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

**IN CASE NO.:  
APR – 79/ 19 – 20**

**IN REGARD TO THE APPLICATION OF  
HALDIA ENERGY LIMITED FOR ANNUAL PERFORMANCE  
REVIEW (APR) OF ITS 400 KV DOUBLE CIRCUIT DEDICATED  
TRANSMISSION LINE  
FOR THE FINANCIAL YEAR 2018 – 2019**

**PRESENT:**

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

**DATE: 04.10.2023**





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## CHAPTER – 1

### 1. PREAMBLE

- 1.1 Haldia Energy Limited (hereinafter referred to as ‘HEL’) submitted their application for Annual Performance Review (in short ‘APR’) for the 400 kV Double Circuit Dedicated Transmission Line for the year 2018 – 19 vide letter dated 29.11.2019 in terms of regulation 2.6 of the West Bengal Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2011. Subsequently, on issuance of the tariff order of the dedicated transmission line for the year 2018 – 19, HEL submitted supplementary petition dated 22.08.2022. The application and the supplementary petition (together termed as ‘APR application’) has been admitted by the Commission in Case No. APR – 79/19 – 20.
- 1.2 In terms of Fourth Amendment of Tariff Regulations vide Notification No. 76/WBERC dated 13.03.2023, APR and FPPCA for the period prior to 01.04.2023 shall be governed by the regulations existing prior to the Fourth Amendment (hereinafter referred to as the ‘Tariff Regulations’).
- 1.3 On admission of the APR application for the year 2018 – 19, HEL was directed to publish the gist of the APR application for 2018 – 19, as approved by the Commission. The gist was published in four newspapers inviting suggestions / objections, if any, from the public as per following table:

Table 1.3-1

Sl. No.	Date of Publication	Newspapers	Last date for submission of suggestions / objections
1	10.10.2022	Bartaman	21 days from date of publication (inclusive of date of publication) [i.e., 30.10.2022]
2		Aajkaal	
3		The Times of India	
4		The Telegraph	





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The approved gist along with the APR application for 2018 – 19 were posted on the website of HEL. Opportunity was also provided to all to inspect the applications in the office of the Commission and take copies thereof.

- 1.4 No suggestions/objections were received from stakeholders within the due date.
- 1.5 The APR covers the areas of permissible annual fixed charges, permissible incentives and sharing of gain as per Schedule 9B and Schedule-10 to the Tariff Regulations respectively. In the APR for the year 2018 – 19 along with supplementary petition, therefore, the review of the different elements of fixed charges, categorized as controllable and uncontrollable has been carried out in subsequent chapters to find out the amounts to be approved/disapproved to HEL against each head of element vis-à-vis the amount allowed under tariff order for 2018 – 19 in Case No. TP – 76/18 – 19 dated 15.06.2022 read with review order dated 20.12.2022 in Case No. TP (R) – 45/ 22 – 23.





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## CHAPTER – 2

### FIXED COST DETERMINATION UNDER APR OF 2018 – 19

- 2.1. The Commission in the order dated 08.01.2020 in Case No. OA – 267/17 – 18 has approved the final project cost as Rs. 54036 Lakh for the 89 km dedicated transmission line from HEL power station to 400 kV Subhasgram substation of PGCIL. The Commission now proceeds to determine the APR for 2018 – 19 on the basis of final project cost as approved by the Commission subject to decision of the appeal pending before the Hon'ble APTEL.
- 2.2. The Tariff Regulations specifies the classification of different fixed charge elements under controllable and uncontrollable heads and also the treatment of variation between projected expenditure and actual expenditure of such fixed charge elements during APR. In the tariff order of HEL for the year 2018 – 19, the Commission had considered specific principles of calculation to determine some of the fixed cost elements of ARR. The basic premises of such principles of calculation were
- 1) inflationary impact considering Wholesale price Index (WPI), Consumer price Index (CPI) and Hybrid Index (60% WPI and 40% of CPI) depending on nature of fixed cost element;
  - 2) business volume change related to line length of dedicated transmission line; and
  - 3) sensitivity of different fixed cost elements with respect to business volume change and inflationary impact.
- 2.3. In view of clauses (ii) and (v) of the regulation 2.6.10 of Tariff Regulations, as amended from time to time, the Commission compares the inflation rates (WPI, CPI and hybrid index) and the business volume parameters (line length of dedicated transmission line), assessed in Tariff Order of 2018 – 19 and actual at the end of the 2018 – 19 in the Table 2.1 below:





