



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

IN CASE NO. APR-91 / 21-22 / Part-A

IN REGARD TO THE PETITION FOR APPROVAL OF INPUT PRICE OF
COAL SUPPLIED FROM BARJORA COAL MINE FOR FY 2018-19 TO FY
2020-21

PRESENT:

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

DATE: 19.09.2023

FACTS IN BRIEF

- 1.0 West Bengal Power Development Corporation Limited (WBPDCCL) (hereinafter known as 'the petitioner') submitted an application on 14.06.2022 for approval of Input Price of coal supplied from Barjora Coal Mine for FY 2018-19 to FY 2020-21 in accordance with the Commission's direction at para 3.1.4 of the Tariff Order for FY 2018-19 and FY 2019-20 dated 14.07.2021 and Tariff Order for FY 2020-21 and FY 2021-22 dated 08.10.2021.

Direction to the petitioner (WBPDCCL)

- 2.0 The Commission in its Tariff Order dated 14.07.2021 in Case No. TP-85/19-20 ruled as under:

"3.1.4 WBPDCCL has also projected the availability of coal from captive mines during the years 2018-19 and 2019-20. WBPDCCL has claimed the basic price of coal from captive mines at notified price of Coal India Limited for each grade along with other associated costs. WBPDCCL has submitted that in absence of specific guidelines for pricing of coal from captive mines in Commission's Regulations they have projected the prices of coal as per notified prices of Coal India Limited (CIL) for the respective grades of coal in accordance with the Tariff Regulations of Central Electricity Regulatory Commission (CERC) notified on 07.03.2019... The coal mines have been allotted to WBPDCCL by the Ministry of Coal, Government of India. Commission considers the price of coal from the Captive mines as per notified price of CIL for respective grades as proposed by WBPDCCL with the direction that WBPDCCL shall submit all the details in line with the CERC Second Amendment Regulations for determination of price for integrated coal mine in their FPPCA Application for the years 2018-19 and 2019-20. Commission will determine the input price of coal for the allotted coal mines retrospectively as per CERC Second Amendment Regulations in the FPPCA and APR orders of WBPDCCL for the respective years."

- 3.0 The Commission in its Tariff Order dated 08.10.2021 in Case No. TP-95/20-21 ruled as under:

"3.1.4 WBPDCCL has also projected the availability of coal from captive mines during the years 2020-21, 2021-22 and 2022-23. WBPDCCL has claimed the basic price of coal from captive mines at notified price of Coal India Limited for each grade along with other associated costs. WBPDCCL has submitted that in absence of specific guidelines for pricing of coal from captive mines in Commission's Regulations they have projected the prices of coal as per notified prices of Coal India Limited (CIL) for the respective grades of coal in accordance with the Tariff Regulations of Central Electricity Regulatory Commission (CERC) notified on 07.03.2019... Commission considers the price of coal from the Captive mines as per notified price of CIL for respective grades as proposed by WBPDCCL with the direction that WBPDCCL shall submit all the details in line with the CERC Second Amendment Regulations for determination of price for integrated coal mine in their FPPCA Application for the years 2020-21, 2021-22 and 2022-23. Commission will determine the input price of coal for the allotted coal mines retrospectively as per CERC Second Amendment Regulations in the FPPCA and APR orders of WBPDCCL for the respective years."

Submission of the petitioner (WBPDCCL)

- 4.0 Barjora coal block was allotted to WBPDCCL by Ministry of Coal vide order no. 47011/7(46)/1993-CPAM/CA dated 23.06.2003 as a captive coal block. The Mining Plan was approved by the Ministry of Coal on 27.06.2005. The Government of West Bengal executed mining lease for Barjora coal block

in favour of M/s Bengal EMTA on 06.12.2007 and administrative approval of the Central Government was received on 01/04.06.2007. Coal production from Barjora Coal Mine started from April 2009 by Bengal EMTA.

- 5.0 The Hon'ble Supreme Court of India vide its Judgment dated 25.08.2014 read with its Order dated 24.09.2014 in Writ Petition (Criminal) No. 120 of 2012 (Manohar Lal Sharma vs. Principal Secretary & Ors.) cancelled allocation of Barjora coal block. Subsequently, the block was allocated to WBPDCCL vide Order No. 103/6/2015/NA dated 31.03.2015 by the Nominated Agency.
- 6.0 The petitioner, after receiving the Allotment Order, initiated the following activities before commencement of coal production:
- 6.1 The earlier approved Mining Plan was not having the closure cost and details of closure activities which was required for opening of Escrow Account in order to obtain Mine Opening Permission from Coal Controller Organization (CCO). Hence, the Mine Closure Plan was prepared and submitted to Ministry of Coal for approval on 12.08.2016.
- 6.2 The Standing Committee of Ministry of Coal vide letter dated 27.10.2016 directed WBPDCCL to prepare a revised Mining Plan along with final Closure Plan with revised schedule of year wise production.
- 6.3 In the meantime, Ministry of Coal issued corrigendum no. 1 to the Allotment Order in respect of block boundary co-ordinates of Barjora Coal Mine vide letter F. No. 103/06/2015/NA dated 28.02.2017 as provided by Coal Mine Planning & Design Institute (CMPDI) after which revised Mining Plan and final Closure Plan was prepared and submitted on 27.03.2017.
- 6.4 After the presentation before the Standing Committee on 10.04.2017 and 10.07.2017 along with compliance as directed, the Mining Plan along with final Closure Plan was approved on 19.07.2017.
- 6.5 Mine Opening permission was accorded by CCO vide Order dated 29.08.2017.
- 6.6 As per the Allotment Agreement between WBPDCCL and Ministry of Coal, the responsibility of operating the Coal Mine rests entirely with WBPDCCL. Accordingly, WBPDCCL appointed the Mine Developer and Operator (MDO) through transparent competitive bidding process and reverse auction. The Coal Mining Agreement (CMA) was signed with MDO on 21.10.2016.
- 7.0 The petitioner, after obtaining all the required statutory permissions, reopened the Barjora Coal Mine on 30.08.2017. After completion of pre-mining activity, coal production commenced on 04.04.2018.
- 8.0 The petitioner has claimed the input price for Barjora Coal Mine as under:

Table 1: Input price claimed in the Petition (Rs./MT)

Year	Input price
FY 2018-19	2599.88
FY 2019-20	2786.29
FY 2020-21	2288.43

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About Barjora Coal Mine

9.0 The salient details of the Barjora Coal Mine are as under:

Table 2: Salient details of Barjora Coal Mine

Particulars	Units	Value
Mineable Reserves	MMT	2.34
Actual coal production upto FY 2014-15		
FY 2009-10	MMT	0.11
FY 2010-11	MMT	0.26
FY 2011-12	MMT	0.22
FY 2012-13	MMT	0.26
FY 2013-14	MMT	0.04
FY 2014-15	MMT	0.21
Remaining Reserves	MMT	1.24
Peak capacity	MMTPA	0.5
Remaining life of Mine	Years	3
No. of Coal Seams	No.	2
Coal Production programme		
Year 1	MMT	0.50
Year 2	MMT	0.50
Year 3	MMT	0.24; revised to 0.66*
Actual coal production		
FY 2018-19	MMT	0.40
FY 2019-20	MMT	0.50
FY 2020-21	MMT	0.31
FY 2021-22	MMT	0.32
Specified End Use Plants		
Santaldih TPS		500
Kolaghat TPS		1260
Bakreswar TPS		1050
Bandel TPS		450
Sagardighi TPP Units 1&2		600
Sagardighi TPP Units 3&4		1000
Santaldih TPS		500
Kolaghat TPS		1260
Bakreswar TPS		1050
Bandel TPS		450
Gross Calorific Value (GCV) of Coal as per Geological Report	kcal/kg	Maximum – 5712 Minimum – 4650
Declared Coal Grade	-	G7
GCV range of Declared Coal Grade	kcal/kg	5201 – 5500
Actual weighted average GCV of coal extracted		
FY 2018-19	kcal/kg	5313.48 (G7)
FY 2019-20	kcal/kg	5263.40 (G7)
FY 2020-21	kcal/kg	5499.74 (G7)

*As per Revision 2

10.0 WBPDCCL submitted the following documents w.r.t Barjora Coal Mine:

- Allotment Order dated 23.06.2003 along with Gazette notification dated 16.07.2004.

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- ii. Allotment Order dated 31.03.2005.
- iii. WBPDCCL letter dated 12.08.2016 regarding the submission of Mine Closure Plan to Ministry of Coal.
- iv. Letter from Ministry of Coal dated 27.10.2016 directing to submit the revised Mining Plan and Mine Closure Plan.
- v. Corrigendum No. 1, dated 28.02.2017, in respect of modification of Geological Bounding co-ordinates in the Allotment Order dated 31.03.2015.
- vi. WBPDCCL letter dated 24.03.2017 regarding submission of revised Mining Plan and Mine Closure Plan to Ministry of Coal.
- vii. Letter from Ministry of Coal dated 19.07.2017 in respect of approval of Mining Plan and Mine Closure Plan.
- viii. Mine opening permission letter dated 29.08.2017.
- ix. Mining Plan and Mine Closure Plan (Revision-2) dated December, 2020.

11.0 WBPDCCL was asked to submit the PERT/CPM chart approved by the Government of India for various milestones associated with mine development and actual date of achievements thereof and detailed justification along with supporting documents for deviations in time and cost (time overrun and cost overrun), if any. In reply, WBPDCCL submitted that there is no PERT/CPM chart approved by the Government of India for various milestones associated with mine development. WBPDCCL submitted that the mines allotted to WBPDCCL are Schedule-II mines which were operational prior to allotment. WBPDCCL submitted the show cause notices along with WBPDCCL replies with respect to the deviation against the various milestones in respect of efficiency parameters as stated in the Allotment Agreement. As per the submitted documents, the actual dates of completion of milestones are as under:

Table 3: Actual date of completion of milestones

S. No.	Milestone as per Efficiency Parameters	Authority	Actual date of achievement
I	Transfer of Statutory permissions		
	Consent to Operate	West Bengal Pollution Control Board	24.06.2015
1	Grant/Execution of Mining Lease	Government of West Bengal	04.08.2015
2	Environment Clearance	Ministry of Environment, Forest and Climate Change	06.07.2015
3	Forest Clearance Stage-I	Ministry of Environment, Forest and Climate Change	10.07.2015
4	Forest Clearance Stage-II	Ministry of Environment, Forest and Climate Change	10.07.2015
5	Ground Water Clearance	Geologist, Surface Water Investigation Directorate, Birbhum	30.06.2015
6	Permission from Directorate General of Mines Safety	Directorate General of Mines Safety	22.08.2017
7	Mine Opening permission	Coal Controller Organisation	29.08.2017
II	Approval of Mine Closure Plan	Ministry of Coal	19.07.2017
III	Opening of Escrow Account	-	25.08.2017

About Mine Developer & Operator (MDO)

12.0 WBPDCCL floated the Request for Proposal dated 16.02.2016 for selection of MDO for development and operation of Barjora and Gangaramchak & Gangaramchak-Bhadulia Coal Mines with the last date of submission of proposal as 22.03.2016, with reverse auction process. The Ceiling Price was

specified as Rs. 1299/MT.

13.0 Pursuant to the completion of the bidding process and reverse auction, the Letter of Award (LoA) was issued on 12.08.2016 to Ambey Mining Private Limited (AMPL)-Godavari Commodities Limited (GCL) Consortium at the Base Mining Charge (Final Price Offer) of Rs. 1011/MT. The consortium had incorporated the MDO, Gangaramchak Mining Private Limited (GMPL) as a Limited Liability Company under the Companies Act, 2013 and had requested WBPDCCL to accept the MDO as the entity which shall undertake and perform the obligations and exercise the rights of the Consortium under the LoA, including the obligation to enter into Coal Mining Agreement (CMA) pursuant to the LoA. WBPDCCL had agreed to the said request and accordingly, entered into the CMA with GMPL dated 21.10.2016. As per the LoA, the Commencement date of the CMA is 12.08.2016 i.e., the date of LoA.

14.0 The scope of MDO includes the following activities:

- a) Development of Mine in accordance with the provisions of the CMA and Mining Plan.
- b) Operation and maintenance of Mine in accordance with the provisions of the CMA.
- c) Excavation and delivery of coal in accordance with the provisions of the CMA.
- d) Performance and fulfilment of all other obligations of MDO in accordance with the provisions of the CMA.
- e) Loading of coal on to the tipper trucks and transportation of coal from the Mine to Bakreshwar TPS in accordance with the provisions of the CMA.

