ORDER
OF
THE
WEST BENGAL ELECTRICITY REGULATORY COMMISSION

IN CASES NO.
APR-101/22 – 23 and FPPCA -109/22-23

FUEL COST ADJUSTMENT (FCA) AND ANNUAL PERFORMANCE REVIEW (APR) OF DURGAPUR PROJECTS LIMITED FOR FY 2020 – 21

DATE : 21.05.2026

CHAPTER – 1
PREAMBLE

1.1. The Durgapur Projects Limited (DPL), a deemed licensee in terms of the first proviso to Section 14 of the Electricity Act, 2003 (hereinafter referred to as "the Act"), in terms of the Notification No. 328/PO/O/C-IV/1E-60/13(Part-VA) dated 26.12.2018 notified by the Government of West Bengal (GoWB), transferred their entire distribution and transmission businesses and activities under DPL along with all associated assets and liabilities to the West Bengal State Electricity Distribution Company Limited (WBSEDCL) and the West Bengal State Electricity Transmission Company Limited (WBSETCL) respectively with effect from 01.01.2019.

1.2. In pursuance of Notification no. 332-PO/O/C-IV/IE-60/13(Part-VA) dated 31.12.2018 issued by GoWB in exercise of its power conferred under Section 108 of the Act, the Commission issued the following Order vide Case No. A-6/14 dated 31.12.2018:

a) WBSEDCL is allowed to take over the entire business of distribution of electricity of DPL along with all associated assets and liabilities and undertake distribution functions within the licensed area of DPL with effect from 01.01.2019.

b) WBSETCL is allowed to take over the entire business of transmission of electricity of DPL along with all associated assets and liabilities and undertake transmission functions within the licensed area of DPL with effect from 01.01.2019.

1.3. In view of the above notifications of GoWB and the Order of the Commission, DPL, a distribution licensee with embedded thermal generating station, became a generating company since 01.01.2019.

1.4. The Commission vide its Multi Year Tariff (MYT) Order dated 17.08.2021 determined the tariff for FY 2020-21 considering DPL as generating station.

1.5. 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 from time to time (hereinafter referred to as "Tariff Regulations"), the generating companies or the licensees, as the case may be, are subject to an Annual Performance Review (APR) process. DPL submitted the Petition for APR for FY 2020 - 21 in terms of the provisions contained in the Tariff Regulations. DPL has also submitted the Fuel Cost Adjustment (FCA) Petition for FY 2020 - 21 considering DPL as generating station in terms of the provisions contained in the Tariff Regulations separately. The Commission had admitted the APR and FCA Petitions and registered them in Case No. APR - 101/22 – 23 and FPPCA -109/22-23 respectively.

1.6. The Annual Performance Review application on the basis of the audited annual report and

Audited Financial Statement of DPL for FY 2020-21 with reference to the Tariff Order dated 17.08.2021 of West Bengal Electricity Regulatory Commission (in short 'Commission') in Case No. TP-93/20-21 will result into adjustment on different heads. The net adjustment arising out of such review on different heads will be considered for giving effect to while determining the amount of revenue adjustable through Tariff Order for ensuing year or through separate order as specified in Regulation 2.6.6 of the Tariff Regulations.

1.7. The APR covers the areas of permissible annual fixed charges determination to the applicant, effect of gain sharing and the permissible incentives as per Schedule-9B and Schedule 10 to the Tariff Regulations respectively. In the APR for FY 2020-21, 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 adjusted against each head of elements vis-à-vis the amount allowed under Tariff Order for FY 2020-21.

1.8. On admission of the APR and FCA Petitions, DPL was directed to publish the gist of the APR and FCA Petitions of FY 2020-21, as submitted by DPL and approved by the Commission. Accordingly, the gist was published on 16.09.2022 in the 'Sangbad Pratidin', 'The Telegraph', the 'Bartaman' and the 'Aajkaal' and Addendum/Corrigendum of the gist on 29.09.2022 in the 'Sangbad Pratidin'. The publication requested for submission of suggestions and objections from the members, if any, on the applications to the Commission within 21 days from the date of publication of gist. The approved gist along with the APR and FCA Petitions for FY 2020-21 were also published on the website of DPL. Opportunities were also offered to all to inspect the application and take copies thereof.

1.9. Against such gist publications of APR and FCA of DPL for FY 2020-21, objection and/or suggestions have been received from Bamunara Industries Welfare Association (hereinafter referred to as the 'Objector' or 'BIWA'), an association of various industrial consumers in and around Bamunara, West Bengal, which falls under the erstwhile distribution licensee area of Durgapur Projects Limited. The objection and/or suggestions have been discussed in Chapter 2.

1.10. During the course of analysis, the Commission found certain deficiencies and accordingly sought clarifications/additional information from DPL. DPL has submitted some of the clarifications/additional information sought by the Commission.

1.11. The submissions of DPL and Commission's analysis on APR and FCA for FY 2020-21 are detailed in the following chapters.

CHAPTER – 2
SUGGESTIONS, OBJECTIONS AND COMMENTS

2.1 Suggestions, objections and comments on the APR and FCA application of DPL for the year 2020 – 21 have been received from the sole interested party Bamunara Industries Welfare Association (BIWA) as mentioned in paragraph 1.9 of Chapter-1. The main points of the suggestions, objections and comments etc. are summarized in the following paragraphs in this chapter. The Commission's views on the relevant objections, comments etc. are also recorded in this Chapter.

2.2 **Quality of coal**

Submission of BIWA:

There are unacceptable variations in 'GCV -As Billed' vis-a-vis 'GCV As Received' which needs greater introspection and a detailed enquiry before any such cost be allowed a pass through to the consumers.

View of the Commission:
The issue is dealt in paragraph 3.8.6 of this order.

2.3 **Price of coal**

Submission of BIWA:

The price of domestic coal on account of deterioration in GCV makes them almost comparable to usage of imported coal in the station. In case no accountability is placed on the generating companies, all such quality related aspects become a pass through on the ultimate consumers. MERC in Case 296 of 2019 in the matter of determination of Tariff for MSPGCL, upon finding similar observations regarding deterioration in GCV of coal has started consideration of GCV on As Billed basis with normative allowances towards moisture correction and general deviations between loading and unloading points (First year allowance i.e. for FY 2020-21, of 525 kcal/kg with a gradual reduction in such allowance in the ensuing years). The Commission may consider the GCV- As Received basis at the loading point as certified by CIMFR. Such considerations will give enough stimulus to the Petitioner to take up this matter with the Coal companies and ensure that only quality coal is loaded for dispatch. In the absence of such considerations, the entire burden of procurement inefficiency of the generating companies is passed on to the consumers.

View of the Commission:
The contention of Objector is noted. The issue is dealt in paragraph 3.8.6 of this order.

2.4 Captive coal

Submission of BIWA:

DPL has not shared overall break up of arriving at the cost of procurement of coal from such mine. Gross delay in commencement of captive coal supply on account of inefficiency of DPL need not be condoned since the same has resulted in procurement of inferior quality coal at exorbitantly higher prices.

View of the Commission:
DPL has provided break up of coal from captive mine in Rs /MT in additional submission in reply to queries of the Commission as detailed in paragraph 3.8.11. The Commission has admitted eligible elements of cost of captive coal in paragraph 3.8.11 of the order.

2.5 Return on equity

Submission of BIWA:

In the MYT order dated 16.07.2021 of DPL for the year 2020-21 and 2021-22, the Commission had allowed the Return on Equity of Rs. 10970 lakh as against the claim of Rs. 11548 lakh submitted by DPL. The approval was based on the admitted equity by the Commission together with a 5% notional reduction considering the fact that DPL had failed to give the report required under Regulation 2.8.1.4.13. DPL has mentioned that as against the settlement amount (Rs. 100 crore) of its contract with M/s Dongfang Electric Corporation, only Rs 34 crore have been paid by DPL so far. Further for Unit-8, CW flow and Cooling Tower PG Tests are yet to be undertaken. It is surprising to note that the units have attained COD despite the fact that such major issues still persist with the reliability and performance of critical power components of the power station. Also noteworthy is the observation that DPL has closed the contracts without imposition of any Liquidated Damage towards Fly Ash Handling plant and Bottom Ash handling plant. In the absence of critical information being submitted i.e. capital expenditure incurred on accrual basis or cash basis, the BIWA is not in a position to ascertain the overall capital cost actually incurred on the project. It is therefore submitted that the Return on Equity be restricted to the same level as considered by the Commission in the Tariff order for FY 2020 - 21. The same may be considered upon detailed prudence check by the Commission based on detailed submissions of actual cash expenses incurred by the Petitioner.

View of the Commission: The issue is dealt in paragraphs 4.3 and 4.18 of this order.

2.6 **Income Tax**

Submission of BIWA:

There is no income tax payable by DPL in FY 2020-21 as per the books of accounts. In fact, as per the books of accounts, the Profit and Loss statement for the power plant business depicts a loss of Rs. 79.30 crore. Such notional income tax cannot be allowed to the Petitioner and ought to be removed.

View of the Commission: The issue is dealt in paragraph 4.16.

2.7 **Employee Cost**

Submission of BIWA:

DPL has claimed apportionment of around 96.32% of its cost of service department in the power business in line with the provisions in its books of accounts. It is also noteworthy that at the time of approval of Tariff for FY 2020-21, DPL has made a similar submission in which the cost of other departments was claimed as high as Rs. 67.80 lakhs. The Commission in paragraph 4.4.6 of the Tariff Order for the years 2020-21, 2021-22 and 2022-23 had admitted expenses at a rate of 56.18% and 17% of the amount claimed for employee cost of service department and central workshop respectively considering FPPCA and APR order of DPL for the year 2013 – 2014. In the current year, the same approach may be adopted by the Commission.

View of the Commission: The issue is dealt in paragraph 4.6 of the order.

2.8 **Interest on loan**

Submission of BIWA:

In the APR petition, DPL has requested a pass through of interest expenses of Rs. 317.75

crore. According to BIWA, the Commission should pass strict directives to DPL to claim only the legitimate expenses especially when the Commission has passed specific directions/orders not to include interest on certain components of debt. DPL has failed to comply with the directives of the Commission in paragraph 4.9.3 and 4.9.4 of the Tariff order with respect to submission of details, correspondences and failure to repay the loans. DPL had always been allowed a decent Return on Equity and the regulations provide incentives for exceeding normative performance parameters. Therefore, the failure on part of the Petitioner to manage its cash flows cannot be loaded on the consumers. Therefore, the interest amount be allowed at the same level as approved in the principal order for FY 2020-21.

View of the Commission: The issue is dealt in paragraph 4.14 of the order.

2.9 **Operation and Maintenance Expense:**

Submission of BIWA:

The Objector has contended the cost claimed for allied departments viz. Service Department and Central Workshop Expenditure. This is submitted that the Petitioner himself admitted in the APR petition that the Tariff Regulations does not have any provision for approval of such expenses under the O & M expenses. The Commission accordingly did not allow any such expenditure at the time of approval of expenses in the Tariff Order for FY 2020-21. Further, DPL has admitted that it has filed petitions/appeals for approval of such additional expenditure and that the matter is under consideration of the Commission. It has been urged that the O&M expenses should be restricted to the normative levels specified in the applicable Tariff Regulations and that any inefficiency or excessive claim should not be passed on to consumers.

View of the Commission: The issue is dealt in paragraph 4.9 of the order.

2.10 **Depreciation and Advance Against Depreciation:**

Submission of BIWA:

The Objector has submitted that the Petitioner has failed to substantiate the details relating to loan repayments and compliance with the directions issued by the Commission in the Tariff Order for FY 2020–21. It has been contended that the computation of AAD considers the restructured loan of PFCL, whereas the Commission had categorically observed that the excess repayment was on account of timely loan servicing by the Petitioner. The Objector has further submitted that the Petitioner has not clarified whether the depreciation allowed in earlier Orders was actually utilised towards loan repayment.

In view of the above, the Objector prays that AAD be restricted to Rs. 32.38 crore, as approved in the Tariff Order. The Objector has also submitted that the Commission had earlier restricted depreciation by 5% due to non-compliance with regulatory provisions and that any restoration of the same may be considered only upon satisfactory compliance by the Petitioner.

View of the Commission: The issues are dealt in paragraphs 4.12 and 4.13.

2.11 **Reserve for unforeseen contingencies**

Submission of BIWA:

The Objector submits that the Commission has already ruled in the Tariff Order for 2020-21 that there cannot be any additional reserve for contingencies in order to avoid any tariff shock to the consumers. Accordingly, as part of the APR, there is no requirement for creation of any contingency reserves since the year has already elapsed. It is therefore requested that no such claims be considered by this Commission.

View of the Commission: The issue is dealt in paragraph 4.17.

CHAPTER – 3
COMPUTATION OF THE ALLOWABLE FUEL COST

3.1. In this part of the order, the Commission takes up the determination of fuel cost allowable to DPL on the quantum of power sold by it to WBSEDCL during FY 2020-21 along with any gains arising from the performance of DPL over the operating norms set under the Tariff Regulations.

3.2. The FCA during the referred adjustment period, i.e., FY 2020-21 are to be ascertained by following the formula enunciated in Part-B of the Schedule - 7A of the Tariff Regulations.

3.3. Further, Paragraph A of Schedule 9B of the Tariff Regulations, contains provisions for sharing the gains for coal fired thermal power stations, if any, on account of its better performances over the operating norms set under the relevant Regulations. The operational parameters which are to be considered for such sharing of gains accrued to the generating stations are:

i. Gain sharing for better Oil Consumption rate
ii. Gain sharing for better Auxiliary Consumption rate
iii. Gain sharing for better Gross Station Heat Rate (SHR)

3.4. Further, in terms of Paragraph D of Schedule 9 B of the Tariff Regulations, the sharable gains shall be used first to compensate the deficit in fixed charge recovery of the concerned generating station of the generating company in case the availability of the generating station falls below the availability norm and thereafter the balance if any shall be passed on to the consumers / beneficiaries.

3.5. Before ascertaining the amount of admissible fuel cost as well as the amount of gains to be shared with the beneficiary (WBSEDCL) under the provisions of Tariff Regulations explained in aforesaid paragraphs, the actual performance of DPL in comparison to the operational norms set by the Commission in the Tariff Order for the concerned year needs to be reviewed. Such comparisons are made hereunder:

Table 3.1: Normative v/s Actual Operating Parameters for FY 2020-21

Particulars	Unit	Norms			Actual		
		Unit 7	Unit 8	Station	Unit 7	Unit 8	Station
Station Heat Rate (SHR)	kcal/kWh	2345.00	2425.00	2397.98	2528.00	2414.00	2466.98
Specific Oil Consumption	ml/kWh	1.00	1.00	1.00	1.031	**0.393**	0.689
Auxiliary Consumption	%	8.50%	9.00%	8.83%	11.96%	9.97%	10.89%
Transit and handling loss of Coal	%	0.50%	0.50%	0.50%	0.66%	0.65%	0.66%

3.6. The computations of actual rate of Auxiliary Consumption, Specific Consumption of Oil and SHR achieved are shown in Annexure-3A.

3.7. As seen from Table 3.1, DPL succeeded in performing better than the norms for oil consumption for the Unit No. 8. Part of the benefits accrued to it in financial terms on account of the same is, therefore, to be passed on to its beneficiary (WBSEDCL) in terms of the provisions of Schedule-9B of the Tariff Regulations subject to the amount to be compensated with the deficit in fixed charge recovery of own generating stations DPL in terms of paragraph D of Schedule – 9B of the Tariff Regulations. The same has been discussed in detail in the subsequent paragraphs.

3.8. **Determination of allowable fuel cost**

3.8.1. The consumption of fuel and costs thereon submitted by DPL for FY 2020-21 is as shown in the Table below:

Table 3.2: Fuel and cost details submitted by the Petitioner for FY 2020-21

Sl. No.	Particulars	Unit	Approved in Tariff Order			Claimed in Form 1.11		
			Unit 7	Unit 8	Station	Unit 7	Unit 8	Station
1	SHR	kcal/kWh	2345.00	2425.00	2367.44	2528	2414	2466.98
2	Rate of Oil Consumption	ml/kWh	1.00	1.00	1.00	1.031	0.393	0.689
3	Weighted Average Calorific Value of Oil	kcal/lit	9318.73	9318.73	9318.73	9,330.00	9,330.00	9330.00
4	Weighted Average Heat Value of Coal	kcal/kg	4830.88	4830.88	4830.88	3,835.79	3,835.79	3835.79
5	Weighted Average Price of Oil	Rs./kL	50000.00	50000.00	50000.00	43509.28	43509.28	43509.28
6	Weighted Average Price of Coal	Rs./MT	3799.06	3799.06	3799.06	4,098.53	4,098.53	4,098.53

3.8.2. The first two of the above factors of Table 3.1, i.e., the station heat rate and the rate of consumption of oil are to be considered based on the norms specified by the Commission. The weighted average calorific value of oil and the weighted average heat value of coal are the variable factors depending upon the actual mix of different grades of fuel used in operation. The declared heat value of each grade of coal varies within a range. The weighted average heat value of coal is subject to adjustments in terms of Regulation 5.8.1 of the Tariff Regulations.

3.8.3. **Generation**

In Form 1.11 of the APR petition, DPL has shown 2787.940 MU as gross energy (1295.650 MU for Unit No. 7 + 1492.29 MU for Unit No. 8) and 2484.273 MU (1140.69 MU for Unit No. 7 + 1343.58 MU for Unit No. 8) as Sent-Out energy. But DPL in FCA petition has claimed Scheduled Injection of 2480.41 MU after Transformation Loss. DPL has further submitted month wise SLDC certificates on Scheduled Injection totaling to 2480.41 MU. The certificates issued by SLDC are combined of Unit 7 and 8 from April 2020 to December 2020 and unit wise from January 2021 to March 2021. Accordingly, the Commission has considered total Scheduled Injection as 2480.41 MU. Since unit wise Scheduled Injection after transformation loss is not available, the Commission for the purpose of computation of fuel cost, has derived the same by proportionating as per unit wise ex bus generation before transformation loss as shown below:

Table 3.3: Determination of Unit wise Scheduled / Net sent out generation

Sl. No.	Particulars	Unit	Total	Unit 7	Unit 8
A	Gross Generation (Actual)	MU	2787.940	1295.650	1492.290
B	Auxiliary Consumption without Transformation loss [Form 1.11]	MU	303.667	154.955	148.712
C	Ex Bus generation (before Transformation loss as per Form 1.11)	MU	2484.270	1140.690	1343.580
D	Auxiliary Consumption including Transformation loss [A-E]	MU	307.530		
E	Scheduled Injection [FPPCA petition]	MU	2480.410	**1138.918**	**1341.492**
F	Auxiliary Consumption including Transformation loss [(A-E)/A]	%	11.03%	12.10%	10.11%

Normative Gross generation of the station has been estimated by taking into consideration the Scheduled Injection and normative Auxiliary Energy Consumption.

