



ORDER
OF THE
WEST BENGAL ELECTRICITY REGULATORY
COMMISSION

IN CASES NO.:
FPPCA – 90/ 17 – 18 AND
APR – 70 / 18 – 19

IN REGARD TO THE APPLICATIONS OF
THE WEST BENGAL STATE ELECTRICITY DISTRIBUTION
COMPANY LIMITED
FOR FUEL & POWER PURCHASE COST ADJUSTMENT (FPPCA)
AND ANNUAL PERFORMANCE REVIEW (APR)
FOR THE FINANCIAL YEAR 2017 – 2018

DATE: 16.03.2022



CHAPTER – 1 PREAMBLE

- 1.1 In terms of the provisions contained in regulation 2.6 of the West Bengal Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2011, as amended till date (hereinafter referred to as the 'Tariff Regulations'), the generating companies or the licensees, as the case may be, are subject to an Annual Performance Review (in short 'APR'). West Bengal State Electricity Distribution Company Limited (hereinafter referred to as 'WBSEDCL') submitted their application for Annual Performance Review for 2017–2018 on 07.12.2018 in terms of the provision contained in Tariff Regulations. WBSEDCL has also submitted Fuel and Power Purchase Cost Adjustment (FPPCA) application for 2017–18 on 12.11.2018 for ascertaining the Fuel and Power Purchase Cost Adjustments (in short "FPPCA") separately. Both the APR and FPPCA application were admitted on 08th September 2021 and numbered as case no APR – 70/18-19 and case no FPPCA – 90/17-18 respectively.
- 1.2 The APR covers the areas of permissible annual fixed charges determination to the applicant, permissible incentives and the effect of gain sharing as per Schedule 9B and Schedule-10 to the Tariff Regulations respectively. In the APR for the year 2017 – 2018, therefore, the review of the different elements of fixed charges, categorized as controllable and uncontrollable has been done to find out the amounts to be permitted to WBSEDCL against each head of element vis-à-vis the amount allowed under tariff order for 2017 – 2018.
- 1.3 The instant application of WBSEDCL for APR for 2017– 2018 is of the fifth control period based on audited annual report and accounts for the year 2017 – 2018. The adjustments as may arise out of the review of the instant application with reference to the aforesaid audited annual report and accounts and the Commission's tariff orders dated 04.07.2018 for WBSEDCL for 2017– 2018 in Case No. TP-65/16-17 will be considered for giving effect to while determining the amount of revenue recoverable /payable through tariff order of ensuing year or through separate order as specified in regulation 2.6.6 of the Tariff Regulations.
- 1.4 On admission of the APR application, WBSEDCL was directed to publish the gist of the APR application 2017 – 2018, as submitted by WBSEDCL and approved by



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the Commission with reference to the Commission's letter vide no WBERC/APR-70/18-19/1128 dated 14-09-2021. Accordingly, the gist was published in four newspapers inviting suggestions / objections, if any, from the public as per following table:

Sl. No.	Date of Publication	Newspapers	Last date for submission of suggestions / objections as per notification
1	06-11-2021	Sangbad Pratidin	21 days from date of publication (inclusive of date of publication)
2	06-11-2021	Aajkal	
3	06-11-2021	The Times of India	
4	06-11-2021	Millennium Post	

The approved gist along with the APR petition for 2017 – 2018 was also published in the website of WBSEDCL. Opportunities were also afforded to all to inspect the application and take copies thereof.

- 1.5 In the application of APR for 2017 – 2018, WBSEDCL submitted the required data and information and also a copy of its audited Annual Report and Accounts for 2017 – 2018. WBSEDCL further submitted additional information / data through their letters vide memo no. REG/SERC/332 dated 26-11-2021.
- 1.6 Comments, suggestions and objections on applications for APR for the year 2017 – 18 of WBSEDCL have been received only from Ganatantrik Nagarik Samity and SRG Earth Resources (P) Ltd.



CHAPTER – 2

OBJECTIONS AND SUGGESTIONS

2.1 WBSEDCL has made certain prayers and submissions through the APR petition and FPPCA for 2017-2018 and the accompanying forms. It has also submitted audited accounts, auditors' certificates, supporting data, documents and compliance reports. WBSEDCL has submitted that its net aggregate revenue requirement allowed by the Commission in Tariff Order was Rs.1694914.69 lakhs. Against the same, WBSEDCL in Paragraph 2.36 of their APR application has submitted total realizable sales revenue for 2017-18 as Rs.2099076 lakhs and asked for net revenue recoverable for 2017-18 as Rs 304018 lakhs after adjusting the sales revenue already realized in 2017-18.

2.2 Objections and Comments:

2.2.1 The Commission observed that Ganatantrik Nagarik Samity and SRG Earth Resources (P) Limited have submitted their comments, suggestions and objections to the Commission within the due date given in the gist publication. Some of the comments received from them are related to renewable issues and environmental protection, open access related issues and other matters which are not directly related to the instant applications of WBSEDCL. In view of the above, the Commission though has noted the comments but has not elaborated those in this order. The comments, suggestions and objections which are only pertaining to the instant application of WBSEDCL have been elaborated and discussed below.

2.2.2 Ganatantrik Nagarik Samity (in short called as "GNS") inter-alia submitted the following:

- i) The Tariff Regulations have been amended and a number of changes have been made and for regulatory certainty, it is necessary that the Tariff Regulation under which Tariff Order was issued is strictly adhered to. Moreover, all principles based on which the Tariff Order was issued are required to be fully followed when issuing the annual FPPCA and APR petitions for 2017-18.



- ii) The Commission ought not to accept every claim for cost push. GNS has submitted that the tariff increase should be allowed only where there are genuine reasons for higher cost.
- iii) The Commission should consider carrying cost against the regulatory asset in accordance with the Act and Policies and also as per the Judgment of Hon'ble APTEL in Case no. OP NO. 1 of 2011 dated 11-11-2011 while issuing APR order of WBSEDCL.

The Commission has noted the comments of GNS. The Commission in this order has finalized the APR and FPPCA of WBSEDCL for 2017 – 18 in accordance with the provisions of the Tariff Regulations.

2.2.3 SRG Earth Resources (P) Limited (in short called as "SRG") inter-alia submitted the following:

- i) WBSEDCL is entitled to receive carrying cost on regulatory assets as per provisions of the Electricity Act, 2003 and the Tariff Policy, 2016. The Judgement of Hon'ble APTEL dated 11.01.2011 also specifies to allow carrying cost on Regulatory Asset. Thus, any disallowance of such carrying cost of regulatory asset will affect the financial health of WBSEDCL which will ultimately affect the operations of the DISCOMS and thus affecting the state and the consumers.
- ii) There will be considerable delay in issuing the APR order of 2017-18 and thus the working capital for carrying the regulatory asset is essential. In view of the above, appropriate carrying cost for regulatory asset shall be recognized in the APR order of WBSEDCL for 2017-18 by the Commission.

The Commission has noted the comments of SRG. The Commission in this order has finalized the APR of WBSEDCL for 2017 – 18 in accordance with the provisions of the Tariff Regulations.



CHAPTER – 3

COMPUTATIONS OF THE ALLOWABLE FUEL AND POWER PURCHASE COST

3.1 In this part of the order, the Commission takes up for determination of fuel and power purchase cost allowable to WBSEDCL on the quantum of power sold by it to the consumers and other licensees during the financial year 2017-18.

3.2 The Fuel and Power Purchase Cost (FPPC) during the referred adjustment period, i.e., financial year 2017-18, is to be admitted in terms of the formula as specified in schedule 7A to the Tariff Regulations.

3.3 FPPCA formula provides for adjustment of allowable fuel and power purchase cost for the gain sharing in accordance with Schedule – 9B to the Tariff Regulations. WBSEDCL has no coal fired thermal power station to operate. As such, the question of gain sharing on this account does not arise.

WBSEDCL's own source of generation is from Hydro Generating stations. In terms of Part – B of the referred schedule, gains accruing to it, if any, due to its actual performance being better than the norms set out for any year are to be retained by it without any sharing.

3.4 The norm for distribution loss of WBSEDCL for the year 2017-18 was considered to be 17.50% in the tariff order. As it comes out from the data provided by WBSEDCL in its application, the actual rate of distribution loss of WBSEDCL on the quanta of sales to consumers works out as under:

Sl. No.	Particulars	Energy (MU)
1	Total Energy purchased (net of CTU loss) including energy swap in but excluding UI in (refer Annexure- 3A)	37660.903
2	Energy sent out from own generating stations (See Reference-1)	1437.087
3	STU Grid loss (See Reference-1)	1338.08
4	Net UI Energy drawn (931.773 MU – 122.201MU) (See Reference-1)	809.572
5	Net Energy Available with WBSEDCL from own generating stations and from purchase of power [(1) +(2) – (3) +(4)]	38569.482
6	Energy sold to persons other than own consumer and licensee and energy swap out including transmission loss (2121.35 MU + 0 MU) (See Reference-1)	2121.35



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Sl. No.	Particulars	Energy (MU)
7	Pumping energy for Purulia Pumped Storage Project (PPSP) including normative transmission loss	1418.997
8	Energy available at distribution input for sale to consumer and licensee [(5)-(6)-(7)]	35029.135
9	Energy sold to licensee at EHV & sale to Sikkim (See Reference-1)	109.932
10	Transmission loss on energy sold to licensee & Sikkim considering normative transmission loss at 3.4%	3.869
11	Energy received for wheeling	31.519
12	Energy wheeled (See Reference-1)	29.541
13	Loss for wheeling (See Reference-1)	1.978
14	Net Energy Available with WBSEDCL for sale to own consumers [(8) + (11) - {(9) + (10) + (12) + (13)}]	34915.334
15	Energy sold to own consumers and sale to licensee at HV level (See Reference-1)	25545.849
16	Own consumption (See Reference-1)	52
17	Distribution loss [(14) - {(15) + (16)}]	9317.485
18	Distribution loss in % [(17)/(14)x100]	26.69%
Reference-1: Statement of Technical Particulars in Annual Report and Accounts of WBSEDCL for 2017-18.		

The actual distribution loss is 26.69%. It is more than the normative distribution loss of 17.5%. As such, no gain is accrued to WBSEDCL to share with its customers.

3.5 The values of different factors in the FPPCA formula are worked out and admitted as under:

3.5.1 FC (FUEL COST):

WBSEDCL has got no coal fired thermal generating station to operate. It only operates a diesel generating station at Rudranagar in Sagar Island to meet up the local demand. During 2017-18, there was no generation from that station. WBSEDCL has also not claimed any amount for the year under this head. Accordingly, the Commission has not considered any fuel cost for 2017-18.

