ORDER
OF THE

WEST BENGAL ELECTRICITY REGULATORY COMMISSION

IN CASE NO.

FPPCA- 113/22-23
APR-114/22-23

FUEL AND POWER PURCHASE COST ADJUSTMENT (FPPCA) AND ANNUAL PERFORMANCE REVIEW (APR) OF CESC LIMITED FOR THE FINANCIAL YEAR 2021-22.

DATE: 08.06.2026

Chapter 1

PREAMBLE

1.1 The West Bengal Electricity Regulatory Commission (hereinafter referred to as "the Commission"), a statutory body under the first proviso to Section 82(1) of the Electricity Act, 2003 (hereinafter referred to as "the Act"), has been authorized in terms of Section 86 and Section 62(1) of the Act to determine the tariff for (a) supply of electricity by a generating company to a distribution licensee, (b) transmission of electricity, (c) wheeling of electricity and (d) retail sale of electricity, as the case may be, within the State of West Bengal.

1.2 The CESC Limited (CESC), a Company under the Companies Act, 1956, is a distribution licensee in the State of West Bengal for supply of electricity in Kolkata metro and some areas in the districts of Howrah, Hooghly, North 24 Parganas and South 24 Parganas of the State. It was a licensee under the provisions of the Indian Electricity Act, 1910 (since repealed) and has become a deemed licensee in terms of the first proviso to section 14 of the Act with effect from 10.06.2003 i.e. the date of coming into force of the Act. CESC has embedded generating stations and also purchase power from other sources through long-term /medium-term/short term PPAs to supply the consumers in its supply area.

1.3 Under section 62(1) of the Act, the Commission vide Tariff Order dated 01.08.2022 in Case No. TP-96/20-21 had determined the retail tariff of CESC for FY 2020-21 and FY 2021-22.

1.4 In accordance with the provisions of regulations 2.6 and 2.8.7 of the West Bengal Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2011, as amended from time to time (hereinafter referred to as the 'Tariff Regulations'), the generating companies or the licensees, as the case may be, are required to undergo an Annual Performance Review (in short 'APR') and Fuel and Power Purchase Cost Adjustment (in short 'FPPCA') process. CESC has accordingly submitted petition for Fuel and Power Purchase Cost Adjustment for

2021 - 22 consisting of 5(Five) volumes vide letter MD(G):386 dated 29.09.2022. CESC also submitted their petition for Annual Performance Review consisting of 5 (Five) volumes for the year 2021-22 vide letter reference SEC:491/2022-23/217 dated 28.12.2022. The FPPCA application dated 29.09.2022 and APR application dated 28.12.2022 (Collectively called as "Original FPPCA and APR applications") have been admitted by the Commission on 10.01.2023.

1.5 Subsequently, CESC has submitted a supplementary petition vide letter reference SEC:837/2023-24/265 dated 21.12.2023 to its FPPCA petition dated 29.09.2022 and APR application dated 28.12.2022 (hereinafter, called as "1st supplementary FPPCA & APR petition") which have been admitted by the Commission on 15.03.2024. Further, CESC has again submitted a supplementary petition vide letter reference SEC:1283/2024-25/319 dated 27.01.2025 to its FPPCA petition dated 29.09.2022 and APR application dated 28.12.2022 (hereinafter, called as "2nd supplementary FPPCA & APR petition") which have been admitted by the Commission on 11.02.2025. The APR and FPPCA petition along with the supplementary petitions were registered as FPPCA-113/22-23 and APR-114/22-23.

1.6 On admission of the Original FPPCA and APR applications and the supplementary petitions, CESC was directed to publish the combined gist of the FPPCA and APR applications for 2021-22, respectively, as approved by the Commission vide the following letter references:-

Table 1: Approval details of the Commission for publication of Gist by CESC

Sl. No.	Letter Reference of the Commission	Application/ Petition
1	WBERC/APR-114/22-23/3603 dated 16.03.2023	Original FPPCA and APR applications
2	WBERC/APR-114/22-23/5042 dated 03.05.2024	1st supplementary FPPCA & APR petition
3	WBERC/APR-114/22-23/5921 dated 18.02.2025	2nd supplementary FPPCA & APR petition

1.7 Accordingly, the gist was published by CESC in four newspapers inviting suggestions / objections, if any, from the public as per following table:

Table 2: Publication Details of Combined Gist of FPPCA & APR Applications

Sl. No.	Date of Publication	Gist of Application/ Petition	Newspapers	Last date for submission of suggestions / objections as per notification
1	23.03.2023	Original FPPCA and APR applications	a. The Telegraph (English) b. Bartaman (Bengali) c. Aajkaal (Bengali) d. Vartaman Patrika (Hindi)	21 days from date of publication (inclusive of date of publication)
2	10.05.2024	1st supplementary FPPCA & APR petition		
3	20.02.2025	2nd supplementary FPPCA & APR petition		

1.8 The approved gist along with the FPPCA and APR petitions for 2021-22 were also published in the website of CESC.

1.9 Against the gists published on the dates 23.03.2023 and 10.05.2024, as specified in the table above, multiple stakeholders submitted their objections / suggestions within the due date. Against the gist published on 20.02.2025, objections/suggestions were not received from any stakeholders. The list of stakeholders submitted their objections/suggestions as specified above is provided in the table below:-

Table 3: List of Stakeholders who submitted objections/suggestions

Sl. No.	Date of Publication of Gist	Gist of Application/ Petition	Stakeholder name	Submission Mode & Date of submission
1	23.03.2023	Original FPPCA and APR applications	All Bengal Electricity Consumer's Association (ABECA)	e-mail dated 05.04.2023
			Ganatantrik Nagarik Samity, Howrah	e-mail dated 10.04.2023
2	10.05.2024	1st supplementary FPPCA & APR petition	All Bengal Electricity Consumer's Association (ABECA)	Letter dated 30.05.2024
			Forum of Scientist, Engineers & Technologists (FOSET)	Letter dated 28.05.2024

Sl. No.	Date of Publication of Gist	Gist of Application/ Petition	Stakeholder name	Submission Mode & Date of submission
			Paschimbanga Bustee Unnayan Samity	Letter dated 29.05.2024
			Ganatantrik Nagarik Samity, Howrah	Letter dated 29.05.2024
3	20.02.2025	2^{nd} supplementary FPPCA & APR petition	No submissions received	

1.10 These objections/suggestions submitted by the stakeholders have been taken on record in the proceedings of FPPCA & APR Petition for 2021-22 of CESC and analysis as well as views of the Commission on each of these objections/suggestions have been provided in Chapter 2 of this Order.

1.11 Apart from the above, the Commission has issued multiple letters seeking clarifications and additional information/data/documentary evidences from time-to-time from CESC regarding this petition and the Petitioner has replied/provided response to the details sought by the Commission.

1.12 Further, the different elements of fuel and power purchase cost, fixed charges, categorized as controllable and uncontrollable, have been analysed as per provisions of Tariff Regulations against each head of element vis-a-vis the amount allowed under tariff order for 2021-22 with due consideration of the suggestions/ objections received from the stakeholders. The detailed analysis is carried out in the subsequent chapters.

Chapter 2

COMMENTS AND OBJECTIONS

2.1 As per the directions of the Commission, CESC has published the gist of the FPPCA and APR petition of CESC for 2021-22, inviting objections/suggestions as elaborated in the previous Chapter of this Order. Multiple stakeholders submitted their objections / suggestions, the names of which are also elaborated in the previous Chapter of this Order.

2.2 The Commission has analyzed all the above-mentioned objections and suggestions received against the published gist of the FPPCA and APR petition of CESC for 2021-22 and due consideration has been given to these objections and suggestions by the Commission, while deciding/admitting the claims of CESC in this Order. The summary of the major/key objections/suggestions received and the views of the Commission against these objections/suggestions are elaborated in the following paragraphs:

2.3.1 Observations and Comments of All Bengal Electricity Consumers' Association (ABECA):

(a) <u>Increase in Fuel Cost</u>

ABECA has submitted that CESC has claimed the cost of coal more than the coal price of Coal India Limited for 2018 and 2020. To substantiate their objection to increase in fuel cost, ABECA compared two price notifications of Coal India for 2020 (21-10-2020 and 27-11-2020) with the coal price details submitted by CESC in their APR petitions. It was stated that the price of coal has increased only Rs. 10/Tonne in 2020, hence, the increase in coal price claimed by CESC is not justified. Further, it was stated that CESC has two captive coal mines, from which the coal is available at 30% cheaper price than the price of Coal from Coal India Limited. CESC should have increased the coal consumption from the captive coal mine. Therefore, ABECA objected to the increase in fuel cost claimed by CESC. Rather the fuel cost should be reduced and the excess money collected from the consumers should be refunded.

Further, ABECA stated that Coal Stock for the generating stations remains for 3 months and if the coal price has increased for the balance coal requirement for 9 months of 2021-22. ABECA contended that if the coal price would have increased, CESC ought to have levied MVCA in 2021-22, as per section 62(4) of the Electricity Act 2003 and Regulation of the WBERC. However, CESC has not levied any MVCA and accordingly, ABECA objected to the increase of fuel cost in 2021-22.

Views of the Commission:

The Commission has taken note of the objections of ABECA. While approving the fuel cost, the Commission has undertaken prudence check of the claim on fuel cost submitted by CESC. The Commission has scrutinized the price of coal from Coal India Limited (including its subsidiaries) and price of coal from captive mines along with the quality and other cost parameters such as transportation, handling charges, royalty, cess, taxes, etc. Accordingly, the Commission has dealt the issue in detail in Chapter-3 of this Order, as per the provisions of the Tariff Regulations.

(b) **Increase in power purchase cost**

ABECA has submitted that the power purchase cost from Haldia Energy Ltd. is 575 paise per unit and MVCA is 15 paise per unit. Accordingly, the Power purchase cost per unit from Haldia Energy Ltd. for 2020–21 was 590 paise per unit. But the sale of power from WBPDCL at that time was 216 paise per unit to 245 paise per unit, which is much lesser than the per unit power purchase price from Haldia Energy Ltd. Moreover, the sale of power in the market is Rs. 4/- per unit. Hence, CESC Ltd. purchases power at much higher cost from Haldia Energy Ltd. Hence, ABECA has opposed the enhanced power purchase cost claimed by CESC Ltd.

Further, it was stated that 3897 MU quantum of power purchased from Haldia Energy Ltd. at a price of 520 paisa per unit, and the rate varies from summer, monsoon, and winter. In, previous years the rate was around Rs. 6 per unit. Accordingly, there enhancement in the rate of Power Purchase cost and the claim of the CESC Ltd. on FPPCA of Rs. 438619 Lakh is not reasonable and justified.

Further, ABECA stated that CESC has purchased 36 MW power from Crescent Power Pvt. Ltd. at a price of Rs. 3.65 per unit and cost of power from WBSEDCL is Rs. 2.16 to Rs. 2.70 per unit. Whereas, cost of power purchase from Haldia Energy Ltd. is much more. Hence, ABECA contended that if CESC Ltd. had purchased the power from other cheaper sources like WBSEDCL & Crescent Power Company, the power purchase cost of the CESC Ltd. would have been lesser. Therefore, ABECA objected to the claim of additional adjustment in FPPCA for 2021-22 by CESC.

Views of the Commission:

The Commission has taken note of the objections of ABECA. While approving the power purchase cost, the Commission has undertaken prudence check of the claim on power purchase cost submitted by CESC. The Commission has scrutinized the Power purchase agreements, contracts, audited financial statements, etc. The Commission has dealt the issue in detail in Chapter-3 of this Order, as per the provisions of the Tariff Regulations.

(c) <u>Recovery of Fixed Cost for APR of 2021-22</u>

ABECA has submitted that CESC has not proposed the enhanced fixed cost in the Aggregate Revenue Requirement (ARR) & Tariff Proposal for 2021-22 and accordingly, the claim is not reasonable. It was also submitted projects in the power industry are executed at 70:30 debt:equity ratio with corresponding return on equity and interest on loan capital. Besides this, no fixed cost out of 100% invested capital is shown to be recovered. Hence, they opposed the claim of Net Fixed cost.

Views of the Commission

The Commission has taken note of the objections of ABECA. While approving the Fixed cost, the Commission has undertaken prudence check of the claim on various fixed costs component claimed by CESC. The Commission has scrutinized the audited financial statement, cost audit reports, auditor certificates, etc. Accordingly, the Commission has dealt the issue in detail in Chapter-5 of this Order, as per the provisions of the Tariff Regulations.

(d) **Publication of Notice in Newspapers for FPPCA & APR claim of 2020-21 & 2021-22**

ABECA has submitted that CESC has published the respective notices in Bartaman Patrika newspaper dated 17.01.2023 for claim of FPPCA & APR of 2020–21 and dated 22.03.2023 for claim of FPPCA and APR of 2021–22. As per tariff regulation the current year's tariff is prepared on the basis of last three years actual and the FPPCA & APR is due for submission at the time of submitting the proposal for the APR of the subsequent year. More over if the proposal of CESC Ltd. for 2020–21 & 2021–22 is allowed then the consumers will have to pay 2 years arrear at the gap of 2 months' notice. This goes against the interest of the consumers. Therefore, ABECA opposed the claim of the CESC for the FPPCA and APR of 2021 – 22.

Views of the Commission

The Commission has taken note of the objections of ABECA. However, the proceedings of the respective FPPCA & APR petitions are undertaken by the Licensees in terms of the Tariff Regulations and accordingly, the present Order on FPPCA & APR of 2021-22 of CESC is in compliance with these regulations.

(e) **Realistic sale volume for Sale to own consumers**

ABECA has submitted that the energy sales to CESC's own consumer is an estimated value, which have been increasing continuously over the years resulting into increase in power purchase cost, FPPC and other costs.

Hence, the FPPCA & APR of 2021-22 claim by CESC is not justified and reasonable. It was also contended that CESC should submit realistic increase in energy sales and load.

Views of the Commission

The Commission has taken note of the objections of ABECA. However, the projection of the energy sales *of the respective FPPCA & APR petitions are undertaken by the Licensees in terms of the Tariff Regulations. While approving such energy sales of FPPCA & APR claims of the licensees, this is scrutinized in terms of the Tariff Regulations based on the audited financial statements, Cost Audit Report, Auditor Certificates are considered. The Commission has dealt with these issues in Chapter 3, 4, 5 and 6 of this Order.*

(f) Average billing during Covid-19 pandemic

ABECA submitted that CESC has undertaken average billing instead of billing based on actual meter reading during the Covid-19 pandemic., Hence, ABECA objected the claim of FPPCA & APR of 2021-22 submitted by CESC.

Views of the Commission

The Commission has taken note of the objections of ABECA. Considering the situation during the Covid-19 pandemic, *the Commission has undertaken the prudence check of the claim. While approving the FPPCA & APR claims of the licensees, actual energy sales revenue is scrutinized in terms of the Tariff Regulations based on the audited financial statements, Cost Audit Report, Auditor Certificates and other admissible documentary evidences.*

2.3.2 Objections / Suggestions / Comments of Forum of Scientists, Engineers & Technologists (FOSET) and Paschimbanga Bustee Unnayan Samity (PBUS)

FOSET and PBUS have submitted comments on almost similar issues which are dealt in the following paragraphs:

(a) <u>Increase in time period for submission of suggestions, objections and comments</u>

FOSET and PBUS submitted that the minimum period of 21 days for submission of suggestions, objections and comments against the FPPCA & APR petition of CESC for 2021-22 is extremely short. It was specified that three separate gist pertaining to FPPCA & APR Petitions for 2019-20, 2020-21 and 2021-22 has been published on 10th May 2023. As these petitions are voluminous, the stakeholders will find it difficult to submit their suggestions, objections and comments within these 21 days. Regulations 2.6.12 of the Tariff Regulations specifies a minimum of 21 days to be provided for submission of suggestions, objections and comments on each petition and accordingly, 63 days was sought for making their submissions against FPPCA & APR Petitions for 2019-20, 2020-21 and 2021-22. They submitted that this extension will facilitate proper scrutiny and effective value addition to the proceeding.

Views of the Commission

The Commission has taken note of the suggestions of FOSET and PBUS. The Commission opines that the Commission has specified the timelines for submission of suggestions, objections and comments on FPPCA & APR petition of CESC for 2021-22 in line with the timelines and procedure specified in the Tariff Regulations. Further, the Commission has also considered the suggestions, objections and comments of all entities/ stakeholders while finalizing the FPPCA & APR of CESC for 2021-22 in following Chapters.

(b) <u>High/excess expenses claimed by CESC against the approved by the Commission in 2021-22 MYT Order</u>

FOSET and PBUS has submitted that CESC has claimed excess expenditure on different heads against approved amount in the MYT Order. The reasoning/justification for this excess expenditure has also not been provided. They have provided a tabulated comparison of expenditure claimed by CESC in the APR Petition vis-à-vis the expenditure approved by the Commission in the MYT Order for 2021-22 on the cost head of contracted manpower, O&M expenses, Rates & Taxes, insurances and cost of outsourcing. FOSET and PBUS has submitted that, without adequate justification, these expenses should not be allowed.

Views of the Commission:

The Commission has taken note of the suggestions of FOSET and PBUS. The Commission has scrutinized the claims of CESC based on the audited financial statements, auditor certificates, etc. as well as additional information/clarifications/justifications for respective elements while undertaking the prudence check of these claims. Further, the Commission has dealt the claims of CESC in line with the principles laid down under Tariff Regulations for the controllable as well as uncontrollable fixed cost expenses in the Chapter 5 of this Order.

(c) Delay in issuance of FPPCA & APR Orders and recovery of carrying cost

FOSET and PBUS has submitted that as per the Electricity Act, 2003 the Commission is required to issue a tariff order with 120 days from the receipt of application/ petition and after considering all objections and suggestions received from the public. But in this petition more than one year and two months has passed since admission of the petition by the Commission. This delay results into allowing carrying cost to CESC and additional burden on the consumers which goes against the objective of safeguarding the interest of the consumers and at the same time recovering the cost of electricity in a reasonable manner as envisaged under clause (d) of section 61 of the Electricity Act. They have requested the Commission to arrange fund from its own source or sources other than consumers to pay these carrying cost as per the regulations. They submitted that they have raised these issues in this Petition and the same is an advance intimation, as the issue of carrying cost against the recoverable amount will be dealt in the Tariff Order. Further, they have requested the Commission to provide the reasons and justifications of such delay in issuance of the APR and FPPCA order from date of admission of the APR and FPPCA petitions. This clarification is required for the sake of transparency as mentioned in section 86(3) of the Act and also for future if judicial scrutiny is required in the higher court of law.

Views of the Commission:

The Commission has taken note of the suggestions/concerns of FOSET and PBUS. The Commission has undertaken appropriate due-diligence and prudence check while discharging its duty for finalisation of this Order. Further, the issue of carrying cost will be dealt in line with the principles laid down under Tariff Regulations.

(d) Electoral Bonds and expenses incurred for any franchisee under Indian Premier League including purchase of tickets

FOSET and PBUS has submitted that CESC may be asked to disclose the amount it has contributed to Electoral Bonds and its treatment in Annual Accounts. Similarly, expenses incurred by CESC for any franchisee under Indian Premier League including purchase of tickets for any league matches may be asked to be disclosed by CESC. They further submitted that these amounts should not be passed through in the tariff and recovered from the consumers.

Views of the Commission

The Commission has taken note of the suggestions of FOSET and PBUS. All expenses claimed by CESC in this petition has been thoroughly scrutinized and *expenses limited to regulated business has been under prudence check in line with the principles laid down in the Tariff Regulations.*

(e) Recovery of deficit amount in FPPCA of 2021-22 by CESC

FOSET and PBUS has submitted that CESC has claimed additional amount of Rs. 84534.53 Lakhs due to difference of approved FPPCA amount of MYT Order vis-à-vis amount claimed in FPPCA in this petition. This huge unrecovered amount indicates that CESC has not recovered this additional amount as per directives in its suo-moto order in case no SM-10/14-15 dated 18th July, 2014 where it is categorically mentioned that such amount, being not recovered through MVCA, is not entitled to be allowed by the Commission to be recovered fully or partly. Thus, this additional expense of Rs 84534.53 lakhs should not be allowed to pass through in the FPPCA & APR order of 2021-22 for CESC. FOSET and PBUS also submitted that interest on working capital required to carry the burden of Rs 84534.53 Lakh, till date, should not be allowed by the Commission on the same grounds, as argued.

Views of the Commission

The Commission has taken note of the suggestions of FOSET and PBUS. All expenses claimed by CESC in this petition has been thoroughly scrutinized and expenses limited to regulated business has been under prudence check in line with the principles laid down in the Tariff Regulations. The Commission has dealt with these issues in Chapter 3 of this Order.

(f) Monthly monitoring of monthly recovery of power purchase cost

FOSET and PBUS has submitted that the Commission needs to come out in this APR order of 2021-22 with a detail mechanism of monitoring from their end the monthly recovery of power purchase cost on monthly basis as per rule 14 of Electricity Rules 2005 as introduced through Electricity (Amendment) Rules, 2022 for want of which Commission has allowed the distribution licensees in past years to accumulate huge amount for disposal through FPPCA. This mechanism is to be done to stop the possibility of accumulation of non-recovery of power purchase cost and the resultant interest of the excess working capital requirement and also additional carrying cost.

Views of the Commission

The Commission has taken note of the suggestions of FOSET and PBUS. However, the present proceeding is limited to FPPCA & APR of 2021-22 in terms of the Tariff Regulations.

2.3.3 **Suggestions of Ganatantrik Nagarik Samity, Howrah (GNS)**

(a) Incentive to consumers for consuming less power

GNS submitted that global warming being an important issue and thermal power projects are one of the major contributors to global warming and depletion of ozone layer. GNS requested the Commission to encourage non-fossil and renewable sources power purchase and active measures in order to protect the environment as well as RPO targets should be achievable. It was also suggested by them that the consumers should be made aware that their consumption from the electricity generated to from thermal power stations have a direct impact on the global warming and depletion of ozone layer. Accordingly, they suggested that utilities should propagate for lowering the electricity consumption by consumers and incentives should also be given for consuming less power.

Views of the Commission

The Commission has taken note of the suggestion of GNS. The Commission has been dealt this issue through Retail Tariff schedule of Tariff Order of Distribution Licensees.

(b) Forestation programme and environmental projects by CESC

GNS submitted that CESC should take up environmental awareness programs, forestation program and environmental projects. GNS requested the

Commission give directions to CESC in the above matters and procurement of power from renewable sources. It was suggested that "Green Energy Charge" should be levied to consumers for promoting renewable power. Cross-subsiding the renewable power purchase from other consumer's needs to be discontinued and necessary direction should be given to CESC to show the same separately in consumer bills.

Views of the Commission

The Commission has taken note of the suggestions of GNS. The Commission has scrutinized the power purchase from renewable sources for 2021-22. The Commission has dealt the power purchase quantum and cost in Chapter 3 of this Order.

(c) Prudence check of network costs claimed by CESC

GNS has submitted that CESC is providing good service, both through technology and its consumer-oriented approach. Facilities like 1912 and call-centre are working well and the expenditure should be allowed. Similarly, network costs should also be allowed after prudence check as it is quite necessary to have a robust network to serve the consumers. GNS is also in favour of allowing incentives where good work has been done and the norms of the Commission are bettered. Allowing incentives and disincentives are cornerstones of the Act and they give the impetus to the licensees to perform well.

Views of the Commission

The Commission has taken note of the suggestions of GNS. The, incentives and disincentives are dealt in the relevant Chapters of this Order as per the Tariff Regulations.

(d) Policy for Electric Vehicle Tariff

GNS submitted that cross-subsidisation is also hugely seen in EV tariff. GNS stated that they are not in agreement with promoting EV through cross subsidisation as with electric vehicles, the thermal pollution is simply shifted elsewhere. They requested the Commission to examine the overall benefit of EV in the context of pollution and frame its own policy for EV tariff.

Views of the Commission

The Commission has taken note of the suggestions of GNS. However, the present proceeding is limited to FPPCA & APR of 2021-22 in terms of the Tariff Regulations.

(e) Purchase of power from co-generation sources and REC purchase to meet RPO

GNS submitted that lowest cost options of renewable electricity generation should be extensively explored so that fossil fuel is replaced but the consumers are not burdened heavily. In this respect, they suggested procurement of power from cogeneration sources within the price cap specified by the Commission. GNS submitted that they do not support purchase of REC to meet RPO obligation as this is a paper transaction and does not help environmental concerns.

Views of the Commission

The Commission has taken note of the suggestions of GNS. The Commission has seen that CESC has purchased power from co-generation sources which is dealt in the power purchase sections of Chapter 3 of this Order as per the Tariff Regulations.

(f) Net-metering of solar roof-top power plants and recognizing injection of this power as RPO

GNS has submitted that CESC has made net metering arrangements in a few places for energy injected from Solar Roof-Top Photovoltaic Power Plants in its distribution area. Such procurement of energy, as a separate transaction, should be recognized towards RPO rather than making available RPO certificates as it promotes renewable energy in the system and this fillip should make CESC more responsible towards harnessing Solar Roof Top Photovoltaic Power Plant in its distribution area which is a right step towards environmental responsibility.

Further, it was submitted that they are in favour of promoting the concept of Gross Metering or Net Billing, that will allow CESC to purchase solar power at the same rate from all prosumers. This brings certainty and uniformity in solar power procurement rather than the settlement taking place at the marginal tariff of the prosumer. By adopting this format, all consumers will get the benefit of falling solar tariff, rather than restricting the benefit to bigger consumers like Kolkata airport. Gross Metering should continue as at present and Net Metering be allowed to very small consumers.

Views of the Commission

The Commission has taken note of the suggestions of GNS. However, the present proceeding is limited to FPPCA & APR of 2021-22 in terms of the Tariff Regulations.

(g) Environmental norms adherence by CESC power plants

GNS submitted that they welcome the decision on restriction of costs of Titagarh Generating Station and suggests that only reduced amount may be allowed due to the vintage/old age of the plant. Further, it was submitted that CESC power stations must adhere to the environmental norms and the Commission needs to provide enabling approval of the same including approval for capital expenditure. While high cost generation may be allowed based on economics and availability, the smaller units having low fixed costs, needs to be made available.

Views of the Commission

Commission has taken note of the suggestions of GNS. The Commission has scrutinized all expenditure claimed by CESC for these power generating stations and accordingly the prudence check of these claims of expenditures are dealt in the Chapter 3, 4 and 5 of this Order, in line with the principles laid down in the Tariff Regulations.

(h) Export of Power in off-peak period

GNS submitted that the Commission should direct to look for further opportunities to export power outside its area during low demand periods and through such export of power, positive contribution earned therefrom will also benefit the consumers. They also suggested promotion of power export in off-peak period both from CESC and Haldia Energy at low charge. Further, they submitted that the Commission should direct CESC to procure power from other sources subject to the same being cheaper, so as to contain the load shedding.

Views of the Commission

The Commission has taken note of the suggestions of GNS. The Commission has scrutinized the sharing of benefit of export of power of CESC and accordingly the prudence check of such benefit is dealt in Chapter 4 of this Order in line with the principles laid down in Tariff Regulations.

(i) Admittance of fuel cost

GNS submitted that the Tariff Regulations have been amended and a number of worthy changes have been brought in, like clarity in submission of fuel cost details through the Third Amendment. It is observed that fuel cost claims are submitted for 2021-22 following the regulations applicable. They suggested that all petitions such as the annual FPPCA and APR petitions of the three years

2020-21, 2021-22 and 2022-23, should be strictly viewed under these Regulations (Third Amendment) and no other Regulation. This is the accepted legal position and needs to be followed. They also specified clear application of regulations in dealing with fuel parameters such as heat value, which affects the consumers with the continuous tussle between monopolistic suppliers and discoms having obligations to serve a huge consumer base. It was submitted that clear principles as enunciated by Regulations guiding APR of 2021-22 has to be followed and the heat value at unloading end as per regulations, as tested by a third-party tester from the list of approved coal testing agencies of Coal India has to be accepted as sacrosanct as equitable principle of oversight. Further, it was submitted that cost of fuel has come down to the extent of captive coal is being utilized. They specified that all statutory charges need to be allowed as per the Tariff Regulations and the law in this respect.

Views of the Commission

The Commission has taken note of the suggestions of GNS. The Commission has scrutinized the fuel cost from all the sources including the coal purchased from captive mines by CESC and accordingly the prudence check of such fuel cost is dealt in this Order in line with the principles laid down under Tariff Regulations.

(j) **Power export from Budge Budge Generating Station, transaction cost of swap-in power and rectification of contribution for festival**

GNS submitted that the Commission needs to carefully consider the power export from Budge Budge Generating Station, transaction cost of swap-in power and rectification of contribution for festival proposed by CESC. It was submitted that legitimate and prudent costs need to be allowed considering promotion of own generation which are the cheapest source and banking being a good option with only incidence of transmission charges. These proposals can lead to cheaper power procurement, high PLF and non-accrual of arrears in the long run.

Views of the Commission

The Commission has taken note of the suggestions of GNS. These aspects as decided by the Commission are dealt in Chapter 3 of this Order.

(k) <u>Additional levies/charges and tariff category for Open access and Captive Consumers</u>

GNS submitted that due to large customers leaving the distribution licensees power supply and opting for part/full open access is detrimental to the/ interests of the small consumers. Therefore, appropriate charges such as cross-subsidy surcharge and additional surcharge as provided for in the Electricity Act needs to be levied. It was suggested by them that for consumers opting for captive sources, stringent checks need to be undertaken if these consumers are actually using captive source of generation or only trying to escape from paying cross-subsidy surcharge. They also suggested to increase the electricity duty for open access and captive consumers. They suggested to recover the wheeling charges from such consumers for using the distribution system and the revenue recovered from such wheeling charges needs to be deducted from the gross revenue requirement of CESC.

GNS also submitted that due to large consumers in high voltage, higher costs of distribution system are incurred by the licensee. Accordingly, it was suggested that higher wheeling charges than the average wheeling charges/cost and levy of surcharge for higher voltage consumers should be thought by the Commission. It was submitted that the tariff for such large consumers should not be equated to the tariff of other embedded consumers who has no means of separate source. They also suggested the Commission to review the over-drawl charges and suggested to levy over-drawl charges equivalent four times the demand charge levied to other consumers. The suggested creation of separate category for levying charges/tariff for back-up power by the open access/captive consumers. Supplying back-up power to such consumers should be of least priority in the dispatch schedule and no ordinary consumers should be made to suffer power-cut on this account. Further, captive power using high pollutants should be discouraged.

Views of the Commission

The Commission has taken note of the suggestions of GNS. Further, the issues raised regarding levy of charges for open access and captive consumers is dealt in this Order in line with the principles laid down under Tariff Regulations and other Regulations.

(I) <u>Easy recovery of arrears resulting from APR exercise</u>

GNS submitted that APR petition is way delayed and pandemic may be key reason for this delay. They submitted that the consumers should not suffer due to this even though they are against the deduction of prudent costs of the licensee affecting the viability of the sector. However, they suggested an easy recovery of arrears/dues on account of the deficit/gap recoverable from the APR exercise.

Views of the Commission

The Commission has taken note of the suggestions of GNS. However, the present proceeding is limited to FPPCA & APR of 2021-22, in terms of the Tariff Regulations. Recovery of deficit/gap of FPPCA & APR of 2021-22 will be taken up in a subsequent tariff order.

Chapter 3

COMPUTATION OF THE ALLOWABLE FUEL & POWER PURCHASE COST

3.1 CESC has claimed Fuel and Power Purchase Cost Adjustment (FPPCA) separately for each of the following generating stations for FY 2021-22.

A. Budge Budge Generating Station (BBGS or Budge Budge) (3 x 250 MW = 750 MW)

B. Southern Generating Station (SGS or Southern) (2 x 67.5 MW = 135 MW)

3.2 The Fuel and Power Purchase Cost (FPPCA) during the FY 2021-22 are to be ascertained by the formula as enunciated by the Commission in Schedule - 7A of the Tariff Regulations.

