



**ORDER
OF THE
WEST BENGAL ELECTRICITY REGULATORY
COMMISSION**

**IN CASES NO.:
FPPCA – 80 / 16 – 17 AND
APR – 55 / 16 – 17**

**IN REGARD TO THE APPLICATIONS OF
THE WEST BENGAL STATE ELECTRICITY DISTRIBUTION
COMPANY LIMITED
FOR FUEL & POWER PURCHASE COST ADJUSTMENT (FPPCA)
AND ANNUAL PERFORMANCE REVIEW (APR)
FOR THE FINANCIAL YEAR 2015 – 2016**

DATE: 03.02.2022



CHAPTER – 1 PREAMBLE

- 1.1 In terms of the provisions contained in regulation 2.6 of the West Bengal Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2011, as amended (hereinafter referred to as the 'Tariff Regulations'), the generating companies or the licensees, as the case may be, are subject to an Annual Performance Review (in short 'APR'). The West Bengal State Electricity Distribution Company Limited (hereinafter referred to as 'WBSEDCL') submitted their application for Annual Performance Review for 2015–2016 on 25.11.2016 in terms of the provision contained in Tariff Regulations. WBSEDCL has also submitted Fuel and Power Purchase Cost Adjustment (FPPCA) application for 2015–16 on 12.09.2016 for ascertaining the Fuel and Power Purchase Cost Adjustments (in short "FCA") separately. Both the APR and FPPCA applications were admitted and numbered compositely as FPPCA-80/16-17 and APR-55/16-17 on 15.09.2017.
- 1.2 The West Bengal Electricity Regulatory Commission (hereinafter referred to as the 'Commission') introduced Multi Year Tariff procedure and as such, APR aims at carrying out adjustments of differences between the actual performance and projected performance under different factors/ heads of accounts.
- 1.3 The APR covers the areas of determination of permissible annual fixed charges admissible to the applicant, permissible incentives and the effect of gain sharing as per Schedule-10 and Schedule 9B to the Tariff Regulations respectively. In the APR for the year 2015 – 2016, therefore, the review of the different elements of fixed charges, categorized as controllable and uncontrollable has been done to find out the amounts to be permitted to WBSEDCL against each head of element vis-à-vis the amount allowed under tariff order for 2015 – 2016.
- 1.4 The instant application of WBSEDCL for APR for 2015 – 2016 is its second application of the fourth control period based on audited annual report and accounts for the year 2015 – 2016. The adjustments as may arise out of the review of the instant application with reference to the aforesaid audited annual report and accounts and the



Order on APR of WBSEDCL for the year 2015-16

Commission's tariff orders dated 04.03.2015 and 10.08.2015 for WBSEDCL for 2015 – 2016 in Case No. TP-61/13-14 will be considered for giving effect while determining the amount of revenue recoverable/refundable through tariff order of ensuing year or through separate order as specified in regulation 2.6.6 of the Tariff Regulations.

- 1.5 In the application of APR for 2015 – 2016, WBSEDCL submitted the required data, information and a copy of its audited Annual Report and Accounts for 2015 – 2016. Against the enquiries vide letter No. WBERC/FPPCA-80/15-16/2060 dated 05.01.2017 and WBERC/FPPCA-80/15-16/0091 dated 13.04.2017, WBSEDCL also submitted additional information / data through their letters vide memo no. REG/SERC/MYT 5th Control Period/71 dated 24.05.2017.

On receiving the letters dated 24.05.2017, the application of APR for 2015 – 2016 was admitted by the Commission on 15.09.2017.

- 1.6 On admission of the APR and FPPCA application, WBSEDCL was directed to publish the gist of the APR application for 2015 – 2016, as submitted by WBSEDCL and approved by the Commission with reference to the Commission's earlier letter No WBERC/SM-16/17-18/0341-0348 dated 31-05-2017 and WBERC/SM-16/17-18/0734-0741 dated 04-08-2017. Accordingly, the gist of both APR & FPPCA for 2015 – 2016 were published in 4 (four) newspapers inviting suggestions / objections, if any, from the stakeholders as per following table:

Sl. No.	Date of Publication	Newspapers where published	Last date for submission of suggestions / objections as per notification
1	24.09.2017	Sangbad Pratidin, Bartaman, Sanmarg, Millennium Post	16.10.2017

The approved gist along with the APR petition for 2015 – 2016 was also published on the website of WBSEDCL. Opportunities were also afforded to all to inspect the application and take copies thereof.

- 1.7 Upon publication of the gist, the Commission sought for further clarification / information vide letters no. WBERC/FPPCA-80/16-17/718 dated 17-06-2021. Against such queries WBSEDCL submitted partial information vide letter dated 13-07-2021. As



सत्यमेव जयते



Order on APR of WBSEDCL for the year 2015-16

WBSEDCL could not submit the balance data not only within the due time of 15 days from receipt of the letter of WBERC dated 17-06-2021 but also within 13-07-2021, thus the Commission proceeds to determines the APR order for 2015-16 without the balance information.

- 1.9 Comment, suggestion, objection on applications for APR for the year 2015 – 2016 of WBSEDCL has not been received from anybody within the stipulated time i.e., 16.10.2017.



CHAPTER – 2

COMPUTATIONS OF THE ALLOWABLE FUEL AND POWER PURCHASE COST

- 2.1 In this part of the order, the Commission takes up the determination of fuel and power purchase cost allowable to WBSEDCL on the quantum of power sold by it to the consumers and other licensees during the financial year 2015-2016.
- 2.2 The Fuel and Power Purchase Cost (FPPC) during the referred adjustment period, i.e., financial year 2015-2016, is to be admitted in terms of the formula as specified by the Schedule 7A to the Tariff Regulations.
- 2.3 FPPCA formula provides for adjustment of allowable fuel and power purchase cost for the gain sharing in accordance with Schedule – 9B to the Tariff Regulations. WBSEDCL has no coal fired thermal power station to operate. Its own generation of electricity is from Hydro Generating stations and in terms of Part – B of the referred schedule, gains accruing to it, if any, due to its actual performance being better than the norms set for any year are to be retained by it without any sharing.
- 2.4 The norm for distribution loss of WBSEDCL for the year 2015-2016 was considered to be 17.50% in the tariff order. As it comes out from the data as provided by WBSEDCL in its submission, the actual rate of distribution loss of WBSEDCL on the quanta of sales to consumers works out as under:

Sl. No.	Particulars	Energy (MU)
1	Total Energy purchased (net of CTU loss) including energy swap in but excluding UI in (refer Annexure- 2A)	36315.258
2	Energy sent out from own generating stations (See Reference-1)	1565.14
3	STU Grid loss (See Reference-1)	1284.876
4	Net UI Energy drawn (See Reference-1)	100.869
5	Net Energy Available with WBSEDCL from own generating stations and from purchase of power [(1) + (2) – (3) + (4)]	36696.391
6	Energy sold to persons other than own consumer and licensee and energy swap out including transmission loss (See Reference-1)	2774.03
7	Pumping energy for Purulia Pumped Storage Project (PPSP) including normative transmission loss (See Reference-1)	1475.858
8	Energy available at distribution input for sale to consumer and licensee [(5)-(6)-(7)]	32446.503



Order on APR of WBSEDCL for the year 2015-16

Sl. No.	Particulars	Energy (MU)
9	Energy sold to licensee at EHV & sale to Sikkim (See Reference-1)	397.905
10	Transmission loss on energy sold to licensee & Sikkim considering normative transmission loss at 3.4%	14.005
11	Energy received for wheeling	12.218
12	Energy wheeled (See Reference-1)	11.781
13	Loss for wheeling (See Reference-1)	0.437
14	Net Energy Available with WBSEDCL for sale to own consumers $[(8) + (11) - \{(9)+(10)+(12)+(13)\}]$	32034.593
15	Energy sold to own consumers and sale to licensee at HV level (See Reference-1)	23098.15
16	Own consumption (See Reference-1)	48
17	Distribution loss $[(14) - \{(15) + (16)\}]$	8888.443
18	Distribution loss in % $[(17) / (14) \times 100]$	27.75%

Reference-1: Statement of Technical Particulars (Pages 121-124) in Annual Report and Accounts of WBSEDCL for 2015-2016.

2.5 As it comes out from the above, the actual distribution loss of WBSEDCL (i.e., 27.75%), as a percentage of power available for distribution exceeded the same considered in the tariff order for the concerned year and as such, no gain accrued to it in this respect to share with the consumers.

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

2.6.1 FC (FUEL COST):

WBSEDCL has got no coal fired thermal generating station to operate. It only operates a diesel generating station at Rudranagar in Sagar Island to meet up the local demand. During 2015-2016, there was no generation from that station. WBSEDCL has also not claimed any amount for the year under this head. Accordingly, the Commission has not considered any fuel cost for 2015-2016.

2.6.2 PPC (POWER PURCHASE COST):

2.6.2.1 The quanta of power purchased by WBSEDCL from different sources and cost incurred thereon during 2015-2016 as per submission of WBSEDCL and audited annual report and accounts of 2015-2016 have been enumerated in Annexure – 2A. As may be seen therein, the quantum of power purchased (net of CTU grid loss) during the year came to



Order on APR of WBSEDCL for the year 2015-16

36315.258 MU. The net cost incurred thereon after adjusting the rebate for power purchase is Rs. 1227850 lakh. Thus, the average cost of power purchase comes to 338.11 paise / kWh.