3.5.2 PPC (POWER PURCHASE COST):

3.5.2.1 The quanta of power purchased by WBSEDCL from different sources and cost incurred thereon during 2017-18 as per submission of WBSEDCL and audited annual report and accounts 2017-18 have been enumerated in Annexure – 3A. As may be seen therein, the quantum of power purchased (net of CTU grid loss) during



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the year came to 37660.903 MU. The net cost incurred thereon after adjusting the rebate for power purchase is Rs. 1405952 lakhs. Thus, the average cost of power purchase comes to 373.32 paise / kWh as below.

Particulars	Purchase (MU)	Cost (Rs Lakh)
Total Purchase	37660.903	14,05,952.00
Less: Proportionate purchase cost of energy that is sold to the persons other than its own consumers & licensees.	2121.350	79,193.97
Less: Proportionate purchase cost of energy that has been swapped out during the year	0	0.00
Quantum for effecting distribution to consumers and licensees	35539.553	1326758.03
Average per unit (kwh) purchase cost of power for sale to own consumer & consumer & another licensee (paise/kWh)		373.32

3.5.2.2 It is seen from SI no 9.0 of the statement of technical particulars of audited accounts that WBSEDCL has drawn 931.773 MU as Deviation Settlement Mechanism (DSM) during the year 2017-18. It is also seen from SI no 16 of the statement of technical particulars of the annual accounts that WBSEDCL has injected 122.201 MU during the year 2017-18 under DSM / UI. As per note no. – 32 A to the annual accounts the amount payable against DSM is Rs. 27268 lakhs (27271 lakhs for the year reduced by Rs 3 lakhs arrear dues.) and no amount is receivable by them as per note no. 30 to the annual accounts.

3.6 C_D: Cost Disallowable:

3.6.1 The actual amount of energy put to use for distribution to the consumers and licensees of WBSEDCL is computed as below:

Sl. No.	Description	Quantity (MU)
1	Total energy purchased (Net of CTU Grid loss)	37660.903
2	STU Grid Loss	1338.08
3	Net U. I. Energy drawn	809.572
4	Net energy available with WBSEDCL from purchase [(1)-(2) +(3)]	37132.395
5	Energy sold to persons other than own consumers and licensees	2121.35
6	Energy Swap Out	0
7	Pumping energy for Purulia Pumped Storage Project (PPSP) including normative transmission loss	1418.997



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Sl. No.	Description	Quantity (MU)
8	Net purchased energy available with WBSEDCL for distribution to own consumers and licensees $[(4) - \{(5) + (6) + (7)\}]$	33592.048

3.6.2 In accordance with provisions of the Tariff Regulations, the amount of excess power purchase cost works out as under:

Sl. No.	Factor Notation	Nomenclature	Unit	Value
1	E_{SC}	Quanta of energy sold to consumers	MU	25545.849
2	E_O	Admitted energy for own consumption	MU	52.00
3	d	Normative distribution loss	%	17.50
4	-	$E_{SC} + E_O$ $(1 - d \times 0.01)$	MU	31027.70
5	E_{SL}	Energy sold to other licensees at EHV and sale to Sikkim	MU	109.932
6	t	Normative T & D loss for E_{SL} (5)	%	3.40
7	-	E_{SL} $(1 - t \times 0.01)$	MU	113.801
8	E	Auxiliary consumption in excess of norms	MU	1437.086
9	E_g	Energy sent out from own generating station	MU	0
10	E_{Adm}	Purchase of energy admitted $[(4) + (7) - (8) - (9)]$	MU	29704.41
11	E_P	Total energy purchased for distribution and supply to own consumers and licensees	MU	33592.048
12	E_E	Excess energy purchased $[(11) - (10)]$	MU	3887.638
13	EP_{Avg}	Average purchase cost	Paise / kwh	373.32
14		Cost of excess power purchase $[(12) \times (13) / 10]$	Rs in Lakhs	145133.30

3.6.2.1 Auxiliary consumption in excess of norms as given in Sl No. 8 above have been detailed below:

Own Generating Station	Generation in MU	Aux in MU	Actual Aux in %	Normative Aux as per Schedule 9A (H)	Excess
Rammam	122.408	1.224	1.00%	1.00%	0.00%
Jaldhaka-1	118.059	1.181	1.00%	1.00%	0.00%
Mini micro-Hydel	185.715	1.858	1.00%	1.00%	0.00%
PPSP	1014.356	17.244	1.70%	1.70%	0.00%
Solar	18.055	0	0	0	0

3.6.3 In terms of regulation 2.8.6.1 of the Tariff Regulations, the disallowance on account of excess power purchase cost due to excess distribution loss over the norms thereof



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will be limited to an amount equal to summation of Return on Equity (ROE) and net UI receivable amount subject to the following conditions:

- i) Net UI receivable amount = UI receivable amount over the year – UI payable amount over the year;
- ii) Net UI receivable amount ≥ 0 .

3.6.4 As noted in para 3.6.2.2 above there is no DSM / UI charge receivable amount during the year 2017-18. Thus, the net UI receivable is considered zero.

3.6.5 The ROE for the year 2017-2018 as admitted in this APR-FPPCA order is Rs. 37236.21 lakhs.

3.6.6 The actual distribution loss of WBSEDCL during the year 2017-18 was 26.69% as against the normative distribution loss of 17.50%. The excess power purchase cost due to excess distribution loss is Rs. 145133.30 lakhs. But in terms of regulation 2.8.6.1 of the Tariff Regulations, the disallowable amount will be limited to Rs. 37236.21 lakhs. Thus, the Commission considers the cost disallowable (C_D) as Rs. 37236.21 lakhs.

3.6.7 The Commission observes that the distribution loss for 2014 – 15, 2015 – 16, 2016 – 17 and 2017 – 18 were 27.61%, 27.75%, 27.49% and 26.69% respectively. Therefore, the Commission concludes that there has not been any appreciable reduction in the distribution loss during the period from 2014 – 15 to 2017 – 18. This is contrary to what was expected as per loss reduction trajectory. Accordingly, WBSEDCL is directed to reduce the burden of huge cost on excessive purchase of power and also is directed to take all possible measures including steps to bring down their distribution loss to the normative level and submit an action plan report as sought for by the Commission in para 3.7.7 of the APR Order for 2014 – 15.

3.7 A (PRIOR PERIOD ADJUSTMENTS):

3.7.1 WBSEDCL claimed an amount of Rs. 37492 lakhs being the amount of power purchase cost paid to agencies for the period prior to 2017-18. Auditors' Certificate



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has been provided in Annexure -1A of the FPPCA Petition for the claimed amounts of arrear payment which corroborates their claim.

SI No	Agency Name	Amount (lakh)
1	DVC	13.00
2	WBPDCCL	640.00
3	NHPC	47.00
4	NTPC	-8079.00
5	PTC	40.00
6	TPTCL	-15549.00
7	KUVNL	77.00
	Sub Total --- 1	-22811.00
8	WBPDCCL Arrears of earlier years	
8a	2008-09 to 2010-11	26994.42
8b	2012-13	30091.13
8c	T/o 2016-16 SgTPS	3217.62
	Sub Total ---2	60303.17
9	Grand Total (Subtotal 1+2)	37492.17

3.7.2 The Commission, admits Rs. 37492.17 lakhs as per claim of WBSEDCL towards prior period adjustment during the year 2017-2018.

3.8 Allowable Fuel and Power Purchase Cost:

3.8.1 Putting the value of factors, as discussed and admitted in the foregoing paragraphs, the amount of allowable fuel and power purchase cost to WBSEDCL for the year 2016-2017 works out as under:

Sl. No.	Particulars / Factors	As admitted by the Commission (Rs. in Lakhs)
1	FC: Fuel Cost	0.00
2.	PPC: Power Purchase Cost for Consumer & licensee	1326758.03
3.	C _D : Cost Disallowable.	37236.21
4.	A: Prior Period's Adjustment	37492.17
5.	FC+(PPC-C _D) + (+A)	1327013.99



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ANNEXURE – 3A ACTUAL POWER PURCHASE FOR 2017-18

Sl. No	Sources	Quantum (MU)	Cost (Rs. Lakhs)
1	NTPC	4444.566	155951.00
2	PTC (Chukha)	1701.221	38092.00
3	NHPC	1597.353	65111.00
4	DVC	757.083	32238.00
5	DPL	561.614	21297.00
6	WBPDC (Including operating lease)	21135.172	817316.00
7	Sikkim	0.336	22.00
8	CESC Ltd.	37.710	2466.00
9	NEORA HYDRO	3.289	118.00
10	Electro Steel	60.627	1534.00
11	Nippon Power Ltd.	5.746	207.00
12	Shree Renuka sugar	40.410	818.00
13	Himadri Chemical Ltd	53.920	1772.00
14	Rashmi Cement	3.632	86.00
15	Tata Power	118.604	2206.00
16	PTC	1144.895	38927.00
17	TPTCL	2411.536	82247.00
18	Bengal Energy Limited	141.330	3901.00
19	Concast Bengal Ind. Ltd.	4.584	146.00
20	JBVNL	0.095	11.00
21	APDCL	0.134	15.00
22	Power Exchange	2924.983	110284.00
23	NVVN	360.860	18377.00
24	AEL	193.445	6532.00
25	DB power	213.610	6640.00
26	Kanti Bijli Utpadan Nigam	0.000	3214.00
27	Grand Total (1 to 26)	37916.755	1409528.00
28	Less: CTU Grid Loss	255.852	0
29	Gross Quanta and Cost of Power Purchase (27- 28)	37660.903	1409528.00
30	Less: Rebate for timely payment		3576.00
31	Net Power Purchase Cost and Quanta of Energy Purchased (29-30)	37660.903	1405952.00



CHAPTER – 4

FIXED COST DETERMINATION UNDER APR

4.0 Fixed Charges

4.1 The Tariff Regulations specify the classification of different fixed charge elements under controllable and uncontrollable heads and also the treatment of variation between projected expenditure and actual expenditure of such fixed charge elements during redetermination of ARR in APR. In its order dated 04.07.2018 in the tariff application of WBSEDCL for the years 2017-18, the Commission considered some specific principles of calculation for determination of some elements of fixed charge during projection of ARR. The basic premises of such principles of calculation were

- (1) Wholesale price Index (WPI) and Consumer price Index (CPI),
- (2) Business volume change namely distribution line length and number of consumers, and
- (3) Sensitivity of expenditure elements to business volume change.

4.2 Parameters and formulas for fixed charge computation:

4.2.1 In the APR application 2016-17, WBSEDCL has submitted that during FY 2016-17 WBSEDCL has for the first time prepared their annual accounts following the Indian Accounting Standard (Ind-AS) as notified under section 133 of Companies Act. The Commission in paragraph 4.2.4 of the APR Order of 2016 – 17 has decided the principles to be considered for treatment of such elements of ARR. The same principle has also been followed in this APR Order for 2017 - 18.