3.3 Comparison of Normative and Actual Operational Norms

3.3.1 Before ascertaining the amount of admissible fuel and power purchase cost as well as the amount of gains, if any, to be shared with the consumers and other licensees under the provisions of the Tariff Regulations, it needs to view the actual performances of CESC in comparison to the operational and fuel efficiency norms set out in the relevant regulation / schedule for the concerned year. Such comparisons are made in table below as per submission of CESC. The detailed computation is shown in **Annexure 3 A, Table (a) & (b).**

Table 4: Details of Performance Parameters

Station	Station Heat Rate		Specific Oil Consumption		Auxiliary Consumption	
	(kcal/kWh)		(ml/kWh)		(%)	
	Norm	Actual	Norm	Actual	Norm	Actual
Budge Budge	2,470.00	2,254.08	1.30	0.13	9.00%	7.73%
Southern	2,900.00	3,933.72	2.10	4.31	9.00%	9.03%

3.3.2 As per details in the above table, CESC succeeded in performing better than norms for station heat rate, auxiliary consumption and specific oil consumption at Budge Budge generating station only. Part of the benefits accrued to it in financial terms is, therefore, need to be passed on to its consumers and other licensees in terms of the provisions of Schedule 9B to the Tariff Regulations.

3.4 CESC in their petition has submitted the normative vis-à-vis actual Plant Availability Factor (PAF) and Plant Load Factor (PLF)hereunder:

Table 5: Normative v/s Actual Plant Availability Factor (PAF)

Generating Station	Normative Availability (%)	Actual Availability (%)
Budge Budge	85.00%	96.72%
Southern	85.00%	97.16%

**Actual PAF of Generating Stations is as per the Cost Auditor Certificate placed at Annexure C28 of Volume 3 of FPPCA Petition*

Table 6: Normative v/s Actual Plant Load Factor (PLF)

Generating Station	Normative PLF (%)	Actual PLF (%)*
Budge Budge	80.00%	84.66%
Southern	80.00%	13.87%

**Actual PLF of Generating Stations is as per the Auditor Certificate placed at Annexure C1 of Volume 1 of FPPCA Petition*

3.4.1 In the Tariff Order for 2021-22, CESC was directed to comply with the requirements of regulation 6.4.2 and to submit information regarding availability and actual generation to the West Bengal State Load Despatch Centre (WBSLDC), in line with regulation 6.4.2 of the Tariff Regulations. CESC in Volume 4 of their APR petition dated 28.12.2022, under "status report on adherence to the directives issued under Tariff Orders and through queries for the year 2021-22" has submitted that practice of declaration of availability and requisite metering infrastructure for demonstration of capacity was in place since long. But requisite certificates from WBSLDC are being provided from July 2022 onwards. A sample SLDC certificate document for the month July 2022 for Budge Budge and Southern Generating Station was placed at Volume 5 of APR Petition submitted by CESC. In this context, CESC have also referred the order of the Commission in Case No. B-36/ABT/9 dated 30.07.2022

3.4.2 CESC also submitted that, due to Covid-19 induced pandemic, consumer demand was significantly suppressed during the major part of the year. Therefore, considering the best interest of the end consumers, Southern Generating Station was operated at a low PLF following appropriate economic despatch in terms of merit order principle. Southern Generating Station was generally not operated when prices in power exchanges were more favourable in the best interest of end consumers. There was no generation in Titagarh generating stations as submitted by CESC in the petition.

3.5 The norm for distribution loss of CESC for the year 2021-22 was specified as 14.30% in the Tariff Regulations. Based on the quanta of sales to Consumers and WBSEDCL and its own consumption as provided by CESC in their FPPCA petition, the actual rate of distribution loss works out to be 8.17% as shown below:

Table 7: Distribution Loss

Sl. No.	Particulars	MU
a)	Gross Generation	5,726.06
b)	Less: Actual Auxiliary consumption	444.91
c)	Net sent out energy (a-b)	5,281.16
d)	Energy purchased during the year	5,201.515
e)	Less: sale to person other than consumer and WBSEDCL including transmission loss to effect such sale	172.169
f)	Less: swap out energy including permissible loss	29.612
g)	Add: Unscheduled interchange (net)	10.466
h)	Energy delivered to the system for sale to consumer and licensee [c+d-e-f+g]	10,291.356
i)	Sales to Consumers	9,403.186
j)	Sales to WBSEDCL	14.201
k)	Energy consumed in own premises	32.914
l)	Distribution loss to effect sale to consumer sale to WBSEDCL and own consumption [h-i-j-k]	841.054
m)	Distribution loss in % ([l/h]*100)	8.17%
n)	Total Utilization [i+j+k+l]	10,291.356

3.6 The allowable quantum of distribution loss as per norms @ 14.30% on actual quanta of sales to consumers and WBSEDCL as well as the energy consumed in their own premises works out at 1,576.888 MU [{(9,403.186 + 14.201+ 32.914)/(1.00-0.1430)} - (9,403.186 + 14.201+ 32.914)]. Actual distribution loss against that sale and own consumption works out at 841.054 MU. The savings in this regard thus comes to 735.834 MU (1,576.888 MU – 841.054 MU). As provided in paragraph C of Schedule-9B to the Tariff Regulations, entitled gain in this regard is required to be shared with the consumers.

3.7 FC: Determination of Fuel Cost:

3.7.1 The fuel costs to be allowed to CESC for the year 2021-22 for its different power stations shall be based on the following normative parameters:

Table 8: Normative parameters for generating stations

Particulars	Unit	Budge Budge	Southern
Auxiliary consumption	%	9.00%	9.00%
Station Heat Rate	Kcal/kWh	2,470.00	2,900.00
Specific Oil Consumption	ml/kWh	1.30	2.10
Transit loss of Coal	%	0.75 %	0.75 %

3.7.2 The detailed considerations in this regard are as under:

3.7.2.1 Gross Generation and Auxiliary Consumption:

(i) Gross generation of the stations have been computed by considering the ex-bus injection schedule submitted by CESC to WBSLDC and the normative auxiliary consumption as below:

Table 9: Admissible Gross Generation

Generating Station	Scheduled Injection (MU)	Normative Auxiliary Consumption (%)	Normative Auxiliary Consumption (MU)	Admissible Gross Generation (MU)
Budge Budge	5,131.945	9.00%	507.555	5,639.500
Southern	149.211	9.00%	14.757	163.968

3.7.2.2 **Weighted average Heat Value and Cost of oil:**

(i) CESC has submitted their detailed computations of the weighted average calorific value of oil with reference to the month-wise supplies received by them along with certificate from the Cost Auditor placed at Annexure C28 of Volume 1 of the FPPCA Petition. The quantity consumed and price of oil claimed is as per Note 34 of the financial statement of CESC for FY 2021-22 and Auditor Certificate placed at Annexure C3 of Volume 1 of their FPPCA petition. The same has been considered by the Commission.

Table 10: Admissible Heat value and landed price of oil

Generating Stations	Quantum of Oil Consumed	Weighted Average Price of Oil	Weighted Average Heat Value of Oil
	(kL)	(Rs. / kL)	(kCal / L)
Budge Budge	712.54	54042.60	9,473.00
Southern	707.50	56610.18	9,435.00

3.7.2.3 **Weighted average Heat Value and Cost of Biomass**

(i) CESC has purchased 49.58 MT of Biomass Pellets and has claimed a total cost of Rs. 5,57,031 all-inclusive for Budge Budge in the Form (D) of the FPPCA Petition. The Commission vide a letter dated 24th December, 2025 sought clarification on the consumption of this alternate fuel (biomass pellets) for only Budge Budge, not for Southern. Further, clarification was sought as to whether the procurement of biomass pellets was done by CESC through competitive bidding and the relevant documentary evidences were directed to be submitted to the Commission.

(ii) In response, CESC vide a letter dated 15th January, 2026 submitted that Ministry of Power (MoP) vide its letter reference No. 11/86/2017-Th.II dated 17th November, 2017 issued a policy for biomass utilization for power generation through co-firing of biomass pellets in coal based thermal power plants. Later the policy (Revised Biomass Policy) was revised by MoP on 8th October, 2021 (Revised Biomass Policy placed at Volume 4 of FPPCA Petition) which mandated co-firing of blend of suitable biomass pellets in thermal power plants effective from one year after the date of issue of revised policy and this policy provides for pass through of the cost due to firing of biomass pellets in the Energy Charge rate.

(iii) CESC also specified certain technical challenges including adverse effect on performance parameters and safety challenges in co-firing of biomass pellets. Further, minimal availability and lack of manufacturers were specified by CESC as challenges in procurement of biomass pellets.

(iv) With regard to co-firing biomass pellets in Southern, CESC submitted that due to the vintage of the plant, the generating efficiency cannot always be maintained as per the operating norms and moreover the station is run as a peaking demand support to CESC system. Therefore, it was submitted that it is quite difficult to co-fire biomass pellets in the present operational regime of SGS and hence attempt has not been made till date. However, CESC is presently working on restoring the asset performance and will subsequently explore biomass co-firing during the lean load periods.

(v) CESC has provided details of two major state-based biomass pellets suppliers including the offers, purchase order, invoices and technical & commercial terms of supply. The price and quantity of biomass pellets purchased were specified in the above-mentioned purchase order and invoices and the same has also been provided as per the Auditor Certificate placed at Annexure C19 of Volume 3 of the APR Petition. Further, the contract terms of the supplier it is seen that the price includes loading, unloading, transportation, etc. Accordingly, the Commission admits the price and quantity of Biomass pellets as claimed by CESC.

(vi) CESC has claimed GCV 'as received' of 3695 Kcal/Kg and provided Auditor Certificate at Annexure C4 of Volume 1 of FPPCA petition in support of their claim. Further, CESC has submitted test report of two samples, in the submission made vide letter dated 15.01.2026, in which the GCV arrived were 3636 Kcal/Kg and 3753 Kcal/Kg, respectively. Since the GCV 'as received' claimed by CESC is higher than the GCV 'as received' arrived in the sample test report, the Commission admits the GCV 'as received' of 3695 Kcal/kg.

Table 11: Admissible Quantity, landed price and Heat value of biomass pellets

Generating Station	Quantity (MT)		Price (Rs/MT)		GCV 'as received' (Kcal/Kg)	
	Claimed	Admitted	Claimed	Admitted	Claimed	Admitted
Budge Budge	49.58	49.58	11235.00	11235.00	3,695.00	3,695.00
Southern	0	0	0	0	NA	NA

Note: Break-up of fuel quantity, price and cost is provided in **Annexure 3 G**

3.7.2.4 **Weighted average Gross Calorific Value (GCV) and Cost of Coal:**

(i) CESC has submitted details of source wise coal consumption in Form-D along with details of coal sourced through FSA in Form- D(a), coal sourced from captive mines in Form-D(b) and coal sourced through e-auction in Form- D(c) separately for Budge Budge and Southern. The weighted average gross calorific value of coal with reference to the supplies from various sources along with price and quantities of coal consumed by CESC during FY 2021-22 and as claimed in their FPPCA petition are as follows:

Table 12: Wt. average gross calorific value and landed price of coal claimed by CESC

Generating Stations	Quantum of Coal Consumed	Weighted Average Price of Coal	Weighted Average Transportation Cost of Coal including	Landed Weighted Average Price of Coal	Weighted Average Heat Value of Coal

			Handling Charges		
	(MT)	(Rs./MT)	(Rs./MT)	(Rs./MT)	(kCal / kg)
	(a)	(b)	(c)	(d)=(b)+(c)	(e)
Budge Budge	3,263,108.00	3,139.09	864.70	4,003.79	3,840.00
Southern	1,33,398.00	3,777.45	1,006.78	4,784.23	4,787.00

3.7.2.5 **Computation of GCV of Coal:**

(i) Beside linkage coal from the subsidiaries of CIL, CESC has sourced coal from its own captive mine and e-auction. CESC has claimed the 'as received GCV' value of coal much lesser than the minimum band of the respective coal grade. The Commission vide a letter dated 14.07.2025 sought clarification/information regarding such lesser 'as received GCV', details of amount recovered from coal suppliers and initiatives taken for such grade slippages. CESC responded vide their letter dated 12.08.2025 that, the reason for such differences between 'as billed' and 'as received' GCV of coal, is due to non-consideration of impact of moisture correction in the 'as billed' GCV value of coal. CESC accordingly claimed to compute fuel cost based on 'as received' value as per the provision of the Tariff Regulations.

(ii) Further, in the above response/correspondence it was submitted that CIL is in a dominant position and the third-party agencies (CIMFR or PFC empaneled government laboratories) are under the direct control of CIL who are doing the sample testing of coal at the loading end. Therefore, CESC has little or no control over the quality of coal supplied/billed by CIL or its subsidiaries. The price difference between the CIL declared and third-party testing agencies analysed grade of coal, is adjusted through a credit note by the seller. However, coal supplier is not responsible for heat loss beyond the delivery point, i.e., mine end and there is no leeway in the contractual framework with CIL subsidiaries for adjustment of coal quality between the loading end and coal delivered at the project end, where the major heat loss occurs.

(iii) Further, it was submitted that coal handling agents engaged by CESC are deployed for close supervision of loading of coal into rakes and assurance of proper coal and quantity matching with grades declared by suppliers. The contract with these coal handling agents contains contractual provisions for ensuring delivery quantity of purchased coal and also maintaining coal quantity in terms of heat value and ash content with graded penalties for grade difference for coal procured through e-auction. Accordingly, costs/compensation deducted from coal transporter and handling agencies for 2021-22 was Rs.1325 Lakhs (BBGS), which got reflected through lower handling and associated costs. Further, CESC has stated that there had been no management in-action and the company explored all available options to redress the issue and recoveries, to the extent possible/allowable under the contractual framework, from CIL subsidiaries and the handling agents.

(iv) The Commission notes that, the difference between the submitted 'as billed GCV' (which is the minimum GCV value of respective coal grade) and 'as received GCV' value of coal claimed by CESC varies from 676 kCal/kg to 908 kCal/kg i.e. upto three (03) grade slippage. The Commission finds that; moisture correction cannot contribute to such huge difference in heat value of coal. The Commission is of considered opinion that, though in terms of regulation 5.8.4 (1) of the Tariff Regulations, 'as received GCV' value of coal is required to be considered for determination of fuel cost, but that should not be remained unchecked. Otherwise, the consumers have to pay for cost of higher grade of coal against the much low quality of coal received, which tantamount to excessive tariff burden on consumer on account of inefficiency of quality control by the generating station. Thus, in terms of regulation 8.4 of the Tariff Regulations, the Commission decides to limit the GCV loss to safeguard the consumer's interest and at the same time promote efficiency.

(v) "Regulation 8.4 of the Tariff Regulations clarifies that *Nothing in these regulations shall be deemed to limit or otherwise affect the inherent power of the Commission to make such orders as may be necessary for meeting the ends of justice or to prevent the abuse of the process of the Commission. Notwithstanding anything contrary contained anywhere in these regulations or any other regulations of the Commission, the Commission may deviate from these regulations with reasoned order in order to meet the ends of justice or to prevent the abuse of the process of the Commission."*

(vi) The Commission notes that, in the second proviso of regulation 5.8.2 of the Tariff Regulations, it has been specified that, "Landed cost of primary fuel shall be worked out based on the actual bill paid by the generating company including any adjustment on account of quantity and quality". Thus, it is the responsibility of the Generator to ensure quantity as well as quality of coal from loading point till the unloading point and if there is any discrepancy in terms of quantity or quality of coal, generating company shall ensure proper adjustment. Since the Generator is paying price of coal for a particular range of GCV, the Generator should ensure all quality checks in procurement of coal. Fuel Supply Agreements (FSA) signed between Coal India Limited (CIL) and CESC from different coal blocks have also stressed upon supplying actual billed quantities maintaining the specified billed grade as well, through weighment of coal and assessment of quality of coal at loading end.

(vii) As per Fuel Supply Agreement (FSA) signed between CESC (Purchaser) and Seller (Coal India Limited) Clause No. 8.0 "Transfer of Title to Goods": *"Once delivery of Coal have been effected at the Delivery Point by the Seller, the property / title and risk of Coal so delivered shall stand transferred to the Purchaser in terms of this Agreement. Thereafter the Seller shall in no way be responsible or liable for the security or safeguard of the Coal so transferred. Seller shall have no liability, including towards increased freight or transportation costs, as regards missing/diversion of wagons / rakes or* *road transport en-route, for whatever causes, by Railways, or road transporter or any other agency".*

(viii)"Also, *Clause 5.7 of* ***FSA clarifies about "Assessment of Quality of Coal at the loading end"*** *as follows:*

<u>5.7.1 Sample collection</u>:

i) Samples of Coal shall be collected by the Third Party either manually or through any suitable mechanical sampling arrangement including Auger Sampling method if physically operationable, at each of the Delivery Points for determining the quality of Coal in presence of representatives of Seller and Purchaser.

ii) For the purpose of sampling each rake (source wise, grade wise and plant wise) of Coal supplied from one Delivery Point shall be considered as a lot.

iii) Each day's supply from a source shall be considered as one lot for the purpose of sampling in case of Coal supplies by road, ropeways, belt and Merry-Go-Round (MGR) rail system. However, in case of Coal supplies by Railways, each rake from a source shall be considered for the purpose of sampling.

5.7.2 Detailed modalities for collection, handling, storage and preparation of samples by Third Party shall be as per Schedule V to this Agreement.

5.7.3 Sample preparation & analysis:

(i) Total Moisture

a) Sample for determination of Total Moisture shall be segregated from the sample collected at the Delivery Point jointly by the Third Party and prepared and analysed, as per procedure given in Schedule-V

(ii) Daily Gross Sample

a) *The Gross Sample collected as per clause 4.7.1(i) for determination of moisture, ash & GCV on equilibrated basis shall be reduced into laboratory sample on the date immediately following the date of collection. The final laboratory samples will be divided into two parts viz. Set-I and Set-II, as follows:*

- *Set-I shall be used for Third Party analysis to determine the ash, moisture and GCV as per BIS standards IS 1350 Part-I, 1984 and IS 1350 Part- 11-1970 respectively.*
- *Set-II shall be kept under joint seal of the Seller, Purchaser and the Third Party as referee sample in the safe custody of Third Party at the loading end for a period of fourteen (14) days or until the analysis results of Set-I are accepted without dispute, whichever is earlier.*

b) *The sample in Set -I shall be analysed for ash, moisture and GCV content on equilibrated basis {wherever required in accordance with IS: 1350 (Part-I) -1984 and IS: 1350 (Part - II) - 1970.*

c) *Set-I of the laboratory sample as prepared shall be analysed by the Third Party in the laboratory at the loading end as per relevant part of IS: 1350 (part-I)- 1984 and IS:1350 (Part-II)- 1970 within three-four (3-4) days from the date of preparation and distribution of laboratory sample for analysis of moisture and GCV.*

d) *In the event of any dispute (which shall be raised not later than forty-eight (48) hours after analysis) at the time of Third-Party analysis of Set-I, the referee sample as in Set-II shall be referred for analysis within seventy-two (72) hours of the dispute but not later than eight (8) days of the collection of samples at any mutually agreed Government laboratory. The cost incurred for the analysis of the Referee sample including cost of transportation to the Government Laboratory shall be borne total by the Party raising the dispute.*

e) The procedure for storage of stand-by sample shall be mutually agreed upon by both the Parties.

5.7.4 Each sample shall be assigned with a code number and will be identified by such code only and no other particulars will be indicated or written on the tag attached with the relevant bag containing the sample.

5.7.5 All tools, tackles required for collection of samples, its preparation and all laboratory facilities for the purpose of analysis of samples shall be arranged by the Seller as per the provision of this Agreement.

5.7.6

a) In the event of any reason whatsoever Third-Party sampling and analysis could not be conducted, joint sampling and analysis shall be carried out by the Seller in presence of the Purchaser at the loading end.

b) In the event that no sample is collected either by the Third Party or Seller as mentioned at (a) above from dispatches by a rake or on any day, as the case may be, from a source for any reason, the weighted average of the most recent results available in any preceding month against respective Source and Grade shall be adopted for such dispatches for which samples were not collected.

5.7.7 In the event, the Purchaser fails / declines to participate in the process of sampling and analysis by the designated Third Party as mentioned at clause 4.7.1(i), such failure / refusal of the Purchaser shall not be considered as ground for disputing the result submitted by the Third Party which will be binding on both the Parties.

(ix) Further, the Seller (CIL) shall give regular credit note on account of grade slippage to the extent of difference in the base price of declared grade and analyzed grade of coal and subsequently credit note on grade slippage shall be issued by CIL within 7(seven) days of acceptance of results under joint signature of CESC (Purchaser) and CIL(Seller). CESC is also ensuring delivery of actual billed quantities of coal as per billed grade to their generating stations through engagement of dedicated agencies for total co-ordination in supply of coal under FSA from different coal mines in Railway route.

(x) Under the above context, the Commission decides to refer the provisions and recent orders of various SERCs on the "GCV As Billed" and "GCV As Received" values of Coal:

a) *Odisha Power Generation Corporation (OPGC) in its petition has proposed Odisha Electricity Regulatory Commission (OERC) to consider "as received GCV" of coal with GCV loss of 400 kCal/kg from the "as billed value". OPGC placed report of Third-Party Sampling Agency (TPSA) in support of their claim. In its order dt 28.10.2020 in case No. 43/2017, OERC has allowed 260 kCal/kg adjustment between "as billed GCV" and "as received GCV" to OPGC. In its order OERC allowed the adjustment by considering the difference in GCV between Equilibrated method and Total Moisture method considering average 8% Surface Moisture. In terms of OERC Regulation "GCV as received" shall be computed by moisture corrections from "GCV as billed" values of coal and further allowed 85kCal/kg as storage and handling losses within the plant.*

b) *Andhra Pradesh Electricity Regulatory Commission (APERC) in its order dated 27.03.2024 under Case No. O-P-60/2023 approved Fuel Cost Adjustment of Andhra Pradesh Generation Corporation Limited (APGENCO) during 2018-19 to 2022-23. Andhra Pradesh DISCOMs submitted that, they visited Dr. Narla Tata Rao Thermal Power Station (NTPPS) in Andhra Pradesh and found approximate one grade slippage happens between "as billed GCV" and "as received GCV". APERC in its order has allowed maximum one grade (i.e. 300 kCal/kg) slippage of heat value and additionally 85 kCal/kg allowed for storage loss.*

c) *Karnataka Electricity Regulatory Commission (KERC) (Terms and Conditions for Determination of Generation Tariff) Regulations, 2024 vide Notification No. KERC/S/2024/ 652 dated 09.09.2024 under Regulation 64(3) for computation of energy charge for thermal generating stations considered gross calorific value of coal as billed by supplier less:*

a) actual loss in calorific value of coal between "as billed by supplier" and "as received at generating station, subject to the maximum loss in calorific value of 300kCal/kg and

b) actual stacking loss subject to the maximum stacking loss of 85kCal/kg for pithead stations and 120kCal/kg for non-pit head stations

d) *CERC in Regulation 60 of Central Electricity Regulatory Commission (Terms and Conditions of Tariff), Regulation, 2024 mentioned the following:*

i) Third Party Sampling through an Agency to measure "as received GCV". Genco shall ensure recovery of compensation as per FSA to pass on the benefit to the beneficiaries.

ii) In the case of integrated coal mine adjustment of 15 kCal/kg for each 100 km distance beyond 200 km or actual, whichever is less, subject to maximum adjustment of 300 kCal/kg.

iii) In absence of TPSA, "as billed GCV" will be considered.

iv) No loss of GCV is admissible for imported coal.

v) Storage loss is allowed as 85 kCal/kg.

(xi) Thus, the Commission after prudence check decides to allow maximum GCV loss of 300 kCal/kg from *the minimum of "the heat value of coal grade as Billed"* from loading point by CIL till receiving at CESC generating stations, for different grades of coal sourced through FSA mode only. In case of imported coal and coal sourced through e-auction mode, the generator pays premium prices for actual grade of coal supplied to their generating station(s). Hence, no GCV losses shall be allowed for washed and imported coal as well as coal sourced through e-auction mode. For integrated mines, CESC itself has engaged Mine Developer and Operator (MDO) for delivering the extracted coal to designated thermal power plants along with other related works specified in the Coal Mining Agreement (CMA). Therefore, CESC must endeavour to contain the GCV losses within 300 Kcal/Kg for the coal sourced from integrated mine. On scrutiny of CESC's claim of GCV loss for coal sourced from integrated mine, it was observed that the "as-received GCV" of RoM and washed coal was within the above GCV loss limits and accordingly, the Commission has admitted the 'as-received GCV' as claimed by CESC for coal sourced from this source. It was found that the additionally, in terms of Regulation 5.8.4 of the Tariff Regulation, a stacking loss of 120kCal/kg is allowed for all types of coal sourced in different mode.

(xii) In view of the above, the Commission admits weighted average 'as received GCV' of coal purchased during the year 2021-22 for Budge Budge and Southern as shown in Annexure 3 E, Table (a) & (b).

(xiii)Based on the closing stock and approved weighted average heat value of coal for the year 2020-21 and total coal purchased along with its' weighted average heat value during the year 2021-22, as in sub-paragraph (xi) above and applying a stacking loss of 120kcal/kg admitted for computation of energy charges as per the regulation 5.8.4 (1) of the Tariff Regulations, the admitted weighted average 'GCV as received less 120 kcal/kg' for the coal consumed during the year 2021-22 is provided in the table below and detailed computation provided in Annexure 3 E, Table (c).

Table 13: Admissible Gross Calorific Value of Coal

Generating Station	As claimed by CESC	As admitted by Commission
	GCV of Coal (Kcal/Kg)	GCV of Coal (Kcal/Kg)
Budge Budge	3,840.00	4,220.49
Southern	4,787.00	5,188.40

3.7.2.6 **Computation of Weighted average Price of Coal:**

i) **Price of linkage coal**:

a) CESC has purchased 1,282,830 MT of coal from different linkage sources for Budge Budge. The total cost of coal purchased from linkage source is claimed as Rs. 4,640,200,541. The coal has been transported primarily by rail mode. CESC has claimed Rs. 1,005,904,973 as transportation cost. Beside this CESC has claimed Rs. 1,08,511,303 as handling charge.

b) CESC has purchased 1,45,574 MT of coal from different linkage sources for Southern. The total cost of coal purchased from linkage source is claimed as Rs. 5,91,370,201. The coal has been transported primarily by rail mode. CESC has claimed Rs. 1,09,603,168 as transportation cost. Beside this CESC has claimed Rs. 43,340,746 as handling charge.

c) With regard to transportation charges, the Commission scrutinised the railway freight rate chart, notification for levy of Terminal Charge and levy of GST as per the notifications of Ministry of Railways submitted by CESC in Volume 3 of the FPPCA petition and accordingly, admits the transportation charges as claimed by CESC. Further, the Commission while scrutinising the Statement submitted by CESC vide their letter dated 9th May 2024 for source-wise and grade wise details of coal purchased for 2021-22, found that Rs. 157 per MT has been claimed against FSA for ECL Grade – 5 coal in the total price of coal and had shown the same in charges category of "Washing charges, Admin Charges, Forest Transit fee, Management Charges etc." . The same was found to be the cost booked against of coal which was transferred from

Titagarh Generating Station to Budge Budge Generating Station for use as Titagarh Generating Station was inoperative during 2021-22. Accordingly, the same is as well admitted in the fuel cost of Budge Budge Generating Station.

d) In view of the above, the average coal price for linkage source during FY 2021-22 is admitted as below:

Table 14: Coal purchased by CESC through FSA

Sl No	Particulars	Budge-budge		Southern	
		Claimed	Admitted	Claimed	Admitted
1	Coal purchased (MT)	1,282,830	1,282,830	145,574	145,574
2	Cost of coal (Rs./MT)	3,617.16	3,617.16	4,062.33	4,062.33
3	Transportation charge (Rs./MT)	784.13	784.13	752.90	752.90
4	Handling charge (Rs./MT)	81.59	81.59	295.72	295.72
5	Demurrage Charge (Rs./MT)	3.00	0.00	2.00	0.00
6	**Overall rate (Rs./MT) (2+3+4+5)**	**4,485.88**	**4,482.88**	**5,112.95**	**5,110.95**

Note: Demurrage charge disallowed as explained in para 3.7.2.6 (iv) below in this Order and break-up of fuel quantity, price and cost is provided in **Annexure 3 G**

ii) **Price of e-auction coal**:

a) CESC has purchased 7,50,131 MT of coal through e-auction for Budge Budge. The total cost of coal purchased from e-auction source is claimed as Rs. 1,859,631,834. The coal has been transported primarily by rail mode, except from ECL, where it was rail-cum-road (ROR) mode of transportation. CESC has claimed Rs. 8,62,234,148 as transportation cost. Beside this CESC has claimed Rs. 1,27,108,188 as handling charge. CESC has not purchased coal through e-auction for Southern Generating Station.

b) With regard to transportation charges, the Commission scrutinised the railway freight rate chart, notification for levy of Terminal Charge and levy of GST as per the notifications of Ministry of Railways submitted by CESC in Volume 3 of the FPPCA petition and accordingly, admits the transportation charges corresponding to railway freight as claimed by CESC.

c) Further, CESC has undertaken transportation of coal purchased through Rail-Cum-Road mode from ECL e-auction. The Commission scrutinised the road transportation charges apart from transportation charges corresponding to railway freight charges claimed by CESC. The Commission observes that CESC has undertaken competitive bidding for appointing M/s AKA Logistics Pvt. Ltd. for transportation of coal through road mode. Accordingly, the Commission admits the transportation charges including road transportation charges as claimed by CESC.

d) In view of the above, the average coal price for e-auction source during FY 2021-22 is admitted as below:

Table 15: Coal purchased by CESC through e-auction

Sl No	Particulars	Budge-budge	
		Claimed	Admitted
1	Coal purchased (MT)	750131	750131
2	Cost of coal (Rs./MT)	2,479.08	2,479.08
3	Transportation charge (Rs./MT)	1,149.45	1,149.45
4	Handling charge (Rs./MT)	166.45	166.45
5	Demurrage Charge (Rs./MT)	3.00	0.00
6	**Overall rate (Rs./MT) (2+3+4+5)**	**3,797.97**	**3,794.97**

Note: Demurrage charge disallowed as explained in para 3.7.2.6 (iv) below in this Order and break-up of fuel quantity, price and cost is provided in **Annexure 3 G**

iii) **Price of captive coal:**

a) CESC has sourced 1,300,738 MT (ROM Coal: 810860 MT+ Washed Coal: 489877 MT) from their captive coal mines coal for Budge Budge.

b) In view of the above, the Commission analyses the admissibility of the captive ROM coal price and washed coal prices as below:

(a) Fixed reserve price: The Commission, observes that as per guidelines given in the order issued by Ministry of Coal, Government of India vide letter No 13016/9/2014-CA-III dated 26.12.2014 and the information given to the Commission vide their letter No 54022/01/2014-CA-III dated 27.06.2016, the fixed reserve price of Rs 100 per ton shall be the only input cost of coal from auctioned captive mines of CESC and shall be considered as passed through in computation of energy charge. All the statutory royalties and cess are governed as per extant rules i.e. at the CIL notified price.

(b) Applicable Goods and Service Tax (GST):

i. The Commission refers to Section 7 of the Central Goods and Services Tax Act, 2017 (CGST Act), which defines the scope of "supply." Specifically, Section 7(1)(a) states:

> *"Supply" includes all forms of supply of goods or services or both such as sale, transfer, barter, exchange, licence, rental, lease, or disposal made or agreed to be made for a consideration by a person in the course or furtherance of business.*

ii. Accordingly, the use of captive coal qualifies as a supply and is thus subject to GST. CESC has appointed Integrated Coal Mining Limited (ICML) as Service Provider for the production and delivery of coal from the Sarisatolli coal mine. This arrangement falls within the scope of "supply" as defined in Section 7.

iii. Pursuant to this, the Central Government notified Notification No. 11/2017 – Central Tax (Rate) dated 28th June 2017, which prescribes a 9% CGST rate on applicable services (Sl. No. 24). Similarly, the West Bengal Government issued Notification No. 1135-F.T. No. 11/2017 – State Tax on the same date, imposing a corresponding 9% SGST rate. Therefore, a total GST of 18% is applicable on mining support services.

iv. Additionally, Section 9(3) of the CGST Act empowers the Government to specify certain supplies for which the recipient must pay tax under RCM. Under Notification No. 13/2017 – Central Tax (Rate) dated 28th June 2017, GST on Royalty, NMET (National Mineral Exploration Trust), DMF (District Mineral Foundation), Rural Employment Cess and Primary Education Cess, among others, is to be paid under RCM.

v. The Central Board of Excise and Customs has clarified that GST on Royalty and Premium payable to the Government must also be paid under RCM. However, in the absence of specific documentation evidencing payment of GST on captive coal under RCM, there remains a lack of clarity regarding the actual discharge of such tax obligations. It is emphasized that the liability for this payment lies with CESC, not with ICML.

vi. Therefore, the Commission holds that GST at 18% on the fixed rate of Rs.100 per MT is payable for coal procured from the coal block allocated to Budge Budge Generating Station through a reverse auction. This cost is to be accounted for while adjusting the cost of captive coal.

vii. It is also noted that the Southern Generating Station has not utilized any captive coal.

