ORDER

OF THE

WEST BENGAL ELECTRICITY REGULATORY COMMISSION

IN CASES NO.
APR-112/22 – 23 & FPPCA -117/22-23

FUEL COST ADJUSTMENT (FCA) AND ANNUAL PERFORMANCE REVIEW (APR) OF DURGAPUR PROJECTS LIMITED FOR FINANCIAL YEAR 2021-22

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 (in short 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 (in short WBSEDCL) and the West Bengal State Electricity Transmission Company Limited (in short WBSETCL) respectively with effect from 01.01.2019.

1.2. Pursuant to the 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 dated 31.12.2018 in Case No. A-6/14:

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 became a generating company with effect from 01.01.2019 from a distribution licensee with embedded thermal generation.

1.4. The Commission vide its Order dated 16.07.2021 determined the tariff for FY 2021-22 considering DPL as a 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 APR Petition along-with Fuel Cost Adjustment (FCA) Petition for FY 2021-22 considering DPL as generating station in terms of the provisions contained in the Tariff Regulations. The Commission had admitted the APR and FCA Petitions on 09.12.2022 and registered them in Case No. APR 112/22-23 & FPPCA-117/22-23 respectively.

1.6. The Annual Performance Review application on the basis of the audited annual report and accounts of DPL for FY 2021-22 with reference to the tariff order dated 16.07.2021 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 arises 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 determination of permissible annual fixed charges and variable charges, effect of gain sharing and the permissible incentives as per relevant schedules provided in the Tariff Regulations. In the APR for FY 2021-22, therefore, the review of the different elements of fixed charges, categorized as controllable and uncontrollable have 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 2021-22.

1.8. DPL is directed to publish the gist of the APR and FCA Petitions of FY 2021-22, as approved by the Commission vide letter dated 31.03.2023. Accordingly, the gist was published on 11.04.2023 in the 'Aajkal', 'The Times of India', Bartaman' and 'Sangbad Pratidin'. The publication requested for submission of suggestions and objections from the stakeholders of DPL, 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 2021-22 were also posted on the website of DPL. Opportunities were also offered to all to inspect the application and take copies thereof. In view of some typographical errors in the value of 'net fuel cost' in the gist published on 11.04.2023, DPL published a corrigendum in the same set of newspapers on 12.04.2023 after incorporating necessary corrections.

1.9. Against such gist publications of APR and FCA of DPL for FY 2021-22, objection and/or suggestions has been submitted by Bamunara Industries Welfare Association (BIWA) vide letter dated 01.05.2023.

1.10. During the course of analysis, the Commission found certain deficiencies and accordingly sought clarifications/additional information from DPL time-to-time.

1.11. The submissions of DPL and Commission's analysis on APR and FCA for FY 2021-22 are detailed in the following chapters.

CHAPTER – 2
COMMENTS, OBJECTIONS AND SUGGESTIONS

2.1 The Commission observed that Bamunara Industries Welfare Association (in short BIWA) has submitted their suggestions, objections and comments to the Commission on the applications for APR 2021-22 of DPL vide letter dated 01.05.2023. The suggestions / objections are noted in the following paragraphs.

2.1.1 **Objection:** DPL is unable to achieve the generation target set in the MYT Order and reason for the same has been attributed to poor coal quality. DPL may be directed to improve their coal supply,

2.1.2 to improve plant availability and PLF.

Commissions' views:-

The Commission, while admitting tariff for APR 2021-22 has taken into consideration the submissions of DPL and the objector. In this APR order this issue has been dealt as per the mandate of applicable Regulations and justifications in the subsequent chapter(s).

2.1.3 **Objection:** Variation of the GCV of coal between 'as billed value' and 'as received value' is quite high and causing undue increase in the variable charge of the generation. Petitioner be allowed variation of 'as received' GCV compared to its 'as billed' value not more than one grade slippage and an additional 300 kcal/Kg on a normative basis on the 15% fuel (G3 – G8 grades) for which the overall fuel cost will still be lower than the FCA claimed by the petitioner.

Commissions' views:-

The Commission has noted the objection. This issue has been dealt considering the relevant regulations and justifications in this regard in the subsequent chapter(s).

2.1.4 **Objection:** DPL has not yet submitted necessary details related to the final project cost for necessary approval of the Commission. Hence, in terms of the Regulation 2.8.1.4.13 of the Tarif) Regulations, the return on equity be restricted to the same level as that considered by the Commission in the MYT Order dated 16.07.2021.

Commissions' views:-

The Commission has noted the comments. Final project cost of Unit-7 has been approved by the Commission vide Order dated 26.08.2025 in Case No. OA – 485 / 24 – 25. Approval of the final project cost of Unit-8 is under process. Hence, the issue has been dealt as per the applicable regulations in this regard in the subsequent chapter(s).

2.1.5 **Objection:** DPL has claimed Rs. 22 Crore. as notional income tax as a part of fixed cost for FY 2021-22 though they have not paid any income tax during the year as per the books of accounts. The petitioner has not complied Regulation 5.13.1 of the Tariff Regulations. Hence, such notional income tax ought to be disallowed.

Commissions' views:-

The Commission has noted the objection. This issue has been dealt based on relevant regulations in this regard in the subsequent chapter(s).

2.1.6 **Objection:** DPL has claimed around 96.32% and 90% of the employee cost of Service Department and Central Workshop respectively in the power business, post decommissioning / closure of Coke Oven group of Plants (COGP). It is inappropriate to load such huge employee cost in power business which is a regulated business. Accordingly, employee cost of the COGP is liable to be disallowed.

Commissions' views:-

The Commission has noted the objection. This issue has been dealt with due prudence and as per the applicable regulations in the subsequent chapter(s).

2.1.7 **Objection:** DPL has claimed Rs. 268.68 Crs. in the APR petition for FY 2021-22. Admissible interest has been recomputed by the objector considering loan restructuring during FY 2021-22. It is presumed that the petitioner has not shared savings of interest due to loan restructuring with the beneficiaries in the ratio 3:1. The objector has worked out the allowable interest on loan to DPL as Rs. 133.77 Crore. during FY 2021-22.

Commissions' views:-

The Commission has noted the objection. This issue has been dealt based on relevant regulations in the subsequent chapter(s).

2.1.8 **Objection:** Petitioner has claimed Rs. 95.50 Crore. as O&M expenses in the instant APR petition for FY 2021-22 as against the approved O&M expenses of Rs. 46.59 Crs. in the Tariff Order. The said expenses have been claimed by DPL based on allocation of cost of allied departments i.e. Service Department and Central Workshop. As per the objector, no incremental expenses can be considered at this stage since the matter is sub-judice and that there is no provision in the regulations that provides for such expenditures.

Commissions' views:-

The Commission has noted the objection. This issue has been dealt based on relevant regulations and justification in the subsequent chapter(s).

2.1.9 **Objection:** As mentioned in para 4.2.1 and 4.2.2 of the MYT Order dated 16.07.2021, the petitioner has not submitted report as per regulation 2.8.1.4.13 of the Tariff Regulations 2011. Hence, the Commission had restricted the depreciation by 5% on account of non-compliance by the Petitioner towards the regulatory provisions. Similarly, the claim of depreciation in the instant petition may be allowed by the Commission subject to satisfactory compliance by the Petitioner.

Commissions' views:-

The Commission has noted the submission of the objector. Matter has been dealt based on relevant regulations and prudence in the subsequent chapter(s).

2.1.10 **Objection:** The Commission did not allow any additional reserve for contingencies in the MYT Order dated 16.07.2021 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.

Commissions' views:-

The Commission has noted the submission of the objector. Matter has been dealt based on relevant regulations and prudence based on relevant regulations and prudence in the subsequent chapter(s).

2.1.11 **Objection:** Summarising the objections / suggestions, the objector has proposed to allow Annual Fixed Cost (AFC) of Rs. 557.35 Crore and recoverable AFC of Rs. 346.93 Crore based on actual plant availability factor as against the claim of the Petitioner for Rs. 834.28 Crore and corresponding revenue gap.

Commissions' views:-

The Commission has summarily noted the submissions made by the objector. Issues has been dealt based on relevant regulations and prudence based on the relevant regulations and analysis in the subsequent chapter(s).

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 2021-22 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 instant APR period FY 2021-22 is to be ascertained by following the formula enunciated in Part-B of the Schedule - 7A of the Tariff Regulations.

3.3 Sharing of gains for coal fired thermal power stations, if any, on account of its better performances over the operating norms set under the relevant Regulations shall be as per Paragraph A of Schedule 9B of the Tariff Regulations, 2011 and amendments thereof. The operational parameters which are to be considered for such sharing of gains accrued to the generating stations are:

3.3.1 Gain sharing for better Oil Consumption rate

3.3.2 Gain sharing for better Auxiliary Consumption rate

3.3.3 Gain sharing for better Gross Station Heat Rate (SHR)

3.4 Further, in terms of Paragraph D of Schedule-9B 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 its availability falls below the norm. Thereafter, the balance if any, shall be passed on to the consumers / beneficiaries as mandated in the regulations.

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 fixed by the Commission in the Tariff Regulation(s) / Order(s) for the year 2021-22 needs to be reviewed. Such comparisons are given in the following table:

Table 3-1: Normative v/s Actual Operating Parameters

Particulars	Unit	Norms		Actual	
		Unit VII	Unit VIII	Unit VII	Unit VIII
Station Heat Rate (SHR)	kcal/kWh	2345.00	2425.00	2570.34	2532.93
Specific Oil Consumption	ml/kWh	1.00	1.00	1.23	0.561
Auxiliary Consumption	%	8.50%	9.00%	13.28%	10.25%
Transit and handling loss of Coal	%	0.50%	0.50%	0.75%	0.75%

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

3.7 As may be seen from Annexure-3A, DPL succeeded in performing better than the norms for oil consumption for the Unit No. VIII. 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 after compensating the deficit in fixed charge recovery of own generating stations 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 fuels and prices thereon submitted by DPL for FY 2021-22 is as shown in the Table below:

Table 3-2: Details of Fuel Cost submitted by DPL

Sl. No.	Particulars	Unit	Approved in Tariff Order			Claimed in Form 1.11		
			Unit VII	Unit VIII	Station	Unit VII	Unit VIII	Station
1	SHR	kcal/kWh	2345.00	2425.00	2381.36	2655	2616.55	2630.69
2	Rate of Oil Consumption	ml/kWh	1.00	1.00	1.00	1.230	0.561	0.807
3	Weighted Average Calorific Value of Oil	kcal/lit	9318.73	9318.73	9318.73	9335	9335	9335
4	Weighted Average GCV of Coal	kcal/kg	4971.78	4971.78	4971.78	3713	3713	3713
5	Weighted Average Price of Oil	Rs./kL	50250	50250	50250	60420.12	60420.12	60420.12
6	Weighted Average Price of Coal	Rs./MT	2870.63	2870.63	2870.63	3441.93	3441.93	3441.93

The first two of the above factors, 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 GCV of oil and coal are the variable factors depending upon the actual mix of different grades of fuel used in operation.

Generation

DPL has claimed Actual Ex-bus Generation of 2275.727 MU. The Commission vide letter dated 30.12.2025 has directed to submit fuel data in Form-1.11 and generation details in Forms-1.3, 1.4 1nd 1.5 with unit wise break-up. In response, DPL submits the details vide letter dated 13.01.2026.

Out of 2275.73 MU of sent out energy, energy sold is 2272.566 MU and balance 3.17 MU is net UI injection. In reference to the Audited Financial Statement of DPL for FY 2021-22 (ref. Note 23B at Sl. No. 12) submitted in Volume-II of FCA petition, gross generation is 2567.608 MU and energy sold is 2272.566 MU. DPL has further submitted month wise Scheduled Injection totaling to 2272.566 MU for the year as certified by SLDC. Accordingly, the Commission has considered total Scheduled Injection of energy as 2272.566 MU. Details of unit wise sent out energy as certified by SLDC:

Table 3-3: Unit wise net sent out generation

Sl. No.	Particulars	Unit	Station	U # VII	U # VIII
A	Gross Generation (Actual as per Form 1.11)	MU	2567.608	944.730	1622.878
B	Auxiliary Consumption (Actual as per Form 1.11)	MU	291.881	125.489	166.392
C	Auxiliary Consumption (B / A)	%	11.37%	13.28%	10.25%
D	Actual Sent-Out Energy (as per Form 1.11)	MU	2275.727	819.241	1456.486
E	Scheduled Injection [as certified by SLDC]	MU	2272.566	828.064	1444.502

Normative Gross generation of the station has been derived by taking into consideration the Scheduled Injection and normative auxiliary consumption.

3.8.2 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

Unit	Unit	U # VII	U # VIII	Station
Scheduled Injection	MU	828.064	1444.502	2272.566
Normative Auxiliary Consumption	%	8.50%	9.00%	8.82%
Normative Auxiliary Consumption	MU	76.924	142.863	219.787
Admissible Gross Generation	MU	904.988	1587.365	2492.353

3.8.3 Weighted Average GCV of Secondary Oil

DPL has submitted the detailed audited computations of the weighted average calorific value of oil at 9335 kcal/L 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.

3.8.4 Computation of Weighted Average GCV of Coal

A. Besides linkage coal from the subsidiaries of CIL, DPL has also sourced coal from its captive mine. DPL has claimed the 'as received GCV' value of coal much lesser than the minimum value of the GCV band of the respective coal grade without adducing any reason for the same. DPL accordingly claimed fuel cost adjustment (FCA) based on 'as received' value (reduced by 120 Kcal/Kg of stacking loss as per the provision of the Tariff Regulations).

B. The Commission notes that, the difference between the submitted 'as billed GCV' and 'as received GCV' value of coal claimed by DPL varies from 287 kCal/kg to 2249 kCal/kg i.e. from 1 to 7 (one to seven) 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 / beneficiaries 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 them 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. The Commission, therefore has considered the 'as billed GCV' as the minimum value of the GCV band corresponding to the grade of coal and 'as received GCV' has been considered after admitting one grade slippage (300 Kcal). Higher of the submitted 'as received GCV' and computed 'as received GCV' has been considered for further computation of allowable fuel cost.

C. "**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."*

D. The Commission notes that, in the second proviso of regulation 5.8.2 of the Third Amendment of the Tariff Regulations, 2020, 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, the 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 also need to be aligned accordingly, if required.

E. 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."*

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."

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.

F. 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:

i) *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.*

ii) *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.*

iii) *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

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

a) *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.*
b) *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.*
c) *In absence of TPSA, "as billed GCV" will be considered.*
d) *No loss of GCV is admissible for imported coal.*

e) *Storage loss is allowed as 85 kCal/kg.*

Therefore, the Commission after prudence check decides to allow maximum GCV loss of 300 kCal/kg from "As Billed GCV of coal" from loading point of CIL till receiving at the DPL generating station, for different grades of coal sourced through FSA mode or from Captive Mines.

