



ORDER

OF THE

**WEST BENGAL ELECTRICITY REGULATORY
COMMISSION**

IN CASE NO.: APR – 23 / 10 – 11

**IN RE THE APPLICATION OF THE
WEST BENGAL POWER DEVELOPMENT
CORPORATION LIMITED FOR
ANNUAL PERFORMANCE REVIEW
FOR THE FINANCIAL
YEAR 2009 – 2010**

DATE: 21.11.2012



CHAPTER – 1 INTRODUCTION

- 1.1 In terms of the provisions contained in regulation 2.6 of the West Bengal Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2007 and amendment thereof (hereinafter referred to as the 'Tariff Regulations, 2007'), the generating companies or the licensees, as the case may be, were subject to an Annual Performance Review (in short 'APR'). The West Bengal Electricity Regulatory Commission (hereinafter referred to as the 'Commission') introduced Multi Year Tariff (in short 'MYT) procedure and as such, APR aims at carrying out adjustments arising out of difference between the actual performances and projected performances under different factors/heads of accounts. Such adjustments were to be done in the manner as specified in the Tariff Regulations. Accordingly, the West Bengal Power Development Corporation Limited (hereinafter referred to as the 'WBPDCCL') submitted its application for the same on 30 November, 2010 for the financial year 2009 – 2010. It provided the requisite data / information in the specified proforma along with the copy of its audited annual accounts for the concerned year. The application was numbered as APR-23/10-11. WBPDCCL also submitted separate generating station-wise audited data in respect of Kolaghat, Bakreswar, Bandel, Santaldih and Sagardighi thermal power stations for the year 2009 – 2010.
- 1.2 WBPDCCL has submitted their application for Annual Performance Review for 2009-10 in terms of the provision contained in West Bengal Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2007, as amended. Since the West Bengal Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2007 (hereinafter referred as 'repealed Tariff Regulations') has been repealed and West Bengal Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2011, as amended (hereinafter referred to as Tariff Regulations) is now being operational, the instant application needs to be dealt with as per provisions of the Tariff Regulations.



- 1.3 The instant application of WBPDCCL is its second application for the APR of the second control period covering the years 2008 – 2009, 2009 – 2010 and 2010 – 2011. The adjustments, as were found necessary on review of the performances of earlier years were effected while determining the amounts recoverable through tariff in respect of its different generating stations during the years following the years of such review. Similarly, the adjustments as may arise out of the review of the instant application for 2009 – 2010 will be considered for giving effect while determining the amount of revenue recoverable through tariff order of concerned generating stations during the year 2011 – 2012 or any subsequent year or through a separate order as specified in regulation 2.6.6 of the Tariff Regulations.
- 1.4 APR is to cover the annual fixed costs and fixed charges that are to be allowed to the generating company along with incentive and gain sharing as allowable. For fixed cost determination under APR, the normative parameters, method of calculations and principles of calculation as had been followed in tariff order for the relevant year are considered.
- 1.5 WBPDCCL submitted their application for APR for the financial year 2009 – 2010 in respect of all the generating stations at Kolaghat, Bakreswar (Units I to V), Bandel, Sagardighi and Santaldih (Units I to IV and Unit V). In this context it is to mention that the fixation of tariff for Sagardighi Thermal Power Station, new units of Bakreswar Thermal Power Station Extension Units No. IV and V and new unit of Santaldih Thermal Power Station Extension Unit No. V have already been finalized vide Commission's order dated 30 December, 2011. The allowable expenses under different heads of fixed charges for above units were determined after considering the actual expenses as per audited accounts submitted by WBPDCCL at the time of fixation of the tariff of those units and no further reopening of the cases will be entertained by the Commission in this regard. The present order will be in respect of the existing units of Kolaghat, Bakreswar (Units I, II & III), Bandel and Santaldih (Units I to IV) of WBPDCCL.



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- 1.6 In terms of regulation 2.6.12 of the Tariff Regulations, 2011, WBPDCCL submitted a draft gist of the APR application at the time of submission of application for APR for the year 2009 – 2010. The application of APR of 2009 – 2010 of WBPDCCL submitted by WBPDCCL on 30.11.2010 was admitted by the Commission in case no. APR-23/10-11. The Commission also approved the gist of the APR application submitted by WBPDCCL. After admission of the application WBPDCCL was directed to publish the approved gist of the application in newspapers and also in their website. Accordingly, the gist of the application was published simultaneously in Times of India, Bartaman, Aajkaal and Dainik Biswamitra on 29th May, 2011 inviting objections and suggestions from all interested parties and members of the public. The gist was also posted in the website of WBPDCCL. A copy of the petition as mentioned above for the year 2009 – 2010 was also posted in the website of WBPDCCL. They were also offered opportunity for inspection of the application and to take certified copies in terms of the relevant provisions of West Bengal Electricity Regulatory Commission (Conduct of Business) Regulations, 2003 as amended and West Bengal Electricity Regulatory Commission (Fees) Regulations, 2003.
- 1.7 The last date of submission of objections and suggestions by the interested parties at the office of the Commission was 24th June, 2011.
- 1.8 Objections and suggestions on the application of WBPDCCL for APR in respect of the year 2009 – 2010 were received by the Commission from only one person, i.e., Hooghly Chamber of Commerce and Industries within the stipulated time i.e. 24th June, 2011. The said Objections and suggestions on the application, in question, have been dealt with in Chapter – 2.
- 1.9 In its instant application for APR in respect of the financial year 2009 – 2010, WBPDCCL brought out the following issues for the consideration of the Commission.



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- 1.9.1 During the year under review, there has been substantial under-recovery of capacity charges stated to be due to non-attainment of normative availability by all the units of WBPDCCL. The major reasons for such non-availability were ageing of the plants, forced outages due to tube-leakage / earth fault, low system demand and back down, inferior quality of coal supplied by M/s BCCL and M/s MCL. Besides, the units I, II, III and IV of Santaldih generating station were retired / decommissioned from active use during the year. WBPDCCL has requested the Commission to consider for allowing the capacity charge as incurred in order to avoid severe fund flow crisis which is directly related to debt-servicing of borrowings made for new projects.
- 1.9.2 WBPDCCL highlighted the considerable increase in employees' costs over the amounts as were allowed by the Commission in its tariff order for different generating stations in operation mainly due to revision of pay and allowances with effect from April, 2007 and for giving mandatory effect of adopting Accounting Standard (AS) – 15 (revised) issued by the Institute of Chartered Accountant of India (in short "AS-15") in regard to provisions for accumulated benefits to employees. The amounts allowed in the tariff order and as now being claimed for different generating stations, as per submission, had been shown as under. The amounts are inclusive of the centrally maintained expenses.

Rs. in Lakh

Generating Station	As per Tariff Order	As claimed in Application	%age of Increase
Kolaghat	4771.19	10495.79	120
Bakreswar (Units I, II and III)	1811.19	3783.66	109
Bandel	3131.29	5551.35	77
Santaldih (Units I to IV)	2321.08	2632.24	13
Total	12034.75	22463.04	87

- 1.9.3 In accordance with the transitional provisions of the AS-15, a total amount of Rs. 8433.90 lakh, being the additional liability towards employees' benefits up to the period 31 March, 2010 was stated to have been charged in the Profit & Loss Account for the year 2009 – 2010. WBPDCCL requested to allow the recovery of



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this amount through tariffs of different generating stations in operation. The station-wise break-up of the total amount so adjusted had been shown as under:

	Rs. in Lakh
Kolaghat	4059.42
Bakreswar (Units I, II and III)	1918.90
Bandel	1658.78
Santaldih (Units I to IV)	796.80
Total	8433.90

1.9.4 WBPDCCL also highlighted the considerable increase in the cost of coal and ash handling as well as in other fuel related costs in all the generating stations in operation. Such increase over the amounts so considered in the tariff order, was stated to be mainly due to payments of demurrage charges, revised to nearly by 6 times more and reduction in the free hours compared to earlier rates.

1.9.5 The payments of water cess and water charges at the enhanced rate to the respective statutory authorities for all the generating stations had also been highlighted with the request for consideration of recovery through positive adjustments.

1.10 WBPDCCL also clarified the reasons of deviations of actual expenditure under all other different heads of accounts with the provisions considered in the tariff order for the concerned year, i.e., 2009 – 2010. The effect of such deviations in the unit rate of fixed charges had been summarized as under:

Generating Station	Fixed Charges per Unit (Paise / kWh)	
	As per Tariff Order	As per Actual
Kolaghat	48.32	71.59
Bakreswar (Units I, II and III)	67.24	77.60
Bandel	42.45	68.67
Santaldih (Units I to IV)	60.18	194.86



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- 1.11 WBPDCCL provided the clarifications in regard to the compliance of different directives.
- 1.12 The Commission has taken careful note of the above representations made by WBPDCCL and the relevant issues will be addressed to and the views will be taken accordingly while examining the admissibility of expenses under different heads of accounts. It is, however, to clarify, at the outset that the APR aims at examining the admissibility of fixed charges on different accounts and ascertaining the amounts of appropriate adjustments in terms of the Commission's Tariff Regulations, 2011. Such examinations will be done with reference to the statements of ARR for the year 2011 – 2012 in respect of different generating stations. The issue relating to revising the amounts of fuel cost of different generating stations / units in operation will be dealt with while ascertaining the amount recoverable through tariff for those generating stations / units.
- 1.13 The Commission has already ascertained the total amount of variable cost that could be allowed to WBPDCCL in the year 2009 – 2010 vide Commission's order dated 30.08.2012 in Case no. FPPCA – 48 / 10 – 11. The instant order is, therefore, exclusively for ascertaining the allowable total amount of fixed charges for the year 2009 – 2010. The matter is being taken up in the next chapters.



