



**ORDER
OF THE
WEST BENGAL ELECTRICITY REGULATORY COMMISSION
FOR THE YEAR 2020 – 2021**

**IN
CASE NO. APR – 87 /21-22**

**IN REGARD TO THE APPLICATION OF WEST BENGAL STATE
ELECTRICITY TRANSMISSION COMPANY LIMITED FOR ANNUAL
PERFORMANCE REVIEW (APR) FOR THE YEAR 2020-21 UNDER
REGULATION 2.6 OF THE WBERC (TERMS AND CONDITIONS OF
TARIFF) REGULATIONS, 2011 AS AMENDED.**

PRESENT:

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

DATE: 11.12.2023



Chapter 1 Preamble

1.1 In terms of the provisions contained in regulation 2.6 of the West Bengal Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2011, as amended from time to time (hereinafter referred to as the 'Tariff Regulations'), the generating companies or the licensees, as the case may be, are subject to an Annual Performance Review (in short 'APR'). West Bengal State Electricity Transmission Company Limited (hereinafter referred to as 'WBSETCL') submitted their application for Annual Performance Review for 2020-21 on 29.11.2021 in terms of the provision contained in Tariff Regulations. This application was admitted by the Commission on 28.03.2022 and was numbered as APR-87/21-22. Later, WBSETCL submitted the revised forms after some arithmetic corrections in the supplementary petition on 02.08.2022.

1.2 The West Bengal Electricity Regulatory Commission (hereinafter referred to as the 'Commission') introduced Multi Year Tariff procedure and as such, APR aims at carrying out adjustments arising out of difference between the actual performance and projected performance under different factors/ heads of accounts.

1.3 WBSETCL is one of the successor entities of erstwhile West Bengal State Electricity Board (in short 'WBSEB') and came into being with effect from 01.04.2007. It is engaged in the business of transmission of electricity and management of the State Load Despatch Centre (in short 'SLDC') in terms of West Bengal Power Sector Reform Transfer Scheme, 2007, notified by the Department of Power and Non-conventional Energy Sources, Government of West Bengal vide Notification No. 12-PO/O/III/3R-29/2006 dated 25.01.2007 followed by subsequent modifications made through Notification No. 313-PO/O/III/3R-29/2006 dated 19.09.2008. The instant application of WBSETCL for APR for 2020-21 is its first application of the 7th control period consisting of three years, based on audited annual report and accounts for the year 2020-21. The adjustments as may arise out of the review of the instant application with reference to the aforesaid audited annual report and accounts and the Commission's MYT order dated 25.06.2021 in Case No. TP-90/20-21 will be considered for giving effect while determining the amount of revenue recoverable through tariff order of ensuing year or through separate order as specified in regulation 2.6.6 of the Tariff Regulations.



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1.4 The APR is to cover the annual fixed charges allowed to the applicant, incentives and the effect of gain sharing as per Schedule- 9B and Schedule 10 to the Tariff Regulations. Element of performance incentive or gain sharing on account of achieving better operational norms, however, was not considered for WBSETCL while determining its Aggregate Revenue Requirement (in short 'ARR') for the year 2020-21 in terms of the referred schedules to the Tariff Regulations. The APR for the year 2020-21 is, therefore, the review of the different elements of fixed charges, categorized as controllable and uncontrollable, allowed to WBSETCL through its ARR for the year 2020-21 vis-à-vis the actuals as per the audited accounts.

1.5 WBSETCL submitted the required data / information in the formats specified by the Commission and also a copy of its audited Annual Report and Accounts for 2020-21. The detailed review of its performances is being taken up in the subsequent parts of the order. The review involves examination of the expenditures incurred under different heads of fixed charges for ascertaining the admissibility of such expenditures in terms of the Tariff Regulations.

1.6 In terms of regulation 2.6.12 of the Tariff Regulations, WBSETCL was directed to publish the approved gist of the APR application 2020-21, as submitted by WBSETCL, on 29.11.2021 in the newspapers and also in the website of WBSETCL. The gist was then published by WBSETCL on 03.05.2022 in 'Bartaman', 'The Telegraph' and 'The Times of India'. WBSETCL was again directed to publish the gist of the revised APR application for 2020-21 upon additional information as submitted by them on 02.08.2022. The revised gist was published on 02.12.2022 in 'Ajkaal', 'Bartaman', 'The Telegraph' and 'The Times of India'. Both the publications invited the attention of all interested parties, stakeholders and the members of the public to the applications for APR for 2020-21 of WBSETCL and requested for submission of objections, comments etc., if any, on the applications to the Commission within 21 days from date of publications. The approved gist along with the APR petition for 2020-21 was also published in the website of WBSETCL. Opportunities were also afforded to all to inspect the applications and download copies from the website of WBSETCL thereof.

1.7 No comment, suggestion, objection on both the applications for APR for the year 2020-21 of WBSETCL has been received during the stipulated time.



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1.8 On 02.06.2023, WBSETCL has submitted another additional information seeking specific directions upon WBSEDCL regarding unrealized transmission charges as well as adjustments of under recovery or over recovery against the APR for 2020-21, if any, in the subsequent APRs.



Chapter 2 Determination of Fixed Costs

2.1 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 truing up of ARR in APR. The uncontrollable elements of fixed charges are those elements where variations of actual expenditure with the expenditure allowed by the Commission in the ARR for the concerned year are caused by the factors beyond the control of the generating company or the licensee. The amount of actual expenses/ charges under such different heads of accounts are, therefore, to be considered on prudent check for carrying out positive or negative adjustments, as the case may be.

2.2 A summarized position of the amount claimed and allowed in the tariff order is provided in Table 2A. The summarized position is captured below:

Table: 2A (Summary of Petition)

Sl. No.	Item head	Amount Admitted in Tariff Order for 2020-21 (Rs. In Lakh)	Amount Claimed in Petition for APR Order for 2020-21 (Rs. In Lakh)
1	WBSETCL	142998.58	169776.96
2	SLDC *	1747.31	2120.34
3	Overall	144745.89	171897.30

WBSETCL has submitted auditor's certificate specifying the head-wise details of SLDC expenses in Volume-II of its APR petition.

The permitted amount of expenses/ charges under different heads of accounts are being determined after prudent check for carrying out positive or negative adjustments under Annual Performance Review in the following paragraphs. Some mismatches are also noted in the claim vis-à-vis Form E(T) submitted by WBSETCL, which are also dealt with suitably in the subsequent paragraphs.

