



सत्यमेव जयते



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

**IN CASES NO.:**  
**FPPCA – 83 / 16 – 17 AND**  
**APR – 59 / 16 – 17**

**IN REGARD TO THE APPLICATIONS OF**  
**THE DURGAPUR PROJECTS LIMITED**  
**FOR FUEL & POWER PURCHASE COST ADJUSTMENT (FPPCA)**  
**AND ANNUAL PERFORMANCE REVIEW (APR)**  
**FOR THE FINANCIAL YEAR 2015 – 2016**

**DATE: 28.07.2022**



## 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 from time to time (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 Durgapur Projects Limited (hereinafter referred to as 'DPL') submitted their application for Fuel and Power Purchase Cost Adjustment (in short 'FPPCA') and Annual Performance Review for 2015 – 2016 on 29.11.2016 in terms of the provision contained in Tariff Regulations. The applications were registered as FPPCA – 83/ 16 – 17 and APR – 59 / 16 – 17.
- 1.2 The review of this instant application on the basis of the audited annual report and accounts of DPL for 2015–2016 with reference to the Commission's tariff order dated 04.03.2015 of DPL in Case No. TP-55/13-14 will resultant into adjustment on different heads. The net adjustment arises out of such adjustment on different heads will be considered for giving effect to while determining the amount of revenue recoverable through tariff order of further ensuing year or through separate order as specified in regulation 2.6.6 of the Tariff Regulations.
- 1.3 The APR covers the areas of permissible annual fixed charges determination to the applicant, permissible incentives and the effect of gain sharing as per Schedule-9B and Schedule 10 to the Tariff Regulations respectively. In the APR for the year 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 DPL against each head of elements vis-à-vis the amount allowed under tariff order for 2015 – 2016.
- 1.4 In the application of APR for 2015 – 2016, DPL submitted the required data and information and also a copy of its audited Annual Report and Accounts for 2015 – 2016. On admission of the FPPCA and APR applications, DPL was directed to publish the gist of the APR application 2015 – 2016, as approved by the Commission. Accordingly, the gist was published initially published in the 'Aajkal' and the 'Indian Express' on 22.09.2017. The publication requested for submission of suggestions and objections on the application to the Commission by 16.10.2017 at the latest. The approved gist along with the APR petition for 2015 – 2016 was also published in the website of DPL.





**Order on FPPCA and APR of DPL for the year 2015-16**

Opportunities were also afforded to all to inspect the application and take copies thereof. Subsequently the same gist was again published on 01.12.2017 in the 'Bartaman', the 'Sambad Pratidin', the 'Sanmarg' and the "Business Standard" where the last date of submission of suggestions and objections was 22.12.2017.

- 1.5 No comment, suggestion, objection on applications for APR for the year 2015 – 2016 of DPL has been received during the stipulated time i.e., 22.12.2017.
- 1.6 Subsequently, the Commission has raised certain queries through letter no WBERC/APR-59/16-17/6312 dated 02.12.2020. In response DPL has given a letter vide REG/TARIFF/1-671 dated 17.12.2020 followed with a letter from the Commission to DPL vide letter no WBERC/APR-59/16-17/6910 dated 21/22.12.2020. Ultimately the reply from DPL vide letter no REG/TARIFF/I-720 dated 11-01-2021 was received at Commission end. Further another letter has been raised by the Commission vide letter no WBERC/APR-59/16-17/602 dated 20-04-2021. In response DPL has replied vide letter no REG/TARIFF/I-720 dated 06-07-2021 and letter no REG/TARIFF/I -238 dated 06-07-2021.
- 1.7 On the basis of APR and FPPCA petitions for 2015-16 and the above replies dated 11-01-2021, the Commission proceed to finalized the order on APR and FPPCA petitions for 2015-16.



## 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 DPL 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 Commission in schedule 7A to the Tariff Regulations.
- 2.3 DPL is a multi-unit company fully owned by the Government of West Bengal. Besides functioning as a distribution licensee, it runs a thermal generating station, a coke oven plant and water work. Part of the generation of electricity at the generating station is being utilized by other sister units. The energy balance for the year 2015 – 2016 is as follows:

Table 2.1

ENERGY BALANCE FOR 2015-16		
Sl No	Particulars	Energy in MU
<b>SUPPLY SIDE</b>		
1	Gross Generation	1979.52
2	Auxiliary consumption	212.73
3	Net Ex-Bus Generation (1-2)	1766.79
4	Purchase during the year including UI and after adjustment of grid loss for purchase from IEX	286.70
5	Gross energy in the system (3+4)	2053.49
<b>UTILISATION SIDE</b>		
6	Supply to WBSEDCL at 220/132/33KV	121.30
7	Sale to IEX or RPTCL	19.28
8	Net energy in the system for distribution area (5-6-7-8)	1912.91
9	Inter Plant Transfer	13.29
10	Consumption at own premises	15.00
11	Sale to Consumers including sale to WBSEDCL at 11 KV	1784.88
12	Distribution Loss (9-10-11-12)	99.74
13	Distribution loss in % (12÷9)	5.21 %
14	Total Utilisation (6+7+8+10+11+12+13)	2053.49

Since according to the letter of DPL vide dated 06-07-2021 wheeling loss has been considered as nil by DPL for wheeling of power of cogenerating generating stations of PCBL to DPL 132KV/33KV/11 KV AB Zone substation, such item has not been considered in the above energy balance table.





Order on FPPCA and APR of DPL for the year 2015-16

- 2.4 The schedule – 9B to the Tariff Regulations, contains provisions for sharing the gains derived by the licensee, if any, on account of its better performances over the operating and fuel consumption norms set by the Commission for the concerned year. The operational parameters which are to be considered for such sharing the gains accrued to the licensees are:
- i) Oil consumption rate,
  - ii) Rate of Auxiliary Consumption,
  - iii) Gross Station Heat Rate.
- 2.5 The referred schedule 9B to the Tariff Regulations also provides that in case availability of a generating station of the licensee falls below the availability norm, then the total gains meant to be passed on to the consumers under the items (i) to (iii) above, is first to be used to compensate the deficit in the recovery of the fixed charges, if any, by the licensee.
- 2.6 Before ascertaining the amount of admissible fuel and power purchase cost as well as the amount of gains to be shared with the consumers and other licensees under the provisions of the Tariff Regulations explained in earlier paragraphs, the actual performances of DPL is required to be viewed in comparison to the operational and fuel efficiency norms set by the Commission in the Tariff Order for the concerned year. Such comparisons are made in the subsequent paragraphs.
- 2.7 Actual quantum of oil consumption as per the audited accounts during the year 2015 – 2016 came to 5098.06 KL for generation of 1979.52 MU as per Annual Accounts. The rate of oil consumption, thus, came to 2.58 ml/kWh which is much higher than the norms set for different units of DPL and also more than the rate as allowed in the tariff order. The actual rate of auxiliary consumption came to 10.75% as against operating norm set for DPL at 8.73%. As per the computations shown in the Annexure 2A, actual combined station heat rate of Unit VII and Unit VIII achieved during the year came to 2534.96 Kcal/kWh as against operating norm of 2345 Kcal/kWh for Unit VII and 2425 Kcal/kWh for Unit VIII of DPL. DPL, thus, did not succeed in making improvement in any of the operational parameters. No gain, therefore, accrued to it for sharing with the consumers and other licensees.
- 2.8 The norm for distribution loss of DPL for the year 2015 – 2016 was considered 5.20% in the tariff order. As it comes out from the energy balance drawn under paragraph 2.3





**Order on FPPCA and APR of DPL for the year 2015-16**

above, the actual rate of distribution loss experienced by it on the quanta of sales to consumers works out to 5.21%. Thus, there was no improvement in distribution loss. No gain, therefore, was derived from it.

- 2.9 The values of different factors in the FPPCA formula referred to are worked out and admitted as under:

2.9.1 **FC (FUEL COST):**

Fuel cost of own generation is to be allowed as per normative parameters fixed by the Commission, or on actual basis in absence of any norms, and heat value of coal as may be allowed under regulation 5.8.1 of the Tariff Regulations, commensurate with actual level of energy sales to own consumers and / or licensees during the adjustment period. The fuel costs allowed to DPL for the year 2015 – 2016 for its generating stations were based on the weighted average fuel consumption norms in respect of Units VII and Unit VIII as under: Unit No. VI of DPL remained inoperative during the year 2015 – 2016.

**Table 2.2**

Particulars	Unit	Norms	
		Unit VII	Unit VIII
Station Heat Rate	Kcal/Kwh	2345.00	2425.00
Specific Oil Consumption	MI/Kwh	1.00	1.00
Auxiliary Consumption	%	8.50	9.00
Transit and handling loss of Coal	%	0.50	0.50

The weighted average calorific values of coal and oil are variable factors for assessing the quantity of coal and oil requirements and depend on the actual grade mix of their use in the power stations. Moreover, the declared Heat Value of each grade of coal varies between ranges. The weighted average heat value of coal for generating station consisting of three units of DPL, as considered in the tariff order for the year 2015 – 2016, was based on declared minimum heat value of the proposed grade mix of use. As per submission of DPL, the minimum average heat value of coal computed in terms of regulation 5.8.1 of the Tariff Regulations with actual grade mix of coal consumed as per audited data comes at 3528.47 Kcal/Kg. The Commission noted that DPL has determined weighted average UHV of different grades of coal consumed, certified by auditor, considering minimum UHV of the respective coal band with reference to specific 'GCV' of the respective grades of coal. The Commission goes by the provisions of the regulation 5.18.15 of the Tariff Regulations for determination of UHV by the process of





Order on FPPCA and APR of DPL for the year 2015-16

interpolation. The weighted average useful heat value of the coal consumed, determined as per Regulation 5.8.15, is 3874.89 Kcal/Kg. The computations shown in Annexure – 2B in this regard may be referred to. The Gross Calorific Value (in short "GCV") of oil, as claimed by DPL based on actual consumption as per auditor's certificate in audited statement of accounts of power plant, is 9000.00 Kcal/lit and the same is admitted.

