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

**IN CASES NO.:
FPPCA – 84/ 16 – 17 AND
APR – 67 / 17 – 18**

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

PRESENT:

**SRI MALLELA VENKATESWARA RAO, CHAIRPERSON
SRI PULAK KUMAR TEWARI, MEMBER**

DATE: 10.07.2023



**CHAPTER 1
PREAMBLE**

- 1.1 The regulation 2.6 of the West Bengal Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2011, as amended from time to time (hereinafter referred to as the 'Tariff Regulations'), mandates that licensees are required to go through an Annual Performance Review (in short 'APR'). Accordingly, India Power Corporation Limited (hereinafter referred to as 'IPCL') submitted their FPPCA application for 2015-16 on 15.12.2016 followed with Annual Performance Review for 2015-16 on 01.02.2018. Subsequently IPCL submitted additional information as directed by the Commission. The FPPCA and APR applications along with additional submission was admitted by the Commission on 10.09.2021 and 13-09-2021 respectively and registered as Case No FPPCA-84 /16-17 and APR-67/17-18 respectively.
- 1.2 On admission of the APR application, IPCL was directed to publish the gist of the APR and FPPCA application 2015-16 vide letter dated 17.09.2021. Accordingly, the gist was published simultaneously on 24.09.2021 in Ananda Bazaar Patrika, The Telegraph, Aajkaal and Sanmarg. The approved gist along with the APR petition for 2015-16 was also published on the website of IPCL. Opportunities were given to all to inspect the application and take copies thereof. No Suggestions / objections has been received from any of the stakeholders within stipulated period of 21 days from the date of publication of the Gist on 24.09.2021.
- 1.3 The Commission also asked for certain additional information from IPCL through its letter vide no WBERC/APR-67/17-18/1432 dated 06.12.2021. In response IPCL has replied vide letter no RA/II/002/21-22/2199 dated 27.12.2021. IPCL further on 28.06.2022 vide its letter RA/II/002/22-23/34 has submitted breakup of the employee numbers in its generation and distribution business through affidavit.
- 1.4 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 2015-16, therefore, the review of the different elements of fixed charges, categorized as controllable and uncontrollable has been done in subsequent chapters of this order to find out the amounts to be permitted to IPCL against each head of element vis-a-vis the amount allowed under tariff order for



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2015-16 in Case No. TP - 58/13-14 and TP (R)-26/16-17 and representations made by IPCL.



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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 IPCL on the quantum of power sold by it to the consumers and other licensees during the financial year 2015-16.
- 2.2 The Fuel and Power Purchase Cost (FPPC) during the referred adjustment period, i.e., financial year 2015-16, is to be admitted in terms of schedule 7A to the Tariff Regulations.
- 2.3 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.
- 2.4 The referred schedule 9B to the Tariff Regulations also provides that in case the 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.
- 2.5 Before ascertaining the amount of admissible fuel and power purchase cost as well as the amount of gains if any, to be shared with the consumers and other licensees under the provisions of the Tariff Regulations explained in earlier paragraphs, it needs to view the actual performances of IPCL in comparison to the operational and fuel efficiency norms set by the Commission in the Tariff Order for the concerned year.
- 2.6 During 2015-16, IPCL has generated power from its 12 MW Dishergarh power plant. Total Gross generation during the year is 39.990 MU and sent out energy is 35.346 MU. In their submission, IPCL reiterated that despite their sustained efforts to obtain Coal Linkage with CIL/ECL, they failed to get it. Thus, to run its plant,



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- IPCL purchased coal from Tata Steel coal-rejects, Monnet washery rejects and other sources through SBC Minerals Pvt Ltd and Anand Carbo Private Limited during the period.
- 2.7 IPCL do not have coal linkage yet for their 12 MW plant. The Commission while giving clearance to purchase coal through order dated 14.02.2013 in case No. WBERC/OA-129/11-12 stipulated that the cost of fuel will be allowed as per provision 5.8.2 of the Tariff Regulations. IPCL further through a separate petition prayed before the Commission for in-principal clearance to purchase coal through e-auction. The Commission vide order dated 11.09.2013 vide case no. WBERC/OA-163/12-13 accorded clearance to purchase coal through e-auction subject to compliance of the conditions as stipulated in regulations 5.8.1 to 5.8.7 of the Tariff Regulations.
- 2.8 IPCL in their submission of FPPCA application has stated that, the conditions contained in regulation 5.8.2 of the Tariff Regulations is fulfilled as its own generation cost is cheaper from the power purchase cost and hence is beneficial to the consumers. IPCL has reiterated their inability to obtain coal linkage with ECL and accordingly requested the Commission to allow the actual fuel cost incurred during 2015-16.
- 2.9 From the submitted coal bills it is noted that IPCL has procured coal from Anand Carbo Private Limited, Tata Steel Limited and SBC Minerals Private Limited. The Commission vide letter no WBERC/APR-67/17-18/1432 dated 06.12.2021 directed IPCL to furnish against each supplier the coal grade, basic price, e auction premium and margin money in Rs/ Ton. Against such query IPCL has confirmed vide affidavit dated 23.12.2021 (reply dated 27.12.2021 in RA/II/002/21-22/2199) that IPCL has procured coal from SBC Minerals Private Limited, Tata Steel Limited and Anand Carbo Private Limited at a basic price of Rs 2335 per Ton for coal grade of GCV of 2800 Kcal/kg, Rs 2582 /ton for Washery Tailings B and Rs 882 / ton for Washery Rejects and Rs 4830 per ton for coal grade of 4600 kcal/kg respectively. It has been observed in the affidavit that no margin money was found to be involved in coal procurement process from these agencies. Thus, as per auditor certificate (Annexure-1.3 of Annexure-II of FPPCA Petition) the average price of coal is found to be Rs 3188.68 / MT and accordingly Commission considered such price for fuel cost determination.



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- 2.10 The Commission now decides to determine the allowable fuel cost on the basis of norms specified in the WBERC Tariff Regulation with Station Heat Rate of 3300 Kcal / KWh, Auxiliary Consumption rate of 10% and Transit Loss of coal of 0.30%.
- 2.11 IPCL submitted month-wise quantity of coal consumed duly certified by the auditor and statement of coal received during the year indicating month, quantity and GCV grade. IPCL submitted vide additional submission under affidavit on 24.08.2021 that, procurement of coal was made for a definite GCV range, and no instance of grade variation was observed (Page -1 of additional submission under affidavit on 24.08.2021) after analysis. Based on the quantity and GCV grade of coal received during the whole year, weighted average GCV comes out 2749 kCal/kg. This heat value has been computed on the basis of "Statement of Coal Received along with GCV analysis during the Period April-15 to March-16", furnished with the FPPCA petition. Commission noted that, as per Appendix – 1 to the additional affidavit on 24.08.2021, IPCL procured G-10 (4600 GCV) coal from Anand Carbo Private Limited. The Commission determined the weighted average heat value of coal as per regulation 5.8.1 of the Tariff Regulations, considering the 'minimum GCV of the corresponding GCV band' or actual GCV' as submitted in the audited certified statement, whichever is higher. However, in absence of any declared grade for 'coal rejects' and 'coal-tailings' the actual GCV obtained against such coal purchased from M/s Tata Steel and SBC Minerals Private Limited has been considered. Average useful heat value (UHV) of coal received during the period is calculated as 2703 Kcal/Kg on application of regulation 5.8.15 of the tariff regulations based on Statement of Coal Received along with GCV analysis during the Period April-15 to March-16 under auditor's certificate in Annexure-1.3 of Annexure-II of FPPCA Petition. The computations in this regard are given in Annexure-2A.
- 2.12 Actual achievement of generation, auxiliary consumptions and station heat rate vis-a-vis the same allowed in tariff order are stated hereunder:

Sl. No.	Particulars	Unit	As per Tariff Order	As per Actuals
1	Gross Generation	MU	89.35	39.990
2	Auxiliary Consumption	MU	8.94	4.644
3	Rate of Auxiliary Consumption	%	10	11.61%
4	Sent Out Energy	MU	80.41	35.346
5	Station Heat Rate	kCal/kWh	3300	3673



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The actual station heat rate has been derived on the basis of given quantity of coal consumption and actual weighted average Heat Value of Coal as per calculation below:

$$\text{SHR (Dishegarh)} = 54338.20 \times 2703 / 39.99 = 3673 \text{ Kcal / kWh}$$

2.13 As may be seen from the above statement, IPCL did not succeed in making improvements in the station heat rate and in auxiliary consumption with respect to the norms considered in the tariff order for the year 2015-16 and therefore is not entitled to any gain sharing for improvement in Station Heat Rate and Auxiliary consumption rate.

2.14 The norm for distribution loss of IPCL for the year 2015-16 was considered 5.25% in the tariff order. Thus, 5.25% will be considered as normative distribution loss while gain sharing will be calculated. As it comes out from the data as provided by IPCL in the instant application, the actual quanta of distribution loss experienced by it works out as under:

Sl. No.	Particulars	Figures in MU
A. Inputs to System		
(a)	Net Sent Out Energy	35.346
(b)	Energy purchased during the year	780.026
(c)	Net UI energy drawn	2.750
(d)	Delivered to the system [d = a + b + c]	818.122
B. Utilization of Power		
(e)	Sales to consumers	796.730
(f)	Own consumption	2.410
(g)	Total utilization (g=e + f)	799.140
(h)	Distribution loss [h = d – g]	18.982
(i)	Percentage of distribution loss [i = h/d x 100]	2.32

2.15 The allowable quantum of distribution loss (5.25%) on actual quanta of sales to consumers as well as the actual own consumption comes to 44.280 MU $[\{799.140/(1-0.0525)\} - 799.140]$ as against actual distribution loss of 18.982 MU. The savings in this regard comes to 25.298 MU (44.280 MU – 18.982 MU). As provided in paragraph C of Schedule – 9B to the Tariff Regulations, 2011 IPCL is entitled to retain the gains accruing to it in this regard.