2.3 Employee Cost:



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2.3.1 In the tariff order for 2020-21 an amount of Rs.23268.75 Lakh was admitted towards employee cost having elements like salaries, wages, allowances, bonus, contribution to P.F., terminal benefits, etc. as well as staff welfare expense. As per note 20 of annual accounts for 2020-21, the amount of employee cost is Rs.32698.10 Lakh, after netting off the expenses of Rs.5221.50 Lakh regarding capitalization. This includes contribution to provident and other funds of Rs.14631.20 Lakh and staff welfare expenses of Rs.191.42 Lakh. As per submission in the APR petition (auditors' certificate, volume 2) after adjustment of Other Comprehensive Income (OCI) of Rs.3204.39 Lakh, admissible amount of contribution to terminal benefit funds amounts to Rs.11426.81 Lakh (Rs.14631.20 Lakh - Rs.3204.39 Lakh). Further from the auditor's certificate submitted in Volume-II of the petition it is observed that Directors' Fees & Expenses amounting to Rs.4.00 Lakh has been accounted under the head of "Other Expenses", which shall be part of Employee Cost in terms of regulation 5.9.1 of the Tariff Regulations. It is observed that, WBSETCL in its Form E(T) has claimed Rs.32698.10 Lakh without considering the Directors' fees & expenses and other comprehensive income in terms of IND-AS. Thus, the total admissible amount under employee cost as per audited annual account comes to Rs.29497.71 Lakh (Rs.32698.10 Lakh - Rs.3204.39 Lakh + Rs.4.00 Lakh).

2.3.2 In the year 2020-21 the average number of employees in WBSETCL was 2493 (as per the additional submission dated 23.09.2022 of WBSETCL) against the average total transmission line of 15163.425 CKM. Thus, the employee per CKM is 0.164. This is well within the recommended norms of 0.35 as specified in Schedule-9A of the Tariff Regulations. As the man/CKM ratio is being satisfied thus the Commission admits the uncontrollable item of Employee cost of Rs.29497.71 Lakh.

2.3.3 Within the above total admitted amount of Rs.29497.71 Lakh, the allocation for SLDC is Rs.540.84 Lakh on the head of employee cost of SLDC as per Auditor's Certificate on SLDC Expenses in Volume-II of APR Petition. Thus, the allocated amount to WBSETCL for its transmission business stands to Rs.28956.87 Lakh (Rs.29497.71 Lakh - Rs.540.84 Lakh). The break-up of the employee cost admitted for the year 2020-21 is given in the Table 2B below:

Table: 2B (Employee Cost)

Particulars	As Claimed (Rs. In Lakh)	Admitted in APR (Rs. In Lakh)		
		WBSETCL	SLDC	Total
Employee Cost	29493.71	28956.87	540.84	29497.71



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2.4 Operation and Maintenance (O&M) Expenses:

2.4.1 O&M expenses primarily consists of Repair & Maintenance expenses, Administrative & General Expenses and other operational expenses including outsourcing, etc. In Tariff Regulations O&M expenses are basically considered as controllable expenses, except manpower related costs. As per regulation 2.6.10 of the Tariff Regulations any additional expense to any controllable item may be allowed if inflation is found more than 15% with respect to the price considered in tariff order or the business volume parameter increases by more than 5% to the values considered in the tariff order or if specifically mentioned in the Tariff Order.

2.4.2 In the tariff order of 7th control period pertaining from 2020-21 to 2022-23 the expenditures for different heads which are sensitive to business volume parameters had been projected by the Commission on the basis of trend of inflation as well as the business volume growth of the previous year vis-à-vis the expenditure projected by WBSETCL. For this purpose, a hybrid index (HI) consisting of 60% and 40% weightage on WPI (Wholesale Price Index) and CPI (Consumer Price Index) respectively has been used by the Commission. From the analysis of business volume parameters and inflation indexes in table below, it is found that the variations are well within the limits specified in regulation 2.6.10 of the Tariff Regulations:

Table: 2C (Inflation and Business Volume Parameters)

Particulars	Tariff Order 2020-21	Actual Value of 2020-21	Variation in %
Business Volume Parameter (Average Transmission Line Length in CKM)	15670.12	15163.43	(-) 3.23%
WPI in %	1.67%	1.30%	
CPI in %	7.54%	5.20%	
Inflation in hybrid index [WPI: CPI (60:40)] in %	4.02%	2.86%	
Actual figures of WPI, CPI from Office of Economic Advisor, GOI and CPI numbers for Industrial Workers, Labour Bureau, GOI respectively			

2.4.3 In the Tariff order of 2020-21 under paragraph 4.9.1 (page no. 18) it has been specified that, in case while finalizing the APRs the actual value of Transmission Line Length (TLL) is found to be higher/ lower than



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the admitted value in the Tariff Order, then impact of such amount will be adjusted. Otherwise, no impact on the rate of inflation is taken into account as it is found to be less than 15% as laid in the Regulation: 2.6.10 (ii) of the Tariff Regulations.

2.4.4 In view of the above, the admissible amount under the controllable heads are as below:

Table: 2D (Adjustments as in Regulation 2.6.10 of Tariff Regulations and Paragraph 4.9.1 of Tariff Order)

Table: 2D (Adjustments as in Regulation 2.6.10)							
Sl no	Particulars	Claimed in Tariff Petition	Tariff Order for 2020-21		Impact of para 4.9.1 of Tariff order	Impact of reg 2.6.10	Admissible amount
			Admissible	Admitted			
		Amount (Rs. In Lakh)					
		(1)	(2)	(3)	(4)	(5)	(6) = 3+4+5
A	Repair & Maintenance	7960.31	7227.06	7227.06	-233.31	0.00	6993.75
B	A& G Expenses						
	Rent	125.99	167.67	125.99	35.94	0.00	161.93
	Legal charges	59.80	32.91	32.91	-1.12	0.00	31.79
	Auditor's Fees	82.88	72.08	72.08	-2.68	0.00	69.40
	Others (incl consultancy)	2123.39	1907.05	1907.05	-61.46	0.00	1845.59
	Total A&G	2392.06	2179.71	2138.03	-29.32	0.00	2108.71
C	Overall	10352.37	9406.77	9365.09	-262.63	0.00	9102.46

Element wise analysis of actual expenditure vis-à-vis the permissible amount for the controllable items during 2020-21 are dealt with in the following paragraphs:

2.4.5 Repair and Maintenance (R&M) Expenses:

2.4.5.1 In APR application the actual expenditure under Repair & Maintenance head has been claimed as Rs.6582.74 Lakh against the admissible amount of Rs.6993.75 Lakh as per table 2D above. Since, R&M expense is a controllable element, the Commission decides to restrict the admissible amount to Rs.6582.74 Lakh.



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2.4.5.2 From the auditor's certificate submitted at page 60 of Volume-II, it is observed that, as on 31.03.2021 out of 15588.99 CKM total transmission line length maintained by WBSETCL, 637.00 CKM of line pertains to assets not owned but maintained by WBSETCL.

