



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

**IN CASES NO.:
FPPCA - 81/16-17 AND
APR - 95/21-22**

IN REGARD TO THE APPLICATIONS OF THE HALDIA ENERGY LIMITED (HEL) FOR FUEL COST ADJUSTMENT (FCA) AND ANNUAL PERFORMANCE REVIEW (APR) FOR THE FINANCIAL YEAR 2014-15

PRESENT:

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

DATE: 22.09.2023



CHAPTER – 1 PREAMBLE

- 1.1 The Regulation 2.6 of the West Bengal Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2011 as amended from time to time (hereinafter referred to as the 'Tariff Regulations'), mandates that the generating companies or licensees, as the case may be, are subject to Annual Performance Review (APR). The Commission vide its Order dated 29.01.2016 in Case No. TP-64/14-15 determined the tariff for Haldia Energy Limited (HEL) for its 2 X 300 MW Thermal Power Generating Station for the period from FY 2014-15 to FY 2016-17.
- 1.2 The final Project Cost of 2 x 300 MW HEL power plant was approved by the Commission vide its order dated 20.07.2022 in Case No. OA-270/17-18.
- 1.3 In the meanwhile, HEL filed the Petition for Fuel Cost Adjustment (FCA) for 2014-15 on 21.09.2016 and the Annual Performance Review petition for 2014-15 on 06.01.2022. The Commission had admitted the FCA and APR Petitions and numbered them as FPPCA-81/16-17 and APR-95/21-22 respectively.
- 1.4 On admission of the APR and FCA Petitions, HEL was directed to publish the approved combined gist of the APR and FCA Petitions of FY 2014-15. Accordingly, the gist was published simultaneously on 11.04.2022 in the 'The Telegraph', the 'Aajkal', the 'Bartaman', and on 12.04.2022 in the 'The Times of India'. The publication requested for submission of suggestions and objections from the stakeholders, if any, on the application to the Commission within 21 days from the date of publication of gist. The approved gist along with the APR and FCA Petitions for FY 2014-15 were also uploaded on the website of HEL. Opportunities were also offered to all to inspect the application and take copies thereof. No objection and suggestion has been received.
- 1.5 Unit 1 and Unit 2 of HEL have achieved COD on 28.01.2015 and 21.02.2015 respectively. Therefore, the APR for FY 2014-15 is for the period from COD till 31.03.2015. During the course of analysis, the Commission observed certain deficiencies and accordingly sought clarifications / additional information from HEL, which were duly submitted by HEL from time to time. The submissions of HEL and Commission's analysis on APR and FCA petitions for the Financial Year 2014-15 are detailed in the following chapters.



CHAPTER – 2 COMPUTATIONS OF THE ALLOWABLE FUEL COST

- 2.1 In this part of the order, the Commission takes up the determination of fuel cost allowable to Haldia Energy Limited (HEL) on the quantum of power sold by it to CESC Limited during FY 2014-15 along with any gains arising from the performance of HEL over the operating norms set out by the Commission.
- 2.2 The fuel and power purchase cost adjustments during the referred adjustment period, i.e., FY 2014-15 are to be ascertained by following the formula as enunciated by the Commission in Part B of the Schedule 7A of the Tariff Regulations.
- 2.3 Further, paragraph A of Schedule 9B of the Tariff Regulations, contains provisions for sharing the gains for coal fired thermal power stations, if any, on account of its better performances over the operating norms set out by the Commission. The operational parameters which are to be considered for sharing such gains accrued to the generating stations are:
- i. Gain sharing for better Oil Consumption rate
 - ii. Gain sharing for better Auxiliary Consumption rate
 - iii. Gain sharing for better Gross Station Heat Rate (SHR)
- 2.4 Further, in terms of Paragraph D of Schedule 9 B of the Tariff Regulations, the sharable gains shall be used first to compensate the deficit in fixed charge recovery of the concerned generating station of the generating company in case the availability of the generating station falls below the availability norm and thereafter the balance if any shall be passed on to the consumers / beneficiaries.
- 2.5 The Commission in its order dated 20.01.2016 in Case No OA-121/11-12 has specified the normative operating parameters for HEL as below:

**Table 2-1: Normative parameters**

Parameters	Normative value
Plant Availability Factor (PAF)	85%
Plant Load Factor (PLF)	80%
Auxiliary consumption (AEC)	9%
Station Heat Rate (SHR)	2345 kCal/kWh
Transit loss	0.80%
Oil consumption rate	1.00 ml/kWh
O&M expenditure	2014-15: Rs. 7.05 Lakh/MW 2015-16: Rs. 7.47 lakh/MW 2016-17: Rs. 7.92 lakh/MW
Man /MW	1.30

In terms of the Tariff Regulations, during stabilization period generating stations are eligible for additional SHR subject to a ceiling of 50 kCal/kWh and oil consumption ceiling of 3.50 ml/kWh. For coal based and lignite fired thermal generating stations stabilization period is 180 days from the COD.

- 2.6 Before ascertaining the amount of admissible fuel cost as well as the amount of gains to be shared with the beneficiary (CESC Limited) under the provisions of Tariff Regulations explained in aforesaid paragraphs, the actual performance of HEL in comparison to the operational norms set out by the Commission needs to be reviewed. Such comparisons are made hereunder:

Table 2-2: Normative v/s Actual Operating Parameters for FY 2014-15

Particulars	Units	Norms	Actual	Admissible
Rate of Auxiliary Consumption	%	9.00	11.43	9.00
Specific Consumption of Oil	ml/kWh	1.00	3.58	3.50
Station Heat Rate	kCal/kWh	2345.00	1984.91	2345.00

As COD of HEL Unit -1 and Unit-2 commenced on 28.01.2015 and 21.02.2015 respectively, HEL will get the benefit of additional oil consumption during the stabilization period. Hence the oil consumption will be allowed up to 3.50 ml/kWh. No additional relief on Station Heat Rate is admissible as the actual Station Heat Rate is within the norms.

The computations of actual rate of Auxiliary Consumption, Specific Consumption of Oil and SHR achieved is shown in Annexure 2A.

- 2.7 As observed from above, actual performance of HEL generating Station relating to SHR qualify for deriving gains for sharing subject to the condition stipulated in Paragraph D of Schedule 9B of the Tariff Regulations.



2.8 HEL in APR application has submitted that it has achieved availability of 77.19% as against the target availability of 85% as per norms. Therefore, the gain on improved station heat rate shall be used to compensate the deficit in fixed charge recovery as stipulated in Paragraph D of Schedule 9B of the Tariff Regulations. The amount of gain and its share shall be determined in the subsequent paragraphs.

