



**ORDER**

**OF THE**

**WEST BENGAL ELECTRICITY REGULATORY COMMISSION**

**FOR THE YEAR 2014 – 2015**

**IN**

**CASE NO: TP – 59 / 13 – 14**

**IN RE THE TARIFF APPLICATION OF THE WEST BENGAL**

**POWER DEVELOPMENT CORPORATION LIMITED FOR**

**THE YEARS 2014-2015, 2015-2016 AND 2016-2017**

**UNDER SECTION 64(3)(a) READ WITH**

**SECTION 62(1) OF THE ELECTRICITY ACT, 2003**

**DATE: 04.03.2015**



## **CHAPTER - 1 INTRODUCTION**

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- 1.1 The West Bengal Electricity Regulatory Commission (hereinafter referred to as the “Commission”), a statutory body under the first proviso to section 82(1) of the Electricity Act, 2003 (hereinafter referred to as the “Act”), has been authorized in terms of the section 86 and section 62(1) of the Act to determine the tariff for a) supply of electricity by a generating company to a distribution licensee, b) transmission of electricity, c) wheeling of electricity and d) retail sale of electricity, as the case may be, within the State of West Bengal.
- 1.2 The West Bengal Power Development Corporation Limited (hereinafter referred to as WBPDCCL), constituted in 1985 under the Companies Act, 1956, is a generating company in terms of section 2(28) of the Act wholly owned by the State Government and is engaged in the business of generation of electricity within the State of West Bengal and the generation tariff of WBPDCCL shall be determined by the Commission.
- 1.3 West Bengal Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2011 has come into effect with effect from 29<sup>th</sup> April, 2011. The said Tariff Regulations, 2011 was further amended by notifying the West Bengal Electricity Regulatory Commission (Terms and Conditions of Tariff) (Amendment) Regulations, 2012 in the extra ordinary edition of The Kolkata Gazette dated 27<sup>th</sup> August, 2012 and West Bengal Electricity Regulatory Commission (Terms and Conditions of Tariff) (Amendment) Regulations, 2013 in the extra ordinary edition of The Kolkata Gazette dated 30<sup>th</sup> July, 2013.
- 1.4 In terms of West Bengal Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2011, as amended from time to time (hereinafter referred to as the ‘Tariff Regulations’), the tariff applications for the fourth control period consisting of the years 2014 – 2015, 2015 – 2016 and 2016 – 2017 under the Multi Year Tariff (MYT) framework was required to be



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submitted by WBPDCCL 120 days in advance of the effective date of the said control period. The effective date of the fourth control period is 1<sup>st</sup> April, 2014. WBPDCCL submitted an application on 25.11.2013 for extension of date for submission of their MYT application for the fourth control period upto 31.12.2013 on the plea that the Amendment Regulations, 2013 contain many changes for generating station and they had to study those amendments and to work out impact of such changes which required some time. The Commission, after considering the application of WBPDCCL and also the applications received from some distribution licensees and the transmission licensee for extension of time of submission of MYT application, decided to fix the last date of submission of MYT application for the fourth control period on 31.12.2013 and accordingly issued an order dated 02.12.2013. WBPDCCL, however, submitted another application on 27.12.2013 for further extension of time upto 15.01.2014 stating the reason that the tariff order dated 26.12.2013 for the year 2013 – 2014 contained certain direction which would have impact on the MYT petition for the years 2014 – 2015, 2015 – 2016 and 2016 – 2017 details of which were required to be worked out. The Commission vide order dated 31.12.2013 further extended the date of submission of MYT application for the fourth control period upto 15.01.2014. WBPDCCL submitted another application on 10.01.2014 for further extension of time upto 15.02.2014 on the plea that they had not been able to complete the preparation of the petition within the extended period inspite of best efforts which was not considered by the Commission. WBPDCCL had failed to submit their MYT application within 15.01.2014. WBPDCCL further prayed for extension of time upto 31.01.2014 vide their letter dated 22.01.2014 on the plea that the required information for computations of the proposed tariff in respect of the forthcoming new units III & IV of Sagardighi Thermal Power Projects expected to be commissioned during the last quarter of the financial year 2014 – 2015 which was also not considered by the Commission. The Commission vide letter dated 24.01.2014 directed WBPDCCL to submit their MYT application for the



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fourth control period without further loss of time. WBPDCCL submitted their MYT application for the fourth control period on 28.01.2014. The application is for determining the revenue requirements and tariff of WBPDCCL for the fourth control period comprising three ensuing years 2014 – 2015, 2015 – 2016 and 2016 – 2017 under MYT framework. On scrutiny, it had been found that some of the data forms and documents were required to be submitted by WBPDCCL and the same under the letter dated 12.2.2014 were submitted by WBPDCCL on 13.02.2014 at the instance of the communication sent to WBPDCCL vide letter dated 05.02.2014 of the Commission.

- 1.5 The tariff application submitted on 28.01.2014 along with the information / data, documents submitted on 13.02.2014, were admitted by the Commission in case No.TP-59/ 13-14, which were communicated to WBPDCCL on 19.02.2014 with the direction to publish the gist of their tariff application as per provisions of the Tariff Regulations. WBPDCCL, instead of publishing the gist, have, however, submitted a supplementary petition on 24.02.2014 with revised revenue requirement of WBPDCCL for all the three years i.e., 2014 – 2015, 2015 – 2016 and 2016 – 2017 under the fourth control period. The supplementary application of WBPDCCL along with the tariff application submitted on 28.01.2014 and further information / data and documents submitted on 13.02.2014 (collectively called as “tariff application”) had been admitted by the Commission and directed WBPDCCL further to publish the gist of the tariff application as approved by the Commission in the news papers and also in their website, as specified in the Tariff Regulations. The gist was, accordingly, published simultaneously on 13<sup>th</sup> May, 2014 in the news papers - (i) ‘The Times of India’ (English), (ii) ‘The Telegraph’ (English), (iii) ‘Anandabazar Patrika’ (Bengali) and (iv) ‘Ei Samay’ (Bengali). The gist along with the tariff application was also posted in the website of WBPDCCL. The publication invited the attention of all interested parties, stake holders and the members of the public to the application for determination of tariff of WBPDCCL for the fourth control period and requested for submission of



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suggestions, objections and comments, if any, on the tariff application to the Commission by 18<sup>th</sup> June, 2014 at the latest. Opportunities were also afforded to all to inspect the tariff application and to take copies thereof. Some correspondences were also made with WBPDCCL which were also published in the website of the Commission from time to time.

- 1.6 The suggestions and objections on the aforementioned application of WBPDCCL for determination of tariff for the fourth control period were received only from Hooghly Chamber of Commerce & Industry (HCCI) within the specified time limit and the same have been recorded in a summarized form in Chapter 3 of the instant order.
- 1.7 The petitioner, WBPDCCL, while submitting its application for determination of tariff, also sought for review of the norms specified by the Commission in the Tariff Regulations. On this matter, the observation of HCCI has also been noted. We may put it on record that the aforesaid Tariff Regulations were finalized through previous publication. Having received suggestions, objections and comments the Commission in exercise of its delegated legislative power duly considered the matter in detail and framed such regulations and the regulations were notified in the Kolkata Gazette. WBPDCCL should not have sought for review in tariff determination proceedings, which is practically seeking amendment to the tariff regulations. Once the regulations are framed by the Commission, there is no scope to review or to challenge such statutory norms in tariff determination proceedings. Accordingly, the prayer for review seeking modification to the statutory norms in the Tariff Regulations is not considered. Thus, such issue will not be dealt in subsequent chapter further.
- 1.8 The Commission determines the tariff in accordance with the Electricity Act, 2003 and the Tariff Regulations framed thereunder and for this purpose, the Commission has estimated the expenditure for 2013 – 2014 to arrive at the



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estimated expenditure / cost under different heads for the years 2014 – 2015 to 2016 – 2017.

- 1.9 The estimation made for 2013 – 2014 by the Commission shall not be construed by WBPDCCL as admission of at least such estimated amount in APR for 2013 – 2014. On the other hand, if in APR any deduction is made then as a conclusion from such decision one shall not expect that the impact of such deduction is to be continued in fourth control period as this will tantamount to imposing a penalty of infinite nature or double penalty for the same inefficiency.



## CHAPTER - 2 THE CASE OF WBPDCCL

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- 2.1. It has been stated that the instant application for revision of Tariff for the financial years 2014 – 2015 to 2016 – 2017 under the Multi year tariff Frame Work has been submitted pursuant to the Tariff Regulations for determination of Tariff to be made effective from 1<sup>st</sup> April, 2014. The tariff application is in three volumes, each volume containing different parts of the total application, further information / data and documents submitted on 13.02.2014 and a supplementary application submitted on 24<sup>th</sup> February, 2014. WBPDCCL have also submitted their reply on the query raised by the Commission time to time which are posted in the website of the Commission.
- 2.2. WBPDCCL has submitted the plant wise tariff for the five existing generating stations at Kolaghat, Bakreswar, Bandel, Sagardighi and Santaldih for all the three years of the fourth control period.
- 2.3. WBPDCCL has submitted that the information furnished in the prescribed formats for the period from 2009 – 2010 to 2012 – 2013 are, based on plant-wise Audited Annual Statement of Accounts and those for the financial year 2013 – 2014 (base year) and for the financial years 2014 – 2015 to 2016 – 2017 (ensuing years) are based on reasonable estimation / projection where the operating norms are not applicable.
- 2.4. **The Submission of WBPDCCL on different issues and against their claim under different heads of accounts are summarized as below:**
- 2.4.1 **Generation Targets from different power stations of WBPDCCL for 2014 – 2015 to 2016 – 2017:**

WBPDCCL has submitted generation projection from different existing power plants, based on the norms set by the Commission in its Tariff Regulations, for the financial years 2014 – 2015 to 2016 – 2017.



#### **2.4.2 Auxiliary Consumption, Station Heat Rate etc.**

WBPDCCL has submitted that the proposed auxiliary consumption has been arrived at considering the normative auxiliary consumption as notified by the Commission through the Tariff Regulations.

WBPDCCL has considered the Station Heat Rate (SHR) norms as specified in the Tariff Regulations.

All other parameters viz. specific oil consumption, transit loss have been considered as per norms specified in the Tariff Regulations.

#### **2.4.3 Cost of Fuel:**

The primary fuel cost has been arrived at by estimating the coal consumption based on the technical parameters of each of the generating stations. The fuel mix are based on the estimated availability of quality and quantity of coal from different sources i.e., CIL subsidiaries and captive coal block of the petitioner. The prices of coal and oil and railways freight have been considered by WBPDCCL based on the latest price notified by the respective authorities. An escalation at the rate of 6.62% per annum for the subsequent year as coal price has been assumed in the basic price of coal to account for the increased coal price during the control period.

The coal cost is further added up to include the railway freight charges for transportation of coal from respective coal mines to the generating stations. The freight charge is estimated for the year 2013 – 2014 on per MT of coal.

The price of secondary fuel oil projected for the year 2014 – 2015 is based on the estimated price for the base year 2013 – 2014 incurred by various generating





stations till submission of application. Further the projected secondary fuel oil price for 2014 – 2015, which has been escalated @ 5% per annum for projected oil price for 2015 -2016 and 2016 – 2017 contradicts to account for the inflationary trend in crude oil price over the years.

#### **2.4.4 Employee Cost :**

WBPDCCL has submitted that the components of employee cost including salaries and wages, bonus, contribution to employee funds and employees welfare expenses are in line with Tariff Regulations. WBPDCCL has projected the employee cost during the control period for all generating stations on the basis of reasonably estimated employee cost for the base year 2013 – 2014, which has been escalated each year by 5.85% for the years 2014 – 2015 to 2016 – 2017. Retirements during the period for each generating station have also been considered by WBPDCCL while projecting the employee expenses. WBPDCCL, however, has not considered any cost for the projected addition of manpower.

#### **2.4.5 Coal and Ash Handling Charges:**

The petitioner has estimated the cost for the base year 2013 – 2014 based on actual expenditure till submission of petition under Coal and Ash handling charges. Estimate for 2014 – 2015 to 2016 – 2017 has been made after considering 5% increase each year over the cost for 2013 – 2014.

#### **2.4.6 Operation and Maintenance Expenses (O&M) :**

WBPDCCL has projected the Operation and Maintenance Expenses as per norms specified in part G of schedule - 9A of the Tariff Regulations. WBPDCCL has submitted that the actual O&M expense in the previous year for their generating stations were however higher than the norms.



**2.4.7 Interest and Finance Charge :**

WBPDCCL has computed the interest charges, weighted average interest rate based on the actual interest paid or payable during 2013 – 2014 and outstanding average balance during the year 2013 – 2014. WBPDCCL has submitted the principal and interest against all out-standing loans and scheduled re-payment of such loan for all the years under the fourth control period for each generating station as per format specified in the Tariff Regulations.

**2.4.8 Interest on Working Capital :**

WBPDCCL has proposed the requirement of working capital for 2014 – 2015 to 2016 – 2017 on normative basis in terms of the Tariff Regulations of the Commission. Based on the working capital requirement on normative basis, interest on working capital is calculated at the State Bank of India prime lending rate of 14.75% per annum. WBPDCCL has also submitted that working capital requirement of the utility is increasing due to lower recovery of cost in tariff.

**2.4.9 Depreciation :**

Depreciation has been proposed on the basis of rates of Depreciation specified in the Commission's Tariff Regulations. The opening gross fixed asset for 2013 – 2014 has been arrived at on the basis of closing gross fixed assets in their audited account for 2012 – 2013. WBPDCCL has not considered any addition to the fixed asset during the years 2013 – 2014 to 2016 – 2017.

**2.5 Water Charges :**

Water charges as proposed by WBPDCCL are on the basis of an estimated charge for the base year 2013-2014 incurred at their different generating stations till submission of petition. Water charges for ensuing years have been projected by escalation @ 5.85% per annum over the estimates for the year 2013 – 2014,



to account for inflationary trend. It is also submitted that the increase in water charges for Santaldih Thermal Power Station is due to steep hike in 'water tariff rate' from Rs. 0.03 per KL. to Rs. 5.70 per KL made by DVC w.e.f. 01.10.2012.

**2.6 Advance against Depreciation :**

WBPDCCL has not proposed advance against depreciation for the years 2014 – 2015 to 2016 – 2017 under fourth control period. WBPDCCL will claim actual advance against depreciation, if admissible, based on audited accounts of the respective years through annual performance review.

**2.7 Reserve for unforeseen exigencies :**

WBPDCCL has proposed reserve for unforeseen exigencies in terms of regulation 5.11.1 of the Tariff Regulations.

**2.8 Cost of Outsourcing :**

WBPDCCL has not projected expenditure under the head 'cost of outsourcing' for the control period for each generating station.

**2.9 Return on Equity :**

The Return on Equity for the three years under fourth control period has been claimed by WBPDCCL as per provision of Tariff Regulations.

**2.10 Income from Other Sources/ Non-Tariff Income :**

WBPDCCL has projected income from other sources which includes income from sale of scrap, interest on short term deposits with the banks and other miscellaneous income ancillary to generation business. The interest on short term



deposits has been allocated on the basis of capacity of each power station.

**2.11 Cash Flow Statement :**

WBPDCCL has submitted power station wise cash flow statement in Form 6 with their petition.

**2.12 Annual Revenue Requirement :**

WBPDCCL has submitted the summarized Annual Revenue Requirement for 2014 – 2015 to 2016 – 2017 and the proposed Tariff for each generating station in the Annexure to their petition.



## CHAPTER - 3 OBJECTIONS AND SUGGESTIONS

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- 3.1 Hoogly Chamber of Commerce & Industry (hereinafter referred to as HCCI) only has submitted their suggestions, objections and comments on the tariff application of WBPDCCL within the due date of submission. Some of their major objections/ suggestions are produced below.
- 3.2 In paragraph 3 of their submission, HCCI has stated that most of their members are the consumers of WBPDCCL which is not the fact from legal point of view. Otherwise, the main points of the suggestions, objections etc. are summarized in subsequent paragraphs. The Commission's observations on some of the suggestions, objections and comments are also recorded in this chapter. HCCI have given their general observation on the tariff application of WBPDCCL as well as point wise specific observations in their submission which are as follows:
- 3.2.1 As stated by HCCI, WBPDCCL first submitted the Tariff Application with supporting documents on 28.1.2014 and additional information on 12.02.2014 as per direction of the Commission which was admitted by the Commission on 19.02.2014. WBPDCCL submitted one supplementary petition dated 21.2.2014 after review of the computation sheet of the petition dated 28.1.2014 consequent upon proposed reorientation of coal allocation by CIL subsidiaries as well as expected increase in income from sources other than sale of energy. According to HCCI, as a result of such review no changes have taken place in variable cost but only in figure in respect of 'Interest on Working Capital' and 'Income from other sources' both falling under fixed cost. HCCI have also pointed out that when the company received proposed reorientation of coal allocation from CIL subsidiaries and when and how it revealed that income from sources other than sale of energy expected to increase has not been stated by WBPDCCL and it appears that WBPDCCL submitted the petition very casually without proper verification and / or correlation of relevant data / information.