2.4.5.3 Further it is observed that, in the claim of total Repair & Maintenance expenses, Rs.45.97 Lakh is pertaining to SLDC operation as per Auditor's Certificate on SLDC Expenses in Volume-II of APR Petition (P-44). The Commission admits the said amount of Rs.45.97 Lakh as SLDC repair & maintenance expense and Rs.6536.77 Lakh (Rs.6582.74 Lakh - Rs.45.97 Lakh) as repair maintenance expenses related to transmission business of WBSETCL. The break-up of the repair & maintenance expenses admitted for the year 2020-21 is given in the Table 2F below:

Table: 2E (Break-up of Repair & Maintenance Expenses)

Particulars	Admitted in APR 2020-21 (Rs. In Lakh)		
	WBSETCL	SLDC	Total
Repairs & Maintenance	6536.77	45.97	6582.74

2.4.6 Administrative & General (A&G) Expenses:

2.4.6.1 A&G expenses has four major elements such as Rent, Legal Charges, Audit fees & expenses and Other Administrative & General Expenses. As per regulation the other Administrative & General expenses together with rent, legal charges, audit fees & expenses are part of the A&G expenses and the variation of actual expenses corresponding to the admitted amount in tariff order is permissible to the extent allowed under regulation 2.5.5(iv) only.

2.4.6.2 From the petition it is seen that the actual of other A&G expenses incurred in 2020-21 is Rs.1614.55 Lakh (Rs.1552.60 Lakh + Rs.61.95 Lakh) as per form E(t) of Volume -II of the petition against the admissible amount of Rs.1845.59 Lakh in Table 2E above. On detailed scrutiny of audited account vis-à-vis the claim in APR petition, it is observed that, WBSETCL has considered Rs.727.19 Lakh pertaining to Corporate Social Responsibility (CSR) and Rs.4.00 Lakh pertaining to Directors' fees & expenses under its claim of A&G expenses. It is further noted that, WBSETCL has adjusted the amount of Rs.260.61 Lakh pertaining to capitalization of A&G expenses as mentioned under Note - 23 of the Audited Accounts.



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2.4.6.3 Directors' fees & expenses amounting to Rs.4.00 Lakh has already been allowed under the employee cost in para 2.3.1 above in line with the provisions of the Tariff Regulations. The Commission further decides not to allow expense towards CSR since the same is an allocation of profit and a statutory obligation. The amount of Rs.260.61 Lakh pertaining to capitalization of A&G expenses is also adjusted. Thus, being other A&G expenses Rs.883.36 Lakh (Rs.1614.55 Lakh – Rs.727.19 Lakh – Rs.4.00 Lakh), the admitted amount of total A&G expenses comes to Rs.1140.79 Lakh as detailed below:

Table: 2F (Administrative & General Expenses)

Particulars	Admissible amount as per Table 2D	As per APR Petition	Admitted in APR
	Amount (Rs. In Lakh)		
Rent	161.93	161.91	161.91
Legal charges	31.79	45.83	31.79
Auditor's fees	69.40	49.69	49.69
Other A&G expenses (excluding CSR, Directors' fees and expenses Capitalised)	1845	883.36	883.36
Adjustment under regulation 2.5.5 (iv)			14.04
Total	2108.71	1140.79	1140.79

2.4.6.4 In its claim of total Administrative & General expenses, Rs.45.41 Lakh is pertaining to SLDC operation. The Commission admits an amount of Rs.45.41 Lakh as SLDC A&G expense including bank charge of Rs.0.09 Lakh for the year 2020-21. The break-up of the Administrative & General expenses admitted for the year 2020-21 is given in the Table 2H below:

Table: 2G (Break-up of Administrative & General Expense)

Particulars	Admitted in APR (Rs. In Lakh)		
	WBSETCL	SLDC	Total
Administrative & General Expenses	1095.38	45.41	1140.79



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2.5 **Other Operational Expenses:** In respect of allowance of expenses such as, Rates & Taxes, license fee and filing fees and Cost of outsourcing the principle adopted in the Tariff Order has been followed and the admitted expenses are discussed in the following paragraphs based on submitted forms and Auditors' Certificate.

2.5.1 WBSETCL has claimed an amount of Rs.215.14 Lakh on account of Rates and Taxes related to municipal taxes paid for different establishment for 2020-21 against total approved amount of Rs.88.38 Lakh in tariff order. Municipal tax being statutory in nature, the amount is admitted in full. WBSETCL has not claimed any service & entry tax under this head. Thus, the actual expenditure is admitted as detailed below:

Table: 2H (Rates & Taxes)

Particulars	Allowed in Tariff Order	As claimed in APR Petition	Admitted in APR
	Amount (Rs. In Lakh)		
Total Rates & Taxes	88.38	215.14	215.14

2.5.2 WBSETCL has claimed Rs.325.55 Lakh for the year 2020-21 towards license fees and filing fees. From note 23 of the Audited account it is observed that WBSETCL has booked Rs.244.93 Lakh as license fees and Rs.80.62 Lakh as fees for filing petitions. This being statutory and uncontrollable expenses, the Commission decides to admit the full amount of Rs.325.55 Lakh (Rs.244.93 Lakh + Rs.80.62 Lakh) under license fee and filing fees.

2.5.3 WBSETCL has claimed an amount of Rs.2374.59 Lakh on account of cost of outsourcing for security and Rs.1119.59 Lakh for outsourcing of vehicle for the year 2020-21 against the admitted amount of Rs.2399.10 Lakh and Rs.1060.87 Lakh respectively in the tariff order. WBSETCL submitted that, the expenditure on the security of their assets to minimize loss or theft at site, has been possible to maintain within the projected value in the Tariff Order. It has also been claimed that, the vehicle expense has been increased little of Rs.58.72 Lakh (Rs.1119.59 Lakh – Rs.1060.87 Lakh) due to exorbitant price hike of fuel during the year. The Commission observes that, outsourcing being on manpower and vehicle related expenses, which are uncontrollable as per the Tariff Regulations, the actual amount is admitted.



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2.5.4 Item wise expenses on the head of other operational expenses is being provided in Table below:

Table: 2I (Other Operational Expenses)

Particulars	Units	Allowed in Tariff Order	2020-21 (Accounts & APR Petition)	2020-21 (Admitted)
Rates & Taxes (including service & entry tax)	Rs. Lakh	88.36	215.14	215.14
License and filing fees	Rs. Lakh	259.29	325.55	325.55
Outsourcing – security expense	Rs Lakh	2399.10	2374.59	2374.59
Outsourcing – vehicle charges	Rs Lakh	1060.87	1119.59	1119.59
Total		3807.62	4034.87	4034.87

2.6 Return on Equity:

2.6.1 On scrutiny of annual accounts and different forms in Volume II of the APR petition for 2020-21 of WBSETCL following facts are observed:

- The closing balance of general reserves as on 31.03.2020 is Rs.346668.11 Lakh as per Reserve & Surplus schedule of annual accounts;
- The actual addition to the equity base in 2020-21 is Rs.64965.81 Lakh as per Reserve & Surplus schedule of annual accounts.
- It is observed that WBSETCL in Note: 17 has shown cumulative assets created from consumers' contribution as Rs.44939.64 Lakh during 2020-21, whereas in 2019-20 the cumulative balance was shown as Rs.45424.12 Lakh. It is noted that Rs.3576.14 Lakh is received and Rs.4060.62 Lakh is transferred in 2020-21 being the consumers' contribution towards assets as per Note: 17.3, while Rs.3530.98 Lakh (Rs.19797.60 Lakh – Rs.16266.62 Lakh) is received as deferred revenue owing to consumers' contribution as per Note: 13. Due to the indecisive figures submitted as in Note: 17.3 and Note: 13 of the audited annual account, the Commission decides to arrive at the figures from Note: 13, ie. Rs.3530.98 Lakh of the audited annual account as the assets from 'Consumers Contribution' transferred on completion. Similarly, the government grant during 2020-21 as Rs. 4277.26 Lakh (Rs.20308.02 Lakh – Rs.16030.76 Lakh) is considered by the Commission.



