



ORDER

OF THE

WEST BENGAL ELECTRICITY REGULATORY COMMISSION

IN CASE NO:

APR-2/ 07-08

**IN RE THE APPLICATION OF THE WEST BENGAL POWER
DEVELOPMENT CORPORATION LIMITED FOR ANNUAL
PERFORMANCE REVIEW OF THE FINANCIAL YEAR 2006-07 IN
TERMS OF REGULATION 2.6 OF THE WEST BENGAL
ELECTRICITY REGULATORY COMMISSION (TERMS AND
CONDITIONS OF TARIFF) REGULATIONS, 2007, AS AMENDED.**

DATE: 15.09.2008



CHAPTER-1 INTRODUCTION

- 1.1 On introduction of the Multi Year Tariff (MYT) procedure under the West Bengal Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2007 (referred to as the “Tariff Regulations” hereinafter) notified under No. 31/WBERC dated 09.02.2007, the West Bengal Electricity Regulatory Commission (referred to as “the Commission” hereinafter) determined the tariff of different power stations of the West Bengal Power Development Corporation Ltd. (WBPDCCL in short) for the first single year control period, i.e., the financial year 2007-08 by an order dated 26.07.2007 in Case No. TP-31/07-08. The base year, as defined in the Tariff Regulations, was the financial year 2006-07. In terms of regulation 2.6 of the Tariff Regulations, the generating companies or the licensees, as the case may be, are subject to an Annual Performance Review (APR in short) for the base year and the Commission is to carry out the adjustments arising out of such review in the manner as specified therein. Accordingly, WBPDCCL submitted its application for such review on 25th March 2008 providing the data/information in the specified proforma along with the copy of its audited annual accounts for the concerned year. The application was admitted by the Commission for processing and the same was numbered as APR-2/07-08.
- 1.2 The APR is to cover the annual fixed charges allowed to the licensees or the generating companies, as the case may be, incentives and the effect of gain sharing as per Schedule-10 and Schedule-9B to the Tariff Regulations. The provisions of the referred Schedules are to be effective for the financial years 2008-09 onwards. But the tariff order for the year 2006-07 provided for payments of incentives to WBPDCCL @ 25.00 paise/kWh for ex-bus generation in excess of the same considered for the year vide paragraph 8.4 of the concerned tariff order. The APR for the base year 2006-07 is, therefore, the review of the different factors/ elements of fixed charges, categorized as controllable and uncontrollable, allowed to WBPDCCL through the tariff for its different power stations vis-à-vis the actuals as per the audited accounts as well as of the incentives in the line stipulated in the tariff order.
- 1.3 The Tariff Regulations (vide regulation 2.5.1) provides that the variations arising out of uncontrollable factors of fixed charges are to be passed through the tariff in an appropriate manner as may be decided by the Commission. The variations arising out of the controllable factors shall, however, be on the accounts of WBPDCCL.



Order on APR of WBPDC for 2006-07

- 1.4 The referred application of WBPDC for the year 2006-07, i.e., the base year for the first single year control period 2007-08 under the Multi Year Tariff (MYT) approach is being viewed in the subsequent parts of this order.



CHAPTER-2 APR OF FIXED CHARGES FOR THE YEAR 2006-07

2.1 The uncontrollable elements of fixed charges are those elements where variations of actual expenditure with the expenditure allowed by the Commission in the tariff order for the concerned year shall be considered by prudent check. The amount of actual expenses/charges under different accounts are, therefore, to be considered for carrying out the positive or negative adjustments, as the case may be. The review of the each of such uncontrollable head of fixed charges with reference to the tariff order and the actuals based on the audited accounts of WBPDCCL is being taken up hereunder one by one.

2.2 **Impact of long shutdown of unit V of BTPS**

As per tariff order of WBPDCCL for 2006-07, WBPDCCL could adjust PLF for any plant downward against enhanced performance of any other plant of WBPDCCL which registered upward PLF than the targeted PLF for the purpose of recovery of fixed charges. Accordingly, the under recovery of fixed charges due to lower generation of about 484.02 MU from target of 2089.25 MU due to long shut down of unit No 5 of Bandel Thermal Power Station (BTPS) from 22nd May 2006 to 29th July 2007 has been proposed by WBPDCCL to be adjusted against extra generation over the target by its other power stations. The Commission has admitted WBPDCCL's such proposal and found out the quanta of energy from other power stations that is required to cover the shortfall of BTPS's target generation of 2006-07. After adjusting such quanta of energy, the balance excess generation has been considered for incentive as per the Tariff Regulations and the tariff order of WBPDCCL for 2006-07. As excess energy from other power stations of WBPDCCL is used to set off the lower generation of BTPS, BTPS is entitled for recovery of fixed charges in full and the same has been determined in this order.

