

WBPDCCL PETITION FOR 2001

 PRAYER

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

Filing No. _____

Case No. _____

IN THE MATTER OF: Application for revision of bulk tariffs sought by The West Bengal Power Development Corporation Limited ['WBPDCCL "] 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: The West Bengal Power Development Corporation Limited New Secretariat Buildings 3 1, Kiran Sankar Roy Road 6th and 7th Floor, "B" Block Calcutta -700 001.

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

Filing No. _____

Case No. _____

In the matter of: Application for revision of bulk tariffs sought by The West Bengal Power Development Corporation Limited ['WBPDCCL "] 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 WBPDCCL, 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 revision of tariffs has been filed before the Honourable West Bengal Electricity Regulatory Commission, hereinafter referred to as Hon. Commission, in accordance with Section 43(1} and 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 ensuing financial year.
- 6.** However, the Hon. Commission through its letter (Ref. No. ERC/CHN/B-11/385} dated 23.10.2000 has waived the requirements mentioned in the Conduct of Business Regulations and invited WBPDCCL to submit it's proposal for tariff.revision between the 20th November, 2000 and 15th December, 2000. This proposal for the revision of tariff is a consequence of this invitation.

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

8. WBPDCCL requests the Hon. Commission to grant it additional time for filing a tariff proposal for Bakreshwar Thermal Power Station as only one unit, of the total three units, has started operations and the final capital cost estimates and the financing structure are being worked out. WBPDCCL would therefore like to submit its tariff proposal for Bakreshwar Thermal Power Project after these issues are settled.

NEED FOR TARIFF REVISION BY THE HONOURABLE COMMISSION

9. The fixed component of the current tariff has remained unchanged since November, 1996. WBPDCCL has been partly compensated for the increase in fuel prices through periodical revisions in the fuel surcharge component with the last revision being effected for the period October 1998 to March 1999. However, the proposal for revision of fuel surcharge, for the current year (1999-2000), is yet to be approved by the GoWB. This proposal seeks to recover the uncovered increase in costs, which amounts to Rs. 986 crores, inclusive of Rs. 133.21 crores towards the reasonable return, for the year 2000-01, through a tariff revision.

BASIC PREMISE IN FRAMING THE TARIFF PROPOSAL FOR KOLAGHAT THERMAL POWER STATION

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

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

- The Government has specified a rate of return of 16% on the equity subscribed and accordingly, WBPDCCL requests the Hon. Commission to take into account Rs. 133.21 crores as the reasonable return for 1999-2000 as specified in Section 29(2) of the ERC.

- WBPDCCL has generating stations of various vintages ranging from those commissioned in 1984 to 1994. In recognition of the differences in the local operating conditions, the Government 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. The norms prescribed by the Committee form the basis for projecting variable costs of Kolaghat Thermal Power Station.

OUTLINE OF THE TARIFF PROPOSAL

- The costs under various heads are as follows:

Figures in Rs. Crores

	FY01
Generation Charges	534.58
O & M	77.67
Employee Costs	28.49
Provision for doubtful debts	0.00
Admin & other expenses	5.89
Employee	
Interest on Government loans	7.23
Interest and finance charges on others	92.17
Guarantee Fees	2.60
Total of interest and finance charges	101.99
Depreciation & Related Debits	104.48

Surplus Required	133.21
Total Revenue Required	986.30

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

Figures in Rs. Crores

	FY01
Total Revenue Required	986.30
Non-Operating Income	61.40
Revenue required from Sale of Power	924.90
Revenue from the existing tariffs	839.44
Government Subsidy	
Deficit	85.46
Proposed Tariff Increase to cover Deficit Paise/Unit	15.42
Tariff After Proposed Increase Paise/Unit	166.90

Revenue from existing tariffs is at a sale price of Rs. 1.51/unit which comprises fixed charges of Rs. 0.57/unit (as approved by the GoWB through its order No. 489-Power/11 dated 16.08.1996 with effect from 19.11.1996) and a variable charge of Rs. 0.94/unit. However, the proposal for revision of variable charges for the period ended 31.03.2000, which has been submitted to the GoWB, is yet to be approved.

REPRESENTATIONS

11. The Tariff Proposal is in four 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	Copies of Power Purchase Agreement and other notifications issued.
IV	Sample copies of all bills for purchase of coal and sale of electricity

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

PRAYER TO THE HONOURABLE COMMISSION

13. 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 requests 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.

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

15. 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.

16.In light of the fact that current tariffs do not cover the cost of generation, WBPDCCL requests the Hon. Commission to sanction some relief by passing an interim order using its powers under Section 46 of the CBR.L As the proposed average tariff increase is about 10%, WBPDCCL requests the Hon. Commission to grant an interim increase of 8%.

17.WBPDCCL is owed Rs. 1606 crores (as on 30.09.2000) by WBSEB, its sole customer. WBPDCCL requests the Hon. Commission to direct WBSEB to settle these dues at the earliest as it will help WBPDCCL to clear its outstandings creditors and lenders.

18. Applications for revising fuel surcharge have been pending with the Power Department since August, 1998 and WBPDCCL requests the Hon. Commission to consider this while revising the tariffs.

19. WBPDCCL requests the Hon.Commission to

- Accept the accompanying tariff proposal.
- Grant additional time for submitting the proposal for Bakreshwar Thermal Power Project considering the special circumstances.
- Pass an interim order as it may deem appropriate allowing WBPDCCL to recover a part of the increase costs at the earliest.
- Direct WBSEB to settle its dues.
- Approve pending proposals of WBPDCCL submitted to GoWB for revision of fixed and variable charges till 31.03.2000.
- Pass final orders as the Hon Commission may deem fit and proper keeping in mind the facts and circumstances of the case.

[Back to list of Petitions](#)