CHAPTER – 2

Objections and suggestions against the application of APR for 2009-10 submitted by WBPDCCL

- 2.1 The stake holder from whom objections and suggestions on the application of APR for 2009 – 2010 of WBPDCCL have been received within the stipulated time is mentioned in Paragraph 1.15 of Chapter-1. The points of their objections and suggestions are summarized in subsequent paragraphs of this Chapter along with views of the Commission.
- 2.2 Hooghly Chamber of Commerce and Industries (HCCI) has submitted their objections and suggestions on the application of APR of WBPDCCL for 2009 – 2010. The objections submitted by HCCI are divided in two parts while in the first part some general issues have been raised by HCCI through an affidavit and in the second part they have submitted point wise objections and suggestions through explanation. Henceforth, while dealing in this order, the first part of the objections and suggestions will be referred to as 'affidavit' and the second part will be referred to as 'explanation'.
- 2.3 In paragraph 5 of the affidavit, HCCI submitted that the Commission is established to ensure transparency under section 86(3) of the Act while disclosing the tariff determination function in accordance with the mandatory procedure prevailed under section 64 of the Act. HCCI also submits that inherently Sections 64 and 86(3) warrants that the State Commission should grant hearing to any objector/ consumer before deciding upon the objections and determining tariff. According to HCCI, the principles of natural justice mandate that the hearing should be granted to the objector, who is one of the affected parties and that practice has been diligently and consistently followed by virtually every Appropriate Commission.



In the above context Commission in its earlier order on different tariff related orders has expressed the views time and again. Thus now Commission reiterates the views in short. The Commission feels that hearing for objections and suggestions is not mandated under Section 64 of the Act. The Section 64 speaks about hearing only in case of rejection of an application where it is stipulated that applicant of tariff application be given reasonable opportunity of being heard before rejection of his application. This is also mentioned as exceptional circumstances under provisions of Clause (b) of Sub-section 3 of Section 64. Accordingly, the Commission decides to consider only the suggestions/objections from the public as per Tariff Regulations. The Tariff Regulations framed under the provision of the Act has specifically provided receiving of such objections/suggestions from public in written form only. Thus on this issue Commission prefers to limit itself strictly within the provisions of the Act instead of considering other extraneous factors. Section 86 (3) of the Act in particular speaks of ensuring transparency while discharging its functions but not anything on point of hearing. Transparency in a process does not necessarily mean holding public hearing. It requires fairness and probity to be maintained in the decision making process. This objective is achieved once the objections and suggestions are duly considered and the decision of the Commission is indicated along with reasons. Thus for inviting suggestions and objections as per Section 64 of the Act, there is no requirement to hold a public hearing.

- 2.4 In paragraph 5(d) of the affidavit, HCCI claims that the prudent determination of tariff consistent with the statutorily prescribed criteria and the tariff policy are sacrosanct to the object of the Electricity Act, 2003. In this context, the Commission is of the view that it will follow its Tariff Regulations framed under the Act.

In the same paragraph, HCCI says that Section 64(1) and 64(3)(b) of the Act require that the licensee must file the application for determination of tariff in the



manner as specified under Regulations by the Hon'ble Commission in a timely fashion. In this context, it is to be noted that WBPDCCL has submitted its application of APR for 2009 – 2010 on 30th November, 2010 with all the related necessary information in a manner as provided in the Tariff Regulations. Regarding the applicability of different statute and tariff policy, the Commission will be guided by its own repealed Tariff Regulations or Tariff Regulations that was or is being framed after considering all such aspects through previous publications.

- 2.5 In paragraphs 6(a) and 6(b) of the affidavit, HCCI says that the general principles for filing the determination of APR are specified under Regulation 2.6 of the Tariff Regulations. According to HCCI, Regulation 2.6 (i) makes it abundantly clear that the applicant is required to file APR in the format of tariff petition. Regulation 2.6 (vii) specifically provides that Commission shall review an application of annual performance review in the same manner as done for original application for determination of ARR. Therefore, according to HCCI, the process of determination of APR is similar to determination of tariff and provision of section 64 will get attracted.

In this context, the Commission is of the view that according to Tariff Regulations, the licensee has to file their application seeking fixed cost, fixed charge and incentive as per Schedule-10 of the Tariff Regulation and effect of gain sharing as per Schedule – 9B. WBPDCCL has submitted their APR application seeking Annual Performance Review for the year 2009-10 supported with statutory audited annual accounts. According to the Tariff Regulations, the licensee is required to provide the related information only for APR as per format of tariff application limited to the period under review. For further clarification it is to be noted that under Regulation 2.6.8 of the Tariff Regulation it has been mentioned that the Commission shall review an application of APR for 2009-10 for the elements as mentioned in regulation 2.6.1 in the same manner as was



- done during determination of ARR of the ensuing year on the basis of the original tariff application subject to such deviation of such allowances as permitted under the Tariff Regulations based on the related information as per audited accounts which is required for APR of the year concerned. It is to be noted that such process of determination of APR is only limited to the elements of fixed charge and fixed cost in the same manner as followed for determination of ARR during the process of original tariff application in line with regulation 2.1.15 of the Tariff regulations. Other two elements i.e. incentive and gain sharing not being a part of the tariff application do not require to be compared between the manner to be followed in the determination of ARR in the original tariff application and that in APR.
- 2.6 HCCI has raised their objection in Paragraph 7 of the affidavit that the claims made by WBPDCCL are contrary to the provisions of the Act and Regulations and past orders/practice of the Commission and allowing these claims would amount to rewarding the inefficiencies of WBPDCCL. It is also mentioned by HCCI that WBPDCCL have made wrong computations and relevant factors have not been considered while making computations/claims by WBPDCCL. These objections raised by HCCI are not being duly supported by any evidence or any documents or any specific issues in respect of the objection on the basis of which the Commission can deal with such objection. In the said paragraph HCCI has not indicated which of the claims/computations of WBPDCCL are erroneous. Thus, the Commission finds no merit in dealing with this objection in the absence of details.
- 2.7 Issues raised in the affidavit and its explanation under the Annexure – A along with the views of the Commission are dealt hereunder:
- 2.7.1. In paragraph 7 of the affidavit, according to HCCI, the claim by WBPDCCL of new units and existing units is a muddling approach as ARR and capital cost determination is yet to be finalized by the Commission. Under Paragraph 2.1.2 to



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2.1.5 of the explanation, the objector HCCI has stated the petition for determination of capital cost of “newly commissioned stations” (viz. a) Bakreswar TPS Unit No. 4&5 (2x210 MW), b) Santaldih TPS Unit No. 5 (1x250MW) and c) Sagardighi TPS (2x300MW) hereinafter will be referred as the “Newly commissioned stations” and the rest units would be referred as the “existing stations”) are pending for approval from the Commission and in this context HCCI has requested the Commission to take up the matter for determination of APR of newly commissioned units only after their capital cost is determined since the APR of WBPDC can be determined only when the capital cost is finalized.

In this regard, it is to be mentioned that the Commission in the tariff order dated 30.12.2011 in respect of ‘newly commissioned stations’ approved the project cost of those stations. While approving the project cost, the Commission considered the audited data regarding capital expenditure upto 31.03.2010. Since WBPDC did not submit the details of the contract closure as required in terms of Tariff Regulations, the Commission approved project cost on provisional basis after deducting 5% from the original project cost as determined on the basis of audited expenditure as per provision of Tariff Regulations. The fixed costs on different heads were allowed on the basis of the project cost so approved in the tariff order dated 30.12.2011. In paragraph 8.4.2 of the above tariff order, it was stated that since the fixed cost under different heads are considered as per audited annual accounts and as per the project cost approved in the tariff order, no further consideration of fixed cost will be taken up in future for the year 2009 – 2010. Accordingly, the APR for the newly commissioned stations is excluded in this order as already stated in paragraph 1.4 of this order.

Capacity Charge:

2.7.2. In paragraph 11 of the affidavit, It is submitted by HCCI that until and unless the capital cost of the newly commissioned stations are approved by the



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Commission, the allowable components consequent to capital cost such as depreciation, interest on loan, return on equity etc. cannot be determined. Under Paragraph 2.2 of the explanation as well as in paragraph 14 of the affidavit, HCCI has mentioned that the recovery of capacity charge would be linked with the achievement of target availability e.g. at target availability, 100% capacity charges would be recoverable and in-case of actual availability lesser than the target availability, pro-rata capacity charges would be recoverable. In paragraph 15 of the affidavit and paragraph 2.2 of explanation, HCCI elaborated the issues. It is further stated by HCCI that normative target availability as set by the Commission is at relaxed levels vis-à-vis the industry benchmarks for stations namely Kolaghat, Bandel and Santaldih (2x120MW) TPS. HCCI has also mentioned that WBPDCCL has attributed certain frivolous reasons for the under-achievement of plant availability factors in their various plants. According to HCCI, points raised above are controllable factors and no relaxation in operating norms can be provided on the basis of the aforementioned reasons.

Regarding the suggestions for capacity charge to be allowed on the basis of achievement of target availability, the Commission will consider the same in the subsequent chapter in determination of allowable capacity charge as per provisions of Tariff Regulations. Regarding the comments of HCCI for setting norms in a relaxed way in the regulations related to tariff for different generating stations, it is stated that the Commission has framed the regulations related to tariff through previous publications and cannot be an issue to be dealt with in this order, as such dealing will contemplate to amendment of the said regulations. Normally, capacity charge is recovered on the basis of normative parameters by applying different provisions of regulations related to tariff and 'under performance' is not normally allowed to pass through if there is no compelling condition. In this instant order, the Commission feels that no such compelling conditions were prevailing during 2009 – 2010.



Fuel Charges/Truing up of Energy Charges:

2.7.3. HCCI has mentioned in paragraphs 16 & 17 of the affidavit as well as in paragraph 2.3.2 of explanation that truing up of both the components namely fixed costs(capacity charges) and variable costs (energy charges) are important since fuels costs constitute around 80-85% of the total ARR of WBPDCCL and WBPDCCL should submit the petition for fuel cost adjustment for the year 2009-10 instead of only submitting the petition for re-determining the capacity charges for the year 2009-10 and accordingly, HCCI may be allowed to have the opportunity to submit its comments and objections on such petition.

On this issue, the Commission likes to draw attention to the fact that as the billed amount of power sale by a generator consists of two components of energy charge and capacity charge separately thus truing up is being done in FPPCA and APR of the generating stations separately. The mechanism of submission and processing of Fuel Cost Adjustment (FCA) is specifically provided in the Tariff Regulations and accordingly application of such FCA is being dealt separately in a manner as is specified in the Tariff Regulations.