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



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2.17 FC (FUEL COST):

2.17.1 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. The fuel costs to be allowed to IPCL for the year 2015-16 for its new power station at Dishergarh are based on the following fuel consumption norms as decided in paragraph 2.10 above:

Particulars	Unit	Norms
Station Heat Rate	kCal/kWh	3300
Auxiliary Consumption	%	10
Transit Loss of Coal	%	0.30

2.17.2 The weighted average calorific value of coal is, however, variable on factors depending on the actual grade mix of their use in the power stations and as maybe allowed under regulation 5.8.1 of the Tariff Regulations commensurate with actual level of energy sale.

2.17.3 IPCL submitted month-wise quantity of coal consumed duly certified by the auditor and weighted average Heat Value of the consumed coal during the whole year 2015-16. The Commission, however, admits the useful heat value of 2703 Kcal/Kg as decided in paragraph 2.11 of this order. Computations in detail are given in Annexure – 2A.

2.17.4 IPCL through auditor's certificate submitted the actual consumption of coal of 54338.20 tonne at a total cost of Rs. 1732.67 lakhs showing weighted average price of coal as Rs. 3188.68 per tonne. The price includes cost of transportation of coal.

2.17.5 Based on the above stated parameters the fuel cost of IPCL works out to Rs. 1533.45 lakhs on the basis of the actual level of sent out generation. Detailed computations in this regard are shown at Annexure – 2B.

2.18 PPC (POWER PURCHASE COST):

2.18.1 The actual quanta of power purchased by IPCL during 2015-16 from Damodar Valley Corporation (DVC), West Bengal State Electricity Distribution Company Limited (WBSEDCL), Indian Energy Exchange (IEX) and West Bengal Green Energy Development Corporation Limited (WBGEDCL) and total cost incurred



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thereon came to 780.026 MU and Rs. 36868.19 lakhs respectively as per the details given below:

Sources	Quantum (MU)	Cost incurred (Rs. lakhs)
DVC	641.910	29862.41
WBSEDCL	107.300	6178.26
IEX	30.230	798.23
WBGEDCL	0.586	29.29
Total	780.026	36868.19

2.19 ALLOWABLE FUEL AND POWER PURCHASE COST:

2.19.1 The allowable amount of fuel and power purchase cost (FC+PPC), computed in terms of the formula enunciated by the Commission as referred to in paragraph 2.2 above, works out to Rs. 38448.76 lakhs. The detailed computations are shown in Annexure – 2C.

2.20 C_D: COST DISALLOWABLE:

2.20.1 Factor C_D, as referred to in the FPPCA formula mentioned in paragraph 2.2 above, stands for cost as to be found disallowable by the Commission. The referred formula also specified the method of ascertaining the amount of such cost disallowable. In case of IPCL, C_D comes to nil as the quantum of actual purchase of 780.026 MU remained less than the quantum of allowable purchase of 808.07 MU. The computations in this regard are shown hereunder:

Sl. No.	Factor Notation	Nomenclature	Unit	Value
1	T	Normative transmission and distribution loss considered for sale to licensee	%	5.25%
2	D	Normative distribution loss for sale to consumers	%	5.25%
3	E _g	Actual Sent Out from Own Generating Station for Consumers and licensees	MU	35.346
4	E	Excess/ (Savings) in the quanta of auxiliary energy consumption \$	MU	0.00
5	E _P	Total energy purchased for distribution and supply to licensees (vide para 2.18.1)	MU	780.026
6	E _O	Energy for own consumption	MU	2.410
7	E _{SC}	Sold to consumers	MU	796.730
8	E _{SL}	Sold to licensee	MU	---
9	E _{Adm}	Admissible purchase of energy (note 1 below)	MU	808.07

\$ - 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.



Note (1):

Admissible quantum of purchase:

$$\frac{E_{SC} + E_O}{(1-d \times 0.01)} + \frac{E_{SL}}{(1-T \times 0.01)} - E - E_g$$

$$= \frac{796.730+2.410}{(1-5.25\%)} + 0 - 0.00 - 35.346$$

$$= 808.07 \text{ MU}$$

2.21 A: PRIOR PERIOD'S ADJUSTMENTS:

2.21.1 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. IPCL has claimed Rs. 1771.21 lakh as prior period adjustment. IPCL has not submitted any details or supporting documents against any expense incurred towards prior period adjustments. The value of this factor is, therefore, considered nil.

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

2.22.1 The aggregate amount of fuel and power purchase cost, commensurate with the actual quantum of sale to the consumers and to the licensee (WBSEDCL), that can be allowed to IPCL works out to Rs. 38448.76 lakhs with the break-up as given hereunder. The detailed computations in this regard are shown in Annexure – 2C.

Sl. No.	Particulars / Factors	Rs. lakhs
1	FC: Fuel Cost	1580.57
2	PPC: Power Purchase Cost	36868.19
3	C _D : Cost disallowable	0.00
4	±A: Prior period adjustment	0.00
5	Allowable fuel and purchase cost = FC+(PPC - C _D)+(± A)	38448.76

2.23 Benefits for savings in Distribution Loss:

2.23.1 In terms of paragraph C(ii) of Schedule – 9B of the Tariff Regulations, the gain accruing to a distribution licensee due to its performance in distribution loss better than the norms of distribution loss in any ensuing year starting from 2014-15 onwards shall be shared by that distribution licensee and the consumer at the



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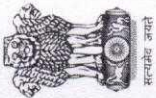
ratio 75:25 through APR of that year. The Commission is of considered opinion that, due to lower distribution loss than the norms, the gain is on account of savings in the quantum of power purchase only. No gain on this account is accrued to the fixed cost part of the licensee. This is similar to savings in fuel cost due to improved mileage. As referred in paragraph 2.15 above, such savings in quantum came to 25.298 MU. The value of such savings at the average cost of power at the distribution bus works out as under:

Particulars	Quantum (MU)	Cost (Rs. lakhs)
Sent out from Generation (Ref: para 2.12)	35.346	1533.45
Purchase (Ref: para 2.18.1)	780.026	36868.19
Total	815.372	38401.64
Average Rate per Unit (Paise per unit)		470.97
Savings in cost	25.298	1191.46
Savings shared with Consumers@ 25%		297.87
Savings for IPCL		893.59

2.23.2 Out of amount of Rs. 893.59 lakhs, computed above, a total amount of Rs. 47.12 lakhs (Rs. 1580.57 lakhs - Rs. 1533.45 lakhs) (Refer annexures 2B and 2C) has already been shared under applicable fuel cost formula of own generation by way of adopting normative rate of distribution loss as denominator in computing admissible fuel cost for sale to Licensee and consumers. The balance amount of Rs. 846.47 lakhs is now being allowed.

2.24 Summing up the findings as stated above, the net amount of fuel and power purchase cost allowed to IPCL for the year 2015-16 comes as under:

Particulars	Rs. Lakhs
Fuel and Power Purchase Cost as per FPPCA Formula in para 2.22.1 above	38448.76
Additional amount on account of savings in the rate of Distribution loss net off consumer share	846.47
Re-determined Fuel and Power Purchase Cost	39295.23



Annexure – 2A

**COMPUTATION OF UHV OF COAL BASED
GENERATING STATION AS PER REGULATION
NO. 5.18.5 OF THE TARIFF REGULATIONS**

Source	Quantity	Grade	Minimum GCV of coal received (x)	Max GCV of band (X2)	Min GCV of band (X1)	Max UHV of band (Y2)	Min UHV of band (Y1)	Mean UHV Interpolation	Qty x Mean UHV	Wtd.Avg UHV
Anand Carbo Private Limited	3979	G-10	4601	5089	4324	4200	3360	3663	14575316	
SBC Minerals Private Limited	37899	Washery Rejects	2640					2640	100060477	
Tata Steel Limited	17275	Washery Rejects	2620					2620	45258852	
Total-Purchased	59153								159894644	2703



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ANNEXURE – 2B

ALLOWABLE FUEL COST

Sl No	Particulars	Unit	12 MW
1	Ex-Bus Generation	MU	35.346
2	Rate of Auxiliary Consumption	%	10
3	Auxiliary consumption on ex-bus generation $[(1)/(1-0.10)-(1)]$	MU	3.927
4	Admissible Generation for sale $[(1)+(3)]$	MU	39.273
5	Station Heat Rate	Kcal/kWh	3300
6	Total Heat Required (4×5)	M.Kcal	129602.00
7	Heat value of Oil	Kcal/lit	–
8	Specific Oil consumption	ml/kWh	–
9	Oil consumption (4×7)	KL	–
10	Heat from oil (8×9)/1000	M.Kcal	–
11	Heat from coal (6-10)	M.Kcal	129602.00
12	Average UHV of coal	K.cal/Kg	2703
13	Coal consumption (11/12) ×1000	MT	47946.24
14	Coal requirement at 0.30% transit loss	MT	48090.51
15	Average price of oil	Rs./KL	–
16	Average price of coal	Rs./MT	3188.68
17	Cost of oil (8×15)/100000	Rs. in lakhs	–
18	Cost of coal (14×16)/100000	Rs. in lakhs	1533.45
19	Cost of Fuel (17+18)	Rs. in lakhs	1533.45
20	Cost of fuel per unit (19/1*10)	Paise/kWh	433.84