(c) Other related expenses:

i. In the APR petition, CESC submitted that ICML is providing a host of services, including extraction, stacking, crushing/sizing, loading, weighment, transportation of coal and operation of the Sarisatolli Coal Mine. It is observed that ICML has been engaged by CESC without a transparent competitive bidding process, as per guidelines set out by ministry of coal to determine the most competitive prices for each of these additional activities.

ii. Also, as per the CERC (Terms and Conditions of Tariff) (Second Amendment) Regulations, 2021, under Section 36B(1), the Run of Mine (ROM) cost of coal in the case of integrated mines allocated through the auction route under the Coal Mines (Special Provisions) Act, 2015, shall be worked out as follows:

ROM Cost = Quoted Price of Coal + Fixed Reserve Price

iii. Further, under Section 36C(2), it is stated that where crushing, transportation, handling, or washing are within the scope of the MDO

(Service Provider) engaged by the generating company, no additional charges shall be admitted, as such costs are deemed to be included in the charges payable to the MDO (Service Provider).

iv. In the absence of the requisite clarity and adequate justification from CESC for the admission of additional charges for the services performed by ICML and after a prudence check, the Commission has decided not to allow additional costs such as sizing charges, evacuation facility charges, surface transportation charges and incidental charges (except washing charges) provided by ICML, which is also functioning as the MDO, to be passed through in tariff, in accordance with the provisions of the CERC Tariff Regulations.

v. With regard to transportation charges, the Commission scrutinised the railway freight rate chart, notification for levy of Terminal Charge and levy of GST as per the notifications of Ministry of Railways submitted by CESC in Volume 3 of the FPPCA petition and accordingly, admits the transportation charges as claimed by CESC.

(d) The Commission on analysis of statement of "source-wise and grade-wise coal purchased for 2021-22" submitted vide CESC letter dated 6th January 2026, observes that Cost of ROM coal purchased from captive source is claimed as Rs. 3174/MT as with basic price of Rs. 1495 per MT along with GST of Rs. 319 per MT, statutory charges of Rs. 265 per MT, sizing charge of Rs. 86 per MT, incidental charges of Rs. 28 per MT, evacuation charges of Rs. 50 per MT, STC Charges of Rs. 136 per MT, railway freight charges of Rs. 751 per MT, handling charges of Rs. 41 per MT and Demurrage Charges of Rs. 3 per MT.

(e) Also, Cost of washed coal claimed by CESC at Rs. 4058/MT considering yield of 80.80% from ROM coal with basic price of Rs. 1850 per MT along with GST of Rs. 399 per MT, statutory charges of Rs. 327 per MT, sizing charge of Rs. 107 per MT, incidental charges of Rs. 321 per MT, evacuation charges of Rs. 50 per MT, STC Charges of Rs. 208 per MT, railway freight charges of Rs. 751 per MT, handling charges of Rs. 41 per MT and Demurrage Charges of Rs. 3 per MT.

(f) On scrutiny of the above submissions made by CESC, the Commission vide letter dated 24th December 2025 directed to provide details of washing arrangements along with documentary evidence. CESC vide letter dated 20th January 2026 submitted the monthly invoices of Crescent Power Limited and provided the computation of Rs. 292.85/MT washing charges claimed against washed coal cost of the Captive Mine. CESC has also submitted a correspondence with Crescent Power Limited comprising the fixation of fees for operating the Washery. The Commission after scrutinising the above submission admits the washing charges of Rs. 292.85 / MT against washed coal cost of the Captive Mine.

(g) Additionally, the Commission vide the above-referred letter dated 24th December 2025 sought justification/calculation for ascertaining the yield of 80.80% claimed by CESC, substantiated using documentary evidence. In response, CESC vide letter dated 20th January 2026 submitted the data for coal input quantity, washed coal output and the resultant computation of yield of 80.80%. However, no documentary evidence was submitted by CESC in this matter. The Commission observes that the yield claimed by CESC in FPPCA and APR Petition of 2021-22 is higher than the yield admitted by the Commission in Tariff Order of 2021-22. Therefore, the Commission admits the yield of 80.80% for 2021-22 for the washed coal from captive mine. However, the Commission directs CESC that the yield claimed/achieved for the respective years in subsequent FPPCA and APR Petitions, i.e., from 2022-23 onwards should be substantiated with technical justification along with supporting documents.

(h) In line with the methodology adopted in FPPCA & APR Order of 2020-21, The Commission vide letter dated 14th July 2025 directed to submit all challans related to Goods and Services Tax (GST) under the reverse charge mechanism (RCM) along with "Self-generated Tax Invoices" during 2021-22. CESC vide letter dated 12th August 2025 submitted the "Self-generated Tax Invoices" for FY 2021-22 on Reverse Charge Mechanism ("RCM"). After prudence check the Commission admits payment of GST on reverse charge mechanism on royalties and levies for Sarisatoli coal mine for FY 2021-22 as detailed below:

Table 16: GST payment on royalties and levies charges

Sl. No.	Item	Payment of Statutory Charges (Rs.)					Unit Rate (H/F)
		Q1	Q2	Q3	Q4	Total=H	Rs./MT
A	**Royalty**	1,178,995.00	1,060,262.00	1,043,396.00	908,725.00	4,191,378.00	3.22
A1	CGST	106,109.55	95,423.58	93,905.64	81,785.25	377,224.02	0.58
A2	SGST	106,109.55	95,423.58	93,905.64	81,785.25	377,224.02	
B	**NMET**	23,581.00	21,204.00	20,868.00	18,175.00	83,828.00	0.06
B1	CGST	2,122.29	1,908.36	1,878.12	1,635.75	7,544.52	0.01
B2	SGST	2,122.29	1,908.36	1,878.12	1,635.75	7,544.52	
C	**DMF**	117,899.00	106,026.00	104,339.00	90,873.00	419,137.00	0.32
C1	CGST	10,610.91	9,542.34	9,390.51	8,178.57	37,722.33	0.06
C2	SGST	10,610.91	9,542.34	9,390.51	8,178.57	37,722.33	
D1	CGST paid on statutory charges during FY 2021-22 Total (A1+B1+C1)					422,490.87	0.65
D2	SGST paid on statutory charges during FY 2021-22 Total (A2+B2+C2)					422,490.87	
E	Total GST paid on reverse charge basis during 2021-22 (Rs)					844,981.74	
F	Total quantity of Captive Coal (MT)					1300738	
G	GST paid on statutory charges =E/F (Rs./MT)					**0.65**	

(i) In view of the above, the Commission analyses and admit coal cost from captive mine both for ROM and Washed coal as detailed below:

Table 17: Cost of Captive -ROM Coal (Rs.in Lakh/MT) for Budge Budge Generating Station

Sl. No.	Particulars	Derivative	Unit	Claimed	Admitted
1	Basic input ROM Coal Cost	A1	Rs./MT	1,495.00	100.00
2	GST on Fixed Reserve Price	18% of A1	Rs./MT	276.54	18.00
3(a)	Royalty	B1=Actual Paid Amount	Rs./MT	3.00	3.22
3(b)	GST on Royalty on RCM Basis	18% of B1	Rs./MT	0.55	0.58
4(a)	National Mineral Exploration Trust (NMET)	C1=2% of B1	Rs./MT	0.10	0.06
4(b)	GST on NMET on Reverse Charge Mechanism (RCM) Basis	18% of C1	Rs./MT	0.02	0.01
5(a)	District Mineral Foundation (DMF)	D1=10% of B1	Rs./MT	0.30	0.32
5(b)	GST on DMF on RCM basis	18% of D1	Rs./MT	0.06	0.06
6(a)	Rural Employment Fees (RE Cess)	E1=20% of A1 (CIL basic Price for G11 grade Coal)	Rs./MT	179.00	179.20
6(b)	GST under Reverse Charge Mechanism	18% of E1	Rs./MT	33.11	32.26
7(a)	Primary Education Cess (PE Cess)	F1=5% of A1 (CIL basic price for G11 grade Coal)	Rs./MT	45.00	44.80
7(b)	GST under Reverse Charge Mechanism	18% of F1	Rs./MT	8.32	8.06
8	Misc. and Statutory Charges	Included under 3(a) -5(b)	Rs./MT	2.00	0.00
9	GST Compensation Cess		Rs./MT	36.00	0.00
10	Sizing Charges		Rs./MT	86.00	0.00
11	Avg. incidental charges		Rs./MT	28.00	0.00
12	Evacuation charges		Rs./MT	50.00	0.00
13	Surface Transportation Charges		Rs./MT	136.00	0.00
14	Sub-Total (1 to 13)		Rs./MT	**2,379.00**	**386.58**
15	Railway Freight Charges		Rs./MT	751.00	751.00
16	Handling Charges		Rs./MT	41.00	41.00
17	Demurrage Charges		Rs./MT	3.00	0.00
18	**Cost for Captive-ROM Coal**		Rs./MT	**3,174.00**	**1,178.58**

Note: Break-up of fuel quantity, price and cost is provided in **Annexure 3 G**

Table 18: Cost of Captive -Washed Coal (Rs.in Lakh/MT) for Budge Budge Generating Station

Sl. No.	Particulars	Derivative	Unit	Claimed	Admitted
1	Basic input ROM Coal Cost	A1	Rs./MT	1,850.00	100.00
2	GST on Fixed Reserve Price	18% of A1	Rs./MT	347.01	18.00
3(a)	Royalty	B1=Actual Paid Amount	Rs./MT	3.00	3.22
3(b)	GST on Royalty on RCM Basis	18% of B1	Rs./MT	0.56	0.58
4(a)	National Mineral Exploration Trust (NMET)	C1=2% of B1	Rs./MT	0.10	0.06
4(b)	GST on NMET on Reverse Charge Mechanism (RCM) Basis	18% of C1	Rs./MT	0.02	0.01
5(a)	District Mineral Foundation (DMF)	D1=10% of B1	Rs./MT	0.30	0.32
5(b)	GST on DMF on RCM basis	18% of D1	Rs./MT	0.06	0.06
6(a)	Rural Employment Fees (RE Cess)	E1=20% of A1 (CIL basic price for G11 or better grade Coal)	Rs./MT	222.00	179.20
6(b)	GST under Reverse Charge Mechanism	18% of E1	Rs./MT	41.64	32.26
7(a)	Primary Education Cess (PE Cess)	F1=5% of A1 (CIL basic price for G11 or better grade Coal)	Rs./MT	55.00	44.80
7(b)	GST under Reverse Charge Mechanism	18% of F1	Rs./MT	10.32	8.06
8	Misc. and Statutory Charges	Included under 3(a) -5(b)	Rs./MT	2.00	0.00
9	GST Compensation Cess		Rs./MT	45.00	0.00
10	Sizing Charges		Rs./MT	107.00	0.00
11	Avg. incidental charges		Rs./MT	321.00	292.85
12	Evacuation charges		Rs./MT	50.00	0.00
13	Transportation Charges		Rs./MT	208.00	0.00
14	Sub-Total (1 to 13)		Rs./MT	3,263.00	679.43
15	**Admitted Price considering yield of 80.804%**		**Rs./MT**	**3,263.00**	**840.84**
16	Railway Freight Charges		Rs./MT	751.00	751.00
17	Handling Charges		Rs./MT	41.00	41.00
18	Demurrage Charges			3.00	0.00
19	**Cost of Captive-Washed Coal**		**Rs./MT**	**4,058.00**	**1,632.84**

Note: (1) Admitted amounts in Sl. Nos. 3(a), 3(b), 4(a), 4(b), 5(a), 5(b) of **Table 17** and **Table 18** are based on amount stated in **Table 16** corresponding to subsequent submission of documentary evidences by CESC.

(2) Break-up of fuel quantity, price and cost is provided in **Annexure 3 G.**

iv) Demurrage charge: From the statement of "source-wise and grade-wise coal purchased for 2021-22" submitted vide CESC letter dated 6th January 2026, it has been observed that CESC has claimed demurrage charges of Rs. 3 per MT of coal consumed for Budge Budge amounting to Rs. 100.01 Lakh and Rs. 2 per MT of coal consumed for Southern amounting to Rs. 2.91 Lakh. CESC in the statement 2 of the FPPCA Petition submitted that Railways imposes this charge at the unloading end on CESC. CESC specified that inspite of having two wagon tipplers on a parallel basis to unload two rakes involving BOXN wagons, there are certain practical difficulties of operating the two in parallel. It was also specified that CESC has repeatedly requested the Railway authority not to send two rakes simultaneously consisting of BOXN wagons, which has not been considered. CESC has also submitted the relevant notifications and sample bills against these charges. The Commission evaluated the above submissions and observes that CESC has not provided appropriate justification to the satisfaction of the Commission for the demurrage charges claimed for Budge Budge and Southern. The Commission in terms of regulation 5.8.2 of the Tariff Regulations and after prudence check disallows demurrage amount claimed for the year 2021-22.

v) CESC in the statement 2 of the FPPCA Petition had claimed contractual liability of Rs. (-)1/ MT in the Coal Cost for Budge Budge and Rs. (-) 69/MT in the Coal Cost for Southern as per the terms and conditions of FSA with Coal India Limited (CIL). Additionally, prior year adjustments and Supplementary adjustments of Rs. 73/MT was claimed by CESC in the Coal Cost for Budge Budge which includes differential rates for applicable charges on ad-valorem basis, differential surface transport charges, forest cess imposition, covid-19 cess imposition, etc. CESC also claimed prior year grade adjustment of Rs. 5/MT in the Coal Cost for Budge Budge.

vi) The Commission vide letter dated 24th December 2025 sought detailed calculation, justification and documentary evidence (including bills/invoices) against the claim against contractual liability. The relevant documentary evidences along with a summary statement against the claim for prior year adjustments and supplementary adjustments were also sought.

vii) With regard to the claim for contractual liability, CESC vide letter dated 6th January, 2026 stated that at the time of finalisation of accounts during May 2022, provision for contractual liability of Rs. 3 Crores was estimated as actual bills/ demand was not available at the material point of time. However, the excess provision of Rs. 4.29 Crores in relation to 2020-21 was duly reversed/credited and netted off in 2021-22. Net impact of such reversal was Rs. (-) 1.29 Crores. Further, it was submitted that the Commission has not admitted provisions/adjustments of about Rs. 3.86 Crore in the Order on FPPCA and APR for 2020-21 and specified that excess amount credited/debited in 2021-22 will be appropriately taken care of in FPPCA and APR for 2021-22 proceedings. Accordingly, CESC prayed for reversal of Rs. (-) 0.43 Crores [Rs. 4.29 Crores – Rs. 3.86 Crores] only which may be considered in the final fuel cost.

viii) The Commission admitted Rs. (-) 0.43 Crores reversal in the fuel cost based on the above submission and apportioned the above amount to Budge Budge and Southern (Rs. 10.72 Lakh and Rs. 32.28 Lakh, respectively) proportionate to the weighted average of the initially claimed amount as mentioned in paragraph v) above. Accordingly, the reversal of contractual liability admitted amounts to Rs. (-) 0.32 per MT in the Coal Cost for Budge Budge and Rs. (-) 22.17 per MT in the Coal Cost for Southern.

ix) With regard to prior year adjustments and supplementary adjustments, CESC vide the above-referred letter dated 6th January, 2026 submitted detailed bill-wise summary (reconciliation and tabulation) along with the copy of the invoices for change in transit fees (Rs. 0.01 Crores), covid-19 cess (Rs. 016 Crores), surface transportation charges (Rs. 0.01 Crores) and grade adjustments (Rs. 1.74 Crores), total amounting to Rs. 1.76 Crores. Further, CESC vide letter dated 19th January 2026 submitted a tabulation of the total adjustments claim amounting to Rs. 25.97 Crores with a break-up of adjustments into FSA related costs amounting to Rs. 1.76 Crores and Captive coal related costs amounting to 24.22 Crores. The Commission on scrutiny of the above submissions observes that CESC has provided details/bills/invoices against claim for Rs. 1.76 Crores for adjustments pertaining to FSA related costs and haven't provided any justification/details/bills/invoices for Rs. 24.22 Crores for adjustment pertaining to Captive coal related costs. The Commission scrutinised the bills against above-mentioned adjustments pertaining to FSA related costs and admits an amount of Rs. 1.76 Crore. Further, since these expenses pertains to previous year, the same cannot form part of the weighted average price of coal for computing normative fuel cost in 2021-22. Accordingly, the Commission considers this amount separately in the fuel cost recovery. However, in absence of any justification/details/bills/invoices for Rs. 24.22 Crores for adjustment pertaining to Captive coal related costs, the same is not admitted.

x) Based on the above elaboration of the analysis on contractual liability charge and supplementary adjustments paid, a summary of the admissible amounts under each of these heads is summarised in the table below: -

Table 19: Summary Contractual Liability Charges and other adjustments admitted by the Commission

Sr. No.	Particulars	Claimed Rs/MT	Claimed Rs. Lakh	Admitted Rs/MT	Admitted Rs. Lakh
Budge Budge					
1	Contractual Liability Charges	(-)1.00	(-) 33.34	(-) 0.32	(-) 10.72
2	Prior year adjustments*	5.00	166.68	0.00	0.00
3	Supplementary adjustments	73.00	2433.60	0.00	0.00
Southern					
1	Contractual Liability Charged	(-) 69.00	(-) 100.45	(-) 22.17	(-) 32.28

*Note: Prior year adjustments allowed separately in the fuel cost recovery instead of including in computing the normative fuel cost of 2021-22, as explained in earlier paragraph

xi) Weighted average price of coal:

Based on the closing stock and approved weighted average prices of coal in APR of CESC for 2020-21 and weighted average price of coal purchased in 2021-22 including transportation cost, handling charges and adjustment for costs for contractual liability, supplementary adjustment, demurrage and GST paid on royalties and levies on RCM basis as elaborated above, the weighted average price of coal for 2021-22 are as follows:

Table 20: Computed weighted average price of coal

Sl. No.	Description	Budge Budge		Southern	
		MT	Rs/MT	MT	Rs/MT
1	Opening Stock as on 01.04.2021	2,21,416.6	2,984.91	47,388.00	4,576.52
2	Coal purchase during 2021-22				
(a)	FSA coal	1,282,830	4,482.88	145574	5,110.95
(b)	e-auction coal	7,50,131	3,794.97	0	0.00
(c)	i) Captive coal-ROM	8,10,860	1,178.58	0	0.00
	ii) Captive Coal-Washed	4,89,877	1,632.84	0	0.00
	Sub-total	**3,333,698**	**3,105.57**	**1,45,574**	**5,110.95**
(d)	Add: Contractual liability charge		(0.32)		(22.17)
(e)	Add: Supplementary adjustment		0.00		-
(f)	Add: Prior year grade/other adjustments		0.00		-
	Net coal purchase during 2021-22	**3,333,698**	**3,105.25**	**1,45,574**	**5,088.78**
3	Total coal including opening stock	**3,555,115**	**3,097.76**	**1,92,962**	**4,962.98**

3.7.2.7 On the basis of normative parameters as stated in earlier paragraphs and the price and GCV value admitted by the Commission, the amount of fuel cost allowable to CESC for own generation is as provided in the Table below, as per computations given in Annexure 3 B.

Table 21: Energy Charge

Generating station	Ex-bus generation (MU)	Fuel cost (Rs. Lakh)		Energy charge (paisa/kWh)	
		Claimed	Admitted	Claimed	Admitted
Budge Budge	5,131.945	123,711.78	1,06,465.63	249.43	207.46
Southern	149.211	4,950.45	4,746.47	331.78	318.10

3.8 **PPC: Determination of Power Purchase Cost:**

3.8.1 The power purchase requirement of CESC during 2021-22 was considered 5,163.03 MU; vide the statement of Energy Balance at paragraph 4.7.1 of the Tariff Order dated 1st August, 2022 for the concerned year. The total quantum of actual power purchased and the cost incurred thereon as submitted in the petition are as under:

Table 22: Power Purchase

Source	Quantum MU	Cost incurred (Rs in lakh)	Avg. Rate (Paisa/kWh)
WBSEDCL	0.25	19.51	780.40
HEL	3,897.89	224,168.56	575.10
RPGPTCL (other than Cogeneration)	295.13	9,469.69	320.87
RPGPTCL(Cogeneration)	138.76	4,571.41	329.44
Solar (Rooftop)	6.55	382.34	583.92
Hydro	2.31	411.40	1,782.32
Power exchanges	803.02	47,956.21	597.20
Total	**5,143.91**	**286,979.12**	**557.90**

3.8.2 CESC further submitted that, it has procured power through banking which has been valued in terms of Regulation 5.15.2 (iv) of the Tariff Regulations and APR-FPPCA Orders dated 1st August 2022. Accordingly, cost of swap-in energy, against the energy swapped-out in 2019-20, 2020-21 and 2021-22 have been considered as part of the power purchase cost. The Commission accordingly admits the adjustment of the cost of swap-in and swap-out power with the total power purchase cost in terms of clause (iv) of regulation 5.15.2 of the Tariff Regulations as below:

Table 23: Swapping of power

Sl. No.	Nature of swapping arrangement	Swap-out		Swap-in	
		MU	Rs. Lakh	MU	Rs. Lakh
A	Swap-in within the year against swap - out within the year (swap-out energy including loss at average power purchase cost of the year)	29.612	1,652.06	27.403	1,652.06
B	Swap-in during the year against swap-out energy in previous year (equal to the cost of swap-out energy of previous year based on average power purchase cost of previous year)			5.302	313.79
C	Swap-in during the year against swap-out energy in 2019-20 (equal to the cost of swap-out energy of 2019-20 based on average power purchase cost of 2019-20)			24.897	1,313.85
	Total	**29.612**	**1,652.06**	**57.603**	**3,279.70**

**Energy considered as proposed in-terms of banking arrangement and loss adjustments.*

3.8.3 From the energy balance of 2021-22 mentioned in paragraph 3.5 above, it is observed that, CESC has sold 172.169 MU (including loss) to persons other than licensee & consumers. The Commission decides to adjust the cost of sale of surplus power at marginal cost equivalent to the weighted average pooled variable cost of power including own generation of CESC, but excluding the power from renewables, co-generation, hydro, power exchanges and through short-term open access. Such marginal cost for 2021-22 comes to 364.00 paisa/kwh. Accordingly, cost of surplus power sold to person other than consumers and licensee comes to Rs. 6266.97 lakh (172.169 x 364.00/10). Gain, if any, on account of revenue earned shall be shared in subsequent chapter in terms of clause (iv) of regulation 5.15.2 of the Tariff Regulations.

Table 24: Net variable Cost of Power Purchase for valuation of Export Energy

Sl. No.	Source	Quantum MU	Energy Charges (Rs. in lakh)	Energy Charge Rate (Paisa/kWh)
		a	b	c =b/a
1	WBSEDCL	0.250	19.51	780.40

Sl. No.	Source	Quantum MU	Energy Charges (Rs. in lakh)	Energy Charge Rate (Paisa/kWh)
		a	b	c =b/a
2	HEL	3,897.894	2,24,168.56	575.10
3	RPGPTCL (other than Cogeneration)	295.127	9,469.69	320.87
4	BBGS	5131.945	1,06,465.63	207.46
5	SGS	149.211	4,746.47	318.10
6	**Net variable cost of Power Purchase for valuation of export (except swap-out) for the year**	**9,474.428**	**3,44,869.86**	**364.00**

3.8.4 Further, in the 1st supplementary FPPCA and APR petition dated 21st December, 2023 CESC stated that even though energy banked and returned are cancelled out in the swapping arrangement with no cost of energy, there are actual associated costs associated with power banking, namely transmission and other associated charges. CESC submitted that these are actual costs incurred and have to be separately allowed. CESC claimed the transmission and other related cost of Rs. 284.26 Lakhs (Rs. 76.89 Lakhs towards Swap in against Swap out of 2019-20 + Rs. 43.06 Lakhs towards Swap in against Swap out during 2020-21 +Rs. 164.31 Lakhs towards Swap in against Swap out during 2021-22) for Swap in power and is also included in the Auditor Certificate Volume 1 Original FPPCA Petition.

3.8.5 The Commission has scrutinized the above charges and observes that while the swapping arrangement doesn't entail any cost for power as the quantum of energy sent out/swapped-out/banked is returned back/swapped-in with appropriate adjustments of losses, the transmission charges and SLDC charges are additional costs which arise due to these transactions. Therefore, the Commission finds these costs prudent for carrying out the swapping transactions and admits these expenses as transaction costs amounting to Rs. 284.26 Lakhs, as also claimed by CESC, apart from swap-in power energy cost of Rs. 3,279.70 lakh admitted in paragraph 3.8.2 above.

3.8.6 In view of above, the admissible power purchase cost for sale to consumers and WBSEDCL is worked out as below:

Table 25: Admissible cost of power

Sl. No.	Particulars	Energy (MU)	Amount (Rs. Lakh)
1	Total power purchase as in para 3.8.1	5,143.912	286,979.12
2	Add: Swap-in power as in para 3.8.2	57.603	3,279.70
3	Add: Swap-in power transaction cost para 3.8.5		284.26
4	Less: Swap out power as in para 3.8.2	29.612	1,652.06
5	Less: Sale to other consumer and Licensees in para 3.8.3	172.169	6,266.97
6	**Net power purchase for sale to Consumer and WBSEDCL (1+2-3-4+5)**	**4,999.733**	**2,82,624.05**

3.9 C_D: COST DISALLOWABLE:

3.9.1 Factor C_D, in the FPPCA formula mentioned in Schedule-7A to the Tariff Regulations, stands for cost as to be found disallowable by the Commission as per the methodology specified in the FPPCA formula referred to herein. It has been observed that CESC succeeded in sending out generation from its Budge Budge a considerable quantum in excess of the target set out for the concerned year. It also succeeded in keeping the rate of distribution loss much below the norm considered for the year. Excess power purchase as per formula specified in schedule-7A to the Tariff Regulations is found nil. Thus, no part of the fuel and power purchase cost is found disallowable and hence, value of factor C_D is nil.

Table 26: Disallowable cost

Sl. No.	Factor Notation	Nomenclature	Unit	Value
1	d	Norms for distribution loss	%	14.30
2	t	Norms for T&D loss for sale to licensee	%	14.30
3	Eg	Actual generation sent out	MU	5,281.16
4	E	Excess amount of auxiliary	MU	0.00
5	Ep	Net energy purchased (including UI)	MU	5,010.20
6	Eo	Admitted energy for own consumption	MU	32.91

Sl. No.	Factor Notation	Nomenclature	Unit	Value
7	Esc	Energy sale to consumers	MU	9,403.186
8	Esl	Energy sale to licensee	MU	14.201
9	Eadm	Admitted amount of energy entitled for purchase (Esc+Eo)/(1-d*0.01) +(Esl/(1-t*0.01)-E-Eg	MU	5,746.03
10	Ee	Excess energy purchased (Ep-Eadm)	MU	0.00
11	Cd	Cost Disallowable	Rs. Lakhs	0.00

3.10 (±) A: PRIOR PERIOD'S ADJUSTMENTS:

3.10.1 Factor A in the referred FPPCA formula signifies the adjustment, if any, to be made in the current period to account for any excess / shortfall in the recovery of fuel and power purchase cost for the past period. From the submission of CESC, it is observed that no amount has been considered to account for any excess / shortfall in respect of 2021-22.

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

3.11.1 The aggregate amount of fuel and power purchase cost, commensurate with the actual quantum of sale to the consumers and to the licensee (WBSEDCL), that can be allowed to CESC works out to Rs. 4,01,909.16 Lakh with the break-up as given hereunder. The detailed computations in this regard are shown in Annexure 3 C and Annexure 3 D. This amount, however, is inclusive of the amounts of gains derived to CESC on account of its better performances on different parameters of operations and fuel consumption norms:

Table 27: Fuel and Power Purchase cost

Sl. No.	Particulars	Rs in Lakh
1	FC: Fuel cost	1,19,285.11
2	PPC: Power purchase cost	2,82,624.05
3	Cd: cost disallowable	0.00
4	±A: Adjustment relating to earlier period	0.00
5	**FC+(PPC-C_D) + (± A)**	**4,01,909.16**

3.12 The amount of fuel and power purchase cost as shown in the Table above, computed as per FPPCA formula specified in Tariff Regulations is inclusive of the amounts of gains derived by CESC on account of its better performances on different parameters of operational and fuel consumption norms. CESC is required to pass on part of the gains derived by it to its consumers and WBSEDCL. The amounts of gains attributable to the consumers and WBSEDCL are being viewed and ascertained hereafter.

3.13 **Gain Sharing for better Oil Consumption Rate:**

3.13.1 The actual specific oil consumption rate for Budge Budge is found better than the normative rate as considered in tariff order. The actual rate of oil consumption vis-à-vis rate of specific oil consumption as per tariff order / norms for the respective year for Budge Budge and Southern are given hereunder:

Table 28: Oil Consumption Norms

Generating Station	As per Tariff Order/ Norms	Actual as per submission	Savings
	(ml /kWh)		
Budge Budge	1.30	0.13	1.17
Southern	2.10	4.31	(-) 2.21

3.13.2 The gain to be shared with the consumers and WBSEDCL for better oil consumption rate of Budge-Budge is worked out in the table below following the provisions of Paragraph A1 of Schedule-9B to the Tariff Regulations:

Table 29: Gain Sharing for Better Oil Consumption Rate

Sl. No.	Particulars	Unit	Budge Budge	Southern
1	Gross generation with normative auxiliary consumption (Annexure 3 B)	MU	5,639.500	163.968
2	Normative Oil consumption rate	ml/kWh	1.30	2.10
3	Oil consumption as per normative	KL	7,331.35	344.33
4	Actual oil consumption	KL	712.54	707.50
5	Actual Oil consumption rate	ml/kWh	0.13	4.31
6	Saving/different	KL	6,618.81	(-) 363.17
7	Category		B	C

Sl. No.	Particulars	Unit	Budge Budge	Southern
8	Percentage of gain sharing attributable to consumers and WBSEDCL	%	26.00%	NA
9	Average price of OIL (as per auditor certificate)	Rs /KL	54,042.60	56,610.18
10	Gains accrued on saving oil	Rs. Lakh	3,576.98	NA
11	Sharing of gains attributable to consumer and WBSEDCL (in terms of categorization and criteria as per para-A1 of Schedule 9B to tariff regulation)	Rs. Lakh	930.01	NA

3.14 Gain Sharing for Better Rate of Auxiliary Consumption:

3.14.1 As shown in Annexure 3 D, the savings arising out of difference between normative quanta of auxiliary consumption on generation meant for supply of power to the consumers and WBSEDCL and actual such consumption were found as given hereunder. The entire benefits of savings in the quanta of auxiliary consumption have been passed on to CESC while computing the amount of allowable fuel cost as shown in Annexure 3 C. Such benefits have been valued in monetary terms at the average rate of cost of generation of the respective generating station. In terms of paragraph A2 of Schedule 9B to the Tariff Regulations, part of the gains so derived by CESC requires to be passed on to the consumers and WBSEDCL. Share to be passed on works out as under:

Table 30: Gain Sharing for Better Rate of Auxiliary Consumption

Generating Station	Savings in Auxiliary Consumption (MU)	Cost of Generation (Paise/kWh)*	Monetary value of saving (Rs in lakh)	Category	Share to Consumers & WBSEDCL	
					Percentage	Amount (Rs.in Lakh)
Budge Budge	77.47	188.79	1,462.52	B	20%	292.50
Southern	NA	NA	NA	NA	NA	NA
Total						292.50

**Note: Cost of Gross Generation for Budge Budge=[(Rs. 1,06,465.63 lakh/ 5,639.500 MU) * 10]= 188.79 Paise/kWh*

3.15 **Share of Savings in Cost of Coal for achieving better Station Heat Rates:**

3.15.1 Normative Station Heat Rates considered in the tariff order for different generating stations of CESC Limited with reference to their respective design station heat rates are as follows:

Table 31: Station Heat Rates as per Norms

Generating Station	Station Heat Rates as per Norm set (Kcal/kWh)	Actual Station Heat Rates achieved (Kcal/kWh)
Budge Budge	2,470.00	2,254.08
Southern	2,900.00	3,933.72

3.15.2 The allowable cost of fuel at different generating stations, as per computations shown in Annexure-3A, was ascertained based on such normative station heat rates. It has been found that CESC Limited has succeeded in achieving better station heat rate in its Budge Budge Generating Station, however, it has not achieved better station heat rate in its Southern Generating Station, as can be seen from the table above. Thus, CESC is eligible for sharing of gains on savings in the fuel cost in Budge Budge. In terms of the Schedule 9B of the Tariff Regulations, part of such gains derived on account of the savings in the cost of fuel needs to be passed on to the consumers and WBSEDCL.