4.2.2 The distribution line length and consumer strength for base year 2016-17 as considered in the MYT order of 2017-18 and actual as per para 2.18.5 of APR application 2017-18 is as per Table 4.2-1.



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Table 4.2-1

Particulars	Unit	MYT Order	Actual	Increase / Decrease (-)
DLL in 2016-17	CKM	575035.65	563826	-11209.7
Consumers (CSM) in 2016-17	(Number)	17408826	17424638	15812

4.2.3 The values considered during projection, revised values as per 4.2.1 above and para 5.3.7 of tariff order 2017-18 and business volume data provided by WBSEDCL in their APR application are now compared with actual inflation indices as available from websites of Economic Advisor Govt. of India and Labour Bureau, in Table 4.2-2 below

Table 4.2-2

	Projected 2017-18	Revised figure as per para 5.3.7 of Tariff Order for 2017-18	Actual 2017-18
Distribution Line length – DLL (CKM)	603787.43	603787.43	578217.00
Consumer Strength – CS (Number)	18343320	18359132	18112995
DLL increase % (w.r.t. 2016-17 actuals)	5.00	7.09	2.55
CS Increase % (w.r.t. 2016-17 actuals)	5.37	5.36	3.95
WPI in %	2.88	1.76	2.92
CPI in %	4.45	4.45	3.08
Inflation in hybrid index [WPI : CPI (60 : 40)]in%	3.51	2.84	2.98
Please see WPI and CPI detail in Annexure-4B & 4C			

4.2.4 It may be seen from Table 4.2-2 above that the business volume parameters show a significantly downward trend. and thus regulation 2.6.10 (v) of Tariff Regulations is not applicable for controllable item. Now the Commission proceeds to review each of such fixed charge elements claimed by WBSEDCL.

4.3 Transmission charge payable:

4.3.1 Central Transmission Utility (CTU) Charge:



4.3.1.1 Note 32 B of the annual accounts for 2017-18 of WBSEDCL indicates that WBSEDCL has accounted for an amount of Rs 60325 lakhs as current year transmission charge payable to PGCIL and Rs 3906 lakhs as arrear dues of PGCIL. In para 2.2.3 of their application WBSEDCL has claimed Rs 670 lakhs as paid to NVVNL (as Reimbursement for interstate transfer of solar power) and Rs 9131 lakh as short-term open access charge included in power purchase cost as per para 2.2.4 of the application. Such amounts have not been claimed in FPPCA. In support of their claim WBSEDCL has submitted a certificate from auditor in annexure II volume I of application wherein the short-term open access charge included in power purchase cost as shown in annual accounts has been segregated and an amount of Rs 9131 lakhs has been shown as open access charge on power purchase. WBSEDCL has further deducted a Rebate on transmission charge of Rs 17 lakhs from the CTU charge, as disclosed in note 32.3 of annual accounts, to arrive at the net claim of Rs 74015 lakhs against the earlier admitted amount of Rs 66447 lakhs. The claimed amount of Rs 74015 lakhs (Rs 60325 lakhs + Rs 3906 lakhs + Rs 670 lakhs+ Rs 9131 lakhs– Rs 17 lakhs) is now admitted as CTU charge under distribution function.

4.3.2 State Transmission Utility (STU) Charge:

4.3.2.1 In the tariff order of WBSETCL for the year 2017-18, the Commission admitted the Annual Transmission Charge (in short 'ATC') of WBSETCL at Rs. 122130.76 lakhs which was payable by WBSEDCL as user of the state transmission system. Against such admitted amount, actual STU charges of Rs. 114904 lakhs is accounted for in Note-32B of the Annual Accounts of 2017-18 and claimed by WBSEDCL in their APR application for the year 2017-18, under the head STU charges. The said amount of Rs. 114904 lakhs is admitted by the Commission in the APR for 2017-18 and allocated to distribution function.

4.4 SLDC Charges:

As seen from note 32D of annual accounts, WBSEDCL accounted for Rs. 1660 lakhs towards charges payable to SLDC in the year 2017-18 against earlier admitted amount of Rs 1862.3 lakhs, with a breakup of Rs 1659 lakhs for current year and Rs



1 lakh as arrear. The Commission admits the amount of Rs. 1660 lakhs paid by WBSEDCL as SLDC charges in the APR for 2017-18 and the entire amount is allocated to distribution function.

4.5 RLDC Charges:

On account of system operation charges to Power System Operation Corporation (POSOCO) WBSEDCL claimed a negative amount of Rs. 29 lakhs for the year 2017-18 against earlier admitted amount of Rs 410 lakhs. In note 32B of annual accounts Rs 301 lakhs is shown as current year's dues and Rs 330 lakh is shown as negative adjustment for arrear. The said amount of Rs. (-) 29 lakhs is now admitted by the Commission in APR for 2017-18 and the entire amount is allocated to distribution function.

4.6 ERPC Charges:

An amount of Rs. 16 lakhs was accounted for in note 32C of annual accounts and claimed by WBSEDCL as Eastern Regional Power Committee (in short "ERPC") charges against the admitted amount of Rs. 16 lakhs in ARR in the tariff order for 2017-18. The entire amount of Rs. 16 lakhs is now admitted in the APR for the year 2017-18 and is allocated to the distribution function.

4.7 VARH Charges:

In para 2.7 of Volume I of their application WBSEDCL has claimed an amount of Rs 1526 lakhs towards payment of Reactive Energy (VARH) charge. Such charge has been shown in note 32E of the Annual Accounts of WBSEDCL for 2017-18. No amount was admitted in MYT under this head. WBSEDCL has stated in their application that the invoice for VARH charges is claimed to West Bengal SLDC by ERLDC as per CERC - Indian Electricity Grid Code (IEGC) Regulations, 2010. The entire amount claimed by WBSEDCL under this head is admitted for distribution function for the year 2017-18.

WBSEDCL is directed to take necessary corrective measures to avoid making payment of VARH charges in future.

**4.8 Employee cost:**

4.8.1 In the APR application for 2017-18, WBSEDCL has claimed Rs 105440 lakhs towards expenditures on employee cost heads without providing any breakup of expenditure for salary and wages and expenditure for terminal benefit in Form E(B). In tariff order for 2017-18, the Commission has admitted Rs 134260.27 lakhs in this head with breakup of Rs 72922.91 towards salaries and wages and Rs 61337.36 for terminal benefit payment. As observed from note no 33 of annual accounts, other comprehensive income recognized in the Statement of Profit & Loss Account and form 1.17h submitted by WBSEDCL, out of the total employees cost of Rs 105426 lakhs, Rs 59679 is booked as Salaries and related staff expenditures, and Rs 35995 lakhs (net off other comprehensive income of Rs. 9752 lakhs) is booked for terminal benefit. Claim of WBSEDCL for employee cost is Rs 105440 lakh including 'compensation injuries on death/damages' (Rs 14 lakh) – as noted in para 2.16.2 of application. The details are tabulated below:

Particulars	As per Tariff Order	As claimed [Form 1.17 h]	As per Audited Accounts
Employees Cost	Rs in Lakh	Rs in lakh	Rs in lakh
Salary & wages (including other staff welfare benefits and compensation) ----- A	72922.91	59712	59693
Contributions to Provident Funds & Other Terminal Benefits (Gross) ----- B	61337.36	45728	45747
Re-measurement of Defined Benefit Plans (shown under Other Comprehensive Income) ---- C		0	-9752
Terminal benefits ---- B + C = D	61337.36	45728	35995
Directors' Fees ----- E			8
Total ----- (A + D + E)	134260.27	105440	95696

4.8.2 WBSEDCL has not included Director's sitting fees of Rs 8 lakh disclosed in Note 36 C of the annual accounts and instead they have claimed it under Administrative and General (A&G) expenses. In terms of Regulation 5.9.1 of the Tariff Regulations, the Commission considers such expense under employee cost head and not under A&G expenses.

4.8.3 WBSEDCL vide letter dated 26.11.2021 has also submitted that against an amount of Rs 743146 lakhs admitted by the Commission for terminal benefit payment up-to



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2017-18 through different APR and Tariff orders, WBSEDCL has deposited an amount of Rs 487485 lakhs to the Terminal Benefit fund. Thus, the shortfall in deposit is accumulated to Rs 255660 lakhs (Rs 743146 lakhs – Rs 487485 lakhs) upto 2017-18.

4.8.4 In line with the earlier APR orders where the Commission had withheld a cumulative amount of Rs. 234780 lakhs upto 2016-17, the Commission withholds the additional shortfall amount accumulated in 2017-18 i.e., Rs 20880 lakhs. The Commission feels that such claim regarding amount payable to terminal benefit fund is a confirmed and inevitable liability arising out of actuarial valuation, admission of such claim after prudence check is also consequential and acknowledged accordingly.

4.8.5 WBSEDCL is therefore directed to deposit these amounts to the respective Terminal Benefit fund and furnish necessary documentary proof supported by affidavit to the Commission based on which such withheld amount may be released after due examination.

4.8.6 Therefore, the Commission admits Rs 59701 lakhs (inclusive of Directors Fees of Rs 8 lakh) towards staff salary expenditures and Rs. 35995 lakhs towards terminal benefit. However, as explained in paragraph 4.8.4 Rs 20880 lakhs is withheld for 2017-18 on account of Terminal Benefit. The Commission while admitting the terminal benefit expenditures has considered allocation ratio in the proportion of staff salary expenditures claimed.