Fuel Related Expenses:

2.7.4. HCCI has raised their objection on the claim of WBPDCCL for other fuel related charges towards existing stations based on actuals and suggested to adopt the philosophy of restricting the other fuel related cost on the same principle as has been adopted in the APR for 2008 – 2009 order. The Commission in general is of the same view but where deviation is required it will be done on the basis of the merit of the case. In regard to the issue of fuel related expenses, HCCI reiterates the points that has already been discussed in para 2.7.1 of this order where the Commission's view is already recorded. Thus the issue is not dealt here again.



Employee Expenses:

2.7.5 In the matter of employee cost of newly commissioned stations, HCCI, under paragraph 2.5.1 of explanation says that APR for the newly commissioned stations cannot be finalized as per their contentions that has already been discussed in para 2.7.1 of this order where the Commission's view is already recorded. Thus the issue is not dealt here again.

2.7.6 HCCI under paragraphs 2.5.5 and 2.5.6 of the explanation submits that even though the tariff is being determined separately for the generating stations, WBPDCCL has not provided the break-up of the terminal benefit liabilities station wise. It is further stated by HCCI under paragraph 2.5.7 of the explanation that actual payment made by WBPDCCL on the ground of pay revision and AS-15 is significantly lower than what it has claimed in the APR petition for 2009-10 which entails that the aforementioned expenses though claimed in tariff by WBPDCCL have only been parked in a liability and no matching cash outflow has been made against such tariff recovery. In this context, HCCI under paragraph 2.5.9 of the explanation humbly requested that the Commission should consider the tariff shock under which the retail consumers have been subjected to in the last 2-3 years and retain the terminal benefit liabilities in a regulatory asset in order to relieve the consumer at large of such significant burden of such provision. Release of such regulatory asset should be linked with the actual payment of such arrears and liabilities. The Commission is of the view that unnecessary creation of regulatory asset will ultimately increase the tariff further in future due to carrying cost of such asset and thus it is better to avoid it as far as possible. It is also to be noted that WBPDCCL has given the break-up of employee cost showing the liability towards terminal benefit for each generating stations in their APR application for 2009 – 2010. Moreover, it is also to be taken into consideration that unless the liability of terminal benefit is passed through tariff, the amount pertaining to terminal benefit cannot be deposited in the respective



fund and thereby cannot be reflected in cash flow. Thus, the above objection and suggestion of HCCI has no merit.

Depreciation:

2.7.7 In the matter of the depreciation of the newly commissioned units, HCCI under paragraph 2.6.1 of the explanation states that APR for the newly commissioned stations cannot be finalized as per their contentions which has already been discussed in para 2.7.1 of this order where the Commission's view is already recorded. Thus the issue is not dealt here again. In paragraph 23 of the affidavit, HCCI states that the data filed in relation to ROE does not capture the additional capitalization as claimed for depreciation by WBPDCCL. On the claim of additional capitalization in APR for the year 2009-10, HCCI, under paragraph 2.6.3 of the explanation has pointed out a significant variation in the case of Kolaghat TPS and Bakreswar TPS. It is further mentioned that WBPDCCL in the data formats submitted along with the APR petition has submitted the details of additional capitalization of Rs. 4918.70 lakh for Kolaghat TPS, Rs. 1043.36 lakh for Bakreswar TPS, Rs.111.67 for Santaldih TPS and Rs.19.95 lakh for Bandel TPS in Form-B but in form 1.20(a) of the data formats pertaining to ROE, no capital expenditure has been reported and form 1.19 pertaining to Capital Expenditure has not been submitted by WBPDCCL. In this context, HCCI under paragraph 2.6.4 of the explanation states that the additional capitalization is allowable only in certain cases as per regulation 4.2 of Tariff Regulations and in this case approval of the Commission under the regulation was not obtained. It is further said that the prudent check and due diligence need to be undertaken to ascertain the admissibility of the additional capitalization and consequent depreciation. On the same issue under paragraph 23 of the affidavit and paragraph 2.6.6 of the explanation, reproducing the extract of the notes to Audited Accounts HCCI states that the amounts of additional capitalization claimed are not due to implementation of any capital expenditure schemes but are linked with some



other transfer entries of past years. HCCI under paragraph 2.6.7 of the explanation further submits that though the units 3 & 4 at Santaldih TPS were decommissioned, proportionate gross fixed asset balance was not reduced.

2.7.8. HCCI under paragraph 2.6.8 of the explanation prays to the Commission to adjudicate the matter of allowance of depreciation of existing stations by:

- a) Disallowing the ad-hoc additional capitalization and consequent depreciation since the same is not in line with Tariff Regulations,
- b) Considering the proportionate reduction in GFA balance due to decommissioning of units at Santaldih and
- c) Postpone the allowance of depreciation towards newly commissioned units till their capital cost is finalized.

The Commission gives its view regarding the points (a) and (b) above, in subsequent chapter while dealing with allowable amount of fixed charges. Regarding the point raised in (c) above, the Commission has already decided to exclude the APR for the newly commissioned stations. So this point is not being dealt here.

Reserve for unforeseen exigencies:

2.7.9. On the claim of Rs.1021.51 lakh for reserve for unforeseen exigencies attributable to the newly commissioned units by WBPDCCL in the APR petition for the year 2009-10, HCCI submits that the newly commissioned stations cannot be finalized as per the contentions that has already been discussed in para 2.7.1 of this order where the Commission's view is already recorded. Thus the issue is not dealt here again.



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2.7.10. In the matter of reserve for unforeseen exigencies of Rs. 2359.23 lakh attributable to the existing units as submitted by WBPDCCL in the APR petition for the year 2009-10, HCCI in paragraph 2.7.2 of the explanation has submitted that after perusal of Schedule-2, Reserves and Surplus of the audited accounts for the year 2009-10 of WBPDCCL, it is seen that against the claim towards reserve for unforeseen exigencies, the actual reserve created in 2009-10 is merely Rs.1486.17 lakh. Further paragraph 11 of the notes to Audited Accounts reveals that only Rs.1256.45 lakh has been appropriated out of the current year's profit towards reserve for unforeseen exigencies. Under the above situation HCCI in paragraph 2.7.4 of the explanation states that the situation above entails that the balance amount has been contributed by plough-back of interest earned on the term deposits earmarked as Investment against reserve for unforeseen exigencies which is also corroborated by paragraph 7 of the notes to audited accounts. In the same issue, HCCI under paragraph 2.7.5 of the explanation has stated that interests earned on term deposits earmarked as investment against reserve for unforeseen exigencies has not been added to the "Misc. other Income" head claimed in the ARR which are subtracted component of ARR and hence, the amount recoverable under reserve for unforeseen exigencies should be reduced by such aforementioned interest income since it is being ploughed back in the reserve itself.

2.7.11. Considering the above facts and discussions, HCCI under paragraph 2.7.5 of the explanation has established the eligible claim of Rs.1256.45 lakh only under reserve for unforeseen exigencies as confirmed by notes to audited accounts.

The Commission gives its views in subsequent chapter while dealing with the allowable fixed cost under different heads.



Return on Equity (ROE):

2.7.12. From paragraphs 2.8.5 to 2.8.15 of the explanation, HCCI elaborated their stand on different issues related to ROE. Summing up all the points of HCCI, the issues raised are as follows:

- a) APR for the newly commissioned units can only be finalized after their capital cost is determined by the Commission.
- b) Rate of return of 14% instead of prevailing 15.5% should be allowed only to WBPDCCL since its performance is below the normative level.
- c) Return has been claimed by WBPDCCL on account of old existing stations which are meant for new units.
- d) Return has been claimed by WBPDCCL on free reserves even though such amounts have not been expensed in any capital investment schemes.

In the context of above, the Commission's views are as follows:

- (i) The issue raised by HCCI as mentioned in paragraph (a) has been discussed in para 2.7.1 of this order where the Commission's view is already recorded. Thus the issue is not dealt here again.
- (ii) The suggestion of HCCI as mentioned in paragraph (b) is not acceptable to the Commission as the inefficient performance below normative level is being duly penalized by deduction in capacity charge (which include ROE) according to the Tariff Regulations.
- (iii) On the point raised by HCCI as mentioned in paragraph (c), the Commission will take a view in the next chapter while determining the fixed cost under different heads.



- (iv) In the context of the suggestion of HCCI as mentioned in paragraph (d), it is to be mentioned that the Commission allowed ROE to WBPDCCL in the APR for 2007 – 2008 and 2008 – 2009 as per provisions of the Tariff Regulations, 2007, as amended. Accordingly, the Commission considered Rs. 12.52 crore in equity base from free reserve @ 30% of the capital expenses transferred to asset during the year 2007 – 2008 and allowed ROE on that amount in the APR for the concerned year. In the APR for 2008 – 2009, the Commission did not consider any amount in the equity base from the free reserve as no asset was transferred from capital expenditure during the year.

Miscellaneous Other Income:

2.7.13. From paragraph 2.9.1 to 2.9.8 of the explanation HCCI has raised different issues related to the 'miscellaneous other income' which are depicted below:

- a) WBPDCCL has not considered Rs. 4758.95 lakh towards interest income on term deposit made out of investments required for the compliance of Accounting Standards-15 on "Employee Benefits" and Free Reserves. HCCI also suggests that while claiming the provision for terminal benefit liability under "Employee Expenses" WBPDCCL has not netted off such provision by the interest earned on term deposits with scheduled banks and has claimed the gross provision towards terminal liabilities under employee cost and while reducing the ARR by 'Misc. Other Incomes' it has not considered the interest income earned on the investments held towards funds earmarked for terminal benefit liabilities.
- b) WBPDCCL has also not considered Rs.3259.69 lakh towards reversal of excess provision of Demurrage Charges in respect of KTPS for 2008-09 not admitted by the Commission in its order dated 26.07.2010 for APR for the year 2008-09.



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- c) Due weightage has not been given by WBPDCCL to the fact the lineage of the investment funds is directly linked with the existing stations and not with the newly commissioned stations and so other income should only be attributable to the existing stations until the capital cost and tariff is determined for the newly commissioned stations.