3.15.3 Following the methodology enunciated by the Commission in paragraph A3 of Schedule 9B of the Tariff Regulations, 2011, share of such gains to be passed on to the consumers is 14% for Budge Budge. The total amount to be passed on to the consumers comes to be Rs. 198.08 Lakh as per the computation provided in **Annexure 3 G.** Accordingly, generating station-wise gains to be passed on to consumers admitted by the Commission is provided in the table below.

Table 32: Share of gains for achieving better station heat rate

Generating Station	Amount (In Rs. Lakh)
Budge Budge	198.08
Southern	0.00
Total	**198.08**

3.16 **Benefits for savings in Distribution Loss:**

3.16.1 As analyzed in paragraphs 3.5 and 3.6 CESC Limited saved 735.834 MU by making improvements in the extent of distribution loss. In terms of Paragraph C of the Schedule 9B to the Tariff Regulations, 25% of benefits of such savings are required to be passed on to the consumers. The computations in monetary terms work out as under:

Table 33: Monetary Value of Saved Power

Sl. No.	Particulars	Quantum (MU)	Amount (Rs. in Lakh)
1	Ex-bus generation from own generators (vide Annexure-3B)	5,281.156	1,11,212.10
2	Purchase of Energy (vide Para 3.8.6)	4,999.733	2,82,624.05
3	**Total**	**10,280.89**	**3,93,836.15**
4	Avg. cost per Unit in distribution system (Paise/kWh)		383.08
5	**Cost of quantity saved (vide paragraph 3.6)**	**735.834**	**28,188.33**

3.16.2 In terms of Paragraph C of Schedule-9B to the Tariff Regulations, gain due to better performance of distribution loss shall be shared between the distribution licensee and the consumers at the ratio of 75:25. Thus, in addition to the actual power purchase cost 75% of the gain i.e., Rs. 21,141.25 lakh (75% of Rs. 28,188.33 lakh computed above) is to be retained by the licensee and balance benefit of Rs. 7,047.08 lakh has been passed on to the consumers by way of considering actual power purchase cost. Out of the amount of Rs. 21,141.25 lakh, a total amount of Rs. 8,073.01 lakh (Rs. 1,19,285.11 lakh – Rs. 1,11,212.10 lakh) has already been passed on to CESC while computing the allowable fuel costs in Annexure 3 C, for sales to WBSEDCL and the consumers by way of adopting the normative rate of distribution loss in the denominator of the fraction for such computation. The balance amount of Rs. 13,068.24 lakh (Rs. 21,141.25 lakh – Rs. 8,073.01 lakh) is now being allowed.

3.17 The analysis show that the amount of fuel cost computed on the basis of normative parameters and in terms of the specified FPPCA formula comes to Rs. 1,19,285.11 lakh. The amount is inclusive of gains accrued on to CESC for its better performances in regard to fuel consumption norms. In terms of Schedule 9B to the Tariff Regulations, a part of such gains is to be passed on to the consumers and WBSEDCL. Such shares attributable to them have been worked out in this chapter. The net amount of fuel cost allowable to CESC after carrying out adjustments of the shares of gains attributable to the consumers and WBSEDCL comes as under:

Table 34: Summary of Overall Gain

Sl. No.	Particulars	Amount (Rs. in Lakh)
1	Fuel cost on normative basis	1,19,285.11
2	Less: share of gain attributable to consumer & WBSEDCL	
	i) Cost saving on use of oil	930.01
	ii) On improvement in rate of Auxiliary consumption	292.50
	iii) For achieving of better station heat rate	198.08
	Total (i+ii+iii)	1,420.60
3	**Net amount of allowable fuel cost (1-2)**	1,17,864.51

3.18 **Station-wise break-up of the allowable fuel cost is given below:**

Table 35: Station-wise Break-up of Gain (Rs lakh)

<table>
<tr><th>Sl. No</th><th>Particulars</th><th>Budge Budge</th><th>Southern</th><th>Total</th></tr>
<tr><td>1</td><td>Fuel cost on normative basis</td><td>1,14,194.09</td><td>5,091.02</td><td>1,19,285.11</td></tr>
<tr><td rowspan="5">2</td><td colspan="4">Less: Share of Gains attributable to consumer & WBSEDCL</td></tr>
<tr><td>i) Cost saving on use of oil</td><td>930.01</td><td>0.00</td><td>930.01</td></tr>
<tr><td>ii) On improvement in rate of Auxiliary consumption</td><td>292.50</td><td>0.00</td><td>292.50</td></tr>
<tr><td>iii) For achieving of better station heat rate</td><td>198.08</td><td>0.00</td><td>198.08</td></tr>
<tr><td>Total (i+ii+iii)</td><td>1,420.60</td><td>0.00</td><td>1,420.60</td></tr>
<tr><td>3</td><td>Net amount of allowable fuel cost (1-2)</td><td>1,12,773.49</td><td>5,091.02</td><td>1,17,864.51</td></tr>
</table>

3.19 Actual amount of power purchase cost incurred by CESC for supply to its consumers and WBSEDCL from different sources, as enumerated in paragraph 3.8.6 including arrear is Rs. 2,82,624.05 lakh (Rs. 2,82,624.05 lakh + Rs. 0.00 lakh).

3.20 Additional amounts of Rs. 13,068.24 lakh is found admissible to CESC on account of savings in the rate of distribution loss as shown in paragraph 3.16.2 and Rs. 176.00 Lakh against previous periods fuel cost recovery as shown in earlier paragraph is found admissible.

3.21 Summing up the findings as stated above, the net amount of fuel and power purchase cost allowed to CESC for the year 2021-22 in terms of regulation 2.8.7.1 of the Tariff Regulations comes as hereunder:

Table 36: Summary of Fuel and Power Purchase Cost

Particulars	Rs. in Lakh
Fuel Cost	1,17,864.51
Power Purchase Cost for own consumers & WBSEDCL (including arrear)	2,82,624.05
Additional amount on account of savings in the rate of Distribution loss	13,068.24
Quantum of Fuel Cost pertaining to previous period	176.00
Fuel and Power Purchase Cost	**4,13,732.80**

Annexure 3 A

a) Computation of actual Station Heat Rate (SHR) and Specific Oil Consumption:

Sl. No.	Particulars	Unit	Budge Budge	Southern
1	Gross Generation (Actual)	MU	5,562.030	164.031
2	Oil consumed (Actual)	KL	712.54	707.50
3	Biomass Consumed (Actual)	MT	49.58	0.00
4	Coal consumed (Actual)	MT	3,263,108.00	1,33,398.00
5	HV of Oil	KCal/Ltr.	9,473.00	9,435.00
6	GCV of Biomass	KCal/Kg	3,695.00	0.00
7	GCV of Coal	KCal/Kg	3,840.00	4,787.00
8	Heat from Oil released (2*5/1000)	M. KCal	6,749.89	6,675.44
9	Heat from Biomass released (3*6/1000)	M. KCal	183.20	-
10	Heat from Coal released (4*7/1000)	M. KCal	12,530,334.72	638,576.23
11	Total Heat (8+9+10)	M. KCal	12,537,267.81	645,251.67
12	**Station Heat Rate Achieved (11/1)**	**KCal/kWh**	**2,254.08**	**3,933.72**
113	**Specific oil Consumption Achieved (2/1)**	**ml/kWh**	**0.13**	**4.31**

b) Computation of actual Auxiliary Power Consumption:

Particular	Unit	Budge Budge	Southern
Installed Capacity (a)	MW	750	135
Unit Generated (b)	MU	5,562.030	164.031
PLF (c) = (b x 1000) / (a x 365 x 24)	%	84.66%	13.87%
Unit sent out from CESC Generating Station (d)	MU	5,131.945	149.211
Auxiliary Power Consumption (APC)	MU	430.085	14.820
APC in % [1-(d/b)]	**%**	**7.73%**	**9.03%**

Annexure 3 B

Admissible Fuel Cost

Sl No.	Particulars	Unit	Budge Budge	Southern	Total
1	Ex Bus Generation	MU	5,131.945	149.211	5,281.16
2	Rate of Normative Auxiliary Consumption	%	9.00%	9.00%	
3	Normative Auxiliary Consumption	MU	507.555	14.757	522.31
4	Gross Generation (1+3)	MU	5,639.500	163.968	5,803.47
5	Normative Station Heat Rate	kCal/kWh	2,470.00	2,900.00	
6	Station Heat Rate Required (4x5)	M.KCal	13,929,565.00	475,507.58	14,405,072.58
7	Specific Oil Consumption	ml/kWh	1.30	2.10	
8	Normative Oil Consumption (4x7)	KL	7,331.35	344.33	7,675.68
9	Wt. Average Heat Value of Oil	kCal/Ltr	9,473.00	9,435.00	
10	Heat from Oil [(8x9)/1000]	M.KCal	69,449.88	3,248.78	72,698.66
11	Heat from Coal and Biomass (8-12)	M.KCal	13,860,115.12	472,258.80	14,332,373.92
12	Wt. Average Heat Value of Biomass	kCal/Kg	3,695.00	0.00	
13	Biomass consumed	MT	49.58	0.00	
14	Heat from Biomass (12 x 13/1000)	M.KCal	183.20	0.00	
15	Heat from coal (11-14)	M.KCal	13,859,931.92	472,258.800	14,332,190.72
16	Wt. Average Heat Value of Coal	kCal/Kg	4,220.488	5,188.403	
17	Coal required for consumption [(15/16)*1000]	MT	3,283,964.302	91,022.00	3,374,986.31
18	Coal required with transit loss	MT	3,308,780.153	91,709.828	3,400,489.98
19	Weight average price of oil	Rs./KL	54,042.60	56,610.18	
20	Weight average price of biomass	Rs./MT	11,235.00		
21	Weight average price of coal	Rs./MT	3,097.76	4,962.98	
22	Cost of oil (8 x 19)	Rs. Lakhs	3,962.05	194.93	4,156.98

Sl No.	Particulars	Unit	Budge Budge	Southern	Total
23	Cost of Biomass (13 x 20)	Rs. Lakhs	5.57	NA	5.57
24	Cost of coal (18 x 21)	Rs. Lakhs	1,02,498.01	4,551.54	1,07,049.55
25	**Admissible Cost of fuel (22+23+24)**	**Rs. Lakhs**	**1,06,465.63**	**4,746.47**	**1,11,212.10**

Annexure 3 C

Computations of allowable fuel and power purchase cost

Factor Notation	Nomenclature	Unit	Value
t	Norms of Transmission and Distribution loss considered for sale to licensee	%	14.30
d	Norms of distribution loss for sale to consumers	%	14.30
E_0	Admitted energy for own consumption	MU	32.91
E_SL	Energy sale to Licensee (WBSEDCL)	MU	14.20
E_SC	Energy sale to consumer	MU	9,403.19
Fuel_Cost	Fuel cost for generation on normative parameters (Refer Annexure - 3A)	Rs. in Lakh	1,11,212.10
FC_IUC	Per unit Fuel Cost at distribution input (Refer para A of Annexure – 3D)	Paise/Kwh	108.17
FC_Adm_d	Admissible Fuel cost for sale to licensee (Refer para B of Annexure – 3D)	Rs. in Lakh	179.25
FC_Adm_C	Admissible Fuel Cost for sale to consumer (Para - C of Annexure 3 D)	Rs. in Lakh	1,19,105.85
FC	Allowable fuel cost (Refer para D of Annexure 3 D)	Rs. in Lakh	1,19,285.11

Annexure 3 D

A. Fuel Cost per Unit (kWh) at Distribution Input		Unit	Amount
(i)	Fuel Cost (As per Annexure-3B)	Rs. In Lakh	1,11,212.10
(ii)	Energy sent out from own generation for the consumers and licensee (refer sl. no. 1 in Annexure-3B)	MU	5,281.16
(iii)	Purchase (refer paragraph 3.8.6)	MU	4,999.73
(iv)	FC_{IUC} [(i)/{(ii)+(iii)}x10]	Paise/kWh	108.17

B. Admissible Fuel Cost for Sale to Licensee								Unit	Amount
(i)	E_{SL} / (1 – t X 0.01)	X	FC_{IUC}	=	14.20 MU x 10 / 0.8570	X	108.17 / 100	Rs. in Lakh	179.25

C. Admissible Fuel Cost for sale to Consumers								Unit	Amount
(i)	E_{SC} + E_O / (1 – d X 0.01)	X	FC_{IUC}	=	(9,403.19 +32.91) MUX1 / 0.8570	X	108.17 / 100	Rs. in Lakh	1,19,105.85

D. Allowable Fuel Cost for Sale to Licensee and to Consumers		Unit	Amount
(i)	B + C	Rs. in Lakh	1,19,285.11

E. Excess/Savings (in Auxiliary Consumption)

	Figures in MU					
Generating Station	**Energy sent out from own generation for the consumers and licensee**	**Normative Rate of Auxiliary Consumption**	**Normative Auxiliary Consumption**	**Actual Auxiliary Consumption**	**Actual of auxiliary consumption**	**Savings**
Budge Budge	5,131.945	9.00%	507.555	7.73%	430.085	77.470
Southern	149.211	9.00%	14.757	9.03%	14.820	0.00

Annexure 3 E

Weighted Average Heat Rate of Coal for 2021-22

a) Budge Budge Generating Station:

Type	Source / Grade	GCV as Billed values (kcal/kg)	GCV as Received values (kcal/kg)	Gross Calorific value Bands of the Grade (kcal/kg)	"GCV admissible" (kcal/kg)	GCV as received values (kcal/kg)	Qty Purchased (MT)	Coal Mix (%)	Wt. Avg. GCV of Coal as received (kcal/kg)
		Claimed	**Claimed**			**Admitted**			
1	**2**	**3**	**4**	**5**	**6**	**7 (Max of 4,6)**	**8**	**9**	**10=7x9**
FSA Rail	ECL - G3	6401	5552	>6400 to <= 6700	6101	6101	8802	0.264%	16.11
FSA Rail	ECL - G4	6101	5234	>6100 to <= 6400	5801	5801	310792	9.324%	540.89
FSA Rail	ECL - G5	5801	4893	>5800 to <= 6100	5501	5501	108188	3.245%	178.51
FSA Rail	ECL - G6	5501	4767	>5500 to <= 5800	5201	5201	18844	0.565%	29.39
FSA Rail	ECL - G7	5201	4495	>5200 to <= 5500	4901	4901	196521	5.895%	288.91
FSA Rail	ECL G-8	4901	4186	>4900 to <= 5200	4601	4601	307553	9.226%	424.49
FSA Rail	BCCL - WIV	5201	4502	5201	5201	5201	2639	0.079%	4.11
FSA Rail	BCCL - WV	4901	4201	4901	4901	4901	172850	5.185%	254.12
FSA Rail	BCCL - WVI	4601	3917	4601	4601	4601	130334	3.910%	179.90
FSA Rail	CCL - G8	4901	4012	>4900 to <= 5200	4601	4601	5645	0.169%	7.78
FSA Rail	CCL - G9	4601	3848	>4600 to <= 4900	4301	4301	14770	0.443%	19.05

Type	Source / Grade	GCV as Billed values (kcal/kg)	GCV as Received values (kcal/kg)	Gross Calorific value Bands of the Grade (kcal/kg)	"GCV admissible" (kcal/kg)	GCV as received values (kcal/kg)	Qty Purchased (MT)	Coal Mix (%)	Wt. Avg. GCV of Coal as received (kcal/kg)
		Claimed	**Claimed**			**Admitted**			
1	**2**	**3**	**4**	**5**	**6**	**7 (Max of 4,6)**	**8**	**9**	**10=7x9**
FSA Rail	CCL - G10	4301	3598	>4300 to <= 4600	4001	4001	534	0.016%	0.64
FSA Rail	CCL - G11	4001	3151	>4000 to <= 4300	3701	3701	3390	0.102%	3.78
FSA Rail	CCL - G12	3701	2913	>3700 to <= 4000	3401	3401	1968	0.059%	2.01
FSA Rail	Captive RoM - G12	3701	3525	>3700 to <= 4000	3401	3525	810860	24.323%	857.39
FSA Rail	Captive Washed	3810	3688	3810	3510	3688	489877	14.694%	541.91
FSA Rail	CCL eA - G9	4601	3889	>4600 to <= 4900	4601	4601	25884	0.776%	35.70
FSA Rail	CCL eA - G10	4301	3575	>4300 to <= 4600	4301	4301	4034	0.121%	5.20
FSA Rail	CCL eA - G11	4001	3207	>4000 to <= 4300	4001	4001	111032	3.331%	133.27
FSA Rail	CCL eA-NCW	4901	4074	4901	4901	4901	36332	1.090%	53.42
FSA Rail	MCL eA - G12	3701	2976	>3700 to <= 4000	3701	3701	245902	7.376%	272.99
e-auction RCR	ECL eA- G8	4901	4201	>4900 to <= 5200	4901	4901	326946	9.807%	480.64
Total							**3333698**	**100.000%**	**4,330.19**

b) Southern Generating Station:

Type	Source / Grade	GCV as Billed values (kcal/kg)	GCV as Received values (kcal/kg)	Gross Calorific Value Bands of the Grade (kcal/kg)	"GCV admissible" (kcal/kg)	GCV as received values (kcal/kg)	Qty Purchased (MT)	Coal Mix (%)	Wt. Avg. GCV of Coal as received (kcal/kg)
		Claimed	**Claimed**			**Admitted**			
1	**2**	**3**	**4**	**5**	**6**	**7 (Max of 4,6)**	**8**	**9**	**10=7x9**
FSA Rail	ECL - G3	6401	5550	>6400 to <= 6700	6101	6101	5864	4.030%	245.87
FSA Rail	ECL -G4	6101	5220	>6100 to <= 6400	5801	5801	78621	54.007%	3,132.95
FSA Rail	ECL -G5	5801	4986	>5800 to <= 6100	5501	5501	13087	8.990%	494.54
FSA Rail	ECL -G6	5501	4692	>5500 to <= 5800	5201	5201	3043	2.090%	108.70
FSA Rail	ECL -G7	5201	4359	>5200 to <= 5500	4901	4901	27530	18.911%	926.83
FSA Rail	ECL -G8	4901	4135	>4900 to <= 5200	4601	4601	13695	9.407%	432.82
FSA Rail	BCCL - WV	4901	4199	4901	4901	4901	1808	1.242%	60.87
FSA Rail	BCCL - WVI	4601	3925	4601	4601	4601	1927	1.323%	60.87
Total							**145574**	**100.000%**	**5,463.44**

c) Weighted average "GCV of Coal as received" for 2021-22:

Sl. No.	Description	Unit	Budge Budge	Southern
1	Opening Stock of Coal as on 01.04.2021 as per Form-D	MT	221,416.60	47,388.00
2	Wt. Avg GCV of coal as admitted in APR for 2020-21	kCal/kg	4,495.50	4,832.12
3	Total Coal Purchased during FY: 2021-22 as per Form-D	MT	3,333,698.13	1,45,574
4	Wt. Avg 'GCV of Coal as received' [Annexure 3 E (a)]	kCal/kg	4,330.19	5,463.44
5	**Wt. Avg "GCV of Coal as received" value [{(1*2)+(3*4)}/(1+3)]**	**kCal/kg**	4,340.49	5,308.40
6	**Wt. Avg "GCV of Coal less 120kCal/kg"**	**kCal/kg**	4,220.49	5,188.40
7	Total Coal Consumed in the year 2021-22 as per Form-D	MT	3,263,108.00	1,33,398
8	Closing Stock as on 31.03.2022 (1+3-7)	MT	292,006.73	59,564.32
9	Wt. Avg 'GCV of Coal as received' for the closing stock (5)	kCal/kg	4,340.49	5,308.40

Annexure 3 F

Computations of the share of savings in cost of coal on account of achieving better station heat rate

Sl. No.	Particulars	Unit	Budge Budge	Southern
1	Gross Generation	MU	5,562.030	164.031
2	Oil consumed	KL	712.540	707.500
3	Biomass consumed	MT	49.580	0.000
4	Coal consumed	MT	3,263,108.000	1,33,398.000
5	HV of Oil	KCal/Ltr.	9,473.00	9,435.00
6	HV of Biomass	KCal/Kg	3,695.00	0.00
7	HV of Coal	KCal/Kg	3,840.00	4,787.00
8	Heat from Oil released	M. Kcal	6,749.89	6,675.26
9	Heat from Biomass released	M. Kcal	183.20	0.00
10	Heat from Coal released	M. Kcal	12,530,334.72	6,38,576.23
11	Total Heat	M. Kcal	12,537,267.81	6,45,251.49
12	Actual Station Heat Rate	KCal/kWh	2,254.08	3,933.72
13	Design Station Heat Rate (D)	Kcal/Kwh	2,247.37	2,707.00
14	Normative Gross Station Heat Rate considered for the year (SHR_n)	Kcal/Kwh	2,470.00	2,900.00
15	Ratio of SHR_n to D	-	1.099	1.071
16	Categorization of Generating Stations as per Regulations	-	B	B
17	SHR/SHR_n	-	0.913	1.36
18	Gross Generation (vide Annexure – 3A)	MU	5,639.500	163.968
19	Cost of Coal considering normative SHR	Rs in Lakh	1,02,503.58	4,551.54
20	Total Coal Consumed	MT	3,263,157.58	1,33,398.00
21	Proportionate actual use of coal for sale to consumers and WBSEDCL	MT	3,263,157.58	1,33,398.00
22	Actual Cost of coal for supply to consumers and WBSEDCL	Rs. in Lakhs	1,01,088.71	6,620.51
23	Savings in Cost of Coal for achieving better Station Heat Rate	Rs. in Lakhs	1,414.87	(2,068.975)
24	Share of savings in costs attributable to consumers and WBSEDCL	%	14.00%	0.00%
25	Share of savings in costs attributable to consumers and WBSEDCL	Rs. in Lakhs	198.08	0.00

Annexure 3 G

Quantity, price and cost of fuel purchased by CESC during 2021-22

a) Coal purchased by CESC through FSA for Budge Budge Generating Station during 2021-22

	Coal purchased	Cost of Coal	Handling Charge	Transportation Charge	Overall Rate (2+3+4)	Total Cost
	MT	Rs/MT	Rs/MT	Rs/MT	Rs/MT	Rs. Lakhs
Grade	1	2	3	4	5=2+3+4	6= 5 X 1
Eastern Coalfield limited						
G3	8,802	4,748	78	785	5,611	494
G4	3,10,792	4,563	78	757	5,398	16,775
G5	1,08,188	4,397	124	651	5,172	5,595
G6	18,844	3,656	78	756	4,490	846
G7	1,96,521	3,164	78	752	3,993	7,847
G8	3,07,553	2,746	78	741	3,564	10,963
Sub-Total	**9,50,699**	**3,651**	**83**	**739**	**4,473**	**42,520**
Central Coalfield Limited						
G8	5,645	2,590	78	1,169	3,837	217
G9	14,770	2,202	78	1,171	3,450	510
G10	534	2,057	78	1,160	3,295	18
G11	3,390	1,921	78	1,149	3,148	107
G12	1,968	1,817	78	1,153	3,048	60
Sub-Total	**26,307**	**2,217**	**78**	**1,166**	**3,461**	**910**
Bharat Coking Coal Limited						
WIV	2,639	3,836	78	955	4,868	128
WV	172,850	3,726	78	886	4,691	8,108
WVI	130,334	3,505	78	898	4,481	5,841
Sub-Total	**305,824**	**3,633**	**78**	**892**	**4,603**	**14,077**
Total	**1,282,830**	**3,617.16**	**81.59**	**784.13**	**4,482.88**	**57,508**

b) Coal purchased by CESC through e-auction for Budge Budge Generating Station during 2021-22

	Coal purchased	Cost of Coal	Handling Charge	Transportation Charge	Overall Rate	Total Cost
	MT	Rs/MT	Rs/MT	Rs/MT	Rs/MT	Rs. Lakhs
Grade	1	2	3	4	5=2+3+4	6= 5 X 1
Eastern Coalfield Limited RCR						
G8	**3,26,946**	**2740**	**289**	**920**	**3948**	**12908**
Central Coalfield Limited						
G9	25,884	2,587	79	1,252	3919	1014
G10	4,034	2,133	79	1,148	3361	136
G11	111,032	2,022	79	1,302	3403	3778
NCW	36,332	2,973	79	1,173	4225	1535
Total	**1,77,282**	**2302**	**79**	**1265**	**3646**	**6,463**
Mahanadi Coalfields Limited						
G12	**2,45,902**	**2,261**	**67**	**1,372**	**3699**	**9095**
Total	**7,50,131**	**2,479.08**	**166.45**	**1,149.45**	**3,794.97**	**28,467**

c) Coal purchased by CESC from Captive Mines for Budge Budge Generating Station during 2021-22

	Coal purchased	Cost of Coal	Handling Charge	Transportation Charge	Overall Rate	Total Cost
	MT	Rs/MT	Rs/MT	Rs/MT	Rs/MT	Rs. Lakhs
Fuel Particulars	1	2	3	4	5=2+3+4	6= 5 X 1
Captive ROM - G12	810860	386.58	41.00	751.00	1,178.58	9,556.63
Captive Washed	2379	840.84	41.00	751.00	1,632.84	38.85
Total	**813240**	**387.91**	**41.00**	**751.00**	**1,179.91**	**9,595.48**

d) Biomass purchased by CESC for Budge Budge Generating Station during 2021-22

	Biomass purchased	Cost of Biomass	Handling Charge	Transportation Charge	Overall Rate	Total Cost
	MT	Rs/MT	Rs/MT	Rs/MT	Rs/MT	Rs. Lakhs
Fuel Particulars	1	2	3	4	5=2+3+4	6= 5 X 1
Biomass	49.58	11,235.00	0.00	0.00	11,235.00	5.57

e) Coal purchased by CESC through FSA for Southern Generating Station during 2021-22

Grade	Coal purchased	Cost of Coal	Handling Charge	Transportation Charge	Overall Rate	Total Cost
	MT	Rs/MT	Rs/MT	Rs/MT	Rs/MT	Rs. Lakhs
	1	2	3	4	5=2+3+4	6= 5 X 1
Eastern Coalfield limited						
G3	5,864	4,747	296	673	5,716	335
G4	78,621	4,563	296	758	5,617	4,416
G5	13,087	4,233	296	733	5,262	689
G6	3,043	3,660	296	753	4,708	143
G7	27,530	3,169	296	748	4,213	1,160
G8	13,695	2,747	296	743	3,786	518
Sub-total	**1,41,840**	**4,075**	**296**	**749**	**5,119**	**7,261**
Bharat Coking Coal Limited						
WV	1,808	3,712	296	905	4,914	89
WVI	1,927	3,475	296	905	4,676	90
Sub-total	**3,734**	**3590**	**296**	**905**	**4791**	**179**
Total	**1,45,574**	**4,062.33**	**295.72**	**752.90**	**5,110.95**	**7,440**

Chapter 4

Addition to Fixed Asset

4.1 Asset Addition during FY 2021-22

4.1.1 CESC has claimed addition to net assets of Rs. 47,178 lakh for the year 2021-22 in Form 1.18 (gross asset addition of Rs. 51,646 lakh less retirement of Rs. 4,468 lakh). Further, a break-up of the capitalisation was provided in the above-mentioned form as provided in the table below:

Table 37: Asset Addition after netting retirement as claimed by CESC

Ref.	Particulars	Addition	Retirement	Net Addition
1	Generation Assets			
	Budge Budge Generating Station	1936	(-) 121	1815
	Southern Generating Station	107	-	107
	Titagarh Generating Station	-	(-) 11	(-) 11
	Total	2042	(-) 132	1911
(2)	Transmission Assets	-	-	-
(3)	Distribution Assets	46270	(-) 3122	43148
(4)	Metering Assets	2230	(-) 1104	1126
(5)	Other Assets	1104	(-) 111	993
	Total Original Cost of Assets (1+2+3+4+5)	**51646**	**(-) 4468**	**47178**

4.1.2 The Commission vide letter dated 8th April 2024 has sought the activity wise additions/deletions of fixed assets in the above-mentioned form from CESC since data provided in the form are not matching with that certified by the Auditor in Note 4, 5 & 6 of Audited Financial Statement for 2021-22 for CESC. Accordingly, CESC was directed to provide item-wise break-up of asset addition during 2021-22 under the following categories with proper justification:-

a. Replacement

b. Refurbishment

c. Repairs

d. New works and services

4.1.3 The Commission vide the above-mentioned letter has also sought categorisation of asset from CESC if it is used as spare. The date of put-to-use has also been sought for each work for asset capitalisation. Additionally, for replacement assets CESC was directed to provide original cost of replacement asset vis-à-vis year of disposal/written of in Audited Financial Statements.

4.1.4 In response, CESC vide letter dated 20th May 2024 submitted categorised break-up of the asset addition as provided in following table:

Table 38: Categorised break-up of asset addition submitted by CESC (In Rs Lakhs)

Sl. No.	Asset Category	New works & Services	Refurbishment	Repairs	Replacement	Total
1	Generation Assets	208	533	168	1133	2042
2	Distribution Assets	42349	501	459	2961	46270
3	Metering Assets	1826	-	-	404	2230
4	Other Assets	1020	29	2	52	1104
5	**Total**	**45403**	**1064**	**629**	**4551**	**51646**

4.1.5 Additionally, CESC vide the above-mentioned letter submitted the cost centre wise retirement details as provided in the table below:-

Table 39: Cost centre wise retirement as submitted by CESC (In Rs Lakhs)

Sl.No.	Asset Category	Amount (In Rs Lakhs)
1	Generation Assets	132
2	Distribution Assets	3122
3	Metering Assets	1104
4	Other Assets	111
5	**Total**	**4468**

4.1.6 Further, CESC submitted that addition and retirement in APR Petition has been claimed based on historical cost of assets, excluding primarily the effect of Ind As 116 and other minor activities for which CESC has not claimed return and depreciation. A reconciliation was provided asset addition claimed in APR

Petition vis-à-vis the Audited Financial Statements as provided in the Table below:

Table 40: Reconciliation of asset addition claimed Vs Audited Financial Statements as submitted by CESC

Additions to Fixed Assets	**Amount (In Rs Lakhs)**
Additions as per Note 4 of Audited Financial Statements	52,113
Additions as per Note 5 of Audited Financial Statements	-
Additions as per Note 6 of Audited Financial Statements	8
Sub-Total	52,121
Less: Additions related to assets not included in APR Petition	16
Less: Notional Ind AS adjustments arising out of leasehold properties and being notional in nature not covered in APR (Note 50)	459
Additions as per Form 1.18 APR Petition	**51,646**

4.1.7 CESC further submitted that the Audited Financial Statements contain the effect of withdrawal due to fair valuation of assets. , CESC also submits to have never claimed return and depreciation on such fair valuation and the normal retirement of assets has been claimed at original/historical cost of assets. Besides., the submission contains That scrapping/deletion of assets are disclosed in the Audited Financial Statements.