- 2.6.2.2 It is seen from sl no 9.0 of the statement of technical particulars of audited accounts that WBSEDCL has drawn 258.179 MU as Deviation Settlement Mechanism (DSM) / unscheduled interchange (UI) during the year 2015-2016 against which the amount payable is Rs. 7542.00 lakh (note no. – 23A to the annual accounts). It is also seen from sl no 16 of the statement of technical particulars of the annual accounts that WBSEDCL has also injected 157.310 MU during the year 2015-2016 under DSM / UI against which an amount of Rs. 565.00 lakh was receivable by them (note no. 21 B to the annual accounts).
- 2.6.2.3 Out of the total purchase (net of CTU grid loss) of 36315.258 MU, as per Sl no 16 of statement of technical particulars of annual accounts, WBSEDCL sold energy to persons other than own consumers and licensees to the tune of 2040.119 MU. Besides, 733.911 MU was swapped out by WBSEDCL during the period 2015-2016. The proportionate purchase cost of quantum of sale to persons other than consumers and licensees, comes to Rs. 68978.19 lakh as per the rate calculated at para 3.6.2 (i) above. The cost of the swapped-out energy as indicated in note 21 A of annual accounts is Rs. 22940.00 lakh. The quantum of purchase relating to distribution to own consumers and licensee and cost thereon are as under:

Particulars	Purchase (MU)	Cost (Rs. in Lakh)
Total Purchase	36315.258	12,27,850.00
Less: Proportionate purchase cost of energy that is sold to the persons other than its own consumers & licensees.	2040.119	68,978.19
Less: Proportionate purchase cost of energy that has been swapped out during the year	733.911	22,940.05
Quantum for effecting distribution to consumers and licensees	33541.228	11,35,931.76
Average per unit (kwh) purchase cost of power for sale to own consumer & other licensee (paise/kWh)		338.11



सत्यमेव जयते



Order on APR of WBSEDCL for the year 2015-16

2.7 C_D: Cost Disallowable:

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

Sl. No.	Description	Quantity (MU)
1	Total energy purchased (Net of CTU Grid loss)	36315.258
2	STU Grid Loss	1284.876
3	Net U. I. Energy drawn	100.869
4	Net energy available with WBSEDCL from purchase $[(1)-(2) + (3)]$	35131.251
5	Energy sold to persons other than own consumers and licensees	2040.119
6	Energy Swap Out	733.911
7	Pumping energy for Purulia Pumped Storage Project (PPSP) including normative transmission loss	1475.858
8	Net purchased energy available with WBSEDCL for distribution to own consumers and licensees $[(4) - \{(5) + (6) + (7)\}]$	30881.363

2.7.2 In accordance with methodologies, as explained in the earlier chapter, the amount of excess power purchase cost works out as under:

Sl. No.	Factor Notation	Nomenclature	Unit	Value
1	E _{SC}	Quanta of energy sold to consumers	MU	23098.15
2	E _O	Admitted energy for own consumption	MU	48
3	D	Normative distribution loss	%	17.50
4	-	$\frac{E_{SC} + E_O}{(1 - d \times 0.01)}$	MU	28055.94
5	E _{SL}	Energy sold to other licensees at EHV and sale to Sikkim	MU	397.905
6	T	Normative T & D loss for E _{SL} (5)	%	3.40
7	-	$\frac{E_{SL}}{(1 - t \times 0.01)}$	MU	411.910
8	E	Auxiliary consumption in excess of norms	MU	0
9	E _g	Energy sent out from own generating station	MU	1565.140
10	E _{Adm}	Purchase of energy admitted $[(4) + (7) - (8) - (9)]$	MU	26902.709
11	E _P	Total energy purchased for distribution and supply to own consumers and licensees	MU	30881.362
12	E _E	Excess energy purchased $[(11) - (10)]$	MU	3978.653
13	EP _{Avg}	Average purchase cost	Paise / kwh	338.11
14		Cost of excess power purchase $[(12) \times (13) / 10]$	Rs in Lakh	134522.23



2.7.3 In terms of regulation 2.8.6.1 of the Tariff Regulations, the disallowance on account of excess power purchase cost due to excess distribution loss over the norms in distribution loss will be limited to an amount equal to summation of Return on Equity (ROE) and net UI receivable amount subject to the following conditions:

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

2.7.4 DSM / UI charge receivable amount during the year 2015-2016 was Rs. 565.00 lakh (as per Note 21 B of the Annual Accounts for the year 2015-2016) and DSM / UI charge payable amount during the year 2015-2016 was Rs. 7542.00 lakh (as per Note 23 of the Annual Accounts for 2015-2016). Thus, the net UI receivable is less than zero.

2.7.5 The ROE for the year 2015-2016 as admitted in this APR – FPPCA order is Rs. 37236.21 lakh.

2.7.6 The actual distribution loss of WBSEDCL during the year 2015-2016 was 27.75% as against the normative distribution loss of 17.50%. The excess power purchase cost due to excess distribution loss is Rs. 134522.23 lakh. But in terms of regulation 2.8.6.1 of the Tariff Regulations, the disallowable amount will be limited to Rs. 37236.21 lakh. Thus, the Commission considers the cost disallowable (C_D) as Rs. 37236.21 lakh.

2.7.7 In order to reduce the burden of huge cost on excessive purchase of power, WBSEDCL is directed to take all possible measures including steps to bring down their distribution loss to the normative level and submit an action plan report as sought by the Commission in para 3.7.7 of the APR Order for 2014 – 15.

2.8 A (PRIOR PERIOD ADJUSTMENTS):

2.8.1 WBSEDCL claimed an amount of Rs. 78853 lakh being the amount of prior period cost adjustment allowed to following agencies as against the amounts shown therein for the period prior to 2015-2016 towards power purchase cost.



Order on APR of WBSEDCL for the year 2015-16

Sl. No.	Agency	Rs lakh
1	DPL	-78
2	DVC	-3063
3	Kamarhatty	300
4	NHPC	1640
5	NTPC	-4970
6	PTC	570
7	CESC	82
8	TPTCL	8656
9	WBPDC	75714
10	Total	78851

2.8.2 In view of above, Rs. 78851.00 lakh is being considered as prior period adjustment only.

2.8.3 The above amounts of arrear payment have duly been provided with Auditors' Certificate in Annexure - 1A submitted with Annexure- IC and paragraph 17 of the FPPCA Petition. The Commission, thus, admits Rs. 78851.00 lakh on actual basis towards prior period adjustment during the year 2015-2016.

2.9 Allowable Fuel and Power Purchase Cost:

2.9.1 Putting the value of factors, as discussed and admitted in the foregoing paragraphs, the amount of allowable fuel and power purchase cost to WBSEDCL for the year 2015-2016 works out as under:

Sl. No.	Particulars / Factors	As admitted by the Commission (Rs. in Lakh)
1	FC: Fuel Cost	0
2.	PPC: Power Purchase Cost for Consumer & licensee	11,35,931.76
3.	C _D : Cost Disallowable.	37236.21
4.	A: Prior Period's Adjustment	78851.00
5.	FC + (PPC-C _D) + (+A)	11,77,546.55
Rounded Off FPPCA amount		11,77,547



Order on APR of WBSEDCL for the year 2015-16

ANNEXURE – 2A ACTUAL POWER PURCHASE FOR 2015-16

Sl. No.	Sources	Quantum (MU)	Cost (Rs. Lakhs)
1	NTPC	3893.365	144120
2	PTC	4453.164	123139
3	NHPC	1226.223	56975
4	DVC	1033.916	40731
5	DPL	113.220	4530
6	WBPDC	17797.248	594685
7	DPSC	0.000	0
8	Sikkim	0.057	3
9	CESC	40.482	2469
10	WBREDA	0.174	7
11	Tata Power Company Limited, Haldia	128.562	2391
12	Himadri Chemicals and Industries Limited	53.471	1652
13	Shree Renuka Sugars Limited	0.000	0
14	Reshmi Cements Limited	5.507	131
15	Neora Hydro Limited	8.979	323
16	Electro Steel Casting Limited	70.166	1775
17	Nippon Power Limited	11.112	400
18	SCL	45.738	1714
19	Bengal Energy Limited	227.412	5390
20	TPTCL	3563.115	120997
21	NVVNL	627.070	27545
22	AEL	727.619	22667
23	Concast Bengal Ind. Ltd.	4.794	153
24	GMR	160.824	5655
25	JSW	42.378	1483
26	PXIL & IEXL	1343.016	39665
27	SWAP IN	989.480	33228
28	Grand Total (1 to 27)	36567.092	1231828
29	CTU Grid Loss	251.834	0
30	Gross Quanta at STU periphery and Cost of Power Purchase (28 - 29)	36315.258	1231828
31	Less: Rebate for timely payment		3,978
32	Net Power Purchase Cost and Quanta of Energy Purchased	36315.258	1227850



CHAPTER – 3 FIXED COST DETERMINATION UNDER APR

3.0 Fixed Charges

3.1 The Tariff Regulations specify the classification of different fixed charge elements under controllable and uncontrollable head and also the treatment of variation between projected expenditure and actual expenditure of such fixed charge elements during redetermination of ARR during APR assessment. In its order dated 04.03.2015 in the tariff application of WBSEDCL for the years 2014-15 to 2016-17, the Commission considered some specific principles of calculation for determination of some elements of fixed charge during projection of ARR. The basic premises of such principles of calculation were

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

3.2 Parameters and formulas for fixed charge computation:

3.2.1 The values considered during projection and business volume data provided by WBSEDCL in their APR application are now compared with actual inflation indices as available from websites of the Economic Advisor, Govt. of India and Labour Bureau, in Table 3.2-1 below.

Table 3.2-1

Particulars	Tariff Order for 2015-16	Actual Value of 2015-16	Variation in %
CPI in %	9.15	5.65	-38
WPI in %	6.62	-2.47	-137
Inflation in hybrid index [WPI : CPI (60 : 40)] in %	7.63	0.78	-90
Please see WPI and CPI detail in Annexure-3C			



3.2.2 The distribution line length and consumer strength for base year 2013-14 as considered in the MYT order of 2014-15 to 2016-17 and actual as per para 23 of APR application 2013-14 is as per Table 3.2-2.

Table 3.2-2

Particulars	Unit	MYT Order	Actual	Increase
DLL in 2013-14	CKM	467924.17	492046.82	24122.65
Consumers (CSM) in 2013-14	(Number)	12855266	13686767	831501.00

3.2.3 The target business volume parameter is revised for APR determination as per the following table 3.2-3.

Table 3.2-3

Business Volume Parameter	Values in 2015-16			
	As per MYT order	Revised target as per paragraph 5.3.7 of MYT Tariff Order	Actual	Changes in % with respect to (c)
(a)	(b)	(c)	(d)	(e)
Distribution Line length (CKM)	614210.59	638333.24	547652.87	-14.21
Consumer (Number)	15064240	15895741	16364129	2.95%

3.3 It may be seen from Table 3.2-2 and 3.2-3 above that all the parameters, except rate of increase in number of consumers, show a downward trend. Increase in the strength of consumers in terms of percentage over the targeted consumer strength considered for 2015-16 is only 2.95% as per table 3.2-3 and thus regulation 2.6.10(v) of Tariff Regulations is not applicable for controllable item. Now the Commission proceeds to review each of such fixed charge elements claimed by WBSEDCL in terms of the regulation 2.8.9.5 of the Tariff Regulations.

3.4 Transmission charge payable:

3.4.1 Central Transmission Utility (CTU) Charge:

3.4.1.1 Note 23B of the annual accounts for 2015-16 of WBSEDCL indicates that WBSEDCL has accounted an amount of Rs 45309 lakh as current year's transmission charge payable to PGCIL and Rs 2881 lakh as arrear dues of PGCIL. WBSEDCL has further submitted a certificate from auditor in annexure II volume I of application wherein the



सत्यमेव जयते



Order on APR of WBSEDCL for the year 2015-16

short-term open access charge included in power purchase cost as shown in annual accounts has been segregated and an amount of Rs 9209 lakh has been shown as open access charge on power purchase, Rs 262 lakh as DVC grid transmission charge and Rs 709 lakh as Transmission charges to NVVN Ltd. Such amount has not been claimed in FPPCA. WBSEDCL has further deducted a rebate on transmission charge of Rs 128 lakhs from the CTU charge, as disclosed in note 21.6 of annual accounts, to arrive at the net claim of Rs 58242 lakhs against the earlier admitted amount of Rs 48054 lakhs. A summary of claim as shown in Table 1 under paragraph 2.2.1 of the APR application shows a breakup of amount in WBSEDCLs claim which corroborates with above. The claimed amount of Rs 58242 lakhs (Rs 45309 lakhs + Rs 2881 lakh + Rs 9209 lakh + Rs 262 lakh + Rs 709 lakh – Rs 128 lakh)) is now admitted as CTU charge under distribution function.