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- iv) The admissible equity base at the beginning of the year is considered as Rs.295379.94 Lakh as per closing balance computed in APR order of 2019-20.
- v) From note 1 (Fixed Assets) of the notes to accounts of audited annual accounts, it is observed that during 2020-21, the addition to tangible fixed assets was Rs.75019.28 Lakh and intangible fixed assets of Rs.187.96 Lakh. Also, there is an adjustment in assets as Rs.186.83 Lakh at Note: 1 of the audited annual account. After excluding the consumer contribution and government grant funded assets as considered in para (iii) above, net asset addition during 2020-21 comes to Rs.67212.17 Lakh (Rs.75019.28 Lakh + Rs.187.96 Lakh – Rs.186.83 Lakh – Rs.3530.98 Lakh – Rs.4277.26 Lakh) as computed below and to be considered as addition to fixed assets for the purpose of computation of return on equity.

Particulars for 2020-21	Amount (Rs. In Lakh)
Refer to Note 1 of Audited Annual Accounts, Addition of Fixed Assets for 2020-21	75019.28
Refer to Note 1 of Audited Annual Accounts, Addition of Intangible Assets	187.96
Refer to Note 1 of Audited Annual Accounts, Adjustment in Tangible Assets	186.83
Refer to Note 13: Deferred Revenue Arising from Government Grant	4277.26
Refer to Note 13: Deferred Revenue Arising from Consumer Contribution	3530.98
Net Addition of Fixed Assets	67212.17

2.6.2 The computations of the equity base for allowing returns following the amount of returns are shown hereunder:

Table: 2J (Computation of Return on Equity)

Sl. No.	Particulars	Admitted Amount in (Rs. in Lakh)
1	Actual Equity base at the beginning of the year	
	Share Capital	110552.00
	Free Reserve	346668.11
	Total	457220.11
2	Admissible equity base at the beginning of the year	295379.94
3	Addition to Equity base during the year	64965.81



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Sl. No.	Particulars	Admitted Amount in (Rs. in Lakh)
4	Actual Equity base at the end of the year [(1)+(3)]	522185.92
5	Net Addition to the original cost of Fixed Assets during the year	67212.17
6	Normative addition to Equity [30% of sl. No. (5) above]	20163.65
7	Amount to be considered as addition during the year being lower of (3) & (6)	20163.65
8	Admissible Equity Base at the end of year [(8)= (2)+(7)]	315543.59
9	Average admissible Equity Base [((2)+(8))/2]	305461.77
10	Allowable return @ 15.5% on sl. No. (9) above	47346.57

2.7 Borrowing Costs:

2.7.1 WBSETCL has claimed Rs.39863.52 Lakh of total borrowing cost for the year 2020-21 as detailed below:

- (i) Rs.27938.34 Lakh as interest on capital borrowings,
- (ii) Rs.10066.18 Lakh as interest on normative loan,
- (iii) Rs.459.00 Lakh on interest on bonds for creation of pension fund,
- (iv) Rs.1324.48 Lakh for interest on working capital and
- (v) Rs.75.52 Lakh for other finance charges.

2.7.2 In the Note: 21 of the audited annual account the total financing cost after interest capitalized is reflected as Rs.29713.08 Lakh. The reconciliation based on actual borrowing cost (excluding normative interest) claimed in Form-C and Form 1.17(c) vis-à-vis Note: 21 of audited accounts is as below:

Table: 2K (Borrowing Cost Reconciliation)

Particulars	Units	Note-20 of Audited account	Reconciliation with Form-C and 1.17 (c)
Interest on Loan Capital	Rs. Lakh	33801.84	31376.52
Interest on 8.5% Pension Trust Bonds	Rs. Lakh		459.00
Interest on Working Capital	Rs Lakh		1240.22
Other Finance Charges	Rs Lakh	75.52	75.52
Less: Interest Capitalised	Rs. lakh	4164.28	4164.28
Total	Rs. Lakh	29713.08	28986.98



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It may be noted that the consideration of excess interest capitalized in earlier years, if any, is to be serviced through the tariff in respective years as decided by the Commission. Now the Commission proceeds to compute the admissible amounts in each sub-head as analyzed below in seriatim:

2.7.3 Interest on Loan Capital: WBSETCL vide submission made in Form -E(T) of volume -II of the petition has claimed interest on capital loans amounting to Rs.27938.34 Lakh as due on opening outstanding debt and fresh borrowing made during the year 2020-21. Commission considers servicing of debt and equity considering asset addition during the year as follows:

Table: 2L (Break-up of Debt & Equity to Service)

SI No	Particulars	Amount -Rs Lakhs
1	Asset Addition as per Books of Accounts in 2020-21	75020.41
2	Less	
i	Assets on Consumer Contribution during 2020-21	3530.98
ii	Assets on Grant	4277.25
3	Net Asset Added during the year (SI 1 - SI 2 i-SI 2ii)	67212.18
4	Serviceable through Equity	20163.65
5	Serviceable through Debt	47048.53

Commission now proceeds to compute Interest on Loan Capital as follows:

Table: 2M (Detail of Loan Capital)

SI No	Particulars	Original amount of loan	Opening balance	Repayme nt due	Fresh drawal	Interest paid	Closing balance
		Amount (Rs. In Lakh)					
1	Secured non-convertible bonds (9.75%)	18300.00	0.00	0.00	0.00	0.00	0.00
2	Secured non-convertible bonds (10.29%)	25000.00	25000.00	0.00	0.00	2570.27	25000.00



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Sl No	Particulars	Original amount of loan	Opening balance	Repayment due	Fresh drawal	Interest paid	Closing balance
Amount (Rs. In Lakh)							
3	PFC Limited	10680.00	9078.43	1068.05	0.00	802.36	8010.38
4	REC Limited	348448.43	173578.48	15490.17	6929.81	16994.12	165018.12
5	LIC	16365.00	6156.11	1231.22	0.00	528.84	4924.89
6	NABARD	45647.77	36473.09	3405.01	11248.50	4075.56	44316.58
7	HUDCO	20000.00	5417.53	1274.72	0.00	456.14	4142.81
8	State Bank of India	500.00	5388.24	117.13	44320.05	933.81	49591.16
9	Loan from State Govt	117195.00	59963.36	4901.88	0.00	5015.42	55061.48
10	CAPITAL LOAN TOTAL	602136.20	321055.24	27488.18	62498.36	31376.52	356065.42
11	Net Interest Admitted	602136.20	321055.24	27488.18	47048.53	30660.60	340615.58
	Less: Interest Capitalized					4164.28	
	Net Interest Admitted					26496.32	

Commission admits Rs 26496.32 lakhs as Interest on Loan Capital borrowing considering weighted average interest rate @9.2676% on average balance considering 70% debt for asset added during the year.