3.8.4. **Auxiliary consumption**

The quantum of auxiliary consumption at the generating station as per the norms fixed by the Commission is as under:

Table 3.4: Normative auxiliary consumption for FY 2020-21

Unit	Unit	Unit 7	Unit 8	Station
Scheduled Injection [Table 3.3]	MU	1138.918	1341.492	2480.410
Normative Auxiliary Consumption	%	8.50%	9.00%	8.77%
Normative Auxiliary Consumption	MU	105.801	132.675	238.476
Admissible Gross Generation	MU	**1244.719**	**1474.167**	**2718.886**

3.8.5. **Weighted average GCV of oil**

DPL has presented their detailed audited computations of the weighted average calorific value of oil at 9330 kcal/Litre with reference to the month-wise supplies received by them. As this is a variable factor depending on the grades of oil used, the Commission has considered the same for working out the amount of allowable fuel cost.

3.8.6. **Heat Value of Coal**

(i) Beside linkage coal from the subsidiaries of CIL, DPL has sourced coal from its own captive mine and e-auction. DPL has determined 'weighted average GCV as received of coal' of different grades of coal consumed at 3835.79 kCal/kg submitted in Form D, certified by auditor, whereas "weighted average GCV as billed of coal' is mentioned 4700 kCal/kg in the Form. While scrutinizing the petition it is observed that, DPL has considered 'as received GCV' value of coal at much lower than the minimum notified value of respective coal grade.

(ii) DPL in reply dated 27.03.2026 submitted that, analysis of the quality of coal i.e., GCV as determined at the loading point is typically on an Equilibrated Moisture (EqM) basis where as FCA application in regard to GCV of coal received from different subsidiaries of CIL has been prepared in terms of Regulation 1.2.1 (lxa) and 5.8.4(i) of the Tariff Regulations, therefore, the difference of GCV between the two methods i.e Equilibrated Moisture (EqM) basis and 'GCV of coal as received is approximately 200 Kcal/Kg. This is also clarified that, the quality of coal received at the power plant is quite different with respect to the quality of coal issued by the third party at the loading end which is very common with all the generators. This is further stated that GCV certificates by Third Party Agency for the Year 2020-21 at DPL's end is more realistic and it is reflected in the actual generation and overall plant performance.

(iii) The Commission notes that, the difference between the submitted 'as billed GCV' (which is the minimum GCV value of respective coal grade) and 'as received GCV' value of coal claimed by DPL for FSA coal varies from 65 kCal/kg to 2225 kCal/kg i.e. upto eight (08) grade slippage. The Commission finds that; moisture correction cannot contribute to such huge difference in heat value of coal. The Commission is of considered opinion that, though in terms of regulation 5.8.4 (1) of the Tariff Regulations, 'as received GCV' value of coal is required to be considered for determination of fuel cost, but that should not be remained unchecked. Otherwise, the consumers have to pay for cost of higher grade of coal against the much low quality of coal received, which tantamount to excessive tariff burden on consumer on account of inefficiency of quality control by the generating station. Thus, in terms of regulation 8.4 of the Tariff Regulations, the Commission decides to limit the GCV loss to safeguard the consumer's interest and at the same time promote efficiency.

(iv) Regulation 8.4 of the Tariff Regulations clarifies that, "*Nothing in these regulations shall be deemed to limit or otherwise affect the inherent power of the Commission to make such orders as may be necessary for meeting the ends of justice or to prevent the abuse of the process of the Commission. Notwithstanding anything contrary contained anywhere in these regulations or any other regulations of the Commission, the Commission may deviate from these regulations with reasoned order in order to meet the ends of justice or to prevent the abuse of the process of the Commission".*

(v) The Commission notes that, in the second proviso of regulation 5.8.2 of the Third Amendment of the Tariff Regulations, it has been specified that, "Landed cost of primary fuel shall be worked out based on the actual bill paid by the generating company including any adjustment on account of quantity and quality". Thus, it is the responsibility of the Generator to ensure quantity as well as quality of coal from loading point till the unloading point and if there is any discrepancy in terms of quantity or quality of coal, generating company shall ensure proper adjustment. Since the Generator is paying price of coal for a particular range of GCV, the Generator should ensure all quality checks in procurement of coal. Fuel Supply Agreements (FSA) signed between Coal India Limited (CIL) and DPL from different coal blocks have also stressed upon supplying actual billed quantities maintaining the specified billed grade as well, through weighment of coal and assessment of quality of coal at loading end.

(vi) As per Clause No. 7.0 of Fuel Supply Agreement (FSA) signed between DPL (Purchaser) and Seller (Coal India Limited), "*Transfer of Title to Goods: Once delivery of Coal have been effected at the Delivery Point by the Seller, the property/ title and risk of Coal so delivered shall* *stand transferred to the Purchaser in terms of this Agreement. Thereafter the Seller shall in no way be responsible or liable for the security or safeguard of the Coal so transferred. Seller shall have no liability, including towards increased freight or transportation costs, as regards missing/diversion of wagons rakes or road transport en-route, for whatever causes, by Railways, or road transporter or any other agency."*

(vii) Also, *Clause 4.7 of* ***FSA clarifies about "Assessment of Quality of Coal at the loading end"*** *as follows:*

"4.7.1 Sample collection:

i) Samples of Coal shall be collected jointly either manually or through any suitable mechanical sampling arrangement including Auger Sampling method during each of the Delivery Points for determining the quality of Coal.

ii) For the purpose of sampling each rake (source wise, grade wise and plant wise) of Coal supplied from one Delivery Point shall be considered as a lot.

iii) Each day's supply from a source shall be considered as one lot for the purpose of sampling in case of Coal supplies by road, ropeways, belt and Merry-Go-Round (MGR) rail system. However, in case of Coal supplies by Railways, each rake from a source shall be considered for the purpose of sampling.

4.7.2 Detailed modalities for collection, handling, storage and preparation of samples by Third Party shall be as per Schedule IV to this Agreement.

4.7.3 Sample preparation & analysis:

(i) Total Moisture

a) Sample for determination of Total Moisture shall be segregated from the sample collected at the Delivery Point jointly by the Third Party in presence of representatives of the Seller and Purchaser and prepared and analysed, as per procedure given in Schedule-IV

(ii) Daily Gross Sample

a) The Gross Sample collected as per clause 4.7.1(i) for determination of moisture, ash & GCV on equilibrated basis shall be reduced into laboratory sample on the date *immediately following the date of collection. The final laboratory samples will be divided into two parts viz. Set-I and Set-II, as follows:*

- *Set-I shall be used for Third Party analysis to determine the ash, moisture and GCV as per BIS standards IS 1350 Part-I, 1984 and IS 1350 Part- II-1970 respectively.*
- *Set-II shall be kept under joint seal of the Seller, Purchaser and the Third Party as referee sample in the safe custody of Third Party at the loading end for a period of fourteen (14) days or until the analysis results of Set-I are accepted without dispute, whichever is earlier.*

b) *The sample in Set -I shall be analysed for ash, moisture and volatile matter content on equilibrated basis {wherever required in accordance with IS: 1350 (Part-I) -1984 and IS: 1350 (Part - II) – 1970}.*

c) *Set-I of the laboratory sample as prepared shall be analysed by the Third Party in the laboratory at the loading end as per relevant part of IS: 1350 (Part-I)- 1984 and IS:1350 (Part-II)- 1970 within three-four (3-4) days from the date of preparation and distribution of laboratory sample for analysis of moisture and GCV.*

d) *In the event of any dispute (which shall be raised not later than forty-eight (48) hours after analysis) at the time of Third-Party analysis of Set-I, the referee sample as in Set-II shall be referred for analysis within seventy-two (72) hours of the dispute but not later than eight (8) days of the collection of samples at any mutually agreed Government laboratory. The cost incurred for the analysis of the Referee sample including cost of transportation to the Government Laboratory shall be borne total by the Party raising the dispute.*

e) *The procedure for storage of stand-by sample shall be mutually agreed upon by both the Parties.*

4.7.4 Each sample shall be assigned with a code number and will be identified by such code only and no other particulars will be indicated or written on the tag attached with the relevant bag containing the sample.

4.7.5 All tools, tackles required for collection of samples, its preparation and all laboratory facilities for the purpose of analysis of samples shall be arranged by the Seller as per the provision of this Agreement.

4.7.6

a) In the event of any reason whatsoever Third-Party sampling and analysis could not be conducted, joint sampling and analysis shall be carried out by the Seller in presence of the Purchaser at the loading end.

b) In the event that no sample is collected either by the Third Party or Seller as mentioned at (a) above from dispatches by a rake or on any day, as the case may be, from a source for any reason, the weighted average of the most recent results available in any preceding month against respective Source and Grade shall be adopted for such dispatches for which samples were not collected.

4.7.7 In the event, the Purchaser fails / declines to participate in the process of sampling and analysis by the designated Third Party as mentioned at clause 4.7.1(i), such failure / refusal of the Purchaser shall not be considered as ground for disputing the result submitted by the Third Party which will be binding on both the Parties."

(viii) Further, the Seller (CIL) shall give regular credit note on account of grade slippage to the extent of difference in the base price of declared grade and analyzed grade of coal and subsequently credit note on grade slippage shall be issued by CIL within 7(seven) days of acceptance of results under joint signature of DPL (Purchaser) and CIL(Seller). DPL is also ensuring delivery of actual billed quantities of coal as per billed grade to their generating stations through engagement of dedicated agencies for total co-ordination in supply of coal under FSA from different coal mines in Railway route.

(ix) Under the above context, the Commission decides to refer the provisions and recent orders of various SERCs on the "GCV As Billed" and "GCV As Received" values of Coal:

a) Odisha Power Generation Corporation (OPGC) in its petition has proposed Odisha Electricity Regulatory Commission (OERC) to consider "as received GCV" of coal with GCV loss of 400 kCal/kg from the "as billed value". OPGC placed report of Third-Party Sampling Agency (TPSA) in support of their claim. In its order dt 28.10.2020 in case No. 43/2017, OERC has allowed 260 kCal/kg adjustment between "as billed GCV" and "as received GCV" to OPGC. In its order OERC allowed the adjustment by considering the difference in GCV between Equilibrated method and Total Moisture method considering average 8% Surface Moisture. In terms of OERC Regulation "GCV as received" shall be *computed by moisture corrections from "GCV as billed" values of coal and further allowed 85kCal/kg as storage and handling losses within the plant.*

b) *Andhra Pradesh Electricity Regulatory Commission (APERC) in its order dated 27.03.2024 under Case No. O-P-60/2023 approved Fuel Cost Adjustment of Andhra Pradesh Generation Corporation Limited (APGENCO) during 2018-19 to 2022-23. Andhra Pradesh DISCOMs submitted that, they visited Dr. Narla Tata Rao Thermal Power Station (NTPPS) in Andhra Pradesh and found approximate one grade slippage happens between "as billed GCV" and "as received GCV". APERC in its order has allowed maximum one grade (i.e. 300 kCal/kg) slippage of heat value and additionally 85 kCal/kg allowed for storage loss.*

c) *Karnataka Electricity Regulatory Commission (KERC) (Terms and Conditions for Determination of Generation Tariff) Regulations, 2024 vide Notification No. KERC/S/2024/ 652 dated 09.09.2024 under Regulation 64(3) for computation of energy charge for thermal generating stations considered gross calorific value of coal as billed by supplier less:*

   a) actual loss in calorific value of coal between "as billed by supplier" and "as received at generating station, subject to the maximum loss in calorific value of 300kCal/kg and

   b) actual stacking loss subject to the maximum stacking loss of 85kCal/kg for pithead stations and 120kCal/kg for non-pit head stations

d) *CERC in Regulation 60 of Central Electricity Regulatory Commission (Terms and Conditions of Tariff), Regulation, 2024 mentioned the following:*

   i) *Third Party Sampling through an Agency to measure "as received GCV". Genco shall ensure recovery of compensation as per FSA to pass on the benefit to the beneficiaries.*

   ii) *In the case of integrated coal mine adjustment of 15 kCal/kg for each 100 km distance beyond 200 km or actual, whichever is less, subject to maximum adjustment of 300 kCal/kg.*

   iii) *In absence of TPSA, "as billed GCV" will be considered.*

iv) No loss of GCV is admissible for imported coal.

v) Storage loss is allowed as 85 kCal/kg.

(x) Thus, the Commission after prudence check decides to allow maximum GCV loss of 300 kCal/kg from *the minimum of "the heat value of coal grade as Billed"* from loading point by CIL till receiving at DPL generating stations, for different grades of coal sourced through FSA mode only. In case of imported coal and coal sourced through e-auction mode, the generator pays premium prices for actual grade of coal supplied to their generating station(s). For integrated mines DPL itself has engaged Mine Developer and Operator (MDO) for delivering the extracted coal to designated thermal power plants along with other related works specified in the Coal Mining Agreement (CMA). Hence, no GCV losses shall be allowed for washed and imported coal as well as coal sourced from integrated mines and through e-auction mode.

Additionally, in terms of Regulation 5.8.4 of the Tariff Regulation, a stacking loss of 120 kCal/kg is allowed for all types of coal sourced in different mode.

In view of the above, the Commission admits weighted average 'as received GCV' of coal purchased during the year 2020-21 as 4339.40 kcal/kg. Detailed computations are shown in Annexure–3B.

3.8.7. **Permitted transit loss & handling loss of coal**

DPL has claimed 0.50% transit loss on entire coal. The same has been considered by the Commission in line with the Tariff Regulations for the purpose of this Order.

3.8.8. **Average price of oil**

DPL has claimed Rs 43509.28 per KL with auditor's certificate for and the same is admitted by the Commission.

3.8.9. **Sources of coal purchased during the year**

The Commission observes that DPL has purchased coal from CIL subsidiaries (ECL, MCL and BCCL) and own source from Trans Damodar Coal Mines ("TDCM") of DPL. DPL has submitted the actual fuel price along with the auditor's certificate and also provided the break-up of coal prices. In Form D, weighted average cost of coal is claimed at Rs 4098.53 per MT considering landed cost of Fuel Supply Agreement (FSA) coal at Rs 4126.34 per MT and that of TDCM coal at Rs 1704.49 per MT, all inclusive of (i) amount charged by the coal company,

(ii) Transportation cost, (iii) Demurrage charges and (iv) 'Handling, sampling and such other similar charges'. The Commission analyzes the total cost of coal in subsequent paragraphs.

3.8.10. **Amount charged by the coal company for FSA coal**

DPL has claimed Rs. 6,020,947,431.64 for 1670812.09 MT coal purchased during the year through FSA i.e Rs. 3603.61 per MT. DPL has provided breakup of the source wise 'amount charged by the coal company' in Rs/MT for coal through Fuel Supply Agreement (FSA) consisting of Basic price of coal as notified by CIL along with Sizing Charge, Royalty, Evacuation Charges, Clean Energy Charges, Surface Transport Charges, Rural Employment Cess (RE Cess) for ECL coal, Primary Education Cess (PE Cess) for ECL coal, AMBH, PWD Road Cess, National Mineral Exploration Trust (NMET), District Mineral Foundation (DMF), Transit Charges, Covid Cess, Management Fee, GST, etc. as applicable prevalent during that period. DPL has submitted corresponding notifications as well as sample Coal bills in support in reply dated 19.02.2026 and 14.05.2026. The Commission considers the same after prudence check.

3.8.11. **Cost of coal sourced through Captive Mines**

For coal sourced through Captive Mines (TDCM), DPL in Form D(b) has claimed Rs 1477.93 per MT (Rs. 31983467.85 / 21640.75 MT) other than Transportation cost of Rs 226.56 per MT. The grade of captive coal from TDCM is mentioned as G12. DPL has submitted letter dated 12.03.2021, from Office of the Coal Controller, Kolkata, Ministry of Coal, approving the coal grade at G12 for TDCM of DPL from 2020 – 21. DPL in reply dated 05.03.2026 has submitted break-up of Rs. 1477.93 per MT as below:

Table 3.5: Break up cost of captive coal excluding transport cost claimed by DPL

(Rs/MT)

Sl. No.	*Particulars*	*Amount Claimed*
A	*Fixed Reserve Price*	100.00
B	*Sizing Charge**	87.00
C	*Surface Transport Charge including Loading Charge**	101.43
D	*Evacuation Charge**	50.00
E	*Cost of Railway Siding**	70.00
F	*Cost of coal deshaling**	47.00
G	*Other Charges**	812.30
H	*GST on Sizing Charge**	15.66
I	*GST on Surface Transport Charge**	18.30
J	*GST on Evacuation Charge**	9.00
K	*GST on MDO**	167.28

Sl. No.	Particulars	Amount Claimed
L	TOTAL	1477.93
Note [*]: paid to MDO by DPL		

The Commission notes from the reply dated 05.03.2026 of DPL that, Rs 1477.93 /MT claimed for captive coal of TDCM in Form D (b) includes Rs. 100 per MT for Fixed Reserve Price, and all other costs including GST are related services provided by Mine Developer and Operator (MDO). The Commission further notes that statutes like Royalty, NMET, DMF, Clean Energy Cess, RE Cess, PE Cess, AMBH, PWD Cess, etc. for captive coal is not claimed by DPL for the year 2020 – 21. DPL is directed to pay all applicable statutes.