15.0 WBPDCCL submitted the following documents w.r.t MDO:

- i. RFP dated 16.02.2016.
- ii. Bid Sheet and Bid History for e-reverse auction held on 10.08.2016.
- iii. LoA dated 12.08.2016.
- iv. CMA dated 21.10.2016

16.0 Article 4.1.2 of the CMA sets forth the Conditions Precedent to be satisfied by WBPDCCL. In reply to a query in this regard, WBPDCCL submitted the actual date of fulfilment of Conditions Precedent as under:

Table 4: Satisfaction of Conditions Precedent set forth in Article 4.1.2 of the CMA

S. No.	Condition Precedent	Actual date of fulfilment
1	Procure the issuance of notifications for land acquisition under section 11 of Coal Bearing Areas (Acquisition & Development) Act, 1957 or section 11 of the Right to Fair Compensation and Transparency in Land Acquisition, Rehabilitation and Resettlement Act, 2013, as the case may be, in relation to the Site	03.05.2017
2	Procure issuance of the environmental clearance from MoEF	06.07.2015
3	Procure issuance of the forest clearance from MoEF	10.07.2015
4	Procure approval of Mining Plan in accordance with applicable Laws	19.07.2017
5	Procure grant of Mining Lease in accordance with applicable Laws	04.08.2015

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- 17.0 Article 4.1.3 of the CMA sets forth the Conditions Precedent to be satisfied by MDO. In reply to a query in this regard, WBPDCCL submitted the actual date of fulfilment of Conditions Precedent as under:

Table 5: Satisfaction of Conditions Precedent set forth in Article 4.1.3 of the CMA

S. No.	Condition Precedent	Actual date of fulfilment
1	Provision of Performance Security of Rs. 1.61 Crore to be paid, not later than 30 days of signing of agreement	04.09.2017
2	Applicable permits to be procured before Appointed Date	
2.1	License for use explosive: Explosive magazine at Gangaramchak & Gangaramchak-Bhadulia Coal Mine for use of both Barjora and Gangaramchak & Gangaramchak-Bhadulia Coal Mine	24.08.2017
2.2	Applicable permit in respect of employment of labour at the mine	Application submitted on 15.09.2017
2.3	Clearance of Pollution Control Board	20.05.2016
2.4	Permission of State Government for cutting of trees	Not required
3	Execution of Financing Agreement and delivery of 3 copies to WBPDCCL	In process
4	Execution of Substitution on Agreement	Not Applicable
5	Delivery to WBPDCCL 3 nos. true copies of Financial Package and Financial Model	12.06.2017
6	Confirmation of correctness of representation/warranties	12.06.2017
7	Legal opinion from the legal counsel of the MDO with respect of authority of MDO to enter into agreement	12.06.2017

- 18.0 WBPDCCL was asked to confirm if any damages were levied on/by WBPDCCL for non-fulfilment of any of the Conditions Precedent set forth in Article 4.2/4.3 of the CMA. In reply, WBPDCCL submitted that no liquidated damages were levied on/by WBPDCCL under Article 4.2/4.3 of the CMA.

- 19.0 WBPDCCL, in its Petition, submitted that the coal production commenced from Barjora Coal Mine on 04.04.2018. In this regard, WBPDCCL was asked to submit the following:

- the conditions considered for declaration of commercial operation of Barjora Coal Mine.
- certification by Independent Engineer in accordance with Article 14.2.1 of the CMA which reads as under:
*"The first day of the month in any Accounting Year in which the quantity of Coal produced from the Mine is equal to or greater than 0.042 (zero point four two) million Tons, as certified by the Independent Engineer, shall be the **"Commercial Operation Date"** or **"COD"**."*
- copy of Completion Certificate issued in accordance with Schedule J of the CMA.

- 20.0 In reply, WBPDCCL submitted the Independent Engineer's letter dated 05.08.2019 which reads as under:

*"...The matter related to certification of Commercial Operation Date for Barjora Coal Mine in accordance with clause 14.2.1 of the CMA (Coal Mine Agreement) was examined in this office. It was observed that the **Appointed Date** of Barjora Coal Mine was 01.10.2017 and in accordance with clause 14.4.1 of the Coal Mine Agreement with M/s WBPDCCL and the Mine Developer & Operator, the **Scheduled COD** (Commercial Operation Date) should have been falling on and before the 120th day from the Appointed Date which is **28.01.2018**."*

*... Consequent upon achieving a production level higher than the specified quantity, the actual **Commercial Operation Date (COD) of Barjora Coal Mine** shall be considered as **1st February, 2019.***

- 21.0 In light of the above submissions regarding the commercial operation, WBPDCCL was asked to confirm the COD considered for computations of input price. In reply, WBPDCCL submitted that the input price of coal was claimed considering date of commencement of production i.e., 04.04.2018 which is the date considered for capitalization of Mine as per the then accounting policy followed by WBPDCCL in the absence of any Regulation in this regard. WBPDCCL submitted that the COD viz., 01.02.2019 as per the CMA is used for commercial settlement with the MDO.
- 22.0 As there was delay in COD as per the CMA, WBPDCCL was asked to submit the amount of liquidated damages levied on MDO and the treatment of the same. In reply, WBPDCCL submitted that it had levied penalty of Rs. 4.34 Lakh in terms of Article 12.4.2 of the CMA and it would be adjusted against the input price in FY 2022-23. WBPDCCL submitted the Committee Report dated 11.11.2020 in support of the same.
- 23.0 Article 15.2 of the CMA sets forth the procedure for Change of Scope. WBPDCCL was asked to submit the copies of Change of Scope Notices, if any, in compliance to Article 15.2. In reply, WBPDCCL submitted the Change of Scope notices for the following:
- i. Transportation of coal from PFPD siding.
 - ii. Transportation of coal from Hazratpur siding.
- 24.0 As per Article 27.1.1(ii) of the CMA, the Base Mining Charge is subject to revision on quarterly basis (commencing from the first quarter after the Bid Date) to reflect the variation in Price Index occurring between the Reference Index Date of the quarter preceding the Bid Date and the Reference Index Date for the quarter preceding the date of revision, and the amount so determined shall be Mining Charge for the quarter.
- 25.0 As per Article 27.3.1 of the CMA, the Mining Charge payable by WBPDCCL shall be exclusive of all royalties, statutory levies, taxes, cesses and duties in respect of excavation of Coal and Delivery thereof.. Such royalties, statutory levies, taxes, cesses and duties, if any, paid by the MDO shall be reimbursed by WBPDCCL upon submission of supporting documents evidencing the payment by the MDO.

Date of commercial operation

- 26.0 As regards the date of commercial operation of integrated mine(s), the CERC (Terms and Conditions of Tariff) (Second Amendment) Regulations, 2021 specify as under:

*“(3) The date of commercial operation in case of integrated mine(s), shall mean the earliest of –
a) the first date of the year succeeding the year in which 25% of the Peak Rated Capacity as per the Mining Plan is achieved; or
b) the first date of the year succeeding the year in which the value of production estimated in*

*accordance with Regulation 7A of these regulations, exceeds total expenditure in that year; or
c) the date of two years from the date of commencement of production:*

Provided that on earliest occurrence of any of the events under subclauses (a) to (c) of Clause (3) of this Regulation, the generating company shall declare the date of commercial operation of the integrated mine(s) under the relevant sub-clause with one week prior intimation to the beneficiaries of the end-use or associated generating station(s);

Provided further that in case the integrated mine(s) is ready for commercial operation but is prevented from declaration of the date of commercial operation for reasons not attributable to the generating company or its suppliers or contractors or the Mine Developer and Operator, the Commission, on an application made by the generating company, may approve such other date as the date of commercial operation as may be considered appropriate after considering the relevant reasons that prevented the declaration of the date of commercial operation under any of the sub-clauses of Clause (3) of this Regulation;

Provided also that the generating company seeking the approval of the date of commercial operation under the preceding proviso shall give prior notice of one month to the beneficiaries of the end-use or associated generating station(s) of the integrated mine(s) regarding the date of commercial operation."

27.0 WBPDCCL submitted that the date of commercial operation of Barjora Coal Mine in accordance with the above provision of the CERC (Terms and Conditions of Tariff) (Second Amendment) Regulations, 2021 is 01.04.2019. As discussed above, WBPDCCL has considered the COD as 04.04.2018 for the purpose of input price determination, in the absence of Regulations at that time.

28.0 In accordance with Regulation 7A of the CERC (Terms and Conditions of Tariff) (Second Amendment) Regulations, 2021, the input price for supply of coal from the integrated mine prior to the date of commercial operation shall be the lower of the estimated price available in the investment approval or the notified price of Coal India Limited for the corresponding grade of coal. In the interest of the end consumers of electricity, the Commission, taking into consideration the material placed on record, deems it prudent to consider the COD of Barjora Coal Mine as 04.04.2018 for the purpose of input price determination so that the benefit of input price determination is passed on to the consumers from FY 2018-19 onwards.

Regulatory Provisions - Input price

29.0 As regards the input price of coal, the CERC (Terms and Conditions of Tariff) (Second Amendment) Regulations, 2021 specify as under:

"36A. Input Price of coal or Lignite: (1) *Input price of coal or lignite from the integrated mine(s) shall be determined based on the following components:*

I) Run of Mine (ROM) Cost;

II) Additional charges:

a. crushing charges;

b. transportation charge within the mine up to the washery end or coal handling plant associated with the integrated mine, as the case may be;

c. handling charges at mine end;

d. washing charges; and

e. transportation charges beyond the washery end or coal handling plant, as the case may be, and up to the loading point:

Provided that one or more components of additional charges may be applicable in case of the integrated mine(s), based on the scope and nature of the mining activities;

Provided further that the input price of lignite shall be computed based on Run of Mine (ROM) based on the technology such as bucket excavator-conveyor or belt-spreader or its combination and handling charges, if any.

(2) Statutory Charges, as applicable, shall be allowed.

36B. Run of Mine (ROM) Cost:

(2) Run of Mine Cost of coal in case of integrated mine allocated through allotment route under Coal Mines (Special Provisions) Act, 2015 shall be worked out as under:

$$\text{ROM Cost} = [(\text{Annual Extraction Cost} / \text{ATQ}) + \text{Mining Charge}] + (\text{Fixed Reserve Price})$$

Where,

(i) Annual Extraction Cost is the cost of extraction of coal as computed in accordance with Regulation 36F of these regulations;

(ii) Mining Charge is the charge per tonne of coal paid by the generating company to the Mine Developer and Operator engaged by the generating company for mining, wherever applicable; and

(iii) Fixed Reserve Price is the fixed reserve price per tonne along with subsequent escalation, if any, as provided in the Coal Mine Development and Production Agreement.

.....

(4) The generating company shall adhere to the Mining Plan for extraction of coal or lignite on annual basis and shall submit a certificate to that effect from the Coal Controller or the competent authority:

Provided that deviations from the Mining Plan shall be considered only if such deviations have been approved by the Coal Controller or the revised Mining Plan has been approved by the competent authority.

(5) Run of Mine Cost of coal and lignite shall be worked out in terms of Rupees per tonne ..."

Capital Cost

30.0 As regards the capital cost of the integrated mine, the CERC (Terms and Conditions of Tariff) (Second Amendment) Regulations, 2021 specify as under:

"36D. Capital Cost: (1) *The expenditure incurred, including IDC and IEDC, duly certified by the Auditor, for development of the integrated mine(s) up to the date of commercial operation, shall be considered for arriving at the capital cost.*

(2) Capital expenditure incurred shall be admitted by the Commission after prudence check.

(3) Capital expenditure incurred on infrastructure for crushing, transportation, handling, washing and other mining activities required for mining operations shall be arrived at separately in accordance with these regulations:

Provided that where crushing, transportation, handling or washing are undertaken by the generating company, the expenditure incurred on infrastructures of these components shall be capitalized;

Provided further that where mine development and operation, with or without any component of crushing, transportation, handling or washing are undertaken by the generating company by engaging Mine Developer and Operator or an agency other than Mine Developer and Operator, the capital expenditure incurred by Mine Developer and Operator or such agency shall not be capitalised by the generating company and shall not be considered for the determination of input price.

(4) The capital expenditure shall be determined by considering, but not limited to, the Mining Plan, detailed project report, mine closure plan, cost audit report and such other details as deemed fit by the Commission...

36E. Additional Capital Expenditure: (1) The expenditure, in respect of the integrated mine(s), incurred or projected to be incurred after the date of commercial operation and upto the date of achieving the Peak Rated Capacity may be admitted by the Commission, subject to prudence check and shall be capitalized in the respective year of the tariff period as additional capital expenditure corresponding to the Annual Target Quantity of the year as specified in the Mining Plan or actual extraction in that year, whichever is higher, on following counts:

- (a) expenditure incurred on activities as per the Mining Plan;
- (b) expenditure for works deferred for execution and undischarged liabilities recognized for works executed prior to date of commercial operation;
- (c) expenditure for works required to be carried out for complying with directions or orders of any statutory authorities;
- (d) liabilities arising out of compliance of order or decree of any court of law or award of arbitration;
- (e) expenditure for procurement and development of land as per the Mining Plan;
- (f) expenditure for procurement of additional heavy earth moving machineries for replacement, on completion of their useful life; and
- (g) liabilities due to Change in Law or Force Majeure events;

Provided that in case of replacement of any assets, the additional capitalization shall be worked out after adjusting the gross fixed assets and cumulative depreciation of the assets replaced on account of de-capitalization:

Provided further that the generating company shall prepare guidelines for procurement and replacement of heavy mining equipment such as Heavy Earth Moving Machineries and share the same with the beneficiaries and submit it to the Commission along with its petition.

(2) The expenditure, in respect of the integrated mine(s), incurred or projected to be incurred after the date of achieving the Peak Rated Capacity may be admitted by the Commission subject to prudence check, and shall be capitalized as Additional Capital Expenditure,

corresponding to the Annual Target Quantity of the respective years as specified in the Mining Plan, on following counts:

- (a) expenditure incurred on activities, if any, as per Mining Plan;
- (b) expenditure for works required to be carried out for complying with directions or order of any statutory authority;
- (c) liabilities arising out of compliance of order or decree of any court of law or award of arbitration;
- (d) expenditure for procurement and development of land as per the Mining Plan; and
- (e) liabilities due to Change in Law or Force Majeure events;

Provided that in case of replacement of any assets, the additional capitalization shall be worked out after adjusting the gross fixed assets, cumulative depreciation and cumulative repayment of loan of the assets replaced on account of de-capitalization.