4.8.7 Summary of Admittance as discussed above is given in Table 4.8-1 below.

Table 4.8-1

Expenditure Head	Amount (Rs. in Lakhs)			
	Claimed in APR	Admitted under Generation	Admitted under Distribution	Total Admitted
Employee Cost (Salaries)	59712	1784	57917	59701
Employee Cost Others (Terminal benefit)	45728	303	35692	35995
Total	105440	2087	93609	95696

4.9 Operation and Maintenance (O&M) Expenses:



4.9.1 Operation and maintenance (O&M) Expenses for Generation:

- 4.9.1.1 Against the admitted expenditure of Rs 4942.59 lakhs, WBSEDCL has claimed Rs 5082 lakhs as O&M expenditures for Generation. O&M expenditure is a controllable expenditure using operating norms and hence shall be guided by Regulation 2.5.5 (ii) of the Tariff Regulation.
- 4.9.1.2 In para 5.3.2.1 C of tariff order of 2017-18, the Commission has stipulated that, for Tariff Order 2017-18 the Commission does not like to admit any O&M expenditure w.r.t Solar Plants as these are likely to be covered under Warranty during this period. However, it was directed that, at the time of truing up, WBSEDCL is to come up with the actual audited figures of expenditure with necessary contract details for the Commission's decision. WBSEDCL in their submission in para 2.17.4 has stated that they have incurred Rs 4 lakh for solar plants on account of field and office works for setting up solar power plant at different locations of the state and supervision of works associated to the on-going and completed projects. In their letter dated 26.11.2021 WBSEDCL has stated that such expenditure is on account of carrying out repair work due to water leakage. In view of such inconsistent submissions the Commission does not admit such amount.
- 4.9.1.3 WBSEDCL has shown a list of running power stations in the Director's report at page 77 of Annual report of 2017-18. In the said report, installed capacity of running Small hydro generating stations is shown as 88.10 MW. The detailed breakup is as follows:

Name of plant	Installed capacity (annual report) (MW)
Jaldhaka-II	8
TCF	67.5
Messanjore	4
Sidrabong	0.4
Fazi	1.2
Richington	2
Little Rangit	2
Mungpoo Kalikhola	3
Total of Small Hydro	88.10



- 4.9.1.4 On the basis of such installed capacity of small hydro generating stations as 88.10 MW and the O&M norms as per Tariff order for 2017-18 the total O&M cost comes to Rs 4800.71 lakhs as per following Table:

Table 4.9-1

O&M COST FOR GENERATING STATION OF WBSEDCL			
Name Of Plant	Installed Capacity	O&M cost in Rs Lakh/ MW	O&M cost in Rs Lakh/MW
PPSP	900	2.49	2241.00
Rammam Stage I	51	11.21	571.71
Jaldhaka	36	16.14	581.04
Small Hydro	88.1	15.97	1406.96
TOTAL	1075.1		4800.71

- 4.9.1.5 Thus, the Commission admits the expenditure at normative level i.e., Rs 4800.71 lakhs for generation for the year 2017-18 in terms of Regulation 2.5.5 (ii) of the Tariff Regulation against the claim of Rs. 5082 lakhs.

4.9.2 Repair and Maintenance (R&M) for Distribution.

It is noted from Form 1.15 and 1.17 that WBSEDCL has claimed an amount of Rs 25608 lakhs under this head against the admitted amount of Rs 32423.72 lakhs in tariff order. The auditor certificate in annexure 17A volume II also shows the same amount under distribution head. The claim amount is admitted under Distribution head.

4.9.3 Administrative and General (A&G) Expenses for Distribution.

- 4.9.3.1 It is noted from Form 1.15 and 1.17 that WBSEDCL has claimed an amount of Rs 12576 lakhs under this head against the admitted amount of Rs 15070 lakhs in tariff order. The auditor certificate in annexure 5A volume II also shows the same amount under distribution head. However, such amount includes Rs 8 lakh toward Directors' sitting fee, which is already considered under employee cost and Rs 24 lakh spent for social responsibility which is actually payable from company's profit. Further, the



amount of Rs 21 lakh for lease rental is considered under the specific head of lease rental. Such amounts are not allowed under the head of A&G expenditure.

4.9.3.2 It is seen that the actual A&G expenditures in 2017-18 is less than the amount admitted under tariff order of 2017-18. Now the total expenditure under O&M head is considered in terms of Regulation 2.5.5 of the Tariff Regulations is shown in Table 4.9-2 below.

**Table 4.9-2
Admitted A&G Expenses**

Sl No	Expenditure Head	Amount in Lakhs Rs		
		Admitted in Tariff Order	Claim	Admitted in APR (Refer Para 4.9.3.1)
1	Rent	1250.00	1221	1221
2	Audit	215.86	122	122
3	Legal	619.09	445	445
4	Other A&G	12985.06	10788	10735
	Total (1+2+3+4)	15070.01	12576	12523

4.9.4 The Commission admits Rs 12523 lakhs under Distribution function towards A&G expenditures for 2017-18 APR.

4.10 Outsourcing Expenditure for Distribution.

4.10.1 In the MYT Petition for the 5th control period, WBSEDCL proposed outsource expenditures under sub heads of outsource expenditures (excluding manpower and hiring of vehicle cost) and outsource expenditures (including manpower and hire of vehicle cost) separately and the Commission also admitted the ARR in two separate subheads as they are of different nature and categorized as controllable and uncontrollable respectively in the Tariff Regulations. In their APR application WBSEDCL has claimed all expenditures under the uncontrollable head of outsource expenditures (including manpower and hire of vehicle cost).

4.10.2 The escalation indices calculated during projection of ARR for tariff order of the fifth control period were based on projected inflation rates and business volume growth.



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Based on the actual inflation and business volume growth, the escalation index for different elements of outsourcing expenditure are as follows.

Table 4.10-1

SI No	Elements	Applicable Inflation (%) in 2017 - 18	Actual Business Volume Increase in % (BGR)	Sensitivity (R)	Expenditure Increase (%)	Applicable Growth Escalation Rate (%)
		(1)	(2)	(3)	(4) = (2) x (3)	(5) = (1) + (4)
1	HT Line Maintenance and Substation Maintenance (Other than Manpower & Vehicle)	2.98	5.00	1.00	5.00	7.98
2	HT Line Maintenance and Substation Maintenance (Manpower & Vehicle)	3.08	5.00	1.00	5.00	8.08
3	LT Maintenance - MCSU (Other than Manpower & Vehicle)	2.98	5.37	1.00	5.37	8.35
4	LT Maintenance - MCSU (Manpower & Vehicle)	3.08	5.37	1.00	5.37	8.45
5	Data Ware Housing	2.98	5.37	1.00	5.37	8.35
6	Back Office Job	2.98	5.00	1.00	5.00	7.98
7	Franchisee Cost	3.08	5.37	1.00	5.37	8.45
8	Meter Reading and Bill Distribution	3.08	5.37	1.00	5.37	8.45
9	Collection Franchisee	2.98	5.37	1.00	5.37	8.35
10	Security Expenses (Other than Manpower & Vehicle)	2.98	5.00	0.99	4.95	7.93
11	Security Expenses (Manpower & Vehicle)	3.08	5.00	0.99	4.95	8.03
12	Call Centre (Other than Manpower & Vehicle)	2.98	5.37	0.42	2.26	5.24
13	Call Centre (Manpower & Vehicle)	3.08	5.37	0.42	2.26	5.34

4.10.3 WBSEDCL claimed Rs 52343 lakhs as Outsourcing Expenditure (Manpower and vehicle hiring) and no amount under Outsourcing Expenditure (Excluding manpower and vehicle hiring) against Rs 27788.08 lakhs and Rs 22995.72 lakhs admitted by the Commission respectively under Outsourcing Expenditure (Manpower and vehicle hiring) and Outsourcing Expenditure (Excluding manpower and vehicle hiring) heads in the tariff order. These two ARR items have a number of elements. For each of



those elements amount considered for APR has been detailed out in the subsequent paragraphs to find out the admitted amount for two heads namely:

- i) controllable item Outsourcing Expense (Excluding manpower and vehicle hiring),
and
- ii) uncontrollable item Outsourcing Expense (Manpower and vehicle hiring)

4.10.4 In the Tariff Order of 2017 – 18, the Commission considered the heads of Line Maintenance and Substation Maintenance in a composite manner considering the past trend of expenses in connection with these two items. However, WBSEDCL has claimed it as separate heads of expenses. For admitting the expenditure under different subheads of outsourcing expenditure in line with regulation 2.8.9.5 and regulation 2.6.8 of the Tariff Regulation, the Commission considers the total claim under Line maintenance and substation maintenance sub-heads as a composite claim for Line and substation maintenance which includes the cost for controllable sub-heads of Line and substation maintenance (Excluding manpower and vehicle hiring) and uncontrollable sub-heads of Line and substation maintenance (manpower and vehicle hiring). The Commission, then segregate the total cost in line with tariff order between the controllable portion and uncontrollable portion. In the subsequent paragraphs each head is discussed.

4.10.5 Line and substation maintenance (Excluding manpower and vehicle hiring):

Out of the total claim of Rs 16453 lakhs, the Commission considers the amount earlier admitted in ARR of tariff order i.e., Rs 4671.72 lakhs under this controllable head and balance claim of Rs 11781.28 lakhs is considered under uncontrollable head of Line and substation maintenance (manpower and vehicle hiring). The Commission admits Rs 4671.72 lakhs for Line and substation maintenance (excluding manpower and vehicle hiring) under Distribution function.

4.10.6 Line and substation maintenance (manpower and vehicle hiring):

The admitted amount under this head in the ARR of the tariff order is Rs. 13081.89 lakhs. The balance claim of WBSEDCL considered under uncontrollable head of Line



and substation maintenance (manpower and vehicle hiring) as indicated above is Rs. 11781.28 lakhs and is less than the amount admitted in the Tariff Order.

The admitted amount under this head in 2016 – 17 APR was Rs. 10966 lakh. Using the actual escalation index as noted in table 4.10-1 above on this expenditure, the expenditure comes to Rs 11852 lakhs.

Since, the balance claim of WBSEDCL is less than the escalated amount, the Commission admits Rs. 11781.28 lakh under uncontrollable head of Line and substation maintenance (manpower and vehicle hiring).

4.10.7 Meter Reading and Bill Distribution:

The Commission has admitted an amount of Rs. 10034.35 lakhs in the tariff order. WBSEDCL has claimed an amount of Rs. 11921 lakhs. Since the item has been considered under the controllable head, the Commission admits Rs. 10034.35 lakhs for Meter Reading and Bill Distribution under Distribution function.

4.10.8 LT Maintenance [MCSU as per SOP Regulation]:

4.10.8.1 WBSEDCL in their Tariff Petition for 5th Control Period, has claimed LT Maintenance under the heads of Manpower and Vehicle Hiring Related and Excluding Manpower and Vehicle Hiring Related expenses. In the Tariff Order, the Commission has admitted Rs 9415.01 lakhs and Rs 4945.05 lakhs under the heads of Manpower and Vehicle Hiring Related and Excluding Manpower and Vehicle Hiring Related expenses respectively. However, WBSEDCL in their APR Petition has claimed Rs 14590 lakhs under Manpower and Vehicle Hiring Related only. Thus, it is observed that there is a change in principles adopted in the APR petition from the principles adopted in the MYT Petition.

4.10.8.2 Out of the total claim of Rs 14590 lakhs, the Commission in line with the tariff order and in view of the provisions of regulation 2.8.9.5 of the Tariff Regulations considers the amount earlier admitted in ARR of tariff order i.e., Rs 4945.05 lakhs under the controllable head i.e., in LT Maintenance (excluding manpower and vehicle hiring) and balance claim of Rs 9644.95 lakhs is considered under uncontrollable head of



LT Maintenance (manpower and vehicle hiring). The Commission admits Rs 4945.05 lakhs for LT Maintenance (excluding manpower and vehicle hiring) under Distribution function.