3.4.2 State Transmission Utility (STU) Charge:

3.4.2.1 In the tariff order of WBSETCL for the year 2015-16, the Commission admitted the Annual Transmission Charge (in short 'ATC') of WBSETCL at Rs. 113880 lakh which was payable by WBSEDCL as a sole user of the state transmission system. The amount of Rs. 113880 lakh was also considered in the ARR of WBSEDCL on account of STU charges for the year 2015-16. The Commission thus considers STU charges of Rs. 113880 lakh, as actually accounted for in Note-23B of the Annual Accounts of 2015-16 and claimed by WBSEDCL in their APR application for the year 2015-16, as STU charges. The said amount of Rs. 113880 lakh is admitted by the Commission in the APR for 2015-16 and allocated to distribution function.

3.5 SLDC Charges:

As seen from note 23 D of annual accounts, WBSEDCL accounted for Rs. 1486 lakh as charges payable to SLDC in the year 2015-16 against earlier admitted amount of Rs 2388 lakhs, with a breakup of Rs 1467 lakh for current year and Rs 19 lakh as arrear. The Commission admits the amount of Rs. 1486 lakh paid by WBSEDCL as SLDC charges in the APR for 2015-16 and the entire amount is allocated to distribution function.



3.6 RLDC Charges:

On account of system operation charges to Power System Operation Corporation (POSOCO) WBSEDCL claimed Rs. 543 lakh for the year 2015-16 against earlier admitted amount of Rs 410 lakhs and the amount is booked in note 23B of annual accounts. The said amount of Rs. 543 lakh is now admitted by the Commission in APR for 2015-2016 and the entire amount is allocated to distribution function.

3.7 ERPC Charges:

An amount of Rs. 385 lakh was accounted for in note 23C of annual accounts and claimed by WBSEDCL as Eastern Regional Power Committee (in short "ERPC") charges against the admitted amount of Rs. 15 lakh in ARR in the tariff order for 2015-16. The entire amount of Rs. 385 lakh is now admitted in the APR for the year 2015-16 and is allocated to the distribution function.

3.8 Employee cost:

- 3.8.1 In paragraph 2.16.5 of the application for APR for 2015 – 16, WBSEDCL has submitted that the growth of employee cost depends upon yearly salary increment as per Revision of Pay and Allowance (ROPA) and DA hike as per government notifications and prayed to consider admitting such expenditure at actuals, being an uncontrollable item.
- 3.8.2 In the APR application for 2015-16, WBSEDCL has claimed Rs 117201 lakhs towards expenses on employee cost head wherein Rs 62672 lakhs is towards terminal benefits as observed from note no 24 of annual accounts. Rs 117193 lakh is total employee cost shown in note 24 and further Rs 8 lakhs has been claimed towards compensation to injuries on death/ damages of staff and disclosed in note no. 27E. However, WBSEDCL has not included Director's sitting fees of Rs 9 lakh disclosed in Note 27D of the annual accounts and instead, they have claimed it under A&G expenses. In terms of Regulation 5.9.1 of tariff regulations, the Commission considers such expense under employee cost head and not under A&G expenses.
- 3.8.3 Amount claimed under Terminal benefit in annual accounts of WBSEDCL differs from the actual amount paid / transferred to funds as per the compliance reports of



WBSEDCL and copies of final accounts of the trust funds. In 2015-16, Rs 62672 lakhs have been accounted for under Terminal Benefit in Annual Accounts but actual payout as per Table-A under Annexure-27A and annexure 32A of compliance report in volume 2 of application is Rs 45206 lakhs (Rs 27760 Lakhs + Rs 12375 Lakhs + Rs 1528 Lakhs + Rs 984 Lakhs in annexure 27A and Rs 2559 lakh in annexure 32A). Thus, Rs 17466 lakhs (62672 – 45206) is actually an accounting provision in the hands of WBSEDCL and not a part of working capital requirement for the current year. The Commission decides not to allow such claim of unpaid amount to different trust funds.

- 3.8.4 From the response of WBSEDCL submitted on 08.01.2021 against queries of the Commission in APR order 2014-15, it is seen that against an amount of Rs 449847 lakhs admitted by the Commission for terminal benefit payment up-to 2014-15 in APR and Tariff orders, WBSEDCL has shown an amount of Rs 298808 lakhs as deposit to funds and to meet the unfunded liabilities. Thus, the shortfall in deposit accumulated to Rs 151039 lakh (Rs 449847 lakh – Rs 298808 lakh) upto 2014-15. WBSEDCL vide letter dated 23.08.2021 has submitted a statement of year wise amount admitted towards terminal benefit in the Tariff Order/ APR Order of the Commission vis-à-vis the amount deposited to each terminal fund for the period from 2006 – 07 to 2015 – 16. From the statement submitted by WBSEDCL, it is observed that the shortfall in deposit by WBSEDCL to the fund amount till 2015 – 16 is accumulated to Rs. 213558 Lakh (Rs 574044 lakh- Rs 360486 lakh).
- 3.8.5 In line with the APR order for 2014-15, the Commission withholds the additional shortfall amount accumulated in 2015-16 i.e., Rs 62519 lakhs (Rs 213558 lakh – Rs 48600 lakhs – Rs 102439 lakhs) from the ARR.
- 3.8.6 WBSEDCL is therefore directed to deposit these amounts to the respective Terminal Benefit fund and furnish necessary documentary evidence through affidavit to the Commission based on which such withheld amount will be released after due examination.
- 3.8.7 WBSEDCL in their APR application for any year shall submit a status report on shortfall amount, if any, against the amount allowed by the Commission in Tariff/ APR orders vis-à-vis the amount deposited to the Terminal Benefit Funds.



3.8.8 In the ARR of tariff order of 2015-16, the Commission admitted Rs 95570.07 lakhs towards staff salaries and Rs 38589.64 lakhs towards terminal benefit expenses. In their APR application, WBSEDCL has claimed Rs 117201 lakhs as employee expenses. From the annual accounts note 24, it is apparent that the claim towards Staff salary is Rs 54521 lakh excluding claim of compensation on death/damages of staff. On terminal benefit head, the claim amount is Rs 62672 lakh. Towards staff salary expenses, the Commission admits Rs 54521 lakhs in pursuance of the Annual accounts along with Directors' sitting fees of Rs 9 lakh. For terminal benefit, the Commission admits the amount of Rs. 45206 as noted in 3.8.3 above. However, in their application WBSEDCL did not provide proper allocation of terminal benefit expenses between generation and distribution function. In the form 1.17 (h) of APR application format submitted by WBSEDCL, almost entire retirement benefit amount has been allocated to Distribution function which seems erroneous. The Commission, while admitting the terminal benefit expenses, has considered allocation ratio in the proportion of staff salary expenses claimed.

3.8.9 Summary of Admittance as discussed above is given in Table 3.8-2 below.

Table 3.8-2

Expenditure Head	Amount in Lakh Rs			
	Claimed in APR	Admitted under Generation	Admitted under Distribution	Total Admitted
Employee Cost (Salaries)	54,530.00	1233	53297	54530
Employee Cost Others (Terminal benefit)	62,672.00	1022	44184	45206
Total	1,17,202.00	2255	97481	99736

3.9 Operation and Maintenance (O&M) Expenses:

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

Against the admitted expenditure of Rs 4486.44 lakhs, WBSEDCL has claimed Rs 4749.98 lakhs as O&M expenses for Generation. O&M expense is a controllable expenditure using operating norms and hence shall be guided by Regulation 2.5.5 (ii) of the Tariff Regulation which stipulates that



सत्यमेव जयते



“Any variation arising out of controllable factors during Annual Performance Review using operating norms, wherever applicable, for determinations of allowable normative expenditure on that factor, shall be on the account of licensee”

- 3.9.1.1 In addition to above, WBSEDCL has claimed an amount of Rs 2872 lakh on account of unforeseen breakdown of PPSP as special allocation. The Commission will consider the expense under O&M expense only in terms of Para J of schedule 9A of tariff regulation.
- 3.9.1.2 In reply to a query of the Commission regarding installed capacity of generating stations of WBSEDCL, WBSEDCL has submitted details on 13-07-2021. It is seen from the reply that WBSEDCL’s installed capacity for small hydro generating stations is 89.55 MW. WBSEDCL has shown a list of running power stations under the Director’s report at page 49 in Annual Accounts of 2015-16. In the said report, installed capacity of running Small hydro generating stations (Teesta Canal Fall Hydro power station + Jaldhaka Stage II + Messanjore Hydrel Project + Mini Micro hydro) is shown as 88.30 MW against 89.55 MW as submitted by WBSEDCL in their reply. The Commission considers the annual report of WBSEDCL for admitting O&M Cost and accordingly total O&M cost comes to Rs 4359.18 lakhs as per following Table:

Table 3.9-1

O&M COST FOR GENERATING STATION OF WBSEDCL			
Name Of Plant	Installed Capacity	O&M cost in Rs Lakh/MW	O&M cost in Rs Lakh
PPSP	900	2.26	2034.00
Rammam Stage I	51	10.17	518.67
Jaldhaka Stage I	36	14.64	527.04
Small Hydro	88.3	14.49	1279.47
TOTAL	1075.3		4359.18

Thus, the Commission admits the expenditure at normative level i.e., Rs 4359.18 lakhs for generation for the year 2015-16 in terms of Regulation 2.5.5 (ii) of the Tariff Regulation. The Commission also directs WBSEDCL to submit the reasons of such difference in figures between annual report and that in their reply.



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

WBSEDCL has claimed an amount of Rs 29340 lakhs under this head against the admitted amount of Rs 31310 lakhs in the tariff order. The claim - amount is admitted under Distribution head.

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

3.9.3.1 Against the admitted expenditure of Rs 13154 lakhs in the tariff order, WBSEDCL has claimed Rs 12981 lakhs as A&G expenses for Distribution. It is noted from the breakup provided in forms 1.15 and 1.17 of the application that the total amount comprising Rent, Audit fees, Legal expenses and other A&G expenses comes to Rs 12981 lakhs. As stated by WBSEDCL in their para 2.18.2 and form 1.15 of their application, such amount includes prior period A&G expense of Rs 698 lakhs. WBSEDCL has also submitted an audit certificate in annexure 16A of volume 2 detailing the segregation of amounts booked under different expenditure heads in annual accounts between generation and distribution function. Individual amounts under the expense heads differ in audit certificate from the amount submitted in form 1.15 and 1.17. In view of such difference in amounts, the Commission will rely on the amounts shown in the audit certificate and consider the same for assessing the allowable amount under different heads which is mentioned in Table 3.9-2.

