



**ORDER**

**OF THE**

**WEST BENGAL ELECTRICITY REGULATORY COMMISSION**

**FOR THE YEAR 2015 - 2016**

**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 2015 – 2016 UNDER SECTION  
62(1)(c) OF THE ELECTRICITY ACT, 2003**

**DATED: 29.10.2015**



## **CHAPTER – 1 INTRODUCTION**

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- 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 2015 - 2016.
- 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 2015 – 2016 may be referred to at Annexures – 6A to 6C to the Commission’s tariff order dated 4<sup>th</sup> 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**

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- 2.1 DPL is a distribution licensee having own generating station with total installed capacity of 660 MW in operation during 2015 – 2016. 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 2015 - 2016, may be referred to in this regard. After prudent analysis of the amounts of ARR for the year 2015 – 2016 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. 9706.06 lakh. The amounts of Rs. 64.58 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 to this order.
- 2.2 The gross amount of total fixed charges, i.e., Rs. 9706.06 lakh, as shown in Annexure – 2A, is the gross aggregate revenue requirement for distribution function. 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. 522.92 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 2015 - 2016 for determination of rate of



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

	<b>Rs. in Lakh</b>
(a) Gross amount of fixed charges relating to distribution wheeling	9706.06
(b) Less:	
Income to be derived from other Non-tariff sources	522.92
(c) Net admissible amount of fixed charges relating to distribution wheeling	<b>9183.14</b>

2.4 With the estimated sales of 4054.60 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 **22.65 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. 94034.54 Lakh
(b) Quanta of energy pooled in the distribution system	
(i) Sent-out energy from own generation	4038.36 MU
(ii) Purchase of Energy	191.42 MU
	4229.78 MU
(c) Weighted average unit cost of pooled energy [(a) / (b)]	<b>222.32</b> paise / kWh
(d) Distribution Loss	5.20%
(e) Avoidable cost will be -	
$\frac{222.32 \text{ paise / kWh}}{(100-5.20) \times 0.01}$	+ Wheeling charges per unit applicable to the relevant open access case.

**= 234.51 paise / kWh + Wheeling charges per unit as applicable**



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

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<b>Sl. No.</b>	<b>Head of Charges</b>	<b>Amount (Rs. in Lakh)</b>
1	Employee Cost (including Centrally Maintained Employee Expenses)	2568.50
2	Operation & Maintenance Expenses	1910.90
3	Water Charges	0.00
4	Interest on borrowed Capital	1338.75
5	Finance Charges	40.40
6	Depreciation	1260.24
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	<b>Gross Amount of Fixed Charges [Sum (1) to (10)]</b>	<b>9706.06</b>



## **CHAPTER – 3 ORDER**

- 3.1 The average rate of distribution wheeling charges of DPL for the year 2015 – 2016 comes to 22.65 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 2015 – 2016 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 234.51 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, 2015 and shall continue till further order. The adjustments, if any, for over-recovery / under recovery from 01. 04. 2015 to 31.10.2015 shall be made in 6 (six) equal monthly instalments starting from the billing month of November, 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 for injection of reactive energy at injection point if the voltage is higher than 103% of normal voltage. The charge of VArh shall be continued 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/-  
**(AMITAVA BISWAS)**  
**MEMBER**

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

Sd/-  
**(RABINDRANATH SEN)**  
**CHAIRPERSON**

**DATE: 29.10.2015**