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WBPDC(BAK) PETITION FOR 2001

● PRAYER

**BEFORE THE HONOURABLE WEST BENGAL
ELECTRICITY REGULATORY COMMISSION**

Filing No. _____

Case No. _____

IN THE MATTER OF: Application for determination of tariff sought by The West Bengal Power Development Corporation Limited (WBPDC) under Section 29 of the ERC Act and Section 42 of the CBR read along with other guidelines and directions issued by the West Bengal Electricity Regulatory Commission [Hon. Commission] from time to time.

And

IN THE MATTER OF: Petition of determination of tariff for the financial year 2000-2001 in respect of Bakreswar Thermal Power Station.

And

IN THE MATTER OF: The West Bengal Power Development Corporation Ltd New Secretariat Buildings 6th & 7th Floor, "B" Block, 1, Kiran Sankar Roy Road Kolkata -700001.

Certified that

Pages 1 to 13 of the Petition are correct and true. Annexure **1** to **34** are part of the original application and attachments submitted to Hon 'ble Commission.

**BEFORE THE HONOURABLE WEST BENGAL
ELECTRICITY REGULATORY COMMISSION**

Filing No. _____

Case No. _____

In the matter of: Application for determination of tariff sought by The West Bengal Power Development Corporation Limited [WBPDC] under Section 29 of the ERC Act, and Section 42 of the CBR read along with other guidelines and directions issued by the West Bengal Electricity Regulatory Commission [Hon. Commission] from time to time.

1) The West Bengal Power Development Corporation Limited: hereinafter referred to as WBPDC, is a Generating Company within the meaning of Clause (4-A) of, Section 2 of the Electricity (Supply) Act, 1948 and is in the business of Generation of Electricity.

2) This application for determination of tariffs has been filed before the Honorable West Bengal Electricity Regulatory Commission, hereafter referred to as Hon. Commission, in accordance with Section 43(1) & 43(2) of the Conduct of Business Regulations [CBR], The Electricity Regulatory Commissions Act, 1998 [ERC] and the Electricity (Supply) Act, 1948.

3) Since the Honourable Commission has not prescribed separate Tariff Regulations, the determination of the costs, revenue and tariffs have been done in accordance with Section 29 of the Electricity Regulatory Commissions Act, 1998.

- 4) The WBPDCCL has, however, kept in view the directions of the Honourable Commission as provided in Section 42 of the CBR while determining the tariffs for its consumers.
- 5) Section 43 of the Conduct of Business regulations framed by the Honourable Commission, requires utilities to provide to the Hon. Commission between 15th December to 31st December every year the details of its calculation for the financial year.
- 6) However, WBPDCCL while submitting its petition for revision of tariff in respect of Kolaghat Thermal Power Station requested the Hon. Commission to grant additional time for filing tariff proposal for its Bakreswar Thermal Power Station as only One Unit out of the total Three Units had started operations at that time and the final capital cost estimates and the financing structure were being worked out at that time.

The Hon. Commission has kindly accepted the prayer made by WBPDCCL vide Tariff Order dated 12.07.2001 and permitted WBPDCCL to submit tariff proposal for Bakreswar Thermal Power Station within 60 (Sixty) days from the date of issue of the Tariff Order dated 12.07.2001.

Subsequently, WBPDCCL prayed vide its Application for Grant of Further Extension of time for 30 (thirty) days for submission of the Tariff Proposal for BkTPS which the Hon. Commission has kindly agreed to extend for a period of 1 (one) month with effect from 09.09.2001 vide its Letter No. ERC/B-2/248 dated 06.09.2001.

7) WBPDCCL has filed the current tariff proposal for determining tariffs for Bakreswar Thermal Power Station.

BASIC PREMISE IN FRAMING THE TARIFF PROPOSAL FOR THE FINANCIAL YEAR 2000-01 FOR BAKRESWAR THERMAL POWER STATION

8) WBPDCCL has adopted the following norms while proposing tariffs for the various) categories.

- The first 3(three) Units of 210 MW capacity each of Bakreswar Thermal Power Station have been commissioned with the loan assistance of Overseas Economic Co-operation Fund (OECF)/ Japan Bank International Co-operation (OEFC), Japan. First Unit has been put on Commercial Operation on 29.11.2000 and the Second Unit on 01.04.2001 respectively. The Third Unit is going to be declared for commercial operation by October, 2001.