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*The Commission has noted the point and found that the observation of HCCI regarding no changes in variable cost in the supplementary petition of WBPDCCL is not correct. The fuel cost as claimed in the supplementary petition has been reduced from that claimed in the original application dated 28.1.2014 which is also evident from the table 1 annexed to the submission of HCCI. The interest on working capital has been reduced as a result of changes in fuel cost and income from other sources.*

- 3.2.2 WBPDCCL have projected total capacity of 3850 MW comprising of 5 units of Bandel, 6 units of Kolaghat, 5 units of Bakreswar, 2 unit of Sagardighi and 2 units of Santaldhi generating stations. But there is no projection of Unit of 250 MW in Santaldhi in ARR 2014-15, 2015-16 and 2016-17 which seems that the summary and other data have not been computed or furnished with due care and required scrutiny.

*The observation of HCCI is not correct as WBPDCCL have submitted the projection for 2 units (250 MW each) of Santaldih Generating Station in their plant wise submission both in original and supplementary petition.*

- 3.2.3 HCCI have observed that even after submission of supplementary petition there are number of correspondences between WBERC and WBPDCCL for further clarification. On perusal of WBPDCCL's reply dated 28.2.2014 it is found that WBPDCCL failed to reply in affirmative to the points raised by the Commission. However, they have tried to bypass the question raised by the Hon'ble Commission. HCCI feel that Commission had rightly raised those points in respect of supplementary petition and pray to the Commission to take note of those points once again to examine the issue raised by the Commission.

*The Commission has noted the points.*



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3.2.4 WBPDC in their submission have stated that they are taking up with WBSEDCL, the prime consumer so that power generated out of all plants of WBPDC can be considered as pool power and thereby WBPDC is expecting to improve operational efficiency by reducing outage of plant due to low system demand. This will definitely help in reducing percentage of auxiliary consumption and specific oil consumption and improve station heat rate. This is a departure from the concept of merit order dispatch. However WBSEDCL is not taking power from WBPDC through a bidding rate and entire power generated by WBPDC is supplied to WBSEDCL on the basis of the power purchase agreement. In case WBPDC can supply full power at a rate compared to market rate on the basis of composite long term power purchase agreement, Hon'ble Commission may like to examine this issue keeping in mind the power supply rate to the ultimate consumer. But, in case pool power arrangement is workable between WBPDC and WBSEDCL merit order despatch in case of backing down due to low system generation will be based on pool power rate of WBPDC and other sources of power purchase of WBSEDCL and in that case WBPDC have to efficiently run its plant according to demand and cost of generation.

*The commission has noted the point. In this context, the Commission intends to aware all the stake holders that ABT regime has been conceived as a national level objective on the basis of generating station wise tariff determination and revenue recovery.*

3.3 In their point wise specific observation, HCCI have submitted as follows:

**3.3.1 Wrong approach towards energy available from WBPDC plant:**

3.3.1.1 There is a fundamental mistake and wrong conception of WBPDC in computing / arriving at station wise gross / net energy available during each year of the control period. WBPDC have computed the figure based on PLF where as



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computation of gross / net energy should be based on plant availability factor (PAF) specified in the Regulations and not on PLF because of the fact that capacity charge is allowed on PAF and not on PLF. Therefore, computations of projected generation should be made only on PAF. HCCI have also shown with computation a wide difference of availability in generation to the tune of 5000 MU for the year 2014 – 2015.

*The Commission finds no problem as annual computation of fuel cost and related energy cost can be done on normative PLF basis. However, the capacity charge recovery will be done on the basis of normative availability factor.*

### **3.3.2 Fuel Cost: Unrealistic and inefficient Coal Management:**

3.3.2.1 In respect of variable charges WBPDCCL have suggested that its primary fuel cost have been arrived by estimating coal consumption on the technical parameter and keeping in view “least cost input principle”. As per the regulation there is no such provision for Management of coal in least cost input principle. This may reduce expenditure of WBPDCCL but does not mean that the tariff will be optimum and best cost effective. At the same time WBPDCCL have stated that poor quality of coal at lower price, efficiency cannot be achieved for poor quality of coal. Therefore there should be mix up of coal to achieve best operational efficiency and least cost tariff is to be arrived at. According to HCCI, a study has to be made by an expert appointed by the Commission in this regard otherwise all operational inefficiency will be covered under poor quality of coal.

3.3.2.2 Least cost input principle for fuel cannot be the basis for determining fuel cost as it may reduce basic cost of primary fuel but will certainly increase cost of secondary fuel, increase auxiliary consumption and other associated cost for coal and ash handling also (R&M) cost and as such this mere statement to indicate less tariff is not acceptable.





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3.3.2.3 WBPDCCL is having Fuel Supply Agreement (FSA) with Coal India subsidiaries (ECL, BCCL and MCL) as per allotment made by Ministry of Power, Government of India on the basis of capacity and performance of the station. WBPDCCL is also having their captive mines within the locations of West Bengal and Jharkhand. The said mines had been leased out to private miners for mining purpose only. Moreover, as per FSA, WBPDCCL have to procure 80% of FSA quantity from CIL subsidiaries otherwise they have to pay penalty or FSA quantity will be reduced by MOP/CIL after review. Availability of coal is now very critical and therefore generating companies cannot take chance of procurement of coal less than the allotted quantity from CIL subsidiaries as it will have cascade effect in the long run. However, proper mix up of different grades of coal depending on the allotment has to be made by WBPDCCL to effectively reduce the fuel cost not only by procuring bad quality low cost coal.

Further the price of coal from its captive mines as well as quality of same have to be vigorously monitored so that the advantage of having own coal block/ coal mines can be fully utilized and benefit of capital expenditure is gainfully utilized. According to HCCI, the commission may, however, request WBPDCCL to submit details explaining coal procurement in the “least cost of input” as stated by them. Generating company cannot afford to loss generation for poor coal Management when working capital loan is sought for. However, all endeavors should be made to run power station with the desired operating efficiency and cost effective manner.

3.3.2.4 The Commission may advice WBPDCCL to recalculate the fuel cost with proper coal mix of different grades of coal having optimum GCV even with 10 to 15% quantity of imported coal/ A or B grade coal from Ranigunj belt of ECL which will also consider the ash handling cost, effect of poor quality of coal on R&M cost, secondary fuel cost and outage of unit due to low VM coal and cost of loss of



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generation. This study is to be made in comparison with the coal Management vis-à-vis fuel cost of some well managed power stations of NTPC or private owners in India. WBPDCCL had admitted that NTPC has no coal cost issue. This is very important in the context that presently power is available in the market through bilateral or “Day-ahead” schedule at a cost lower than the tariff projected by WBPDCCL. Unless such study is made the very purpose of regulatory regime replacing monopoly system in the power sector will be lost.

*The Commission has noted the above points raised by HCCI in paragraphs 3.3.2.1 to 3.3.2.4 above and accordingly provides a direction in the directive chapter. However, it is to be stated that WBPDCCL in their submission has specifically mentioned that the coal mix is based on the estimated availability of quality and quantity of coal from different sources i.e. CIL subsidiaries and Captive coal block of the petitioner. The Commission admits the allocation keeping in view the scope for adjustments through FPPCA.*

#### **3.3.3 Employees Cost:**

3.3.3.1 Employees cost is around 6% on the total ARR and the employees cost has been computed on basis of employees cost of different power stations and the proportion of employees cost of the corporate office distributed to different power stations on the basis of respective capacity. In case the corporate employees cost have been apportioned in employees cost of different power stations then the same should be segregated to indicate corporate cost in percentage of total employee cost. WBPDCCL have submitted in table 19 of their submission details of retiree and new recruit during the control period and station-wise projected employees expenses in table 20 whereas employees cost for corporate have not been shown separately.



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3.3.3.2 Normally a company having field units at different locations with a Central Corporate office, employees are being recruited at the field office because of the fact percentage of Senior and experienced staffs and officers at Corporate office is high in comparison to new recruitment. WBPDCCL in their table 19 have indicated high proportion of new recruit at Corporate Office in comparison to retiree which is very unusual. In Sagardighi (1 & 2) & Bakreswar (1 to 5) the new recruits are abnormally high in comparison of retiree keeping in view that both these plants have been under commercial operations since long.

3.3.3.3 WBPDCCL has further stated that employees cost during 4<sup>th</sup> control period have been summarized in Table 20 without considering the cost of new addition which will be claimed through APR on actual basis but it has not been stated whether cost of retiree have been considered. This is an indication there will be change in tariff but once exercise of retiree and new recruit has been made then employees cost with this projection should have been computed and the difference in actual and projected cost can be claimed through APR. In this case the number of new recruit is quite high as projected in table 19. Therefore the projected employees cost would have been less and there will be the negative in APR on this scope of employees cost. Therefore HCCI pray to Commission that WBPDCCL should re-compute the employees cost on the projected figure of employees during the control period. However, reasonability of high percentage of new recruit has to be checked beforehand.

3.3.3.4 WBPDCCL has projected “Employee Cost” “Coal and Ash handling charge” “Water Charge” and “Insurance premium” considering an annual escalation rate of 5.85% on the ground that CERC has notified the said rate. Although WBPDCCL did not mention about the exact Notification, it appears that the Company is referring to the CERC Notification No. Eco-2/2013-CERC dated 7.10.2013. If that be the case then CERC’s said rate cannot be applied here since CERC, in pursuance of clause 5.6(vi) of MOP’s Notification dated 19/01/2005 on Guide



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lines for determination of tariff by Bidding process for procurement of power by Distribution Licensees, notified above rates and other parameters for the purpose of Bid Evaluation and payment but WBPDCCL's power/energy is not being sold through any Bidding process. Accordingly, WBPDCCL has computed various costs under ARR as shown in Table 2 as per supplementary petition.

*The points stated by HCCI above have been noted by the Commission. However, it is stated that WBPDCCL did not consider any employee cost for the projected addition in number of employees through the process of recruitment. The Commission accepted the consideration of WBPDCCL for the reason that admitting employee cost for projected addition in manpower may lead to front loading of tariff. The Commission also admits the escalation rate as proposed by WBPDCCL which is less than the inflation rate of 9.15% as per CPI base for the period of October 2011 to September 2014. Even the proposed escalation rate is also less than the present CPI based inflation rate of 6.81% of first half of 2014 – 2015.*

### **3.3.4 Analysis of ARR:**

3.3.4.1 There is no major change in fuel cost and many other major costs in supplementary petition from original petition. In original petition final cost and variable cost are same for all the years whereas in supplementary petition there are differences but total variable cost is same in both the petitions.

*This point has already been discussed in earlier paragraph 3.2.1 and the views of the Commission have already been given there.*

### **3.3.5 O&M Expenses:**

3.3.5.1 It will be observed that O&M charges in the supplementary petition as percentage of ARR has gone up as O&M charge remains same in both the cases



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though the total ARR in the supplementary petition has been reduced. While submitting the projection under different sub-heads of O&M expenses WBPDCCL has stated that actual (O&M) expenses in previous year for all the generating stations are higher than the norms specified in the Regulations. It is noted that the Commission have specified an escalation of certain percentage in O&M expenses in the Regulations. The Commission may take decision as deemed fit but subject to admissibility in APR for ensuing year on this account once the norms of O&M expenses is finalized by the Commission.

*The Commission has noted the points and dealt the O&M expenses as per norms. Thus, separate dealing of administrative and general expenses is not done on the observation of HCCI as such expense is part of O&M expenses.*

### **3.3.6 Heat rate of different Thermal Power Stations of WBPDCCL:**

3.3.6.1 WBPDCCL has stated to consider the SHR norms as specified and requested the Commission to consider the difficulties in achieving the norms and relaxing SHR norms. The SHR norms as specified in the Regulations cannot be changed without proper study and without proper reason and as such the prayer of WBPDCCL cannot be acceptable. If the SHR norms can be achieved with proper blend of coal that should be attempted by WBPDCCL without taking course of least cost input which ultimately gives rise to additional expenditure with less performance. For determination of fuel cost based on the quantum and grade of coal and station heat rate, the Commission has already given a relaxation by allowing the generating stations to compute the fuel quantity on the basis of UHV at the lowest level for different band of GCV of coal. However, to determine the actual cost, it is prudent to take mean value of respective band of UHV corresponding to GCV of coal purchased.



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*The Commission decides that the station heat rate used for the determination of fuel cost will be done as per the norms under Tariff Regulations in pursuance to its stand under paragraph 1.7 of this order.*

#### **3.3.7 Effective date of tariff implementation:**

3.3.7.1 HCCI submitted that WBPDCCL is solely responsible for the delay in timely filing of the MYT petition as WBPDCCL submitted a supplementary petition after approval of gist of application and admission of their MYT petition by the Commission. Further, there is no sufficient reason for submission of supplementary petition. The petition submitted by WBPDCCL needs to be entirely reviewed on the score of total available generation and fuel cost with proper mix up of coal resulting in reasonable change in ARR. HCCI submitted that the tariff application of WBPDCCL should be given effect from the prospective date and not retrospective effect.

*The point has been noted and the Commission's decision is given in the subsequent chapter.*

#### **3.3.8 Working Capital and interest on Working Capital:**

3.3.8.1 HCCI submitted that Hon'ble Commission may review the quantum of working capital and interest on working capital. WBPDCCL stated in their Tariff petition that the working capital requirement of WBPDCCL generating station is increasing in the past years primarily on account of lower recovery in Tariff.

3.3.8.2 It may be interesting to note that the primary and sole consumer of WBPDCCL is WBSEDCL and both WBPDCCL and WBSEDCL are profit making. In that case lower recovery in Tariff in WBPDCCL is only due to inefficient Management.



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3.3.8.3 WBPDCCL is taking huge amount of loan for their expansion under capital expenditure. There is no reason why WBPDCCL has to resort to market loan for their revenue expense. Though there is a provision for working capital and interest on working capital but to reduce ARR all endeavors be made to avoid such loan and interest if not extremely necessary to running of basic function of utility. Further WBPDCCL has shown income from other sources and non Tariff income. In Table 30 of their petition it has not been clarified whether this income has been considered while computing working capital requirement and interest on working capital. It is true that non Tariff income has been deducted while computing the ARR as per norms of regulations for preparation of ARR but it may be examined by them if this non Tariff income can be utilized as working capital so that in case of such profit making company the high rate of bank interest on working capital could be avoided. There are also other methods of arranging working capital in such companies having regular flow of revenue which should have been explored by WBPDCCL to reduce interest on working capital. The benefit of reduction in working capital can be passed on to consumers.

*The Commission has noted the point raised by HCCI. It is seen that WBPDCCL in their tariff petition has claimed in the interest on working capital on normative basis. The Commission will view the requirement of Working Capital and interest thereon as per provisions of Tariff Regulations. Thus, HCCI's view is being automatically taken into consideration.*

#### **3.3.9 Return on Equity:**

3.3.9.1 The HCCI objects to the WBPDCCL philosophy of grossing up of 15.50% ROE to the extent of the applicable tax rate. The reason for the same is that there are considerable under recoveries of fixed and variable charges as most of the stations operated by WBPDCCL are unable to achieve target operating norms.



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This results in losses to the WBPDCCL and the reported net profit is not equal to the allowed return on equity in tariff.