3.9.3.2 Prior period expenditure is not considered by the Commission since the expense head is a controllable item of expenditure and the amount already allowed in any earlier year cannot be further enhanced in future orders. It is seen from the above table that the actual expenses of rent and Other A&G expenses in 2015-16 is less than the amount admitted under tariff order of 2015-16. For auditor's fees and legal charges, the actual expenditure in 2015-16 is higher than the admitted amount in the tariff order. As the growth of actual business volume parameters is less than the amount admitted in the tariff order, thus the admitted amounts for the elements sensitive to it require to be kept within the amount admitted in the Tariff order. Moreover, as actual inflation rate is less than the inflation rate considered in the Tariff Order, thus, the applicability of regulation 2.6.10(ii) does not arise. The excess expenses on audit and legal head are adjusted as allowed under clause (iv) of regulation 2.5.5 of the Tariff Regulation.



3.9.3.3 Now the total expenditure under O&M head as considered in terms of Regulation 2.5.5 of the Tariff Regulations is shown in Table 3.9-2 below.

**Table 3.9-2
Admitted O&M Expenses**

Sl No	Expenditure Head	Amount in Lakh Rs		
		Admitted in Tariff Order	Claimed (Sl. 2-sl. 6 as per audit certificate)	Admitted
1	Rent	1208	1135	1135
2	Audit	182	202	182
3	Legal	353	604	353
4	Other A&G	11411	10333	10333
5	Adjustment allowed under regulation 2.5.5(iv) for Audit and Legal	0	0	271
6	Total (1+2+3+4+5)	13154	12274	12274

3.9.4 The Commission admits Rs 12274 lakhs under Distribution function towards A&G expenses for 2015-16 APR.

3.10 Outsourcing Expenditure for Distribution

3.10.1 In the Tariff Order of 2014 – 15, the Commission considered the heads of Line Maintenance and Substation Maintenance in a composite manner considering the past trend of these two items of expenditure. The Commission also considered the heads of meter reading expenses and bill distribution expenses as a composite item. However, WBSEDCL has claimed all these as separate heads of expenses.

3.10.2 In the MYT Petition for the 4th control period WBSEDCL proposed outsource expenses under sub heads of outsource expenses (excluding man power and hire of vehicle cost) and outsource expenses (including man power and hire of vehicle cost) separately and the Commission also admitted the ARR in two separate subheads as they are of different nature and categorized as controllable and uncontrollable respectively in the Tariff Regulations. In their APR application, WBSEDCL has claimed all expenses under the uncontrollable head of outsource expenses (including manpower and hire of vehicle cost).



- 3.10.3 It is observed from the copies of outsourcing contracts submitted that WBSEDCL has been following the similar contract agreements in the APR period 2015-16 as was following during MYT projection. In the submission of WBSEDCL in their APR application it is found that there is a change in principles adopted in the APR petition from the principles adopted in the MYT Petition. However, in view of provisions of Regulation 2.8.9.5, the Commission now considers the expenditure under outsourcing as per the same principle as was considered in the tariff order.
- 3.10.4 The escalation indices calculated during projection of ARR for MYT of the fourth control period were based on projected inflation rates and business volume growth. Based on the actual inflation and business volume growth as noted in paragraph 3.2 above, the escalation index for different elements of outsourcing expenditure are as follows.

Table 3.10-1

Expense element	Escalation %	
	Considered in MYT order	Applicable growth rate in % ----- \$
Line & SS (ex man)	2.00	0.78
Line & SS (man)	13.23	6.98
MR & Bill	4.00	5.65
MCSU	12.21	7.43
Data warehouse	9.18	1.86
Back office	7.63	8.34
Franchisee Cost	17.21	14.00
Collection franchisee	6.93	0.78
Security	12.94	6.88
Call Centre	13.18	9.83
\$-- Please see Annexure- 3D		

Barring the head of back-office job and Meter Reading & Bill, all other indices calculated on actual values of inflation and growth parameter show a downward trend when compared with projection.

- 3.10.5 WBSEDCL claimed Rs 45167 lakhs as Outsourcing Expense (Manpower and vehicle hiring) and no amount under Outsourcing Expense (Excluding manpower and vehicle hiring) against Rs 18668 lakh and 11410 lakh admitted by the Commission respectively under Outsourcing Expense (Manpower and vehicle hiring) and Outsourcing Expense (Excluding manpower and vehicle hiring) heads respectively. These two ARR items



सत्यमेव जयते



Order on APR of WBSEDCL for the year 2015-16

have a number of elements. For each of those elements, amount considered for APR has been detailed out in the subsequent paragraphs to find out the admissible amounts for two heads namely:

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

WBSEDCL have demerged the Line maintenance and substation maintenance sub-heads as well as Meter Reading and Bill Distribution sub heads. For admitting the expenditures under different subheads of outsourcing expenditure in line with Regulation 2.8.9.5 of the Tariff Regulation, the Commission considers the total claim under Line maintenance and substation maintenance sub-heads as a composite claim for Line and Substation maintenance which includes the cost for controllable sub-heads of Line and substation maintenance (Excluding manpower and vehicle hiring) and then segregate in line with tariff order between the controllable portion and uncontrollable portion. The Commission considers total claim under Meter Reading and Bill Distribution sub heads as a composite head in line with the Tariff order. In the subsequent paragraphs each of the heads is discussed.

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

Out of the total claim of Rs 15373 lakh, the Commission admitted the amount earlier in ARR i.e., Rs 3852 lakhs under this controllable head and balance claim of Rs 11521 lakh is considered under uncontrollable head of Line and substation maintenance (manpower and vehicle hiring). The Commission admits Rs 3852 lakhs for Line and substation maintenance (excluding manpower and vehicle hiring) under Distribution function.

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

The admitted amount under this head in the ARR of the tariff order is Rs. 9685 lakh. The balance claim of WBSEDCL under uncontrollable head of Line and substation



सत्यमेव जयते



Order on APR of WBSEDCL for the year 2015-16

maintenance (manpower and vehicle hiring) as indicated above is Rs. 11521 lakh and is higher than the amount admitted in the Tariff Order.

The Commission has admitted an amount of Rs. 4030 lakh under this head in the APR Order of 2014 – 15 using the actual escalation index as noted in table 3.10-1 above , the expenditure comes to Rs 4311 lakhs. Since, the escalated expenditure is below the amount admitted in the Tariff Order, the Commission admits Rs. 9685 lakh as admitted in the Tariff Order under Line and substation maintenance (manpower and vehicle hiring).

3.10.8 Meter Reading and Bill Distribution:

The Commission has admitted an amount of Rs. 4977 lakh under this head in the APR Order of 2014 – 15. Using the escalation index of this expense sub-head as noted in table 3.10-1 above, the expenditure admitted under Distribution function for 2015-16 comes to Rs 5258 lakhs.

3.10.9 Mobile Service [MCSU as per SOP Regulation]:

Although this is an uncontrollable head, the expenditure under this head has been claimed at an abnormally high level in comparison to projection. The claim - amount of Rs 11965 lakhs is 312% higher than the amount admitted in MYT i.e. Rs 2907 lakhs. The details of engagement of mobile vans at shifts in different CCC, as provided by WBSEDCL does not justify such abnormal increase. On the issue of such exorbitant increase in expenditure, the Commission, during determination of APR 2014-15, sought clarification from WBSEDCL vide its letter WBERC/APR-52/5393 dated: 05/02/2020 regarding institutional policy of approval and monitoring of MCSU services at different units of WBSEDCL. Based on reply of WBSEDCL, the Commission has already observed in their APR order for 2014-15 that, in absence of an institutional policy, there is very little scope of control and monitoring of vital expenditure throughout an organization.

The escalation index as per ARR calculation principle and based on the actual inflation and business volume growth shows a lower value than projection. The Commission has



सत्यमेव जयते



Order on APR of WBSEDCL for the year 2015-16

admitted an amount of Rs. 2407 lakh under this head in the APR Order of 2014 – 15. Using the escalation index of this expense sub-head as noted in table 3.10-1 above, the expenditure comes to Rs 2586 lakhs. Since, the escalated expenditure is below the amount admitted in the Tariff Order (Rs 2907 lakhs), the Commission admits Rs. 2907 lakh as admitted in the Tariff Order under MCSU Services.

- 3.10.10 WBSEDCL has claimed an amount of Rs. 2995 lakh under the subheads Security Expense. The Commission has admitted Rs. 3800 lakh in the Tariff Order for 2015 – 16. The Commission has admitted an amount of Rs. 2168 lakh under this head in the APR Order of 2014 – 15. Using the escalation index of this expense sub-head as noted in table 3.10-1 above, the expenditure Rs 2317 lakhs. Since, escalated expenditure is below the amount claimed by WBSEDCL, the Commission admits Rs. 2995 lakh as claimed under Distribution Function.
- 3.10.11 Claims of Call Center Expense is Rs 2494 lakhs for APR 2015-16 under the uncontrollable head of outsourcing expense (manpower and vehicle hiring). The Commission has admitted Rs. 2276 lakh in the Tariff Order for 2015 – 16. The Commission has admitted an amount of Rs. 1729 lakh under this head in the APR Order of 2014 – 15. Using the escalation index of this expense sub-head as noted in table 3.10-1 above, the computed expenditure comes to Rs 1899 lakh. Since, the escalated expenditure is below the amount admitted in the Tariff Order, the Commission admits Rs. 2276 lakh as admitted in the Tariff Order under Call Centre Expenses.
- 3.10.12 The admitted amount under the head of Collection franchisee, Back Office Job and Franchisee Cost in 2014-15 APR Order was Rs 1234 lakhs, Rs 117 lakhs and Rs 467 lakhs respectively. Using the escalation index of this expense sub-head as noted in table 3.10-1 above, the expenditure admitted under Distribution function for 2015-16 comes to Rs 1244 lakhs, Rs 127 lakhs and Rs 532 lakhs respectively.
- 3.10.13 No amount is claimed on the element of Data warehousing in APR petition for 2015-16. Thus, no amount has been admitted.
- 3.10.14 The admitted amount on different elements under the head of outsourcing expenses for APR of 2015-16 is detailed out in Annexure 3E.



3.10.15 Claims of WBSEDCL for different elements under the controllable head of outsourcing expense (Excluding manpower and vehicle hiring) is provided in serial no (2) to (6) in Table 3.10-2 along with the admitted amount in tariff order of 2015-16. The table also shows the admitted amount of those elements in APR for 2015-16 under the head of outsourcing expense (Excluding manpower and vehicle hiring) inclusive of adjustment under regulation 2.5.5(iv) of Tariff regulations.