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Table 2.1

Particulars	Admitted in Tariff Order 2018 – 19	Actual 2018 - 19	Increase / Decrease (-) (in %)
Line length of dedicated transmission line	89 KMs	89 KMs	-
WPI in %	4.26%	4.26%	-
CPI in %	5.40%	5.40%	-
Inflation in hybrid index [WPI: CPI (60:40)] %	4.72%	4.72%	-

In the tariff order the Commission had considered the actual inflation rates for 2018-19 and being a dedicated transmission line there is no change in the line length, which is reflected in Table 2.1 above. Hence, no increase is admissible in the controllable elements of fixed charge as per clause (ii) and (v) of the regulation 2.6.10 of the Tariff Regulations. With this, now the Commission proceeds to analyze each of such fixed charge elements claimed by HEL.

#### 2.4. Employee Cost:

- 2.4.1. HEL has claimed an amount of Rs. 60.90 Lakh as employee cost against Rs. 58.99 lakh admitted in the Tariff Order for 2018 – 19. It is submitted that 6 numbers of own manpower were engaged for supervision of maintenance of the dedicated transmission line. HEL has submitted an Auditors Certificate showing an amount of total Rs. 3962.90 Lakh for 2018 – 19 pertaining to employee cost where Rs. 3902.10 Lakh is for Generation and Rs. 60.80 Lakh is for evacuation system.
- 2.4.2. The man/CKM ratio being well within the limit of 0.35 specified in the Tariff Regulations, the Commission admits the amount of Rs 60.80 Lakh as shown in Auditors Certificate as employee cost, which is uncontrollable in nature.

Table 2.2

Particulars	Amount admitted in Tariff Order	Amount claimed	In Rs Lakh
			Amount Admitted
Employee cost	58.99	60.90	60.80





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2.5. **Operation and Maintenance Expenses:**

- 2.5.1. While determining the admissible O&M expense for the 400 kV HEL Transmission Line in the Tariff Order for 2018 – 19, the Commission after detailed analysis had admitted Rs. 134.05 Lakh as Repair and Maintenance Expenses including consumables and Rs. 120.82 Lakh as Administrative and General Expenses. The Commission has also admitted an amount of Rs. 34.65 Lakh and Rs. 3.16 Lakh as expenses towards Insurance and Rates and Taxes respectively and stated that these being uncontrollable in nature are subject to truing up during APR. Further, the Commission in the Tariff Order has mentioned that actual expenses, if any, towards statutory charges will be allowed during truing up following the provisions of the Tariff Regulations.
- 2.5.2. HEL in its APR application has claimed an amount of Rs. 1078 Lakh for O&M Expenses which includes an amount of Rs. 976.50 Lakh as Repair and Maintenance Expenses including consumables, Rs. 101.50 Lakh as Administrative and General Expenses (including legal charges, auditor's fees and other A&G expenses). HEL in its supplementary petition dated 04.07.2022 has submitted that the R&M expenses of Rs. 976.50 Lakh comprises of routine and periodic expenses viz. annual maintenance, repairs, inspections, rectifications, replacements, etc. including consumables of Rs. 951.90 Lakh and contingency Expenses of Rs. 24.60 Lakh. It is submitted that Contingency expense consists of Rs. 18.30 Lakh as Additional Pilot Installation for 38 Numbers of Towers on Power Grid's advice and Rs. 6.30 Lakh as Direct Earthing for 114 Numbers of Towers on Power Grid's advice.
- 2.5.3. **Repair and maintenance (R&M) expense:** R&M expenses being controllable in nature the Commission admits Rs. 134.05 Lakh as Repair and Maintenance Expenses including consumables in view of the amount admitted in the tariff order for the year 2018 – 19. HEL has claimed a sum of Rs 24.60 lakhs under repair and maintenance as contingency expenditure in their supplementary petition comprising of Rs. 18.30 Lakh for additional pilot installation and Rs. 6.30 Lakh for direct earthing which was done as per the advice of Power Grid. Commission observes that HEL has not been allowed any amount under





