



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

**IN CASES NO.:
FPPCA – 103/ 21 – 22 AND
APR – 90 / 21 – 22**

**IN REGARD TO THE APPLICATIONS OF
THE WEST BENGAL STATE ELECTRICITY DISTRIBUTION
COMPANY LIMITED
FOR FUEL & POWER PURCHASE COST ADJUSTMENT (FPPCA)
AND ANNUAL PERFORMANCE REVIEW (APR)
FOR THE FINANCIAL YEAR 2019 – 2020**

DATE: 27.07.2022



CHAPTER – 1

1. PREAMBLE

- 1.1 Regulation 2.6 of the West Bengal Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2011, as amended till date (hereinafter referred to as the ‘Tariff Regulations’), specifies that, the generating companies or the licensees, as the case may be, are subject to an Annual Performance Review (in short ‘APR’).
- 1.2 West Bengal State Electricity Distribution Company Limited (hereinafter referred to as ‘WBSEDCL’) submitted their application for Annual Performance Review for 2019–2020 on 24.11.2021 in terms of the provision contained in Tariff Regulations. WBSEDCL has also submitted Fuel and Power Purchase Cost Adjustment (FPPCA) application for 2019–20 on 26.11.2021 for ascertaining the Fuel and Power Purchase Cost Adjustments (in short “FPPCA”) separately. The FPPCA application has been admitted on 26.01.2022 in Case No. FPPCA-103/21-22 and APR application has been admitted on 21.01.2022 in Case No. APR – 90/21-22 the Commission.
- 1.3 The APR covers the areas of permissible annual fixed charges determination to the applicant, permissible incentives and sharing of gain as per Schedule 9B and Schedule-10 to the Tariff Regulations respectively. In the APR for the year 2019 – 2020, therefore, the review of the different elements of fixed charges, categorized as controllable and uncontrollable has been done to find out the amounts to be permitted to WBSEDCL against each head of element vis-à-vis the amount allowed under tariff order for 2019 – 2020.
- 1.4 The instant application of WBSEDCL for APR of 2019– 2020 is under the sixth control period, based on audited annual report and accounts for the year 2019 – 2020. The adjustments as may arise out of the review of the instant application with reference to the aforesaid audited annual report and accounts and the Commission’s tariff orders dated 25.08.2021 for WBSEDCL for 2019– 2020 in Case No. TP-84/19-20 will be considered for giving effect to while determining the amount of revenue recoverable /payable through tariff order of ensuing year or through separate order as specified in regulation 2.6.6 of the Tariff Regulations.
- 1.5 On admission of the APR application, WBSEDCL was directed to publish the gist of the APR application 2019 – 2020, as submitted by WBSEDCL and approved by the Commission vide



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letter dated 01.02.2022. Accordingly, the gist was published in four newspapers inviting suggestions / objections, if any, from the public as per following table:

Table 1.5-1

Sl. No.	Date of Publication	Newspapers	Last date for submission of suggestions / objections as per notification
1	09-02-2022	Ananda Bazar Patrika	21 days from date of publication (inclusive of date of publication)
2	09-02-2022	Bartaman	
3	09-02-2022	Sanmarg	
4	09-02-2022	The Times of India	

The approved gist along with the APR petition for 2019 – 2020 was also published on the website of WBSEDCL. WBSEDCL had also made available the application of APR for 2019 – 2020 and copy of its audited Annual Report and Accounts for 2019 – 2020 on its website. Opportunity was provided to all to inspect the application and take copies thereof.

- 1.6 Comments, suggestions and objections were received from Ganatantrik Nagarik Samity (GNS) and Forum of Scientists, Engineers and Technologists (FOSET) on the applications for APR for the year 2019 – 20 of WBSEDCL.