Table 3.10-2

In Rs Lakhs

ADMITTED OUTSOURCING EXPENSES (Excluding manpower & Vehicle)				
Sl No.	Elements	Admitted in Tariff Order	Claimed in APR	Admitted in APR
1)	Line & Substation Maintenance	3852	3852	3852
2)	Data ware housing	13	0	0
3)	Back office Job	328	176	127
4)	Franchisee Cost	721	581	532
5)	Meter reading & billing distribution	5176	10091	5258
6)	Collection Franchisee	1320	1492	1244
7)	Sub-Total (1 to 6)	11410	16192	11012.94
8)	Adjustment under regulation 2.5.5(iv)			397.06
9)	Total (7+8)	11410	16192	11410

3.10.16 The amount admitted for the uncontrollable item of Outsourcing Expenses (Including manpower & vehicle) are finalized as per following Table 3.10-3.

Table 3.10-3

In Rs Lakhs

Elements	Admitted in Tariff Order	Claimed in APR	Admitted in APR
Manpower for Line & substation maintenance	9685.00	11521.00	9685.00
Security Expenses	3800.00	2995.00	2995.00
Call Centre (ZCC/CRC)	2276.00	2494.00	2276.00
Mobile Service (MCSU)	2907.00	11965.00	2907.00
Total	18668.00	28975.00	17863.00



3.11 Some small Expenses:

3.11.1 Lease Rental:

Under Lease Rental WBSEDCL claimed Rs 2046 lakh against Rs 2856 lakh approved in ARR. The said amount is shown in note 27B of the Annual accounts of WBSEDCL for 2015-16. As the expenses is considerably within the target limit thus, the claim of WBSEDCL is admitted. The lease rental charge is allocated entirely to Distribution function in the auditor's certificate submitted in annexure 16A of the volume-2 of the APR petition, thus the Commission admits the amount under distribution function.

3.11.2 Complaint Management Mechanism:

Against Rs 400 lakhs approved in MYT order, claim of Rs 315 lakhs in made under the head Complaint Management. Said amount is shown in note 27B of the Annual accounts of WBSEDCL for 2015-16. The Commission admits the amount under distribution function.

3.11.3 Rates and taxes:

3.11.3.1 In their application WBSEDCL submitted that the expenditure claimed under Rates and taxes is mostly Service tax. Due to advent of reverse charge mechanism, such expenditure has increased manifolds. There are also some local taxes. WBSEDCL also submitted that expenditure on Rates and Taxes, being dependent on external factors like government tax fixation policy, is uncontrollable in nature, and the Commission may accordingly consider allowance of such expenditure. WBSEDCL has provided a list of reverse charge details with their application.

3.11.3.2 The Commission accepts the prayer of WBSEDCL considering the fact that taxes are subject to Government policies and uncontrollable in the hands of the licensee. However, it also needs to be ensured that the taxes paid on legitimate and admitted heads of expenditure are only allowed to be passed on to tariff. As the Commission performs a prudence check and inefficiencies are not allowed as a pass through, similarly the tax elements of such inefficiencies are also to be disallowed.



3.11.3.3 It is noted from the annual accounts of WBSEDCL that WBSEDCL has paid service tax of Rs 7678 Lakh (note 27.3 of annual accounts of 2015-16). WBSEDCL was asked vide a letter dated 17-06-2021 to submit an activity wise breakup of service tax booked for Operation and maintenance activity and outsource activity. WBSEDCL on 13-07-2021 submitted a breakup of service tax booked for O&M and for outsource during FY 2015-16 totaling Rs 7585 lakh. Thus an amount of Rs 93 lakhs (Rs 7678 – Rs 7585 lakh) is on account of taxes other than service tax. WBSEDCL claimed Rs 45167 lakhs for outsourcing expenses based on actual expenditure and has booked an amount of Rs 5182 lakh as service tax thereon. Based on the admitted amount of Rs 29273 lakh, the proportionate allowable service tax amount is Rs 3358.00 ($5182 \times 29273 \div 45167$) lakh. Similarly, WBSEDCL has claimed Rs 46807 lakhs for O&M expenses based on actual expenditure and has booked an amount of Rs 2403 lakh as service tax thereon. Based on the admitted amount of Rs 45973 lakh, the proportionate allowable service tax amount is Rs 2360.00 ($2403 \times 45973 \div 46807$) lakh. Thus, total admitted rates and taxes amount is calculated as follows:

Service Tax for Outsourcing	:	Rs 3358.00 lakhs
Service Tax for O & M	:	Rs 2360.00 lakhs
<u>Other Rates & Taxes</u>	:	<u>Rs 92.55 lakhs</u>
Total	:	Rs 5810.55 lakhs

The admitted amount is proportionately allocated between Generation and Distribution functions in the ratio of amounts claimed by WBSEDCL against respective functions in APR application. Thus, the amount admitted under generation function comes to Rs 392.82 lakhs and for Distribution function the admitted amount is Rs 5417.73 lakhs.

3.11.4 Insurance:

Claim of WBSEDCL for this head is Rs 808 lakhs against earlier admitted amount of Rs 746 lakhs in MYT. The said amount is recognized in note 27(D) of the Annual accounts of WBSEDCL for 2015-16. The said amount for Rs 808 lakhs is now admitted for distribution function as per audit certificate furnished by WBSEDCL.



3.12 Depreciation:

3.12.1 WBSEDCL has claimed an amount of Rs. 65791 lakh in their APR application for 2015-16 towards depreciation on fixed assets as against Rs. 61371 lakh allowed in the ARR for the year 2015-16 for the 4th control period. In the Form – B of the APR application, it is found that the depreciation computed and chargeable to revenue account for the year 2015-16 is shown as Rs. 65791 lakh. Further, in Note 11.1 of the annual accounts it has been disclosed that total depreciation calculated during the year is Rs 81705 lakhs and from the depreciation an amount Rs 15915 lakh has been reduced being the amortized value of reserve account created from the assets constructed out of capital grant and subsidies and Rs 65791 lakhs has been charged as depreciation during the year.

3.12.2 Amount of Rs 65791 is now admitted under the head depreciation and allocated to Generation and Distribution functions in the same ratio as proposed by WBSEDCL. Thus, the allocated amounts come to Rs 7934 lakh for Generation and Rs 57857 lakh for Distribution.

3.12.3 Summary of Admittance as discussed above is given in Table 3.12.-1 below.

Table 3.12-1

Expenditure Head	Amount in Lakh Rs			
	Claimed in APR	Admitted under Generation	Admitted under Distribution	Total Admitted
Depreciation	65791	7934	57857	65791

3.13 Finance Charges:

3.13.1 Interest on Capital Borrowings:

3.13.1.1 WBSEDCL has claimed interest of Rs. 51852 lakh on capital borrowing for the year 2015-16. It is seen from note 25A to the annual accounts for the year 2014 – 2015 that the amount of interest on capital loan was Rs. 51852 lakh (net of capitalization). The details of the loan and interest on loan payable during the year have been shown in Form-C of the APR application. The interest payable on capital loans during the year as shown in Form-C and also in the annual accounts are shown in the table below.



Table 3.13-1
Interest calculation for Capital Loan

Sl No	Loan Detail	Amount in Lakh Rs		
		Opening Balance	Closing Balance	Interest
1	LIC Bond	6453	4106	474
2	Non-convertible bond	100000	100000	10117
3	PFC	967	303	54
4	PFC RAPDRP	25146	24914	2114
5	REC	138187	151963	17139
6	REC Package	21026	18313	3664
7	RECL RAPDRP B	9505	19730	1523
8	State Govt	200906	203963	17081
9	RECL (Taken over from REDCL)	10323	10323	878
10	State Govt (Taken over from REDCL)	2032	2032	294
11	Sub Total (Total 1 to 10)	514545	535647	53338
12	Capitalization	0	0	1488
13	Net Claim (11-12)	0	0	51850

3.13.1.2 It is noted from the claim of WBSEDCL that interest has been claimed against two loans, one from RECL and another from State Govt (shown under sl no 9 and 10 respectively of Table 3.13-1). As noted from the annual accounts that these loans are taken over from WBREDCL. The purpose for which these loans were taken is not on record i.e., whether they are capital loan or working capital loan. Note 25.2 of the Annual Report and accounts of WBSEDCL 2015-16 state that the stipulated rate of interest on the RECL loan is not available to WBSEDCL and they have considered it on the basis of available interest on State Govt. loans and it is also noted that no repayment is being made against these loans. It is also noted from the audit report and management reply in the annual accounts of WBSEDCL for FY 2013-14, that the details of these loans are not available to WBSEDCL, and they have requested the Govt. of West Bengal to make the details available.

3.13.1.3 In this regard, the Commission has already decided on the issue during determination of APR of 2014-15 based on clarification from WBSEDCL vide their letter dated 24.02.2020 in reply to the Commission's letter WBERC/APR-52/5393 dated: 05/02/2020 for determination of the details of such loan in APR of 2014-15. Accordingly, the



Commission does not consider this loan for allowing interest on capital borrowing in absence of any documents or records.

3.13.1.4 Considering the above facts, the interest amount of Rs 1172 lakhs for the loans taken over by WBSEDCL from WBREDCL are withheld from Distribution function till the details of the loans are made available and Rs 50680 lakh (Rs 51852 lakh in Note 25 A of Annual accounts – Rs 1172 lakh for REDC Loan) is admitted towards interest on capital borrowing with allocation of 45305 lakh and Rs 5375 lakh in Distribution function and Generation function respectively.

3.13.1.5 The weighted average interest rate of capital loan excluding the loan of RECL taken over from WBREDCL (SI no 8 & 9 of the above table) is 9.88%.

3.13.2 Interest on Pension Trustee Bonds.

An amount of Rs. 13005.00 lakh, as was provided in the ARR for the year 2015-16 towards interest @ 8.5% on Pension Fund Bonds, remained unchanged and the same amount is admitted. Allocation of admitted amount to the generation and distribution functions has been done as per allocation claimed by WBSEDCL and Rs 552 lakh and Rs 12453 lakh are admitted for Generation and Distribution functions respectively.

3.13.3 Interest on Working Capital:

3.13.3.1 In their application WBSEDCL has submitted that their Working Capital requirement was fully met from the security deposit of permanent consumers. Hence interest on Working Capital has not been claimed in the APR for 2015-16.

3.13.3.2 Consequent upon redetermination of ARR in this APR order, the Commission recalculates the working capital requirement based on the total re-determined variable cost as per FPPCA order and fixed cost as per this APR as indicated in Annexure1, summary of re-determined ARR for 2015-16. Permanent Security Deposit from consumers utilized as working capital has been considered as per the audit certificate submitted by WBSEDCL in this regard.



3.13.3.3 In form 1.17b WBSEDCL has shown interest on working capital @ 14.75% which is equal to SBI PLR. On computation of short-term loan as per note 7 and 7.2 of Annual accounts the weighted average interest works out to be 10.16% as shown in Annexure-3A. Lower of the two i.e., 10.16% is considered for calculation.