2.3 **Employee Cost**

Employee cost is an uncontrollable factor as per the Tariff Regulations. WBPDCCL has asked for a positive adjustment of Rs 729.12 lakh under this head. The power station wise break-up of the adjustments so asked for is as under:



(Rs. in lakh)

Name of Power Station	As allowed in tariff	Stated actual expenses	Adjustment asked for
Kolaghat	3246.60	3707.66	461.06
Bakreswar	1215.27	1339.73	124.46
Bandel	2309.25	2205.52	(-) 103.73
Santaldih	1639.05	1886.38	247.33
Total	8410.17	9139.29	729.12

It has been stated by WBPDCCL that the amounts of actual expenditures include the amounts of interest paid by it on G.P. funds in respect of different power stations as under:

Name of Power Station	Rs. in lakh
Kolaghat	237.38
Bakreswar	118.68
Bandel	84.78
Santaldih	90.42
Total	531.26

The statutory auditors of WBPDCCL did not classify the payments of interest on G.P. fund under the head of accounts "Employee Cost". The statement of audited accounts shows that the total G.P. fund balance, representing the liability of WBPDCCL in this regard, was Rs 7041.04 lakh as on 31st March, 2007. The entire amount of such accumulated G.P. fund remained invested in Bonds (Rs 2480.00 lakh) and term deposits with scheduled banks (4561.04 lakh). The liability of WBPDCCL for the payment of interest will arise only if the earnings from such bonds and term deposits fall short of the amount of interest payable to the G.P. fund contributors. It has also been noted from the statement of audited accounts that the liability in respect of G.P. fund increased during the year by a total amount of Rs 289.24 lakh only. The liability of the employee for payment of interest of these funds will arise only when earnings of the invested funds fall short of the amounts of interest payable to the employees' account. Such amount will also be subject to prudent check by the Commission and WBPDCCL needs to establish that in spite of efforts are made for investment in proper time with judicious fund management, such



shortfall exists. Hence, the claim, without the supporting evidence, for the amount of payments of interest on G.P. fund (i.e. Rs 531.26 lakh) is not allowed in APR. Moreover, WBPDCCL did not show separately the amount of employee cost incurred on account of contract employees in regular establishment, if any.

The Commission, thus, decides to carry out the adjustments based on the amounts of employee cost as appeared in the audited books of accounts. Such adjustments are considered as under:

(Rs. in lakh)

Name of Power Station	Admitted amount by Commission for APR	Amounts as allowed in Tariff	Amounts of Adjustment
Kolaghat	3470.28	3246.60	223.68
Bakreswar	1221.05	1215.27	5.78
Bandel	2120.74	2309.25	(-) 188.51
Santaldih	1795.96	1639.05	156.91
Total	8608.03	8410.17	197.86

WBPDCCL is directed to advance clarifications in regard to the points observed by the Commission along with the application for APR for the next base year i.e. 2007-08 so as to enable the Commission to carry out any further adjustments if found necessary.

2.4 Water Charges

The amounts of cess/expenses paid for getting necessary water supply to the generating stations of WBPDCCL are uncontrollable as categorised in the Tariff Regulations. The actual expenses in this regard came as under:

Name of Power Station	Admitted by Commission for APR in Rs. lakh
Kolaghat	46.23
Bakreswar	4.73
Bandel	NIL
Santaldih	22.57
Total	73.53

In the absence of any separate head for classifying the payments of water cess/expenses in the books of accounts of WBPDCCL, no provision in this regard was



allowed in the tariff for the 2006-07. It was, however, stipulated in the tariff order that if any such payments were required to be made by WBPDCCL, the same would be re-imbursed, The actual expenditures incurred in different power stations, as stated above, on this account are admitted for carrying out positive adjustments.