Reserve for Unforeseen Exigencies so far to meet any contingent expenditure. Accordingly Commission admits such contingency expenses of Rs 24.60 lakhs over and above the admitted amount of Rs 134.05 lakhs against repairs and maintenance expenses under O&M Expenses.

- 2.5.4. **Administrative and General (A&G) Expenses:** In addition to Rs. 101.50 Lakh claimed under A&G expenses, HEL has also claimed an amount of Rs. 16.30 Lakh as Guarantee Commission, Rs. 79.00 Lakh as Bank Charges and Rs. 1.20 Lakh as LC Opening Charges under Other Finance Charges in Form 1.17 (c). Such charges are related to day-to-day activities of the Company and therefore the claim is considered under the Other Administrative and General Expenses. Thus, the total A&G expense claimed becomes Rs. 198.00 Lakh (= 101.50 Lakh + 16.30 Lakh + 79.00 Lakh + 1.20 Lakh). Administrative and General Expense being controllable in nature, the Commission decides to limit the amount upto Rs. 120.82 Lakh as expenses admitted in the tariff order for the year 2018 – 19.
- 2.5.5. **Rates and Taxes:** HEL has claimed an amount of Rs. 7.50 Lakh on account of Rates and Taxes against Rs. 3.16 Lakh admitted in the tariff order. These expenses are related to Municipal/ Panchayat tax, Land Revenue, Way Leave Licensee, License Fees for Railway Corridor, Foreshore Occupation Fee for two river towers as indicated by Kolkata Port Trust, etc. and being uncontrollable in nature, the Commission decides to admit the actual amount of Rs. 7.50 Lakh.
- 2.5.6. **Insurance:** HEL has claimed an amount of Rs. 109.90 Lakh on account of Insurance premium regarding to its dedicated transmission system against Rs. 34.65 Lakh admitted in the tariff order. In terms of Tariff Regulations insurance premium is uncontrollable expenditure subject to condition that such insurance is done through a transparent process as per regulation 5.14.3 of the Tariff regulation HEL in its petition submitted that the Insurance Premium is finalized based on the most competitive offer in terms of regulation 5.14.3 of the Tariff Regulations and paid on yearly basis. Accordingly, the Commission decides to admit Rs. 109.90 Lakh as Insurance Premium for the year 2018 – 19.





- 2.5.7. **Statutory Charges:** HEL has claimed an amount of Rs. 7.70 Lakh on account of Statutory Charges which has been paid under various statutes to Government as well as Regulatory Authorities. HEL vide letter dated 04.08.2023 has submitted a detailed break-up of Statutory Charges for both generation and evacuation system. It is seen from the submission that the Statutory Charges for 2018 – 19 is related to Filing of MYT Petition for Transmission System. Accordingly, the Commission decides to admit Rs. 7.7 Lakh as Statutory Charges for the year 2018 – 19.
- 2.5.8. **Corporate Social Responsibility:** HEL has claimed an amount of Rs. 86.70 Lakh on account of CSR. The claim of HEL is not allowed since the same is an allocation of profit and a statutory obligation. HEL is directed to take note of it so that such claims are not made in future.
- 2.5.9. In view of the above, the admitted O&M Expenses is tabulated below:

