



ORDER

OF THE

WEST BENGAL ELECTRICITY REGULATORY COMMISSION

**IN CASE NO. -
FPPCA-98/20-21 AND
CASE NO. - APR-100/22-23**

IN REGARD TO THE APPLICATIONS SUBMITTED BY
HALDIA ENERGY LIMITED FOR APPROVAL OF FUEL AND
POWER PURCHASE COST ADJUSTMENT (FCA) AND
ANNUAL PERFORMANCE REVIEW (APR) FOR FY 2019-20

PRESENT:

SRI MALLELA VENKATESWARA RAO, CHAIRPERSON

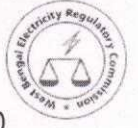
DATE: 23.10.2024



CHAPTER – 1

PREAMBLE

- 1.1 The 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 the 'Tariff Regulations'), mandates that the generating companies or licensees, as the case may be, are subject to Annual Performance Review (APR). The Commission vide its Order dated 08.09.2021 in Case No. TP-75/18-19 determined the tariff for Haldia Energy Limited (HEL) for its 2 X 300 MW Thermal Power Generating Station for FY 2018-19 and FY 2019-20. In absence of final project cost determination, the Commission considered 95% of the project cost submitted by HEL while determining the tariff for FY 2017 – 18.
- 1.2 Thereafter, the final Project Cost of 2 x 300 MW HEL power plant was approved by the Commission vide its order dated 20.07.2022 in Case No. OA-270/17-18.
- 1.3 In the meanwhile, HEL has filed the Petition for approval of Fuel and Power Purchase Cost Adjustment (FPPCA) for FY 2019 – 20 on 18.09.2019 and the Annual Performance Review for FY 2019 – 20 on 25.05.2022. The Commission had admitted the FCA and APR Petitions in FPPCA-98/20-21 and Case No. APR-100/22-23 on 20.07.2022 and 09.06.2022 respectively.
- 1.4 On admission of the APR and FCA Petitions, HEL was directed to publish the gist of the APR and FCA Petitions of FY 2019 – 20, as submitted by HEL and approved by the Commission. Accordingly, the gist was published on 22.08.2022 in 'The Telegraph', the 'Aajkal', the 'Bartaman' and the 'The Times of India'. The publication requested for submission of suggestions and objections from the stakeholders, if any, on the application to the Commission within 21 days from the date of publication of gist. The approved gist along with the APR Petition for FY 2019-20 was also published on the website of HEL. Opportunities were offered to all to inspect the application and take copies thereof. No objection and suggestion has been received from any stakeholder within the due date.
- 1.5 During the course of analysis, the Commission has found certain deficiencies and accordingly sought clarifications/additional information from HEL which were duly submitted by HEL from time to time. The submissions of HEL and Commission's analysis on APR and FCA for FY 2019-20 are detailed in the following chapters.



Order on FCA and APR of HEL for FY 2019-20

- 1.6 HEL has filed an appeal before the Hon'ble Appellate Tribunal for Electricity (APTEL) challenging the MYT Order dated 08.09.2021 in Appeal No. 318 of 2021. No stay has yet been granted by the Hon'ble APTEL on the said appeal. In view of this, the Commission decides to proceed with the APR 2019-20 of HEL following the provisions of the Tariff Regulations. However, this order is subject to any decision of the Hon'ble APTEL on the appeal preferred by HEL vide Appeal No. 318 of 2021.



CHAPTER – 2

COMPUTATIONS OF THE ALLOWABLE FUEL COST

- 2.1 In this part of the order, the Commission takes up the determination of fuel cost allowable to Haldia Energy Limited (HEL) on the quantum of power sold by it to CESC Limited during FY 2019-20 along with any gains arising from the performance of HEL over the operating norms set by the Commission.
- 2.2 The Fuel and Power Purchase Cost Adjustments (in short “FPPCA”) during the referred adjustment period, i.e., FY 2019 – 20 are to be ascertained by following the formula as enunciated by the Commission in Part-B of the Schedule - 7A of the Tariff Regulations.
- 2.3 Further, Paragraph A of Schedule 9B of the Tariff Regulations, contains provisions for sharing the gains, if any, for coal fired thermal power stations, if any, on account of its better performances over the operating norms set by the Commission. The operational parameters which are to be considered for such sharing of gains accrued to the generating stations are:
- Gain sharing for better Oil Consumption rate
 - Gain sharing for better Auxiliary Consumption rate
 - Gain sharing for better Gross Station Heat Rate (SHR)
- 2.4 Further, in terms of Paragraph D of Schedule 9 B of the Tariff Regulations, the sharable gains shall be used first to compensate the deficit in fixed charge recovery of the concerned generating station in case the availability of the generating station falls below the availability norm and thereafter the balance, if any, shall be passed on to the consumers / beneficiaries.
- 2.5 The Commission in order dated 20.01.2016 in Case No OA-121/11-12 has specified the normative operating parameters for HEL as below:

Table 2-1: Normative parameters

Parameters	Normative value
Plant Availability Factor (PAF)	85%
Plant Load Factor (PLF)	80%
Auxiliary consumption (AEC)	9%
Station Heat Rate (SHR)	2345 kCal/kwh
Transit loss	0.80%
Oil consumption rate	1.00 ml/kWh
Man /MW	1.30



- 2.6 Before ascertaining the amount of admissible fuel cost as well as the amount of gains, if any, to be shared with the beneficiary (here CESC Limited) under the provisions of Tariff Regulations explained in aforesaid paragraphs, the actual performance of HEL in comparison to the operational norms set by the Commission needs to be reviewed and admitted accordingly. Such comparisons are made hereunder:

Table 2-2: Normative v/s Actual Operating Parameters for FY 2019-20

Particulars	Units	Norms	Actual	Admissible
Rate of Auxiliary Consumption	%	9.00	7.55	9.00
Specific Consumption of Oil	MI/kWh	1.00	0.09	1.00
SHR	kCal/kWh	2345.00	1963.09	2345.00

The computations of actual rate of Auxiliary Consumption, Specific Consumption of Oil and SHR achieved are shown in Annexure - 2A.

- 2.7 As observed from table 2.2 above, actual performance of HEL generating Station relating to Specific Oil Consumption, Auxiliary Energy consumption and SHR are better than the norms specified in the Tariff Regulations. Accordingly, gains arriving out of such improved performance are required to be shared with beneficiary subject to the conditions stipulated in Paragraph D of Schedule 9B of the Tariff Regulations.

2.8 Determination of Allowable Fuel Cost

- 2.8.1.1 In terms of paragraph B of schedule -7A to the Tariff Regulations, fuel cost is to be determined for the amount of energy sold by a generating company to the licensee considering the admissible normative parameters and the principles specified in regulation 5.8 of the tariff Regulations.

2.9 Generation and Auxiliary Consumption

- 2.9.1.1 Gross generation of the Station has been estimated by taking into consideration the ex-bus injection schedule certified by SLDC and the normative auxiliary consumption as below:

Table 2-3: Normative Auxiliary Consumption for FY 2019-20

Scheduled Injection (MU)	Normative Rate (%)	Normative Auxiliary Consumption (MU)	Admissible Gross Generation (MU)
4095.540	9.00%	405.053	4500.593

**2.10 Weighted Average Heat Value and cost of Oil**

2.10.1.1 HEL has submitted weighted average calorific value of oil for 2019-20 as 9265.43 kCal/L. HEL submitted detailed calculation along with month-wise oil stock and sample test report in support of their claim. Average cost of oil (LDO) has been certified by the auditor as Rs.49306.42 per kL and the same has been considered.

Table 2-4: Quantum, Price and Heat Value of oil for FY 2019-20

Particulars	Unit	Claimed	Admitted
Quantum of oil	kL	416.77	416.77
Price of oil	Rs./kL	49,306.42	49,306.42
Heat value of oil	kCal/L	9524.00	9524.00

2.11 Permitted Transit Loss & Handling Loss of Coal

2.11.1.1 HEL has claimed 0.80% transit loss on entire coal including imported coal. The normative transit & handling loss for HEL admitted in Case No. OA – 121/11 – 12 dated 20.01.2016 being 0.80%, the same has been considered by the Commission for determination of fuel cost.

2.12 Weighted Average Price of Coal

2.12.1.1 HEL has procured 72.75% of coal through linkage from CIL subsidiaries, 26.08%% of coal through e-auction from CIL subsidiaries and balance 1.17% has been sourced through import during FY 2019-20. HEL has submitted the actual coal price along with the break-up. HEL also provided details of transportation cost of both imported and domestic coals. The landed coal price and heat value of coal purchased during the year 2019-20 as per the submission by HEL in its FPPCA and APR petitions are as below:

Table 2-5: Price and UHV of Coal submitted by HEL

Details of coal purchased	Unit	FY 2019-20
a) Quantum of coal	Tonne	3128887
b) Price of coal	Rs. /Tonne	2114.67
c) Transportation cost	Rs. /Tonne	1507.95
d) Landed price (b + c)	Rs. /Tonne	3622.62
e) Useful Heat value of coal	kCal/kg	2886.00



Price of Domestic Linkage Coal

2.12.1.2 The Price of Domestic Linkage Coal purchased during the year has been claimed as under:

Table 2-6: Price of Domestic Linkage Coal submitted by HEL

Details of coal purchased	Unit	FY 2019-20
a) Quantum of coal	Tonne	2276266
b) Price of coal	Rs. /Tonne	1603.75
c) Transportation cost	Rs. /Tonne	1497.52
d) Landed price (b + c)	Rs. /Tonne	3101.27

2.12.1.3 HEL has fuel supply agreement (FSA) with CIL subsidiary Mahanadi Coalfields Limited (MCL) for linkage coal. HEL has procured 72.75% of total coal procured during the year through linkage. The linkage coal prices are as per the basic price of coal for the respective grades as notified by CIL along with royalty, taxes and duties. Based on the documentary evidences submitted by HEL, the Commission has considered the price of linkage coal as per documentary evidences submitted by HEL.

