and Rs. 90 lakh for 2016 – 2017 and the same relate to the cost effective Budge Budge generating station. It is seen from the table for energy balance in paragraph 4.7.1 of this order, the estimated energy to be available for sale to persons other than consumer and licensee works out nil for all the three ensuing years 2014 – 2015, 2015 – 2016 and 2016 – 2017 and thus no benefit is derived to be passed on to the consumers. In this context, CESC Limited shall comply with the direction given in paragraph 4.6.2 in chapter – 4 of this order. If there is any sale to persons other than consumers and licensee in any year during actual operation, then the sharing of gains with the consumers on the basis of actuals as per audited accounts will be taken up for adjustments at the time of Annual Performance Review for the concerned year.

5.23.2 **Sharing of Income from other Auxiliary Services (Advertisement on bill face etc) and other business**:

5.23.2.1 CESC Limited has also proposed to pass on 40% of the net income it derives from bill face advertisements as per the Tariff Regulations. The estimations of such benefits to consumers, as reproduced hereunder, are agreed to by the

Commission for the years under the fourth control period. The benefits so allowed are to be reduced from the expenses of the distribution head to arrive at Net Revenue Requirement for the concerned year.

Rs in lakh

Sl. No.	Particulars	2014-15	2015-16	2016-17
1	Estimated earnings	331	331	331
2	Attributable cost (towards printing)	81	81	81
3	Net earnings	250	250	250
4	Benefits to consumers (40% of net earnings)	100	100	100

5.23.2.2 The earnings from commercial usage of certain assets and sharing of such earnings @ 40% as projected by CESC Limited are given below. The Commission considers the same for adjustment with the expenses of distribution system before arriving at the net revenue requirement for the fourth control period as under.

Rs in lakh

Sl. No.	Particulars	2014-15	2015-16	2016-17
1	Earnings from commercial usage of assets (user fee)	1100	1100	1100
2	Allowable benefit to consumers @ 40%	440	440	440

ANNEXURE – 5A

Monthly Rate of Inflation in CPI number for Industrial Worker													
Year	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	March	Average
2010-11	13.33	13.91	13.73	11.25	9.88	9.82	9.7	8.33	9.47	9.3	8.82	8.82	10.53
2011-12	9.41	8.72	8.62	8.43	8.99	10.06	9.39	9.34	6.49	5.32	7.57	8.65	8.42
2012-13	10.22	10.16	10.05	9.84	10.31	9.14	9.6	9.55	11.17	11.62	12.06	11.44	10.43
2013-14	10.24	10.68	11.06	10.85	10.75	10.7	11.06	11.47	9.13	7.24	6.73	6.70	9.72
2014-15	7.08	7.02	6.49	7.23	6.75	6.3							6.81
Source : Website of Labour Bureau, GOI : Average Value is being Computed													

WPI FROM OFFICE OF ECONOMIC ADVISOR , GOI												
Year	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar
2009-10	125.0	125.9	126.8	128.2	129.6	130.3	131.0	132.9	133.4	135.2	135.2	136.3
2010-11	138.6	139.1	139.8	141.0	141.1	142.0	142.9	143.8	146.0	148.0	148.1	149.5
2011-12	152.1	152.4	153.1	154.2	154.9	156.2	157.0	157.4	157.3	158.7	159.3	161.0
2012-13	163.5	163.9	164.7	165.8	167.3	168.8	168.5	168.8	168.8	170.3	170.9	170.1
2013-14	171.3	171.4	173.2	175.5	179.0	180.7	180.7	181.5	179.6	179.0	179.5	180.3
2014-15	180.8	182.0	183.0	184.6	185.7	185.0						
Source : Website of Office of the Economic Advisor, GOI :												

MONTHLY INFLATION RATE COMPUTED BASED ON WPI FROM OFFICE OF ECONOMIC ADVISOR , GOI													
Year	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Average
2010-11	10.88	10.48	10.25	9.98	8.87	8.98	9.08	8.20	9.45	9.47	9.54	9.68	9.57
2011-12	9.74	9.56	9.51	9.36	9.78	10.00	9.87	9.46	7.74	7.23	7.56	7.69	8.96
2012-13	7.50	7.55	7.58	7.52	8.01	8.07	7.32	7.24	7.31	7.31	7.28	5.65	7.36
2013-14	4.77	4.58	5.16	5.85	6.99	7.05	7.24	7.52	6.40	5.11	5.03	6.00	5.98
2014-15	5.55	6.18	5.66	5.19	3.74	2.38							4.78

ANNEXURE – 5B

TABLE - I

ANNUAL ACTUAL FIGURE OF DIFFERENT BUISNESS PARAMETERS OF CESC DISTRBUTION FUNCTION HAVING IMPACT ON TARIFF										
Sl No	Particulars	Units	Inflationary Basis	Sensitivity Parameter & degree of sensitivity	2009-10	2010-11	2011-12	2012-13	2013-14 (Estimated by CESC)	2013-14 (Estimated by WBERC)
1	Total line-length on 31st March	CKM			17213.60	17831.74	18683.84	19538.00	20480	20480
2	Total consumers on 31st March	number			2384000	2489000	2586000	2702000	2857000	2857000
2(b)	Increase in line length	%				3.591	4.779	4.572	4.821	
3	Repair & Maintenance Expenditure	Rs Lakh	WPI+CPI	DLL	11538.00	12404.00	12902.00	17306.00	19248.00	15329.00
4	- Rent	Rs Lakh	WPI+CPI	DLL	491.00	621.00	633.00	677.00	738.00	738.00
5	- Auditors Fees	Rs Lakh	WPI+CPI	DLL	34.00	35.00	55.00	96.00	104.00	66.00
6	- Legal Charges	Rs Lakh	WPI+CPI	CSM	461.00	484.00	551.00	613.00	668.00	654.00
7	- Others Administrative and General Expenses	Rs Lakh	WPI+CPI	CSM	6343.00	6660.00	8625.00	10258.00	11181.00	10246.00
8	Total Administrative & General Expenses(4+5+6+7)	Rs Lakh			7329.00	7800.00	9864.00	11644.00	12691.00	11704.00
9	Total O&M Function Expenses (3+8)	Rs Lakh			18867.00	20204.00	22766.00	28950.00	31939.00	27033.00
10	Lease Rental	Rs Lakh	WPI	DLL	1385.00	1157.00	1066.00	1111.00	1111.00	1111.00
11	Service Tax for distribution work & Entry Tax	Rs Lakh	WPI+CPI	DLL				728.00	1022.00	919.80
12	Rates & Taxes	Rs Lakh	WPI+CPI	DLL	525.00	563.00	576.00	661.00	721.00	721.00
13	Insurance	Rs Lakh	WPI+CPI	DLL	617.00	631.00	686.00	750.00	818.00	818.00
14	Cost of outsourcing - Call centre	Rs Lakh	WPI+CPI	DLL	767.00	720.00	728.00	775.00	845.00	845.00
15	Total	Rs Lakh			22161.00	23275.00	25822.00	32975.00	36456.00	31447.80

TABLE-2

PROJECTED ANNUAL ESCALATION RATE COMPUTATION OF DIFFERENT PARAMETERS DURING FOURTH CONTROL PERIOD (2014-15 TO 2016-17)

Sl No	Particulars	Inflationary Basis	Sensitivity Parameter & degree of sensitivity	CAGR (%) between			Average Inflation Rate during the Concerned period $	Whether Inflation rate is applicable	Additional Growth Rate above inflation rate	Ratio of Expenses increase and sensitivity parameter increase	Escalation rate (%) for			Remarks
				2012-13 to 2013-14	2011-12 to 2013-14	2010-11 to 2013-14					2014-15	2015-16	2016-17	
1	Total line-length increase			4.82	4.70	4.73					4.82	4.82	4.82	
2	Total consumers increase			5.74	5.11	4.71					2.94	4.53	4.34	
3	Repair & Maintenance Expenditure	WPI+CPI	DLL	-11.42	9.01	7.32	8.69	No			8.05	8.05	8.05	
4	- Rent	WPI+CPI	DLL	9.01	7.98	5.93	8.69	No			6.52	6.52	6.52	
5	- Auditors Fees	WPI+CPI	DLL	-31.25	9.55	23.60	8.27	Yes	1.28	0.27	7.39	9.43	9.43	
6	- Legal Charges	WPI+CPI	CSM	6.69	8.95	10.56	7.48	No			7.36	7.36	7.36	
7	- Others Administrative and General Expenses	WPI+CPI	CSM	-0.12	9.00	15.45	8.27	Yes	0.73	0.14	6.50	8.76	8.74	
8	Total Administrative & General Expenses(4+5+6+7)													
9	Total O&M Function Expenses (3+8)													
10	Lease Rental Line	WPI	DLL	0.00	2.09	-1.34	8.27	No			2.30	2.30	2.30	
11	Service Tax for distribution work & Entry Tax	WPI+CPI	DLL	26.35	NA	NA	7.48	Yes	18.87	3.29	8.50	10.54	10.54	
12	Rates & Taxes	WPI+CPI	DLL	9.08	11.89	8.60	8.69	No			9.46	9.46	9.46	
13	Insurance	WPI+CPI	DLL	9.07	9.20	9.04	8.69	No			9.94	9.94	9.94	
14	Cost of outsourcing - Call centre	WPI+CPI	DLL	9.03	7.74	5.49	8.69	No			6.04	6.04	6.04	

TABLE-3

COMPUTATION OF PROJECTED EXPENSES OF CESC DISTRBUTION FUNCTION FOR 4TH CONTROL PERIOD (2014-15 TO 2016-17)											
Sl No	Particulars	Units	Projected for 2014-15 by CESC	Computed for 2014-15 by the Commission	Admitted for 2014-15	Projected for 2015-16 by CESC	Computed for 2015-16 by the Commission	Admitted for 2015-16	Projected for 2016-17 by CESC	Computed for 2016-17 by the Commission	Admitted for 2016-17
1	Total line-length on 31st March	CKM		21467.00	21467.00		22502.00	22502.00		23587.00	23587.00
2	Total consumers on 31st March	number	2940900	2940900	2940900	3074100	3074100	3074100	3207400	3207400	3207400
3	Repair & Maintenance Expenditure	Rs Lakh	23579.00	16563	16563	24175.00	17897	17897	26351.00	19338	19338
4	- Rent	Rs Lakh	805.00	786	786	877.00	837	837	956.00	892	892
5	- Auditors Fees	Rs Lakh	114.00	71	71	124.00	78	78	135.00	85	85
6	- Legal Charges	Rs Lakh	728.00	702	702	794.00	754	754	865.00	809	809
7	- Others Administrative and General Expenses	Rs Lakh	12188.00	10912	10912	13284.00	11868	11868	14480.00	12905	12905
8	Total Administrative & General Expenses(4+5+6+7)	Rs Lakh	13835.00	12471.00	12471.00	15079.00	13537.00	13537.00	16436.00	14691.00	14691.00
9	Total O&M Function Expenses (3+8)	Rs Lakh	37414.00	29034.00	29034.00	39254.00	31434.00	31434.00	42787.00	34029.00	34029.00
10	Lease Rental Line		1111.00	1137	1111	1111.00	1137	1111	1111.00	1137	1111
11	Service Tax for distribution work & Entry Tax	Rs Lakh	1114.00	998	998	1215.00	1103	1103	1324.00	1219	1219
12	Rates & Taxes	Rs Lakh	786.00	789	786	842.00	860	842	918.00	922	918
13	Insurance	Rs Lakh	891.00	899	891	971.00	980	971	1059.00	1068	1059
14	Cost of outsourcing - Call centre	Rs Lakh	921.00	896	896	1004.00	950	950	1094.00	1007	1007
15	Total	Rs Lakh	42237.00	33753.00	33716.00	44397.00	36464.00	36411.00	48293.00	39382	39343