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ANNEXURE – 2C

**STATEMENT SHOWING ADMISSIBLE
FUEL AND POWER PURCHASE COST**

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	%	5.25%
2	D	Norms of distribution loss for sale to consumers	%	5.25%
3	E _o	Energy for own consumption	MU	2.410
4	E _{SL}	Energy sale to licensee and interplant transfer [refer table in paragraph 2.3]	MU	-
5	E _{SC}	Energy sale to consumer	MU	796.730
6	Fuel Cost	Fuel cost for generation on normative parameters Refer Annexure – 2B)	Rs. in Lakhs	1533.45
7	FC _{IUC}	Per unit Fuel Cost at distribution input for sale to consumers (Refer Para A in Note below)	Paise/kWh	18.74
8	FC _{Adm_d}	Admissible Fuel Cost for sale to WBSEDCL and inter plant transfer (Refer B(ii) in Note below)	Rs. in Lakhs	-
9	FC _{Adm_C}	Admissible Fuel Cost for sale to consumer and for own consumption [Refer B(i) in Note below]	Rs. in Lakhs	1580.57
10	FC	Admissible fuel cost [(8)+(9)]	Rs. in Lakhs	1580.57
11	PPC	Power Purchase Cost (vide para 2.18.1)	Rs. in Lakhs	36868.19
12	FC + PPC	Admissible Fuel and Power Purchase Cost [(10) + (11)]	Rs. in Lakhs	38448.76

Note :

A. Fuel Cost per Unit (kWh) at Distribution Input		Unit	Amount
(i)	Fuel Cost for sale to consumers	Rs. in Lakhs	1533.45
(ii)	Energy sent out from own generation for the consumers and licensee	MU	35.346
(iii)	Power Purchase	MU	780.026
(iv)	Net UI Drawn	MU	2.750
(v)	Overall energy available at input of the Distribution System [(ii)+(iii)+(iv)]	MU	818.122
(vi)	FC _{IUC} [(i)/(v)]	Paise/kWh	18.74

B. Admissible Fuel Cost for sale to Consumers and Licensee		Unit	Amount
(i)	$\frac{E_{SC}+E_o}{(1-d \times 0.01)} \times FC_{IUC} = \frac{(796.730+2.410)}{(1-.0525)} \times 18.74$	Rs. In Lakhs	1580.57
(ii)	$\frac{E_{SL}}{(1-t \times 0.01)} \times FC_{IUC} = 0 \times 18.74$	Rs. In Lakhs	-



**CHAPTER 3
FIXED COST DETERMINATION UNDER APR**

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 APR. In its order dated 21.07.2016 in the tariff application of IPCL for the years 2014-15 to 2016-17, the Commission considered some specific principle 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 inflation (WPI) and consumer price inflation (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 In Table 3.2-1 below the values considered during projection are now compared with actual inflation indices as available from websites of Economic Advisor Govt. of India and Labour Bureau and business volume data provided by IPCL in their APR application through their letter dated 24.08.2021 (For 2015-16) and 28.01.2020 (For 2014-15). Relevant inflation related data / computation provided in Annexure-3A.

Table 3.2 -1

Particulars	Inflation %			Business volume	
	CPI	WPI	Combined (40:60)	Line length in CKM	Consumer Number
Considered for 2015-16 during MYT projection of 4 th Control Period	9.15	6.62	7.63	948.01	1456
Actual in 2015-16	5.65	-2.47	0.78	934.58	1484

3.3 Now the Commission proceeds to review each of such fixed charge elements claimed by IPCL in line with Tariff Regulations with specific reference to Regulation 2.5.5, 2.5.5.1, 2.6.10 and 2.8.9.5 and principles, terms and conditions for determination of tariff for retail sale of electricity as per schedule-5 of the Tariff Regulations. For interest, depreciation and return on equity, principles laid down in the Tariff Order dated 09.07.2021 in Case No. TP-78/18-19 for the J.K. Nagar substation has been followed.



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3.4 Employee Cost:

3.4.1 In the Tariff order for 2015-16 IPCL was allowed a total amount of Rs. 4159.22 lakhs towards employee cost which included Employee cost for Generation business Rs. 505.63 lakhs and Distribution business Rs. 3653.59 lakhs.

3.4.2 As against the amount allowed in Tariff order, IPCL has claimed Rs. 3913.30 lakhs as the actual expenditure as per audited accounts. Total of 'employee expenses' and 'Directors fees and commissions' as reflected from Note 27 and Note 29 of audited annual accounts of DPSC Division of IPCL also tallies with the amount.

3.4.3 From the additional submissions made in revised Form 1.17 (h) as per response dated 28 June 2022, the main sub-heads of claim are shown below:

Table 3.5-1

Head of expense	Allowed in Tariff order			Claimed in APR		
	Generation	Distribution	Total	Generation	Distribution	Total
Employee Cost (Own)	505.63	3653.59	4159.22	218.02	3308.15	3526.17
Employee cost for contract in regular establishment				59.96	171.56	231.52
Directors fee & remuneration				0	57.64	57.64
VRS compensation				0	97.97	97.97
Total	505.63	3653.59	4159.22	277.98	3635.32	3913.30
Own Employee				24	587	611
Contractual Manpower				15	165	180

3.4.4 IPCL has claimed Rs. 231.52 lakhs towards expenses of contractual manpower engaged in various jobs under regular establishment. Out of total amount of Rs. 231.52 lakhs, Rs. 59.96 lakhs is related to Dishergarh generating plant of IPCL and Rs. 171.56 lakh is related to distribution expenses (including centrally maintained expenses). IPCL has claimed the entire amount as employee expenses. The Commission observes that, in terms of regulation 5.9.1 of the Tariff Regulations, contracted manpower engaged in the regular establishment comes under the employee cost. However, for generating function, the overall manpower engaged is required to be limited within the man/MW norms specified in Schedule-9A of the Tariff Regulations. Accordingly, the admissible cost of contracted manpower engaged in regular establishment comes is computed as below:

Sl No	Particulars	Man/MW ratio	Maximum permissible manpower	Own employee engaged	Contracted manpower engaged	Total manpower engaged	Contracted manpower cost (RS. Lakh)
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							claimed	Admitted
A	Dishergarh 12 MW	3.50	42	24	15	39	59.96	59.96
B	Distribution business	-	-	-	-	-	171.56	171.56
	Total						231.52	231.52

3.4.5 IPCL has claimed Rs. 15.73 lakh as expenditure on account of staff training expense which is not considered under employee expense but should be included under administrative and general expenses. This expenses of Rs 15.73 lakhs is to be considered under distribution head as the training is related to distribution function only.

3.4.6 The Commission has already released in APR of 2012-13 and 2013-14 the VRS related amounts. Thus, no further amount is considered by Commission under VRS compensation head.

3.4.7 Summarizing the above, the admitted expenditure under Generation and Distribution based on the Information submitted by IPCL is as under:

Table 3.5-2

Head of expense	Claimed (in Rs. Lakh)			Admitted (in Rs. Lakh)		
	Generat ion	Distributi on	Total	Generat ion	Distributi on	Total
Employee Cost (Own)	218.02	3292.42	3510.44	218.02	3308.15	3526.17
Employee cost for Contract in regular establishment	59.96	171.56	231.52	59.96	171.56	231.52
Staff Training expenses		15.73	15.73	-	-	-
Directors fee & remuneration	0	57.64	57.64	0	57.64	57.64
VRS compensation	0	97.97	97.97	-	-	-
Total	277.98	3635.32	3913.3	277.98	3537.35	3815.33

3.5 Water Charge

3.5.1 In the MYT order of fourth control period Commission admitted Rs. 10.93 lakhs for water charges in the year 2015-16. Commission also observed in the MYT order of fourth control period that the expenditure on water charges being uncontrollable in nature, the actual expenditure vis-à-vis actual generation will be viewed separately by the Commission for admitting expenses under this head. Actual generation has been 39.99 MU against approved figure of 89.35 MU and actual water charges was Rs. 1.54 lakhs.



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3.5.2 In reply to a query of Commission, IPCL vide letter of 24.08.2021 stated that the amount booked in annual accounts includes water charges for Plant consumption along with consumption for colony, Tribal Villages, CSR and guest house. Commission is viewing that such portion of water charges are to be considered under administrative and general expenses for distribution, which have been taken separately. Thus, the proportionate amount as submitted by IPCL is considered under water charges and balance under O&M expenses as indicated below.

Table 3.6-1
Water charges for 2015-16

Water Charges admitted in Tariff Order 2015-16	Water charges Actual	Total Water Consumption	Plant consumption Water	Other consumption	Considered under Water Charges for generation Plant	Considered other consumption
1	2	3	4	5	6= (2 X 4 + 3)	7=2-6
Lakhs Rs.	Lakhs Rs.	KL	KL	KL	Rs. Lakhs	Rs. Lakhs
10.93	1.54	70272000	61136640	9135360	1.34	0.20

3.5.3 Thus, amount of Rs. 1.34 lakhs as above is admitted under the head water charges for Generation function.

3.6 Coal and Ash Handling Expenses

3.6.1 In the MYT order of fourth control period Commission admitted Rs. 82.50 lakhs for the year 2015-16. Commission also observed in the MYT order of fourth control period that the actual expenditure vis-à-vis actual generation will be viewed separately by the Commission for admitting expenses under this head. Actual generation during 2015-16 was 39.99 MU as against approved generation of 89.35 MU. Actual cost for coal and ash handling was Rs. 46.08 lakhs for 2015-16. Since the approved cost of Rs. 82.50 lakhs, prorated on basis of actual generation, i.e., Rs. 82.50 lakhs x 39.99 MU / 89.35 MU = Rs. 36.93 lakhs, the Commission approves Rs. 36.93 lakhs under this head.