2.12.1.4 HEL vide letter dated 19.10.2022 has submitted the invoice wise details of transportation of Linkage Coal along with copies of invoices. In this regard:

- The Commission has observed that 87.92% of the domestic Linkage coal has been transported through railway mode only. HEL has submitted the relevant 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.
- HEL has procured some portion of domestic coal (amounting to 12.08% of the total domestic Linkage coal procured) through Road-cum-Rail (RCR) mode. HEL was directed to submit the relevant details in respect of the RCR mode of transportation. HEL has accordingly submitted the details along with the invoices.
- The Commission in the Tariff Order for FY 2019-20 had directed HEL to submit the documents related to (i) distance from coal mines to nearest siding along with details, (ii) weighted average of distance if there are more than one locations for a particular source along with computation, (iii) bidding documents to select successful service provider(s) for the job, (iv) Newspaper publication intimating above bidding, (v) Work Order to the successful service provider and (iv) any other documents felt required from the point of view of transparency and reasonability along with necessary backup data and



Order on FCA and APR of HEL for FY 2019-20

information. In its response, HEL has submitted that the Tariff Order of the Commission was issued retrospectively and thus HEL has complied with the submission of relevant documents with the APR petition except the documents related to newspaper publication since the same cannot be implemented retrospectively. The submission is considered.

- The Commission further observed that the transportation charge claimed by HEL includes demurrage charges. However, HEL has not provided any appropriate justification for the same. As such, the Commission has not allowed the demurrage charges (to the tune of Rs. 0.94 per MT) in absence of any specific justification of such claim in terms of clause (vi) of Regulation 5.8.1 of the Tariff Regulations, 2011.

2.12.1.5 Based on the above, the price of Domestic Linkage Coal considered by the Commission is as under:

Table 2-7: Price of Domestic Linkage Coal considered by the Commission

Details of coal purchased	Unit	FY 2019-20	
		Claimed	Admitted
a) Quantum of coal	Tonne	2276266	2276266
b) Price of coal	Rs. /Tonne	1603.75	1603.75
c) Transportation cost	Rs. /Tonne	1497.52	1496.58
d) Landed price (b + c)	Rs. /Tonne	3101.27	3100.33

Price of Domestic Coal procured through e-auction

2.12.1.6 The Price of Domestic Coal procured through e-auction submitted by HEL is as under:

Table 2-8: Price of Domestic e-auction Coal submitted by HEL

Details of coal purchased	Unit	FY 2019-20
a) Quantum of coal	Tonne	816013
b) Price of coal	Rs. /Tonne	3318.52
c) Transportation cost	Rs. /Tonne	1604.84
d) Landed price (b + c)	Rs. /Tonne	4923.36



- 2.12.1.7 HEL submitted that in the months of July 2019 to January 2020 due to high power demand, all possibilities for sourcing of coal were explored apart from exhausting entire supplies from Linkages. HEL has procured 26.02% of its total coal procurement through Domestic E-Auction from the subsidiaries of Coal India Limited viz. Eastern Coalfield Limited (ECL), Mahanadi Coalfields Limited (MCL), Bharat Coking Coal Limited (BCCL) and Central Coalfields Limited (CCL). HEL has submitted the details for coal procured through E-Auction Coal along with allocation letters. Accordingly, the Commission has considered the price of Domestic coal procured through e-auction as submitted by HEL.
- 2.12.1.8 HEL has submitted the invoice wise details of coal transportation of domestic coals procured through e-auction along with copies of invoices. In this regard:
- The Commission has observed that the 26.80% of the e-auction coal has been transported through railway mode only. HEL has submitted the relevant 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.
 - HEL has procured major portion of e-auction coal (amounting to 73.20%) through Road-cum-rail (RCR) mode. HEL was directed to submit the details regarding the mode of award of contracts placed for road transportation. As discussed in para 2.12.1.4 above, the Commission has considered the documents submitted by HEL and admits the road transportation cost of Domestic coal procured through RCR mode as per the documentary evidences.
 - The Commission observed that the transportation charge claimed by HEL includes demurrage charges. However, HEL has not provided any appropriate justification for the same. As such, the Commission has not allowed the demurrage charges (to the tune of Rs. 1.33 per MT) in absence of any specific justification of such claim in terms of clause (vi) of Regulation 5.8.1 of the Tariff Regulations, 2011.



2.12.1.9 Based on the above, the price of domestic coal procured through e-auction considered by the Commission is as under:

Table 2-9: Price of domestic coal procured through e-auction considered by the Commission

Details of coal purchased	Unit	FY 2019-20	
		Claimed	Admitted
a) Quantum of coal	Tonne	816013	816013
b) Price of coal	Rs. /Tonne	3318.52	3318.52
c) Transportation cost	Rs. /Tonne	1604.84	1602.44
d) Landed price (b + c)	Rs. /Tonne	4923.36	4920.96

Price of Imported Coal

2.12.1.10 HEL has also procured imported coal to meet its balance coal requirement. The Price of Imported Coal submitted by HEL is as under:

Table 2-10: Price of imported coal submitted by HEL

Details of coal purchased	Unit	FY 2019-20
a) Quantum of coal	Tonne	36608
b) Price of coal	Rs. / Tonne	7049.20
c) Transportation cost	Rs. / Tonne	included in coal cost
d) Landed price (b + c)	Rs. / Tonne	7049.20

2.12.1.11 The Commission observed that HEL has procured imported coal based on quotes from their pre-approved enlisted suppliers on firm price basis and for plant delivered basis. The Commission notes that HEL has submitted sample invoice, purchase order and documentary evidence for bid documents for coal procurement for the imported coal. Based on the documentary evidences submitted by HEL, the Commission has considered the price of imported coal as submitted by HEL.

2.12.1.12 Based on the above, the price of imported coal considered by the Commission is as under:

Table 2-11: Price of imported coal considered by Commission

Details of coal purchased	Unit	FY 2019-20	
		Claimed	Admitted
a) Quantum of coal	Tonne	36608	36608
b) Landed Price of coal	Rs./Tonne	7049.20	7049.20



2.12.1.13 Based on the admitted price of Domestic Coal and Imported Coal the weighted average landed price of Coal admitted by the Commission for FY 2019-20 comes to Rs. 3621.35 per MT as under:

Table 2-12: Price of Coal admitted by the Commission

Details of coal Purchased	Unit	Claimed				Admitted			
		Domestic Linkage Coal	Domestic E-Auction Coal	Imported coal	Total Coal	Domestic Linkage Coal	Domestic E-Auction Coal	Imported coal	Total Coal
a) Quantum of coal	Tonne	2276266	816013	36608	3128887	2276266	816013	36608	3128887
b) Landed price	Rs./Tonne	3101.27	4923.36	7049.20	3622.62	3100.33	4920.96	7049.20	3621.35

2.12.2 Weighted Average Heat Value of Coal

2.12.2.1 Considering the coal details submitted by HEL in their FCA application and through subsequent documents, the Commission determines the Useful Heat value (UHV) of coal following the provisions of Regulation 5.8.15 of the Tariff Regulations. The Commission has decided in the Tariff Order of HEL for 2019-20 that there shall be no requirement of conversion of GCV to UHV in respect of e-auction coal following the provisions of Regulation 5.8.15 of the Tariff Regulations. Further, conversion from GCV to UHV, in terms of Regulation 5.8.15 of the Tariff Regulations is also not required for imported coal as such coal contains lesser ash and are of -50 mm in size and is not categorized under different grades of coal of Coal India Limited (CIL). In view of the above, the Useful Heat Value with minimum GCV of respective grade of coal comes to 2483.1 kcal/kg for FY 2019-20 for coal purchased during the year. The useful heat value submitted by HEL is 2885.65 kCal/kg. HEL submitted that, the UHV is derived based on the independent third-party certificates and HEL also submitted an auditor's certificate in support of their claim, The Commission noted that, the actual UHV claimed is higher than the UHV computed considering the minimum GCV of respective grade of coal. Accordingly, in terms of regulation 5.8.1(i), actual UHV (i.e., 2885.65 kCal/kg) has been considered by the Commission. Detailed computations are shown in Annexure – 2C for the coal purchased during the year.

2.12.2.2 The Commission observed that, HEL has considered the price of coal consumed considering the coal purchased during the year and the opening coal stock available. However, from their submission it appears that the heat value of opening coal stock has not been factored while computing heat value of coal consumed during the year. The Commission finds it appropriate to compute the heat value of coal duly taking into the impact of coal purchased as well as closing stock. Similarly, the landed price of coal consumed needs to be analyzed based on the admitted



coal purchase rates mentioned in above and the coal stock position submitted by HEL in notes under Form D3 of its APR petition. Accordingly, the admissible landed price and heat value of coal consumed during FY 2019-20 is computed below:

Table 2-13: Coal Stock Position Table of HEL for FY 2019-20

Particulars	Derivatives	Admitted
Stock Quantum (in MT)		
Opening Stock	A	230841.23
Coal Purchase during the year	B	3128887.00
Coal consumed	C	3017337.64
Closing stock	D = A+B-C	342390.59
Stock price (in Rs. /MT)		
Price of opening stock	E	3591.40
Price of coal purchased	F	3621.35
Price of coal consumed	$G = (A * E + B * F) / (A + B)$	3619.29
Price of Closing Stock	$H = (A * E + B * F) / (A + B)$	3619.29
UHV of Coal (in Kcal/Kg)		
Heat value of opening stock	I	2812.02
Heat value of coal purchased	J	2886.00
Heat value of coal consumed	$K = ((A * I + B * J) / (A + B))$	2880.92
Heat value of Closing Stock	$L = ((A * I + B * J) / (A + B))$	2880.92

* The quantum, price and heat value of opening stock has been considered as per the closing stock of 2018-19

2.12.3 Admitted Fuel Cost

Thus, the total fuel cost admissible for FY 2019-20 works out to Rs. 135333.67 Lakh against the claimed fuel cost of Rs. 137542.00 Lakh. Detailed Computation of the same is shown in Annexure - 2B.

2.12.4 Admitted Energy Charge Rate

The admitted energy charge for FY 2019-20 vis-à-vis the energy charge admitted by the Commission during the tariff determination stage is shown in the Table below:

Table 2-14: Fuel Cost per unit for FY 2019-20 (Paise/kWh)

Particulars	Value
Fuel cost per unit as per Tariff order	293.53
Fuel cost per unit as allowed in FCA	330.44

**2.12.5 C_D: Cost Disallowable**

The factor C_D as referred to in the formula in paragraph B of Schedule 7A of Tariff Regulations, 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.