CHAPTER – 2

2. OBJECTIONS AND SUGGESTIONS

2.1 Background:

WBSEDCL has made certain prayers and submissions through the APR petition and FPPCA for 2019-2020 and the accompanying forms. It has also submitted audited accounts, auditors' certificates, supporting data, documents and compliance reports. WBSEDCL has submitted that its net aggregate revenue requirement allowed by the Commission in Tariff Order was Rs. 21,24,890.82 lakhs. Against the same, WBSEDCL in Paragraph 2.35 of their APR application has submitted total realizable sales revenue for 2019-20 as Rs.25,19,198 lakhs and asked for net revenue recoverable for 2019-20 as Rs 3,48,081 lakhs after adjusting the sales revenue already realized in 2019-20.

2.2 Objections and Comments:

2.2.1 The Commission observed that, Ganatantrik Nagarik Samity and Forum of Scientists, Engineers & Technologists (FOSET) have submitted their comments, suggestions and objections to the Commission on the applications for APR for the year 2019 – 20 of WBSEDCL within the due date given in the gist publication.

2.2.2 Some of the comments received from them are related to renewable and environmental protection, open access related issues and other matters which are not directly related to the instant applications of WBSEDCL. In view of the above, the Commission though has noted the comments but has not elaborated those in this order. The comments, suggestions and objections which are only pertaining to the instant application of WBSEDCL have been elaborated and discussed below.

2.2.3 Ganatantrik Nagarik Samity (in short called as “GNS”) inter-alia submitted the following

The Commission should consider carrying cost against the regulatory asset while issuing APR order of WBSEDCL. The Commission is requested to issue necessary directions to WBSEDCL to mitigate the problem of cumulative shortfall deposit by depositing the amount to the terminal benefit fund along with deposit of carrying cost of such shortfall amount to make up loss. Further, the Commission may introduce, a levy or surcharge, for big consumers at high voltages. The



Commission may also introduce a levy or surcharge on higher voltage consumers over and above average cost of wheeling and average distribution losses for the system.

2.2.4 Forum of Scientists, Engineers and Technologists (in short called as “FOSET”) inter-alia submitted the following;

The Commission must not allow the carrying cost on account of non-claimed amount through MVCA as WBSEDCL is bound to recover its power purchase cost through MVCA. However, disallowance of carrying cost on regulatory asset will affect the financial health of WBSEDCL which will ultimately affect the operations of the DISCOMS and thus affecting the state and the consumers. Further, the Commission is requested to direct WBSEDCL to provide timely terminal benefits to its employees without any further delay

Commissions’ views

The Commission has noted the comments of GNS and FOSET and will be taken care of. The Commission in this order has finalized the APR and FPPCA of WBSEDCL for 2019 – 20 in accordance with the provisions of the Tariff Regulations.

**CHAPTER – 3****3. COMPUTATIONS OF ALLOWABLE FUEL AND POWER PURCHASE COST**

- 3.1. In this part of the order, the Commission takes up for determination of fuel and power purchase cost allowable to WBSEDCL on the quantum of power sold by it to the consumers and other licensees during the financial year 2019-20.
- 3.2. The Fuel and Power Purchase Cost (FPPC) during the referred adjustment period, i.e., financial year 2019-20, is to be admitted in terms of the formula as specified in schedule 7A to the Tariff Regulations.
- 3.3. The FPPCA formula provides for adjustment of allowable fuel and power purchase cost for the gain sharing in accordance with Schedule – 9B to the Tariff Regulations. WBSEDCL has no coal fired thermal power station to operate. As such, the question of gain sharing on this account does not arise.
- 3.4. WBSEDCL's own source of generation is from Hydro Generating stations. In terms of Part – B of the referred schedule, gains accruing to it, if any, due to its actual performance being better than the norms set out for any year are to be retained by it without any sharing.
- 3.5. Norm of distribution loss for WBSEDCL for the year 2019-20 was 17.50% in the tariff order. As it comes out from the data provided by WBSEDCL in its application, the actual rate of distribution loss of WBSEDCL on the quantum of sales to consumers works out as under:

Table 3.5-1

Sl. No.	Particulars	Energy (MU)
1	Total Energy purchased (net of CTU loss) including energy swap in but excluding UI in (refer Annexure- 3A of the Order)	41,536.86
2	Energy sent out from own generating stations (See Reference-1)	1,621.79
3	STU Grid loss (See Reference-1)	1,465.21
4	Net UI Energy drawn (580.565 MU – 287.909 MU) (See Reference-1)	292.66
5	Net Energy Available with WBSEDCL from own generating stations and from purchase of power [(1) +(2) – (3) +(4)]	41,986.10
6	Energy sold to persons other than own consumer and licensee and energy swap out including transmission loss (1253.004 MU + 864.848 MU) (See Reference-1)	2,117.85



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Sl. No.	Particulars	Energy (MU)
7	Pumping energy for Purulia Pumped Storage Project (PPSP) including normative transmission loss	1,504.49
8	Energy available at distribution input for sale to consumer and licensee [(5)-(6)-(7)]	38,363.75
9	Energy sold to licensee at EHV & sale to Sikkim (See Reference-1)	51.07
10	Transmission loss on energy sold to licensee & Sikkim considering normative transmission loss at 3.4%	1.80
11	Energy received for wheeling at 33kV	155.30
12	Energy wheeled (See Reference-1)	153.65
13	Additional unit allowed for wheeling (See Reference-1)	1.65
14	Net Energy Available with WBSEDCL for sale to own consumers [(8) + (11) - {(9) + (10) + (12) + (13)}]	38,310.89
15	Energy sold to own consumers and sale to licensee at HV level (See Reference-1)	31,129.72
16	Own consumption (See Reference-1)	71.00
17	Distribution loss [(14) - {(15) + (16)}]	7,110.17
18	Distribution loss in % [(17)/ (14)x100]	18.56%
Reference-1: Statement of Technical Particulars in Annual Report and Accounts of WBSEDCL for 2019-20.		

The actual distribution loss is 18.56%. It is more than the normative distribution loss of 17.50% considered by the Commission in Tariff Order.

3.6. The values of different factors in the FPPCA formula are computed and admitted by the Commission as under:

3.6.1 FC (FUEL COST):

3.6.1.1 No coal fired thermal generating station is owned and operated by WBSEDCL. It only operates a diesel generating station at Rudranagar in Sagar Island to meet up the local demand. During 2019-20, there was no generation from that station. WBSEDCL has also not claimed any amount for the year under this head. Accordingly, the Commission has not considered any fuel cost for 2019-20 for diesel generation station.

3.6.2 PPC (POWER PURCHASE COST):

3.6.2.1 The quanta of power purchased by WBSEDCL from different sources and cost incurred thereon during 2019-20 as per submission of WBSEDCL and audited annual report and accounts 2019-20 have been enumerated in Annexure – 3A. As may be seen therein, the quantum of power



purchased during the year works out to 41,831.36 MUs. The cost incurred for total power purchase is Rs. 17,28,843.00 Lakhs.

3.6.2.2 Further, WBSEDCL has clarified that, due to inherent nature of demand variation during different period of the day, surplus situation occurs when consumer demand is low. However, to maintain minimum availability of the generation in the grid, WBSEDCL needs to sell the surplus power to the persons other than its own consumer and licensees and/or banking of power. The sale of surplus power is done keeping in mind the maximum benefit of WBSEDCL's consumers and thus such sale is done where recovery of full fuel cost of power purchase is ensured.