In the above context, the Commission's views are as follows:

- (i) The issue raised by HCCI as mentioned in paragraph a) above is not in line with Tariff Regulations since the interest earned from such fund will be reinvested again to the same fund in accordance to the Tariff Regulations. The free reserve is generated from the profit of the company and thus it cannot be used as other income. For the same reason this reserve does not accrue any ROE unless it is capitalized. Thus the suggestions of HCCI in this regard are not accepted.
- (ii) In the ARR order for 2008 – 2009, the Commission admitted the fuel related cost including demurrage charges for transportation of fuel in respect of Kolaghat Thermal Power Station during 2008 – 2009 with reference to actual generation but restricted to expenditure allowed in the tariff order. The admitted amount of fuel related cost in respect of Kolaghat TPS for 2008 – 2009 was Rs. 1260.00 lakh. The excess provision of demurrage charges of Rs. 3259.69 lakh in respect of Kolaghat TPS for 2008 – 2009, now reversed back, had not been passed through in the APR for 2008 – 2009, the same cannot be considered in the income of WBPDCCL for 2010 – 2011 as claimed by HCCI.
- (iii) The issue raised by HCCI as mentioned in paragraph (c) has already been discussed in para 2.7.1 of this order where the Commission's view is already recorded. Thus the issue is not dealt here again.



2.8 Revenue Truing Up:

2.8.1 Under paragraph 40 of the affidavit, HCCI states that the Commission has not conducted a revenue side truing up in the past APR order. However, HCCI submits that the revenue side truing up is an integral part of the APR and has been regularly carried out by several regulators across the country. In view of the same, HCCI prays before the Commission to undertake revenue side truing up for WBPDCCL also.

2.8.2 In this regard, the Commission states that as per Tariff Regulations revenue side truing up is done as because the gap between the revenue recovered as per audited accounts and the corresponding admissible amount of fixed costs as determined in APR and variable cost as admitted in the FPPCA order, if any, are recovered or refunded as per regulation 2.6.6 of the Tariff Regulations. Here the revenue recovered stands for revenue realized in terms of billed amount in accordance with the tariff order and as per the order for any Adhoc Power Purchase Cost/ Adhoc Fuel Cost/Adhoc Generation Cost/ Adhoc Variable Cost/Monthly Fuel Cost/Monthly Variable Cost of the year for which APR is undertaken. Thus revenue side truing up has been done based on revenue recovered as per Audited Accounts for capacity charge and energy charge separately through APR and FPPCA respectively and thus satisfies the requirement of the Tariff Regulations.



CHAPTER – 3 FIXED CHARGES

3.1 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 are caused by the factors beyond the control of the generating company or the licensee. The amounts of actual expenses / charges under such different heads of accounts are, therefore, to be considered on prudent check for carrying out positive or negative adjustments, as the case may be. On the contrary, in case of controllable head of expenses, the applicant is supposed to contain the expenditure within the total amount so allowed and in case of any savings located under controllable head it will go to their account. The review of each of such controllable and uncontrollable heads of fixed charges with reference to the amounts allowed through tariff and the actuals based on audited accounts of WBPDCCL is being taken up hereunder one by one.

3.2 **Employee Cost:**

3.2.1 The employees' cost is an element of uncontrollable fixed charges subject to the norms of Man/MW ratio specified by the Commission in Schedule – 9A of the Tariff Regulations. As per information provided by WBPDCCL in the prescribed Form No. 1.12, the total number of employees in each operating generating station under review is found within the specified Man/MW ratio and, therefore, cost incurred thereon is considered uncontrollable. Employees cost includes mainly salary and wages, contribution to funds for welfare expenses viz. medical expenses and centrally maintained employees cost apportioned to the generating stations. The total employees' cost considered in the Tariff Order for each of the generating stations for the year 2009 – 2010 and the same as per audited accounts vis-à-vis actual increase with reason thereof based upon the data submitted by WBPDCCL are found as under:



Order on APR of WBPDC for the year 2009-10

Rs. in Lakh

Sl. No.	Generating Station	As per Tariff Order	Actual	Increase	%age of increase
1	Kolaghat	4771.19	10495.79	5724.60	120
2	Bakreswar (Units I, II and III)	1811.19	3783.66	1972.47	109
3	Bandel	3131.29	5551.35	2420.06	77
4	Santalidih (Units I to IV)	2321.08	2632.24	311.16	13
	Total	12034.75	22463.04	10428.29	87%

3.2.2 As seen from above, there had been an overall increase of 87% in the employees' cost in the generating stations over the amounts considered in the Tariff Order. On scrutiny, it is found that WBPDC has revised its pay structure with effect from 1 April, 2007 and considered the same and also recognized "employees benefits" under the requirement of AS - 15 in the Profit and Loss Accounts for the year 2009 - 2010.

3.2.3 It is observed from the above analysis that the employees' cost of WBPDC for its generating stations comes to Rs. 14029.14 lakh (Rs. 22463.04 lakh – Rs. 8433.90 lakh) compared to Rs. 12034.75 lakh provided in the tariff order for 2009 – 2010 i.e., an increase of 16.57%. As also elaborated above, such increase has also been due to implementation of Revision of Pay and Allowance (in short 'ROPA') which constitute 17% of the overall increase and appears to be reasonable. Since the employees' cost is uncontrollable in nature, the Commission decides to admit the actual expenditure of employee cost of Rs. 22463.04 lakh in APR for 2009 – 2010 with the direction that the amount admitted towards "employees benefits" under the requirement of AS – 15 is to be invested in creating planned asset to take care of the above and is to be disclosed in the annual accounts. WBPDC is further directed to create a separate fund for this purpose. Any income from investment from such fund shall be reinvested in the same fund. Any amount allowed by the Commission on account of terminal benefit in future shall be invested in the said fund only. However, any deviation in this regard will not be allowed by the Commission.



Order on APR of WBPDCCL for the year 2009-10

3.2.4 The station wise allocation of the employees' cost is as below:

Rs. in Lakh

Sl. No.	Generating Station	Actual cost for 2009 - 2010	Amount admitted in APR for 2009 - 2010
1	Kolaghat	10495.79	10495.79
2	Bakreswar (Units I, II & III)	3783.66	3783.66
3	Bandel	5551.35	5551.35
4	Santaldih (Units I to IV)	2632.24	2632.24
	Total	22463.04	22463.04

3.3 Water Charges:

3.3.1 The actual amount of total expenditure incurred by WBPDCCL under this uncontrollable head of accounts was found Rs. 253.51 lakh as per audited accounts as against Rs. 250.00 lakh allowed in the tariff for the concerned year as per table given below:

Rs. in Lakh

Sl. No.	Generating Station	As per Tariff Order	Actual
1	Kolaghat	30.00	6.68
2	Bakreswar (Units I, II and III)	5.00	19.48
3	Bandel	172.00	154.53
4	Santaldih (Units I to IV)	43.00	72.82
	Total	250.00	253.51

3.3.2 The water charges are categorized as uncontrollable. The Commission observed that during 2009 – 2010, the actual generation fell short of target generation in respect of all other generating stations, particularly Santaldih (Units I to IV), where two units were decommissioned during the year. But, the expenditures towards water charges have increased in all such generating stations except Kolaghat and Bandel compared to the amounts as provided in the tariff order. There is no indication of increase in rates of water charges meanwhile. The Commission decides to view the amount claimed with reference to the targets set for generation and actual generation as highlighted hereunder:



Order on APR of WBPDC for the year 2009-10

Rs. in Lakh

Generating Station	Target Generation (MU)	Exp. as per tariff order	Actual Generation (MU)	Expenses Proportionate to Actual Generation	Actual Expenses	Exp admitted in APR for 2009-10
Kolaghat	7947.072	30.00	7351.616	27.75	6.68	6.68
Bakreswar (Units I, II & III)	4415.040	5.00	4296.446	4.87	19.48	5.00
Bandel	2404.620	172.00	2006.307	143.51	154.53	154.53
Santaldih (Units I to IV)	1497.969	43.00	365.795	10.50	72.82	43.00
Total	16264.701	250.00	14020.164	186.63	253.51	209.21

3.3.3 The Commission decides to admit the actual expenses incurred in respect of Kolaghat and Bandel generating stations and the amounts allowed in the tariff order for 2009 – 2010 in respect of Bakreswar (Units I, II & III) and Santaldih (Unit I to IV) generating stations, since their actual expenses are even much higher than the proportionate expenditure with reference to the actual generation aggregating Rs. 209.21 lakh towards water charges in APR for 2009 – 2010.

3.4 Coal, Ash Handling and Fuel Related Cost:

3.4.1 WBPDC has asked for adjustments, on fuel related cost viz. ash evacuation cost, railway staff cost posted at generating stations and demurrage paid, through the instant application of APR. The amounts of such costs, as were considered in the relevant tariff order and the actual expenditures for different generating stations are found as under:

Rs. in Lakh

Sl. No.	Generating Station	As per Tariff Order	Actual
1	Kolaghat	1323.00	2065.64
2	Bakreswar (Units I, II and III)	165.00	276.11
3	Bandel	603.00	665.99
4	Santaldih (Units I to IV)	231.85	74.75
	Total	2322.85	3082.49



Order on APR of WBPDCCL for the year 2009-10

- 3.4.2 The considerable variations in the actual expenditures, specially in case of Kolaghat revealed from the above, were, as per WBPDCCL, due to payments towards demurrage charges, payable to railways primarily due to steep hike in rates to nearly 6 times and also owing to reduction in the free hours compared to earlier period. WBPDCCL has further stated that unloading facility at Kolaghat is almost beyond improvement because of space constraint and thus demurrage charges are unavoidable.
- 3.4.3 The Commission carefully considered this aspect. The Commission also considered the actual generation with respect to target generation and decides to view the amount claimed with reference to the target set for generation and actual generation. The quantum of actual generation achieved during 2009 – 2010 at the stated generating stations of WBPDCCL is compared with the target generation based on normative PLF specified in the tariff regulations to arrive at proportionate expenses allowable.