The Commission, observes that as per guidelines given in the order issued by Ministry of Coal, Government of India vide No 13016/9/2014-CA-III dated 26.12.2014 and the information given vide their letter No 54022/01/2014-CA-III dated 27.06.2016, the fixed reserve price of Rs 100 per ton shall be the only input cost of coal from auctioned captive mines of DPL and shall be considered as passed through in computation of energy charge and the Additional Premium (Rs 840 /MT for TDCM) shall not be reckoned for the purposes of determination of tariff for electricity. Ministry of Coal has also clarified in the above-mentioned letter that the statutory royalty payable on coal by the successful bidder as well as the allottee company will continue to be governed as per extant rules.

Fixed Reserve Price:

The Commission considers Fixed Reserve Price of Rs 100 per ton as input price of coal from captive mines for computation of energy charge as per the letter dated 26.12.2014 and 27.06.2016 of Ministry of Coal.

Expenses for services of MDO:

DPL has appointed Trans Damodar Mining Private Limited (TDMPL) as MDO for development of Mines, operation and maintenance of Mines, OB removal, extraction and transportation of Coal from mine face(s) to pit head coat stock and eventually to Delivery Point and loading of Coal onto the railway wagons at Delivery Point, rent for Railway Siding handling, etc.

As per the CERC (Terms and Conditions of Tariff) (Second Amendment) Regulations, 2021, under Section 36B(1), the Run of Mine (ROM) cost of coal in the case of integrated mines allocated through the auction route under the Coal Mines (Special Provisions) Act, 2015, shall be worked out as follows:

ROM Cost = Quoted Price of Coal + Fixed Reserve Price

Further, under Section 36C(2), it is stated that where crushing, transportation, handling, or washing are within the scope of the MDO (Service Provider) engaged by the generating company, no additional charges shall be admitted, as such costs are deemed to be included in the charges payable to the MDO (Service Provider).

Similarly, cost for MDO for TDCM is not to be considered for cost charged under the head 'amount charged by the coal company'

Therefore, the Commission decides not to allow any costs for the services provided by MDO (Sizing/crushing charge, Evacuation Charge, Cost of coal deshaling, Surface Transport Charge including Loading Charge, and Other Charges paid to MDO) to be passed through in tariff, in accordance with the provisions of the CERC Tariff Regulations. However, Cost /Rent of Railway Siding paid through MDO is admitted by the Commission since this is not a standard job of MDO but provided for smooth co-ordination.

Applicable Goods and Service Tax (GST):

i. DPL has claimed Rs. 210.24 per MT on account of GST paid for services provided by MDO.

ii. The Commission refers to Section 7 of the Central Goods and Services Tax Act, 2017 (CGST Act), which defines the scope of "supply." Specifically, Section 7(1)(a) states:

   "Supply" includes all forms of supply of goods or services or both such as sale, transfer, barter, exchange, licence, rental, lease, or disposal made or agreed to be made for a consideration by a person in the course or furtherance of business.

iii. Accordingly, the use of captive coal qualifies as a supply and is thus subject to GST. DPL has appointed Trans Damodar Mining Private Limited (TDMPL) as MDO for excavation, handling, and delivery of coal from the TDCM coal mine. This arrangement falls within the scope of "supply" as defined in Section 7.

iv. Pursuant to this, the Central Government notified Notification No. 11/2017 – Central Tax (Rate) dated 28th June 2017, which prescribes a 9% CGST rate on applicable services (Sl. No. 24). Similarly, the West Bengal Government issued Notification No. 1135-F.T.

No. 11/2017 – State Tax on the same date, imposing a corresponding 9% SGST rate. Therefore, a total GST of 18% is applicable on mining support services.

v. Additionally, Section 9(3) of the CGST Act empowers the Government to specify certain supplies for which the recipient must pay tax under RCM. Under Notification No. 13/2017 – Central Tax (Rate) dated 28th June 2017, GST on Royalty, NMET (National Mineral Exploration Trust), DMF (District Mineral Foundation), Rural Employment Cess and Primary Education Cess, among others, is to be paid under RCM.

vi. The Central Board of Excise and Customs has clarified that GST on Royalty and Premium payable to the Government must also be paid under RCM. However, DPL has not claimed any such statutes or GST on such under RCM.

vii. Therefore, the Commission holds that GST at 18% on the fixed Reserve Price of Rs.100 per MT and Cost of Railway Siding are only payable for coal procured from TDCM through a reverse auction, which comes Rs. 30.60 per MT (18% of Rs. 100 per MT and 18% of Rs. 30.60 per MT).

In view of the above, price of captive coal for DPL is worked out as shown in the Table below:

Table 3.6: Admitted price of captive TDCM coal for DPL

(Rs/MT)

Sl. No.	Particulars	Claim	Admitted
A	Fixed Reserve Price	100.00	100.00
B	Sizing Charge*	87.00	0.00
C	Surface Transport Charge including Loading Charge*	101.43	0.00
D	Evacuation Charge*	50.00	0.00
E	Cost of Railway Siding*	70.00	70.00
F	Cost of coal deshaling*	47.00	0.00
G	Other Charges*	812.30	0.00
H	GST on Sizing Charge*	15.66	
I	GST on Surface Transport Charge*	18.30	
J	GST on Evacuation Charge*	9.00	
K	GST on Other Items*	167.28	30.60
L	TOTAL	**1477.93**	**200.60**

Thus, for 21,640.75 MT coal sourced from TDCM, the admissible cost comes Rs. 4341134.45 (Rs. 200.60 per MT x 21,640.75 MT).

3.8.12. **Coal Transportation cost**

DPL has claimed freight @ Rs. 485 per MT (Rs. 810341479.29 / 1670812.09 MT) and @ Rs. 226.56 per MT (Rs. 4903001.40 / 21640.75 MT) for transportation of FSA coal and captive coal respectively in Form D along with auditor's certificate. DPL in reply dated 14.05.2026 has submitted sample Railway receipts against the claimed transportation cost. DPL in the reply has clarified that there was no road transport availed for transportation of coal in regard to source from FSA coal. DPL has further stated in the reply that no road transport cost (from mine mouth to DPL end) has been booked in Audited Financial Statement of DPL for 2020-21. The Commission observes that, the amount paid is based on the freight rate of Indian Railways and considers the same after prudence check.

3.8.13. **Handling, sampling and such other similar charges for coal**

DPL has claimed Rs 56.89 per MT for FSA coal and zero for captive coal under this head in Form D along with auditor's certificate. However, DPL in reply dated 16.03.2026, while clarifying the break-up of Rs. 308.00 lakh of 'Miscellaneous Charges' of 'Miscellaneous Expenses' under 'Other Expenses' [Note 18 of Audited Financial Statement of Power Plant] claimed under A&G Expenses, submitted that Rs. 86.78 lakh for 'Handling, sampling and such other similar charges' for coal is included in the above mentioned Rs. 308.00 lakh and requested the Commission to consider it. DPL in reply dated 14.05.2026 has submitted documents to substantiate that the vendor for 'Sampling, Handling, and such other charges', are selected through transparent competitive biddings through eProcurement System of Government of West Bengal. The Commission finds it prudent to consider Rs. 56.89 per MT as per auditor's certificate of FCA petition as admissible fuel cost in terms of regulation 5.8.2 of the Tariff Regulations.

3.8.14. **Demurrage charges for coal**

DPL in Form D has claimed demurrage charge of Rs 14019198 at Rs 8.39 per MT for FSA coal along with auditor's certificate. However, DPL has not substantiated in the petition that cause for such demurrage charge is not attributable to generating company. As per regulation 5.8.2 of the Tariff Regulations, no demurrage charge of railway rakes has been allowed. The Commission in APR order dated 16.07.2024 for the year 2019 – 20, did not allow the demurrage charges at Rs 27.03 per MT in absence of any specific justification of such claim in terms of clause (vi) of Regulation 5.8.1 of the Tariff Regulations. Accordingly, the cost of opening stock of coal (191869 MT) for the year 2020 – 21 is reduced at Rs 27.03 per MT to Rs. 740511178.93 (Rs. 745697398 – 191869 MT x Rs. 27.03 per MT).

Table 3.7: Admissible Value of Opening Stock

Particulars	Unit	Amount
Value of Opening Stock of FSA coal mentioned in FCA [A]	Rs.	745697397.99
Demurrage Charge disallowed in APR 19-20 [B]	(Rs/MT)	27.03
Opening Quantity of coal in 20-21 [C]	(MT)	191869.00
Admissible Value of Opening Stock of FSA coal [D=A-BxC]	Rs.	**740511178.92**

Cost of Coal:

In view of the above paragraphs, the Landed cost of primary fuel admitted by the Commission for the year 2020 – 21 is as below:

Table 3.8: Landed cost of primary fuel admitted by the Commission (Rs. /MT)

Sl. No.	Description	FSA	Captive
A	Opening Quantity of coal (MT)	191869.00	
B	Value of Stock (Rs)	740511178.92	
C	Coal supplied by coal Company (MT)	*1,670,812.09*	*21640.75*
D	Amount Charged by the coal company (Rs)^	*6,020,947,431.64*	4341134.45
E	Transportation Cost (Rs)	*810,341,479.29*	*4903001.40*
F	Handling Charges (Rs)	*95,058,566.85*	
G	Demurrage Charge (Rs)		
H	**Total cost of coal supplied (Rs) [D:G]**	**6926347477.78**	**9244135.85**
I	Landed cost of coal excluding Demurrage (Rs/MT)	4116.03	427.16
J	Consumption of coal (MT)	1767616.00	20536.00
K	Closing Stock (MT) [A+C-J]	95065.09	1104.75
L	Closing Value (Rs) [B+H-IxJ]	391298172.22	471978.09
M	**Wt. Average cost of coal (Rs/MT)**		**4073.67**
Note^: Rs. 4341134.45 =21640.75 MT [C] x Rs 200.60 /MT			

3.8.15. **Determination of allowable fuel cost**

Based on the foregoing analysis, the fuel cost for FY 2020 – 21 is as shown in the Table below:

Table 3.9: Fuel cost for FY 2020 – 21

Sl. No.	Particulars	Unit	Claimed in FCA	Approved		
			Station	Unit 7	Unit 8	Station
1	Scheduled	MU	2480.410	1138.918	1341.492	2480.410

Sl. No.	Particulars	Unit	Claimed in FCA	Approved		
			Station	Unit 7	Unit 8	Station
	Injection					
2	Gross generation	MU	2718.55	1244.719	1474.167	2718.886
3	Fuel cost	Rs. Lakh	70505.32	27970.94	34086.71	62057.65
4	Energy charge	paise/kWh	284.25	245.59	254.10	250.19

The computations of fuel cost are shown in Annexure-3C.

3.8.16. Gains on account of better performance over operating norms

As analyzed in paragraph 3.5 the actual specific oil consumption rate for Unit No. 8 in is found better than the normative rate of the Tariff Regulations. The gain to be shared with the beneficiary WBSEDCL for better oil consumption rate is worked out in the Table below in accordance with the provisions of paragraph A1 of Schedule-9B of the Tariff Regulations:

Table 3.10: Gain due to improved specific oil consumption for FY 2020-21

Sl. No.	Particulars	Unit	Value
1	Specific Consumption of Oil as per Norms	ml/kWh	1.00
2	Actual Oil Consumption	ml/kWh	0.393
3	Category		Category A
4	Sharing Ratio as per Sl. No. 3 of Category A		70%:30%
5	Total Gross Generation	MU	1474.167
6	Price of Oil	Rs./kL	43509.28
7	Gain [((1-2) x 5x6) ÷100000]	Rs. Lakh	389.33
8	Share % of Beneficiary	%	30%
9	Share of Beneficiary	Rs. Lakh	**116.80**

However, the above amount is to be compensated with the deficit in fixed charge recovery of own generating stations DPL in terms of paragraph D of Schedule – 9B of the Tariff Regulations before sharing with WBSEDCL the distribution licensee as discussed in paragraph 4.26 below of this order.

3.8.17. C_D: Cost Disallowable

The factor C_D as referred to in the formula, stands for cost as to be found disallowable by the Commission as having been incurred in breach of economic generation or of order/direction of the Commission, if any, or for any other reason considered sufficient by the Commission during the adjustment period and adjusted corresponding to actual level of sales. As the unit rates of energy charges from the generating stations have been worked out based on normative parameters, no further disallowance is required on this account.

3.8.18. Summing up the findings as explained in the earlier paragraphs, the amount of admissible fuel cost of DPL for FY 2020 – 21, is shown in the Table below:

Table 3.11: Fuel cost Admitted by the Commission (Rs. Lakh)

Particulars	Claimed	Admitted
Total Fuel Cost	70505.32	62057.65
Cost disallowed	-	-
Less: Sharing of Gains	-	-
Fuel Cost	70505.32	62057.65

3.8.19. The admitted fuel cost has been considered by the Commission while approving the APR of DPL for FY 2020 – 21 in the subsequent Chapter of the Order.

Annexure-3A

COMPUTATION OF ACTUAL STATION HEAT RATE, ACTUAL AUXILIARY CONSUMPTION and SPECIFIC OIL CONSUMPTION ACHIEVED IN FY 2020-21

Sl. No.	Particulars	Unit	Unit 7	Unit 8	Station
1	Gross Generation (Actual)	MU	1295.650	1492.290	2787.940
2	Consumption of Oil (Actual)	KL	1335.79	585.87	1921.66
3	Consumption of Coal (Actual)	MT	850656.65	937726.49	1788383.14
4	GCV of Oil (Actual)	kcal/lit	9330.00	9330.00	9330.00
5	Heat Value of Coal (Actual)	kcal/kg	3835.79	3835.79	3835.79
6	Heat from Oil (2X4/1000)	M. kcal	12462.91	5466.17	17929.08
7	Heat from Coal (3X5/1000)	M. kcal	3262940.29	3596921.89	6859862.18
8	Total Heat Used (6+7)	M. kcal	3275403.2	3602388.06	6877791.26
9	Station Heat Rate Achieved (8/1)	kcal/kWh	2528	2414	2466.98
10	Normative Station Heat Rate	kcal/kWh	2345.00	2414.00	2382.41
11	Specific Oil Consumption (2/1)	ml/kWh	1.031	0.393	0.689
12	Net Sent out Generation	MU	1138.918	1341.492	2480.41
13	Auxiliary Consumption [((1)-(12))/1]	%	12.10%	10.11%	11.03%

Annexure – 3B

Determination of GCV of coal for computation of Fuel cost for 2020-21

Source	Grade of Coal	GCV as billed (Claim) (kcal/kg)	GCV as received Less 120 kCal/kg (Claim) (kcal/kg)	GCV as received (before deducting 120 kCal/kg) (kcal/kg)	Min GCV of the Grade (kcal/kg)	Min GCV after allowing one Grade slippage (kcal/kg)	Admissible GCV as received (before deducting 120 kCal/kg) (kcal/kg)	Quantity Purchased MT	Coal Mix (%) %	Wt. Avg. GCV of Coal as received (kcal/kg (kcal/kg)
A	B	C	D	E=D+120	F	G=F-300	H=Max(F,G)	I	J	K=IxJ
ECL	G-3	6400	4055	4175	6401	6101	6101.00	25747.60	1.52%	92.82
	G-4	6100	4385	4505	6101	5801	5801.00	244710.59	14.46%	838.76
	G-5	5800	3840	3960	5801	5501	5501.00	192033.17	11.35%	624.17
	G-6	5500	3966	4086	5501	5201	5201.00	28157.83	1.66%	86.53
	G-7	5200	3601	3721	5201	4901	4901.00	58905.98	3.48%	170.58
	G-8	4900	3442	3562	4901	4601	4601.00	30170.38	1.78%	82.02
BCCL	G-5	5800	4187	4307	5801	5501	5501.00	30503.17	1.80%	99.14
	G-6	5500	3395	3515	5501	5201	5201.00	3672.55	0.22%	11.29
	G-8	4900	3814	3934	4901	4601	4601.00	15364.87	0.91%	41.77
	W-IV	4450	3973	4093	4093	3793	4093.00	335715.66	19.84%	811.89
	W-V	4200	3894	4014	4014	3714	4014.00	475218.55	28.08%	1127.08
	W-VI	4050	3896	4016	4016	3716	4016.00	16067.68	0.95%	38.13
MCL	G-13	3400	2577	2697	3401	3101	3101.00	6685.40	0.40%	12.25
	G-14	3100	2915	3035	3101	2801	3035.00	207858.65	12.28%	372.74
Captive	G-12	3700	3808	3928	3701	3401	3928.00	21640.75	1.28%	50.23
TOTAL								**1,692,452.83**	**100.00%**	**4459.40**
Admissible GCV after adjusting 120 kcal/kg										**4339.40**