3.6.2 The Commission admits Rs. 36.93 lakhs under this head under generation function.

3.7 O&M Expenses for Generation.



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3.7.1 O&M expenses for generation for Rs. 81.24 lakhs was allowed in the tariff in accordance with the norms specified in Schedule 9A of the Tariff Regulations. Only new power plant (12 MW) at Dishergarh was under commercial operation for the whole year. Thus, O&M Expenses for generation function is being admitted based on the normative parameter as follows.

Table: 3.8-1
O&M Expenses Computation for Generation Function

Unit No	Unit Size (MW)	O&M Expenses Rs. Lakhs Per MW	No of Days	Total Expenses
Dishergarh TPS (New)	1X 12	6.77	365	81.24

3.7.2 IPCL has claimed RS. 92.46 lakh as O&M expenses under generation head for the year 2015-16. O&M expenses for Generation being a controllable expenditure the Commission admits Rs. 81.24 lakhs on normative basis in the APR for 2015-16.

3.8 R&M Expenses for Distribution

In the MYT order IPCL was allowed Rs. 339.00 lakhs for 2015-16. As per note 29 of IPCL accounts as certified by auditor, the actual expenses under R&M heads shown as Rs. 474.42 lakhs which includes Rs. 299.71 lakhs for repair and Rs. 174.71 lakhs for consumption of stores. As R&M Expenses for Distribution system is controllable item without any operating norms thus allowable limit of the same is limited to the amount admitted in MYT order. Hence, allowable expenses comes to Rs. 339.00 lakhs, as was admitted in MYT Tariff Order. Thus, the total amount allowed under the head of O&M expenses is Rs. 339.00 lakhs as explained above computed on normative basis.

3.9 A&G Expenses for Distribution.

3.9.1 Administrative & Legal (A&G) expenses comprise of audit expenses, legal expenses and other administrative and general expenses. A total amount of Rs. 318.00 lakhs was allowed to IPCL in MYT order in this regard for the year 2015-16 with following break up:



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Table 3.10-1
A&G Expenses for Distribution

Expense Item	Admitted in ARR 2015-16 (Rs. Lakhs)
Audit expenses	9.00
Other A&G Distribution	237.00
Legal & Prof. charges	72.00
Total	318.00

- 3.9.2 In the annual DPSC Division account Note 29 of IPCL, certified by auditor, the following breakup of A&G expense is available which also includes expenses under generation function.

Table – 3.10-2

Expense Head	Generation (Rs. Lakhs)	Distribution (Rs. Lakhs)	Total (Rs. Lakhs)
Audit expense	0.80	17.61	18.41
Misc. Expense	43.33	904.65	947.98
Loss on Foreign exchange fluctuation	-	-	-
Loss of sale of fixed asset	0.07	5.01	5.07
Rent	0.17	3.72	3.89
Total	44.37	930.99	975.35

- 3.9.3 Function-wise break-up of the above can be obtained from Annexure-4 of the APR Petition, where, the centrally maintained expenses have been allocated by IPCL to generation and distribution functions on the basis of energy handled.
- 3.9.4 It has also been observed that Legal charges is a component of miscellaneous expenses, and legal charges for generation and distribution function as per Annexure 4 and considering the allocation principle mentioned above are Rs. 7.20 lakhs and Rs. 159.47 lakhs, totaling to Rs. 166.67 lakhs. Rent also has to be considered under A&G expense.
- 3.9.5 Miscellaneous expenses also include Rs. 7.00 lakhs for license and petition fees, which needs to be considered separately. It is also found that CSR expense of Rs. 1.39 lakhs and Rs. 30.97 lakhs, totaling to Rs. 32.36 lakhs is included in miscellaneous expense. Such figure cannot be allowed.
- 3.9.6 Staff training expense of Rs. 15.73 lakhs for distribution and Water charges amounting to Rs. 0.20 lakhs has to be considered under A&G as per Table 3.6-1.



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3.9.7 Based on the above discussion, recomputed other A&G expenses are shown below:

Table – 3.10-3

Expense Head	Generation (Rs. Lakhs)	Distribution (Rs. Lakhs)	Total (Rs. Lakhs)
Total A&G expense including legal as per Table 3.10-2	44.37	930.99	975.35
Less: License and Petition fee	0.00	7.00	7.00
Less: Legal expense	7.20	159.47	166.67
Less: CSR	1.39	30.97	32.36
Add: Staff training expense	-	15.73	15.73
Add: Water charges	-	0.20	0.20
Other A&G	35.78	749.48	785.26

3.9.8 From Table 3.10-2 and Table 3.10-3, A&G expenses for 2015-16 can be tabulated as below:

Table – 3.10-4

Expense Head	Generation (Rs. Lakhs)	Distribution (Rs. Lakhs)	Total (Rs. Lakhs)
Other A&G	35.78	749.48	785.26
Legal expense	7.20	159.47	166.67
Audit expense	0.80	17.61	18.41
Other A&G	43.78	926.56	970.34

- 3.9.9 O&M expense for generation function is normative and accordingly has been allowed in paragraph 3.8.2 above. A&G expense for distribution needs to be compared with the amount allowed in Tariff Order.
- 3.9.10 Distribution A&G expenses is controllable item which is to be considered with respect to the amount allowed under the Tariff Order.
- 3.9.11 On inflation head already lot of advantage has been received by the IPCL as actual inflation rate is quite less than that what has been considered in the MYT order. A&G expenses are controllable in nature without any operating norms. Thus, the total admittance under these heads are restricted to the amount admitted in MYT.
- 3.9.12 Now the claimed and admitted value for O&M Expenses of Distribution are as per Table 3.10-4 below:



Table 3.10- 5
Admitted Amount for A&G Expenses in Distribution

Expense Item	Amount Admitted in MYT Order	Actual expenses Rs. lakhs (see Table 3.10-4 above)	Admitted amount in APR Rs. lakhs
Auditor	9.00	17.61	318.00
Legal	72.00	159.47	
Other A&G Dist	237.00	749.48	
Total A&G	318.00	926.56	318.00

3.10 Insurance

As per fourth MYT order, for 2015-16 insurance premium was approved as Rs. 0.10 lakhs on the head of generation function and Rs. 27.90 lakhs for Distribution. In APR petition for 2015-16 IPCL has on this head claimed an amount of Rs. 0.10 lakhs for generation function and Rs. 28.61 lakhs for Distribution. Considering the admitted amount in APR order of the base year 2014-15 and compounded growth rate of inflation (0.78%) and distribution line length (0.81%) the expenses claimed by IPCL has found to be reasonable. Thus, Commission admits such expenses of Rs. 28.71 lakhs with breakup of Rs. 0.10 lakhs for generation function and Rs. 28.61 lakhs for Distribution in APR of 2015-16 as proposed by IPCL in Form 1.17(f) Vol 1 Annex 4 statement of "Details of Insurance paid".

3.11 Rates & Taxes

3.11.1 As per MYT order for 2014-15 to 2016-17, for 2015-16 rates and taxes approved was Rs. 18 lakhs on the head of distribution function. In APR petition for 2015-16 IPCL has claimed an amount of Rs. 52.12 lakhs with breakup of Rs. 3.02 lakhs for generation function and Rs. 49.10 lakhs for Distribution. Claim of IPCL includes expenses towards rent amounting to Rs. 3.89 lakhs as noted from Annex 4 Volume 1 under the heading "Details of Rent Rates and Taxes". Rent has been considered under A&G expenses as discussed in foregoing para 3.10.4 of this order. Excluding rent the amount, the rates and taxes comes to Rs. 48.23 lakhs (Rs. 52.12 lakhs – Rs. 3.89 lakhs).

3.11.2 Since this head is an uncontrollable item in ARR and statutory in nature thus the enhanced amount over and above the amount admitted in MYT is required to be considered. In the note 29 of financial statement of 2015-16 in Annex 1 Volume 1 of IPCL petition has shown an amount of Rs. 48.24 lakhs as rates



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and taxes. Functional break-up of Rates and Taxes amounting of Rs. 48.24 lakhs is Rs. 3.02 lakhs in generation and Rs. 45.22 lakhs in distribution as provided in Annexure 4 of APR petition.

- 3.11.3 An amount of Rs. 7.00 lakhs for licensee and filing fees is admitted during 2015-16 under the distribution function as decided in paragraph 3.10.5 above.

3.12 Depreciation.

3.12.1 Total depreciation admitted in the MYT order of the Commission for the year 2015-16 is Rs. 1204.71 lakh (paragraph 4.15 of MYT order) considering a 5% reduction of provisional project cost of DPS 12 MW unit (New) on the ground as explained in paragraph 4.3 of MYT order. Against such amount IPCL has claimed Rs. 1626.37 lakhs towards depreciation in their application and provided a breakup of the depreciation in Application and Form B submitted on 01.02.2018.

3.12.2 It is seen from the DPSC Division account of IPCL for the year 2015-16, the depreciation amount shown in note 14 of accounts is Rs. 1688.77 lakhs. IPCL has provided a reconciliation of depreciation claimed in APR and amount booked in accounts in their Annexure-4 of the APR Petition and also in Form B, duly reducing the amount booked in accounts by an amount of Rs. 40.49 lakhs and Rs. 21.89 lakhs which are depreciation on cost of additional three floors of its building at Salt Lake in Kolkata including the cost of air conditioning plant and elevator and depreciation for the year on leasehold land at Corporate Office including registration charges respectively, thus arriving at an amount of Rs. 1626.39 lakhs.