- 4.10.8.3 The admitted amount under the head LT Maintenance (manpower and vehicle hiring) in the ARR of the tariff order is Rs. 9415.01 lakhs. The balance claim of WBSEDCL under uncontrollable head of LT Maintenance (manpower and vehicle hiring) as indicated above is Rs. 9644.95 lakhs and is higher than the amount admitted in the Tariff Order. WBSEDCL has not provided any proper justification for such high claim.

The admitted amount under this head in 2016 – 17 APR was Rs. 3259 lakh. Using the actual escalation index as noted in table 4.10-1 above on this expenditure, the expenditure comes to Rs 3534 lakhs. Since, the escalated expenditure is less than the amount admitted in the Tariff Order (Rs 9415.01 lakhs), the Commission admits Rs. 9415.01 lakh as admitted in the Tariff Order under uncontrollable head of LT Maintenance (manpower and vehicle hiring).

- 4.10.9 Claim of WBSEDCL under the subhead franchisee cost is Rs 1151 lakhs. The Commission has admitted an amount of Rs. 674.71 lakhs in the tariff order. Since the item has been considered under the controllable head, the Commission admits Rs. 674.71 lakhs for Franchisee cost under Distribution function.

4.10.10 **Security Expenses:**

- 4.10.10.1 WBSEDCL in their Tariff Petition for 5th Control Period, has claimed Security Expenses under the heads of Manpower and Vehicle Hiring Related and Excluding Manpower and Vehicle Hiring Related expenses. In the Tariff Order, the Commission has admitted Rs 2905.40 lakhs and Rs 393.80 lakhs under the heads of Manpower and Vehicle Hiring Related and Excluding Manpower and Vehicle Hiring Related expenses respectively. However, WBSEDCL in their APR Petition has claimed Rs 3253 lakhs under Manpower and Vehicle Hiring Related only. Thus, it is observed that there is a change in principles adopted in the APR petition from the principles adopted in the MYT Petition.



4.10.10.2 Out of the total claim of Rs 3253 lakhs, the Commission in line with the tariff order and in view of the provisions of regulation 2.8.9.5 of the Tariff Regulations considers the amount earlier admitted in ARR of tariff order i.e., Rs 393.80 lakhs under the controllable head i.e., in Security Expenses (excluding manpower and vehicle hiring) and balance claim of Rs 2859.20 lakhs is considered under uncontrollable head of Security Expenses (manpower and vehicle hiring). The Commission admits Rs 393.80 lakhs for Security Expenses (excluding manpower and vehicle hiring) under Distribution function.

4.10.10.3 The admitted amount under the head Security Expenses (manpower and vehicle hiring) in the ARR of the tariff order is Rs. 2905.40 lakhs. The balance claim of WBSEDCL considered under uncontrollable head of Security Expenses (manpower and vehicle hiring) as indicated above is Rs. 2859.20 lakhs and is less than the amount admitted in the Tariff Order.

The admitted amount under this head in 2016 – 17 APR was Rs. 2999 lakh. Using the actual escalation index as noted in table 4.10-1 above on this expenditure, the expenditure comes to Rs 3240 lakhs. Since, the balance of amount claimed by WBSEDCL considered under uncontrollable head as above (Rs 2859.20 lakh) is less than the escalated expenditure, the Commission admits Rs. 2859.20 lakh under this head.

4.10.11 Call Centre Expenses:

4.10.11.1 WBSEDCL in their Tariff Petition for the 5th Control Period, has claimed Call Centre Expenses under the heads of Manpower and Vehicle Hiring Related and Excluding Manpower and Vehicle Hiring Related expenses. In the Tariff Order, the Commission has admitted Rs 2385.78 lakhs and Rs 319.96 lakhs under the heads of Manpower and Vehicle Hiring Related and Excluding Manpower and Vehicle Hiring Related expenses respectively. However, WBSEDCL in their APR Petition has claimed Rs 2439 lakhs under Manpower and Vehicle Hiring Related only. Thus, it is observed that there is a change in principles adopted in the APR petition from the principles adopted in the MYT Petition.



4.10.11.2 Out of the total claim of Rs 2439 lakhs, the Commission in line with the tariff order and in view of the provisions of regulation 2.8.9.5 of the Tariff Regulations considers the amount earlier admitted in ARR of tariff order i.e., Rs 319.96 lakhs under the controllable head i.e., in Call Centre Expenses (excluding manpower and vehicle hiring) and balance claim of Rs 2119.04 lakhs is considered under uncontrollable head of Call Centre Expenses (manpower and vehicle hiring). The Commission admits Rs 319.96 lakhs for Call Centre Expenses (excluding manpower and vehicle hiring) under Distribution function.

4.10.11.3 The admitted amount under the head Call Centre Expenses (manpower and vehicle hiring) in the ARR of the tariff order is Rs. 2385.78 lakhs. The balance claim of WBSEDCL under uncontrollable head of Call Centre Expenses (manpower and vehicle hiring) as indicated above is Rs. 2119.04 lakhs and is less than the amount admitted in the Tariff Order.

The admitted amount under this head in 2016 – 17 APR was Rs. 2489 lakh. Using the actual escalation index as noted in table 4.10-1 above on this expenditure, the expenditure comes to Rs 2622 lakhs. Since, the amount claimed by WBSEDCL considered as uncontrollable as stated at para 4.10.11.2 above is below the escalated expenditure, the Commission admits Rs. 2119.04 lakh as claimed by WBSEDCL.

4.10.12 Claim of WBSEDCL under the subhead Back Office Job is Rs 161 lakhs. The Commission has admitted Rs 176 Lakhs in the Tariff Order for 2017 – 18. The claim amount of back-office job being less than the admitted amount in tariff order, is admitted as claimed i.e., Rs 161 lakhs under Distribution function.

4.10.13 Claim of WBSEDCL under the subhead Collection Franchisee is Rs 2375 lakhs. The Commission has admitted an amount of Rs. 1779.73 lakhs in the tariff order. Since the item has been considered under the controllable head, the Commission admits Rs. 1779.73 lakhs for Collection Franchisee under Distribution function.

4.10.14 Claims of WBSEDCL for different elements under the controllable head and uncontrollable head of outsourcing expenditure (Excluding manpower and vehicle



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hiring) and outsourcing expenditure (manpower and vehicle hiring) is provided in Table 4.10-2 below along with the admitted amount in tariff order of 2017-18. The table also shows the admitted amount of those elements in APR for 2017-18 under the head of outsourcing expenditure (Excluding manpower and vehicle hiring) inclusive of adjustment under regulation 2.5.5(iv) of Tariff regulations and amount admitted for the uncontrollable item of Outsourcing Expenses (manpower & vehicle).

Table 4.10-2

SI No	Expenditure Head	As admitted in Tariff Order for 2017 – 18			As claimed in APR Petition for 2017 – 18	Admitted for 2017 – 18		
		Excluding Manpower & Vehicle	Manpower and Vehicle	Total		Excluding Manpower & Vehicle	Manpower and Vehicle	Total
1	HT Line Maintenance and Substation Maintenance	4671.72	13081.89	17753.61	16453	4671.72	11781.28	16453.00
2	LT Maintenance	4945.05	9415.01	14360.06	14590	4945.05	9415.01	14360.06
3	Data Ware Housing	0.40	0.00	0.40	0.00	0.00		0.00
4	Back Office Job	176.00		176.00	161	161.00		161.00
5	Franchisee Cost	674.71		674.71	1151	674.71		674.71
6	Meter Reading and Bill Distribution	10034.35		10034.35	11921	10034.35		10034.35
7	Collection Franchisee	1779.73		1779.73	2375	1779.73		1779.73
8	Security Expenses	393.80	2905.40	3299.20	3253	393.80	2859.20	3253.00
9	Call Centre	319.96	2385.78	2705.74	2439	319.96	2119.04	2439.00
10	Sub Total (1 to 9)	22995.72	27788.08	50783.80	52343	22980.32	26174.53	49154.85
11	Adjustment under regulation 2.5.5(iv) [22995.72-22980.32]					15.40		
12	Total (10 + 11)	22995.72	27788.08	50783.80	52343	22995.72	26174.53	49170.25

4.11 Some small Expenses:

4.11.1 Lease Rental:

The admitted amount under this head in 2017-18 Tariff Order was Rs 2225.60 lakhs. WBSEDCL has claimed Rs 2290 lakhs under this head. In addition to that the Commission has excluded Rs 21 lakh of lease rental from the claim in A&G expenses to consider the same under this specific head for such expenditure as per Tariff regulation, thus the total claim amount comes to Rs 2311 lakhs. In view of the above, Rs 2311 lakhs has been admitted in the tariff order of 2017-18 under this head.

4.11.2 Complaint Management Mechanism:



The admitted amount under this head in 2017-18 Tariff Order was Rs 297.98 lakhs. WBSEDCL has claimed Rs 378 lakhs under this head. The Commission in para 5.3.4 (b) of the Tariff Order for 2017 – 18 has specified that this element will be considered as controllable factor during truing up in the fifth control period 2017 – 18. In view of the above, the amount to the extent of that allowed in Tariff Order i.e., Rs. 297.98 Lakhs has been admitted.

4.11.3 Insurance:

4.11.3.1 Claim of WBSEDCL for this head is Rs 831 lakhs against admitted amount of Rs 1003.17 lakhs in tariff order of 2017-18. The claim amount is shown in note 36C of the Annual accounts of WBSEDCL for 2017-18. In the audit certificate submitted in annexure 17A volume -II, it is seen that out of the total claim, Rs 57 lakhs is for Distribution function and balance Rs 774 lakhs is for Generation function although WBSEDCL has claimed the amount in form E(B) and form 1.17 in exactly opposite way under Distribution and Generation functions.

4.11.3.2 The claim amount for Rs 831 lakhs is now admitted and allocated as per audit certificate i.e., Rs 57 lakhs is for Distribution function and Rs 774 lakhs is for Generation function.

4.11.4 Rates and taxes:

4.11.4.1 In their Application WBSEDCL has submitted that the expenditure of Rs 14220 lakhs claimed under Rates and Taxes includes service tax amounting Rs. 4,719 lakh, Goods & Services Tax (GST) amounting to Rs. 9,190 lakh and Taxes payable to local authorities amounting to Rs. 311 lakhs. WBSEDCL has also submitted that expenditure on Rates and Taxes, being dependent on external factors like government tax fixation policy, is uncontrollable in nature, and the Commission may accordingly consider allowance of such expenditure.