**Table 2.3**

Particulars	Amount admitted in Tariff Order	In Rs Lakh	
		Amount claimed	Amount Admitted
Repair and Maintenance Expenses	134.05	976.50	134.05
Contingency Expenses	-		24.60
Administrative and General Expenses	120.82	198.00	120.82
Rates and Taxes	3.16	7.50	7.50
Insurance	34.65	109.90	109.90
Statutory Charges	-	7.70	7.70
Corporate Social Responsibility	-	86.70	-
<b>Total O&amp;M Expenses</b>	<b>292.68</b>	<b>1386.30</b>	<b>404.57</b>

- 2.6. **Return on Equity:**
- 2.6.1. HEL has claimed ROE on equity arranged upfront on COD of amount Rs 15017 Lakh and no equity addition has been done over the year. The equity contribution is 27.79% of the approved project cost and is within the limit of 30% specified in the Tariff Regulations. Thus, the return on equity claimed of Rs. 2327.60 Lakh on the value of Rs 15017 lakhs has been admitted.





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Table 2.4

Sl No	Particulars	In Rs Lakh
		2018 – 19
A	Admissible Equity base at the beginning of the year	15017
B	Equity addition during the year	0
C	Admissible Equity base at the end of the year	15017
D	Average Equity base throughout the year	15017
E	Approved Project cost	54036
F	30% of the approved Project cost	16210.80
G	Admissible equity base for the year (minimum of D and F)	15017
H	Rate of Return	15.50%
I	Return On Equity (G x H)	2327.64

**2.7. Financing Charges:****2.7.1. Interest on Borrowed Capital:**

2.7.1.1. HEL has claimed an amount of Rs 3616.00 Lakh as interest on borrowed capital in its APR Petition. HEL has furnished an auditor's certificate in support of their claim. The details of outstanding loan, repayment and interest paid during the year has been submitted in the Form C of Annexure -I of the APR petition. Subsequently, HEL in its supplementary petition has claimed an amount of Rs. 3543.90 Lakh as interest on borrowed capital considering a reduced project cost of Rs. 58604 Lakh. The Commission decides to rely on the actual interest paid as per the auditor's certificate vis-à-vis the loan details and project cost approved by the Commission to arrive at the admissible interest on capital borrowings.

2.7.1.2. The APR application was based on a project cost of Rs. 59480 Lakh whereas the project cost approved by the Commission was Rs. 54036 Lakh. Accordingly, the admissible debt based on approved project cost after adjusting the admissible equity amount comes to Rs 39019 lakhs (Rs 54036 lakhs – Rs 15017 lakhs of Equity Base). For the purpose of computing interest payable during the year, the Commission decides to consider proportionate repayment at the ratio of admissible and actual loan amount and applying the interest rate as per the actual weighted average rate of interest paid by HEL.





- 2.7.1.3. Thus, the Commission admits the Interest on Borrowed Capital as Rs. 3173.26 Lakh as per the table given below:

**Table 2.5**

Particulars	In Rs Lakh	
	Amount Claimed	Amount Admitted
CAPITAL EXPENDITURE	59480	54036
EQUITY	15017	15017
LOAN	44463	39019
Opening Balance of loan in 2018 – 19	39578.70	34732.68
Repayment in 18 – 19	1791.30	1571.98
Closing Balance of loan in 2018 – 19	37787.40	33160.70
Average Loan during the year	38683.05	33946.69
Weighted average rate of interest	9.35%	9.35%
<b>Interest on Capital Borrowing</b>	<b>3616.00</b>	<b>3173.26</b>