The weighted average price of coal and oil, as computed from worksheet to note 13 of audited annual accounts 2015 – 2016 of DPL, came to Rs. 3100.30 per M.T. and Rs. 49875.64 per K.L. respectively. The above prices are inclusive of transportation charges.

The unit wise and overall admissible amount of fuel cost for generation has been computed and shown in Annexure – 2C. The computations therein are based on normative rate of auxiliary consumption, station heat rate, oil consumption rate and transit loss of coal. The weighted average heat value of coal and GCV of oil are considered on the basis as stated above. The average price of Coal and that of Oil are considered on the basis of actuals. The computed overall fuel cost of generation of electricity for sales to own consumers, WBSEDCL and others including inter plant transfer works out to Rs. 37890.73 lakh.

#### 2.9.2 PPC (POWER PURCHASE COST):

The actual quanta of power purchase and the cost incurred as per data submitted by DPL and as also seen from the audited accounts for the year 2015 – 2016 are 286.70 MU and Rs. 12550.00 Lakh respectively with an average rate of purchase of 437.76 paise / kWh. The power purchases were made from WBSEDCL, IEX and SIPL. The breakup of such purchase is given below:

Table 2.3

Source	Quantity (in MU)	Amount (Rs. in lakh)
WBSEDCL	53.79	4408.93
SIPL	6.02	945.64
IEX	172.40	5286.88
UI	54.49	1908.99
<b>Total</b>	<b>286.70</b>	<b>12550.44</b>

DPL drew 54.49 MU of power under Unscheduled Interchange (UI) as net drawal during the year. The payable amount against net drawal under UI mode was Rs.1908.99 lakh. It is also seen from the audited accounts that no amount was receivable under UI. The cost of power purchase in UI mode in net drawal mode, should be restricted to 5% of overall power purchase cost from all other sources as per tariff regulations. The 5% of





**Order on FPPCA and APR of DPL for the year 2015-16**

total power purchase cost by the distribution business from own generating station and other licensees or exchanges is Rs 77765.68 lakhs and 5% of this value is Rs 3888.28 lakhs. Thus, the cost of power purchase of Rs 1908.89 lakh against net UI power drawal mode is admitted.

### 2.9.3 TREATMENT OF SURPLUS SALE:

DPL has sold 19.28 MU of surplus power to IEX/ RPTCL during 2015 – 16. It is observed that the consumer demand of DPL is mainly catered by its own generation along with occasional purchase from WBSEDCL and short-term power as and when required. Thus, it becomes evident that DPL sold the surplus power from its generating stations during surplus condition. Accordingly, the Commission finds it prudent to adjust the cost of such surplus power with the fuel cost of the generating units at the variable cost of generation as given in tabulated below:

Sl No.	Particulars	Unit	Value
1	Variable cost of generating station (As per Annexure 2C)	Paisa/kwh	214.46
2	Surplus energy sold to person other than consumer & licensee	MU	19.28
3	Cost of Surplus power sold	Rs. Lakh	413.48

Thus, the fuel cost attributable to the consumers and licensees comes to Rs. 37477.25 (Rs. 37890.73 as per Annexure- 2C minus Rs. 413.48 cost of surplus power sold).

### 2.9.4 FUEL AND POWER PURCHASE COST:

In terms of the FPPCA formula as referred to in paragraph 1.3, the admissible fuel and power purchase cost of DPL works out as under. This admissible amount is subject to further scrutiny on account of excess auxiliary consumption in the power plant and excess distribution loss.

**Table 2.4**

Sl No	Factor Notation	Nomenclature	Unit	Value
1	t	Norms of Transmission and Distribution loss considered for sale of power to licensee and for interplant transfer	%	0
2	D	Norms of distribution loss for sale to consumers	%	5.20%
3	E <sub>o</sub>	Energy for own consumption	MU	15
4	E <sub>SL</sub>	Energy sale to licensee and interplant transfer [refer table in paragraph 2.3]	MU	134.59
5	E <sub>SC</sub>	Energy sale to consumer	MU	1784.88
6	Fuel Cost	Fuel cost for generation on normative parameters (Refer Annexure – 2C)	Rs. in Lakh	37477.25
7	FC <sub>IUC</sub>	Per unit Fuel Cost at distribution input for sale to consumers (Refer A(v) below)	Paise/kWh	184.23





**Order on FPPCA and APR of DPL for the year 2015-16**

8	FC <sub>Adm_d</sub>	Admissible Fuel Cost for sale to WBSEDCL and inter plant transfer (Refer B(ii) below)	Rs. in Lakh	2479.55
9	FC <sub>Adm_C</sub>	Admissible Fuel Cost for sale to consumer and for own consumption [Refer B(i) below]	Rs. in Lakh	34978.05
10	FC	Admissible fuel cost [(8)+(9)]	Rs. in Lakh	37457.60
11	PPC	Power Purchase Cost including net UI charges (vide para 2.9.2)	Rs. in Lakh	12550.44
12	FC + PPC	Admissible Fuel and Power Purchase Cost [(10)+(11)]	Rs. in Lakh	50008.04

**Table 2.5**

<b>A. Fuel Cost per Unit (kWh) at Distribution Input</b>			
(i)	Fuel Cost for sale to consumers (As per Annexure – 1C)	Rs. in Lakh	37477.25
(ii)	Energy sent out from own generation for the consumers and licensee [(b) of table in paragraph 2.3]	MU	1747.51
(iii)	Power Purchase (vide paragraph 2.9.2)	MU	286.70
(iv)	Total energy available for sale [(ii)+(iii)]	MU	2034.21
(v)	FC <sub>IUC</sub> [(i)/(iv)]	Paise/kWh	184.23

**Table 2.6**

<b>B. Admissible Fuel Cost for sale to Consumers and Licensee</b>			Unit	Amount
(i)	$E_{sc} + E_o \times FC_{IUC}$ (1-d x 0.01)	= (1784.88+15) x 184.23 (1-.052)	Rs. In Lakh	34978.05
(ii)	$E_{sl} \times FC_{IUC}$ (1-t x 0.01)	= 134.59 X 184.23	Rs. In Lakh	2479.55

**2.9.5 C<sub>D</sub>: Cost Disallowable:**

Factor C<sub>D</sub>, as referred to in the FPPCA formula mentioned in paragraph 2.2 in the earlier chapter, stands for cost as to be found disallowable by the Commission as per methodology specified in the FPPCA formula. In accordance with methodologies, as specified in FPPCA formula, the amount of cost disallowable works out as under:

**Table 2.7-A**

Sl. No	Factor Notation	Nomenclature	Unit	Value
1	E <sub>g</sub>	Energy sent out from own generation [refer Table 2.1, Sl. No. (3)]	MU	1766.79
2		Energy exported/ sold in short term arrangement [refer Table 2.1, Sl. No. (7)]	MU	19.28
3	E <sub>g</sub> '	Energy sent out from own generating station excluding export (1) – (2)	MU	1747.51

**Table 2.7-B**

Sl. No.	Factor Notation	Nomenclature	Unit	Value
1	E <sub>sc</sub>	Quanta of energy sold to consumers	MU	1784.88
2	E <sub>o</sub>	Energy allowable for own consumption	MU	15.00
3	d	Normative distribution loss	%	5.20%
4	-	$E_{sc} + E_o$	MU	1784.88+15.000
				1898.61





**Order on FPPCA and APR of DPL for the year 2015-16**

Sl. No.	Factor Notation	Nomenclature	Unit	Value
		$(1 - d \times 0.01)$ 0.948		
5	$E_{SL}$	Quanta of energy sold to licensee and interplant transfer	MU	134.59
6	$t$	Normative T&D loss for $E_{SL}$	%	0.00
7	-	$E_{SL}$ $(1 - t \times 0.01)$	MU	134.59
8	$E$	Auxiliary consumption in excess of norms \$	MU	0.00
9		Energy sent out from own generating station excluding export [refer Table 2.7-, Sl. No. (3)]	MU	1747.51
10	$E_{Adm}$	Purchase of energy admitted [(4)+(7)-(8)-(9)]	MU	285.69
11	$E_P$	Total energy purchased including UI	MU	286.70
12	$E_E$	Excess energy purchased ( $E_P - E_{Adm}$ - Grid Loss)	MU	1.01
13	$EP_{Avg}$	Average power purchase cost (refer paragraph 2.9.2)	Paise/kWh	437.76
14	$C_D$	Cost disallowed ( $E_E \times EP_{Avg}$ )	Rs. in Lakh	44.21

\$ - Since the excess auxiliary energy consumption over the norms has already been disallowed while determining fuel cost on the basis of normative generation based on sent out generation thus further disallowance for excess auxiliary consumption has not been considered here.

2.9.5.1 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 Return on Equity (ROE) and net UI receivable amount subject to the following conditions:

- Net UI receivable amount = UI receivable amount over the year – UI payable amount over the year;
- Net UI receivable amount  $\geq 0$ .

2.9.5.2 There is no DSM / UI charge receivable amount during the year 2015-16 and thus, the net UI receivable is considered zero. The ROE of the distribution function for the year 2015-2016 as admitted in this APR-FPPCA order is Rs. 2629.59 lakhs.

2.9.5.3 The actual distribution loss of DPL during the year 2015-16 was 5.21% as against the normative distribution loss of 5.20%. The excess power purchase cost due to excess distribution loss is Rs. 44.65 lakhs which is less than the ROE of the distribution function for the year 2015 - 16. Thus, the Commission considers the cost disallowable ( $C_D$ ) as Rs. 44.65 lakhs.