2.5 Operation and Maintenance Expenses (O&M expenses)

APR being introduced under the Tariff Regulations and controllable/uncontrollable items being identified under Tariff Regulations only, Operation and Maintenance expenses have been considered as controllable item. As rent and lease charges, legal charges, Auditor's expenses, cost of repair and maintenance including consumables, insurance and Administrative and General expenses are elements of Operation and Maintenance expenses, all these elements have been clubbed together under the head of O & M expenses for consideration. It has been observed that the sum total of expenses under the relevant heads in case of Kolaghat, Bakreswar and Santaldih power stations are found higher than the total amounts admitted in the tariff for the year 2006-07. In case of Bandel power station, the same is found less than the amount allowed and that appears to be due to taking out the 5th unit of BTPS from operation since 22nd May, 2006. BTPS's lower generation is not considered due to off setting of its generations from excess generation of other power stations as explained in paragraph 2.2. The Commission decides to allow the amount as admitted in the tariff order for 2006-07.

(Rs. in lakh)

O & M Expenses			
Name of Power station	Admitted in tariff order of 2006-07-07	Actual Expenses as per Application of APR	Admitted amount by Commission for APR
Kolaghat	10339.80	10500.06	10339.80
Bakreswar	4310.29	4770.56	4310.29
Bandel	3604.00	3006.76	3604.00
Santaldih	2374.19	2796.67	2374.19

However, the major overhauling expenses of the referred 5th unit of Bandel Power Station needs to be capitalised following the prudent commercial practice.



2.6 Taxes on Income

- (a) The adjustments towards payment of Income Tax, as asked for by WBPDCCL for the year 2006-07 are as under:

(Rs. in lakh)

Name of Power Station	As per tariff order	Actuals	Adjustment asked for
Kolaghat	73.86	2132.15	2058.29
Bakreswar	36.93	620.00	583.07
Bandel	31.07	408.46	377.39
Santalalih	28.14	179.78	151.64
Total	170.00	3340.39	3170.39

The actual amount of the total tax paid under the provisions of Income Tax Act, 1961 includes an amount of Rs 31.71 lakh towards tax on fringe benefits and Rs 84.98 lakh towards tax on proposed dividend. WBPDCCL has submitted the copies of the challans through which payments of taxes were made.

- (b) The Commission has carefully examined the admissibility of the payments made by WBPDCCL under the provisions of the Income Tax Act. It has been observed from WBPDCCL's audited Profit & Loss Account for the year 2006-07 that the book profit before tax came to Rs 28778.51 lakh out of which Rs 11922.39 lakh came from the incomes generated from the sources other than those related to core business of WBPDCCL as a generating company. In terms of regulation 4.11 of the Commission's Tariff Regulations, 2005, under which the tariff for the year 2006-07 was determined, the tax on income derived from the core business only can be recovered as pass through from the energy recipients. The Commission, therefore, decides not to carry out any adjustment in this regard till the time the assessment of the income tax for the concerned year is completed and a copy of the assessment order submitted to the Commission for ascertaining the incidence of income tax to be passed on to the energy recipients. If, however, the tax liability, if any, on the amount of other income, which was deducted from the Aggregate Revenue Requirement for 2006-07, is found justified, the Commission will take up the matter for appropriate consideration for redetermination of other income referred to above after adjusting the aforesaid tax liability, while undertaking APR for any succeeding year. It has been found from the submission that the amounts already provided in the tariff on account of taxes payable under the



provisions of Income Tax Act are sufficient to cover the fringe benefit taxes etc. paid by WBPDCCL for the concerned year. WBPDCCL is directed to submit the assessment order for the concerned year to enable the Commission for taking appropriate decision in regard to the incidence of income tax to be passed on to its energy recipients.

2.7 Interest and Finance Charges on Borrowed Capital

The interest on borrowed capital and finance charges allowed to WBPDCCL through the tariff for the concerned year for its Kolaghat and Bakreswar power stations were as under:

(Rs. in lakh)

Name of Power Station	Interest	Finance charges	Total
Kolaghat	850.00	35.00	885.00
Bakreswar	5240.00	NIL	5240.00

No term loan was received in the capital accounts of Bandel and Santaldih (for the existing operating units). Loans received for those two power stations from the Government of West Bengal were towards working capital in the revenue accounts. The interest and finance charges rates are uncontrollable in terms of the Tariff Regulations (vide 4th and 13th rows of Table 2.5-1) and as such, the adjustments in APR in regard to these accounts will arise only for variations between the projected rate of interest/charges and the actual rates experienced. WBPDCCL's long term capital borrowings from the Government of West Bengal and other financial institutions were found on fixed rate basis without experiencing any variations during the year. No additional borrowing in the capital account for the existing operating units of the power stations was also done during the year and, therefore, no adjustment on account of interest and finance charges through the APR is found necessary except for Kolaghat power station. There had been some mistakes in the projections of WBPDCCL in its tariff application for the concerned year and the same was pointed out by the Commission, vide paragraph 6.2.7(a) of the Commission's tariff order for the concerned year. WBPDCCL has now come up with the revised computation at page 32 of the application for APR and a total amount of Rs 1064.03 lakh towards interest and finance charges has been shown therein as actual expenditure at Kolaghat Thermal Power Station (KTPS). The amount was actually charged in the accounts of KTPS certified by the auditors.