**2.7.2. Other Financing Charges:**

- 2.7.2.1. HEL has claimed an amount of Rs. 184.50 Lakh as Other Finance Charges which consists of charges for Guarantee Commission, Front End Fees, Bank Charges and L/C Opening Charges. HEL has submitted that the Finance Charges are claimed in terms of regulation 5.6.4 (iv) of the Tariff Regulations.
- 2.7.2.2. From the notes of Form 1.17 (c), it is observed that the Guarantee Commission amounting to Rs. 16.30 Lakh is related to issue and/ or renewal of bank guarantees to various authorities for day-to-day operations of the Company. Further, Bank Charges of Rs. 79.00 Lakh and LC Opening Charges of Rs. 1.20 Lakh is related to day-to-day banking activities. The Commission observes that Finance Charge admissible under regulation 5.6.4(iv) are charges relating to loan capital only. Charges regarding day-to-day activities do not come under the ambit of regulation 5.6.4 (iv) of the Tariff Regulations and are considered under the Administrative and General Expenses in paragraph 2.5.4 above. Accordingly, the Commission considers Front End Fees related to loan restructuring under Other Finance Charges and admits Rs. 87.90 Lakh on this head as claimed by HEL.





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**2.7.3. Interest on Temporary Accommodation:**

2.7.3.1. HEL has submitted that in terms of the Tariff Order dated 29.01.2016 in Case No. TP – 63/ 14 – 15, the tariff determined for 2016 – 17 has been continued for the financial year 2018 – 19. Thus, during 2018-19 HEL has realized its revenue as per the tariff determined for 2016 – 17. Further, effects of unrealized entitlement since 2014 – 15 has also been accrued. In view of the above, HEL has claimed an amount of Rs. 243.70 Lakh as interest on Temporary Accommodation in terms of regulation 5.6.5.4 of the Tariff Regulations.

2.7.3.2. From the submission made in Form-C of the APR petition it is observed that no amount of interest on temporary accommodation has been mentioned. Thus, for interest on temporary accommodation, the interest has been limited to actual interest incurred. Thus, no temporary accommodation is admitted.

**2.7.4. Interest on Working Capital:**

2.7.4.1. On the basis regulation 5.6.5.1 and 5.6.5.2 of the Tariff Regulations read with Suo Motu Order dated 06.04.2022 in Case No. SM – 30/ 21 – 22, the Commission has allowed interest on working capital in the Tariff Order for the year 2017 – 18. Further, the Commission vide paragraph 7 of the order dated 06.04.2022 has stated that “The interest on working capital which has already been determined for the period effective on and from 01.04.2016 in the tariff orders issued by the Commission considering the SBI PLR/MCLR without any float will be trued up based on actual working capital interest paid, subject to the ceiling of the interest on working capital assessed on normative basis at the rate of one-year MCLR of SBI, as on 1<sup>st</sup> April of the concerned year, plus 350 basis points.” The one-year Marginal Cost of Lending Rates (MCLR of the State Bank of India as on 1st April, 2018 was 8.15%. The Commission thus has considered normative Interest on working capital at the rate of 11.65 % (8.15 % + 3.50 %) for interest calculation. Now, in terms of regulation 5.6.5.1 of the Tariff Regulations, the Commission proceeds to determine the normative amount of interest on working capital as in Table below:





**Table 2.6**

		In Rs Lakh
SI No	Particulars	Amount
A	Gross Sales	8740.41
B1	Less: Depreciation including Advance Depreciation	1423.72
B2	Less: Deferred Revenue Expenditure	-
B3	Less: Return on Equity	2327.64
B4	Less: Reserve for unforeseen exigencies	-
B	Total Deductions: (sum B1:B4)	3751.36
C	Allowable Gross Sales for Working Capital without working capital interest	4989.05
D	Allowable Working Capital @ 18% on C (A - B)	898.03
E	Normative Interest on WC requirement at (E) at SBI MCLR rate plus 350 bp	11.65%
F	Interest on Working Capital on D (E % on D)	104.62
G	Actual interest paid	177.10
H	Interest on Working Capital admitted (Minimum of F & G)	104.62

2.7.4.2. The Commission admits Rs. 104.62 Lakh as Interest on Working Capital.

**2.8. Depreciation:**

2.8.1. The amount of depreciation as claimed by HEL is Rs. 1538.60 Lakh as provided in Form B of Annex I. Further details with respect to reconciliation with Annual Accounts have been furnished in Auditors' certificate at Attachment 6 of the petition where it has been mentioned specifically that depreciation has been calculated as per Schedule A in Annexure A of Tariff Regulations of WBERC. Subsequently, HEL has claimed an amount of Rs. 1516.10 Lakh as depreciation based on the project cost of Rs. 58604 Lakh. The Commission decides to go by the amounts of depreciation as reflected in auditor's certificate after incorporating appropriate reduction on account of reduced project cost.

