



ORDER

OF THE

WEST BENGAL ELECTRICITY REGULATORY COMMISSION

FOR THE YEAR 2014 - 2015

IN

CASE NO: TP – 55/13-14

**IN RE THE DETERMINATION OF WHEELING
CHARGES PAYABLE TO DURGAPUR PROJECTS LIMITED FOR THE USE
OF ITS DISTRIBUTION SYSTEM FOR CONVEYANCE OF ELECTRICITY BY
OPEN ACCESS CUSTOMERS INCLUDING CAPTIVE GENERATING
PLANTS DURING THE FINANCIAL YEAR 2014 – 2015 UNDER SECTION
62(1)(c) OF THE ELECTRICITY ACT, 2003**

DATED: 20.03.2015



CHAPTER – 1 INTRODUCTION

- 1.1 In terms of regulation 2.1.1(iv) of the West Bengal Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2011, as amended (hereinafter referred to as the “Tariff Regulations”), the West Bengal Electricity Regulatory Commission (hereinafter referred to as the “Commission”) is required to determine the wheeling charges payable to the distribution licensees for the use of their distribution system and associated facilities for conveyance of electricity by all open access customers including the captive generating plants. Accordingly, the Commission proceeds to determine such wheeling charges payable to Durgapur Projects Limited (in short “DPL”) by such customers / system users during the year 2014 - 2015.
- 1.2 On prudent analyses and viewing the tariff application made by DPL, the Commission earlier determined the net Aggregate Revenue Requirement (in short “ARR”) of DPL separately for each year of the fourth control period comprising of the financial years 2014 – 2015, 2015 – 2016 and 2016 – 2017 under the Multi Year Tariff (in short “MYT”) approach. The net ARR for the year 2014 – 2015 may be referred to at Annexures – 6A to 6C to the Commission’s tariff order dated 4th March, 2015 in Case No. TP-55/13-14.
- 1.3 The Commission now takes up the matter relating to determination of the rate of distribution wheeling charges in accordance with the principles, terms and conditions laid down in Schedule – 4 to the Tariff Regulations.



CHAPTER – 2 DETERMINATION OF FIXED CHARGES RELATING TO DISTRIBUTION FUNCTION

- 2.1 DPL is a distribution licensee having own generating station with total installed capacity of 660 MW in operation during 2014 – 2015. The admissible charges of DPL under certain heads of accounts are, therefore, required to be segregated / allocated to generation and distribution functions on some rational basis. Annexure – 6B to the Commission's tariff order dated 04.03.2015 in Case No. TP – 55/13-14, determining the ARR of DPL in respect of distribution system for the year 2014 - 2015, may be referred to in this regard. After prudent analysis of the amounts of ARR for the year 2014 – 2015 and making such segregation / allocations, the gross amount of total fixed charges attributable to the distribution function of DPL to be considered for determining wheeling charges is found to be Rs. 9396.24 lakh. The amounts of Rs. 58.71 lakh towards interest payable to consumers on their security deposits has not been considered in the above computation. The detailed head-wise break-up of the referred amount is given in Annexure – 2A.
- 2.2 The gross amount of total fixed charges, i.e., Rs. 9396.24 lakh, as shown in Annexure – 2A, is the gross aggregate revenue requirement for distribution wheeling. Paragraph 2.1 of Schedule – 4 to the Tariff Regulations provides for deduction of non-tariff income and income from other business from the gross aggregate revenue requirement attributable to distribution function for ascertaining the wheeling charges payable by the open access customers. The entire estimated amount of Rs. 517.75 lakh of other income of DPL from different non-tariff sources under distribution function has been deducted from the gross amount of aggregate revenue requirement to arrive at the net admissible amount of fixed charges for computation of the rate of wheeling charges.
- 2.3 Based on the foregoing analyses, the amount of fixed charges attributable to the distribution function of DPL for the year 2014 - 2015 for determination of rate of



Order for wheeling charges of DPL for the year 2014 – 2015.

wheeling charges payable by the open access customers including the captive generating plants come as under:

	Rs. in Lakh
(a) Gross amount of fixed charges relating to distribution wheeling	9396.24
(b) Less:	
Income to be derived from other Non-tariff sources	517.75
(c) Net admissible amount of fixed charges relating to distribution wheeling	8878.49

2.4 With the estimated sales of 3247.90 MU to own consumers, West Bengal State Electricity Distribution Company Limited and others and inter-unit transfer admitted in para 4.8 of the Tariff Order dated 04.03.2015 the average rate of recoverable wheeling charges comes to **27.34 paise per unit (kWh)**.