ANNEXURE – 5C

Rs. in Lakh

Sl. No.	Particulars	Year								
		2014 – 2015			2015 – 2016			2016 – 2017		
		Generation	Distribution	Total	Generation	Distribution	Total	Generation	Distribution	Total
1	Opening balance of equity base at the beginning of the year	119427	182889	302316	120830	207588	328418	122200	228221	350421
2	Additional / withdrawal to / from equity base during the year	-	-	51754	-	-	55746	-	-	59627
3	Equity base at the end of the year – computed (1+2)	-	-	354070	-	-	384164	-	-	410047
4	Net addition to the original cost of fixed assets	4675	82330	87005	4565	68776	73341	4978	78759	83737
5	Normative addition to Fixed Assets @ 30%	1403	24699	26102	1370	20633	22002	1493	23628	25121
6	Normative addition to Equity Base (lower of 2 and 5)	1403	24699	26102	1370	20633	22002	1493	23628	25121
7	Equity base at the end of the year (1+6)	120830	207588	328418	122200	228221	350420	123693	251849	375541
8	Average equity base for the year (1+7)/2	120128	195239	315367	121515	217904	339419	122946	240035	362981
9	Rate of return	15.5%	16.5%	-	15.5%	16.5%	-	15.5%	16.5%	-
10	Allowable return	18620	32214	50834	18835	35954	54789	19057	39606	58663

CHAPTER - 6
SUMMARISED STATEMENT OF AGGREGATE REVENUE REQUIREMENT FOR THE YEARS 2014-15, 2015-16 & 2016-17 & REVENUE RECOVERABLE THROUGH TARIFF FOR THE YEAR 2014-15

6.1 Based on the analyses and findings recorded in the foregoing chapters we are now drawing the statements of Aggregate Revenue Requirements (ARR) separately for each of the three years of the fourth control period covering the years 2014-15, 2015-16 and 2016-17. Such summarized statements are given in Annexure 6A to 6F of this chapter.

6.2 In terms of the Tariff Regulations, we are also to ascertain the amount of revenue recoverable through tariff for the year 2014-15 after carrying out adjustments with the ARR for that year the recoverable amount determined in Fuel and Power Purchase Cost Adjustment (FPPCA) for the year 2011 – 2012 and also recoverable amount in Annual Performance Review (APR) for the year 2011-2012 after carrying out the adjustment of recoverable amount found in APR for 2010 – 2011. The Commission in its order dated 05.09.2013 in Case No. APR-30/12-13 has determined the net recoverable amount of Rs. 11921.37 lakh from the consumers after taking into consideration the adjustments in both variable costs and fixed costs for 2010-11 and 2011-12. The Commission has decided to adjust Rs. 11000.00 lakh being a part of the recoverable amount of Rs. 11921.37 lakh with the ARR for 2014-15 to determine the revenue recoverable through tariff for 2014-15. The balance amount of Rs. 921.37 lakh (Rs. 11921.37 lakh – Rs. 11000.00 lakh) shall be adjusted with the amount of Aggregate Revenue Requirement for the year 2015 – 2016.

6.3 Accordingly, the amount of revenue to be recovered through tariff, capacity charges and fixed charges for the year 2014-15 work out as under:

REVENUE RECOVERABLE THROUGH TARIFF, CAPACITY CHARGES AND FIXED CHARGES IN 2014-15								
Sl. No.	Particulars	Generation				Distribution	Total
		Budge Budge TPS	Titagarh TPS	Southern generating Station	New Cossipore TPS		
1	Aggregate Revenue Requirement for 2014-15	182366.00	61099.00	36223.00	12884.00	331262.00	623834.00
2	Positive adjustment of a part of recoverable amounts determined in APR for 2011 – 2012	3703.72	1536.74	1211.62	1602.55	2945.37	11000.00
3	Total revenue to be recovered through tariff in 2014-15 (3= 1+ 2)	186069.72	62635.74	37434.62	14486.55	334207.37	634834.00
4	Fuel Cost / Power Purchase Cost	127435.00	47419.00	28159.00	6454.00	148661.00	358128.00
5	Capacity Charges / Fixed Charges (5 = 3 - 4)	58634.72	15216.74	9275.62	8032.55	185546.37	276706.00

6.4 The Commission has also worked out the average tariff for the consumers of CESC Limited for 2014-15 and the same is shown in the table below:

AVERAGE TARRIFF FOR CONSUMERS OF CESC LIMITED IN 2014-15			
Sl. No.	Particulars	Unit	Total
1	Total revenue to be recovered through tariff	Rs. Lakh	634834.00
2	Revenue from sale of power to WBSEDCL	Rs. Lakh	1947.00
3	Revenue Recoverable for supply of power to the consumers (3=1-2)	Rs. Lakh	632887.00
4	Energy sale to the consumers	MU	9074.00
5	Average tariff for the consumers (5=3/4)	Paisa/ KWh	697.47

6.5 The Commission also decides to adjust recoverable amount determined in Fuel and Power Purchase Cost Adjustment (FPPCA) for the year 2012 – 2013 and also recoverable amount in Annual Performance Review (APR) for the year 2012 – 2013. The Commission in its order dated 21.05.2014 in Case No. APR-36/13-14 has determined the net recoverable amount of Rs. 11573.25 lakh from the consumers after taking into consideration the adjustments in both variable costs and fixed costs for 2012-13.The Commission has decided to adjust Rs. 7000.00 lakh being a part of the recoverable amount of Rs. 11573.25 lakh with the ARR for 2015-16 to determine the revenue recoverable through tariff for 2015-16. The balance amount of Rs. 4573.25 lakh (Rs. 11573.25 lakh – Rs. 7000.00 lakh) shall be adjusted with the amount of Aggregate Revenue Requirement for the year 2016 – 2017.

6.6 Accordingly, the amount of revenue to be recovered through tariff, capacity charges and fixed charges for the year 2015-16 and 2016-17 work out as under:

REVENUE RECOVERABLE THROUGH TARIFF, CAPACITY CHARGES AND FIXED CHARGES IN 2015-16							
Sl. No.	Particulars	Generation				Distribution	Total
		Budge Budge TPS	Titagarh TPS	Southern generating Station	New Cossipore TPS		
1	Aggregate Revenue Requirement for 2015-16	177440.00	59441.00	34338.00	112.00	400258.00	671589.00
2	Positive adjustment of balance amount of recoverable amounts determined in APR for 2011 – 2012	310.23	128.72	101.49	134.23	246.70	921.37
3	Positive adjustment of a part of recoverable amounts determined in APR for 2012 – 2013	1882.30	613.72	376.48	231.40	3896.10	7000.00
4	Total revenue to be recovered through tariff in 2015-16 (4= 1+ 2+3)	179632.53	60183.44	34815.97	477.63	404400.80	679510.37
5	Fuel Cost / Power Purchase Cost	122652.00	44712.00	25698.00	0.00	194493.00	387555.00
6	Capacity Charges / Fixed Charges (6 = 4 - 5)	56980.53	15471.44	9117.97	477.63	209907.80	291955.37

REVENUE RECOVERABLE THROUGH TARIFF, CAPACITY CHARGES AND FIXED CHARGES IN 2016-17							
Sl. No.	Particulars	Generation				Distribution	Total
		Budge Budge TPS	Titagarh TPS	Southern generating Station	New Cossipore TPS		
1	Aggregate Revenue Requirement for 2016-17	177779.00	60571.00	34878.00	119.00	446077.00	719424.00
2	Positive adjustment of balance amount of recoverable amounts determined in APR for 2012 – 2013	1229.75	400.94	245.97	151.18	2545.41	4573.25
3	Total revenue to be recovered through tariff in 2016-17 (3= 1+ 2)	179008.75	60971.94	35123.97	270.18	448622.41	723997.25
4	Fuel Cost / Power Purchase Cost	122652.00	44712.00	25698.00	0.00	219776.00	412838.00
5	Capacity Charges / Fixed Charges (5 = 3 - 4)	56356.75	16259.94	9425.97	270.18	228846.41	311159.25

ANNEXURE – 6A

AGGREGATE REVENUE REQUIREMENT FOR BUDGE BUDGE GENERATING STATION (AMOUNTS RUPEES IN LAKH)							
SL. NO.	PARTICULARS	2014 - 2015		2015 - 2016		2016 - 2017	
		PROPOSED	ALLOWED	PROPOSED	ALLOWED	PROPOSED	ALLOWED
1	Fuel	114417.00	127435.00	108779.00	122652.00	112439.00	122652.00
2	Coal & Ash Handling related charges	724.00	545.00	789.00	581.00	860.00	619.00
3	Employee Cost	4032.00	3912.00	4395.00	4264.00	4791.00	4648.00
4	Cost of Contracted Manpower in Regular Establishment	2869.00	2152.00	3128.00	2346.00	3409.00	2557.00
5	O & M Expenses	8760.00	8760.00	9285.00	9285.00	9840.00	9840.00
6	Rates & taxes	293.00	293.00	319.00	319.00	348.00	348.00
7	Insurances	447.00	447.00	503.00	503.00	548.00	548.00
8	Financing Charges	257.00	257.00	251.00	251.00	259.00	259.00
9	Interest on capital expenditure	6488.00	6488.00	5243.00	5243.00	3876.00	3876.00
10	Interest on temporary accommodation	1953.00	977.00	1466.00	733.00	1290.00	645.00
11	Interest on Working Capital	1478.00	0.00	1419.00	0.00	1451.00	0.00
12	Depreciation	9948.00	9948.00	8796.00	8796.00	8861.00	8861.00
13	Advance Depreciation	2853.00	2853.00	3764.00	3764.00	4052.00	4052.00
14	Water Charges	11.00	11.00	12.00	12.00	13.00	13.00
15	Reserve for Unforeseen	874.00	0.00	891.00	0.00	886.00	0.00
16	Intangible Assets written off	21.00	21.00	19.00	19.00	17.00	17.00
17	Tax on Income & profit	8119.00	3151.00	8227.00	3212.00	8235.00	3235.00
18	Return on Equity	15767.00	15756.00	15978.00	16062.00	15995.00	16173.00
19	Incentive	0.00	0.00	0.00	0.00	0.00	0.00
20	Gross Aggregate Revenue Requirement	179311.00	183006.00	173264.00	178042.00	177170.00	178343.00
21	Less : Misc. other income	640.00	640.00	602.00	602.00	564.00	564.00
22	Less :Benefit passed on to consumers and licensees for sale of Energy to person other than to consumers	43.00	0.00	90.00	0.00	90.00	0.00
23	Net Aggregate Revenue Requirement	178628.00	182366.00	172572.00	177440.00	176516.00	177779.00