2.9 Determination of Allowable Fuel Cost

2.9.1 In terms of paragraph B of schedule -7A to the Tariff Regulations, fuel cost is to be determined for the amount of energy sold by a generating company to the licensee considering the admissible normative parameters and the principles specified in regulation 5.8 of the tariff Regulations. The weighted average calorific value of oil and the weighted average heat value of coal are the variable factors depending upon the actual mix of different grades of fuel used in operation. The declared heat value of each grade of coal varies within a range. The weighted average heat value of coal considered at the tariff fixation level was based on the minimum value of the range of each projected grade of coal and is subject to adjustments in terms of regulation 5.8.1(i) of the Tariff Regulations.

2.9.2 Generation

Gross generation of the Station has been estimated by taking into consideration the ex-bus injection schedule certified by SLDC and normative auxiliary consumption as below:

Table 2-3: Gross Generation for FY 2014-15

Scheduled Injection (MU)	Normative Rate (%)	Admissible Gross Generation (MU)	Normative Auxiliary Consumption (MU)
335.794	9.00	369.004	33.210

2.9.3 Weighted Average GCV and cost of Oil

HEL has submitted weighted average calorific value of oil for 2014-15 as 9171 kCal/L. HEL submitted detailed calculation along with month-wise oil stock and sample test report in support of their claim. As this is a variable factor depending on the grades of oil used, the Commission has considered the same caloric value of oil for working out the amount of allowable fuel cost. Average cost of oil (LDO) has been certified by the auditor as Rs.50748.09 /kL and the same has been considered.

2.9.4 Heat Value of Coal



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Considering the coal details submitted by HEL in their FCA application and through subsequent documents, the Commission determines the Useful Heat value (UHV) of coal following the provisions of Regulation 5.8.15 of the Tariff Regulations. However, conversion from GCV to UHV, in terms of Regulation 5.8.15 of the Tariff Regulations is not required for imported coal as such coal contains lesser ash and are of -50 mm in size and is not categorized under different grades of coal of Coal India Limited (CIL). The Useful Heat Value so determined is 3070 kcal/kg for FY 2014-15, as against the claim of HEL of 3068 kcal/kg. Detailed computations are shown in Annexure – 2C.

2.9.5 Permitted Transit Loss and Handling Loss of Coal

HEL has claimed 0.80% transit loss on entire Coal including imported coal. The same has been considered by the Commission for the purpose of this Order.

2.9.6 Average Landed Price of Coal

The Commission observes that HEL has purchased coal from CIL subsidiaries and through imports. HEL has submitted the actual fuel price along with the auditor certificate and also provided the break-up of coal prices. HEL has provided details and documentary evidences of coal price and transportation cost of both imported and domestic coals.

The domestic coal prices are as per the basic price of coal as notified by CIL along with royalty, taxes and duties. The total landed cost of coal without freight as claimed by HEL is Rs. 2265.50/MT. After prudence check, the Commission found the submission in order and decided to admit the claimed amount.

HEL has claimed the weighted average coal transportation cost of Rs. 751.80/MT. The Commission directed HEL to submit the invoice wise details of transportation cost giving the details of freight charges, overloading charges, demurrage charges, loco hire charges and any other charges along with supporting documents to substantiate the same. HEL submitted the break-up of transportation charges in the stipulated format along with the supporting documents to substantiate the same. While scrutinising the submitted documents the Commission observed that HEL has paid demurrage charges on some instance. However, HEL has not provided any appropriate justification for the same. As such, the Commission has not allowed the demurrage charges in absence of any specific justification of such claim in terms of clause (vi) of Regulation 5.8.1 of the Tariff Regulations, 2011. Accordingly, the Commission admits the transportation cost of Rs. 751.07/MT against HEL's claim of Rs. 751.80/MT after deducting demurrage charges.



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Considering the above coal price and transportation cost, the average landed cost of coal procured during the year comes to Rs. 3016.57 /MT (= Rs. 2265.50 /MT + Rs. 751.07 /MT). Now considering the carpet coal and coal stock position, as certified by the auditor, the Commission determines the admitted rate of coal consumed during the year as Rs. 2839.99 /MT as detailed below:

Table 2-4: Coal Stock Position Table of HEL for FY 2014-15

Particulars	Derivatives	Claimed	Admitted
Stock Quantum (in MT)			
Opening Stock	A	0	0
Coal Purchase during the year	B	400854.76	400854.76
Carpet coal / trial consumption	C	61686.96	61686.96
Closing stock	D	96921.583	96921.58
Coal consumed	E = A+B-C-D	242245.73	242245.73
Stock price (in Rs. /MT)			
Price of opening stock	F	N/S	N/A
Price of coal purchased	G	3017.20	3016.57
Price of carpet coal / coal used during trial	H	2509.20	2509.20
Price of Closing Stock	I	3780.80	3780.80
Price of coal consumed	J = (B*G - C*H - D*I) / E	2841.10	2839.99

2.9.7 Admitted Fuel Cost

Thus, the fuel cost considering the normative parameters and fuel prices as admitted above comes to Rs. 8614.36 Lakh. Detailed Computation of the same is shown in Annexure - 2B.

Table 2-5: Fuel Cost for FY 2014-15 (Paise/kWh)

Particulars	Energy Charge rate (paise/kwh)
Fuel cost per unit as per Tariff order	275.09
Fuel cost per unit as allowed in FCA	256.54

2.9.8 C_D: Cost Disallowable

The factor C_D as referred to in the formula in paragraph B of Schedule 7A of Tariff Regulations, stands for cost as to be found disallowable by the Commission as having been incurred in breach of economic generation or of order/direction of the Commission if any, or for any other reason considered sufficient by the Commission during the adjustment period and adjusted corresponding to actual level of sales.



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As the unit rates of energy charges from the generating stations have been worked out based on normative parameters, no further disallowance is required on this account.

2.9.9 Sharing of Gain

As discussed in paragraph 2.7 above, gain due to improved SHR is as shown in the table below:

Table 2-6: Gain due to improved SHR for FY 2014-15

Particulars	Unit	Stabilisation Period
Ratio of Heat Rate as per Item 6 of the Order dated 20-01-2016 to Design Heat Rate in accordance with Para A3 of Schedule - 9B of the Tariff Regulations (SHR _n /D)		1.06
Category of the station in accordance with Para A3 of Schedule - 9B of the Tariff Regulations		B
SHR/SHR _n		Less than 0.96
Generation	MU	369.004
Coal cost for sale to the Purchaser in accordance with Regulations	Rs. Lakhs	7958.94
Coal cost for sale to the Purchaser considering actual SHR (as per Annexure - 2D)	Rs. Lakhs	6719.84
Coal cost difference	Rs. Lakhs	1239.11
Applicable Criteria SI No. in accordance with para A3 of Schedule - 9B to the Tariff Regulations		5
Share to the Purchaser in accordance with para A3 of Schedule - 9B of the Tariff Regulations	%	14%
Amount proposed to be passed on to the Purchaser in accordance with Para A3 of Schedule - 9B of the Tariff Regulations	Rs. Lakhs	173.47

According to Para D of Schedule 9B of Tariff Regulations any sharable gains computed above shall be first used to compensate the deficit in fixed charge recovery if the availability of a generating station of Generating Company falls below the availability Norm. Fixed Charge has been computed in Chapter 3 of this Order. From paragraph 3.51 of Chapter 3 of this Order there is a deficit in Fixed charge recovery of Rs. 495.58 Lakh in FY 2014-15 on account PAF lower than the normative PAF. This need to be compensated before sharing any gains. Thus, the entire sharable gain amount of Rs. 173.47 Lakh is used to compensate the deficit in fixed cost recovery. Thus, the share of CESC out of total gain on account of Station Heat Rate is Nil for FY 2014-15.