2.8.2. In view of the above, the admitted depreciation is Rs. 1397.78 Lakh as computed below:

**Table 2.7**

		In Rs Lakh
SI No.	Particulars	Rs Lakh
1	Gross Fixed assets as submitted in under Auditor's Certificate	59480.00
2	Depreciation of Evacuation assets (as per Auditor's certificate)	1538.60





**Table 2.7**

		<b>In Rs Lakh</b>
<b>Sl No.</b>	<b>Particulars</b>	<b>Rs Lakh</b>
3	Project cost approved in order dated 08.01.2020	54036
4	Depreciation admitted (1/3*2)	1397.78

**2.9. Advance against Depreciation/ Interest Credit:**

2.9.1. In terms of the Tariff Regulations, depreciation is primarily used for repayment of capital loan. Where, the amount of depreciation falls short of amount of loan repayment such shortfall is allowed under Advance against Depreciation (AAD) limited to 1/10 of original amount of allowable loan. Similarly, when amount of loan repayment in a year is more than allowed depreciation, an interest credit at the rate of weighted average cost of debt for the corresponding year needs to be adjusted on such excess depreciation charged. Further, in terms of the Tariff Regulations, it is required to be ensured that the depreciation allowed should not go beyond 90% of the original cost of Asset and after repayment of entire loan the resulting depreciable amount shall be spread over the balance useful life of the fixed asset.

2.9.2. Accordingly, the Commission decides to compute the Advance Against Depreciation/ interest credit for the year 2018 – 19 considering the cumulative amount of depreciation and Advance Against Depreciation allowed in previous APR orders. Considering the fact that, HEL started its operation from January, 2015, the cumulative position unto 2017-18 (i.e. 31.03.2018) is analyzed below:

**Table 2.8**

				<b>In Rs Lakh</b>
<b>YEARS</b>	<b>Admitted amount of Loan Repayment</b>	<b>Depreciation Admitted</b>	<b>Advance Against Depreciation</b>	<b>Excess Depreciation over loan repayment</b>
2014 – 15	-	241.20	0.00	241.20
2015 – 16	813.10	1397.80	0.00	584.70
2016 – 17	1867.20	1397.80	0.00	-469.40
2017 – 18	1606.02	1397.78	0.00	-208.24
<b>TOTAL</b>	<b>4286.32</b>	<b>4434.58</b>	<b>0.00</b>	<b>148.26</b>





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2.9.3. Cumulative depreciation and AAD admitted during the APR order of 2014 – 15, 2015 – 16, 2016 – 17 and 2017 – 18 comes to Rs. 4434.58 Lakh against the cumulative loan repayment required during the said period amounting to Rs. 4286.32 Lakh. Thus, there is an excess depreciation over the loan repayment amounting to Rs. 148.26 lakh upto 31.03.2018. This amount is required to be considered while computing the Advance Against Depreciation (AAD)/ interest credit for the year 2018 – 19 as below:

**Table 2.9**

		<b>In Rs Lakh</b>
<b>Sl No</b>	<b>Particulars</b>	<b>Amount</b>
A	Allowable repayment of loan during the year 2018 – 19	1571.98
B	1/10 of admissible loan	3901.90
C	Maximum permissible amount of loan repayment restricted to 1/10 <sup>th</sup> of admitted loan	1571.98
D	Depreciation admitted for the year 2018 – 19	1397.78
E	Excess of Depreciation & AAD upto 31.03.2018	148.26
F	Total fund for repayment (D + E)	1546.04
<b>G</b>	<b>Advance Against Depreciation [(C – F)]</b>	<b>25.94</b>

2.9.4. The Commission admits Rs. 25.94 Lakh as Advance Against Depreciation during 2018 – 19.

**2.10. Income Tax:**

2.10.1. HEL has claimed an amount of Rs. 1157.90 Lakh as Income Tax actually paid during the year. The Commission admits the amount of Rs. 1157.90 Lakh as Income Tax paid during 2018 – 19.