**2.9.6 A (PRIOR PERIOD ADJUSTMENTS):**

Factor A in the referred FPPCA formula signifies the adjustment, if any, to be made in the current period to account for any excess / shortfall in the recovery of fuel and power purchase cost for the past period. As per the financial statements for the year ended 31<sup>st</sup>





Order on FPPCA and APR of DPL for the year 2015-16

March, 2016, it is observed that no income / expenditure has accrued to DPL on account of purchase of power relating to prior period purchase.

**2.10 Computations of the aggregate allowable amount of fuel and power purchase cost:**

Based on the analyses done in the foregoing paragraphs, the amount of allowable fuel and power purchase cost for DPL for the financial year 2015 – 2016 works out as under:

**Table 2.9**

		Rs Lakhs
SI No	Particulars/Factors	As admitted
1	FC: Fuel cost (SI No. 10 in Table in para 2.9.4)	37457.60
2	PPC: Power purchase cost (SI No. 11 of table in para 2.9.4)	12550.44
3	C <sub>D</sub> : Cost disallowable (para 2.9.5)	44.21
4	±A: Prior period adjustment	0.00
5	Allowable fuel and purchase cost = FC+(PPC - C <sub>D</sub> )+( ± A)	49963.83



## Annexure 2A

### COMPUTATION OF ACTUAL AVERAGE STATION HEAT RATES ACHIEVED IN 2014 -2015

SI No	Particulars	Unit	Value
1	Generation (Actual)	MU	1979.52
2	Consumption of Oil (As per audited accounts)	KL	5098.06
3	Consumption of Coal (As per audited accounts)	MT	1422053
4	GCV of Oil	Kcal/Lit	9000.00
5	Heat value of Coal (As per Annexure-2B)	Kcal/Kg	3496.44
6	Heat from Oil (2X4/1000)	M.Kcal	45882.54
7	Heat from Coal (3X5/1000)	M.Kcal	4972122.99
8	Total Heat used (6+7)	M.Kcal	5018005.53
9	Station Heat Rate achieved (8/1)	Kcal/kWh	2534.96

\$ DPL has mentioned different figures of consumption of coal in different part. Commission relies on the figure of annual accounts which has been also provided in auditor certificate in page 22 of volume-1 of FPPCA petition.





Order on FPPCA and APR of DPL for the year 2015-16

## Annexure 2B

### COMPUTATION OF HEAT VALUE OF COAL BASED ON MINIMUM OF DECLARED HEAT VALUE

Source	Grade of Coal	Quantity consumed	GCV	GCV max	GCV min	UHV max	UHV min	Interpolated UHV	UHV	Wt. Ave. UHV admitted by Commission
1	2	3	4	5	6	7	8	9	10=3 X 9	11= 10 / 3
ECL	G4	67087.90	6101.00	6454.00	6049.00	6200.00	5600.00	5675.56	380761103.56	
	G5	85276.10	5801.00	6049.00	5597.00	5600.00	4940.00	5236.42	446541128.42	
	G6	31063.50	5501.00	5597.00	5089.00	4940.00	4200.00	4798.70	149064441.91	
	G7	64710.40	5201.00	5597.00	5089.00	4940.00	4200.00	4361.69	282246893.10	
	G8	5141.50	4901.00	5089.00	4324.00	4200.00	3360.00	3992.47	20527287.53	
	G4	55913.60	6101.00	6454.00	6049.00	6200.00	5600.00	5675.56	317340743.11	
	G5	45118.90	5801.00	6049.00	5597.00	5600.00	4940.00	5236.42	236261326.67	
	G6	69988.30	5501.00	5597.00	5089.00	4940.00	4200.00	4798.70	335852910.32	
BCCL	G7	51988.20	5201.00	5597.00	5089.00	4940.00	4200.00	4361.69	226756563.52	
	G8	1810.25	4901.00	5089.00	4324.00	4200.00	3360.00	3992.47	7227369.88	
	G9	60550.48	4601.00	5089.00	4324.00	4200.00	3360.00	3663.06	221799970.03	
	W-II	1959.00	5951.00	6049.00	5597.00	5600.00	4940.00	5455.44	10687211.81	
	W-III	187845.90	4901.00	5089.00	4324.00	4200.00	3360.00	3992.47	749969230.87	
	W-IV	380460.60	4601.00	5089.00	4324.00	4200.00	3360.00	3663.06	1393649557.84	
	G9	5188.00	4601.00	5089.00	4324.00	4200.00	3360.00	3663.06	19003949.18	
	G11	164001.30	4001.00	4324.00	3865.00	3360.00	2400.00	2682.35	439909369.41	
MCL	G13	132286.10	3401.00	3865.00	3113.00	2400.00	1300.00	1719.81	227507464.27	
	TOTAL	1410390							5465106521.43	3874.89





**Annexure 2C**  
**COMPUTATION OF FUEL COST OF**  
**GENERATING STATIONS**

Sl No	Particulars	Unit	Unit VII-VIII
1	Ex-Bus Generation	MU	1766.80
2	Rate of Auxiliary Consumption	%	8.73
3	Auxiliary consumption on ex-bus generation $[(1)/(1-0.0873)-(1)]$	MU	168.99
4	Admissible Generation for sale $[(1)+(3)]$	MU	1935.79
5	Station Heat Rate	Kcal/kWh	2381.36
6	Total Heat Required $(4 \times 5)$	M.Kcal	4609824.53
7	Heat value of Oil	Kcal/lit	9000
8	Specific Oil consumption	ml/kWh	1.00
9	Oil consumption $(4 \times 7)$	KL	1935.79
10	Heat from oil $(8 \times 9)/1000$	M.Kcal	17422.15
11	Heat from coal $(6-10)$	M.Kcal	4592402.38
12	Average UHV of coal	K.cal/Kg	3874.89
13	Coal consumption $(11/12) \times 1000$	MT	1185169.68
14	Coal requirement at 0.50% transit loss	MT	1191125.30
15	Average price of oil	Rs/KL	49875.64
16	Average price of coal	Rs/MT	3100.03
17	Cost of oil $(8 \times 15)/100000$	Rs in lakh	965.49
18	Cost of coal $(14 \times 16)/100000$	Rs in lakh	36925.24
19	Cost of Fuel $(17+18)$	Rs in lakh	37890.73
20	Cost of fuel per unit $(19/1 \times 10)$	Paise/kWh	214.46





## CHAPTER – 3

### FIXED COST DETERMINATION UNDER APR

3.1 The Tariff Regulations specifies the classification of different fixed charge elements under controllable and uncontrollable heads and also deals with the treatment of variation between projected expenditure and actual expenditure of such fixed charge elements during reconsideration of ARR at APR stage. In its order dated 04.03.2015 in respect of the tariff application of DPL for the financial year 2015-16, 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:

- (i) Wholesale price Index (WPI) and consumer price Index (CPI),
- (ii) Business volume change namely Distribution line length and number of consumers, and
- (iii) Sensitivity of expenditure elements to business volume change.

3.2 The values considered during projection and business volume data provided by DPL in their APR application, are now compared with actual inflation indices as available from websites of Economic Advisor Govt. of India and Labour Bureau, in Table 3.1 below.

**Table 3.1**

Particulars	Inflation %			Business volume	
	CPI	WPI	Combined (40:60)	Line length increase %	Consumer increase %
Considered during MYT projection of 4 <sup>th</sup> Control Period	9.15	6.62	7.63	4.02	4.02
Actual in 2015-16	5.65	-2.47	0.78	2.13	5.12

Note: Detail Computation is shown in Annexure-3C

3.3 Now, the Commission proceeds to review each of such fixed charge elements claimed by DPL in line with Tariff Regulations.

#### 3.4 Project Cost of Unit VII and VIII

- (i) In the tariff order for the fourth control period the Commission withheld 5% of the provisional project cost of units VII and VIII of DPL amounting to Rs 6750.00 lakh and Rs 8498.00 lakh respectively. Such amount was withheld due the reason that the report as per regulation 2.8.1.4.13 of the Tariff Regulations has not yet been submitted by DPL.





In their application in volume 1 para 21 (1) & (2) Page 20-21 of the APR application, DPL has reported that the issues are still not finalized and requested Commission to allow some time to settle the issue.

- (ii) The Commission decided to continue with the principle of withholding such amount in the present APR considering (i) above. Such withholding would affect the admitted amount under Depreciation, return on equity and reserve for unforeseen exigency heads only as decided by Commission in the MYT order. In case of any disallowance in the project cost of Unit VII and VIII by the Commission, the amount withheld above shall be adjusted with the reduction in project cost, if any, and corresponding impact on tariff shall accordingly be adjusted in subsequent APR / truing up exercise.

3.5 The Commission in paragraph 8.9 of the MYT Order dated 04.03.2015 had directed DPL to provide all the expenditure or cost element separately for Generation and Distribution function in their Annual Accounts or through auditors' certificate from 2014 – 15 onwards for regulatory requirements. However, DPL has neither submitted auditors' certificate nor properly segregated the elements of expenditure in their claim between generation and distribution functions. It is further observed that in form E(B), no separate claim for distribution function is shown. Accordingly, the Commission proceeds to determine the admissibility of elements of cost to Distribution and Generation function based on the characteristics of the expenditure and details to the extent available in the specified forms and annexures submitted with their petition.