Based on the audited accounts, the Commission considers to allow the following adjustments in regard to KTPS. For Bakreswar Thermal Power Station (BKTPP), WBPDCCL has claimed interest and finance charges that differ from that in the tariff order. Accordingly, the claimed amount of WBPDCCL is admitted. For BTPS and Santaldih Thermal Power Station (STPS), WBPDCCL has claimed only finance charges for Rs 1.39 Lakhs and Rs 1.49 lakhs respectively and the same are admitted by the Commission.

(Rs. in lakh)

Name of Power Station	Head	Amount allowed in tariff	Amount admitted by the Commission in APR	Positive adjustment
Kolaghat	Interest	850.00	971.47	121.47
	Finance charges	35.00	92.56	57.56
	Total	885.00	1064.03	179.03
Bakreswar	Interest	5240.00	5199.16	(40.84)
	Finance charges	0.00	1.95	1.95
	Total	5240.00	5201.11	(38.89)
Bandel	Finance charges	0.00	1.39	1.39
Santaldih	Finance charges	0.00	1.49	1.49

2.8 Interest on Working Capital

In terms of regulation 4.6.5.1 of the Commission's Tariff Regulations, 2005, under which the tariff for the year 2006-07 was determined, the working capital requirements of WBPDCCL for its different power stations were assessed on normative basis @ 12.5% of the annual sales revenue reduced by the amounts of depreciation, write off of deferred revenue expenditure and return. The amounts of such normative working capital assessed and interests allowed on that @ 8.5% for different power stations were as under:

(Rs. in lakh)

Name of Power station	Amount of normative working capital	Amount of interest
Kolaghat	11508.94	978.26
Bakreswar	5890.82	500.72
Bandel	3922.12	333.38
Santaldih	2520.82	214.27
Total	23842.70	2026.63



WBPDCCL has represented that the entire outstanding amount of loan from the Government of West Bengal in revenue account had been repaid through the adjustment of receivable from WBSEDCL against sale of energy. As a result, there was no borrowing from the Government of West Bengal in the revenue accounts during the financial year 2006-07. Although WBPDCCL has prayed for allowing interest on normative working capital @ 10.25%, which was the Prime Lending Rate (PLR) of the State Bank of India in terms of the provisions in the Tariff Regulations, since no borrowing has been done in the revenue account and therefore no interest has been paid by WBPDCCL during 2006-07 for loan in the revenue account, the claim on this score is not admitted by the Commission. Hence the total amount allowed in tariff order towards interest on working capital is adjusted negatively.

2.9 Depreciation

Depreciation has been categorized as a controllable item of fixed charges, vide 5th row of the Table 2.5-1 of the Tariff Regulations. WBPDCCL is to charge depreciation following the methods and rates specified in regulation no. 4.6.2 read with Annexure-A to the Tariff Regulations, and as such, the amount of chargeable depreciation on the original cost of assets already in use at the time of the submission of the tariff application can precisely be worked out and to that extent it is controllable. But the amount of depreciation chargeable on the value of the fixed assets subsequently capitalized during the year or withdrawn from the operation may vary with the projected amount depending on the variations on the projected capitalisation/withdrawal. In the case of WBPDCCL for the year 2006-07, the amounts of depreciation allowed for its different power stations and the actual amounts found chargeable as per the submission are as under.

(Rs. in lakh)

Name of Power Station	Amount allowed in Tariff	Amount admitted by Commission in APR as per audited accounts	Adjustment
Kolaghat	5885.70	4398.44	(-) 1487.26
Bakreswar	10787.26	10774.64	(-) 12.62
Bandel	606.10	246.98	(-) 359.12
Santaldih	713.16	270.22	(-) 442.94
Total	17992.22	15690.28	(-) 2301.94



WBPDCCL has stated that the reduction in the actual amounts of chargeable depreciation in respect of Kolaghat, Bandel and Santaldih power stations are mainly due to reaching depreciation up to 90% level of the cost of major assets. Considering all the related facts, the Commission decides to go by the actual amounts of depreciation charged and to carry out negative adjustments to the extent of excess amount of depreciation allowed in the tariff.