Based on the approved quantum of closing stock and corresponding weighted average GCV of coal for the year 2020-21 and total coal purchased along with its' weighted average GCV during the year 2021-22, as noted above and applying a stacking loss of 120 kcal/kg admitted for computation of energy charges as per the regulation 5.8.4 (1) of the tariff regulations. The admitted weighted average GCV ('as received') of coal purchased thus works out to be 4132.03 Kcal/Kg and 'GCV as received less stacking loss of 120kcal/kg' for the coal consumed during the year 2021-22 is 4012.03 kcal/kg for DPL. The detailed computation is shown in **Annexure-3B**.

3.8.5 Permitted transit loss & handling loss of coal

From the actual data submitted by DPL, the Commission observed that the actual transit loss of DPL is 0.75% as claimed in Form- 1.11. as against the normative transit loss of 0.5%. The Commission in line with the Tariff Regulations, has considered 0.5% transit loss for computation of allowable fuel cost.

3.8.6 Computation of average price of coal

I. Price of FSA Coal

A. The Commission observes that DPL has purchased coal from CIL subsidiaries viz. ECL, BCCL, MCL etc. through Fuel Service Agreement (FSA). DPL has submitted the actual fuel price along with the auditor's certificate and also provided the break-up of coal prices with documentary evidences with detail computation of each cost component supported by sample bills of coal supplied under FSA. The domestic coal prices are as per the basic price of coal for the respective grades as notified by CIL along with royalty, taxes, duties, etc. Based on such documentary evidences, the Commission has considered the price of linkage coal.

B. DPL has submitted details of transportation of Linkage Coal. In this regard:

- The Commission has observed that the domestic linkage coal has been transported by DPL through railway mode only. DPL has submitted the sample Railway receipts against the claimed transportation cost. The Commission observes that, the amount paid is based on the freight rate of Indian Railways and considers the same.
- With regard to transportation charges through railway mode, the Commission scrutinised the railway freight rate chart, notification for levy of terminal charge, statutory charges etc. DPL has also submitted detail computation of each cost component supported by sample bills of different sources of coal supplied under FSA and accordingly, admits the transportation charges of Rail mode as claimed by DPL.

C. Cost of coal transportation via rail is allowed by the Commission without considering the demurrage charges included in the claim. In terms of Regulation 5.8.1 (vi) of Tariff Regulations, the Commission has consistently been disallowing demurrage charges claimed. Computation details of claimed and admitted weighted average cost / price of FSA coal purchased during the year 2021-22 is given in the following table;

Table 3-5: Weighted Average Cost of FSA Coal Purchased

Particulars		Derivation	Claimed	Admitted
			FSA Coal	FSA Coal
1	Quantity Purchased during the year (in MT)	A	1304446.22	1304446.22
2	Cost of coal (in Rs.)	B	4195051462	4195051214
3	Handling, sampling and such other similar charges (in Rs.)	C	77517337	77517337
4	Total cost of coal (in Rs.)	D = B + C	4272568799	4272568551
5	Railway Transportation charge without demurrage (in Rs.)	E	850934827	850934827
6	Demurrage Charges (in Rs.)	F	16395042	0
7	Total Rail Transport Charge (in Rs.)	G = E + F	867329869	850934827
8	Landed Cost of Coal (in Rs.)	H = D + G	5139898668	5123503378
9	Landed Cost of Coal (in Rs. / MT)	I = H / A	3940.29	3927.72

II. Price of ROM - Captive Coal:

DPL has sourced ROM Coal amounting to 533077.08 MT from their Trans Damodar

Coal Mine (TDCM) located at Barjora in Bankura District of West Bengal which was allotted to them through reverse auction conducted by the Ministry of Coal, Government of India.

In view of the above, the Commission analyses the admissibility of the captive ROM coal price as below:

(A) **Fixed reserve price:** 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 to the Commission 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. All the statutory royalties, cess etc. are governed as per extant rules i.e. at the CIL notified price.

(B) **Applicable Goods and Service Tax (GST):** 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.

i. 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 Service Provider for the production and delivery of coal from the Trans Damodar Coal Mine (TDCM). This arrangement falls within the scope of "supply" as defined in Section 7.

ii. Pursuant to this, the Central Government Notification No. 11/2017 – Central Tax (Rate) dated 28th June 2017, which prescribes a 9% CGST rate on applicable services. 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% (CGST + SGST) is applicable on mining support services.

iii. Additionally, Section 9(3) of the CGST Act empowers the Government to specify certain supplies for which the recipient must pay tax under Reverse Charge Mechanism (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.

iv. Therefore, the Commission holds that GST @ 18% on the fixed rate of Rs.100 per MT is payable for coal procured from the coal block allocated to DPL through a reverse auction. This cost is to be accounted for while adjusting the cost of captive coal.

(C) Other related expenses:

(i) TDMPL is providing a host of services, including extraction, stacking, crushing/sizing, loading, weighment, transportation of coal (from mine mouth to Railway Siding) and operation & maintenance of the Trans Damodar Coal Mine located at Barjora in Bankura District of West Bengal. It has been observed that TDMPL has been engaged as Mining and Development Operator (MDO) by DPL through transparent competitive e-bidding process. DPL appointed West Bengal Mineral Development & Trading Corporation Ltd. (WBMDTCL) as adviser-cum-mining agent to facilitate on behalf of DPL the entire e-bidding process. DPL entered into Coal Mining Services Agreement (CMSA) dated 14.12.2018 with Trans Damodar Mining Private Limited (TDMPL / MDO).

Also, Regulation 36(B) of the CERC (Terms and Conditions of Tariff) (Second Amendment) Regulations, 2021 mandates that 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

The same Regulation of CERC also mandates as under;

"Provided that additional premium, if any, quoted by the generating company during auction, shall not be considered in the Run of Mine Cost".

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).

In the absence of the requisite clarity and adequate justification from DPL for the admission of additional charges for the services performed by TDMPL / MDO and after a prudence check, the Commission has decided not to allow additional costs such as sizing charges, evacuation facility charges, incidental charges and such other charges provided by TDMPL as the MDO in accordance with the provisions of the CERC Tariff Regulations.

(ii) In the FCA petition for FY 2021-22 submitted by DPL, detailed break-up of the captive coal price was missing. The Commission, therefore, vide letter dated 30.12.2025 asked DPL to furnish relevant cost components. DPL in their reply vide affidavit dated 13.01.2026 furnished the relevant details as sought. Relevant details as per submission are shown in the following table;

Table No. 3 – 6: Cost Break-up of Captive - ROM Coal claimed by DPL

Sl. No.	Particulars	TOTAL COST (in Rs.)			UNIT RATES DERIVED			
		G9	G12	TOTAL	UNIT	G9	G12	TOTAL
1	Coal Quantity	255421.88	277655.20	533077.08	MT	255421.88	277655.20	533077.08
2	Basic input ROM Coal Cost	25568985.11	27794649.79	53363634.9	Rs./MT	100.10	100.10	100.10
3	GST on Fixed Reserve Price	0.00	0.00	0.00	Rs./MT	0.00	0.00	0.00

4	Royalty	788636.88	857284.15	1645921.03	Rs./MT	3.09	3.09	3.09
5	GST on Royalty on RCM Basis	141954.64	154311.15	296265.79	Rs./MT	0.56	0.56	0.56
6	RE Cess	RE Cess & PE Cess has been booked in the Annual Accounts of 2022-23						
7	GST on RE Cess							
8	PE Cess							
9	GST on PE Cess							
10	National Mineral Exploration Trust (NMET)	15772.74	17145.68	32918.42	Rs./MT	0.06	0.06	0.06
11	GST on NMET on Reverse Charge Mechanism (RCM) Basis -- at actuals	2839.09	3086.22	5925.31	Rs./MT	0.01	0.01	0.01
12	District Mineral Foundation (DMF)	78863.69	85728.42	164592.11	Rs./MT	0.31	0.31	0.31
13	GST on DMF on RCM basis at actuals	14195.46	15431.11	29626.57	Rs./MT	0.06	0.06	0.06
14	PWD Cess, if any at actuals	237068.24	257703.96	494772.2	Rs./MT	0.93	0.93	0.93
15	GST on RCM basis on PWD Cess	42672.28	46386.71	89058.99	Rs./MT	0.17	0.17	0.17
16	AMBH / Road Cess at actuals including GST, if any	94886.29	103145.71	198032.00	Rs./MT	0.37	0.37	0.37
17	Surface Transport Charge, if any at actuals	26734885.03	29062035.91	55796920.94	Rs./MT	104.67	104.67	104.67
18	Misc. and Statutory Charges, if any at actuals	446188.57	485027.27	931215.84	Rs./MT	1.75	1.75	1.75
19	Sizing Charges, if any at actuals	32919442.06	35784930.68	68704372.74	Rs./MT	128.88	128.88	128.88
20	Avg. incidental charges, if any at actuals	5563806.24	6048110.42	11611916.66	Rs./MT	21.78	21.78	21.78
21	Evacuation charges, if any at actuals	18919219.57	20566052.11	39485271.68	Rs./MT	74.07	74.07	74.07
22	Loading Charge	3107189.84	3377656.67	6484846.51	Rs./MT	12.16	12.16	12.16
23	Railway Siding Charges	26486907.4	28792472.96	55279380.36	Rs./MT	103.70	103.70	103.70
24	De-shalling cost	17784066.4	19332088.99	37116155.39	Rs./MT	69.63	69.63	69.63
25	Mining Charges	313139570.86	340396954.9	653536525.8	Rs./MT	1225.97	1225.97	1225.97
26	**Total Coal Price - A**	**472087150.39**	**513180202.84**	**985267353.23**	Rs./MT	**1848.26**	**1848.26**	**1848.26**

(iii) Cost items at Sl. No. 19 and 21 to 25 in the above table are the responsibility of MDO who acts as an end-to-end partner for mine owner (DPL), responsible for land acquisition, rehabilitation, development and mining operations. Hence, the Commission has not admitted these expenses under captive coal cost of DPL.

(iv) In their additional information dated 13.01.2026, DPL has claimed Rs. 931215.84 (Rs. 1.75 / MT) as Miscellaneous and Statutory Charges at Sl. No. 18 in the above table. On scrutiny of the break-up of the expenditure, it is found to consist of the following;

a) Sampling and related expenditure made by MDO – Rs. 551343.16, and

b) Miscellaneous payments made – Rs. 379872.68

From the available break-up it is clear that the sampling related expenditures of Rs. 551343.16 have been made by the MDO and lies under the purview of MDO for the purpose of quality assurance. Hence, such expenses are disallowed from being considered as ROM-Coal cost.

Miscellaneous expenditures of Rs. 379872.68 found to consist of items like

(a) shifting of overburden material from TDCM to R&R Colony
(b) installation of street light at R&R site of TDCM
(c) payment against installation of submersible pump with pipelines and development of R&R site,
(d) payment to District Land and Land Reforms Officer, Bankura, etc.

From the above item details it transpires that the expenditures are related to development of the site of TDCM which is under the scope of MDO. Hence, such items have not been allowed in the coal price.

(v) Regarding item Sl. No. 20 "Average Incidental Charges", DPL has claimed Rs. 11611916.66 (Rs. 21.78 / MT). DPL has also furnished following break-up of the incidental charges as

a) expenditure in respect of independent Engineer (Rs. 849600.0),
b) Demurrage and Engine detention charges (Rs.4386967.66),
c) CSR expenses (Rs. 5053420),
d) Electricity expenses at R & R village and
e) Other comp. charges (Rs. 12,92,194).

Out of the claimed items under this head, the expenditure against (a) Independent Engineer is allowed as a passthrough element since as per the CMSA the independent engineer is appointed by DPL and DPL pays the remuneration. So far as items (b) and (c) are concerned, these are not eligible for consideration as per consistent approach of the Commission in a number of previous orders and regulation 5.8.2 of WBERC Tariff Regulations (Third Amendment), item (d) is disallowed since it falls under the scope of MDO and item (e) could not be allowed due to lack of clarity towards its purpose. Therefore, the Commission allows Rs. 849600.0 (Rs. 1.59 / MT) as "Average Incidental Charges".

(vi) Regarding item Sl. Nos. 6 to 9 in the above table, the Commission observed as under;

Rural Employment Fees (RE Cess) and Primary Education Cess (PE Cess) and related GST for FY 2021-22 have not been claimed by DPL in the instant petition. As also submitted by DPL, such payments are booked in the Annual Accounts for 2022-23. In absence of actual payment details for the current APR, the Commission, has notionally worked out the RE Cess and PE Cess including respective GST based on the basic price of G9 (Rs. 1150 Rs./MT) and G12 (Rs. 896 Rs./MT) grades of coal notified by the Coal India Ltd. as detailed in the following table;

Table 3-7: Computation of RE Cess and PE Cess

PARTICULARS		G9	G12
Notified Basic Price of Coal (Rs. / MT)	A	1150	896
Quantity of coal from Captive Mines during 2021-22 (MT)	B	255421.88	277655.20
RE Cess (Rs./MT)	C = 20% of A	230.00	179.20
GST on RE Cess (Rs./MT)	D = 18% of C	41.40	32.26
PE Cess (Rs./MT)	E = 5% of A	57.50	44.80
GST on PE Cess (Rs./MT)	F = 18% of E	10.35	8.06
Total RE Cess including GST (in Rs.)	G = (C + D) x B	69321498.23	58711857.97
Total PE Cess including GST (in Rs.)	H = (E + F) x B	17330374.56	14677964.49
Total RE and PE Cess including GST (in Rs.)	I = $\sum$(G+H)	160041695.3	
Total RE and PE Cess including GST (in Rs./MT)	J = I / $\sum$B	300.22	

From the above table it is clear that the admitted cost of captive coal sourced from TDCM during 2021-22 is lower by around 300.22 Rs./MT but for the claim of RE Cess and PE Cess by DPL. Total financial impact is around Rs. 1600 Lakh. The Commission, therefore, decided to allow the quantum of RE Cess and PE Cess including the respective GST (on actual payment basis) separately as additional variable cost in the APR for FY 2022-23 based on submission of DPL.

(vii) In their FCA petition in Form D, D(a) and D(b), DPL has also claimed around Rs. 10.90 Crs. (Rs.7.75 Crore for FSA coal and Rs. 3.15 Crore for Captive coal) towards 'sampling, handling and such other related expenditures. Such expenditures being essential expenditures related to the primary fuel and not under the scope of MDO (for captive coal), have been admitted by the Commission.