4.11.4.2 The Commission accepts the prayer of WBSEDCL considering the fact that taxes are subject to Government policies and uncontrollable in the hands of the licensee. However, it also needs to be ensured that the taxes paid on legitimate and admitted



heads of expenditure are only allowed to be passed on to tariff. As the Commission performs a prudence check and inefficiencies are not allowed as a pass through, similarly the tax elements of such inefficiencies are also to be disallowed.

4.11.4.3 Total tax claim of WBSEDCL excluding Taxes payable to local authorities comes to Rs 13909 lakhs (14220 – 311). The taxable heads of O&M, Outsource and small expenditures of Lease rental, insurance and complaint management mechanism accounts for this tax. The proportionate allowable service tax is calculated as follows.

Taxable head	Claimed	Admitted
O& M cost of generation and R&M and A&G Expenses for distribution	43131	42931.71
Outsource	52342	49170.25
Small expenses	3520	3439.98
Total	98993	95541.94
Proportionate Service Tax	13909	13424

4.11.4.4 The Commission admits the proportionate allowable amount as calculated above together with Taxes payable to local authorities amounting Rs. 311 lakh which comes to Rs 13735 lakh. The admitted amount is proportionately allocated between Generation and Distribution function in the ratio of amounts claimed by WBSEDCL against this head. Thus, the amount admitted under generation function comes to Rs 610.44 lakhs and for Distribution function the admitted amount is Rs 13124.56 lakhs.

4.12 Depreciation:

4.12.1 WBSEDCL has claimed an amount of Rs. 92750 lakhs in their APR application for 2017-18 towards depreciation on fixed assets as against Rs. 68055 lakhs allowed in the ARR for the year 2017-18 in the tariff order of WBSEDCL for the 5th control period. In Form – B of the APR application asset class wise breakup of the amount of Rs 92750 has been provided. In Note 35 of annual accounts of 2017-18 depreciation and amortization chargeable to revenue account for the year 2017-18 is shown as Rs. 92750 lakhs. To explain increase in depreciation amount over the admitted amount in MYT, WBSEDCL has submitted that as per requirement of accounting standard Ind-AS, the amortization value on Capital Grant and Subsidies



(Rs 23424 lakhs) and Consumers' contributions towards Capital Assets (Rs.8251 lakhs), earlier recognized as a deduction from depreciation under previous generally accepted accounting principle (GAAP), has been recognized as income under the head 'other income' in audited accounts of 2016-17. The above amounts have been shown under note 31B- Other income with detail in note 31.1 in audited annual accounts 2017-18.

4.12.2 The Commission admits the claim of WBSEDCL reduced by amortization value on Capital Grant (Rs 23424 lakhs) and consumers' contributions towards Capital Assets (Rs.8251 lakhs) under the uncontrollable head of depreciation as decided in Paragraph 4.2.1 above.

4.12.3 The amount of Rs 61075 lakhs (92750 – 23424 – 8251) admitted under the head depreciation is allocated to Generation and Distribution in the same ratio as proposed by WBSEDCL. Thus, the allocated amounts come to Rs 5350.89 lakhs for Generation and Rs 55724.11 lakhs for Distribution.

4.12.4 Summary of Admitted amount as discussed above is given in Table below.

Table 4.12-1

Expenditure Head	Amount in Lakhs Rs			
	Claimed in APR	Admitted under Generation	Admitted under Distribution	Total Admitted
Depreciation	92750.00	5350.89	55724.11	61,075.00

4.13 Finance Charges:

4.13.1 Interest on Capital Borrowings:

4.13.1.1 WBSEDCL has claimed the interest of Rs. 34247 lakhs on capital borrowing for the year 2017-18. It is seen from note 34A (I) to the annual accounts for the year 2017-18, the amount of interest on capital loan net of capitalization has been shown as Rs. 34247 lakhs. The details of the loan and interest on loan payable during the year have been shown in Form-C of the APR application. The interest payable on capital



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loans during the year as shown in Form-C and also in the annual accounts are as shown in Table 4.13-1 below.

Table 4.13-1
Interest calculation for Capital Loan

SI No	Loan Detail	Amount in Lakhs Rs		
		Opening Balance	Closing Balance	Interest
1	LIC Bond	1760	0	75
2	Non-convertible bond	100000	100000	10096
3	PFC	122	41	6
4	PFC RAPDRP	23851	26037	2752
5	REC	186918	180263	19394
6	REC Package	15599	12886	2394
7	RECL RAPDRP B	0	11707	202
8	State Govt	12084	11457	201
9	RECL (Taken over from REDCL)	10323	10323	877
10	State Govt (Taken over from REDCL)	2032	2032	10
11	Sub Total (Total 1 to 10)	352689	354746	36007
12	Capitalization	0	0	1760
13	Net Claim (11-12)	352689	354746	34247

4.13.1.2 It is noted from the claim of WBSEDCL that interest has been claimed against two loans, one from RECL and another from State Govt (shown under SI no 9 and 10 of Table 4.13-1). As noted from the annual accounts, these loans were loans taken over from WBREDCL. The purpose for which these loans were taken is not on record i.e., whether they are capital loan or working capital loan. It has not been disclosed in accounts also. It is also noted that no repayment is being made against these loans.

4.13.1.3 In this regard, the Commission has already given its decision on the issue during determination of APR 2014-15 based on clarification received from WBSEDCL vide its letter dated 24.02.2020 in reply to the Commission's letter WBERC/APP.-52/5393 dated: 05/02/2020 seeking the details of such loan in APR 2014-15. It is explicit from the annual accounts for the year 2017-18 that there has been no further development in this regard. Accordingly, the Commission does not consider this loan for allowing interest on capital borrowing in absence of any documents or records.



4.13.1.4 Considering the above facts, the interest amount of Rs 887 lakhs for the loans taken by WBSEDCL from WBREDCL are withheld from Distribution function till the details of the loans are available. Thus, Rs 33360 lakhs (Rs 34247 lakhs– Rs 887 lakhs for REDC Loan) is admitted towards interest on capital borrowing with allocation of 32898 lakhs and Rs 462 lakhs for Distribution function and Generation function respectively.

4.13.1.5 The weighted average interest rate of capital loan excluding the loan of RECL taken over from WBREDCL (sl no 9 & 10 of the above table) is 9.77%.

4.13.2 Interest on Pension Trustee Bonds.

An amount of Rs. 10404.00 lakhs was allowed in the ARR for the year 2017-18 towards interest @ 8.5% on Pension Fund Bonds. In note 34 A (iv) of the annual accounts 2017-18 the amount of Rs 11806 lakhs is noted towards payment of interest on pension trust bond. WBSEDCL has also submitted an audit certificate in annexure 28A Volume -II towards payment of pension bond interest. The Commission decides to admit the claim amount of WBSEDCL which is same as the amount shown in annual accounts. Allocation of admitted amount to the generation and distribution functions has been done as per allocation claimed by WBSEDCL and Rs 498 lakhs and Rs 11308 lakhs are admitted for Generation and Distribution function respectively.

4.13.3 Interest on Working Capital:

In their application WBSEDCL has submitted that their Working Capital requirement fully met from the security deposit of permanent consumers. Hence interest on Working Capital has not been claimed in the APR for 2017-18. The Commission accordingly admits no amount under this head.

4.13.4 Interest on Consumers' Security Deposit:

4.13.4.1 WBSEDCL has submitted audit certificate in respect of security and other deposits from consumer and interest on security deposit in annexure 14A of volume II of application. The total amount of consumers' permanent security deposits lying with



WBSEDCL as submitted by them was Rs. 287108 lakhs at the end of the year 2017-18. The actual amount of interest accrued on such security deposits during 2017-18 is Rs. 15438 lakhs as against Rs. 11500 lakhs allowed in the Tariff Order.

4.13.4.2 The amount of interest on security deposit accrued as provided in note 34 A (v) of Annual Accounts for 2017-18 and claimed by WBSEDCL, i.e., Rs. 15438 lakhs is admitted and considered under distribution function in the APR for 2017-18.

4.13.5 Other Finance Charges:

4.13.5.1 This head of expenditure is a subhead of financing cost in terms of Regulation 5.6.4 of the Tariff Regulations. Under this sub-head against the approved amount of Rs 2420 lakhs in tariff order 2017-18, WBSEDCL has claimed Rs 6178 lakhs which includes bank charges of Rs. 1371 lakhs and Rs 4807 lakhs towards interest expenditures resulting from fair value accounting of expenditures in accordance with IND_AS requirement as disclosed in Note No. 34(B) and Note 31(B) of Audited Annual Accounts for 2017-18.

4.13.5.2 It is seen from Note 34B of annual accounts 2017-18 and claim of WBSEDCL that in the APR application WBSEDCL has not claimed any other finance charge on account of working capital loan.

4.13.5.3 In addition to the bank charges, WBSEDCL has included interest expenditure on liability for Purchase of Power, interest expenditure on liability for capital supplies/ works and transaction cost of capital bonds totaling of Rs. 4807 Lakhs in their claim. Such claims are on account of the resultant notional interest calculated to recognize the liability for purchase of power, and liability for capital supplies/ works at their fair value in balance sheet using amortised cost or effective interest rate due to adoption of IND-AS.

4.13.5.4 The Commission vide Paragraph 4.2.4.5 in the. APR order 2016-17 (first APR order after adoption of IND-AS) has decided not to admit such notional interest, and accordingly such interest is not admitted.



4.13.5.5 Considering above, the balance claim of other finance charges to the tune of Rs 1388 lakhs (inclusive of transaction cost of capital bonds amounting to Rs 17 lakhs) incurred by WBSEDCL and claimed in APR are admitted with function wise breakup of Rs 20.89 lakhs under generation head and Rs 1367.11 lakhs under Distribution head as per allocation ratio of claim of WBSEDCL.

4.14 Other expenses:

4.14.1 WBSEDCL has claimed in their APR application for 2017-18 an amount of Rs. 230 lakhs under the head "Others" on account of compensation paid to outsiders on injury/ death/ damages, Rs 1521 lakhs on account of loss on demolition/ retirement of Fixed Assets and Rs. 34 lakh on account of loss on obsolescence of inventory.

4.14.2 In line with provisions of clauses 2.2.7 of the Tariff Regulations, the Commission decides not to admit the amount of Rs. 230 lakh in the APR of 2017-18.

4.14.3 WBSEDCL has not furnished any detail regarding the claim on account of loss on demolition/ retirement of Fixed Assets and loss on obsolescence of inventory along with their petition. In their application they have only stated that

"2.23.3 This expenditure occurs when a depreciable asset is taken out of service and net of salvage value is received for the asset."

4.14.4 From the annual accounts of WBSEDCL also, no details/notes regarding such asset demolition / retirement or obsolescence is noted. Thus, the Commission decides not to admit any expenditure under this head.