(3) The expenditure on following counts shall not be considered as additional capital expenditure for the purpose of these regulations:

- a) expenditure incurred but not capitalized as the assets have not been put in service (capital work in progress);
- b) mine closure expenses;
- c) expenditure on works not covered under Mining Plan, unless covered under sub-clause (g) of Clause (1) or sub-clause (e) of Clause (2) of this Regulation;
- d) expenditure on replacement due to obsolescence of assets on account of completion of the useful life or due to obsolescence of technology, if the original cost of such assets have not been de-capitalised from the gross fixed assets."

31.0 WBPDCCL submitted the audited accounts for FY 2018-19, FY 2019-20 and FY 2020-21. WBPDCCL was asked to submit the annual audited and certified balance sheet of Barjora Coal Mine for the period from FY 2018-19 to FY 2020-21. In reply, WBPDCCL submitted that separate annual audited and certified balance sheets have not been prepared for Barjora Coal Mine.

32.0 The capital cost claimed by WBPDCCL is as under:

Table 6: Capital cost claimed by WBPDCCL (Rs. Lakh)

Particulars	Investment approval	Actual cost as on COD	Addition during FY 2019-20	Addition during FY 2020-21	Total capital cost upto FY 2020-21
Land (Coal Bearing Land)	96.59	34.56	60.57	1.46	96.59
Civil works	6.85	0.00	0.00	6.85	6.85
Establishment expenses	54.83	54.10	0.73	0.00	54.83
Mine development expenditure	1814.70	1814.70	0.00	0.00	1814.70
Total	1972.98	1903.36	61.31	8.31	1972.98

33.0 WBPDCCL was asked to submit the Board Approval for the investment approval of Rs. 1972.98 Lakh. In reply, WBPDCCL submitted that the capitalization of Barjora Coal Mine was included in the total capitalization for the year which was approved by the Board as part of the approval of annual accounts. WBPDCCL submitted that the item wise approval of the Board was not necessitated. From

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the above, it is understood that the actual capital cost incurred by WBPDCCL has been represented as the capital cost as per Investment Approval and there is no separate Investment Approval before the capital expenditure was incurred.

34.0 WBPDCCL was asked to submit the auditor certificate for the claimed capital cost. WBPDCCL submitted the same. The claimed capital cost is as per the auditor certificate.

35.0 The item wise analysis of the claimed capital cost and Commission's approval thereof is detailed in the following paragraphs.

36.0 Land (Coal Bearing Land)

36.1 WBPDCCL has claimed the total cost of Rs. 96.59 Lakh towards land. As per the approved Mining Plan, the mining lease area is 61 Hectares out of which excavation area is 50 Hectares. In accordance with Regulations 36D and 36E as reproduced above, and based on the auditor certificate, the Commission deems it prudent to approve the total cost of Rs. 96.59 Lakh claimed towards Land.

Table 7: Cost of Land (Coal Bearing Land) (Rs. Lakh)

Particulars	Actual cost as on COD		Addition during FY 2019-20		Addition during FY 2020-21		Total capital cost upto FY 2020-21	
	Claimed	Approved	Claimed	Approved	Claimed	Approved	Claimed	Approved
Land (Coal Bearing Land)	34.56	34.56	60.57	60.57	1.46	1.46	96.59	96.59

37.0 Civil works

37.1 WBPDCCL has claimed the total cost of Rs. 6.85 Lakh towards civil works during FY 2020-21. WBPDCCL was asked to submit the justification for the claimed additional capitalization in accordance with the provisions of the Regulations. In reply, WBPDCCL submitted that the claimed cost is towards guest house renovation. WBPDCCL has not justified the claimed expenditure in accordance with the provisions of the Regulations. This expenditure claimed towards guest house renovation is not allowable in accordance with Regulation 36E as it does not qualify under the admissible heads of additional capitalization. Therefore, the Commission does not deem it prudent to approve the same.

Table 8: Cost of Civil Works (Rs. Lakh)

Particulars	Actual cost as on COD		Addition during FY 2019-20		Addition during FY 2020-21		Total capital cost upto FY 2020-21	
	Claimed	Approved	Claimed	Approved	Claimed	Approved	Claimed	Approved
Civil works	0.00	0.00	0.00	0.00	6.85	0.00	6.85	0.00

38.0 Establishment expenses

38.1 WBPDCCL has claimed the total cost of Rs. 54.83 Lakh towards establishment expenses. The claimed expenditure is towards furniture and fixtures, office equipment and communication equipment. WBPDCCL has claimed the amount of Rs. 54.10 Lakh as on COD and additional capitalization of Rs. 0.73 Lakh. WBPDCCL was asked to submit the justification for the claimed additional capitalization in

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accordance with the provisions of the Regulations. In reply, WBPDCCL submitted that the claimed cost is towards administrative assets (inverter) and geyser. WBPDCCL has not justified the claimed expenditure in accordance with the provisions of the Regulations. This expenditure claimed towards additional capitalisation is not allowable in accordance with Regulation 36E as it does not qualify under the admissible heads of additional capitalization. Therefore, the Commission deems it prudent to approve the administrative expenses of Rs. 54.10 Lakh, i.e., actual cost as on COD.

Table 9: Establishment expenses (Rs. Lakh)

Particulars	Actual cost as on COD		Addition during FY 2019-20		Addition during FY 2020-21		Total capital cost upto FY 2020-21	
	Claimed	Approved	Claimed	Approved	Claimed	Approved	Claimed	Approved
Establishment expenses	54.10	54.10	0.73	0.00	0.00	0.00	54.83	54.10

39.0 Mine development expenditure

39.1 As per Appendix 1A of the CERC (Terms and Conditions of Tariff) (Second Amendment) Regulations, 2021, mine development expenditure is the expenditure incurred to bring the mine in usable condition after ensuring the economic viability and decision is taken by Mine Owner to develop the mine.

39.2 WBPDCCL has claimed the mine development expenditure of Rs. 1814.70 Lakh. The break-up of mine development expenditure as per the auditor certificate is as under:

Table 10: Break-up of mine development expenditure claimed by WBPDCCL

Particulars	(Rs. Lakh)
Upfront fee	134.13
Fixed Charge payable as per Allotment Agreement	587.41
Mine Closure Expense	730.72
Consultancy Charges	297.29
Pre-operative expense	15.49
Consent to Operate	1.95
Transfer of Mining Lease	1.00
Mine Plan & Mine Closure Plan	13.74
Guarantee Commission	32.97
Total	1814.70

39.3 The mine development expenditure claimed as part of capital cost is inclusive of Mine Closure Expenses of Rs. 730.72 Lakh. As regards the Mine closure expenses, WBPDCCL, in its Petition, submitted as under:

"21. It is submitted that mine closure involves planning effectively for the after-mining landscape – all activities required before, during, and after the operating life of a mine that are needed to produce an acceptable landscape economically. The Mine Closure activities can be broadly divided in following two categories:

1. Progressive or Concurrent Mine Closure and
2. Final Mine Closure

22. Progressive Mine Closure includes various land use activities to be done continuously and sequentially during the entire period of the mining operations, whereas Final Mine Closure activities would start towards the end of mine life and shall continue even after the reserves are exhausted and mining is discontinued till the mining area is restored to an acceptable level.

23. It is submitted that in case of Barjora mine of WBPDC, which is an MDO operated mine, progressive mine closure is in the scope of MDO and as per CMA, MDO undertake the mine closure during the contract period at its own cost. The MDO shall furnish to WBPDC all details, supporting documents, as may be necessary or required by WBPDC to seek reimbursement of such costs and expenses. Whereas final mine closure activities are to be carried out by WBPDC at its own cost and expense in the event of such final mine closure occurs at any time after the expiry of termination of this agreement. Further, even though progressive closure is in the scope of the MDO, the total estimated amount towards mine closure activities i.e. progressive as well as final closure is required to be deposited into Escrow Account by WBPDC. Copy of the documents related to deposition of Mine Closure amount is enclosed as **Annexure-XVI**.

24. Works of progressive mine closure shall be carried out by the MDO during operational life of the mine, the expenditure & details towards progressive mine closure will be submitted to WBPDC."

- 39.4 In accordance with Regulation 36E(3)(b) and 36K of the CERC (Terms and Conditions of Tariff) (Second Amendment) Regulations, 2021, the Mine Closure Expenses shall have to be excluded from the capital cost for computing input price. WBPDC was asked to submit the justification for including the Mine Closure Expenses in the capital cost. In reply, WBPDC submitted that as per Article 5.21.5 of the CMA, WBPDC is responsible for payment of Mine Closure Expenses and accordingly, the same had been factored in the capital cost. In accordance with Regulations 36E and 36K of the CERC (Terms and Conditions of Tariff) (Second Amendment) Regulations, 2021, the Mine Closure Expense shall not form the part of capital cost, but are recoverable separately in accordance with the provisions of Regulation 36K.
- 39.5 The Mine Closure Expense claimed in the capital cost is Rs. 730.72 Lakh. However, as per information furnished in Form-17 (Details of Mine Closure Expenses), the total amount deposited in the Escrow Account is Rs. 731.34 Lakh. WBPDC was asked to submit the justification for the discrepancy. In reply, WBPDC submitted the break-up as under:

Table 11: Details of amount deposited in the Escrow account as submitted by WBPDC

Year	As per Escrow Agreement/mine closure plan (Rs.)	Actual amount deposited (Rs.)	Remarks
FY 2017-18		5000	Deposited for A/c opening
FY 2017-18	23178923	23178923	
FY 2018-19	24337869	24400000	Rs. 62131/- deposited as extra being round amount deposited
FY 2019-20	25554762	25554762	
Total	73071554	73138685	

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- 39.6 The Mine Closure Expense as per the auditor certificate and the mine closure plan is Rs. 730.71 Lakh and therefore, the same has been considered as the Mine Closure Expense, for recovery in accordance with the Regulations, which has been detailed in the following paragraphs.
- 39.7 Further, as per Form-N (Statement of Liability Flow) the amount of undischarged liability is Rs. 13.19 Lakh towards Guarantee Fee, which has not been discharged. Therefore, the same has been excluded from the mine development expenditure.
- 39.8 The mine development expenditure approved by the Commission is as shown in the Table below:

Table 12: Mine development expenditure approved by the Commission

Particulars	(Rs. Lakh)
Upfront fee	134.13
Fixed Charge payable as per Allotment Agreement	587.41
Mine Closure Expense	730.72
Consultancy Charges	297.29
Pre-operative expense	15.49
Consent to Operate	1.95
Transfer of Mining Lease	1.00
Mine Plan & Mine Closure Plan	13.74
Guarantee Commission	32.97
Total	1814.70
Mine Closure Expense (recoverable separately)	730.72
Undischarged liability (Guarantee Fee)	13.19
Net amount	1070.79

- 39.9 Based on the above analysis, the capital cost approved by the Commission is as shown in the Table below:

Table 13: Capital cost approved by the Commission (Rs. Lakh)

Particulars	Actual cost as on COD		Addition during FY 2019-20		Addition during FY 2020-21		Total capital cost upto FY 2020-21	
	Claimed	Approved	Claimed	Approved	Claimed	Approved	Claimed	Approved
Land (Coal Bearing Land)	34.56	34.56	60.57	60.57	1.46	1.46	96.59	96.59
Civil works	0.00	0.00	0.00	0.00	6.85	0.00	6.85	0.00
Establishment expenses	54.10	54.10	0.73	0.00	0.00	0.00	54.83	54.10
Mine development expenditure	1814.70	1070.79	0.00	0.00	0.00	0.00	1814.70	1070.79
Total	1903.36	1159.45	61.31	60.57	8.31	1.46	1972.98	1221.48

40.0 Means of finance

- 40.1 WBPDCCL has claimed the financing of the capital cost in the debt equity ratio of 70:30. WBPDCCL was asked to submit the loan agreement executed for the debt financing. In reply, WBPDCCL

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submitted that the total financing was made from its internal resources and therefore, it has claimed the normative debt.

- 40.2 WBPDCCL was asked to substantiate the financing of capital cost from its internal resources along with supporting documents. In reply, WBPDCCL submitted as under:

"WBPDCCL is raising the monthly energy bills in tune of Rs 700 cr to Rs 750 cr. Since the amount of capitalization is small the monthly receivable from the bills is sufficient enough to meet the finance of Barjora captive Mine"

- 40.3 The above reply of WBPDCCL is found not relevant to the information sought. In reply to a query, WBPDCCL submitted the sanction letter from United Bank of India dated 28.03.2017 which reads as under:

"With reference to your proposal dtd 19.01.2017 for sanction of fresh Term Loan of Rs.265Cr for acquisition of the coal mines, we are pleased to inform you that competent authority of bank has sanctioned an amount of Rs200.00Cr against your total requirement of Rs.265.00Cr..."

- 40.4 WBPDCCL has been awarded coal mines other than Barjora for end use in its thermal power plants. As per WBPDCCL's claim and auditor certificate, there is no IDC in the capital cost of Barjora Coal Mine. Therefore, it can be concluded that there is no debt funding for the claimed capital cost of Barjora Coal Mine and the entire claimed capital cost is funded from internal accruals of WBPDCCL i.e., 100% equity.