Based on the aforesaid details available, the Commission approves the cost of Captive – ROM coal of DPL generating station for FY 2021-22 as detailed in the table below;

Table: 3-8: Approved Cost of Captive -ROM Coal (in Rs./MT) for DPL Generating Station

Sl. No.	Particulars	UNIT RATES (in Rs./MT)		TOTAL COST (in Rs.)		
		G9	G12	G9	G12	TOTAL
1	Coal Quantity (MT)	---	---	**255421.88**	**277655.20**	**533077.08**
2	Basic input ROM Coal Cost	100	100	25542188	27765520	53307708
3	GST on Fixed Reserve Price	18	18	4597593.84	4997793.6	9595387.44
4	Royalty	3.09	3.09	788636.88	857284.15	1645921.03
5	GST on Royalty on RCM Basis	0.56	0.56	141954.64	154311.15	296265.79
6	RE Cess	0.00	0.00	0.00	0.00	0.00
7	GST on RE Cess	0.00	0.00	0.00	0.00	0.00
8	PE Cess	0.00	0.00	0.00	0.00	0.00
9	GST on PE Cess	0.00	0.00	0.00	0.00	0.00
10	National Mineral Exploration Trust (NMET)	0.06	0.06	15772.74	17145.68	32918.42
11	GST on NMET on Reverse Charge Mechanism (RCM) Basis -- at actuals	0.01	0.01	2839.09	3086.22	5925.31
12	District Mineral Foundation (DMF)	0.31	0.31	78863.69	85728.42	164592.11
13	GST on DMF on RCM basis at actuals	0.06	0.06	14195.46	15431.11	29626.57
14	<u>PWD</u> Cess, if any at actuals	0.93	0.93	237068.24	257703.96	494772.2
15	GST on RCM basis on PWD Cess	0.17	0.17	42672.28	46386.71	89058.99
16	AMBH / Road Cess at actuals including GST, if any	0.37	0.37	94886.29	103145.71	198032
17	Surface Transport Charge, if any at actuals	0.00	0.00	0.00	0.00	0.00
18	Misc. and Statutory Charges, if any at actuals	0.00	0.00	0.00	0.00	0.00
19	Sizing Charges, if any at actuals	0.00	0.00	0.00	0.00	0.00

20	Avg. incidental charges, if any at actuals	1.59	1.59	406120.79	443479.21	849600.00
21	Evacuation charges, if any at actuals	0.00	0.00	0.00	0.00	0.00
22	Loading Charge	0.00	0.00	0.00	0.00	0.00
23	Railway Siding Charges	103.70	103.70	26486907.40	28792472.96	55279380.36
24	De-shalling cost	0.00	0.00	0.00	0.00	0.00
25	Mining Charges	0.00	0.00	0.00	0.00	0.00
26	**Total Coal Price**	**228.85**	**228.85**	**58449699.34**	**63539488.88**	**121989188.22**

3.8.7 Computation of average price of coal

Based on the quantum of closing stock quantum, GCV and approved weighted average prices of coal in APR of DPL for FY2020-21 and weighted average price of coal purchased in 2021-22 including transportation cost, adjustments and handling & sampling charges, the weighted average price of coal for 2021-22 are as follows:

Table: 3-9: Weighted Average GCV and Price of Coal Admitted by the Commission for DPL Generating Station

AS ADMITTED		FSA Coal	Captive Coal	Total
Opening stock of coal	MT	95065.09	1104.75	96170
Coal purchased during the year	MT	1304446.22	533077.08	1837523.30
Coal consumed during the year	MT	1309836.23	504127.77	1813964.00
Closing stock	MT	89675.08	30054.06	119729.14
GCV of the opening stock	Kcal/Kg	4466.27	3928	4460.09
GCV of coal purchased during the year	Kcal/Kg	4149.61	4089	4132.03
GCV of coal consumed during the year	Kcal/Kg	4171.12	4088.68	4148.35
GCV of the closing stock	Kcal/Kg	4171.12	4088.68	4148.35
Value of the opening stock (ref. Form-D)	Rs.	391298172	471978	391770150
Price of the opening stock (ref. Form-D)	Rs./MT	4116.11	427.23	4073.73
Price of coal purchased during the year	Rs./MT	3927.72	499.42	2933.15
Price of coal consumed during the year	Rs./MT	3940.52	499.27	2989.88
Price of the closing stock	Rs./MT	3940.52	499.27	2989.88

3.8.8 Determination of allowable fuel cost

Based on the foregoing analysis, the fuel cost admitted for FY 2021-22 is as shown in the Table below:

Table 3-10: Admitted Fuel Cost for FY 2021-22

Sl. No.	Particulars	Unit	Claimed in FCA	Admitted

				Station	Unit VII	Unit VIII	Station
1	Scheduled Ex-bus Generation	A	MU	2275.727	828.064	1444.502	2272.566
2	Admissible Gross generation	B	MU	2567.608	904.988	1587.365	2492.353
3	Fuel cost	C	Rs. Lakh	64159.18	16323.97	29580.39	45904.37
4	Energy charge rate	D = C/A	paise/kWh	250.47	197.13	204.78	201.99

Detailed computations of fuel cost is shown in **Annexure-3C.**

3.8.9 Gains on account of better performance over operating norms

As explained herein before, the actual specific oil consumption of Unit-VIII is found better than the normative rate as considered in the Tariff Order. The admissible gain 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 3-11: Gain due to improved specific oil consumption in Unit-VIII for FY 2021-22

Sl. No.	Particulars	Unit	Value
1	Normative Specific Oil Consumption	ml/kWh	1
2	Actual Oil Consumption	ml/kWh	0.561
3	Category		Category A
4	Sharing Ratio as per Sl. No. 2 of Category A		65%:35%
5	Total Gross Generation	MU	1587.365
6	Price of Oil	Rs. / KL	60420.12
7	Gain [{(1-2) x 5 x 6} ÷100000]	Rs. Lakh	421.03
8	Share % of Beneficiary	%	35%
9	Share of Beneficiary	Rs. Lakh	**147.36**
10	Share of Generating Co.	Rs. Lakh	**273.67**

However, the gain computed in the above table is to be first used to compensate the deficit in fixed charge recovery of own generating stations of DPL due to low plant availability than normative, in terms of paragraph D of Schedule – 9B of the Tariff Regulations, before sharing.

3.8.10 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.

3.8.11 Summing up the findings as explained in the earlier paragraphs, the amount of admissible fuel cost of DPL for FY 2021-22, is shown in the Table below:

Table 3-12: Fuel Cost Admitted by the Commission for FY 2021-22

Particulars	Claimed	Admitted
Total Admissible Fuel Cost	64159.18	45904.37
Cost disallowed	-	-
Less: Sharing of Gains	-	-
Fuel Cost admitted	64159.18	45904.37

3.8.12 The admitted fuel cost has been considered by the Commission while approving the ARR of DPL for FY 2021-22 in the subsequent Chapter of the Order.

Annexure-3A

COMPUTATION OF STATION HEAT RATE, AUXILIARY CONSUMPTION AND SPECIFIC OIL CONSUMPTION ACTUALLY ACHIEVED BY DPL IN FY 2021-22

Sl. No.	Particulars	Unit	Unit VII	Unit VIII	Station
1	Gross Generation (Actual)	MU	944.730	1622.878	2567.608
2	Consumption of Oil (Actual)	KL	1162.02	910.43	2072.45
3	Consumption of Coal (Actual)	MT	672611.108	1141351.113	1813962.221
4	GCV of Oil (Actual)	kcal/Lit	9335	9335	9335
5	GCV of Coal ('as received - 120)	kcal/kg	3714.10	3714.10	3714.10
6	Heat from Oil (2X4/1000)	M. kcal	10847.44	8498.90	19346.34
7	Heat from Coal (3X5/1000)	M. kcal	2498147.31	4239096.22	6737243.53
8	Total Heat Used (6+7)	M. kcal	2508994.75	4247595.13	6756589.88
9	Station Heat Rate Achieved (8/1)	kcal/kWh	2655.78	2617.32	2631.47
10	Normative Station Heat Rate	kcal/kWh	2345	2425	2395.95
11	Specific Oil Consumption (2/1)	ml/kWh	1.230	0.561	0.807
12	Actual Ex-Bus Generation	MU	819.241	1456.486	2275.727
13	Auxiliary Consumption [(1)-(12)]	MU	125.489	166.392	291.881
14	Auxiliary Consumption [13/1]	%	13.28%	10.25%	11.37%

Annexure – 3B

COMPUTATION OF WEIGHTED AVERAGE GCV OF COAL FOR FY 2021-22

Source	Grade of Coal	Quantity Purchased	GCV 'As Billed'		GCV 'As Received' (Kcal/kg)	GCV 'As Received' (Kcal/kg)	
FSA COAL		MT	Kcal/kg A1	Kcal/kg A2	(Before reducing stacking loss of 120 Kcal/kg) B	Before reducing stacking loss of 120 Kcal/kg C = (A2-300) or B whichever is higher	After reducing stacking loss of 120 Kcal/kg D = C - 120
			CLAIMED	ADMITTED	CLAIMED	ADMITTED	ADMITTED
ECL	G-3	4157.96	6400	6401	4430	6101	5981
	G-4	94235.31	6100	6101	4535	5801	5681
	G-5	54885.55	5800	5801	4316	5501	5381
	G-6	45879.2	5500	5501	4163	5201	5081
	G-7	39547.62	5200	5201	3071	4901	4781
	G-8	30577.83	4900	4901	3255	4601	4481
BCCL	G-5	1800.44	5800	5801	4036	5501	5381
	G-6	3630.4	5500	5501	3599	5201	5081
	G-8	4003.42	4900	4901	3994	4601	4481
	W-III	4569.4	5050	5050	3862	5050	4930
	W-IV	114901.68	4450	4450	4278	4450	4330
	W-V	443337.65	4200	4200	3904	4200	4080
	W-VI	33811.7	4050	4050	3578	4050	3930
MCL	G-13	230179.81	3400	3401	3233	3233	3113
	G-14	198928.59	3100	3101	3223	3223	3103
TOTAL FSA		**1304446.56**	**4224.21**	**4224.75**	**3738.94**	**4149.61**	**4029.61**
CAPTIVE COAL							
	G-9	255421.88	4600	4601	4255	4301	4181
	G-12	277655.2	3700	3701	3894	3894	3774
TOTAL CAPTIVE		**533077.08**	**4131.23**	**4132.23**	**4066.97**	**4089.01**	**3969.01**
TOTAL COAL PURCHASED		**1837523.64**	**4197.24**	**4197.91**	**3834.10**	**4132.03**	**4012.03**

Annexure – 3C

COMPUTATION OF FUEL COST FOR FY 2021-22

Sl. No.	Particulars	Unit	Admitted in Tariff Order			Claimed in FCA			Admitted in APR 2021-22		
			Unit VII	Unit VIII	Station	Unit VII	Unit VIII	Station	Unit VII	Unit VIII	Station
A	Sent out Energy	MU	1923.696	1594.320	3518.016	819.24	1456.49	2275.73	828.064	1444.50	2272.57
B	Normative Auxiliary Consumption	%	8.50%	9.00%	8.73%	13.28%	10.25%	11.37%	8.50%	9.00%	8.82%
C	Normative Auxiliary Consumption	MU	178.704	157.680	336.384	125.49	166.39	291.88	76.924	142.863	219.787
D	Admissible Gross Generation	MU	2102.40	1752.00	3854.400	944.73	1622.88	2567.61	904.988	1587.365	2492.35
E	Heat Rate	kcal/kWh	2345	2425	2381.36	2654.99	2616.55	2630.69	2345.00	2425.00	2395.95
F	Total Heat Required (D x E)	Mkcal	4930128	4248600	9178728	2508252	4246336	6754588	2122197.15	3849360.40	5971557.55
G	GCV of Oil	kcal/lit	9318.73	9318.73	9318.73	9335	9335	9335	9335	9335	9335
H	Specific Oil consumption	ml/kWh	1.00	1.00	1.00	1.23	0.56	0.81	1.00	1.00	1.00
I	Oil consumption (HxD)	kL	2102.40	1752.00	3854.40	1162.02	910.44	2567.61	904.99	1587.37	2492.35
J	Heat from oil (GxI÷1000)	Mkcal	19591.70	16326.41	35918.11	10847.46	8499.00	23968.62	8448.06	14818.05	23266.12
K	Heat from coal (F-J)	Mkcal	4910536.30	4232273.59	9142809.89	2497405.02	4237837.00	6735242.01	2113749.09	3834542.34	5948291.43
L	Average GCV of coal	kcal/kg	4971.78	4971.78	4971.78	3713.00	3713.00	3713.00	4024.06	4024.06	4024.06
M	Coal consumption excluding transit loss (K÷Lx1000)	MT	987681.736	851259.224	1838940.96	672611.66	1141352.15	1813963.81	525277.73	952903.87	1478181.60
N	Transit loss (@ 0.5%)	MT	4963.22	4277.68	9240.91	5082.56	8623.85	13706.40	2639.59	4788.46	7428.05
O	Coal consumption including transit loss (M+N)	MT	992644.96	855536.91	1848181.87	677694.22	1149976.00	1827670.22	527917.31	957692.33	1485609.64
P	Average price of oil	Rs./kL	50250	50250	50250	60420.12	60420.12	60420.12	60420.12	60420.12	60420.12
Q	Average price of coal	Rs./MT	2870.63	2870.63	2870.63	3441.92	3441.92	3441.92	2988.57	2988.57	2988.57
R	Cost of oil (IxP÷100000)	Rs. Lakh	1056.46	880.38	1936.84	702.09	550.09	1252.19	546.79	959.09	1505.88
S	Cost of coal (OxQ÷100000)	Rs. Lakh	28495.16	24559.30	53054.46	23325.72	39581.31	62907.03	15777.18	28621.31	44398.48
T	Cost of fuel (R+S)	Rs. Lakh	29551.62	25439.68	54991.30	24027.82	40131.40	64159.22	16323.97	29580.39	45904.37
U	Cost of fuel per unit (Tx10÷A)	Paise/kWh	153.62	159.56	156.31	293.29	275.54	281.93	197.13	204.78	201.99

CHAPTER-4
DETERMINATION OF FIXED COST

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 is provided in the Tariff Regulations. 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 statements 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-VII and Unit-VIII

4.3.1 In the MYT Order dated 16.07.2021, the Commission decided not to service any capital cost beyond 95% of the provisional project cost of Units VII and VIII of DPL in compliance to the Regulation 2.8.1.4.13 of the Tariff Regulations. Presently DPL has submitted petitions for determination of the final project cost of Unit-VII and Unit – VIII. The Commission has determined the final project cost of Unit – VII vide order dated 26.08.2025 and that for Unit – VIII is pending for finalisation. Hence, the Commission has decided not to service capital cost beyond 95% for Unit-VIII at this stage. However, in case there be any disallowance in the project cost of Unit-VIII by the Commission during determination stage, the cumulative amount withheld by the Commission shall be adjusted with such reduction in project cost, if any, and corresponding impact on tariff shall accordingly be passed.