2.10 Reserve for Unforeseen Exigencies

WBPDCCL was allowed the undernoted amounts for its power stations in operation towards reserve for unforeseen exigencies computed @ 0.25% of the gross projected value of fixed assets at the beginning of the financial year 2006-07 under the provisions of regulation 4.9 of the Commission's Tariff Regulations, 2005.

(Rs. in lakh)

Name of Power Station	Amount allowed in Tariff
Kolaghat	415.77
Bakreswar	729.03
Bandel	54.38
Santaldih	50.42
Total	1249.60

It has been observed by the Commission that no such reserves were created and invested outside following the guidelines provided in the aforesaid regulation. It is considered as a serious lapse and violation of the provisions of the Regulations. WBPDCCL is directed to take necessary corrective actions and confirm the compliance. Income from such investments of Reserve for Unforeseen Exigencies 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. The Commission is not, however, making any negative adjustment in this regard as WBPDCCL will be requiring to create necessary reserves to cover the backlog and allowed the amount that has been admitted in tariff order of 2006-07 failing which double the amount allowed for the purpose will be deducted from the admissible return on equity during Annual Performance Review of any succeeding year.



2.11 Return on Equity Base

Equity base for allowing returns to WBPDCCL at the specified rate is an uncontrollable factor in terms of the Tariff Regulations. WBPDCCL was allowed returns on the projected equity base of different power stations @ 14%. Based on the actual positions stand at the year end, the following adjustments are found admissible.

(Rs. in lakh)

		KTPS	BKTPS	BTPS	STPS	Total
i)	Average Equity Base considered in tariff order	96774.50	55635.14	6718.56	7828.00	166956.20
ii)	Actual average Equity Base for the year	99079.40	69818.64	6513.63	7828.00	183239.67
iii)	Increase/(decrease) over the amount considered in the tariff order	2304.90	14183.50	(204.93)	NIL	16283.47
iv)	Adjustments required in the amount considered in tariff (14% of (iii))	322.69	1985.69	(28.69)	NIL	2279.69
v)	Return considered in Tariff	13548.43	7788.92	940.60	1095.92	23373.87
vi)	Adjusted amount of allowable return (iv+v)	13871.12	9774.61	911.91	1095.92	25653.56

2.12 Performance Incentive

The tariff order for the year 2006-07 provided for the payments of incentive to WBPDCCL by the recipient of energy at a flat rate of 25.00 paise/kWh for ex-bus scheduled energy generated in excess of ex-bus energy corresponding to target plant load factor on monthly basis and all the power stations as a whole (vide paragraph 8.4 of the tariff order). The actual ex-bus generation achieved during the year at different power stations as against the targets set in the concerned tariff order came as under:



Name of Power Station	Actual Ex-bus generation (MU)	Target Ex-bus generation (MU)	Excess/(Shortfall) (MU)
Kolaghat	6794.349	6766.880	27.469
Bakreswar	4449.262	3745.890	703.372
Santaldih	1238.806	1142.090	96.716
Total	12482.417	11654.860	827.557

Adjustment of the shortage in sent out energy on normative basis from Bandel Thermal Power station with excess energy sent out over target generation of other power stations of WBPDCCL as already explained at Para 2.2 of this order and the computation of permitted incentive is shown hereunder.

(i)	Actual Excess Energy sent out over target generation from BKTPS, KTPS & STPS	827.56 MU
(ii)	Shortage in sent out energy on normative basis at BTPS	484.03 MU
(iii)	Energy entitled for permitted incentive (i-ii)	343.53 MU
(iv)	Permitted incentive @ 25 P/kWh	858.83 Rs in lakh

In the process of offsetting, the Commission has exhausted the entire additional energy available from the Kolaghat and Santaldih Thermal Power Stations and rest from the Bakreswar Thermal Power Station.

WBPDCCL is entitled to permitted incentive of Rs 858.83 lakhs as computed above for the units sent out from Bakreswar Thermal Power Station after adjustments of the actual incentive already earned by WBPDCCL during 2006-07 which is Rs 815.58 lakh. Hence, a positive adjustment of Rs 43.25 lakh (858.83 lakh – 815.58 lakh) is admitted towards performance incentive.