- 40.5 In accordance with Regulation 36G, the maximum equity that can be considered is 30% of the capital cost. Accordingly, the equity has been considered as 30% of the approved capital cost. The equity in excess of 30% of the approved capital cost has been considered as normative loan.

Table 14: Debt and Equity approved by the Commission (Rs. Lakh)

Particulars	Actual cost as on COD		Addition during FY 2019-20		Addition during FY 2020-21		Total capital cost upto FY 2020-21	
	Claimed	Approved	Claimed	Approved	Claimed	Approved	Claimed	Approved
Capital cost	1903.36	1159.45	61.31	60.57	8.31	1.46	1972.98	1221.48
Debt	1332.35	811.61	42.92	42.40	5.82	1.02	1381.08	855.04
Equity	571.01	347.83	18.39	18.17	2.49	0.44	591.89	366.44

41.0 Extraction cost

- 41.1 Regulation 36F of the CERC (Terms and Conditions of Tariff) (Second Amendment) Regulations, 2021 specify as under:

"36F. Annual Extraction Cost: The Annual Extraction Cost of integrated mine(s) shall consist of the following components:

- (i) Depreciation;
- (ii) Interest on Loan;
- (iii) Return on Equity;
- (iv) Operation and Maintenance Expenses, excluding Mining Charge;

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- (v) Interest on Working Capital;
 (vi) Mine closure expenses, if not included in mining charge; and
 (vii) Statutory charges, if applicable.

41.2 The extraction cost claimed by WBPDCCL is as shown in the Table below:

Table 15: Extraction cost claimed by WBPDCCL (Rs. Lakh)

Particulars	FY 2018-19	FY 2019-20	FY 2020-21
Depreciation	616.26	663.93	672.21
Interest on loan	122.58	126.52	127.06
Return on Equity	50.95	98.43	100.20
Operation and Maintenance (O&M) expenses	1082.28	1757.45	44.68
Interest on working capital	57.71	79.03	14.07
Mine closure expenses	-	-	-
Total	1929.78	2725.37	958.22

41.3 The item wise analysis of extraction cost is as under.

Depreciation

41.4 The asset class wise Gross Fixed Assets and depreciation claimed by WBPDCCL is as shown in the Table below:

Table 16: GFA and depreciation claimed by WBPDCCL (Rs. Lakh)

Particulars	FY 2018-19		FY 2019-20		FY 2020-21	
	GFA	Depreciation	GFA	Depreciation	GFA	Depreciation
Coal Bearing Land	34.56	11.43	95.13	41.81	96.59	43.27
Furniture and fixtures	48.68	4.20	48.88	15.43	48.88	15.51
Office equipment	2.05	0.10	2.59	0.68	2.59	0.91
Communication equipment (Computer)	3.37	0.60	3.37	1.12	3.37	1.12
Mine development expense	1814.70	599.93	1814.70	604.90	1814.70	604.90
Other Civil Works	0.00	0.00	0.00	0.00	6.85	6.51
Total	1903.36	616.26	1964.66	663.93	1972.98	672.21

41.5 As regards depreciation in respect of integrated mine, the CERC (Terms and Conditions of Tariff) (Second Amendment) Regulations, 2021 specify as under:

“36H. Depreciation: (1) Depreciation in respect of integrated mine(s) shall be computed from the date of commercial operation by applying Straight Line Method:

.....

(2) The value base for the purpose of depreciation shall be the capital cost of the asset admitted by the Commission:

Provided that,

i) freehold land or assets purchased from grant shall not be considered as depreciable assets and their cost shall be excluded from the capital cost while computing depreciable value of the assets;

ii) where the allotment of freehold land is conditional and is required to be returned, the cost of such land shall be part of value base for the purpose of depreciation, subject to prudence check by the Commission; and

iii) lease hold land shall be amortized over the lease period or remaining life of the integrated mine(s), whichever is lower.

(3) The salvage value of an asset shall be considered as 5% of the capital cost of the asset:

Provided that the salvage value shall be:

i) zero for IT equipment and software;

ii) zero or as agreed by the generating company with the State Government for land; and

iii) as notified by the Ministry of Corporate Affairs under the Companies Act, 2013 for specialized mining equipment.

(4) Depreciation in respect of integrated mine(s) shall be arrived at annually by applying depreciation rates or on the basis of expected useful life specified in Appendix 1A of these regulations:

Provided that specialized mining equipment shall be depreciated as per the useful life and depreciation rate as notified by the Ministry of Corporate Affairs under the Companies Act, 2013."

41.6 The depreciation schedule for integrated mine as per Appendix 1A of the Regulations, for the relevant asset classes in the present case, is as under:

Table 17: Depreciation schedule of integrated mine as per Regulations

Asset class	Life in Years
Land Leasehold	To be filled by petitioner, least of lease agreement/mine life/right to use period
Furniture and Fixtures	15
Office equipment/s, other than computers	15
Computers, Software	3
Mine Development Expenses	20 or life of mine, whichever is lower

41.7 WBPDCCL has submitted the auditor certificate for the actual expenses incurred in respect of Barjora Coal Mine for FY 2018-19, FY 2019-20 and FY 2020-21. The depreciation as per the said certificate is Rs. 601.12 Lakh, Rs. 611.00 Lakh and Rs. 613.51 Lakh. WBPDCCL was asked to submit the justification for the variation in depreciation as claimed in the Petition and the depreciation as per the auditor certificate. In reply, WBPDCCL submitted that the depreciation as per the auditor certificate has been computed following the Companies Act, 2013 and the depreciation claimed in the Petition has been computed in accordance with the methodology specified in the Regulations. WBPDCCL submitted that the difference had arisen on account of difference in methodology and inclusion of

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items of fixed cost not considered for accounting purpose. The comparison of asset class wise depreciation submitted by WBPDCCL is as under:

Table 18: Comparison of asset class wise depreciation submitted by WBPDCCL (Rs. Lakh)

Particulars	FY 2018-19		FY 2019-20		FY 2020-21	
	As per Companies Act, 2013	As per CERC Regulations	As per Companies Act, 2013	As per CERC Regulations	As per Companies Act, 2013	As per CERC Regulations
Coal Bearing Land	-	11.43	-	41.81	-	43.27
Furniture and fixtures	1.26	4.20	4.63	15.43	4.64	15.51
Office equipment	0.06	0.10	0.40	0.68	0.49	0.91
Communication equipment (Computer)	0.57	0.60	1.07	1.12	1.07	1.12
Mine development expense	599.93	599.93	604.90	604.90	604.90	604.90
Other Civil Works	0.00	0.00	0.00	0.00	2.44	6.51
Total	601.82	616.26	610.99	663.93	613.54	672.21

41.8 The asset class wise GFA approved by the Commission based on the above approved capital cost is as shown in the Table below:

Table 19: Asset class wise GFA approved by the Commission (Rs. Lakh)

Particulars	Actual cost as on COD		Addition during FY 2019-20		Addition during FY 2020-21	
	Claimed	Approved	Claimed	Approved	Claimed	Approved
Coal Bearing Land	34.56	34.56	60.57	60.57	1.46	1.46
Furniture and fixtures	48.68	48.68	0.20	0.00	0.00	0.00
Office equipment	2.05	2.05	0.54	0.00	0.00	0.00
Communication equipment (Computer)	3.37	3.37	0.00	0.00	0.00	0.00
Mine development expense	1814.70	1070.79	0.00	0.00	0.00	0.00
Other Civil Works	0.00	0.00	0.00	0.00	6.85	0.00
Total	1903.36	1159.45	61.31	60.57	8.31	1.46

41.9 In accordance with Regulation 36H, the asset class wise life and salvage value considered by the Commission for the purpose of depreciation is as shown in the Table below:

Table 20: Asset class wise life and salvage value considered by the Commission

Particulars	Useful life as per CERC Regulations	Life of Mine	Life for Depreciation	Salvage value
Coal Bearing Land	3	3	3	0%
Furniture and fixtures	15	3	15	5%
Office equipment	15	3	15	5%
Communication equipment (Computer)	3	3	3	0%
Mine development expense	20	3	3	5%

41.10 The Commission has computed the depreciation in accordance with the provisions of the

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Regulations. The depreciation approved by the Commission is as shown in the Table below:

Table 21: Depreciation approved by the Commission (Rs. Lakh)

Particulars	FY 2018-19		FY 2019-20		FY 2020-21	
	Claimed	Approved	Claimed	Approved	Claimed	Approved
Coal Bearing Land	11.43	11.52	41.81	41.81	43.27	43.27
Furniture and fixtures	4.20	3.08	15.43	3.08	15.51	3.08
Office equipment	0.10	0.13	0.68	0.13	0.91	0.13
Communication equipment (Computer)	0.60	1.12	1.12	1.12	1.12	1.12
Mine development expense	599.93	339.08	604.90	339.08	604.90	339.08
Other Civil Works	0.00	0.00	0.00	0.00	6.51	0.00
Total	616.26	354.36	663.93	383.14	672.21	384.52

Interest on loan

41.11 The interest on loan claimed by WBPDC is as shown in the Table below:

Table 22: Interest on loan claimed by WBPDC (Rs. Lakh)

Particulars	FY 2018-19	FY 2019-20	FY 2020-21
Average normative loan	1332.35	1375.26	1381.08
Interest rate	9.20%	9.20%	9.20%
Interest	122.58	126.52	127.06

41.12 As regards interest on loan in respect of integrated mine, the CERC (Terms and Conditions of Tariff) (Second Amendment) Regulations, 2021 specify as under:

“36G. Capital Structure, Return on Equity and Interest on Loan: ... (5) Interest on loan, including normative loan, if any, determined under Clause (1) of this Regulation, shall be arrived at by considering the weighted average rate of interest calculated on the basis of actual loan portfolio, in accordance with Clauses (2) to (7) of Regulation 32 of these regulations.”

41.13 Regulation 32 of the CERC (Terms and Conditions of Tariff) Regulations, 2019 specify as under:

“32. Interest on loan capital: (1) The loans arrived at in the manner indicated in Regulation 18 of these regulations shall be considered as gross normative loan for calculation of interest on loan.

(2) The normative loan outstanding as on 1.4.2019 shall be worked out by deducting the cumulative repayment as admitted by the Commission up to 31.3.2019 from the gross normative loan.

(3) The repayment for each of the year of the tariff period 2019-24 shall be deemed to be equal to the depreciation allowed for the corresponding year/period. In case of de-capitalization of assets, the repayment shall be adjusted by taking into account cumulative repayment on a pro rata basis and the adjustment should not exceed cumulative depreciation recovered upto the date of de-capitalisation of such asset.

(4) Notwithstanding any moratorium period availed by the generating company or the transmission licensee, as the case may be, the repayment of loan shall be considered from the first year of commercial operation of the project and shall be equal to the depreciation allowed for the year or part of the year.

(5) *The rate of interest shall be the weighted average rate of interest calculated on the basis of the actual loan portfolio after providing appropriate accounting adjustment for interest capitalized:*

Provided that if there is no actual loan for a particular year but normative loan is still outstanding, the last available weighted average rate of interest shall be considered;

Provided further that if the generating station or the transmission system, as the case may be, does not have actual loan, then the weighted average rate of interest of the generating company or the transmission licensee as a whole shall be considered.

(6) *The interest on loan shall be calculated on the normative average loan of the year by applying the weighted average rate of interest..."*

41.14 The Commission observed that WBPDC's claim of interest on loan is erroneous as it has not considered the repayment of normative loan in accordance with the Regulations.

41.15 WBPDC was asked to submit the interest rate of actual loans for FY 2018-19, FY 2019-20 and FY 2020-21 duly certified by the auditor. In reply, WBPDC submitted that there is no debt financing for the Barjora Coal Mine and hence, claimed the interest on normative loan at the weighted average borrowing rate of the Company.

41.16 WBPDC was asked to substantiate the claimed interest rate of 9.20% along with supporting documents. In reply, WBPDC submitted the sanction letter from United Bank of India dated 28.03.2017.

41.17 Although WBPDC submitted that the claimed interest rate of 9.20% is the weighted average borrowing rate of the Company, it is in variance to the actual weighted average interest rates of 11.28%, 10.75% and 10.83% as submitted in the Annual Performance Review Petitions filed for FY 2018-19, FY 2019-20 and FY 2020-21. As the claimed interest rate in this case is lower, the Commission deems it prudent to consider the interest rate of 9.20% as claimed by WBPDC.

41.18 The Commission has approved the interest on loan in accordance with the Regulations. The normative loan component pertaining to the approved capital cost as on COD has been considered as the opening loan balance. The normative loan component pertaining to the approved year wise additional capitalisation has been considered as the loan addition during the respective year. The approved depreciation for the year has been considered as the repayment for the respective year. The interest on loan has been calculated on the normative average loan of the year by applying the rate of interest of 9.20% per annum for each year as claimed by WBPDC.