2.7.4 Interest on Normative Debt:

2.7.4.1 WBSETCL has claimed a sum of Rs.10066.18 Lakh towards interest on normative loan in its submission under Form: C. The Commission proceeds to determine the admissible amount of interest on normative debt following the principle adopted by the Commission in previous APR orders by considering the cumulative asset addition vis-à-vis actual addition to debt since 2007-08 as below:

Table: 2N (Cumulative Asset and Debt Addition)

Year	Actual addition to Debt	Actual addition to Fixed Assets
	Amount (Rs. In Lakh)	
2007 – 2008	29249.00	0.00
2008 – 2009	23427.00	32637.10



Order on APR of WBSETCL for the year 2020-21

Year	Actual addition to Debt	Actual addition to Fixed Assets
	Amount (Rs. In Lakh)	
2009 – 2010	54041.00	70342.68
2010 – 2011	11443.00	24742.55
2011 – 2012	38652.00	23698.70
2012 – 2013	6309.37	45400.13
2013 – 2014	18113.73	42158.59
2014 – 2015	38655.02	49709.04
2015 – 2016	45822.66	61061.05
2016 – 2017	45547.45	59332.71
2017 – 2018	45101.66	91873.82
2018 – 2019	22457.80	103014.62
2019 – 2020	30707.49	72145.61
2020-2021	62498.36	67212.17
Total	472025.54	743328.77

2.7.4.2 As the cumulative actual addition to debt (Rs.472025.54 Lakh) during the above period is lower than 70% (ie. 63.50%) of the cumulative addition to the fixed assets (i.e. Rs.743328.77 Lakh) during this period, the asset created by deploying equity beyond the normative admissible equity is required to be serviced as normative debt in terms of the Tariff Regulations. The admissible interest on such normative debt comes to Rs.2013.56 Lakh as detailed below:

Table: 20 (Interest on Normative Debt)

Sl No	Particulars for 2020-21	Derivation	Amount (Rs. In Lakh)
1	Opening balance before adjustment of normative debt	A1	24028.09
2	Less: cumulative repayment of Normative debt upto previous year	A2	1157.75
3	Opening balance of net normative debt	a=A1-A2	22870.34
4	Actual addition to debt this year	b	62498.36



Order on APR of WBSETCL for the year 2020-21

Sl No	Particulars for 2020-21	Derivation	Amount (Rs. In Lakh)
5	Addition to the fixed assets during the year	c	67212.17
6	Normative addition to debt @70% of c above	$d=c*0.7$	47048.52
7	Addition to debt for the year to be considered to APR	e=higher of b&d	62498.36
8	Additional gross normative debt for the year	$F1=e-b$	0.00
9	Repayment of normative debt during the year on actual	$F2=a/10$	2287.03
10	Net additional gross normative debt during the year	$G=F1-F2$	-2287.03
11	Closing balance of net normative debt	$h=a+g$	20583.30
12	Average balance of normative debt	$i=(a+h)/2$	21726.82
13	Weighted average rate of interest paid on term loan during the year	j	9.2676%
14	Interest on normative debt allowed	$k=j*i$	2013.56
15	Closing Gross Normative Debt	$B1=A1+F1$	24028.09
16	Cumulative Repayment of Normative Debt upto Current Year	$B2=A2+F2$	3444.79

2.7.5 Interest on Pension Bond: WBSETCL in the APR petition has claimed Rs.459.00 Lakh towards interest on 8.5% Bonds issued for staff terminal benefit pension bond for the year 2020-21. During reconciliation of the submission made in Form: C and the interest amount is found as Rs.459.00 Lakh as detailed in Table: 2K above. This amount comes within their entitlement as it is a part of the order for restructuring process of erstwhile WBSEB. Accordingly, the Commission admits Rs. 459.00 Lakh for interest on Pension Trust Bonds during the year.

2.7.6 Interest on Working Capital:

- (i) In the APR for 2020-21, WBSETCL has claimed an amount of Rs.1324.48 Lakh on normative basis as interest on working capital loan. Whereas, in Form: C of Volume II of the APR petition, it is submitted that, WBSETCL has obtained short-term loan from Canara Bank and UBI to meet up its working capital and has paid an interest amounting to Rs.1240.22 Lakh.



Order on APR of WBSETCL for the year 2020-21

(ii) In terms of regulations 5.6.5.1 of the Tariff Regulations, working capital requirement on normative basis is @ 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. The Commission vide Paragraph 7 of its order dated April 6, 2022 in Case No SM-30/21-22 has ordered 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 1st April of the concerned year, plus 350 basis points."

(iii) The one-year Marginal Cost of Lending Rates (MCLR) of the State Bank of India as on 1st April, 2020 was 7.75%. The Commission thus has considered normative Interest on working capital at the rate of 11.25% (7.75% + 3.50%) for interest calculation as per Regulation 5.6.5.2 of Tariff Regulations. The following table shows the calculation in this regard.

Table: 2P (Interest on Working Capital)

Sl. No.	Particulars	Amount in Rs. Lakh
1	Net Annual Fixed Charges for 2020-21	146295.31
2	Less: Depreciation	29303.89
3	Less: Advance against depreciation	0.00
4	Less: Return on Equity	47346.57
5	Less: Reserve for Unforeseen Exigencies	0.00
6	Less: Deferred Revenue Expenses	0.00
7	Total deductions: (sum of (2) to (6))	76650.46
8	Allowable Fixed Charge for computation of Working Capital (1)-(7)	69644.86
9	Allowable Working Capital @18% on 8	12536.07
10	Interest at State Bank MCLR (7.75%) plus 3.5%	11.25%
11	Normative Interest on Working Capital [9 x 10]	1410.31
12	Actual Interest for working capital paid	1240.22



Order on APR of WBSETCL for the year 2020-21

Sl. No.	Particulars	Amount in Rs. Lakh
13	Interest on Working Capital Admitted [Min (11,12)]	1240.22

The actual interest claimed by WBSETCL being less than the normative interest on working capital, the Commission admits the actual interest of Rs.1240.22 Lakh for the year 2020-21 as per the provisions of the Tariff Regulations.

2.7.7 Other Finance Charges: WBSETCL has claimed Rs.75.52 Lakh as other financial charges in its APR petition for the year 2020-21. From Note: 21 of the audited account it is observed that, the service fees/ commitment charges are Rs.75.52 Lakh. Rs.75.52 Lakh booked under Note: 21 of the audited account is admitted under the head 'other finance charges' for the year 2020-21 in terms of regulation 5.6.4.2 of the Tariff Regulations.