2.13 Coal and Ash handling charges

For KTPS , BKTPP and BTPS Coal and Ash handling expenses have been taken on actual basis. However, charges for Coal and Ash handling have been further reduced for BTPS in proportion to the reduction in actual generation in view of prolonged non-availability of Unit-V of BTPS. For STPS, considering increased generation and higher O & M expenses for such excess generation, an additional 50% of the amount permitted in the tariff order for 2006-07 is allowed with the direction that WBPDCCL shall try to contain expenditure under this head.



(Rs. in lakh)

Name of Power Station	As per Tariff Order 2006-07	Actual 2006-07	As admitted in APR by the Commission	Adjustment
KTPS	1148.00	1122.43	1122.43	(-) 25.57
BKTPP	238.62	122.57	122.57	(-)116.05
BTPS	566.55	598.30	419.07	(-)147.48
STPS	159.95	358.36	239.93	(+) 79.98

2.14 Other Non-Tariff Income

In terms of the Tariff Regulations, non-tariff income is a controllable factor. That means any variation in the amount of non-tariff income considered during determination of ARR and tariff for a year is not subject to adjustment in APR for that year. The Commission, however, feels that non-tariff income should be an uncontrollable factor in line with the provisions of sections 41 and 51 of the Electricity Act, 2003 and therefore should be adjusted accordingly in APR. The Commission, therefore, in exercise of the power conferred by regulation 6.4 of the Tariff Regulations, is making such adjustment for meeting the ends of justice. Non-tariff income as allowed in the tariff order for 2006-07 was Rs 6836.35 lakh but actual income on this score as per audited accounts is Rs 11922.37 lakh. On actual basis, the Commission admits Rs 11922.37 lakh in APR as shown in the table below:

(Rs. in lakh)

Non –tariff income	Amount allowed in the Tariff order	Actual amount as per Audited Accounts	Amount allowed by the commission in the APR	Adjustments
Kolaghat	2600.00	4788.69	4788.69	(-)2188.69
Bakreswar	2050.00	3264.99	3264.99	(-)1214.99
Bandel	985.00	1996.57	1996.57	(-)1011.57
Santaldih	1201.35	1872.12	1872.12	(-) 670.77
Total	6836.35	11922.37	11922.37	(-)5086.02



2.15 Withheld Amount

In the tariff order for 2006-07 an amount of Rs 1.15 lakh was withheld from ARR of each of Kolaghat, Bakreswar and Bandel thermal power stations and Rs 1.35 lakh from ARR of Santaldih Thermal Power Station of WBPDCCL due to non-compliance of directive of Commission to conduct energy audit in its power stations. Out of four power stations, WBPDCCL has submitted two energy audit reports for Bakreswar Thermal Power Station and Bandel Thermal Power Station. The Commission, therefore, is releasing such withheld amounts for Bakreswar and Bandel Thermal Power Stations.

2.16 Adjustment relating to shortfall in sent-out energy due to excess actual auxiliary consumption over normative auxiliary consumption

Since the volume of sale of energy is an uncontrollable factor as per the Tariff Regulations, any excess recovery of fixed cost by WBPDCCL on account of variation in volume of sales needs to be adjusted. Comparing the submitted figures of the actual sent out energy from different power stations of WBPDCCL for 2006-07 with the quantum of normative sent-out energy from different power stations of WBPDCCL for 2006-07 the short falls in sent-out energy from KTPS, BTPS and STPS due to excess auxiliary consumption during 2006-07 have been worked out and are shown below.

Particulars	Unit	KTPS	BTPS	STPS
Actual energy sent out during 2006-07	MU	6794.35	1358.11	1238.81
Normative energy sent out as per norms of auxiliary consumption against the actual generation for 2006-07	MU	6873.83	1375.42	1305.38
Short fall in energy sent-out with respect to normative energy sent out in 2006-07	MU	(79.48)	(17.31)	(66.57)

It may be observed from the above table that KTPS, BTPS and STPS have failed to achieve the normative target of energy sent out and therefore WBPDCCL is not entitled to recover full fixed cost in respect of these power stations for the year 2006-07. Proportionate deduction has been made from the allowable fixed cost computed on normative basis for the respective generating stations as below:



(Rs. in lakh)

Particulars	KTPS	BTPS	STPS
Allowable Gross fixed cost on normative basis	34801.96	7389.54	6617.41
Less Income from Non-tariff sources as admitted in APR	4788.69	1996.57	1872.12
Allowable Net Fixed charges reduced by Income from Non-Tariff sources	30013.27	5392.97	4745.29
Proportional amount adjusted on the basis of shortfall in sent out energy	347.03	67.87	241.99