4.3.2 The capital cost of Unit – VII for as determined by the Commission vide order in case no. OA – 485/24-25, dated 26.08.2025 for FY 2021-22 is tabulated below;

Table 4-1: Details of Approved Project Cost of Unit-VII of DPL for 2021-22 (Rs. Lakh)

Year 2021-22	Equity	Borrowing	Hard Cost	IDC	Borrowing including IDC	Total
Opening	37726.88	73730.92	111457.8	12999.84	86730.76	124457.64
Addition	0.00	0.00	0.00	0.00	0.00	0.00
Closing	37726.88	73730.92	111457.8	12999.84	86730.76	124457.64

4.3.3 The Commission in final project cost approval order dated 26.08.2025 for 300 MW Unit - VII 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 VIII. Details are shown below:

Table 4-2: Details of Approved Capital Cost of Common Assets apportioned to Unit – VIII of DPL for 2021-22 (Rs. Lakh)

Year 2021-22	Equity	Borrowing	Hard Cost	IDC	Borrowing including IDC	Total
Opening	2773.12	5020.56	7793.68	961.19	5981.75	8754.87
Addition	0.00	0.00	0.00	0.00	0.00	0.00
Closing	2773.12	5020.56	7793.68	961.19	5981.75	8754.87

4.3.4 However, the Final Project Cost in respect of 1x250 MW Unit-VIII is not yet finalized by the Commission. Pending determination of final project cost of Unit-VIII, 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-VIII 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.

4.3.5 DPL in their APR petition has claimed addition of capital cost of Rs. 3955.09 Lakh (Rs.1676.87 lakh for Unit – VII + Rs. 2278.22 lakh for Unit - VIII) towards addition of other asset (ref. Form – 1.18). DPL has also transferred Rs. 6470.39 Lakhs from CWIP (ref. Form – 1.18a) during FY 2021-22 which is related to mineral asset.

4.3.6 The Commission has considered capital cost and additional capital expenditure, if any, based on the approved final project cost in the order dated 26.08.2025 in Case No. OA-485/24-25.

4.3.7 The petitioner has already submitted the petition for determination of final project cost of Unit – VIII which is pending before the Commission at present. So, at this stage approval of any additional capital expenditure for Unit – VIII in this APR order may lead to duplication. Therefore, the Commission has considered the capital cost for Unit – VIII as Rs. 169969 Lakh in terms of the order dated 02.07.2013 in Case No. OA – 146 / 11-12. In addition to this, the Commission has also considered Rs. 8754.87 Lakh as the cost of common asset apportioned to Unit - VIII vide order dated 26.08.2025 in Case No. OA – 485/24-25.

4.3.8 Based on the above details, Debt and Equity part of Unit – VII and Unit – VIII for FY 2021-22 is shown as below;

Table 4-3: Debt & Equity part of the Admitted Capital Cost for FY 2021-22 (Rs. Lakh)

Particulars	Unit - VII	Unit - VIII	Common Asset apportioned to Unit- VIII
Equity	37726.88	29659.04*	2773.12
Debt	86730.76	140309.96	5981.75
Total	124457.64	169969.00	8754.87

* Note: Admitted equity base for Unit-VIII has been considered as per the APR order dtd. 16.07.2024 for FY 2019-20.

4.4 Employee cost

4.4.1 The Commission, in the Tariff Order, had approved the employee cost of Rs. 11389.98 Lakh. As against the same, DPL has claimed the employee cost of Rs. 15995.37 Lakh. The claimed employee cost is in line with the employee cost as per the split accounts. Based on the normative Man/Megawatt ratio of 1.20, normative number of employees works out to be 660 (550 x 1.2). Break-up of employee expenses as approved in the MYT Order, as claimed in the APR petition and as booked in the Audited Financial Statements for FY 2021-22 are shown in the following table;

Particulars	Approved in MYT Order	Claimed in APR* [ref. Form E(B)]	Recognised in the Audited Financial Statement	Reference to the split accounts submitted by DPL.
Expenses for the employees engaged in Power Plant	7499.02	7623.78	7623.79	Note-15, page no. 103
Expenses for the employees engaged in Service Deptt.	3810.60	6176.16	6162.46	Note-15, page no. 136
Expenses for the employees engaged in Central Workshop	80.36		267.18	Note-15, page no. 126
Expenses for the employees engaged in Coke Oven Plants	0.00	2195.43	2195.43	Note-15, page no. 84
Total	**11389.98**	**15995.37**	**16248.86**	

Table 4-4: Details of Employee Expenses Claimed by DPL for 2021-22 (Rs. Lakh)

4.4.2 While approving the employee expenses for FY 2021-22 in the MYT Order dated 16.07.2021, projected number of employees considered directly engaged in Power Business was 640. In the APR petition of DPL for FY 2021-22, actual employee number in power head has been submitted as 616 (own employee – 615 nos. and contractual employee – 1 no.). In their APR petition DPL has considered Rs. 7623.78 Lakh against 616 no. of employees directly under power head.

4.4.3 DPL has submitted the following in the APR petition related to the considerations made for employee cost;

A. In addition to the expenses claimed for employees directly engaged in Power Generation, DPL has also claimed the expenses for 598 nos. of employee engaged in Service Deptt. which is equal to 96.32% of the total and the expenses for 23 nos. of employee engaged in Central Workshop which is equal to 90% of the total.

B. DPL has considered enhancement of percentage share of the employee expenses for Service Deptt. (96.32%) and Central Workshop (90%) from that considered in the MYT order dated 16.07.2021 (56.18% for Service Deptt. and 17% for Central Workshop) due to dismantling of Coke Oven Group of Plants (COGP) pursuant to the order of the Govt. of West Bengal (GoWB) with effect from 01.02.2019 (ref. para 5.1(i) of the petition),

C. Employee Expenses claimed for power station employees along with various service departments and other centrally maintained departments together, is within the reasonable limit,

D. Annual Accounts of the Company is prepared in accordance with the provisions of the Companies Act 2013 and the relevant Accounting Standards,

E. DPL has also claimed the actual employee cost for COGP in the instant APR Petition (ref. Form E(B) and para 5.1(h)) in terms of Regulation 2.5.3 of WBERC Tariff Regulations, 2011, since such redeployment of manpower is the outcome of order of GoWB.

4.4.4 A comparison of employee cost submitted by DPL is as shown in the table below:

Table 4-5: Comparison of employee cost submitted by DPL (Rs. Lakh)

Sl. No.	Particulars	Projection	Actual
1	Basic	9390.51	9789.08
2	DA	886.16	1253.87
3	Other Allowances	1052.12	1282.58
4	Gratuity	1344.94	85.11
5	Contribution to PF	1048.18	1146.88
6	Contribution to Pension scheme	370.69	161.00
7	Bonus & Exgratia	7.54	100.11
8	Welfare	208.66	203.01
9	LTC Encashed & Reimbursed	18.53	32.75
10	Leave salary, Leave encashment	741.83	-416.91
11	Others	200.74	162.43
	TOTAL	**15269.90**	**13799.91**

4.4.5 DPL submitted that there has not been any addition to manpower due to embargo imposed on new recruitment. In addition, on account of routine retirements due to superannuation, manpower strength gradually reduced 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) and redeployment of manpower from the de-commissioned plants in the running units.

4.4.6 The Commission notes that DPL has complied with the directives of the Commission in paragraph 7.3(d) of the Tariff order. DPL has furnished the break-up of employees engaged both in regular services and contractual services in the Form 1.17(h). According to the submissions in Form 1.17(h), these 33 nos. employees are basically allocated employees from Service Department.

4.4.7 In the APR petition for FY 2021-22, DPL has claimed the centrally maintained expenses of Rs. 6176.14 Lakh in Form 1.17(h) which consists of Rs. 5793.17 Lakh towards share of cost of own employees of Service Department, Rs. 142.51 Lakh towards share of cost of contractual employees of Service Department and Rs. 240.46 Lakh for share of cost of own employees of Central Workshop.

4.4.8 DPL in their submission has mentioned that as functions of Service Department and Central Workshop are not unit specific and the employees of concerned departments extend their services to both the units, employee expenses of Service department and Central Workshop are allocated for Unit # 7 & 8, at a certain percentage, in the proportion of normative allocation of manpower for the two units based on the Auditor's Certification. The additional man power under Power Plant including Corporate Office was due to redeployment of man power of closed and de-commissioned units and due to change in apportionment of cost of service rendered by Service Department and Central Workshop towards Generation function.

4.4.9 Based on the details given in the preceding paragraphs, the Commission has decided to consider the employee cost as noted below;

A. In terms of Regulation 2.5.5 of WBERC Tariff Regulations (Second Amendment), 2013, employee cost subject to Man/MW ratio adopted by the Commission in

Schedule – 9A of these Regulations for new units commissioned after 31.03.2004, has been considered as 'Uncontrollable' element in Tariff determination.

B. Regulation 2.5.3 (x) of Tariff Regulations mandates for admitting and adjustment of the increased amount of employee cost to revise the already determined ARR of the concerned ensuing year for which tariff is not yet determined if such increase in employee cost takes place due to wage revision or Government order or Government decision.

C. Regulation 2.5.3(x) of Tariff Regulations also mandates that if such increase in employee cost is applicable from any retrospective date covering the period for which tariff has already been determined, then that amount shall also be considered as employee cost for the year as per relevant accounting standard and will be allowed to be recovered through APR or tariff of any ensuing year(s).

D. It is pertinent to note that DPL was a fully owned enterprise of the Government of West Bengal (GoWB) having multiple business activities viz. Coke Oven Plants, Water works, Power Generation, Transmission of electricity, Distribution of electricity etc. However, the operations and financials of the Company was restructured by the GoWB and transformed it as a wholly owned subsidiary of West Bengal Power Development Corporation Ltd. (WBPDCL) and operate it as a Public Sector Company. Further, transmission and distribution business were transferred to WBSETCL and WBSEDCL with effect from 01.01.2019 based on the decision of the GoWB. After closure of the Coke Oven Group of Plants (COGP), the GoWB decided to redeploy 345 no. of regular employees from DPL to other Government departments for optimum utilization of human resources. After implementation of all such decisions taken by the Government of West Bengal, the erstwhile multifunctional company is left with only two functions namely Generation of electricity and Water Works.

E. The Service Department and Central Workshop of DPL was historically used to render technical and other relevant services to various business segments of DPL. The Commission, in the order dated 16.02.2017 in Case No. FPPCA-72/14-15 & APR-43/14-15 and order dated 29.08.2018 in Case No. FPPCA(R)-4/17-18 had decided to consider share of employee cost of service department and central workshop in power business @ 56.18% and 17% respectively.

F. However, after the afore mentioned restructuring of DPL by the GoWB, these two departments are used mainly to render their services for power generation business and for the water works activities. Accordingly, the ratio of utilization of the services required from Service Departments and Central Workshop for power generation business has increased and hence the financial allocations increased as compared to the years preceding to such decisions of the GoWB.

G. While approving the ARR and Tariff for the 7th Control period, the Commission in the MYT order dated 16.07.2021 adopted apportionment of 56.18% of the employee cost of Service deptt. and 17% of Central Workshop for power business based on the earlier decision of the Commission in the combined FPPCA and APR order for 2013-14 dated 16.02.2017 in case no. FPPCA - 72 / 14-15 and APR – 43 / 14-15, Review order dated 29.08.2018 in case no. FPPCA(R)-4/17-18 and report of the Cost Auditor submitted by DPL. Further, the Commission, in the tariff order dated 16.07.2021 also stated at para 4.4.8 that if there be any variation in the admitted amount, DPL will furnish relevant information and supporting documents in this respect with the application for APR for the concerned year and the same will be considered for adjustment in APR to the extent it is found fit by the Commission.

H. In the combined FCA and APR order dated 16.07.2024 for 2019-20 in case no. APR – 92 / 21-22 and FPPCA – 101 / 21-22, the Commission admitted the apportionment of 96.32% of the employee cost of Service Departments and 90% of that for Central Workshop in power business while admitting the employee cost for Unit # 7 and # 8 of DPL.

I. Allocation percentages of employee cost of Service Department and Central Workshop in power generation business has also been verified from the Audited Financial Statements for FY 2021-22 (ref. hard copy page no. 122 & 129) submitted by DPL along with the APR petition as Volume-II.

J. It is noteworthy to mention here that DPL, in the this APR petition, has also claimed the expenses towards the employees of Coke Oven Group of Plants (COGP) booked in the Audited Financial Statements for FY 2021-22. In this regard the Commission notes that the GoWB in their communication dated 11.01.2019 (ref. page no. 134, Volume-1 of the APR petition) has stated that GoWB has decided to redeploy 345 no. of surplus and idle regular employees of COGP in Government Departments and administrative offices in the adjacent areas for effective utilization. Hence, the claim of DPL for the additional expenditure in the generation business for the man power previously engaged in COGP without specific order of GoWB for redeployment in power business does not meet the regulatory mandate.

4.4.10 In view of the above, since the number of employees (616 nos.) directly engaged in the power business is less than the normative manpower (660 nos.), the Commission, admits the claim of DPL of Rs. 7623.78 Lakh.

4.4.11 Regarding the claim of DPL in respect of the applicable share of employee expenses of Service Department and Central Expenses, the Commission notes that such share of expenses is also passed on to generation business in previous years. In the MYT Order also, the Commission approved a share of employee expenses related to Service Deptts. and Central Workshop in Generation business. As such, the Commission in principally agreed to allow such expenses since these two departments render services to the Generation business of DPL.

4.4.12 Now the issue remains is the increase in the share percentage of employee expenses in power business. Historically these two departments used to render technical and other services to the Generating Units, Distribution system, Transmission system, Coke Oven Group of Plants (COGP) and Water Works activities of DPL. However, as per the Order of GoWB, Transmission and Distribution business of DPL have been transferred to WBSETCL and WBSEDCL respectively. Operation of COGP ceased with effect from 01.02.2019 as per the order of the State Government since the business no longer remained economically viable. The DPL has submitted relevant orders of the GoWB related to closure of COGP and transfer of Transmission and Distribution business. After implementation of such Government Orders, DPL was left with only two businesses viz. Power Generation and Water Works. As a result the percentage share of service department and central workshop in power business increased. Percentage share of expenses in power business has also been reflected in the Audited Financials of DPL.

4.4.13 Regulation 2.5.3 (x) of the WBERC Tariff Regulations, 2011 also mandates to consider the increase in employee expenses due to wage revision through agreement or Government order or decision of the company or change in statutory provisions or applicable accounting standards over the amount already admitted in the determined ARR. Hence, the Commission, is of considered opinion to allow such claim of DPL.

4.4.14 Regarding the claim of DPL towards the employee cost of COGP, the Commission is of the considered opinion that COGP is altogether a different business of DPL and there is no order / direction from concerned Government Authority in support of such claim of the petitioner. Hence, the Commission, is found it prudent not to admit the employee cost of COGP in the Generation business as claimed by DPL.