2.5 The avoidable cost as computed in terms of the formula provided in regulation 14.3.10 of the West Bengal Electricity Regulatory Commission (Open Access) Regulations, 2007, in case of DPL works out as under:

(a) Total Fuel and Power Purchase Variable Cost.	Rs. 75113.62 Lakh
(b) Quanta of energy pooled in the distribution system	
(i) Sent-out energy from own generation	3241.81 MU
(ii) Purchase of Energy	155.33 MU
	3397.14 MU
(c) Weighted average unit cost of pooled energy [(a) / (b)]	221.11 paise / kWh
(d) Distribution Loss	5.20%
(e) Avoidable cost will be -	
$\frac{221.11 \text{ paise / kWh}}{(100-5.20) \times 0.01}$	+ Wheeling charges per unit applicable to the relevant open access case.

= 233.24 paise / kWh + Wheeling charges per unit as applicable



ANNEXURE – 2A
HEAD WISE BREAKUP OF THE AMOUNT OF
NET FIXED CHARGES ATTRIBUTABLE TO
DISTRIBUTION FUNCTION

Sl. No.	Head of Charges	Amount (Rs. in Lakh)
1	Employee Cost (including Centrally Maintained Employee Expenses)	2354.90
2	Operation & Maintenance Expenses	1850.82
3	Water Charges	0.00
4	Interest on borrowed Capital	1457.19
5	Finance Charges	56.39
6	Depreciation	1089.67
7	Advance against Depreciation	0.00
8	Write off of intangible assets	0.00
9	Reserve for Unforeseen Exigencies	51.59
10	Returns on equity	2535.68
11	Gross Amount of Fixed Charges [Sum (1) to (10)]	9396.24



CHAPTER – 3 ORDER

- 3.1 The average rate of distribution wheeling charges of DPL for the year 2014 – 2015 comes to 27.34 paise per unit (kWh) as shown in the preceding chapter and the same is recoverable from the long term open access customers. In terms of the provisions contained in regulation 14.3.2 of the West Bengal Electricity Regulatory Commission (Open Access) Regulations, 2007 (hereinafter referred to as the “Open Access Regulations”), the Commission is fixing the above rate of wheeling charges and the same is recoverable by DPL for the year 2014 – 2015 from the different categories of open access customers as mentioned in the said regulation including captive generators for conveyance of electricity through its distribution system for long term open access. For short term open access, the wheeling charge shall be as per relevant Open Access Regulations. However, for conveyance of electricity from cogeneration and renewable energy sources, the wheeling charge for such open access customer shall be as per regulation framed by the Commission on Cogeneration and Generation of Electricity from Renewable Sources of Energy.
- 3.2 In terms of the provisions contained in regulation 14.3.10 of the Open Access Regulations, the open access customers, other than those carrying the electricity generated in captive generating plant to the destination and for the extent of their own use, are to pay cross-subsidy surcharge in addition to the charges for using the distribution system of the licensees. Such cross-subsidy surcharge will be the difference between the tariff applicable for the category of the customers being allowed open access and the cost avoided (per unit) by the licensee in this regard.
- 3.3 The avoidable cost for the concerned open access customers will be at the rate of 233.24 paise per kWh plus wheeling charges per unit as applicable to the relevant open access case as shown in chapter 2 of this order. DPL will recover



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- cross-subsidy surcharge from the open access customers with reference to the tariff applicable for similar category of consumers.
- 3.4 The effective date of rate of wheeling charge and cross subsidy surcharge as per this order is 1 April, 2014 and shall continue till further order. The adjustments, if any, for over-recovery / under recovery from 01. 04. 2014 to 31.03.2015 shall be made in 6 (six) equal monthly instalments starting from the billing month of April, 2015.
- 3.5 To discourage VAr drawals by the open access customers, the open access customer shall pay to the concerned licensee for drawal of reactive energy at the drawal point if the voltage at the point of drawal is below 97% of normal voltage and injection of reactive energy at injection point when the voltage is higher than 103% of normal voltage at the existing rate of 11 paise per KVArh.
- 3.6 DPL shall submit to the Commission a gist of this order within 3 (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 those newspapers in which the gist of the tariff order for 2014 – 2015 was published, within 5 (five) working days from the date of receipt of the approval of the Commission.

**Sd/-
(SUJIT DASGUPTA)
MEMBER**

DATE: 20.03.2015