2.12.6 Gains on account of better performance over operating norms

2.12.6.1 As discussed in aforesaid paragraphs, gain due to improved specific oil consumption is as shown in the Table below:

Table 2-15: Gain due to improved specific oil consumption for FY 2019-20

Particulars	Unit	Derivation	Value
Total Gross Generation [SI No. D of Annexure 2B]	MU	[1]	4500.593
Oil consumption on normative basis [SI No. L of Annexure 2B]	kL	[2]	4500.59
Actual oil consumption [Table 2-4 above]	kL	[3]	416.77
Savings in oil consumption	kL	[4] = [2] – [3]	4083.82
Average rate of oil [SI No. N of Annexure 2B]	Rs./kL	[5]	49306.42
Savings in amount	Rs. Lakh	[6] = [4] x [5]	2013.59
Specific Consumption of Oil as per admissible Norms	ml/kWh	[7]	1.00
Actual Oil Consumption [Annexure 2A]	ml/kWh	[8]	0.09
Difference in specific oil consumption	ml/kWh	[9] = [7] – [8]	0.91
Category			A
Sharing Ratio as per SI. No. 4 of Category A			74% : 26%
Share % of CESC Limited	%	[10]	26%
Share of CESC Limited	Rs. Lakh	[11] = [6] x [10]	523.53

2.12.6.2 Similarly gain due to improved auxiliary consumption is as shown in the Table below:

Table 2-16: Gain due to improved auxiliary consumption for FY 2019-20

Particulars	Unit	Derivation	Value
Normative Auxiliary Consumption [SI No. C of Annexure 2B]	MU	[1]	405.053
Actual Auxiliary Consumption [Annexure 2A]	MU	[2]	334.290
Savings in Auxiliary Consumption	MU	[3] = [2] – [1]	70.763
Cost of Generation	Rs./kWh	[4]	301.00
Gain	Rs. Lakh	[5]	2129.97
Normative Auxiliary Consumption	%	[6]	9.00%



Actual Auxiliary Consumption	%	[7]	7.55%
Difference in Auxiliary percentage	%	[8] = [6] - [7]	1.45%
Category			B
Sharing Ratio as per Sl. No. 1 of Category B			80 : 20%
Share % of CESC Limited	%	[9]	20%
Share of CESC Limited	Rs. Lakh	[10] = [5] x [9]	425.99

2.12.6.3 Similarly gain due to improved SHR is as shown in the table below:

Table 2-17: Gain due to improved SHR for FY 2019-20

Particulars	Unit	Value
Ratio of Heat Rate to Design Heat Rate in accordance with Para A3 of Schedule - 9B of the Tariff Regulations (SHR_n/D)		1.06
Category		Category B
SHR/SHR_n		Less than 0.97
Gross Generation	MU	4500.593
Coal cost for sale to the Purchaser (CSEC Limited) in accordance with Regulations	Rs. Lakh	133114.59
Coal cost for sale to the Purchaser (CESC Limited) in accordance with Audited figures	Rs. Lakh	111346.95
Coal cost difference	Rs. Lakh	21767.64
Applicable criteria in accordance with Para A3 of Schedule - 9B to the Tariff Regulations		5
Share to the Purchaser in accordance with Para A3 of Schedule - 9B to the Tariff Regulations	%	14%
Amount to be passed on to the Purchaser (CESC Limited) in accordance with Para A3 of Schedule - 9B of the Tariff Regulations	Rs. Lakh	3047.47

2.12.6.4 The share of CESC out of total gain on account of improved specific oil consumption, auxiliary energy consumption and Station Heat Rate is Rs. 3996.99 Lakh (Rs. 523.53 Lakh + Rs. 425.99 Lakh + Rs. 3047.47 Lakh).

2.12.7 Summing up the findings as explained in the earlier paragraphs, the amount of admissible fuel cost of HEL for FY 2019-20, net of sharing of gains due to improved performance as discussed aforesaid is shown in the table below:

Table 2-18: Fuel cost admitted by the Commission after necessary adjustments

Particulars	Unit	Admitted
Admissible Cost of Fuel considering Normative Parameters (Para 2.12.3)	Rs. Lakh	135333.67
Cost disallowed (Para 2.12.5)	Rs. Lakh	-
Less: Sharing of Gains with CESC limited (Para 2.12.6.4)	Rs. Lakh	3996.99



Order on FCA and APR of HEL for FY 2019-20

Particulars	Unit	Admitted
Fuel Cost	Rs. Lakh	131336.68

- 2.13 HEL submitted that the Tariff Order for FY 2019-20 was issued on 08.09.2021, i.e. after expiry of FY 2019-20 and the recovery of Energy Charge of FY 2019-20 was based on Tariff approved for FY 2017-18. Hence, HEL has recovered energy charges based on the rate of 277.43 paise/kWh which was approved in the Tariff Order for FY 2017-18 plus MFCA rate of 15.00 paise/kWh. Thus, revenue from energy charges realized by HEL during FY 2019-20 was of Rs. 119467.00 Lakh.
- 2.14 Summing up the findings as explained in the earlier paragraphs, the amount of Fuel and Power Purchase Cost Adjustment (FPPCA) of HEL generating station for the year 2019-20 is now determined based on the FPPCA formula specified in paragraph B of Schedule -7A of the Tariff Regulations considering admissible fuel cost of HEL for FY 2019-20, net of sharing of gains due to improved performance vis-à-vis the fuel cost recovered during the year is shown in the table below:

Table 2-19: Fuel Cost Adjustment for 2019-20 (Rs. Lakh)

Particulars	Unit	Admitted
Total Admitted Fuel Cost	FC	131336.68
Power Purchase Cost for pumping energy of PSP	PPC	Not applicable
Less: Cost disallowed	C _D	0.00
Adjustment, if any	A	0.00
Fuel cost recovered through sale to the purchaser	Fc	119467.00
Power purchase cost allowed in Tariff order for pumping energy	Ppc	Not applicable
FPPCA	{FC + (PPC -CD) +A} - (fc + ppc)	11869.68

- 2.15 The admitted fuel cost has been considered by the Commission while approving the APR of HEL for FY 2019-20 in the next chapter of the order.

**COMPUTATION OF ACTUAL STATION HEAT RATE ACHIEVED IN FY 2019-20**

Sl. No.	Particulars	Unit	Value
1	Gross Generation (Actual)	MU	4430.090
2	Consumption of Oil (Actual)	KL	416.77
3	Consumption of Coal (Actual)	MT	3017337.64
4	GCV of Oil (Actual)	kcal/lit	9524.00
5	Heat Value of Coal (Actual)	kcal/kg	2880.92
6	Heat from Oil (2X4/1000)	M. kcal	3669.32
7	Heat from Coal (3X5/1000)	M. kcal	8692708.35
8	Total Heat Used (6+7)	M. kcal	8696677.678712005.72
9	Station Heat Rate Achieved (8/1)	kcal/kWh	1963.09
10	Normative Station Heat Rate	kcal/kWh	2345.00

COMPUTATION OF ACTUAL AUXILIARY CONSUMPTION ACHIEVED IN FY 2019-20

Actual Gross Generation (MU)	Actual Sent Out Generation (MU)	Auxiliary Consumption (MU)	Actual Auxiliary Consumption	Normative Auxiliary Consumption
4430.090	4095.800	334.290	7.55%	9.00%

COMPUTATION OF SPECIFIC OIL CONSUMPTION ACHIEVED IN FY 2019-20

Actual Gross Generation (MU)	Actual Oil Consumption (kL)	Specific Oil Consumption (ml/kWh)	Normative Oil Consumption (ml/kWh)
4430.090	416.77	0.09	1.00

**COMPUTATION OF FUEL COST**

Operating Parameters	Legend	Unit	Claimed in APR	Admitted
Sent out Energy - (Scheduled Injection at Haldia boundary)	A	MU	4095.540	4095.540
Normative Auxiliary Consumption	B	%	9.00%	9.00%
Auxiliary Consumption	C	MU	405.050	405.053
Gross Admissible Generation	D	MU	4500.590	4500.593
Heat Rate	E	kcal/kWh	2345.00	2345.00
Permitted Oil Consumption	F	ml/kWh	1.00	1.00
Heat Value of Oil	G	kcal/L	9524.00	9524.00
Heat Value of Coal	H	kcal/kg	2886.00	2880.92
Overall Permitted Heat	I=D*E	GCal	10553892.00	10553890.59
Permitted Heat from Oil	J=D*F*G/10 ³	GCal	42863.00	42863.62
Permitted Heat from Coal	K=I-J	GCal	10511029.00	10511026.97
Permitted Oil Consumption	L=(J/G)*10 ³	kL	4501.00	4500.59
Permitted Coal Consumption excluding transit loss		Tonne		3648496.65
Transit Loss		Tonne	3671447.00	29423.36
Permitted Coal Consumption	M=K/H/.992*10 ³	Tonne		3677920.01
Cost of Oil per kL	N	Rs./kL	49306.00	49306.42
Cost of Coal per Tonne	O	Rs./Tonne	3686.00	3619.29
Cost of Oil	P=L*N/10 ⁵	Rs. Lakh	2219.00	2219.08
Cost of Coal	Q=M*O/10 ⁵	Rs. Lakh	135323.00	133114.59
Total Cost of Fuel	R=P+Q	Rs. Lakh	137542.00	135333.67
Energy charge rate	S = R x10/A	Paisa/kwh	335.83	330.44