Rs. in Lakh

Generating Station	Target Generation (MU)	Exp. as per tariff order	Actual Generation (MU)	Expenses Proportionate to Actual Generation	Actual Expenses	Exp admitted in APR for 2009-10
Kolaghat	7947.072	1323.00	7351.616	1223.87	2065.64	1223.87
Bakreswar (Units I, II & III)	4415.040	165.00	4296.446	160.57	276.11	160.57
Bandel	2404.620	603.00	2006.307	503.12	665.99	503.12
Santalalih (Units I to IV)	1497.969	231.85	365.795	56.62	74.75	56.62
Total	16264.701	2322.85	14020.164	1944.18	3082.49	1944.18

- 3.4.4 As observed from the above, the actual quantum of generation considerably fell short of the target generation set for Kolaghat, Bakreswar (Units I, II & III) and Bandel stations, whereas, actual expenses under the head exceeded the amounts as allowed in the tariff order. WBPDCCL justified in their petition such excess expenditure towards exorbitant amounts paid as demurrage charges to Indian Railways and poor quality of coal with high ash content received from the



supplier. However, they did not submit their claim for demurrage charges paid separately with specific quantification as required at Form 1.12 in the Tariff Regulations and the related documents with regard to their claim, in absence of which, the Commission decides to restrict the expenditures made under the head of expenses to the amounts proportionate to the actual generations irrespective of the amount of actual expenses. Regarding Santaldih (Units I to IV) generating station, though the actual expenses under the head is less than the amount admitted in the tariff order, but it is seen that actual generation fell short of target generation by more than 75%. Out of their four units, two units were fully decommissioned during the year and the other two units were also partially operational during the year. The Commission also decides to admit the amount of expenses proportionate to the actual generation irrespective of the amount of actual expense.

3.5 Interest on Borrowed Capital:

3.5.1 The amount of interest on borrowed capital for Kolaghat and Bakreswar (Units I, II & III) generating stations as allowed to WBPDC through tariff for the concerned year vis-à-vis amounts claimed at actuals during the year 2009 – 2010 are as under:

Rs. in Lakh

Generating Station	Amount allowed in Tariff Order	Amount claimed in APR
Kolaghat	50.74	45.84
Bakreswar (Units I, II & III)	3485.47	3653.69
Total	3536.21	3699.53

3.5.2 There was no capital borrowing for Bandel and Santaldih (Units I to IV) generating stations. WBPDC submitted the computations in prescribed proforma for the amounts of interest actually paid and the same is claimed for



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Kolaghat and Bakreswar in the application for APR for 2009 – 2010 and the Commission found the same in order and admits their claim.

3.5.3 The amount of interest on borrowed capital for Bakreswar (Units I, II & III), i.e., Rs. 3653.69 lakh, is inclusive of an amount of Rs. 1056.65 lakh pertaining to the construction of associated transmission system. As the transmission system is being operated by West Bengal State Electricity Transmission Company Limited (in short “WBSETCL”), WBPDCCL was ordered to recover the said amount from that company, vide paragraph 6.8.2 of the order dated 26 September, 2008 of the Commission in Case No. TP-39/08-09. The amount stands recoverable from WBSETCL.

3.5.4 The Commission, thus, decides to allow the interest towards borrowed capital for the respective generating stations in the APR for 2009 – 2010 as below:

Rs. in Lakh

Sl. No.	Generating Station	Amount admitted in APR for 2009 – 10
1	Kolaghat	45.84
2	Bakreswar (Units I, II & III)	3653.69
	Total	3699.53

3.6 Interest on Working Capital:

3.6.1 The Commission did not allow in its tariff order for the year 2009 – 2010 any amount towards interest on working capital for any of the generating stations of WBPDCCL. In actual, WBPDCCL needed to take working capital loans from the nationalized banks on payment of interest rates varying from 8.25% to 9.00% per annum. This rate is lower than the Prime Lending Rate (PLR) of the State Bank of India as on 1 April, 2008 (12.25%). However, WBPDCCL did not furnish date wise details of working capital drawn, vis-à-vis rate of interest, in the absence of which the weighted average rate of interest could not be determined. The Commission considers to take a conservative view and to consider the rate of



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interest at minimum of the above range of interest availed by WBPDCCL, i.e. 8.25% per annum. Now, in terms of regulation 4.6.5.1 of the Tariff Regulations, the Commission proceeds to determine the normative amount of interest on working capital as under:

Rs. in Lakh

Sl. No.	Particulars	Kolaghat	Bakreswar (I,II & III)	Bandel	Santaldih (I to IV)
1	Annual Fixed Charges for 2009-10	46576.84	33234.42	12185.91	8116.44
2	Fuel Cost for 2009 - 2010	126683.01	64745.18	37423.42	5865.99
3	Total	173259.85	97979.60	49609.33	13982.43
4	Less:				
	i) Depreciation	3305.68	11923.89	202.88	268.58
	ii) Advance against Depreciation	-	-	-	-
	iii) Deferred Rev. Expenditure	-	-	-	-
	iv) Return on Equity	15734.11	11923.52	1027.00	431.73
	v) Bad Debt	-	-	-	-
	vi) Reserve for Unforeseen Expenses	429.52	799.54	56.32	52.34
	vii) Special appropriation against withheld amount	-	-	-	-
5	Allowable fixed charges for working capital (3-4)	153790.54	73332.65	48323.13	13229.78
6	Allowable Working Capital (18% of 5)	27682.30	13199.88	8698.16	2381.36
7	Interest on Working Capital (@ 8.25% on 6)	2283.79	1088.99	717.60	196.46
8	Actual interest paid	465.02	232.51	166.08	88.57
9	Interest on Working Capital admitted	465.02	232.51	166.08	88.57

3.6.2 It is observed from the above table that the actual interest as working capital paid by WBPDCCL during the year is less than the normative amount of interest and the Commission admits the actual interest paid by WBPDCCL for all the generating stations. WBPDCCL is directed that henceforth they should furnish the details of working capital loan drawn from the banks, period of loan vis-à-vis rate and amount of interest paid, etc. in order to take a reasonable/justified view by the Commission so far as the weighted average rate of actual interest is concerned.



3.7 Other Finance Charges:

3.7.1 In the tariff order for the year 2009 – 2010, other finance charges were allowed to the tune of Rs. 70.00 lakh only for Kolaghat generating station. Such charges were towards Guarantee Fees payable to the Government of West Bengal against the earlier borrowings made from the Power Finance Corporation. As the amount of borrowings are gradually repaid, the payment of Guarantee Fees during the year came to Rs. 6.49 lakh only and the same amount is being admitted in APR for the year 2009 - 2010. No amount is found allowable on this account in respect of other generating stations of WBPDCCL during 2009 – 2010.

3.8 Depreciation:

3.8.1 The amounts of depreciation allowed for its different generating stations in the Tariff Order and as charged to the books of accounts, are shown as under:

Rs. in Lakh

Generating Station	Amount allowed in Tariff Order	Actual amount charged in P&L A/c
Kolaghat	1143.00	3305.68
Bakreswar (Units I, II & III)	10781.00	11923.89
Bandel	179.00	202.88
Santalidih (Units I to IV)	265.00	268.58
Total	12368.00	15701.03

3.8.2 WBPDCCL was directed to provide depreciation for any addition / deduction of fixed assets during the year in terms of regulation 4.6.2 (vi) of the Tariff Regulations instead of providing depreciation only on the value of fixed assets in existence at the beginning of the year. WBPDCCL submitted that such directives of the Commission have been duly complied with and hence their claim of amount of depreciation increased in comparison to the amount allowed in the Tariff Order for the year 2009 – 2010.



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- 3.8.3 It has been observed that the cost of fixed assets of corporate office has been allocated to Kolaghat generating station only since the fixed assets of corporate office are merged with the above generating station and segregation of the same is not possible at this point of time. However, the Commission directs that henceforth any cost of fixed assets created / added in respect of corporate office be allocated amongst all the generating stations justifiably and depreciation will be charged accordingly.
- 3.8.4 Units 3 & 4 of Santaldih generating station were decommissioned on 20.01.2009 and 07.10.2008 respectively and remained totally inoperative during the year 2009 – 2010. Units 1 & 2 of the above generating station remained physically retired from 18.11.2009 and 04.10.2009 respectively and being partially available during 2009 – 2010. These two units were also decommissioned with effect from 01.04.2010.
- 3.8.5 From item no. B(4) of notes on Accounts of Schedule 13 of the audited accounts for the year 2009 – 2010, it reveals that consequent to decommissioning of units 3 & 4 of Santaldih generating station, the said units with a written down value of Rs. 471.15 lakh were not in use during the year 2009 – 2010. It also reveals from item 3(b) of the significant accounting policies of schedule 13 to the audited accounts that depreciation has been provided in respect of assets added / or deducted during the year in straight line method on pro-rata basis in terms of Tariff Regulations.
- 3.8.6 In the context of what is stated in the foregoing paragraphs and in view of observations in audited accounts, as aforesaid, the Commission decides to go by the amounts of depreciation as charged in the books of accounts of WBPDCCL in respect of all the generating stations for the year 2009 – 2010 as given below. WBPDCCL is to take a note that no further depreciation will be allowed by the Commission in respect of Santaldih for the units I to IV.



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Rs. in Lakh

Sl. No.	Generating Station	Amount admitted in APR for 2009 – 10
1	Kolaghat	3305.68
2	Bakreswar (Units I, II & III)	11923.89
4	Bandel	202.88
5	Santaldih (Units I to IV)	268.58
	Total	15701.03

3.8.7 The amount of depreciation so admitted for the Bakreswar Thermal Power Stations includes an amount of Rs. 1679.64 lakh pertaining to the transmission system associated to that station. As that system is being operated by WBSETCL, the amount of depreciation was ordered to be recovered from that company. The amount recoverable from WBSETCL remained unchanged and no adjustments in that regard is found required.