2.10 HEL vide letter dated 20.07.2013 submitted that the Commission vide order dated 21.05.2014 in Case No. WBERC/ OA - 121/ 11 - 12 had fixed the tariff of infirm power from HEL at 485 p/ kWh. Subsequently, the Commission vide Tariff Order of CESC for 2014 - 15 dated 04.03.2015 in Case No. TP - 56/ 13 - 14 had directed that the above rate of 485 p/ kWh to be considered as the rate of power purchase by CESC from HEL. However, for the purpose of merit order despatch, the proportion of capacity charge and energy charge shall be considered as 50:50. Accordingly, HEL has billed the energy charge at 242.50 p/ kWh (i.e., 50% of 485 p/kWh) during 2014 - 15 and recovered an amount of Rs. 8122.64 Lakhs. In view of the above, the Commission admits the amount of Rs. 8122.64 Lakh



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as the fuel cost recovered through sale of power by HEL.

- 2.11 Summing up the findings as explained in the earlier paragraphs, the amount of Fuel Cost Adjustment of HEL generating station for the year 2014-15 is now determined based on the FPPCA formula specified in paragraph B of Schedule -7A of the Tariff Regulations considering admissible fuel cost of HEL for FY 2014-15, net of sharing of gains due to improved performance vis-à-vis the fuel cost recovered during the year is shown in the table below:

Table 2-7: Fuel Cost Adjustment for 2014-15

Particulars	Unit	Admitted
Total Admissible Fuel Cost	FC	8614.36
Power Purchase Cost for pumping energy of PSP	PPC	Not applicable
Less: Cost disallowed	C _D	0.00
Adjustment, if any	A	0.00
Fuel cost recovered through sale to the beneficiary	fc	8122.64
Power purchase cost allowed in Tariff order for pumping energy	ppc	Not applicable
FPPCA	{FC + (PPC -CD) +A} - (fc + ppc)	491.72



COMPUTATION OF ACTUAL STATION HEAT RATE ACHIEVED IN FY 2014-15

Sl. No.	Particulars	Unit	Stabilization Period
1	Gross Generation (Actual)	MU	380.730
2	Consumption of Oil (Actual)	kL	1363.85
3	Consumption of Coal (Actual)	MT	242245.73
4	GCV of Oil (Actual)	kcal/lit	9168.96
5	Heat Value of Coal (Actual)	kcal/kg	3068.00
6	Heat from Oil (2X4/1000)	M. kcal	12505.09
7	Heat from Coal (3X5/1000)	M. kcal	743209.91
8	Total Heat Used (6+7)	M. kcal	755715.00
9	Station Heat Rate Achieved (8/1)	kcal/kWh	1984.91
10	Normative Station Heat Rate	kcal/kWh	2345.00

COMPUTATION OF ACTUAL AUXILIARY CONSUMPTION ACHIEVED IN FY 2014-15

Actual Gross Generation (MU)	Actual Sent Out Generation (MU)	Auxiliary Consumption (MU)	Actual Auxiliary Consumption	Normative Auxiliary Consumption
380.730	337.230	43.500	11.43%	9.00%

COMPUTATION OF SPECIFIC OIL CONSUMPTION ACHIEVED IN FY 2014-15

Actual Gross Generation (MU)	Actual Oil Consumption (kL)	Specific Oil Consumption (ml/kWh)	Normative Oil Consumption (ml/kWh)
380.730	1363.85	3.58	3.50

**COMPUTATION OF FUEL COST of FY 2014-15**

Operating Parameters	Legend	Unit	Claimed	Admitted
Sent out Energy – (Scheduled Injection at Haldia Bus)	A	MU	335.794	335.794
Normative Auxiliary Consumption	B	%	9.00%	9.00%
Auxiliary Consumption	C	MU	33.210	33.210
Gross Admissible Generation	D	MU	369.004	369.004
Heat Rate*	E	kCal/kWh	2395	2345*
Permitted Oil Consumption **	F	ml/kWh	3.50	3.50
Heat Value of Oil	G	kCal/L	9171	9171
Heat Value of Coal	H	kCal/kg	3068	3070
Overall Permitted Heat	I=D*E	GCal	883764	865314.38
Permitted Heat from Oil	J=D*F*G/10 ³	GCal	11844	11844.47
Permitted Heat from Coal	K=I-J	GCal	871920	853469.91
Permitted Oil Consumption	L=(J/G)*10 ³	kL	1292	1291.51
Permitted Coal Consumption without Transit Loss		Tonne	284198	278003.23
Transit Loss (0.8%)		Tonne	2292	2241.96
Permitted Coal Consumption	M=K/H/.992*10 ³	Tonne	286490	280245.19
Cost of Oil per kL	N	Rs./kL	50748	50748.09
Cost of Coal per Tonne	O	Rs./Tonne	2841	2839.99
Cost of Oil	P=L*N/10 ⁵	Rs. Lakh	655	655.42
Cost of Coal	Q=M*O/10 ⁵	Rs. Lakh	8139	7958.94
Total cost of Fuel	R=P+Q	Rs. Lakh	8795	8614.36
Energy charge rate	S = R x10/A	Paisa/kwh	261.92	256.54

*In accordance with Schedule – 9A, during stabilisation period of new Units, additional gross station heat rate on the basis of actual generation will be applicable, subject to a ceiling of 50 kcal/kWh. As the actual gross station heat rate is lower than the norm, the gross station heat rate of 2345 kcal/kWh shall be applicable for FY 2014-15.