3.12.3 In the MYT order for 2014-15 to 2016-17 para 4.15.1 (b) and (e), the Commission decided that depreciation of Chinakuri power plant will not be allowed in FY 2015-16. The Commission also decided that the project cost of DPS 12 MW power station will be restricted to the approved amount of Rs 6654 lakhs,. Thus, in effect, for 2015-16, depreciation for generation will be only allowable on Rs 6654 lakhs as noted in table under para 4.15.2 of the MYT order. However, form B shows much higher generation asset value under depreciation. Commission considered a depreciation of Rs 252.60 lakh for Dishergarh 12 MW plant in APR 2014-15 on acknowledged Asset of Rs 6654



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lakh for the plant. There has been no addition of admissible asset value for Dishergarh 12 MW plant. Commission accordingly admits the value of Rs 252.60 lakh as depreciation for the Dishergarh 12 MW plant. In the MYT order for 2014-15 to 2016-17 dt 21.7.2016 para 4.15.1 (a), the Commission decided not to allow depreciation on the asset of Chinakuri Power Station in the ARR for the years 2014-15, 2015-16 and 2016-17 since the matter was subjudice following non-extension of lease agreement by ECL beyond 31.3.2012. IPCL at para 23 of their submission text at APR petition has confirmed that the matter was still under arbitration. No depreciation is accordingly considered for Chinakuri Power Station in APR 2015-16. Admissible depreciation for generation function accordingly comes to Rs 252.60 lakh against claim for generation function at Rs 430.47 lakh as furnished at Form B of the APR 2015-16 petition.

- 3.12.4 The details furnished in Annexure 4 of the petition IPCL shows that depreciation for Chinakuri is Rs. 100.35 lakhs. As already mentioned above, the Commission decides to deduct entire depreciation of Chinakuri amounting to Rs. 100.35 lakhs.
- 3.12.5 Total capitalization of JK Nagar substation as noted from Form 1.19 (b) and Form 1.19 (c) is Rs. 14589.74 lakhs included in Distribution assets. Approved Project Cost for JK Nagar substation as per Order dated 22.11.2018 in Case No. OA-57/09-10 is Rs. 11008.00 lakhs. Cost of the LILO component, as per Order dated 23.12.2020 in Case No. OA-57/09-10 is Rs. 3860.97 lakhs, which is included in Rs. 11008.00 lakhs. As per Order dated 09.07.2021 in Case No. TP-78/18-19, return on equity and depreciation are not allowable to IPCL on Rs. 3860.97 lakhs, however, interest will be applicable. Therefore, depreciation would be allowable for JK Nagar substation on asset value of Rs. 7147.03 lakhs (Rs. 11008.00 lakhs – Rs. 3860.97 lakhs = Rs. 7147.03 lakhs). The Commission observes that IPCL has stated at para 50 of their submission text that the J.K. Nagar 220 KV sub station achieved connectivity with the STU grid on 11th December, 2015 and could be put to use only for 111 days. Accordingly, depreciation is allowable for 111 days only in 2015-16. Such depreciation is allowable on Rs. 7147.03 lakhs as mentioned above at the same proportionate rate as considered earlier in APR 2013-14 and 2014-15 (in absence of detail



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breakup of depreciation of distribution and transmission asset in Form (B),) for 111 days which comes to Rs 74.56 lakh.

In view of above, the net disallowance for depreciation in respect of 220 KV J.K. Nagar substation accordingly comes to Rs 427.32 lakh based on the principle of same proportionate rate adopted for earlier years as explained before (Rs 501.88 lakh as depreciation of entire claimed asset value of 14589.74 lakh - Rs 74.56 lakh as admissible depreciation). Further, in absence of any additional information, the Commission decides to continue with deduction of Rs. 4.76 lakhs depreciation for flat in Haldia, as considered in APR 2013-14 in Order dated 27.11.2020 in Case No. FPPCA-69/14-15 and APR-47/14-15.

3.12.6 Summarising above, the allowable depreciation for 2015-16 is as follows.

Table 3.13-1

in Rs lakhs

SI No	Particulars	Amount
1	Depreciation and amortisation expense as per audited DPSC Division Account	1688.77
2	Less: Depreciation on	
A	Additional 3 floors of Kolkata Office (Form B)	40.49
B	Leasehold land at corp (Form B)	21.89
C	Generation Asset Disallowed in Tariff order (para 3.13.3 above) (430.47-252.60)	177.87
D	JK Nagar S/Stn. (para 3.13.6 above)	427.32
E	Flat at Haldia (Para 3.13.2 of APR order 2013-14)	4.76
3	Subtotal (A to E)	672.33
4	Depreciation allowable (SI 1 – SI 3)	1016.44

3.12.6.1 Thus Rs. 1016.44 lakhs admitted towards depreciation for 2015-16 with function wise allocation in the same ratio as claimed by IPCL in their application. Function wise admitted depreciation is as under:

Table 3.13-2

	Generation	Distribution	Total
Depreciation as per APR application	446.04	1180.33	1626.37
Depreciation admitted	252.60	763.84	1016.44



3.13 Interest on Borrowed Capital

3.13.1 In the MYT order of fourth control period, Commission allowed Rs. 1510.24 lakhs in the ARR of IPCL for 2015-16 towards Interest on borrowed capital, of which Rs. 453.39 lakhs was allocated for Generation function and Rs. 1056.85 lakhs was for distribution function. IPCL in their APR application in form E(B) claimed Rs. 2620.92 lakhs as interest on borrowed capital. Whereas IPCL in Form C has furnished total interest amount of Rs. 3417.60 lakh with following breakup:

Table: 3.14-1

Purpose of loan	
Capital	Interest (Rs. lakhs)
DPS Plant 12 MW	407.91
J K Nagar substation	937.57
Bulldozer	0.58
Misc. Capex & General Corporate purpose	336.66
Distribution system development and other capex	2030.55
Maintenance of capex and net working capital	299.76
Part financing of capex for LT network	82.92
Line of credit for cash flow mismatch	1021.06
Non Convertible debenture (NCD)	1315.00
Sub Total	6432.01
Working Capital	1805.60
Interest for Consumer SD	127.81
Other Borrowing Cost/NCD issue expense	438.79
Interest paid -Others	22.09
Interest on Security Deposit	16.94
Less: Capitalisation	5425.64
Total	3417.60

The figure Rs. 3417.60 lakhs is also appearing in the DPSC Division account of Note 28 of Annual Accounts. In additional submission dated 27.12.2021, IPCL mentioned that, the figures furnished in Form C includes loan for Raghunathpur project and Hiranmaye Energy as well as some loan for maintaining their cash flow deficit.



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- 3.13.2 The JK Nagar substation has been put to use during the year. Asset value of JK Nagar substation was Rs. 14589.74 lakhs and the approved project cost was Rs. 11008.00 lakhs. As per Form C, IPCL has availed of Rs 7493 lakh as loan for J.K Nagar substation. The loan amount is 68.07% of the approved project cost, the interest amount proposed as Rs. 937.57 lakhs relate to such loan. The Commission observes that IPCL has stated at para 50 of their submission that the J.K. Nagar 220 KV substation achieved connectivity with the STU grid on 11th December, 2015 and could be put to use only for 111 days. Accordingly, interest on such loan is admitted for Rs 285.12 (937.57/365*111) lakh is admitted against J.K Nagar sub-station.
- 3.13.3 Asset value of the 12 MW generating station is Rs. 8781.27 lakhs, whereas, the project cost approved during 2nd stage approval is Rs. 6654.00 lakh. From the submission made in Form C in tariff petition, it is observed that, IPCL has availed Rs. 4000 lakh as loan for the generating station. The loan amount is 60.11% of the project cost as approved in the 2nd stage. The Commission allows Rs. 407.91 lakhs as interest expense for the 12 MW plant.
- 3.13.4 The loan for bulldozer is not a part of admitted project cost of DPS plant as stated in para 3.6.4 of the APR order of IPCL for 2013-14. The loan on account of Misc Capex & General Corporate purpose has been drawn for both fixed asset/capital asset and working capital purpose without any segregation and capitalization details. As per statement of IPCL in form C, NCD has been used for meeting working capital requirement. These loans are not considered under capital borrowing. Assets served over and above the identified loan capital and the equity are considered in normative loan under paragraph 3.14.6 below. Working capital and interest on consumer security deposits are dealt with separately in this APR order in accordance with Regulatory provisions. Thus, only the loan for DPS 12 MW plant and JK Nagar substation are considered for admittance, total interest expense comes to Rs. 285.12 lakhs + Rs. 407.91 lakhs = Rs. 693.03 lakhs.
- 3.13.5 The actual repayment of loan for 2015-16 as per Form C for DPS 12 MW plant is Rs. 444.44 lakhs. There have been no repayment for loans taken for JK Nagar substation as reflected from Form C. Actual asset addition taking into consideration the asset addition shown by IPCL in Form B and statement on



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project wise asset addition in Volume 1 and adjusting the excess addition on account of JK Nagar Sub Station and DPS 12 MW plant is calculated as under. Order dated 22.11.2018 in Case No. OA-57/09-10 has been considered, vide which project cost for JK Nagar Sub Station has been approved at Rs. 11008 lakhs, to determine excess addition on account of JK Nagar Sub Station.