4.1.8 The Commission observes that certain assets reported in Audited Financial Statements are not claimed in the APR Petition. There is inconsistency between total Cost of Property, Plant and Equipment as on 31st March 2022 (Rs. 1,872,600 Lakhs) as per audited financial statement (Note 4) and total Original Cost of Asset claimed in Form 1.18 of APR Petition (Rs. 1,588,433 Lakhs.) Therefore, the Commission vide letter dated 14th July 2025 directed CESC to elaborate the nature of assets not claimed in the APR Petition.

4.1.9 In response, CESC vide letter dated 12th August 2025 submitted a reconciliation of original cost of assets in APR petition with that of the Audited Financial Statements with details of exclusion of the effect of Ind AS 116, on fair valuation and other minor activities for which return and depreciation has not been claimed.

CESC has also provided the details of assets (with value) not claimed in APR Petition mentioning the capitalisation heads such as Baroda Store, Municipal Tax paid by CESC in respect of Quest, Balagarh and Mulajore Land, New Cossipore Generating Station, Property Plant and Equipment in respect of Sarisatolli Coal Mine, Mining Rights, Lease Obligations under Ind AS 116 and other miscellaneous assets.

4.1.10 The Commission, while scrutinising the list of assets provided by CESC for capitalisation in the Volume 4 of the APR Petition (in short to be referred as "Asset List-V4), observes that humongous items, approximately more than 1100 no. of assets, are claimed for capitalisation. Further, the Asset List-V4 is neither tagged/linked to the category/nature of capital works (as categorised/described in Form 1.19 of APR Petition) nor any information about the requirements of the works capitalised. Therefore, the Commission vide letter dated 31st December 2025, specified a tabulated template/format, enclosed here as Annexure 4 C, for providing the capitalisation claim for 2021-22 in a categorised manner (including scheme-wise) along with capitalised amounts till previous year, carry forward (CWIP) amounts, details of work done, justification for carrying out the works, documentary evidence of put-to-use, etc. so as to demonstrate the prudence of the capital expenditure and capitalisation claimed in the APR petition.

4.1.11 In response to the above, CESC vide letter 20th January 2026 provided a break up of capitalised assets/projects/schemes in major categories, i.e., Generation plant wise Capital Addition/Long term improvement, Obsolescence and Technology Absorption, Environmental Requirement, etc., Distribution (General) which included meters, House Service Connections, MCB, AB Cables, DTs, HV & EHV works, etc. Works under Princep Street Sub-Station, Majerhat Sub-Station, Kasba Receiving Station, etc are included as Distribution Special Projects. However, CESC has provided limited description and justification against each category/scheme of capitalisation of asset claimed. The date of put-to-use is provided for majority of Generating assets capitalised, but such information (date of put-to-use) is made available for Rs. 14,572.57 Lakh for distribution assets capitalised, as identified/tallied by the Commission. Further, CESC vide letter dated 30th January 2026 has made a revised submission with the above-mentioned break-up of the capitalisation claimed (in short to be referred as "Asset List-Letter dated 30.01.26).

4.1.12 With these constraints, the Commission attempted to examine objectively the CESC's claim for the assets capitalised for Distribution business by linking/tagging as specified above. A categorised comparison statement between the claimed Asset List-Letter dated 30.01.26 for Distribution business and Asset List-V4 of APR Petition showing divergence of claimed amount against each category of two statements/submissions. Thereafter, CESC was directed by the Commission vide letter dated 2nd February, 2026 to submit additional submission/ clarifications, if any, in this asset capitalisation issue. Clarification is also sought i.r.o special projects and energy generation/utilisation from Solar Roof Top at EM (S) SS.

4.1.13 In response, CESC vide letter dated 11th February 2026 has submitted their explanations by grouping (i) the claim amount Asset List-Letter dated 30.01.26 for Distribution business against (ii) the claim value of such capitalised asset from Asset List-V4 of APR Petition. CESC also submitted the put-to-use dates for certain capital assets amounting to Rs. 18,844.67 Lakh for which date of put-to-use was neither provided in Asset List-V4 of APR Petition nor provided in the submission made by CESC vide letter dated 20th January 2026. Further, CESC has also submitted that some assets of Distribution business are installed and put to use within the year 2021-22 as per requirement of the consumers (Service connection related work or system requirement related work).

CESC also submitted a detailed write up on Special Projects (Distribution) along with details of work done, plant & equipment commissioned, justification for the work done, CWIP at the end of 2021-22 and the corresponding put-to-use details/documents.

4.1.14 The Commission examines the nature of the capital expenditure applying general technical criteria of identifying capex based on use and benefits accruing pattern as generally acknowledged in the sector and observed that such expenditure can be broadly classified in to the following heads:

i) New Capital works,
ii) Replacement works,
iii) Capex for items falling under Regulation 5.2.3 of Tariff Regulation,
iv) O&M nature of expenses, if any, considered by CESC as capex and
v) Capex for Asset which has not been put to use during the year and carried forward to subsequent period for servicing through tariff on completion

4.1.15 Accordingly, the Commission decides to admit the asset addition regarding new capital works with dates of put to use during the year. For asset additions mentioning of replacement nature, the Commission decides to admit such asset additions only after due adjustment of the value of replaced asset. Further, in terms of regulation 5.2.3 any expenditure on minor items after cut-off date is generally not admissible as additional capitalisation and the same shall be dealt under O&M head. The Commission, decides to ensure that no O&M expenditure shall be claimed under additional capitalisation. Such expenditures, if any, shall be dealt under O&M head.

4.1.16 With regard to capitalisation of assets for Generation business, after scrutiny of information provided by CESC in Annexure 1 of Asset List-V4 of APR Petition against each asset for capitalisation, the Commission has made classification of the assets in the categories specified in the above paragraph 4.1.14 and the principles are taken as stated above in paragraph 4.1.15. The decision of classification of the Commission is provided in the table below:

Table 41: Classification of the Commission for Capitalisation of Assets for Generation Business (In Rs. Lakh)

Particulars	Derivative	Assets not having date of put to use	Assets having date of put to use	Total
New Asset admitted	A	-	205.55	205.55
Replacement nature of asset admitted	B	-	861.22	861.22
Admitted capitalisation of assets	C= A+B		**1066.77**	**1066.77**
Assets under Reg 5.2.3	D	4.79	38.67	43.46
Expenditure of O&M nature	E	66.02	839.40	905.42
Expenditure of O&M nature	**F=D+E**	**70.81**	**878.07**	**948.88**
Total	**G=C+F**	**70.81**	**1,944.84**	**2,015.65**

4.1.17 Regarding the replacement nature of assets, the Commission has admitted only the written down value of the asset addition amounting to Rs. 861.22 Lakh against CESC's claim of Rs. 870.15 Lakh which is the original cost of asset addition. The asset capitalised admitted by the Commission, as above, is further classified in each category as mentioned in Annexure 4 A. Apart from the above admitted capitalisation, the Commission identified a new asset capitalised, i.e., "Remote Monitoring Diagnostic Software for Health of Turbo Generator" amounting to Rs. 7.83 Lakh for which no details/documentations of put to use was provided. Further, the Commission identifies a replacement nature asset capitalised, i.e., "Generator Protection Panel Relays of UNIT-1 & 2" amounting to Rs. 9.59 Lakh for which no details/documentations of put to use was provided. Accordingly, the Commission does not admit the capitalisation of the above two assets (Rs. 17.42 Lakh = Rs. 7.83 Lakh + Rs. 9.59 Lakh).

4.1.18 With regard to capitalisation of assets for Distribution business, after detailed scrutiny of each asset capitalised provided by CESC in Annexure 1 Vol 4 in Pg 351 to 379 of Asset List-V4 of APR Petition, the Commission identifies the assets in the categories specified in the above paragraph 4.1.14 and the principles stated above in paragraph 4.1.15. The Commission's decision in the related context is provided in the table below:

Table 42: Capitalisation of Assets for Distribution Business (In Rs. Lakh)

Sl. No.	Major Categories	Capitalisation claimed by CESC	New Asset Admitted	Replacement Nature Asset - Addition Claimed	Replacement Nature Asset Admitted	Assets - Not Admitted	Assets under Reg. 5.2.3 – O&M, Not as capitalisation	Expenditure of O&M nature	Total Assets - Admitted	Total Assets - Not Admitted
			A	B	C	D	E	F	G=A+C	H=B-C+D+E+F
1	Capex for providing new S/C etc.	19355	19,355.00	-	-	-	-	-	19,355.00	-
2	Metering	2432	2,432.00	-	-	-	-	-	2,432.00	-
3	Distribution system improvement – L&MV	7267	3,106.71	3,022.49	2,890.81	-	13.31	1,124.50	5,997.52	1,269.48
4	Distribution system improvement HV	12441	12,279.05	5.72	5.70	100.00	4.19	52.04	12,284.75	156.25
5	Strengthening of umbrella EHV network - Spl project	6105	5,944.00	-	-	4.00	-	157.00	5,944.00	161.00
6	Computers . (IT Hardware and Software)	332	39.89	-	-	-	227.64	64.47	39.89	292.11
7	Miscellaneous	809	436.06	135.18	129.56	-	133.40	104.36	565.62	243.38
8	Others	865	39.69	-	-	-	584.00	241.31	39.69	825.31
9	**Total**	**49606**	**43,632.39**	**3,163.39**	**3,026.07**	**104.00**	**962.53**	**1,743.69**	**46,658.46**	**2,947.54**

4.1.19 The Commission observes that CESC has claimed capitalisation of "Land Development Work at Patulia for Fly Ash Brick Project" amounting to Rs. 100 Lakh. The Commission had sought revenue details from sale of fly ash, the details of which has not been provided by CESC, as also elaborated in paragraph 5.3.2 of this Order. Hence, the Commission does not admit the expenditure and capitalisation claimed against this asset after prudence check.

4.1.20 The assets of Rs. 962.53 Lakh is identified in Table above by the Commission under Regulation 5.2.3 of the Tariff Regulations. Besides, expenditure of Rs. 1,743.69 Lakh is identified as O&M nature. Both has been dealt in R&M expenses section for Distribution in this Order.

4.1.21 From the above table, it can be seen that the Commission admits capitalisation of assets for Distribution business:

Table 43: Capitalisation of assets for Distribution Business as admitted by the Commission

New Asset admitted	Replacement nature asset admitted	Total admitted capitalisation of assets
Rs. 43,632.39 Lakh	Rs. 3,026.07 Lakh	Rs. 46,658.46 Lakh

4.1.22 The Commission admits only the written down value of the asset addition amounting to Rs. 3,026.07 Lakh against CESC's claim of Rs. 3,163.39 Lakh which is the original cost of asset addition. The asset capitalised as admitted by the Commission is further classified in each sub-categories in Annexure 4 A.

4.1.23 The Commission has also undertaken detailed analysis of the capitalisation claimed by CESC under Special Projects (Distribution) in the later paragraph below in this Order and the capitalisation admitted in the above table against each project is elaborated therein.

4.1.24 The Commission has observed that CESC has specified a CWIP amount of Rs. (-) 4.00 Lakh at the end of 2021-22 against the capitalisation claimed for

Princep Street Sub-station. Accordingly, the Commission admits the capitalisation of Rs. 1673.00 Lakh after adjustment of the negative CWIP specified above (Rs. 1677.00 Lakh claimed capitalisation – Rs. 4.00 Lakh of negative CWIP). The same is also elaborated in the paragraph below in this Order.

4.1.25 A detailed analysis of the Commission for the capitalisation claimed by CESC under Special Projects (Distribution) is elaborated hereunder:

(i) **Majherhat 33kV GIS sub-station:**

CESC has claimed asset addition of Rs. 36.00 lakh in 2021-22 as remnant work for 11 panel 33 kV GIS commissioned in 2019-20. As per submission, restoration and face lifting work near GIS building and transformer are also done. The project is completed in 2021-22.

The Commission scrutinised the above submissions and the put-to-use documents submitted and accordingly, admits a capitalisation of Rs. 36.00 Lakh as claimed by CESC.

(ii) **Princep Street Sub-station:**

CESC has claimed asset addition of Rs. 1673 lakh for 2021-22 (Rs. 1677 Lakh as capitalisation for 2021-22 less Rs. (-) 4 Lakh CWIP at the end of 2021-22) against the following work completed in 2021-22:

a. Commissioning of a 220/132/33 kV 160 MVA Power Transformer (T-2) with associated works.
b. Nitrogen Injection Drain & Stir (NIDS) system and a High-Velocity Water Spray (HVWS) system installed for fire safety for the transformer.
c. 132kV Network reorganization: 132kV circuit commissioned from 132kV GIS of Prinsep Street Substation to Majerhat sub-station
d. 220kV Network Augmentation: Commissioning of New Cossipore sub-station circuit and 220kV EM South sub-station circuit are completed from 220kV GIS of Prinsep Street Substation.

CESC stated that the project has been completed, However, some remnant work has been carried out in 2022-23.

The Commission scrutinised the above submissions and the put-to-use documents submitted and accordingly, admits a capitalisation of Rs. 1673 Lakh as claimed by CESC.

(iii) Kasba receiving station:

CESC has claimed asset addition of Rs. 122.00 lakh in 2021-22 against the following work:

a. Construction of 180 M long & 5 M width RCC road at Kasba RS
b. Construction of IRC net fencing around and over 33 kV Capacitator Bank at Kasba RS
c. Procurement and installation of a 13-panel GIS system dismantling of the outdoor yard. DSR dated 14.01.2021 is attached with their submission.

CESC stated that the project is completed in 2021-22.

The Commission scrutinised the above submissions and the put-to-use documents submitted and accordingly, admits a capitalisation of Rs. 122.00 Lakh as claimed by CESC.

(iv) 220/132/33kV GIS EM (South) sub-station:

CESC has claimed Asset addition of Rs. 576.00 lakh in 2021-22 against some remnant works for GIS boards and commissioning of 220kV EM South to WBSETCL Kasba circuit-II from 220kV GIS of EM South Substation. CESC also specified that the project is complete in 2022-23. The Commission scrutinised the above submissions and the put-to-use documents submitted and accordingly, admits a capitalisation of Rs. 576.00 Lakh as claimed by CESC.

(v) 220KV bay extension project at WBSETCL Kasba sub-station (deposit work):

CESC has claimed Asset addition of Rs. 684.00 lakh in 2021-22 against the following works:

a. At Kasba sub-station of WBSETCL, a 220kV extension bay is installed and commissioned on 21.05.2021 for CESC EM SOUTH F-2, with major equipment along with cable laying.

b. 220kV 1600 sqmm cabling and its termination from 220kV EM South to WBSETCL Kasba for CKT. II job is apart from the deposit work. A part of the 220kV cabling job, i.e., 220kV cable termination for transfer bay at 220kV ODY of 220kV WBSETCL Kasba S/S is done with put to use date of 22.03.2022.

The Commission scrutinised the above submissions and the put-to-use documents submitted and accordingly, admits a capitalisation of Rs. 684.00 Lakh as claimed by CESC.

(vi) <u>EM S/S(South)-200 MVA T2:</u>

CESC has claimed Asset addition of Rs. 2792.00 lakh in 2021-22 against the following details of plant and equipment commissioned and put-to-use:

a. Commissioning of 200 MVA 220/132/33 kV Autotransformer T2 along with 100kVA Earthing Transformer and 33kV Outdoor Yard – put-to-use date of 22.01.2022.

b. Construction of 200 MVA T2 foundation– put to use date of 18.09.2021.

The Commission scrutinised the above submissions and the put-to-use documents submitted and accordingly, admits a capitalisation of Rs. 684.00 Lakh as claimed by CESC.

(vii) <u>132kv underground cabling from WBSETCL (Liluah) to CESC (Belur Receiving Station):</u>

CESC has claimed Asset addition of Rs. 61.00 lakh in 2021-22 against the works of lightning protection using lightning mast at augmented BRS 132kV yard. A CWIP of Rs. 8 Lakh at end of 2021-22 is specified in the submissions, however, details of the works to be undertaken against the same was not elaborated.

The details of plant and equipment commissioned and put-to-use in 2021-22 as follows:

a. Commissioning of 132kV outdoor equipment for bay extension of circuit 3 – put to use date of 07.01.2022.

The Commission scrutinised the above submissions and the put-to-use documents submitted and accordingly, admits a capitalisation of Rs. 61.00 Lakh as claimed by CESC.

(viii) Addition / refurbishment of miscellaneous outdoor / indoor equipment at existing receiving stations and sub-stations and miscellaneous cabling

CESC has claimed asset addition of Rs. 157.00 Lakh against yearly compliance jobs involving various rectification works across the EHV network of CESC and / or remnant works associated with special distribution projects. CESC stated that these activities are undertaken to ensure continued compliance with statutory requirements, maintain system health, and enhance the reliability and safety of the EHV transmission network commissioned earlier. Further, it was stated that In the APR Order for FY 2020–21 dated 23rd December 2025, the Commission has considered an amount of ₹297 lakhs towards "Addition/Refurbishment of Miscellaneous outdoor/indoor equipment at existing receiving stations and substations and miscellaneous cabling" under O&M expenses, and therefore not appearing in the Annexure-4B of the above-mentioned APR Order.

The Commission scrutinised the above submissions and observes that CESC has neither provided the plant and equipment capitalised against the claim nor provided any put-to-use details of the above assets. Accordingly, the Commission has not admitted capitalisation of these assets and the same is considered as O&M expenditure.

(ix) Botanical Garden sub-station to WBSETCL Howrah sub-station

CESC has claimed capitalisation of Rs. 405.00 Lakh against the scheme for augmentation of power evacuation capability from the state grid to CESC network commissioned in 2019-20. It was stated that the old gas filled circuit (commissioned more than 60 years back) was beyond repair due to non-availability of gas filled jointing kits. Therefore, new cable of about 1.0 kilometre length was laid. There was no scrapping of old cable, as the cost of removal of the old and obsolete cable was more than recovery of any commensurate benefit. CESC also submitted a put-to-use date of 14.09.2019.

The Commission scrutinised the above submissions and observes that this capitalisation claim was not admitted in the APR Order of 2019-20 since these were replacement works/supplies which was not identifiable with the replaced asset specifically. The Commission in the above-mention APR Order further held as below:

> *"Since such Capex on completion has a long-term tariff impact considering RoE, Depreciation and Interest on Loan Capital, O&M and interest on working capital (IWC), it is essential that such replacement items are specifically related to the assets in lieu of which assets are procured and claimed to be serviced in tariff. It is accordingly essential to track the retirement status with details of historical, accumulated depreciation, year of purchase and putting in use, write of details in books of accounts, reasons for retirement prior to admitting the replacement asset for servicing in tariff. No such details are available in the submission made by CESC Ltd. Commission accordingly do not consider such assets in the current APR. However, Commission will consider such assets during APRs of the 7th control period if CESC Limited submits the requisite details within 21 days of issuance of this Order."*

The Commission observes that CESC has not mitigated deficiency as stated in the paragraph of the APR Order 2019-20, reproduced above. Accordingly, the Commission does not admit the capitalisation of Rs. 157.00 Lakh as claimed by CESC.

4.1.26 As regards the put-to-use details/documentations against the capitalisation claimed for distribution business, CESC has provided put-to-use details/documents amounting to Rs. 33,417.24 Lakh (Rs. 14,572.57 Lakh as specified in paragraph 4.1.11 above in this Order + Rs. 18,844.67 Lakh as specified in paragraph 4.1.13 above in this Order), which is around 67% of the capitalisation claimed for distribution business. Further, put-to-use details/documentations against the capitalisation claimed against each of the Special Projects (Distribution) amounting to Rs. 5944.00 Lakh has been provided separately by CESC.

4.1.27 Based on the above submissions on put-to-use details/documentations, the Commission observes that CESC has provided the put-to-use details for significant value (around 67%) of capitalisation claimed for 2021-22 for the distribution business. CESC stated that it has shown certain assets capitalised for distribution business mentioning year 2021-22, in place of put to use date for "House Service Connections" (comprising Mains, house service connections, MCB, modified pillar box, etc.) where such works are done on a regular basis across the year as per consumer requirements and activities involves voluminous and repetitive nature. As such, capitalisation amounts against "House Service Connections" is around 39% of the of the capitalisation claimed for distribution business and asset. Therefore, the Commission after careful consideration of the facts and circumstances admitted such assets capitalised in distribution business as per declaration of CESC.

4.1.28 Based on the above detailed analysis by the Commission, Fixed Assets addition of Rs. 47,725.24 lakh (Rs. 43.837.94 Lakh + Rs. 3887.29 Lakh) is admitted for the year 2021-22, which are furnished below:

Table 44: Details of Fixed Asset Admitted for the year 2021-22 (Rs. Lakh)

Sl. No.	Categories	Budge Budge	Southern	Generation	Distribution	Total
1	**Claimed by CESC**	**1,936.00**	**106.00**	**2,042.00**	**49,606.00**	**51,648.00**
2	**New Asset admitted**	**132.00**	**73.55**	**205.55**	**43,632.39**	**43,837.94**
3	**Replacement Nature of Asset (Written Down Value) - Admitted**	**861.22**	**-**	**861.22**	**3,026.07**	**3,887.29**
4	Asset value of replacement Nature Assets - Not admitted (difference in Original Cost of Asset and Written Down Value)	8.92	-	8.92	137.32	146.24
5	New Asset & Replacement Nature asset - Not admitted (put-to-use not provided)	17.42	-	17.42	-	17.42
6	Assets not admitted after prudence check	-	-	-	104.00	104.00
7	Assets under Reg. 5.2.3 - Not Admitted	NA	NA	43.47	962.53	1,006.00
8	Expenditure of O&M nature - Not Admitted	NA	NA	905.42	1,743.69	2,649.10

4.1.29 Further, the Commission in paragraph 4.1.10, 4.1.11 and 4.1.12 has made observations regarding the difficulties faced in scrutinising the capitalisation claimed by CESC for 2021-22 in the APR petition. Accordingly, the Commission directs that for all the subsequent APR petitions, i.e., 2022-23 onwards, CESC shall submit the above-mentioned details in the template/format specified in Annexure 4 C for providing the capitalisation claims apart from the data/information requirements specified in earlier Orders of the Commission.

4.1.30 Further, it is observed that certain large size as well as mid-sized projects (including Distribution - Special Projects) have been undertaken by CESC from time-to-time, the capital expenditure and capitalisation of which spans through multiple years. Therefore, the Commission directs that for all large and mid-sized capital works undertaken, CESC in the subsequent APR petitions, i.e., 2022-23 onwards, shall submit the estimate of original project cost estimate and planned phasing of the project before start of the project, yearly physical and financial progress comparison between original plans vis-à-vis actual achieved along with detailed reasoning/justification for time-overrun and cost-over run and carry forward/CWIP to future years.

Annexure 4 A

Asset addition admitted for FY 2021-22 (Rs. Lakh):

Sl. No.	Particulars	Capitalization claimed in 2021-22 (Total) (as provided in Annexure 1 in 351 to 379)	Categorization/ Classification of Capitalization claimed in 2021-22				Assets Admitted by the Commission	
	Capital Expenditure scheme - as provided in 1.19 (b) of Volume 2		New Asset	Replacement nature Asset	IT Related Capex	O&M related	Assets of Replacement Nature (WTD value admitted)	Total Capitalisation Admitted
A	**Budge Budge Generating Station**							
1	**Capital Addition / Long Term improvement**							
a	Procurement of various items, protective painting and others	529	529				79.46	79.46
b	Primary super heater, forced flow section, reheater horizontal, platen superheater, final superheater and reheater banks of Unit- 2	227	227				225.46	225.46
c	H2 seal ring assemblies for Unit 1 and Unit 2 generator	244	244				241.72	241.72
d	Switchyard lighting/guard wire, fencing, station 24 V battery bank	176		176			150.18	150.18
e	Unit-3 back pass elements and In situ works	116	116					-
2	**Obsolescence and Technology absorption**							
a	Shifting from Windows XP / 7 to Windows 10 for OT machines with proprietary software	100	100					100.24
b	DCS upgradation of I/O modules	-	-					-
c	Bottom ash PLC upgradation	29	29					-

Sl. No.	Particulars	Capitalization claimed in 2021-22 (Total) (as provided in Annexure 1 in 351 to 379)	Categorization/ Classification of Capitalization claimed in 2021-22				Assets Admitted by the Commission	
	Capital Expenditure scheme - as provided in 1.19 (b) of Volume 2		**New Asset**	**Replacement nature Asset**	**IT Related Capex**	**O&M related**	Assets of Replacement Nature (WTD value admitted)	Total Capitalisation Admitted
d	Upgradation of IN-motion weighbridge	28	28					-
e	Generator Protection Panel Relays of Unit-1 and Unit-2	10		10			-	-
3	**Environmental Requirement**							
a	Conversion of administrative building into green building	56	56					-
b	Major works of Unit 2 ESP internals	34	34					-
4	**Improvement of Reliability & Efficiency**							
a	Unit 1 complete PF assembly (Coal burner panel) renewal	165	165				164.40	164.40
b	Procurement of internals of Voith Scoop control system	43	43					-
c	Procurement of energy efficient cooling tower fan blade assembly	56	56					-
d	HP LP bypass spares for overhauling	30	30					-
e	Holding water pond pump, remote monitoring system etc.	30	16	14				-
f	Intake raw water pump (BHR 60-30 deg) by lower capacity pump (BHR 60-18 deg)	22		22				-
g	Procurement and erection of AC Plant screw compressor no.-2	21	21					21.37

Sl. No.	Particulars	Capitalization claimed in 2021-22 (Total) (as provided in Annexure 1 in 351 to 379)	Categorization/ Classification of Capitalization claimed in 2021-22				Assets Admitted by the Commission	
	Capital Expenditure scheme - as provided in 1.19 (b) of Volume 2		**New Asset**	**Replacement nature Asset**	**IT Related Capex**	**O&M related**	Assets of Replacement Nature (WTD value admitted)	Total Capitalisation Admitted
5	**Safety & Security**							
a	CCTV Cameras	10	10					10.39
b	Procurement of portable diesel pump	9	9					-
c	Washery Plant PLC upgradation fire detection and surveillance system	-	-					-
	Total BBGS	**1936**	**1714**	**222**	**0**	**0**	**861.22**	**993.23**
B	**Southern Generating Stn.**							
1	Fire Detection System and damaged Illumination Tower (Lattice type) at FHP Coal Stack Yard	1	1					-
2	**Improvement of Reliability & Efficiency**							
a	Infrastructure Development and Reinforcement related to Building, Boundary wall and Roads at SGS	29	29					-
b	Infrastructure Development with Procurement of Energy Meters for Reinforcement of Online Energy Monitoring System at SGS	76	76				-	73.55
	Total SGS	**106**	**106**				**-**	**73.55**
	GENERATION	**2042**	**1820**	**222**	**0**	**0**	**861.22**	**1,066.77**

Annexure 4 B

Capitalisation and CWIP details for Special Distribution Projects for 2021-22 (Rs. Lakh):

Particulars	CESC's claim		Capitalisation admitted
	Capitalisation claimed	CWIP at year end	
Majerhat sub-station -33kV GIS (11 panel 33 KV)	-	-	-
Princep street sub-station (9 panel 132 KV GIS and 160 MVA T2)	1,677.00	(4.00)	1,673.00
Majerhat sub-station -16 panel GIS and replacement of 50MVA Transformer with 75MVA Transformer	36.00	-	36.00
Kasba receiving station- 33kV GIS	122.00	-	122.00
EM S/S(South)-220kV, 132kV, 33kV GIS (15 Panel)	576.00	14.00	576.00
EM S/S(South)-200 MVA T2	2,792.00	-	2,792.00
132kV network reorganisation at Belur receiving station	-	-	
BRS 50MVA T2 Replacement (HIGH FURAN)	-	-	
220kV U/G XLPE ckt between Botanical Grid S/S to WBSETCL Howrah S/S	-	-	
220kV bay extension at WBSETCL Kasba S/S (deposit work)	684.00	-	684.00
Botanical Garden substation-132kV GIS and 100MVA T1	-	-	
132kV U/G cable circuit from New Cossipore substation to B.T.Road	-	-	
Bantala Bamunghata overhead to underground	-	-	
WBSETCL (Liluah)- CESC (Belur receiving station) :underground cabling	61.00	8.00	61.00
Swarnabhumi Cable Duct	-	47.00	
Addition/Refurbishment of Misc. outdoor/ indoor equipment at existing receiving stations and substations and miscellaneous cabling	157.00	457.00	-
	6,105.00	522.00	5,944.00

Annexure 4 C

Format for claim of Capitalisation in APR Petition (Rs. Lakh):

Sl. No.	Capital Expense Scheme (as per 1.19 (b) of Vol 2)	Project/ Capital Cost (with approval details of the Commission)	Capitalization Claimed uptil 2020-21	Capitalization approved by the Commission uptil 2020-21	Capitalization claimed in 2021-22 (as per Annexure 1 Vol 4)	Categorization/ Classification of Capitalization claimed in 2021-22					Capitalization carry-forward to ensuing years	Details & Justification for the claimed capitalization*	Date of put-to-use (With Documentary Evidence)
						New Asset	Replacement Asset*	IT Related Capex	O&M related	Other Capex (classification to add)			
A	**Budge Budge Generating Station**												
I	**Capex Addition**												
i	***Refurbishment / restoration of Unit ----***												
ii	Refurbishment / Painting/ Procurement of various items												
II	***Obsolence / new Technological mod***												
B	**Southern Generating Station**												

Sl. No.	Capital Expense Scheme (as per 1.19 (b) of Vol 2)	Project/ Capital Cost (with approval details of the Commission)	Capitalization Claimed uptil 2020-21	Capitalization approved by the Commission uptil 2020-21	Capitalization claimed in 2021-22 (as per Annexure 1 Vol 4)	Categorization/ Classification of Capitalization claimed in 2021-22					Capitalization carry-forward to ensuing years	Details & Justification for the claimed capitalization*	Date of put-to-use (With Documentary Evidence)
						New Asset	Replacement Asset*	IT Related Capex	O&M related	Other Capex (classification to add)			
	Total Generation												
C	Dist. (General) Capex												
I	Meters												
II	House S/C												
D	Other Capex												
E	Special Dist. Projects												
	Total Dist												
Total CESC													

Note:

**** In case of capitalisation claimed under "replacement of asset" category, requisite details of assets replace/retired along with book value of the asset as well as income, if any from sale of scrap to be provided***

***** In case of any spares is capitalised, identify the same in the above sheet and also provide details of the same***

Chapter 5

FIXED CHARGES

5.1 In accordance with Regulation 2.5.5 of the Tariff Regulations and Table 2.5.5-1, expenditure items are classified as either *controllable* or *uncontrollable*. These classifications are already defined in the Tariff Regulations. Actual expenses under these categories are subject to a prudence check to determine whether positive or negative adjustments are warranted. A detailed review of each controllable and uncontrollable component of fixed charges is presented below, comparing the costs approved through the tariff with the actuals reported in CESC's audited financial statements. This review follows the principles outlined in the Tariff Regulations and/or the relevant Tariff Order.