- 3.3.9.2 Section 61 of the Electricity Act stipulates that the State Commission should provide for the recovery of cost of electricity in a reasonable manner by a distribution licensee while at the same time safeguarding the interest of the consumers. The Tariff Policy 2006 also stresses that balance needs to be maintained between the interests of the consumers and the tariff awarded to licensees.
- 3.3.9.3 In a cost plus regime any reasonably incurred expenses (revenue as well as capital) are recovered through tariffs as determined by the Hon'ble Commission. Accordingly it is ensured that the investments made in the sector by the entities are reasonably recovered from the consumers.
- 3.3.9.4 It is also like to point out that HCCI has objected on these points on earlier occasions but humbly submits that points have not been properly addressed to. It is therefore prayed that Hon'ble Commission should take note of all the points before allowing the claimed ROE.

*WBPDCCL has claimed the ROE on their equity base @ 15.5%. The Commission will deal the issue in subsequent chapter as per provision of the Act and Tariff Regulations. Regarding income tax issue, it is to be mentioned that WBPDCCL has not claimed income tax in their ARR for the ensuing years. Thus, the issue does not arise at this stage.*

#### **3.3.10 Release of Regulatory Asset:**

- 3.3.10.1 The Commission will certainly examine and offer its judgement and prudence while releasing regulatory asset in ARR adjustments so that tariff hike can be avoided as far as possible and without much profit in the retrospective period





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otherwise most of the power intensive industries will face serious business problem which may have long term effect.

*The Commission has noted the point in general. On the point of such profit due to release of regulatory asset, it is to be noted that this release is an amount that has already been admitted by the Commission and not as any additional component of profit due to such regulatory release.*

### **3.3.11 Public hearing:**

3.3.11.1 According to HCCI, the provision of regulation 2.4 of the Tariff Regulations entails that conducting a public hearing is optional and not mandatory. HCCI, however, earnestly urge that in order to consider the objections / comments / suggestions from all the stake holders in totality and in a transparent manner, a public hearing may be conducted by the Commission for determination of the MYT petition. Various Regulatory Commission resort to both Public Hearing and invitation for comments / suggestions / objections from the stake holders as a general and standard practice in respect of aforesaid activities. HCCI also proposes that hearing should at least be arranged for the power intensive industrial consumers to promote industry in the State.

*In the context of public hearing, 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. Section 64 of the Act 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*



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*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.*

*HCCI though referred the instances of conducting public hearing by 'other Regulatory Commissions' as a general and standard practice, the Commission is of the view that there is no need for public hearing as already explained above. Invitations of suggestions and objections on the tariff application of WBPDCCL have been made in accordance with the provisions of the Act and Regulations. This had been done in earlier years also as a standard practice in line with the provisions of the Act.*

*HCCI has also mentioned that hearing is optional and not mandatory. In this respect, the Commission is of the opinion that the first sentence of the regulation 2.4 of the Tariff Regulations clearly spelt out that the invitation of suggestion and objections are to be done in a manner and at a stage which is only **(emphasis supplied)** specifically provided in the Tariff Regulations. The said regulation also clearly spelt that any invitation of suggestion and objection under these Regulations shall mean that such suggestion and objections shall always be in written form only **(emphasis supplied)**. Thus the con-joint reading of those two provisions clearly show that the submission of suggestion and objections shall*



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*mandatorily be through single method that is written submission only and no other method will be acceptable such as hearing.*

- 3.4 The Commission has taken note of the objections, suggestions and comments offered. Some of the objections, suggestions and comments have been dealt with in the paragraphs above. The objections, suggestions and comments which have not been dealt with in earlier paragraphs and are directly concerned with the instant petition, have been considered in the subsequent chapters of this order in which various components of fixed costs have been analyzed and discussed.



## CHAPTER – 4 VARIABLE COST & EXPENDITURE

### 4.1 Fuel Cost:

4.1.1 An examination of the projected fuel cost claimed by WBPDCCL for the ensuing years 2014 – 2015, 2015 – 2016 and 2016 – 2017 of fourth control period under different heads for its power stations presently in operation has been taken up in this chapter. For the purpose of fuel cost calculation and energy charge determination under this chapter, the energy generated from a generating station has been considered as per normative PLF of the generating station as proposed by WBPDCCL but it shall be noted that capacity charge recovery of the generating station shall be on the basis of normative PAF.

4.1.2 Fuel cost for different power stations of WBPDCCL presently in operation as per its projection comes as under:

Fuel Cost in Rs. Lakh			
Generating Station	2014 – 2015	2015 – 2016	2016 – 2017
Kolaghat	171452.28	182925.16	194104.11
Bakreswar (I to V)	144850.14	154610.37	164130.32
Bandel	71887.34	76717.16	81426.19
Santaldih (v & vi)	69209.96	73927.07	78535.66
Sagardighi	83121.70	88699.51	94136.58

4.1.3 In the tariff application for the fourth control period, WBPDCCL has proposed fuel cost on the basis of norms of plant load factor, auxiliary consumption rate, oil consumption rate, station heat rate and transit and handling losses of coal as specified in Schedule 9A of the Tariff Regulations. However, while proposing fuel cost for three years under the fourth control period, it is stated by WBPDCCL that they have projected the same source wise coal consumption for each generating stations for all the three years and have considered the average price of coal as per the notified price of Coal India Limited w. e. f. 28.05.2013 for the year 2014 – 2015 and an annual escalation factor of 6.62% in line with the notification of CERC on escalation rate for domestic coal for the future years 2015 – 2016 and



2016 – 2017. In this context, the Commission observes that WBPDCCL is not claiming any MFCA from April, 2014. Thus it is presumed that there is no escalation in price of fuel during 2013 – 2014 and 2014 – 2015. The Commission has also observed from the notification on Annual Escalation Rates applicable for the period between 01.10.2014 and 31.03.2015 for the purpose of payment vide no. Eco-2/2014-CERC dated October 1, 2014 issued by the Central Electricity Regulatory Commission (CERC) the escalation rate for domestic coal as 1.24%. It has also been seen from the monthly Wholesale Price Index (WPI) for the period January, 2014 to September 2014 available from the website of the Economic Advisor, Government of India, Ministry of Commerce and Industry that there is no change in price index for both coking and non-coking coal during the period January 2014 to September 2014. The Commission does not consider any hike in coal price for the years 2015 – 2016 and 2016 – 2017.

4.1.4 The price of oil for different generating stations for the base year 2013 – 2014 has been estimated by WBPDCCL on the basis of cost actually incurred by different generating stations at the time of submission of petition. The same price is also projected for the year 2014 – 2015, which is admitted by the Commission. The unit price of oil has, however, been projected for ensuing years 2015 – 2016 and 2016 – 2017 with a hike of 5% annually over the projected price of 2014 – 2015 to account for the inflationary trend in crude oil over the future year. The Commission observes that the oil price decreased to a great extent during the year 2014 - 2015. The Commission, thus, does not consider any hike over the price of 2014 – 2015 for the years 2015 – 2016 and 2016 – 2017.

4.1.5 Commission considers the price of coal and oil for the year 2014 – 2015 as projected by WBPDCCL for that year. The Commission considers no hike in price of coal for the years 2015 – 2016 and 2016 – 2017 as explained above. The Commission also does not consider any hike for oil over the projected price of oil



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for 2014 – 2015 to determine the price of oil for the ensuing years 2015 – 2016 and 2016 – 2017. The Commission, however, views that if there is any variation in fuel price in future from the fuel price to be considered in this order for ensuing years, WBPDCCL should take the course of application of Monthly Fuel Cost Adjustment (MFCA) in terms of regulation 5.8.9 and 5.8.10 of the Tariff Regulations.

4.1.6 The Commission has adopted the procedure for calculation of the fuel cost in accordance with regulation 5.8.1(ii) of the Tariff Regulations and normative parameters applicable to WBPDCCL as specified in the Tariff Regulations and allowed fuel cost to WBPDCCL as mentioned in subsequent paragraphs.

4.1.7 Accordingly, the average oil price and the average coal price considered for the generating station of WBPDCCL for the three years of the fourth control period are shown below:

Generating Station	Average Coal Price in Rs./MT			Average Oil Price in Rs./KL		
	2014-2015	2015-2016	2016-2017	2014-2015	2015-2016	2016-2017
Kolaghat	2754.05	2754.05	2754.05	61291.50	61291.50	61291.50
Bakreswar	2667.88	2667.88	2667.88	57777.00	57777.00	57777.00
Bandel	2972.00	2972.00	2972.00	59702.00	59702.00	59702.00
Santaldih	2917.80	2917.80	2917.80	55195.10	55195.10	55195.10
Sagardighi	3087.99	3087.99	3087.99	57433.13	57433.13	57433.13

4.1.8 WBPDCCL determined average heat value of coal, based on allocation schedule of different grades of coal and by application of the process of interpolation in terms of regulation 5.8.15 of the Tariff Regulations. The Commission admits the determination process. Heat value of oil and coal as admitted by the Commission for the ensuing years under the fourth control period are shown below:



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Generating Station	Heat Value of Coal in Kcal/Kg			Heat Value of Oil in Kcal/Lit		
	2014–2015	2015-2016	2016-2017	2014–2015	2015-2016	2016-2017
Kolaghat	3549.79	3549.79	3549.79	9689.65	9689.65	9689.65
Bakreswar	3480.00	3480.00	3480.00	9589.00	9589.00	9589.00
Bandel	3504.00	3504.00	3504.00	9656.00	9656.00	9656.00
Santaldih	3700.14	3700.14	3700.14	9708.51	9708.51	9708.51
Sagardighi	3787.49	3787.49	3787.49	9652.52	9652.52	9652.52

The computation of average heat value and average price of coal are shown in Annexure 4A.

4.1.9 On the basis of above average price of coal and average price of oil and as per above heat value of fuel and normative parameters as specified in Schedule 9A of the Tariff Regulations, the allowable fuel costs are shown by detail computations in the tables at Annexure 4B to 4D as enclosed to this chapter.

4.1.10 The summarized statement of admitted fuel cost for the power stations of WBPDCCL for the fourth control period is given hereunder:

Generating Stations	Total fuel cost as admitted by the Commission (Rs. Lakh)		
	2014–2015	2015-2016	2016-2017
Kolaghat	171452.70	171922.48	171452.70
Bakreswar	144849.77	145263.17	144849.77
Bandel	70042.95	70238.19	70042.95
Santaldih	69209.91	69399.53	69209.91
Sagardighi	83121.65	83349.37	83121.65

4.1.11 Energy charges of the generating stations of WBPDCCL for the year 2014 – 2015 now stand as follows:

Particulars	For the Year 2014 – 2015 (Rs. in lakh)				
	Kolaghat	Bakreswar	Bandel	Santaldih	Sagardighi
Fuel Cost (Rs. in lakh)	171452.70	144849.77	70042.95	69209.91	83121.65
Ex-bus Generation	6984.59	6695.78	2591.61	3188.64	3826.37
Energy Charge (Paise/kWh)	245.47	216.33	270.27	217.05	217.23



**ANNEXURE – 4A**  
**PROJECTED COAL PRICE AND HEAT VALUE**  
**FOR THE YEAR 2014 - 2015**

**KOLAGHAT THERMAL POWER STATION**

Source/grade of coal	Qty Projected		Unit price	Unit Price X Qty	GCV of the Grade	Qty X GCV
	(MT)	(%)	(Rs/MT)	(Rs. Lakh)	(KCAL/KG)	(MKCAL)
(1)	(2)	(3)	(4)	(5)=(2)x(4)/100000	(6)	(7)=(2)x(6)/1000
ECL G-4	1120290	19.05%	5112.050	57269.78	6100	6833769.00
ECL G-5	302560	5.14%	4034.600	12207.09	5800	1754848.00
ECL G-6	78268	1.33%	2381.730	1864.13	5500	430474.00
BECML G-6	825907	14.04%	1939.730	16020.37	5500	4542488.50
MCFL: G-13	2987976	50.80%	1020.250	30484.83	3400	10159118.40
BCCLG-8	405360	6.89%	2695.340	10925.83	4900	1986264.00
BCCL G-9	161210	2.74%	2584.710	4166.81	4600	741566.00
Total	5881571	100.00%		132938.84		26448527.90

<b>Wt. Average Price of coal (Rs./MT)</b>	<b>2260.26</b>
<b>Total projected transport cost in Rs./ MT</b>	<b>493.79</b>
<b>Total landed cost in Rs./ MT</b>	<b>2754.05</b>
<b>Wt. Average GCV in Kcal/Kg</b>	<b>4496.85</b>
<b>Wt. Average Heat Value (UHV) in Kcal/Kg in terms of regulation 5.8.15 of Tariff Regulations</b>	<b>3549.79</b>





**BAKRESWAR THERMAL POWER STATION**

Source/grade of coal	Qty Projected		Unit price	Unit Price X Qty	GCV of the Grade	Qty X GCV
	(MT)	(%)	(Rs/MT)	(Rs. Lakh)	(KCAL/KG)	(MKCAL)
(1)	(2)	(3)	(4)	(5)=(2)x(4)/100000	(6)	(7)=(2)x(6)/1000
ECL G-4	715461	13.70%	5112.050	36574.72	6100	4364312.10
ECL G-5	265971	5.09%	4034.600	10730.87	5800	1542631.80
ECL G-6	9309	0.18%	2381.730	221.72	5500	51199.50
BECML G-4	49905	0.96%	3822.280	1907.51	6100	304420.50
BECML G-6	734079	14.06%	1939.730	14239.15	5500	4037434.50
MCFL: G-13	2544542	48.73%	1020.250	25960.69	3400	8651442.80
BCCLG-8	158253	3.03%	2695.340	4265.46	4900	775439.70
BCCL G-9	744718	14.26%	2584.710	19248.80	4600	3425702.80
Total	5222238	100.00%		113148.91		23152583.70

<b>Wt. Average Price of coal (Rs./MT)</b>	<b>2166.67</b>
<b>Total projected transport cost in Rs./ MT</b>	<b>501.21</b>
<b>Total landed cost in Rs./ MT</b>	<b>2667.88</b>
<b>Wt. Average GCV in Kcal/Kg</b>	<b>4433.46</b>
<b>Wt. Average Heat Value (UHV) in Kcal/Kg in terms of regulation 5.8.15 of Tariff Regulations</b>	<b>3480.00</b>



**BANDEL THERMAL POWER STATION**

Source/grade of coal	Qty Projected		Unit price	Unit Price X Qty	GCV of the Grade	Qty X Heat Value(GCV)
	MT	%	Rs/MT	Rs. Lakh	KCAL/KG	MKCAL
(1)	(2)	(3)	(4)	(5)=(2)x(4)/100000	(6)	(7)=(2)x(6)/1000
ECL G-4	674531	29.40%	5112.05	34482.36	6100	4114639.10
BECML G-6	189342	8.25%	1939.73	3672.72	5500	1041381.00
MCFL: G-13	1264946	55.13%	1020.25	12905.61	3400	4300816.40
BCCLG-8	11834	0.52%	2695.34	318.97	4900	57986.60
BCCL G-9	153840	6.70%	2584.71	3976.32	4600	707664.00
Total	2294493	100.00%		55355.98		10222487.10

<b>Wt. Average Price of coal (Rs./MT)</b>	<b>2412.56</b>
<b>Total projected transport cost in Rs./ MT</b>	<b>559.44</b>
<b>Total landed cost in Rs./ MT</b>	<b>2972.00</b>
<b>Wt. Average GCV in Kcal/Kg</b>	<b>4455.23</b>
<b>Wt. Average Heat Value (UHV) in Kcal/Kg in terms of regulation 5.8.15 of Tariff Regulations</b>	<b>3,504.00</b>



**SANTALDIH THERMAL POWER STATION**

Source/grade of coal	Qty Projected		Unit price	Unit Price X Qty	GCV of the Grade	Qty X GCV
	(MT)	(%)	(Rs/MT)	(Rs. Lakh)	(KCAL/KG)	(MKCAL)
(1)	(2)	(3)	(4)	(5)=(2)x(4)/100000	(6)	(7)=(2)x(6)/1000
ECL G-4	290513	12.60%	5112.050	14851.17	6100	1772129.30
ECL G-5	145257	6.30%	4034.600	5860.54	5800	842490.60
ECL G-6	96838	4.20%	2381.730	2306.42	5500	532609.00
MCFL: G-13	530671	23.02%	1020.250	5414.17	3400	1804281.40
BCCLG-8	251778	10.92%	2695.340	6786.27	4900	1233712.20
BCCL G-9	796974	34.57%	2584.710	20599.47	4600	3666080.40
BCCL G-10	193676	8.40%	2402.020	4652.14	4300	832806.80
Total	2305707	100.00%		60470.18		10684109.70