4.4.15 Accordingly, the admitted employee cost is given in the following table;

Table 4-6: Employee cost admitted for FY 2021-22 (Rs. Lakh)

AMOUNT ADMISSIBLE IN APR 2021-22	UNIT - VII	UNIT - VIII	TOTAL
Employee Cost for Power Plant	4160.11	3463.67	7623.78
Employee Cost of Service department @ 96.32%	3238.96	2696.72	5935.68
Employee Cost of Central Workshop @ 90%	131.21	109.24	240.45
Total	**7530.28**	**6269.63**	**13799.91**

4.5 Coal and Ash Handling Expenses

4.5.1 The Commission, in the Tariff Order, had approved the coal and ash handling expenses of Rs. 458.83 Lakh for FY 2021-22. As against the same, DPL has claimed the ash handling expenses of Rs. 480.92 Lakh. DPL has submitted that the claimed expenditure is mainly on account of removal of ash generated from coal consumed in power plant and to comply the pollution norms. The petitioner has, however, not submitted any justification for increase in 'coal and ash handling' expenses over that approved in the tariff order for FY 2021-22.

4.5.2 Break-up of Coal and Ash Handling Expenses claimed by DPL is given in the following table;

Table 4-7: Break-up of Coal & Ash Handling expenses claimed by DPL for FY 2021-22 (Rs. Lakh)

Particulars	Accounting Code	Cost in Rs.
Coal Handling Expenses	540322	312.47
Ash Handling Expenses	540323	72.61
Ash Disposal Expenses	544500	95.84
	Form – E(B)	**480.92**

4.5.3 Coal and Ash handling expenses are considered as a controllable element of ARR. This, however, however, does not include 'Ash Disposal' expenses. Ash disposal expenses claimed by DPL has been considered separately along with income from sale of dry fly ash in the subsequent part of this order dealing with non-tariff income.

4.5.4 The Commission observed that during FY 2021-22, the actual generation remained lower than the projections approved by the Commission in the MYT Order. The Commission allows the coal and ash handling expenses in proportion to the actual generation as compared to the projected generation considered for FY 2021-22 as given in Table below:

Table 4-8: Admitted Coal & Ash Handling expenses (Rs. Lakh)

Unit	Gross generation projected in Tariff Order	Coal and ash handling expenses admitted in Tariff Order	Actual gross generation	Proportionate Expenses for actual generation
	MU	Rs. Lakh	MU	Rs. Lakh
	A	B	C	D=C*(B/A)
Unit VII	2102.40	250.27	944.73	112.46
Unit VIII	1752.00	208.56	1622.88	193.19
Total	3854.40	458.83	2567.61	305.65

4.5.5 The Commission, therefore, admits the coal and ash handling expenses of Rs. 305.65 Lakh in the APR 2021-22 with unit wise segregation as shown in the above table.

4.6 Water Charges

4.6.1 The Commission, in the Tariff Order, had approved the water charges of Rs. 1045.17 Lakh. As against the same, DPL has claimed the water charges of Rs. 1646.43 Lakh.

4.6.2 DPL has submitted that in the audited financial statement of F.Y. 2021-22, impact of enhanced rate of DVC has been accounted for with effect from 01.01.2019 considering average inter-plant-transfer (IPT) rate as Rs. 15 per KL.

4.6.3 Earlier DPL had submitted the Government Order regarding Inter Plant Transfer (IPT) rate of Rs. 14.29 per KL (valid from 01.01.2019 to 31.03.2022). Reference in this regard may be drawn from para 3.8.2 of APR order for FY 2019-20 dated 16.07.2024 in Case No. APR-92/21-22 and FPPCA-101/21-22. Therefore, the Commission decides to admit the water charges considering the IPT rate as Rs. 14.29 per KL.

4.6.4 The water charges are categorized as uncontrollable element. 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. While allowing water charges in the present APR, consumption has been restricted to 3.5 Litre per Kwh in terms of the MoEFCC notification. The detail of such calculation is shown in the Table below:

Table 4 – 9: Water Charges Admitted in APR 2021-22 (Rs. Lakh)

Unit	Actual gross generation	Normative Water Consumption @ 3.5 L/Kwh	Proportionate expenses for actual generation @ Rs. 14.29 per KL	Water charges claimed	Water charges admitted in APR
	MU	ML	Rs. Lakh	Rs. Lakh	Rs. Lakh
A	B	C	D = C x 14.29 x 100	E	F = Min. of D and E
Unit VII	944.73	3306.56	472.51	605.79	472.51
Unit VIII	1622.878	5680.07	811.68	1040.64	811.68
Total	2567.608	8986.63	1284.19	1646.43	1284.19

4.7 Operation and Maintenance Expenses (O&M expenses)

4.7.1 The Commission, in the Tariff Order, had approved the O&M expenses of Rs. 4658.5 Lakh. As against the same, DPL has claimed the expenses of Rs. 9553.67 Lakh [ref. form E(B) and text petition page nos. 12 to 14] as detailed in the table below;

Table 4 – 10: O&M Expenses Claimed in APR 2021-22 (Rs. Lakh)

SL. NO.	PARTICULARS	CLAIMED		
		UNIT- VII	UNIT - VIII	Total
1	Other Administrative and General Expenses	2804.13	2969.60	5773.73

2	Legal Charges	0.18	0.31	0.49
3	Auditor's Fees	1.03	1.77	2.80
4	Repairs & Maintenance (including consumables)	2069.55	1707.10	3776.65
	TOTAL	**4874.89**	**4678.78**	**9553.67**

4.7.2 Details and break-up of 'Other A&G Expenses' are given in the table below;

Table 4 – 11: Break-up of 'Other A&G Charges' Claimed (in Rs. Lakh)

1	**Power Plant**	Unit - VII	Unit - VIII	Total
a	Travelling Expenses + Vehicle Maintenance + Postage + Printing Expenses	0.43	0.74	1.17
b	Insurance	176.22	302.71	478.93
c	General Establishment Charges (Car hire+ Misc. expenses + Hired Security)	278.72	478.79	757.51
d	Bad and doubtful advances provided for.	143.68	246.82	390.5
e	Bad and doubtful debts provided for.	0.46	0.8	1.26
f	Short lifting compensation on coal	57.56	98.88	156.44
g	UI Transaction on SLDC	57.17	98.21	155.38
	Sub-Total - 1	**714.24**	**1226.95**	**1941.19**
2	**Service Department**			
a	Total Expenses			10110.02
b	Less: Salary Expenses			6162.47
c	Expenses eligible as other A&G expenses (c = a - b)			3947.55
d	Allocation under Power Plant head (96.32% of c)	2073.39	1728.89	3802.28
	Sub-Total - 2			**3802.28**
3	**Central Workshop**			
a	Total Expenses			300.82
b	Less: Salary Expenses			267.18
c	Expenses eligible as other A&G expenses (c = a - b)			33.64
d	Allocation under Power Plant head (90% of c)	16.5	13.78	30.28
	Sub-Total - 3			**30.28**
4	**Total (1+2+3)**	2804.13	2969.62	**5773.75**

4.7.3 From the above table it becomes clear that while claiming the 'Other A&G Expenses' for Power Plant, DPL has considered 96.32% and 90% of Other A&G Expenses belonging to Service Deptt. and Central Workshop respectively (at Sl. No. 2 and 3 in the above table) as certified by Auditor.

4.7.4 DPL has claimed 'Other A&G Expenses' belonging to Power Plant under Sl. No. 1 in the above table, includes insurance expenses (sl. No. 1b) amounting to Rs.478.93 Lakh. The Commission has dealt insurance expenses separately in this order, hence, the same has not been considered as admissible under the 'Other A&G Expenses'. Items under sl. no. 1(d) and 1(e) are the provisions taken in the Audited Financial Statement. Commission allows bad debt if the same are actually happened and written off. Hence, these items are not admitted in APR 2021-22. Item sl. No. 1(f) is related to cost of coal and is penal expenditure due to short lifting of coal. Hence, the Commission has not considered this expenditure item as admissible. So far as item sl. no. 1(g) is concerned, it is the deviation charges paid/ payable by DPL. The Commission has dealt UI Charges separately in later part of this order, based on payable and receivable values for 2021-22. Hence, this expenditure has not been considered under A&G expenses.

4.7.5 Based on the explanations given above the admissible amount of 'Other A&G Expenses' for FY 2021-22 works out in the following table:

Table 4-12: Admissible Other A&G Expenses

(in Rs. Lakh)

1	Power Plant	Unit - VII	Unit - VIII	Total
a	Travelling exp. + Vehicle Maintenance + Postage + Printing	0.43	0.74	1.17
c	General Establishment Charges (Car hire+ Misc.+ Hired Security)	278.72	478.79	757.51
	Total - 1	**279.15**	**479.53**	**758.68**
2	**Service Department**			
a	Total Expenses			10110.02
b	Less: Salary Expenses			6162.47
c	Expenses eligible as other A&G expenses (c = a - b)			3947.55
d	Allocation under Power Plant head (96.32% of c)	2073.39	1728.89	3802.28
	Total - 2			**3802.28**
3	**Central Workshop**			
a	Total Expenses			300.82
b	Less: Salary Expenses			267.18
c	Expenses eligible as other A&G expenses (c = a - b)			33.64
d	Allocation under Power Plant head (90% of c)	16.50	13.78	30.28
	Total - 3			**30.28**
4	Total (1+2+3)	**2369.04**	**2222.20**	**4591.24**

4.7.6 DPL has claimed Audit Expenses of Rs. 2.80 Lakh (ref. form E(B)). The claimed amount has been verified from Audited Financial Statement for FY 2021-22 and found in order. The Commission, therefore, considers this Audit Expenses of Rs. 2.80 Lakh as the admissible expenditure. DPL has also claimed Rs. 0.49 lakh for legal expenses (ref. form E(B)). Legal expenses of Rs. 0.49 Lakh has also been certified by auditor. Hence, the Commission considers Legal expenses of Rs. 0.49 Lakh as admissible.

4.7.7 Under O&M Expenses, DPL has claimed Rs. 3776.65 Lakh towards 'Repair & Maintenance' including 'Consumables' and 'Stores & Spares'. On scrutiny of the item break-up, it is found to consist of Rs. 1164.48 Lakh towards Consumables and Stores & Spares and the same has been verified from Audited Financial Statement. Expenditure of Rs. 2483.62 Lakh recognised in the Audited Financial Statement towards R&M expenditure includes Rs.385.08 Lakh for Coal & Ash handling charges. Since DPL has claimed coal & ash handling charges separately, the admissible R&M expenditure works out to be Rs. 2098.54 Lakh (2483.62- 385.08). Therefore, the Commission considers Rs. 2098.54 Lakh as admissible R&M expenditure for FY 2021-22.

4.7.8 Based on the aforesaid, admissible O&M expenditure for FY 2021-22 works out hereunder;

Table 4-13: Admissible O&M Expenses (in Rs. Lakh)

Other A&G expenses	4591.24
Legal Charges	0.49
Auditor's Fees	2.80
Repairs & Maintenance (including consumables)	2098.54
	8371.18

4.7.9 While finalising the ARR for FY 2021-22 in the MYT Order dated 16.07.2021, the Commission escalated the norms for the year 2020-21 by applying hybrid escalation factor of 4.02% (60% of WPI inflation + 40% of CPI inflation) to arrive at the norm for the year 2021-22. Actual value of the hybrid inflation factor for 2021-22 found to be 9.82% (= 60% of 12.97% + 40% of 5.10%) which is more than 15% increase from that considered in the tariff order. Hence, in terms of the regulation 2.6.10 (ii) of Tariff

Regulations, the norms have been revised by applying the actual hybrid inflation factor of 9.82% over the norm for FY 2020-21 and is detailed in the following table;

Table 4-14: Revised normative O&M Expenses (in Rs. Lakh)

Average WPI inflation in % for 2021-22	Average CPI inflation in % for 2021-22	Hybrid Inflation Factor
12.97%	5.10%	9.82%
Particulars	**Unit-VII**	**Unit-VIII**
Norm of 2020-21 (in Rs. Lakh / MW)	9.25	6.82
Norm 2021-22 in Tariff Order (in Rs. Lakh / MW)	9.62	7.09
Revised norm for FY 2021-22 in APR (in Rs. Lakh / MW)	10.16	7.49
Installed Capacity in MW	300	250
Normative O&M expenditure (Rs. Lakh)	3048	1872.50

4.7.10 The O&M expenses are categorised as controllable. The Commission, therefore, decides to allow O&M expenses in accordance with the applicable norms for the relevant year. O&M expenses admitted by the Commission for 2021-22 are given in the following table;

Table 4-15: O&M expenses

Sl. No.	Particulars	Capacity (MW)	O&M norms in Tariff Order (Rs. Lakh/MW)	Revised Norms considered in APR 2021-22 (Rs. Lakh/MW)	Normative O&M approved in Tariff Order (Rs. Lakh)	Normative O&M considered in APR 2021-22 (Rs. Lakh)	Claimed in APR (Rs. Lakh)	Admissible in APR (Rs. Lakh)	Admitted (Rs. Lakh)
A	B	C	D	E	F = C x D	G = C x E	H	I	J = Min (G, I)
1	Unit VII	300	9.62	10.16	2886	3048	4874.89	4439.80	3048
2	Unit VIII	250	7.09	7.49	1772.5	1872.5	4678.78	3931.38	1872.5
3	**Total**				**4658.5**	**4920.5**	**9553.67**	**8371.18**	**4920.5**

4.8 Depreciation

4.8.1 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. 12536.54 Lakh.

4.8.2 The Commission, in the Tariff Order, held as under:

"4.8.3 The Commission allows the depreciation for seventh control period for Unit VII and Unit VIII, however, considering decision in paragraph 4.8.2 and 5% reduction of provisional project cost of Units VII & VIII on the ground as mentioned in paragraphs 4.2.1 and 4.2.2 ---

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DPL shall submit the details of assets of the decommissioned unit (Unit VI) duly certified by the Auditors that none of the assets of unit VI has been included in either of unit VII or unit VIII, along with its APR Petition for respective years for examination by the Commission before finalisation of the issue."

4.8.3 The Commission notes that the claim of DPL in APR of FY 2021-22 is more than what was approved in Tariff Order of FY 2021-22. DPL, in the APR petition, has submitted 'Fixed Asset Register' containing item wise asset details. The Commission has approved the final project cost of Unit – VII. Approval of final project cost of Unit – VIII is not yet completed. DPL has also submitted original cost of fixed asset in the tariff form - 1.18.

4.8.4 On scrutiny of the fixed asset register, the Commission noted the following discrepancies;

A. Opening and closing value of fixed asset contains T&D assets, mineral assets, land for captive coal mines and also assets related to the de-commissioned units,

B. Summated asset value of Unit- VII and Unit – VIII shown in the asset register does not match with the total asset value of DPL,

C. Depreciation claimed by DPL in the present APR petition found to include depreciation of mineral asset(s), T&D assets and some miscellaneous assets without any proper description and justification.