COMPUTATION OF COAL BASED ON MINIMUM OF DECLARED HEAT VALUE FOR HEL THERMAL POWER STATION FOR FY 2019-20

Source	Grade	Quantity	Grade Mix	Heat Value of Coal	GCV	UHV Min	UHV Max	GCV Min	GCV Max	Mean UHV Interpolation
MCL - Linkage - Rail	G9	11264	0.36%	4010	4601	3360	4200	4324	5089	3664
MCL - Linkage - Rail	G10	36921	1.18%	3670	4301	2400	3360	3865	4324	3312
MCL - Linkage - Rail	G11	147371	4.71%	3302	4001	2400	3360	3865	4324	2684
MCL - Linkage - Rail	G12	618268	19.76%	2934	3701	1300	2400	3113	3865	2160
MCL - Linkage - Rail	G13	295680	9.45%	2510	3401	1300	2400	3113	3865	1721
MCL - Linkage - Rail	G14	808817	25.85%	2011	3101	1300		3113		1295
MCL - Linkage - Rail	G15	40050	1.28%	1539	2801	1300		3113		1170
MCL - Linkage - Rail	G16	39424	1.26%	1152	2501	1300		3113		1044
MCL - Linkage - Rail	G17	3442	0.11%	953	2201	1300		3113		919
MCL - Linkage - RCR	G12	62265	1.99%	2990	3701	1300	2400	3113	3865	2160
MCL - Linkage - RCR	G13	97934	3.13%	2526	3401	1300	2400	3113	3865	1721
MCL - Linkage - RCR	G15	114204	3.65%	1576	2801	1300		3113		1576
CCL - Linkage - RCR	WIV	626	0.02%	3945	4629					4629
ECL - Auction - Rail	G4	176469	5.64%	6101	6101					6101
BCCL - Auction - Rail	WIV	42240	1.35%	3936	4590					4590
MCL - Auction - RCR	G12	71964	2.30%	3018	3701					3701
MCL - Auction - RCR	G14	80099	2.56%	2073	3101					3101
CCL - Auction - RCR	G10	19086	0.61%	3658	4301					4301
CCL - Auction - RCR	G11	234041	7.48%	3302	4001					4001
BCCL - Auction - RCR	G8	51940	1.66%	4356	4901					4356
BCCL - Auction - RCR	WIV	140174	4.48%	3936	4530					4530
Import		36608	1.17%	5618	5618					5618
Total / Weighted Average		3128887		2886						2524.48



Annexure – 2D

Computation of Coal cost for sale to the Purchaser considering actual SHR

Operating Parameters	Legend	Unit	Coal cost for sale to the Purchaser considering actual SHR
Sent out Energy – (Scheduled Injection at Haldia Bus)	A	MU	4095.540
Normative Auxiliary Consumption	B	%	9.00%
Auxiliary Consumption	C	MU	405.053
Gross Admissible Generation	D=A+C	MU	4500.593
Actual Station Heat Rate (as per Annexure – 2A)	E	kCal/kWh	1963.09
Permitted Oil Consumption	F	ml/kWh	1.00
Heat Value of Oil	G	kCal/L	9524.00
Heat Value of Coal	H	kCal/kg	2880.92
Overall Permitted Heat	I=D*E	GCal	8835069.11
Permitted Heat from Oil	J=D*F*G/10 ³	GCal	42863.62
Permitted Heat from Coal	K=I-J	GCal	8792205.49
Permitted Coal Consumption without Transit Loss		Tonne	3051874.220
Transit Loss		Tonne	24611.89
Permitted Coal Consumption	M	Tonne	3076486.11
Cost of Coal per Tonne	O	Rs. /Tonne	3619.29
Cost of Coal	Q=M*O/10⁵	Rs. Lakh	111346.95



CHAPTER – 3

FIXED COST DETERMINATION UNDER APR

- 3.1 The Commission in its Tariff order dated 08.09.2021 had determined the capacity charge for FY 2019-20 as Rs 62240.65 Lakh considering the 95% of the project cost claimed by HEL subject to approval of final project cost to be approved by the Commission.
- 3.2 HEL has claimed the additional capitalisation of Rs. 74.00 Lakh for FY 2019-20. The Commission directed HEL to submit the justification for the claimed additional capitalisation along with package wise/head wise break-up.
- 3.3 The item wise break-up of additional capitalisation submitted by HEL is as shown in the Table below:

Table 3-1: Item wise break-up of additional capitalisation claimed by HEL (Rs. Lakh)

Particulars	Claimed
Railways Infrastructure	74
Total	74

- 3.4 The Commission in its order dated 20.07.2022 in Case No. OA-270/17 – 18 had admitted additional capitalization of Rs. 70.00 Lakh for the year 2019-20, in proportion to the admitted capital cost of the project. The order has been challenged by the petitioner before the Hon'ble Appellate Tribunal for Electricity (APTEL). Under these circumstances, the Commission decides to continue with Rs. 70 Lakh as additional capitalization for 2019-20. However, HEL has liberty to approach before the Commission for redetermination of additional capitalisation based on the decision of Hon'ble APTEL.
- 3.5 Based on the above, the capital cost considered for FY 2019-20 is as shown in the Table below:

Table 3-2: Capital cost for FY 2019-20 (Rs. Lakh)

Particulars	Claimed	Admitted
Opening capital cost (as on 01.04.2019)	405324.97	381904.94#
Additional capitalisation (para 3.4 above)	74.00	70.00
Closing capital cost (as on 31.03.2020)	405398.97	381974.94
# Closing Capital Cost admitted for 2018-19 in APR order dated 19.06.2024		

- 3.6 The Paragraph 3.4 of the Schedule 1 of the Tariff Regulations defines capacity charges as Annual Revenue Requirement (ARR) minus the fuel cost. The Commission, in Chapter 2,



has dealt with the fuel cost for FY 2019-20. In this Chapter, the Commission has dealt with the components of ARR, other than fuel cost, claimed by HEL as detailed hereunder.

3.7 HEL has claimed the following components of ARR other than the fuel cost:

1. Operation and Maintenance (O&M) expenses
2. Insurance premium
3. Employee cost
4. Coal and Ash handling expenses
5. Corporate Social Responsibility (CSR) expenses
6. Statutory charges
7. Water Cess
8. Tax
9. Rent, Rates and Taxes (other than income tax)
10. Depreciation
11. Return on Equity
12. Interest expenses
13. Other finance charges
14. Incentives
15. Special allocation
16. Income other than sale of energy

O&M expenses

3.8 The O&M expenses viz., repairs and maintenance expenses including cost of consumables, legal and professional charges, audit fees, administrative and general expenses are categorised as controllable items in terms of the Tariff Regulations.

3.9 In terms of regulation 2.8.6.1 of the Tariff Regulations, the Commission is required to specify the norms in the Tariff Order for the 1st ensuing year of the control period. Accordingly, the Commission has specified the norms for O&M expenses for the years 2018 – 19 and 2019 – 20 vide Tariff order dated 08.09.2021 in Case No. TP – 75/ 18 – 19 as Rs. 8.54 Lakh per MW and Rs. 8.88 Lakh per MW respectively and admitted Rs. 5328 Lakh as O&M expense for 2019-20. Further, in terms of regulation 2.6.10 (ii) of the Tariff Regulations, the Commission may allow certain additional expenditure through the APR Order on any element of controllable item if the rate of inflation is found to be more than 15% with respect of the price of that item determined during tariff order. Since, the Commission has considered the inflation based on actual inflation of 2019-20, no such additional expenditure is allowable in terms of regulation 2.6.10 (ii) of the Tariff Regulations.



3.10 Considering the above, the normative O&M expenses for the year 2019-20 is as below:

Table 3-3: O&M Expense Normative

Installed Capacity [in MW]	O&M Expense admitted in Tariff order [in Rs. Lakh]
600	5328.00

3.11 HEL in its APR petition in Form E(B) has claimed Rs. 4646.11 Lakh as Repair & Maintenance Expenses (including consumables), whereas as per Form 1.12 of the petition, the breakup of actual R&M expenses along with consumptions of stores & spares is shown as 3562.70 lakh. It is also observed that HEL has claimed an amount of Rs. 1083.50 Lakh as differential O & M expense in form 1.12 without any adequate substantiation. HEL also claimed Rs. 9.80 Lakh as Auditor's fees, Rs. 43.50 Lakh as Legal fees and Rs. 960.20 Lakh as other Administrative & General Charges in its Form E(B).

3.12 The Commission now proceeds with analysing the O&M expenses claimed by HEL with respect to the Audited Financial Statements and clarifications submitted by them dated 04.08.2023

- (i) Repair & Maintenance Expenses including Consumables: The Commission while making a prudence check in respect of Repair & Maintenance Expenses for the generation activity as submitted by HEL under Attachment -14 and subsequent clarification made vide Ref. HEL-F/2023/301 dated 04.08.2023, observes that amount of Rs. 1953.10 Lakh, Rs. 3339.20 Lakh, Rs. 59.20 Lakh and Rs. 190.00 Lakh has been certified by the auditor to have been attributed to Consumption of Stores and Spares, Repairs & Maintenance-Plant & Machinery, Repairs & Maintenance-Building and Repairs & Maintenance-Others respectively. Besides, in the said clarification, HEL states that a sum of Rs. 1978.80 lakh stands included in the aforesaid sum of Rs. 3339.20 Lakh, which is pertaining to cost towards contracted employees. Hence, the Commission considers Rs. 3562.70 Lakh (Rs. 1953.10 Lakh + Rs. 3339.20 Lakh + Rs. 59.20 Lakh+ Rs. 190.00 Lakh – Rs. 1978.80 Lakh) on account of Repairs & Maintenance incl. Consumables
- (ii) Audit Fees and Legal Charges: The Audit Fee as claimed to the extent of Rs. 9.80 Lakh is considered by the Commission. The Commission also considers the Legal Charges of Rs. 43.50 Lakh to the extent of claimed by HEL in subsequent



clarification.

- (iii) Other Administrative and General Expenses: The Commission finds that amount of Rs. 67.40 Lakh, Rs. 171.00 Lakh, Rs. 21.80 Lakh, Rs. 273.30 Lakh are claimed by HEL in the subsequent clarification dated 04.08.2024. The subsequent clarification states sum of Rs. 262.30 Lakh and Rs.258.50 Lakh are included in these amounts and also appear in the claim of employees cost. HEL has also stated that a sum of Rs. 947.50 Lakh attributes to other Management and administrative Expenses for generation activity in the aforesaid annexure and subsequent clarification. Hence, the Commission after careful consideration accepts Rs. 960.20 Lakh (Rs. 67.40 Lakh + Rs. 171.00 Lakh + Rs. 21.80 Lakh + Rs. 273.30 Lakh – Rs. 262.30 Lakh- Rs.258.50 Lakh + Rs. 947.50 Lakh) on account of Other Administrative and General Expenses.
- (iv) Finance Charges not related to Capital Loan: The Commission observes that, HEL has claimed Rs. 490.00 lakh under the head Finance charge in Form 1.17(c). These includes Rs. 56.70 lakh as Guarantee Commission, Rs. 300.80 lakh as Front-end fees and Rs. 124.40 lakh as other bank charges and Rs. 8.10 lakh as LC opening Charges. The Commission in this context, noticed from the cash flow statement that “Proceeds from long-term borrowings (net of re-finance loan) is “nil” connoting no drawal of long-term Finance by HEL either in form of fresh drawl of long-term loans or refinancing of existing Loans. Thus, the claimed charges are related to day to day revenue activities of the generation business of HEL and to be considered under the O&M expenses.
- (v) Repair and Maintenance expenses related to Coal and Ash Handling: The Commission also admits Rs. 75.78 Lakh to the extent claimed by HEL in respect of R&M Expense related to Coal and Ash Handling Expenses, as detailed in Annexure - 3B.