3.13.3.4 Recalculated working capital requirement as computed is shown below.

**Table 3.13-1
Working Capital Interest Computation**

Particulars	Actual Amount in Rs Lakhs
A. Gross Sale	1594313.30
B1. Less: Depreciation	65791.00
B2. Less: Deferred Revenue Expenditure	0.00
B3: Less: Return on Equity	37236.00
B. Total Deductions (Sum B1:B3)	103027.00
C. Allowable Gross Sales for Working Capital (A - B)	1491286.30
D. Allowable Working Capital @ 10% of C	149128.63
E. Less Security Deposit Held	212455.00
F. Allowable Working Capital	0.00
G. Interest at State Bank Short Term PLR rate or at actual rate of borrowing, whichever is less	10.16%
H. Interest on Working Capital	0.00

3.13.3.5 It is observed that WBSEDCL has enjoyed an additional cash flow of Rs 63326.37 lakhs from the cash security deposit received from consumers. WBSEDCL has neither indicated any investment of this additional cash flow nor they have proposed any sharing of return on this additional cash flow with the consumers and thus it is evident that they have utilized this additional cash flow as additional working capital.

3.13.3.6 Furthermore, in this context WBSEDCL in their application at para 2.15.1 mentioned it clearly that entire amount of permanent security deposit of Rs.212455 Lakhs is being used as working capital.

3.13.4 Interest on Consumers' Security Deposit:

3.13.4.1 WBSEDCL has submitted audit certificate in respect of security and other deposit from consumer and interest on security deposit in annexure 2A volume 2 of application. The



सत्यमेव जयते



Order on APR of WBSEDCL for the year 2015-16

total amount of consumers' permanent security deposits lying with WBSEDCL as submitted by them was Rs. 212455 lakhs at the end of the year 2015-16. The actual amount of interest accrued on such security deposits during 2015-16 is Rs. 10257 lakh as against Rs. 7983 lakh allowed in the Tariff Order.

3.13.4.2 The amount of interest on security deposit accrued as provided in Annual Accounts for 2015-16 and claimed by WBSEDCL, i.e., Rs. 10257 lakh is admitted and considered under distribution function in the APR for 2015-16.

3.13.5 Other Finance Charges:

3.13.5.1 This head of expenditure is a subhead of financing cost in terms of Regulation 5.6.4 of the tariff regulation. Under this sub-head against the approved amount of Rs 753.98 lakhs in ARR of tariff order, WBSEDCL has claimed Rs 2206 lakhs which includes Government Guarantee Fees of Rs. 41 lakh and bank charges of Rs. 2151 lakh as disclosed in Note No. 25(B) of Audited Annual Accounts for 2015-16 and prior period expense of Rs 14 lakh as disclosed in Note No. 27.8 of Audited Annual Accounts for 2015-16.

3.13.5.2 In their submission WBSEDCL has stated that the Government Guarantee Fees pertain to charges by the State Government for giving guarantee in favour of WBSEDCL for capital borrowings on account of various capital works. However similar details for bank charges are not available in the submission. In this regard, the Commission sought further clarification from WBSEDCL vide its letter 17.06.2021 regarding the details of bank charges incurred for capital financing and working capital financing separately. In their reply dated 13.07.2021 WBSEDCL has shown a breakup indicating total amount of Rs 2206 lakhs as bank charge in deviation from earlier submission that Rs 41 lakh is for Govt Guarantee Fees. This is contradiction from what is submitted in application. As shown in the letter dated 13.07.2021, out of the total claim of Rs 2206 lakhs under this head, an amount of Rs 110.30 lakhs has been booked by WBSEDCL as bank charges related to working capital financing. In this regard the provisions of Regulation 5.6.4.1 may be referred wherein the financial arrangements against which such financing cost is allowable has been specified i.e. loan capital and working capital.



3.13.5.3 The other finance charge of Rs 2206 lakhs incurred by WBSEDCL and claimed in APR is admitted with function wise breakup of Rs 33 lakh under generation head and Rs 2173 lakh under Distribution head as per allocation provided by WBSEDCL.

3.13.5.4 WBSEDCL is directed to henceforth submit the breakup of the bank charges showing the expenditure incurred on account of capital borrowing, working capital requirement as per regulation, temporary accommodation for regulatory asset and other distribution activity separately.

3.14 Bad Debts:

No amount has been claimed by WBSEDCL or booked in annual accounts under this head.

3.15 Other expenses:

3.15.1 WBSEDCL has claimed in their APR application for 2015-16 an amount of Rs. 169 lakh under the head 'Others' on account of compensation paid to outsiders on injury/death/damages. No amount was admitted in ARR in MYT for 2015-16 under this head. WBSEDCL has booked expenditure of Rs 169 lakhs in the annual accounts for 2015-16 under the head 'Other Debits' as shown in Note 27(E) of the annual accounts for 2015-16.

3.15.2 As per provisions of regulation 2.2.7 of the Tariff Regulations, any payment on the head of penalty or compensation or fine or penal taxes / duties / cess or disincentive or excess cess / royalty or under any name for violation or non-compliance or contravention of any provision of any statute or order of any statutory body or order of any judicial body cannot be considered as an expenditure recoverable through tariff. Thus, the Commission decides not admit any amount under this head in the APR of 2015-16.

3.16 Taxes under Income Tax Act:

3.16.1 WBSEDCL has claimed the return on equity (ROE) on pre-tax grossed up basis. While admitting the ROE, the Commission has considered ROE on Post Tax basis and



सत्यमेव जयते



Order on APR of WBSEDCL for the year 2015-16

accordingly the applicable tax on distribution business is allowed by the Commission under this head.

3.16.2 In terms of Regulation 5.13.2 of Tariff Regulations, under recovery or over recovery of any amount from the beneficiaries or the consumers on account of income tax having been passed on to them shall be adjusted every year on the basis of income tax assessment under the Income Tax Act 1961 as certified by the Statutory Auditors. WBSEDCL has not submitted the tax assessment order copies and Auditor certificate in this regard, for adjustment of past years' income tax. It is directed that WBSEDCL shall submit an auditor certificate indicating the year-wise assessed and paid income tax amount for the years from 2007-08 till the year of last income tax assessment. Copies of relevant income tax assessment orders shall also be submitted along-with the auditor certificate.

3.16.3 Note 28 of the annual report and accounts of WBSEDCL indicate that an amount of Rs 1360 lakhs has been provided under tax expense for the year 2015-16. The Commission admits the amount of Rs. 1360 lakh in the APR for 2015-16. Since the entire equity of WBSEDCL is related to distribution function, the entire amount of admitted income tax of Rs. 1360 lakh is allocated to distribution function.

3.17 Reserve for Unforeseen Exigencies:

3.17.1 In the Tariff Order for 2015 – 2016, no amount was allowed under this head in the ARR for all the ensuing years of the fourth control period. WBSEDCL has also not claimed any amount under this head in their APR application for 2015 – 2016. The Commission also does not consider any amount under this head in the APR for 2015 – 2016.

3.17.2 Annual accounts show a closing balance of Rs 15500 lakhs under Reserve for unforeseen exigencies in Note 2 of annual accounts which remained unmoved throughout the year. This balance pertains to the expenses allowed under reserve for unforeseen exigencies during earlier years tariff / APR and the appreciation thereon due to investment as per regulation 5.24.1 reinvestment of the interest thereon as per regulation 5.24.2 of the Tariff Regulation.



सत्यमेव जयते



Order on APR of WBSEDCL for the year 2015-16

- 3.17.3 In the MYT order of the third control period, the Commission directed WBSEDCL to follow regulations 5.24.3, 5.24.4 and 5.24.10 of the Tariff Regulations and submit the audited amount of the interest income from investment of each type of reserve funds covered under regulation of 5.24 of the Tariff Regulations with APR of each year starting from the year 2012-13. The Commission also directed that the interest accrued from investment of power purchase fund, development fund and reserve for unforeseen exigencies fund shall be deposited in the respective fund as per provision of the regulations.
- 3.17.4 In their APR Application, WBSEDCL did not submit any audit report as specified in regulation 5.24.10 of the Tariff Regulation in spite of specific direction of the Commission. In the annual account, no specific investment on this account is noted. It was disclosed in note 18.6 of annual accounts of WBSEDCL for 2014-15 that "investment has been withdrawn and utilized for the purpose of providing service to consumer." Details of such utilization is not indicated in APR application and no audit certificate has been furnished in this regard. The accountant general (E&RSA) had qualified in audit report of 2014-15 accounts that such amount has been spent for payment of power purchase cost.
- 3.17.5 It is noted from the annual accounts of WBSEDCL, the reserve fund still exists but no investment corresponding to reserve is noted. In the past APR orders, due to repeated failure of WBSEDCL to invest such amount, double the shortfall amount allowed in tariff and APR orders of different years has been withheld in terms of Regulation 5.11.2. Considering the repeated failure on WBSEDCL's part to comply with the requirements of investing the amount collected through tariff towards reserve for unforeseen exigencies, it is directed that the amount admitted so far towards reserve for unforeseen exigencies, together with the interest thereon will be adjusted in tariff order of 2021-22 or any subsequent tariff order as would be decided by the Commission.

3.18 Return on Equity:

- 3.18.1 Equity base for allowing returns has got two components, i.e., share capital and free reserve. It comes out from the 'Note no. - 2: Reserve & Surplus' in the audited annual accounts for 2015 – 2016 that WBSEDCL had accumulated loss of Rs. 13071 lakh and



Rs. 12580 lakh at the beginning and end of the year 2015-16 respectively. It has, therefore, no free reserve. The equity base of it is only the amounts of share capital.

3.18.2 The share capital of WBSEDCL at the beginning and at the end of the year 2015-16 was same at Rs. 225674 lakh as per Annual Accounts Note-1. Since there is no equity addition and also there is no positive contribution from Reserve & Surplus so no equity addition against addition in fixed asset is considered during the year 2015-16. Thus, the average equity base for allowing returns is considered at Rs. 225674 lakh.

3.18.3 WBSEDCL has claimed the entire equity as for distribution business and computed the Return on Equity on pre-tax grossed up basis in form 1.22 to Volume-1 of the APR application. In the paragraph 3.16.3 above, the Commission admits the amount of 1360 lakh provisioned by WBSEDCL as Income Tax during the year. Thus, the Commission does not consider return on pre-tax basis as claimed by WBSEDCL. The Commission admits the return on the average equity base under distribution function of Rs. 225674 @ 16.5% which comes to Rs. 37236.21 lakh to meet the ends of justice in terms of regulation 8.4 of the Tariff Regulations. Such return on equity has been given only on distribution business as the whole equity of WBSEDCL is for distribution function only which is being recognized since MYT tariff order of third control period.

3.19 Special Allocation:

3.19.1 In the Tariff Order for 2015-16, no amount was allowed under this head in the ARR for all the ensuing years of the fourth control period. WBSEDCL has claimed Rs 7021 lakhs under this head in their APR application for 2015-16. From the submissions made in para 2.24 of the application and form 1.21, it is seen that WBSEDCL has claimed Rs 2872 lakhs on account of unforeseen breakdown of unit 2 & 4 of PPSP and Rs 4142 lakhs on account of a delayed payment made to Taisei Corporation in pursuance to court order.