4.7.1 The Commission has dealt the admitted capital cost of Unit-VII and Unit-VIII herein before. Admitted capital cost cost of Unit – VII & VIII and a part of the cost of common assets allocated to Unit-VIII are also recorded therein. Since no addition of capital expenditure has been approved during FY 2021-22, the rate of depreciation for Unit-VII and Unit-VIII have been kept equal to that considered in APR 2020-21. Admitted rates of depreciation are shown in the table below;

Table 4 - 16: Computation of Rate of Depreciation

Particulars	*Unit - VII*	*Unit - VIII*	*Common Asset*

			allocated to Unit-VIII
Rate of depreciation	3.61%	3.60%	3.61%

4.7.2 Capital cost of Unit-VII has been finalised by the Commission in the Order dated 26.08.2025 in Case No. OA – 485 / 24 – 25. As per the said order, the approved cost of fixed assets of Unit – VII is Rs. 124457.64 Lakh for FY 2021-22. Value of a portion of Common Asset has been approved and allocated as per the said order to Unit – VIII is Rs. 8754.87 Lakh for FY 2021-22. The Commission approved the project cost of Unit -VIII as Rs. 169969 Lakh (Second Stage Approval) vide order dated 02.07.2013 in Case No. OA – 146 / 11 – 12.

4.7.3 Based on the approved project cost of Unit-VII and Unit – VIII, depreciation has been derived as shown in the table below:

Table 4 - 17: Computation of Depreciation

(in Rs. Lakh)

Particulars	**Derivation**	Unit - VII	Unit - VIII*	Common Asset of Unit-VIII	Total
Approved Project Cost	A	124457.64	169969.00	8754.87	303181.51
Rate of Depreciation	B	3.61%	3.60%	3.61%	3.604%
Admissible Depreciation	C = A * B	4492.92	6118.88	316.05	10927.86
Depreciation withheld for Unit-VIII	D= 5% of C	0.00	305.94	0.00	305.94
Admissible Depreciation	E= C - D	4492.92	5812.94	316.05	10621.91

4.8.5 The Commission, therefore, admits Rs. 10621.91 Lakh towards depreciation in the APR 2021-22. Unit wise depreciation is further shown in the following table;

Table 4-18: Depreciation Admitted for FY 2021-22 (Rs. Lakh)

Sl. No.	Particulars	Net Depreciation Admissible in the MYT Order	Depreciation Admitted in the MYT Order	Depreciation Claimed in APR	Depreciation Admitted in APR
		A	B = 95% of A	C	D
1	Unit VII	5106.39	4851.07	5381.41	4492.92
2	Unit VIII	6956.12	6608.31	7155.13	6128.99

Sl. No.	Particulars	Net Depreciation Admissible in the MYT Order	Depreciation Admitted in the MYT Order	Depreciation Claimed in APR	Depreciation Admitted in APR
		A	B = 95% of A	C	D
3	Total	12062.51	11459.38	12536.54	10621.91

4.1 Interest on Borrowed Capital

4.1.1 The Commission, in the Tariff Order, had approved the interest on borrowed capital at Rs. 16953.55 Lakh. As against the same, DPL has claimed Rs. 26268.44 Lakh (net off rebate) interest on borrowed capital.

4.1.2 On perusal of the submissions of DPL in the petition and analysis done in the MYT Order for the 7th Control Period, the Commission observed the following in the context of the present APR petition;

A. Loan from Power Finance Corporation Ltd. (PFCL) and West Bengal Infrastructure Development Finance Corporation Limited (WBIDFCL):

1. DPL had taken loan from Government of West Bengal, M/s Power Finance Corporation Ltd (PFCL) and Central Electricity Authority (CEA). The major part of the loan was taken from PFCL for 300 MW Unit No.7, 250 MW Unit No.8 and augmentation of T&D network. All the loans from PFCL were effectively subsumed into a single Term Loan of Rs. 2660.00 Crore on 15 February 2018. Later during November / December 2018, It increased to Rs. 2690 Crore out of the sanctioned loan amount of Rs. 2700 Crs.

2. The balance as on 31.03.2021 was 2593.13 crore including non-payment of interest amounting to Rs.126.26 crore during Covid-19 moratorium period as per guideline of RBI.

3. The outstanding State Government Loan as on 31.3.2021 was about Rs.391.69 Crore with accumulated interest of about Rs.446.21 Crore. The loan and outstanding interest from CEA stood at Rs.11.81 Crore and Rs.49.22 Crore respectively. However, it is informed that West Bengal Infrastructure Development Finance Corporation Limited (WBIDFCL) sanctioned a Term Loan of Rs.2675 Crore in favour of the Durgapur Projects Limited (DPL). The

purpose of the said Term Loan is liquidation of high-cost term loan from Power Finance Corporation (PFCL).

4. The State Government issued an unconditional, irrevocable and continuing guarantee amounting to Rs.2675.00 crore in favour of WBIDFCL on behalf of DPL against an approved Term Loan of equivalent amount. DPL executed the Loan Agreement with WBIDFCL on 30.06.2021.

5. The entire outstanding amount due to PFCL has been repaid in the first week of July, 2021. The tenure of the WBIDFCL loan is up to 15 years including moratorium period of 2 years from the date of first disbursement. Rate of interest for this loan is 8.65% p.a. The principal amount of the loan shall be repaid by the Borrower in 156 equal monthly instalments after 24 months (moratorium period) from the date of first disbursement.

6. While analysing the interest on borrowed capital, the Commission at para 4.9.2 of the MYT order dated 16.07.2021 observed that the loan amount of Rs. 2700 Crs. granted by PFCL was inclusive of Funded Interest Term loan (FITL) of Rs. 555.25 Crs. DPL had drawn Rs. 2660 Crs. on 14.02.2018 and Rs. 30 Crs. in November/ December 2018. Thus, total PFCL loan drawn by DPL was Rs. 2690 Crs. (@ 11.67% interest) which was subsequently squared off by taking loan of Rs. 2675 Crs. (@ 8.65% interest) from WBIDFCL.

7. The Commission did not allow recovery of interest for the loan amounting to Rs. 555.25 Crs. being FITL in nature and interest for the loan amount of Rs. 30 Crs. for want of proper documents to justify that this amount has been invested for the Generation business. In the APR petition also, DPL has not submitted necessary documents to justify their claim. Hence, the Commission in this order also has not considered Rs. 585.25 Crs. (Rs. 555.25 Crs. + Rs. 30 Crs.).

8. The loan drawn from WBIDFCL, therefore, also includes a portion of Rs. 585.25 Crs. (Rs. 555.25 Crs.+ Rs. 30 Crs.) considering repayment. Hence, the Commission has not allowed the interest claimed by DPL for the WBIDFCL loan in the present APR.

9. Admissible opening loan for FY 2021-22 has been considered same as the admitted closing loan for FY 2020-21 (ref. APR Order for FY 2020-21). As stated earlier, WBIDFCL loan has been used to square off the PFCL loan. Therefore, the Commission has considered admissible opening loan of WBIDFCL same as admissible opening value of PFCL loan for FY 2021-22. Relevant computations are shown in the following tables;

Table 4 – 19: Computation of Loan Interest during 2021-22

(in Rs. Lakh)

Particulars	Derivation	2021-22			
		Unit - VII	Unit - VIII	Unit - VII	Unit - VIII
		PFCL Loan		WBIDFCL Loan	
Admissible opening loan	A	41480.70	151500.93	41480.70	151500.93
Fresh drawl during the year	B	0.00	0.00	0.00	0.00
Loan duration (in months)	C	3.00	3.00	9.00	9.00
Rate of interest	D	11.15%	11.15%	8.65%	8.65%
Admissible interest during the year	E = (A + B) *D *C/12	1156.27	4223.07	2691.06	9828.59
Interest withheld for Unit - 8	F = 5% of E	0.00	211.15	0.00	491.43
Admitted interest	G = E - F	1156.27	4011.92	2691.06	9337.16

B. Loan from the Government of West Bengal (GoWB Loan):

1. DPL has claimed interest amount of Rs. 1769.25 Lakh in Form-C against the loan amount of Rs. 28988.11 Lakh from the Government of West Bengal. DPL has submitted that the purpose of the loan is for power plant business. As could be derived from data submitted in Form-C and E(B), DPL has claimed the entire interest amount of Rs. 1769.25 Lakh against Unit – VII.

2. As already recorded at para 5.10.3 of the MYT Order dated 13.11.2020 for the 6th Control period, DPL had been claiming the interest on GoWB Loans under Distribution in the past. After the distribution system transferred to WBSEDCL, DPL claimed the interest on GoWB loans against Unit-VI during 6th Control Period. DPL had not submitted any reason for considering this interest against

Unit – VI. Moreover, DPL had submitted that Unit – VI has to be treated as decommissioned with effect from 01.04.2019.

3. While determination of tariff for the 7th Control Period, DPL had submitted statement showing sanction order wise details of the GoWB Loans and had submitted an allocation statement for FY 2019-20 i.e. after decommissioning of Unit - VI. Based on the submission of DPL, the Commission admitted interest of Rs. 721.94 Lakh for FYs 2020-21, 2021-22 and 2022-23 against Unit-VII only. DPL was, accordingly, vide e-mail dated 20.01.2026 was directed to submit a affidavit with such allocation statement and other relevant details. In reply on affidavit dated 28.01.2026 DPL submitted as under,

   A. There has been no repayment of loan taken from the Govt. of West Bengal during FY 2020-21 to 2022 23. Loan repayment has been done in FY 2023-24 by fresh infusion of equity by the Government.

   B. After de-commissioning of Unit-VI, several equipment used for common services of the power plant have been used for Unit - VII. Hence DPL has claimed the interest of this loan for Unit-VII.

4.1.3 In the afore stated submissions, DPL has not submitted any justification for not making any repayment of the loan.

4.1.4 On scrutiny of the Audited Financial Statement of FY 2021-22, the Commission notes that this loan was meant for revenue account and not for creation of capital assets. Hence, the Commission has not admitted the interest of Rs. 1769.25 Lakh claimed by DPL.

From the Audited Financial Statement of DPL, relating to Power Plant provides that a sum of Rs. 39169.32 Lakh is recognised as short-term borrowing from GoWB during FY 2021-22 (ref. Note-4(a) of Power Plant Accounts). However, the same amount of Rs. 39169.32 Lakh was recognised as long-term borrowing from GoWB during FY 2020-21 (ref. Note-3(a) of Service Department Accounts). The same amount of Rs. 39169.32 Lakh stands recorded in note-3(a) of the consolidated financial statement of DPL during the FY 2020-21 and in Note-4(a) for the year 2021-22. This implies that no loan from GoWB relates to the Power Plant. This is also evident from the Audited

Financial Statement of the Power Plant wherein at Note- 3a, the loans which stands guaranteed by GoWB is recorded as NIL in respect of 7th and 8th Unit. Hence, the Commission finds no reason to admit interest on loan from GoWB.

4.1.5 Based on the above observations and analysis, the admissible and the admitted interest on borrowed capital for FY 2021-22 are shown in the following table;

Table 4-20: Admissible / Admitted Interest on borrowed capital

(in Rs. Lakh)

Particulars	Admissible interest		Less: Amount Withheld for Unit-8		Admitted interest	
	Unit - 7	Unit - 8	Unit - 7	Unit - 8	Unit - 7	Unit - 8
Loan from PFCL (duration 3 months)	1156.27	4223.07	0.00	211.15	1156.27	4011.92
Loan from WBIDFCL (duration 9 months)	2691.06	9828.59	0.00	491.43	2691.06	9337.16
Sub-total	3847.33	14051.66	0.00	702.58	3847.33	13349.08
Loan from GoWB	0.00	0.00	0.00	0.00	0.00	0.00
Grand Total	17898.99		702.58		17196.41	

4.2 Other Finance Charges

4.2.1 The Commission, in the Tariff Order, had approved the other finance charges of Rs. 2612.17 Lakh. As against the same, DPL has claimed the other finance charges of Rs. 2812.57 Lakh. The claimed finance charges are towards guarantee fees of Rs. 2642.56 Lakh and rest amount i.e. Rs. 170.01 Lakh towards bank charges. The Commission admits only Guarantee Fees of Rs 2642.56 lakh for FY 2021-22 under the other finance charges claimed by DPL since it is not clear whether the claimed bank charges are for cash management services or financial services.

Table 4-21: Other finance charges

(in Rs. Lakh)

Sl. No.	Particulars	Approved in Tariff Order	Claimed in APR	Admitted
1	Unit VII	16.73	62.55	0
2	Unit VIII	2595.44	2750.02	2642.56
3	**Total**	**2612.17**	**2812.57**	**2642.56**

4.3 Income Tax

4.3.1 The Commission has not approved any income tax for 2021-22 in the MYT Order dated 16.07.2021. DPL has claimed the income tax of Rs. 2200.38 Lakh.

4.3.2 The Commission observes from the audited financial statement for FY 2021-22 that no amount has been either provided for or actually paid on account of income tax. Accordingly, no amount has been admitted by the Commission in APR for FY 2021-22.

Table 4 - 22: Income Tax

(in Rs. Lakh)

Sl. No.	Particulars	Approved in Tariff Order	Claimed in APR	Admitted
1	Unit VII	0.00	1196.18	0
2	Unit VIII	0.00	1004.2	0
3	**Total**	0.00	2200.38	0

4.4 Reserve for Unforeseen Exigencies

4.4.1 The Commission has not approved any amount on the head of reserve for unforeseen exigencies in the MYT Order dated 16.07.2021 on the ground that, as on 31st March 2019, the cumulative amount including interest on invested amount as per the Audited Financial Statements of DPL stands at Rs. 8249.61 Lakh. Therefore, in order to avoid future hike in generation tariff, that would ultimately affect the consumer tariff of the distribution licensee, hence the Commission does not allow any amount under this head.

4.4.2 In this regard, DPL submitted as under:

- As per Note-5(a) of the audited financial statements for power plant, the actual GFA is Rs. 356248.01 Lakh as on 01.04.2021.
- As per Note-2(ii) of the consolidated audited financial statements, an amount of Rs. 890.62 Lakh has been transferred to reserve during FY 2021-22 in accordance with Tariff Regulations.

The details of reserve for unforeseen exigencies submitted by DPL are as under:

Table 4-23: Details of Reserve for Unforeseen Exigencies submitted by DPL

(in Rs. Lakh)

Financial Year	Opening	Add: transfer	Add: Interest	Closing

	balance	from P&L A/c		balance
2009-10	-	923.09	-	923.09
2010-11	923.09	801.85	30.78	1755.72
2011-12	1755.72	-	-	1755.72
2012-13	1755.72	1032.71	68.58	2857.01
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
2020-21	8850.42	889.97	-	9740.39
2021-22	9740.39	890.62	-	10631.01

4.4.3 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 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.

4.4.4 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 has not admitted any amount for FY 2021-22 under this head as below:

Table 4 – 24: Reserve for unforeseen exigencies

(in Rs. Lakh)

Sl. No.	Particulars	Approved in Tariff Order	Claimed in APR	Admitted
1	Unit VII	0.00	381.18	0.00
2	Unit VIII	0.00	509.45	0.00
3	**Total**	**0.00**	**890.63**	**0.00**

4.5 Return on Equity

4.5.1 The Commission has approved the return on equity of Rs. 10970.12 Lakh in the MYT Order dated 16.07.2021. As against the same, DPL has claimed the return on equity of Rs. 11547.50 Lakh.