### 3.6 Expense Allocation of Service Department and Central Workshop

- 3.6.1 The Commission observes that the figures given in Page 9 of Volume 1 of the petition are different from the allocation statement of audited accounts. Further, DPL vide letter dated 06.07.2021 submitted a reconciliation statement of the figures shown in their application as given below:





Order on FPPCA and APR of DPL for the year 2015-16

	Service Dept (Rs lakhs)	CWS (Rs Lakhs)
Allocation from total expense shown in page 9 volume 1	5323.12	65.11
Less:		
Director Fee	19.52	0
Income (included in form 1.26)	173.26	0.05
Expense shown in Power Plant Account	5130.34	65.06

It is noted from the audited power plant accounts that the income of Rs 173.26 lakh does not form part of the power plant accounts. The amount of Rs 19.52 lakh for Directors' fee is considered by Commission under employee cost head. Accordingly, the Commission considers the audited figures and allocates the same in proportion to their claim as shown below:

**Table: 3.2**  
**Expense Allocation of Service Department and Central Workshop**

Head of expense	Service Dept (in Rs lakhs)	CWS (in Rs lakhs)
R&M	132.63	0.73
A&G	645.07	4.86
Audit	3.13	
Insurance	0.42	
Employee	3635.77	59.47
Depreciation	30.65	
Interest	255.14	
IPT water	389.94	
IPT power	25.29	0.05
Director fees	12.30	
Total	5130.34	65.06

### 3.7 Employee Cost:

- 3.7.1 In the Tariff order for 2015-16 DPL was allowed a total amount of Rs. 9976.35 lakh towards employee cost which included





- i. Employee cost for Generation business Rs 6838.23 lakhs and Distribution business Rs 2335.00 lakhs.
- ii. 8.33% on Employee cost for Generation business i.e., Rs 569.62 lakh and 10% of Employee cost for Distribution business i.e., Rs 233.50 lakh had been allowed as proportionate expenses of centrally maintained expenses viz. expenses of Service Department and Central Work Shop in respect of salaries, wages, bonus, contribution to PF etc. as well as staff welfare expenses.

3.7.2 In paragraph 5.3.3.(iii) of the MYT order of the fourth control period, the Commission observed that the surplus manpower of unit III, IV & V, already decommissioned, would deploy in unit VIII first and the balance in other units VI, VII and distribution. The Commission directed that DPL shall give details of the manpower employed / engaged in the units from the surplus employees arising out of decommissioning of unit III to V in their APR application for 2015-16. DPL was also directed to submit break-up of the employees engaged both in regular services and contractual services for their different generating units as per the format 1.17(h) of the Tariff Regulations and the basis of apportionment of employee cost of centralized services in order to justify their claim under this head. The Commission considers proportionate allocation based on revised amount of service department and central workshop amount.

3.7.3 In their APR Application DPL has submitted that

- i. DPL has taken action towards compliance of Directive of the Commission regarding redeployment of the manpower employed / engaged in the units from the surplus employees arising out of decommissioning of unit III to V and no new recruitment has been made.
- ii. DPL had already taken action to minimize the size of the service department like Finance and Accounts, Personnel and Administration, Materials Management etc.
- iii. The employees cost of service departments viz Traffic, Loco Workshop, Chemical Laboratory, Central workshop, Hospital, Corporate Office, personnel & Administration which provide service to the power station and other business segments viz coke oven and waterworks is allocated in a proportionate manner in a predetermined ratio of





## Order on FPPCA and APR of DPL for the year 2015-16

63.04% of total expenses based on the report of cost accounting firm submitted with their APR Petition of previous year.

- iv. DPL's overall claim on employee cost as per form E (B) and form 1.17 (h) is Rs 12078 lakhs. However total of form 1.12, 1.15 and 1.17 is Rs 12090.30 lakhs. In their letter dated 06.07.2021 DPL has stated that the difference is due to Rs 12.30 lakh pertaining to Directors' fee.

3.7.4 The Commission noted that the action taken by DPL towards redeployment of employees is corroborated by the fact that the employee cost shows a declining trend over the years. DPL has also furnished a copy of the report of cost accounting firm for 2013-14 with their APR application indicating the allocation logic which the Commission has already concurred in the APR order 2013-14. In absence of current year report, Commission relies on the past years report of cost accounting firm for allocation of expenses. In annexure 1D of letter dated 11-Jan-2021, DPL has furnished the break-up of the employees engaged both in regular services and contractual services for their generating and distribution business, Service Department and Central Workshop as per the format 1.17(h) of the Tariff Regulations where they have mentioned the number of contractual employees as 13 nos. for power business. According, to the letter dated 06/07/2021 these 13 nos. of contractual employees is basically allocated employees from the Service Department.

3.7.5 As against the amount allowed in Tariff order, DPL has claimed the actual expenditure as per audited accounts (and also as per form 1.17(h) of the petition) for a total amount of Rs. 12090.30 lakh including cost for service departments, centrally maintained workshops and Directors' fees. The Commission admits an amount of Rs. 11953.36 lakhs considering the allocation to service department as given in Table 3.2. The break-up is as under:

Table 3.3

(Rs in Lakh)

Head of expense	Claimed in APR			Admitted in APR		
	Generation Total	Distribution	Total	Generation Total	Distribution	Total
Employee Cost (Direct)	5809.21	2436.61	8245.82	5809.21	2436.61	8245.82
Employee Cost (Centrally maintained)	3832.18	0	3832.18	3695.24		3695.24
Directors Fee	12.30		12.30	12.30		12.30





Order on FPPCA and APR of DPL for the year 2015-16

Total	9653.69	2436.61	12090.30	9516.75	2436.61	11953.36
-------	---------	---------	----------	---------	---------	----------

The Employee Cost for Generation has been apportioned based on DPL's claim and is tabulated below:

Unit	Amount (in Rs Lakh)
Unit VI	938.56
Unit VII	4740.53
Unit VIII	3837.66
<b>Total</b>	<b>9516.75</b>

Centrally maintained includes Rs 3635.77 lakhs allocation from service department + Rs 59.47 lakhs allocation from Central Workshop as mentioned in Table 3.2.

### 3.8 Water Charge

3.8.1 In their MYT Application for 2015-16 DPL has projected expenditures of Rs. 6758.52 lakh with respect to the projected generation during the ensuing year. DPL has also proposed a revision of rate of processed water to Rs. 15.00 per KL from earlier rate of Rs. 6.50 per KL on the following grounds:

- DVC from whom water supply is sourced by DPL, has increased the rate of water supply to Rs. 28.41 per thousand gallon from earlier rate of Rs. 5.20 per thousand gallons with effect from 1st October, 2012.
- Actual rate of industrial water has gone upto Rs. 20.00 per KL and is likely to be enhanced further.
- Non-charging of water at market rate is becoming unviable by its sister water plant unit.
- The last revision of inter-plant transfer rate of industrial water was made by DPL from 1.10.2013 @ Rs. 15.00 KL.

3.8.2 DPL has submitted some calculations and correspondences regarding revision of water rates as directed by the Commission in MYT order for the fourth control period. However, the Commission has already decided on this issue in the APR order of 2014-15 and proceeded





Order on FPPCA and APR of DPL for the year 2015-16

with determination of water charges considering the rate of Rs. 6.50 per KL. In APR order under 2015-16 also the rate for water charges have been continued with Rs 6.50 per KL.

3.8.3 The water charges are categorized as uncontrollable. The Commission observed that during 2015-16, the actual generation fell short of targeted generation projected by DPL. The Commission decides to allow the water charges in proportion to the actual amount of generation related to sales of electricity to consumers and licensee with respect to the admitted amount against the normative generation as approved in the MYT order of the fourth control period for 2015-16. The detail of such calculation is shown in the Table 3.4:

**Table 3.4**  
**Admitted Water charges for 2015-16**

DPL Unit No	Gross Generation projected in Tariff Order 2015-16	Water Charges admitted in Tariff Order 2015-16	Actual Gross Generation excluding infirm power	Proportionate Water charges for actual generation (Lakh Rs) \$	Water Charges claimed (Lakh Rs)	Water Charges admitted in APR
	(MU)	Lakhs Rs	(MU)	Lakh Rs	Lakh Rs	Lakh Rs
VI	578.16	533.64	0	0.00	5.03	0.00
VII	2102.4	1298.23	1195.64	738.31	1035.97	738.31
VIII	1752	1081.86	783.875	484.04	682.00	484.04
Total	4432.56	2913.73	1979.515	1222.35	1723.00	1222.35
\$ proportionate with respect to admitted amount of 2015-16 Tariff Order						

3.6.6 The amount as above is admitted under Generation function.

### 3.9 Coal and Ash Handling Expenses

3.9.1 An amount of Rs. 2108.86 lakh was allowed in the tariff order for 2015-16 towards coal and ash handling expenses.

3.9.2 DPL claimed an amount of Rs. 688.32 lakh on this account stating in their application for APR that it was the actual expenditure incurred under this head. DPL has stated in their application that such reduction in amount was due to low generation as well as due to various problems in ash evacuation.

3.9.3 Considering the above claimed amount of Rs 688.32 lakhs as the total amount for actual generation, the proportionate allocation to Unit VII and Unit VIII is made as per the unit wise





Order on FPPCA and APR of DPL for the year 2015-16

actual generation based for the year and admissible amount for APR of 2015-16 on head of coal & ash handling expenses are given in the Table 3.5 below:

**Table 3.5**  
**Admitted Ash charges for 2015-16**

DPL Unit No	Gross Generation projected in Tariff Order 2015-16	Ash Charges admitted in Tariff Order 2015-16	Actual Gross Generation excluding infirm power	Proportionate Ash charges for actual generation (Lakh Rs) \$	Ash Charges claimed (Lakh Rs)	Ash Charges admitted in APR
	(MU)	Lakhs Rs	(MU)	Lakh Rs	Lakh Rs	Lakh Rs
VI	578.16	413.12	0.00	0.00	0.00	0.00
VII	2102.40	910.77	1195.64	517.96	311.00	311.00
VIII	1752.00	784.97	783.875	351.21	377.32	351.21
Total	4432.56	2108.86	1979.515	869.17	688.32	662.21
\$ proportionate with respect to admitted amount of 2015-16 Tariff Order						

3.9.4 The Commission admits the claim of DPL for Rs 662.21 lakh under this head under generation function.

**3.10 O&M Expenses for Distribution:**

3.10.1 Operation & Maintenance (O&M) expenses comprises of repairs and maintenance including cost of consumables for that purpose and other administrative and general expenses. A total amount of Rs. 1910.90 lakh was allowed to DPL in ARR in this regard for the year 2015-16 with following break up:

**Table 3.6**  
**O&M Expenses for Distribution**

Expense Item	Admitted in ARR 2015-16 (Rs Lakh)
R&M Distribution	1236.00
Audit expenses	0.90
Other A&G Distribution	674.00
Total	1910.90

3.10.2 In their APR application DPL has submitted statements showing breakup of A&G expense in their APR application. DPL in their application has claimed Repair and Maintenance Expenses (R&M Expenses) and different element of Administrative and General (A&G Expenses) as a composite amount for both Generation and Distribution function.