Table 23: Interest on loan approved by the Commission (Rs. Lakh)

Particulars	FY 2018-19		FY 2019-20		FY 2020-21	
	Claimed	Approved	Claimed	Approved	Claimed	Approved
Opening loan	-	811.61	-	456.67	-	113.85
Addition during the year	-	0.00	-	42.40	-	1.02
Repayment	-	354.94	-	385.23	-	114.87
Closing loan	-	456.67	-	113.85	-	0.00

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Particulars	FY 2018-19		FY 2019-20		FY 2020-21	
	Claimed	Approved	Claimed	Approved	Claimed	Approved
Average loan	1332.35	634.14	1375.26	285.26	1381.08	56.93
Interest rate	9.20%	9.20%	9.20%	9.20%	9.20%	9.20%
Interest	122.58	57.86	126.52	26.24	127.06	5.24

Return on Equity (RoE)

41.19 The RoE claimed by WBPDC is as shown in the Table below:

Table 24: RoE claimed by WBPDC (Rs. Lakh)

Particulars	FY 2018-19	FY 2019-20	FY 2020-21
Opening Equity	0.00	571.01	589.40
Addition during the year	571.01	18.39	2.49
Closing Equity	571.01	589.40	591.89
Base Rate of RoE	14.00%	14.00%	14.00%
Effective Tax Rate	21.55%	17.47%	17.47%
Rate of RoE	17.845%	16.964%	16.964%
RoE	50.95	98.43	100.20

41.20 As regards RoE in respect of integrated mine, the CERC (Terms and Conditions of Tariff) (Second Amendment) Regulations, 2021 specify as under:

“36G. Capital Structure, Return on Equity and Interest on Loan: ... (3) Return on equity shall be computed in rupee terms on the equity base arrived under Clause (1) of this Regulation at the base rate of 14%.

(4) The base rate of return on equity as per Clause (3) of this Regulation shall be grossed up with the effective tax rate computed in the manner specified under Regulation 31 of these regulations.”

41.21 Regulation 31 of the CERC (Terms and Conditions of Tariff) Regulations, 2019 specify as under:

“31. Tax on Return on Equity. (1) The base rate of return on equity as allowed by the Commission under Regulation 30 of these regulations shall be grossed up with the effective tax rate of the respective financial year. For this purpose, the effective tax rate shall be considered on the basis of actual tax paid in respect of the financial year in line with the provisions of the relevant Finance Acts by the concerned generating company or the transmission licensee, as the case may be. The actual tax paid on income from other businesses including deferred tax liability (i.e. income from business other than business of generation or transmission, as the case may be) shall be excluded for the calculation of effective tax rate.

(2) Rate of return on equity shall be rounded off to three decimal places and shall be computed as per the formula given below:

$$\text{Rate of pre-tax return on equity} = \text{Base rate} / (1-t)$$

Where “t” is the effective tax rate in accordance with clause (1) of this Regulation and shall be calculated at the beginning of every financial year based on the estimated profit and tax to be paid estimated in line with the provisions of the relevant Finance Act applicable for that financial year to the company on pro-rata basis by excluding the income of non-generation or non-transmission business, as the case may be, and the corresponding tax thereon. In case of generating company or

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transmission licensee paying Minimum Alternate Tax (MAT), "t" shall be considered as MAT rate including surcharge and cess...

41.22 WBPDCCL has claimed the effective tax rates of 21.55%, 17.47% and 17.47% for FY 2018-19, FY 2019-20 and FY 2020-21 respectively. WBPDCCL was asked to submit the Income Tax Assessment Orders for FY 2018-19, FY 2019-20 and FY 2020-21. In reply, WBPDCCL submitted that the tax rates considered are as per Income Tax Act. WBPDCCL submitted the Assessment Orders.

41.23 The Commission has approved RoE in accordance with the provisions of the Regulations. The equity component pertaining to the approved capital cost as on COD has been considered as the opening equity. The equity component pertaining to the approved year wise additional capitalisation has been considered as the equity addition during the respective year. The Base Rate of RoE has been considered as 14%. The Base Rate of RoE has been grossed up with the effective tax rates of 21.55%, 17.47% and 17.47% for FY 2018-19, FY 2019-20 and FY 2020-21 respectively.

Table 25: RoE approved by the Commission (Rs. Lakh)

Particulars	FY 2018-19		FY 2019-20		FY 2020-21	
	Claimed	Approved	Claimed	Approved	Claimed	Approved
Opening Equity	0.00	347.83	571.01	347.83	589.40	366.01
Addition during the year	571.01	0.00	18.39	18.17	2.49	0.44
Closing Equity	571.01	347.83	589.40	366.01	591.89	366.44
Base Rate of RoE	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%
Effective Tax Rate	21.55%	21.55%	17.47%	17.47%	17.47%	17.47%
Rate of RoE	17.845%	17.845%	16.964%	16.964%	16.964%	16.964%
RoE	50.95	61.56	98.43	60.55	100.20	62.13

O&M expenses

41.24 The O&M expenses claimed by WBPDCCL is as shown in the Table below:

Table 26: O&M expenses claimed by WBPDCCL (Rs. Lakh)

Particulars	FY 2018-19	FY 2019-20	FY 2020-21
O&M expenses-PFPD	1082.28	1753.80	11.75
O&M expenses-HZT	-	-	29.81
Other cost as per SAP	-	3.66	3.13
Total	1082.28	1757.45	44.68

41.25 WBPDCCL, in its Petition, submitted as under:

"12. ... Initially a part of the produced coal was transported to Bakreswar Thermal Power Station through road mode via Dubrajpur, Birbhum. However, the full quantity of coal could not be transported through that route due to narrow and constricted nature of the road through Dubrajpur Municipality area.

*13. In the meantime, the District Magistrate, Birbhum, issued memo No. 01/C dated 05.01.2019 (Copy of the letter is enclosed as **Annexure-XI**) imposing restriction for coal transportation by allowing only 10 trucks / dumpers per day during night time only through Dubrajpur Municipality to Bakreswar Thermal Power Station of WBPDCCL distance of 35 KM.*

14. In view of the above situation, the petitioner decided to explore alternate sidings through which

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entire coal produced from the mine could be transported by Rail. Five probable sidings were explored i) Panchra ii) Tapsi iii) Bhanora iv) Parascole East and v) PFPD. In addition to the five sidings, Hazratpur Railway siding was also identified, as Hazratpur siding was earlier used by the Prior allottee in the year 2010 (M/s Bengal EMTA). The distance from the mine to the siding is shortest compared to other five sidings, as stated above. However, transportation of coal through Hazratpur siding was postponed due to serious law and order problem in the area resulting in pilferage and looting of coal during transportation. Coal was even looted by stopping the rakes and previous incidence of police firing was also reported. The matter could not be settled even with numerous meetings held with the Hon'ble MIC Power, DG and IGP, Principal Secretary Home, West Bengal etc.

15. As an alternative, PFPD siding at Durgapur was selected on temporary basis which is 80 KM from the Barjora mine. The advantage of PFPD siding is that the total route is under National Highway and State Highway, causing no restriction in movement of loaded tippers. Through PFPD siding coal can be transported any plants of WBPDCCL and to meet the production target. WBPDCCL could produce only 4 lakh tonne of coal during FY 2018-19 due to restriction for coal evacuation through Dubrajpur Municipality and long lead transportation via PFPD, Durgapur.

As a consequence of restriction from District Administration, WBPDCCL had to accept the alternate route through rail mode to sustain the availability of coal to the power stations to maintain the generation at a time when WBPDCCL was suffering very badly due to non availability of coal.

16. For evacuation of coal through rail mode from PFPD siding, MDO had to incur additional road transportation of 45 kms i.e (80kms - 35 kms). As per CMA, MDO was entrusted for delivering coal including the transportation cost of 35 kms from mines to Bakreswar TPS. But here the distance from mine to PFPD siding is 80 kms. So, additional amount will be determined based on the slab in Schedule of Rate (SoR) of Eastern Coalfield Ltd. (ECL) for coal transportation for a distance of 0 to 45 Kms. This rate of ECL circulated on 05.10.2017, which is valid from 01.10.2017 to 31.03.2019. In the above rate, diesel base price has been taken @ Rs. 60 per litre as on date of circulation. The price escalation cost of diesel is applicable as per norms. Copy of the order is enclosed as **Annexure-XII**. The Board of Director of WBPDCCL has approved the coal transportation from PFPD siding in its 193rd meeting held on 25.02.2019. Copy of the Board resolution is enclosed as **Annexure-XIII**.

17. Wagon loading Charges also required to be paid to the MDO, which is Rs 9 per tonne as per approved SoR rate of ECL excluding tax. Copy of the Order is enclosed as **Annexure-XII**.

18. Since, PFPD siding is a private siding, the petitioner had to pay terminal charges at a rate of Rs195000 per rake from PFPD siding. In this respect, WBPDCCL issued a letter of award to M/s Palogix Infrastructure Pvt. Ltd. in respect of hiring of private freight terminal at Durgapur (PFPD). Copy of LoA is enclosed as **Annexure-XIV**.

19. The petitioner after a lot of persuasion had been able to operationalize the Hazratpur Railway siding. The MDO started loading coal from Hazratpur Railway siding. At Hazratpur Railway siding loading of coal to wagon is being done by an agency, which is not included in CMA. A contract was awarded to an agency. Copy of the Order is enclosed as **Annexure-XV**.

41.26 WBPDCCL submitted that the O&M expenses have been claimed based on the actual O&M expenses for FY 2018-19, FY 2019-20 and FY 2020-21. WBPDCCL submitted that the claimed O&M expenses include the transportation and loading charges for PFPD siding and Hazratpur siding.

41.27 As regards O&M expenses in respect of integrated mine, the CERC (Terms and Conditions of Tariff) (Second Amendment) Regulations, 2021 specify as under:

“36I. Operation and Maintenance Expenses: (1) The Operation and Maintenance Expenses in respect of integrated mine(s) shall be allowed as under:

(a) The Operation and Maintenance expenses in respect of integrated mine(s) of coal, for the tariff period ending on 31st March 2024 shall be allowed based on the projected Operation and Maintenance Expenses for each year of the tariff period subject to prudence check by the Commission;

Provided that the Operation and Maintenance expenses allowed under this clause shall be trued up based on actual expenses for the tariff period ending on 31st March, 2024.

.....

(c) The Operation and Maintenance expenses for the tariff period ending on 31st March 2024 in respect of the integrated mine(s) of lignite commissioned after 31st March 2019, shall be allowed based on the projected Operation and Maintenance Expenses for each year of the tariff period, subject to prudence check by the Commission;

Provided that the Operation and Maintenance expenses allowed under this clause shall be trued up based on actual expenses for the tariff period ending on 31st March 2024.

(2) Where the development and operation of the integrated mine(s) is undertaken by the generating company by engaging Mine Developer and Operator, the Mining Charge of such Mine Developer and Operator shall not be included in Operation and Maintenance Expenses under Clause (1) of this Regulation;

(3) Where an agency other than Mine Developer and Operator is engaged by the generating company, through a transparent competitive bidding process, for crushing or transportation or handling or washing or any combination thereof, the annual charges of such agency shall be considered as part of Operation and Maintenance Expenses under clause (1) of this Regulation, subject to prudence check by the Commission.”

41.28 WBPDCCL submitted that it had explored alternate sidings through which entire coal could be transported by rail. In this regard, WBPDCCL was asked to submit:

- Cost benefit analysis carried out for shifting the mode of transportation from road mode to road cum rail mode.
- Detailed report on the study along with cost benefit analysis conducted for selection of the five probable sidings namely Panchra, Tapsi, Bhanora, Parascole East and PFPD.

41.29 In reply, WBPDCCL submitted the report on the study conducted for selection of the five probable sidings namely Panchra, Tapsi, Bhanora, Parascole East and PFPD, which is reproduced hereunder:

“... This has resulted in accumulation of coal stock at pithead up to the level of 30,000 tonne as on 02.01.2019 and thereby increasing possibility of pilferage and spontaneous heating.

In view of the above situation it has become necessary to explore alternate sidings through which entire coal produced from the mine could be transported by Rail. Five probable sidings were explored for the purpose and a summary of the details is furnished below:

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Name of the Sidings	Distance from Barjora coal mine	Remarks
Panchra	22 Kms.	Construction of railway siding along with 30 Kms. long railway loop involving investment of around Rs.30 crores and can be operational after 2½ years.
Tapsi	50 Kms.	2 nos. of narrow congested road through market place of Pandabeswar and Haripur and 4 nos. of railway level crossing has to be crossed to reach the siding.
Bhanora	Route option 1: 59 km Route option 2: 75 km	Both routes pass through congested area
Parascole East	68 km	Siding owned by ECL / facility for loading only 30 wagons / congested connecting road / no illumination, hence night loading not possible.
PFPD	80 km	Total transportation through NH and State High Way causing no restriction in movement of loaded tippers.

Examining the above details, a second route for the balance coal transportation to PFPD siding at Durgapur via Barjore-Panchra-Pandabeswar-Ranigunj (G.T. Road)-Andal-DVC More-Rajbandh was considered for smooth dispatch of coal. Then from PFPD siding the coal would be transported not only to BkTPP but to any other Power Plants.

Approximately, daily 3000-4000 metric ton of coal could be transported through the above mentioned route from Barjore to PFPD siding involving 160 trips by 80 tippers. Road movement operations started from the first week of January, 2019.

.....

Transportation of coal for this additional 45 KM distance through a separate agency will necessitate provision of separate siding, loading un-loading of coal from the siding and maintenance of co-ordination between the MDO and the newly appointed Transporter for 45 KMs apart from street monitoring of coal hand over to guard against quantity disputes. All these would entail huge expenses in terms of funds, time and energy. Therefore, it was considered prudent to engage the same transporter of the MDO to carry the coal for the entire 80 KMS stretch. On the contrary, if we were to tender for the full 80 KMs for one new Transporter, since cost of transportation of coal for 35 KMs is inbuilt in the MDO coal cost it would entail negotiations with MDO to reduce coal cost by 35 KMs road transportation cost – thereby vitiating the L1 Bid.