4.15 Taxes under Income Tax Act:

4.15.1 WBSEDCL has claimed the return on equity (ROE) on pre-tax grossed up basis and thus has not claimed any amount under this head. While admitting the ROE, the Commission has considered ROE on Post Tax basis and accordingly the applicable tax on distribution business is allowed by the Commission under this head.

4.15.2 Note 38 of the annual report and accounts of WBSEDCL indicates that an amount of Rs 1637 lakhs has been provided under tax expenditure for the year 2017-18. The



Commission admits the amount of Rs. 1637 lakhs in the APR for 2017-18. Since the entire equity of WBSEDCL is related to distribution function, the entire amount of admitted income tax of Rs. 1637 lakhs is allocated to distribution function.

4.16 Reserve for Unforeseen Exigencies:

4.16.1 In the Tariff Order for 2017-18, no amount was allowed under this head in the ARR. WBSEDCL has also not claimed any amount under this head in their APR application for 2017-18. The Commission also does not consider any amount under this head in the APR for 2017-18.

4.16.2 In earlier orders, the Commission directed WBSEDCL to follow regulations 5.24.3, 5.24.4 and 5.24.10 of the Tariff Regulations and submit the audited amount of the interest income from investment of each type of reserve funds covered under regulation of 5.24 of the Tariff Regulations with APR of each year starting from the year 2012-13. The Commission also directed that the interest accrued from investment of power purchase fund, development fund and reserve for unforeseen exigencies fund shall be deposited in the respective fund as per provision of the Tariff Regulations.

4.16.3 In their APR Application, WBSEDCL did not submit any audit report as specified in regulation 5.24.10 of the Tariff Regulations in spite of specific direction of the Commission.

4.16.4 Further, in the annual accounts no specific investment on this account is noted. WBSEDCL is directed to comply with the direction given in paragraph 3.17.5 of the APR Order of 2014 – 15.

4.17 Return on Equity:

4.17.1 Equity base for allowing returns has got two components, i.e., share capital and free reserve. It comes out from the 'Note no. – 14 C: Reserve & Surplus' in the audited annual accounts for 2017-18 that WBSEDCL had accumulated loss of Rs. 11115 lakhs and Rs. 8697 lakhs at the beginning and end of the year 2017-18 respectively.



It has, therefore, no free reserve. The equity base of it is only the amounts of share capital.

4.17.2 WBSEDCL has claimed that there has been equity addition to the tune of Rs 4393 lakhs in Generation function and accordingly they have claimed ROE on such equity addition. From note 13.3 of the annual accounts 2017-18 it is observed that such equity addition is on account of Turga Project of WBSEDCL. Since the Turga project is not yet commissioned, in terms of regulation 5.6.1.5 of Tariff Regulation such ROE is not allowable. It is noted from note 13 (i) of the annual accounts 2017-18 that share capital of WBSEDCL at the beginning and at the end of the year 2017-18 was same at Rs. 225674 lakhs after excluding the equity contribution for Turga. Since there is no equity addition and also there is no positive contribution from Reserve & Surplus so no equity addition against addition in fixed asset is considered during the year 2016-17. Thus, the average equity base for allowing returns is considered at Rs. 225674 lakhs.

4.17.3 WBSEDCL has claimed the entire equity except the equity contribution on account of Turga Project for distribution business and computed the Return on Equity on pre-tax grossed up basis in form 1.22 to Volume-1 of the APR application. In the paragraph 4.16 above, the Commission admits the amount of 1637 lakhs provisioned by WBSEDCL as Income Tax during the year. Thus, the Commission does not consider return on pre-tax basis as claimed by WBSEDCL. The Commission admits the return on the average equity base under distribution function of Rs. 225674 @ 16.5% which comes to Rs. 37236.21 lakhs in terms of regulation 8.4 of the Tariff Regulations. Such return on equity has been given only on distribution business as the whole equity of WBSEDCL is for distribution function only which is being recognized since MYT tariff order of the third control period.

4.18 Normative Debt:

In para 28 of their application WBSEDCL has claimed Rs 76 lakhs as interest on normative debt. No amount under this head was admitted in tariff order of 2017-18. In note 13 (i) of annual accounts it is noted that there is infusion of capital to the extent of Rs 3950 lakhs. From note 13.3 of the annual accounts 2017-18 it is evident



that such infusion pertains to Generation function of WBSEDCL. However, WBSEDCL has not submitted addition of asset to Generation function – net of asset created out of grant and consumer contribution - and addition to loans of Generation functions, as required to assess the normative debt. In absence of such details, no amount is admitted under normative debt.

4.19 Principal Repayment of Bonds For Creation of Pension Fund:

4.19.1 In the tariff order for 2017-18, the Commission admitted Rs 15300 lakhs towards payment of principal amount of pension bond which was created in terms of Notification No.313-PO/O/III/3R-29/2006 dated 19/09/2008 of Govt of West Bengal. Repayment of such bond is due from 2017-18 in 5 equal annual installments of Rs 30600 lakhs as per terms of the Govt. of West Bengal Notification No.313-PO/O/III/3R29/2006 dated 19/09/2008.

4.19.2 In the tariff order 2017-18 the Commission further stipulated that the Commission allows only 50% of the claim made by WBSEDCL in the ARR and will consider the balance amount based on the actual documents regarding payment of the installment at the time of APR based on prudence check.

4.19.3 In the APR application 2017-18 WBSEDCL has claimed Rs 30600 towards repayment of pension bond stating that such amount is actual payment. It is seen from Note 15.8 (4) of WBSEDCL's Audited Annual Accounts of 2017-18 that the balance of 8.5% pension bond has got reduced by 30600 lakhs. The Commission admits Rs 30600 lakhs paid by WBSEDCL on this account and allocates it between Distribution and Generation function in the same ratio as that of interest on pension bond. Amount admitted under Generation function comes to Rs 1290.77 lakhs and amount admitted under distribution function comes to Rs 29309.23 lakhs.

4.20 Income from Non-Tariff Sources.

4.20.1 In the tariff order of 2017-18 a total amount of Rs. 48507.47 lakhs was considered towards the estimated earnings of WBSEDCL from other non-tariff sources and



Order on APR of WBSEDCL for the year 2017-18

income from investment for 2017-18. WBSEDCL claimed Rs 99080 lakhs as Income from Non-Tariff Sources in their APR application.

4.20.2 Under Other Operating Revenue' (Note no. 30) to the annual accounts total non-tariff income of Rs 45453 lakhs is shown. There is no DSM receivable in 2017-18 as per the said note. Thus, the said amount of Rs. 45453 lakhs is considered under distribution head.

4.20.3 As per Note-31 of annual accounts WBSEDCL has disclosed a total income of Rs 47472 lakhs. The Commission reduces the amount on account of Govt Grant and consumers contribution from other income as the same has been adjusted with depreciation. Notional interest adjustment on account of Ind-AS is also not considered. The amounts considered under the heads in note 31 of accounts are allocated between distribution and generation function in the ratio of depreciation admitted.

4.20.4 In Note – 32 (H) of annual accounts 2017-18, an amount of Rs 4598 lakhs has been disclosed as income from interest received on account of tariff revision. WBSEDCL has included the same in their claim. Total amount is considered under distribution function.

4.20.5 In Note – 39 of annual accounts 2017-18 an amount of Rs 9752 lakhs has been disclosed as income from remeasurements of post-employment benefit obligations. WBSEDCL has included the same in their claim. The same has been treated as decided in APR order of 2016-17 and mentioned at para 4.2.1 above.

4.20.6 Claims of WBSEDCL under this head as discussed above are included in form 1.26 submitted in volume 1 of application. Total claim of WBSEDCL under this head is admitted and the allocation made between generation and distribution function is as follows.

Head of income and note reference of Annual accounts.	Admitted Amount in Lakhs Rs.		
	Generation	Distribution	Total
Other operating income as per note 30		45453.00	45453.00



Order on APR of WBSEDCL for the year 2017-18

Other income as per note 31 (Except amortisation of grant and consumer contribution and also IND-AS notional interest adjustment) allocated in ratio of admitted depreciation.	666.02	6,935.98	7602.00
Interest received on account of tariff revision as per note 32 (H)		4598.00	4598.00
Total of non-tariff income	666.02	56986.98	57653

4.21 Unscheduled Interchange (UI):

4.21.1 As per the annual accounts for the year 2017-18 Note No.30, there is no amount on account of DSM receivable. In Note No.32A, the amount by WBSEDCL towards DSM is Rs. 27271 lakhs and arrear amount to be adjusted is Rs 3 lakhs thus net payable is Rs 27268 lakhs.

4.21.2 WSEDCL in their APR application for 2017-18 has claimed the net DSM payable amount of Rs. 27268 lakhs as expenditure. The Commission in its order on Fuel and Power Purchase Cost Adjustment (FPPCA) of WBSEDCL for the year 2017-18 has not considered the net DSM payable amount of Rs. 27268 lakhs and the same is considered in this APR order for 2017-18 under distribution function.

4.22 Benefits to be passed on to consumers and other licensees:

4.22.1 WBSEDCL in their APR application for 2017-18 in form 1.24 has calculated Rs 9292 lakhs as gain from power sold to person other than consumer and licensees.

4.22.2 It is noted from SI no 16 of technical particulars of annual accounts of 2017-18 that WBSEDCL has considered cost of 2121.350 MU of power sold to persons other than consumer and licensee. In Note 29A, revenue from operation, of annual accounts, WBSEDCL has considered an amount of Rs 100783 lakhs under Sale to trader. In addition to above WBSEDCL has considered Rs 3539 lakhs, as shown in Note 29B of the annual accounts, as charges for export of power. Based on the submissions of WBSEDCL, provisions of Regulation 5.15.2 (iv) of WBERC (Terms & Conditions of Tariff) (Amendment) Regulations, 2013 and average power purchase cost of Rs 3.7332/ KWH as arrived in FPPCA order, the Benefits to be passed on to consumers and other licensees is calculated as follows.