Annexure – 3C

COMPUTATION OF FUEL COST FOR FY 2020-21

Sl. No.	Particulars	Unit	Admitted in Tariff Order			Claimed in FCA	Actual			Allowable		
			Unit 7	Unit 8	Station	Station	Unit 7	Unit 8	Station	Unit 7	Unit 8	Station
A	Sent out Energy	MU	1923.696	1594.320	3518.02	2480.41	1140.69	1343.58	2484.27	1138.918	1341.492	2480.410
B	Normative Auxiliary Consumption	%	8.50%	9.00%	8.73%	8.75%	11.96%	9.97%	10.89%	8.50%	9.00%	8.77%
C	Auxiliary Consumption	MU	178.704	157.680	336.38	238.15	154.955	148.712	303.67	105.801	132.675	238.476
D	Gross Admissible Generation	MU	2102.400	1752.000	3854.40	2718.55	1295.65	1492.29	2787.94	1244.719	1474.167	2718.886
E	Heat Rate	kcal/kWh	2345.000	2425.00	2381.36	2381.00	2528	2414	2466.98	2345.00	2414.00	2382.41
F	Total Heat Required (DxE)	Mkcal	4930128.00	4248600.00	9178728.00	6480946.34	3275403.20	3602388.06	6877791.26	2918866.06	3558639.14	6477505.20
G	GCV of Oil	kcal/lt	9318.73	9318.73		9330.00	9,330.00	9,330.00	9330.00	9330.00	9330.00	
H	Specific Oil consumption	ml/kWh	1.000	1.00	1.00	1.00	1.031	0.393	0.689	1.00	1.00	1.00
I	Oil consumption (HxD)	kL	2102.40	1752.00	3854.40	2718.55	1335.789	585.87	1921.66	1244.72	1474.17	2718.89
J	Heat from oil (GxI÷1000)	Mkcal	19591.70	16326.41		25364.09	12462.91	5466.17		11613.24	13754.01	
K	Heat from coal (F-J)	Mkcal	4910536.30	4232273.59		6455582.25	3262940.29	3596921.89		2907252.82	3544885.13	
L	Average UHV of coal	kcal/kg	4830.88	4830.88		3835.79	3,835.79	3,835.79	3835.79	4339.40	4339.40	
M	Coal consumption excluding transit loss (K÷Lx1000)	MT	1016488.98	876087.50		1682984.22	850656.65	937726.49	1788383.14	669966.54	816906.75	1486873.29
N	Transit loss	MT	5107.98	4402.45		8414.92	5686.35	6172.51	11858.86	3366.67	4105.06	7471.73
O	Coal consumption including transit loss (M+N)	MT	1021596.97	880489.95		1691399.14	856343	943899	1800242.00	673333.21	821011.81	1494345.02
P	Average price of oil	Rs./kL	50000	50000		43509.28	43509.28	43509.28		43509.28	43509.28	43509.28
Q	Average price of coal	Rs./MT	3799.06	3799.06		4,098.53	4,098.53	4,098.53		4073.67	4073.67	4073.67
R	Cost of oil (IxP÷100000)	Rs. Lakh	1051.20	876.00	1927.20	1182.82	581.19	254.91	836.10	541.57	641.40	1182.97
S	Cost of coal (OxQ÷100000)	Rs. Lakh	38811.08	33450.34	72261.42	69322.50	35097.47	38685.98	73783.46	27429.37	33445.31	60874.68
T	Cost of fuel (R+S)	Rs. Lakh	39862.28	34326.34	74188.62	70505.32	**35678.67**	**38940.89**	74619.56	**27970.94**	**34086.71**	**62057.65**
U	Cost of fuel per unit (Tx10÷A)	Paise/kWh	207.22	215.30	210.88	284.25	312.78	289.83	300.37	245.59	254.10	250.19

CHAPTER-4
FIXED COST DETERMINATION UNDER APR

4.1. In terms of Regulation 2.5.5 of the Tariff Regulations and Table 2.5.5-1, items of expenditure are categorised as uncontrollable/controllable. The definition of uncontrollable and controllable items are being already provided in the Tariff Regulations. The amounts of actual expenses / charges under such different heads of accounts are, therefore, to be considered on prudence check for carrying out positive or negative adjustments, as the case may be. The review of such controllable and uncontrollable heads of fixed charges with reference to the amounts allowed through tariff and the actuals based on the Audited Financial Statement of DPL is being taken up hereunder one by one on the basis of principles laid down on Tariff Regulations/Tariff Order.

4.2. The rationale behind the Commission's disposal of relevant item heads, after prudence check, is detailed in subsequent paragraphs.

4.3. **Project Cost of Unit 7 and Unit 8**

4.3.1. In the Tariff Order dated 17.08.2021, the Commission decided not to service any capital cost beyond 95% of the provisional project cost of Units 7 and 8 of DPL due to the reason that the report as per Regulation 2.8.1.4.13 of the Tariff Regulations had not yet been submitted by DPL before the MYT petition of DPL for seventh control period. The Generator has submitted petitions dated 05.07.2024 and 20.05.2024 for approval of the Final Project Cost in respect of 1x300 MW Unit-7 and 1x250 MW Unit-8 respectively.

Project Cost of 300MW Unit No 7

4.3.2. The Commission has issued final project cost approval for Unit No 7 of DPL vide order dated 26.08.2025 in Case No. OA-485/24-25. The year wise Equity and Borrowing of 300 MW Unit No 7, after apportionment of common asset to 250 MW Unit No 8, is approved as follows as shown in Table F of the order dated 26.08.2025:

Table 4.1: Year wise Equity and Borrowing of 300 MW Unit No 7 after apportionment of common asset to 250 MW Unit No 8 (Rs lakh)

Year	*Equity*	*Borrowing*	*Hard Cost*	*IDC*	*Borrowing including IDC*	*Total*
V	*W*	*X*	*Y=W+X*	*Z*	*AA=X+Z*	*AB=W+AA*
upto COD	*37484.45*	*67653.76*	*105138.21*	*12999.84*	*80653.60*	*118138.05*
2008-09	*242.44*	*1530.35*	*1772.78*	*0.00*	*1530.35*	*1772.78*
2009-10	*0.00*	*16.43*	*16.43*	*0.00*	*16.43*	*16.43*
2010-11	*0.00*	*0.00*	*0.00*	*0.00*	*0.00*	*0.00*

Year	*Equity*	*Borrowing*	*Hard Cost*	*IDC*	*Borrowing including IDC*	*Total*
V	*W*	*X*	*Y=W+X*	*Z*	*AA=X+Z*	*AB=W+AA*
2011-12	*0.00*	*930.60*	*930.60*	*0.00*	*930.60*	*930.60*
2012-13	*0.00*	*502.79*	*502.79*	*0.00*	*502.79*	*502.79*
2013-14	*0.00*	*699.99*	*699.99*	*0.00*	*699.99*	*699.99*
2014-15	*0.00*	*400.36*	*400.36*	*0.00*	*400.36*	*400.36*
2015-16	*0.00*	*517.48*	*517.48*	*0.00*	*517.48*	*517.48*
2016-17	*0.00*	*35.44*	*35.44*	*0.00*	*35.44*	*35.44*
2017-18	*0.00*	*27.32*	*27.32*	*0.00*	*27.32*	*27.32*
2018-19	*0.00*	*555.92*	*555.92*	*0.00*	*555.92*	*555.92*
2019-20	*0.00*	*860.50*	*860.50*	*0.00*	*860.50*	*860.50*
2020-21	*0.00*	*0.00*	*0.00*	*0.00*	*0.00*	*0.00*
2021-22	*0.00*	*0.00*	*0.00*	*0.00*	*0.00*	*0.00*
2022-23	*0.00*	*59.10*	*59.10*	*0.00*	*59.10*	*59.10*
Total	*37726.88*	*73790.02*	*111516.90*	*12999.84*	*86789.86*	***124516.74***
Note: Derivation 'W', 'X', 'Z' are shown in Table E of the Order dated 26.08.2025						

4.3.3. Thus, opening, addition, closing, and average asset of 300 MW Unit No 7 for the year 2020 – 21 along with break-up of Equity and borrowing come as follows:

Table 4.2: Asset of 300MW Unit No 7 for the year 2020 – 21 along with break-up of Equity and borrowing (Rs lakh)

Year	Equity	Borrowing	Hard Cost	IDC	Borrowing including IDC	Total
V	*W*	*X*	*Y=W+X*	*Z*	*AA=X+Z*	*AB=W+AA*
upto COD	37484.45	67653.76	105138.21	12999.84	80653.60	118138.05
2008-09	242.44	1530.35	1772.78	0.00	1530.35	1772.78
2009-10	0.00	16.43	16.43	0.00	16.43	16.43
2010-11	0.00	0.00	0.00	0.00	0.00	0.00
2011-12	0.00	930.60	930.60	0.00	930.60	930.60
2012-13	0.00	502.79	502.79	0.00	502.79	502.79
2013-14	0.00	699.99	699.99	0.00	699.99	699.99
2014-15	0.00	400.36	400.36	0.00	400.36	400.36
2015-16	0.00	517.48	517.48	0.00	517.48	517.48
2016-17	0.00	35.44	35.44	0.00	35.44	35.44
2017-18	0.00	27.32	27.32	0.00	27.32	27.32
2018-19	0.00	555.92	555.92	0.00	555.92	555.92
2019-20	0.00	860.50	860.50	0.00	860.50	860.50
Opening	37726.88	73730.92	111457.8	12999.84	86730.76	124457.64

Year	Equity	Borrowing	Hard Cost	IDC	Borrowing including IDC	Total
V	W	X	Y=W+X	Z	AA=X+Z	AB=W+AA
Addition	0	0	0	0	0	0
Closing	37726.88	73730.92	111457.8	12999.84	86730.76	124457.64

Project Cost of 250 MW Unit No 8

4.3.4. The Commission in final project cost approval order dated 26.08.2025 for 300 MW Unit No 7 of DPL in Case No. OA-485/24-25 has also allocated a portion of project cost for common asset to 250 MW Unit No 8. The year wise Equity and Borrowing of Common asset of 300 MW Unit No 7 apportioned to 250 MW Unit No 8 as approved and shown in Table G of the order dated 26.08.2025 is shown below:

Table 4.3: Year wise Equity and Borrowing of Common asset of 300 MW Unit No 7 apportioned to 250 MW Unit No 8 as shown in Table G of order dated 26.08.2025 (Rs lakh)

Year	*Equity*	*Borrowing*	*Hard Cost*	*IDC*	*Borrowing including IDC*	*Total*
(i)	*(ii)*	*(iii)*	*(iv)*	*(v)*	*(vi)*	*(vii)=ii + vi*
upto COD	2771.55	5002.24	7773.79	961.19	5963.43	8734.98
2008-09	1.56	9.86	11.43	0.00	9.86	11.43
2009-10	0.00	0.09	0.09	0.00	0.09	0.09
2010-11	0.00	0.00	0.00	0.00	0.00	0.00
2011-12	0.00	1.81	1.81	0.00	1.81	1.81
2012-13	0.00	0.85	0.85	0.00	0.85	0.85
2013-14	0.00	1.31	1.31	0.00	1.31	1.31
2014-15	0.00	0.69	0.69	0.00	0.69	0.69
2015-16	0.00	0.96	0.96	0.00	0.96	0.96
2016-17	0.00	0.00	0.00	0.00	0.00	0.00
2017-18	0.00	0.05	0.05	0.00	0.05	0.05
2018-19	0.00	1.08	1.08	0.00	1.08	1.08
2019-20	0.00	1.60	1.60	0.00	1.60	1.60
2020-21	0.00	0.00	0.00	0.00	0.00	0.00
2021-22	0.00	0.00	0.00	0.00	0.00	0.00
2022-23	0.00	0.00	0.00	0.00	0.00	0.00
Total	**2773.12**	**5020.56**	**7793.68**	**961.19**	**5981.75**	**8754.87**

4.3.5. Thus, opening, addition, closing, and average asset of Common asset of 300 MW Unit No 7 apportioned to 250 MW Unit No 8, for the year 2020 – 21 along with break-up of Equity and borrowing come as follows:

Table 4.4: Common asset of 300 MW Unit No 7 apportioned to 250 MW Unit No 8

(Rs lakh)

Year	Equity	Borrowing	Hard Cost	IDC	Borrowing including IDC	Total
(i)	*(ii)*	*(iii)*	*(iv)*	*(v)*	*(vi)*	*(vii)=ii + vi*
upto COD	2771.55	5002.24	7773.79	961.19	5963.43	8734.98
2008-09	1.56	9.86	11.43	0.00	9.86	11.43
2009-10	0.00	0.09	0.09	0.00	0.09	0.09
2010-11	0.00	0.00	0.00	0.00	0.00	0.00
2011-12	0.00	1.81	1.81	0.00	1.81	1.81
2012-13	0.00	0.85	0.85	0.00	0.85	0.85
2013-14	0.00	1.31	1.31	0.00	1.31	1.31
2014-15	0.00	0.69	0.69	0.00	0.69	0.69
2015-16	0.00	0.96	0.96	0.00	0.96	0.96
2016-17	0.00	0.00	0.00	0.00	0.00	0.00
2017-18	0.00	0.05	0.05	0.00	0.05	0.05
2018-19	0.00	1.08	1.08	0.00	1.08	1.08
2019-20	0.00	1.60	1.60	0.00	1.60	1.60
Opening	*2773.12*	*5020.56*	*7793.68*	*961.19*	*5981.75*	*8754.87*
Addition	*0*	*0*	*0*	*0*	*0*	*0*
Closing	2773.12	5020.56	7793.68	961.19	5981.75	8754.87

4.3.6. From the previous two Tables, % of equity and borrowing of Unit No 7 excluding Common Asset allocated to Unit No 8 with respect to equity and borrowing of Unit No 7 including Common Asset allocated to Unit No 8, can be derived as follows:

Table 4.5: % of Common Asset allocated to Unit No 8 with respect to Unit No 7 including Common Asset allocated to Unit No 8 (Rs lakh)

Sl. No	Particulars	*Equity*	*Borrowing including IDC*	*Total*
A	Unit No 7 excluding Common Asset allocated to Unit No 8	37726.88	86730.76	124457.64
B	Common Asset allocated to Unit No 8	2773.12	5981.75	8754.87
C	TOTAL [A+B]	**40500.00**	**92712.51**	**133212.51**
D	% of Unit No 7 excluding Common Asset allocated to Unit No 8 w.r.t Total [A/B]	93.15%	93.55%	93.43%

Sl. No	Particulars	*Equity*	*Borrowing including IDC*	*Total*
E	% of Common Asset allocated to Unit No 8 w.r.t Total	6.85%	6.45%	6.57%

4.3.7. However, the Final Project Cost in respect of 1x250 MW Unit-8 is not yet finalized by the Commission. As there is no change in the status of finalisation of project cost of Unit-8, the Commission decides to continue with the same approach in the present APR other than Common asset of 300 MW Unit No 7 apportioned to 250 MW Unit No 8. In case of any disallowance in the project cost of Unit 8 by the Commission after finalization of the final project cost, the amount withheld above shall be adjusted with the reduction in project cost, if any, and corresponding impact on tariff shall accordingly be adjusted in subsequent APR / truing up exercise following the determination of actual project cost.

4.4. Unit VI

4.4.1. DPL vide no. MD/DPL/F-84/2020/36 dated 18.03.2020 communicated not to consider the installed capacity of Unit-6 w.e.f. 01.04.2019 based on the approval of decommissioning of the Unit received from GoWB. The Commission while taking cognizance of the letter of DPL had intimated to them through letter dated 27th July, 2020 that no further depreciation of the assets of Unit-6 will be allowed as the related fixed assets are supposed to have depreciated upto the level of statutory limit of their residual value and employees engaged in Unit-6 to be redeployed suitably for function of Unit-7 and Unit-8. DPL had also submitted in the MYT petition that no generation from Unit VI was considered. The Commission in its Tariff Order dated 17.08.2021 determined the tariff of DPL for FY 2020-21 considering Unit-6 as decommissioned w.e.f. 01.04.2019. Accordingly, no charges are allowable for Unit-6 w.e.f. 01.04.2019.

4.5. Employee cost

4.5.1. The Commission, in the Tariff Order, had approved the employee cost of Rs. 7215.86 Lakh. As against the same, DPL has claimed the employee cost of Rs. 7024.34 Lakh including Rs 62.05 lakh for contractual employees at regular establishment but excluding proportioned Director's remuneration, fees, expenses and other facilities (Director's fees). Instead, DPL has claimed apportioned Director's fees of Power Plant at Rs. 12.28 lakh under A&G Expenses of O&M Expenses of Centrally maintained Expenses. In terms of regulation 5.9.1 of the Tariff Regulations, Director's fees is admissible under Employee Cost. The Commission finds it prudent to treat Director's fees under Employee Cost of Centrally Maintained Expense. Otherwise, the employee cost claimed is in line with the employee cost as per the Audited Financial Statement for Power Plant.

4.5.2. DPL has complied with the directives of the Commission in paragraph 4.4.8 of the Tariff order. DPL has furnished the break-up of employees engaged both in regular services and contractual services as per Form 1.17(h) where they have mentioned the number of contractual employees at regular establishment as 15 nos. for power business.

4.5.3. The comparison of employee cost submitted by DPL is as below:

Table 4.6: Comparison of employee cost submitted by DPL (Rs. Lakh)

Sl. No.	Particulars	Projection in MYT petition	As per APR petition
1	Basic	4602.91	4472.02
2	DA	449.19	474.07
3	Other allowances	542.96	499.06
4a	Gratuity	652.99	556.47
4b	Contribution to PF	525.14	502.45
4c	Contribution to Pension Scheme	201.68	83.64
4d	Bonus & ex-gratia	1.58	47.04
4e	Welfare	17.10	4.71
4f	LTC encashed & reimbursed	12.06	44.06
5	Leave salary, Leave encashment	390.24	257.08
6	Others	94.26	83.74
	Total	**7490.11**	**7024.34**

4.5.4. DPL submitted that there is no addition to manpower due to embargo imposed on new recruitment. In addition, on account of routine retirements due to superannuation, have resulted in reduction of manpower strength gradually over the years. DPL submitted that the increase in employee cost over the last year is due to implementation of Revision of Pay and Allowance (ROPA) w.e.f. 01.01.2020.

4.5.5. The employee cost is categorised as an uncontrollable factor in the Tariff Regulations. Therefore, based on the Note 15 of the Audited Financial Statement of DPL for the year 2020 – 21, the Commission admits the employee cost claimed by DPL.

Table 4.7: Employee cost for FY 2020-21 (Rs. Lakh)

Sl. No.	Particulars	Approved in Tariff Order	Claimed in APR	Admitted
1	Unit 7	3934.84	3832.95	3832.95
2	Unit 8	3281.02	3191.39	3191.39
3	**Total**	**7215.86**	**7024.34**	**7024.34**

4.6. **Share of employee cost of Service Department and Central Workshop**

4.6.1. The Commission, in the Tariff Order, had approved Rs. 3636.40 Lakh for Service Department (SD) and Central Workshop (CWS). As against the same, DPL in Form 1.17(h) has claimed Rs. 6064.62 Lakh (Rs. 5812.63 lakh for share of cost of own employees of Service Department, Rs. 37.07 lakh for share of cost of contractual employees of Service Department and Rs. 214.92 lakh for share of cost of own employees of Central Workshop). Further, as discussed in paragraph 4.5.1 above, Director's Fee of Rs. 12.28 lakh (Rs. 6.70 lakh for Unit No. 7 + Rs. 5.58 lakh for Unit No. 8) is required to be treated under this head instead of O&M expenses. Thus, the Employee cost claimed under 'share of employee cost of Service Department and Central Workshop' comes Rs. 6076.89 lakh including Director's Fee.