<b>Wt. Average Price of coal (Rs./MT)</b>	<b>2622.63</b>
<b>Total projected transport cost in Rs./ MT</b>	<b>295.17</b>
<b>Total landed cost in Rs./ MT</b>	<b>2917.80</b>
<b>Wt. Average GCV in Kcal/Kg</b>	<b>4633.77</b>
<b>Wt. Average Heat Value (UHV) in Kcal/Kg in terms of regulation 5.8.15 of Tariff Regulations</b>	<b>3700.14</b>



**SAGARDIGHI THERMAL POWER STATION**

Source/grade of coal	Qty Projected		Unit price	Unit Price X Qty	GCV of the Grade	Qty X GCV
	MT	%	Rs/MT	Rs. Lakh	KCAL/KG	MKCAL
(1)	(2)	(3)	(4)	(5)=(2)x(4)/100000	(6)	(7)=(2)x(6)/1000
ECL G-4	485080	18.56%	5112.050	24797.53	6100	2958988.00
ECL G-5	122186	4.68%	4034.600	4929.72	5800	708678.80
ECL G-6	130739	5.00%	2381.730	3113.85	5500	719064.50
BECML G-6	592604	22.67%	1939.730	11494.92	5500	3259322.00
MCFL: G-13	1052024	40.25%	1020.250	10733.27	3400	3576881.60
BCCLG-8	111190	4.25%	2695.340	2996.95	4900	544831.00
BCCL G-9	119743	4.58%	2584.710	3095.01	4600	550817.80
Total	2613565	100.00%		61161.25		12318583.70
<b>Wt. Average Price of coal (Rs./MT)</b>						<b>2340.15</b>
<b>Total projected transport cost in Rs./ MT</b>						<b>747.84</b>
<b>Total landed cost in Rs./ MT</b>						<b>3087.99</b>
<b>Wt. Average GCV in Kcal/Kg</b>						<b>4713.33</b>
<b>Wt. Average Heat Value (UHV) in Kcal/Kg in terms of regulation 5.8.15 of Tariff Regulations</b>						<b>3787.49</b>



## ANNEXURE – 4B

## COMPUTATION OF FUEL COST OF DIFFERENT GENERATING STATIONS OF WBPDC FOR THE YEAR 2014 - 2015

Sl. No	Particulars	Unit	Stations				
			Kolaghat	Bakreswar	Bandel	Santaldih	Sagardighi
1	Generation	MU	7726.32	7358.00	2870	3504.00	4204.80
2	Rate of Auxiliary Consumption (normative)	%	9.60%	9.00%	9.70%	9.00%	9.00%
3	Auxiliary consumption	MU	741.73	662.22	278.39	315.36	378.43
4	Ex-bus generation (4=1-3)	MU	6984.59	6695.78	2591.61	3188.64	3826.37
5	Station Heat Rate (Normative)	Kcal/kWh	2700.00	2470.00	2725.00	2425.00	2345.00
6	Total Heat Required (1×5)	M.Kcal	20861064.00	18174260.00	7820750.00	8497200.00	9860256.00
7	Heat value of Oil	Kcal/lit	9689.65	9589.00	9656.00	9708.51	9652.52
8	Specific Oil consumption	ml/kWh	2.00	1.30	2.15	1.00	1.00
9	Oil consumption (9=1×8)	KL	15452.64	9565.40	6170.50	3504.00	4204.80
10	Heat from oil [10=(7×9)/1000]	M.Kcal	149730.67	91722.62	59582.35	34018.62	40586.92
11	Heat from coal (11=6-10)	M.Kcal	20711333.33	18082537.38	7761167.65	8463181.38	9819669.08
12	Heat value of coal	K.cal/Kg	3549.79	3480.00	3504.00	3700.14	3787.49
13	Coal consumption [13=(11/12) ×1000]	MT	5834523.54	5196131.43	2214945.11	2287259.77	2592658.75
14	Coal requirement with permissible transit loss	MT	5881576.15	5222242.64	2232807.57	2305705.42	2613567.29
15	Average cost of Oil	Rs./KL	61291.50	57777.00	59702.00	55195.10	57433.13
16	Average price of coal	Rs./MT	2754.05	2667.88	2972.00	2917.80	3087.99
17	Cost of oil [17=(9×15)/100000]	Rs. lakh	9471.15	5526.60	3683.91	1934.04	2414.95
18	Cost of coal [18=(14×16)/100000]	Rs. lakh	161981.55	139323.17	66359.04	67275.87	80706.70
19	Cost of Fuel (17+18)	Rs. lakh	171452.70	144849.77	70042.95	69209.91	83121.65
20	Average Fuel Cost per unit of Generation (19/4x10)	Paise/kwh	245.47	216.33	270.27	217.05	217.23



## ANNEXURE – 4C

## COMPUTATION OF FUEL COST OF DIFFERENT GENERATING STATIONS OF WBPDCCL FOR THE YEAR 2015 - 2016

Sl. No.	Particulars	Unit	Stations				
			Kolaghat	Bakreswar	Bandel	Santaldih	Sagardighi
1	Generation	MU	7747.49	7379.00	2878.00	3513.60	4216.32
2	Rate of Auxiliary Consumption (normative)	%	9.60%	9.00%	9.70%	9%	9.00%
3	Auxiliary consumption	MU	743.76	664.11	279.17	316.22	379.47
4	Ex-bus generation (4=1-3)	MU	7003.73	6714.89	2598.83	3197.38	3836.85
5	Station Heat Rate (Normative)	Kcal/kWh	2700.00	2470.00	2725.00	2425.00	2345.00
6	Total Heat Required (6=1×5)	M.Kcal	20918223.00	18226130.00	7842550.00	8520480.00	9887270.40
7	Heat value of Oil	Kcal/lit	9689.65	9589.00	9656.00	9708.51	9652.52
8	Specific Oil consumption	ml/kWh	2.00	1.30	2.15	1.00	1.00
9	Oil consumption (9=1×8)	KL	15494.98	9592.70	6187.70	3513.60	4216.32
10	Heat from oil [10=(7×9)/1000]	M.Kcal	150140.93	91984.40	59748.43	34111.82	40698.11
11	Heat from coal (11=6-10)	M.Kcal	20768082.07	18134145.60	7782801.57	8486368.18	9846572.29
12	Heat value of coal	K.cal/Kg	3549.79	3480.00	3504.00	3700.14	3787.49
13	Coal consumption [13=(11/12) ×1000]	MT	5850510.05	5210961.38	2221119.17	2293526.24	2599761.92
14	Coal requirement with permissible transit loss	MT	5897691.58	5237147.11	2239031.42	2312022.42	2620727.75
15	Average cost of Oil	Rs./KL	61291.50	57777.00	59702.00	55195.10	57433.13
16	Average price of coal	Rs./MT	2754.05	2667.88	2972.00	2917.80	3087.99
17	Cost of oil [17=(9×15)/100000]	Rs. lakh	9497.11	5542.37	3694.18	1939.34	2421.56
18	Cost of coal [18=(14×16)/100000]	Rs. lakh	162425.37	139720.80	66544.01	67460.19	80927.81
19	Cost of Fuel (19=17+18)	Rs. lakh	171922.48	145263.17	70238.19	69399.53	83349.37
20	Average Fuel Cost per unit of Generation (19/4x10)	Paise/kwh	245.47	216.33	270.27	217.05	217.23



## ANNEXURE – 4D

## COMPUTATION OF FUEL COST OF DIFFERENT GENERATING STATIONS OF WBPDC FOR THE YEAR 2016 - 2017

Sl. No.	Particulars	Unit	Stations				
			Kolaghat	Bakreswar	Bandel	Santaldih	Sagardighi
1	Generation	MU	7726.32	7358.00	2870.00	3504.00	4204.80
2	Rate of Auxiliary Consumption (normative)	%	9.60%	9.00%	9.70%	9.00%	9.00%
3	Auxiliary consumption	MU	741.73	662.22	278.39	315.36	378.43
4	Ex-bus generation (4=1-3)	MU	6984.59	6695.78	2591.61	3188.64	3826.37
5	Station Heat Rate (Normative)	Kcal/kWh	2700.00	2470.00	2725.00	2425.00	2345.00
6	Total Heat Required (6=1×5)	M.Kcal	20861064.00	18174260.00	7820750.00	8497200.00	9860256.00
7	Heat value of Oil	Kcal/lit	9689.65	9589.00	9656.00	9708.51	9652.52
8	Specific Oil consumption	ml/kWh	2.00	1.30	2.15	1.00	1.00
9	Oil consumption (9=1×8)	KL	15452.64	9565.40	6170.50	3504.00	4204.80
10	Heat from oil [10=(7×9)/1000]	M.Kcal	149730.67	91722.62	59582.35	34018.62	40586.92
11	Heat from coal (11=6-10)	M.Kcal	20711333.33	18082537.38	7761167.65	8463181.38	9819669.08
12	Heat value of coal	K.cal/Kg	3549.79	3480.00	3504.00	3700.14	3787.49
13	Coal consumption [13=(11/12) ×1000]	MT	5834523.54	5196131.43	2214945.11	2287259.77	2592658.75
14	Coal requirement with permissible transit loss	MT	5881576.15	5222242.64	2232807.57	2305705.42	2613567.29
15	Average cost of Oil	Rs./KL	61291.50	57777.00	59702.00	55195.10	57433.13
16	Average price of coal	Rs./MT	2754.05	2667.88	2972.00	2917.80	3087.99
17	Cost of oil [17=(9×156)/100000]	Rs. lakh	9471.15	5526.60	3683.91	1934.04	2414.95
18	Cost of coal [18=(14×16)/100000]	Rs. lakh	161981.55	139323.17	66359.04	67275.87	80706.70
19	Cost of Fuel (19=17+18)	Rs. lakh	171452.70	144849.77	70042.95	69209.91	83121.65
20	Average Fuel Cost per unit of Generation (19/4x10)	Paise/kwh	245.47	216.33	270.27	217.05	217.23



## CHAPTER – 5 FIXED CHARGES

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- 5.1 An examination of the projected fixed charges claimed by WBPDCCL for the years 2014 – 2015, 2015 – 2016 and 2016 – 2017 of the fourth control period under different heads for its generating stations has been taken up in this chapter.
- 5.2 The Commission has taken prudent analyses of the charges claimed under different heads with reference to reasonableness. WBPDCCL has projected the expenses under different heads of fixed charges on the basis of estimated expenditure for the year 2013 – 2014. The audited annual report and accounts for the year 2013 – 2014 was not submitted by WBPDCCL along with their application. The latest annual report and accounts submitted along with the application as available at the time of submission are for the year 2012 – 2013. The estimated expenses for the base year 2013 – 2014 has been compared and analyzed with actual expenses for the year 2012 – 2013. The Commission also compares the claim of WBPDCCL for 2014 – 2015 with the estimated expenses shown under the respective heads for the year 2013 – 2014. The escalation rate considered by WBPDCCL for the projected price for the year 2015 – 2016 and 2016 – 2017 for the respective heads in light of the inflationary trend and wherever the rate of annual increase considered in the projected expenditure is below the average inflation rate of 6.62% (inflation rate on WPI based index from October 2011 to September 2014), the Commission has accepted such rate of annual increase in general.
- 5.3 **Employee Cost**
- 5.3.1 WBPDCCL has projected the employee cost on the basis of an estimated employee cost for the base year 2013 – 2014 which has further been increased by 5.85% each year for 2014 – 2015 to 2016 – 2017. WBPDCCL has projected the station wise number of employees. The tariff applicant has stated in their submission that they have considered the retirement of employees in their employee cost but did not consider any cost for projected addition of employees.
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- The Commission noticed that estimated employee cost of base year 2013 – 2014 has been computed by WBPDCCL by escalating the actual employee cost for 2012 – 2013 at the rate of 10% for each generating station.
- 5.3.2 WBPDCCL has projected the number of employees in data forms submitted along with their application. It is observed from the number of employees as projected and the Man / MW ratio computed for each generating station that the number of employees for each generating station is within the limit of Man / MW ratio as stipulated in the Tariff Regulations.
- 5.3.3 It is noted that WBPDCCL has estimated employee cost of the base year 2013 – 2014 by escalating the statutory terminal benefit cost by 8% and other regular employee cost by a margin of 11% over the actuals for the year 2012 – 2013. These projections constitute an average hike of 10% for the year 2013 – 2014, over the actual employee cost of 2012 – 2013. The Commission now examines the hike in employee cost during 2013 – 2014 in the context of increase in D.A. and normal increment. The latest five DA (Dearness Allowance) increase in Central Government during 01.07.2012 to 01.07.2014 is 7%, 8%, 10%, 10% and 7%. Considering the impact of two instalments each at 10% of basic pay and annual increment @ 3% on basic pay, the annual increase in employee cost comes to 10.80%  $\left[ \frac{(3 \times 8\% + 6 \times 18\% + 3 \times 28\% + 12 \times 3\%)}{12} \times \frac{1}{2} \right] + (3\% \times \frac{1}{2} \times 0.2)$  [basic pay in the salary is 50% considering existing DA @ 80% of basic pay and HRA @ 20% of basic pay in the salary] for the year 2013 – 2014 over the employee cost incurred during the year 2012 – 2013. The Commission, thus, considers the average increase in employee cost during 2013 – 2014 @ 10% as projected by WBPDCCL over the actual employee cost of 2012 – 2013 to arrive at the employee cost for 2013 – 2014. The Commission also admits employee cost for each year of the control period giving a hike of 5.85% annually over the amount arrived at for the base year 2013 – 2014 as proposed by WBPDCCL.



5.3.4 The Commission, thus, admits the employee cost including terminal benefits net of capitalization for each generating station for the years 2014 – 2015, 2015 – 2016 and 2016 – 2017 as follows:

Generating station	Employee cost as admitted by the Commission (Rs. in lakh)		
	2014 – 2015	2015 – 2016	2016 – 2017
Kolaghat	15317.04	16213.08	17161.55
Bakreswar	10785.27	11416.21	12084.05
Bandel	6928.12	7333.42	7762.43
Santaldih	7185.56	7605.91	8050.87
Sagardighi	6181.73	6543.36	6926.14

**5.4 Coal & Ash Handling Expenses:**

5.4.1 WBPDCCL has projected the Coal & Ash handling expenses for its power stations presently in operation.

5.4.2 WBPDCCL has projected the coal and ash handling charges for the years 2014 – 2015, 2015 – 2016 and 2016 – 2017 with an annual increase @ 5.85% over the estimated expenditure for 2013 – 2014. The coal and ash handling charges have been admitted on the basis of actual charges incurred during 2012 – 2013 which have further been escalated @ 5.85% each year for 2013 – 2014 to 2016 – 2017 for all the generating stations except Bandel generation station where WBPDCCL has projected the coal and ash handling charges for all the ensuing years under the fourth control period at a lower level than the actual expenditure for 2012 – 2013. Thus, the coal and ash handling charges for Bandel generating station is considered as projected by WBPDCCL. The coal and ash handling charges thus admitted by the Commission are as follows:

Rupees in Lakh

Power station	2014 – 2015	2015 – 2016	2016 – 2017
Kolaghat	2981.17	3155.57	3340.17
Bakreswar	921.11	975.00	1032.03
Bandel	755.00	799.16	845.91
Santaldih	339.04	358.87	379.87
Sagardighi	263.75	279.18	295.51



The coal and ash handling charges as admitted above correspond to normative generation of each generating station during the respective year. Any short fall in actual generation of any generating station during any year will be looked into in admitting the coal and ash handling cost of the generating station in APR for the concerned year.

#### **5.5 Water Charges / Cess:**

5.5.1 The water charges for each generating station have been projected by WBPDCCL on the basis of an estimated cost for 2013 – 2014 with an escalation of 5.85% each year to arrive at the estimated value for the years 2014 – 2015 to 2016 – 2017. WBPDCCL submitted that estimate for 2013 – 2014 has been done based on actual expenditure already incurred till submission of MYT application and to be incurred till the end of the year.