**2.11. Reserve for unforeseen exigencies:**

2.11.1. HEL has claimed an amount of Rs. 146.50 Lakh as appropriation to reserve for unforeseen exigencies in terms of regulation 5.11 of the Tariff Regulations. HEL submitted that they will invest the amount in permitted securities in terms of the Tariff Regulations, if the Commission allows the same.





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2.11.2. The Commission observes that no amount has been approved in the Tariff Order for 2018 – 19. Accordingly, the Commission does not admit any amount under the head reserve for unforeseen exigencies.

2.12. **Permitted Incentive:**

2.12.1. HEL has claimed incentive of Rs. 26.10 Lakh. HEL has submitted a certificate from SLDC for availability of the dedicated transmission line. Para 8 Schedule -10 of the Tariff Regulation provides for incentives for improved performance in case actual availability exceeds 99.75%. Actual availability achieved during 2018 – 19 by HEL evacuation system, as certified by SLDC, stands at 99.99%. The Commission decides to make appropriate adjustments on annual transmission charges and allow the following after prudence check:

**Table 2.8**

<b>Particulars</b>	<b>In Rs Lakh</b>
	<b>Units</b>
Annual Availability	99.99%
Target Availability	99.75%
Excess availability over target, if >0	0.24%
Annual Transmission Charges	8740.41
Incentive admitted for additional availability	21.03

2.13. The details of Fixed Cost is provided in Annexure-2A.





## ANNEXURE 2A

SL. No.	Particulars	In Rs Lakh	
		Claimed	Admitted
1	Employee Cost	60.90	60.80
2	<b>Operation and Maintenance Expenses</b>		
a	Repairs & Maintenance including Consumables (including Contingency)	976.50	158.65
b	Administrative & General Expenses (including day-to day finance expense)	198.00	120.82
c	Rates & Taxes (other than Income Tax)	7.50	7.50
d	Insurance	109.90	109.90
e	Statutory charges	7.70	7.70
f	Corporate Social Responsibility	86.70	-
4	Interest on Capital Borrowings	3543.90	3173.26
5	Interest on Working Capital	149.10	104.62
6	Interest on Temporary Accommodation	243.70	-
7	Other Finance Charges	87.90	87.90
8	Depreciation	1516.10	1397.78
9	Advance against Depreciation	217.00	25.94
10	Return on Equity	2327.60	2327.64
11	Reserve for Unforeseen Exigencies	146.50	-
12	Income Tax	1157.90	1157.90
13	<b>Gross Fixed Charges (1 to 12)</b>	<b>10836.90</b>	<b>8740.41</b>
14	Less: Interest Credit on depreciation	0.00	0.00
15	<b>Net Fixed Charges (13 – 14)</b>	<b>10836.90</b>	<b>8740.41</b>





### CHAPTER – 3

#### AMOUNT ADJUSTABLE ON ANNUAL PERFORMANCE REVIEW

3.1 Based on the foregoing analyses, the amounts of fixed charges allowable under different heads in respect of the concerned evacuation line have been shown in Annexure-2A. The total amount of fixed charge is Rs. 8740.41 Lakh.

3.2 **Fixed charge admitted:**

3.2.1 In addition to the fixed costs, HEL has claimed an additional amount of Rs. 220.10 Lakh for availability achieved over the norms during the year 2018 – 19 following the regulation 6.16.3 of the Tariff Regulations. The Commission notes that, clause (i) of regulation 6.16.3 specifies recovery of transmission charge based on availability formula and at the same time clause (iii) of the regulation clarifies that any amount of transmission charge recovered in excess of annual fixed cost shall be adjusted with the ARR of the next ensuing year. Thus, regulation 6.16.3 does not specifies for any additional cost rather specify the process of recovery and adjustment of any over recovery. Hence, the claim of HEL is not justified.