4.6.2. The Commission notes that as per respective Audited Financial Statement of DPL for the year 2020 – 21, the Employee Benefit expenses plus prior period expenses for Service Department and Central Workshop are Rs. 6073.18 lakh and Rs. 238.80 lakh respectively. The expense for Director's Fee at Rs. 12.75 lakh is recognised under Other Expenses of Service Department. The allocations of expenses of Service Department and Central Workshop on Power Plant are booked in Audited Financial Statement @ 96.32% and 90.00% respectively. Thus, the costs booked in Audited Financial Statement vis-à-vis cost claimed in APR petition is as follows:

Table 4.8: Allocation of Employee Cost of SD and CWS in Power Plant (Rs lakh)

Sl. No.	Particulars	Service Department	Central Workshop	Director's Fee
1	Employee Benefit expenses of SD & CWS as per Audited Financial Statement	6021.03	236.07	12.75
2	Prior period of Adjustment of Employee Benefit expenses of SD & CWS as per Audited Financial Statement	52.15	2.73	0.00
3	(1:2)	**6073.18**	**238.80**	**12.75**

Sl. No.	Particulars	Service Department	Central Workshop	Director's Fee
4	Allocation in power business (%)	96.32	90.00	96.32
5	Allocation in power business in Rs lakh (3 x 4)	5849.69	214.92	12.28
6	Total			**6076.89**

DPL in the APR petition has also furnished the 'copy of report of a Cost Accounting Firm', in their language, with its APR application indicating the allocation methodology of employee cost of Service Department and Central Workshop @ 96.32% and 90.00% respectively on Power Plant of DPL.

The Commission finds it fit to consider the allocation ratios for apportionment of employee cost of Service Department and Central Workshop to power business at 96.32% and 90.00% respectively, based on the Audited Financial Statement.

Accordingly, the allocation of employee cost of Service Department and Central Workshop on Power Plant of DPL is determined as shown in last table.

4.6.4 Accordingly, the Commission admits the above 'share of employee cost of Service Department and Central Workshop' and allocates among Unit 7 and 8 as per claim of DPL.

Table 4.9: Share of employee cost of Service Department and Central Workshop (Rs. Lakh)

Sl. No.	Particulars	Approved in Tariff Order	Claimed in APR	Admitted
1	Unit 7	1982.94	3313.76	3313.75
2	Unit 8	1653.46	2763.14	2763.14
3	**Total**	**3636.40**	**6076.90**	**6076.89**

4.7 Coal and Ash Handling Expenses

4.7.1 The Commission, in the Tariff Order, had approved the coal and ash handling expenses of Rs. 426.66 Lakh. As against the same, DPL has claimed Rs. 183.80 Lakh. The Commission notes that in Note 18 of the Audited Financial Statement for the 2020-21, a sum of Rs. 776.08 Lakh appears as Miscellaneous Expenses. Further classification of Miscellaneous Expense in the said Audited Financial Statement shows that claimed amount by DPL aligns with the amount recognised as 'Ash Disposal'.

4.7.2 DPL in the reply dated 16.03.2026 clarified that the expenditure of Rs 183.80 lakh was incurred on account of removal of Bottom Ash and consumption of related spares. The reply also confirms that sale proceeds from Sale of Fly Ash for the year 2020 – 21 is not adjusted with the Ash Handling and Ash Evacuation Cost.

4.7.3 The Commission finds that since the cost claimed under this head is related to removal of Bottom Ash and not ash transportation charges of the plant, the revenue generated from sale of fly ash is not required to be adjusted towards this cost. The Commission observes that during FY 2020 – 21, the actual generation is lower than the projections approved by the Commission in the Tariff Order. The Commission decides to allow the coal and ash handling expenses in proportion to the actual quantum of generation related to sale of electricity to licensee with respect to the admitted amount against the projected generation admitted for FY 2020 – 21 as given in Table below:

Table 4.10: Coal and ash handling expenses for FY 2020 – 21

Unit	Gross generation projected in Tariff Order	Coal and ash handling expenses admitted in Tariff Order	Actual gross generation	Proportionate expenses for actual generation	Ash handling expenses claimed	Coal and ash handling expenses admissible in APR
	MU	Rs. Lakh	MU	Rs. Lakh	Rs. Lakh	Rs. Lakh
	A	B	C	D=C*(B/A)	E	Min(D,E)
Unit 7	2102.400	232.72	1295.650	143.42	85.42	85.42
Unit 8	1752.000	193.94	1492.290	165.19	98.38	98.38
Total	3854.400	426.66	2787.940	308.61	183.80	**183.80**

4.7.4 The Commission admits the coal and ash handling expenses of Rs. 183.80 Lakh (Rs. 85.42 lakh for Unit 7 and Rs. 98.38 lakh for Unit 8).

4.8 Water Charges

4.8.1 The Commission, in the Tariff Order, had approved the water charges of Rs. 1045.17 Lakh considering rate of inter-plant transfer @ Rs. 6.50 per KL for the projected generation level in respect of the Units. As against the same, DPL has claimed the water charges of Rs. 1447.57 Lakh @Rs. 15.00 per KL and the said amount appears in note 13 of the Audited Financial Statement.

4.8.2 DPL has submitted the Government Order dated 9 June 2023, regarding Inter Plant Transfer (IPT) rate in terms of directive of the Commission in paragraph number 4.6.5 of the Tariff Order. The said Order mandates enhancement in IPT rate from 1.1.2019 to 31.3.2022 to Rs. 14.29 per KL. Therefore, the Commission decides to admit the water charges considering the rate of Rs. 14.29 per KL.

4.8.3 The water charges are categorized as uncontrollable. However, the Commission finds it prudent to allow quanta of water consumption upto the normative level of 3.5 m^3/MWh or 3500 kL/MU notified by Ministry of Environment, Forest and Climate Change (MoEF&CC), vide Notification dated 7 December 2015.

4.8.4 The Commission decides to allow the water charges in proportion to the actual amount of generation related to sales of electricity to licensee in contrast to the admitted amount against the projected generation as approved in the Tariff Order. The detail of such calculation is shown in the Table below:

Table 4.11: Water charges for FY 2020-21

Unit	Gross generation projected in Tariff Order	Water charges admitted in Tariff Order @ Rs. 6.5 per KL	Actual gross generation	Proportionate expenses for actual generation @ Rs. 14.29 per KL	Water charges claimed	Water charges admitted in APR
	MU	Rs. Lakh	MU	Rs. Lakh	Rs. Lakh	Rs. Lakh
	(A)	(B)	(C)	(D=Cx3500 x 14.29 / 10^5)	(E)	(F=Min. of D and E)
Unit 7	2102.40	475.08	1295.650	648.02	672.73	648.02
Unit 8	1752.00	1045.17	1492.290	746.37	774.84	746.37
Total	**3854.40**	**1520.25**	**2787.940**	**1394.39**	**1447.57**	**1394.39**

4.9 Operation and Maintenance Expenses (O&M expenses)

4.9.1 The Commission, in the Tariff Order, had approved the O&M expenses of Rs. 4480.00 Lakh for Power Plant and zero for apportioned O&M of Service Department (SD) and Central Workshop (CWS). As against the same, DPL in paragraph 5.2 of the APR petition has claimed Rs. 5032.84 lakh for O&M of Power Plant and Rs. 3248.18 lakh for apportioned 'Management and administrative' expense of Service Department and Central Workshop, totalling to the O&M expenses of Rs. 8281.02 Lakh. DPL has claimed Rs 50.67 lakh for insurance and Filing Fees of Rs. 8.56 lakh under O&M of Power Plant. Also, Director's Fee of Rs. 12.28 lakh is claimed by DPL under apportioned 'Management and administrative' expense of Service Department. The claim is shown as follows:

Table 4.12: Break up of O&M Expense claimed by DPL (Rs lakh)

Sl. No.	Particulars	Amount
A	Repair & Maintenance (R&M) expense of Unit 7 & 8	3673.56
B	A&G expense of Unit 7 & 8 (including insurance and Filing Fees)	1359.28
C	O&M of Power Plant (A+B)	**5032.84**
D	96.32% of 'Management and administrative' expense of Service Department (including Rs. 12.28 lakh for Director's Fee)	3219.65
E	90% of 'Management and administrative' expense of Central Workshop	28.53
F	TOTAL [C:E]	**8281.02**
G	**A&G of Power Plant and apportioned A&G of Service Department and Central Workshop [B+D+E]**	**4607.46**

4.9.2 The Commission notes that as per Form E(B) of the APR petition, elements of O&M expense including Insurance and Filing Fees are as follows:

Table 4.13: Break up of O&M Expense claimed by DPL in Form E(B) in Rs lakh

Sl. No.	Particulars	Unit 7	Unit 8	Total
A	Other Administrative & General charges	2402.93	2204.53	4607.46
B	Legal charges	0.04	0.04	0.08
C	Auditor's fees	0.66	0.77	1.43
D	Repairs & Maintenance	2137.44	1536.12	3673.56
E	TOTAL	**4541.07**	**3741.46**	**8282.53**

4.9.3 The Commission finds that the difference of Rs. 1.51 lakh (Rs. 8282.53 lakh – Rs. 8281.02 lakh) between amount claimed paragraph 5.2 of the APR petition and Form E(B) is on account of Legal Charges and Audit Fees. Thus, DPL has claimed Legal Charges and Audit Fees over and above O&M Expenses. But as per regulation 5.7 of the Tariff Regulations, these expenses come under A&G Expenses of O&M Expenses. Hence, the Commission will treat these two claims under O&M Expenses.

4.9.4 DPL in reply dated 14.11.2024 requested to exclude insurance of Rs. 50.67 from O&M Expenses claimed and clarified that O&M Expenses will be Rs. 8230.35 lakh (Rs. 3673.56

lakh for R&M + Rs. 4607.46 for A&G of Power Plant and apportioned A&G of SD & CWS – Rs. 50.67 lakh for Insurance).

4.9.5 The Commission further observes that DPL under the head 'Rates and Taxes' has claimed an amount of Rs. 8.85 Lakh (Rs. 4.11 lakh for Unit No 7 and Rs. 4.74 lakh for Unit No 8) for 'License and Registration' fees in Form E(B) which should be part of A&G expenses.

4.9.6 Similarly, DPL has also claimed Rs. 28.96 Lakh (Rs. 13.46 lakh for Unit No 7 and Rs. 15.50 lakh for Unit No 8) as 'Bank Charges' under 'Other Finance Charges'. The Bank Charges of Rs. 28.96 Lakh is included under 'Miscellaneous Expenses' of 'Other Expenses' in Note 18 of Audited Financial Statement. In terms of regulation 5.6.4.2 (iv) of the Tariff Regulation, financing charges relating to Capital Loan is allowed under 'Other Finance Charges'. Thus, the amount of Rs. 28.96 lakh is also considered under A&G expenses of Power Plant.

4.9.7 Further, DPL in reply dated 16.03.2026, while clarifying the break-up of Rs. 308.00 lakh of 'Miscellaneous Charges' of 'Miscellaneous Expenses' under 'Other Expenses' [Note 18 of Audited Financial Statement of Power Plant] claimed under A&G Expenses of Power Plant, submitted that Rs. 8.56 lakh for application/petition Filing Fees is included in the above mentioned Rs. 308.00 lakh and requested the Commission to consider it. The Commission finds it prudent to consider 'Filing Fees' under 'Rates & Taxes' instead of A&G of Power Plant.

4.9.8 Thus, the claim of DPL for O&M expenses of Power Plant excluding SD and CWS is revised as follows:

Table 4.14: Claim of DPL for O&M expenses for Power Plant excluding SD and CWS

(Rs lakh)

Particulars	Unit 7	Unit 8	Total
R&M	2137.44	1536.12	3673.56
A&G	631.70	727.58	1359.28
Auditors fee	0.66	0.77	1.43
Legal Charges	0.04	0.04	0.08
Bank Charges	13.46	15.50	28.96
'License and Registration' fees	4.11	4.74	8.85
Less: Filing Fees	4.67	3.89	8.56
Less: Insurance	23.55	27.12	50.67
Total	**2759.19**	**2253.74**	**5012.93**

4.9.9 In the letter dated 14.11.2024, DPL also requested to treat Director's Fee, claimed in this APR petition under A&G of Service Department, like previous APR Orders. Thus, the revised claim of DPL for apportioned A&G expenses of Service Department and Central Workshop comes as follows:

Table 4.15: Revised Claim of DPL for apportioned A&G expenses for SD and CWS on Power Plant

(Rs lakh)

Particulars	Unit 7	Unit 8	Total
Apportioned A&G Expenses of SD and CWS for Power Plant	1771.23	1476.95	3248.18
Apportioned Director's Fee claimed under above	6.70	5.58	12.28
Apportioned A&G Expenses of SD and CWS for Power Plant Less Director's Fee	**1764.53**	**1471.37**	**3235.90**

4.9.10 Insurance of Rs. 50.67 for power business, claimed by DPL under O&M expense, is treated separately by the Commission as per Tariff Regulations. Similarly, UI Charges paid to SLDC at Rs. 109.12 lakh claimed by DPL under O&M of Power Plant is treated separately by the Commission along with income from UI, as stipulated in the Tariff Regulations.

4.9.11 The Commission further notes that certain expenses like, provisions recognised in Audited Financial Statement for 'Obsolesce of Store & Spare' at Rs. 415.01 lakh, and 'Bad and doubtful advance' at Rs. 101.25 lakh, are claimed under A&G Expenses of Power Plant. These expenses are not considered by the Commission as A&G Expenses of O&M expenses of Power Plant. Thus, the O&M Expenses of Power Plant excluding SD and CWS comes as follows:

Table 4.16: O&M Expenses of Power Plant excluding SD and CWS

(Rs lakh)

Sl. No	Particulars	Unit 7	Unit 8	Total
A	**Claim of DPL as recomputed**	2759.19	2253.74	5012.93
B	**Non-Admissible Expenses of A&G**			
C	UI Charges paid to SLDC	50.71	58.41	109.12
D	Obsolescence of Store & Spare provided for	192.87	222.14	415.01
E	Bad and doubtful advances provided for	47.05	54.20	101.25
F	**Actual O&M Expenses of Power Plant [A-(C:E)]**	2468.56	1918.99	**4387.55**

4.9.12 On claim of proportioned 'Management and administrative' or A&G expense of Service Department and Central Workshop, DPL has submitted in the following in the instant APR petition:

Being a multifunctional company, DPL over the period was allowed to claim apportioned expenditure of Service Department (used to cater common services related to HR&A, Finance, Medical, Security & IT services etc.) and Central Workshop (used to cater services for power plant, COGP, Water works etc) towards Power Business. Such apportioned cost was admitted by Commission based on certification of cost auditor as per directives of WBERC. As there was no provision in the regulation for allowance of such expenditure under O&M expenses of Generation function, such expenditure was admitted by Commission under the head of 'Other Administrative and General Charges' within Distribution expenses over the years. With the closure of Coke Oven, the apportionment of such services towards Power business has changed from 63.04% to 96.32% for Service Department and from 17% to 90% for Central Workshop as per report of Cost Auditor (Copy enclosed). At the time of submission of MYT as GENCO, DPL could not claim projected expenses under such head within O&M expenses.

4.9.13 Apportioned Director's Fee claimed under A&G of Service Department is already treated under Employee Cost of Centrally Maintained Expenses. Further, the Commission admits apportion ratio of SD at 96.32% and that of CWS at 90.0% on Power Plant as per the audited Financial Statements for the year 2020 – 21.

4.9.14 The Commission notes that, all non-employee costs of SD and CWS are claimed by DPL on Power Plant after apportioning at 96.32% for SD and 90.00% for CWS. However, as per Audited Financial Statement in page 161 and 168 of Volume 2 of the APR petition, the Non-Employee expenses of CWS at Rs. 31.70 lakh is 0.35% of total expenses of SD at Rs. 9415.85 lakh which includes expenses of employee cost of SD. Thus, 96.32% of the employee costs of SD is claimed under employee cost of centrally maintained expenses and again 0.35% of employee costs of SD is claimed under A&G expenses of CWS. Thus, the Commission determines Rs. 11.65 lakh as Non-Employee or A&G expense of CWS instead of Rs. 31.70 lakh. The determination is shown as follows:

Table 4.17: **Derivation of Non-Employee Expenses of CWS**

(Rs. Lakh)

Particulars	As per DPL	As determined by the Commission
Employee Expenses of Service Department	*6073.18*	
Non Employee Expenses of Service Department	*3342.67*	*3329.92*
Total Expenses of Service Department	*9415.85*	

Particulars	As per DPL	As determined by the Commission
Expenses of Service Department Net of Income [p168]	*9056.94*	
Allocation to CWS in %	*0.35%*	*0.35%*
Allocation to CWS in Rs. Lakh	*31.70*	**11.65**
Rs. 3329.92 lakh = Rs. 3342.67 lakh – Rs. 12.75 lakh on Director's Fee		

4.9.15 Thus, Rs. 20.05 lakh (Rs. 31.70 lakh – Rs. 11.65 lakh) is disallowed as expenses of CWS. The apportioned disallowance on Power Plant comes Rs. 18.05 lakh (90.00% of Rs. 20.05 lakh) which is apportioned between Unit 7 and Unit 8 at Rs. 9.85 lakh and Rs, 8.20 lakh based on installed capacity. The derivation is shown below:

Table 4.18: Apportionment of disallowed expenses of CWS

(Rs lakh)

Sl. No.	Particulars	Amount
A	Disallowed Expenses of CWS	20.05
B	Allocation % of CWS on Power Plant	90%
C	Disallowed Expenses of CWS after apportionment [A x B]	18.05
D	Apportioned disallow from Unit 7 [C x 300 MW / (300 MW + 250 MW)]	9.85
E	Apportioned disallow from Unit 8 [C x 250 MW / (300 MW + 250 MW)]	8.20

4.9.16 Therefore, the actual apportioned A&G expenses of SD&CWS on Power Plant comes as follows:

Table 4.19: Actual A&G Expenses of SD and CWS

(Rs. Lakh)

Particulars	Unit 7	Unit 8	Total
Revised Claim of DPL	1764.53	1471.37	3235.90
Disallowance for CWS	9.85	8.20	18.05
Actual A&G Expenses of SD and CWS	1754.68	1463.17	3217.85

4.9.17 Summarizing the above, the revised claim of DPL vis-à-vis the actual expenses as per the Commission comes as follows:

Table 4.20: Claim of DPL vis-à-vis the actual expenses as per the Commission

(Rs. Lakh)

Sl. No.	Unit No.	Claim			Actual expenses		
		O&M of Power Plant	Apportioned A&G of SD&CWS	Total	O&M for Power Plant	Apportioned A&G of SD&CWS	Total
1	Unit-7	2759.19	1764.53	4523.72	2468.56	1754.68	**4223.24**
2	Unit-8	2253.74	1471.37	3725.11	1918.99	1463.17	**3382.16**
	TOTAL	5012.93	3235.90	8248.83	4387.55	3217.85	**7605.40**

4.9.18 The Commission in the Tariff Order for the year 2020 – 21 had determined the norms of O&M expenses for Unit 7 and Unit 8 as Rs. 9.25 Lakh/MW and Rs. 6.82 Lakh/MW respectively. The O&M expenses are categorised as controllable. The Commission decides to allow O&M expenses in accordance with the norms specified the Tariff Order.