5.5.2 Water requirement of Santaldih generating station is met from DVC source of water. WBPDCCL has submitted that DVC had increased water tariff w.e.f. 01.01.2012 through their notification no. Coml/WS/Tariff notice/2012-13/2240 dated 09.08.2012 from Rs. 0.03 per KL to Rs. 5.70 per KL. The Commission observed such hike from the notifications of DVC on water tariff dated 30.09.2010 and 09.03.2012. With this increase of tariff, there was substantial increase of actual water charges of Santaldih generating station during 2012 – 2013 compared to actual of 2011 – 2012. Considering the hike in water tariff of DVC and estimates made by WBPDCCL for 2013 – 2014 for the generating stations, the Commission admits the water charges as projected by WBPDCCL.

5.5.3 The water charges, thus, admitted for the different generating stations are as under:



**Tariff Order of WBPDCCL for the year 2014 – 2015**

Rupees in Lakh

Power station	2014 – 2015	2015 – 2016	2016 – 2017
Kolaghat	33.24	35.18	37.24
Bakreswar	33.73	35.71	37.79
Bandel	168.48	178.34	188.77
Santaldih	1435.71	1519.70	1608.60
Sagardighi	9.77	10.34	10.94

The water charges as admitted above correspond to normative generation of each generating station during the respective year. Any short fall in actual generation of any generating station during any year will be looked into in admitting the water charges of the generating station in APR for the concerned year.

**5.6 Operation & Maintenance Expenses:**

5.6.1 As per regulation 5.7 of the Tariff Regulation the component of Operation and Maintenance (O&M) expenses are as follows:

- i) Repair & Maintenance Expenses (R & M).
- ii) Administrative and General Expenses which are composed of followings
  - Rent and lease charges.
  - Legal charges.
  - Auditor's expenses, which include auditor's fees, auditor's expenses and payment to auditors in any other capacity or for any work which is necessary to be got done from them and audited.
  - Consultancy charges for work which cannot be done in-house or is uneconomical in doing in-house or is essential to be done from outside sources except payment to Auditors.
  - Other expenses necessary and arising from and ancillary or incidental to the business of electricity except penalty etc. levied under this Act or any other Act.



**Tariff Order of WBPDCCL for the year 2014 – 2015**

Considering these heads, the Commission has set the norms in the Tariff Regulations.

5.6.2 WBPDCCL has projected the (O&M) expenses for each generating station for the three years i.e., 2014 – 2015, 2015 – 2016 and 2016 – 2017 as per norms set out in schedule – 9A of the Tariff Regulations. WBPDCCL has stated that the actual (O&M) expenses during the previous year were higher than the amount admitted as per norms and they have prayed to the Commission to consider the difficulties in achieving the norms.

5.6.3 In terms of the recommended annual norms of operation and maintenance expenses, vide paragraph B of Schedule 9A of the Tariff Regulations, the Commission admits operation and maintenance expenses for each of the generating stations in operation as under:

**(Rs. in lakh)**

Power station	2014 – 2015	2015 – 2016	2016 – 2017
Kolaghat	15851.00	17275.00	18824.00
Bakreswar	10637.00	11592.00	12632.00
Bandel	5720.00	6233.00	6795.00
Santaldih	4140.00	4390.00	4655.00
Sagardighi	4230.00	4482.00	4752.00

**5.7 Insurance Premium:**

5.7.1 WBPDCCL has projected the station wise insurance premium for each year of 2014 – 2015, 2015 – 2016 and 2016 – 2017 based on the actual / estimated insurance premium paid / to be paid by WBPDCCL during 2013 – 2014 and considering an annual inflation @ 5.85% for each year. It is noticed by the Commission that WBPDCCL has projected overall cost for 2013 – 2014 with an escalation of 27% over the actual for 2012 – 2013. WBPDCCL, however, has stated that estimation for 2013 – 2014 is based on the premium already paid and to be paid during 2013 – 2014. The Commission admits the amount as projected



**Tariff Order of WBPDCCL for the year 2014 – 2015**

by WBPDCCL for the years 2014 – 2015, 2015 – 2016 and 2016 – 2017. The admitted amount of insurance premium for the three years under the fourth control period are as follows:

Power station	Rs. in lakh		
	2014 – 2015	2015 – 2016	2016 – 2017
Kolaghat	26.72	28.28	29.93
Bakreswar	96.70	102.36	108.35
Bandel	3.86	4.09	4.33
Santaldih	54.71	57.91	61.30
Sagardighi	178.80	189.26	200.33

In terms of the Tariff Regulations, insurance premium is to be paid after selection of the insurance company through a transparent process. Insurance premium paid being uncontrollable is required to be adjusted under APR where WBPDCCL would also be required to confirm that the provisions of the Tariff Regulations are complied with.

**5.8 Depreciation:**

- 5.8.1 In their projection the gross fixed asset for the base year 2013 – 2014 in respect of the existing units has been considered by WBPDCCL on the basis of closing gross fixed assets in the audited accounts for 2012 – 2013. No capital addition to the fixed assets during the years 2014 – 2015, 2015 – 2016 and 2016 – 2017 has been considered by WBPDCCL.
- 5.8.2 As stated in their application, the depreciation rates and useful life of assets has been considered by WBPDCCL as per Regulation 5.6.2 of the Tariff Regulations.
- 5.8.3 The Commission thus, considers the submission of WBPDCCL and admits the depreciation of each generating station for the years 2014 – 2015, 2015 – 2016 and 2016 – 2017, as follows.



**Tariff Order of WBPDCCL for the year 2014 – 2015**

Power station	Rupees in Lakh		
	2014 – 2015	2015 – 2016	2016 – 2017
Kolaghat	569.05	547.38	535.80
Bakreswar	17111.34	17096.09	17065.96
Bandel	114.42	111.06	104.43
Santaldih	9569.10	9565.63	9559.55
Sagardighi	9380.30	9376.10	9369.77

5.8.4 The chargeable amounts on depreciation in respect of Bakreswar transmission system, Sagardighi transmission system and Santaldih transmission system are, however, excluded in the above admitted amount of depreciation.

5.8.5 The chargeable amounts of depreciation in respect of Bakreswar transmission system, Sagardighi transmission system and Santaldih transmission system are as follows:

Year	Amount in Rs. lakh		
	Bakreswar	Santaldih	Sagardighi
2014 – 2015	1725.42	966.60	1640.70
2015 – 2016	1725.42	966.60	1640.70
2016 – 2017	1158.16	966.60	1640.70

**5.9 Advance against Depreciation:**

5.9.1 WBPDCCL has not projected the requirement of advance against depreciation for the three years 2014 – 2015, 2015 – 2016 and 2016 – 2017 in respect of any of the generating stations. WBPDCCL has stated that following the directives of the Commission in paragraph 5.9.2 of the tariff order for third control period in case no. TP-54/12-13 dated 01.12.2012, they will submit detailed statement of repayment of loan, actual depreciation in the Annual Performance Review application for the concerned years of fourth control period. Thus, no amount is being considered by the Commission under this head for any ensuing year under the fourth control period.



**5.10 Interest on borrowed Capital:**

5.10.1 WBPDCCL has projected the interest payable on the borrowed capital during the years 2014 – 2015, 2015 – 2016 and 2016 – 2017. The Commission has taken up the examination of such projections separately for generating stations at Bakreswar, Santaldih and Sagardighi. No term loan has been received by WBPDCCL in capital accounts for Bandel and Kolaghat generating stations and hence no interest has been claimed by WBPDCCL for those generating stations. WBPDCCL has given the details of the calculation of interest on borrowed capital in Form C in Annexure – 1 of their application for the respective generating stations. The Commission has examined the calculation of interest taking into consideration the project cost admitted against the respective generating stations and admits the interest claimed by WBPDCCL for generating stations at Bakreswar, Santaldih and Sagardighi, as follows:

Power station	Rupees in Lakh		
	2014 – 2015	2015 – 2016	2016 – 2017
Bakreswar	13688.55	13290.37	12892.19
Santaldih	13549.10	11894.12	10239.15
Sagardighi	11210.41	11246.33	11246.33

5.10.2 It is mentioned that the chargeable interests on borrowed capital in respect of Bakreswar transmission system, Santaldih transmission system and Sagardighi transmission system are, however, excluded in the above admitted amount of such chargeable interest on borrowed capital.

5.10.3 The chargeable interests on borrowed capital in respect of Bakreswar transmission system, Santaldih transmission system and Sagardighi transmission system are as follows:





**Tariff Order of WBPDCCL for the year 2014 – 2015**

Year	Amount in Rs. lakh		
	Sagardighi	Bakreswar	Santaldih
2014 – 2015	1559.59	509.29	922.96
2015 – 2016	1523.67	409.33	810.23
2016 – 2017	1523.67	309.37	697.49

**5.11 Finance Charges:**

5.11.1 WBPDCCL has claimed other finance charges for all the generating station except Kolaghat generating station during the years under the fourth control period. The Commission admits projected finance charge against the generating stations for all the three years under the fourth control period, as below:

Power station	Rupees in Lakh		
	2014 – 2015	2015 – 2016	2016 – 2017
Kolaghat	0.00	0.00	0.00
Bakreswar	60.00	60.00	60.00
Bandel	14.00	14.00	14.00
Santaldih	18.00	18.00	18.00
Sagardighi	29.00	29.00	29.00

**5.12 Reserve for unforeseen Exigencies:**

5.12.1 WBPDCCL has proposed provision towards Reserve for unforeseen exigencies for all its generating stations in operation @ 0.25% of the value of gross fixed assets at the beginning of the year annually in terms of regulation 5.11.1 of the Tariff Regulations.

5.12.2 The Commission has already allowed WBPDCCL Rs. 2905.84 lakh as reserve for unforeseen exigencies upto the year 2010 – 2011. The Commission did not allow any further amount as reserve for unforeseen exigencies in any of the tariff order since 2011 – 2012 with a view to contain tariff hike. The balance at the end of the financial year 2012 – 2013, lying with the utility as reserve for unforeseen exigencies including interest earned on investment thereof, is



Rs. 10853.75 lakh. The Commission now decides not to allow any amount under this head for the years 2014 – 2015, 2015 – 2016 and 2016 – 2017 to avoid further hike in tariff.

### **5.13 Return on Equity:**

5.13.1 WBPDCCL has claimed the return on equity for each generating station on the paid up equity capital without considering any admissible share of free reserve as per provisions of the Tariff Regulations. No addition or withdrawal of equity has been considered by WBPDCCL during the years of the control period and hence the amount of return will remain uniform for all the three years of the fourth control period. The Commission admits the return on equity for all the generating stations on the basis of actual equity base as per audited accounts for 2012 – 2013 vis-à-vis the admissible equity base as per Tariff Regulations and the actual claimed by the applicant in the manner as stated below:

#### **Kolaghat Thermal Power Station:**

The equity base at the beginning of the year 2014 – 2015 as projected by WBPDCCL is Rs. 87329.40 lakh. As per audited annual accounts for 2012 – 2013, the actual equity base as on 31.03.2013 was Rs. 87329.40 lakh. WBPDCCL has claimed return on the admissible equity base of Rs. 85480.78 lakh which the Commission admits.

#### **Bakreswar Thermal Power Station:**

WBPDCCL has claimed return on equity base of Rs. 149910.14 lakh. As per audited accounts for 2012 – 2013, actual equity for the Bakreswar generating station is Rs. 139910.14 lakh. The Commission noted that the equity capital as



on 01.04.2006 for Stage-I (Units I, II & III) of the generating station commissioned before 01.4.2006 was Rs. 76910.14 lakh. The equity capital for Bakreswar Stage – II (Units IV & V) is Rs. 63000.00 lakh. The Commission approved provisional project cost for Bakreswar Stage - II (Units IV & V) at Rs. 201769.00 lakh through the composite order dated 30.12.2011 in case no. TP-42/09-10, TP-45/09-10 and TP-46/09-10. The Commission, thus, admits admissible equity of Rs. 137440.84 lakh (30% of Rs. 201769 lakh + Rs. 76910.14 lakh) for computation of return.

**Bandel Thermal Power Station:**

WBPDCCL has claimed return on equity base of Rs. 5665.00 lakh. The Commission admits return on the actual equity capital of Rs. 5665.00 lakh for the generation station.

**Santaldih Thermal Power Station:**

WBPDCCL has claimed return on equity base of Rs. 68174.61 lakh. Actual equity capital as per audited accounts for the year 2012 – 2013 is Rs. 72900.00 lakh. The equity capital for Unit V of Santaldih generating station is Rs. 42900.00 lakh and that of unit VI is Rs. 30000.00 lakh. Admissible equity @ 30% of the capital cost of Rs. 127249.00 lakh provisionally approved by the Commission through order dated 30.12.2011 for extension Unit V comes to Rs. 38174.61 lakh and the same is considered by the Commission being lower than the actual equity for unit V. The admissible equity for unit VI @ 30% of the capital cost Rs. 124735.00 lakh provisionally approved by the Commission through order dated 20.11.2012 in case no. WBERC/OA-43/07-08 comes to Rs. 37420.50 lakh. But the actual equity addition for unit VI is Rs. 30000.00 lakh and the same is considered by the Commission. The Commission thus considers the admissible equity base of Rs. 68174.61 lakh for return as computed below:



**Tariff Order of WBPDCCL for the year 2014 – 2015**

(i)	Admissible equity @ 30% of the capital cost of Rs. 127249.00 lakh provisionally approved by the Commission through order dated 30.12.2011 for extension Unit V.	Rs. 38174.61 lakh
(ii)	Actual equity sanctioned by the Govt. of West Bengal in 2011 – 2012 for Unit VI.	Rs. 30000.00 lakh
	Total	Rs. 68174.61 lakh

**Sagardighi Thermal Power Station:**

Actual equity base as per audited accounts at the end of the year 2012 – 2013 is Rs. 97700.00 lakh. The project cost of Sagardighi generating station (Units I & II) was provisionally approved by the Commission in the order dated 30.12.2011 at Rs. 267225.00 lakh. WBPDCCL claimed return on the admissible equity of Rs. 80168.00 lakh computed on the basis of provisionally approved capital cost of Rs. 267225.00 lakh at debt equity ratio of 70:30 which is admitted by the Commission.

There is no projection for addition or deletion of equity capital in the submission of WBPDCCL during 2013 – 2014 to 2016 – 2017. Admitted return on equity for the generating stations is given below. Calculation of equity base and return showing allocation between generating and transmission segments are available in Annexure 5A.

Power station	Rupees in Lakh		
	2014 – 2015	2015 – 2016	2016 – 2017
Kolaghat	13249.52	13249.52	13249.52
Bakreswar	19863.75	19863.75	19863.75
Bandel	878.08	878.08	878.08
Santaldih	9893.14	9893.14	9893.14
Sagardighi	11164.91	11164.91	11164.91



**Tariff Order of WBPDCCL for the year 2014 – 2015**

5.13.2 The chargeable amounts of return on equity in respect of Bakreswar transmission system, Sagardighi transmission system and Santaldih transmission system are, however, excluded in the above admitted amount of such return on equity.

5.13.3 The chargeable amounts of return on equity in respect of Bakreswar transmission system, Sagardighi transmission system and Santaldih transmission system are as follows:

Year	Amount in Rs. lakh		
	Bakreswar	Santaldih	Sagardighi
2014 – 2015	1439.58	673.92	1261.13
2015 – 2016	1439.58	673.92	1261.13
2016 – 2017	1439.58	673.92	1261.13

**5.14 Income Tax:**

5.14.1 It is submitted by WBPDCCL in their application that they have been paying Minimum Alternate Tax (MAT) in past years. No claim on account of income tax for the years from 2014 – 2015 to 2016 – 2017 has been projected by WBPDCCL in their MYT application. Thus, no amount under this head is admitted by the Commission for the years 2014 – 2015, 2015 – 2016 and 2016 – 2017.

5.14.2 WBPDCCL is, however, 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 2013 – 2014 and also the updated statement along with the APR applications for the years 2014 – 2015, 2015 –



2016 and 2016 – 2017. In this respect, the provisions in the regulations 5.13.1 and 5.13.2 of the Tariff Regulations may be referred to.

**5.15 Interest on Working Capital:**

5.15.1 WBPDCCL has claimed for interest on working capital for all the generating stations for the years 2014 – 2015, 2015 – 2016 and 2016 – 2017 on normative basis in terms of regulation 5.6.5.1 of the Tariff Regulations.