ANNEXURE – 6B

AGGREGATE REVENUE REQUIREMENT FOR TITAGARH GENERATING STATION (AMOUNTS RUPEES IN LAKH)						
PARTICULARS	2014 - 2015		2015 - 2016		2016 - 2017	
	PROPOSED	ALLOWED	PROPOSED	ALLOWED	PROPOSED	ALLOWED
Fuel	39150.00	47419.00	39150.00	44712.00	39150.00	44712.00
Coal & Ash Handling related charges	1029.00	868.00	1121.00	925.00	1222.00	987.00
Employee Cost	5079.00	4930.00	5536.00	5374.00	6035.00	5858.00
Cost of Contracted Manpower in Regular Establishment	1296.00	972.00	1412.00	1059.00	1540.00	1154.00
O&M Expenses	3259.00	3259.00	3454.00	3454.00	3661.00	3660.00
Rates & taxes	175.00	175.00	190.00	190.00	208.00	208.00
Insurances	95.00	95.00	103.00	103.00	113.00	113.00
Financing Charges	91.00	91.00	93.00	93.00	96.00	96.00
Interest on capital expenditure	493.00	493.00	558.00	558.00	631.00	631.00
Interest on temporary accommodation	688.00	344.00	546.00	273.00	478.00	239.00
Interest on Working Capital	520.00	0.00	529.00	0.00	538.00	0.00
Lease rental	62.00	62.00	62.00	62.00	62.00	62.00
Depreciation	535.00	535.00	597.00	597.00	660.00	660.00
Advance Depreciation	153.00	153.00	255.00	255.00	302.00	302.00
Water Charges	129.00	124.00	141.00	132.00	153.00	141.00
Reserve for Unforeseen Exigencies	74.00	0.00	78.00	0.00	82.00	0.00
Intangible Assets written off	1.00	1.00	1.00	1.00	1.00	1.00
Tax on Income & profit	702.00	272.00	728.00	284.00	763.00	300.00
Return on Equity	1362.00	1361.00	1415.00	1422.00	1482.00	1499.00
Incentive	0.00	0.00	0.00	0.00	0.00	0.00
Gross Aggregate Revenue Requirement	54893.00	61154.00	55969.00	59494.00	57177.00	60623.00
Less : Misc. other income	55.00	55.00	53.00	53.00	52.00	52.00
Net Aggregate Revenue Requirement	54838.00	61099.00	55916.00	59441.00	57125.00	60571.00

ANNEXURE – 6C

AGGREGATE REVENUE REQUIREMENT FOR SOUTHERN GENERATING STATION (AMOUNTS RUPEES IN LAKH)						
PARTICULARS	2014 - 2015		2015 - 2016		2016 - 2017	
	PROPOSED	ALLOWED	PROPOSED	ALLOWED	PROPOSED	ALLOWED
Fuel	22456.00	28159.00	22456.00	25698.00	22456.00	25698.00
Coal & Ash Handling related charges	9.00	9.00	10.00	9.00	11.00	10.00
Employee Cost	3414.00	3313.00	3721.00	3611.00	4056.00	3936.00
Cost of contracted manpower in Regular Establishment	66.00	50.00	72.00	55.00	78.00	60.00
O&M Expenses	1846.00	1846.00	1957.00	1957.00	2075.00	2075.00
Rent for generating station	20.00	20.00	21.00	21.00	22.00	22.00
Rates & taxes	61.00	61.00	66.00	66.00	72.00	72.00
Insurances	56.00	56.00	61.00	61.00	66.00	66.00
Lease Rental	208.00	208.00	208.00	208.00	208.00	208.00
Financing Charges	51.00	51.00	53.00	53.00	54.00	54.00
Interest on capital expenditure	337.00	337.00	362.00	362.00	359.00	359.00
Interest on temporary accommodation	390.00	195.00	310.00	155.00	270.00	135.00
Interest on Working Capital	295.00	0.00	299.00	0.00	303.00	0.00
Depreciation	277.00	277.00	301.00	301.00	331.00	331.00
Advance Depreciation	79.00	79.00	129.00	129.00	151.00	151.00
Water Charges	79.00	76.00	87.00	81.00	94.00	86.00
Reserve for Unforeseen Exigencies	68.00	0.00	71.00	0.00	71.00	0.00
Intangible Assets written off	1.00	1.00	1.00	1.00	1.00	1.00
Tax on Income & profit	661.00	256.00	692.00	270.00	705.00	277.00
Return on Equity	1282.00	1281.00	1344.00	1351.00	1370.00	1385.00
Incentive	0.00	0.00	0.00	0.00	0.00	0.00
Gross Aggregate Revenue Requirement	31656.00	36275.00	32221.00	34389.00	32753.00	34926.00
Less : Misc. other income	52.00	52.00	51.00	51.00	48.00	48.00
Net Aggregate Revenue Requirement	31604.00	36223.00	32170.00	34338.00	32705.00	34878.00

ANNEXURE – 6D

AGGREGATE REVENUE REQUIREMENT FOR NEW COSSIPORE GENERATING STATION (AMOUNTS RUPEES IN LAKH)						
PARTICULARS	2014 - 2015		2015 - 2016		2016 - 2017	
	PROPOSED	ALLOWED	PROPOSED	ALLOWED	PROPOSED	ALLOWED
Fuel	7471.00	6454.00	0.00	0.00	0.00	0.00
Coal & Ash Handling related charges	81.00	35.00	0.00	0.00	0.00	0.00
Employee Cost	3280.00	3183.00	0.00	0.00	0.00	0.00
Cost of Contracted Manpower in Regular Establishment	1093.00	820.00	0.00	0.00	0.00	0.00
O & M Expenses	1823.00	1823.00	112.00	112.00	119.00	119.00
Rates & taxes	13.00	13.00	0.00	0.00	0.00	0.00
Insurances	14.00	14.00	0.00	0.00	0.00	0.00
Financing Charges	25.00	25.00	0.00	0.00	0.00	0.00
Interest on capital expenditure	9.00	9.00	0.00	0.00	0.00	0.00
Interest on temporary accommodation	186.00	93.00	0.00	0.00	0.00	0.00
Interest on Working Capital	141.00	0.00	0.00	0.00	0.00	0.00
Depreciation	109.00	109.00	0.00	0.00	0.00	0.00
Advance Depreciation	31.00	31.00	0.00	0.00	0.00	0.00
Water Charges	18.00	17.00	0.00	0.00	0.00	0.00
Reserve for Unforeseen Exigencies	13.00	0.00	0.00	0.00	0.00	0.00
Tax on Income & profit	114.00	45.00	0.00	0.00	0.00	0.00
Return on Equity	222.00	222.00	0.00	0.00	0.00	0.00
Terminal Benefit	0.00	0.00	1500.00	0.00	1500.00	0.00
Gross Aggregate Revenue Requirement	14643.00	12893.00	1612.00	112.00	1619.00	119.00
Less : Misc. other income	9.00	9.00	0.00	0.00	0.00	0.00
Net Aggregate Revenue Requirement	14634.00	12884.00	1612.00	112.00	1619.00	119.00

ANNEXURE – 6E

AGGREGATE REVENUE REQUIREMENT FOR DISTRIBUTION (AMOUNTS RUPEES IN LAKH)						
PARTICULARS	2014 - 2015		2015 - 2016		2016 - 2017	
	PROPOSED	ALLOWED	PROPOSED	ALLOWED	PROPOSED	ALLOWED
Power Purchase	197523.00	148661.00	235738.00	194493.00	256832.00	219776.00
Employee Cost	55552.00	53901.00	60551.00	58752.00	66001.00	64040.00
Other Administrative & General Exp	12188.00	10912.00	13284.00	11868.00	14480.00	12905.00
Rent	805.00	786.00	877.00	837.00	957.00	892.00
Legal & professional Charges	728.00	702.00	794.00	754.00	865.00	809.00
Audit Fees	114.00	71.00	124.00	78.00	135.00	85.00
R & M including Consumables	23579.00	16563.00	24175.00	17897.00	26351.00	19338.00
Rates & taxes	244.00	245.00	267.00	267.00	290.00	290.00
Service Tax & Entry Tax	1114.00	998.00	1215.00	1103.00	1324.00	1219.00
Insurances	279.00	279.00	304.00	304.00	331.00	331.00
Financing Charges	585.00	585.00	683.00	683.00	749.00	749.00
Interest on capital expenditure	22717.00	22717.00	26098.00	26098.00	29002.00	29002.00
Interest on temporary accommodation	4442.00	2221.00	3988.00	1994.00	3732.00	1866.00
Interest on consumer security deposit	8582.00	8506.00	9511.00	9322.00	10175.00	9882.00
Foreign Exchange Rate Variation	0.00	0.00	0.00	0.00	0.00	0.00
Bad Debt	3442.00	2674.00	3671.00	2674.00	3923.00	2674.00
Interest on Working Capital	3360.00	0.00	3858.00	0.00	4197.00	0.00
Lease rental	841.00	841.00	841.00	841.00	841.00	841.00
Depreciation	22442.00	22442.00	25386.00	25386.00	28211.00	28211.00
Advance Depreciation	6438.00	6438.00	10862.00	10863.00	12901.00	12901.00
Reserve for Unforeseen Exigencies	1673.00	0.00	1904.00	0.00	2113.00	0.00
Cost of Outsourcing	921.00	896.00	1004.00	950.00	1094.00	1007.00
Intangible Assets written off	49.00	49.00	51.00	51.00	53.00	53.00
Tax on Income & profit	16621.00	6443.00	18610.00	7192.00	20551.00	7921.00
Return on Equity	32282.00	32214.00	36140.00	35954.00	39911.00	39606.00
Gross Aggregate Revenue Requirement	416521.00	339144.00	479936.00	408361.00	525019.00	454398.00
Less : Misc. other income	7342.00	7342.00	7563.00	7563.00	7781.00	7781.00
Less :Benefit passed on to consumers and licensees for auxiliary services	100.00	100.00	100.00	100.00	100.00	100.00
Less: Earnings from commercial usage of assets	440.00	440.00	440.00	440.00	440.00	440.00
Net Aggregate Revenue Requirement	408639.00	331262.00	471833.00	400258.00	516698.00	446077.00