Table 4.21: O&M expenses for FY 2020-21 (Rs. Lakh)

Sl. No.	Unit No.	Capacity (MW)	O&M Norms in Tariff Order (Lakh/MW)	Admitted in Tariff Order	Claimed in APR	Expenses in APR	Admitted
A	B	C	D	E=C x D	F	G	G=Min(E,G)
1	Unit 7	300	9.25	2775.00	4523.72	4223.24	2775.00
2	Unit 8	250	6.82	1705.00	3725.11	3382.16	1705.00
3	**Total**			4480.00	8248.83	7605.40	**4480.00**

4.10 Insurance

DPL has claimed Rs. 50.67 lakh (Rs. 23.55 lakh for Unit 7 and Rs. 27.12 for Unit 8) for insurance of power business in APR petition. DPL in reply dated 06.02.2026 and 14.11.2024 has submitted supporting documents to substantiate that the insurance company was awarded after transparent bidding. The Commission has noted that Rs. 50.67 lakh is expense of DPL as per Note 18 of the Audited Financial Statement for the year 2020 – 21. Therefore, the Commission admits Rs. 50.67 lakh for insurance of power business.

4.11 Rates and Taxes

In terms of Tariff Regulations, rates and taxes are recognized as separate items and categorized the same as uncontrollable. DPL did not claim any amount under this head in tariff petition. However, an amount of Rs. 27.57 Lakh (Rs. 12.81 lakh for Unit No 7 and Rs. 14.76 lakh for Unit No 8) under the head is claimed in APR petition.

The Commission notes that the amount of Rs. 27.57 lakh is reflected under 'Other Expenses' in Note 18 of Audited Financial Statement of DPL for the year 2020 – 21. In reply dated 06.02.2026, DPL has provided break-up of the claimed amount of Rs. 27.57 lakh. The Commission finds that apart from Rs. 18.72 lakh paid for municipal tax, rest are in the nature of 'License and Registration Fees'. The Commission has already considered 'License and Registration Fees' as part of A&G expenses under Operation and Maintenance Expenses. Accordingly, The Commission admits Rs. 18.72 Lakh as 'Rates and Taxes' and allocated the same to Unit No 7 and Unit No 8 as per unit wise claim.

Further, as discussed in previous paragraphs, Rs. 8.56 lakh for application/petition Filing Fees, claimed by DPL under O&M Expenses of Power Plant is considered by the Commission under Rates & Taxes instead of O&M Expenses. Such Filing Fees is allocated to Unit 7 and 8 at Rs. 4.67 lakh and Rs. 3.89 lakh respectively on the basis of installed capacity.

Therefore, the admissible Rates & Taxes comes as under:

Table 4.22: Admissible Rates & Taxes

(Rs. Lakh)

Unit	Claim in E(b)	'License and Registration Fees' treated under A&G	Rates & Taxes Claimed	Filing Fees Claimed in O&M	Total Rates & Taxes
A	B	C=D-B	D	E	F=D+E
Unit 7	12.81	4.11	8.70	4.67	13.37
Unit 8	14.76	4.74	10.02	3.89	13.91
Total	27.57	8.85	18.72	8.56	27.28

4.12 Depreciation

4.12.1 The Commission, in the Tariff Order, had approved the depreciation of Rs. 11459.38 Lakh. As against the same, DPL has claimed the depreciation of Rs. 12376.66 Lakh.

4.12.2 The Commission, in paragraph 4.8.3 of the Tariff Order, allowed the depreciation for seventh control period for Unit 7 and Unit 8 at Rs. 4851.07 lakh and Rs. 6608.31 lakh respectively, considering 5% reduction of provisional project cost of Units 7 and 8 in absence of final project cost petitions of DPL as mentioned in paragraphs 4.2.1 and 4.2.2 of the Tariff Order.

4.12.3 The Commission notes that the claim of DPL in APR of FY 2020-21 is significantly more than the admitted amount in Tariff Order of FY 2020-21. As approval of Final Project cost of Unit 8 of DPL is still pending, the Commission finds it prudent to approve Depreciation at the rate of 3.60% (average rate of depreciation in Tariff Regulations) on provisional project cost of Rs.

169969 lakh for Unit 8 excluding Unit 8 part of Common Asset. 5% of the admissible depreciation is further withheld on pendency of Unit 8 final project cost order. Thus, depreciation for Unit 8 excluding Unit 8 part of Common Asset comes Rs. 5812.94 lakh (Rs 169969 lakh x 3.6% x 95%). Any adjustment in regard to final Project cost of the same would be taken subsequently.

4.12.4 For Unit 7, including Unit 8 part of Common Asset, DPL has claimed Depreciation of Rs. 5318.55 lakh for asset of Rs. 147249.96 lakh. Thus, the weighted average rate of Depreciation comes 3.61% (Rs. 5318.55 lakh ÷ Rs. 147249.96 lakh). For the year 2020 – 21, the admitted assets are Rs. 124457.64 lakh for Unit 7 excluding Unit part of Common Asset and Rs. 8754.87 lakh for Unit 8 part of common asset, as shown in paragraph 4.3 of this order. Depreciation for these two assets are determined applying Depreciation rate @3.61% as shown below:

Table 4.23: Depreciation for Unit 7 and Unit 8 part of Common Asset

(Rs. Lakh)

Particulars	Asset Admitted	Rate of Depreciation	Admissible Depreciation
Unit 7	124457.64	3.61%	4492.92
Unit 8 part of Common Asset	8754.87	3.61%	316.05

4.12.5 Thus, the Depreciation for Unit 7 and Unit 8 come as below:

Table 4.24: Depreciation for FY 2020-21 (Rs. Lakh)

Sl. No.	Particulars	Approved in Tariff Order	Claimed in APR	Admitted
1	Unit 7	4851.07	5318.55	4492.92
2	Unit 8	6608.31	7058.11	6128.99
3	**Total**	11459.38	12376.66	10621.91
Rs. 6128.99 lakh= Rs. 5812.94 lakh + Rs. 316.05 lakh				

4.13 Advance Against Depreciation

DPL has claimed Rs. 8383.08 lakh as Advance Against Depreciation (AAD) for Unit 8. The Commission does not admit any amount under this head since Repayment of loan is less than Depreciation admitted.

4.14 Interest on Borrowed Capital

4.14.1 The Commission, in the Tariff Order, had approved the interest on borrowed capital at Rs. 19633.29 Lakh. As against the same, DPL has claimed the interest on borrowed capital at Rs. 31775.42 Lakh as below:

Table 4.25: Interest on borrowed capital claimed by DPL

(Rs. Lakh)

Sl. No.	Description	Amount
A	Interest on PFCL Loan for Unit 7 and Unit 8 (50471001)	30000.17
B	Interest on Loan for Power Plant business from Govt. of WB	1769.25
C	TOTAL	31775.42

4.14.2 DPL in the APR petition submits that in addition to borrowings from M/s. PFCL, there are borrowings from Govt. of West Bengal given specifically for its power business. This is also stated by DPL that, in Profit & Loss Account of the Power Business of Audited Financial Statement for 2020-21, interest of Rs. 32700.25 lakh is charged. This is clarified by DPL in the petition that, as per direction of the Commission, interest component of Rs. 195.36 Lakh on Loans from Central Electricity Authority included in Rs. 32700.25 lakh of Audited Financial Statement, is not claimed by DPL in APR. Thus, claim of DPL under this head, which does not include any component of interest on working capital loan, arrives at Rs. 31775.42 Lakh as below:

Table 4.26: Interest recognised in Audited Financial Statement and claimed by DPL

(Rs. Lakh)

Sl. No.	Description of loan	Interest in Audited Financial Statement	Interest claimed in APR
A	PFCL Loan	30006.17	30006.17
B	Govt. of West Bengal Loan	1769.25	1769.25
C	CEA Loan	195.36	
D	West Bengal State Co-Operative Bank	729.48	
E	TOTAL	32700.25	**31775.42**

Interest on loan from Government of West Bengal:

4.14.3 DPL has claimed interest on loan from Government of West Bengal as follows:

Table 4.27: **Details of loan from Govt. of WB Loan and corresponding interest as per the allocation statement submitted by DPL**

(Rs. Lakh)

Sl. No.	Details of loan from Govt. of WB Loan as per the allocation statement submitted by DPL	Loan	Interest for Power Plant
1	Loan for RUM & LEP(VI)	2300.00	265.54
2	Plan Loan	1550.00	52.44
3	Non-Plan Loan	6348.57	270.91
4	Loan Bond	1125.00	41.11
5	Recycling of Waste Water and Augmentation of Dry Ash – DPPS	250.00	28.75
6	Loan for T&D System	600.00	63.00
7	Loan for Repayment of Coal Dues and PFCL	8500.00	1047.50
8	**Total (Sum of 1 to 7)**	**20673.57**	**1769.25**
9	Govt. of WB Loan considered in Form C	28988.11	
10	**Difference (9 – 8)**	**8314.54**	

4.14.4 The interest on loan from Government of West Bengal is dealt in paragraph 4.9.5 of the Tariff Order. This is recorded in the Tariff Order that DPL had been claiming the interest on GoWB Loans under Distribution business in the past and the Commission had accordingly allowed the same.

4.14.5 Following was also recorded in paragraph 4.9.5 (c) of the Tariff Order as reproduced below:

It was observed that in Part II of their petition for sixth control period DPL had claimed the entire interest on the GoWB Loans against Unit VI. DPL had not submitted any reason for considering this interest under Unit VI. Moreover, DPL had submitted that Unit VI has to be treated as decommissioned w.e.f. 01.04.2019. Hence, they were directed to submit the details of loan availed from GoWB, interest paid to GoWB, repayment schedule, reasons for non-payment, if any, highlighting the reasons for failing to make timely servicing of loans (principal repayment and payment of interest) vis-a vis provisions under the restructuring scheme and then prefer the claim having a valid support of the actions taken on the above points. The copies of all correspondences made with GoWB, the loan document (Sanction orders of the GoWB) underlying the terms and conditions of payment and agenda notes with resolution of the Board of DPL, if any, may be annexed to such submission. The amount of interest admitted by the Commission in respective APR orders so far issued may also be mentioned. Such submission was directed to be preferred in the APR application for the years 2018 – 2019 & 2019-20 for examination by the Commission before finalizing the issue along with their APR Petition.

4.14.6 Based on the statement showing sanction order wise details of the said loans and an allocation statement to Power Plant for interest on Government Loans for the year 2019-20, the Commission admitted interest on such loan in paragraph 4.9.6 of the Tariff Order except interest on loan for the purpose of repayment of dues which was not elaborated. However, DPL was directed to submit the details as sought for in the Tariff Order dated 13.11.2020 and highlighted in Paragraph 4.9.5 (c) above along with its APR Petition for the respective years for examination by the Commission before finalizing the issue along with their APR Petition.

4.14.7 However, such details are not furnished by DPL for examination of the Commission. Further, from the audited Financial statements of DPL relating to Service Department, Note 3(a) provides that a sum of Rs. 39,169.32 lakh is recognized as loan from Govt. of West Bengal. The same amount of Rs. 39,169.32 lakh stands recorded in Note 3(a) of the consolidated Financial Statement of DPL. This implies that no loan from Govt. of West Bengal relates to the Power Plant. This is also evident from the audited Financial statements of Power Plant wherein at Note 3(a), the loans which stands guaranteed by Govt. of West Bengal is recorded as nil in respect of Unit 7 & 8. Hence, the Commission finds no reason to admit interest claimed at Rs. 1769.25 lakh for loan from Govt. of West Bengal.

Interest on capital borrowings from Power Finance Corporation Ltd (PFCL)

4.14.8 On perusal of the submissions of DPL in the petition on loan from PFCL, it is observed by the Commission that, Opening Loan of Unit 8 for the year 2020 – 21 is mentioned as Rs. 209784.17 lakh in Form C of APR petition for the year 20-21 [page 58 of Volume 1 of APR petition], whereas in Form C of APR 19-20 [page 56 of Volume 1 of APR petition 19 – 20], Closing Loan is Rs. 212555 lakh.

4.14.9 DPL in reply dated 27.03.2026 clarified that it availed loan from PFCL (Loan No. 50471001) for Unit-7 and Unit-8 on a consolidated basis but there was an inadvertent error while submitting Form C for FY 2019-20, wherein the actual repayment of Rs. 2,770.83 Lakhs made during FY 2019-20 was not reflected. It is further submitted by DPL that, the actual Opening Loan Balance of PFCL (Loan No. 50471001) stands at Rs. 2,66,229.17 lakh for FY 2020-21, as per the Audited Financial Statements for FY 2020-21. The detailed reconciliation of the same, based on the Audited Financial Statement of the DPL for FY 2020-21, as per DPL, is provided as follows:

Table 4.28: PFCL consolidated Loan status provided by DPL

(Rs. Lakh)

Sl. No.	*Particulars*	*For FY 2019-20*	*For FY 2020-21*
1	*Opening Loan Balance (Unit – 7&8)*	*269000.00*	*266229.17*
2	*Fresh addition during the Year*	*-*	*12625.81*
3	*Repayment during the Year*	*2770.83*	*19541.67*
4	*Closing Loan Balance (Unit – 7&8)*	*266229.17*	*259313.31*

4.14.10 The Commission derives 11.42% as the average rate of interest for loan from PFCL from Form C of the APR petition as shown below:

Table 4.29: Derivation of Rate of Interest from Form C submitted by DPL

(Rs. Lakh)

Particulars	Unit 7	Unit 8	TOTAL
Opening Loan Balance (Unit – 7&8)	56445	209784.17	266229.17
Repayment during the Year	4100.48	15441.19	19541.67
Fresh addition during the Year	2649.31	9976.5	12625.81
Closing Loan Balance (Unit – 7&8)	54993.83	204319.48	259313.31
Average *Loan Balance (Unit – 7&8)*	55719.42	207051.83	262771.25
Interest	6296.28	23709.89	30006.17
Rate of Interest [Rs. 30006.17 lakh / Rs. 262771.25 lakh]			**11.42%**

4.14.11 The Commission further notes that, the Fresh Addition of Loan during the year at Rs. 19541.67 lakh is Interest on Interest due. The rate of Interest on different component of loans are as follows:

Table 4.30: Rate of Interest on different loans (Rs lakh)

Description of Loan	Loan Amount (Rs. Lakh)	Rate of Interest
Portion of Loan from PFCL before 31.03.2018	263229.17	11.15%
Portion of Loan from PFCL after 31.03.2018	3000.00	11.40%
Fresh Addition of Loan during the year	19541.67	11.67%

4.14.12 As discussed in paragraph 4.9.2 and 4.9.3 of the Tariff Order, DPL claimed opening loan of PFCL for the year 2019 – 20 and 2020 – 21 at Rs. 269000.00 lakh and Rs. 266229.20 lakh respectively. The break-up of Rs. 269000.00 lakh are as follows:

Table 4.31: Break-up of loan amount as on 31.03.2019 mentioned in MYT Order

(Rs. lakh)

Particulars	*Claim in MYT*

Particulars	Claim in MYT
Unit 7	**40334**
Unit 8	**1,52449**
T&D	**10942**
Sub-total	**2,03725**
FITL (Funded Interest Term Loan)	
Unit 7	11244
Unit 8	41802
Unit 8	2479
Sub-total	**55525**
Buyer's Line of Credit *(For Conveyor Belt Project & Insurance Spares for Unit 8)*	**4250**
Interest from 15 Jan 2018 to 14 Feb 2018	**2500**
Total	**2,66000**
Further Loan from PFCL after 31.03.2018	**3000**
Grand Total as on 31.03.2019	**269000**

4.14.13 In the Tariff Order, the Commission did not consider loan of Rs. 55525 lakh pertaining to the Funded Interest Term Loan (FITL) included in the restructured loan of PFCL. Further drawal of Rs 3000.00 lakh from PFCL during Nov/Dec 2018 after restructuring of the Loan form PFCL was also not considered in absence of documents supporting the claim that the same was for investment in Generation business. This was also recorded in the Tariff Order that DPL had stated in the tariff petition that the repayment schedule of 96 EMI's will include repayment of FITL. This was also mentioned in the Tariff Order that the segregation of loan considered by DPL Unit 7 & Unit 8 is resulting in the servicing of amount beyond the admitted provisional Project Cost for Unit 8.