3.13 In view of above, the Commission recomputes the actual O&M expenses based on the submission of the petitioner with reference to the Annual Accounts as below:

Table 3-4: Actual O&M expenses for FY 2019-20 (Rs. Lakh)

Sl. No.	Particulars	Actual O&M Expenses (Rs Lakh)
1	Repairs & Maintenance incl. Consumables	3562.70
2	Auditors Fees	9.80
3	Legal Fees	43.50



Order on FCA and APR of HEL for FY 2019-20

Sl. No.	Particulars	Actual O&M Expenses (Rs Lakh)
3	Other Administrative & General Charges	960.20
4	Guarantee Commission	56.70
5	Front End fees	300.80
6	Other Bank Charges	124.40
7	L/C Opening Charges	8.10
8	R&M Expense related to Coal and Ash Handling	75.78
	Total	5141.98

3.14 Since, the actual O&M expenses are lower than the normative O&M expenses admitted in the Tariff Order, the Commission admits the actual O&M expenses of Rs 5141.98 Lakh for the year 2019-20.

Table 3-5: O&M expenses for FY 2019-20 (Rs. Lakh)

Particulars	Normative Expense	Claimed	Actual (As in Table 3-4 above)	Admitted
O&M expenses	5328.00	5659.71	5141.98	5141.98

Insurance premium

3.15 The Commission had approved the insurance premium of Rs. 748.90 Lakh in the Tariff Order for FY 2019-20. HEL has claimed the amount of Rs. 842.52 Lakh towards insurance premium in its APR Petition. As per the audited financial statement, the total insurance premium for FY 2019-20 is Rs. 966.14 Lakh out of which the amount of Rs. 842.52 Lakh pertains to generation business and the amount of Rs. 123.61 Lakh pertains to evacuation system. The Commission vide letter dated 26.09.2020 directed HEL to substantiate that the insurance policy was availed of after following the transparent process in terms of regulation 5.23.1 of the Tariff Regulation and submit copies of tender documents, quotations received, etc. In response HEL submitted insurance details vide letter dated 29.09.2022, property benchmarking and quotes received from vendors. From the submitted documents, it is observed that HEL has selected the least quoted insurer for comprehensive mega risk policy. HEL did not submit the detailed insurance coverage documents of its selected insurance provider. However, from the available submitted documents, the Commission observed that in addition to 'All Risks & Machinery Breakdown', the insurance premium also covers 'Business interruption' in terms of Gross profit & increased cost on working due to reduction in its turnover following loss covered under Machinery Breakdown. The Commission is of considered opinion that insurance covering in connection with the loss of profit of the company shall not be passed on to the consumer through tariff. Thus, premium paid



proportionate to sum insured 'Business Interruption' amounting to Rs. 147.03 Lakh (=Rs. 919.76 lakh of total premium on Mega Risk Policy X Rs 900 crore of sum insured for business interruption ÷ Rs. 5629.86 crore of total sum insured for Mega Policy Risk) is not admitted. Accordingly, the Commission admits Rs. 695.49 Lakh as insurance premium of HEL Generating station as below:

Table 3-6: Insurance premium for FY 2019-20 (Rs. Lakh)

Particulars	Claimed	Admitted
Insurance Premium (Comprehensive Mega risk policy)	802.08	802.08
Less: proportionate premium for business interruption		147.03
Other small insurance coverage	40.44	40.44
Net Insurance premium	842.52	695.49

Rent, Rates and Taxes (other than income tax)

3.16 The Commission had approved the rent, rates and taxes of Rs. 62 Lakh in the Tariff Order for FY 2019-20. HEL has claimed the amount of Rs 310.46 Lakh in its APR Petition towards rent, rates and taxes on account of municipal/ panchayat tax, land revenue etc. The Commission observes that as per Note 31 of the Audited Financial Statements read with Auditors Certificate, the rent, rates and taxes come to Rs. 99.10 Lakh. HEL in the subsequent clarification dated 04.08.2023 has declared that a sum of Rs. 12.20 Lakh included in the amount of Rent, pertains to claim made under employee cost. Hence, the actual expenditure on rent, rates and taxes is admitted to the extent of Rs. 86.90 Lakh (Rs 99.10 Lakh – Rs. 12.20 Lakh). The Commission also observed that, in the subsequent clarification dated 04.08.2023, an amount of Rs. 322.60 lakh (Rs. 275.50 lakh + 47.10 lakh) has been shown as rent, rates and taxes, which also differs from the amount mentioned in the Audited financial statement. No specific clarification has been made in the submitted clarification under note 2, except a disclosure mentioning "...adjusted for Ind AS 116 effects with consequential adjustments being given to Other Finance Charges and Depreciation". The Commission finds that, it is not in consonance of the requirement stated in Regulation 2.11.3 of the Tariff Regulations, as the stated note does not provide a full disclosure. The Commission thereby observes that the stated note is "non-specific" and hinders to get a proper view of rent, rates and taxes incurred and thereby limits the amount appearing under this head at Note 31 of the Audited Financial Statement.

Table 3-7: Rent, rates and taxes for FY 2019-20 (Rs. Lakh)

Particulars	Claimed	Admitted
Rent, Rates and Taxes	310.46	86.90



Statutory charges

3.17 The Commission had not approved any statutory charges in the Tariff Order for FY 2019-20 but ruled that the same will be considered on the basis of audited financial statement as per the provisions of the Tariff Regulations in APR. HEL has claimed the amount of Rs. 34.60 Lakh in its APR Petition towards statutory charges in terms of regulation 5.14.1 of the Tariff Regulations for payments made under various statute of Government as well as regulatory authority. The actual expenditure on this account as per Auditor's certificate has been admitted by the Commission, after prudence check.

Table 3-8: Statutory charges for FY 2019-20 (Rs. Lakh)

Particulars	Claimed	Admitted
Statutory charges	34.60	34.60

Employee cost

3.18 The Commission had approved the employee cost of Rs. 4136.20 Lakh in the Tariff Order for FY 2019-20. In absence of any details on the contractual employees, i.e. nature of contract, terms of engagement, etc., the Commission did not consider the expense towards contractual employee under the head of "Employee cost" in the Tariff Order.

3.19 In the APR petition, HEL submitted that the man/MW ceiling determined by the Commission includes both own and contractual manpower under regular establishment. HEL referred to Regulations 5.9.1, 5.9.3, 5.9.4 and 5.9.6 and Note (x) of Schedule – 9A of the Tariff Regulations in support of their submission. HEL in its APR petition has submitted that the requisite break-up of own employees and contractual employees in Form 1.17(h) along with certificate for contractual manpower engaged in regular establishment. Based on the submissions of the Petitioner, the Commission finds that employee cost pertaining to contractual employees are under regular establishment and is admissible subject to the ceiling man/MW requirement approved by the Commission vide order dated 20.01.2016 in Case No OA-121/11-12.

3.20 Employee cost includes mainly salary and wages, expenditure on account of terminal benefits to the employees and welfare expenses. HEL has claimed the employee cost of Rs. 6601.20 Lakh. From the submissions of HEL, the Commission's findings are as follows:

a) The maximum ceiling man/MW requirement approved by the Commission vide its Order dated 20.01.2016 in Case No. OA-121/11-12 is 1.3 thereby the maximum ceiling of



- employees corresponding to 600 MW plant works out to seven hundred and eighty (780).
- b) The actual number of employees is seven hundred and sixty-eight (768) comprising of own employees of two hundred and eight (205) and contractual employees of five hundred and sixty-three (563), as per the auditor's certificate. Further, from the auditor's certificate it is revealed that, actual employee expenses in Rs. 6547.90 Lakh comprising of Rs. 4048.30 Lakh as expenses towards own employees and Rs. 2499.60 Lakh as expenses towards contractual employees.
- c) From the submission it is revealed that, HEL has claimed total employee cost of Rs.6601.20 lakh against the actual amount of Rs 6547.90 lakh. The excess claim is on account of notional employee of 780 nos against actual employee of 768. HEL has basically increased the number of contractual employees to match the ceiling man/MW norms of 1.3.
- d) As the man/MW requirement of 1.3 is maximum ceiling, the Commission does not find the approach adopted for increasing the number of contractual employees to be prudent Hence, the Commission considers the number of employees and employee cost as per Auditor's Certificate.
- e) Accordingly, the Commission admits the employee cost of Rs. 6547.90 Lakh for FY 2019-20.

Table 3-9: Employee cost for FY 2019-20 (Rs. Lakh)

Particulars	Claimed	Admitted
Own Employees	4048.30	4048.30
Contractual Employees	2552.90	2499.60
Employee cost	6601.20	6547.90

Coal and Ash handling expenses

- 3.21 The Commission had approved the coal and ash handling expenses of Rs. 901.40 Lakh in the Tariff Order for FY 2019-20. HEL has claimed the same amount of Rs. 569.76 Lakh in its APR Petition. HEL vide letter dated 19.10.2022 has also submitted the supporting documents including invoices to substantiate their claim. While scrutinizing the submitted documents and invoices, the Commission observed that out of total claim of Rs. 569.76 lakh, Rs. 75.78 Lakh is pertaining to O&M expenses as detailed in Annexure – 3B. In view of the



above, the Commission finds it prudent to admit the coal and ash handling expenses as Rs. 493.99 Lakh (569.76 – 75.78) for the year 2019-20.