4.5.2 The admitted equity base as at the year-end of FY 2020-21 has been considered as the equity base at the beginning of FY 2021-22.

4.5.3 DPL has claimed the net addition to original cost of fixed assets of Rs. 6470.39 Lakh as against the nil addition approved by the Commission in the Tariff Order as under:

Table 4 – 25: Net addition to original cost of fixed assets claimed by DPL

(in Rs. Lakh)

Sl. No.	Particulars	Approved in Tariff Order	Claimed in APR
1	Unit VII	0.00	0.00
2	Unit VIII	0.00	6470.39
3	**Total**	**0.00**	**6470.39**

4.5.4 DPL in Form-1.20 (a), meant for Equity Base (Generation), has submitted Rs. 6470.39 Lakh as net addition to the original cost of fixed asset. In the additional information dated 13.01.2026, DPL has submitted Rs. 6633.48 Lakh as addition to the fixed assets during the financial year 2021-22 and stated that out of the total assets claimed, Rs. 6482 Lakh is related to land acquisition for Captive Mines which does not qualify for servicing in tariff. Therefore, the balance asset addition is Rs. 152 Lakh. In the Form-1.20(a), DPL has claimed no addition to the equity base for the purpose of computation of return on equity.

4.5.5 The Commission in the Order dated 26.08.2025 has approved Rs. 124516.74 Lakh as the final project cost for Unit – VII. Equity part in the approved project cost is Rs. 37726.88 Lakh and debt is Rs. 86789.86 Lakh.

4.5.6 Pending approval of final project cost of Unit – VIII, equity during FY 2021-22 has been considered same as that considered in APR 2020-21. Necessary adjustments will, however, be given by the Commission subsequent to approval of final project cost for Unit – VIII.

4.5.7 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 Units-VIII pending approval of final project cost.

Table 4 - 26: Return on Equity Admissible for FY 2021-22 (Rs. Lakh)

Sl. No.	Particulars	Admissible		
		Unit VII	Unit VIII	Total
1	Admissible equity base at the beginning of the year	37726.88	29659.04	67,386
2	Admitted equity base for common assets allocated to Unit-VIII	-	2773.12	2,773
3	Total equity base opening	37,726.88	32,432.16	
4	Actual addition/deletion to equity base during the year	-	-	-
5	Net addition to original cost of fixed assets during the year	-	-	-
6	Normative addition to equity base (30% of 4)	-	-	-
7	Addition to equity base considered for the year (lower of 3 and 5)	-	-	-
8	Admissible equity base at the closing of the year (1+2+6)	37726.88	32432.16	70159.04
9	Average admissible equity base for allowing returns	37,726.88	32,432.16	70159.04
10	Rate of Return	15.50%	15.50%	
11	Allowable Return	5847.67	5026.98	10874.65
12	Admitted Return*	**5847.67**	**4797.12**	**10644.79**

Note (*): 5% of the ROE admitted for Unit-8 (excluding common asset) has been withheld pending final approval of the project cost.

4.5.8 The Commission therefore admits Rs. 10644.79 Lakh as Return on Equity in the APR 2021-22 as further shown in the table below;

Table 4-27: Return on Equity Admitted (Unit wise) for 2021-22

(in Rs. Lakh)

Sl. No.	Particulars	Approved in Tariff Order	Claimed in APR	Admitted
1	Unit VII	5963.62	6277.50	5847.67
2	Unit VIII	5006.50	5270.00	4797.12
3	**Total**	**10970.12**	**11547.50**	**10644.79**

4.1 Insurance:

4.1.1 DPL did not claim any expenses towards insurance in their tariff petition for the 7th Control Period. Hence, the Commission did not consider any amount under this head in the Tariff Order. However, DPL has claimed Rs. 478.93 Lakh under this head in APR for 2021-22. Out of Rs. 478.93 Lakh, DPL has claimed Rs. 176.22 Lakh for Unit – VII and Rs. 302.71 Lakh for Unit – VIII.

4.1.2 From the details of 'Other Expenses' at Note – 18 of the Audited Financial Statement of DPL for Power Plant, the claim is found to be consistent with the expenditure booked. In terms of Regulation 2.5.5 of the Tariff Regulations, expenditure towards insurance premium is an uncontrollable element of ARR.

4.1.3 Regulation 5.23.1 of tariff regulations mandates for adopting the insurance expenditure by the Commission subject to transparent selection of the insurance company through bidding process and prudence check of the items covered under such insurance. Hence, vide e-mail dated 28.01.2026, DPL was asked to provide these details. In response DPL submitted the relevant details in their reply dated 06.02.2026. On scrutiny of the details, the Commission found that M/s United India Insurance Company Ltd. has been selected on L1 basis through transparent bidding process to provide insurance coverage and items covered in the insurance are relevant. Hence, the Commission admits Rs. 478.93 Lakh on this count (Rs. 176.22 Lakh for Unit – VII and Rs. 302.71 Lakh for Unit – VIII).

4.2 Rebate on sale of power to WBSEDCL

4.2.1 DPL did not claim any expenses towards rebate on sale of power in their tariff petition for the 7th Control Period. Hence, the Commission did not consider any amount under this head in the Tariff Order. However, DPL has claimed Rs. 1003.94 Lakh under this head in the APR petition for 2021-22. Out of the total claim of Rs. 1003.94 Lakh, DPL has claimed Rs. 369.39 Lakh for Unit – VII and Rs. 634.55 Lakh for Unit – VIII. Total rebate claimed has been verified from the amount booked in the Audited Financial Statement (Power Plant) under Note – 18 for FY 2021-22 and found in order.

4.2.2 Regulation 6.17.3 of the Tariff Regulations 2011 is reproduced below;

(i) *For payment of bills of the generating company and the transmission licensee through letter of credit on presentation, a rebate of 2% shall be allowed.*

(ii) *Where payments are made other than through letter of credit within a period of one month of presentation of bills by the generating company or the transmission licensee, a rebate of 1% shall be allowed.*

4.2.3 In terms of Regulation 2.5.5 of the Tariff Regulations, rebate provided by a generating company for timely payment of electricity bills by the purchaser is considered an uncontrollable element of ARR.

4.2.4 In order to assess the actual rebate availed by WBSEDCL, the Commission vide e-mail dated 28.01.2026 directed to submit the mutually signed reconciliation statement for bill vs. payment, rebate allowed and actual rebate availed by WBSEDCL on monthly basis. DPL in their reply dated 06.02.2026 has submitted the details.

4.2.5 The claim of rebate by DPL for Rs. 1003.94 Lakh includes rebate on the bills from February 2021 to March 2022 (excluding the bill for April 2021). DPL has submitted that rebate for April 2021 has been booked in the Audited Financial Statements of FY 2022-23. Based on the submitted details, the Commission admitted timely payment rebate of Rs. 1003.94 Lakh in the APR 2021-22.

4.3 Rent, Rates and Taxes

4.3.1 DPL did not claim any expenses towards rent, rates & taxes in their tariff petition for the 7th Control Period. Hence, the Commission has not considered any amount under this head separately in the Tariff Order. However, DPL has claimed Rs. 72.85 Lakh under this head in the APR petition for 2021-22. Out of the total claim of Rs. 72.85 Lakh, DPL has claimed Rs. 26.80 Lakh for Unit – VII and Rs. 46.05 Lakh for Unit – VIII. The amount claimed has been verified from the amount booked in the Audited Financial Statement (Power Plant) under Note – 18 for FY 2021-22 and found in order.

4.3.2 By e-mail dated 28.01.2026, the Commission directed DPL to submit the item-wise details of rent, rates and taxes paid by DPL during FY 2021-22, certified by the Auditor. DPL has submitted the details in the reply dated 06.02.2026.

4.3.3 Under Tariff Regulations, rates and taxes are treated as a separate and uncontrollable element of the ARR. On scrutiny of the submission of DPL dated 06.02.2026, the Commission finds as under;

A. DPL has not claimed any expenditure towards rent,

B. Most of the expenditures claimed are statutory in nature and falls under the category of A&G expenses.

C. Only the expenditure of Rs. 6514506.41 for GST input tax credit in respect of different vendors qualifies as 'Rates & Taxes'.

4.3.4 The Commission, therefore, admits Rs. 65.15 Lakh in the APR 2021-22 under the head Rates and Taxes.

4.4 Interest on Working Capital

4.4.1 The Commission has approved the interest on working capital of Rs. 719.44 Lakh in the Tariff Order. As against the same, DPL has claimed the interest on working capital of Rs. 1872.61 Lakh.

4.4.2 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 etc. 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 fuel 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 Commission, therefore, has considered normative Interest on working capital at the rate of 11.25% (Marginal Cost of Lending Rates (MCLR) of the State Bank of India as on 01.04.2021+ 3.50 %) for interest calculation for the year 2021-22 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 for FY 2021-22 hereunder:

Table 4-28: Interest on Working Capital **(in Rs Lakh)**

Sl. No.	Particulars	Allowable		
		Unit VII	Unit VIII	Total

1	Annual Fixed Charges including interest on working capital	26138.81	37400.00	63538.81
2	Fuel cost as admitted	16323.97	29580.39	45904.37
3	**Sub-total**	**42462.78**	**66980.40**	109443.18
	Less:			
4	Depreciation	4492.92	6128.99	10621.91
5	RoE	5847.67	4797.12	10644.79
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	32122.19	56054.28	**88176.48**
9	Normative requirement of working capital (10% of 8)	3212.22	5605.43	**8817.65**
10	Interest rate (SBI One Year MCLR as on 1st April 2020 + 350 basis point)	11.25%	11.25%	11.25%
11	Normative Interest on Working Capital	**361.37**	**630.61**	**991.99**
12	Interest on working capital claimed (Form-1.17B & E(B))	708.97	1163.64	1872.62
13	Actual interest on working capital as per (Form-C & Note-16 of Audited Financial Statements)			573.04
14	Interest on working capital admissible	**216.95**	**356.09**	**573.04**

As per Form-C submitted by DPL, the actual interest on working capital is Rs. 573.04 Lakh. Such interest payment has also been verified from Audited Financial Statement of DPL for FY 2021-22 (ref. note - 16). Therefore, Rs. 573.04 Lakh has been admitted by the Commission as actual interest on working capital in the present APR for FY 2021-22. Unit wise apportionment of admitted interest for FY 2021-22, as shown in the following table, has been done in line with the interest on working capital claimed by DPL in Form-E(B).

Table 4-29: Interest on Working Capital (Rs. Lakh)

Sl. No.	Particulars	Approved in Tariff Order	Claimed in APR	Admitted in APR
1	Unit VII	347.62	708.97	216.95
2	Unit VIII	371.82	1163.64	356.09
3	Total	**719.44**	**1872.61**	**573.04**

4.5 Income from Other Sources

4.5.1 The Commission, in the Tariff Order, had approved Rs. 1832.33 Lakh as the income from other sources. As against the same, DPL has claimed the income from other sources of Rs. 2167.96 Lakh in APR for 2021-22. Break-up of other income submitted by DPL in the APR petition for FY 2021-22 (ref. Form-1.26) is shown as under;

Table 4-30: Break-up of Other Income claimed by DPL (Rs. Lakh)

Sl. No.	Particulars (at actuals)	Unit - VII	Unit - VIII	Total
A.	Income derived from			
(i)	Sale of Fly Ash	487.61	837.62	1325.23
(ii)	Training Fees	0.53	0.92	1.45
(iii)	Other Misc. Income	63.20	108.56	171.76
(iv)	Hospital Receipts	0.19	0.32	0.51
(v)	Penalty & Delay Fine	1.13	1.94	3.07
(vi)	Vehicle receipt	3.31	5.69	9.00
(vii)	Sale of Tender Papers	0.01	0.02	0.03
(viii)	Rent & Allied Charges	106.81	183.48	290.29
(ix)	Interest on Deposit	61.09	104.93	166.02
(x)	Sale of Scrap	5.54	9.52	15.06
(xi)	Other general receipts arising from and ancillary or incidental to the business of electricity	10.16	17.44	27.60
	Total A	**739.58**	**1270.44**	**2010.02**
B.	Net receivables UI charge for the current year	58.11	99.83	157.94
	Total (A + B)	**797.69**	**1370.27**	**2167.96**

4.5.2 In the Audited Financial Statement of the Power Plant of DPL (ref. Note –12 at page no. 102) for FY 2021-22, total other income has been shown as Rs. 5790.89 Lakh. In the APR petition DPL has submitted (ref. page no. 22) that this amount includes Rs. 5598.47 Lakhs of Govt. Assistance received for operation of the Trans Damodar Coal Mines to compensate the mining charges which are not admitted in the tariff. DPL, therefore, has not considered such Govt. Assistance in Non-Tariff Income (NTI) for the year. Thus, NTI of Rs 2167.96 Lakhs is arrived at by DPL considering other income from power plant and apportioned Other Income of centrally maintained departments.

4.5.3 On scrutiny of the Audited Financial Statements for 2021-22 and the items in the above table, the Commission observed as under;

a. Considering the explanation of DPL as mentioned in the preceding paragraph, Govt. Assistance of Rs.5598.47 Lakhs does not qualify as NTI,

b. While dealing with the 'Coal and Ash Handling Expenses' herein before, the Commission observed that the claim of DPL includes Rs. 95.84 Lakh related 'Ash Disposal Expenditure'. The Commission has not allowed ash disposal expenses under the head 'Coal and Ash Handling Expenditure'. The Commission finds it appropriate to consider the income from sale of dry fly ash as non-tariff income after being reduced by the expenditure related to ash disposal. Thus, instead of Rs. 1325.23 Lakh, the Commission has considered Rs 1229.39 Lakh (=1325.23 – 95.84) towards net income from sale of dry fly ash as non-tariff income.

c. DPL has considered UI receivable amount of Rs. 157.94 (ref. item sl. No. B in the above table) as non-tariff income. The Commission will deal UI income and expenditure separately in later part this order. Hence, UI receivable amount has not been considered in an isolated manner as non-tariff income.