The MDO vide their letter No. GMPL/DGP/18-19/BCM/100A dt.26.12.2018 stated the difficulty in transporting coal via Dubrajpur and proposed to carry the coal through the second route to PFPD siding at Durgapur via Barjore-Panchra-Pandabeswar-Ranigunj (G.T. Road)-Andal-DVC More-Rajbandh. According to the MDO this route is well maintained, wide enough and it permits 24 hour movement of trucks/dumpers. For this additional distance they have sought approval for payment as per the prevalent ECL Schedule of Rates (SOR) for transport of coal and loading of wagons.

.....

The proposal of the total additional cost implication for transportation & loading of 1 (one) rake (approximately 3800 tons) of coal through PFPD siding will be Rs. [(304.32 + 9) X 3800], i.e., Rs.11,90,616/- plus Diesel cost escalation as per norms was placed before competent authority for approval. Even at this elevated cost it will be beneficial for WBPDC to avail to avail maximum utilization of installed capacity.

As directed by the competent authority negotiation with MDO was done by a Committee constituted

for the purpose. The Committee after detailed deliberation MDO arrived at a rate of Rs.296.72 (at 2.5% less from SOR) per ton of coal. **Copy of the MoM is enclosed as Appendix-III.**

.....

Since the existing Coal Mining Agreement (CMA) with the MDO has provided for delivery of coal at Bakreswar Thermal Power Station at a fixed price inclusive of transportation cost, an addendum to the Coal Mining Agreement need to be executed in the CMA providing for transportation and delivery of coal through the alternate route to Bakreswar and other power stations of WBPDC. In this regard a legal opinion was taken from M/s Neeti Niyaman for issuance of work order for coal transportation from Barjora and Gangaramchak & Gangaramchak-Bhadulia coal mines. **Copy of the legal opinion is enclosed as Appendix-V.**

In this context, the Board approval for transportation of coal from PFPD siding is enclosed as **Appendix-VI.**

41.30 WBPDC was asked to submit the relevant provisions of the CMA stipulating that the transportation of coal for 45 km to be paid to MDO will be determined based on the SoR of ECL. In reply, WBPDC submitted the relevant extract of CMA executed for Pachhwara (North). WBPDC could not substantiate from the provisions of the CMA of Barjora Coal Mine that the transportation of coal for 45 km to be paid to MDO will be determined based on the SoR of ECL. However, the Commission is of the view that the rates as per the SoR of ECL can be considered as a prudent benchmark.

41.31 WBPDC submitted the contract placed for hiring of private freight terminal at Durgapur (PFPD). WBPDC was asked to submit the tender document floated for awarding of contract along with the Bid Evaluation Report. In reply, WBPDC submitted as under:

"PFPD siding is a Private Freight Terminal owned by M/s Palogix Infrastructure Private Ltd. which was approved by the railways and is for all purposes an extension of Durgapur Goods Shed with all rules and regulations governing a public goods sheds.

WBMDTCL previous owner of the Trans Damodar Coal Block used to utilize the PFPD siding, Durgapur earlier for the purpose of storage of coal and subsequent transportation of the coal through railway rakes.

*M/s Palogix Infrastructure Private Ltd. has agreed to extend the facilities of railways sidings to WBPDC by way of agreement with mutual terms and conditions. In this context, a agreement executed between the WBPDC and M/s Palogix Infrastructure Private Ltd. is enclosed **Annexure-19.***

41.32 In reply to a query, WBPDC submitted that as per the LoA placed on M/s Palogix, the rate per rake is Rs. 1,95,000/-; the total rate including GST is Rs. 2,30,100/-. Considering the average coal quantity per rake as 3510 MT, the cost per tonne of coal works out to Rs. 65.56/-.

41.33 WBPDC submitted that after a lot of persuasion, it had been able to operationalize the Hazratpur Railway Siding. In this regard, WBPDC was asked to submit:

- Date of operationalization of Hazratpur Railway Siding.
- Detailed report on the study along with cost benefit analysis conducted for selection of the

Hazratpur Railway Siding.

41.34 In reply, WBPDCCL submitted as under:

"a) The date of operationalization of Hazratpur Railway Siding as 14.10.2020.

*b) Hazratpur Railway Siding was selected, due to close proximity with the mines, but the Hazratpur Railway Siding was abandoned site, due to law & order problem. WBPDCCL has requested the Railways authorities with copy to District Magistrate for laying of railways lines, as early as possible, at Hazratpur railhead with necessary follow up with the concerned authorities for expediting the work. Copies of the letters issued to railway & district magistrate is enclosed as **Annexure-20**. The district administration Birbhum, has intimated WBPDCCL for operationalizing the Hazratpur siding from the Gangaramchak Mine and accordingly the MDO M/s Gangaramchak Mining Private Ltd. (GMPL) was instructed for transportation of coal from the Hazratpur Railway Siding."*

41.35 WBPDCCL submitted the contract placed for loading of coal to wagon at Hazratpur Railway Siding. In this regard, WBPDCCL was asked to submit the copy of the tender document floated for award of the contract along with Bid Evaluation Report. In reply, WBPDCCL submitted that the contract was placed on nomination basis to MDO at the prevailing ECL SoR rate.

41.36 WBPDCCL submitted that the Base Mining Charge of MDO was reduced from Rs. 1011/MT to Rs. 873.32/MT for the coal supplied from the Hazratpur Railway Siding.

41.37 The O&M expenses claimed by WBPDCCL are inclusive of the amounts of Rs. 3.66 Lakh and Rs. 3.13 Lakh for FY 2019-20 and FY 2020-21 respectively under the head of other cost as per SAP. WBPDCCL was asked to submit the nature of expenses claimed under the same. In reply, WBPDCCL submitted that the said amounts pertain to charges for Independent Engineer, that has been appointed by WBPDCCL in accordance with the provisions of the CMA. WBPDCCL submitted the work orders issued in this regard.

41.38 In accordance with Regulation 36I(2), the Mining Charge payable to MDO shall not form part of the O&M expenses. The claimed O&M expenses does not include the Mining Charge payable to the MDO.

41.39 Regulation 36I(1) specifies that the O&M expenses shall be allowed based on the prudence check of the claimed O&M expenses. The Commission has perused the detailed submissions of WBPDCCL regarding the claimed O&M expenses. Based on the same, the following questions arise for consideration:

- 1) Whether the additional charges for deviation from the originally envisaged means of coal transportation are admissible?
- 2) If the answer to the above is in the affirmative, whether the additional charges claimed by WBPDCCL for coal transportation via PFPD siding and Hazratpur siding are allowable?
- 3) Whether the charges towards appointment of Independent Engineer are allowable?

1) Whether the additional charges for deviation from the originally envisaged means of coal transportation are admissible?

- 41.40 The transportation of coal upto BkTPS has been originally included in the scope of MDO thereby coal transportation charge has been included in the Mining Charge payable to the MDO. However, due to the hindrances in coal transportation by road via the originally envisaged route, WBPDCCL had to bear the additional charges towards transportation to Railway Siding, loading of coal into wagons and siding rent. From the perusal of submissions of WBPDCCL, it is understood that in the absence of an alternative, the coal availability at BkTPS would be severely affected along with the risk of loss of coal produced at the mine. WBPDCCL has submitted the alternatives considered before considering PFPD siding on temporary basis and subsequently Hazratpur siding. The selection of Hazratpur siding has eventually resulted in reduction in Base Mining Charge payable to the MDO and therefore, it is evidently beneficial. As regards the PFPD siding, the Commission is of the view that the decision of WBPDCCL to select PFPD siding deserves to be considered as a prudent decision in light of the demerits with the other alternatives. In light of the above, the Commission rules that the additional charges for deviation from the originally envisaged means of coal transportation are admissible.

2) If the answer to the above is in the affirmative, whether the additional charges claimed by WBPDCCL for coal transportation via PFPD siding and Hazratpur siding are allowable?

- 41.41 Regulation 36I(3) specifies that the transportation charges shall be considered as part of O&M expenses based on prudence check. The transportation of coal via PFPD siding for the additional distance of 45 km has been awarded to the MDO at a price lower than the corresponding rate in the SoR of ECL. As the transportation for the additional distance of 45 km for PFPD siding and coal loading has been awarded to the MDO, which has been selected through competitive bidding process, under the Change in Scope of the CMA, the Commission deems it prudent to allow the same. On perusal of the agreement with M/s Palogix regarding the siding rent, the Commission deems it prudent to allow the same. Accordingly, the Commission allows the O&M expenses of Rs. 387.73/MT claimed for coal transportation via PFPD siding.
- 41.42 The coal transportation via Hazratpur siding entails the reduction of Base Mining Charge by Rs. 137.68/MT (Rs. 1011/MT minus Rs. 873.32/MT) with additional transportation charges of Rs. 12.90/MT to the MDO, based on the SoR of ECL. The transportation of coal via Hazratpur siding has been awarded to the rate in the SoR of ECL. There is net saving due to coal transportation via Hazratpur siding and therefore, the Commission deems it prudent to allow the O&M expenses of Rs. 12.90/MT claimed for coal transportation via Hazratpur siding.

3) Whether the charges towards appointment of Independent Engineer are allowable?

- 41.43 Regulation 36I(1) specifies that the O&M expenses shall be allowed based on the prudence check of the claimed O&M expenses. Article 26.1 of the CMA reads as under:

"26.1 Appointment of Independent Engineer

WBPDCCL shall appoint a consulting / engineering firm substantially in accordance with the selection criteria set forth in Schedule-N to be the independent consultant under this Agreement (the "Independent Engineer")..."

- 41.44 In light of the above stated provision of the CMA, the Commission deems it prudent to allow the

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charges towards appointment of Independent Engineer claimed by WBPDC.

41.45 Based on the above analysis, the O&M expenses approved by the Commission is as shown in the Table below:

Table 27: O&M expenses approved by the Commission

Particulars	Legend	Units	FY 2018-19		FY 2019-20		FY 2020-21	
			Claimed	Approved	Claimed	Approved	Claimed	Approved
O&M expenses-PFPD								
Addl.Freight from colliery to siding PFPD	A	Rs./MT	296.72	296.72				
GST on (A)	B	Rs./ MT	14.84	14.84				
Loading Charges	C	Rs./ MT	9.00	9.00				
GST on (B)	D	Rs./ MT	1.62	1.62				
Siding Rent/Rake	E	Rs./ MT	65.56	65.56				
Total	F=A+B+C+D+E	Rs./ MT	387.73	387.73	387.73	387.73	387.73	387.73
ATQ	G	MT	500000	500000	500000	500000	240000	660000
Proportion of coal transported by Railways	H		0.56	0.56	0.90	0.90	0.01	0.01
O&M expenses-PFPD	H=FxGxH	Rs. Lakh	1082.278336	1082.28	1753.80	1753.80	11.75	32.30
O&M expenses-HZT								
HZT Cost	J	Rs./ MT					12.90	12.90
ATQ	K	MT					240000	660000
Proportion of coal transported by Railways	L						0.96	0.96
O&M expenses-HZT	M=JxKxL	Rs. Lakh					29.81	81.97
Other cost as per SAP	N	Rs. Lakh			3.66	3.66	3.13	3.13
Total O&M expenses	H+M+N	Rs. Lakh	1082.28	1082.28	1757.45	1757.45	44.68	117.40

41.46 The approved O&M expenses for FY 2020-21 works out to be higher than the claimed O&M expenses as the Commission has considered the revised ATQ.

Interest on working capital (IoWC)

41.47 The IoWC claimed by WBPDC is as shown in the Table below:

Table 28: IoWC claimed by WBPDC (Rs. Lakh)

Particulars	FY 2018-19	FY 2019-20	FY 2020-21
Input cost of coal stock	249.30	268.32	106.33
Stores and spares	162.34	263.62	6.70
O&M expenses	90.19	146.45	3.72
Working capital	501.84	678.40	116.76
Interest rate	11.50%	11.65%	12.05%
Interest on working capital	57.71	79.03	14.07

41.48 As regards IoWC of the integrated coal mine, the CERC (Terms and Conditions of Tariff) (Second Amendment) Regulations, 2021 specify as under:

“36J. Interest on Working Capital: (1) The working capital of the integrated mine(s) of coal shall cover:

(i) Input cost of coal stock for 7 days of production corresponding to the Annual Target Quantity for the relevant year;

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(ii) Consumption of stores and spares including explosives, lubricants and fuel @ 15% of operation and maintenance expenses, excluding mining charge of Mine Developer and Operator and annual charges of the agency other than Mine Developer and Operator, engaged by the generating company; and

(iii) Operation and maintenance expenses for one month, excluding mining charge of Mine Developer and Operator and annual charges of the agency other than Mine Developer and Operator, engaged by the generating company.

.....

(3) The rate and payment of interest on working capital shall be determined in accordance with Clauses (3) and (4) of Regulation 34 of these regulations.”

41.49 Regulations 34(3) and 34(4) of the CERC (Terms and Conditions of Tariff) Regulations, 2019 specify as under:

“(3) Rate of interest on working capital shall be on normative basis and shall be considered as the bank rate as on 1.4.2019 or as on 1st April of the year during the tariff period 2019-24 in which the generating station or a unit thereof or the transmission system including communication system or element thereof, as the case may be, is declared under commercial operation, whichever is later:

Provided that in case of truing-up, the rate of interest on working capital shall be considered at bank rate as on 1st April of each of the financial year during the tariff period 2019-24.