2.7.8 In view of above analysis, the total admissible borrowing cost comes as below:

Table: 2Q (Admissible Borrowing Cost)

Particulars (Rs. In Lakh)	Units	As claimed (form E(b))	Admitted
Interest on Loan Capital	Rs. Lakh	38004.52	26496.32
Interest on Normative Debt	Rs. Lakh		2013.56
Interest on 8.5% Pension Trust Bonds	Rs. Lakh	459.00	459.00
Interest on Working Capital	Rs. Lakh	1324.48	1240.22
Other Finance Charges	Rs. Lakh	75.52	75.52
Total	Rs. Lakh	39863.52	30284.62

2.8 Depreciation:

2.8.1 In the tariff order for the year 2020-21 Rs.30215.87 Lakh was allowed under the head of Depreciation. In audited accounts of WBSETCL for 2020-21 under Note: 22, depreciation has been shown as Rs.30251.60 Lakh. Depreciation as reported in Accounts includes amortization of Rs.947.71 Lakh following IND AS accounting procedure.



Order on APR of WBSETCL for the year 2020-21

2.8.2 Depreciation is an uncontrollable head of expenditure in ARR for any base year of the control period and the related ensuing years. Accordingly, the Commission admits Rs.29303.89 Lakh as depreciation for the year 2020-21 after due adjustment on amortization amount of Rs.947.71 Lakh (Rs.492.18 Lakh + Rs.455.53 Lakh). As per the auditor's certificate submitted in volume-II of APR petition depreciation of SLDC assets is Rs.3.77 Lakh during 2020-21. Thus, the break-up of depreciation admitted in 2020-21 is as below:

Table: 2R (Break-up of Depreciation)

Particulars	Admitted in APR (Rs. lakh)		
	WBSETCL	SLDC	Total
Depreciation	29300.12	3.77	29303.89

2.9 Advance Against Depreciation / Interest Credit:

2.9.1 In terms of the Tariff Regulations, depreciation is primarily used for repayment of loan capital. 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 less 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. The Commission has accordingly, in the APR order for 2019-20 had determined the cumulative amount of 'excess of depreciation over repayment' as on 31.03.2020 amounting to Rs.27391.08 Lakh.

2.9.2 Based on the admitted depreciation and repayment of capital loan, calculation of interest credit is shown in the following table:

Table: 2S (Advance Against Depreciation / Interest Credit)

Sl No	Particulars	Derivation	Rs. lakh
1	Repayment of Admissible Loan	A	27488.18
2	1/10th of original amount of loan	B	60213.62



Order on APR of WBSETCL for the year 2020-21

3	Maximum repayment admissible	$C = \min(A, B)$	27488.18
4	Depreciation allowed	D	29303.89
5	Excess of depreciation & AAD over repayment up to last financial year	E	27391.08
6	Excess of depreciation over repayment	$F = (D+E) - C$	29206.79
7	Weighted average cost of debt in 2020-21	G	9.2676%
8	Interest credit for the year 2020-21	H	2706.78

2.10 **Repayment of Pension Bond:** As per terms of the Govt of West Bengal Notification No. 313-PO/O/III/3R-29/2008 dated 19.09.2008, the 8.5% Pension Trust Bond of Rs.27000.00 Lakh is re-payable in 5 (five) equal annual instalments after 10 (ten) years of moratorium period and accordingly 1/5th of Rs. 27000.00 Lakh i.e., Rs.5400.00 Lakh was due in 2020-21. WBSETCL has repaid an amount of Rs.5400.00 Lakh towards fifth instalment of bond issued for mitigation of liabilities against terminal benefit fund as is evident from Note: 11 of audited accounts and has claimed this as a charge for reimbursement against ARR for 2020-21. Such amount is accordingly admitted.

2.11 **ULDC Charges:** WBSETCL has claimed expenditure towards payment of ULDC charges to Power Grid Corporation of India Limited as Rs.1213.09 Lakh, which is evident from Note: 23 of the audited account. The entire amount has been claimed under SLDC expenses as per the auditor's certificate submitted as Annexure-III. Accordingly, the Commission decides to admit the amount under SLDC expenses.

2.12 **Charges Payable to Eastern Regional Power Committee (ERPC):** As per note 23 to the annual accounts of 2020-21, an amount of Rs.16.00 Lakh was paid to ERPC and entire amount is claimed under transmission business of WBSETCL. The same is admitted by the Commission.

2.13 **Charges Payable for Bakreswar and Santaldih Transmission Systems:**

2.13.1 WBSETCL is operating the transmission system constructed by the West Bengal Power Development Corporation Limited (in short 'WBPDCCL') associated with the Bakreswar and Santaldih Power Stations. WBPDCCL is to recover, the expenditure incurred by them relating to these transmission systems, from WBSETCL in instalments.



Order on APR of WBSETCL for the year 2020-21

2.13.2 As per Note: 23 to the audited accounts of 2020-21, an amount of Rs.5220.88 Lakh was paid by WBSETCL towards transmission charges to WBPDCCL during the year. The Commission now admits the amount of Rs.5220.88 Lakh on account of charges payable to WBPDCCL for Bakreswar and Santaldih transmission systems in the APR for 2020-21.

2.13.3 The Commission shall, however, determine the admissible fixed charge of Bakreswar Transmission system and Santaldih Transmission system for the year 2020-21 in the APR order of WBPDCCL for the year 2020-21. Adjustment, if any, on the payable amount of WBSETCL to WBPDCCL for the Bakreswar and Santaldih Transmission systems due to such APR order of WBPDCCL, shall be dealt with in the tariff order in respect of WBPDCCL for the subsequent period.

2.14 **Income Tax:** In the APR application of 2020-21 WBSETCL has claimed an amount of Rs.9939.77 Lakh for income tax. The Commission observes from the cash flow statement of the audited annual accounts of WBSETCL that, Rs.9939.77 Lakh has been paid as Income Tax during 2020-21. Accordingly, the Commission decides to admit the amount of Rs.9939.77 Lakh under the head Income tax for the year 2020-21.

2.15 **Reserve for Unforeseen Exigencies:** In terms of regulation 5.11 of the Tariff Regulations, WBSETCL was allowed Rs.3834.24 Lakh in the tariff under head Reserve for Unforeseen Exigencies from 2006-07 to 2010-11. WBERC vide order dated 10.6.2014 while disposing Review of APR order for 2011-12 directed WBSETCL to maintain investment under the said fund as on 31.3.2013 i.e. Rs.4804.69 Lakh and continue with investment of such amount with accrued interest. The Commission does not consider to allow any amount under this head in APR 2020-21 as treated by the way in the Tariff Order for 2020-21.