**In accordance with Schedule – 9A, during stabilisation period of new Units, additional oil consumption rate on the basis of actual generation will be applicable, subject to a ceiling of 3.50 ml/kWh. As the actual oil consumption is 3.58 ml/kwh against the normative value of 1.0 ml/kw, the admissible oil consumption rate shall be considered as 3.50 ml/kwh for FY 2014-15

**COMPUTATION OF COAL BASED ON MINIMUM OF DECLARED HEAT VALUE FOR HEL THERMAL POWER STATION FOR FY 2014-15****Stabilization Period**

Source	Grade of coal	Quantity	GCV	UHV Min	UHV Max	GCV Min	GCV Max	Mean UHV on interpolation and Extrapolation basis
		MT	kcal/kg	kcal/kg	kcal/kg	kcal/kg	kcal/kg	kcal/kg
MCL	G12	210208	3701	1300	2400	3113	3865	2160
MCL	G13	42410	3401	1300	2400	3113	3865	1721
Import	Import	148255	4746					4746
Overall								3070

Annexure – 2D

Operating Parameters	Legend	Unit	Coal cost for sale to the Purchaser considering actual SHR
Sent out Energy – (Scheduled Injection at Haldia Bus)	A	MU	335.794
Normative Auxiliary Consumption	B	%	9.00%
Auxiliary Consumption	C	MU	33.210
Gross Admissible Generation	D=A+C	MU	369.004
Actual Station Heat Rate (as per Annexure – 2A)	E	kCal/kWh	1984.91
Permitted Oil Consumption	F	ml/kWh	3.50
Heat Value of Oil	G	kCal/L	9171
Heat Value of Coal	H	kCal/kg	3070
Overall Permitted Heat	I=D*E	GCal	732440.73
Permitted Heat from Oil	J=D*F*G/10 ³	GCal	11844.49
Permitted Heat from Coal	K=I-J	GCal	720596.24
Permitted Coal Consumption without Transit Loss		Tonne	234721.90
Transit Loss (0.8%)		Tonne	1892.92
Permitted Coal Consumption	M=K/H/.992*10 ³	Tonne	236614.82
Cost of Coal per Tonne	O	Rs./Tonne	2839.99
Cost of Coal	Q=M*O/10⁵	Rs. Lakh	6719.84

**CHAPTER – 3****FIXED COST DETERMINATION UNDER APR**

- 3.1 The Commission in its order dated 29.01.2016 had determined the capacity charge for FY 2014-15 as Rs. 10886.00 Lakh considering the 95% of the project cost as claimed by HEL subject to approval of final project cost to be approved by the Commission.
- 3.2 The Commission vide its order dated 20.07.2022 in Case No. OA-270/17-18 approved the final capital cost as under:

“18.3 The Hard Cost claimed by HEL is inclusive of the additional capitalisation post COD. As the item wise cost has been approved considering the Hard Cost claimed by HEL, the same need to be apportioned as on COD and post COD. HEL in its additional information submitted the Hard Cost as on COD and the year wise additional capitalisation post COD. The Commission has apportioned the approved Hard Cost in the same proportion as submitted by HEL as on COD and post COD as under:

Table 30: Hard Cost as on COD and Additional Capitalisation post COD (Rs. Crore)

Particulars	Claimed	Computed by the Commission
Hard Cost as on COD	3285.7	3145.2
Additional Capitalisation		
FY 2015-16	50.3	48.1
FY 2016-17	37.6	36.0
FY 2017-18	98.8	94.6
FY 2018-19	39.2	37.5
FY 2019-20	0.7	0.7
Balance Additional Capitalisation	13.4	12.8
Total Additional Capitalisation	240.0	229.7
Total Hard Cost	3525.7	3374.9

18.4 The additional capitalisation post COD as shown in the above Table as computed by the Commission shall not be construed as final approval by the Commission for the additional capitalisation. The year wise additional capitalisation shall be dealt with in the APR Order for the respective year based on the prudence check of the submissions of HEL in its APR Petitions in accordance with the provisions of the Tariff Regulations.”

“24.0 The Commission after considering all the facts and the project report submitted by HEL along with the submissions, clarifications and documents in terms of Regulation 2.8.5.1 of the Tariff Regulations approves the final Project Cost of Rs. 3832.6 Crore as per the details given below:

Table 35: Capital Cost approved by the Commission (Rs. Crore)

Particulars	Claimed	Approved
BTG	1687.8	1680.3
BoP	1302.9	1262.3
Railway Infrastructure	154.0	154.0
Intake Water System	71.0	65.3



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Particulars	Claimed	Approved
Other Enabling Works	104.9	53.5
Land and Site Development	70.6	70.6
Consultancy	22.5	21.0
Overheads	112.0	67.9
Contingencies	0.0	0.0
Total Hard Cost	3525.7	3374.9
IDC and FC	541.5	457.7
Total	4067.2	3832.6

25.0 As discussed earlier, the Hard Cost approved by the Commission includes Additional Capitalization of Rs 229.7 Crore post COD of the Project. The additional capitalization post COD considered as part of Capital Cost shall not be construed as final approval by the Commission. The year wise additional capitalization shall be dealt with in the APR Order for the respective year based on the prudence check of the submissions of HEL in its APR Petitions in accordance with the provisions of the Tariff Regulations."

3.3 HEL has not claimed any additional capitalisation for FY 2014-15. Accordingly, the Commission has considered the capital cost for FY 2014-15 as Rs. 360284.94 Lakh, i.e the Capital cost admitted in the Order dated 20.07.2022 excluding the amount of additional capitalization.

3.4 Based on the above, the capital cost considered for FY 2014-15 is as shown in the Table below:

Table 3-1: Capital cost for FY 2014-15 (Rs. Lakh)

Particulars	Claimed	Admitted
Opening capital cost	382734.80	360284.94
Additional capitalisation	0.00	0.00
Closing capital cost	382734.80	360284.94

3.5 The Paragraph 2.3 of the Schedule 1 of the Tariff Regulations define capacity charges as Annual Revenue Requirement (ARR) minus the fuel cost. The Commission, in Chapter 2, has dealt with the fuel cost for FY 2014-15. In this Chapter, the Commission has dealt with the components of ARR, other than fuel cost, claimed by HEL as detailed hereunder.

3.6 HEL has claimed the following components of ARR other than the fuel cost:

1. Operation and Maintenance (O&M) expenses
2. Insurance premium
3. Employee cost
4. Coal and Ash handling expenses
5. Statutory charges
6. Rates and Taxes (other than income tax)
7. Depreciation
8. Return on Equity
9. Interest expenses
10. Foreign Exchange Rate Variation (FERV)
11. Other finance charges
12. Incentives



13. Special allocation

14. Allowance/Disallowance of Capacity Charge due to Plant Availability Factor (PAF)

O&M expenses

3.7 The O&M expenses viz., repairs and maintenance expenses including cost of consumables, legal and professional charges, audit fees, administrative and general expenses are categorised as controllable items in terms of the Tariff Regulations.

3.8 The Commission vide order dated 20.01.2016 in Case No. OA-121 /11-12 has admitted the normative O&M expenses of Rs. 7.05 Lakh/MW, which works out to Rs. 591.04 Lakh for 600 MW for FY 2014-15.