Order on FPPCA and APR of DPL for the year 2015-16

3.10.3 As per form E(B) total claim of DPL under the head "O&M expenses", inclusive of generation and distribution, is Rs 6799.54 lakh (R&M 3813.80+ A&G 2984.30+ Audit 1.44) whereas Rs. 6656.58 lakh is shown in Audited Annual Accounts of power business (as detailed in Annexure 3A). In absence of justification for such difference (Rs. 142.96 lakh), the Commission considers the Audited Figures as the claimed amount. Accordingly, the claimed amount has been tabulated as below:

Table 3.7

Figures in Rs Lakhs

Particulars	Total as per Audited Statement of Power Plant	As per Form 1.12				Distribution
		Unit VI	Unit VII	Unit VIII	Total Generation	
	(1)	(2)	(3)	(4)	(5) = (2) + (3) + (4)	(6) = (1) - (5)
Repair & Maintenance including Stores	3813.80	114.22	2583.54	608.15	3305.91	507.89
Administrative and General Expenses	2984.30	109.62	1105.80	882.08	2097.50	886.80
Audit	1.44					1.44
Less: Difference from Audited Statement (6799.54 - 6656.58)	142.96	4.81	79.23	32.00	116.05	26.91
Total	6656.58	223.84	3689.34	1490.23	5287.36	1369.22

3.10.4 Now the claimed and admitted value for R&M Expenses, Audit Fee and Other Administrative & General Expenses are as per Table 3.8 below:

Table 3.8

**Admitted Amount for R&M Expenses and A&G Expenses in Distribution**

Sl No	Expense Item	Amount Admitted in MYT Order	Claimed Amount as given in Para 3.10.3	Admitted amount in APR Rs Lakhs
1)	Distribution R&M	1236	507.89	507.89
2)	Other A&G Distribution	674	886.80	674.00
3)	Audit Distribution	0.90	1.44	0.90
4)	Less: Difference from Audited Statement		26.91	
5)	Distribution A&G Expenses (2+3)	674.90	861.33	674.90
6)	Adjustment in terms of Regulation 2.5.5 (iv) of Tariff Regulations			186.43
7)	Total O&M Expenses (1+5)	1910.90	1369.22	1369.22





### 3.11 O&M Expenses for Generation.

3.11.1 O&M expenses of generation for Rs. 5609.80 lakh was allowed in the tariff in accordance with the norms specified in Schedule 9A of the Tariff Regulations. The claim of DPL as considered in para 3.10.3 above is Rs. 5287.36 lakh. However, it is observed that Unit VI of DPL was not in operation during 2015 – 16 and thus in terms of regulation 5.25 of the Tariff Regulations, only Employee Cost, Interest on Capital Loan, Depreciation and Advance against depreciation is allowable. Accordingly, an amount of Rs. 3621.00 lakh is admitted as Operation and Maintenance Expenses for Generation Function as tabulated below:

**Table: 3.9**  
**O&M Expenses Computation for Generation Function**

Unit No	Unit Size	O&M Expenses Rs Lakh Per MW	Normative O&M Expenses	Claim (As per para 3.10.3)	Admitted O&M Expenses
VI	110	18.08	1988.80	219.03	0.00
VII	300	7.47	2241.00	3610.11	2241.00
VIII	250	5.52	1380.00	1458.23	1380.00
Total			5609.80	5287.37	3621.00

### 3.12 Insurance:

As per MYT order for the fourth control period, insurance premium of Rs 99 Lakhs was admitted for 2015 – 16 on the head of generation function. In APR petition for 2015-16, DPL have claimed an amount of Rs 15.23 Lakhs on generation only. DPL vide letter dated 11.01.2021 has furnished documents regarding the details of the process adopted for selection of the Insurance Company and the items covered, in compliance of the directives of the Commission. The Commission admits such expenses of Rs 15.23 lakhs on generation head for APR of FY 2015-16 and allocates among the generating units in the proportion of their claim.

### 3.13 Rates & Taxes:





## Order on FPPCA and APR of DPL for the year 2015-16

As per MYT order for 2015-16 rates and taxes approved was Rs 5 Lakhs on the head of generation function. In APR petition for 2015-16, DPL claimed an amount of Rs 45.06 Lakhs on head of generation function only in form E(B). This item being uncontrollable and statutory in nature, the Commission admits such expenses of Rs 45.06 lakhs on generation function for APR of 2015-16.

### 3.14 Depreciation:

3.14.1 Total depreciation admitted in the MYT order of the Commission for the financial year 2015-16 considering a 5% reduction of provisional project cost of unit VII and Unit VIII on the ground as explained in paragraph 3.4 is Rs 14642.44 lakhs. Against such amount DPL has claimed Rs 13290.01 lakhs towards depreciation in their application and provided a breakup of the depreciation in form B of Volume I.

3.14.2 It is seen from the audited accounts of power plant of DPL for the financial year 2015-16, that the depreciation amount shown in Statement V at page 48 of vol III is Rs 13315.01 lakh including Rs 59.79 lakh towards general equipment and Rs. 25 lakhs towards 50% allocation from service section. Excluding such amount of 50% of service section, the depreciation amount as per audited statement comes to Rs 13290.01 lakh which tallies with the claim.

3.14.3 Summarising the above, based on the submitted data the depreciation data as per MYT and APR application for 2015-16 is as follows.

Table 3.10

in Rs lakh

	Approved in MYT	As claimed
Unit VI	62.33	1159.45
Unit VII	4792.43	4783.28
Unit VIII	8527.44	6538.18
Generation Total	13382.2	12480.91
Distribution	1260.24	809.10
Licensee Total	14642.44	13290.01

3.14.3.1 It is noted that prior period depreciation of Rs 1702.56 lakh admitted in previous years is shown by DPL as 'Arrears of Depreciation Written Off during the year' as per statement V of audited





Order on FPPCA and APR of DPL for the year 2015-16

power plant account (Volume III). Accordingly, the amount pertaining to Generation function is adjusted with unit VI and VII as the unit VIII is a new unit and may not have prior period depreciation.

3.14.3.2 Overcharged depreciation of Rs 1702.56 lakh as discussed in 3.14.3.1 above is adjusted from the respective business functions in proportion to figures as per audited power plant account (Volume III). Amount pertaining to Generation function is reduced from unit VI and VII pro rata as the unit VIII is a new unit and may not have prior period depreciation.

3.14.3.3 In line with the principle decided by the Commission in paragraph 5.2.1 (iii) of the MYT Order for the fourth control period, 5% of the admissible amount of depreciation is withheld.

3.14.4 Thus, the amount of depreciation with above considerations is as follows:

**Table 3.11**  
**Admitted Depreciation of DPL for 2015-16**

Head	Depreciation as per APR application	Adjustment of overcharged depreciation 3.14.3.2 above	Admissible Depreciation	Withheld as per para ....	Admitted Depreciation
	(1)	(2)	(3) = (1) – (2)	(4)	(5) = (3) – (4)
Unit VI	1159.45	311.95	847.50		847.50
Unit VII	4783.28	1286.95	3496.33	174.82	3321.51
Unit VIII	6538.18	0.00	6538.18	326.91	6211.27
Generation Total	12480.91	1598.90	10882.01	501.73	10380.28
Distribution	809.10	103.66	705.44	0.00	705.44
Total	13290.01	1702.56	11587.45	501.73	11085.72

Unit VI has depreciation of Rs 847.50 lakh (Rs 1159.45 lakh - Rs 311.95 lakh). Though, the Unit VI was under shut down throughout the year, the depreciation is allowed in terms of regulation 5.25 of the Tariff Regulations.

3.14.5 Thus Rs 11085.72 lakh is admitted towards depreciation for 2015-16 and the function wise allocation of the admitted depreciation is as under:

Generation: Rs 10380.28 lakh

Distribution: Rs 705.44 lakh





Order on FPPCA and APR of DPL for the year 2015-16

Total: Rs 11085.72 lakh

**3.15 Interest on Borrowed Capital:**

3.15.1 In the MYT order of fourth control period, the Commission allowed Rs 22103.90 lakhs in the ARR of DPL for 2015-16 towards Interest on borrowed capital, of which Rs 20765.15 lakh was allocated for Generation function and Rs 1338.75 lakh was for distribution function. DPL in their APR application (Vol I - page 10-11) has submitted that the total interest charged in annual accounts for power business is Rs 31178.82 lakh out of which Rs 1899.42 lakh is booked on account of working capital interest. It is observed that interest expense shown in Volume III statement IV Page 47 of the audited annual accounts of power plant is Rs 31178.82 lakhs including commitment charge of Rs 152.61 lakh, which tallies with the total interest amount stated by DPL in the application. DPL has claimed Rs 29279.40 lakh as Interest on Borrowed Capital excluding the interest on working capital of Rs 1899.42 lakh, from the total interest.