5.2 Water Charges:

CESC has not claimed any amount under water charges in Annexure C5 of Volume 3 of the APR petition. The audited financial statements do not indicate any costs under this head. Accordingly, no amount has been admitted against water charges, as detailed in Table below:

Table 45: Water Charges

Generating Station	Target Generation in Tariff Order (MU)	Admitted in Tariff Order (Rs. Lakh)	Actual Generation (MU)	Claimed Expenses (Rs. Lakh)	Admitted in APR (Rs. Lakh)
Budge Budge	5,387.400	5.00	5,562.03	0.00	0.00
Southern	946.080	67.90	164.03	0.00	0.00
Total	**6,333.480**	**72.90**	**5,726.06**	**0.00**	**0.00**

5.3 Coal and Ash Handling Charges:

5.3.1 The coal and ash handling expenses of Rs. 1,044 lakh is reported under 'Other Expenses' in the Cost Auditor's certificate at Annexure C5 of Volume 3 of APR Petition submitted by CESC. The bifurcation of these claimed expenses into Budge Budge and Southern Generating Station is provided in Form E (B) – Allocation Statement. As coal and ash handling charges are controllable expenditures, they are allowed in proportion to the actual generation. The admitted details along with the allocation are presented in Table below:

Table 46: Coal and Ash Handling Charges

Generating Station	Target Generation (MU)	Admitted in Tariff Order (Rs. Lakh)	Actual Generation (MU)	Admissible amount proportionate to Actual generation (Rs. Lakh)	Claimed Expenses (Rs. Lakh)	Admissible amount (Rs. Lakh)	Admitted in APR (Rs. Lakh)
	a	b	c	d=(b/a)*c	e	f= min(d,e)	G=f/2
Budge Budge	5,387.400	1,045.00	5,562.030	1,078.87	980.00	980.00	490.00
Southern	946.080	297.00	164.031	51.49	64.00	51.49	25.75
Total	**6,333.480**	**1,342.00**	**5,726.061**	**1,130.36**	**1,044.00**	**1,031.49**	**515.75**

5.3.2 The Commission vide letter dated 14th July 2025 sought elaboration on the accounting treatment and revenue recognition of income from Ash sales during the 2021-22. In response, CESC vide letter dated 12th August 2025 submitted that it has achieved 100% ash utilisation, as required under the notification of the Ministry of Environment, Forest and Climate Change under the Environment (Protection) Act, 1986 and Environment (Protection) Rules, 1986. It was specified that this is also reflected in the yearly reports on "Fly Ash Generation at Coal / Lignite Based Thermal Power Station and its Utilisation in the Country" published by Central Electricity Authority. The Commission on scrutiny of the above reply observed that CESC did not submit the treatment of revenue realised from sale of ash in its' Audited Financial Statements for the year 2021-22. In absence of specific submission of CESC regarding adjustment of revenue from sale of ash the Commission decides to withhold 50% of coal and ash handling expenses admissible in the table above. Thus, the net admitted amount is Rs. 515.75 lakh.

5.4 Operation and Maintenance Expenses for Generation function:

5.4.1 CESC has claimed O&M expenses of Rs.11,955.00 lakh, Rs. 2,546.00 lakh, and Rs. 348.00 lakh for Budge Budge TPS, Southern TPS, and Titagarh TPS respectively for the financial year 2021–22, as per Form E(B). However, the claimed expenses for these generating stations, as submitted in Form 1.12, are Rs. 6,571.00 lakh, Rs. 1,210.00 lakh, and Rs. 348.00 lakh respectively—

amounting to a total of Rs. 8,129.00 lakh. In Form 1.12, CESC has additionally claimed 'Differential O&M Expenses' over and above the actuals. The details of the Generation O&M expenses claimed by CESC are presented in Table below:

Table 47: Generation O&M Expenses claimed by CESC

Particulars	Installed Capacity	Admitted amount for FY 2021-22 as per Tariff Order based on norms of O&M Expenses	O&M expense claimed	Differential O&M expense (Normative O&M Expense Less Actual O&M Expenses) claimed	Claimed in E(B)
	MW	Rs. Lakh	Rs. Lakh	Rs. Lakh	Rs. Lakh
Budge Budge	750	11,955.00	6,571.00	5,384.00	11,955.00
Southern	135	2,546.00	1,210.00	1,336.00	2,546.00
Total O&M	**885**	**14,501.00**	**7,781.00**	**6,720.00**	**14,501.00**

5.4.2 As per regulation 2.6.10 of the Tariff Regulations, the Commission may allow any additional expense under controllable item during APR, provided inflation is found to be more than 15%. The Commission has computed the actual inflation of 9.82% for 2021-22 against the inflation of 4.02% considered by the Commission for arriving at the O&M expense norm for 2021-22 in the Tariff Order, resulting into 5.80% difference. Therefore, a percentage variation of 144.32% can be seen in the actual inflation vis-à-vis the considered inflation in the Tariff Order for 2021-22 and accordingly, the actual O&M expenditure of CESC needs to be evaluated against this revised normative O&M expense. Accordingly, the revised admitted normative O&M expense after adjustment of additional inflation of 5.80% is provided in the Table 48 below.

5.4.3 Further, the O&M expenses is a controllable item in terms of Tariff Regulations and the admitted O&M expense is in accordance with the guideline set out by the Commission in paragraph 5.5.1 of the Tariff order of 2021-22 for CESC and is in pursuance to regulation 2.8.6.1 of the Tariff Regulations. Regulation 5.7.3 of Tariff Regulations dealing with O&M Expenses provides that "the Commission shall accept Operation & Maintenance Expenditure subject to prudence check and other specific provision on this respect in these regulations". Thus, such normative O&M Expenses considered in this FPPCA

& APR Order, act as a ceiling only and never debars the Commission from applying prudence check on such expenses. APR is a truing up exercise based on actual expenses and admission is dependent upon actual incurrence of the expenditure and not merely on any normative ceiling of expenses whatsoever in case of any item of expenditure. Thus, O&M Expenses as actually incurred are admissible. Also, in paragraph 5.5.2 of the Tariff Order of CESC for 2021-22 for Titagarh generating station the Commission does not consider any O&M norms as the power plant is stated to be remained inoperative during the control period and accordingly, recovery of O&M expenses for Titagarh is not admissible for the seventh control period.

5.4.4 The Commission admits the O&M expense as incurred by CESC during 2021-22 in full in the instant order for Budge Budge and Southern Generating Stations as the same is within the normative ceiling of O&M Expenses stipulated in this FPPCA & APR Order for CESC for 2021-22. While scrutinising CESC's capitalisation claim for 2021-22 Commission has identified expenses, in the Table 44 above and the Commission finds it prudent to admit expenses amounting to Rs. 948.88 Lakh (Rs. 43.46 Lakh + Rs. 905.42 Lakh) in the O&M expenses over and above the actual O&M. Total O&M expenses approved is within the normative ceiling of O&M Expenses stipulated in this FPPCA & APR Order for CESC for 2021-22. Thus, the O&M expense of the generating stations amounts to Rs. 7,372.32 Lakh (Rs. 6,571.00 lakh + Rs. 801.32 lakh) for Budge Budge and Rs. 1,357.56 Lakh (Rs. 1,210.00 lakh + Rs. 147.56 lakh) for Southern. Details of admitted Generation O&M expenses appears in Table below:

Table 48: Generation O&M Expenses admitted

Particulars	Installed Capacity	Admitted amount for FY 2021-22 as per Tariff Order	Revised admitted Normative after adjustment of inflation	Actual O&M expense claimed excluding diff. O&M	O&M expense claimed under Capex	Total O&M expense claimed	Total O&M Expenses Admitted
	MW	Rs. Lakh					
Budge Budge	750	11,955.00	12,648.57	6,571.00	801.32	11,955.00	7,372.32
Southern	135	2,546.00	2,693.71	1,210.00	147.56	2,546.00	1,357.56
Total O&M	**885**	**14,501.00**	**15,342.27**	**7,781.00**	**948.88**	**14,501.00**	**8,729.88**

5.5 Other Operational expenses for generation

5.5.1 CESC has claimed rent of Rs. 79.00 lakhs for generation for Southern power plant as provided in form E(B) of the petition, against the admitted amount of Rs. 46.53 lakh in Tariff Order. As rent is considered as controllable item, the expenses on rent is allowable up to the amount admitted in Tariff Order with an adjustment for inflation as per the regulation 2.6.10 of the Tariff Regulations which is also specified in paragraph 5.4.2 above. Accordingly, the Commission admits an amount of Rs. 49.23 Lakhs [Rs. 46.53 Lakhs X (1+ 5.80%)] against the expense on rent for Southern Generating Station.

5.6 Operation and Maintenance (O&M) Expenses under Distribution function:

5.6.1 O&M expenses of distribution function primarily consist of Repair & Maintenance expenses, Administrative & General Expenses and other operational expenses including outsourcing etc. In the Tariff Regulations, O&M expenses are basically considered as controllable item, except manpower related costs.

5.6.2 In the tariff order of seventh control period pertaining to 2021-22, the expenditures for different heads which are sensitive to business volume parameters had been projected by the Commission on the basis of trend of inflation as well as the business volume growth of the previous year vis-à-vis the expenditure projected by CESC. For this purpose, a hybrid index (HI) consisting of 60% and 40% weightage on WPI (Wholesale Price Index) and CPI (Consumer Price Index) respectively has been used by the Commission.

Table 49: Business Volume parameters and Inflation Indexes

Particulars	Tariff Order	Actual Value of 2021-22	Variation in %
Distribution Line Length in CKM	23,330	23,468	0.59%
Consumer strength in number	3409350	3450315	1.20%
WPI in %	1.67%	12.97%	676.60%
CPI in %	7.54%	5.10%	(-) 32.36%
Inflation in hybrid index [WPI: CPI (60: 40)] in %	**4.02%**	**9.82%**	**144.32%**

5.6.3 It is seen from the table above that the business volume parameters have not shown any significant growth as compared to Tariff Order projections. The inflation index has increased more than 15% of the rate projected in the Tariff Order.

5.6.4 Therefore, in terms of Regulation 2.6.10 of Tariff Regulations, the above-mentioned difference in inflation of 5.80% needs to be adjusted against the controllable expenses as approved in Tariff Order of 2021-22 and the actual expenses claimed by CESC needs to be evaluated against these revised normative expenses. Accordingly, the revised admitted normative controllable expenses after adjustment of additional inflation of 5.80% is computed in the respective sections below.

5.6.5 **Repair and Maintenance (R&M) Charges for Distribution function:**

5.6.6 In APR application, the actual expenditure under Repair & Maintenance head submitted by CESC is Rs. 18,017.00 Lakh. This claimed amount of Rs 18,017.00 lakh includes the security expenses of Rs 1,474.00 lakh which falls under A&G expenses. Thus, the net amount of R&M expenses for 2021-22, comes to Rs 16,543.00 lakh (Rs 18,017.00 lakh – Rs 1,474.00 lakh) which is same as per Cost Auditor's Certificate enclosed at Annexure C5 of Volume 3 of APR Petition, against the claim of R&M Expenses for Distribution Function, but in divergence with the submission in Form 1.15, Form 1.16 and Form 1.17 of APR petition. While scrutinising CESC's capitalisation claim for 2021-22, Commission has identified expenses, in the Table 44 above, Rs. 962.53 Lakh as assets under Regulation 5.2.3 of Tariff Regulations and Rs. 1,743.69 Lakh as expenditure of O&M nature. Accordingly, the Commission finds it prudent to admit Rs. 2706.22 Lakh (Rs. 962.53 Lakh + Rs. 1,743.69 Lakh) in the R&M expenses over and above the actual O&M expenses. Total O&M expenses approved is within the normative ceiling of O&M Expenses stipulated in this FPPCA & APR Order for CESC for 2021-22. The revised admitted normative R&M expense is computed as per the methodology specified in paragraphs 5.6.3 and 5.6.4 above. R&M expense is a controllable element; the admissible amount would need to be restricted to Rs. 20,340.90 lakh [(Rs. 20,619.00 * (1+5.80%)) – Rs.1474 Lakh)]. After assessing the above-mentioned total claim of R&M expenses (R&M expenses claimed in APR petition + the R&M expenses claimed under Capex) against the revised admitted normative R&M

expense computed herein, the Commission admits the R&M expense as provided in the Table below:-

Table 50: R&M Expenses (Distribution & Supply / Selling) in Rs lakh

Particulars	Allowed in Tariff Order	Revised admitted Normative for 2021-22 after adjustment of inflation*	Net Claimed in APR Petition**	R&M expenses claimed under Capex	Total Claim	Admitted R&M expense
	A	B=A*(1+5.80%) - 1, 474	C	D	E = C + D	F=Minimum of B and E
Repairs & Maintenance	20,619.00	20,340.90	16,543.00	2,706.22	19,249.22	19,249.22
Total	**20,619.00**	**20,340.90**	**16,543.00**	**2,706.22**	**19,249.22**	**19,249.22**

** R&M expenses allowed in Tariff Order is inclusive of Security expenses, accordingly, the revised admitted normative for 2021-22 is arrived after exclusion of Rs. 1,474 Lakh*

***The net claimed in APR petition is arrived after exclusion of security expenses of Rs. 1,474 Lakh*

5.6.7 **Administrative & General (A&G) Expenses for distribution function:**

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

5.6.7.2 The revised admitted normative A&G expense is computed as per the methodology specified in paragraphs 5.6.3 and 5.6.4 above. A&G expense is a controllable element; the admissible amount would need to be restricted to Rs. 26,156.09 lakh, as arrived by escalating each of the controllable expense by an inflation adjustment of 5.80% as provided below:

i) Legal & professional charges of Rs. 840.06 Lakh [Rs. 794.00 Lakh approved in Tariff Order x (1+5.80%)].

ii) Audit Fee of Rs. 277.20 Lakh [Rs. 262.00 Lakh approved in Tariff Order x (1+5.80%)].

iii) Other Administrative & General expenses (inclusive of security expense + Cash Management Services+ Misc charges) of Rs. 23,406.31 Lakh [Rs. 20569.00 Lakh approved in Tariff Order x (1+5.80%)+ security expense of Rs. 1,474.00+ Cash Management Services of Rs. 152.00 lakh+ Misc charges. of Rs. 18.00 lakh].

iv) Rent for distribution function of Rs. 1,632.52 Lakh [Rs. 1,543.00 Lakh approved in Tariff Order x (1+5.80%)].

5.6.7.3 The Commission notes that as per Form 1.15, Form 1.16 and Form 1.17 of APR petition, overall A&G expenses claimed in 2021-22 is Rs 24,597 lakh, which includes other A&G expenses of Rs 23,123.40 lakh (including security expenses of Rs. 1,474.00 lakh). Further, the Commission decides to allocate the bank charges of Rs. 152.00 lakh related to cash management services and miscellaneous charges of Rs. 18.00 lakh from Other Finance Charges to other A&G expenses. Accordingly, the reinstated other A&G expense amounts to Rs. 24,767.40 lakh (Rs. 24,597 lakh + Rs. 152.00 lakh + Rs. 18.00 lakh). Now considering the above, overall reinstated A&G expenses claim is Rs. 28,809.96 lakh against total admissible amount of A&G expenses of Rs. 26,156.09 lakh as elaborated in the previous paragraph. Since Administrative and General (A&G) expenses are considered controllable, the permissible expenses under this APR are limited to Rs. 26,156.09 lakh. Accordingly, the A&G expenses admitted for FY 2021-22 in this APR amounts to Rs. 26,156.09 lakh and accordingly, no further adjustments are admitted as per Regulation 2.5.5(iv) of the Tariff Regulation, 2013, as detailed in Table below:

Table 51: A&G Expenses (Distribution & Supply / Selling) (Rs. Lakh)

Particulars	Allowed in Tariff Order	Revised Normative admitted for 2021-22 after adjustment of inflation	Claimed in APR Petition	Now admitted in APR
Legal & Professional Charges	794.00	840.06	940.81	840.06
Audit Fee	262.00	277.20	320.85	277.20
Other Administrative & General expenses (inclusive of security	22,213.00	23,406.31	24,767.40	23,406.31

Particulars	Allowed in Tariff Order	Revised Normative admitted for 2021-22 after adjustment of inflation	Claimed in APR Petition	Now admitted in APR
expense + Cash Management Services+ Misc charges)				
Rent for distribution function	1,543.00	1,632.52	2,780.90	1,632.52
Adjustment under regulation 2.5.5(iv)				-
Total	**24,812.00**	**26,156.09**	**28,809.96**	**26,156.09**

5.7 **Other Operational expenses:**

5.7.1.1 In respect of allowance of expenses such as, Rates & Taxes, Insurance, Lease Rental, Cost of outsourcing, the principle set out in the Tariff Order has been followed and the admitted expenses are discussed in the following paragraphs based on submitted forms and Cost Audit Report.

5.7.2 **Rates & Taxes**:

5.7.2.1 CESC has claimed an amount of Rs. 1013.00 lakhs (Rs. 361.00, 113.00, 2.00 and 538.00 lakhs respectively for Budge Budge, Titagarh & Southern generating station and distribution function) on account of Rates & Taxes in APR application for 2021-22 against admitted amount of Rs. 808.00 Lakh (Rs. 420.00, 0.00, 2.00 and 386.00 lakhs) in tariff order on account of Rates and Taxes in APR application for 2021-22. Note 38 of the audited financial statements of CESC for FY 2021-22, reflects Rs. 1013.00 lakh for Rates and Taxes under other expenses. CESC has claimed Rs. 112.69 Lakhs for Titagarh plant which is currently inoperative. Also, in paragraph 5.5.4.4 (a) of the CESC Tariff Order for 2021–22, the Commission does not consider any rates and taxes for the Titagarh generating station. As the other claims of CESC for Budge Budge, Southern generating station and distribution function are statutory in nature, the Commission admits the claimed amount of Rs. 900.33 lakh under this head. The segregation of such amount on different business functions has been considered, as proposed by CESC, in Table below:

Table 52: Rates and Taxes (Rs. Lakh)

Particulars	Units	Admitted in Tariff Order	Claimed	Admitted
Rates & Taxes	Rs. Lakh	808.00	1,013.00	900.33

5.7.3 **Insurance:**

5.7.3.1 CESC has claimed an amount of Rs. 2,056 lakhs (Rs. 1,273.00, 11.00, 216.00 and 556.00 lakhs respectively for Budge Budge, Titagarh & Southern generating station and distribution function on account of Insurance in APR application for 2021-22 against admitted amount of Rs 883.00 lakh (Rs. 560.00, 0.00, 119.00 and 204.00 lakhs for Budge Budge, Titagarh & Southern generating station and distribution function respectively) in Tariff order. An amount of Rs. 2,057 lakh for insurance under other expenses appears at Note 37 of the audited financial statements of CESC for FY 2021-22. The Commission observes that, as per Cost Audit Report submitted in Annexure C5, Volume 3 of APR petition, the total insurance premium for FY 2021-22 is Rs. 2056.00 Lakh out of which Rs. 1,500.00 Lakh pertains to Generation Business and Rs. 556.00 Lakh pertains to Distribution System. CESC also submitted break-up of insurance details; quotes received from few Insurance Companies in Volume 4 of APR petition for the year 2021-22.

5.7.3.2 From the submitted documents, the Commission noted that in addition to 'All Risks and Machinery Breakdown' coverage, the insurance premium also includes 'Business Interruption' coverage for "Loss of Profit" and "Increase in Cost" arising from reduction in turnover under the 'All Risks and Machinery Breakdown' policy for the 3 x 250 MW Budge Budge Coal Fired Power Project, including its Transmission Line. The Commission is of the considered view that insurance premiums covering the Company's loss of profit cannot be passed on to consumers through tariff. Accordingly, the premium paid proportionate to the sum insured for 'Business Interruption' has not been admitted. Further, in line with paragraph 5.5.4.4(b) of the CESC Tariff Order for 2021–22, the Commission does not allow any insurance expenses claimed by CESC for the Cossipore and Titagarh generating stations. Accordingly, the Commission has considered the premium paid details provided in Page 380 of the Volume 4 of the APR Petition against the above-mentioned admitted insurance policies corresponding to property insurance and computed the total payable including 18% GST over the premium amount. Therefore, against CESC's claim of Rs. 1732.54 Lakh against property insurance/plant & offices, the Commission admits Rs. 1554.11 Lakh.

5.7.3.3 In addition, CESC has claimed Rs. 324 Lakh premium against other insurance policies, however, detailed supporting documentations of the policies, assets insured, sum assured, specific justification against each of the policies, etc., were not provided. Therefore, due to lack of proper justification and supporting documents from CESC, the Commission, after conducting a prudence check, disallows the claim of Rs. 298.04 lakh under various minor insurance coverages, as detailed in Annexure 5 F.

5.7.3.4 In terms of regulation 5.23.1 of the Tariff Regulations, based on the submissions made by CESC and the amount recorded in the audited financial statement, the Commission admits the amount of Rs. 1,580.07 lakhs. The allocation of the total cost is provided in the Table below:

Table 53: Insurance Expenses

Particulars	Claimed	Admitted
	Rs. in Lakh	Rs. in Lakh
a) Total Property Insurance Premium for Budge Budge Plant:	1,141.65	979.00
i) Proportionate Premium for MBD (Sum Insured: 4095 Cr)	979.00	979.00
ii) Proportionate Premium for Business Interruption (Sum Insured: 564 Cr)	162.65	-
b) Total Insurance premium for other Plants and Offices	590.88	575.11
c) Other Small Insurance coverage	317.54	25.96
Net Insurance Premium	2,050.08*	1,580.07

* *Insurance premium specified here is lesser than the claim in the APR petition, as the Commission, has computed the total premium payable by considering the premium paid specified by CESC in Page 380 of the Volume 4 of the APR Petition and added 18% GST.*

5.7.4 **Lease Rental:**

5.7.4.1 CESC has claimed an amount of Rs. 994.00 lakh on account of Lease Rental in APR application for 2021-22 against admitted amount of Rs. 1,197.00 lakh in the Tariff order for 2021-22. The Commission observes that, as per Cost Auditor's certificate submitted in Annexure C5, Volume 3 of APR petition, the expenses against lease rental is Rs. 994.00 Lakh.

5.7.4.2 The revised admitted normative lease rental expenses is computed as per the methodology specified in paragraphs 5.6.3 and 5.6.4 above. A&G expense is a controllable element; the admissible amount would need to be restricted to Rs. 1,266.44 Lakh [Rs. 1,197.00 Lakh x 1 (+5.80%)]. Since the amount of Rs. 994.00 lakh is less than the admissible cost of 1,266.44 lakh, it is admitted under the head of Distribution Function as detailed in Table below:

Table 54: Lease Rental for Distribution Function (Rs. Lakh)

Particulars	Units	Allowed in TO	Revised Normative admitted after inflation adjustment	Claimed	Admitted
Lease Rental	Rs. Lakhs	1,197.00	1,266.44	994.00	994.00

5.7.5 **Cost of Outsourcing:**

5.7.5.1 CESC has claimed an amount of Rs.1,555.00 lakh under outsourcing costs in its APR application for 2021-22, against the admitted amount of Rs. 1,208.00 lakh as per the Tariff order. The revised admitted normative cost of outsourcing is computed as per the methodology specified in paragraphs 5.6.3 and 5.6.4 above. Cost of outsourcing expense is a controllable element; the admissible amount would need to be restricted to Rs. 1,278.08 Lakh [Rs. 1,208.00 Lakh x 1 +5.80%)]. As per Regulation 5.22.5 of the Tariff regulations, cost of outsourcing shall be considered subject to prudence check by the Commission. As specified above, it is a controllable expense, the Commission find it prudent to admit Rs. 1,278.08 lakh as per revised admitted normative amount specified above in this APR Order for 2021-22 under distribution function.

Table 55: Outsourcing Expenses for Call Centre (Rs. Lakh)

Particulars	Units	Allowed in TO	Revised Normative admitted after inflation adjustment	Claimed	Admitted
Outsourcing for call centres	Rs. Lakhs	1,208.00	1,278.08	1,555.00	1,278.08

5.7.6 **Other Operational Expenses:**

5.7.6.1 Total other operational expenses detailed in Table below:

Table 56: Summary of Other Operational expenses (Rs. Lakh)

Particulars	Units	Allowed in Tariff Order	Revised Normative admitted after adjustment of inflation	Claimed	Admitted
Rates & Taxes (including service tax)	Rs. Lakh	808.00	NA	1,013.02	900.33
Insurance	Rs. Lakh	883.00	NA	2,050.08	1,580.07
Lease Rental	Rs. Lakh	1,197.00	1,266.44	994.00	994.00
Outsourcing expenses for call centre	Rs. Lakh	1,208.00	1,278.08	1,555.00	1,278.08

5.8 **Employee cost:**

5.8.1 The own employee cost determined on the basis of audited financial statement (Note 35) and submitted petition is as follows in Table below:

Table 57: Own Employee Cost

Sl. No.	Particulars	Amount (Rs. Lakhs)
1	Employee's benefit expenses	101,331.00
2	Less: Transfer to PPE/CWIP etc.(Capitalised)	10,776.00
3	Less: Transfer to Other Comprehensive Income	1,949.00
4	Own Employee cost claimed as per audited financial statement for the year ended 2021-22(1-2-3)	**88,606.00**
5	Add: Ind AS adjustment of Other Comprehensive Income	1,949.00
6	Less: employee costs relating to other business activities not claimed	1,403.00
7	Less: Quarantine expenses shown separately in 2021-22	240.00
8	Less: Vaccination expenses shown separately in 2021-22	129.00

Sl. No.	Particulars	Amount (Rs. Lakhs)
9	Add: Director sitting fees and expenses	95.00
9	CESC own employee cost in this APR petition (4+5-6-7-8+9)	**88,714.00**

5.8.2 As per Form E(B), the total amount claimed by CESC is Rs. 88,713.00 lakh. For the Titagarh generating station, CESC has claimed Rs. 46.00 lakh towards employee cost and has also submitted a status report on the redeployment of personnel in compliance with the Commission's directive outlined in paragraph 3.25 of the FPPCA and APR Order for 2018-19 dated 22.09.2023. The Commission admits Rs.46.00 lakh towards employee costs for the year 2021–22. Accordingly, the total amount admitted for the APR of CESC for 2021–22 is Rs. 88,713.00 lakh, which has been segregated between generation and distribution functions, as submitted in Form E(B).

Table 58: Allocation of own Employee Cost (Rs. Lakh)

Item heads	Amount admitted in Tariff Order 2021-22	Amount claimed in APR 2021-22	As admitted in APR 2021-22
Budge Budge	8,628.00	7,977.00	7,977.00
Titagarh	558.00	46.00	46.00
Southern	5,741.00	4,978.00	4,978.00
Generation Employee Cost (A)	14,927.00	13,001.00	13,001.00
Distribution Employee Cost (B)	87,630.00	75,712.00	75,712.00
Total (A+B)	102,557.00	88,713.00	88,713.00

5.8.3 CESC in Form E(B) of its petition claimed Rs. 5,388.00 lakh as employee cost related to contracted manpower engaged in regular establishment in the generating stations. But as per Cost Auditor's Certificate submitted in Annexure C11 of Volume 3 of APR petition, total employee cost for 1017 nos. (Budge Budge: 737 nos. + Southern: 280 nos.) contractual employees deployed in regular establishment in the generating stations during 2021-22, claimed at Rs. 6,763.00 lakh (Budge Budge: Rs. 5,776.00 lakh + Southern: Rs. 987.00 lakh). The same has also been provided in Form 1.17 (h) of the APR Petition. As per Schedule-9A (H) of the Tariff Regulations, the prescribed norms for the man/MW ratio are 1.58 for the Budge Budge generating station and 3.50 for the Southern generating station. Accordingly, the contracted manpower cost has been admitted as specified in the table below, taking into account that the total manpower, comprising both own employees and outsourced personnel, remained within the man/MW limits specified in the regulations.

Table 59: Contractual manpower cost in regular generation establishment

Generating Station	Capacity (MW)	Man/MW ratio norms	Allowable manpower as per man/MW ratio	Number of Own Employees	Number of contractual manpower engaged	Claimed cost of contractual manpower (Rs. lakh)	Admissible number of contractual manpower	Admissible cost of contracted manpower (Rs. lakh)
	A	B	C=AxB	D	E	F	G=C-D	H=(G/E)XF
Budge Budge	750	1.58	1,185	578	737	5,776.00	607	4,757.17
Southern	135	3.50	473	294	280	987.00	179	630.98
Total			2,534	872	1,017	6,763.00	786	5,388.14

5.9 Corporate Social Responsibility (CSR)

5.9.1 The claim of Rs. 2,070.00 lakh submitted under Form 1.17 towards Corporate Social Responsibility (CSR) expenditure is unequivocally disallowed. CSR expenditure is done by CESC as per the requirements specified under the Companies Act, 2013 and is not a permissible claim for tariff determination. CESC is hereby directed against including any such inadmissible claims in future filings. Any recurrence will attract penal action.

5.10 Borrowing Cost Computation for FY 2021-22:

5.10.1 The interest claimed on different heads in Form-C are shown in Table below:

Table 60: Interest Expenses Claimed by CESC

Sl. No.	Particulars	Amount (Rs. Lakh)
A. Interest on Capital Borrowings		
1	Gross amount of interest on capital Borrowings (vide detailed computations submitted in Form - C)	16,090.72
2	Less: Amount capitalised (Form - C)	0.00
	Total amount of interest claimed towards capital borrowings (1-2)	16,090.72

Sl. No.	Particulars	Amount (Rs. Lakh)
B. Interest claimed on normative borrowings in terms of Tariff Regulations [Form 1.20(b)]		0.00
C. Interest on Working Capital [Form 1.17(b)]		6,120.20
D. Interest on temporary accommodation [Form 1.17(a)]		48,834.28
F	**Total (A+B+C+D)**	**71,045.20**

5.10.2 The Commission in the paragraph 4.1.28 and Table 44 above admitted asset additions of Rs. 47,725.24 lakh for FY 2021-22. CESC has submitted that assets having Original Cost of Rs 4,468.00 lakhs have been retired during the year 2021-22 and the same is provided in Form 1.18 of the Petition. However, details of date of retirement and the written down value of said assets were not provided. Further, profit from sale of these retired assets appeared as nil in Note 33(e) of the Audited Financial Statements.

5.10.3 The admitted net cost of assets added and serviceable in tariff is shown below.

Table 61: Net Assets Added During the Year 2021-22

Sl. No.	Servicing of Asset Added During the Year 2021-22 through Tariff	Amount (Rs. Lakhs)
1	Addition to fixed assets as detailed in Table 44	47,725.23
2	Less: Retirement of Assets	4,468.00
3	Net Asset including Assets on Consumer contribution added during the year (3 = 1-2)	43,257.23
4	Less: Assets created out of consumer contribution added during the year	11,066.00
5	Asset excluding asset on Consumer contribution Added During the year 2021-22 (5 = 3-4)	32,191.23
6	Less Asset created in terms of Regulation 5.15.1 (iv)	476
7	**Net Asset Added during 2021-22 (7 = 5-6)**	31,715.23
8	Serviceable through Equity (30% of 7)	9,514.57
9	Serviceable through Debt (9 = 7-8)	22,200.66
10	Add: Asset created under Regulation 5.15.1(iv) fully serviced through Equity	476.00
11	**Total Asset to be serviced in Tariff (11=7+10)**	32,191.23

5.10.4 Till APR 2015-16, the assets added during the year used to be considered without deducting assets on consumer contribution. However, in APR 2016-17 & APR 2017-18 assets added during the year were serviced including assets on consumer contribution while such consumer contribution was included in the non-tariff income as per petition submitted by CESC. The Commission, while dealing with the APR for CESC from 2018-19 onwards considered, assets added during the year excluding assets on consumer contribution. Consequently, such consumer contribution will not form part of non-tariff income. The Commission also decides not to include the assets of Rs 11,066.00 lakh created from consumer contribution while considering the debt & equity requirements for 2021-22. Necessary adjustments as required on carried over balance in 2021-22 has been made following normative debt: equity pattern while considering servicing of such assets on consumer contribution added in 2021-22. The Interest on capital borrowing is computed as below after due adjustment as mentioned above to arrive at the admissible interest on debt:

Table 62: Admissible interest on capital borrowings (Rs. Lakh)

Sl. No.	Particulars	Opening Loan	Repayment	Drawal	Closing Loan	Interest	Wt. Avg Rate
1	As per Form C (FY 2021-22)	252,163.01	47,662.45	36,619.00	241,119.56	16,090.72	6.52%
2	Opening Loan Amount as per APR of FY 2020-21 and Proportionate Repayment	209,163.97	39,535.01				6.52%
3	Admissible Drawal Amount in 2021-22 as per Table 61		.	22,200.66			6.52%
4	Net Interest Admissible in 2021-22 on Avg. loan amt	209,163.97	39,535.01	22,200.66	191,829.62	13,072.39	6.52%

5.10.5 Interest on normative debt is computed after adjusting cumulative normative repayment at the beginning of the year as well as current year's repayment of normative debt as at Form 1.20(a) of Annex-I of Tariff Regulations.