Table 3-2: O&M Expense Normative

Particulars	Normative O&M Expense (Rs. Lakh/MW)	Capacity (MW)	No of Days in Operation (Days)	Normative O&M Expense (Rs. Lakh)
Unit 1	7.05	300	63	365.05
Unit 2	7.05	300	39	225.99
Total				591.04

3.9 HEL in its petition has claimed Rs. 215.18 Lakh as Repair & Maintenance Expenses (including consumables), Rs. 0.65 Lakh as legal charges, Rs. 3.55 Lakh as Auditor's fees and Rs. 371.66 Lakh as other Administrative & General Charges in its Form E(B). While scrutinising the petition it is observed that R&M expense including consumption of stores and spares comes to Rs. 60.90 Lakh. It is also observed that, Rs. 109.70 Lakh related to other bank charges and Rs. 131.90 Lakh for L/C opening charges are claimed separately under Finance Charge, which being routine expenses in nature should come under administrative and general expenses. On the contrary HEL has claimed an amount of Rs. 154.30 Lakh as differential O&M expenses. In view of above, the Commission recompute the actual O&M expenses based on the submission of the petitioner as below:

Table 3-3: O&M expenses claimed by HEL for FY 2014-15 (Rs. Lakh)

Sl. No.	Particulars	Actual O&M Expenses claimed
1	Repairs & Maintenance incl. Consumables	60.90
2	Legal Charges	0.70
3	Auditors Fees	3.50
4	Other Administrative & General Charges (incl. bank charges)	613.30



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Sl. No.	Particulars	Actual O&M Expenses claimed
	Total	678.40

- 3.10 The O&M expenses are categorised as controllable item in the Tariff Regulations, 2011. In accordance with Regulation 2.5.5, under a controllable item, the variation in expenditure of different elements under such item with respect to the amount for such elements that has been admitted in the tariff order is permissible subject to the condition that the overall expenditure of such controllable item allowable under APR will be limited to the value that has been admitted in the tariff order.
- 3.11 The actual O&M expenses are higher than the normative expenses and hence in accordance with Regulation 2.5.5, the Commission admits the normative O&M expenses of Rs. 591.04 Lakh for FY 2014-15.

Table 3-4: O&M expenses for FY 2014-15 (Rs. Lakh)

Particulars	Actual	Admitted
O&M Expense	678.40	591.04

Insurance premium

- 3.12 HEL has claimed the insurance premium of Rs. 85.98 Lakh for FY 2014-15. As per the audited accounts, the total insurance premium for FY 2014-15 is Rs. 99.4 Lakh out of which the amount of Rs. 85.98 Lakh pertains to generation business and the amount of Rs. 13.4 Lakh pertains to evacuation system. The Commission directed HEL to substantiate that the insurance policy was availed after following due competitive bidding process. HEL submitted that in order to maintain continuity and for smooth transition from Erection All Risk Insurance (during construction period) to Industrial All Risk Insurance (during operative period), the same Insurance provider as in the project stage was nominated during FY 2014-15 and in the subsequent years, the insurance contract has been awarded after obtaining competitive quotes from different insurers. As the insurance provider during the construction period has been selected during FY 2014-15 which is a mix of construction and operative periods, the Commission deems it prudent to admit the insurance premium of Rs. 85.98 Lakh as claimed by HEL after prudence check.



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Table 3-5: Insurance premium for FY 2014-15 (Rs. Lakh)

Particulars	Claimed	Admitted
Insurance premium	85.98	85.98

Rates and Taxes (other than income tax)

- 3.13 HEL has claimed the amount of Rs. 1.93 Lakh towards rates and taxes for payment made on account of municipal/ panchayat tax, land revenue, way leave license, license fees for railway corridor etc. The actual expenditure on this account has been admitted by the Commission, after prudence check.

Table 3-6: Rates and taxes for FY 2014-15 (Rs. Lakh)

Particulars	Claimed	Admitted
Rates and Taxes	1.93	1.93

Statutory charges

- 3.14 HEL has claimed an amount of Rs. 1.08 Lakh towards statutory charges in terms of regulation 5.14.1 of the Tariff Regulations for payments made under various statute of Government as well as regulatory authority. The actual expenditure on this account has been admitted by the Commission, after prudence check.

Table 3-7: Statutory charges for FY 2014-15 (Rs. Lakh)

Particulars	Claimed	Admitted
Statutory charges	1.08	1.08

Employee cost

- 3.15 Employee cost includes mainly salary & wages, expenditure on account of terminal benefits to the employees and welfare expenses. HEL has claimed the employee cost of Rs. 927.75 Lakh. From the submissions of HEL, the Commission's findings are as follows:
- The maximum ceiling man/MW requirement approved by the Commission vide its Order dated 20.01.2016 in Case No. OA-121/11-12 is 1.3 thereby the maximum ceiling of employees corresponding to 600 MW works out to seven hundred and eighty (780).
 - The actual number of employees is Five hundred and ninety (590) comprising of own employees of one hundred and fifty-nine (159) and contract employees of four hundred and thirty-one (431) as per auditor's certificate. Similarly, Actual Employee Expense due to Own Employee is 636.70 Lakh and due to Contract Employee is 202 Lakh totalling to Rs. 838.70 Lakh as per the Auditor's Certificate.
 - However, HEL has considered the number of employees as seven hundred and eighty



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(780) comprising of own employees of one hundred and fifty-nine (159) and contract employees of six hundred and twenty-one (621). Accordingly, it has claimed Total Employee Expense of Rs 927.75 Lakh.

- d) The Commission finds that HEL has claimed increased number of contract employees to match the number of employees corresponding to approved man/MW ratio of 1.3.
- e) As the man/MW requirement of 1.3 is maximum ceiling, the Commission does not find the approach adopted for increasing the number of contract employees and consequent increase in employee cost to be prudent. Hence, the Commission considers the number of employees and employee cost as per auditor's certificate.
- f) Accordingly, the Commission admits the employee cost of Rs. 838.70 Lakh for FY 2014-15.

Table 3-8: Employee cost for FY 2014-15 (Rs. Lakh)

Particulars	Claimed	Admitted
Employee cost	927.75	838.70

Coal and Ash handling expenses

- 3.16 HEL has claimed the amount of Rs. 22.48 Lakh towards coal and ash handling expenses which have also been booked in the annual accounts for FY 2014-15. HEL has submitted the item wise break-up of coal and ash handling expenses claimed along with supporting documents. From the supporting documents submitted by HEL, it has been observed that the expenses amounting to Rs. 0.63 Lakh has not been substantiated with supporting documents. Hence, the Commission disallows the said amount from the total cost claimed by HEL.

Table 3-9: Coal and ash handling expenses for FY 2014-15 (Rs. Lakh)

Particulars	Claimed	Admitted
Coal and ash handling expenses	22.48	21.85

Depreciation

- 3.17 HEL has claimed an amount of Rs. 1997.90 Lakh towards depreciation. The claimed depreciation has been computed as per Annexure A of the Tariff Regulations. It is observed that, HEL has considered Gross Fixed Cost of unit 1 and unit 2 as Rs. 234642.80 Lakh and Rs. 148092.00 lakh respectively. HEL has not shown any reason for considering such difference in two units of same capacity and similar design. The Commission has approved total project cost of HEL (2 x300 MW) as Rs. 360284.94 Lakh, as clarified in paragraph 3.3 above. Accordingly, GFA of each unit for 2014-15 is considered as Rs. 180142.47 lakh (=360284.94 ÷ 2). Now the admissible depreciation for HEL (2x300 MW) is computed



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considering the total depreciation claimed vis-à-vis admitted GFA. Unit-wise depreciation is computed considering the date of COD.