3.19.2 The Commission vide a letter dated 17-06-2021 sought some details regarding the amount of Rs 2782 lakhs claimed for breakdown of PPSP. WBSEDCL has not submitted such details within the due date of submitting reply. Hence the same is not considered



here. Regarding claim for interest on delayed payment made, the Commission's observations are as follows:

3.19.3 As seen from submission of WBSEDCL that an amount of Rs 4177 lakh was recovered in 2004 from the retention money of Taisei, a contractor of PPSP. Subsequently in 2015-16 pursuant to a court order, WBSEDCL released the amount recovered from the contractor along with an amount of Rs 4142 Lakh on account of interest on delayed payment. In this regard treatment of the withheld amount during the period of dispute is not stated by WBSEDCL i.e. whether the disputed amount was kept by WBSEDCL in earmarked investment pending court's decision and whether any return was earned on the same. However, it may be presumed that even if the retained amount was not kept as a separate investment, WBSEDCL actually utilised the withheld amount in business. Thus, any additional claim on this account is required to be substantiated by documents effectively bringing out the quantum of additional interest borne by WBSEDCL net of the return earned by WBSEDCL pursuant to this decision to withhold the amount from contractor. Since such details are not available with the application, the Commission decides to withhold the amount and directs WBSEDCL to provide the details if they chose to continue with the claim.

3.19.4 In view of the above deliberations, no amount is admitted towards special allocation in the APR 2015-16 of WBSEDCL.

3.20 **Income from Non-Tariff Sources.**

3.20.1 In the ARR of MYT fourth control period, a total amount of Rs. 35306.48 lakh was considered towards the estimated earnings of WBSEDCL from other non-tariff sources and income from investment. WBSEDCL claimed Rs 46345 lakh as Income from Non-Tariff Sources in their APR application.

3.20.2 Under Other Operating Revenue' (Note no. 21(B)) to the annual accounts, total non-tariff income of Rs 44666 lakh is shown. This amount is reduced by DSM receivable (Rs 565 lakh) and Rebate for timely payment of Rs 4106 lakh as they are adjusted in other heads under the ARR. Thus, the net amount comes to Rs. 39995 lakh.



- 3.20.3 As per Note-22 WBSEDCL discloses a total income of Rs 6337 lakh. WBSEDCL has claimed the same in their APR application as 'Other Income'.
- 3.20.4 Other income relating to prior period (Note – 27F of annual accounts) includes an amount of Rs 13 lakhs. Nature of the income is not disclosed.
- 3.20.5 The Commission admits the amount claimed by WBSEDCL i.e., Rs. 46345 Lakhs (Rs 39995 Lakhs + Rs 6337 Lakhs + Rs 13 Lakhs) under Distribution function.

3.21 Unscheduled Interchange (UI):

- 3.21.1 As per the annual accounts for the year 2015-16 Note No.21(B) and Note No.23, the amounts receivable and payable by WBSEDCL towards DSM are respectively Rs. 565 lakhs and Rs. 7542 lakhs (7483 + 59) lakhs. The net amount is Rs 6977 lakh payable.
- 3.21.2 WBSEDCL in their APR application for 2015-16 has claimed the net UI payable amount of Rs. 6977 lakh as expenditure. The Commission, in its order on Fuel and Power Purchase Cost Adjustment (FPPCA) of WBSEDCL for the year 2015-16, has not considered the net DSM payable amount of Rs. 6977 lakh and the same is considered in this APR order for 2015-16 under distribution function.

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

- 3.22.1 WBSEDCL in their APR application for 2015-16 in form 1.24 has calculated Rs 30437.54 lakhs as gain from power sold to person other than consumer and this includes notional sale of power against Swap Out.
- 3.22.2 It is noted from SI no 16 of technical particulars of annual accounts 2015-16 that WBSEDCL has considered cost of 2040.119 MU of power sold to person other than consumer and licensee and 733.911 MU of notional sale against SWAP out. Under revenue from operation as per Note 21A of annual accounts, WBSEDCL has considered an amount of Rs 100283 lakhs under Sale to trader and Rs 22940.05 lakh as revenue from swap out of power. In addition to above WBSEDCL has considered Rs 867 lakh, as shown in Note 21A of the annual accounts, as charges for export of power. Based on the submissions of WBSEDCL, provisions of Regulation 5.15.2 (iv) of WBERC (Terms



Order on APR of WBSEDCL for the year 2015-16

& Conditions of Tariff) Regulations, 2011 and average power purchase cost of Rs 338.11/ KWH as arrived in FPPCA order, the benefits to be passed on to consumers and other licensees is calculated as follows.

(1)	Share of benefit from sale to others	50%
	a) Sale of power to person other than consumer and licensee (MU)	2040.119
	b) Notional sale of power against Swap Out (MU)	733.911
	Sub-Total Sale (MU): A=a+b	2774.030
(2)	c) Sale of power to person other than consumer and licensee (Rs. Lakhs) (*)	100283.00
	d) Notional sale of power against Swap Out (Rs. Lakhs)	22940.05
(3)	Total Sale (Rs. Lakhs): B=c+d	123223.05
(4)	e) Average purchase price (Paise/ unit)	338.11
	f) Cost of power of sale in 1 (a) above (Rs Lakhs)	68978.46
	g) Cost of power of sale in 1 (b) above (Rs Lakhs)	22940.05
	h) Other charges for such sale (Rs Lakhs) **	867.00
(5)	Total cost of sale (Rs in lakhs) (f+g+h)	92785.51
(6)	Amount of gain (+) / loss (-) derived from such sale (Rs in Lakhs) (3-5)	30437.54
	Share of benefit from sale to others	15218.77

3.22.3 In the MYT order for the fourth control period, the Commission considered that the benefits from sale of power to the persons other than its own consumers and licensee will be passed on to the consumers of WBSEDCL on actual basis through APR of the concerned year. Now, the Commission admits the benefit sharing of Rs 15218.77 lakhs as 50% of the amount of gain of Rs. 30437.54 lakh from power sold to person other than consumer and licensee as proposed by WBSEDCL under distribution function.

3.23 Interest Credit:

3.23.1 WBSEDCL has claimed an amount of Rs 5106 lakhs towards interest credit detailing the calculation in form 1.17g of the volume 1 of APR application where interest rate has been shown as 9.68%. But, as per calculation by the Commission in Annexure 3A the weighted average interest rate for capital loan is 10.164%. Thus, the interest credit amount is recalculated in Table 3.23-1 below.



Table 3.23-1
Interest Credit Computation

1	Depreciation admitted under 2.10.4 above.	65,791.00
2	Repayment as per form 'C' of APR application.	13,032.00
3	Excess fund created (1-2)	52,759.00
4	Rate of interest	10.164%
5	Interest credit (3 X 4)	5,362.44

3.23.2 Thus, the Commission admits Rs 5362.44 lakh and allocates Rs 4715.76 Lakhs to distribution functions and Rs 646.68 Lakhs to generation function in the ratio of allocation on depreciation head, to adjust with the ARR in APR of 2015-16.

3.24 Carrying cost for SWAP Power:

3.24.1 WBSEDCL has submitted in their APR application that, due to variation in demand during different time period of a day as well as in different months or seasons, there remains surplus power in different periods of a year. In such case, if the prevailing sale price in power market is not cost effective, then the surplus power is banked through swap arrangement for effective utilization of the surplus power to reduce the burden of idle capacity charge on the consumers and also to maintain the grid discipline. In the process of banking of surplus power through swap arrangement and getting back such power while there is need, they have to bear the carrying cost for such banked power.

3.24.2 On the above account WBSEDCL has claimed an amount of Rs. 293.01 lakh as carrying cost which they had to bear for banked power through swap arrangement during the year. The detailed computation of the carrying cost has also been given in their APR applications.

3.24.3 The Commission admits the carrying cost as Rs. 201.91 lakh based on interest rate of 10.164% as calculated in Annexure 3A of the APR for 2015-16 in distribution function.

3.25 Carrying cost of regulatory asset:

3.25.1 WBSEDCL has claimed carrying cost of Rs.153190 lakh on regulatory assets created by different orders of the Commission at the interest rate as per SBI PLR on 1st April 2013.



3.25.2 The Commission decides not to consider any carrying cost on regulatory asset as claimed by WBSEDCL in this order as there is no provision for allowing carrying cost in the Tariff Regulations

3.26 Based on above, function wise admitted fixed charges under different heads is summarized in Annexure 3B.



Order on APR of WBSEDCL for the year 2015-16

ANNEXURE 3A

Interest Calculation for Short Term Loan in 2015-16 [in Rs Lakhs]

Agency	Opening Balance	Closing Balance	Average Loan	Interest Rate	Interest on average balance
PFC	12692	0	6346	12	761.5
RECL	12500	0	6250	12	750.0
Syndicate	20000	9000	14500	10.15	1471.8
UCO	18000	0	9000	9.9	891.0
Indian OV Seas	43200	43200	43200	9	3888.0
Allahabad Bank	15399	15410	15404.5	9.25	1424.9
UBI	51786	64780	58283	10.25	5974.0
Allahabad	46763	49497	48130	10.25	4933.3
IOB	17102	14920	16011	10.45	1673.1
PNB	8208	19921	14064.5	10.35	1455.7
Syndicate	17494	9676	13585	10.45	1419.6
BOI	41704	49612	45658	10.35	4725.6
Dena Bank	10584	10526	10555	10.45	1103.0
Punj& Sind	24939	39819	32379	10.25	3318.8
Canara	1162	44935	23048.5	10.45	2408.6
ICIC	486	619	552.5	10.5	58.0
PFCL	0	0	0	9	0.0
SBI	0	58682	29341	10.25	3007.5
Overall	342019	430597	386308		39264.46

Weighted Average Interest (39264.46)/386308 X 100 = 10.164%



Order on APR of WBSEDCL for the year 2015-16

SUMMARY OF FIXED COST [in Rs Lakhs]