3.2.2 Thus, the revenue recoverable including the incentive is as per following table:

**Table 3.1**

SL. No.	Particulars	In Rs Lakh	
		Claimed	Admitted
1	Net Fixed Charge	10,836.90	8,740.41
2	Add: Incentive	26.10	21.03
3	Add: Adjustment of Transmission Charge in terms of regulation 6.16.3 of the Tariff Regulations	220.10	-
4	Revenue Recoverable	11,083.10	8,761.44

3.3 The re-determined amount of fixed charges of HEL for the year 2018 – 19 comes to Rs. 8761.44 lakh which is considered as realizable revenue from operation of HEL for 2018 – 19.





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- 3.4 From the audited account it is observed that, HEL had recovered Rs. 11401.00 Lakh as transmission charge during the year 2018 – 19. The Commission issued the Tariff Order for 2018 – 19 on 15.06.2022 determining ARR of Rs. 8197.80 lakh and in the said order directed HEL to adjust the over recovery, if any, with twelve equal monthly installments. HEL in its supplementary petition dated 04.07.2022 in Form E(T) has considered Rs. 8197.80 Lakh as revenue recovered in terms of the Tariff Order dated 15.06.2022.
- 3.5 The Commission vide letter dated 08.06.2023 directed HEL to confirm the details of amount adjusted, if any, in terms of the Tariff Order dated 15.06.2022. HEL vide letter dated 16.06.2023 has stated that no amount has been adjusted in terms of the order dated 15.06.2022.
- 3.6 As clearly evident, HEL has availed the sum of Rs. 3203.20 Lakh (Rs. 11401.00 – 8197.80 Lakh) meant for refund to the beneficiary, held at its disposal in the operation of its business along with corresponding benefits till date. Accordingly, the Commission deems it fit to consider the corresponding interest accruable on the sum meant for refund to beneficiary as held by HEL till date at the rate specified by the Commission for working capital computation which is SBI MCLR + 350 basis points. Such rate comes to 10.50 % (SBI MCLR as on 01.04.2022 i.e., 7.00% + 3.50%).
- 3.7 The Commission observes that the refund scheduled to be paid by HEL vide Tariff Order dated 15.06.2022 to its beneficiary has not reach to the end of the beneficiary. Accordingly, the Commission decides to consider the interest on such refundable amount as elaborated in paragraph 3.6 above during 01.07.2022 to 30.06.2023, to be passed on to the beneficiary. Such amount comes to Rs. 336.34 Lakh. [=3203.20 x 10.50%]





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- 3.8 As it comes from the above, HEL has an over-recovery of Rs. 2639.56 Lakh during 2018 – 19. Now considering the adjustment of interest amount mentioned in paragraph 3.7 above, net refundable amount comes to Rs. 2975.87 Lakh as detailed below:

**Table 3.2**

**In Rs Lakh**

Sl. No.	Particulars	Amount
1	Revenue realized from operation for 2018 – 19, as per account.	11401.00
2	Approved realizable revenue admitted in APR for 2018 – 19	8761.44
3	Over-recovery for the year 2018 – 19 (1 – 2)	2639.56
4	Add: Interest benefit passed on to the beneficiary as per para 3.7 above	336.34
5	Net amount refundable	2975.87

- 3.9 In terms of the Tariff Regulations, the net refundable amount of Rs. 2975.87 Lakh or part thereof shall be adjusted with the amount of Aggregate Revenue Requirement for the subsequent period or that for any other ensuing year or through a separate order, as may be decided by the Commission.
- 3.10 HEL is to take a note of this order.
- 3.11 A copy of the order shall be posted in the website of the Commission.
- 3.12 HEL 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/-

**(MALLELA VENKATESWARA RAO)**  
**CHAIRPERSON**

**DATED: 04.10.2023**

Sd/-  
**SECRETARY**