Table 3-10: Depreciation for FY 2014-15 (Rs. Lakh)

Particulars	Claimed	Admitted
Opening capital cost #	382734.80	360284.94
Closing capital cost	382734.80	360284.94
Average capital cost	382734.80	360284.94
Depreciation	1997.90	1880.71

#Opening GFA at COD.

Admissible depreciation for unit 1 and unit 2 are as below:

Particulars	Unit 1	Unit 2
Average GFA	180142.47	180142.47
COD of Generating station	28.01.2015	21.02.2015
Number of days in operation	63	39
Depreciation #	1161.62	719.09

unit-wise depreciation is computed by sharing total depreciation in ratio of number of days in operation by respective units.

Return on Equity (RoE)

3.18 HEL has claimed the amount of Rs. 2342.19 Lakh towards RoE. HEL has claimed the Equity base of Rs. 102683.00 Lakh for computation of RoE. The actual equity claimed by HEL is to the tune of 28.50% of the admitted capital cost of Rs. 360284.94 Lakh. Regulation 5.4.2 of the Tariff Regulations specify the normative debt equity ratio of 70:30 and where equity employed is less than 30% the actual debt and equity shall be considered. As the actual equity is less than 30% of the admitted capital cost, the Commission admits the equity as Rs. 102683.00 Lakh.

As GFA of each unit for 2014-15 is considered as Rs. 180142.47 lakh in para 3.17, similarly Equity is also considered equally distributed between Unit 1 and 2. So, the Commission admits Rs. 51342.50 Lakh Equity invested in Unit 1 and 2 equally.

Accordingly, the Commission allows Return on Equity of Rs. 2223.86 Lakh at the rate of 15.50% in accordance with the Regulations on the admissible Equity amount for effective days of Operation in FY 2014-15.

Table 3-11: RoE for FY 2014-15 (Rs. Lakh)

Particulars	Legend	Unit	Unit 1	Unit 2	Total
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Admissible Equity	A	Rs. Lakh	51342	51342	102683
Duration	B	Day	63	39	
Return on Equity @15.50%	C=AX15.5% XB/365	Rs. Lakh	1374	850	2223.86
Total Pro-rated Return on Equity for 2014-15		Rs. Lakh	2223.86		

Interest expenses

3.19 HEL has claimed the amount of Rs. 4758.20 Lakh towards interest expenses. These include (i) interest on capital expenditure loan, (ii) interest on working capital and (iii) interest on temporary accommodation. Each of the above items have been discussed in detail hereunder.

Interest on capital expenditure loan

3.20 HEL has claimed the amount of Rs. 4452.99 Lakh towards interest on capital expenditure loan. HEL has submitted the computations in the prescribed Form C of Annexure-I of APR Petition. HEL has also furnished an auditor's certificate for interest cost.

3.21 The Commission has admitted the total capital cost of Rs. 360284.94 lakh. Considering the admissible equity of Rs. 102683.00 lakh, as in paragraph 3.19 above the balance amount of Rs. 257601.94 lakh (Rs.128800.97 Lakh each for Unit 1 and 2) is considered as admissible debt. HEL has not claimed any additional capitalisation during FY 2014-15 and hence, no loan addition during the year has been considered. HEL has claimed it has converted Rs. 10535 Lakh of Buyer's Credit from the Loan drawal of Rs. 8659 Lakh during FY 2014-15. Hence, net repayment during the year has been considered as Rs. 1876 Lakh. Net admissible repayment is computed in proportion to admitted opening Capital Loan as below:

Table 3-12: Net Repayment for FY 2014-15 (Rs. Lakh)

Particulars	Units	Rs. Lakh
Opening Capital Loan claimed	Rs. Lakh	260851
Net Repayment claimed during the year	Rs. Lakh	1876
Opening Capital Loan Admitted	Rs. Lakh	257601.94
Net Repayment Admissible	Rs. Lakh	1852.63

3.22 Unit wise repayment is computed considering COD of the respective units after due adjustment of the admissible loan amount. The Repayment for Unit 1 and 2 so computed is Rs. 1144.27 Lakh and Rs. 708.36 Lakh respectively. The Interest on Capital expenditure loan for FY 2014-15 is computed considering actual weighted average interest rate as shown



below:

Table 3-13: Interest on capital expenditure loan for FY 2014-15 (Rs. Lakh)

Particulars	Units	Unit 1	Unit 2	Total
Opening	Rs. Lakh	128800.97	128800.97	257601.94
Net Repayment	Rs. Lakh	1144.27	708.36	1852.63
Closing	Rs. Lakh	127656.70	128092.61	255749.31
Average	Rs. Lakh	128228.84	128446.79	256675.62
Rate of Interest	%	12.26%	12.26%	12.26%
Number of Days operation in FY	Nos.	63.00	39.00	
Interest	Rs. Lakh	2713.81	1682.83	4396.65

Interest on working capital

- 3.23 HEL has claimed the amount of Rs. 234.52 Lakh towards interest on working capital on normative working capital base. Regulation 5.6.5 of the Tariff Regulations specify the principles for determination of interest on working capital. The interest on working capital has been computed in accordance with the same.
- 3.24 The interest on working capital on normative basis considering short term PLR of SBI as on 01.04.2013 comes to Rs. 221.50 lakh, as detailed below. The actual interest of working capital during FY 2014-15 is Rs. 209.20 lakh submitted in Form C of the APR petition. Therefore, in accordance with 5.6.5.2 of the Tariff Regulations, as the actual interest on working capital is lower than the normative interest, the actual interest has been admitted.

Table 3-14: Computation of interest on working capital for FY 2014-15 (Rs. Lakh)

Sl. No.	Particulars	Admitted
A	Gross Sales	19519.08
B1	Less: Depreciation including Advance Depreciation	1880.71
B2	Less: Deferred Revenue Expenditure	0.00
B3	Less: Return on Equity	2223.86
B4	Less: Reserve for unforeseen exigencies	0.00
B	Total Deductions (sum B1:B4)	4104.57
C	Allowable Gross Sales for Working Capital (A-B)	15414.51
D	Allowable Working Capital @ 10% on C	1541.45
E	Interest Rate	14.45%
F	Interest on Working Capital (E % on D)	222.74
G	Actual interest paid	209.20
H	Interest on working capital allowable (Lower of F & G)	209.20



Interest on temporary accommodation

3.25 HEL has claimed the amount of Rs. 70.68 Lakh towards interest on temporary accommodation. In Form 1.17(a) HEL has submitted the detailed loan balance and interest on temporary accommodation for the year.

3.26 According to Regulation 5.6.5.4 of Tariff Regulation, The Commission may allow Interest on Temporary Accommodation if taken by Generation Company in actual from any source to a reasonable extent. HEL has submitted its claim related to Interest on temporary accommodation in Form 1.17 (a) of the APR Petition for the amounts of interest actually incurred. As per information submitted to the Commission in Form C it is observed that HEL has not availed of any temporary accommodation during FY 2014-15. Hence, the Commission does not admit any amount under interest on Temporary accommodation.