Table 3-10: Coal and Ash Handling Expenses for FY 2019-20 (Rs. Lakh)

Particulars	Claimed	Admitted
Coal and Ash Handling Expenses	569.76	493.98

Water Cess

3.22 The Commission had approved the water cess of Rs. 50.54 Lakh in Tariff Order for FY 2019-20. However, HEL in its APR petition has not claimed any amount for Water Cess for the year 2019-20. The Commission also noted that, neither in the Audited Financial Statement nor in the subsequent claim, HEL provides any disclosure as regards any incurrence on account of Water Cess. The Commission also under para 3.21 of Order pertaining to APR of HEL for 2018-19 had raised concern over the admissibility of claim of water cess in 2018-19, contended to have been incurred by HEL in FY 2019-20 and thereby decided to take up the issue for consideration in APR 2019-20, if found admissible under the provisions of law. However, in absence of claim by HEL and in absence of adequate disclosure in the audited Financial Statement or subsequent clarification by HEL as required under Regulation 2.11.3, the Commission does not find any prudence to admit any amount to HEL pertaining to Water Charges for the year 2019-20.

Table 3-11: Water Cess for FY 2019-20 (Rs. Lakh)

Particulars	Claimed	Admitted
Water Cess	0.00	0.00

Corporate Social Responsibility (CSR) expenses

3.23 The Commission has not approved any amount towards CSR expenses in the Tariff Order for FY 2019-20. HEL has claimed the amount of Rs. 723.20 Lakh towards CSR expenses in its APR Petition. The same has not been allowed since the same is an appropriation of profit and a statutory obligation. The Commission takes a serious note regarding the said claim of CSR expenses in APR when such expenditure shall have to be met from the profits of the company. The Commission cautions the petitioner that claiming of CSR expenses in Tariff/APR shall attract penal action in the forthcoming filings.

Table 3-12: CSR expenses for FY 2019-20 (Rs. Lakh)

Particulars	Claimed	Admitted
CSR expenses	723.20	0.00



Depreciation

3.24 The Commission had approved depreciation of Rs. 13296.78 Lakh in the Tariff Order for FY 2019-20. HEL has claimed an amount of Rs. 14383.32 Lakh towards depreciation in its APR Petition. The claimed depreciation has been computed as per Annexure A of the Tariff Regulations. The Commission decides to go by the amount of depreciation as claimed after incorporating appropriate reduction on account of reduced project cost. Accordingly, the actual depreciation has been allowed in proportion to the approved average capital cost to the claimed average GFA.

Table 3-13: Depreciation for FY 2019-20 (Rs. Lakh)

Particulars	Claimed	Admitted
Opening capital cost	405324.97	381904.94
Closing capital cost	405398.97	381974.94
Average capital cost	405361.97	381939.94
Depreciation	14383.32	13552.24

Return on Equity (RoE)

3.25 The Commission had approved RoE of Rs. 14649.09 Lakh in the Tariff Order for FY 2019-20. As against the same, HEL has claimed the amount of Rs. 15846.0 Lakh towards RoE.

3.26 The Commission in the APR Order for FY 2018-19 had approved the closing equity for FY 2018-19 as Rs. 102231.60 Lakh. The same has been considered as opening equity for FY 2019-20. As the opening equity of Rs. 102231.60 Lakh is less than 30% of the approved capital cost the Commission has considered the same. The Commission observes that the entire claimed additional capitalisation for FY 2019-20 has been funded by 100% loan, HEL has not proposed any equity addition during the year. Therefore, the Commission has not considered any equity addition during FY 2019-20. The Commission has admitted the closing equity for FY 2019-20 as Rs. 102231.60 Lakh, the same as the approved opening equity. RoE has been allowed at the rate of 15.50% in accordance with the Regulations.

Table 3-14: RoE for FY 2019-20 (Rs. Lakh)

Particulars	Claimed	Admitted
Opening equity	102232.00	102231.60
Closing equity	102232.00	102231.60
Rate of RoE	15.50%	15.50%
RoE	15845.96	15845.90

**Interest expenses**

3.27 The Commission had approved the interest expenses of Rs. 20184.59 Lakh in the Tariff Order for FY 2019-20. HEL has claimed the amount of Rs. 30721.48 Lakh towards interest expenses in its APR Petition. These include (i) interest on capital expenditure loan, (ii) interest on working capital and (iii) interest on temporary accommodation. Each of the above items have been discussed in detail hereunder.

Table 3-15: Interest expenses claimed by HEL (Rs. Lakh)

Particulars	Claimed
Interest on capital expenditure loan	23657.40
Interest on working capital	2013.98
Interest on temporary accommodation	5050.10
Total	30721.48

Interest on capital expenditure loan

3.28 The Commission had approved the interest on capital expenditure loan of Rs. 18605.04 Lakh in the Tariff Order for FY 2019-20. HEL has claimed the amount of Rs. 23657.40 Lakh towards interest on capital expenditure loan in its APR Petition. HEL has submitted the computations in the prescribed Form C of Annexure-I of the APR Petition. HEL has also furnished auditor's certificate for interest cost. Interest on capital expenditure loan has been allowed after prudence check of loan details furnished in Form C.

3.29 The closing loan balance approved in the APR of FY 2018-19 has been considered as the opening loan balance for FY 2019-20. The debt portion of the admitted additional capitalisation during the year has been considered as the loan addition during the year as there is no equity infusion for funding the additional capitalisation during FY 2019-20. The repayment of loan has been considered in proportion to the admitted opening loan balance and that claimed by HEL. Based on the above, the actual interest has been allowed on proportionate basis of approved average loan balance to the claimed average loan balance.

Table 3-16: Interest on capital expenditure loan for FY 2019-20 (Rs. Lakh)

Particulars	Admitted
Opening balance of capital loan	238430.91
Addition of loan during the year	70.00
Repayment of loan	11347.63
Closing balance of capital loan	227153.28
Average loan during the year	232792.10
Interest Rate	9.31%



Particulars	Admitted
Net interest on capital expenditure loan	21672.94

Interest on working capital

- 3.30 The Commission had approved the interest on working capital of Rs. 1579.55 Lakh in the Tariff Order for FY 2019-20. As against the same, HEL has claimed the amount of Rs. 2013.98 Lakh towards interest on working capital. Regulation 5.6.5 of the Tariff Regulations specify the principles for determination of interest on working capital. The interest on working capital has been computed in accordance with the same.
- 3.31 The Interest on Working Capital is now computed in accordance with the Order dated 06.04.2022 in case no. SM-30/21-22. The one-year MCLR of SBI as on 01.04.2019 is 8.55%. The Commission thus has computed normative rate of interest on working capital as 12.05% (8.55%+3.50%). Further, in accordance with the Regulations, the lower of actual interest paid and normative interest on working capital assessed shall be considered in APR.
- 3.32 Accordingly, the interest on working capital for FY 2019-20 is as shown in the Table below:

Table 3-17: Computation of interest on working capital for FY 2019-20 (Rs. Lakh)

Sl. No.	Particulars	Admitted
A	Gross Sales	205584.24
B1	Less: Depreciation including Advance Depreciation	13552.24
B2	Less: Deferred Revenue Expenditure	0.00
B3	Less: Return on Equity	15845.90
B4	Less: Reserve for unforeseen exigencies	0.00
B5	Less: Incentive	243.65
B	Total Deductions (sum B1:B5)	29641.79
C	Allowable Gross Sales for Working Capital (A-B)	175942.45
D	Allowable Working Capital @ 10% on C	17594.25
E	Interest Rate	12.05%
F	Interest on Working Capital (E % on D)	2120.11
	Actual interest paid	2992.40
.04	Interest on working capital allowable (Lower of F & G)	2120.11

- 3.33 Therefore, as the actual interest on working capital is higher than the normative interest, the interest has been limited to normative amount as computed above.

Table 3-18: Interest on working capital for FY 2019-20 (Rs. Lakh)

Particulars	Claimed	Actual as per Form C	Admitted
Interest on working capital	2013.98	2992.40	2120.11

Interest on temporary accommodation



- 3.34 In terms of Regulation 5.6.5.4 of Tariff Regulation, the Commission may allow Interest on Temporary Accommodation if taken by Generation Company in actual from any source to a reasonable extent of unrealised arrear from the consumers / beneficiaries.
- 3.35 The Commission has not approved any interest on temporary accommodation in the Tariff Order for FY 2018-19 and ruled that the necessity of such loan will be examined based on tariff gap during the year and would be decided accordingly. HEL in its APR petition has claimed an amount of Rs. 5050.10 Lakh towards interest on temporary accommodation in Form 1.17(a).
- 3.36 Contrary to the claim of HEL, the Commission observed that, there was a cumulative over recovery by HEL to an amount of Rs. 21220.36 lakh since 2014-15. HEL has already directed to make payment of such over recovery to its beneficiary through specific orders. Further, the Commission in this order APR for FY 2019-20, has determined an amount of Rs. 7788.87Lakh as refundable. Thus, the requirement of Temporary Accommodation does not arise for FY 2019-20.

Table 3-3: Interest on temporary accommodation for FY 2019-20 (Rs. Lakh)

Particulars	Claimed	Admitted
Interest on temporary accommodation	5050.10	0.00

- 3.37 Based on the above, the total interest charges for FY 2019-20 are as under:

Table 3- 4: Interest charges for FY 2019-20 (Rs. Lakh)

Particulars	Claimed	Admitted
Interest on capital expenditure loan	23657.40	21672.94
Interest on working capital	2013.98	2120.11
Interest on temporary accommodation	5050.10	0.00
Total	30721.48	23793.05

Other Finance charges

- 3.38 The Commission had approved the finance charges of Rs. 499.80 Lakh in the Tariff Order for FY 2019-20. As against the same, HEL has claimed the amount of Rs. 490.00 Lakh towards finance charges. These include (i) guarantee commission, (ii) front end fees, (iii) other bank charges and (iii) LC opening charges. Each of the above items have been discussed in detail hereunder.



Guarantee commission

3.39 HEL has claimed the amount of Rs. 56.70 Lakh towards guarantee commission. However, in Note 2 of the Form 1.17 (C) in the petition, HEL has laid down that guarantee commission are charges incurred to various authorities for day-to-day operations of the Company. Besides, the Statement of Cash Flow for 2019-20 provides that neither fresh loan was drawn nor refinancing of existing loan was carried out. Regulation 5.6.4.2(iv) of the Tariff Regulations, however does not permit incurrence of Guarantee commission for day-to-day operations. The Commission has accordingly considered Guarantee Commission under O&M Expense in paragraph 3.11 above. Thus, the Commission do not admit Guarantee commission under other finance charges.

