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ORDER

OF THE

WEST BENGAL ELECTRICITY REGULATORY COMMISSION

IN THE MATTER OF

CASE NO: WBERC/OA-394/21-22

IN REGARD TO THE APPLICATION SUBMITTED BY THE WEST BENGAL STATE ELECTRICITY DISTRIBUTION COMPANY LIMITED (WBSEDCL) FOR INVESTMENT APPROVAL FOR CAPITAL EXPENDITURE INCURRED FOR UNDERTAKING RESTORATION ACTIVITIES UNDER SCHEME "RESTORATION WORKS DUE TO SEVERE CYCLONIC STORM AMPHAN" AND APPROVAL OF ADDITIONAL WORKING CAPITAL INTEREST ON ACCOUNT OF FUND UTILIZED.

PRESENT:

**DR. MALLELA VENKATESWARA RAO, CHAIRPERSON
SRI PULAK KUMAR TEWARI, MEMBER**

DATE: 09.08.2023



CASE IN BRIEF

1.0 The petition has been submitted by WBSEDCL for restoration of damage caused by 'Amphan' vide affidavit dated 17-11-2021 with the following prayers:

"a) Pass an appropriate order to accord approval to the project "Restoration works due to severe cyclonic storm AMPHAN" with a cost of Rs 240 Crore.

b) Allow corresponding interest for the financial year 2020-21 and 2021-22 as per audited / provisional Annual Accounts.

c) Pass an appropriate order to allow the interest on working capital spent towards funding the project "Restoration works due to severe cyclonic storm AMPHAN" additionally over the normative amount approved for working capital during determination of APR for 2020-21 and 2021-22.

d) Pass an order as the Hon'ble Commission may deem fit and proper keeping in mind the fact and circumstances of the case."

2.0 The petition, which has been admitted by the Commission on 25-02-2022, is marked as OA-394/21-22.

3.0 Earlier vide order dated 10-09-2021 in petition no. 369/21-22, the Commission issued the following directions:

i) The claim of WBSEDCL regarding loss of Rs. 45 Cr. Incurred on demolition of fixed assets due to AMPHAN will be dealt in the APR petition for the year 2020-21. WBSEDCL shall submit all the



detailed documents mentioned in paragraph 3.0 above along with their APR petition to justify their claim.

ii) WBSEDCL has to submit a separate petition for investment approval under Tariff Regulations for the proposed scheme of 'Restoration works due to Severe Cyclonic Storm AMPHAN' with details of estimate, specific funding modalities along with required clarifications mentioned in paragraph 4.0 to 6.0 above.

4.0 In the instant petition as also vide letter dated 9.2.2023, in the reply to the Commission's letter no. WBSERC/OA-394/2021-22/3194 dated 29.11.2022, WBSEDCL has submitted as follows:

a. Due to severity and magnitude of damage caused, the cost of 'Amphan' Restoration Work after the reconciliation is increased to Rs. 261 crore from 240 crore as mentioned in DPR.

b. The year-wise break-up of expenditure as stated by WBSEDCL is Rs. 261 crore, which is as follows:

i) 2020-21 : Rs. 155.00 crore

ii) 2021-22 : Rs. 106.00 crore

T O T A L : Rs. 261.00 crore

c. Out of total cost for Rs. 240 crore as per DPR, Rs. 142 crore has been received from GoWB in two tranches of Rs. 100 crore and Rs. 42 crore as grant. For the balance Rs. 98 crore, while the claim has been submitted to GoWB for grant, Rs. 100 crore has been drawn from WBIDCL as loan.



- d. Earlier, in the petition it has been mentioned that in order to tide over the crisis situation, WBSEDCL had utilized its existing working capital fund on an emergency basis for funding the aforesaid project "Restoration works due to severe cyclonic storm "AMPHAN" and has already discharged liabilities amounting to Rs.155 crore from its working capital fund along with corresponding interest of Rs. 5.38 crore during the financial year 2020-21 as per Audited Annual Accounts. Additionally, liabilities has been discharged during financial year 2021-22 (up to 30.09.2021) amounting to Rs. 22 crore and interest for financial year 2021-22 up to 30.09.2021 (till the date of sanction of capital loan) is Rs. 5.99 crore. It is further submitted that it is an obligation on the part of the petitioner to discharge the remaining liability amounting to Rs. 63 Cr (Approx.) and interest on consequent debt obligation during the financial year 2021-22.
- e. WBIDFCL had sanctioned loan of Rs.240.00 crore on 04.08.2021 and loan documents has been executed on 30.09.2021.The term loan has been considered at an interest rate of 8.60% for tenure of 15 years including 3 years moratorium period.