Table 3-15: Interest on temporary accommodation for FY 2014-15 (Rs. Lakh)

Particulars	Claimed	Actual as per Form C	Admitted
Interest on temporary accommodation	70.68	0.00	0.00

3.27 Based on the above, the total interest charges for FY 2014-15 are as under:

Table 3-11: Interest charges for FY 2014-15 (Rs. Lakh)

Particulars	Claimed	Admitted
Interest on capital expenditure loan	4452.99	4396.65
Interest on working capital	234.52	209.20
Interest on temporary accommodation	70.68	0.00
Total	4758.20	4605.85

3.28 Interest Credit on Depreciation:

HEL has neither claimed for Advance Against Depreciation nor claimed any amount towards interest credit in its APR petition.

For FY 2014-15, the depreciation as allowed by the Commission is Rs. 1880.71 Lakh. Net Loan Repayment Rs. 1876 Lakh (after Loan refinancing of Buyers' credit of Rs. 8659 Lakh). However, the admitted loan balances being lower than the claimed loan balance, the Commission admit the Interest Credit in proportion to the admitted average loan balance and the claimed average loan balance.

The Unit wise Depreciation for Unit 1 and 2 for FY 2014-15 are admitted as Rs. 1161.62 Lakh



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and Rs. 719.09 Lakh respectively. Similarly, Net Repayment for Unit 1 and Unit 2 admitted are Rs. 1144.27 Lakh and Rs. 708.36 Lakh as per subsequent para 3.22. Accordingly, as per regulation 5.5.3 of the Tariff Regulations the interest credit on depreciation works out to Rs. 0.51 Lakh as shown in the Table below:

Table 3-17: Interest credit on depreciation for FY 2014-15 (Rs. Lakh)

Particulars	Legend	Unit 1	Unit 2	Total
Repayment	A	1144.27	708.36	
Depreciation	B	1161.62	719.09	
Balance	C=B-A	17.35	10.73	28.08
Interest rate	D	12.26%	12.26%	
COD of Generating station	E	28.01.2015	21.02.2015	
Number of days in operation	F=End of FY-E	63	39	
Interest credit	G=CxDx F/365	0.37	0.14	0.51

Foreign Exchange Rate Variation (FERV)

3.29 HEL has claimed the amount of Rs. 604.24 Lakh towards FERV. FERV is an uncontrollable item as per Table 2.5.5-1 of Regulation 2.5.5 of Tariff Regulations. The Commission have gone through the details of FERV expenses claimed by HEL.

3.30 The Commission has checked the prudence of the above expenses and verified the same from the auditor's certificate.

3.31 The admitted loan balances being lower than the claimed loan balance, the Commission admit the FERV in proportion to the admitted average loan balance and the claimed average loan balance.

3.32 Thus, the Commission decides to admit the amount of Rs. 596.71 Lakh towards FERV.

Table 3-12: FERV for FY 2014-15 (Rs. Lakh)

Particulars	Claimed	Admitted
FERV	604.24	596.71

Other Finance charges

3.33 HEL has claimed the amount of Rs. 290 Lakh towards finance charges. These (i) front end fees, (ii) other bank charges and (iii) LC opening charges. Each of the above items have been discussed in detail hereunder.

Front end fees

3.34 HEL has claimed the amount of Rs. 48.50 Lakh towards front end fees. The admitted loan



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balances being lower than the claimed loan balance, the Commission admit the front end fees in proportion to the admitted average loan balance and the claimed average loan balance. Accordingly, the Commission admitted the front end fees of Rs. 47.90 Lakh.

Other bank charges

3.35 HEL has claimed the amount of Rs. 109.70 Lakh towards other bank charges. The Commission noted that details of bank charges for routine cash management services are part of routine A&G expense as furnished in Format 1.17 (c). The Commission has accordingly considered other bank charges under O&M Expense.

LC opening charges

3.36 HEL has claimed the amount of Rs. 131.90 Lakh towards LC opening charges. The Commission noted that LC opening charges are the charges incurred for issue and/or renewal of letters of credit for procurement of goods and services. Thus, it is part of routine A&G expense as furnished in Format 1.17 (c). The Commission has accordingly considered other bank charges under O&M Expense.

3.37 Based on the above, the other finance charges for FY 2014-15 are as shown in the Table below:

Table 3-13: Other finance charges for FY 2014-15 (Rs. Lakh)

Particulars	Claimed	Admitted
Other Finance Charges	290.00	47.90

Incentives

3.38 HEL has claimed the amount of Rs. 2680.15 Lakh towards performance incentives. These include (i) incentive for better SHR, (ii) incentive for early completion. Each of the above items have been discussed in detail hereunder.

Incentive for better SHR

3.39 HEL has claimed the amount of Rs. 9.52 Lakh towards incentive for better SHR. The Commission finds the same to be in accordance with the Paragraph 4 of Schedule 10 Tariff Regulations and hence admitted the same.

Table 3-14: Incentive for better SHR for FY 2014-15

Particulars	Unit	Value
Station Heat Rate (SHR)	kcal/kWh	1984.91
Design Heat Rate (DSHR)	kcal/kWh	2219
SHR/(DSHR)		0.9
Rate of Incentive	Paise/Unit	0.25



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Particulars	Unit	Value
Generation	MU	380.73
Incentive on Better Gross Station Heat Rate	Rs. Lakhs	9.52

Incentive for early commissioning

3.40 HEL has claimed the amount of Rs. 2670.63 Lakh towards incentive for early commissioning. HEL submitted that it had achieved COD within the construction period specified in the Tariff Regulations and accordingly claimed the incentive. The actual project completion period of 40 months is lower than the normative construction period of 48 months specified in the Tariff Regulations.

3.41 Para 10 of the Schedule 10 of WBERC Tariff Regulations, 2011 states the following:

*"If the actual COD with full load operation and all load bearing equipment's is **achieved earlier than both the COD as stipulated in the agreement and in Schedule-9C**, 75% of the saved interest during construction shall be allowed as incentive in such number of monthly instalments over first four year of operation of the generating station as may be stipulated by the Commission in the tariff order".*

3.42 In terms of paragraph 10 of Schedule 10 of the Tariff Regulations two conditions are required to be fulfilled for availing incentive, viz. (i) actual COD should be earlier than the target mentioned in the agreement and (ii) actual COD should be earlier than the normative target mentioned in Schedule-9C of the Tariff Regulations. It is observed that HEL had achieved COD before the specified time in the Tariff Regulations, but there is a delay of 4 months w.r.t. the scheduled COD as per the BTG contract. Hence, on account of non-fulfilment of dual conditions stipulated in Paragraph 10 of Schedule 10 of the Tariff Regulations, the incentive for early commissioning has not been admitted by the Commission.