Table 3.14-2

Particulars	2014-15	2015-16	Data Source
Gross Block of Fixed asset as per annual accounts	45698.78	45792.11	
Less: Assets disallowed			
Additional 3 floors at Salt Lake building	1663.35	1663.35	Form 1.18
Leasehold land at Salt lake	1324.55	1324.55	Form 1.18
Flats at Haldia	132.29	132.29	APR 2013-14
Leasehold land at Raghunathpur	1321.75	1321.75	APR 2014-15
Capitalisation in excess of approval at DPS 12 MW plant	2127.27	2127.27	Form 1.19 (b) & 1.19 (c)
Capitalisation in excess of approval for JK Nagar Sub Station	13690.99	3581.74	Form 1.19 (b) & 1.19 (c), read with Order dated 22.11.2018 in Case No. OA-57/09-10
Admissible gross block of fixed assets	25438.58	35641.16	
Less: Consumers contributions & Adv.	2518.99	1555.09	Form 1.18
Net Cost of fixed assets	22919.59	34086.07	
Admissible net Addition to fixed asset	506.43	11166.48	

3.13.6 The amount allowable towards interest on normative loan is computed in terms of Form 1.20 (b) of WBERC Tariff Regulations, 2011 as under.

Table 3.14-3

SI	Normative debt	Derivation	Amount
1	Opening Gross Normative Debt	CB 2014-15	6664.12
2	Less: Cum Repayment upto the previous year	CB 2014-15	1902.68
3	Opening Net Normative Debt	3 = 1 – 2	4761.44
4	Actual addition to debt during the year	Form C	0
5	Addition to Fixed asset during the year	Table 3.14-2	7305.51
6	Normative addition to debt @ 70% of fixed asset addition	6 = 5 X 70%	5113.86
7	Addition to debt to be considered for APR	Higher of 5 & 6	5113.86
8	Additional Gross Normative debt for the year	8 = 7 – 4	5113.86
9	Repayment of normative debt during the year ^{Note 1}	10% of (3+8)	987.53
10	Net additional gross normative debt during the year	10 = 8 – 9	4126.33
11	Closing balance of net normative debt	11 = 3 + 10	8887.77
12	Average balance of net normative debt	12 = (3+11) / 2	6824.61
13	Weighted average rate of interest	Form C	12.28%
14	Allowable interest on normative debt	14 = 12 X 13	838.06
15	Closing balance of gross normative debt	15 = 1 + 8	11777.98



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Sl	Normative debt	Derivation	Amount
16	Cumulative repayment of normative debt upto the year	16 = 2 + 9	2890.21

The Commission vide order dated 23.12.2020 in Case no OA-57/2009-10 directed that, the capital cost of transmission asset pertaining to LILO of Santaldih -Durgapur 220KV D/C will be reimbursed to IPCL in 120 equal monthly instalments. Thus, Rs 3860.97 Lakh pertaining to such project will not be considered under the fixed asset of IPCL. However, since IPCL has to service the debt taken for the project, the interest on such debt is allowable on the total loan taken for the project since IPCL has to service the loans entered with the Bank in cash. However, no such obligation arises in case of normative debt which is excess equity as cost of such asset is repayable fully by WBSETCL.

3.13.7 As shown in Form C, the purpose of loan for allowable borrowed capital is DPS 12 MW unit, thus the interest cost is allocated to generation function. JK Nagar loan is allocated to distribution function. For allocation of normative debt the ratio of closing GFA as per Form 1.18 is considered. Closing GFA as per Form 1.18 for Generation is Rs. 11310.56 lakhs and that for distribution has been computed as the difference total closing GFA and generation closing GFA, i.e., Rs. 27556.75 lakhs (Rs. 38867.31 lakhs – Rs. 11310.56 lakhs). Interest on normative debt as admitted has been allocated in the same ratio in the Table 3.14-4 below.

**Table 3.14-4
Interest Payable for IPCL in 2015-16**

	Generation	Distribution	Total
Asset as per Form 1.18	11310.56	27556.75	38867.31
Normative debt interest	243.88	594.18	838.06
Borrowed capital interest	407.91	285.12	693.03
Total	651.79	879.30	1531.09

3.14 Other Finance Charges

3.14.1 IPCL has claimed an amount of Rs. 438.78 lakhs towards other finance charges being other borrowing costs / Non-Convertible Debenture (NCD) issue expenses etc. as mentioned in Form C. IPCL has submitted in Annexure 5 that out of Rs. 438.78 lakhs, Rs. 50.61 lakhs is for NCD issue expense and Rs. 388.18 lakhs is for other borrowing costs. Expenses incidental to the issuance



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of NCD interest has been disallowed in MYT order para 4.13.2. Accordingly, NCD issue expense for Rs. 50.61 lakhs is not considered by the Commission in this APR order also.

3.14.2 Thus, an amount of Rs 388.18 lakh is considered under 'Other Finance Charges' in the APR order for 2015-16 and admitted. Such expense is allocated in the ratio as proposed by IPCL in Annexure 3 and Annexure 4 of the APR Petition, i.e., energy handled under different function. Thus, the admitted amount with function wise allocation is as under

Table 3.15-1

Other finance charge	Generation	Distribution	Total
	16.78	378.40	388.18

3.15 Advance against Depreciation (AAD) / Interest credit

3.15.1 IPCL in their APR application has not claimed any amount under this head as shown in form 1.17 I. Commission proceeds to consider Advance Against Depreciation /Interest Credit as per Regulations as below based on the admissible repayments vis-à-vis the allowable depreciation:

Table 3.16-1

SI No	Advance against depreciation	Amount (Rs lakhs)
1	Allowable repayment of Loan	444.44
2	1/10th of original loan amount of allowable loans	400.00
3	Maximum permissible amount of loan restricted to 1/10th of original loan amount of allowable loans	400.00
4	Depreciation	1016.44
5	Allowable AAD (3-4)	Nil

3.15.2 Interest credit is computed below:

Table 3.16-1b

SI No	Particulars	Amount (Rs lakhs)
1	Depreciation	1016.44
2	Repayment as per Form C	444.44
3	Excess Fund Created (1-2)	572.00
4	Weighted Average Rate of Interest	12.28%
5	Interest Credit	70.24



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3.15.3 The AAD and/or interest credit allowed as above is subject to reconciliation based on the cumulative status of Depreciation, AAD and loan repayment to be submitted by IPCL as directed in paragraph 3.22.4 of the APR order for 2014-15.

3.16 Reserve for unforeseen exigencies

3.16.1 In the MYT order of 2015-16 to 2016-17, Commission has not allowed any amount towards Reserve for unforeseen exigencies. In para 4.17.4 of the MYT order Commission directed that the amount allowed so far with interest has to be invested in accordance with the tariff regulations.

3.16.2 In the audited annual accounts of IPCL, note 4, Reserves and surplus indicates that the amount booked under unforeseen exigency reserve and unforeseen exigencies interest reserve is Rs. 593.29 (418.39 + 174.90) lakhs at the end of 2015-16. Total amount under different investments relating to unforeseen exigency reserve and unforeseen exigencies interest reserve have also been shown in Note 14.1 and 14.2 of the audited annual accounts of IPCL. Thus, the provisions of the tariff regulations are complied with. However, in line with the MYT order, Commission does not admit any amount under this head for the current year 2015-16.

3.17 Interest on Consumers' Security Deposit:

3.17.1 In Form E(B), IPCL has claimed Rs. 127.81 lakhs under the head Interest on Consumers' Security Deposit for the year 2015-16 under distribution function against the admitted expenditure of Rs. 118.29 lakhs in MYT. The total interest claimed as per Form C in APR application is Rs. 127.81 lakhs. IPCL has submitted a statement of finance cost certified by auditor in annexure 5 volume 1 of the petition wherein the interest of security deposit is shown as Rs. 127.81 lakhs.

3.17.2 IPCL was directed to furnish audited data for interest on consumers' security deposit vide the MYT Order. In compliance to the directive IPCL has submitted audit certificate on Annexure 5 of their APR application of 2015-16 wherein they have stated that payment / adjustment for interest on consumers' security deposit have been carried out for the year.



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3.17.3 The Commission thus admits Rs. 127.81 lakhs towards interest on consumer security deposit for the year 2015-16 and allocates the whole amount to distribution function.

3.18 Income Tax

3.19 IPCL has claimed an amount of Rs. 672.28 lakhs in their application under Form E (B) towards income tax. Breakup of Current Tax in profit and loss account of DPSC as per audited annual accounts of DPSC Division is 672.28 lakhs.

3.20 It is seen that assessment orders of IPCL is pending since 2013-14, as submitted in Annexure 5. In the statement submitted in Annexure 4, the assessed tax including Advance Tax, Self-Assessment Tax and TDS is shown as Rs. 672.28 lakhs. Thus, in terms of regulation 5.13.1, the tax assessed in profit and loss account and deposited as claimed by IPCL, i.e., Rs. 672.28 lakhs is admitted towards tax on income for the year 2015-16 with function wise allocation as proposed by IPCL in their Form E(B) of their i.e. Rs. 29.05 lakhs for Generation and Rs. 643.23 lakhs for Distribution.

3.21 Return on equity (ROE):

3.21.1 In terms of regulations 5.6.1.1 and 5.6.1.2 of the Tariff Regulations, IPCL is entitled to have return on equity base deployed in its generation and distribution functions @ 15.5% and 16.5% respectively. IPCL has claimed Rs. 2617.89 lakhs towards return on equity in APR for 2015-16 against an admitted amount of Rs. 1694.35 lakhs in MYT order for 2014-15 to 2016-17. In para 4.18.2 of the MYT order, Commission directed IPCL to allocate the equity base of IPCL and submit the same with application. Function-wise allocated equity base is available in Form 1.22 of the APR application of IPCL.