With the afore-stated observations, admissible non-tariff income has been worked out for FY 2021-22 in the following table;

Table 4-31: Admissible income from other sources (Rs. Lakh)

Sl. No.	Particulars (at actuals)	Unit - VII	Unit - VIII	Total	Unit - VII	Unit - VIII	Total
A.	Income derived from	CLAIMED			ADMITTED		
(i)	Sale of Fly Ash	487.61	837.62	1325.23	452.35	777.04	1229.39
(ii)	Training Fees	0.53	0.92	1.45	0.53	0.92	1.45
(iii)	Other Misc. Income	63.20	108.56	171.76	63.20	108.56	171.76
(iv)	Hospital Receipts	0.19	0.32	0.51	0.19	0.32	0.51
(v)	Penalty & Delay Fine	1.13	1.94	3.07	1.13	1.94	3.07
(vi)	Vehicle receipt	3.31	5.69	9.00	3.31	5.69	9.00
(vii)	Sale of Tender Papers	0.01	0.02	0.03	0.01	0.02	0.03
(viii)	Rent & Allied Charges	106.81	183.48	290.29	106.81	183.48	290.29
(ix)	Interest on Deposit	61.09	104.93	166.02	61.09	104.93	166.02
(x)	Sale of Scrap	5.54	9.52	15.06	5.54	9.52	15.06
(xi)	Other general receipts arising from and ancillary or incidental to the business of electricity	10.16	17.44	27.60	10.16	17.44	27.60
	Total A	739.58	1270.44	2010.02	704.32	1209.86	1914.18
B.	Net receivables UI charge for the current year	58.11	99.83	157.94	0.00	0.00	0.00
	Total (A + B)	797.69	1370.27	2167.96	704.32	1209.86	1914.18

4.5.4 The Commission, therefore, admits Rs. 1914.18 Lakh as non-tariff income with unit wise segregation as Rs. 704.32 Lakh for Unit - VII and Rs. 1209.86 Lakh for Unit - VIII.

4.6 Interest Credit

4.6.1 The Commission has not considered any interest credit during FY 2021-22 in the Tariff Order. As against the same, DPL has claimed the interest credit of Rs. 1284.99 Lakh having unit wise allocation of Rs. 551.59 Lakh for Unit – VII and Rs. 733.40 Lakh for Unit – VIII.

4.6.2 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 amount of depreciation charges at the rate of weighted average cost of debt is admissible. It is noteworthy to mention that during FY 2021-22, there was no effective repayment of loan. DPL only squared off the higher cost PFCL loan by a comparatively lower cost loan from WBIDFCL. As also submitted by DPL in Form-C, no repayment has been done against the loan amount of Rs. 28988.11 Lakh from Govt. of West Bengal. DPL in their APR petition at para 5.5 has also mentioned that there has not been any repayment of loan during FY 2021-22.

4.6.3 DPL started operating as a Generating Company only from 01.01.2019. Since then, DPL has not repaid the capital loan principals in commensurate with the approved depreciation. The Commission also notes that, total depreciation allowed to DPL in APR Orders effective for the period from 01.01.2019 to 31.03.2019, FY 2019-20 and FY 2020-21 has not been entirely used for repayment of outstanding loans and DPL has been enjoying the excess depreciation as a Generating Company. Hence, the Commission has decided to compute the cumulative interest credit from 01.01.2019 to 31.03.2022 in the present APR for 2021-22.

4.6.4 Based on the admitted depreciation and admitted borrowing cost, interest credit has been worked out as shown in the following table;

Table 4-32: Determination of Interest Credit (in Rs. Lakh)

Particulars		01/01/2019 to 31/01/2019	2019-20	2020-21	2021-22
Opening balance of excess depreciation	a	0.00	2981.05	12262.44	7582.6701

Depreciation during the year	b	2981.05	11474.39	10621.91	10621.91
Cumulative Excess Depreciation (Opening)	c = a + b	2981.05	14455.44	22884.35	18204.582
Repayment of admissible loan during the year	d	0.00	2193.00	15301.68	0.00
Outstanding excess depreciation (Closing)	e = c - d	2981.05	12262.44	7582.67	18204.582
Average excess depreciation retained	f = (c + e)/2	2981.05	13358.94	15233.51	18204.582

4.6.5 Computation of interest credit is shown in the table below;

Table 4-33: Computation of Interest Credit (in Rs. Lakh)

Particulars	Derivation	2021-22
Average Rate of Interest for admissible borrowing	A	10.64%
Average of excess depreciation retained during the year	B	18204.58
Admissible interest credit	C = A*f	1937.10

4.6.6 As shown in the above table, the Commission admits Rs. 1937.10 Lakh as cumulative interest credit in FY 2021-22. Unit wise apportionment of the admitted interest credit has been done based on the ratio used by DPL in their claim. Computational details are shown in the following table;

Table 4-34: Unit wise apportionment of Interest Credit for FY 2021-22 (Rs. Lakh)

Particulars	Unit-VII	Unit - VIII	Total
Approved in the MYT Order	0.00	0.00	0.00
Claimed	551.59	733.40	1284.99
Admitted	831.51	1105.59	1937.10

4.7 Unscheduled Interchange (UI) Charges

4.7.1 DPL has submitted 'UI Receivables' of Rs. 157.94 Lakh in 'Other Income' (ref. tariff format - 1.26) and 'UI Payables' of Rs. 155.38 Lakh in Administrative & General Charges (ref. annexure at page no. 126 of the APR petition). Receivable and Payable amounts related to UI charges have also been verified respectively from Note -11(b) and Note-18 of the Audited Financial Statements for FY 2021-22 for the Power Plant and found to be consistent.

4.7.2 Net UI (receivable) charges, therefore, works out to be Rs. 2.56 Lakh (157.94 – 155.38). In terms of the Regulation 5.17.1 of WBERC Tariff Regulations (First Amendment), 2012, DPL is entitled to retain the net receivable amount of Rs. 2.56 Lakh for FY 2021-22.

4.8 Fixed Charges

4.8.1 Based on the foregoing analysis, the amount of fixed charges allowable under different heads has been shown in Annexure-4A. Total Annual Fixed Charges works out for FY 2021-22 in the table below:

Table 4-35: Admitted Fixed Cost (in Rs. Lakh)

Unit - VII	Unit - VIII	Total
24603.91	35086.16	59690.07

4.9 Admissibility of Capacity Charges based on Availability

4.9.1 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.

4.9.2 Considering the facts that during FY 2021-22, the Units VII & VIII were in operation and the normative PAF is mandated to be 85.00% as per Schedule-9A of the Tariff Regulations for recovery of full fixed charges approved. From the data submitted in Form 1.1(a), the actual PAF of Unit VII and VIII are mentioned as 34.94% and 74.56% respectively. In Form 1.1, the actual weighted average PAF in respect of DPL during FY 2021-22 is mentioned 52.91% (ref. page nos. 104 & 105 of the APR Petition). DPL has also submitted the monthly plant availability as certified by SLDC.

4.9.3 COD of Unit - VII is 30.04.2008 and that for Unit - VIII is 01.10.2014. Therefore, Unit-VII is in commercial operation for more than 10 years while Unit-VIII for less than 10 years as on 01.04.2021. Recoverable capacity charge of Unit - VII and Unit - VIII of DPL has, therefore, been computed in the following table as per formula in regulation 6.11.4 (ii) and 6.11.4 (i) respectively of the Tariff Regulations. The Commission has admitted the cost of 'water charges' and 'coal and ash handling charges' proportionate with actual generation vis-à-vis target generation admitted in the MYT Order. Thus, the costs allowed under those heads have not been considered again for computing disallowances of capacity charges due to lower PAF. The disallowance of capacity charge for FY 2021-22 has been shown in the table below:

Table 4 - 36: Allowable Capacity Charge **(in Rs. Lakh)**

Sl. No.	Particulars		Unit VII	Unit VIII	Total
1	Date of Commercial operation	A	**30.04.2008**	**01.10.2014**	
2	Annual Fixed Charges Admitted in APR	B	24603.91	35086.16	59690.07
3	Less: Coal and ash handling expenses	C	112.46	193.19	305.65
4	Less: Water Charges	D	472.51	811.68	1284.19
5	Net Fixed Charges for computation of disallowance due to lower PAF	E = B-C-D	24018.94	34081.29	58100.23
6	Normative PAF	F	85%	85%	85%
7	Actual PAF	G	34.94%	74.56%	52.91%
8	Recoverable Fixed Cost	H	9873.20	31988.30	41861.50
9	Formula for computation of Capacity Charge		H = E * G / F	H = E*(0.5+0.5*G/F)	
10	**Total Capacity Charge admitted for recovery**	I = H+C+D	10458.17	32993.17	43451.34
11	Shortfall in Capacity Charge recovery	J = B - I	14145.74	2092.99	16238.74

4.10 Sharing of Gains with beneficiary

The Commission herein before has already determined the amount sharable with the beneficiary as Rs. 147.36 Lakh on account of gains for improved specific oil consumption for Unit No VIII. Such sharing is, however, subject to the condition that gain is first to be compensated with the deficit in fixed charge recovery of the generating units due to low PAF in terms of paragraph D of Schedule – 9B of the Tariff Regulations. From the above table, it is seen that there is deficit in fixed charge recovery for both the units and the total deficit is more than the gain achieved. Thus, the sharable gain of Rs. 147.36 Lakh is to be used entirely to compensate shortfall in recovery of capacity charge and no sharing with beneficiary is applicable in the instant APR.

Annexure - 4A

SUMMARY OF FIXED CHARGE FOR FY 2021-22

(Rs. Lakh)

Sl. No.	Particulars	Approved in Tariff Order			Claimed in APR			Allowable		
		Unit - VII	Unit - VIII	Total	Unit - VII	Unit - VIII	Total	Unit - VII	Unit- VIII	Total
1	Employee cost (Power Plant)	4092.19	3406.83	7499.02	4160.11	3463.67	7623.78	4161.10	3464.50	7625.60
2	Employee cost (Service Deptt. and Central Workshop)	2123.28	1767.68	3890.96	3367.88	2808.28	6176.16	3370.29	2805.85	6176.14
3	Employee cost (COGP)	0.00	0.00	0.00	1197.51	997.92	2195.43	0.00	0.00	0.00
4	Coal & Ash handling expenses	250.27	208.56	458.83	176.95	303.97	480.92	112.46	193.19	305.65
5	Water Charges	570.09	475.08	1045.17	605.79	1040.64	1646.43	472.51	811.68	1284.19
6	Operation & Maintenance expenses	2886.00	1772.50	4658.50	4725.47	4726.09	9451.56	3048.00	1872.50	4920.50
7	Depreciation	4851.07	6608.31	11459.38	5381.41	7155.13	12536.54	4492.92	6128.99	10621.91
8	Advance Against Depreciation (AAD)	276.53	6988.49	7265.02	0.00	0.00	0.00	0.00	0.00	0.00
9	Interest on borrowed capital	5364.60	12310.89	17675.49	6909.99	19358.45	26268.44	3847.33	13349.08	17196.41
10	Other finance charges	16.73	2595.44	2612.17	62.55	2750.02	2812.57	0.00	2642.56	2642.56
11	Income tax	0.00	0.00	0.00	1196.18	1004.20	2200.38	0.00	0.00	0.00
12	Reserve for unforeseen exigencies	0.00	0.00	0.00	381.18	509.45	890.63	0.00	0.00	0.00
13	Return on Equity	5963.62	5006.50	10970.12	6277.50	5270.00	11547.50	5847.67	4797.12	10644.79
14	Rebate on Electricity Bills	0.00	0.00	0.00	369.39	634.55	1003.94	369.39	634.55	1003.94
15	Insurance	0.00	0.00	0.00	176.22	302.71	478.93	176.22	302.71	478.93
16	Rent, Rates & Taxes	0.00	0.00	0.00	26.80	46.05	72.85	23.97	41.18	65.15
17	Interest on working capital	347.62	371.82	719.44	708.97	1163.64	1872.62	216.95	356.09	573.04
18	**Sub-total**	**26742.00**	**41512.10**	**68254.10**	**35723.90**	**51534.77**	**87258.68**	**26138.81**	**37400.00**	**63538.81**
19	Net UI Charges (Receivable)	0.00	0.00	0.00	0.00	0.00	0.00	0.94	1.62	2.56
20	Less: Miscellaneous other income	1318.46	513.87	1832.33	739.57	1270.45	2010.02	704.32	1209.86	1914.18
21	Less: Interest Credit	0.00	0.00	0.00	551.59	733.40	1284.99	831.52	1105.60	1937.12
22	Disallowance of Fixed Cost for PAF lower than normative	0.00	0.00	0.00	0.00	0.00	0.00	14145.74	2092.99	16238.74
23	Net AFC	**25423.54**	**40998.23**	**66421.77**	**34432.74**	**49530.92**	**83963.67**	**10458.17**	**32993.17**	**43451.34**

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 2021-22 is as shown in the Table below:

Table 5-1: Aggregate Revenue Requirement **(Rs. Lakh)**

Sl. No.	Particulars	Claimed	Admitted
1	Fuel Cost	64159.22	45904.37
2	Capacity Charge for Generation	83963.67	43451.34
3	Allowable Aggregate Revenue Requirement	148122.89	89355.71

5.2 The revenue earned by DPL from sale of electricity to WBSEDCL with reference to Note – 11 of the Audited Financial Statement is Rs. 101844.06 Lakh. The Commission notes from submission of DPL in the FCA petition that, Rs. 53711.38 Lakh (Rs. 39402.92 Lakh + Rs. 14308.46 Lakh) including MFCA was recovered through Fuel Cost. Thus, Rs. 48132.68 Lakh (Rs. 101844.06 Lakh – Rs. 53711.38 Lakh) was recovered through Fixed Charges.

5.3 Based on the analysis as done in the foregoing paragraphs, the amount adjustable in the instant APR for FY 2021-22 works out as under:

Table 5-2: Net amount recoverable/refundable

(Rs. Lakh)

Sl. No.	Particulars	Claimed	Admitted
1	Net Revenue Requirement	148122.89	89355.71
2	Revenue from Sale of Power	101844.06	101844.06
3	Net amount further recoverable from (+) / refundable to the beneficiary (-)	(+) 46278.83	(-)12488.35

5.4 Based on the analysis as done in the foregoing paragraphs, the amount adjustable on account of over recovery of fuel cost and over recovery of capacity charges works out as under:

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

(Rs. Lakh)

Sl. No.	Description	Revenue Break up	Admitted in APR	Over Recovery
A	Fuel Cost recovered through Schedule Injection (FCA petition)	39402.92		
B	Fuel Cost recovered through MFCA (FCA petition)	14308.46		
C	**Fuel Cost Recovered [A+B]**	53711.38	45904.37	7807.01
D	Sales Revenue as per audited financial Statement	101844.06		
E	Fixed Cost part of Sales Revenue [D-C]	48132.68	43451.34	4681.34
F	**Total Over Recovery**			**12488.35**

5.5 Therefore, total amount to be refunded by DPL to WBSEDCL works out to be Rs. 12488.35 Lakh for FY 2021-22. In terms of Regulation 2.6.6 of Tariff Regulations, the entire refundable amount of Rs. 12488.35 Lakh or a part thereof shall be adjusted with the amount of Aggregate Revenue Requirement of the ensuing year(s) or through a separate order, as may be decided by the Commission.

5.6 DPL is to take note of this order. Let a copy of this order be served upon DPL.

5.7 The Petition is thus disposed of.

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

5.9 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)
CHAIRPERSON

Date : 21.05.2026

Sd/-
DEPUTY DIRECTOR, WBERC