Table: 2T (Reserve for Unforeseen Exigency Fund)

Sl. No.	Particulars	As per Audited Account of 2020-21 (Rs. In Lakh)
1	Opening Balance of Reserve for Unforeseen Exigency Fund	7490.38
2	Interest earned during the year	1505.83
3	Reserve for Unforeseen Exigency Fund as on 31.03.2021	8996.21



Order on APR of WBSETCL for the year 2020-21

Note: The position for 'Reserve for Unforeseen Exigencies Fund' as provided with Auditor's Certificate vide Dir(Op)/WBSETCL/RAC/1(xi)/419 dated 07.02.2023, submitted by WBSETCL.

WBSETCL is directed to maintain this fund in terms of regulation 5.24.1, 5.24.2 and 5.24.3 of the Tariff Regulations failing which an amount to be withheld from the re-determined ARR during APR of any subsequent year in terms of regulation 5.11.2 of the Tariff Regulations.

2.16 **Special allocations:** WBSETCL has claimed Rs.3390.62 Lakh under the head 'special allocation' for recovery of APR claims from 2013-14 to 2014-15. The Commission in its APR order for 2019-20 has already allowed adjustment of Rs.775.11 Lakh in respect of APR for 2013-14 and Rs.2615.51 Lakh in respect of APR for 2014-15 has also adjusted in the Tariff order for 2022-23.

2.17 **Income from Non-tariff Sources:** The incomes from other non-tariff sources during the year 2020-21 has been claimed as Rs.3756.36 Lakh excluding SLDC. In Para: 2.14 above, Rs.1505.83 Lakh is hereby recorded to interest on Reserve for Unforeseen Exigencies Fund. As per note 19 to the annual accounts of WBSETCL total other income is Rs.5695.34 Lakh. Accordingly, the income from non-tariff sources in 2020-21 for the purpose of APR determination works out at Rs.4189.51 Lakh (Rs.5695.34 Lakh – Rs.1505.83 Lakh).

Further, from the auditor's certificate submitted in Volume-II of the petition it is observed that other income from SLDC operation is Rs.1118.53 Lakh including fees for open access, interests pertaining to investments, etc. Thus, non-tariff income pertaining to transmission function comes to Rs.3070.98 Lakh (Rs.4189.51 Lakh – Rs.1118.53 Lakh) which is admitted by the Commission in APR 2020-21.

2.18 **SLDC Expenses:** WBSETCL has submitted the details of SLDC expenses through auditor's certificate as Annexure-III in Volume-II of their APR petition specifying capital expenditure of Rs. 0.33 lakh and revenue expenditure of Rs.1849.08 Lakh. SLDC expenses on different revenue heads such as employee cost, repair & maintenance cost, administrative & general expense, rates & taxes, depreciation, etc. are already discussed in above paragraphs as described in table below:



Order on APR of WBSETCL for the year 2020-21

Table: 2U (SLDC Expenses)

Sl. No.	Particulars	As claimed	Admitted in APR
		Amount (Rs. In Lakh)	
1	ULDC Charges	1213.09	1213.09
2	Employee cost	540.84	540.84
3	Repair & maintenance expenses	45.97	45.97
4	Administrative & General charges	45.41	45.41
5	Depreciation	3.77	3.77
	OVERALL Expenses	1849.08	1849.08

The Commission in the tariff order of 2020-21 has allowed SLDC to continue to levy SLDC charges at the rate of 0.5 paise /kWh every month from the licensees. The amount is to be deposited in WBSLDC Fund as per West Bengal Electricity Regulatory Commission (Miscellaneous Provisions) Regulations, 2013 and all expenditure for operation of SLDC shall be incurred from WBSLDC Fund exclusively. From note-18 of the audited accounts of WBSETCL, the amount earned during 2020-21 is Rs.2120.34 Lakh.

2.19 Income from Short-term Open Access: As per note -18 to the audited accounts of WBSETCL, an amount of Rs.16789.33 Lakh has been earned by WBSETCL under the head "Short Term Open Access Charges" during the year 2020-21. Thus, the total income of Rs.16789.33 Lakh from short-term open access is being considered by the Commission an income during the year 2020-21 and adjusted from the Gross ARR.

2.20 Incentive for Transmission Licensee: WBSETCL in their APR application has claimed Rs.153.18 Lakh as incentive on the basis of their annual availability of 99.84 % during the year 2020-21 against the target availability for incentive of 99.75%. In view of admitted ARR, the admissible incentive in terms of paragraph 8 of schedule 10 of the Tariff Regulations, comes to Rs.134.89 Lakh as detailed below:

Table: 2V (Computation of Incentive)

Sl. No	Item	Amount (Rs. In Lakh)
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Order on APR of WBSETCL for the year 2020-21



1	Net Revenue requirement of WBSETCL excluding incentive (A-1)	145564.76
2	Annual availability	99.84%
3	Target availability	99.75%
4	Incentive $[(1) \times ((2) - (3)) / (3)]$	131.34

2.21 **Fixed Charges as Admitted:** Based on the foregoing analyses, the total amount of fixed charges allowable to WBSETCL for transmission utility function has been shown in Annexure-1. As may be seen therefrom, the total allowable fixed charges for WBSETCL comes to Rs.146426.65 Lakh, out of which Rs.145696.10 Lakh is related to transmission business.

Annexure: 1 (Aggregate Revenue Requirement)

Sl. No.	Head of Fixed Charges	Claimed in APR	Admitted in APR	SLDC	Transmission Business
		Amount (Rs. In Lakh)			
1	Employee Cost	32698.10	29497.71	540.84	28956.87
2	Repairs and Maintenance (R&M)	6582.74	6582.74	45.97	6536.77
3	Administrative and General charges	1871.98	1140.79	45.41	1095.38
4	Licensing & Filing Fees	325.55	325.55	0.00	325.55
5	Outsourcing	3494.18	3494.18	0.00	3494.18
6	Rates & Taxes (Other than on Income & Profit)	215.14	215.14	0.00	215.14
7	Insurance Premium	0.00	0.00	0.00	0.00
8	Interest on Capital borrowings	27938.34	26496.32	0.00	26496.32
9	Interest on normative loan	10066.18	2013.56	0.00	2013.56
10	Interest on Bonds for creation of Pension Fund	459.00	459.00	0.00	459.00
11	Repayment of Pension Bonds	5400.00	5400.00	0.00	5400.00
12	Other Finance Charges	75.52	75.52	0.00	75.52
13	Depreciation	30251.60	29303.89	3.77	29300.12