OBSERVATIONS OF THE COMMISSION

- 5.0 The Commission observes that WBSEDCL has prayed for approval to the project "Restoration works due to severe cyclonic storm AMPHAN" with a cost of Rs 240 Crore as Detailed Project Report (DPR).



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- 6.0 The Commission further observed that WBSEDCL has sought the approval to allow the interest on working capital spent towards funding the project "Restoration works due to severe cyclonic storm AMPHAN" additionally over the normative amount approved for working capital during determination of APR for 2020-21 and 2021-22.
- 7.0 The WBSEDCL also submitted that cost of 'Amphan' Restoration Work after the reconciliation is increased from Rs. 240 crores as mentioned in DPR to Rs. 261 crore, which comprises of expenditure to the tune of Rs. 155 crore and Rs. 106 crores in FY: 2020-21 and 2021-22 respectively.
- 8.0 Out of Rs. 240 crore as mentioned in DPR, the Government of West Bengal (GoWB) has since released Rs. 100 crore and Rs. 42 crores in two separate tranches, while claim for balance grant amount of Rs. 98 crore has since been submitted to GoWB. In order to meet the present requirement of fund, Rs. 100 crore have been drawn from WBIDCL, out of total Rs. 240 crore sanctioned on 04.08.2021 with loan documents executed on 30.09.2021. The term loan sanctioned at an interest rate of 8.60% for tenure of 15 years including 3 years moratorium period.
- 9.0 The Commission also noted that prior to sanction of term loan from WBIDCL on 30.09.2021, WBSEDCL, in order to complete such restoration work on urgent basis, utilized existing working capital fund to the tune of Rs. 155 crore for discharge of liability along with interest of Rs. 5.38 crore during FY 2020-21. Similarly,



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Rs. 22 crores is stated to have been utilized during FY:2021-22 (Upto 30.9.2021) along with interest of Rs. 5.99 crore.

- 10.0 With regard to funding of capital project and approval of the Commission thereof, the following has been ordered vide para 5 of SUO-MOTO order dated 23-3-2022, which is as follows:

"...henceforth prior approval of the Commission shall not be required in terms of Regulation 2.8.2.3 of Tariff Regulations where project is partly funded by the Government through grants and direct investment made by the distribution licensee (through loan and equity) is within Rs. 125 crore or 5% of the gross fixed assets whichever is lower."

ORDER

- 11.0 The Commission, after considering the prayers in the petition, subsequent submissions made by the petitioner on record and direction issued vide SUO-MOTO order dated 23-03-2022 as quoted at para #10 above, is inclined to dispose of the instant petition since the investment approval for Rs. 240 crore is funded through grant, out of which Rs. 142 crore has already been received by WBSEDCL with claim for balance Rs. 98 crore has been submitted to Government of West Bengal.
- 12.0 The petition is thus disposed of.
- 13.0 A copy of the order shall be posted on the website of the Commission.



Order of the West Bengal Electricity Regulatory Commission on an application submitted by West Bengal State Electricity Distribution Company Limited for investment approval for capital expenditure incurred for undertaking restoration activities under scheme "Restoration works due to severe cyclonic storm Amphan" and approval of additional working capital interest on account of fund utilized.



14.0 WBSEDCL shall download the copy from the website of the Commission and act on it. Certified copy of the order if applied for, be given to the parties on completion of formalities laid down in the West Bengal Electricity Regulatory Commission (Conduct of Business) Regulations, 2013, as amended and on submission of necessary fees.

Sd/-
(PULAK KUMAR TEWARI)
MEMBER

Sd/-
(MALLELA VENKATESWARA RAO)
CHAIRPERSON

Dated : 09.08.2023

Sd/-
SECRETARY