5.15.2 The claims for the amounts of interest on working capital are in terms of Tariff Regulations. WBPDCCL has also projected the amount of borrowing towards working capital for each of the operating generating stations in their details of borrowings mentioning the interest to be paid on such borrowings. The Commission examined the borrowings for working capital, as submitted in Form – C by WBPDCCL, with an interest rate ranging from 10.50% to 13.25%. It is seen that interest on working capital projected in Form – C is higher than the interest calculated on normative basis. The Commission, therefore, considers to allow interest on normative basis in terms of regulation 5.6.5.1 of the Tariff Regulations.

5.15.3 The normative requirement of working capital has been computed as per provisions of the Tariff Regulations and computed the interest on working capital at the Prime Lending Rate of State Bank of India as prevailed on 01.04.2013 i.e., 14.45% for each generating station as given in Annexure – 5B.

5.15.4 However, the actual interest on borrowing for working capital for each generating station will be viewed as per provisions of the Tariff Regulations during Annual Performance Review for the concerned year. The Commission admits the interest on working capital as follows:



**Tariff Order of WBPDCCL for the year 2014 – 2015**

Power station	Rupees in Lakh		
	2014 – 2015	2015 – 2016	2016 – 2017
Kolaghat	2971.81	3014.70	3046.72
Bakreswar	2616.49	2640.52	2654.41
Bandel	1208.49	1225.36	1237.69
Santaldih	1386.22	1376.27	1361.52
Sagardighi	1520.50	1533.56	1540.11

**5.16 Income from other sources / Non-Tariff Income:**

5.16.1 The incomes to be derived from other non-tariff sources, as projected by WBPDCCL are as under:

Power station	Rupees in Lakh		
	2014 – 2015	2015 – 2016	2016 – 2017
Kolaghat	3420.76	3420.76	3420.76
Bakreswar	3579.07	3579.07	3579.07
Bandel	1105.55	1105.55	1105.55
Santaldih	1864.08	1014.08	1014.08
Sagardighi	1757.00	1757.00	1757.00

5.16.2 The projected income is to be generated from sale of scrap, interest earnings from the short term deposits with banks, investments and other general income arising from and incidental to the business of electricity. The non-tariff income for the three years under fourth control period has been projected at the similar levels based on the actual non-tariff income during the year 2012 – 2013 for each generating station. The Commission admits the projected amount as shown above.

**5.17 Fixed cost related to Transmission Systems at Bakreswar, Santaldih and Sagardighi:**

5.17.1 The fixed costs related to transmission systems at Bakreswar, Santaldih and Sagardighi will not form part of the fixed charges for Bakreswar, Sagardighi and Santaldih generating stations and are not considered in the computation of fixed



**Tariff Order of WBPDCCL for the year 2014 – 2015**

charges for those generating stations. The total amounts in respect of the transmission systems at Bakreswar, Santaldih and Sagardighi, as determined are given below.

Generating station	2014 – 2015				2015 – 2016				2016 – 2017			
	Int.	Dep	Return	Total	Int.	Dep	Return	Total	Int.	Dep	Return	Total
Bakreswar	509.29	1725.42	1439.58	3674.29	409.33	1725.42	1439.58	3574.33	309.37	1158.16	1439.58	2907.11
Santaldih	922.96	966.60	673.92	2563.48	810.23	966.60	673.92	2450.75	697.49	966.60	673.92	2338.01
Sagardighi	1559.59	1640.70	1261.13	4461.42	1523.67	1640.70	1261.13	4425.50	1523.67	1640.70	1261.13	4425.50

Rupees in Lakh

5.17.2 The transmission systems constructed by WBPDCCL for Bakreswar and Santaldih is an integral part of the transmission system being operated by West Bengal State Electricity Transmission Company Limited (in short 'WBSETCL'). The annual charges for the transmission assets of Bakreswar being operated by WBSETCL for the years 2014 – 2015, 2015 – 2016 and 2016 – 2017 as mentioned above at Rs. 3674.29 lakh, Rs. 3574.33 lakh and Rs. 2907.11 lakh respectively comprising interest, depreciation and return on equity relating to Bakreswar transmission system are not considered under the respective cost heads of Bakreswar generating station and the same amount stands recoverable from WBSETCL.

5.17.3 In paragraph 2.21.4 of the APR order dated 21.07.2014 in case no. APR-39/13-14, the Commission observed that only two line bays at Bishnupur end of Santaldih Thermal Power Station – Bishnupur 220 kV Double Circuit line had been handed over to WBSETCL on 11.10.2010 and also observed that the remaining part of the transmission system was not handed over to WBSETCL as those were not ready at that time. It was also observed that the evacuation of power generated by units V & VI at Santaldih generating station were made through the existing system of units I to IV. WBPDCCL has not confirmed whether the remaining portion of the transmission has been completed and put into operation. Since the transmission system of Santaldih generating station related





to Units V and VI is yet to come into operation, the fixed cost related to Santaldih transmission system are not recoverable by WBPDCCL. The fixed cost relating to Santaldih transmission system shall be recoverable by WBPDCCL only after completion of the work to bring the asset in operation for evacuation of power from Santaldih generating stations (Units V & VI) through that transmission system.

5.17.4 Regarding Sagardighi transmission system, the Commission observed in the APR order dated 21.07.2014 in case no. APR-39/13-14 that the Sagardighi – Gokarna 220 kV Double Circuit transmission line asset, a part of the transmission systems, had already been handed over to WBSETCL on 02.06.2009. The other two parts i.e., Farakka – Subhasgram 400 kV Single Circuit line LILO at Sagardighi and Sagardighi – Parulia 400 kV Double Circuit line are however retained by WBPDCCL as WBSETCL had communicated their inability to maintain that 400 kV system. WBPDCCL entered into an agreement with PGCIL for operation and maintenance of those lines and associated bays at Parulia (Durgapur) for the period from 28.04.2011 to 31.03.2014 on payment basis. WBPDCCL has neither confirmed that such agreement will continue for the years 2014 – 2015, 2015 – 2016 and 2016 – 2017 nor claimed any amount on account of service charges payable to PGCIL on this score in their application. WBPDCCL has not also given the details of the transmission asset of Sagardighi – Gokarna 220 kV double circuit line handed over to WBSETCL. The Commission does not consider any amount on account of fixed cost related to transmission assets of Sagardighi transmission system. WBSETCL is directed to give details of the transmission assets of Sagardighi transmission systems handed over to WBSETCL with documentary evidence in their APR for 2014 – 2015. The service charges, if any, are payable to PGCIL for operation and maintenance of the 400 kV transmission systems during the years 2014 – 2015, 2015 – 2016 and 2016 – 2017 and such amount will be claimed with supporting documents in the APR for the respective years.



- 5.17.5 In the APR order dated 21.07.2014 in case no. APR-39/13-14, the Commission decided for an adjustment of Rs. 2437.69 lakh being the excess recovery by WBPDCCL from WBSETCL on account of transmission charge related to Bakreswar transmission system during the year 2012 – 2013 in the tariff order for 2014 – 2015 (paragraph 2.21.7 of the order dated 21.07.2014 may be referred to). The Commission considers the same in subsequent paragraph in this order.
- 5.17.6 In the APR order dated 21.07.2014 mentioned above, the Commission also decided to adjust the further recoverable amount of Rs. 558.03 lakh by WBPDCCL from WBSETCL on account of Bakreswar transmission charges for the year 2011 – 2012 in the tariff order for 2014 – 2015 (paragraph 2.22 of the order dated 21.07.2014 may be referred to). The Commission also considers the same in subsequent paragraph in this order.
- 5.17.7 In paragraph 5.17.2 above, the fixed charges related to Bakreswar transmission system recoverable by WBPDCCL from WBSETCL and not included in the ARR of WBPDCCL for the years 2014 – 2015, 2015 – 2016 and 2016 – 2017 have been found as Rs. 3674.29 lakh, Rs. 3574.33 lakh and Rs. 2907.11 lakh respectively. After making the adjustment as mentioned in paragraphs 5.17.5 and 5.17.6 above, the fixed charges to be recovered by WBPDCCL from WBSETCL during the year 2014 – 2015 works out at Rs. 1794.63 lakh (Rs. 3674.29 lakh – Rs. 2437.69 lakh + Rs. 558.03 lakh). In addition to above WBPDCCL will continue to recover from WBSETCL Rs. 1769.15 lakh per annum in terms of Commission's order dated 16.01.2009 in case no. OA-28/08-09. The above amount of fixed charges payable by WBSETCL during the years 2014 – 2015, 2015 – 2016 and 2016 – 2017 will be considered in the ARR of WBSETCL for the respective years in the tariff order of WBSETCL for the year 2014 – 2015.



## ANNEXURE – 5A RETURN ON EQUITY

### Kolaghat Thermal Power Station

Sl. No.	Particulars	Admitted Return on Equity		
		2014-15	2015-16	2016-17
1	Actual Equity base at the beginning	87329.40	87329.40	87329.40
2	Admissible equity base at the beginning of the year	85480.78	85480.78	85480.78
3	Addition to EB during the year	0.00	0.00	0.00
4	Actual equity base at the end of the year (1+3)	87329.40	87329.40	87329.40
5	Net addition to the original cost of fixed assets	0.00	0.00	0.00
6	Normative addition of Fixed Assets @ 30%	0.00	0.00	0.00
7	Addition to equity base considered	0.00	0.00	0.00
8	Admissible equity base at the closing of the year(2+7)	85480.78	85480.78	85480.78
9	Average Equity Base((2+8)/2)	85480.78	85480.78	85480.78
10	<b>ROR (%)</b>	15.5	15.5	15.5
11	Allowable Return	13249.52	13249.52	13249.52

### Bakreswar Thermal Power Station

Sl. No.	Particulars	Admitted Return on Equity		
		2014-15	2015-16	2016-17
1	Actual Equity base at the beginning	139910.14	139910.14	139910.14
2	Admissible equity base at the beginning of the year	137440.84	137440.84	137440.84
3	Addition to EB during the year	0.00	0	0
4	Actual equity base at the end of the year (1+3)	139910.14	139910.14	139910.14
5	Net addition to the original cost of fixed assets	0.00	0.00	0.00
6	Normative addition of Fixed Assets @ 30%	0.00	0.00	0.00
7	Addition to equity base considered	0.00	0.00	0.00
8	Admissible equity base at the closing of the year(2+7)	137440.84	137440.84	137440.84
9	Average Equity Base((2+8)/2)	137440.84	137440.84	137440.84
10	<b>ROR (%)</b>	15.5	15.5	15.5
11	Allowable Return	21303.33	21303.33	21303.33
12	Asset value Generation	491909.92	491909.92	491909.92
13	Asset value Transmission	35649.93	35649.93	35649.93
14	Return on Equity for Generation segment( 14=11/(12+13)*12)	19863.75	19863.75	19863.75
15	Return on Equity for Transmission segment ( 15=11-14)	1439.58	1439.58	1439.58



**Bandel Thermal Power Station**

Sl. No.	Particulars	Admitted Return on Equity		
		2014-15	2015-16	2016-17
1	Actual Equity base at the beginning	5665.00	5665.00	5665.00
2	Admissible equity base at the beginning of the year	5665.00	5665.00	5665.00
3	Addition to EB during the year	0.00	0.00	0.00
4	Actual equity base at the end of the year (1+3)	5665.00	5665.00	5665.00
5	Net addition to the original cost of fixed assets	0.00	0.00	0.00
6	Normative addition of Fixed Assets @ 30%	0.00	0.00	0.00
7	Addition to equity base considered	0.00	0.00	0.00
8	Admissible equity base at the closing of the year(2+7)	5665.00	5665.00	5665.00
9	Average Equity Base((2+8)/2)	5665.00	5665.00	5665.00
10	<b>ROR (%)</b>	15.5	15.5	15.5
11	Allowable Return	878.08	878.08	878.08

**Santalidih Thermal Power Station**

Sl. No.	Particulars	Admitted Return on Equity		
		2014-15	2015-16	2016-17
1	Actual Equity base at the beginning	72900.01	72900.01	72900.01
2	Admissible equity base at the beginning of the year	68174.61	68174.61	68174.61
3	Addition to EB during the year	0.00	0.00	0.00
4	Actual equity base at the end of the year (1+3)	72900.01	72900.01	72900.01
5	Net addition to the original cost of fixed assets	0.00	0.00	0.00
6	Normative addition of Fixed Assets @ 30%	0.00	0.00	0.00
7	Addition to equity base considered	0.00	0.00	0.00
8	Admissible equity base at the closing of the year(2+7)	68174.61	68174.61	68174.61
9	Average Equity Base((2+8)/2)	68174.61	68174.61	68174.61
10	<b>ROR (%)</b>	15.5	15.5	15.5
11	Allowable Return	10567.06	10567.06	10567.06
12	Asset value Generation	271651.98	271651.98	271651.98
13	Asset value Transmission	18504.90	18504.90	18504.90
14	Return on Equity for Generation segment( 14=11/(12+13)*12)	9893.14	9893.14	9893.14
15	Return on Equity for Transmission segment ( 15=11-14)	673.92	673.92	673.92



**Sagardighi Thermal Power Station**

Sl. No.	Particulars	Admitted Return on Equity		
		2014-15	2015-16	2016-17
1	Actual Equity base at the beginning	97700.00	97700.00	97700.00
2	Admissible equity base at the beginning of the year	80168.00	80168.00	80168.00
3	Addition to EB during the year	0.00	0.00	0.00
4	Actual equity base at the end of the year (1+3)	97700.00	97700.00	97700.00
5	Net addition to the original cost of fixed assets	0.00	0.00	0.00
6	Normative addition of Fixed Assets @ 30%	0.00	0.00	0.00
7	Addition to equity base considered	0.00	0.00	0.00
8	Admissible equity base at the closing of the year(2+7)	80168.00	80168.00	80168.00
9	Average Equity Base((2+8)/2)	80168.00	80168.00	80168.00
10	<b>ROR (%)</b>	15.5	15.5	15.5
11	Allowable Return	12426.04	12426.04	12426.04
12	Asset value Generation	258242.28	258242.28	258242.28
13	Asset value Transmission	29169.63	29169.63	29169.63
14	Return on Equity for Generation segment( 14=11/(12+13)*12)	11164.91	11164.91	11164.91
15	Return on Equity for Transmission segment ( 15=11-14)	1261.13	1261.13	1261.13



## ANNEXURE – 5B WORKING CAPITAL

Particulars	2014-15 (Rs. in lakh)					2015-16 (Rs. in lakh)					2016-17 (Rs. in lakh)				
	KTPS	BKTPS	BTPS	STPS	SgTPS	KTPS	BkTPS	BTPS	STPS	SgTPS	KTPS	BkTPS	BTPS	STPS	SgTPS
Annual fixed cost	48027.74	73197.45	14581.96	46184.36	42648.67	50504.01	74431.49	15551.15	45303.28	43320.48	53178.21	75776.12	16592.95	44465.48	43994.93
Fuel cost	171452.70	144849.77	70042.95	69209.91	83121.65	171922.48	145263.17	70238.19	69399.53	83349.37	171452.70	144849.77	70042.95	69209.91	83121.65
Total	219480.44	218047.22	84624.91	115394.27	125770.32	222426.49	219694.66	85789.34	114702.81	126669.85	224630.91	220625.89	86635.90	113675.39	127116.58
Less:															
Depreciation	569.05	17111.34	114.42	9569.20	9380.30	547.48	17096.09	111.06	9565.73	9376.10	535.80	17065.96	104.43	9559.55	9369.77
Advance against depreciation	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Deffered rev. expenditure	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Return on Equity	13249.52	19863.75	878.08	9893.14	11164.91	13249.52	19863.75	878.08	9893.14	11164.91	13249.52	19863.75	878.08	9893.14	11164.91
Bad Debts	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Reserve for unforeseen exegencies	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Sub total	13818.57	36975.09	992.50	19462.34	20545.21	13797.00	36959.84	989.14	19458.87	20541.01	13785.32	36929.71	982.51	19452.69	20534.68
Allowable Fixed Charge for W.C	205661.87	181072.13	83632.41	95931.93	105225.11	208629.49	182734.82	84800.20	95243.94	106128.84	210845.59	183696.18	85653.39	94222.70	106581.90
Normative W.C	10%	20566.19	18107.21	8363.24	9593.19	10522.51	20862.95	18273.48	8480.02	9524.39	10612.88	21084.56	18369.62	8565.34	9422.27
Interest on W.C	14.45%	2971.81	2616.49	1208.49	1386.22	1520.50	3014.70	2640.52	1225.36	1376.27	1533.56	3046.72	2654.41	1237.69	1540.11



## CHAPTER – 6 SUMMARISED STATEMENT OF AGGREGATE REVENUE REQUIREMENT FOR 2014–2015, 2015–2016 AND 2016–2017 AND REVENUE RECOVERABLE THROUGH TARIFF FOR THE YEAR 2014 – 2015

6.1 Based on the analyses and findings recorded in the foregoing chapters we are now drawing the statement of Aggregate Revenue Requirements (ARR) separately for each of the power stations of WBPDCCL and for each of the three years of the fourth control period. Such summarized statements are given in Annexure 6A to 6E to this chapter. The ARR of each generating station for each ensuing years are as follows:

Generating station	Rupees in Lakh		
	2014 – 2015	2015 – 2016	2016 – 2017
Kolaghat	219031.49	222020.43	224256.87
Bakreswar	217084.64	218756.11	219701.23
Bandel	84727.85	86909.15	86768.04
Santaldih	114916.41	115065.00	114022.83
Sagardighi	125533.82	126446.41	126899.69
<b>Total</b>	761294.21	769197.10	771648.66

6.2.1 In terms of the Tariff Regulations, we are also to ascertain the amount of revenue recoverable through tariff for each of the generating stations of WBPDCCL for the year 2014 – 2015 after carrying out adjustments of the ARR for the year with the recoverable or refundable amount as applicable for each generating station determined in Annual Performance Review (APR) for the years 2011 – 2012 and 2012 – 2013.