Though the actual sent out energy from the WBPDCCL's generating stations are higher than the sent out energy as shown in the tariff order for 2006-07, presumably there was no excess recovery of fixed charges from the energy recipients of WBPDCCL during 2006-07 since in terms of paragraph 8.6 of the tariff order for 2006-07, WBPDCCL was to recover only the fixed charges allowed in the tariff order for 2006-07 from its energy recipients in twelve equal monthly installments. WBPDCCL shall furnish in the application for APR for 2007-08 the audited statement of accounts showing the actual recovery of fixed charges from its energy recipients during 2006-07. In case of any excess recovery of fixed charges from the energy recipients of WBPDCCL during 2006-07, the same shall be adjusted in APR of any succeeding year.



CHAPTER-3 AMOUNT ADJUSTABLE TOWARDS ANNUAL PERFORMANCE REVIEW

3.1. Based on the foregoing analyses and admission of the adjustments under different uncontrollable factors/elements of fixed charges, the Commission now proceeds to sum up the findings and to ascertain the total amount adjustable under the Annual Performance Review (APR) for the year 2006-07. In the statement below, the figures in respect of expenses/factors being controllable in nature and to the extent applicable as per the Tariff Regulations have been extracted from the tariff orders for different power stations for the concerned year. The expenses/elements of fixed charges defined/considered as uncontrollable ones have been taken after carrying out adjustments under the respective heads as explained in the previous chapter.

1. KOLAGHAT

	Head of Fixed Charges	AMOUNT IN RS. IN LAKH	
		AS PER TARIFF ORDER	AS FOUND ADMISSIBLE ON APR
1.	Employee cost	3246.60	3470.28
2.	Ash Handling & other Fuel related cost	1148.00	1122.43
3.	Operation and Maintenance (O & M) Expenses		
	a) Repairs & Maintenance	9624.00	
	b) Administration & General charges		
	i. Rent, Rates & Taxes	76.65	
	ii. Legal & Professional charges	0.53	
	iii. Insurance	0.00	
	iv. Others	638.62	
	Subtotal of O & M Expenses	10339.80	10339.80
4.	Water Charges/Cess	0.00	46.23
5.	Taxes on Income & Profit	73.86	73.86
6.	Interest & Finance charges on capital loan	885.00	1064.03
7.	Interest on working capital	978.26	0.00
8.	Reserve for unforeseen Exigencies	415.77	415.77
9.	Special Appropriation	0.00	0.00
10.	Depreciation	5885.70	4398.44
11.	Returns	13548.43	13871.12
	Gross Capacity Charges	36521.42	34801.96
	Less		
	(a) Amount withheld	1.15	1.15
	(b) Income from Non-tariff sources	2600.00	4788.69
	(c) Excess auxiliary Energy consumption		347.03
	Net Capacity charges	33920.27	29665.09
	Adjustment		4255.18
	Total	33920.27	33920.27



II. BAKRESWAR

	Head of Fixed Charges	AMOUNT IN RS. IN LAKH	
		AS PER TARIFF ORDER	AS FOUND ADMISSIBLE ON APR
1.	Employee cost	1215.27	1221.05
2.	Ash Handling & other Fuel related cost	238.62	122.57
3.	Operation and Maintenance (O & M) Expenses		
	a) Repairs & Maintenance	3433.68	
	b) Administration & General charges		
	i. Rent, Rates & Taxes	16.50	
	ii. Legal & Professional charges	0.11	
	iii. Insurance	0.00	
	iv. Others	860.00	
	Subtotal of O & M Expenses	4310.29	4310.29
4.	Water Charges/Cess	0.00	4.73
5.	Taxes on Income & Profit	36.93	36.93
6.	Interest & Finance charges on capital loan	5240.00	5201.11
7.	Interest on working capital	500.72	0.00
8.	Reserve for unforeseen Exigencies	729.03	729.03
9.	Special Appropriation	355.90	355.90
10	Depreciation	10787.26	10774.64
11	Returns	7788.92	9774.61
12	Permitted Incentives (Net)	0.00	43.25
	Gross capacity charges	31202.94	32574.11
	Less		
	(a) Amount withheld	1.15	0.00
	(b) Income from Non-tariff sources	2050.00	3264.99
	(c) Excess Auxiliary Energy Consumption		0.00
	Net capacity charges	29151.79	29309.12
	Adjustment	157.33	
	Total	29309.12	29309.12