(4) Interest on working capital shall be payable on normative basis notwithstanding that the generating company or the transmission licensee has not taken loan for working capital from any outside agency.”

41.50 The Commission has approved IoWC in accordance with the Regulations. The Commission observed that WBPDC has considered the consumption of stores and spares and O&M expenses in the working capital components based on the claimed O&M expenses. However, in accordance with the Regulations, the annual charges of the agencies engaged by the generator shall have to be excluded for the purpose of working capital. As the O&M expenses approved by the Commission is towards the charges of agencies appointed by WBPDC, the Commission has considered the consumption of stores and spares and O&M expenses in the working capital components as NIL. The rate of IoWC has been considered as the SBI 1-year MCLR as on 1st April of the year for computing the normative IoWC for the respective year.

Table 29: IoWC approved by the Commission (Rs. Lakh)

Particulars	FY 2018-19		FY 2019-20		FY 2020-21	
	Claimed	Approved	Claimed	Approved	Claimed	Approved
Input cost of coal stock	249.30	241.18	268.32	257.19	106.33	271.89
Stores and spares	162.34	0.00	263.62	0.00	6.70	0.00
O&M expenses	90.19	0.00	146.45	0.00	3.72	0.00
Working capital	501.84	241.18	678.40	257.19	116.76	271.89
Interest rate	11.50%	11.65%	11.65%	12.05%	12.05%	11.25%
Interest on working capital	57.71	27.87	79.03	30.99	14.07	30.59

Mine closure expenses

- 41.51 As discussed in para 39.6, the Commission has allowed the recovery of Mine closure expenses in accordance with the Regulations. As regards Mine closure expenses, the CERC (Terms and Conditions of Tariff) (Second Amendment) Regulations, 2021 specify as under:

“36K. Mine Closure Expenses: (1) *Where the mine closure is undertaken by the generating company, the amount deposited in the Escrow account as per the Mining Plan, after adjusting interest earned, if any, on the said deposits shall be admitted as Mine Closure Expenses:*

Provided that,

a) the amount deposited in the Escrow account as per the Mining Plan prior to the Date of Commercial Operation of the integrated mine(s) shall be indicated separately and shall be recovered over the useful life of the integrated mine(s) in the form of annuity linked to the borrowing rate;

b) the amount deposited in the Escrow account as per the Mining Plan or any expenditure incurred towards mine closure shall be excluded from the capital cost for computing input price;

c) where the expenditure incurred towards mine closure falls short of or is in excess of the reimbursement received from the Escrow account during the tariff period 2019-24, the shortfall or excess shall be carried forward to the subsequent years for adjustments.

(2) The amount towards mine closure shall be deposited in the Escrow account as per the Mining Plan and shall be recovered as part of input price irrespective of the expenditure incurred towards mine closure during any of the years of the tariff period.

(3) Where mine closure is within the scope of Mine Developer and Operator engaged by the generating company and mine closure expenses are part of the Mining Charge of Mine Developer and Operator, the mine closure expenses shall be met out of the Mining Charge and no mine closure expenses shall be admissible to the generating company separately:

Provided that,

a) the amount deposited in the Escrow account by the Mine Developer and Operator or by the generating company and any amount received from the Escrow Account against expenditure incurred towards mine closure shall not be considered for computing input price; and

b) the difference between the borrowing cost, arrived at by considering the weighted average rate of interest calculated on the basis of actual loan portfolio in accordance with the methodology specified in Regulation 32 of these regulations, and the amount deposited in Escrow account and the interest received from Escrow account in a year shall be adjusted in the input price of coal or lignite of the respective year, as part of mine closure expenses, on case to case basis;

(4) Where the mine closure is within the scope of Mine Developer and Operator engaged by the generating company only for a part of useful life of the integrated mine(s) and the generating company undertakes the mine closure for the balance useful life, the treatment of mine closure during the period undertaken by the generating company shall be in accordance with Clause(1) of this Regulation and mine closure during the period undertaken by the Mine Developer and Operator shall be in accordance with Clause (3) of this Regulation:

Provided that the treatment of mine closure at the end of useful life of the integrated mine(s) shall be

In regard to the petition submitted by West Bengal Power Development Corporation Limited for approval of input price of coal supplied from Barjora Coal Mine for FY 2018-19 to FY 2020-21

decided by the Commission on case to case basis..."

41.52 The Commission has approved the Mine closure expenses in accordance with the Regulations. The amount deposited in the Escrow Account prior to the COD i.e., 04.04.2018 is Rs. 231.79 Lakh. As per Form-17 (Details of Mine Closure Expenses), the interest earned/accrued in the Escrow Account is NIL. As there is no actual loan for debt financing of Barjora Coal Mine, the Commission has allowed the recovery of the said amount of Rs. 231.79 Lakh over the life of the Mine i.e., Rs. 77.26 Lakh during each year from FY 2018-19 to FY 2020-21.

41.53 In addition, WBPDCCL has deposited the amounts of Rs. 243.38 Lakh and Rs. 255.55 Lakh post COD in FY 2018-19 and FY 2019-20 respectively. The Commission has considered the same in FY 2018-19 and FY 2019-20.

41.54 Based on the above, analysis, the Mine closure expenses approved by the Commission is as shown in the Table below:

Table 30: Mine closure expenses approved by the Commission (Rs. Lakh)

Particulars	Units	FY 2018-19		FY 2019-20		FY 2020-21	
		Claimed	Approved	Claimed	Approved	Claimed	Approved
Mine Closure expenses	Rs. Lakh	-	320.64	-	332.81	-	77.26

41.55 Based on the above analysis, the Extraction Cost approved by the Commission is as shown in the Table below:

Table 31: Extraction Cost approved by the Commission (Rs. Lakh)

Particulars	FY 2018-19		FY 2019-20		FY 2020-21	
	Claimed	Approved	Claimed	Approved	Claimed	Approved
Depreciation (Table 21)	616.26	354.94	663.93	385.23	672.21	386.69
Interest on loan (Table 23)	122.58	57.86	126.52	26.24	127.06	5.24
Return on Equity (Table 25)	50.95	61.56	98.43	60.55	100.20	62.13
O&M expenses (Table 27)	1082.28	1082.28	1757.45	1757.45	44.68	117.40
Interest on working capital (Table 29)	57.71	27.87	79.03	30.99	14.07	30.59
Mine closure expenses (Table 30)	0.00	320.64	0.00	332.81	0.00	77.26
Total	1929.78	1905.15	2725.37	2593.27	958.22	679.30
ATQ (MT) (Table 2)	500000	500000	500000	500000	240000	660000
Extraction Cost per MT (Rs.)	385.96	381.03	545.07	518.65	399.26	102.92

42.0 Mining Charge

42.1 WBPDCCL, in its Petition, submitted as under:

In regard to the petition submitted by West Bengal Power Development Corporation Limited for approval of input price of coal supplied from Barjora Coal Mine for FY 2018-19 to FY 2020-21

“Mining Fee:

a) Tariff Regulations, 2019 as amended, provides that MDO mining fee shall be allowed as part of input price of coal. MDO mining charge (Base Mining Charge) has been claimed as per the Letter of Award issued to MDO in this regard. In terms of the agreement signed with the MDO, the base mining charge shall be revised every quarter (commencing from the first quarter after the bid date) to reflect the variation in Price index occurring between Reference Index Date of the quarter proceeding the date of revision, and the amount so determined shall be the Mining Charge for that quarter.

b) Actual rate of escalation for Barjora coal mine paid to MDO in terms of the agreement is as follows:

2018-19

(Rs./MT)				
Qrt ended	Base Price	Escalation	% increase	Final Cost
Jun-18	1011.00	153.54	15.19%	1164.54
Sep-18	1011.00	199.12	19.70%	1210.12
Dec-18	1011.00	228.40	22.59%	1239.40
Mar-19	1011.00	192.55	19.05%	1203.55
Average		193.40	19.13%	1204.40

2019-20

(Rs./MT)				
Qrt ended	Base Price	Escalation	% increase	Final Cost
Jun-19	1011.00	213.97	21.16%	1224.97
Sep-19	1011.00	215.47	21.31%	1226.47
Dec-19	1011.00	214.41	21.21%	1225.41
Mar-20	1011.00	228.13	22.56%	1239.13
Average		218.00	21.56%	1229.00

2020-21

(Rs./MT)				
Qrt ended	Base Price	Escalation	% increase	Final Cost
Jun-20	1011.00	182.03	18.00%	1193.03
Sep-20	1011.00	113.58	11.23%	1124.58
Dec-20	1011.00	159.06	15.73%	1170.06
Mar-21	1011.00	176.15	17.42%	1187.15
Average		157.70	15.60%	1168.70

c) As per the contract agreement, the base mining charge shall be revised every quarter (commencing from the first quarter after bid submission date i.e. 22.03.2016) to reflect the variation in price index occurring between the Reference Index date of the quarter preceding the bid submission date i.e. December, 2015 quarter and the Reference Index date for the quarter preceding the date of revision i.e. March, 2018. The Price index shall be construed in the following manner:

- (i) 20% of the component will be fixed and will not be subjected to any escalation whatsoever;
- (ii) 25% of Whole Sale Price Index (WPI). The figure published for WPI Series (2004-05) for **All Commodities** shall be used
- (iii) 25% of Consumer Price Index (CPI). The figure published as the **All India Index** with the base year as 2001 shall be used
- (iv) 30% of WPI for High Speed Diesel (HSD) oil. The figure published for WPI Series (2004-05) for **HSD** shall be used.

(v) *The new series of Wholesale Price Index (WPI) for All Commodities with base 2011-12 is effective from April, 2017. Linking factor of 1.561 as published ... has been used from April 2017 onwards for conversion of WPI (2011-12) indices to WPI (2004-05) series.*

(vi) *The Consumer Price Index (CPI) for All India Index with base year 2001 was used at the time of bid submission. The 2001 series was discontinued from September, 2020. However, a new series in respect of CPI with base year 2016 was published by Ministry of Labour and Employment from, 2020 with linking factor of 2.88. This linking factor of CPI All India Index has been used from December, 2020 quarter for escalation computation.*

(vii) *The WPI for HSD with base year 2004-05 was used at the time of bid submission. The 2004-05 series for WPI (HSD) was discontinued from April, 2017. A new series with base year 2011-12 was published by Office of Economic Adviser where in HSD is one of the components. However, no linking factor has been published by the Office of the Economic Advisor for linking with old series. Thus, the petitioner has computed the linking factor of 2.88 with respect to the item under consideration. The linking factor of 2.88 has been used for escalation computation...*

(ix) *It is submitted that the mining fee in the instant petition has been claimed based on the mining fee along with escalation. Detailed calculation in regard to escalation of MDO price is given above.*

(x) *It is submitted that Regulation 7A of Tariff Regulations, 2019 as amended provides as under...*

Thus, in respect of Barjora Coal Mine, Regulation 7A, is not applicable, as coal from Barjora Mine started from April 2018 i.e after declaration of COD of the mine."

42.2 Article 27.1 of the CMA reads as under:

"27.1 Mining Charge

27.1.1 Subject to and in accordance with the terms of this Agreement, WBPDCCL shall pay to the Mine Developer and Operator the mining charge per Ton of Coal Delivered by the Mine Developer and Operator at the Delivery Point(s) in accordance with the provisions of this Agreement (the **"Mining Charge"**), which shall be calculated in the following manner:

(i) *The Mining Charge quoted in the Bid is **Rs. 1011.00 (Rupees One Thousand and Eleven Rupees Only) per Ton** (the **"Base Mining Charge"**).*

(ii) *The Base Mining Charge shall be revised every quarter (commencing from the first quarter after the Bid Date) to reflect the variation in Price Index occurring between the Reference Index Date of the quarter preceding the Bid Date and the Reference Index Date for the quarter preceding the date of revision, and the amount so determined shall be the Mining Charge for that quarter."*

42.3 As per the RFP, the formula for calculation of Mining Charge in a particular quarter is given as under:

$$\text{Mining Charge} = \text{Base Mining Charge} \times \{1 + (\text{WPI}_1 - \text{WPI}_0)/\text{WPI}_0 \times 25\% + (\text{CPI}_1 - \text{CPI}_0)/\text{CPI}_0 \times 25\% + (\text{HSD}_1 - \text{HSD}_0)/\text{HSD}_0 \times 30\%\}$$

Where,

WPI_0 = WPI value on the Index Date of the quarter preceding the Bid Submission Date;

WPI_1 = WPI value on the Index Date of the quarter preceding the date of revision;

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CPI_0 = CPI (IW) value on the Index Date of the quarter preceding the Bid Submission Date;

CPI_1 = CPI (IW) value on the Index Date of the quarter preceding the date of revision;

HSD_0 = WPI value of HSD oil on the Index Date of the quarter preceding the Bid Submission Date;

HSD_1 = WPI value of HSD oil on the Index Date of the quarter preceding the date of revision;

42.4 WBPDCCL, in its replies to datagaps revised the Mining Charge as under:

"Initially the linking factor of 1.561 was derived by Office of Economic Advisor (Ministry of Commerce and Industry) by considering the ratio of Arithmetic Means (AM) of the respective indices of the old series and revised series for the first common year (i.e. base year). However, this methodology has been changed by the Office of Economic Advisor. Accordingly, linking factors are the ratio of Geometric Means (GM) of the respective indices of the old series and revised series for the latest 12 months preceding the month of introduction of new series.