Front end fees

3.40 HEL has claimed the amount of Rs. 300.80 Lakh towards front end fees. The Commission notes that HEL in its Form 1.17 (c) has mentioned that such front-end fees are paid against New Term/Working Capital Loan and restructuring of Loan. Though the submission made by HEL in Form C shows fresh drawal of capital loan, the Statement of Cash Flow for 2019-20 provides that neither fresh loan was drawn nor refinancing of existing loan was carried out. Thus, the fees appear to be on account of working capital and accordingly it is considered under O&M Expense in paragraph 3.11 above. Thus, the Commission do not admit the front-end fees under other finance charges.

Other bank charges

3.41 HEL has claimed the amount of Rs. 124.40 Lakh towards other bank charges. The Commission noted that details of bank charges for routine cash management services are part of routine A&G expense as furnished in Format 1.17 (c). The Commission has accordingly considered other bank charges under O&M Expense in paragraph 3.11 above. Thus, the Commission do not admit other bank charges under other finance charges.

LC opening charges

3.42 HEL has claimed the amount of Rs. 8.10 Lakh towards LC opening charges. The Commission noted that LC opening charges are the charges incurred for issue and/or renewal of letters of credit for procurement of goods and services. Thus, it is part of routine A&G expense as furnished in Format 1.17 (c). The Commission has accordingly considered



other bank charges under O&M Expense in paragraph 3.11 above. Thus, the Commission do not admit LC Opening Charges under other finance charges.

3.43 Based on the above, the other finance charges for FY 2019-20 is as shown in the Table below:

Table 3-5: Other finance charges for FY 2019-20 (Rs. Lakh)

Particulars	Claimed	Admitted
Guarantee commission	56.70	0.00
Front-end Fees	300.80	0.00
LC opening Charges	124.40	0.00
Other Bank Charges	8.10	0.00
Total	490.00	0.00

Interest credit on depreciation

3.44 The Commission had approved the interest credit of Rs. 312.55 Lakh in the Tariff Order for FY 2019-20. HEL has claimed the amount of Rs. 181.82 Lakh towards interest credit on depreciation in its APR Petition.

3.45 In terms of Tariff Regulations, depreciation is primarily used for repayment of capital expenditure loan. Where the depreciation falls short of the actual repayment, such shortfall is allowed under Advance Against Depreciation (AAD). Similarly, when the actual loan repayment in a year is lower than the allowed depreciation, an interest credit at the rate of weighted average cost of debt for the corresponding year needs to be adjusted on such excess depreciation charged. Further, in terms of the Tariff Regulations, it is required to be ensured that the depreciation allowed should not go beyond 90% of the original project cost and after repayment of the entire loan the resulting depreciable amount shall be spread over the balance useful life of the fixed asset.

3.46 Accordingly, the Commission decides to compute the interest credit for FY 2019-20 considering the cumulative amount of depreciation and AAD allowed in previous APR orders. Accordingly, the interest credit on depreciation computed by the Commission for FY 2019-20 is as under:

Table 3-6: Interest credit on depreciation computed by the Commission for FY 2019-20 (Rs. Lakh)

Particulars	Derivation	Units	Amount
Repayment of Admissible Debt in FY 2019-20	[1]	Rs Lakh	11347.63
Depreciation Allowed for FY 2019-20	[2]	Rs Lakh	13552.24
Excess of Depreciation and AAD over repayment upto 31.03.2019	[3]	Rs Lakh	13826.55



Order on FCA and APR of HEL for FY 2019-20

Particulars	Derivation	Units	Amount
AAD for FY 2019-20	$3] = [1] - \{[2] + [3]\}$ (if $[3] < 0$, then 0)	Rs Lakh	0
Excess of Depreciation over repayment upto 2019-20	$[4] = [2] + [3] - [1]$	Rs Lakh	16031.16
Weighted Average Cost of Debt	[5]	%	9.31%
Interest Credit for FY 2019-20	$[6] = [4] \times [5]$	Rs Lakh	1492.50

3.47 Based on the above, the interest credit on depreciation for FY 2019-20 is as shown in the Table below:

Table 3-7: Interest credit on depreciation for FY 2019-20 (Rs. Lakh)

Particulars	Claimed	Admitted
Interest credit on depreciation	181.82	1492.50

Income Tax

3.48 The Commission had approved the tax of Rs. 2559.2 Lakh in the Tariff Order for FY 2019-20 subject to adjustments on the basis of tax assessments and payments made accordingly. HEL has claimed the amount of Rs. 8368.40 Lakh towards tax. HEL has submitted the income tax assessment order for FY 2019-20. Considering the Income Tax Assessment Order, the Commission approves the Income Tax for 2019-20 as Rs. 8368.38 Lakh.

Table 3- 8: Tax for FY 2019-20 (Rs. Lakh)

Particulars	Claimed	Admitted
Income Tax	8368.40	8368.38

Incentives

3.49 The Commission had not approved any incentives in the Tariff Order for FY 2019-20 but ruled that the amounts to be passed on to the beneficiary for improved performance, if any, as per the provisions of the Tariff Regulations will be considered in APR. HEL has claimed the amount of Rs. 243.65 Lakh towards performance incentives. These include (i) incentive for less oil consumption rate, and (ii) incentive for better SHR. Each of the above items have been discussed in detail hereunder.

Incentive for less oil consumption rate

3.50 HEL has claimed the amount of Rs. 132.90 Lakh towards incentive for less oil consumption rate. The Commission has computed the incentive for less oil consumption rate in accordance with Paragraph 3 of Schedule 10 of the Tariff Regulation as under.

**Table 3-9: Incentive for less oil consumption rate**

Particulars	Unit	Admitted
Normative Oil Consumption Rate	ml/kWh	1.00
Actual Oil Consumption Rate	ml/kWh	0.09
Difference of Normative Oil Consumption Rate and Actual Oil Consumption Rate	ml/kWh	0.91
Gross Generation	MU	4430.09
Rate of Incentive	Paise/Unit	0.30
Incentive on Less Oil Consumption Rate	Rs. Lakhs	132.90

Incentive for better SHR

3.51 HEL has claimed the amount of Rs. 110.80 Lakh towards incentive for better SHR. The Commission finds the same to be in accordance with the Paragraph 4 of Schedule 10 Tariff Regulations as under:

Table 3-10: Incentive for better SHR for FY 2019-20

Particulars	Unit	Value
Station Heat Rate (SHR)	kcal/kWh	1963.09
Design Heat Rate (DSHR)	kcal/kWh	2219
SHR/(DSHR)		0.88
Rate of Incentive	Paise/Unit	0.25
Generation	MU	4430.09
Incentive on Better Gross Station Heat Rate	Rs. Lakhs	110.75

3.52 Based on the above, the incentives for FY 2019-20 are as shown in the Table below:

Table 3-11: Incentives for FY 2019-20 (Rs. Lakh)

Particulars	Claimed	Admitted
Incentive for less oil consumption rate	132.90	132.90
Incentive for better SHR	110.80	110.75
Total	243.70	243.65

Special allocation

3.53 The Commission had not considered any special allocation in the Tariff Order for FY 2019-20. HEL has claimed the amount of Rs. 1013.30 Lakh towards special allocation in its APR Petition.

3.54 Regulation 5.11.1 of the Tariff Regulations specify that the generating company may provide and maintain a reserve for dealing with unforeseen exigencies up to 0.25% of the value of



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

- 3.55 The Commission notes that HEL has not been allowed any such special allocation under appropriation to Reserve for unforeseen Exigencies in the tariff order, neither HEL has submitted any document showing investment towards reserve for unforeseen exigencies in terms of Regulation 5.11. In the absence of any documentary evidence, the Commission does not approve the same.

Table 3- 12: Special allocation for FY 2019-20 (Rs. Lakh)

Particulars	Claimed	Admitted
Special allocation	1013.30	0.00

Income other than sale of energy

- 3.56 The Commission had not approved any income other than sale of energy in the Tariff Order for FY 2019-20. HEL has claimed the amount of Rs. 2250.10 Lakh towards income other than sale of energy in its APR Petition. However, note 25 of Audited Financial Statement of HEL shows Rs. 3061 Lakh as other income consisting of Rs. 164 Lakh from Interest Income from Bank, Rs. 412 Lakh from Interest on Inter corporate Deposit, Rs. 38 Lakh from Dividend Income, Rs. 197 Lakh from Gain on sale of Current Investments (net) and Rs. 2250 Lakh on Other non-operating Income.
- 3.57 The Commission observed that in terms of the Tariff Regulation, income from investments and bank balances is to be considered under 'Other Income' wherein income from all investments is required to be considered except those made out of profit and / or any equity issue exclusively meant for non-core business excluding embedded generation of licensee. In view of the above, the Commission considers the Income other than sale of energy as per the principles adopted in the previous APR orders for 2015 – 16, 2016 – 17, 2017-18 and FY 2019-20 in terms of clause 6.1 of Schedule 1 of the Tariff Regulations as detailed below:

**Table 3-13: Other income for FY 2019-20 (Rs. Lakh)**

Particulars	Claimed	Note 26 of Audited Financial Statement	Admitted
Interest Income			
From bank		164.00	164.00
Interest on inter corporate deposit		412.00	412.00
Others			
Other non-operating income			
Dividend Income		38.00	38.00
Gain on sale of current investment gain		197.00	197.00
Unwinding of discount on financial instrument			
Others	2250.10	2250.00	2250.00
Total	2250.10	3061.00	3061.00

Particulars	Claimed	Admitted
Other income	2250.00	3061.00

Total Fixed Charge

3.58 On the basis of above analysis, the total Fixed Charge of HEL for FY 2019-20 comes to Rs. 70262.92 lakh. The element wise fixed cost for HEL as discussed in para 3.1 to 3.57 is given in Annexure 3A.

Admissibility of Capacity Charges based on Availability

3.59 In terms of Regulation 6.4.2 of the Tariff Regulation, the recovery of capacity charges for generating station of HEL 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.