6.2.2 The amount of Rs. 8565.39 lakh refundable to the WBSEDCL has been determined in APR for 2011 – 2012 in respect of the fixed charges for the generating stations of WBPDCCL vide order of the Commission dated 05.09.2013 in Case No. APR–31/12–13. The Commission now adjusts the said refundable amount of Rs. 8565.39 lakh with the revenue requirement of WBPDCCL for 2014 – 2015.



**Tariff Order of WBPDCCL for the year 2014 – 2015**

6.2.3 The amount of Rs. 4510.21 lakh refundable to the WBSEDCL has been determined in APR for 2012 – 2013 in respect of the fixed charges of the generating stations of WBPDCCL vide order of the Commission dated 21.07.2014 in Case No. APR–39/13–14. The Commission now adjusts the said refundable amount of Rs. 4510.21 lakh with the revenue requirement of WBPDCCL for 2014 – 2015.

6.2.4 Accordingly, the amount of revenue to be recovered through tariff for the year 2014 – 2015 separately for each of the generating stations of WBPDCCL works out as under:

Rupees in Lakh

SI No.	Particulars	Kolaghat	Bakreswar	Bandel	Santaldih	Sagardighi
1	Aggregate Revenue Requirement for the year 2014 – 2015 (see table below para 6.1)	219031.49	217084.64	84727.85	114916.41	125533.82
2	Amount adjusted as per APR order dated 05.09.2013 for the year 2011 - 2012 (refer paragraph 6.2.2)	-3734.11	-1991.74	-1155.64	-4045.46	2361.56
3	Amount adjusted as per APR order dated 21.07.2014 for the year 2012 - 2013 (refer paragraph 6.2.3)	- 2965.83	- 4043.55	- 1371.68	3773.16	97.69
4	Total Revenue to be recovered through tariff (1+ 2+3) during 2014-2015	212331.55	211049.35	82200.53	114644.11	127993.07
5	Fuel cost admitted for the year 2014 – 2015 (refer paragraph 4.1.10)	171452.70	144849.77	70042.95	69209.91	83121.65
6	Capacity charge allowed for the year 2014 – 2015 [(4)-(5)]	40878.85	66199.58	12157.58	45434.20	44871.42



**ANNEXURE – 6A**

Rupees in Lakh

KOLAGHAT THERMAL POWER STATION				
SI. NO.	PARTICULARS	2014-15	2015-16	2016-17
		ADMITTED	ADMITTED	ADMITTED
1	Fuel	171452.70	171922.48	171452.70
2	Coal and Ash Handling charge	2981.17	3155.57	3340.17
3	Employee Cost	15317.04	16213.08	17161.55
4	Others under salary			
5	Cost of Outsourcing	0.00	0.00	0.00
6	Special Allocations	0.00	0.00	0.00
7	Operation and Maintenance Expenses	15851.00	17275.00	18824.00
9	Insurances	26.72	28.28	29.93
10	Financing Charges	0.00	0.00	0.00
11	Interest on borrowed capital	0.00	0.00	0.00
12	Interest on Working Capital	2971.81	3014.70	3046.72
13	Depreciation	569.05	547.38	535.80
14	Water Charges	33.24	35.18	37.24
15	Reserve for Unforeseen Exigencies	0.00	0.00	0.00
16	<b>Total Expenditure ( 16 = sum 1 to 15 )</b>	<b>209202.73</b>	<b>212191.67</b>	<b>214428.11</b>
17	Return on Equity	13249.52	13249.52	13249.52
18	<b>Gross Aggregate Revenue Requirement</b>	<b>222452.25</b>	<b>225441.19</b>	<b>227677.63</b>
19	Less Misc. other income	3420.76	3420.76	3420.76
20	<b>Aggregate Revenue Requirement (Annual) (20 = 18 - 19)</b>	<b>219031.49</b>	<b>222020.43</b>	<b>224256.87</b>

**ANNEXURE – 6B**

Rupees in Lakh				
BAKRESWAR THERMAL POWER STATION				
SI. NO.	PARTICULARS	2014-15	2015-16	2016-17
		ADMITTED	ADMITTED	ADMITTED
1	Fuel	144849.77	145263.17	144849.77
2	Coal and Ash Handling charge	921.11	975.00	1032.03
3	Employee Cost	10785.27	11416.21	12084.05
4	Others under salary			
5	Cost of Outsourcing	0.00	0.00	0.00
6	Special Allocations	0.00	0.00	0.00
7	Operation and Maintenance Expenses	10637.00	11592.00	12632.00
9	Insurances	96.70	102.36	108.35
10	Financing Charges	60.00	60.00	60.00
11	Interest on borrowed capital	13688.55	13290.37	12892.19
12	Interest on Working Capital	2616.49	2640.52	2654.41
13	Depreciation	17111.34	17096.09	17065.96
14	Water Charges	33.73	35.71	37.79
15	Reserve for Unforeseen Exigencies	0.00	0.00	0.00
16	<b>Total Expenditure ( 16 = sum 1 to 15 )</b>	<b>200799.96</b>	<b>202471.43</b>	<b>203416.55</b>
17	Return on Equity	19863.75	19863.75	19863.75
18	<b>Gross Aggregate Revenue Requirement</b>	<b>220663.71</b>	<b>222335.18</b>	<b>223280.30</b>
19	Less Misc. other income	3579.07	3579.07	3579.07
20	<b>Aggregate Revenue Requirement (Annual) (20 = 18 - 19)</b>	<b>217084.64</b>	<b>218756.11</b>	<b>219701.23</b>

**ANNEXURE – 6C**

Rupees in Lakh				
BANDEL THERMAL POWER STATION				
SI. NO.	PARTICULARS	2014-15	2015-16	2016-17
		ADMITTED	ADMITTED	ADMITTED
1	Fuel	70042.95	70238.19	70042.95
2	Coal and Ash Handling Charge	755.00	799.16	845.91
3	Employee Cost	6928.12	7333.42	7762.43
4	Others under salary			
5	Cost of Outsourcing	0.00	0.00	0.00
6	Special Allocations	0.00	0.00	0.00
7	Operation and Maintenance Expenses	5720.00	6233.00	6795.00
9	Insurances	3.86	4.09	4.33
10	Financing Charges	14.00	14.00	14.00
11	Interest on borrowed capital	0.00	0.00	0.00
12	Interest on Working Capital	1208.49	1225.36	1237.69
13	Depreciation	114.42	111.06	104.43
14	Water Charges	168.48	178.34	188.77
15	Reserve for Unforeseen Exigencies	0.00	0.00	0.00
16	<b>Total Expenditure ( 16 = sum 1 to 15 )</b>	<b>84955.32</b>	<b>86136.62</b>	<b>86995.51</b>
17	Return on Equity	878.08	878.08	878.08
18	<b>Gross Aggregate Revenue Requirement</b>	<b>85833.40</b>	<b>87014.70</b>	<b>87873.59</b>
19	Less Misc. other income	1105.55	1105.55	1105.55
20	<b>Aggregate Revenue Requirement (Annual) (20 = 18 - 19)</b>	<b>84727.85</b>	<b>85909.15</b>	<b>86768.04</b>

**ANNEXURE – 6D**

Rupees in Lakh				
SANTALDIH THERMAL POWER STATION				
SI. NO.	PARTICULARS	2014-15	2015-16	2016-17
		ADMITTED	ADMITTED	ADMITTED
1	Fuel	69209.91	69399.53	69209.91
2	Coal and Ash Handling Charge	339.04	358.87	379.87
3	Employee Cost	7185.56	7605.91	8050.87
4	Others under salary			
5	Cost of Outsourcing	0.00	0.00	0.00
6	Special Allocations	0.00	0.00	0.00
7	Operation and Maintenance Expenses	4140.00	4390.00	4655.00
9	Insurances	54.71	57.91	61.30
10	Financing Charges	18.00	18.00	18.00
11	Interest on borrowed capital	13549.10	11894.12	10239.15
12	Interest on Working Capital	1386.22	1376.27	1361.52
13	Depreciation	9569.10	9565.63	9559.55
14	Water Charges	1435.71	1519.70	1608.60
15	Reserve for Unforeseen Exigencies	0.00	0.00	0.00
16	<b>Total Expenditure ( 16 = sum 1 to 15 )</b>	<b>106887.35</b>	<b>106185.94</b>	<b>105143.77</b>
17	Return on Equity	9893.14	9893.14	9893.14
18	<b>Gross Aggregate Revenue Requirement</b>	<b>116780.49</b>	<b>116079.08</b>	<b>115036.91</b>
19	Less Misc. other income	1864.08	1014.08	1014.08
20	<b>Aggregate Revenue Requirement (Annual) (20 = 18 - 19)</b>	<b>114916.41</b>	<b>115065.00</b>	<b>114022.83</b>

**ANNEXURE – 6E**

Rupees in Lakh				
SAGARDIGHI THERMAL POWER STATION				
SI. NO.	PARTICULARS	2014-15	2015-16	2016-17
		ADMITTED	ADMITTED	ADMITTED
1	Fuel	83121.65	83349.37	83121.65
2	Coal and Ash Handling Charge	263.75	279.18	295.51
3	Employee Cost	6181.73	6543.36	6926.14
4	Others under salary			
5	Cost of Outsourcing	0.00	0.00	0.00
6	Special Allocations	0.00	0.00	0.00
7	Operation and Maintenance Expenses	4230.00	4482.00	4752.00
9	Insurances	178.80	189.26	200.33
10	Financing Charges	29.00	29.00	29.00
11	Interest on borrowed capital	11210.41	11246.33	11246.33
12	Interest on Working Capital	1520.50	1533.56	1540.11
13	Depreciation	9380.30	9376.10	9369.77
14	Water Charges	9.77	10.34	10.94
15	Reserve for Unforeseen Exigencies	0.00	0.00	0.00
16	<b>Total Expenditure ( 16 = sum 1 to 15 )</b>	<b>116125.91</b>	<b>117038.50</b>	<b>117491.78</b>
17	Return on Equity	11164.91	11164.91	11164.91
18	<b>Gross Aggregate Revenue Requirement</b>	<b>127290.82</b>	<b>128203.41</b>	<b>128656.69</b>
19	Less Misc. other income	1757.00	1757.00	1757.00
20	<b>Aggregate Revenue Requirement (Annual) (20 = 18 - 19)</b>	<b>125533.82</b>	<b>126446.41</b>	<b>126899.69</b>



## CHAPTER – 7 TARIFF ORDER

- 7.1 Based on the analyses and the decisions recorded in earlier chapters the Commission has determined the capacity charge and energy charge for 2014 – 2015 in respect of Kolaghat, Bakreswar, Bandel, Santaldih and Sagardighi generating stations of WBPDCCL as shown in chapter 6. The Commission now orders as shown in the following paragraphs.
- 7.2 The annual capacity charge recoverable by WBPDCCL from WBSEDCL shall be on the following basis:
- (a) The annual capacity charge recoverable by WBPDCCL from WBSEDCL shall be on monthly basis depending on actual availability during the month with reference to the target normative annual availability subject to the conditions as laid down in regulation 6.11.4 of the Tariff Regulations.
- (b) The annual capacity charge is recoverable at the target normative annual availability as provided in following table for 2014 – 2015.

Generating Station	2014 – 2015	
	Target normative availability factor	Annual capacity charge in Rs. lakh
Kolaghat	75%	40878.85
Bakreswar (Units I to V)	85%	66199.58
Bandel	74%	12157.58
Santaldih (Units V & VI)	85%	45434.20
Sagardighi	85%	44871.42

- 7.3 The energy charge recoverable in 2014 – 2015 against each unit of injection of energy under implemented schedule on injection shall be as follows:



**Tariff Order of WBPDCCL for the year 2014 – 2015**

Generating Station	Energy Charge (Paisa/kWh)
	2014 – 2015
Kolaghat	245.47
Bakreswar	216.33
Bandel	270.27
Santalalih	217.05
Sagardighi	217.23

- 7.4 WBPDCCL shall raise the energy charge bill and capacity charge bill as per the energy accounting and availability declared by State Load Despatch Centre (in short 'SLDC') in its monthly energy accounting schedule.
- 7.5 The tariff for 2014 – 2015 shall be applicable from 1<sup>st</sup> April, 2014. Adjustments, if any, for over recovery / under recovery from WBSEDCL for the period from 01.04.2014 to 28.02.2015 shall be made in the monthly bills in 5 equal instalments commencing from the month of March, 2015 and this rate will continue till further order of the Commission.
- 7.6 There will be no separate Monthly Fuel Cost Adjustment (MFCA) for WBPDCCL on and from 01.04.2014 till February, 2015. The MFCA realized by WBPDCCL during the year 2014 – 2015 (upto February, 2015) will be adjusted in computation of any adjustments for over recovery / under recovery from the energy recipients as mentioned in paragraph 7.5 above. WBPDCCL shall, however, be entitled to realize MFCA for any subsequent period after March, 2015 as per provision of the Tariff Regulations.
- 7.7 WBPDCCL shall continue with the recovery of arrears in instalments in terms of order dated 30.12.2011 in cases no. TP – 42 / 09 – 10, TP – 45 / 09 – 10 and TP – 46 / 09 – 10 determining the tariff for new units of WBPDCCL for the years 2008 – 2009, 2009 – 2010 and 2010 – 2011.



*Tariff Order of WBPDCCL for the year 2014 – 2015*

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- 7.8 WBPDCCL shall continue with the recovery of arrear in instalments on account of revision of tariff for the years 2011 – 2012 and 2012 – 2013 as mentioned in the tariff order dated 01.12.2012.
- 7.9 The Commission has already passed an order dated 16.10.2012 in case no. FPPCA-55/11 – 12 allowing WBPDCCL to recover from WBSEDCL a sum of Rs. 49024.99 lakh as additional fuel cost determined in Fuel Cost Adjustment, for the year 2010 – 2011. WBPDCCL shall continue with the recoveries of the aforesaid amount of Rs. 49024.99 lakh from WBSEDCL in 24 equal monthly installments as mentioned in the aforesaid order.
- 7.10 The Commission has already passed an order dated 11.12.2014 in cases no. WBERC/FPPCA-61/12-13 and WBERC/FPPCA-67/13-14 allowing WBPDCCL to recover from WBSEDCL a sum of Rs. 21664.65 lakh as additional fuel cost, determined in Fuel Cost Adjustment vide Commission's order dated 04.07.2013, for the year 2011 – 2012 in 9 (nine) equal monthly instalments commencing from the month of January, 2015. The Commission, in the said order dated 11.12.2014, also allowed WBPDCCL to recover a further sum of Rs. 95288.57 lakh as additional fuel cost, determined in Fuel Cost Adjustment vide Commission's order dated 06.06.2014, for the year 2012 – 2013 in 38 (thirty eight) equal monthly instalments commencing from the month after the month of completion of recovery of Rs. 21664.65 lakh in instalments. WBPDCCL shall continue with the recoveries of the aforesaid amounts through monthly installments as mentioned in the aforesaid order.
- 7.11 WBSEDCL may pay additional instalment on account of any arrear of WBPDCCL in any month and such payment will then be considered as payable in that month.