3.21.2 In the APR orders 2012-13 and 2013-14, Commission has worked out the admissible equity for the Generation and Distribution function of IPCL and accordingly proceeded to admit the ROE for the respective years. In absence of any allocation statement from IPCL in the past, the consolidated actual equity of power business is worked out from the financial statements of IPCL and thereafter the ROE is admitted on the basis of admissible equity based on the historical equity balance and addition to admissible asset. Such calculation methodology is continued for the present year also.



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3.21.3 The opening and closing balances of actual equity as per audited annual accounts of DPSC Division is as follows.

Table 3.22-1

SI No	Particulars	31.03.2015	31.03.2016	Reference Note
1	Share Capital	9737.90	9737.90	Note 4 of the DPSC account
2	Surplus	6271.55	8471.56	Note 5 of the DPSC account
3	General reserve	436.68	436.68	Note 5 of the DPSC account
4	Total	16446.13	18646.14	
5	Addition in 2015-16		2200.01	= 18646.14-16446.13

3.21.4 Admissible addition to fixed assets during the year has been worked out as Rs. 11166.48 lakhs at para 3.14.4 of this order. As discussed in Para 3.13.6, ROE is not allowable on LILO part of JK Nagar substation, whose project cost is Rs. 3860.97 lakhs. Hence addition to fixed asset considered for ROE computation is Rs. 7305.51 lakhs (Rs. 11166.48 lakhs – Rs. 3860.97 lakhs = Rs. 7305.51 lakhs).

3.21.5 As the tariff determination of IPCL generating plant is not done under availability based tariff mechanism and as Chinakuri plant is under shut down throughout the year 2015-16 thus as per regulation 5.6.1.6 the return on equity will be nil for Chinakuri.

3.21.6 In the MYT order of 2014-15 to 2016-17, in para 4.3.1 it was directed that 5% of project cost of DPS 12 MW will be withheld till submission of documents specified in the order. Considering the fact that IPCL has still not furnished the requisite documents, effect of such withheld project cost is being considered in admitting ROE for the year 2015-16.

3.21.7 Based on the above discussions the ROE for the year 2015-16 is calculated as follows.

Table 3.22-2

SI No	Particulars	Generation Unit		Total Generation	Distribution	Total
		DPS	Chinakuri			
1	Actual equity base at the beginning of the year					16446.13



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SI No	Particulars	Generation Unit		Total Generation	Distribution	Total
		DPS	Chinakuri			
2	Admissible Opening Balance of the year	1996.20	1319.92	3316.12	6313.37	9629.49
3	Actual addition/withdrawal/deleted to Equity Base for the year				2200.01	2200.01
4	Actual Equity Base at the end of the year (1+3)					18646.14
5	Amount transferred to Fixed Assets	0.00	0.00	0.00	7305.51	7305.51
6	Normative Equity 30% on (5)	0.00	0.00	0.00	2191.65	2191.65
7	Addition to Equity base considered for the year in ARR (Minimum of 5 & 6)	0.00	0.00	0.00	2191.65	2191.65
8	Admissible Equity Base at the year end	1996.20	1319.92	3316.12	8505.03	11821.15
9	Average Equity Base for the year (2+8) ÷ 2	1996.20	1319.92	3316.12	7409.20	10725.32
10	Rate of Return in %	15.5%	15.5%		16.5%	
11	Allowable return	309.41	0.00	309.41	1222.52	1531.93

3.21.8 On account of ROE for 2015-16 Rs. 1531.93 lakhs is admitted with following functional allocation.

Table 3.22-3

ROE	Generation	Distribution	Total
	309.41	1222.52	1531.93

3.22 Interest on Working Capital

3.22.1 An amount of Rs. 352.12 lakhs on this head was considered in the tariff order for 2015-16. IPCL has claimed Rs. 1119.00 lakhs towards interest on working capital loan. As per their submission in Form 1.17(b) and they have indicated the rate of interest of such loan as 14.45%.

3.22.2 The weighted average interest on working capital loan has been computed on the basis of working capital loans indicated in SI. no B of Form C submitted with the APR application, considering interest rates mentioned in Form C. The computation is detailed in the following Table 3.23-1:



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Table: 3.23-1

Working Capital Loan-Actual Rate of Interest				
Sl No	Particulars	Loan	Interest Rate	Amount
1	IDBI	4500	12.00%	540.00
2	SIB	5500	12.05%	662.75
3	Axis	2700	12.50%	337.50
4	Ratnakar	4000	12.40%	496.00
5	Ratnakar OD	2500	11.50%	287.50
6	Nusing Vaniya	6700	15.00%	1005.00
7	SIB	5000	10.75%	537.50
8	Ratnakar	3500	11.00%	385.00
9	Axis	1500	9.02%	135.30
10	Weighted Avg Rate of Interest	35900	12.22%	4386.55

3.22.3 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 IPCL has already introduced Monthly Variable Cost Adjustment and realized for the year 2015-16. As the actually paid weighted average interest rate 12.22% is less than the Prime Lending Rate (PLR) of SBI as on 01.04.2015 of 14.75%, the actually paid weighted average interest rate is used for calculation of working capital. The computation of interest on Working Capital is shown in the Table 3.23-2

Table 3.23-2
Interest on Working Capital

Sl. No.	Particulars	Rs Lakhs
		Amount
1	Fuel & Power Purchase Cost	38448.76
2	Net Fixed Charges	8938.71
3	Total (1+2):	47387.47
4	Return on Equity	1531.93
5	Depreciation	1016.44
6	Advance against Depreciation	0.00
7	Reserve for Unforeseen Exigencies	
8	Provision for Bad Debt	
9	Total (4 to 8):	2548.37
10	Balance (3 – 9)	44839.10
11	Normative requirement of Working Capital (10% of 9)	4483.91
12	Less Security Deposit held in 2015-16	2346.12
13	Requirement of Working Capital (10-11)	2137.78



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14	Interest allowable @ 12.22% on above 13	261.24
15	Actual amount of interest on Working Capital	1119.00
16	Admissible amount of Interest on Working Capital for the year 2015-16	261.24

3.22.4 The amount of Rs. 261.24 Lakhs is admitted as working capital interest in APR 2015-16 of IPCL and allocated between generation and distribution function on the basis of ARR as shown in the Table 3.22-3:

Table 3.23-3

		Rs Lakhs
A	Generation-Dishergarh	
1	Fuel Cost	1580.57
2	Net Fixed Cost	1635.16
3	Net ARR (A1+A2)	3215.73
B	Distribution	
1	Purchase of Power Cost	36868.19
2	Net Fixed Cost	7303.55
3	Net ARR (B1+B2)	44171.74
D	Total Net ARR (A3+B3)	47387.47
E	Allocation-Interest on working Capital-2018-19	
1	Dishergarh (A3/D * E3)	17.73
2	Distribution (B3/D * E3)	243.51
3	Admitted Interest on Capital	261.24

3.23 Unscheduled Interchange (UI)/DSM Charges:

The Commission observed that IPCL has claimed an amount of Rs. 55.30 lakhs for drawal of 2.75 MU of power as net UI charges. In terms of regulation 5.17.2 of the Tariff Regulations, the net UI/ DSM charges payable by a distribution licensee will be considered as an expenditure limited to 5% of the total power purchase cost. The net UI charge payable by IPCL during 2015 – 16 is only 0.15% of its total power purchase cost during the year. Hence, the net UI charge of Rs. 55.30 lakh is admitted under the distribution function.

3.24 Income from Other Sources / Non-Tariff income:

The income from other operating revenues as per Form 1.26 submitted by IPCL is Rs. 260.17 lakhs against admitted amount of Rs. 398.69 lakhs in MYT. In the annual accounts for DPS Division, such income has been shown as other operating revenue in Note 23.2. However, amount of Rs. 1054.94 booked in Note 24 of the accounts has not been considered by IPCL. From the note 24.1 of the



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accounts for DPS Division, it is also observed that an amount of Rs. 44.02 lakhs is included in other income which is actually interest income of unforeseen exigencies and has to be reinvested. The matter of Rent received as treated in APR 2011-12 was under consideration of the Commission following APTEL remand and as clarified during Remand petition of APR 2011-12 by IPCL such rent received is from an asset which has not been recognized by the Commission for the purpose of depreciation. Accordingly, Commission considers that, asset which is not recognized for depreciation, income arising out of the same shall not be considered as well while computing ARR. Thus, except the interest income of unforeseen exigencies and rent received, balance Rs. 990.94 lakhs (1054.94 – 44.02 – 19.98) is being considered under **Non-Tariff income**, in absence of any further detail available from the submissions made by IPCL. Such amount of Rs. 990.94 lakhs is distributed among the distribution function and generation function in proportion to the energy sent out by generation and energy purchased for distribution business. Accordingly, the total admitted income from other / non-tariff sources is Rs. 1251.11 lakhs (Rs. 260.17 lakhs+ Rs. 990.94 lakhs) with functional segregation of Rs. 1208.30 lakhs for Distribution and Rs. 42.81 lakhs for Generation.