3.43 Based on the above, the incentives for FY 2014-15 is as shown in the Table below:

Table 3-15: Incentives for FY 2014-15 (Rs. Lakh)

Particulars	Claimed	Admitted
Incentive for better SHR	9.52	9.52
Incentive for early commissioning	2670.63	0.00
Total	2680.15	9.52

Special allocation

3.44 HEL has claimed the amount of Rs. 165.15 Lakh towards special allocation under appropriation to Reserve for unforeseen Exigencies.



- 3.45 Regulation 5.11.1 of the Tariff Regulations specify that the generating company may provide and maintain a reserve for dealing with unforeseen exigencies up to 0.25% of the value of gross fixed assets at the beginning of the year annually and the provision made for the year will be allowed in their Aggregate Revenue Requirement subject to an overall ceiling of 5% of the value of gross fixed assets at the beginning of the year. The existing amount of contingency reserve in the books of accounts of the generating station, if any, will have to be considered while arriving at the overall ceiling as stated herein. Regulation 5.24.1 of the Tariff Regulations specify that the sum apportioned to the reserve for unforeseen exigencies shall have to be invested separately prudently. Further, Regulation 5.24.2 of the Tariff Regulations specify that the interest accrued from such investment shall be reinvested under the same reserve / fund.
- 3.46 The Commission notes that HEL has not been allowed any such special allocation under appropriation to Reserve for unforeseen Exigencies in the tariff order, neither HEL has submitted any document showing investment towards reserve for unforeseen exigencies in terms of Regulation 5.11. In view of above, the Commission does not admit any amounts towards reserve for unforeseen exigency during this APR stage.

Table 3-16: Special allocation for FY 2014-15 (Rs. Lakh)

Particulars	Claimed	Admitted
Special allocation	165.15	0.00

Total Fixed Charge

- 3.47 On the basis of above analysis, the total Fixed Charge of HEL for FY 2014-15 comes to Rs. 10904.72 lakh. The element wise fixed cost for HEL as discussed in para 3.1 to 3.44 is given in Annexure 3A.

Admissibility of Capacity Charges based on Availability

- 3.48 In terms of Regulation 6.4.2 of the Tariff Regulation, the recovery of capacity charges for generating station of HEL shall be against the normative availability. Schedule 9A of the Tariff Regulations specify the target Plant Availability Factor (PAF) for coal fired thermal generating stations.
- 3.49 **PAF Achieved:** From the submissions of HEL, it has been observed that the actual PAF achieved during FY 2014-15 was 77.19% which is lower than the norm of 85%. This has been



validated from the certificates provided by SLDC.

3.50 **Admissible Capacity Charge:** In terms of Regulation 6.4.2 of the Tariff Regulations, the capacity charge of generating stations is determined. As PAF achieved by HEL is below the normative PAF of 85%, the Commission decides to allow the computed fixed cost on proportionate basis of Rs. 10405.18 Lakh.

Table 3- 1: Admissible Capacity Charge for FY 2014-15 (Rs. Lakh)

Particular	Value
Admitted Fixed Charge (AFC)	10904.72
Less: Coal and Ash Handling Expense	21.85
Less: Incentive	9.52
Admitted Fixed Charge (AFC) excluding incentive and coal handling expense	10873.35
Normative PAF (PAF _N)	85%
Actual PAF (PAF _A)	77.19%
Admissible Capacity Charge (AFC x (0.5 + 0.5 x PAF _A / PAF _N)) (In Rs. Lakh)	10373.81
Add: Coal & Ash handling charge	21.85
Add: Incentive	9.52
Total admissible Capacity Charge	10405.18

3.51 **Disallowed Capacity charge:** In view of lower plant availability from the normative value, capacity charge of Rs. 499.54 lakh (10904.72-10405.18) has been disallowed.



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Annexure – 3A

Fixed Charges claimed by HEL vis-à-vis admitted by the Commission for FY 2014-15 (Rs. Lakh)

Sl. No.	Particulars	Admitted
1	O&M Expenses	
2	Rates and Taxes	591.04
3	Insurance Charges	1.93
4	Employee Cost	85.98
5	Coal and Ash Handling	838.80
6	Statutory Charges	21.85
7	Depreciation	1.08
8	Return on Equity	1880.71
9	Interest on Capital Expenditure, Loans and Public Deposits	2223.86
10	Interest on Working Capital	4396.65
11	Interest on Temporary Accommodation	209.20
12	Foreign Exchange Rate Variation	0.00
13	Other Finance Charges	596.71
14	Incentives	47.90
15	Special Allocation	9.52
	Sub - Total Fixed Cost	0.00
16	Less: Interest Credit on Depreciation	10905.23
	Total Fixed Cost	0.51
		10904.72



CHAPTER – 4 AMOUNT ADJUSTABLE ON APR

- 4.1 Based on the forgoing analysis and admissions of the adjustments under different uncontrollable factors / elements of fixed charges and fuel cost, the re-determined admitted fixed charges as well as fuel cost of HEL during FY 2014-15 is as under:

Table 4-1: Admitted Net ARR for FY 2014-15 (Rs. Lakh)

Sl. No.	Particulars	Amount
1	Admitted Fuel Cost (From Para 2.11)	8614.36
2	Fixed / capacity charge (From Para 3.51)	10405.18
3	Less: Sharing of gain with CESC Limited (refer to para 2.9.9 of Chapter -2 above)	0.00
4	Admitted Net ARR for recovery (1+2-3)	19019.54

- 4.2 In view of the admitted net ARR in Table 4-1 above, HEL has to recover an amount of Rs. 2774.26 Lakh as under:

Table 4-2: Amount adjustable on APR for FY 2014-15 (Rs. Lakh)

Sl. No.	Particulars	Energy Charges	Capacity Charges	Total
1	Amount recovered as per audited accounts	8122.64	8122.64	16245.28
2	Total recoverable as per Table 4-1	8614.36	10405.18	19019.54
3	Balance recoverable / (refundable) amount (2-1)	491.72	2282.54	2774.26

- 4.3 In terms of the Tariff Regulations, the entire recoverable amount of Rs. 2774.26 lakh for the year 2014-15 shall be adjusted with amount of Aggregate Revenue Requirement for subsequent period or through a separate order as may be decided by the Commission.
- 4.4 HEL is to take note of this order.
- 4.5 The Petition is thus disposed of.
- 4.6 A copy of the order shall be posted in the website of the Commission.
- 4.7 HEL shall download the copy of the order from website of the Commission and act on it. Certified copy of the order, if applied for, be given to the parties on completion of formalities laid down in the West Bengal Electricity Regulatory Commission (Conduct of Business) Regulations, 2013 as amended and on submission of necessary fees.

Sd/-
(PULAK KUMAR TEWARI)
MEMBER

Sd/-
(MALLELA VENKATESWARA RAO)
CHAIRPERSON

Dated 22.09.2023

Sd/-
SECRETARY