Table 63: Calculation of Normative Debt

Particulars	Derivative	Amount (Rs. Lakh)
Opening balance before adjustment of normative debt	A1	14,008.40
Less: Cumulative Repayment of Normative Debt up to previous year	A2	11,745.83
Opening balance of net normative debt	a=A1-A2	2,262.57
Actual addition to debt this year	b	36,619
Addition to the fixed asset during the year	c	31,715.23
Normative addition to debt @70% of c above	d=c*0.7	22,200.66

Particulars	Derivative	Amount (Rs. Lakh)
Addition to debt for the year to be considered to APR	e=higher of b & d	36,619.00
Additional gross normative debt for the year	F1=e-b	0.00
Repayment of normative debt during the year on actual	F2	226.257
Net additional gross normative debt during the year	g=F1-F2	(-) 226.26
Closing balance of net normative debt	h=a+g	2,036.31
Average balance of Normative Debt	i=(a+h)/2	2,149.44
Weighted average rate of interest paid on term loan during the year	j	6.52%
Interest on normative debt allowed in APR for 2020-2021	k=j x i	140.14
Closing Balance of Gross Normative Debt	B1=A1-F1	14,008.40
Cumulative Repayment of Normative Debt up to the end of the year	B2=A2+F2	11,972.09

5.10.6 CESC has not claimed any amount towards interest on normative debt in form 1.20(b) of APR 2021-22 petition. The Commission accordingly admits no amount as interest on normative debt in APR for 2021-22.

5.10.7 Based on above components of interest on Capital borrowing including interest on normative debt is as per the following table:

Table 64: Admitted interest on capital borrowings for FY 2021-22

Particulars	Amount (Rs. Lakh)
Interest on capital borrowing	13,072.39
Interest on normative debt	0.00
Total Interest on capital borrowing	13,072.39

5.10.8 Computation of interest on admissible Working Capital has been shown under in Table below.

Table 65: Calculation of interest on Working Capital

Sl. No.	Particulars	Amount (Rs. Lakh)
A1	Net Fixed Cost *	3,01,300.00
A2	Fuel and Power Purchase Cost	4,13,732.80
A	Annual fixed Cost, fuel cost and power purchase (A1 + A2)	7,15,032.80
B1	Less: Depreciation including Advance Depreciation	39,537.18

Sl. No.	Particulars	Amount (Rs. Lakh)
B2	Less: Deferred Revenue Expenditure	0.00
B3	Less: Return on Equity	66,963.75
B4	Less: Bad Debt	3,276.00
B5	Less: Reserve for unforeseen exigencies	0.00
B	Total Deductions: (sum B1:B5)	1,09,776.93
C	Allowable gross sales for working capital (A-B)	6,05,255.86
D	Requirement of working capital @10% on C	60,525.59
E	Cash Security Deposit	1,56,363.00
F	Requirement of Working Capital Loan	0.00
G	Interest on Working Capital	0.00

5.10.9 The Commission determines the requirement of working capital as per provision of regulations 5.6.5.1 and 5.6.5.2 of the Tariff Regulations as Rs. 60,525.59 lakh. Considering the security deposit amount held by CESC being Rs. 1,56,363.00 lakh, there was no further need of working capital by CESC during the year 2021-2022. Thus, no interest on working capital is being admitted in the APR for 2021-2022.

5.10.10 Interest on temporary accommodation as claimed by CESC in Form 1.17 (a) of supplementary petition dated 27.01.2025 is Rs. 48834.00 lakh @ 8.34% on unrealised arrears from sale of power arising out of pendency of finalisation of APR Orders from 2018-19 to 2020-21, recoverable amount out of sale of power for the current year 2021-22 along with requirement of fund for statutory additional levy incurred by CESC up to the year 2013-14 and also funding requirements arising due to external factors which are being covered in the Commission's Order dated 6th May 2020 in Case No. SM-22/20-21, as submitted at page 68 of their supplementary petition dated 21.12.2023. CESC submitted one petition before the Commission for allowing Rs 89673 lakh incurred by them as an additional levy which was admitted by the Commission in Case No OA-211/15-16. The Commission has since rejected claim of additional levy on coal vide Order dated 30.07.2022 in Case No. OA-211/15-16. Accordingly, such claim is not considered for the purpose of admissibility of interest on temporary accommodation. The Commission has computed the allowable amount of temporary accommodation in the APR order of CESC for the year 2021-22, as appearing in the Table below.

Table 66: Calculation of Interest on Temporary Accommodation (Rs. Lakh)

Sl. No.	Particulars	Amount
A	Opening balance of Temporary Accommodation Requirement on 01.04.2021	1,31,246.92*
B	Addition during the year	0.00
	Recoverable as per APR Order 2021-22	27,163.33
	Total Addition during the year	**27,163.33**
C	Adjustments during the year	
	Part adjustments for APR 2013-14 to 2017-18 as per Tariff Order of 2021-22	11,219.20
	Total Adjustments	11,219.20
D	Closing Balance of Temporary Accommodation Requirement as on 31.3.2022 (A + B-C)	1,47,191.05
E	Average Balance in 2021-22 requiring temporary accommodation (A+D) / 2	1,39,218.99
F	Current borrowings as on 01.4.2021 as per Note 26 of Audited Financial Statements	91,389.00
G	Current borrowings as on 31.03.2022 as per Note 26 of Audited Financial Statement	1,31,436.00
H	Average balance of current borrowings in 2021-22 as per Note 26 of Audited Financial Statements (F+G) / 2	1,11,412.50
I	Admissible average balance in 2021-22 requiring temporary accommodation (Minimum of E and H)	1,11,412.50
J	Rate of interest on temporary accommodation, as per form 1.17 (a) claimed by CESC	8.34%
K	**Interest on Temporary Accommodation (I x J)**	**9,291.80**

*Note: Opening balance adjusted with Rs. (-) 5295.48 Lakh of refundable amount approved in Tariff Order dated 1st August, 2022 in Case No. TP-96/20-21

5.10.11 The Commission observes that CESC has claimed an average balance of short term loan including temporary accommodation of Rs. 5,30,325 Lakh (Average of Rs. 4,71,666 Lakh opening balance as on 1st April 2021 and Rs. 5,88,985 Lakh closing balance as on 31st March, 2022), in 2021-22, in Form

C of the APR petition, whereas the actual average balance of short term loan (non-current borrowings) of Rs. 1,11,412.50 Lakh (average of Rs. 91,389 Lakh opening balance as on 1st April 2021 and Rs. 1,31,436.00 Lakh closing balance as on 31st March, 2022) in 2021-22, is reflected in Note 26 of the audited financial statement. Hence, the interest on temporary accommodation is restricted to the interest on actual average balance of short-term loan (non-current borrowing) availed by CESC during 2021-22 as admitted in the table above.

5.10.12 Based on above, different components of borrowing cost admitted are as per the following table:

Table 67: Admitted Borrowing Costs

Particulars	Amount (Rs. Lakh)
Interest on normative debt	0.00
Interest cost on capital borrowings	13,072.39
Interest cost on working capital	0.00
Interest on Temporary Accommodation	9,291.80

5.11 Interest on Consumers' Security Deposits

5.11.1 A sum of Rs. 10,640.00 lakh on account of interest paid to the consumers on the security deposits has been claimed by CESC, against an amount of Rs. 10,291.00 lakh admitted in the tariff order for the said year. Note 38(i) of the audited financial statement also reflects that a sum of Rs. 10,640.00 lakh has been recognised under "Interest on Consumers' Security Deposits".

5.11.2 CESC has also submitted a self-certified statement at Annexure C20 of Volume 3 of the APR Petition. As per the said statement, an amount of Rs. 10,640.00 lakh has been settled during the year 2021-22 in the following manner:

Table 68: Interest on Consumer Security Deposit

Sl. No	Particulars	Amount (Rs Lakh)
a)	Credit to consumers' account against sale of energy	7,432.00
b)	Addition to security deposit of Existing consumer	2,702.00

c)	Payment of TDS on the said interest on security deposit under the provision of Income Tax Act, 1961	506.00
d)	**Total**	**10,640.00**

5.11.3 The Commission admits Rs. 10,640.00 lakh for 2021-22 under this head of expense to distribution function only.

5.12 Other Finance Charges

5.12.1 CESC has claimed other Finance Charges of Rs. 1,553.00 lakh certified by the cost auditor and appearing in Annexure C12 of Volume 3 of the APR petition. The sub-costs under this expense are as follows:

Table 69: Break-up of Other Finance Charges

Sl. No	Particulars	Rs. Lakh
a)	Front-end Fees for Non-Convertible Debentures	177.00
b)	Front-end Fees / Arrangement Fees for Loans and Bank facilities including charges for other services	1,206.00
c)	Bank charges for cash management services	152.00
d)	Miscellaneous	18.00
e)	**Total**	**1,553.00**

5.12.2 The Commission considers miscellaneous charges and the bank charge for cash management services, as part of normal operation and maintenance cost. Accordingly, the bank charge for cash management of Rs. 152.00 lakh and miscellaneous expenses of Rs.18.00 lakh admitted under other A&G Expenses of distribution function and the net claimed is allowed on actual basis and distributed among different functions as per form E(B) of the APR Petition.

Table 70: Other Finance Charges

Sl. No	Particulars	Amount (Rs. Lakh)
	Front-end Fees for Non-Convertible Debentures	177.00
	Front-end Fees / Arrangement Fees for Loans and Bank facilities including charges for other services	1,206.00
	Net Approved Other Finance Charges	**1,383.00**

5.12.3 Accordingly, the Commission admits Rs. 1,383.00 lakh in the APR 2021-22 and allocated in proportion to the claim of generation and distribution function. However, no other finance charges admissible for Titagarh being inoperative during the seventh control period. Accordingly, function wise allocation of admitted other finance charges is shown below:

Table 71: Allocation of admitted Other Finance Charges

Particulars	Amount (Rs. Lakh)
Budge Budge	274.15
Titagarh	0
Southern	24.26
Subtotal	**298.41**
Distribution	1084.59
Total	**1,383.00**

5.13 **Bad Debt**

5.13.1 CESC has claimed Rs. 3,276.00 Lakh towards bad debt written off during 2021-22 in Form E(B) of the APR Petition. Note 38 of audited financial statement also recognise Rs. 3,276.00 Lakh as "Bad Debt / Advances written off during the year". The said amount is lower than 0.5% of the earning from the sale of electricity of Rs 6,74,261.00 Lakh. Therefore, the Commission admits an amount of Rs. 3,276.00 lakh which is lower than 0.5% of earning from sale of electricity as per limit specified in the Regulations.

5.14 **Depreciation**

5.14.1 The total amount of depreciation as reflected at Note 37 of audited financial statement is Rs. 47,051.00 lakh. CESC further submitted in the "Reconciliation Statement" in Annexure 1 (page 80) in Volume 2 of APR that an amount of Rs. 439.00 lakh out of the total depreciation is on assets created by utilizing the proceeds from sale of old assets. The amounts of Rs. 2,512.00 lakh, Rs. 656.00 lakh, Rs. 14.00 lakh and Rs. 17.00 lakh respectively, pertains to adjustments due to Ind-AS, depreciation of coal mine, depreciation on leasehold land at Balagarh and depreciation relating to Merged Companies, respectively. Accordingly, the claimed amount of depreciation in Form B, as computed in the Table below, comes to Rs. 43,414.00 lakh as against an amount of Rs. 42,794.00 lakh admitted in the Tariff Order.

Table 72: Depreciation claimed BY CESC for 2021-22

Particulars	Amount (Rs. Lakh)
Depreciation as per Note 37 of audited financial statement	47,051.00
Less: Ind-AS adjustment	(2,512.00)
Less: Depreciation on coal mine	(656.00)
Less: Depreciation on inoperative assets (leasehold land at Balagarh)	(14.00)
Less: Depreciation relating to other activities (on merged companies)	(17.00)
Less: Depreciation on assets created by utilising proceeds from one-time sale of old assets	(439.00)
Chargeable amount of depreciation	43,414.00
Total Depreciation Claimed by CESC for 2021-22	**43,414.00**

5.14.2 Further, the Commission as per the view taken in Paragraph 5.10.3 above, for treatment to the consumer contribution for FY 2021-22, has deducted consumer contribution of Rs. 11,066.00 lakh from Capital Assets, under the uncontrollable head of depreciation. The Commission has considered asset addition based on principles discussed earlier from paragraph 4.1.4 to 4.1.28. Accordingly, the admitted depreciation, considering admitted asset addition of Rs. 47,725.23 lakh amounts to Rs. 40,028.84 lakh as determined by the Commission in the Tables below. The centre-wise break-up of the amount admitted are shown in Table below.

Table 73: Depreciation Expenses (Rs. Lakh)

Particulars	Opening balance	Additions During the Year	Assets Fully Depreciated	Assets to be Depreciated	No Depreciation land - LH	Total	Retirement During the Year	Closing balance
	31.03.2021							**31.03.2022**
A.Generating Assets								
Cost	426,605.00	1,066.77	242,943.50	183,801.77	795	427,671.77	131.5	427,540.27
Depreciation for the year								6,350.89
B.Distribution assets								
Cost	974,237.79	43,522.09	91,244.00	920,882.08	2,512.00	1,017,759.88	3,121.80	1,014,638.08
Consumer Contribution		11,066.00						
Net Cost	963,707.79	32,456.09	91,244.00	899,286.08	2,512.00	996,163.88	3,121.80	993,042.08
Depreciation for the year								29,213.35
C. Metering Assets								
Cost	54,515.50	2,097.75	13,234.00	42,275.47	-	56,613.25	1103.78	55,509.47
Depreciation for the year								3,901.22
D. Other Assets								
Cost	24,423.12	1,038.62	7,020.00	17,688.99	642.00	25,461.74	110.75	25,350.99
Depreciation for the year								1,002.40
Overall Cost	**1,469,251.41**	**36,659.23**	**354,441.50**	**1,143,052.31**	**3,949.00**	**1,505,910.64**	**4,467.83**	**1,501,442.81**

Particulars	Opening balance	Additions During the Year	Assets Fully Depreciated	Assets to be Depreciated	No Depreciation land - LH	Total	Retirement During the Year	Closing balance
Depreciation for the year								**40,467.86**
Less: Depreciation on assets created by utilising proceeds from sale of old assets								**439**
Total Depreciation (net)								**40,028.84**

Table 74: Computation of Depreciation Expenses (Rs. Lakh)

Asset Type	Opening Balance	Asset Fully Depreciated	No Depreciation-Land	50% of new asset to be depreciated for 2021-22	Total depreciable asset	Wt. Avg. Rate of Depreciation as claimed in Form-B	Depreciation Amount
	a	b	c	d	e = a-b-c+d	f	g = e x f
Generation	426,605.00	242,943.50	795	533.39	183,399.89	3.46%	6,350.89
Distribution	963,707.79	91,244.00	2,512.00	16,228.04	886,179.83	3.30%	29,213.35
Meter	54,515.50	13,234.00	-	1,048.88	42,330.38	9.22%	3,901.22
Others	24,423.12	7,020.00	642.00	519.31	17,280.43	5.80%	1,002.40
Total	**1,469,251.41**	**354,441.50**	**3,949.00**	**18,329.62**	**1,129,190.53**	**4.00%**	**40,467.86**
Less	**Proceeds from sale of old assets**						**439.00**
Total							**40,028.84**

Table 75: Allocation of Depreciation (Net) determined in Table 73

Particulars	Proportionate Amount (Rs. Lakh)*
(A) Generation function	
Budge Budge	5,399.17
Titagarh	491.66
Southern	313.84
Total (A)	6,204.67
(B) Distribution Function	30,090.35
(C) Supply / Selling Function	3,733.82
Total (A+B+C)	**40,028.84**

*Note: Total depreciation of Rs. 40,028.84 Lakh is allocated to each of the business function in the same proportion of depreciation amount claimed by CESC in the APR Petition

5.14.3 CESC has not indicated any interest in loans, fresh loan repayments, or related financials in Form C for the Titagarh Generating Station. Additionally, there has been no power generation from the Titagarh thermal power station since the financial year 2017-18. Consequently, the Commission has not admitted any depreciation for Titagarh for the year 2021-22. The centre-wise break-up of the admitted amount is presented in Table below.

Table 76: Centre wise Depreciation admitted

Particulars	Amount (Rs. Lakh)
(A) Generation function	
Budge Budge	5,399.17
Titagarh	-
Southern	313.84
Total (A)	5,713.01
(B) Distribution Function	30,090.35
(C) Supply / Selling Function	3,733.82
Total Admitted (A+B+C)	**39,537.18**

5.15 Advance Against Depreciation / Interest Credit

5.15.1 As per the Tariff Regulations, depreciation is primarily utilized for the repayment of capital loans. In cases where the allowable depreciation is less than the loan repayment obligation in a given year, the shortfall is permitted as Advance Against Depreciation (AAD), subject to a ceiling of 1/10th of the original allowable loan amount. Conversely, if the loan repayment in a year is less than the depreciation allowed, the excess depreciation is adjusted by providing an interest credit at the weighted average cost of debt applicable for that year. Furthermore, in accordance with the Tariff Regulations, it must be ensured that the total depreciation allowed does not exceed 90% of the original cost of the asset. After the complete repayment of the loan, the remaining depreciable value is to be apportioned over the balance useful life of the asset. Accordingly, the Commission has decided to compute the Advance Against Depreciation and interest credit for the financial year 2021-22, based on the cumulative depreciation and AAD admitted in previous APR Orders. The cumulative position has been considered from the year 2006-07, the year of the first APR Order for CESC, as detailed below:

Table 77: Cumulative Depreciation, Advance Against Depreciation and Repayment of Loan

Sl. No.	Year	Admitted amount of loan repayment in Rs. Lakh	Depreciation admitted in Rs. Lakh	Advance against depreciation in Rs. Lakh
	(1)	(2)	(3)	(4)
1	FY 06-07	26,410.00	15,794.00	10,616.00
2	FY 07-08	26,514.00	16,787.00	9,727.00
3	FY 08-09	27,663.00	17,375.00	10,288.00
4	FY 09-10	27,124.00	20,431.00	6,693.00
5	FY 10-11	33,974.00	25,848.00	8,126.00
6	FY 11-12	36,550.00	28,051.00	8,499.00
7	FY 12-13	44,975.00	29,701.00	15,274.00
8	FY 13-14	42,228.00	32,925.00	9,303.00
9	FY 14-15	42,626.00	33,359.00	9,267.00
10	FY 15-16	43,873.00	35,951.00	7,922.00
11	FY 16-17	51,699.00	38,668.28	12,565.62
12	FY 17-18	59,520.38	40,689.91	18,239.15
13	FY 18-19	47,330.52	40,859.53	7,527.41
14	FY 19-20	45,697.58	38,706.22	6,991.36
15	FY 2020-21	42,908.62	39,119.05	3,789.57
15	**Total upto FY:2020-21**	**5,99,093.10**	**4,54,264.99**	**1,44,828.11**
16	**FY 2021-22 (in this APR Order)**	39,535.01	40,028.84	0.00

Sl. No.	Year	Admitted amount of loan repayment in Rs. Lakh	Depreciation admitted in Rs. Lakh	Advance against depreciation in Rs. Lakh
	(1)	(2)	(3)	(4)
17	**Cumulative Total including FY 2021-22**	**6,38,628.11**	**4,94,293.83**	**1,44,828.11**

5.15.2 It can be seen from the above table that the depreciation determined by the Commission at paragraph 5.14.2 amounting to Rs. 40,028.84 Lakh is higher than the loan repayment admitted at paragraph 5.10.4. Further, the cumulative depreciation including Advance against depreciation at the end of 2021-22 amounting to Rs. 6,39,121.94 Lakh (Rs. 4,94,293.83 Lakh + Rs. 1,44,828.11 Lakh) is higher than the cumulative loan repayment at the end of 2021-22 amounting to Rs. 6,38,628.11 lakh. Therefore, CESC is not eligible for advance against depreciation for 2021-22.

5.15.3 However, interest at the interest rate of 6.52% of the weighted average cost of debt, on the excess differential amount held, i.e., Rs. 493.83 Lakh (Rs. 639,121.94 Lakh - Rs. 6,38,628.11 lakh) needs to be adjusted as interest credit as per Regulation 5.5.3 of the Tariff Regulations. Accordingly, the Commission admits an interest credit of Rs. 32.20 Lakh for the 2021-22 and allocated between the generation and distribution as in the table below.

Table 78: Allocation of Interest Credit

Sl. No.	Particulars	Amount (Rs lakh)
1	Budge Budge	0.89
2	Titagarh	-
3	Southern	0.05
4	**Subtotal (1+2+3)**	**0.94**
5	Distribution	31.26
6	**Total (4+5)**	**32.20**

5.16 Return on Equity

5.16.1 Actual addition to equity appears at Table below, based on items recognised at Note 20 of audited financial statement.

Table 79: Addition to Equity claimed during 2021-22

Sl. No.	Particulars	Amount (Rs. Lakh)
1	Profit for the year (Statement of Profit & Loss)	81,579.00
	Less:	
2	Dividend including tax paid [Note 20(b)(i) of Audited Financial Statement]	59,651.00
3	Unforeseen Exigencies Reserve [Note 20(b)(i) of Audited Financial Statement]	1,807.00
4	Other comprehensive loss for the year (Net of Tax)	1,476.00
5	Withdrawal of amount as per Note 49 of Audited Financial Statement	22,733.00
5	Total (2+3+4+5)	85,667.00
6	**Actual addition to equity base during 2021-22 excluding assets created under regulations 5.15.1.(iv) (1-5)**	**(4,088.00)**

5.16.2 In terms of the regulations 5.1(iii)(f) and 5.4.1(iii) of the Tariff Regulations, the consumers contributions to the addition to original cost of fixed assets during the year shall be deducted for the calculation of the amount of equity capital. Against the asset addition claim of Rs. 47,178 lakh by CESC in Form 1.18 of APR Petition for 2021-22, the net addition to fixed asset based on admitted asset addition by the Commission as detailed in Annexure 4 A, is in Table below:

Table 80: Addition to Original Cost of Fixed Asset

Particulars	Amount (Rs. Lakh)
Addition to fixed assets	47,725.23
Less: Retirement of Assets	4,468.00
Less: Consumer Contribution	11,066.00
Net addition to fixed asset	**32,191.23**

5.16.3 Further, the Commission continued with the view taken in Paragraph 5.10.3 above, for treatment of consumer contribution for FY 2021-22. The average equity base for the purpose of computation of return on equity during the year 2021-22 is worked out in the table below.

Table 81: Admissible Equity Base for 2021-22

Sl. No.	Particulars	Amount (Rs. Lakh)
1	Actual equity base at the beginning of the year 01.04.2021	1,048,591.00
2	Actual addition to equity base during the year	(4,088.00)
3	Actual equity base at the end of the year (1+2)	1,044,503.00
4	Admissible equity base at the beginning of the year 2021-22	416,940.72
5	Net addition to the original cost of fixed assets	32,191.23
6	Less: Asset created in terms of regulation 5.15(iv) of the Tariff Regulations	476.00
7	Net addition to the original cost of fixed assets during the year other than the assets created in terms of regulation 5.15.1(iv) of the Tariff Regulations (5-6)	31,715.23
8	Normative addition to equity base (30% of 7)	9,514.57
9	Assessed equity base at the end of the year 2021-22 (4+8)	426,455.29
10	Difference in actual equity base vis-à-vis assessed equity base at the end of year 2021-22 (3-9)	618,047.71
11	Addition to equity base considered for the year (8 if 10 = or > Zero)	9,514.57
12	Add: Asset created in terms of regulations 5.15.1(iv) of the Tariff Regulations	476.00
13	Addition to equity base during the year for the purpose of computation of return as per Tariff Regulations (11+12)	9,990.57
12	Admissible equity base at the closing of the year 2021-22 (4+13)	426,931.29
13	Average admissible equity base for allowing returns [(4+14)/2]	421,936.00

5.16.4 In terms of regulations 5.6.1.1 return on equity for generation company and transmission licensee shall be computed on the equity capital at the applicable rate provided by Central Electricity Regulatory Commission and in the terms of 5.6.1.2, the said rate will be one percent higher and will be related to distribution assets only. In terms of Central Electricity Regulatory Commission (Term and Conditions of Tariff) Regulations, 2014, the rate of return on equity for generation and transmission activity is 15.5% and distribution is 16.5%. Allocation of equity base between generation function and distribution function based on the claimed amount:

Table 82: Functional Allocation of Equity Base (Rs. Lakh)

Particulars	Opening Equity base of 2021-22	Addition to Equity base during 2021-22*	Closing Equity base of 2021-22	Average Equity base of 2021-22	Return on Equity (%)	Return admitted in APR for 2021-22
Generation	123,671.67	223.31	123,894.98	123,783.33	15.50%	19,186.42
Distribution	293,269.05	9,767.26	303,036.31	298,152.68	16.50%	49,195.19
Total	**416,940.72**	**9,990.57**	**426,931.29**	**421,936.00**		**68,381.61**

*Note: Addition to equity of Rs. 9,990.57 Lakh is allocated to Generation and Distribution function based on the proportion of amount of assets added admitted in Chapter 4 of this Order

5.16.5 Equity base specifically attributable to a function has been shown under such function (based on claimed amount).

Table 83: Function-wise allocation of the Return of Equity determined in Table 82

Particulars	Amount (Rs. Lakh)*
(A) Generation function	
Budge Budge	16,479.29
Titagarh	1,417.85
Southern	1,289.27
Total (A)	**19,186.42**
(B) Distribution Function	49,195.19
Total (A+B)	**68,381.61**

*Note: Total RoE of Rs. 68,381. 61 Lakh is allocated to each of the business function in the same proportion of RoE amount claimed by CESC in the APR Petition

5.16.6 However, Titagarh generating station of CESC being inoperative since FY 2017-18, the Commission, as such does not admit any Return on Equity for Titagarh for the year 2021-22. The centre-wise break-up of the amount admitted are shown in below.

Table 84: Function-wise Allocation of the Amount of Return on Equity admitted

Particulars	As admitted in APR for 2021-22 (Rs. Lakh)
(A) Generation function	
Budge Budge	16,479.29
Titagarh	-
Southern	1,289.27
Total (A)	**17,768.56**
(B) Distribution Function	49,195.19
Total (A+B)	**66,963.75**

5.17 Appropriation to Reserve for Unforeseen Exigencies

5.17.1 As per the MYT Order dated August 1, 2022, no amount was allowed to CESC under the head "Reserve for Unforeseen Exigencies." Note-15 a. of the audited financial statement provides a disclosure that amount lying in deposit accounts in banks at 31st March, 2022 includes Rs. 29929.00 lakh appropriated upto the previous year towards Fund for unforeseen exigencies and interest attributable thereto.

5.17.2 Since the investment as disclosed in Note 15 a of the Audited Financial Statement continues to exist, the requirement of regulation 5.11 of the Tariff Regulations, 2011 is fulfilled.

5.18 Tax on Income

5.18.1 The summary assessment order relating to Assessment Year 2021-22 reflects that the net tax liability of CESC is Rs. 23683.38 lakh. However, the net tax liability includes tax on gain on income from capital gains of Rs. 720.58 lakh and income from other sources of Rs. 3796.82 lakh. Since, the income from retail business is also included in the tax liability, the Commission decides to proceed with the claimed Tax on Income of Rs. 18,056.98 for FY 2021-22, which is also in line with the Auditor's Certificate placed at Annexure C16 of Volume 3 of the APR Petition. No allocation of tax on income for Titagarh generating station is possible owing to disallowance of return on equity in respect of the said generating station. Further, CESC has also not claimed any income tax for Titagarh Generating Station. Hence, admitted tax on income arrives at Rs. 18,056.98 lakh. The centre-wise break-up of the amount admitted are shown in Table below:

Table 85: Function-wise Allocation of Admitted Tax on Income (Rs. Lakh)

Sl. No.	Particulars	Break up of claim of Rs 18,056.98 lakh	Break up of Admitted Tax on Income
1	Budge Budge	4,594.91	4,594.91
2	Titagarh	-	-
3	Southern	331.01	331.01
4	**Subtotal**	**4,925.92**	**4,925.92**
5	Distribution	13,131.06	13,131.06
6	**Total**	**18,056.98**	**18,056.98**

5.19 **Permitted Incentive**

5.19.1 Budge Budge and Southern are non-ABT Stations and in terms of regulation 6.4.2 are eligible for incentives in terms of paragraph-1 of Schedule-10 to the Tariff Regulations, if their performance is beyond the target availability factor. CESC has submitted Plant availability factor in the data-format for all the generating stations. In a separate proceeding in Case no B-36/ABT/9 on the issue of installation of Availability Based Tariff (ABT) meter and Declared Capacity (DC) certification of all the embedded generating stations of CESC by WBSLDC, CESC has submitted through affidavit that the on-line monitoring display arrangement of generation and sent-out figures as well as dedicated voice communication from CESC Control room and WBSLDC Control room are in place since 2009. The on-line Supervisory Control and Data Acquisition (SCADA) records are also available since 01.04.2014 with CESC. It is also submitted by CESC that the Availability Schedule and Injection Schedule on day-ahead basis is being provided regularly by CESC to WBSLDC in prescribed format of WBSLDC since 2009. Revision of Schedules on real time are also sent by CESC to WBSLDC. Initial Schedules are being uploaded on CESC website since 01.04.2014. CESC mentioned under affidavit that WBSLDC has neither asked for demonstration of the DC nor provided any availability certificate. The Commission while dealing with the issue in the above case vide order dated 30.07.2022 in case No B-36/ABT/9, has also observed that communication and on-line monitoring are in place. The Commission has also observed that CESC was never asked for demonstration of availability by WBSLDC. Commission has thereafter observed in such order that availability submitted by CESC needs to be considered in absence of specific direction for demonstration.

5.19.2 In view of the above decision taken in the Order dated 30.07.2022 in Case No. B-36/ABT/9, the Commission now decides to consider the availability for the year 2021-22 for Budge Budge, Southern Generating Station as submitted by CESC in Form 1.1 of the petition which are found above the normative PAF.

5.19.3 Further, performance of Budge Budge in terms of specific oil consumption is found to be better than norms. The consequent incentives in accordance with the Tariff Regulations have been worked out as under:

Table 86: Incentive for Generation Higher than Norms

Sl. No.	Factors	Unit	Budge Budge	Southern
1	Target Plant Availability Factor	%	85.00%	85.00%
2	PLF achieved	%	84.66%	13.87%
3	Eligibility for incentive under reg 6.4.2		YES	NO
4	Sent out generation for own consumer and WBSEDCL	MU	5,131.95	
5	Normative sent out generation	MU	4,782.96	
6	Additional units [(4)-(5)]	MU	348.99	
7	Normative PLF	%	80.00%	
8	Additional PLF [(2)-(7)]	%	4.66%	
9	Applicable category		**B**	
10	Applicable rate	Paise/kwh	24.00	
11	Amount eligible [(6) x (10))/10]	Rs. In Lakh	**837.56**	

Table 87: Incentive for Oil Consumption better than Norms

Sl. No.	Factors	Unit	Budge Budge	Southern
1	Gross Generation	MU	5,639.50	163.97
2	Normative oil consumption rate	ml/kWh	1.30	2.10
3	Actual oil consumption rate	ml/kWh	0.13	4.31
4	Oil rate saved	ml/ kWh	1.17	Nil

Sl. No.	Factors	Unit	Budge Budge	Southern
5	Applicable Rate of incentive per unit of generation	Paise/kwh	0.40	
6	Eligible Amount [(1) x (5) /10]	Rs. In Lakh	**225.58**	

Table 88: Incentive for Gross Station Heat Rate better than Norms

Sl. No.	Factors	Unit	Budge Budge	Southern
1	Gross Generation	MU	5,639.50	163.97
2	Normative SHR	kCal/kWh	2,470.00	2,900.00
3	Actual SHR	kCal/kWh	2,254.08	3,933.72
4	Applicable Rate of incentive as per Schedule-10	Paise/kWh	0.50	0.00
5	Eligible Amount [(1) x (4) /10]	Rs. In Lakh	281.98	0.00

Table 89: Allocation of Overall Incentive (Rs. Lakh)

Sl. No.	Particulars	Budge Budge	Southern	Distribution	Total
1	Incentive for higher generation than norms	837.56	0.00	0.00	837.56
2	Incentive for better oil rate	225.58	0.00	0.00	225.58
3	Incentive for better heat rate	281.98	0.00	0.00	281.98
4	**Total**	**1,345.12**	0.00	0.00	**1,345.12**

5.19.4 Regarding the incentive for reliability in power supply claimed in the supplementary FPPCA petition dated 27th January 2025, the Commission notes that CESC provided weekly interruption data and corresponding energy loss estimates. CESC, incidentally, submitted a claim first time for power supply reliability incentive. However, the Commission finds that CESC has not adequately described the infrastructure utilised for real-time measurement and data preservation during the 2021-22 financial year.