ANNEXURE 3B

Sl. No.	Head of ARR	MYT Admitted	APR Claim	APR Admitted		
				Generation	Distribution	Total
1.	Transmission Charge Paid to CTU	48,054.00	58,242.00	-	58,242.00	58,242.00
2.	Transmission Charge Paid to WBSETCL	1,13,879.69	1,13,880.00	-	1,13,880.00	1,13,880.00
3.	POSOCO Charge	410.00	543.00	-	543.00	543.00
4.	ERPC Charge	15.00	385.00	-	385.00	385.00
5.	SLDC Charge	2,388.00	1,486.00	-	1,486.00	1,486.00
6.	a) Employee Cost (Salaries)	95,570.07	54,530.00	1,233.00	53,297.00	54,530.00
	b) Employee Cost (Terminal benefits)	38,589.64	62,672.00	1,022.00	44,184.00	45,206.00
7.	Cost of outsourcing manpower related to distribution	18,668.00	45,167.43		17,863.00	17,863.00
8.	Cost of outsourcing excluding manpower for distribution	11,410.00	-		11,410.00	11,410.00
9.	Expenses for Complaint Management mechanism	400.00	314.58		314.58	314.58
10.	Insurance	746.00	808.42		808.00	808.00
11.	Rates & Taxes	1,409.00	7,678.00	392.82	5,417.73	5,810.55
12.	Operation and maintenance Expenses (Generation)	4,486.44	4,486.44	4,359.18	-	4,359.18
	Repair and maintenance Expenses (Distribution)	44,464.00	42,320.16	-	29,340.00	29,340.00
	Administrative & General Expenses (Distribution)				12,274.00	12,274.00
13.	a) Interest	66,849.22	51,850.00	5,375.00	45,305.00	50,680.00
	b) Interest on Bond For creation of Pension Fund	13,005.00	13,005.00	552.00	12,453.00	13,005.00
	c) Foreign Exchange Rate Variation		-			-
	d) Other Financing Charges	753.98	2,206.00	33.00	2,173.00	2,206.00
	e) Interest on Security Deposits	7,983.00	10,257.00		10,257.00	10,257.00
14.	Lease Rental	2,856.00	2,046.08		2,046.08	2,046.08
15.	a) Depreciation	61,371.00	65,791.00	7,934.00	57,857.00	65,791.00
	b) Advance against depreciation		-			-
16.	Bad Debt		-			-
17.	Minimum Alternative tax	906.26	-		1,360.00	1,360.00
18.	Reserve for unforeseen exigencies		-			-
19.	Interest on working Capital		-			-
20.	Others, if not specified		169.00			-
21.	Net UI Payable / Deviation Charge		6,977.00		6,977.00	6,977.00
22.	Total Expenditure (sum of 1:21)	5,34,214.30	5,44,814.11	20,901.00	4,87,872.39	5,08,773.39
23.	Normative Return (pre-tax on 30% equity)	37,236.21	46,020.00		37,236.21	37,236.21
24.	Permitted Incentives		-			-
25.	Permitted Return (23+24)	37,236.21	46,020.00		37,236.21	37,236.21
26.	Special Allocations [Form 1.21]		7,021.44			-
27.	Gross Fixed Cost (22+25+26)	5,71,450.51	5,97,855.55	20,901.00	5,25,108.60	5,46,009.60
28.	Carrying cost of SWAP Power		293.01		201.91	201.91
29.	Carrying cost on Regulatory Asset	12,836.79	1,53,190.00			-
30.	Total Carrying cost (sum of 28:29)	12,836.79	1,53,483.01		201.91	201.91
31.	a) Less: Other Income [Form 1.26]	35,306.48	46,345.00		46,345.00	46,345.00
	b) Less: Expenses attributable to sale to person other than licensee & consumer [Form 1.24]	1,39,664.28	15,218.77		15,218.77	15,218.77
	c) Less: Interest credit on Depreciation	3,222.02	5,106.00	646.68	4,715.76	5,362.44
32.	Amount withheld for terminal benefit fund deposit default (See para 3.8.5)				62,519.00	62,519.00
33.	Total Deductions from Gross Fixed Cost: sum (31 to 32)	1,78,192.78	66,669.77	646.68	1,28,798.53	1,29,445.21
34.	Net Fixed Cost (27+30-33)	4,06,094.52	6,84,668.79	20,254.32	3,96,511.98	4,16,766.30



Distribution O&M parameters:

ANNEXURE 3C

Inflation

Particulars	Tariff Order	APR Order
WPI	6.62%	-2.47%
CPI	9.15%	5.65%
WPI: CPI (60 : 40)	7.63%	0.78%

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

Year	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar
2014-15	242	244	246	252	253	253	253	253	253	254	253	254
2015-16	256	258	261	263	264	266	269	270	269	269	267	268

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

Year	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar
2015-16	5.79	5.74	6.10	4.37	4.35	5.14	6.32	6.72	6.32	5.91	5.53	5.51

Average value is computed

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

Year	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar
2014-15	181	182	183	185	186	185	184	181	179	177	176	176
2015-16	176	178	179	178	177	177	177	178	177	175	174	175

Monthly Inflation Rate based on WPI

Year	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar
2015-16	(2.43)	(2.20)	(2.13)	(4.00)	(5.06)	(4.59)	(3.70)	(2.04)	(1.06)	(1.07)	(0.85)	(0.45)



सत्यमेव जयते



Order on APR of WBSEDCL for the year 2015-16

ANNEXURE 3D

Element	Actual Applicable Inflation in 2015-16 (A)	Actual Business Volume increase in % (BGR)	Sensitivi ty as per MYT (R)	Expense increase	Applicable Growth escalation rate in %
1	2	3	4	5=3×4	6=2+5
Line & SS (ex-man)	0.778	8.35	0.00	0.00	0.78
Line & SS (man)	5.650	4.74	0.28	1.33	6.98
MR & Bill	5.650	4.74	0.00	0.00	5.65
MCSU	5.650	4.74	0.38	1.78	7.43
Data warehouse	0.766	8.35	0.13	1.09	1.85
Back office	0.766	4.74	1.59	7.56	8.33
Franchisee Cost	5.650	8.35	1.00	8.35	14.00
Collection franchisee	0.778	8.35	0.00	0.00	0.78
Security	5.650	4.74	0.26	1.23	6.88
Call Center	5.650	8.35	0.50	4.18	9.83



सत्यमेव जयते



Order on APR of WBSEDCL for the year 2015-16

ANNEXURE 3E

Sl No	Expense element	Applicable Escalation rate on 2014-15 admitted value in % from Annexure 3D	Admitted in MYT in Rs lakhs	APR Claim in Rs lakhs	Admitted amount for 2014-15 in Rs lakhs	Amount Admitted for 2015-16 Rs lakh
1.	Line & SS (ex-man)	0.78	3852	15373	3776	3852
2.	Line & SS (man)	6.98	9685		4030	4311
3.	MR & Bill	5.65	5176	10091	4977	5258
4.	MCSU (Manpower)	7.43	2907	11965	2407	2586
5.	Data warehouse	1.85	13	0	3	0
6.	Back office	8.33	328	176	117	127
7.	Franchisee Cost	14.00	721	581	467	532
8.	Collection franchisee	0.78	1320	1492	1234	1244
9.	Security (Manpower)	6.88	3800	2995	2168	2317
10.	Call Center (Manpower)	9.83	2276	2494	1729	1899



CHAPTER – 4 AMOUNT ADJUSTABLE ON ANNUAL PERFORMANCE REVIEW

- 4.1 Re-determined allowable fixed charges for generation and distribution functions including retail selling activities of WBSEDCL for the year 2015-16, as summarized in previous chapter with function wise breakup as shown in table 4.1-1 below.

Table 4.1-1

Particulars	Amount (In lakh Rs)
Fixed charge admitted for Generation	20,254.32
Fixed charge admitted for Distribution	3,96,511.98
Total Fixed charge admitted	4,16,766.30

- 4.2 As per Note no. 21 – (Revenue from Operation) of annual accounts of WBSEDCL for 2015-16, net earnings from sale of energy during the year 2015-16 was Rs. 1604691 lakh which includes the revenue from sale of energy to persons other than consumers and licensee (sale to trader) and swap out of power to the tune of Rs. 123223 lakh (Rs 100283 lakhs + 22940 lakhs). Further Rs 867 lakhs, which has been adjusted in sharing of benefits calculation needs to be added back. Thus, the sales revenue earned by WBSEDCL during the year 2015-16 for sale to own consumers and licensee is Rs 1482335 lakh (Rs 1604691 lakh – Rs 123223 lakh + 867 lakh).
- 4.3 The amount of total allowable variable costs for the year 2015-16 as determined in this order for Fuel and Power Purchase Cost Adjustments is Rs. 1177547 lakhs.
- 4.4 In the tariff order for 2015-16, the Commission considered adjustment of the following amount in ARR to determine the revenue recoverable through tariff for 2015-16.
- 4.4.1 Release of regulatory asset of Rs. 20000 lakh out of total Rs. 186188 lakh against APR order of WBSEDCL for 2012 – 2013 as per order dated 13.06.2014 in case no. APR-38/13-14.
- 4.4.2 Release of balance regulatory asset of 36000 lakh out of Rs. 71703.86 lakh against APR order for 2008 – 2009 in relation to terminal benefit funds against APR order no. 04-63/09-10 dated 24.09.2009.



- 4.5 In the tariff order for 2015-16, the Commission considered for adjustment of Rs. 66356.69 lakh (Rs 29448 lakh + Rs 20420 lakh + Rs 1443.13 lakh + Rs 15045.56 lakh) being the amount payable to WBPDCCL by WBSEDCL in respect of FCA of WBPDCCL for the year 2010-11, 2011-12, 2012-13 & tariff order of new units of WBPDCCL. WBSEDCL in their FPPCA application for 2015-16 claimed the amount paid to WBPDCCL as prior period adjustment which includes the above amount. The prior period amount in FPPCA claim was allowed by the Commission in FPPCA of this order in para no 2.8.
- 4.6 Based on the analyses as done in the foregoing paragraphs, the amount adjustable on the instant case of APR for the year 2015-16 works out as shown in table 19 hereunder.

Table 19

SI No	Particulars	Amount (In lakh Rs)
1	Variable cost allowed (vide paragraph 4.3 above)	11,77,547.00
2	Allowable net fixed cost (vide paragraph 4.1)	4,16,766.30
3	Aggregate revenue requirement [3 = (1) +(2)]	15,94,313.30
4	Add: Positive adjustment of APR for 2008-09 for terminal benefit (vide paragraph 4.4.2 above)	36,000.00
5	Add: Positive adjustment of APR for 2012-13 APR (vide paragraph 4.4.1 above)	20,000.00
6	Total realizable amount for 2014 – 2015 (Total 3 to 5)	16,50,313.30
9	Less: Actual Revenue realized during the year (vide paragraph 4.2)	14,82,335.00
10	Net amount recoverable [(10) = (8) - (9)]	1,67,978.30

- 4.7 In terms of regulation 2.6.6 of the Tariff Regulations, the entire recoverable amount of Rs. 1,67,978.30 lakh or a part thereof shall be adjusted with the amount of Aggregate Revenue Requirement for the year 2020-21 or that for any other ensuing year or through a separate order, as may be decided by the Commission. The decision of the Commission in this regard will be given in the tariff order of WBSEDCL for the year 2020-21 or any ensuing year or in a separate order.
- 4.8 WBSEDCL is to take a note of this order.



Order on APR of WBSEDCL for the year 2015-16

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

Sd/-

(PULAK KUMAR TEWARI)
MEMBER

Sd/-

(DURGADAS GOSWAMI)
MEMBER

Sd/-

(SUTIRTHA BHATTACHARYA)
CHAIRPERSON

DATED: 03.02.2022

Sd/-
SECRETARY