4.14.14 In paragraph 4.9.4 of the Tariff Order, DPL was directed to submit some details regarding FITL loan of Rs 55525 lakh as well as the amount of interest admitted by the Commission in respective APR orders so far issued, for examination by the Commission before finalizing the issue of Funded Interest Term Loan.

4.14.15 DPL has not submitted the compliance to the above stated directive of the Commission. Therefore, the Commission in this order has not considered the portion of loan pertaining to FITL (Rs. 55525 lakh) as well as Loan of Rs. 3000 lakh from PFCL after 31.03.2018, included in the restructured loan of PFCL. Thus, the Opening and Closing Loan of 2019 – 20 is determined as below:

Table 4.32: Opening and Closing Loan of 2019 – 20 as recomputed

(Rs. Lakh)

Description	Derivation	Unit - 7	Unit - 8	Total
Opening Loan as on 01.04.2019 as per DPL	A	56445.00	212555.00	269000.00
Less: Loan from PFCL after 31.03.2018 disallowed	B	0.00	3000.00	3000.00
	C=A-B	56445.00	209555.00	266000.00
Less: FITL Portion of PFCL Loan (Rs. 55525 Lakh) disallowed by WBERC	D	11244.00	44281.00	55525.00
Admissible Opening Loan of 2019 – 20	E= A - B - D	45201.00	165274.00	210475.00
Fresh drawl during the year as per Audited Financial Statement	F	0.00	0.00	0.00
Total Repayment during 2019-20 (as per cash flow statement) #	G	587.97	2182.86	2770.83
Proportionate Repayment of Admissible Loan	H = G * E/C	470.85	1721.61	2168.00
Admissible Closing Loan of 2019 – 20	I = E - H	44730.15	163552.39	208282.54
Note (#): Unit wise apportionment of Repayment of Rs. 2770.83 lakh is done on the basis of unit wise Opening Loan claimed by DPL Less Rs. 3000 lakh				

4.14.16 For the year 2020 – 21, no fresh drawal of loan is admitted since no asset for Unit 7 and 8 are admitted. Since Loan of Rs. 3000 lakh and fresh Addition of Loan during the year at Rs. 19541.67 lakh are not admitted, corresponding rate of interest at 11.40% and 11.67% are not considered. Therefore, rate of interest on Borrowed Capital is considered at 11.15%. Aaccordingly, admissible interest for 2020-21, is determined as shown in following table:

Table 4.33: Admissible Interest on Borrowing for 2020-21

(Rs. Lakh)

Description	Derivation	Unit - 7	Unit - 8	Total
Original Loan Amount as on 31.03.2018	A	56445.00	209555.00	266000.00
Admitted Opening Loan for 2020-21	B	44730.15	163552.39	208282.54
Total Repayment during the year [Form C]	C	4100.48	15441.19	19542.00#
Admissible Fresh Drawal of Loan during the year	D	0.00	0.00	0.00
Admissible Repayment	E = Cx(B/A)	3249.45	12051.46	15301.72
Admitted Closing Loan	F = B - E	41480.70	151500.93	192981.63
Average Loan for 2020-21	G = (B + F)/2	43105.43	157526.66	200632.09
Admissible Rate of Interest	H	11.15%	11.15%	11.15%
Admissible Interest	I = G * H	4806.26	17564.22	22370.48
Interest withheld for Unit - 8 (@ 5% of admissible interest)	J = 5% of I	0.00	878.21	878.21
Interest Admitted	**K = I - J**	**4806.26**	**16686.01**	**21492.27**

 # Rounded off to next decimal

4.14.17 Thus, the interest on borrowing is admitted as follows:

Table 4.34: Interest on borrowed capital for FY 2020-21 (Rs. Lakh)

Sl. No.	Particulars	Approved in Tariff Order	Claimed in APR	Admitted
1	Unit 7	5900.74	8065.53	4806.26
2	Unit 8	13732.55	23709.89	16686.01
3	**Total**	19633.29	31775.42	21492.27

4.14.18 DPL is being directed to submit necessary details, justification and documentary evidence along with next APR petition with respect to the actual interest paid together with the details of interest on FITL for examination of the Commission and further necessary action, if any.

4.15 Other Finance Charges

4.15.1 The Commission, in the Tariff Order, had approved the other finance charges of Rs. 2483.05 Lakh. As against the same, DPL has claimed the other finance charges of Rs. 2283.51 Lakh. The claimed finance charges are towards guarantee fees at Rs. 2254.55 lakh and bank charges at Rs. 28.96 lakh (Rs. 13.46 lakh for Unit No. 7 and Rs. 15.50 lakh for Unit No. 8). The Commission admits only Guarantee Commission of Rs 2254.55 lakh under the other finance charges claimed by DPL since it is not clear whether such bank charges are for cash management services or financial services.

Table 4.35: Other Finance charges for FY 2020-21 (Rs. Lakh)

Sl. No.	Particulars	Approved in Tariff Order	Claimed in APR	Bank Charges considered under A&G	Admitted
1	Unit 7	15.90	13.46	13.46	0
2	Unit 8	2467.15	2270.05	15.50	2254.55
3	**Total**	2483.05	2283.51	**28.96**	**2254.55**

4.16 Income Tax

4.16.1 The Commission, in the Tariff Order, did not admit any income tax. DPL has claimed the income tax of Rs. 2200.38 Lakh.

4.16.2 The Commission observes from the Audited Financial Statement for FY 2020-21 that no liability arises on account of income tax. Accordingly, no amount has been considered by the Commission.

Table 4.36: Income tax for FY 2020-21 (Rs. Lakh)

Sl. No.	Particulars	Approved in Tariff Order	Claimed in APR	Admitted
1	Unit 7	0.00	1196.18	0
2	Unit 8	0.00	1004.20	0
3	**Total**	0.00	2200.38	0

4.17 **Reserve for Unforeseen Exigencies**

4.17.1 The Commission, in the Tariff Order, did not admit any reserve for unforeseen exigencies. As against the same, DPL has claimed the reserve for unforeseen exigencies of Rs. 889.97 Lakh.

4.17.2 In this regard, DPL submitted as under:

a) Note 5(a) of the Audited Financial Statement for power plant, the actual GFA is Rs. 355985.42 Lakh.

b) Note 2 of the consolidated Audited Financial Statement, an amount of Rs. 889.97 Lakh has been transferred to reserve during FY 2019-20 in accordance with Regulations.

c) The details of reserve for unforeseen exigencies are as under:

Table 4.37: Details of reserve for unforeseen exigencies submitted by DPL (Rs. Lakh)

Financial Year	Opening balance	Add: transfer from P&L A/c	Add: Interest	Closing balance
2009-10	-	923.09	-	923.09
2010-11	923.09	801.56	30.76	1755.72
2011-12	1755.72	-	-	1755.72
2012-13	1755.72	1032.71	68.56	2857.02
2013-14	2857.01	529.88	44.14	3431.03
2014-15	3431.03	511.29	35.64	3977.96
2015-16	3977.96	916.06	127.35	5021.37
2016-17	5021.37	925.25	99.85	6046.48
2017-18	6046.48	930.45	-	6976.93
2018-19	6976.93	931.69	-	7908.62
2019-20	7908.62	941.80	-	8850.42

Financial Year	Opening balance	Add: transfer from P&L A/c	Add: Interest	Closing balance
2020-21	8850.42	889.97	-	9740.39

4.17.3 Regulation 5.11.1 of the Tariff Regulations specify that the generating company may provide and maintain a reserve for dealing with unforeseen exigencies up to 0.25% of the value of gross fixed assets at the beginning of the year annually and the provision made for the year will be allowed in their Aggregate Revenue Requirement subject to an overall ceiling of 5% of the value of gross fixed assets at the beginning of the year. The existing amount of contingency reserve in the books of accounts of the generating station, if any, will have to be considered while arriving at the overall ceiling as stated herein. Regulation 5.24.1 of the Tariff Regulations specify that the sum apportioned to the reserve for unforeseen exigencies shall have to be invested separately prudently. Further, Regulation 5.24.2 of the Tariff Regulations specify that the interest accrued from such investment shall be reinvested under the same reserve / fund.

4.17.4 The Commission notes that transfer to Reserve for Unforeseen Exigencies at Note-2 of the Audited Financial Statement tantamount to book adjustment owing to negative balance in Free Reserves. The corresponding investment in Fund is not perceptible in the financial statements, owing to such reasons. Therefore, the Commission does not admit any amount under this head as below:

Table 4.38: Reserve for unforeseen exigencies for FY 2020-21 (Rs. Lakh)

Sl. No.	Particulars	Approved in Tariff Order	Claimed in APR	Admitted
1	Unit 7	0.00	380.89	0.00
2	Unit 8	0.00	509.08	0.00
3	**Total**	0.00	889.97	0.00

4.18 Return on Equity

4.18.1 The Commission, in the Tariff Order, admitted Return on Equity (ROE) of Rs. 10970.12 Lakh (Rs. 5963.62 lakh for Unit 7 and Rs. 5006.50 lakh for Unit 8). As against the same, DPL has claimed the return on equity of Rs. 11547.50 Lakh (Rs. 6277.50 lakh for Unit 7 and Rs. 5270.00 lakh for Unit 8) as below:

Table 4.39: ROE approved in MYT vis-à-vis Claim in APR

(Rs. Lakh)

Particulars	Approved in Tariff Order	Claimed in APR
Unit 7	5963.62	6277.50
Unit 8	5006.50	5270.00
Total	10970.12	11547.5

4.18.2 The admitted equity base as at the year-end of FY 2019-20 has been considered as the equity base at the beginning of FY 2020-21.

4.18.3 DPL has claimed the net addition to original cost of fixed assets of Rs. 163.01 Lakh as against the nil addition approved by the Commission in the Tariff Order as under:

Table 4.40: Net addition to Fixed assets claimed by DPL (Rs. Lakh)

Sl. No.	Particulars	Approved in Tariff Order	Claimed in APR
1	Unit 7	0.00	0.00
2	Unit 8	0.00	163.51
3	**Total**	**0.00**	**163.51**

4.18.4 DPL has not submitted any justification for the claimed additional capitalization for Unit 8 in accordance with the provisions of the Tariff Regulations. Further, DPL has filed the petition for approval of final project cost of Units 8 wherein the additional capitalization could be crystallized. Therefore, no addition to original cost of fixed assets has been considered the same as approved in the Tariff Order.

4.18.5 As per the final project cost order dated 26.08.2025 for Unit 7, the equity for Unit 7 including Unit 8 part of common asset is Rs. 40500 lakh. However, as per the order, Rs. 37726.88 lakh is the equity for Unit 7 excluding Unit 8 part of common asset and Rs. 2773.12 lakh is equity for Unit 8 part of common asset. This is shown in paragraph 4.3 of this order also.

4.18.6 The final project cost order for Unit 8 is not issued by the Commission. The Commission considered Rs. 29659.04 lakh as equity of Unit 8 in APR order for the year 2019 – 20. Thus, the equity for Unit 8 including Unit 8 part of Common Asset comes Rs. 32432.16 lakh (Rs. 29659.04 lakh + Rs. Rs. 2773.12 lakh).

4.18.7 In accordance with the Tariff Regulations, return on equity base is allowable @15.5% on generating assets. Further, 5% of the admissible return on equity has been withheld for Unit 8.

Table 4.41: Return on equity for FY 2020-21 (Rs lakh)

Sl. No.	Particulars	Admitted		
		Unit 7	Unit 8	Total
1	Actual equity base at the beginning of the year	37726.88	36773.12	74500.00
2	Admissible equity base at the beginning of the year	37726.88	32432.16	70159.04
3	Actual addition/deletion to equity base during the year	0.00	0.00	0.00
4	Net addition to original cost of fixed assets during the year	0.00	0.00	0.00
5	Normative addition to equity base (30% of 4)	0.00	0.00	0.00
6	Addition to equity base considered for the year (lower of 3 and 5)	0.00	0.00	0.00
7	Admissible equity base at the closing of the year (2+6)	37726.88	32432.16	70159.04
8	Average admissible equity base for allowing returns	37726.88	32432.16	70159.04
9	Rate of Return	15.50%	15.50%	
10	Allowable Return	5847.67	5026.98	10874.65

4.18.8 However, for Unit 8 excluding Common Asset, 5% is deducted since final project cost order is not issued by the Commission which is shown below:

Table 4.42: ROE of Unit 8 including Common Asset

(Rs. Lakh)

Sl. No.	Description	Amount
A	Allowable ROE of Unit 8 including Common Asset	5026.98
B	Equity of Unit 8 including Common Asset	32432.16
C	Equity of Unit 8 excluding Common Asset	29659.04
D	Allowable ROE of Unit 8 excluding Common Asset [AxC/B]	4597.15
E	5% of above [5% of D]	229.86
F	Admitted ROE of Unit 8 including Common Asset [A-E]	4797.12

4.18.9 Thus, the unit wise ROE is admitted as below:

Table 4.43: Return on equity for FY 2020-21 (Rs. Lakh)

Sl. No.	Particulars	Approved in Tariff Order	Claimed in APR	Admitted
1	Unit 7	5963.62	6277.50	5847.67
2	Unit 8	5006.50	5270.00	4797.12
3	**Total**	10970.12	11547.5	**10644.79**

4.19 **Rebate**

DPL has claimed Rs 1798.99 lakh (Rs. 836.05 for Unit 7 and Rs. 962.94 lakh for Unit 8) for rebate on sale of electricity. The Commission notes that the claim aligns with the amount recognised at Note 18 of the Audited Financial Statement of DPL for the year 2020 – 21 and the revenue from sale of electricity in Audited Financial Statement in this petition and Audited Financial Statement is not net of such rebate. Therefore, the Commission admits Rs. 1798.99 lakh for rebate on sale of electricity as expenditure.

4.20 **Interest on Working Capital**

4.20.1 The Commission, in the Tariff Order, had approved the interest on working capital of Rs. 967.08 Lakh. As against the same, DPL has claimed the interest on working capital of Rs. 2170.49 Lakh.

4.20.2 In terms of Regulation 5.6.5.1 of the Tariff Regulation, working capital requirement shall be assessed on normative basis @ 18% on the base amount derived by summation of annual fixed charges and fuel and power purchase cost reduced by the elements of ARR determined viz., depreciation, return on equity, bad debts and reserve for unforeseen exigencies. However, the above assessment of requirement of working capital would be 10% instead of 18% on the base amount since DPL has already introduced Monthly Variable Cost Adjustment / Monthly Fuel Cost Adjustment for recovery of monthly variation in variable cost. Further, in accordance with Regulation 5.6.5.2, during APR for the concerned year, interest on working capital will be allowed on the amount so assessed on normative basis or the actual amount of interest paid, whichever is less. The yearly Marginal Cost of Lending Rates (MCLR) of the State Bank of India as on 1st April, 2020 was 7.75%. This Commission thus has considered normative Interest on working capital at the rate of 11.25 % (7.75% + 3.50 %) for interest calculation for the year 2020 – 21 as per regulation 5.6.5.2 of Tariff Regulations and suo-motu order of this Commission dated April 6, 2022 in Case No SM-30/21-22. Hence, The Interest on working capital on normative basis is computed below:

Table 4.44: Interest on Working Capital for FY 2020-21 (Rs lakh)

Sl. No.	Particulars	Allowable		
		Unit 7	Unit 8	Total
1	Annual Fixed Charges including interest on working capital	25577.47	39229.88	64807.35
2	Fuel cost as admitted	27970.94	34086.71	62057.65
3	Sub-total	**53548.41**	**73316.59**	**126865.00**
	Less:			
4	Depreciation	4492.92	6128.99	10621.91
5	RoE	5847.67	4797.12	10644.79

Sl. No.	Particulars	Allowable		
		Unit 7	Unit 8	Total
6	Reserve for unforeseen exigencies	0.00	0.00	0.00
7	**Sub-total**	**10340.59**	**10926.11**	**21266.70**
8	Allowable charges for working capital	43207.82	62390.48	105598.30
9	Normative requirement of working capital [10% of 8]	4320.78	6239.05	10559.83
10	Interest rate (SBI 1Y MCLR of 7.75% + 3.5%)	11.25%	11.25%	
11	**Normative Interest on working capital**	**486.09**	**701.89**	**1187.98**

4.20.3 As per Form C submitted by DPL, the actual interest on working capital is Rs. 1748.12 Lakh. Therefore, the interest on working capital has been admitted as Rs. 1187.98 Lakh in APR.

Table 4.45: Interest on working capital for FY 2020-21 (Rs. Lakh)

Sl. No.	Particulars	Approved in Tariff Order	Claimed in APR	Admitted
1	Unit 7	472.60	877.63	486.09
2	Unit 8	494.48	1292.86	701.89
3	**Total**	967.08	2170.49	1187.98

4.21 Income from Other Sources

4.21.1 The Commission, in the Tariff Order, had admitted income from other sources of Rs. 1765.43 Lakh. As against the same, DPL has claimed the income from other sources at Rs. 1582.26 Lakh (Rs. 735.33 lakh for Unit 7 + Rs. 846.93 lakh for Unit 8) in Form 1.26 as follows:

Table 4.46: Other Income claimed by DPL

(Rs. Lakh)

Particulars	Unit 7	Unit 8	Total
Sale of Fly Ash	*551.58*	*635.28*	*1186.86*
Other Misc. Income	*18.73*	*21.58*	*40.31*
Hospital Receipts	*0.32*	*0.37*	*0.69*
Penalty & Delay Fine	*3.5*	*4.02*	*7.52*
Excess Provision written back	*3.95*	*4.54*	*8.49*
Vehicle receipt	*5.99*	*6.9*	*12.89*
Sale of Tender Papers	*0.37*	*0.43*	*0.8*
Rent & Allied Charges	*57.53*	*66.26*	*123.79*
Interest on Deposit	*86.93*	*100.12*	*187.05*

Particulars	Unit 7	Unit 8	Total
Sale of Scrap	0.48	0.56	1.04
Other general receipts arising from and ancillary or incidental to the business of electricity	5.96	6.86	12.82
TOTAL	735.33	846.93	1582.26

4.21.2 The Commission notes from Audited Financial Statement of Power Plant, Service Department and Central Workshop that Incomes from Service Department and Central Workshop are included in Other Income after apportionment at 96.32% and 90.00% for Service Department and Central Workshop respectively.