*WBPDCCL appointed Indian Statistical Institute (ISI) as third party agency to decide on the issue of linking factor from old series to new series and ISI has corroborated the logic of the Office of the Economic Advisor and advised to used 1.64 and 2.88 as linking factors for WPI (All Commodities) and WPI (HSD) respectively. A revised escalation charge based on ISI report and copy of the ISI report are enclosed as **Annexure-I**.*

2018-19

(Rs./MT)				
Qrt ended	Base Price	Escalation	% increase	Final Cost
Jun-18	1011	166.68	16.49%	1177.68
Sep-18	1011	212.57	21.03%	1223.57
Dec-18	1011	242.05	23.94%	1253.05
Mar-19	1011	206.07	20.38%	1217.07
Average		206.84	20.46%	

2019-20

(Rs./MT)				
Qrt ended	Base Price	Escalation	% increase	Final Cost
Jun-19	1011	227.52	22.50%	1238.52
Sep-19	1011	229.19	22.67%	1240.19
Dec-19	1011	228.11	22.56%	1239.11
Mar-20	1011	242.02	23.94%	1253.02
Average		231.71	22.92%	1242.71

2020-21

(Rs./MT)				
Qrt ended	Base Price	Escalation	% increase	Final Cost
Jun-20	1011	195.63	19.35%	1206.33
Sep-20	1011	127.05	12.57%	1138.05
Dec-20	1011	172.94	17.11%	1183.94
Mar-21	873.32	164.39	16.26%	1037.71
Average		165.00	16.32%	1141.58

42.5 The Commission observed that WBPDCCL has done the average of the quarterly Mining Charge for arriving at the Mining Charge for the respective year. WBPDCCL was asked to submit the Monthly Capacity for each month for the period from FY 2018-19 to FY 2020-21. In reply, WBPDCCL submitted

In regard to the petition submitted by West Bengal Power Development Corporation Limited for approval of input price of coal supplied from Barjora Coal Mine for FY 2018-19 to FY 2020-21

that as per the Allotment Agreement, yearly target of coal production is fixed for each mine and it is evaluating the performance on yearly basis.

- 42.6 The Commission has perused the submissions of the WBPDC. The Commission finds the computation of Mining Charge submitted by WBPDC to be in order in accordance with the provisions of the CMA and accordingly approves the same.

Table 32: Mining Charge approved by the Commission (Rs./MT)

Particulars	FY 2018-19		FY 2019-20		FY 2020-21	
	Claimed	Approved	Claimed	Approved	Claimed	Approved
Base Mining Charge	1011.00	1011.00	1011.00	1011.00	976.58	976.58
Escalation	206.84	206.84	231.71	231.71	165.00	165.00
Mining Charge	1217.84	1217.84	1242.71	1242.71	1141.58	1141.58

43.0 Fixed Reserve Price

- 43.1 WBPDC has claimed the Fixed Reserve Price of Rs. 100/MT. WBPDC was asked to submit the supporting documents to substantiate the same. In reply, WBPDC submitted that WBPDC is required to pay the Fixed Reserve Price of Rs. 100/MT in accordance with Article 1.1.42 of the Allotment Agreement. WBPDC submitted the challans in support of the same. Accordingly, the Commission approves the Fixed Reserve Price of Rs. 100/MT.

Table 33: Fixed Reserve Price approved by the Commission (Rs./MT)

Particulars	FY 2018-19		FY 2019-20		FY 2020-21	
	Claimed	Approved	Claimed	Approved	Claimed	Approved
Fixed Reserve Price	100	100	100	100	100	100

44.0 Run of Mine (ROM) Cost

- 44.1 Based on the above analysis, the ROM cost approved by the Commission is as shown in the Table below:

Table 34: ROM cost approved by the Commission

Particulars	Units	FY 2018-19		FY 2019-20		FY 2020-21	
		Claimed	Approved	Claimed	Approved	Claimed	Approved
Extraction cost (1) (Table 31)	Rs. Lakh	1929.78	1905.15	2725.37	2593.27	958.22	679.30
Annual Target Quantity (2) (Table 2)	MT	500000	500000	500000	500000	240000	660000
Mining Charge (3) (Table 32)	Rs./MT	1217.84	1217.84	1242.71	1242.71	1141.58	1141.58
Fixed Reserve Price (4) (Table 33)	Rs./MT	100.00	100.00	100.00	100.00	100.00	100.00
ROM Cost ((1÷2)+3+4)	Rs./MT	1703.80	1698.87	1887.78	1861.36	1640.84	1344.51

In regard to the petition submitted by West Bengal Power Development Corporation Limited for approval of input price of coal supplied from Barjora Coal Mine for FY 2018-19 to FY 2020-21

45.0 Statutory charges

45.1 The statutory charges claimed by WBPDCCL is as shown in the Table below:

Table 35: Statutory Charges claimed by WBPDCCL (Rs. Lakh)

Particulars	Applicable Rate	Quantity	FY 2018-19	FY 2019-20	FY 2020-21
Royalty	Rs./MT (CIL Corresponding Grade)	5.5	27.50	27.50	13.20
GST under Reverse Charge Mechanism	% of Royalty	18%	4.95	4.95	2.38
District Mineral Foundation (DMF)	% of Royalty	30%	8.25	1.49	0.71
GST under Reverse Charge Mechanism	% of DMF	18%	1.49	0.27	0.13
National Mineral Exploration Trust (NMET)	% of Royalty	2%	0.55	0.10	0.05
GST under Reverse Charge Mechanism	% of NMET	18%	0.10	0.02	0.01
Rural Employment Cess (RE Cess)	% of CIL corresponding Grade	25%	2407.50	2407.50	481.50
GST under Reverse Charge Mechanism	% of RE Cess	18%	433.35	433.35	208.01
Primary Education Cess (PE Cess)	% of CIL corresponding Grade	5%	481.50	481.50	231.12
GST under Reverse Charge Mechanism	% of PE Cess	18%	86.67	86.67	41.60
PWD Road Cess	Rs./MT	1	5.00	5.00	2.40
GST under Reverse Charge Mechanism	% of PWD Road Cess	18%	0.90	0.90	0.43
Asansol Mines Board of Health (AMBH) Cess	Rs./MT	1	5.00	5.00	2.40
GST under Reverse Charge Mechanism	% of AMBH Cess	18%	0.90	0.90	0.43
GST on MDO Price	% of Mining Charges	18%	1083.96	1115.21	512.85
Total Statutory Charges	Rs in Lakh		4547.62	4570.35	1497.21
	Rs./MT		909.52	914.07	623.84

45.2 Article 5.6 of the CMA reads as under:

“5.6 Obligations relating to Taxes

WBPDCCL shall liable to pay, at all times during the subsistence of this Agreement, all Taxes, levies, duties, royalties, cesses and all other statutory charges payable in respect of excavation and Delivery thereof. At the first instance, the Mine Developer and Operator shall make such payment of such Taxes, levies, duties, royalties, cesses and other statutory charges shall be reimbursed, as applicable, by WBPDCCL upto receipt of particulars thereof.”

45.3 WBPDCCL was asked to submit the supporting documents submitted by the MDO with regard to taxes and duties clearly demarcating the same for the coal supplied for each month for the period from FY 2018-19 to FY 2020-21. In reply, WBPDCCL submitted the sought details.

45.4 WBPDCCL was asked to submit the detailed write-up on applicability of each of the statutory charges viz., Royalty, GST on Royalty, Contribution to District Mineral Foundation (DMF), GST on DMF etc.

In regard to the petition submitted by West Bengal Power Development Corporation Limited for approval of input price of coal supplied from Barjora Coal Mine for FY 2018-19 to FY 2020-21

claimed along with supporting documents to substantiate the same. In reply, WBPDCCL submitted the copy of coal bill dated 15.09.2022 for the coal supplied from ECL to KTPS. Further, in reply to a query, WBPDCCL submitted that it is paying GST on Fixed Reserve Price and accordingly requested the Commission to consider the GST on Fixed Reserve Price while determining the input price of coal. WBPDCCL has submitted the documentary evidences in support of the same.

45.5 The Commission observed computation error in the statutory charges for FY 2020-21 in the Rural Employment Cess wherein the units of the amount claimed is Rs./MT and not Rs. Lakh.

45.6 The Commission has approved the statutory charges based on the copy of ECL coal bill submitted by WBPDCCL.

Table 36: Statutory charges approved by the Commission (Rs./MT)

Particulars			FY 2018-19		FY 2019-20		FY 2020-21	
			Claimed	Approved	Claimed	Approved	Claimed	Approved
Royalty	Rs./MT(CIL Corresponding Grade)		5.50	5.50	5.50	5.50	5.50	5.50
GST under Reverse Charge Mechanism	% of Royalty	18%	0.99	0.99	0.99	0.99	0.99	0.99
District Mineral Foundation (DMF)	% of Royalty	30%	1.65	1.65	0.30	1.65	0.30	1.65
GST under Reverse Charge Mechanism	% of DMF	18%	0.30	0.30	0.05	0.30	0.05	0.30
National Mineral Exploration Trust (NMET)	% of Royalty	2%	0.11	0.11	0.02	0.11	0.02	0.11
GST under Reverse Charge Mechanism	% of NMET	18%	0.02	0.02	0.00	0.02	0.00	0.02
Rural Employment Cess (RE Cess)	% of CIL corresponding Grade	20%	481.50*	385.20	481.50	385.20	200.63**	385.87
GST under Reverse Charge Mechanism	% of RE Cess	18%	86.67	69.34	86.67	69.34	86.67	69.46
Primary Education Cess (PE Cess)	% of CIL corresponding Grade	5%	96.30	96.30	96.30	96.30	96.30	96.47
GST under Reverse Charge Mechanism	% of PE Cess	18%	17.33	17.33	17.33	17.33	17.33	17.36
PWD Road Cess	Rs./MT		1.00	1.00	1.00	1.00	1.00	1.00
GST under Reverse Charge Mechanism	% of PWD Road Cess	18%	0.18	0.18	0.18	0.18	0.18	0.18
Asansol Mines Board of Health (AMBH)Cess	Rs./MT		1.00	1.00	1.00	1.00	1.00	1.00

In regard to the petition submitted by West Bengal Power Development Corporation Limited for approval of input price of coal supplied from Barjora Coal Mine for FY 2018-19 to FY 2020-21

Particulars			FY 2018-19		FY 2019-20		FY 2020-21	
			Claimed	Approved	Claimed	Approved	Claimed	Approved
GST under Reverse Charge Mechanism	% of AMBH Cess	18%	0.18	0.18	0.18	0.18	0.18	0.18
GST on MDO Price	% of Mining Charges	18%	216.79 [^]	219.21	223.04 [^]	223.69	213.69 [^]	205.48
GST on Fixed Reserve Price	% of Fixed Reserve Price	18%		18.00		18.00		18.00
Total Statutory Charges	Rs./MT		909.52	816.31	914.07	820.78	623.84	803.56

* WBPDCCL has considered 25% whereas as per the ECL coal bill, it is 20%.

** Computational error by WBPDCCL.

[^] Considering the original submission of Mining Charge in the Petition.

45.7 The approved Statutory charges for FY 2020-21 appears to be on higher side as compared to the claimed charges, due to the computational error in WBPDCCL's claim.

46.0 Input price of coal

46.1 Based on the above analysis, the input price of coal approved by the Commission is as shown in the Table below:

Table 37: Input price of coal approved by the Commission (Rs./MT)

Particulars	FY 2018-19		FY 2019-20		FY 2020-21	
	Claimed	Approved	Claimed	Approved	Claimed	Approved
ROM Cost (Table 34)	1703.80	1698.87	1887.78	1861.36	1640.84	1344.51
Statutory charges (Table 36)	909.52	816.31	914.07	820.78	623.84	803.56
Input price	2613.32	2515.18	2801.85	2682.15	2264.68	2148.07

47.0 The Commission shall consider the input price of coal from Barjora Coal Mine as determined in this Order in the APR of FY 2018-19, FY 2019-20 and FY 2020-21 in the respective Orders.

In regard to the petition submitted by West Bengal Power Development Corporation Limited for approval of input price of coal supplied from Barjora Coal Mine for FY 2018-19 to FY 2020-21

ORDER

- 1.0 From the submissions made by WBPDCCL and the clarifications/documents submitted in replies to queries raised by the Commission in terms of the CERC (Terms and Conditions of Tariff) (Second Amendment) Regulations, 2021, the Commission has determined the input price of coal from Barjora Coal Mine for FY 2018-19, FY 2019-20 and FY 2020-21 as detailed in foregoing paragraphs.
- 2.0 The Commission thus, approves the input price of coal from Barjora Coal Mine for FY 2018-19, FY 2019-20 and FY 2020-21 as under:

Table 38: Input price of coal approved by the Commission (Rs./MT)

Particulars	FY 2018-19		FY 2019-20		FY 2020-21	
	Claimed	Approved	Claimed	Approved	Claimed	Approved
Input price	2613.32	2515.18	2801.85	2682.15	2264.68	2148.07

- 3.0 The Commission shall consider the input price of coal from Barjora Coal Mine as determined in this Order in the APR of FY 2018-19, FY 2019-20 and FY 2020-21 in the respective Orders.
- 4.0 The Petition is thus disposed off.
- 5.0 A copy of the Order shall be posted in the website of the Commission.
- 6.0 WBPDCCL 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, will 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

Date: 19.09.2023

Sd/-
SECRETARY