- 7.12 Availability of installed capacity for any of the generating stations of WBPDCCL may be adjusted downward against enhanced performance of any of the other generating stations of WBPDCCL, which may register capacity availability over the target availability. In such event, recovery of capacity charge and energy charge and also the manner of adjustment of such charges shall be such as specified in regulation 2.8.6.7 of the Tariff Regulations.
- 7.13 Regarding annual cost recovery for Bakreswar transmission system, the tariff order of West Bengal State Electricity Transmission Company Limited for the year 2014 – 2015 in case no. TP – 60 / 13 – 14 is to be followed.
- 7.14 Any matter, which has not been explicitly mentioned in this order, shall be guided by regulations 2.9.8 and 2.9.9 of the Tariff Regulations.
- 7.15 For merit order despatch, SLDC / ALDC shall consider the energy charge of the generating stations of WBPDCCL as determined in this tariff order as per the following table prospectively. The merit order despatch as per the table below will be applicable from the date of issue of this order. However, the MFCA declared after this tariff order will be added to the energy charge for consideration of merit order despatch from the date of issue of the MFCA notification respectively.

Generating Station	Energy Charge for Merit Order Despatch (Paise/kWh)
Kolaghat	245.47
Bakreswar	216.33
Bandel	270.27
Santaldih	217.05
Sagardighi	217.23

- 7.16 In the tariff order of WBPDCCL for 2010 – 2011, issued on 29.07.2010, the Commission had given certain directives to WBPDCCL. WBPDCCL submitted report



on compliance of the directives given by the Commission. The Commission has reviewed the report submitted by WBPDCCL and has given further directives in Chapter – 8.

- 7.17 WBPDCCL shall present to the Commission a gist of this order in accordance with regulation 2.9.6 of the Tariff Regulations within three working days from the date of receipt of this order for approval of the Commission and on receipt of the approval shall publish the approved gist in terms of aforesaid regulation within four working days from the date of receipt of the approval of the Commission.



## CHAPTER – 8 DIRECTION

- 8.1 The Commission has given some direction in earlier chapters of this order. WBPDCCL shall comply with those directions. WBPDCCL shall also comply with the following directions:
- 8.2 In View of the fact that WBPDCCL failed to submit their tariff application complete in all respect for the fourth Control period within the target date of 30th November, 2013 as per provisions of the Tariff Regulations no carrying cost for the said period has been and will be provided for the enhanced part of the tariff during 2014-15.

The Commission has decided that in future any delay in submission of tariff application by any generating company for any control period beyond the 4<sup>th</sup> control period or any year as applicable will result in not providing any increase in tariff for equal number of days and thus the under recovery due to such measure will not be allowed to be passed through any tariff mechanism or during truing up in Annual Performance Review (APR) or Fuel Cost Adjustment (FCA). Moreover henceforth any delay in submission in APR or FCA application shall not be considered as ground for delay by the generating company for submission of tariff application.

Further, the generating company is required to note that any delay with or without the approval of the Commission in submission of either of the applications of APR or FCA of any year (Y) within the target date as specified in the Tariff Regulations of the following year may result into non-inclusion of the impact of APR and/or FCA order in the concerned tariff order of the year Y+2. In such case, the impact will be considered in any future year beyond (Y+2) year as applicable without any allowance for carrying cost, if otherwise applicable. Thus, in filing of application(s) / petition(s), the generating company is required to maintain the relevant time schedule(s) as specified in the Tariff Regulations.



It may further be noted that the arrear amount that is to be recovered in a single or number of installments as will be determined by the commission for any financial year due to issuance of delayed tariff order as consequence to delayed submission of tariff application the generating company will not be provided with any carrying cost. The letter no WBERC/B-11/17/1736 dated 24.01.2014 of this Commission may be referred to in this respect.

8.3 WBPDCCL shall note that as already MFCA has been introduced, the amount that may be claimed in FCA at the end of any year is not expected to be higher than the summated value of following factors:

- i) impact due to rounding off as per note (f) under the sub-paragraph (d) of paragraph (B) of Schedule-7B of the Tariff Regulations against the applicable MFCA for the months of February and March of that year;
- ii) impact due to non-recovery of any additional fuel cost of March of any year over and above what is recovered on the basis of MFCA as calculated from data of February due to the fact that MFCA calculated on the basis of data of March is become applicable for next financial year only,
- iii) impact due to application of disallowance of cost as per FCA formula at FCA determination stage.

Thus in such case if recoverable amount under FCA of any year is found to be higher than the above referred summated value then such excess amount will be dealt as per direction already issued by the Commission vide its order in case no. SM-10/14-15 dated 18.07.2014. In this context it is to be noted that such excess amount represent the amount that would have been collected through MFCA and thus “not raising of such bill” resulted into distorted merit order dispatch in the system. In fact by virtue of this type of practice there is high possibility of vitiating the environment of merit order dispatch in the whole supply



chain in West Bengal power sector and thereby affecting the economic load dispatch in the systems. As a result ultimate sufferer will be the retail consumers of West Bengal. In view of the above discussions thus no carrying cost will be allowed by the Commission in case of creation of such excess amount as regulatory asset through FCA. Whenever such excess amount is released in number of installments then also it will not be entitled to any carrying cost. However, this direction shall not be construed as an approval of such delayed claim of excess fuel cost through FCA instead of MFCA and such matter will be dealt as per direction already issued by the Commission vide its order in case no. SM-10/14-15 dated 18.07.2014.

8.4 While declaring MFCA for any month henceforth WBPDCCL shall follow the following directions:

- i) Irrespective of change in MFCA in any month from the previous month, the detail calculation sheet of MFCA prepared for the purpose of determination of MFCA for that month as per regulation no.5.8.9 of the Tariff regulations shall be submitted to the Commission within seven days of notification of the MFCA. If there be no change in MFCA for any month WBPDCCL shall intimate the same to the Commission by the last working day of the month. Such calculation sheet shall also specifically mention the received fuel bill which has not been considered or partly considered in the said MFCA in pursuance to note (g) under sub- paragraph (e) of paragraph B of Schedule – 7B of the Tariff Regulations. WBPDCCL shall ensure the uploading of such calculation sheet in their web-site for each month.
- ii) In continuation of earlier order vide case file no: WBERC/A-35/2 dated 19-02-2014 Commission again reiterates that WBPDCCL will publish the notification of change of MFCA in terms of 4<sup>th</sup> para of regulation 5.8.9 of



Tariff Regulations in such daily newspapers which are widely circulated in West Bengal .Any deviation in this regard will be seriously viewed.

8.5 While submitting the Fuel Cost Adjustment (FCA) application for any year WBPDCCL shall give a list of fuel bill which has not been claimed under MFCA calculation along with the provisions of the Tariff Regulations under which such claim has not been done. A further reconciliation statement shall be given to establish that WBPDCCL has followed the direction of paragraph 8.3 and 8.4 above effectively. If that reconciliation statements are not enclosed the FCA petition will not be admitted.

8.6 In the notes of Financial statement of Annual Accounts of 2014-15 and onward or through Auditor's Certificate, the following information is to be provided in a manner as described below:

- i) The penalty, fine and compensation under Electricity Act 2003, if any shall be shown separately.
- ii) Any fine, penalty or compensation in any other statute other than Electricity Act 2003 shall be mentioned separately along with the reference of the statute.

In case of non submission of the above documents the application of APR will not be admitted.

8.7 From the year 2014-15 and onwards, alongwith the application for APR for any year WBPDCCL shall submit certificate from the statutory auditor of the annual accounts of the said year for the following parameters:

- i) Giving a list of expenditure that arises on account of penalty, fine and compensation due to non-compliance of any statute or statutory order



along with the reasons for each such type of penalty, fine and compensation.

- ii) Copies of the audited accounts of all the funds related to different type of terminal benefit for the year for which APR is under consideration, in a complete shape and not by any selective pages.
- iii) A statement showing monthly deposition in different terminal funds for the year for which APR is under consideration in persuasion to the direction given in paragraph 8.11 below.
- iv) A detail breakup showing total expenditure and employee strength against each level of all categories of employees including the whole time directors of the board. If any director or employee discharges any function of other companies also, then the allocation of cost among the companies shall be shown separately and distinctly against each level.
- v) In pursuance to regulation 5.8.1(vi) of the Tariff Regulations the total demurrage hour of rakes and related demurrage charges paid against total number of rakes for each generating station for the year concerned under the APR / FCA application of every ensuing year.

In case of non submission of the above documents the application of APR will not be admitted.

- 8.8 In case of expenditure at a level higher than the admitted amount under any uncontrollable factor in this tariff order on account of fixed charges, while submitting APR application of any ensuing year, WBPDCCL has to justify in detail with supporting documents and evidence on the basis of which the Commission will take its decision during truing up exercise and it may be noted that without sufficient justification the excess expenditure shall not be admitted in the APR



- fully or partly. While truing up any uncontrollable factor on account of fixed charges, the actual business volume parameter, i.e. energy generated and actual inflation rate to which such uncontrollable item is sensitive will be considered in the same manner and principle as determined under the tariff order subject to the limitation as per the Tariff Regulations. However, where applicable as per this tariff order the ratio of expenses increase in % on any item and the sensitivity parameter increase will remain the same as that of this tariff order.
- 8.9 WBPDCCL shall approach CEA for conducting a study regarding the targeted mix of different coal grades under the present condition of coal supply scenario for providing an optimum solution so that the disadvantage of “least cost input principle” as apprehended by HCCI mentioned in Chapter-3 can be duly taken care of. On the basis of such report Commission will decide on this matter.
- 8.10 While submitting application for APR or FCA of 2014-15 and onwards by WBPDCCL, if such applications show any net claim for that year against those applications, then in such case WBPDCCL shall suggest in specific terms the ensuing year(s) in which they intend to recover such claim and by what amount. They shall also show the consequential impact of such recovery in the expected average cost of supply in those ensuing years after considering the total revenue recoverable through the tariff. The total revenue recoverable through the tariff means the summated amount of the Net Aggregate Revenue Requirement plus all other amount on account of any release of regulatory asset, FCA and APR for any year which is being already decided by the Commission in earlier orders. They shall also mention the carrying cost if necessary where it is applicable in terms of the Tariff Regulations and different orders and direction in this respect.

This consequential impact on tariff shall also be provided in the gist of the APR application. In case of non submission of the above information the application of APR will not be admitted.





8.11 In order to ensure that in future actuarial valuation of terminal benefit fund can be kept in control in a better way by avoiding carrying cost of such liability in future following is to be adhered.

- a) WBPDCCL shall ensure that henceforth the amount that is statutorily required to be deposited in a month in different funds on account of terminal benefit as a part of employee cost admitted in the tariff order, is to be deposited in different terminal benefit funds every month as a first charge item.
- b) On the head of terminal benefit fund, if there is shortage in the deposit amount in the terminal benefit fund admitted in employee cost through this order, the balance amount of contribution to terminal benefit fund is required to be deposited as first charge item over and above what had already been deposited for the year 2014-15 and subsequent years, from the effective date of recovery of the recoverable amount against this order from the very first day. So, it is directed that the balance amount of contribution as discussed above to terminal benefit fund for the year 2014-15 and subsequent years, i.e., the difference between the amount of contribution to terminal benefit funds as allowed in this order as a part of employee cost and that has already been deposited and that to be deposited in the fund for the year 2014-15 and subsequent years, is to be deposited in the respective different terminal benefit funds. Such balance amount is to be deposited in different terminal benefit funds in 12 monthly equal installments from the date on which the recovery through tariff against this order will start.
- c) While submitting application for APR of 2014 – 2015, 2015-16 and 2016-17, WBPDCCL shall show through audited accounts of different terminal benefit funds that the contribution to the different terminal benefit funds



during the concerned year as a part of employee cost is deposited in the terminal benefit funds.

In case of non-deposition of amount admitted for terminal benefit fund as provided in (a) to (c) above in the respective fund as directed above, Commission may withhold or deduct same amount equivalent to that non-deposition amount.

- 8.12 The claim of WBPDCCL on account of demurrage is nil for each generating station for all the years under the fourth control period. In case of any claim by WBPDCCL on demurrage in their FCA/APR application for any ensuing year, that shall be dealt with as per directions given under sl. No. 8.16 below.

WBPDCCL shall submit within 1<sup>st</sup> October, 2015 the total demurrage hour and related demurrage charges paid against total number of rakes for each generating station for 2011-12, 2012-13 and 2013-14 with a reconciliation statement compatible with the total demurrage charges as shown in the Annual Accounts or FPPCA/FCA or APR. On the basis of such information Commission will fix the operating norms in future on demurrage charges in pursuance to regulation 5.8.1(vi) of the Tariff Regulations.

- 8.13 While submitting FCA application WBPDCCL shall submit a report showing to what extent WBPDCCL has been able to achieve the proposed coal mix for each power station as proposed in the supplementary petition to the MYT vis-à-vis in the original MYT petition. In relation to supplementary petition WBPDCCL shall also mention the reasons after due analysis for the deviations in achieving the proposed mix, if any, in view of their supplementary petition and subsequent submissions.

- 8.14 WBPDCCL shall provide the details regarding insurance expenses as per provisions of the Tariff Regulations in the APR application for the respective years.



- 8.15 All the distribution licensees and generating companies shall follow regulation 5.6.5.1 of the Tariff Regulations in its true spirit. According to regulation 5.6.5.1 of the Tariff Regulations the interest on working capital requirement of a generating company or a licensee shall be assessed on normative basis @ 18% on a base amount derived by summation of annual fixed charges, fuel cost and power purchase cost reduced by certain elements of the ARR. It has also been mentioned there that where Monthly Fuel Cost Adjustment (MFCA) or Monthly Variable Cost Adjustment (MVCA) exists, in that case for interest on working capital requirement the above normative basis shall be 10% instead of 18% on the said base amount. In this context it may be noted by all stakeholders that any distribution licensee or generating company on which collection of MFCA and MVCA, as the case may be, is applicable as per Tariff Regulations, shall not be entitled to claim interest on the above referred normative basis of 18% even on the plea of not claiming MFCA or MVCA throughout any financial year.
- 8.16 WBPDCCL was directed to try to utilize its own resources including balance in its banks for meeting its fresh capital expenditures instead of resorting to more and more borrowings. The WBPDCCL was further directed to try its very best to improve its operational efficiency on all fronts. An action taken report on this shall be submitted in the APR application for 2014 – 2015.
- 8.17 The Commission has admitted the expenses as projected by WBPDCCL under some heads which are uncontrollable as per Tariff Regulations. In any year, if actual expenses under any of those heads exceed the amount admitted by the Commission and WBPDCCL claiming the same in their APR for that year, such claim shall not be considered by the Commission for admission unless WBPDCCL furnishes proper and justifiable reasons in support of their claim. But in no case any carrying cost against such claim shall be allowed to WBPDCCL.



***Tariff Order of WBPDCCL for the year 2014 – 2015***

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- 8.18 Every day by 11.30 a.m. WBPDCCL shall upload its initial injection schedule of Actual Declared Capacity as well as that of Notional Declared Capacity in accordance with the prevailing State Grid Code framed by WBERC for the next day in their website. This schedule shall be kept in the website till the next two months after the date of the order of the APR or FPPCA whichever is later in relation to the year concerned to the day under discussion. The website design shall be such so that the schedule of any date can be easily fetched. This facility is to be made operational from 1<sup>st</sup> of April, 2015. WBPDCCL is also directed to upload such schedule of every day from 1<sup>st</sup> April, 2014 to 31<sup>st</sup> March, 2015 within 1<sup>st</sup> June 2015. This direction has been issued for sake of transparency and to protect the interest of all the stakeholders at large.
- 8.19 All the reports called for in this chapter are in addition to what are statutorily required to be submitted, either in terms of the Act, any of the Regulations made thereunder, or both, for the purpose of submission in the Annual Performance Review of 2014-15.
- 8.20 WBPDCCL shall comply with all the provision of Electricity Act 2003 and rules and regulations made thereafter.

Sd/-  
**SUJIT DASGUPTA**  
**MEMBER**

**DATE: 04.03.2015**