4.21.3 The Commission also notes that Other Income claimed by DPL includes 'Sale of Fly Ash' at Rs. 1186.86 lakh (Rs. 551.58 lakh for Unit 7 + Rs. 635.28 lakh for Unit 8). DPL in reply dated 16.03.2026 has confirmed that sale proceeds from Sale of Fly Ash for the year 2020 – 21 is not adjusted with the Ash Handling and Ash Evacuation Cost. However, DPL submitted that, the company changed the accounting policy from FY 2022-23 for accounting of sale of fly ash and accounted for the amount so collected net of expenses for the year 2022-23 under "Fly Ash Utilization Reserve Fund" in accordance with guideline issued by MOE&F dated 3.11.2009.

4.21.4 The Commission notes that due to statutory directions of the Ministry of Environment, Forest and Climate Change (MoEF&CC), GoI, vide Notification dated 14.9.1999 (and its amendments dated 27.8.2003, 3.11.2009 and 25.1.2016), the fly ash generated during the course of operation of coal power plants, is required to be utilized under various designated modes. In terms of the MoEF&CC notification dated 25.1.2016, the revenue generated from sale of fly ash, shall be first adjusted towards the ash transportation charges of the plant and the balance shall be recovered from the beneficiaries. Further, as per the MOEF&CC notification, revenue generated from fly Ash sales is required to be maintained in a separate account. DPL was required to maintain the revenue generated from fly ash in a separate account. The relevant portion of the MoEF&CC Notifications dated 3.11.2009 and 25.1.2016 are extracted as under:

Notification dated 3.11.2009

"6. The amount collected from sale of fly ash and fly ash based products by coal and/or lignite based thermal power stations or their subsidiary or sister concern unit, as applicable should be kept in separate account head and shall be utilized only for development of infrastructure facilities, promotion of and facilitation activities for use of fly ash until 100 percent fly ash utilization level is achieved; thereafter as long as 100 % fly ash utilization

levels are maintained, the thermal power station would be free to utilize the amount collected for other development programmes also and in case, there is a reduction in fly ash utilization levels in the subsequent year(s), the use of financial return from fly ash shall get restricted to development of infrastructure or facilities and promotion or facilitation activities for fly ash utilization until 100 percent fly ash utilization level is again achieved and maintained."

Notification dated 25.1.2016:

"10. The cost of transportation of ash for road construction projects or for manufacturing of ash based products or use as soil conditioner in agriculture activity within a radius of hundred kilometres from a coal or lignite based thermal power plant shall be borne by such coal or lignite based thermal power plant and the cost of transportation beyond the radius of hundred kilometres and up to three hundred kilometres shall be shared equally between the user and the coal or lignite based thermal power plant."

Since DPL has not maintained a separate Fly Ash Utilization Reserve Fund for the year 2020 – 21, the Commission finds it prudent to consider revenue from Sale of Fly Ash as Non-Tariff income. However, DPL is directed to comply all statutory provisions regarding MOEF&CC notifications as well as other applicable statutes.

Therefore, the Commission admits the income from other sources including revenue from sale of Fly Ash as follows:

Table 4.47: Income from other sources for FY 2020-21 (Rs. Lakh)

Sl. No.	Particulars	Approved in Tariff Order	Claimed in APR	Admitted
A	B	C	D	E
1	Unit 7	1270.32	735.33	735.33
2	Unit 8	495.11	846.93	846.93
3	**Total**	1765.43	1582.26	1582.26

4.22 Unscheduled Interchange (UI)

4.22.1 DPL in Form E(B) of the APR petition has proposed to deduct Rs. 176.62 lakh (Rs. 82.08 lakh for Unit 7 + Rs. 94.54 lakh for Unit 8) for revenue earned from Unscheduled Interchange (UI) from Gross Revenue Requirement.

4.22.2 The Commission notes that Unscheduled Interchange (UI) receivable and payable are Rs 176.62 lakh and Rs. 109.12 lakh respectively as per Note 11(b) and Note 18 of Audited Financial Statement of Power business of DPL for the year 2020 – 21. The net Unscheduled

Interchange (UI) receivable, thus, comes to Rs. 67.50 lakh (Rs 176.62 lakh - Rs. 109.12 lakh).

4.22.3 DPL claimed the payable amount of Rs. 109.12 lakh on account of UI under A&G Charges of O&M Expenses, however, the Commission has not considered it under O&M Expenses in terms of the regulation 5.17.1 of the Tariff Regulations as detailed in respective paragraph of this order.

4.22.4 As per regulation 5.17.1 of the Tariff Regulations, net UI charge receivable on actual basis shall be allowed to retain by the generating company. Therefore, the Commission does not deduct net UI charge receivable amount of Rs 67.50 lakh from Gross Revenue Requirement.

4.23 Interest Credit

4.23.1 The Commission, in the Tariff Order, had approved the interest credit of Rs. 119.91 Lakh. As against the same, DPL has claimed the interest credit of Rs. 124.85 Lakh.

4.23.2 In terms of Regulation 5.5.3 of the Tariff Regulations, where the actual amount of loan repayment in any year falls short of depreciation allowable during the year, then interest credit of such excess depreciation charges at the rate of weighted average cost of debt is admissible. Based on the admitted depreciation and admitted borrowing cost, interest credit has been worked out as follows:

Table 4.48: Determination of Interest Credit (Rs. Lakh)

Particulars	Derivation	1.1.19 to 31.3.19	2019-20	2020-21
Opening balance of excess depreciation	A=E	0.00	2981.05	12287.44
Depreciation during the year	B	2981.05	11474.39	10621.91
Cumulative Excess Depreciation	C=A+B	2981.05	14455.44	22909.35
Repayment during the year	D	0	2168.00	15301.72
Difference	E=C-D	2981.05	12287.44	7607.63
Rate of Interest	F	11.50%	11.15%	11.15%
Interest Credit for the year	G=BxF	342.82	1279.39	1184.34
Admissible Cumulative Interest Credit	H=ExF	342.82	1370.05	**848.25**

Table 4.49: Admissible Interest credit for FY 2020-21 (Rs. Lakh)

Sl. No.	Particulars	Approved in Tariff Order	Claimed in APR	Admitted
1	Unit 7	119.91	124.85	848.25
2	Unit 8	0.00	0.00	0.00
3	**Total**	119.91	124.85	**848.25**

4.24 **Fixed Charges**

4.24.1 Based on the foregoing analysis, the amount of fixed charges allowable under different heads has been shown in Annexure-4A. The fixed charge works out as below:

Table 4.50: Allowable Fixed Charges

Annual Fixed Charges (Rs lakh)		
Unit 7	Unit 8	Total
25577.47	39229.88	64807.35

4.25 **Admissibility of Capacity Charges based on Availability**

4.25.1 In terms of Regulation 6.4.2 of the Tariff Regulation, the recovery of capacity charges for generating station of DPL shall be against the normative availability. Schedule 9A of the Tariff Regulations specify the target Plant Availability Factor (PAF) for coal fired thermal generating stations.

4.25.2 Considering the facts that during FY 2020-21, the Units 7 & 8 were in operation the PAF would be 85.00% on normative basis as per Schedule 9A of the Tariff Regulations. In Form 1.1, the actual weighted average PAF in respect of DPL during FY 2020-21 is mentioned 70.53%. As per Form 1.1(a) submitted by DPL, the actual PAF of Unit 7 and 8 are mentioned as 63.91% and 98.53% respectively for the period January 2021 to March 2021 whereas for the period April 2021 to December 2021 station PAF is mentioned at 67.56% without any unit wise breakup. DPL has clarified in the petition that WBSLDC provided station wise data of resultant availability actually achieved till December 2020, therefore, unit wise data from April 2020 to December 2020 is not shown. DPL has also submitted SLDC certificates for the year 2020 – 21.

4.25.3 Plant Availability certificates provided by SLDC for the period April 2020 to December 2020, are in respect of Station (Unit 7 & 8 combined) whereas for the period January 2021 to March 2021, unit wise certificates were provided. As per the SLDC certificates for the year 2020 – 21, the actual PAF of Unit 7 and 8 are determined at 63.91% and 98.53% respectively for the period January 2021 to March 2021 but for the period April 2020 to December 2020 station PAF with Unit 7 & 8 combined comes 67.54%. The Commission finds that Unit No. 7 is in commercial operation for more than ten years as on 01.04.2020 and Unit No. 8 is in commercial operation for less than ten years as on 01.04.2020. Accordingly, the Commission finds it appropriate to consider the capacity charge of Unit No. 7 and Unit No. 8 as per formula in regulation 6.11.4 (ii) and 6.11.4 (i) respectively of Tariff Regulations. Since the formulas for recovery of fixed charges are different for Unit 7 and 8, the Commission finds it prudent to determine unit wise annual PAF for Unit 7 and 8. Considering station PAF of 67.56% for the respective months of April 2020 to December 2020, the unit wise annual PAF come to 66.65% for Unit 7 and 75.30% for Unit 8 as determined below:

Table 4.51: Plant Availability Factor (PAF) in %

Unit 7&8	Unit 7	Unit 8	Unit 7	Unit 8
Apr 20 to Dec 20	Jan 21 -MAR 21	Jan 21 -MAR 21	Annual	Annual
A	B	C	D=(Ax9+Bx3)/12	E=(Ax9+Cx3)/12
67.56%	63.91%	98.53%	**66.65%**	**75.30%**

4.25.4 The Commission now decides to deduct capacity charges to the extent of shortfall in PAF achieved by DPL during FY 2020-21. The Commission has admitted the cost under the heads of 'water charges' and 'coal and ash handling charges' considering proportionate cost on actual generation vis-à-vis target generation. Thus, the costs allowed under those heads are not considered for disallowances of capacity charges for not attaining the target PAF. The disallowance of capacity charge is as shown in the Table below:

Table 4.52: Allowable capacity charge for FY 2020-21(Rs. Lakh)

Sl. No.	Particulars	Unit 7	Unit 8	Total
A	Annual Fixed Charges at normative PAF	25577.47	39229.88	64807.35
B	Coal and ash handling expenses	85.42	98.38	183.80
C	Water Charges	648.02	746.37	1394.39
D	Annual Fixed Charges to be considered for PAF factoring	24844.03	38385.13	63229.16
E	Normative PAF	85.00%	85.00%	85.00%
F	Actual PAF	66.65%	75.30%	
G	Proportionate Capacity Charge	19480.64	36194.92	
H	Total Capacity Charge admitted	20214.08	37039.67	**57253.75**
I	Shortfall in Capacity Charge recovery (A-H)	5363.39	2190.21	7553.60
Note: For Unit 7: G=Dx F / E For Unit 8: G=D x (0.5 + 35% / E) x (F / 70%)				

4.25.5 The amount of capacity charge admitted is Rs. 57253.75 lakh for shortfall in PAF as computed in table above.

4.26 **Sharing of Gains with beneficiary**

The Commission under paragraph 3.8.16 has already determined the sharable amount of Rs. 116.80 lakh on account of gains for improved specific oil consumption for Unit No 8 subject to condition that gain is first to be compensated with the deficit in fixed charge recovery of the generating units in terms of paragraph D of Schedule – 9B of the Tariff Regulations. From the above table, it is seen that there is a deficit in fixed charge recovery of Rs 5363.39 lakh and Rs. 2190.21 lakh for Unit No. 7 and 8 respectively. Thus, the amount mentioned above are compensated with the fixed charge recovery of generating stations and no amount is shared with the licensee WBSEDCL.

Annexure-4A

SUMMARY OF FIXED CHARGE FOR FY 2020-21

(Rs. Lakh)

Sl. No.	Particulars	Approved in Tariff Order			Claimed in APR			Allowable		
		Unit 7	Unit 8	Total	Unit 7	Unit 8	Total	Unit 7	Unit 8	Total
1	Employee cost	3934.84	3281.02	7215.86	3832.95	3191.39	**7024.34**	3832.95	3191.39	**7024.34**
2	Share of employee cost of SD & CWS	1982.94	1653.46	3636.40	3313.76	2763.14	**6076.90**	3313.75	2763.14	**6076.89**
3	Ash handling expenses	232.72	193.94	426.66	85.42	98.38	**183.80**	85.42	98.38	**183.80**
4	Water Charges	570.09	475.08	1045.17	672.73	774.84	**1447.57**	648.02	746.37	**1394.39**
5	O&M of Power Plant	2775.00	1705.00	4480.00	2763.86	2257.63	**5021.49**	2775.00	1705.00	**4480.00**
6	A&G of Service Department and CWS				1764.53	1471.37	**3235.90**			
7	Insurance				23.55	27.12	**50.67**	23.55	27.12	**50.67**
8	Rates & Taxes				8.70	10.02	**18.72**	13.37	13.91	**27.28**
9	Depreciation	4851.07	6608.31	11459.38	5318.55	7058.11	**12376.66**	4492.92	6128.99	**10621.91**
10	AAD	-	3238.46	3238.46	0.00	8383.08	**8383.08**	0.00	0.00	**0.00**
11	Interest on borrowed capital	5900.74	13732.55	19633.29	8065.53	23709.89	**31775.42**	4806.26	16686.01	**21492.27**
12	Other finance charges	15.90	2467.15	2483.05	0.00	2254.55	**2254.55**	0.00	2254.55	**2254.55**
13	Income tax	0.00	0.00	0.00	1196.18	1004.20	**2200.38**	0.00	0.00	**0.00**
14	Reserve for unforeseen exigencies	0.00	0.00	0.00	380.89	509.08	**889.97**	0.00	0.00	**0.00**
15	Return on Equity	5963.62	5006.50	10970.12	6277.50	5270.00	**11547.50**	5847.67	4797.12	**10644.79**
16	Rebate				836.05	962.94	**1798.99**	836.05	962.94	**1798.99**
17	Interest on working capital	472.60	494.48	967.08	877.63	1292.86	**2170.49**	486.09	701.89	**1187.98**
18	**Sub-total**	**26699.52**	**38855.95**	**65555.47**	**35417.83**	**61038.60**	**96456.43**	**27161.05**	**40076.81**	**67237.86**
19	Less: Miscellaneous other income	1270.32	495.11	1765.43	735.33	846.93	**1582.26**	735.33	846.93	**1582.26**
20	Less: UI				0.00	0.00	**0.00**	0.00	0.00	**0.00**
21	Less: Interest Credit	119.91	0.00	119.91	124.85	0.00	**124.85**	848.25	0.00	**848.25**
22	Net amount	**25309.29**	**38360.84**	**63670.13**	**34557.65**	**60191.67**	**94749.32**	**25577.47**	**39229.88**	**64807.35**

CHAPTER – 5
AMOUNT ADJUSTABLE ON APR

5.1 Based on the foregoing analysis and admissions of the adjustments under different uncontrollable factors / elements of fixed charges and fuel cost, the re-determined allowable fixed charges as well as fuel cost of DPL for FY 2020-21 is as shown in the Table below:

Table 5.1: Aggregate Revenue Requirement for FY 2020-21 (Rs. Lakh)

Sl. No.	Particulars	Claimed	Admitted
1	Fuel Cost	70505.32	62057.65
2	Capacity Charge for Generation	94749.32	57253.75
3	Allowable Aggregate Revenue Requirement	165254.64	**119311.40**

5.2 The revenue earned by DPL from sale of power to WBSEDCL with reference to its Audited Financial Statement is Rs. 116269.10 Lakh. The Commission notes from the FCA petition that, Rs. 64906.66 lakh (Rs. 60124.13 lakh + Rs. 4782.53 lakh) including MFCA was recovered through Fuel Cost. Thus, Rs. 51362.44 lakh (Rs. 116269.10 Lakh – Rs. 64906.66 lakh) was recovered through Fixed Charges.

5.3 Based on the analysis as done in the foregoing paragraphs, the amount adjustable on the instant case of APR for FY 2020-21 works out as under:

Table 5.2: Net amount recoverable/refundable for FY 2020-21 (Rs. Lakh)

Sl. No.	Particulars	Claimed	Admitted
1	Net Revenue Requirement	165254.64	119311.40
2	Sales revenue	116269.10	116269.10
3	Net amount (+) recoverable / (-) refundable	48985.54	**3042.30**

5.4 The recoverable amount by DPL for 2020-21 works out to Rs. 3042.30 Lakh.

5.5 Carrying Cost: In terms of clause (iv) of regulation 2.6.6 of the Fourth Amendment of the Tariff Regulations, carrying cost is allowable from 01.04.2023, i.e., the date of effect of the amendment. The Commission finds that, the net recoverable amount is only due to variation of the Fixed Cost, as shown below:

Table 5.3: Over / Under Recovery from Fuel and Fixed Costs

(Rs. Lakh)

Sl. No.	Description	Revenue Break up	ARR of APR	Under (+) / Over Recovery
A	Fuel Cost recovered through Schedule Injection (FCA petition)	60124.13		
B	Fuel Cost recovered through MFCA (FCA petition)	4782.53		
C	**Fuel Cost recovered including MFCA [A+B]**	64906.66	62057.65	-2849.01
D	Sales Revenue as per audited financial Statement	116269.10		
E	Sales Revenue through Fixed Cost [D-C]	51362.44	57253.75	5891.31
F	Net Under (+) /Over Recovery			3042.30

Therefore, the Commission decides to allow Carrying Cost on above recoverable amount from 01.04.2023.

5.6 In view of the above, the Commission, in terms of regulation 2.6.6 of the Tariff Regulations, will issue a separate order for recovery of Rs. 3042.30 Lakh for the year 2020 – 21 and Carrying Cost, by DPL from WBSEDCL.

5.7 DPL is to take note of this order.

5.8 The Petitions are thus disposed of.

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

5.10 DPL shall download the copy of the order from 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/-

(DR. MALLELA VENKATESWARA RAO)

CHAIRMAN

Date: 21.05.2026

Sd/-

DEPUTY DIRECTOR, WBERC