- Since the entire project is financed through loan capital (OECF/ JBIC, Japan + GOWB) the tariff requirement per unit of Electricity to be sold would be on the higher side primarily due to high interest burden and Operation and Maintenance expenses on the project cost. In order to arrive at a tariff at a reasonably affordable level WBPDCCL requested the Government of West Bengal to restructure the funding pattern of the project to avoid the full amount of loan content in the capital cost of the project by way of conversion of 30% of the project cost as equity and balance 70% of the project cost as a soft loan at 2% rate of interest.

- The Government of West Bengal has agreed to the proposal of WBPDCCL and communicated their decision. On the basis of this decision the present Tariff Proposal has been framed.

- In recognition of the differences in the local operating conditions, the Govt. of West Bengal (GOWB) constituted a Committee to consider the issues of Station Heat Rate, secondary fuel oil consumption and auxiliary consumption for coal based Thermal Power Plants in West Bengal.

- Since the Hon. Commission has not yet prescribed any other corresponding norms, the aforesaid norms as prescribed by the Committee forms the basis for, projecting variable cost of Bakreswar Thermal Power Station.

- By virtue of implementation of Section 51 of the Electricity Regulatory Commissions Act, 1998, Section 43 (A)(2) of the Electricity (Supply) Act, 1948 stands deleted vide Central Notification dated 14th September, 2000. However, the Government is silent on the replacement of the

provisions contained in the erstwhile Section 43 (A)(2) of the Electricity (Supply) Act, 1948 as well as there is no directions from the Hon. Commission in this respect so far.

The erstwhile Section 43 (A)(2) of the Electricity (Supply) Act, 1948 states that, the tariff for sale of electricity, by the Generating Companies, shall be determined with the laid down norms and in accordance with the rates of I. depreciation and Reasonable Return as determined by the Central Government by Notification in the Official Gazette.

The latest Notification has specified a rate of return of 16% of the Equity subscribed and accordingly WBPDCCL request the Hon. Commission to allow a rate of return of 16% on subscribed Equity.

OUT LINE OF THE TARIFF PROPOSAL

The costs under various heads are as follows (Stabilized Operation only):

Figures in Rs. Crores

Particulars	2000-2001
Generation Charges	303616643
O&M expenses	4301087
Employee Costs	6052545
Admin. & other expenses	26345059
Interest on Government Loans	35011287
Depreciation & Related Debits	0
Surplus Required (proportionate on 709.19 Crores@ 16%)	191695410
Total Revenue Required	567022031

The expected revenue from the proposed tariff charges are as follows:

Figures in Rs. Crores

Particulars	2000-2001
Total Revenue Required	567022031
Non-Operating Income	0
Revenue required from Sale of Power	567022031
Proposed Tariff (Paise /Unit)	198.637
Revenue from Proposed Tariff (Rs. Crores)	567022031
Net Deficit after Proposed Tariffs	0

REPRESENTATIONS

9) The Tariff Proposal is in Volumes, as listed below, which are annexed to this affidavit.

Volume	Description
I	Executive Summary of the Tariff Proposal with data formats prescribed by the Hon. Commission.
II	Copies of Annual Accounts WBPDCCL.
III	Notifications, Government Communications, Sample Copies of Bills for Purchase of Coal, Provisional Energy Bill raised on WBSEB, Price Notifications for Coal and Oil etc.

10) WBPDCCL confirms that the present tariff filing has been discussed and approved by competent authorities.

PRAYER TO THE HONOURABLE COMMISSION

11) WBPDCCL has made every effort to meet the information requirements prescribed by the Hon. Commission. However, in the absence of complete computerisation, there may be gaps in the data submissions made by WBPDCCL, which WBPDCCL request the Hon. Commission to consider with leniency. WBPDCCL has made available all the data requested by the Hon. Commission to the extent applicable and will provide all such data, that is available, as the Hon. Commission may require.

12) The cost estimates for power generation are based on existing coal and fuel prices. As coal and fuel prices may change, between the submission of this proposal and determination of tariffs, WBPDCCL request the Hon. Commission to consider these revised coal and fuel prices, if any, while deciding the revised tariffs of WBPDCCL.

13) WBPDCCL would also request the Hon. Commission to allow it to pass through any tax liabilities that may arise during the course of the year.

14) WBPDCCL request the Hon. Commission to accept the accompanying tariff proposal for-

a) Infirm Power generated and sold between the date of synchronization and the date of declaration of Commercial Operation.

b) Firm Power generated from Unit No.1 from the date of declaration of Commercial Generation.

c) Pass final orders as the Hon. Commission may deem fit and proper keeping in mind the facts and circumstances of the case.

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