3.9 **Reserve for Unforeseen Exigencies:**

3.9.1 In terms of regulation 4.11.1 of the Tariff Regulations, an appropriation towards Reserve for Unforeseen Exigencies is allowable @ 0.25% of the gross value of fixed assets at the beginning of the year. Accordingly, the amount already allowed in the tariff order for the year 2009 – 2010 vis-à-vis the admissible amount in APR 2009 – 2010 work out as under:

Rs. in Lakh

Generating Station	Actual cost of gross block	Amount provided in Tariff Order	Amount admitted in APR for 2009 – 2010
Kolaghat	171807.88	418.45	429.52
Bakreswar (Units I, II & III)	319814.16	730.00	799.54
Bandel	22528.02	56.00	56.32
Santaldih (Units I to IV)	20936.83	52.00	52.34
Total	535086.89	1256.45	1337.72

3.9.2 WBPDCCL was admitted the following amounts towards reserve for unforeseen exigencies in the APR order of the following years for its generating stations as per the table below:



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Rs. in Lakh

Admitted in APR for the year	Generating Station				Total
	Kolaghat	Bakreswar (Units I, II & III)	Bandel	Santalidih (Units I to IV)	
2006 – 2007	415.77	729.03	54.38	50.42	1249.60
2007 – 2008	418.45	730.02	55.95	52.29	1256.71
2008 – 2009	428.24	730.28	56.02	52.30	1266.84
2009 – 2010	429.52	799.54	56.32	52.34	1337.72
Total	1691.98	2988.87	222.67	207.35	5110.87

- 3.9.3 It is evident from schedule 2 – Reserve & Surplus – that WBPDC has created a reserve for unforeseen exigencies amounting to Rs. 5373.97 lakh upto the end of 2009 – 2010. WBPDC has confirmed in their application for APR 2009 – 2010 that term deposits have been opened with IDBI Bank Limited and the Canara Bank. WBPDC has further intimated that the investment for reserve for unforeseen exigencies as on 31.03.2010 stands Rs. 5373.97 lakh in their books of accounts.
- 3.9.4 In terms of regulation 4.24.1 of the Tariff Regulations, the sum appropriated to the reserve for unforeseen exigencies shall be invested separately in the manner as specified therein. The interest accrued from such investment shall be reinvested under the same reserve and shall be maintained separately under separate head of accounts. WBPDC is directed to invest the amount of Rs. 1337.72 lakh admitted in the APR for 2009 – 2010 along with amount admitted in APR for 2006 – 2007, 2007 – 2008 and 2008 – 2009 in this reserve in terms of regulation 4.24.1 of the Tariff Regulations and a separate disclosure of its investment shall be made in its audited accounts. An audited certificate to the effect that the amount accumulated under this head till date has been invested in the manner as per regulation 4.24.1 showing therein details of such investment along with the investment of the interest accrued so far may be submitted along with the claim of reserve for unforeseen exigencies henceforth.



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3.9.5 Regulation 4.11.2 of the Tariff Regulations provides that for failure to comply with the provisions of the regulation 4.11.1 and 4.24.1, double the amount allowed under the head reserve for unforeseen exigencies in any tariff order of a year shall be withheld from the re-determined ARR during APR for any year.

3.10 Return on Equity Base:

3.10.1 The returns on Equity for different operating generating stations of WBDCL, as were considered in the tariff order for the year 2009 – 2010 and as now being claimed by it are as under:

Rs. in Lakh

Sl. No.	Generating Station	As per Tariff Order	As claimed
1	Kolaghat	17013.00	12916.39
2	Bakreswar (Units I, II and III)	10768.00	11921.38
4	Bandel	1261.00	878.10
5	Santaldih (Units I to IV)	1096.00	1213.45
	Total	30138.00	26929.32

3.10.2 Paid-up Equity Shares:

The paid-up equity shares in respect of different generating stations at the beginning of 2009 – 2010 as per audited accounts are –

Rs. in Lakh

Sl. No.	Generating Station	Amount of Share Capital at the beginning of 2009-10
1	Kolaghat	83329.40
2	Bakreswar (Units I, II and III)	76910.14
4	Bandel	5665.00
5	Santaldih (Units I to IV)	7828.00
	Total	173732.54

3.10.2.1 The units 3 & 4 of Santaldih generating station were decommissioned on 20.01.2009 and 07.10.2008 respectively and were inoperative entirely during



2009 – 2010. The value of equity for the remaining units 1 & 2 for the purpose of return as stated in regulation 4.6.1.7 read with regulation 4.6.1.5, shall be determined considering the value of equity of the inoperative units derived as under:

$$E_{\text{unit}} = \frac{E_{\text{tot}} \times IO_{\text{unit}} \times (0.9085)^{A_{\text{unit}}}}{\sum [IC_{\text{unit}} \times (0.9085)^{A_{\text{unit}n}}]}$$

Where,

E_{unit} = Deemed Equity of inoperative unit under consideration.

E_{tot} = Actual Equity against the concerned generating station.

A_{unit} = Age difference of the latest unit and the concerned inoperative unit.

IC_{unit} = Installed capacity of the inoperative unit under consideration.

IO_{unit} = Installed capacity of the inoperative nth unit of the station

$\sum IC_{\text{unit}}$ = Summation of the installed capacity of the generating station i.e. total installed capacity of the concerned generating stations.

$A_{\text{unit}n}$ = Age difference of the latest unit and the nth unit in completed years

3.10.2.2 Date of commercial operations of the four units of STPS are as follows:

Unit – 1 – 01.01.1974

Unit – 2 – 16.07.1975

Unit – 3 – 6.12.1978



Unit – 4 – 30.03.1981

A_{unit1} = Age different of unit 1 and latest unit in completed years. = 7 years

A_{unit2} = Age different of unit 2 and latest unit in completed years. = 5 years

A_{unit3} = Age different of unit 3 and latest unit in completed years. = 2 years

A_{unit4} = Age different of unit 4 and latest unit in completed years. = 0 years

$$\begin{aligned} \Sigma [IC_{\text{unit}} \times (0.9085)^{A_{\text{unitn}}}] &= 120 \times (0.9085)^7 + 120 \times (0.9085)^5 + 120 \times (0.9085)^2 + 120 \times (0.9085)^0 \\ &= 354.60 \end{aligned}$$

$$\begin{aligned} \text{Deemed equity for unit 3 (E}_{\text{unit}}) &= \{(Rs. 7828 \text{ lakh} \times 120)/354.60\} \times (0.9085)^2 \\ &= Rs. 1639.77 \text{ lakh} \end{aligned}$$

$$\begin{aligned} \text{Deemed equity for unit 4 (E}_{\text{unit}}) &= \{(Rs. 7828 \text{ lakh} \times 120)/354.60\} \times (0.9085)^0 \\ &= Rs. 2649.07 \text{ lakh} \end{aligned}$$

Therefore, equity for the remaining units 1 & 2 = Rs. 7828.00 lakh – (Rs. 1639.77 lakh + Rs. 2649.07 lakh) = Rs. 3539.16 lakh

3.10.3 Reserves and Surplus:

3.10.3.1 WBPDCCL was having a net balance of Rs. 69238.47 lakh at beginning of the year 2009 – 2010 as free reserve as per audited accounts. An adjustment of the negative balances of Santaldih generating station (Units I to IV) for Rs. 30043.52 lakh is made by allocating the same in the ratio of positive balances available against other generating stations and the position of free reserve at the beginning of 2009 – 2010 has been determined in the paragraphs as below.

3.10.3.2 Further, the net balance of admissible free reserve at the end of the year 2009 – 2010 worked out at Rs. 4959.01 lakh. The negative balance of Bakreswar and Santaldih (Units I to IV) are absorbed and allocated in the ratio of positive balance of other two generating stations and the position of free reserves are also shown as below:



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Rs. in Lakh

Admitted in APR for the year	Generating Station				Total
	Kolaghat	Bakreswar (Units I,II & III)	Bandel	Santaldih (Units I to IV)	
Free Reserve as on 01.04.2009 as per Audited Accounts 2009-10	83087.13	9760.63	6434.23	(-)30043.52	69238.47
Balance after absorbing the negative balance of Santaldih (Units I to IV)	57944.31	6806.99	4487.18	-	69238.47
Admissible free reserve at the end of the year 2009 – 2010	31566.79	(-)19159.70	1078.76	(-)8526.84	4959.01
Admissible free reserve at the end of the year 2009 - 2010 after absorbing the negative balance of Bakreswar (Units I, II & III) Santaldih (Units I to IV)	4795.14	-	163.87	-	4959.01

3.10.4 In view of what has been explained in the foregoing paragraphs, the admitted return on equity for the year 2009 – 2010 is thus arrived, following the methodology specified in Form 1.20(a) of Annexure 1 of the Tariff Regulations and are shown hereunder. The Commission decides to admit the same in APR for 2009 – 2010:

Rs. in Lakh

SI No	Particulars	Generating Station				Total
		Kolaghat	Bakreswar (Units I,II & IV)	Bandel	Santaldih (Units I to IV)	
1	Actual Equity Base (Opening)					
	(a) Share Capital	83329.40	76910.14	5665.00	7828.00	173732.54
	(b) Free Reserve (vide paragraph 3.10.3.2)	57944.31	6806.99	4487.18	-	69238.47
	Actual equity base at the beginning of the year [(a)+(b)]	141273.71	83717.13	10152.18	7828.00	242971.01
2	Admissible Equity Base (Opening)					
	(a) Share Capital	83329.40	76910.14	5665.00	7828.00	173732.54
	(b) Free Reserve	31566.79	31.56	1757.79	(-)6660.75	26695.39
	Admissible equity base at the beginning of the year 2009 – 2010 [(a)+(b)]	114896.19	76941.70	7422.79	1167.25	200427.93
3	Actual addition to equity base during the year	12890.26	(19191.26)	(679.03)	(1866.09)	(8846.12)
4	Actual Equity Base (Closing) (1+3)					
	(a) Share Capital	83329.40	76910.14	5665.00	7828.00	173732.54
	(b) Free Reserve	70834.57	(12384.27)	3808.15	(1866.09)	60392.36
	Actual equity base at the end of the year [(a)+(b)]	154163.97	64525.87	9473.15	5961.91	234124.90
5	Net Addition to the original cost of fixed assets during the year	-	-	-	-	-
6	Normative addition to equity base (30% of 5)	-	-	-	-	-
7	Addition to equity base considered for the year (lower of 3 and 6)	-	(19191.26)	(679.03)	(1866.09)	(21736.38)



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	Admissible Equity Base (Closing) (2+7)					
8	(a) Share Capital	83329.40	76910.14	5665.00	7828.00	173732.54
	(b) Free Reserve (vide paragraph 3.10.3.2)	4795.14	-	163.87	-	4959.01
	Equity base considered at the end of the year [(a)+(b)]	88124.54	76910.14	5828.87	7828.00	178691.55
9	Revised equity base at the end of the year considering inoperative units of Santaldih (vide paragraph 3.10.2.2)	88124.54	76910.14	5828.87	3539.16	174402.71
10	Average equity base for allowing returns (2+9)/2	101510.37	76925.92	6625.83	2353.21	187415.33
11	Excess of actual closing equity base over admitted closing equity base for the purpose of computation of ROE (4-9)	66039.43	(12384.27)	3644.28	2422.75	
12	Return on Equity in %	15.50	15.50	15.50	15.50	-
13	Return on Equity admitted in APR for 2009 - 2010	15734.11	11923.52	1027.00	364.75	29049.38

3.10.5 The amount of return for Bakreswar Thermal Power Station (Units I, II & III), as computed above includes Rs. 928.65 lakh for each year pertaining to Transmission system @ 14% on equity capital of Rs. 5991.14 lakh. This amount will not form part of the fixed charges for Bakreswar Power Station and will separately be recoverable from WBSETCL.