ANNEXURE – 6F

Amounts Rs. in Lakh

ITEM	AGGREGATE REVENUE REQUIREMNT OF CESC					
	2014-15		2015-16		2016-17	
	PROPOSED	ALLOWED	PROPOSED	ALLOWED	PROPOSED	ALLOWED
Fuel	183494.00	209467.00	170385.00	193062.00	174045.00	193062.00
Power Purchase	197523.00	148661.00	235738.00	194493.00	256832.00	219776.00
Coal & Ash Handling related charges	1843.00	1457.00	1920.00	1515.00	2093.00	1616.00
Employee Cost	71357.00	69239.00	74203.00	72001.00	80883.00	78482.00
Cost of Contracted Manpower in Regular Establishment	5324.00	3994.00	4612.00	3460.00	5027.00	3771.00
O&M Expenses	53102.00	44722.00	54062.00	46242.00	58483.00	49723.00
Rent for generation	20.00	20.00	21.00	21.00	22.00	22.00
Rates & taxes	786.00	787.00	842.00	842.00	918.00	918.00
Service Tax & Entry Tax	1114.00	998.00	1215.00	1103.00	1324.00	1219.00
Insurances	891.00	891.00	971.00	971.00	1058.00	1058.00
Financing Charges	1009.00	1009.00	1080.00	1080.00	1158.00	1158.00
Interest on capital expenditure	30044.00	30044.00	32261.00	32261.00	33868.00	33868.00
Interest on Temporary Accommodation	7659.00	3830.00	6310.00	3155.00	5770.00	2885.00
Interest on consumer security deposit	8582.00	8506.00	9511.00	9322.00	10175.00	9882.00
Foreign Exchange Rate Variation	0.00	0.00	0.00	0.00	0.00	0.00
Interest on Working Capital	5794.00	0.00	6105.00	0.00	6489.00	0.00
Bad Debt	3442.00	2674.00	3671.00	2674.00	3923.00	2674.00
Lease rental	1111.00	1111.00	1111.00	1111.00	1111.00	1111.00
Depreciation	33311.00	33311.00	35080.00	35080.00	38063.00	38063.00
Advance Depreciation	9554.00	9554.00	15010.00	15011.00	17406.00	17406.00
Water Charges	237.00	228.00	240.00	225.00	260.00	240.00
Reserve for Unforeseen Exigencies	2702.00	0.00	2944.00	0.00	3152.00	0.00
Intangible Assets written off	72.00	72.00	72.00	72.00	72.00	72.00
Cost of Outsourcing	921.00	896.00	1004.00	950.00	1094.00	1007.00
Tax on Income & profit	26217.00	10167.00	28257.00	10958.00	30254.00	11733.00
Return on Equity	50915.00	50834.00	54877.00	54789.00	58758.00	58663.00
Terminal Benefit	0.00	0.00	1500.00	0.00	1500.00	0.00
Incentive	0.00	0.00	0.00	0.00	0.00	0.00
Gross Aggregate Revenue Requirement	697024.00	632472.00	743002.00	680398.00	793738.00	728409.00
Less : Misc. other income	8098.00	8098.00	8269.00	8269.00	8445.00	8445.00
Less :Benefit passed on to consumers and licensees for sale of Energy to person other than to consumers and licensees	43.00	0.00	90.00	0.00	90.00	0.00
Less :Benefit passed on for auxiliary services	100.00	100.00	100.00	100.00	100.00	100.00
Less: Earnings from commercial usage of assets	440.00	440.00	440.00	440.00	440.00	440.00
Net Aggregate Revenue Requirement	688343.00	623834.00	734103.00	671589.00	784663.00	719424.00

CHAPTER - 7
TARIFF ORDER

7.1 As mentioned in the previous chapter, the Commission, in accordance with the Tariff Regulations, has determined for CESC Limited the Aggregate Revenue Requirement (ARR) for each ensuing year of the fourth control period, covering the years 2014-15 to 2016-17, and the revenue recoverable through tariff during 2014-15 after adjusting the amount recoverable by CESC Limited as determined in the Annual Performance Review for 2011-12 and FPPCA for 2011-12. The Commission has also determined the average tariff for the consumers of CESC Limited for 2014-15, the tariff schedule applicable to the consumers of CESC Limited in 2014-15 and the associated terms and conditions.

7.2 The tariff schedule as applicable to the consumers of CESC Limited in the year 2014-15 is given at Annexure - 7A1 for LV and MV consumers and at Annexure - 7A2 for HV and EHV consumers. The said tariff structure has been designed in a manner to fulfill the objective of attaining average tariff of each class of consumers within 80% to 120% of the average cost of supply except for lifeline consumers. For lifeline consumers the tariff has been kept at least of about 50% in line with the guidelines in paragraph 8.3(i) of National Tariff Policy. The Commission has decided to give certain directives to CESC Limited on various matters. These are to be found at Chapter – 8.

7.3 Details of different tariff schemes of different classes of consumers and various associated terms and conditions are specified in various regulations and in Annexure C1 and Annexure C2 of the Tariff Regulations. Other associated conditions of the tariff for 2014-15 shall be as follows:

7.3.1 **Load Factor Rebate / Surcharge**:

7.3.1.1 In order to reduce the overall system T&D loss and to flatten the load curve by improving the existing system load factor of CESC Limited, the HT industrial, HT commercial and HT domestic consumers shall receive voltage wise graded load factor rebate as per the following table:

LOAD FACTOR REBATE (Paise / kWh)

Range of Load Factor (LF)		Supply Voltage		
		Below 33 kV	33 kV	Above 33 kV
Above 50%	Up to 55%	1	2	3
Above 55%	Up to 60%	4	5	6
Above 60%	Up to 65%	8	10	12
Above 65%	Up to 70%	10	14	18
Above 70%	Up to 75%	20	22	24
Above 75%	Up to 80%	25	30	35
Above 80%	Up to 85%	30	35	45
Above 85%	Up to 90%	35	45	55
Above 90%	Up to 92%	37	50	60
Above 92%	Up to 95%	40	55	65
Above 95%		45	60	70

7.3.1.2 The above load factor rebate shall be applicable on quantum of energy consumed in the billing period. (For example a 6 kV industrial or commercial or domestic consumer at 85% load factor shall be eligible for a rebate @ 30 paise / kWh on the total quantum of energy consumed in the billing period).

7.3.1.3 Load factor surcharge shall continue at the prevailing rate.

7.3.1.4 The load factor rebate and load factor surcharge shall be computed in accordance with the formula and associated principles given in regulations 3.9.2, 3.9.3 and 3.9.4 of the Tariff Regulations and at the rates as mentioned in paragraphs 7.3.1.1 and 7.3.1.3 above

7.3.2 **Fixed / Demand Charge**:

7.3.2.1 The fixed charge shall be applicable to different categories of consumers as per rate as shown in Annexure – 7A1 of this tariff order.

7.3.2.2 The demand charge shall be applicable to different categories of consumers as per rate as shown in Annexure – 7A1 and Annexure – 7A2 of this order on the basis of recorded demand as specified in regulation 4.3.3 of the Tariff Regulations.

7.3.2.3 When a new consumer gets connected to the system, the computation of fixed charge or demand charge for that month shall be made pro-rata for the number of days of supply in that particular month.

7.3.3 Subject to conditions as specified in regulation 4.13 of the Tariff Regulations, for all consumers, minimum charge shall continue at the existing level.

7.3.4 In case of short term supply to Pandals for community religious ceremonies, a rebate of 30 paise / kWh on energy charge of each unit will be given prospectively from the date of this order if the entire illumination is done with LED. Prior to this order, the rebate will be 10 paise / kWh.

7.3.5 For all consumers, excluding consumers having pre-paid meters, rebate shall be given @ 1% of the amount of the bill excluding meter rent, taxes, duties, levies and arrears (not being the arrears due to revision of tariff) if the payment is made within the due date.

7.3.6 In addition to the rebate under paragraphs 7.3.4 and 7.3.5 above, if the payment is made within due date, then an additional rebate of 1% of the amount of the bill excluding meter rent, taxes, duties, levies and arrears (not being arrears due to revision of tariff) would be allowed to the consumers who would pay their energy bills through e-payment facility (through web by using net banking, debit card, credit card, electronic clearing scheme) as introduced by CESC Limited. The prepaid consumers purchasing prepaid voucher through e-payment facility will get 1% rebate in voucher amount. A rebate of Rs. 5.00 will be admissible prospectively if any consumer opt for e-bill following regulation 3.1.10 of West Bengal Electricity Regulatory Commission (Electricity Supply Code) Regulations, 2013. These rebates are applicable after giving effect under paragraphs 7.3.4 and 7.3.5 of this order.

7.3.7 **Power Factor Rebate / Surcharge**:

7.3.7.1 The power factor rebate and surcharge shall continue for those categories of consumers to whom these are applicable at present. The rate of rebate and surcharge and the methods of calculation of such rebate and surcharge are given below:

Power Factor (PF) Range in %	Power Factor Rebate & Surcharge on Energy Charge in Percentage							
	For Consumers under TOD Tariff						For Consumers under non-TOD Tariff	
	Normal Period (6.00 AM to 5.00 PM)		Peak Period (5.00 PM to 11.00 PM)		Off-peak Period (11.00 PM to 6.00 AM)			
	Rebate in %	Surcharge in %	Rebate in %	Surcharge in %	Rebate in %	Surcharge in %	Rebate in %	Surcharge in %
PF > 0.99	8.00	0.00	9.00	0.00	7.00	0.00	5.00	0.00
PF > 0.98 & PF < 0.99	7.00	0.00	8.00	0.00	6.00	0.00	4.00	0.00
PF > 0.97 & PF < 0.98	5.00	0.00	6.00	0.00	4.00	0.00	3.00	0.00
PF > 0.96% & PF < 0.97%	4.00	0.00	5.00	0.00	3.00	0.00	2.50	0.00
PF > 0.95% & PF < 0. 96%	3.00	0.00	4.00	0.00	2.00	0.00	2.00	0.00
PF > 0.94% & PF < 0.95%	2.25	0.00	3.00	0.00	1.50	0.00	1.50	0.00
PF > 0.93% & PF < 0.94%	1.50	0.00	2.00	0.00	1.00	0.00	1.00	0.00
PF > 0.92% & PF < 0.93%	0.75	0.00	1.00	0.00	0.50	0.00	0.50	0.00
PF > 0.86% & PF < 0.92%	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
PF > 0.85% & PF < 0. 86%	0.00	0.75	0.00	1.00	0.00	0.50	0.00	0.50
PF > 0.84% & PF < 0. 85%	0.00	1.50	0.00	2.00	0.00	1.00	0.00	1.00
PF > 0.83% & PF < 0.84%	0.00	2.25	0.00	3.00	0.00	1.50	0.00	1.50
PF > 0.82% & PF < 0. 83%	0.00	3.00	0.00	4.00	0.00	2.00	0.00	2.00
PF > 0.81% & PF < 0.82%	0.00	4.00	0.00	5.00	0.00	3.00	0.00	2.50
PF > 0.80% & PF < 0. 81%	0.00	5.00	0.00	6.00	0.00	4.00	0.00	3.00
PF < 0.80%	0.00	6.00	0.00	7.00	0.00	5.00	0.00	3.50

7.3.7.2 The rebate and surcharge against different time periods shall be reflected in the bill separately and shall be treated separately.

7.3.7.3 The above rates of rebate and surcharge against different time period shall be applicable from the month of March, 2015. The rates of rebate and surcharge as per tariff order for 2013 – 2014 shall be applicable upto the month of February, 2015.

7.3.8 For short term supply, emergency supply and for supply of construction power, there shall be no rebate or surcharge for load factor and power factor.

7.3.9 Delayed payment surcharge shall be applicable as per regulation 4.14 of the Tariff Regulations.

7.3.10 All existing charges relating to meter rent for HT consumers, meter testing, meter replacement, disconnection and reconnection etc. shall continue.