Order on APR of WBSETCL for the year 2020-21

Sl. No.	Head of Fixed Charges	Claimed in APR	Admitted in APR	SLDC	Transmission Business
		Amount (Rs. In Lakh)			
14	Advance against Depreciation	3123.56	0.00	0.00	0.00
15	Taxes under Income Tax Act	9939.77	9939.77	0.00	9939.77
16	Reserve for Unforeseen Exigencies	0.00	0.00	0.00	0.00
17	Returns on Equity	48683.08	47346.57	0.00	47346.57
18	Charges payable to WBPDCCL on account of Bakreswar & Santaldih transmission systems	5220.88	5220.88	0.00	5220.88
19	ULDC Charges	1213.09	1213.09	1213.09	0.00
20	Charges payable to ERPC	16.00	16.00	0.00	16.00
21	Interest on Working Capital	1324.48	1240.22	0.00	1240.22
22	Gross Revenue Requirement	188899.19	169980.93	1849.08	168131.85
23	Less:				0.00
	(i) Income from non-tariff sources	3756.36	4189.51	1118.53	3070.98
	(ii) Interest Credit	0.00	2706.78	0.00	2706.78
	(iii) SLDC Charges	2120.34			
	(iii) STOA charges	16789.33	16789.33	0.00	16789.33
	Sub-total	22666.03	23685.62	1118.53	22567.09
24	Net Revenue Requirement	166233.16	146295.31	730.55	145564.76
25	Add: Incentive	153.18	131.34	0.00	131.34
26	Add: Special allocation*	3390.62			0.00
27	Aggregate Revenue Requirement (ARR)	169776.96	146426.65	730.55	145696.10



Chapter 3 Amount Adjustable on APR

3.1 As shown at the paragraph 2.21 of the previous chapter, the re-determined amount of fixed charges of WBSETCL for the year 2020-21 comes to Rs.146426.65 Lakh out of which Rs.145696.10 Lakh is related to transmission business of WBSETCL.

3.2 The revenue from operation had been earned by WBSETCL by way of transmission charges and short-term open access charges with reference to its audited accounts are as follows:

- (i) As per note 18 of the Annual report 2020-21 revenue from transmission charge was Rs.163041.08 Lakh. As per note 18.1 the transmission charge booked for the year 2020-21 includes arrears of Rs 1443.98 lakh for 2018-19, Rs 15983.01 lakh for 2019-20 and Rs 2615.51 lakh as per APR order for 2014-15. Commission in the Tariff order dated 16.12.2020 for 2018-19 and 2019-20 allowed WBSETCL to adjust the recoverable/ refundable amount for the period from 01.04.2018 to 31.03.2020 in 12 (twelve) equal monthly installments commencing from 01.01.2021. Accordingly, WBSETCL has booked the arrear amount for 2018-19 and 2019-20 in their revenue income for 2020-21 as per accounting principles. WBSETCL further submitted through an affidavit that an amount of Rs 28919.02 lakh on account of arrear for 2018-19 and 2019-20 as per Tariff order for 2018-19 and 2019-20 and APR adjustment of 2013-14 (Rs 1382.87 lakh for 2018-19, Rs 15764.09 lakh for 2019-20 and Rs 757.60 lakh for 2013-14) is being unrealized. Commission decides to consider the arrear amount for 2018-19, 2019-20 and 2013-14 booked in the annual accounts as revenue realized for operation. WBSETCL shall realize the arrear amount as per tariff order for 2018-19 and 2019-20 from the long-term system users. The recoverable amount of Rs 2615.51 Lakh as per APR 2014-15 has been released by the Commission in the Tariff order of WBSETCL for 2022-23. Since WBSETCL has provided the amount of Rs 2615.51 lakh recoverable in APR 2014-15 as revenue income in annual accounts for 2020-21 as per accounting policy the same is also considered to arrive at the revenue income from transmission charges for the year 2020-21. Accordingly, the net revenue income from transmission charge for the year 2020 – 2021 will be Rs.163041.08 Lakh as provided in the Annual accounts of WBSETCL for 2020-21. WBSETCL shall also realize the arrear amount as per tariff order for 2020-21, 2021-22 and 2022-23 from the long term system users.



Order on APR of WBSETCL for the year 2020-21

- (ii) WBSETCL has also earned Rs.16789.33 Lakh on account of short-term open access charges during the year 2020-21, which has already been considered for arriving at admissible net ARR as mentioned in paragraph 2.18.
- (iii) Income booked in Annual Accounts from amortization of government grant of Rs.455.53 Lakh and amortization of consumer contribution towards capital asset of Rs.492.18 Lakh have already been adjusted in paragraph 2.7.2 in chapter-2. Revenue realized from Scheduling and SLDC charges is not adjusted with income of transmission business of WBSETCL as already narrated in Paragraph 3.1.
- (iv) Further as per note 16.1 to the audited accounts, no amount (Rs.17207.12 Lakh – Rs.17207.12 Lakh) is observed to have been received during 2020-21 on account of Inter State Transmission Charges in respect of 400 kV Single Circuit Kolaghat – Baripada transmission line and 220 kv single circuit Santaldih – Chandil transmission line.

Thus, the total revenue income comes as under:

Sl. No.	Particulars	Amount (Rs. in Lakh)
1	Revenue from transmission charged as per note 18 of audited annual reports and accounts of WBSETCL for 2020-21	163041.08
2.	Amount received from Power Grid Corporation (para 3.2(iv) above)	0.00
3.	Revenue realized from operation for the year 2020-21	163041.08

3.3 As it comes out from the findings in paragraph 3.1 and 3.2 above, WBSETCL has a over recovery of Rs.17344.98 Lakh as given below:

Sl. No.	Particulars	Amount (Rs. in Lakh)
1.	Approved realizable revenue admitted in APR for 2020-21	145696.10
2.	Actual amount of revenue from operation realized for the year 2020-21 as per paragraph 3.2	163041.08
3.	Net refundable revenue amount to be adjusted for 2020-21	-17344.98



Order on APR of WBSETCL for the year 2020-21

3.4 In terms of the Tariff Regulations, the over recovery of Rs.17344.98 Lakh or a part thereof may be adjusted with the amount of Aggregate Revenue Requirement for 2023-24 or that for any other ensuing year or through a separate order, as may be decided by the Commission. The decision of the Commission in this regard will be given in the subsequent tariff order of WBSETCL or in a separate order.

3.5 WBSETCL is directed to comply with the directions as following.

3.5.1 The Commission in the APR order for 2018-19 had directed WBSETCL to enter into a service agreement with the owner of 637 CKM Transmission Line which is maintained by WBSETCL. WBSETCL shall comply with the direction.

3.5.2 WBSETCL is directed to submit the actual amount of assets created out of government grant and /or consumers' contribution during the year vis -a-vis the cumulative position along with their subsequent APR petitions.

3.5.3 WBSETCL shall submit an audited report along with its subsequent APR petitions specifying the original cost of assets, loan repayments, depreciation and AAD availed of, depreciation to be shared over balance useful life, etc. in terms of second proviso of regulation 5.5.2 of the Tariff Regulations as directed in the APR order 2018-19 and 2019-20.

3.6 WBSETCL is to take a note of this order.

3.7 A copy of the order may be served upon WBSETCL.

Sd/-
(PULAK KUMAR TEWARI)
MEMBER

Sd/-
(MALLELA VENKATESWARA RAO)
CHAIRPERSON

Date: 11.12.2023

Sd/-
SECRETARY