3.11 Taxes payable under Income Tax Act:

3.11.1 It is evident from the audited accounts that the incidence of income tax of WBPDCCL for the year 2009 – 2010 was for Rs. 478.15 lakh.

3.11.2 WBPDCCL incurred losses in the books of accounts of Bakreswar (Units I, II & III), Bandel, Santaldih (Units I to IV) and newly commissioned unit V of Santaldih and Sagardighi Thermal Power Stations and as such, taxes payable towards profits and incomes were arrived at after netting of the amounts of losses in the aforesaid generating stations. The station-wise break-ups of the amount of Rs. 478.15 lakh in this regard were arrived at as under:



Order on APR of WBPDCCL for the year 2009-10

Rs. in Lakh

Generating Station	Incidence of Tax for 2009-10
Kolaghat	2686.17
Bakreswar (Units I, II & III)	(-)3841.99
Bakreswar (Units IV & V)	6233.99
Bandel	(-)132.88
Santaldih (Units I to IV)	(-) 376.88
Santaldih (Unit V)	(-)2050.69
Sagardighi	(-) 2039.57
Total	478.15

3.11.3 While the incidence of income tax for the year 2009 – 2010 in respect of Bakreswar (Units IV & V), Santaldih (Unit V) and Sagardighi generating stations have already been considered in the respective tariff order along with other elements of fixed charges as clarified in paragraph 1.7, the Commission now decides to admit the income tax in regard to Kolaghat, Bakreswar (Units I, II & III), Bandel and Santaldih (Units I to IV) Thermal Power Stations in APR for 2009 – 2010 as below:

Rs. in Lakh

Generating Station	Admitted amount of Tax for 2009-10
Kolaghat	2686.17
Bakreswar (Units I, II & III)	(-)3841.99
Bandel	(-)132.88
Santaldih (Units I to IV)	(-) 376.88
Total	(-) 1665.58

3.11.4 WBPDCCL is directed to submit a comprehensive statement incorporating the amounts of (i) income tax provided in the annual reports and accounts, (ii) income tax assessed, (iii) income tax paid and (iv) income tax refunded, if any, supported by documentary evidences vide assessment orders. Copies of challans, copies of refund orders year wise from the year 2007 – 2008 till date with their APR application for the year 2011 – 2012, 2012 – 2013 and 2013 –



2014. In this respect, the provisions in the regulations 5.13.1 and 5.13.2 may be referred to.

3.12 Performance Incentives:

3.12.1 Paragraph 10.4 of the tariff order dated 26.07.2007 for the year 2007 – 2008 stipulated for payment of incentive on the quantum of ex-bus generation in excess of the targets set for that. Accordingly, the target ex-bus generation vis-à-vis the actual so achieved during 2009 – 2010 at different generating stations of WBPDCCL are as under:

In Million Unit

Generating station	Target ex-bus generation	Actual ex-bus generation
1	2	3
Kolaghat	7152.365	6515.692
Bakreswar (Units I, II & III)	4017.686	3739.317
Bandel	2153.337	1762.693
Santaldih (Units I to IV)	1331.686	292.650
Total	14655.074	12310.352

3.12.2 As observed from the above, there was considerable shortfall in the quantum of actual ex-bus generation in comparison target ex-bus generations in all the generating stations. WBPDCCL was, therefore, found not entitled for any performance incentive.

3.13 Income from Other Sources / Non-Tariff Income:

3.13.1 In terms of regulation 5.20 of the Tariff Regulations and as per Schedule – 10 to the audited accounts, income generated by WBPDCCL from the sources other than sale of electricity during the year 2009 – 2010 were as under:



Order on APR of WBPDCCL for the year 2009-10

Rs. in Lakh

Particulars	Generating Station				Total
	Kolaghat	Bakreswar (Units I, II & III)	Bandel	Santaldih (Units I to IV)	
Sale and repair of lamp and other apparatus	516.71	116.95	31.00	-	664.66
Income from Investments	1577.99	789.00	563.57	300.57	3231.13
Other General Receipts	152.15	487.20	98.60	67.91	805.86
Total	2246.85	1393.15	693.17	368.48	4701.65

3.13.2 Total amount of such receipts is required to be adjusted from the gross amount of fixed charges allowable and the Commission admits the same.

3.14 Insurance Premium:

3.14.1. The expenditures towards taking appropriate insurance coverage have been categorized as uncontrollable, the actual expenditures on this account as per schedule 11 to the audited accounts of WBPDCCL for the year 2009 – 2010 totaling to Rs. 92.34 lakh has been admitted by the Commission. The generating stations wise allocation of the admitted amount is given below:

Rs. in Lakh

Generating station	Amount of actual expenditure	Amount as admitted for 2009 – 2010
1	2	3
Kolaghat	26.09	26.09
Bakreswar (Units I, II & III)	46.69	46.69
Bandel	7.55	7.55
Santaldih (Units I to IV)	12.01	12.01
Total	92.34	92.34

3.15 Operation & Maintenance Expenses:

3.15.1. The operation and maintenance expense, including general administrative expenses, repairs and cost of consumables therefor are categorized as controllable.



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3.15.2. In view of above, the amounts of the total provisions of operation and maintenance expenses allowed in the tariff as per norms are admitted in APR 2009 – 2010 disregarding actual expenditure on this score as in terms of the Tariff Regulations, the savings / excess in expenditures under the controllable heads are to be in the accounts of the generating company.

Rs. in Lakh		
Generating station	Amount allowed in Tariff Order for 2009 – 2010	Amount admitted in APR for 2009 – 2010
1	2	3
Kolaghat	12436.20	12436.20
Bakreswar (Units I, II & III)	4769.10	4769.10
Bandel	4684.50	4684.50
Santalidih (Units I to IV)	4996.80	4996.80
Total	26886.60	26886.60

3.16 Release of amount withheld for Safety Audit:

3.16.1. An amount of Rs. 5.00 lakh for each of the four concerned generating stations of WBPDC was withheld for not submitting the safety audit reports. Since the copies of such reports have now been submitted, the Commission considers not to make any deduction in this regard from the allowable fixed charges.

3.17 Cost of Capital recoverable from West Bengal State Electricity Transmission Company Limited (WBSETCL):

3.17.1. The Bakreswar transmission system constructed by the WBPDC is an integral part of the transmission system being operated by WBSETCL. The annual carrying charges of the assets are found as under:

Sl. No.	Particulars	Amount in Rs. in Lakh
		Bakreswar (Units I, II & III)
(i)	Interest on loan from Govt. of West Bengal (Refer para 3.5.3)	1056.65
(ii)	Depreciation (Refer para 3.8.7)	1679.64
(ii)	Return on equity (Refer para 3.10.5)	928.65
	Total:	3664.94



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3.17.2. Rs. 3664.94 lakh comprising interest, depreciation and return on equity relating to Bakreswar transmission system considered under the respective cost heads of Bakreswar Thermal Power Station (Units I, II & III) is deducted from the ARR of Bakreswar Thermal Power Station (Units I, II & III) as the same amount of Rs. 3664.94 lakh is recoverable from WBSETCL.

3.18 Treatment of inoperative assets of generating stations for more than 3 (three) months and consequential impact on recovery of Capacity Charges:

3.18.1. From the reports received in connection with Santaldih Thermal Power Station, it reveals that Units No. 3 and 4 had been permanently withdrawn from operation with effect from 20.01.2009 and 07.10.2008 respectively, i.e., remained totally inoperative during 2009 – 2010. Also Units 1 & 2 of Santaldih generating station were physically retired from 18.11.2009 and 04.10.2009 respectively, i.e., remained inoperative from the aforesaid dates till 31.03.2010, in other words for a period of more than 4 (four) and 5 (five) months respectively. In terms of regulation 4.25.1 of Tariff Regulations, in case any asset of the generating station remained inoperative for more than 3 (three) months resulting in shortfall in achieving target availability for that generating station, then except employees' cost, interest on borrowed capital, depreciation and advance against depreciation, if any, the other fixed costs will be allowed to be recovered partly.

3.18.2. In the table below, the allowable fixed costs for the year 2009 – 2010 thus to be recovered through capacity charges in respect of Santaldih (Units I to IV) generating stations are determined.

Sl. No.	Particulars	Amount in Rs. in Lakh
		Santaldih (Units I to IV)
1	Total fixed cost (refer Annexure – 3D)	7769.55
2	Less:	
	(a) Employees' cost	2632.24
	(b) Interest on borrowed capital	-
	(c) Depreciation	268.58
3	Full recoverable amount (2a+2b+2c)	2900.82



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4	Recoverable amount in part (1 – 3)	4868.73
5	Normative PAF (in %)	38.00
6	Achieved PAF (in %)	7.77
7	Shortfall in PAF (in %) (5-6)	30.23
8	Disallowable amount of fixed charges (4x7/5)	3873.20
9	Allowable amount of fixed cost to be recovered through capacity charges (1-8)	3896.35

3.19.1 Based on the foregoing analyses, the amounts of fixed charges allowable under different heads in respect of the concerned generating stations have been shown in Annexure “3A” to “3D”.