3.6.2.3 The Commission notes the justification of WBSEDCL for energy sold to the persons other than own consumers and licensees at average variable pooled cost by ensuring the recovery of full fuel cost of the power purchase of long term PPAs (excluding RE). It is observed that, WBSEDCL has considered hydro PPAs for computation of average variable pooled cost. The Commission now decides to recompute the average variable pooled cost by considering all long-term and medium-term power purchase excluding the hydro, renewable and co-generation sources. Accordingly, the average variable cost of pooled power comes to 289.46 Paise/kWh as shown in Table below:

Table 3.6-1

Long Term Thermal Source	Purchased energy (MU)	Energy Charge and MFCA Charge if appl. Rs. In Lakhs	Energy Charge Rate P/kWh
NTPC	5,283.45	1,29,111.00	244.37
Kanti Bijli	192.37	5,274.00	274.16
DVC (Meija V)	206.33	6,329.00	306.75
WBPDCL	19,116.73	5,65,049.00	295.58
PTC – Jhabua	538.19	23,021.00	427.75
PTC – Adhunik	398.83	10,746.00	269.44
PTC- Jaiprakash	556.06	23,754.00	427.18
TPTCL - Maithon Right Bank	29.12	1,133.00	389.13
HMEL	1,464.61	39,863.00	272.17
Overall	27,785.69	8,04,280.00	289.46

3.6.2.4 However, the Commission is of the view that, going forward, WBSEDCL needs to undertake detailed analysis of demand variation of its own consumers using sophisticated modelling tools and plan the strategy for intra-day power procurement through flexible options like Real Time



Market (RTM) to minimize the excess sale to persons other than own consumers. WBSEDCL is also directed to submit the details of its power swapping arrangements in subsequent APR petitions specifying (i) swap-in energy vis a vis swap-out in the same year, (ii) swap-out as initial transaction and swap-in in succeeding year and (iii) swap-in against already swapped-out energy satisfying the provisions of regulation 5.15.2 of the Tariff Regulations.

3.6.2.5 The Commission has worked out the average cost of power purchase as below.

Table 3.6-2

Particulars	Purchase (MU)	Cost (Rs. Lakhs)
Total Power Purchase (excluding rebate for timely payment of Rs.3311 lakhs)	41,831.36	17,25,532.00
Less: Proportionate purchase cost of energy that is sold to the persons other than its own consumers & licensees. (at avg. variable pooled cost of 289.46 P/kWh)	1,253.00	36,269.34
Less: Proportionate purchase cost of energy that has been swapped out during the year	864.85	35,674.82
Less: Amount received from SLDC UI Fund		11,890.49
Quantum for effecting distribution to consumers and licensees	39,713.51	16,41,697.35
Average per unit (kWh) purchase cost of power for sale to own consumer & another licensee (paise/kWh)		413.39

3.6.2.6 It is seen from Sr. No 9.0 of the statement of technical particulars of audited accounts that WBSEDCL has drawn 580.57 MU under Deviation Settlement Mechanism (DSM) during the year 2019-20. It is also seen from Sr No. 16 of the statement of technical particulars of the annual accounts that, WBSEDCL has injected 287.909 MU during the year 2019-20 under DSM. As per note no. – 34(A) to the annual accounts the amount payable in ERPC DSM pool account is Rs. 13,971 Lakhs (No arrear dues.) and Rs.361 Lakhs are receivable from ERPC DSM pool account as per note No. 32 to the annual accounts.

3.6.2.7 The Commission is of the view that, WBSEDCL needs to review their scheduling strategy to minimize the over-drawal from the regional pool. Since this is the APR of 2019-20 and RTM was not in existence in 2019-20, going forward WBSEDCL needs to take benefit of RTM for procuring power for meeting intra-day variation instead of over-drawing from regional DSM pool.

**3.7. C_D: Cost Disallowable:**

3.7.1 The actual amount of energy available with WBSEDCL for distribution to the consumers and licensees of WBSEDCL is computed as below:

Table 3.7-1

Sr. No.	Description	Quantity (MU)
1	Total energy purchased for effecting distribution to consumers and licensee as in table 3.6.2 above (Net of CTU Grid loss)	39,419.00
2	STU Grid Loss	1,465.21
3	Net DSM Energy drawn	292.66
4	Net energy available with WBSEDCL from purchase [(1)-(2) +(3)]	38,246.45
5	Pumping energy for Purulia Pumped Storage Project (PPSP) including normative transmission loss	1,504.49
6	Net purchased energy available with WBSEDCL for distribution to own consumers and licensees. [(4) – (5)]	36,741.96