III. BANDEL

	Head of Fixed Charges	AMOUNT IN RS. IN LAKH	
		AS PER TARIFF ORDER	AS FOUND ADMISSIBLE ON APR
1.	Employee cost	2309.25	2120.74
2.	Ash Handling & other Fuel related cost	566.55	419.07
3.	Operation and Maintenance (O & M) Expenses		
	a) Repairs & Maintenance	3280.55	
	b) Administration & General charges		
	i. Rent, Rates & Taxes		
	ii. Legal & Professional charges	52.5	
	iii. Insurance	0.74	
	iv. Others	0.00	
		270.21	
	Subtotal of O & M Expenses	3604.00	3604.00
4.	Water Charger/Cess	0.00	0.00
5.	Taxes on Income & Profit	31.07	31.07
6.	Interest & Finance charges on capital loan	0.00	1.39
7.	Interest on working capital	333.38	0.00
8.	Reserve for unforeseen Exigencies	54.38	54.38
9.	Special Appropriation	0.00	0.00
10	Depreciation	606.10	246.98
.			
11	Returns	940.60	911.91
.			
	Gross Capacity Charges	8445.33	7389.54
	Less		
	(a) Amount withheld	1.15	0.00
	(b) Income from Non-tariff sources	985.00	1996.57
	(c) Excess Auxiliary Energy Consumption		67.87
	Net Capacity charges	7459.18	5325.10
	Adjustment		2134.08
	Total	7459.18	7459.18



IV. SANTALDIH

		AMOUNT IN RS. IN LAKH	
Head of Fixed Charges		AS PER TARIFF ORDER	AS FOUND ADMISSIBLE ON APR
1.	Employee cost	1639.05	1795.96
2.	Ash Handling & other Fuel related cost	159.95	239.93
3.	Operation and Maintenance (O & M) Expenses		
	a) Repairs & Maintenance	2075.99	
	b) Administration & General charges		
	i. Rent, Rates & Taxes	6.83	
	ii. Legal & Professional charges	1.26	
	iii. Insurance	0.00	
	iv. Others	290.11	
	Subtotal of O & M Expenses	2374.19	2374.19
4.	Water Charges/Cess	0.00	22.57
5.	Taxes on Income & Profit	28.14	28.14
6.	Interest & Finance charges on capital loan	0.00	1.49
7.	Interest on working capital	214.27	0.00
8.	Reserve for unforeseen Exigencies	50.42	50.42
9.	Special Appropriation	738.57	738.57
10	Depreciation	713.16	270.22
11	Returns	1095.92	1095.92
	Gross Capacity Charges	7013.67	6617.41
	Less		
	(a) Amount withheld	1.35	1.35
	(b) Income from Non-tariff sources	1200.00	1872.12
	(c) Excess Auxiliary Energy Consumption		241.99
	Net Capacity Charges	5812.32	4501.95
	Adjustment		1310.37
	Total	5812.32	5812.32



- 3.2 As it follows from the statements in the foregoing paragraph, the amounts of net fixed charges allowed to WBPDCCL for the year 2006-07 are to be adjusted by the amounts as under:

Rs. in lakh		
Name of Power Station	Adjustments admitted by the Commission in APR	Direction
Kolaghat	4255.18	Negative
Bakreswar	157.33	Positive
Bandel	2134.08	Negative
Santaldih	1310.37	Negative
Net	7542.30	Negative

In terms of the Tariff Regulations, the Commission decides to adjust the entire of above stated positive or negative amounts as it comes out, with the ARR of the concerned power stations for the ensuing year 2008-09 for which tariff order is going to be issued.

- 3.3 The instant order is based on the careful consideration of the facts and figures brought by WBPDCCL in its application for APR in the specified formats and in its audited statement of accounts. This, being the first year of such APR and for carrying out adjustments accordingly, there may still remain grey areas on which WBPDCCL may differ. The Commission permits WBPDCCL to submit its representations on those areas through the application for APR for the next base year, *i.e.*, 2007-08. At the same time, the Commission may also, *sou-moto*, take up any further adjustment, if so found necessary on the basis of subsequent revelation of the related facts and figures.

Sd/-
(R. P. Samaddar)
Member

Sd/-
(Prititosh Ray)
Member

Dated: 15.09.2008