3.19.2 The amounts of admitted fixed charge in APR for 2009 – 2010 for different generating stations, as shown above, require to be adjusted with the amounts determined on APR in regard to fixed charges for the year 2007 – 2008 for arriving at the amounts of capacity charges recoverable through tariff. Such adjustable amounts, vide paragraph 3.2 of Commission’s order dated 28 May, 2009 in Case No. APR-9/08-09, are as under:

	Rs. in Lakh
Kolaghat	1058.38
Bakreswar (Units I,II & III)	2335.32
Bandel	(-) 522.61
Santaldih (Units I to IV)	(-) 1264.72

3.19.3 The amount of fixed charges for different generating stations in this APR for the year 2009 – 2010, after carrying out the adjustments in regard to fixed charges for 2007 – 2008 come as under:

Admitted in APR for the year	Generating Station			
	Kolaghat	Bakreswar (Units I,II & III)	Bandel	Santaldih (Units I to IV)
Fixed cost of 2009 – 2010 allowed to recover through capacity charges	44614.61	28398.09	11527.28	3896.35
Adjustment of fixed charges relating to 2007 – 2008	1058.38	2335.32	(-) 522.61	(-) 1264.72
Re-determined capacity charges	45672.99	30733.41	11004.67	2631.63



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3.20.1 In terms of regulation 5.4.2 of the Tariff Regulations, from the second control period, the recovery of capacity charge for all the generating stations of the licensee and generating company shall be against the normative availability.

3.20.2 As it comes out from the submission of WBPDCCL, the actual Plant Availability Factor (PAF) achieved during 2009 – 2010 at different generating stations were far below in comparison to norms set for the year as shown below resulting in under recovery of capacity charges. However, as already explained in the foregoing paragraphs, in case of Santaldih generating stations which were inoperative for more than three months, full recovery of the fixed cost elements e.g. employee cost interest on capital borrowings and depreciation is allowable in terms of regulation 4.25.1 of the Tariff Regulations. In respect of the Kolaghat, Bakreswar and Bandel generating stations, the capacity charges are to be allowed on the basis of PAF.

Sl. No.	Generating Stations	Normative PAF (%)	PAF achieved (%)
1.	Kolaghat	77	68.05
2.	Bakreswar (Units I to III)	85	75
3.	Bandel	66	50.59
4.	Santaldih (Units I to IV)	38	7.77

3.20.3 The redetermined capacity charge for 2009 – 2010 for the generating stations of Kolaghat, Bakreswar and Bandel are now required to be adjusted in accordance with achieved PAF for the respective generating stations.

Particulars	Kolaghat	Bakreswar (Units I to III)	Bandel
Redetermined capacity charge	45672.99	30733.41	11004.67
Normative PAF	77%	85%	66%
PAF achieved	68.05%	75%	50.59%
Allowable capacity charge	40364.25	27117.71	8435.25



Order on APR of WBPDCCL for the year 2009-10

3.21 As is seen from the submission of WBPDCCL with reference to its audited accounts, the capacity charges it billed to the West Bengal State Electricity Distribution Company Limited (in short “WBSEDCL”) for the sale of electricity during 2009 – 2010 from the concerned generating stations / units were as follows:

Rs. in Lakh

Generating Station	Capacity Charge
Kolaghat	31476.18
Bakreswar (Units I,II & III)	25896.77
Bandel	6605.97
Santaldih (Units I to IV)	1379.99
Total	65358.91

3.22 Summing up the analyses and findings as stated in the preceding paragraphs, the Commission now takes up to ascertain the amount adjustable on APR separately for each of the concerned generating stations of WBPDCCL for the year 2009 – 2010. Such adjustable amounts work out as under:

Rs. in Lakh

Particulars	Generating Station			
	Kolaghat	Bakreswar (Units I,II & III)	Bandel	Santaldih (Units I to IV)
Admitted capacity charges in APR for 2009 – 2010 (vide paragraph 3.19.3)	40364.25	27117.71	8435.25	3896.35
Actual capacity charge recovered during 2009 - 2010 (vide paragraph 3.21)	31476.18	25896.77	6605.97	1379.99
Positive adjustment of capacity charge for 2009 – 2010	8888.07	1220.94	1829.28	2516.36

**ANNEXURE - 3A****KOLAGHAT THERMAL POWER STATION**

Sl. No.	Head of Fixed Charges		Amounts (Rs. in Lakh)	
			As per the Tariff Order	As admitted in APR for 2009 – 2010
1	Employee cost		4771.19	10495.79
2	Coal, Ash Handling & Fuel Related Cost		1323.00	1223.87
3.	Water Charges / Cess		30.00	6.68
4.	Operation & Maintenance Expenses			
	(a) Repairs & Maintenance (Including cost of Consumables)		12436.20	12436.20
	(b) Admn. & General Charges			
5	Insurance Premium		0.00	26.09
6	Interest on borrowed capital		50.74	45.84
7	Finance charges		70.00	6.49
8	Interest on working capital		0.00	465.02
9	Depreciation		1143.00	3305.68
10	Reserve for unforeseen exigencies		418.45	429.52
11	Taxes under Income Tax Act		0.00	2686.17
12	Returns		17013.00	15734.11
13	Performance Incentives		0.00	0.00
14	Fixed charges for the year (1 to 13)		37255.58	46861.46
Less:				
15	Income from other sources / non-tariff income	2693.00	2698.00	2246.85
	Amount withheld for not conducting safety audit	5.00		0.00
16	Net Fixed Charges		34557.58	44614.61

**ANNEXURE - 3B****BAKRESWAR THERMAL POWER STATION (UNITS I, II & III)**

Sl. No.	Head of Fixed Charges		Amounts (Rs. in Lakh)		
			As per the Tariff Order	As admitted in APR for 2009 – 2010	
1	Employee cost		1811.19	3783.66	
2	Coal, Ash Handling & Fuel Related Cost		165.00	160.57	
3.	Water Charges / Cess		5.00	5.00	
4.	Operation & Maintenance Expenses				
	(a) Repairs & Maintenance (Including cost of Consumables)		4769.10	4769.10	
	(b) Admn. & General Charges				
5	Insurance Premium		0.00	46.69	
6	Interest on borrowed capital		3485.47	3653.69	
7	Finance charges		0.00	0.00	
8	Interest on working capital		0.00	232.51	
9	Depreciation		10781.00	11923.89	
10	Reserve for unforeseen exigencies		730.00	799.54	
11	Taxes under Income Tax Act		0.00	(-)3841.99	
12	Returns		10768.00	11923.52	
13	Performance Incentives		0.00	0.00	
14	Fixed charges for the year (1 to 13)		32514.76	33456.18	
Less:					
15	Income from other sources / non-tariff income	2149.00	5500.41	1393.15	5058.09
	Amount withheld for not conducting safety audit	5.00		0.00	
16	Fixed charge recoverable from WBSETCL towards cost of capital employed in Transmission system.	3346.41		3664.94	
17	Net Fixed Charges		27014.35	28398.09	



ANNEXURE – 3C

BANDEL THERMAL POWER STATION

Sl. No.	Head of Fixed Charges	Amounts (Rs. in Lakh)	
		As per Tariff Order	As admitted in APR for 2009 - 2010.
1	Employee cost	3131.29	5551.35
2	Coal & Ash Handling Charges	603.00	503.12
3.	Water Charges / Cess	172.00	154.53
4.	Operation & Maintenance Expenses		
	(a) Repairs & Maintenance (Including cost of Consumables)	4684.50	4684.50
	(b) Admn. & General Charges		
5	Insurance Premium	0.00	7.55
6	Interest on borrowed capital	0.00	0.00
7	Finance charges	0.00	0.00
8	Interest on working capital	0.00	166.08
9	Depreciation	179.00	202.88
10	Reserve for unforeseen exigencies	56.00	56.32
11	Taxes under Income Tax Act	0.00	(-)132.88
12	Returns	1261.00	1027.00
13	Performance Incentives	0.00	0.00
14	Fixed charges for the year (1 to 13)	10086.79	12220.45
Less:			
15	Income from other sources / non-tariff income	941.00	693.17
	Amount withheld for not conducting safety audit	5.00	0.00
16	Total Fixed Charges (15 - 16)	9140.79	11527.28



ANNEXURE – 3D

SANTALDIH THERMAL POWER STATION (UNITS I TO IV)

Sl. No.	Head of Fixed Charges	Amounts (Rs. in Lakh)	
		As per Tariff Order	As admitted in APR for 2009 - 2010.
1	Employee cost	2321.08	2632.24
2	Coal & Ash Handling Charges	231.85	56.62
3.	Water Charges / Cess	43.00	43.00
4.	Operation & Maintenance Expenses		
	(a) Repairs & Maintenance (Including cost of Consumables)	4996.80	4996.80
	(b) Admn. & General Charges		
5	Insurance Premium	0.00	12.01
6	Interest on borrowed capital	0.00	0.00
7	Finance charges	0.00	0.00
8	Interest on working capital	0.00	88.57
9	Depreciation	265.00	268.58
10	Reserve for unforeseen exigencies	52.00	52.34
11	Taxes under Income Tax Act	0.00	(-) 376.88
12	Returns	1096.00	364.75
13	Performance Incentives	0.00	0.00
14	Fixed charges for the year (1 to 13)	9005.73	8138.03
Less:			
15	Income from other sources / non-tariff income	987.00	368.48
	Withhold Amount	5.00	
		992.00	0.00
16	Total charges (15 - 16)	8013.73	7769.55
17	Less: Disallowance of fixed charges for inoperative assets of generating station for more than 3 months.	0.00	3873.20
18	Net Fixed Charges	8013.73	3896.35



CHAPTER – 4 AMOUNT ADJUSTABLE ON ANNUAL PERFORMANCE REVIEW

- 4.1 Based on the foregoing analyses and admissions thereof, the positive adjustments of capacity charges in respect of the concerned generating stations of WBPDCCL for the year 2009 – 2010 as shown in paragraph 3.22 of the preceding chapter, are as below:

Generating Station	Amount (Rs. in Lakh)
Kolaghat	8888.07
Bakreswar (Unit I, II & III)	1220.94
Bandel	1829.28
Santalidih (Unit I to IV)	2516.36
Total	14454.65

- 4.2 In terms of the Tariff Regulations, the entire amount of such positive adjustment or part thereof in respect of any of the generating stations of WBPDCCL may be adjusted with the Aggregate Revenue Requirement of that generating station of WBPDCCL for the year 2011 – 2012 or that of any other ensuing year or through a separate order, as may be decided by the Commission. The decision of the Commission in this regard will be given in the tariff order of WBPDCCL for the year 2011 – 2012.
- 4.3 WBPDCCL is to take a note of this order.

Sd/-
(SUJIT DASGUPTA)
MEMBER

Sd/-
(PRASADRANJAN RAY)
CHAIRPERSON

DATE: 21.11.2012