7.3.11 A consumer opting for pre-paid meter shall not be required to make any security deposit for the energy charge.

7.3.12 All statutory levies like electricity duty or any other taxes, duties etc. imposed by the State Govt. / Central Govt. or any other competent authority shall be extra and shall not be a part of the tariff determined under this tariff order.

7.3.13 All the rates and conditions of tariff are effective from 1st April 2014 and onwards. This rate will continue till further order of the Commission. Adjustments, if any, for over recovery / under recovery for 2014 – 2015 from the recipient till February, 2015 shall be made in 8 (eight) equal monthly instalments through energy bills for March, 2015 onwards.

7.3.14 The rates mentioned in Annexure 7A1 and 7A2 exclude the Monthly Variable Cost Adjustment (MVCA) or Adhoc FPPCA as realized / to be realized by CESC Limited. Against such rate while adjustment will be done as per paragraph 7.3.13, then the MVCA realized against the consumption within the period 1st April, 2014 to till the date of implementation of this order shall also be considered as realization against above mentioned tariff rates of 2014 – 2015 as shown in Annexure 7A1 and 7A2 and accordingly adjustment is to be done as mentioned in paragraph 7.3.13.

7.3.15 In addition to the tariff determined under this tariff order, CESC Limited will be further entitled to additional sums towards enhanced cost of fuel and power purchase, if any, after the date from which this tariff order takes effect. Thus CESC shall also realize MVCA for any subsequent period after issuing of this order as per provisions of the Tariff Regulations based on the tariff of this order. The fuel and power purchase cost shall be subject to adjustment in accordance with the Tariff Regulations.

7.3.16. Optional TOD tariff scheme for LT Commercial, LT Industrial and LT Public Water Works categories of consumers having minimum load of 30 KVA, which was directed to be introduced in the tariff order for 2007-08, shall continue and energy charge under such scheme shall be computed according to regulation 4.12 of the Tariff Regulations, wherever applicable, if no tariff rates for such consumers are mentioned in the tariff schedule.

7.3.17. For any pre-paid and TOD tariff scheme, other charges shall be the charges applicable to consumers under respective category of non-TOD tariff.

7.3.18. An applicant for short term supplies through pre-paid meter shall have to comply with all necessary formalities for obtaining supply including payment in accordance with the Regulations made by the Commission. The same will be subject to the following conditions:

i. Provision of requisite meter security deposit, to be kept with the licensee;

ii. Provision of space for installing weather-proof, safe and secure terminal services apparatus to protect sophisticated meter; and

iii. Availability of prepaid-meter of appropriate capacity

7.3.19. To avail Rate C-2 for street lighting the supply should be metered and all the street lights under the same meter shall be illuminated with LED. For mixed type of street lights under one meter Rate – C shall be applicable.

7.3.20. For a pre-paid consumer who has purchased voucher prior to issue of this order, the existing tariff will continue till such voucher is exhausted.

7.3.21. The tariffs determined under this order for different categories of consumers are the maximum ceilings for supply of electricity at any agreed price to the consumers only for those areas of supply of CESC Limited where multiple licensees exist. However, if supply is effected to a consumer at a price lesser than the upper ceiling, and as a result the licensee incurs loss, such loss shall not be allowed to be passed on to any other consumers or any other distribution licensees under the purview of the Commission.

7.3.22. The purchase price of electricity by CESC Limited from WBSEDCL shall be as per Annexure – 4F. CESC Limited shall, however, pay the Monthly Variable Cost Adjustment (MVCA), if any, claimed by WBSEDCL to CESC Limited in addition to the energy charge rate mentioned in annexure – 4F subject to the terms and conditions of the proposed PPA as mentioned in paragraph 8.16 of the order.

7.3.23. 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.

7.3.24. It is open to the State Government to grant any subsidy to any consumer or any class of consumers in the tariff determined by the Commission for CESC Limited. If at all any such subsidy under the provisions of the Act is intimated to CESC Limited and to the Commission by the Government of West Bengal with clear indication of the consumer or class of consumers to be subsidized and the amount of the subsidy proposed to be given is paid in advance, the tariff of such consumer and / or the class of consumers shall be deemed to have been reduced accordingly as has been indicated by the State Government. However, such direction of the State Government shall not be operative till the payment is made by the State Government in accordance with the provisions of the Act and the Regulations made thereunder, and the tariff as fixed by the Commission shall remain applicable. In accordance with the Tariff Regulations, the State Government is required to communicate within 15 days from the date of receipt of a tariff order, whether it shall give any subsidy to any group of consumers etc.

7.3.25. CESC Limited shall present to the Commission a gist of this order showing salient features of tariff / tariffs within three working days from the date of receipt of this order for approval of the Commission and on receipt of the approval shall publish the approved gist in terms of regulation 2.9.6 of the Tariff Regulations within four working days from the date of receipt of the approval of the Commission.

LOW AND MEDIUM VOLTAGE CONSUMERS

Sl No	Type of Consumer	Applicable Tariff Scheme						Optional Tariff Scheme									
								Optional Tariff Scheme – I					Optional Tariff Scheme – II				
		Consumer category	Name of the Tariff Scheme	Monthly consumption in KWH		Energy Charge P/kWh	Fixed Charge/ Demand Charge* in Rs./KVA/Mon	Consumer category	Name of the Tariff Scheme	Monthly consumption in KWH	Energy Charge P/kWh	Fixed Charge/ Demand Charge* in Rs./KVA/Mon	Consumer category	Name of the Tariff Scheme	Monthly consumption in KWH	Energy Charge P/kWh	Fixed Charge/ Demand Charge* in Rs./KVA/Mon
1.	Life Line Consumer (Domestic)	Rate G (LL)	Normal	0 to 25		378	5.00	Not Applicable					Not Applicable				
2.	Domestic (Urban)	Rate G	Normal	First	25	489	10	Rate G (p)	Prepaid	All Units	722	10	Not Applicable				
				Next	35	540											
				Next	40	641											
				Next	50	716											
				Next	150	733											
				Above	300	892											
3.	Commercial (Urban)	Rate M (i)	Normal	First	60	628	12	Rate M (i) (TOD)	Normal TOD	06:00 hrs to 17:00 hrs	760	12	Rate M (i) (pTOD)	Prepaid - TOD	06:00 hrs to 17:00 hrs	735	12
				Next	40	695											
				Next	50	764				17:00 hrs to 23:00 hrs	836				17:00 hrs to 23:00 hrs	809	
				Next	150	820											
				Above	300	897				23:00 hrs to 06:00 hrs	707				23:00 hrs to 06:00 hrs	684	
4.	Short-term Supply	Rate STLT	Prepaid - TOD	06.00 hrs to 17.00 hrs		724	24	Not Applicable					Not Applicable				
				17.00 hrs to 23.00 hrs		796											
				23.00 hrs to 06.00 hrs		673											

LOW AND MEDIUM VOLTAGE CONSUMERS

Sl No	Type of Consumer	Applicable Tariff Scheme					Optional Tariff Scheme												
							Optional Tariff Scheme – I						Optional Tariff Scheme – II						
		Consumer category	Name of the Tariff Scheme	Monthly consumption in KWH	Energy Charge P/kWh	Fixed Charge/ Demand Charge* in Rs./KVA/Mon	Consumer category	Name of the Tariff Scheme	Monthly consumption in KWH		Energy Charge P/kWh	Fixed Charge/ Demand Charge* in Rs./KVA/Mon	Consumer category	Name of the Tariff Scheme	Monthly consumption in KWH		Energy Charge P/kWh	Fixed Charge/ Demand Charge* in Rs./KVA/Mon
5.	Specified Institution Municipal or Non-Municipal	Rate P	Normal	On all Units	634	24	Rate P(p)	Prepaid	On all Units		617	24	Rate P (pTOD)	Prepaid - TOD	06.00 hrs to 17.00 hrs & 20.00 hrs to 23.00 hrs	All Units	615	24
															17.00 hrs to 20.00 hrs	All Units	677	
															23.00 hrs to 06.00 hrs	All Units	572	
6	Government School, Government aided School or Government Sponsored School	P1	Normal	On all Units	495	10	P1 (TOD)	Normal (TOD)	06.00 hrs to 17.00 hrs & 20.00 hrs to 23.00 hrs	All Units	488	10	Not Applicable					
									17.00 hrs to 20.00 hrs	All Units	537							
									23.00 hrs to 06.00 hrs	All Units	473							
7	Public Bodies Municipal or Non-Municipal	Rate C1	Normal	On all Units	693	36	Rate C1(p)	Prepaid	On all Units		658	36	Rate C1(pTOD)	Prepaid - TOD	06.00 hrs to 17.00 hrs & 20.00 hrs to 23.00 hrs	All Units	654	36
															17.00 hrs to 20.00 hrs	All Units	719	
															23.00 hrs to 06.00 hrs	All Units	608	

LOW AND MEDIUM VOLTAGE CONSUMERS

Sl No	Type of Consumer	Applicable Tariff Scheme						Optional Tariff Scheme											
								Optional Tariff Scheme – I						Optional Tariff Scheme – II					
		Consumer category	Name of the Tariff Scheme	Monthly consumption in KWH		Energy Charge P/kWh	Fixed Charge/ Demand Charge* in Rs./KVA/Mon	Consumer category	Name of the Tariff Scheme	Monthly consumption in KWH		Energy Charge P/kWh	Fixed Charge/ Demand Charge* in Rs./KVA/Mon	Consumer category	Name of the Tariff Scheme	Monthly consumption in KWH		Energy Charge P/kWh	Fixed Charge/ Demand Charge* in Rs./KVA/Mon
8.	Cottage Industry / Artisan / Weavers / Small production oriented establishment not run by electricity as motive power	Rate M (ii)	Normal	First	100	553	12	Rate M (ii) (pTOD)	Prepaid - TOD	06.00 hrs to 17.00 hrs	All Units	619	12	Not Applicable					
				Next	100	672				17.00 hrs to 23.00 hrs	All Units	681							
				Above	200	817				23.00 hrs to 06.00 hrs	All Units	576							
9.	Poultry, Duckery, Horticulture, Tissue culture, Floriculture, Herbal – Medicinal – Bio-diesel Plant Farming, Food Processing Unit	Rate M (iii)	Normal	First	300	677	12	Rate M (iii) (pTOD)	Prepaid - TOD	06.00 hrs to 17.00 hrs	All Units	672	12	Not Applicable					
				Next	300	743				17.00 hrs to 23.00 hrs	All Units	739							
				Next	400	778				23.00 hrs to 06.00 hrs	All Units	625							
				Above	1000	823													