3.15.2 DPL further submitted that the existing capital borrowings for power plants and T&D network have been restructured by Power Finance Corporation Limited (PFCL) on the basis of request from DPL. Submissions of DPL in this regard are as follows:

- (a) Though DPL was paying loan in accordance with the agreed repayment schedule along with interest till April, 2015, there had been sudden fall in revenue due to low demand from the consumer and other licensees, making it difficult to meet the repayment schedule.
- (b) PFCL was requested to restructure the outstanding loans in such a manner that immediate repayment quantum is reduced and a moratorium of two years is given.
- (c) PFCL considered the request of DPL and DPL was allowed to pay @ Rs. 1000.00 lakh per month for 2 years commencing from January, 2016.





- (d) Repayment of loan as well as accumulated interest would start from January, 2018 on EMI basis and will continue till January, 2031.
- (e) Unpaid interest relating to the years 2016 and 2017 would be considered as Funded Interest Term Loan (FITL). The EMI will include repayment of FITL.
- (f) DPL in its Annual Accounts for FY 2015 – 16 accounted for the interest applicable on all the project loans on accrual basis and has claimed the interest inclusive of the interest on FIT Loans.

3.15.3 The breakup of claim of DPL on account of Interest on Borrowed Capital as submitted in Form C of the APR application is as follows:

**Table 3.12**  
**Detail of Interest claimed by DPL**

Interest on Loan from	Claim
CEA	181.23
GoWB	1307.13
PFCL (including commitment & other charges of Rs. 152.62 lakhs)	27791.04
<b>Total</b>	<b>29279.40</b>

DPL in paragraph 11 of their APR submission has stated that an amount of Rs. 22179.23 lakhs pertain to FITL. On scrutiny of the claim in Form C, it is observed that interest on such loans as well as penal interest has been included in their total claim of Rs. 29279.40 lakhs. The Commission decides not to admit any amount of penal interest. Further, in absence of details of the actual interest paid, an amount of Rs. 2857.09 lakhs being the interest for the year 2015 – 16 considering the rate of interest on FITL as submitted in computation sheet is also not admitted. The details of FITL are as below:

**Table 3.13**

SI No	PFC Loan No	Amount of FITL	Rate of Interest	FITL Interest
1	50403001	810.13	12.75%	103.29
2	50401001	4545.05	13.00%	590.86
3	50401004	3511.19	12.88%	452.24
4	50401003	13312.86	12.85%	1710.70





Order on FPPCA and APR of DPL for the year 2015-16

Total	22179.23	2857.09
-------	----------	---------

3.15.4 In the paragraph 5.12.2 of the MYT order of the fourth control period, the Commission had disallowed the interest on loan from CEA and directed DPL not to claim the interest on loan from CEA in future. DPL has claimed an amount of Rs. 181.23 lakhs on this head. However, in line with the directives, the Commission does not consider such claim of DPL.

3.15.5 Accordingly, the admitted amount comes to Rs. 25598.04 lakhs as tabulated below:

Table 3.14

SI No	Loan	Normal	Penal	Total Claim	Interest on Default Amount	FITL Interest	Amount Admitted
		A	B	C = A + B	D	E	F = C - D - E
1	50403001	1374.02	11.85	1385.87	12.22	103.29	1270.36
2	50401001	5486.86	137.39	5624.25	137.39	590.86	4896.00
3	50401004	4637.26	56.09	4693.35	17.14	452.24	4223.97
4	50401D04	4.56	-0.1	4.46			4.46
5	50401003	15606.81	476.3	16083.11	476.29	1710.70	13896.12
6	GoWB	1307.13	0.00	1307.13	0.00	0.00	1307.13
7	CEA Loan	181.23		181.23			
<b>Total</b>				<b>29279.40</b>	<b>643.04</b>	<b>2857.09</b>	<b>25598.04</b>

3.15.6 Function wise admitted amount towards interest on borrowed capital of DPL for 2015-16 is allocated in proportion to their claimed amount as follows in the Table 3.15.

**Table 3.15**  
**Interest Payable for DPL in 2014-15**

In Rs Lakh	
Generation function	
Unit VI	1270.36
Unit VII	9124.43
Unit VIII	13896.12
Distribution function	1307.13
Total Interest on Borrowed Capital	25598.04





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

### 3.16 Other Finance Charges:

3.16.1 The actual amount of other finance charge claimed by DPL as per form 1.17(c) of the APR application is Rs 1558.29 which includes Guarantee fees of Rs. 1551.83 lakhs and Rs. 6.46 lakhs as Bank Charges which is shown under Generation Function. However, no such amount (Rs. 6.46 lakhs) is booked in audited account of power plant for the year 2015-16. The Commission accordingly admits Rs. 1551.83 lakhs and allocates the same to generation and distribution function as per their claim as tabulated below:

**Table 3.17**  
**Admitted Amount for Other Finance Charges**

Unit		Claimed	Admitted
VI		77.97	77.97
VII		437.96	434.06
VIII		1009.65	1007.09
Total Generation		1525.58	1519.12
Distribution		32.71	32.71
Licensee Total		1558.29	1551.83

### 3.17 Advance against Depreciation:

3.17.1 DPL in their APR application, has not claimed any amount under this head as per calculation shown in form 1.17 (e). The admitted amounts under depreciation for 2015-16 is Rs 11085.72 lakhs as per para 3.12 above and the loan repayment made by DPL as per form C and form 1.17 (e) is Rs 4782.03 lakh. As the loan repayment being lower than depreciation amount, no amount is being admitted towards advance against depreciation.

### 3.18 Reserve for Unforeseen Exigencies:

3.18.1 In the MYT order of fourth control period, Commission has allowed an amount of Rs 954.80 towards Reserve for unforeseen exigencies in response to the prayer of DPL for providing such reserve. DPL through paragraph 15 of their APR submission has claimed an amount of





Rs. 916.06 lakhs being 0.25% of the value of their gross fixed asset as on 01.04.2015. DPL further stated that they have failed to invest the amount admitted in the MYT Order as required in terms of the Tariff Regulations.

3.18.2 The Commission finds that regulation 5.11.1 read with 5.24.1 of the Tariff Regulations have not been complied with by DPL. Accordingly, the Commission in line with the regulation 5.11.2 of the Tariff Regulations decides to withhold double the amount allowed in the Tariff Order, i.e., Rs. 1909.60 lakhs (954.80 x 2).

**3.19 Interest on Consumer's Security Deposit:**

3.19.1 DPL has claimed Rs 101.11 lakh under the head Interest on Consumers' Security Deposit for the year 2015-16 against the admitted expenditure of Rs 64.58 lakhs in MYT.

3.19.2 DPL further communicated that at present they are only providing for the interest in accounts and there is no actual pay out. Therefore, in line with the directive in MYT order for the year 2014-15-to 2016-17, the Commission does not allow any amount under this head for 2015-16.

**3.20 Bad Debts:**

No amount was considered by the Commission under this head in the tariff order for 2015-16. DPL has claimed an amount of Rs 54.52 lakh under this head in APR application, It is observed from the Note-18 of audited annual accounts for the year 2015-16 that though provisioning of bad debts has been done but that has not been written off. Thus, no amount is admitted in the APR for 2015-16 under this head.

**3.21 Income Tax:**

3.21.1 DPL has claimed an amount of Rs. 3398.03 lakh in their application under form E (B) towards income tax. The Commission observes from the statement of 'Profit and Loss for the Year ended on 31<sup>st</sup> March, 2016' and from the 'Cash Flow Statement' of the Audited Annual Accounts that no amount has been either provided for or actually paid on account of Income Tax. Accordingly, no amount has been considered by the Commission.





### 3.22 Return on Equity:

3.22.1 In terms of regulations 5.6.1.1 and 5.6.1.2 of the Tariff Regulations, DPL is entitled to have returns on equity base deployed in its generation and distribution functions @ 15.5% and 16.5% respectively.

3.22.2 In the APR order of 2013-14, the Commission had given certain direction as follows:

*"It is observed from the Balance Sheet of the power plant unit of DPL, as submitted with the APR application for the year 2013 – 2014 that the shareholders' fund in liability side has not been shown separately. In order to justify different element of fixed charge components including return on equity, DPL is directed to submit duly audited balance sheet and profit and loss account year-wise for the years 2007 – 2008 to 2011 – 2012 and 2012 – 2013 onwards in respect of the power plant unit as a whole separately incorporating therein shareholders' funds viz., (i) authorized capital, (ii) paid up capital, (iii) capital reserve, (iv) reserves & surplus and (v) reserve for the unforeseen exigencies along with respective schedules under the major head 'sources of fund' including the Auditor's comments instead of present practice of reflecting inter-unit current accounts under shareholder's fund. The amount under reserves & surplus schedule should include amounts of surplus separately brought forward from profit & loss account of the respective year / previous year besides capital reserves, etc. It is also directed to forward the respective Government orders issued from time to time towards equity infusion / participation by the Government in the power plant business of DPL unit-wise."*

In response to such direction, DPL has mentioned that the state government is in the process of restructuring of the organization where all the business segment will be separated. As the process has not been completed yet thus the separation of power business could not be completed.

Considering the above fact, the Commission proceeds with computation of ROE on the following basis.

3.21.3 No return on equity for Unit VI has been considered in terms of regulation 5.6.1.6 and 5.25 of the Tariff Regulations.