3.25 Admissibility of Capacity Charges based on Availability

- 3.25.1 In terms of regulation 6.4.2 of the Tariff Regulations, the recovery of capacity charge for the generating station of IPCL 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.
- 3.25.2 Considering the facts that during the year 2015-16 only the DPS 12 MW plant was in operation, the PAF during 2015-16 would be 85% on normative basis as per schedule 9A to the Tariff Regulations. From the data submitted in Form 1.1 and 1.1(a), the actual weighted average PAF in respect of IPCL during 2015-16 was 37.51%. The Commission now decides to deduct capacity charges to the extent of shortfall in PAF achieved by IPCL during 2015-16.
- 3.25.3 The Commission has admitted the cost under the head of 'Water charges' and "Coal & Ash Handling charges" considering proportionate cost on actual generation vis-à-vis target generation. Thus, the costs allowed under those



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heads are not considered for disallowances of capacity charges for not attaining the target PAF also in terms of Regulation 5.25.1.

3.25.4 Based on above considerations the disallowance of capacity charge is computed in Table 3.26-1

Table 3.26-1

SI No	Particulars	Amount in Rs. lakhs
1	Allowable Fixed Charges for generating station at normative PAF level after adjustment of Non-tariff income etc.	1635.16
2	Less: Cost admitted under the head 'Water charges' (para 3.6.3)	1.34
3	Less: Cost admitted under the head 'Coal & Ash Handling Expenses' (para 3.7.2)	36.93
4	Net fixed charges for disallowance: (1)-(2)-(3)	1596.89
5	Normative PAF as per Tariff Regulations	85.00%
6	PAF Achieved (Form 1.1, Form 1.1 (a))	37.51%
7	Capacity Charge Allowable= (4)*(0.5+35/85)*(6)/70	780.20
8	Amount of Capacity Charges deductible for shortfall in PAF (4) – (7)	816.69

3.25.5 The amount of deductible capacity charge of Rs. 816.69 lakhs for short fall in PAF as computed in table above is to be deducted from the fixed charges for generation function on account of short falls in PAF in the APR for 2015-16.

3.26 Fixed Charges as Admitted

Based on the foregoing analyses, the amounts of fixed charges allowable under different heads in respect of IPCL have been shown in Annexure 3B. As shown in the referred annexure, the allowable amount of fixed charges, i.e. net amount of fixed charges after adjustment of other income less withheld amounts for the year 2015-16 comes to Rs. 8152.50 lakhs. of which Rs. 818.47 lakhs pertains to Generation and Rs. 7303.55 lakhs pertains to Distribution Function.

3.27 Reliability Incentive:

IPCL has claimed that it has achieved system reliability of 99.578% as against 98%, as specified in Paragraph 11 of Schedule 10 of the Tariff Regulations and claimed Rs. 885.33 lakh as Incentive. IPCL has submitted weekly interruption details to the Commission in terms of regulation 9.7 (v) of West Bengal Electricity Regulatory Commission (Standards of Performance of Licensees Relating to Consumer Services) Regulations, 2010, as amended from time to time in support of their claim of reliability. Now, based on admitted net ARR of Distribution

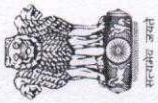


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function amounting to Rs. 45943.37 lakh, the admissible incentive in terms of Tariff Regulations comes to Rs. 739.78 lakhs ($\text{Rs. } 45943.37 \times (99.578\% - 98\%)/98\% = \text{Rs. } 739.78 \text{ lakhs}$).



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Annexure 3A

Particulars	APR Order
WPI	-2.47%
CPI	5.65%
WPI : CPI (60 : 40)	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	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 is computed

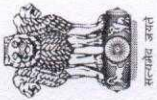
Monthly Inflation Rate based on WPI from Office of the Economic Adviser, GOI

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 Rate of Inflation computed based on WPI number from Office of Economic Adviser, GOI

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 is computed



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Annexure 3B

SUMMARY OF FIXED COST

Sl No	Particulars	2015-16 APR Application				2015-16 APR Admitted			
		CPS	DPS	Total (Gen)	Distribution	Total	Generation	Distribution	Total
1	Coal and Ash Handling Charge		46.08	46.08	0	46.08	36.93	0.00	36.93
2	Employee Cost		277.98	277.98	3635.32	3913.3	277.98	3537.35	3815.33
3	Rates and Taxes		3.02	3.02	49.1	52.12	3.02	45.22	48.24
3A	Licensee and Filing Fees			0		0	0.00	7.00	7.00
4	O&M Charges for Generation		92.46	92.46	0	92.46	81.24		81.24
5	O&M for distribution			0	1353.43	1353.43		657.00	657.00
6	Insurance		0.1	0.1	28.61	28.71	0.10	28.61	28.71
7	Financing Charges		0	0	438.79	438.79	16.78	371.40	388.18
8	Interest on Borrowed Capital		408.49	408.49	1787.12	2195.61	407.91	285.12	693.03
9	Interest on Normative Debt			0	2620.34	2620.34	243.88	594.18	838.06
10	Interest on Consumer Security		0	0	127.81	127.81	0.00	127.81	127.81
11	Depreciation	100.35	345.69	446.04	1180.33	1626.37	252.60	763.84	1016.44
12	Advance against Depreciation	0	0	0	0	0	0.00	0.00	0.00
13	Water Charges		1.54	1.54	0	1.54	1.34	0.00	1.34
14	Taxes on Income		29.05	29.05	643.23	672.28	29.05	643.23	672.28
15	Return on equity	149.73	515.64	665.37	1952.52	2617.89	309.41	1222.52	1531.93
16	Net UI Charges	0	0	0	0	0	0.00	55.30	55.30
17	Fixed Cost without interest on working capital	250.08	1720.05	1970.13	13816.6	15786.73	1660.24	8338.58	9998.82
18	Interest on Working Capital		48.35	48.35	1070.65	1119	17.73	243.51	261.24
19	Gross Fixed Cost (17+18)	250.08	1768.40	2018.48	14887.25	16905.73	1677.97	8582.09	10260.06
20	Interest Credit					0	0	70.24	70.24
21	Less; Other Misc. income				260.17	260.17	42.81	1208.30	1251.11
22	Net Fixed Cost	250.08	1768.40	2018.48	14627.08	16645.56	1635.16	7303.55	8938.71
23	Capacity Charge Disallowed						816.69		816.69
24	Net Fixed Charge Recoverable						818.47	7303.55	8122.02

Rs. in lakhs



CHAPTER 4
AMOUNT ADJUSTABLE ON ANNUAL PERFORMANCE REVIEW

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 IPCL during the year 2015-16 came as under at Table 4.1 of Chapter 4:

Table-4.1

SI No	Particulars	Amount (Rs. In Lakhs)		
		Generation Dishergarh	Distribution	Total
1	Admitted Fuel Cost excluding gain on improved distribution loss (para 2.22 of Chapter 2)	1580.57		1580.57
2	Admitted Power Purchase Cost excluding gain on improved distribution loss (para 2.22 of Chapter 2)		36868.19	36868.19
3	Additional amount on account of savings in the rate of Distribution loss (para 2.23 of Chapter 2)		846.47	846.47
4	Total Fuel and Power Purchase Cost including gain on improved distribution loss (1+2+3)	1580.57	37714.66	39295.23
5	Fixed charge allowed (paragraph 3.27)	818.47	7303.55	8122.02
6	Reliability Incentive (paragraph 3.28)	0.00	739.78	739.78
7	Net Recoverable Amount (4+5+6)	2399.04	45757.99	48157.03

4.2 The Commission is now to see how much sales revenue had been earned by IPCL by way of sale of power to the consumers and WBSEDCL with reference to its audited accounts. The Commission observed that IPCL has computed and claimed the revenue earned during the year 2015 – 16 on the basis of the Tariff Order dated 17.02.2017. However, in terms of the DPSC account Note 23 and 23.1, the revenue realized from sale of energy has been computed as below:

Sl. No.	Particulars	Amount (Rs. lakhs)
1	Earnings from sale of electricity as per Note 23.1 of the audited accounts of DPSC division of IPCL for the year 2015-16	51927.37
2	Less: FPPCA calculated and considered as revenue as per Note 23.1 of the DPSC audited accounts	769.98
3	Less: Provisionally receivable on account of under recovery of fixed costs	1267.42



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Sl. No.	Particulars	Amount
		(Rs. lakhs)
4	Less: Estimated reliability incentive recoverable booked as revenue for 2015-16	962
5	Add: Adjustment as per Note 23.1 of DPSC account	1206
6	Less: Assessed / paid taxes for earlier years considered recoverable	1543.77
7	Actual revenue realized from sale of energy to consumers [1-(2 to 4) + 5 - 6]	48590.20

- 4.3 Thus, The Commission considers Rs. 48590.20 lakhs as revenue from sale of electricity instead of Rs. 46664.72 lakhs as submitted by IPCL through auditor's certificate.
- 4.4 Thus, the amount to be refunded to the licensee and consumers is Rs. 433.17 lakhs (Rs. 48157.03 lakhs - Rs. 48590.20 lakhs).
- 4.5 In terms of regulation 2.6.6 of the Tariff Regulations, the entire refundable amount of Rs. 433.17 lakhs 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, as may be decided by the Commission. The decision of the Commission in this regard will be given in the tariff order of IPCL for the year 2020-21 or any ensuing year.
- 4.6 This order passed by the Commission shall be subject to any order which may be passed by the Hon'ble Division Bench in High Court at Calcutta in MAT 1643 of 2015.
- 4.7 IPCL is to take note of this order.

Sd/-
(PULAK KUMAR TEWARI)
MEMBER

Sd/-
(MALLELA VENKATESWARA RAO)
CHAIRPERSON

Dated: 10.07.2023

Sd/-
SECRETARY