LOW AND MEDIUM VOLTAGE CONSUMERS

Sl No	Type of Consumer	Applicable Tariff Scheme						Optional Tariff Scheme											
								Optional Tariff Scheme – I						Optional Tariff Scheme – II					
		Consumer category	Name of the Tariff Scheme	Monthly consumption in KWH		Energy Charge P/kWh	Fixed Charge/ Demand Charge* in Rs./KVA/Mon	Consumer category	Name of the Tariff Scheme	Monthly consumption in KWH		Energy Charge P/kWh	Fixed Charge/ Demand Charge* in Rs./KVA/Mon	Consumer category	Name of the Tariff Scheme	Monthly consumption in KWH		Energy Charge P/kWh	Fixed Charge/ Demand Charge* in Rs./KVA/Mon
10.	Public Water Works & Sewerage System	Rate J	Normal	On all Units		658	36	Rate J (TOD)	Prepaid - TOD	06.00 hrs to 17.00 hrs & 20.00 hrs to 23.00 hrs	All Units	638	36	Not Applicable					
										17.00 hrs to 20.00 hrs	All Units	957							
										23.00 hrs to 06.00 hrs	All Units	440							
11.	Industries (Urban)	Rate K	Normal	First	500	648	25	Rate K (TOD)	Normal - TOD	06.00 hrs to 17.00 hrs	All Units	760	25	Not Applicable					
				Next	1500	718				17.00 hrs to 23.00 hrs	All Units	1140							
				Next	1500	758				23.00 hrs to 06.00 hrs	All Units	524							
				Above	3500	778													
12.	Street Lighting	Rate C	Normal	On all Units		658	36	Not Applicable						Not Applicable					

LOW AND MEDIUM VOLTAGE CONSUMERS

<table>
<tr><th rowspan="3">Sl No</th><th rowspan="3">Type of Consumer</th><th colspan="6" rowspan="2">Applicable Tariff Scheme</th><th colspan="11">Optional Tariff Scheme</th></tr>
<tr><th colspan="6">Optional Tariff Scheme – I</th><th colspan="5">Optional Tariff Scheme – II</th></tr>
<tr><th>Consumer category</th><th>Name of the Tariff Scheme</th><th colspan="2">Monthly consumption in KWH</th><th>Energy Charge P/kWh</th><th>Fixed Charge/ Demand Charge* in Rs./KVA/Mon</th><th>Consumer category</th><th>Name of the Tariff Scheme</th><th colspan="2">Monthly consumption in KWH</th><th>Energy Charge P/kWh</th><th>Fixed Charge/ Demand Charge* in Rs./KVA/Mon</th><th>Consumer category</th><th>Name of the Tariff Scheme</th><th>Monthly consumption in KWH</th><th>Energy Charge P/kWh</th><th>Fixed Charge/ Demand Charge* in Rs./KVA/Mon</th></tr>
<tr><td>13</td><td>Street Lighting with LED</td><td>Rate C2</td><td>Normal</td><td colspan="2">On all Units</td><td>548</td><td>36</td><td colspan="6">Not Applicable</td><td colspan="5">Not Applicable</td></tr>
<tr><td rowspan="3">14.</td><td rowspan="3">Private Educational Institutions and Hospitals</td><td rowspan="3">Rate L</td><td rowspan="3">Normal</td><td colspan="2" rowspan="3">On all Units</td><td rowspan="3">703</td><td rowspan="3">36</td><td rowspan="3">Rate L (TOD)</td><td rowspan="3">Normal - TOD</td><td>06.00 hrs to 17.00 hrs & 20.00 hrs to 23.00 hrs</td><td>All Units</td><td>688</td><td rowspan="3">36</td><td colspan="5" rowspan="3">Not Applicable</td></tr>
<tr><td>17.00 hrs to 20.00 hrs</td><td>All Units</td><td>757</td></tr>
<tr><td>23.00 hrs to 06.00 hrs</td><td>All Units</td><td>640</td></tr>
<tr><td rowspan="3">15.</td><td rowspan="3">Emergency Supply</td><td rowspan="3">Rate E2</td><td rowspan="3">Prepaid - TOD</td><td>06.00 hrs to 17.00 hrs</td><td>On all Units</td><td>779</td><td rowspan="3">48</td><td colspan="6" rowspan="3">Not Applicable</td><td colspan="5" rowspan="3">Not Applicable</td></tr>
<tr><td>17.00 hrs to 23.00 hrs</td><td>On all Units</td><td>1169</td></tr>
<tr><td>23.00 hrs to 06.00 hrs</td><td>On all Units</td><td>538</td></tr>
</table>

LOW AND MEDIUM VOLTAGE CONSUMERS

Sl No	Type of Consumer	Applicable Tariff Scheme						Optional Tariff Scheme									
								Optional Tariff Scheme – I					Optional Tariff Scheme – II				
		Consumer category	Name of the Tariff Scheme	Monthly consumption in KWH		Energy Charge P/kWh	Fixed Charge/ Demand Charge* in Rs./KVA/Mon	Consumer category	Name of the Tariff Scheme	Monthly consumption in KWH	Energy Charge P/kWh	Fixed Charge/ Demand Charge* in Rs./KVA/Mon	Consumer category	Name of the Tariff Scheme	Monthly consumption in KWH	Energy Charge P/kWh	Fixed Charge/ Demand Charge* in Rs./KVA/Mon
16.	Construction Power Supply	Rate LTCON	Prepaid - TOD	06.00 hrs to 17.00 hrs & 20.00 hrs to 23.00 hrs	On all Units	744	36	Not Applicable					Not Applicable				
				17.00 hrs to 20.00 hrs.	On all Units	1116											
				23.00 hrs to 06.00 hrs	On all Units	513											
17.	Bulk Supply at single point to Co-operative Group Housing Society for providing power to its members or person for providing power to its employees in a single premises	Rate LTCOP	Normal	On all Units		678	36	Rate LTCOP (TOD)	Normal - TOD	06.00 hrs to 17.00 hrs	660	36	Not Applicable				
										17.00 hrs to 23.00 hrs	726						
										23.00 hrs to 06.00 hrs	614						
18.	Common Services of Industrial Estate	Rate S (TOD)	Prepaid - TOD	06.00 hrs to 17.00 hrs & 20.00 hrs to 23.00 hrs	On all Units	720	36	Not Applicable					Not Applicable				
				17.00 hrs to 20.00 hrs	On all Units	1080											
				23.00 hrs to 06.00 hrs	On all Units	497											

Note :- * Fixed Charge will be applicable for the Consumer having Contract Demand below 50 KVA and Demand Charge will be applicable for the consumer having Contract Demand of 50 KVA and above.

HIGH & EXTRA HIGH VOLTAGE CONSUMERS

Sl No	Type of Consumer	Applicable Tariff Scheme							Optional Tariff Scheme							
		Consumer category	Name of the Tariff Scheme	Consumption per month in KWH	Energy Charge P/kWh			Demand Charge (Rs./KVA/ month)	Consumer category	Name of the Tariff Scheme	Consumption per month in KWH		Energy Charge P/kWh			Demand Charge (Rs./KVA/ month)
					Summer	Monsoon	Winter						Summer	Monsoon	Winter	
1.	Public Utility	Rate I	Normal	All Units	671	668	665	320	Rate I (TOD)	Normal - TOD	06.00 hrs-17.00 hrs & 20.00 hrs-23.00 hrs	All Units	651	641	631	320
											17.00 hrs-20.00 hrs	All Units	977	962	947	
											23.00 hrs-06.00 hrs	All Units	449	442	435	
2.	Industries (below 33 KV)	Rate A	Normal	All Units	656	653	651	320	Rate A (TOD)	Normal - TOD	06.00 hrs-17.00 hrs	All Units	646	641	636	320
											17.00 hrs-23.00 hrs	All Units	969	962	954	
											23.00 hrs- 06.00 hrs	All Units	446	442	439	
3.	Industries (33 KV)	Rate A1	Normal	All Units	633	630	627	320	Rate A1 (TOD)	Normal - TOD	06.00 hrs-17.00 hrs	All Units	626	621	616	320
											17.00 hrs-23.00 hrs	All Units	939	932	924	
											23.00 hrs-06.00 hrs	All Units	432	428	425	
4.	Commercial (below 33 KV)	Rate B	Normal	All Units	704	701	698	320	Rate B (TOD)	Normal - TOD	06.00 hrs-17.00 hrs	All Units	692	689	686	320
											17.00 hrs-23.00 hrs	All Units	1038	1034	1029	
											23.00 hrs-06.00 hrs	All Units	477	475	473	
5.	Commercial (33 KV)	Rate B1	Normal	All Units	655	652	649	320	Not Applicable							

HIGH & EXTRA HIGH VOLTAGE CONSUMERS

<table>
<tr><th rowspan="4">Sl No</th><th rowspan="4">Type of Consumer</th><th colspan="8">Applicable Tariff Scheme</th><th colspan="9">Optional Tariff Scheme</th></tr>
<tr><th rowspan="3">Consumer category</th><th rowspan="3">Name of the Tariff Scheme</th><th rowspan="3">Consumption per month in KWH</th><th colspan="3">Energy Charge</th><th rowspan="3">Demand Charge (Rs./KVA/ month)</th><th rowspan="3">Consumer category</th><th rowspan="3">Name of the Tariff Scheme</th><th rowspan="3" colspan="2">Consumption per month in KWH</th><th colspan="3">Energy Charge</th><th rowspan="3">Demand Charge (Rs./KVA/ month)</th></tr>
<tr><th colspan="3">P/kWh</th><th colspan="3">P/kWh</th></tr>
<tr><th>Summer</th><th>Monsoon</th><th>Winter</th><th>Summer</th><th>Monsoon</th><th>Winter</th></tr>
<tr><td>6.</td><td>Domestic</td><td>Rate R</td><td>Normal</td><td>All Units</td><td>713</td><td>710</td><td>707</td><td>22</td><td colspan="9">Not Applicable</td></tr>
<tr><td rowspan="3">7.</td><td rowspan="3">Public Water Works & Sewarage, Pumping Station under local Authority</td><td rowspan="3">Rate U</td><td rowspan="3">Normal</td><td rowspan="3">All Units</td><td rowspan="3">618</td><td rowspan="3">613</td><td rowspan="3">608</td><td rowspan="3">320</td><td rowspan="3">Rate U(TOD)</td><td rowspan="3">Normal - TOD</td><td>06.00 hrs-17.00 hrs & 20.00 hrs-23.00 hrs</td><td>All Units</td><td>608</td><td>598</td><td>588</td><td rowspan="3">320</td></tr>
<tr><td>17.00 hrs-20.00 hrs</td><td>All Units</td><td>912</td><td>897</td><td>882</td></tr>
<tr><td>23.00 hrs-06.00 hrs</td><td>All Units</td><td>420</td><td>413</td><td>406</td></tr>
<tr><td>8.</td><td>Sports Complex & Auditorium run by Govt./ local bodies for cultural affairs</td><td>Rate O</td><td>Normal</td><td>All Units</td><td>740</td><td>730</td><td>720</td><td>29</td><td colspan="9">Not Applicable</td></tr>
<tr><td rowspan="3">9.</td><td rowspan="3">Cold storage or Dairy with Chilling Plant</td><td rowspan="3">Rate CP</td><td rowspan="3">Normal</td><td rowspan="3">All Units</td><td rowspan="3">659</td><td rowspan="3">654</td><td rowspan="3">649</td><td rowspan="3">320</td><td rowspan="3">Rate CP (TOD)</td><td rowspan="3">Normal - TOD</td><td>06.00 hrs-17.00 hrs</td><td>All Units</td><td>639</td><td>634</td><td>629</td><td rowspan="3">320</td></tr>
<tr><td>17.00 hrs-23.00 hrs</td><td>All Units</td><td>959</td><td>951</td><td>944</td></tr>
<tr><td>23.00 hrs-06.00 hrs</td><td>All Units</td><td>441</td><td>437</td><td>434</td></tr>
</table>