(1)	Share of benefit from sale to others	50%
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Order on APR of WBSEDCL for the year 2017-18

	a) Sale of power to person other than consumer and licensee (MU)	2121.350
	b) Notional sale of power against Swap Out (MU)	0.000
(2)	Total Sale (MU): A=a+b	2121.350
	c) Sale of power to person other than consumer and licensee (Rs. Lakhs)	100783.00
	d) Notional sale of power against Swap Out (Rs. Lakhs)	0.00
(3)	Total Sale (Rs. Lakhs): B=c+d	100783.00
(4)	e) Average purchase price (Paise/ unit)	373.32
	f) Cost of power of sale in 1 (a) above (Rs Lakhs)	79194.24
	g) Cost of power of sale in 1 (b) above (Rs Lakhs)	0.00
	h) other charges for such sale (Rs Lakhs) **	3539.00
(5)	Total cost of sale (Rs in lakhs) (f+g+h)	82733.24
(6)	Amount of gain (+) / loss (-) derived from such sale (Rs in Lakhs) (3-5)	18049.76
	Share of benefit from sale to others	9024.88

4.22.3 In the MYT order for the fourth control period, the Commission considered that the benefits from sale of power to the persons other than its own consumers and licensee will be passed on to the consumers of WBSEDCL on actual basis through APR of the concerned year. Now, the Commission admits the benefit sharing of Rs 9024.88 lakhs as 50% of the amount of gain of Rs 18049.76 lakhs from power sold to persons other than consumers and licensees as proposed by WBSEDCL under distribution function.

4.23 Interest Credit:

4.23.1 Based on the admitted depreciation and repayment of capital loan, calculation of interest credit is shown in the following table.

Sl no	Details	Amount in lakh Rs
1	Depreciation admitted	61,075.00
2	Repayment as per form C	18506
3	Excess fund (3 = 1 -2)	42569
4	rate of int (Refer para 4.13.1.5 of this order)	9.77%
5	Interest credit	4159.00

4.23.2 The amount admitted towards interest credit is allocated between distribution and generation function in the ratio of depreciation and Rs 364.38 lakh and 3794.62 lakh is admitted for Generation function and Distribution function respectively.

4.24 Carrying cost of regulatory asset:



Order on APR of WBSEDCL for the year 2017-18

- 4.24.1 WBSEDCL has claimed carrying cost of Rs. 215851 lakh on regulatory assets created by different orders of the Commission at the interest rate as per SBI PLR on 1st April 2013.
- 4.24.2 The Commission decides not to consider any carrying cost on regulatory assets as claimed by WBSEDCL in this order as there is no provision for allowing carrying cost in the Tariff Regulations.
- 4.25 Based on above notes & observations, function wise admitted fixed charges under different heads is summarized in Annexure 4A.



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Order on APR of WBSEDCL for the year 2017-18

ANNEXURE 4A

SUMMARY OF FIXED COST [in Rs Lakhs]

SI NO	Head of ARR	APR Admitted		
		Generation	Distribution	Total
1.	Transmission Charge Paid to CTU	-	74,015.00	74,015.00
2.	Transmission Charge Paid to WBSETCL	-	1,14,904.00	1,14,904.00
3.	POSOCO Charge	-	-29.00	-29.00
4.	ERPC Charge	-	16.00	16.00
5.	SLDC Charge	-	1,660.00	1,660.00
6.	VARH Charge	-	1,526.00	1,526.00
7.	a) Employee Cost (Salaries)	1,784.00	57,917.00	59,701.00
	b) Employee Cost (Terminal benefits)	303.00	35,692.00	35,995.00
8.	Operation and maintenance Expenses			
	a) Operation and Maintenance Expenses for Generation	4,800.71	-	4,800.71
	b) Repair and maintenance Expenses (Distribution)	-	25,608.00	25,608.00
	c) Administrative & General Expenses (Distribution)	-	12,523.00	12,523.00
	d) Lease Rental	-	2,311.00	2,311.00
	e) Expenses for Complaint Management mechanism	-	297.98	297.98
	f) Insurance	774.00	57.00	831.00
	g) Rates & Taxes	610.44	13,124.56	13,735.00
	h) Cost of outsourcing manpower related to distribution	-	26,174.53	26,174.53
	i) Cost of outsourcing excluding manpower for distribution	-	22,995.72	22,995.72
9.	a) Interest	462.00	32,898.00	33,360.00
	b) Interest on Bond For creation of Pension Fund	498.00	11,308.00	11,806.00
	c) Other Financing Charges	20.89	1,367.11	1,388.00
	d) Interest on Security Deposits	-	15,438.00	15,438.00
10.	a) Depreciation	5,350.89	55,724.11	61,075.00
	b) Advance against depreciation	-	-	-
11.	Principal Repayment of Bonds for Pension Fund	1,290.77	29,309.23	30,600.00
12.	Bad Debt	-	-	-
13.	Minimum Alternative tax	-	1,637.00	1,637.00
14.	Reserve for unforeseen exigencies	-	-	-
15.	Interest on working Capital	-	-	-
16.	Net UI Payable / Deviation Charge	-	27,268.00	27,268.00
17.	Total Expenditure (sum of 1:16)	15,894.70	5,63,742.24	5,79,636.94
18.	Normative Return	-	37,236.21	37,236.21
19.	Gross Fixed Cost (17+18)	15,894.70	6,00,978.45	6,16,873.15
	a) Less: Other Income [Form 1.26]	666.02	56,986.98	57,653.00
	b) Less: Expenses attributable to sale to person other than licensee & consumer [Form 1.24]	-	9,024.88	9,024.88
20.	a) Less: Interest Credit	364.38	3,794.62	4,159.00
	d) Less: withheld amount on account of undeposited terminal benefit	-	20,880.00	20,880.00
	Total Deductions from Gross Fixed Cost: sum ((a): (d))	1,030.40	90,686.48	91,716.88
21.	Net Fixed Cost (19-20)	14,864.30	5,10,291.97	5,25,156.27



Order on APR of WBSEDCL for the year 2017-18

ANNEXURE 4B

Distribution O&M parameters:

Inflation

Particulars	APR Order
WPI	2.92%
CPI	3.08%
WPI : CPI (60 : 40)	2.98%

Monthly Rate of Inflation in CPI number for Industrial Workers (Source: Labour Bureau, GOI)

Year	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar
2016-17	271	275	277	280	278	277	278	277	275	274	274	275
2017-18	277	278	280	285	285	285	287	288	286	288	287	287

Monthly Rate of Inflation computed based on CPI number for Industrial workers

Year	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar
2017-18	2.21	1.09	1.08	1.79	2.52	2.89	3.24	3.97	4.00	5.11	4.74	4.36

Average value is computed

Monthly Inflation Rate based on WPI from Office of the Economic Adviser, GOI

Year	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar
2016-17	109	110	112	112	111	111	112	112	112	113	113	113
2017-18	113	113	113	114	115	115	116	116	116	116	116	116

Monthly Inflation Rate based on WPI

Year	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar
2017-18	3.85	2.26	0.90	1.88	3.24	3.14	3.68	4.02	3.58	3.02	2.74	2.74

Average value is computed



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Order on APR of WBSEDCL for the year 2017-18

ANNEXURE 4C

Revised target WPI Indices On 2011-12 Series

Year	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Average
2015-16	110.2	111.4	111.8	111.1	110.0	109.9	110.1	109.9	109.4	108.0	107.1	107.7	109.7
2016-17	109.0	110.4	111.7	111.8	111.2	111.4	111.5	111.9	111.7	112.6	113.0	113.2	111.6
2017-18	113.2	112.9	112.7	113.9	114.8	114.9	115.6	116.4	115.7	116.0	116.1	116.3	114.9
2018-19	117.3	118.3	119.1	119.9	120.1	120.9	122.0	121.6	119.7	119.2	119.5	119.9	119.8
2019-20	121.1	121.6	121.5	121.3	121.5	121.3	122.0	122.3	123.0	123.4	122.2	120.4	121.8
2020-21	119.2	117.5	119.3	121.0	122.0	122.9	123.6	125.1	125.4	126.5	128.1	129.9	123.4
2021-22	132.0	132.9	133.7	134.5									

Revised WPI based Inflation Rate for 2016-17

2016-17	-1.09%	-0.90%	-0.09%	0.63%	1.09%	1.36%	1.27%	1.82%	2.10%	4.26%	5.51%	5.11%	1.76%
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WPI Inflation between April 16 to Mar17 =

1.76%



CHAPTER – 5

AMOUNT ADJUSTABLE ON ANNUAL PERFORMANCE REVIEW

- 5.1 Re-determined allowable fixed charges for generation and distribution functions including retail selling activities of WBSEDCL for the year 2017-18, as summarized in previous chapter, is Rs 525156.27 lakhs with function wise breakup as shown in table 5.1-1 below.

Table 5.1-1

Particulars	Amount (In lakh Rs)
Fixed charge admitted for Generation	14,864.30
Fixed charge admitted for Distribution	5,10,291.97
Total Fixed charge admitted	5,25,156.27

- 5.2 As per Note no. 29 – (Revenue from sale of power) of annual accounts of WBSEDCL for 2017-18, net earnings from sale of energy during the year 2017-18 was Rs. 1892302 lakhs which includes the revenue from sale of energy to persons other than consumers and licensees (sale to trader) to the tune of Rs. 100783 lakhs. Further Rs 3539 lakhs towards charges for export of power, which has been adjusted in sharing of benefits calculation from sale of power needs to be added back. Thus, the sales revenue earned by WBSEDCL during the year 2017-18 for sale to own consumers and licensees is Rs 1795058 lakhs (Rs 1892302 lakhs– Rs 100783 lakhs + 3539 lakhs).
- 5.3 The amount of total allowable variable costs for the year 2017-18 as determined in this order for Fuel and Power Purchase Cost Adjustment (FPPCA) at paragraph 3.8.1 is Rs. 1327013.99 lakhs.
- 5.4 In the tariff order for 2017-18, the Commission did not consider any further adjustments in ARR to determine the revenue recoverable through tariff for 2017-18.
- 5.5 Based on the analyses as done in the foregoing paragraphs, the amount adjustable on the instant case of APR for the year 2017-18 works out as shown in table hereunder.



Table 5.5-1

Sl No	Particulars	Amount
		(In lakhs Rs)
1	Variable cost allowed (vide paragraph 5.3 above)	13,27,013.99
2	Allowable net fixed cost (vide paragraph 5.1)	5,25,156.27
3	Aggregate revenue requirement [3 = (1) +(2)]	18,52,170.26
4	Less: Actual Revenue realized during the year (vide paragraph 5.2)	17,95,058.00
5	Net amount recoverable [(5) = (3) - (4)]	57,112.26

5.6 In terms of regulation 2.6.6 of the Tariff Regulations, the entire recoverable amount of Rs. 57,112.26 lakhs or a part thereof shall be adjusted with the Aggregate Revenue Requirement of one or more ensuing year(s) tariff order which is yet to be issued or through a separate order, as may be decided by the Commission.

5.7 WBSEDCL is to take a note of this order.

5.8 A copy of the order shall be posted in the website of the Commission.

5.9 WBSEDCL shall download the copy of the order 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/-
(DURGADAS GOSWAMI)
MEMBER

Sd/-
(SUTIRTHA BHATTACHARYA)
CHAIRPERSON

DATED: 16.03.2022

Sd/-
SECRETARY