3.21.4 As it transpired from the submission of APR application volume I and Note 1 the annual audited accounts of DPL in volume II that in FY 2015-16 equity infusion for Unit VIII by the Government of West Bengal in power business is Rs 4937 Lakhs. From the list of government orders of equity infusion as given in pages 15 to 17 of volume 1 at paragraph 14 in the written submission of DPL, DPL does not have any free reserves for deployment in power business





Order on FPPCA and APR of DPL for the year 2015-16

either. It is observed from Note 5(a) of the audited Annual Accounts that an amount of Rs. 3206 lakh has been added to fixed asset under plant and machinery. It is further noted from Form 1.18 (a) of their petition that Rs. 2611.58 lakhs has been shown as addition to fixed asset for generation. The Commission, therefore, considers the balance amount of Rs. 594.42 lakhs (3206 – 2611.58) as addition to fixed asset under distribution function.

3.21.5 The computations of the amounts of such capital base and the amount of total allowable return is tabulated below:

**Table 3.18**  
**Return On Equity for FY 2015-16**

Sl No	Particulars	Generation Unit			Total Generation	Distribution
		VI	VII	VIII		
1	Actual equity base at the beginning of the year	27041.72	36256.00	29063.00	92360.72	18517.77
2	Admissible Opening Balance of the year	19565.97	36256.00	29063.00	84884.94	15936.92
3	Actual addition/withdrawal/deleted to Equity Base for the year #	-5757.02	0.00	4937.00	-820.03	0.00
4	Actual Equity Base at the end of the year (1+3)	21284.70	36256.00	34000.00	91540.69	18517.77
5	Amount transferred to Fixed Assets (from Form 1.18 (a))	0.00	624.77	1986.81	2611.58	594.42
6	Normative Equity % on (5)	0.30	0.30	0.30		0.30
7	Normative addition to Equity Base	0.00	187.43	596.04	783.47	178.33
8	Addition to Equity base considered for the year in ARR (Minimum of 3 & 7)	-5757.02	0.00	596.04	-5160.98	0.00
9	Admissible Equity Base at the year end	13808.95	36256.00	29659.04	79723.99	15936.92
10	Average Equity Base for the year (2+9)+2	16687.46	36256.00	29361.02	82304.48	15936.92
11	Rate of Return in %	0.00%	15.50%	15.50%		16.50%
12	Allowable return	0.00	5619.68	4550.96	10170.64	2629.59
13	Withheld for non-submission of project cost detail	0.00	313.88	149.96	463.84	0.00





Order on FPPCA and APR of DPL for the year 2015-16

14	Return allowed in ARR (12-13)	0.00	5305.80	4401.00	9706.80	2629.59
# Amount Deleted for Unit VI has been calculated in line with regulation 5.6.1.6 (a) of the Tariff Regulations						

3.20.6 Thus the amount of ROE admitted for generation function stands to Rs 9706.80 lakh and for Distribution function it is Rs 2629.59 lakh. The overall computed ROE thus stands to Rs 12336.39 lakh.

### 3.23 Interest on Working Capital

3.23.1 An amount of Rs. 1568.35 lakh on this head was considered in the tariff order for 2015-16. DPL obtained short term specific loan from PFCL and UBI to meet up the working capital needs. As per their submission in Form 1.17(b) and they have indicated the rate of interest of such loan as 14.75%.

3.23.2 In terms of regulations 5.6.5.1 of the Tariff Regulations, working capital requirement shall be assessed on normative basis @ 18% on the base amount derived by summation of annual fixed charges and fuel and power purchase cost reduced by the elements of the ARR determined, viz., depreciation etc. However, the above assessment of requirement of working capital would be 10% instead of 18% on the base amount since DPL has already introduced Monthly Variable Cost Adjustment and realized for the year 2015-16. The computation of interest on Working Capital in terms of Regulation 5.6.5.1 is shown in the Table 3.20

3.23.3 It is observed from Note 18 of Annual Accounts that Interest on Security Deposit has been booked as Rs. 101.11 lakhs. In absence of details of actual amount of Security Deposit held by DPL, the Commission considered the security deposit as Rs. 1685.17 lakhs (Rs. 101.11 / 6% (as per regulation 4.2.6 of the WBERC Miscellaneous Provisions Regulations) for the purpose of computation of working capital.

**Table 3.20**  
**Interest on Working Capital**

Sl. No.	Particulars	Amount in Rs. in lakh		
		Generation	Distribution	Total
1	Annual Fixed charges now arrived excluding interest on working capital	60187.47	7651.65	67839.12
2	Fuel Cost / power purchase cost as admitted	37457.60	12505.79	49963.83





Order on FPPCA and APR of DPL for the year 2015-16

3	<b>Sub Total (1+2)</b>	<b>97645.07</b>	<b>20157.88</b>	<b>118012.95</b>
	Less:			
4	Depreciation	10380.28	705.44	11085.72
5	Advance against depreciation	0.00	0.00	0.00
6	Deferred revenue expenditure	0.00	0.00	0.00
7	Return on Equity	9706.80	2629.59	12336.39
8	Bad and doubtful Debt	0.00	0.00	0.00
9	Reserve for Unforeseen Exigencies	0.00	0.00	0.00
10	<b>Sub Total (4 to 9)</b>	<b>20087.08</b>	<b>3335.03</b>	<b>23422.11</b>
11	Allowable Charges for working capital (3-10)	77557.99	16822.85	94380.84
12	Normative requirement of Working Capital (10% of 11)	7757.807775.87	1682.29	9438.09
13	Security deposit held as on 31.03.2016		1685.17	1685.17
14	<b>Requirement of working capital after utilizing the security deposit (12-13)</b>	<b>7775.80</b>	<b>0.00</b>	<b>7775.80</b>
15	Interest allowable @14.75%% on 14	1143.98	0.00	1143.98
16	Interest on Working Capital Actually Paid			1662.20
16	<b>Interest on working capital allowed (Minimum of 15 and 16)</b>	<b>1143.98</b>	<b>0.00</b>	<b>1143.98</b>

The Commission admits Rs. 1143.98 lakh as Interest on Working Capital.

### 3.24 Interest Credit:

3.24.1 In terms regulation 5.5.3 of the Tariff Regulations, where the actual amount of loan repayment in any year falls short of the depreciation allowable during the year, then interest credit of such excess depreciation charges at the rate of weighted average cost of debt is admissible.

3.24.2 The Commission did not consider any interest credit during determination of ARR for tariff order of 2015-16. DPL has claimed interest credit of Rs 872.07 lakh in the APR application in Form 1.17 g. Based on the admitted depreciation amount in para 3.12 and repayment of loans considered for admitting borrowing cost in Para 3.13 interest credit is worked out as follows:

**Table 3.21**

Details	Unit VI	Unit VII	Unit VIII	Distribution	Total
Depreciation	847.5	3321.51	6211.27	705.44	11085.72
Actual Repayment	0	1783.41	1918.74	499.98	4202.13
Additional fund created	847.5	1538.1	4292.53	205.46	6883.59
Rate of interest	10.94%	10.94%	10.94%	10.94%	10.94%





## Order on FPPCA and APR of DPL for the year 2015-16

interest credit	92.7165	168.26814	469.603	22.477324	753.06475
-----------------	---------	-----------	---------	-----------	-----------

3.24.3 The amount of Rs. 753.06 Lakh is admitted as interest credit in APR 2015-16 of DPL with breakup of Rs 730.58 lakh for generation function and Rs 22.48 lakh for distribution as shown in the para 3.23.2 above.

### 3.25 Income from other Sources / Non-Tariff income:

The income from other non-tariff sources, as per Form 1.26 submitted by DPL is Rs 859.59 lakh against admitted amount of Rs 824.70 lakh in MYT. The same is accordingly considered for determination of ARR in the APR order for 2015-16. The income from Rental of meters and other apparatus, Surcharge for late payment, and wheeling charge are attributed to distribution function and the rest income of Rs. 367.32 lakh is allocated to Generation and Distribution function in the ratio of Gross ARR. The total admitted income from other / non-tariff sources is Rs. 859.59 lakh with functional segregation of Rs. 797.94 lakh for Distribution and Rs. 61.65 lakh for Generation.

### 3.26 Benefits to be passed on to consumers and other licensees:

3.26.1 DPL in their APR application for 2015 – 16 (Form 1.24) has showed no benefits to be passed on to consumers and licensees.

3.26.2 It is noted from the FPPCA petition that DPL has sold 19.28 MU of power to persons other than consumers and licensees. In paragraph 11.2 of Annexure I of their Annual Accounts, DPL has considered an amount of Rs. 430.74 lakh under Sale to IEX. Based on the submissions, provisions of regulation 5.15.2 (iv) of the Tariff Regulations and variable cost of generating station at 214.46 paise/ 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)	19.28
	b) Notional sale of power against Swap Out (MU)	0.00
(2)	Total Sale (MU): A=a+b	19.28
	c) Sale of power to person other than consumer and licensee (Rs. Lakhs)	430.74
	d) Notional sale of power against Swap Out (Rs. Lakhs)	0.00
(3)	Total Sale (Rs. Lakhs): B=c+d	430.74
(4)	e) Variable Cost of Generation (Paise/ unit)	214.46
	f) Cost of power of sale in 1 (a) above (Rs Lakhs)	413.48





**Order on FPPCA and APR of DPL for the year 2015-16**

	g) Cost of power of sale in 1 (b) above (Rs Lakhs)	0.00
	h) other charges for such sale (Rs Lakhs) **	0.00
(5)	Total cost of sale (Rs in lakhs) (f+g+h)	413.48
(6)	Amount of gain (+) / loss (-) derived from such sale (Rs in Lakhs) (3-5)	17.26
	Share of benefit from sale to others (50% of 6)	8.63

3.26.3 In view of the above, the Commission admits the benefit sharing of Rs. 8.63 lakh as 50% of the amount of gain of Rs. 17.26 lakh from power sold to persons other than consumers and licensees.

**3.27 Fixed Charges:**

Based on the foregoing analyses, the amount of fixed charges allowable under different heads in respect of DPL have been shown in Annexure 3B. The fixed charge for generation comes to Rs. 61334.41 lakhs and for distribution comes to Rs. 7660.28 lakhs.