HIGH & EXTRA HIGH VOLTAGE CONSUMERS

Sl No	Type of Consumer	Applicable Tariff Scheme								Optional Tariff Scheme							
		Consumer category	Name of the Tariff Scheme	Consumption per month in KWH		Energy Charge P/kWh			Demand Charge (Rs./KVA/ month)	Consumer category	Name of the Tariff Scheme	Consumption per month in KWH		Energy Charge P/kWh			Demand Charge (Rs./KVA/ month)
						Summer	Monsoon	Winter						Summer	Monsoon	Winter	
10.	Emergency Supply	Rate E1	Normal TOD	06.00 hrs-17.00 hrs	All Units	748	738	728	320	Not Applicable							
				17.00 hrs-23.00 hrs	All Units	1122	1107	1092									
				23.00 hrs-06.00 hrs	All Units	516	509	502									
11.	Construction Power Supply	Rate HTCon	Normal TOD	06.00 hrs-17.00 hrs & 20.00 hrs-23.00 hrs	All Units	674	669	664	320	Not Applicable							
				17.00 hrs-20.00 hrs	All Units	1011	1004	996									
				23.00 hrs-06.00 hrs	All Units	465	462	458									
12.	Co-operative Group Housing Society for providing power to its members or person for providing power to its employees in a single premises	Rate HTCOP	Normal	All Units		683	678	673	29	Rate HTCOP (TOD)	Normal - TOD	06.00 hrs-17.00 hrs	All Units	658	653	648	29
												17.00 hrs-23.00 hrs	All Units	724	718	713	
												23.00 hrs-06.00 hrs	All Units	612	607	603	

HIGH & EXTRA HIGH VOLTAGE CONSUMERS

Sl No	Type of Consumer	Applicable Tariff Scheme								Optional Tariff Scheme							
		Consumer category	Name of the Tariff Scheme	Consumption per month in KWH		Energy Charge P/kWh			Demand Charge (Rs./KVA/ month)	Consumer category	Name of the Tariff Scheme	Consumption per month in KWH		Energy Charge P/kWh			Demand Charge (Rs./KVA/ month)
						Summer	Monsoon	Winter						Summer	Monsoon	Winter	
13.	Common Services of Industrial Estate	Rate E	Normal TOD	06.00 hrs-17.00 hrs & 20.00 hrs-23.00 hrs	All Units	674	669	664	320	Not Applicable							
				17.00 hrs-20.00 hrs	All Units	1011	1004	996									
				23.00 hrs-06.00 hrs	All Units	465	462	458									
14.	Traction/ Metro Rail / Calcutta Tramways	Rate T	Normal	All Units		693	688	683	88	Not Applicable							
15.	Short-term Supply	Rate ST	Normal TOD	06.00 hrs-17.00 hrs	All Units	642	637	632	320	Not Applicable							
				17.00 hrs-23.00 hrs	All Units	706	701	695									
				23.00 hrs-06.00 hrs	All Units	597	592	588									
16.	Private Educational Institutions	Rate E (ei)	Normal	All Units		664	654	644	320	Rate E (eit)	Normal - TOD	06.00 hrs-17.00 hrs	All Units	654	644	634	320
												17.00 hrs-23.00 hrs	All Units	719	708	697	
												23.00 hrs-06.00 hrs	All Units	608	599	590	

CHAPTER – 8
DIRECTIONS

8.1 The Commission has given some directions in different paragraphs in Chapter-4 and Chapter-5 of this order while determining the fixed cost of CESC Limited. CESC Limited shall comply with those directions. CESC Limited shall also comply with the following directions.

8.2 In view of the fact that CESC Limited failed to submit their tariff application complete in all respect for the fourth Control period within the target date of 30th November, 2013 as per provisions of the Tariff Regulations, for the said period no carrying cost has been and will be provided for the enhanced part of the tariff during 2014-15. The Commission has decided that in future any delay in submission of tariff application by the licensee for any control period beyond the 4th control period or any year as applicable will result in not providing any increase in tariff for equal amount of days and thus the under recovery due to such measure will not be allowed to be passed through any tariff mechanism or during truing up in Annual Performance Review (APR) or Fuel & Power Purchase Cost Adjustment (FPPCA). Moreover, henceforth any delay in submission in APR or FPPCA application shall not be considered as ground for delay by the licensee for submission of tariff application.

Further, it is also required to be noted that any delay with or without the approval of the Commission in submission of either of the applications of APR or FPPCA of any year (Y) within the target date as specified in the Tariff Regulations of the following year may result into non-inclusion of the impact of APR and/or FPPCA order in the concerned tariff order of the year Y+2. In such case, the impact will be considered in any future year beyond (Y+2) year as applicable without any allowance for carrying cost, if otherwise applicable. Thus, in filing of application(s) / petition(s), the licensee is required to maintain the relevant time schedule(s) as specified in the Regulations.

It may be further noted that the arrear amount that is to be recovered in a single or number of installments as will be determined by the Commission for any financial year due to issuance of delayed tariff order as consequence to delayed submission of tariff application by the licensee will not be provided with any carrying cost.

The Commission also observed that during truing up in the APR order of the distribution licensees and in the Fuel Cost Adjustment (FCA) of the generating company, a considerable amount is further recoverable by the licensees and the generating company even after realization of MVCA or MFCA during the year. It appears that the distribution licensees and the generating company have failed to understand the true spirit of introduction of the MVCA and MFCA and they are not considering the eligible cost in computation of their MVCA or MFCA as per the formula specified in the Tariff Regulations properly. The Commission in terms of regulation 5.8.12 of the Tariff Regulations directs CESC Limited to compute their MVCA taking into consideration the related cost in its true sense keeping in their mind the true spirit of introduction of such monthly adjustment failing which the Commission may not allow such adjustment in full in future or not to pass the amount as found recoverable on account of FPPCA during truing up in APR for CESC Limited.

8.3 CESC Ltd shall note that as already MVCA has been introduced, the amount that may be claimed in FPPCA at the end of any year is not expected to be higher than the summated value of following factors:

i) impact due to rounding off as per note (f) under the sub- paragraph (d) of paragraph (A) of Schedule - 7B of the Tariff Regulations against the applicable MVCA for the month of February and March of that year,

ii) impact due to non-recovery of any additional fuel cost of March of any year over and above what is recovered on the basis of MVCA as calculated from data of February due to the fact that MVCA calculated on the basis of data of March is become applicable for next financial year only,

iii) impact due to application of disallowance of cost as per FPPCA formula at FPPCA determination stage.

Thus in such case if recoverable amount under FPPCA of any year is found to be higher than the above referred summated value, then such excess amount will be dealt as per direction already issued by the Commission vide its order in case no. SM-10/14-15 dated 18.07.2014. In this context it is also to be noted that such excess amount represent the amount that would have been collected through MVCA and thus not raising of such bill may result into distorted merit order dispatch in the system. In fact, by virtue of this type of practice there is high possibility of vitiating the environment of merit order dispatch in the whole supply chain in West Bengal power sector and thereby affecting the economic load dispatch in the systems. As a result ultimate sufferer will be the retail consumers of West Bengal. In view of the above discussions, no carrying cost will be allowed by the Commission in case of creation of such excess amount as regulatory asset through FPPCA. Whenever such excess amount is released in number of installments then also it will not be entitled to any carrying cost. However, this direction shall not be construed as an approval of such delayed claim of excess fuel cost through FPPCA instead of MVCA and such matter will be dealt as per direction already issued by the Commission vide its order in case no. SM-10/14-15 dated 18.07.2014.

8.4 While declaring MVCA for any month henceforth CESC Ltd shall follow the following directions:

i) Irrespective of change in MVCA in any month from the previous month, the detail calculation sheet of MVCA prepared for the purpose of determination of MVCA for that month as per regulation 5.8.9 of the Tariff Regulations shall be submitted to the Commission within seven days of notification of the MVCA or in case of no notification within thirty days after the end of the month under consideration for MVCA. Such calculation sheet shall also specifically mention the received fuel bill which has not been considered or partly considered in the said MVCA in pursuance to note (g) under sub-paragraph (e) of paragraph A of Schedule – 7B of the Tariff Regulations. CESC Ltd shall also upload such calculation sheet in their web-site for each month and shall maintain the same in the website till publication of the worksheet for the next month.

ii) In continuation of earlier order in case no: WBERC/A-35/2 dated 19-02-2014 Commission again reiterated that CESC Ltd will publish the notification of change of MVCA in terms of 4th paragraph of regulation 5.8.9 of Tariff Regulations in such daily newspapers which are widely circulated in West Bengal . Any deviation in this regard will be seriously viewed.

8.5 While submitting the Fuel and Power Purchase Cost Adjustment (FPPCA) application for any year CESC Ltd shall give a list of fuel bill or power purchase bill which has not been claimed under MVCA calculation along with the provisions of the Tariff Regulations under which such claim has not been done. A further reconciliation statement shall be given to establish that CESC Ltd has followed the direction of paragraphs 8.3 and. 8.4 above effectively. In case of non submission of the above documents/ information the application of APR will not be admitted.

8.6 While computing the renewable and cogeneration purchase obligations, the energy generated from Solar roof-top photovoltaic power plants shall be considered by any distribution licensee both on consumption side and as input energy from renewable sources towards fulfillment of renewable and cogeneration purchase obligations in terms of the Electricity Act, 2003 and the relevant Regulations. The licensee is required to furnish suitable details in this respect.

8.7 CESC Ltd. shall submit a report within 1.10.2015 on the following issues:

i) Implementation problem in removing minimum 30 KVA load criterion on eligibility for TOD conversion.

ii) Possibility of shifting of load of drinking water pumping station, drainage station and other utility services to non-peak hours through TOD and other Demand Side Management strategy.

8.8 In the notes of Financial statement of Annual Account's of 2014-15 and onward or through Auditor's Certificate, the following information is to be provided by CESC Ltd in a manner as described below:

i) All the expenditure or cost element considered under tariff applications are to be provided separately for distribution function and generation function for the regulatory requirement.

ii) The penalty, fine and compensation under Electricity Act 2003 shall also be shown separately for distribution function and generation function.

iii) Any fine, penalty or compensation in any other statue other than Electricity Act 2003 shall be mentioned separately for distribution function and generation function along with the reference of the statue.

iv) The figure of AT & C loss for the years concerned in line with the computation methodology as specified in Form 1.8 of the Tariff Regulations is to be provided. Beside that AT&C loss calculated with arrear recovery for the period prior to the year for which the accounts is prepared shall also be shown separately.