3.60 **PAF Achieved:** From the submissions of HEL, it has been observed that the actual PAF achieved during FY 2019-20 was 96.90% which is higher than the norm of 85%. This has been validated from the certificates provided by SLDC.

3.61 Admissible Capacity Charge:

In terms of Regulation 6.4.2 of the Tariff Regulations, the capacity charge of generating stations is determined. As HEL has submitted the availability parameters of the Generating



station at Form 1.1 as well as availability declarations certified by the SLDC and submitted by HEL in the petition are above the normative availability of HEL PAF achieved by HEL is higher than the normative PAF of 85%, the Commission decides to allow the computed fixed cost on proportionate basis of Rs. 75151.05 Lakh.

Table 3- 14: Admissible Capacity Charge for FY 2019-20 (Rs. Lakh)

Particular	Value
Admitted Fixed Charge (AFC)	70250.57
Less: Incentive	243.65
Admitted Fixed Charge (AFC) excluding incentive	70006.92
Normative PAF (PAF _N)	85%
Actual PAF (PAF _A)	96.90%
Admissible Capacity Charge (AFC x (0.5 + 0.5 x PAF _A / PAF _N) (In Rs. Lakh)	74907.40
Add: Incentive	243.65
Total admissible Capacity Charge	75151.05

**FIXED CHARGES ADMITTED BY THE COMMISSION FOR FY 2019-20 (RS. LAKH)**

Sl. No.	Particulars	Admitted
1	O&M Expenses	5141.98
2	Rates and Taxes	86.90
3	Insurance Charges	695.49
4	Employee Cost	6547.90
5	Coal and Ash Handling	493.98
6	Statutory Charges	34.60
7	Depreciation	13552.24
8	Return on Equity	15845.90
9	Interest on Capital Expenditure	21672.94
10	Interest on Working Capital	2120.11
11	Interest on Temporary Accommodation	0.00
12	Other Finance Charges	0.00
13	Income Tax	8368.38
14	Incentives	243.65
15	Special Allocation	0.00
16	Sub - Total Fixed Cost	1474804.07
17	Less: Income other than sale of Energy (NTI)	3061.00
18	Less: Interest Credit on Depreciation	1492.50
19	Total Fixed Cost	2670250.57

**COAL AND ASH HANDLING EXPENSE WHICH ARE O&M IN NATURE**

Sr No.	Vendors/Contractors	Claimed (Rs)	Work details	Allowed for O&M Expense
	Coal Handling Expense			
1	APCON	93859	Deployment of an Engineer at 2 X 300 MW Haldia Thermal Power Plant	93859
2	AQUA ENGINEERING & ALLIED SERVICES PVT. LTD.	5900	Being Service charges for Servicing of Air Compressor at your site on 13/08/2019 under rate contract for the period from 01.02.2019 to 31.01.2020	5900
3	BEML LIMITED	1586104	Paid Service Services	1586104
4	BOSCH REXROTH(INDIA) PRIVATE LIMITED	3710012	Service Provided by the Service Engineer	3710012
5	DYNATREND ENGG. PVT. LTD.	23600	ANNUAL MAINTENANCE JOB SERVICING CHARGES	23600
6	ESK INDIA COMMERCE AND TRADE PVT. LTD.	11800	Per day service charge for stack or reclaim PLC communication Problem	11800
7	EZONE INDIA	108324	Service for preparation of data or splitting of data	108324
8	GREEN GROVE	76938	Grass Cutting & DE Weeding Job in Different Area	76938
9	MAA LAXMI CONSTRUCTION	196044	Background painting/ Flex painting activity done at 5S Zone 7,8 & 9 form Aug'19 to Dec'19	196044
10	MOL-TECH ENGINEERING	22066	Checking of defective Deluge Valves, repairing and necessary adjustment of Deluge Valves responsible for our fire protection system with full manpower	22066
11	N. D. INTERNATIONAL	58410	Service Provided regarding oil testing & certification charges and water testing & certification charges	58410
12	RADIATOR CENTRE	9440	Repairing and necessary servicing of a leaky "Radiator" of our Bulldozer	9440
13	RASHMONI AUTO ELECTRIC WORKS	14278	Rewinding of stator and rotor coil for stall torque motor of paddle feeder VI/C no- 34539818 including shaft balancing. LOCO fuel solenoid rewinding 3 nos.	14278
14	S.S.K ENGINEERING	22664	Fabrication & machining of different critical & emergency items for CHP MTC.	22664
15	STAR ELECTRIC	206240	Repairing and rewinding of inline magnetic separator	206240



Order on FCA and APR of HEL for FY 2019-20

Sr No.	Vendors/Contractors	Claimed (Rs)	Work details	Allowed for O&M Expense
16	TECHNOPEX ENGINEERING PVT. LTD.	181012	Refurbishment of headpulley and snub pulley of conveyor	181012
	Ash Handling Expense			
17	ANJANA ENGINEERING ENTERPRISE	47200	Servicing of Delair make refrigeration air drier-1 of Ash Handling Plant at HEL.	47200
18	INGERSOLL RAND (INDIA) LTD	350000	Maintenance and repair services	350000
19	NU INDIA CONSTRUCTION	367775	Regular Cleaning of Bottom Ash from De-watering Bin Floor	367775
20	RAJ ENGINEERING WORKS	10620	Regular Cleaning of Bottom Ash from De-watering Bin Floor	10620
21	S.S.K ENGINEERING	13276	Service regarding machining of star coupling etc	13276
22	SHRI KRISHNA ENGINEERING WORKS	20060	Complete Repairing & Assembling of 200NB Dump Valve (including To & Fro transportation)	20060
23	SHYAM SUNDER CONSTRUCTION	425597	ERECTION AND DISMANTLING OF TUBULAR SCAFFOLDING AND COPPER SLAG BLASTING, ONE COAT PRIMER AND TWO COATS EPOXY PAINTS WITH COMPRESSOR	425597
24	(BAPPA ENTERPRISE) SK SAMSUL ALAM	16520	Fabrication & erection of Metallic gate of Temporary Ash Dumping Zone in Unit-1&2	16520
	TOTAL	7577739		7577739



CHAPTER – 4

AMOUNT ADJUSTABLE ON APR

- 4.1 Based on the forgoing analysis and admissions of the adjustments under different elements of fixed charges and fuel cost, the re-determined admitted fixed charges as well as fuel cost of HEL during FY 2019-20 is as under:

Table 4-1: Admitted Net ARR for FY 2019-20 (Rs. Lakh)

Sl. No.	Particulars	Amount
1	Admitted Fuel Cost (From Para 2.12.7)	135333.67
2	Fixed / capacity charge (From Para 3.58)	75151.05
3	Less: Sharing of gain with CESC Limited (From Para 2.12.6.4)	3996.99
4	Admitted Net ARR for recovery (1+2-3)	206487.73

- 4.2 The Commission had issued the MYT Order for FY 2018-19 and 2019-20 of the generation business of HEL on 08.09.2021 in Case No. TP – 75/ 18 – 19 determining Aggregated Revenue Requirement for 2019-20 as Rs. 179958.40 Lakh. The Commission in paragraph 6.6 of the said Tariff Order had directed HEL to make necessary adjustments of any over recovery/ under recovery from CESC Limited in 10 equal instalments.
- 4.3 The total revenue for HEL from operations for FY 2019-20 as per the audited Financial Statement is Rs. 225677.60 Lakh which includes the revenue of Rs. 214276.60 Lakh and Rs. 11401.00 Lakh for Generation and transmission businesses respectively. The total Revenue for Generation Business includes revenues from energy charges and capacity charges of Rs. 119467.00 Lakh and Rs. 94809.60 Lakh respectively. However, HEL in Form E(B) of its Petition has claimed Rs. 182457.00 Lakh as revenue recovered in terms of the Tariff Order dated 08.09.2021.
- 4.4 The Commission vide Letter dated 12.03.2024 directed HEL to submit the details of any amount adjusted till date, in terms of the Tariff Order dated 08.09.2021.
- 4.5 HEL vide letter dated 18.03.2024 has stated that HEL has filed an appeal before the Hon'ble Appellate Tribunal for Electricity challenging the MYT Order dated 08.09.2021 in Appeal No. 318 of 2021. HEL further stated that it will implement the MYT 6 Order in terms of the judgement of the Hon'ble APTEL as soon as the appeal pending before the Hon'ble APTEL is disposed of.
- 4.6 From the submission dated 18.03.2024 the Commission observed that, HEL has not



Order on FCA and APR of HEL for FY 2019-20

complied with the direction of the Commission in the MYT order regarding refunding of the excess recovered amount of Rs. 31819.60 lakh (i.e Rs. 214276.60 lakh actually recovered – Rs. 182457.00 lakh admitted in MYT order for 2019-20), even there was no stay on the MYT order by Hon'ble APTEL. On the other hand, in its APR petition, HEL has shown revenue recovery by them based on the MYT order (i.e. 182457.00 lakh) and claimed additional recovery of Rs. 40593.50 lakh. The submission in the APR petition and its claim of additional recovery differs from the actual facts.

- 4.7 Accordingly, the Commission decides to determine the adjustable amount based on the actual revenue recovered during the year 2019-20 by HEL and the amount recoverable during the year 2019-20 as below:

Table 4-2: Amount adjustable on APR for FY 2019-20 (Rs. Lakh)

Sl. No.	Particulars	Total
1	Total recoverable (as per table 4.1 above)	206487.73
2	Amount recovered (from generation business)	214276.60
3	Balance (refundable) /adjustable amount (2 – 1)	7788.87

- 4.8 In terms of the Tariff Regulations, the net refundable amount of Rs. 7788.87 Lakh or part thereof shall be adjusted with the amount of Aggregate Revenue Requirement for the subsequent period or that for any other ensuing year or through a separate order, as may be decided by the Commission. The Commission in the said order shall also consider penal interest for not complying with the direction of the MYT order as mentioned in 4.6 above.
- 4.9 HEL is to take note of this order.
- 4.10 The Petition is thus disposed of.
- 4.11 A copy of the order shall be posted in the website of the Commission.
- 4.12 HEL 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/-
(MALLELA VENKATESWARA RAO)
CHAIRPERSON

Dated: 23.10.2024

Sd/-
SECRETARY