5.19.5 The Commission observes that 24/7 validation system needs to be operational on the field for any estimation of energy loss. Reliable data compilation is a pre-requisite for ascertaining actual performance against the targets set in the Tariff Regulations. Due to lack of such data regarding the system used to derive these figures, the claim cannot be currently examined. The Commission may examine the claim subsequently on submission of substantive technical documentation by CESC.

5.20 **Net UI charges paid**

5.20.1 CESC Limited paid an amount of Rs. 838.00 lakh during the year on account of unscheduled interchange charges (UI). The Commission vide letter dated 8th April, 2024, has sought the bills raised by SLDC for 2021-22 to substantiate the claim of CESC. In response, CESC vide letter 9th May, 2024 a summary of DSM/UI and reactive energy bills along with copy of the corresponding bills amounting to Rs. 838.00 Lakh (Rs. 741.00 Lakh DSM/UI charges + Rs. 97.00 Lakh Reactive energy charges). In terms of regulation 5.17.2 of the Tariff Regulations, net payable UI charges shall be considered as an expenditure and shall be limited to 5% of the total power purchase cost.

5.20.2 The claim on this account of Rs 838.00 lakh is well within the permissible limit of 5% of total power purchase cost of Rs. 2,86,979.12 lakh as mentioned in paragraph 3.8.1. The Commission, as such, admits Rs. 838.00 on this account.

5.21 **Written off intangible assets**

5.21.1 No amount is claimed under this head by CESC Limited in the APR application.

5.22 **Income from non-tariff sources**

5.22.1 As per Note 32 and 33 of audited financial statement the total other income is Rs. 37,776.00 lakh. In Form 1.26 to Annex 1 of APR Petition, the income from non-tariff source is shown as Rs 27,416.00 lakh for the year 2021-22. In Note 3 to Form 1.26, CESC has provided reconciliation of Rs 27,416.00 lakh as Non-Tariff Income instead of Rs 37,776.00 lakh as summarized below:

Table 90: Non-Tariff income claimed for 2021-22

Particulars	Rs. Lakhs
Total Other Income	37,776.00
Interest Income from investment towards unforeseen exigencies reserve	(1,807.00)
Income from other Auxiliary Services (Advertisement on bill face etc.)	54.00
Profit from Sale of Assets	0.00

Particulars	Rs. Lakhs
Ind AS Adjustments	(562.00)
User Fee	(732.00)
Miscellaneous Debits not claimed	92.00
Earnings from sale of traded goods	(1,805.00)
Interest Income from retained profits / share issue proceeds	(5,599.00)
Total Income other than sale of energy (non-tariff income)	**27,416.00**

5.22.2 In disclosure about the retail business of the Company is made in Note 48 forming part of the Financial Statements as follows:

"The Company is primarily engaged in generation and distribution of electricity which is the only reportable business segment in line with the segment wise information which is being presented to the CODM. There are no reportable geographical segments, since all business is within India.

*The **Company is also running a single retail store in state of Gujarat** which is not significant for the CODM and hence not considered as reportable segment."*

5.22.3 The Commission has observed that 'Revenue from Operations' of CESC Limited as disclosed in the Note 32 forming part of the Audited Financial Statements includes Rs. 1,805.00 lakhs towards "Earnings from sale of Traded Goods". There is also an expense of Rs. 1,524.00 Lakh towards "Purchase of stock-in-trade" in the Statement of Profit and Loss for the year ended 31st March, 2022. The expenditure has featured in Part-D-2 (Profit Reconciliation) of the Cost Audit Report as "Purchase of stock-in-trade for Retail Business & Increase in Inventories of stock-in-trade".

5.22.4 In absence of any specific disclosure on the net 'Earnings from sale of traded goods' from single store in state of Gujarat, the Commission finds it prudent to include the net earnings at Rs. 281.00 lakh (Rs. 1,805.00 lakh – Rs. 1,524.00 lakh) from non-tariff income.

5.22.5 Further, as per the Tariff Regulation 5.1. (iii)(f) and 5.4.1(iii) of the Tariff Regulations, and the view taken by the Commission in Paragraph 5.10.3 of this Order the Commission has not considered the consumer's contribution of Rs. 11,066.00 Lakh in the Non-Tariff income and this amount is excluded from non-tariff income.

5.22.6 The Commission, recomputes non-tariff income by way of referring to the admissible items appearing under Note 33 of the audited financial statement. Admitted Non-Tariff Income appears in the Table below:

Table 91: Non-Tariff Income Break-up

Sl. No.	Particulars	Amount (Rs. Lakh)
1	Meter Rent	5,391.00
2	Others	959.00
3	Interest Income	2,287.00
4	Other non-operating Income (includes delayed payment surcharge, usance fee etc.)	4,935.00
5	Net earnings from sale of traded goods	281.00
6	**Net income from non-tariff sources**	**13,853.00**

5.22.7 Accordingly, function-wise allocation of non-tariff income stands as shown in the Table below:

Table 92: Allocation of admitted Non-Tariff Income

Particulars	Admitted Amount (Rs. Lakh)
(A) Generation function	
Budge Budge	869.03
Titagarh	0.00
Southern	66.85
Total (A)	935.88
(B) Distribution function	12,917.12
Total (A+B)	**13,853.00**

5.23 Benefits passed on to consumers

5.23.1 Based on Form 1.24 of volume-2 of APR petition and Audited Financial Statements and Benefits passed on to the consumers in terms of the regulations are detailed as under:

Table 93: Benefits Passed on to the Consumers in terms of Regulations (Rs. Lakh)

Sl. No.	Sources	Revenue Received	Related cost	Gains derived	Rate of share of benefit to consumers (%)	Share to Consumers & WBSEDCL
1	2	3	4	5 = (3-4)	6	7=5x6
1	Sale of power to persons	8,536.72	6,266.97	2,269.75	50%	1,134.87

Sl. No.	Sources	Revenue Received	Related cost	Gains derived	Rate of share of benefit to consumers (%)	Share to Consumers & WBSEDCL
	other than consumers					
2	Auxiliary Services	74.91	128.68	(-) 53.77	40%	0.00
3	Other business - consultancy services	4.93	96.79	(-) 91.86	40%	0.00
4	Other business - user fee	732.05	0.00	732.05	40%	292.82

5.23.2 Since costs pertaining to consultancy services are not part of the claim, the related revenue is also not shared. Besides, no loss is passed on to consumers as well.

Table 94: Centre-wise Break up of Benefits Passed on to Consumers and WBSEDCL (Rs. Lakh)

Particulars	Sale of power to persons other than consumers	Aux. Services	Other Business - consultancy Services	Other Business - User Fee
Budge Budge	0.00	0.00	0.00	0.00
Distribution Function (entirely allocated)	1,134.87	0.00	0.00	292.82

5.24 Expenses related to COVID 19

5.24.1 CESC has claimed Mitigation Expenses related to Covid-19 pandemic of Rs. 832.00 lakhs based on cost auditors' certificate under Annex C28 of Volume 3 of the APR petition. The sub-costs under this expense are as follows:

Table 95: Break-up of Covid 19 expenses (Rs. Lakhs)

Description	BBGS	SGS	Distribution	Centrally maintained	Total
Sanitisation, PPE and Other Covid 19 mitigating expenses	1.00	2.00	139.00	349.00	491.00
Car/Ambulance Hire Expenses	0.00	0.00	0.00	83.00	83.00
Quarantine Expenses	0.00	0.00	0.00	240.00	240.00
Vaccination Expenses	0.00	0.00	0.00	129.00	129.00
Total	1.00	2.00	139.00	801.00	943.00

5.24.2 The Commission has analysed the above claim against the expenses related to Covid-19 and opines that these are one-time expenses incurred by CESC to meet an exigency situation of Covid-19 pandemic. Therefore, the Commission has to come to decision that these expenses cannot be passed on to the consumers in the tariff especially when a fund, i.e., Reserve for Unforeseen Exigencies" is being maintained by CESC as per Regulation 5.11 of Tariff Regulations.

5.24.3 Further, the Commission has observed that Note-15 a of the audited financial statement provides a disclosure that amount lying in deposit accounts in banks at 31st March, 2022 includes Rs. 29,929.00 lakh appropriated upto the previous year towards Fund for unforeseen exigencies and interest attributable thereto. Therefore, the Commission admits the expenses related to Covid-19 amounting Rs. 943.00 Lakhs, as claimed by CESC, however, this expense is to be met from the Reserve for Unforeseen Exigencies, as per the Regulation 5.24 of Tariff Regulations and thus this expense is not admitted in this APR Order.

5.25 **Payment under voluntary separation scheme for Titagarh Generating Station**

5.25.1 CESC has claimed Rs. 534 Lakhs against payment for Voluntary Separation Scheme in the ARR of Titagarh Generating Station. CESC vide letter dated 20th January 2026 submitted a few CESC's internal documents containing payment amount details and select bills of contractors.

5.25.2 The Commission while scrutinising the above-mentioned details and documents found that these payments were done not to CESC's own employees but to employees of multiple contractor companies. Any payments done against Voluntary separation scheme of employees of any contractor company cannot be prudent to be admitted as a pass through in the Tariff. Accordingly, the Commission does not admit the payment under voluntary separation scheme as claimed by CESC.

5.26 Admissibility of recovery of full Capacity Charges as per Regulation 6.4.2 of Tariff Regulation

5.26.1 In terms of regulation 6.4.2 of the Tariff Regulations, from the third control period, the recovery of capacity charge for all the generating station of the licensee and generating company shall be against the normative availability. However, for this purpose licensee has to provide schedule of availability for all 15-minute time block of each generating station to SLDC for recording and subsequent demonstration of their declared capacity as mentioned in regulation 6.7 of the Tariff Regulations. For such demonstration, licensee has to provide online monitoring display arrangement of generation/ sent-out of the generating stations along with dedicated voice communication to SLDC to meet the need of Regulation 6.7 of the Tariff Regulations.

5.26.2 CESC has submitted the availability parameters of their own generating stations in their APR petition at Form 1.1 which was not supported with the certificate by WBSLDC. The Plant Availability Factor (PAF) has declared by the plants and submitted by CESC in their petition are above the normative PAF of the respective plants. As decided in this order, the Commission admits the capacity charge for the generating stations of CESC for the year 2021-22 on the basis of PAF declared by the plants as submitted in Form 1.1. Thus, fixed cost for generating stations, distribution business and overall are admitted as follows:

Table 96: Allocation of Fixed Costs

Sl. No.	Particulars	Admissible Fixed cost on APR in 2021-22 (Annexure 5 A to Annexure 5 E) (Rs. lakh)
1	**Generation function**	
2	Budge Budge	50,091.20
3	Titagarh**	46.00
4	Southern	9,177.24
5	**Generation (A)**	**59,314.44**
2	**Distribution Function (B)**	**2,43,330.68**
	Total (A+B)	**3,02,645.12**

** For Titagarh generating station, only employee cost is admitted.

5.26.3 In terms of paragraph D of Schedule- 9B of the Tariff Regulations, in case of availability of a generating station of a licensee falls below the availability norm, then the total gains meant to be passed on to consumers, which shall represent the sum of the sharable gains under paragraph A to paragraph D of Schedule-9B, shall be used first to compensate the deficit in fixed charge recovery of the concerned generating station by the licensee, and only thereafter the balance if any shall be passed on to consumers. In such an event, the computation shall be generating station specific. As the gain on account of performance parameters in paragraph 3.17 above is in relation to Budge-Budge generating station only, no benefit of adjustment is allowable to Southern generating station.

Annexure 5 A

Generation

Budge Budge Generating Station

Rs. Lakh

Sl. No.	Particulars	Amount admitted in Tariff Order 2021-22	Amount claimed in APR 2021-22	As admitted in APR 2021-22
1	Water Charges / cess	7.00	0	0.00
2	Coal and Ash handling charges	1,045.00	980	490.00
3	Operation & Maintenance Expenses	11,955.00	11,955	7,372.32
4 (a)	Employee cost	8,628.00	7,977	7,977.00
(b)	Contractual manpower in regular establishment	4,355.00	4,757	4,757.17
5	Rent for generation	0.00	0.00	0.00
6	Rates & Taxes (other than income tax)	420.00	361	360.57
7	Insurance	560.00	1,273	1,053.77
8	Corporate Social Responsibility	0.00	527	0.00
9	Interest on Capital Borrowings (incl. interest on normative debt)	1,331.00	1,056	857.64
10	Interest on Working Capital	0.00	0.00	0.00
11	Other Finance Charges	210.00	308	274.15
12	Bad Debt	0.00	0.00	0.00
13	Depreciation	5,435.00	5,856	5,399.17
14	Advance against Depreciation	988.00	622	0.00
15	Written off Intangible Assets	0.00	0.00	0.00
16	Return on Equity	16,857.00	16,938	16,479.29
17	Reserve for Unforeseen Exigencies	0.00	0.00	0.00
18	Expenses related to COVID 19	0.00	1	0.00
19	Income Tax	2,945.00	4,595	4,594.91
20	Performance Incentive	0.00	1,345	1,345.12
21	Gross Fixed Charges (1 to 20)	**54,736.00**	**58,550**	**50,961.11**
22	Less: Interest Credit	0.00	0.00	0.89
23	Less: Income from non-tariff sources	416.00	1,719	869.03
24	Less: Benefits passed on to consumers for sale to persons other than consumers or licensee	0.00	1,759	0.00
25	Less: Benefits to pass on to consumers for auxiliary services	0.00	0.00	0.00
26	Total Net amount deductible (22 to 25)	**416.00**	**3,478**	**869.91**
27	Net Fixed Charges for the year 2021-22 (21-26)	**54,320.00**	**55,072**	**50,091.20**

Annexure 5 B

Generation

Titagarh Generating Station

Rs. Lakh

Sl. No.	Particulars	Amount admitted in Tariff Order 2021-22	Amount claimed in APR 2021-22	As admitted in APR 2021-22
1	Water Charges / cess	0.00	0	0.00
2	Coal and Ash handling charges	0.00	0	0.00
3	Operation & Maintenance Expenses	0.00	0	0.00
4 (a)	Employee cost	558.00	46	46.00
(b)	Contractual manpower in regular establishment	0.00	0	0.00
5	Rent for generation	0.00	0	0.00
6	Rates & Taxes (other than income tax)	0.00	113	0.00
7	Insurance	0.00	11	0.00
8	Corporate Social Responsibility	0.00	0	0.00
9	Interest on Capital Borrowings (incl. interest on normative debt)	0.00	0	0.00
10	Interest on Working Capital	0.00	0	0.00
11	Other Finance Charges	0.00	0	0.00
12	Bad Debt	0.00	0	0.00
13	Depreciation	521.00	533	0.00
14	Advance against Depreciation	94.00	0	0.00
15	Written off Intangible Assets	0.00	0	0.00
16	Return on Equity	1,452.00	1,457	0.00
17	Reserve for Unforeseen Exigencies	0.00	0	0.00
18	Expenses related to COVID 19	0.00	2	0.00
19	Income Tax	254.00	0	0.00
20	Performance Incentive	0.00	0	0.00
21	Payment under Voluntary Separation Scheme	0.00	534	0.00
22	**Gross Fixed Charges (1 to 21)**	**2,879.00**	**2,696**	**46.00**
23	Less: Interest Credit	0.00	0	0.00
24	Less: Income from non-tariff sources	36.00	0	0.00
25	Less: Benefits passed on to consumers for sale to persons other than consumers or licensee	0.00	0	0.00
26	Less: Benefits to pass on to consumers for auxiliary services	0.00	0	0.00
27	**Total Net amount deductible (23 to 26)**	**36.00**		
28	**Net Fixed Charges for the year 2021-22 (22-27)**	**2,843.00**	**2,696**	**46.00**

Annexure 5 C

Generation

Southern Generating Station

Rs. Lakh

Sl. No.	Particulars	Amount admitted in TO 2021-22	Amount Claimed in APR 2021-22	As Admitted in APR 2021-22
1	Water Charges / cess	67.90	0	0.00
2	Coal and Ash handling charges	297.00	64	25.75
3	Operation & Maintenance Expenses	2,546.00	2,546	1,357.56
4(a)	Employee cost	5,741.00	4,978	4,978.00
4(b)	Contractual manpower in regular establishment	599.00	631	630.98
5	Rent for generation	46.53	79	49.23
6	Rates & Taxes (other than income tax)	2.00	2	1.94
7	Insurance	119.00	216	182.44
8	Corporate Social Responsibility	0.00	38	0.00
9	Interest on Capital Borrowings (incl. interest on normative debt)	89.00	74	59.88
10	Interest on Working Capital	0.00	0	0.00
11	Other Finance Charges	20.00	27	24.26
12	Bad Debt	0.00	0	0.00
13	Depreciation	335.00	340	313.84
14	Advance against Depreciation	61.00	36	0.00
15	Written off Intangible Assets	0.00	0	0.00
16	Return on Equity	1,316.00	1,325	1,289.27
17	Reserve for Unforeseen Exigencies	0.00	0	0.00
18	Expenses related to COVID 19	0.00	0	0.00
19	Income Tax	230.00	331	331.01
20	Performance Incentive	0.00	0	0.00
21	**Gross Fixed Charges (1 to 20)**	**11,469.43**	**10,687**	**9,244.14**
22	Less: Interest Credit	0.00	0	0.05
23	Less: Income from non-tariff sources	32.00	124	66.85
24	Less: Benefits passed on to consumers for sale to persons other than consumers or licensee	0.00	0	0.00
25	Less: Benefits to pass on to consumers for auxiliary services	0.00	0	0.00
26	**Total Net amount deductible (22 to 25)**	**32.00**	**124**	**66.90**
27	**Net Fixed Charges for the year 2021-22 (21-26)**	**11,437.43**	**10,563**	**9,177.24**

Annexure 5 D

Distribution

				Rs. Lakh
Sl. No.	**Particulars**	**Amount admitted in Tariff Order 2021-22**	**Amount claimed in APR 2021-22**	**As admitted in APR 2021-22**
1	Employee Cost	87,630.00	75,712	75,712.00
2	Repair & Maintenance	20,619.00	16,543	19,249.22
3	Administrative & General	24,812.00	28,810	26,156.09
4	Rates & Taxes (other than income tax)	386.00	538	537.82
5	Insurance	204.00	556	343.85
6	Lease Rental	1,197.00	994	994.00
7	Cost of Outsourcing	1,208.00	1,555	1,278.08
8	Corporate Social Responsibility	0.00	1,505	0.00
9	Interest on Capital Borrowings (incl. interest on normative debt)	19,014.00	14,961	12,154.88
10	Interest on Temporary Accommodation	0.00	48,834	9,291.80
11	Interest on Consumer's Security Deposit	10,291.00	10,640	10,640.00
12	Interest on Working Capital	0.00	6,120	0.00
13	Other Finance Charges	626.00	1,218	1,084.59
14	Bad Debt	-	3,276	3,276.00
15	Depreciation	36,503.00	36,684	33,824.17
16	Advance against Depreciation	6,637.00	3,590	0.00
17	Written off Intangible Assets	0.00	0	0.00
18	Return on Equity	52,737.00	52,570	49,195.19
19	Reserve for Unforeseen Exigencies	0.00	0	0.00
20	Expenses related to Covid 19	0.00	941	0.00
21	Income Tax	9,213.00	13,131	13,131.06
22	Performance Incentive	0.00	12,779	0.00
23	Net DSM Payable	0.00	838	838.00
24	**Gross Fixed Charges (1 to 23)**	**2,71,077.00**	**3,31,795**	**2,57,706.76**
25	Less: Interest Credit	0.00	0	31.26
26	Less: Income from non-tariff sources	10,022.00	25,574	12,917.12
27	Less: Benefits passed on to consumers for sale to persons other than consumers or licensee	0.00	0	1,134.87
28	Less: Benefits to pass on to consumers for auxiliary services	0.00	0	0.00
29	Less: Expenses attributable to Auxiliary Services	0.00	0	0.00
30	Less: Benefits to pass on to consumers from other business	586.00	293	292.82
31	**Total Net amount deductible (25 to 30)**	**10,608.00**	**25,867**	**14,376.08**
32	**Net Fixed Charges for the year 2021-22 (24-31)**	**2,60,469.00**	**3,05,929**	**2,43,330.68**

Annexure 5 E
Overall ARR of CESC

Rs. Lakh

Sl. No.	Particulars	Amount admitted in Tariff Order 2021-22	Amount claimed in APR 2021-22	As admitted in APR 2021-22
1	Water Charges/Cess	72.90	0	0.00
2	Coal & Ash handling charges	1,342.00	1,044	515.75
3	Operation & Maintenance - Generation	14,501.00	14,501	8,729.88
4	Repair & Maintenance - Distribution	20,619.00	16,543	19,249.22
5	Administrative & General - Distribution	24,812.00	28,810	26,156.09
6	a) Employee Cost - Own Employee b) Cost of contractual manpower in regular generation establishment	1,07,510.75	94,102	94,101.14
7	Rent	46.53	79	49.23
8	Rates & Taxes (other than income tax)	808.00	1,013	900.33
9	Insurance	883.00	2,056	1,580.07
10	a) (a) Lease Rental	1,197.00	994	994.00
	b) (b) Cost of Outsourcing	1,208.00	1,555	1,278.08
11	Corporate Social Responsibility	0.00	2,070	0.00
12	Interest on Capital Borrowings (incl. interest on normative debt of Rs. 17.66 lakhs)	20,434.00	16,091	13,072.39
13	Interest on Temporary Accommodation	0.00	48,834	9,291.80
14	Interest on Consumer's Security Deposit	10,291.00	10,640	10,640.00
15	Interest on Working Capital	0.00	6,120	0.00
16	Other Finance Charges	856.00	1,553	1,383.00
17	Bad Debt	0.00	3,276	3,276.00
18	Depreciation	42,794.00	43,414	39,537.18
19	Advance against Depreciation	7,780.00	4,248	0.00
20	Written off Intangible Assets	0.00	0	0.00
21	Return on Equity	72,362.00	72,291	66,963.75
22	Expenses related to Covid 19	0.00	943	0.00
23	Income Tax	12,642.00	18,057	18,056.98
24	Performance Incentive	0.00	14,124	1,345.12
25	Net UI payable	0.00	838	838.00
26	Payment under Voluntary Separation Scheme	0.00	534	0.00
27	**Gross Fixed Charges (1 to 26)**	**3,40,159.18**	**4,03,729**	**3,17,958.01**
28	Less: Interest Credit	0.00	0.00	32.20
29	Less: Income from non-tariff sources	10,506.00	27,416	13,853.00
30	Less: Benefits passed on to consumers for sale to persons other than consumers or licensee	0.00	1,759	1134.87
31	Less: Benefits to pass on to consumers for auxiliary services	0.00	0.00	0.00
32	Less: Benefits to pass on to consumers from other business	586.00	293	292.82
33	**Total Net amount deductible (28 to 32)**	**11,092.00**	**29,468**	**15,312.89**
34	**Net Fixed Charges for the year 2021-22 (27-33)**	**3,29,067.18**	**3,74,261**	**3,02,645.12**

Annexure 5 F

Insurance Claimed by CESC and admitted by the Commission for FY 2021-22 (Rs)

Particulars	CLAIMED BY CESC			ADMITTED BY THE COMMISSION		
	Annual Premium	GST@18%	Total Amt*	Annual Premium	GST@18%	Total Amt
Budge Budge G/S-MBD	82,966,076.83	14,933,893.83	97,899,970.66	82,966,076.83	14,933,893.83	97,899,970.66
Budge Budge G/S-Business Interruption	13,784,272.17	2,481,168.99	16,265,441.16	-	-	-
Distribution station & Sub-station NT	26007507	4,681,351.26	30,688,858.26	26007507	4,681,351.26	30,688,858.26
SGS T	15017366	2,703,125.88	17,720,491.88	15017366	2,703,125.88	17,720,491.88
All risk RMU	1940000	349,200.00	2,289,200.00	1940000	349,200.00	2,289,200.00
Coal Washery	2029098	365,237.64	2,394,335.64	2029098	365,237.64	2,394,335.64
All Risk Diff Loc	-	-	-	-	-	-
Stocks Diff Loc NT	1276385	229,749.30	1,506,134.30	1276385	229,749.30	1,506,134.30
Washery Stock T	1694210	304,957.80	1,999,167.80	1694210	304,957.80	1,999,167.80
TGS Silent Risk T	799105	143,838.90	942,943.90	-	-	-
CESC House NT	663476	119,425.68	782,901.68	663476	119,425.68	782,901.68
NCGC Silent Risk T	538000	96,840.00	634,840.00	-	-	-
EEI Diff Location	36679	6,602.22	43,281.22	36679	6,602.22	43,281.22
River Tunnel T	51252	9,225.36	60,477.36	51252	9,225.36	60,477.36
EEI Comp Main Frame	21840	3,931.20	25,771.20	21840	3,931.20	25,771.20

Particulars	CLAIMED BY CESC			ADMITTED BY THE COMMISSION		
	Annual Premium	GST@18%	Total Amt*	Annual Premium	GST@18%	Total Amt
Total Property Insurance	**146,825,267.00**	**26,428,548.06**	**173,253,815.06**	**131,703,889.83**	**23,706,700.17**	**155,410,590.00**
Marine	800000	144,000.00	944,000.00	-	-	-
Motor Policy	2200000	396,000.00	2,596,000.00	2,200,000.00	396,000.00	2,596,000.00
Fidelity Policy	10000	1,800.00	11,800.00	-	-	-
Public Liability	1500000	270,000.00	1,770,000.00	-	-	-
Burglary Policy	400000	72,000.00	472,000.00	-	-	-
Mis Policies	15700000	2,826,000.00	18,526,000.00	-	-	-
D&O Policy	500000	90,000.00	590,000.00	-	-	-
Money Policy	900000	162,000.00	1,062,000.00	-	-	-
KNR Policy	400000	72,000.00	472,000.00	-	-	-
Crime Policy	4500000	810,000.00	5,310,000.00	-	-	-
Other Insurance Claims	**26910000**	**4843800**	**31753800**	**2200000**	**396000**	**2596000**
Total Insurance Claims	**173,735,267.00**	**31,272,348.06**	**205,007,615.06**	**133,903,889.83**	**24,102,700.17**	**158,006,590.00**

** Insurance premium specified here is lesser than the claim in the APR petition, as the Commission, has computed the total premium payable by considering the premium paid specified by CESC in Page 380 of the Volume 4 of the APR Petition and added 18% GST.*

Chapter 6

AMOUNT ADJUSTABLE ON ANNUAL PERFORMANCE REVIEW

6.1 A summarised position of the fixed cost for three generating stations, distribution and selling/supply functions have been detailed above Table 96 of this order totalling to Rs. 3,02,645.12 lakh. Further, the Commission also determined the fuel and power purchase cost allowable to CESC in Table 36, totalling to Rs. 4,13,732.80 lakh, after meeting the amounts relating to shares of various gains attributable to its consumers and WBSEDCL in terms of the Tariff Regulations in Chapter 3 of this order. Revenue recovered by CESC as per Audited Financial Statements, is now required to be adjusted against Rs. 7,16,377.91 lakh (i.e. Rs. 3,02,645.12 lakh + Rs. 4,13,732.80 lakh).

6.2 In its Annual Performance Review (APR) Petition dated 30th November, 2022, CESC included a revenue item of Rs 223.00 lakh as "Contribution to Festival" under Note 1 of Form 1.25, which was added to the revenue from the sale of electricity. CESC noted that this revenue would be subject to adjustment due to the subsuming of MVCA into the energy charge, as per paragraph 7.2.2 of the Tariff Order for 2021-22. However, in a 1st Supplementary Petition dated 21st December, 2023, submitted 11 months after the original APR Petition, CESC submitted for reconsideration by stating that Rs 223.00 lakh should not be added again since the gross tariff already includes this amount, which is not recoverable. This change in treatment represents a departure from CESC's consistent earlier approach, which has never been contested through review or appeal. Therefore, the Commission asserts that such a claim requires careful scrutiny, including documentation from prior years where a different treatment was applied. The Cost Audit Report (Annexure C-4 of Volume 3 of APR Petition) states that Revenue from sale of energy stands recorded to the extent of Rs. 7,04,263.00 crore (Rs. 7,03,334.00 Lakh + Rs. 929 Lakh), whereas the note 32 a. of the Audited Financial statement records a higher amount of Rs. 7,10,165.00 crore, thereby evidencing inconsistency in submission of claim in the petition which remains unexplained. Furthermore, note 32 c. Audited Financial statement state that earnings from electricity sales are reported on net of discount, contradicting CESC's claim of gross tariff accounting. Given these inconsistencies and the lack of challenge to previous APR treatments, the Commission deems it appropriate to reject the revised claim and continue with the same prudence as followed in earlier APR orders. Accordingly, the revenue from sale of electricity as admitted by the Commission is provided in the table below:

Table 97: Revenue from sale of electricity earned by CESC, as admitted by the Commission

Sl. No.	Particulars	Amount (Rs. Lakh)
1	Earnings from sale of electricity as per Note 32(a) of audited financial statement of CESC Ltd	7,10,165.00
2	Less: Earnings attributable to sale of energy to persons other than own consumers & WBSEDCL including swap-out power (Annex C2 of Vol 3 of APR petition)	9,954.22
3	Add: Contribution to festivals (Note 1 of form 1.25)	223.00
4	Net earnings from sale to consumers and WBSEDCL [(1) - (2) + (3)]	**7,00,433.78**

6.3 The amount adjustable on Annual Performance Review is detailed as under in Table below:

Table 98: Adjustment in Annual Performance Review

Sl. No.	Particulars	Amount (Rs. Lakh)
1	Total Fuel and Power Purchase Cost admitted	4,13,732.80
2	Fixed charge admitted	3,02,645.12
3	Revenue arising out of APR Order in earlier order (APR of 2015-16 to 2017-18) adjusted with the APR of 2021-22 in Tariff Order dated 01.08.2022	11,219.20
4	Less: Net earnings from Sale to Consumers and WBSEDCL	7,00,433.78
5	**Balance Recoverable / Payable (-) for FY 2021-22 [(1+2+3)-(4)]**	**27,163.33**

6.4 In terms of regulation 2.6.6 of the Tariff Regulations, the entire recoverable amount of Rs. **27,163.33** lakh or part thereof shall be adjusted with the amount of Aggregate

Revenue Requirement for the year FY 2026-27 or that of any other ensuing year or through a separate order, as may be decided by the Commission.

6.5 CESC is directed to continue to submit information as per directives issued through the Tariff Order, APR/FPPCA Orders including the directives issued in this Order given in different paragraphs.

6.6 CESC is to take a note of this order.

6.7 A copy of this Order shall be posted on the official website of the Commission.

6.8 CESC is directed to download the copy of this Order from the Commission's website and act accordingly. Certified copies of this Order, upon application and fulfilment of the requisite formalities as per the West Bengal Electricity Regulatory Commission (Conduct of Business) Regulations, 2013, as amended, and upon submission of necessary fees, shall be provided to the parties.

Sd/-

(DR. MALLELA VENKATESWARA RAO)

CHAIRPERSON

Dated: 08.06 2026

Sd/-

DEPUTY DIRECTOR, WBERC