**3.28 Admissibility of Capacity Charges for generating station based on Availability**

3.28.1 In terms of regulation 6.4.2 of the Tariff Regulations, the recovery of capacity charge for the generating station of DPL shall be against the normative availability. Schedule 9A of the Tariff Regulations provides for target Plant Availability Factor (in short "PAF") for coal fired thermal generating stations.

3.28.2 Considering the facts that during the financial year 2015 – 2016, the units VII to VIII were in operation, the PAF during FY 2015 – 2016 would be 85% on normative basis as per schedule 9A to the Tariff Regulations. From the data submitted in Form 1.1(a), the actual weighted average PAF in respect of DPL during FY 2015 – 2016 was 37.49%. The Commission now decides to deduct capacity charges to the extent of shortfall in PAF achieved by DPL during FY 2015 – 2016. The Commission has admitted the cost under the head of 'Water charges' and 'Coal and Ash Handling Charges' considering proportionate cost on actual generation vis-à-vis target generation. Thus, the costs allowed under those heads are not considered for disallowances of capacity charges for not attaining the target PAF. The disallowance of capacity charge is computed in Table 3.22.

**Table 3.22**  
**Allowable Capacity Charge**

Sl No	Particulars	Amount in Rs Lakhs
1	Allowable Fixed Charges for generating station at normative PAF level	61331.45
2	Cost admitted under the head 'Water charges'	1222.35
3	Cost admitted under the head 'Coal & Ash Handling Expenses'	662.21





सत्यमेव जयते



## Order on FPPCA and APR of DPL for the year 2015-16

4	Cost admitted under the head Employee Cost for Unit VI	938.56
5	Cost Admitted under the head 'Depreciation' for Unit VI	847.5
6	Cost Admitted under the head 'Interest on Capital Borrowing' for Unit VI	1270.36
6	Fixed Charge to be considered for disallowance (6=1-2-3-4-5)	56390.47
7	Normative PAF	85
8	PAF Achieved (for Unit VII and Unit VIII)	37.49
9	Proportionate capacity charge of item 6 (For Unit 7 and 8)	27536.32
10	<b>Capacity Charge admitted on the basis of PAF achieved (10=9+2+3+4+5)</b>	<b>32477.30</b>

3.28.3 The amount of capacity charge admitted is Rs. 32477.30 lakh for shortfall in PAF as computed in table above.



**Annexure-3A**

O&M and other small expenses	Form E(B)	Audited Accounts		
		Statement IV Direct (Gen+Dist)	Page 9 Allocation (Gen+Dist)	Total audited account
1	2	3	4	5=3+4
Stores	0	730.86	0	730.86
R&M	3813.8	3308.18	133.37	3441.55
<b>Sub Total R&amp;M</b>	3813.8	4039.04	133.37	4172.41
Travelling Expense	0	0	0	0
Vehicle Maintenance	0	0	0	0
postage	0	0	0	0
Other Management & Administrative Expenses	0	0	0	0
Advertisement	0	0	0	0
Computer maintenance	0	0	0	0
Gen Establishment Charges	2984.3	1829.62	649.98	2479.60
<b>Sub Total Other A&amp;G</b>	2984.3	1829.62	649.98	2479.6
Audit	1.44	1.44	3.13	4.57
<b>Sub Total A&amp;G</b>	2985.74	1831.06	653.11	2484.17
<b>Sub Total O&amp;M</b>	6799.54	5870.1	786.48	6656.58





Order on FPPCA and APR of DPL for the year 2015-16

**Annexure-3B  
SUMMARY OF FIXED CHARGE**

Sl No	Head of expense	MYT Order			Claimed by DPL	Admitted		
		Generation	Distribution	Total		Generation	Distribution	Total
1	Employee Cost (Direct)	6838.23	2335.00	9173.23	8245.82	5809.21	2436.61	8245.82
2	Employee Cost (Centrally maintained)	569.62	233.50	803.12	3832.18	3707.54	0.00	3707.54
3	Coal and Ash Handling Expenses	2108.86	0.00	2108.86	688.32	662.21	0.00	662.21
4	Water charges	2913.73	0.00	2913.73	1722.97	1222.35	0.00	1222.35
5	O&M Expenses for Generation	5609.80	0.00	5609.80	6799.54	3621	0.00	3621.00
6	A&G for Distribution	0.00	674.90	674.90		0.00	861.33	861.33
7	R&M for Distribution	0.00	1236.00	1236.00		0.00	507.89	507.89
8	Insurance	99	0	99		15.23	0	15.23
9	Rates & taxes	5	0	5	45.06	45.06	0	45.06
10	Reserve for Unforeseen exigencies	903.21	51.59	954.8	916.06	0	0	0
11	Depreciation	13382.2	1260.24	14642.44	13290.01	10380.28	705.44	11085.72
12	Advance against Depreciation	2556.16	0	2556.16	0	0	0	0
13	Interest on Borrowed Capital	20765.15	1338.75	22103.9	29279.4	24290.91	1307.13	25598.04
14	Other Finance Charges	1781.69	40.4	1822.09	1558.29	1519.12	32.71	1551.83
15	Bad Debts	0	0	0	54.52	0	0	0
16	Income Tax	0	0	0	3398.03	0	0	0
17	Interest on Consumers' Security Deposits	0	64.58	64.58	101.11	0	0	0
18	Return on Equity	12488.07	2535.68	15023.75	17832.7	9706.8	2629.59	12336.39
19	Interest on Working Capital	1568.35	0	1568.35	1728.53	1143.98	0	1146.94
20	<b>Gross Fixed Cost (Sum 1 to 19)</b>	<b>71589.07</b>	<b>9770.64</b>	<b>81359.71</b>	<b>89492.54</b>	<b>62123.69</b>	<b>8480.70</b>	<b>70604.39</b>
21	Less: Income from other sources	301.78	522.92	824.70	859.59	61.65	797.94	859.59
22	Less: Interest Credit	0	0	0	872.07	730.59	22.48	753.07
23	Less: Expenses attributable to sale to person other than consumers and licensees	0	0	0	0	0	8.63	8.63
24	<b>Net Fixed Charge (24 = 20 - 21 - 22 - 23)</b>	<b>71287.29</b>	<b>9247.72</b>	<b>80535.01</b>	<b>87760.88</b>	<b>61331.45</b>	<b>7651.65</b>	<b>68983.10</b>





Order on FPPCA and APR of DPL for the year 2015-16

**Annexure-3C**

Distribution O&M parameters:

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	67	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	Average
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	5.65

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	Average
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)	(2.47)

Average value is computed





## CHAPTER – 4

### AMOUNT ADJUSTABLE ON APR & FPPCA

- 4.1 Based on the forgoing analyses and admissions of the adjustments under different uncontrollable factors / elements of fixed charges and fuel and power purchase cost, the re-determined allowable fixed charges for generation and distribution functions as well as fuel and power purchase cost of DPL during the year 2015 – 2016 came as under Table 4.1 below:

Table 4.1

Particulars	Amount (Rs. Lakh)		
	Generation	Distribution	Total
Recoverable Fixed Charge	32477.30	7651.65	40128.95
Total fuel and power purchase cost	37457.60	12506.23	50164.13
Less: Withheld for reserve for unforeseen exigencies		1909.60	1909.60
<b>Total</b>	<b>69934.90</b>	<b>18248.28</b>	<b>88183.18</b>

- 4.2 In terms of paragraph D of Schedule 9B of the Tariff Regulations, gains accruing to a distribution licensee due to its performance in distribution loss being better than the norms of distribution loss in any year may be retained by that distribution licensee in that year subject to gain sharing applicable separately for fuel cost of own generation as specified in paragraph A of Schedule 7A of the Tariff Regulations during Fuel and Power Purchase Cost (FPPC) determination. In terms of paragraph 2.7 in chapter 2 of this order, DPL could not achieve any gains and the same is treated as nil.
- 4.3 The Commission is now to see how much revenue had been earned by DPL from sale of power to its consumers and WBSEDCL including inter-plant transfer with reference to its audited accounts and the submission dated 13.07.2022. The amount of total sales revenue comes as under Table 4.2 below:

Table 4.2

Sl. No.	Particulars	Amount (Rs. Lakh)
1	Sales of power as per Note 11(a) to annual accounts 2015 – 2016	101988.77
2	Add: Inter-plant transfer of Energy as per Para 16 Page 18 Vol 1 of APR petition	627.06
3	Total (1+2)	102615.83
4	Less: Income from sale of power other than consumers and licensees	430.74
	Sales revenue during 2015 – 2016	102185.09





**Order on FPPCA and APR of DPL for the year 2015-16**

- 4.4 Based on the analyses as done in the foregoing paragraphs, the amount adjustable on the instant case of APR for the financial year 2015 – 2016 works out as under table 4.3 below:

**Table 4.3**

Sl. No.	Particulars	Total (Rs. Lakh)
1	Total sales revenue realizable in 2015 – 2016 (Table 4.1)	88183.18
2	Sales Revenue for 2015 – 2016 (refer para 4.3)	102185.09
3	Net amount (+) recoverable / (-) refundable [(5) = (3)-(4)]	(-) 14001.91

- 4.5 The excess recovery of DPL for 2015-16 comes to Rs. 14001.91 Lakh.
- 4.6 DPL is directed to file separate petition before the Commission regarding the treatment of over/ under recovery, if any, as directed in paragraph 4.6 of the order dated 30.05.2022.
- 4.7 DPL is to take a note of this order.
- 4.8 A copy of the order shall be posted in the website of the Commission.
- 4.9 DPL 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/-**  
**(SUTIRTHA BHATTACHARYA)**  
**CHAIRPERSON**

**DATED: 28.07.2022**

**Sd/-**  
**SECRETARY**