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

8.9 While submitting APR application of any ensuing year CESC shall submitted the certificate from the statutory auditor of the annual accounts of the said year for the following parameters:

i) Based on fixed asset register the parameters to be submitted are

a. the distribution line and the transmission line (if any) which is essential part of distribution system as per section 2(72) of Electricity Act 2003) length in CKM for each level of Voltage related to the asset of CESC . For the asset which is not owned by the CESC but maintained by CESC shall be shown separately.

b. Similarly the number of transformers and total capacity of transformation in MVA or KVA for each category of transformers for distribution system are to be provided.

ii) For the year concerned under the APR the actual number of Consumers, the consumption level in MU and total Connected load in KVA for each category of consumers on whom the tariff rate has been issued in the tariff order of the year corresponding to the APR under consideration.

iii) The figure of distribution loss and AT&C for the year concerned under APR as per form 1.7 and form 1.8 of the Tariff Regulations.

iv) 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.

v) Copies of the audited accounts of all the terminal benefit funds for the year for which APR is under consideration in a complete shape and not by any selective pages.

vi) A statement showing monthly deposition in different terminal benefit funds for the year for which APR is under consideration in persuasion with the direction given in paragraph 11.0 below.

vii) 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.

viii) In pursuance to regulation 5.8.1(vi) of Tariff Regulations the licensee/ generating Company shall submit the total demurrage hour and related demurrage charges paid against total no. of rakes for each generating station for the year concerned along with the APR or FPPCA application of every ensuing year which shall be certified by the auditors.

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

ix) Henceforth with the application of APR, CESC shall also enclose their compliance report on Renewable Purchase Obligation power in pursuance to clause 8 of the West Bengal Electricity Regulatory Commission (Cogeneration and Generation of Electricity from Renewable Sources of Energy) Regulations, 2013 or any of its subsequent amendment or replacement in future.

8.10 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 ensuring year CESC Ltd. has to justify in detail such higher expenditure 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 may not be admitted in the APR fully or partly. Similarly for controllable factors, where applicable, for the same reasons, supporting documents and evidence are to be submitted to justify their claim. While truing up any uncontrollable factor on account of fixed charges, the actual business volume parameter 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.

8.11 While submitting application for APR of 2014-15 and onwards by any licensee, if such application shows any net claim for that year after considering the concerned FPPCA, then in such case the licensee shall suggest in specific terms the ensuing year(s) in which they intend to recover such claim and by what amount. Licensee 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 all other amount on account of any release of regulatory asset, FPPCA and APR for any years which is 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 of the Commission 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.

8.12 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 the following is to be adhered.

i) CESC Ltd shall ensure that henceforth the amount that is statutorily required to be deposited in a month in different fund 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.

ii) 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 years 2014-15, 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 years 2014-15, 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 in the fund for the year 2014-15, 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.

iii) While submitting application for APR of 2014 – 2015, 2015-16 and 2016-17, CESC Ltd 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-deposition of amount admitted for terminal benefit fund as provided in (i) to (iii) above in the respective fund as directed above, Commission may withhold or deduct same amount equivalent to amount of non-deposition.

8.13 CESC Ltd. shall submit its road map of decommissioning of New Cossipore Thermal Power Station and other implementation issues within four weeks of issue of this order.

8.14 CESC Ltd. should conduct a study that whether additional capital investment or O&M expenditure in the existing generating station of CESC Ltd. will reduce its requirement in purchasing power from other sources resulting into overall cheaper retail tariff for the consumers. A report on this aspect may be submitted to the Commission within 1.12.2015 with detailed cost benefit analysis with a prayer for investment approval or approval for additional O&M expenditure where necessary as per the regulations. If required, where immediate benefit is expected interim report may also be submitted.

8.15 Before introduction of any Smart Grid project CESC should follow the investment approval mechanism as per regulation where it is applicable.

8.16 Regarding purchase of power from different sources the following steps should be undertaken by CESC Ltd. in order to control retail tariff of the consumers of CESC Ltd.

i) CESC Ltd. is to consider for arranging of purchase of power from different source(s) (including from exchanges) other than the existing sources having supply pattern and cost involvement/economics more favourable for consumers of CESC Ltd. Also CESC Ltd. shall reduce its dependency on costlier thermal sources, in order to contain the rise in retail price of the consumers in future in a better way.

ii) In view of two part tariff suggested by WBSEDCL for sale of power to CESC Ltd., the Commission has introduced two part tariff for purchase of power by CESC Ltd. from WBSEDCL with a direction that CESC Ltd. shall enter into revised power purchase agreement with WBSEDCL under regulation 7.3.1 of the Tariff Regulations in replacement of the existing power purchase agreement. In the said two part tariff one part will be fixed charge and other part will be energy charge. While two-part tariff structure as determined under this tariff order is allowed at present from 01.03.2015 for supply by WBSEDCL, there will be a reversion to single part tariff structure unless the draft agreement as agreed by both WBSEDCL and CESC is submitted by CESC to the Commission within three months of the issue of this order.

The above agreement shall at least cover the following point:

a) The PPA shall mention clearly that the sale of power by WBSEDCL to CESC is in generation mode or trading mode or any other mode that is permitted under Electricity Act 2003.

b) The above PPA shall have an appropriate provision by which CESC shall give its requisitioned capacity for every year that may be suitably fixed as a terms & conditions of the PPA.

c) Such agreement shall also have a provision containing the price related issues and other associated terms and conditions inclusive of tenure of agreement for drawal of power by CESC over and above the requisitioned amount for the month in case of exigencies.

d) As two part tariff has been introduced for purchase of power by CESC Ltd. from WBSEDCL, thus in view of the skewed demand pattern in CESC Limited's area of supply, CESC shall try to sell power through trade mechanism under any agreement (long term, short term or mid-term arrangement) to any third party to reduce periods of idle capacity in a manner as permitted under different regulations and Act. To protect the interest of all stakeholders appropriate coverage of this issue shall be included in the power purchase agreement as mentioned above and WBSEDCL shall be obligated to supply energy whenever CESC Ltd. requisitions such energy as per contracted capacity. The extent of such obligation shall be clearly spelt out in the PPA in specific terms without keeping any scope of interpretation. The agreement shall also provide for appropriate consequences for failure to do so in a manner as is being safeguarded under agreement between a generator and a licensee under two part tariff mechanism.

e) In case WBSEDCL exceeds its renewable and cogeneration purchase obligations in any year through purchase or otherwise in terms of the relevant regulations, the agreement may provide for a suitable mechanism of transfer of such energy to CESC Ltd. by assigning a part of the energy sold to CESC Ltd. by WBSEDCL as contribution from non-conventional energy sources. The Commission has taken this view–as most of the renewable and cogeneration sources being located outside the urban licensed area of CESC Ltd thus accessibility of renewable and co-generation sources to CESC Ltd is very limited. It will help CESC Ltd to meet its renewable and cogeneration purchase obligation as CESC's license area being an urbanized area having less potential of renewable and cogeneration sources. For sake of equity in case of excess renewable and cogeneration energy available with CESC then that can also be sold to WBSEDCL if WBSEDCL required so.

f) The fixed charges payable by CESC Limited during the years 2014 – 2015, 2015 – 2016 and 2016 – 2017 are Rs. 4314.00 lakh / per month, Rs. 2545.00 lakh / month and Rs. 2885.00 lakh / month respectively as per this tariff order on the basis of agreed annual maximum drawal of 620 MW, 330 MW and 385 MW respectively. In case as per terms and conditions of the proposed PPA such agreed maximum drawal is increased or decreased for any of the year then the monthly fixed charge of that year mentioned above will be accordingly increased or decreased in proportion to the increase or decrease in agreed annual maximum drawal. Such changed fixed charge is to be incorporated in the said PPA with reference to this direction and Annexure 4F of this order.

Before execution of such agreement the draft agreement shall be submitted to the Commission for approval. The approval will be accorded after inviting suggestion and objection from stakeholders and consideration of the same. Only after getting such approval the agreement shall be executed.

8.17 Every day by 11.30 a.m. CESC Limited shall upload its initial drawal schedule as per the format under Annexure – IV and also initial injection schedule (i.e., schedule of Actual Declared Capacity and Notional Declared Capacity) in accordance with the prevailing State Grid Code framed by WBERC for the next day in their website. If necessary, for proper representation of the schedule in the website the format can be altered with approval of the Commission. This schedule shall be kept in the website till two months after the date of the order of the APR or FPPCA whichever is later in relation to the year concerned to the day under discussion. The website design shall be such so that the schedule of any date can be easily fetched. This facility is to be made operational from 1st of April, 2015. CESC Limited is also directed to upload such schedule of every day from 1st April, 2014 to 31st March, 2015 within 1st June 2015. This direction has been issued for sake of transparency and to protect the interest of all the stakeholders in large.

8.18 The Commission is statutorily duty bound to promote generation of electricity from following sources of energy:

i) Co-generation of electricity from renewable sources.

ii) Co-generation of electricity from fossil fuel sources.

iii) Co-generation of electricity from hybrid sources of fossil fuel / conventional sources and renewable sources.

iv) Electricity generation from renewable sources.

In order to promote above mentioned type of generation of electricity by applying regulations 8.3 and 8.4 of the Tariff Regulations and regulations 19.1 and 19.2 of the West Bengal Electricity Regulatory Commission (Cogeneration and Generation of Electricity from Renewable Sources of Energy) Regulations, 2013, the Commission decides that from the APR of the ensuing year 2016 – 2017 a deduction of 5% from Return on Equity will be done if CESC Limited fails to comply with the Renewable Purchase Obligation as per West Bengal Electricity Regulatory Commission (Cogeneration and Generation of Electricity from Renewable Sources of Energy) Regulations, 2013 or any of its subsequent amendment. In this context, the Commission also directs that henceforth CESC Limited shall advertise on important national media inviting the interested parties of supplying renewable and cogeneration electricity on every fourth months for next two years instead of one time in a year in pursuance to the regulation 3.5 of the said Regulations.

8.19 Henceforth, any application for Power Purchase Agreement (PPA), except for short term PPA meaning PPA for a period not exceeding one year, submitted by any licensee to the Commission for approval of the PPA shall go through the process of inviting suggestions and objections from all stakeholders through at least three well circulated newspaper publication for consideration of the Commission of all such suggestions and objections as a process of the approval procedure and subsequent to such approval only, the PPA can be executed by the licensee and the seller of the power. For this purpose, while submitting the said PPA the licensee shall also give a draft gist for newspaper publication for approval of the Commission. On getting approval of the Commission such gist shall be published in the newspapers within 5 working days. Such gist shall also be posted in the website along with the application and PPA from the date of gist publication to at least the last date of submission of suggestions and objections as will be mentioned in the gist. The gist shall cover the name of seller of the power, type of specific source (such as coal, gas, hydro, solar, etc.), major important parameters that are required under the Tariff Regulations for such purchase and the important points of the purpose of such procurement. The application submitted shall have the above points of the gist along with detailed justification of such proposed procurement along with all the information and parameters that are required under the Tariff Regulations or Regulations of the Commission related to renewable and cogeneration sources of energy. The application shall also clearly spell that how the interest of the consumer as well as of the licensee has been safeguarded in the PPA. The application without such gist and the points as mentioned shall not be admitted. This process is done in order to meet the end of justice after keeping consistency with the Electricity Act, 2003.

8.20 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

8.21 Within 1st October, 2015 the licensee/generating company shall submit the total demurrage hour and related demurrage charges paid against total no. of rakes for each generating station for 2011-12, 2012-13 and 2013-14 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 on demurrage charges in pursuance to regulation 5.8.1(vi) of the Tariff Regulations.

Sd/-
SUJIT DASGUPTA
MEMBER

DATE: **04.03.2015**