3.7.2 The Commission notes that, actual Auxiliary consumption as submitted by WBSEDCL in line with the normative Auxiliary consumption of the plants as specified in the Schedule 9A (H) of the Tariff Regulation. The details of the Auxiliary consumption as admitted by the Commission as shown in the Table below:

Table 3.7-2

Own Generating Station	Generation in MU	Aux in MU	Actual Aux in %	Normative Aux as per Schedule 9A (H)	Excess if any
Rammam	247.30	2.47	1.00%	1%	0.00%
Jaldhaka-1	159.07	1.59	1.00%	1%	0.00%
Mini micro-Hydel	104.64	1.05	1.00%	1%	0.00%
PPSP	1,075.47	18.28	1.70%	1.7%	0.00%
Solar	58.71	0.00	0.00%	0%	0.00%
Total in MUs	1,645.18	23.39			



3.7.3 The Commission has worked out the amount of excess power purchase cost as under:

Table 3.7-3

Sl. No.	Factor Notation	Nomenclature	Unit	Value
1	E_{SC}	Quanta of energy sold to consumers	MU	31,129.72
2	E_O	Admitted energy for own consumption	MU	71
3	D	Normative distribution loss	%	17.50%
4	-	$(E_{SC} + E_O) / (1 - (d \times 0.01))$	MU	37,819.05
5	E_{SL}	Energy sold to other licensees at EHV & sale to Sikkim	MU	51.07
6	T	Normative T & D loss for E_{SL} (5)	%	3.40%
7	-	$E_{SL} / (1 - (t \times 0.01))$	MU	52.86
8	E	Aux. consumption in excess of norms (Table 3.7-3)	MU	-
9	E_g	Energy sent out from own generating station	MU	1,621.79
10	E_{Adm}	Purchase of energy admitted $[(4) + (7) - (8) - (9)]$	MU	36,250.12
11	E_P	Total energy purchased for distribution and supply to own consumers and licensees	MU	36,741.96
12	E_E	Excess energy purchased $[(11) - (10)]$	MU	491.84
13	EP_{Avg}	Average purchase cost	Paise/ kWh	413.39
14		Cost of excess power purchase $[(12) \times (13) / 10]$	Rs Lakhs	20,332.17
15	Cd	Cost disallowed (within the limits specified in regulation 2.8.6.1 of the Tariff Regulation)	Rs. Lakhs	20,332.17

3.7.4 In terms of regulation 2.8.6.1 of the Tariff Regulations, the disallowance on account of excess power purchase cost due to excess distribution loss over the norms thereof will be limited to an amount equal to summation of Return on Equity (ROE) and net UI receivable amount subject to the following conditions:

- Net UI receivable amount over the year = UI receivable amount – UI payable amount;
- Net UI receivable amount ≥ 0 .

As per Audited Annual Accounts, DSM charges payable during the year 2019-20 are Rs 13,977 lakhs whereas DSM charges receivable are Rs. 361 lakhs. Thus, net DSM charges receivable is



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considered zero for FY 2019-20. The ROE for the year 2019-2020 as admitted in this APR-FPPCA order is Rs. 37,236.21 lakhs. Hence, the limit of disallowance as per regulation 2.8.6.1 comes to Rs. 37,236.21 lakhs.

3.7.5 The Commission observes that the distribution loss for 2014 – 15, 2015 – 16, 2016 – 17, 2017 – 18, 2018-19 and 2019-20 were 27.61%, 27.75%, 27.49%, 26.69%, 23.00% and 18.56% respectively. The Commission notes that there is appreciable reduction in the distribution loss during- last 2 years i.e. 2018 – 19 and 2019 – 20 by 3.5% and 4.44% respectively.

3.7.6 WBSEDCL needs to continue its effort for distribution loss reduction well below the normative loss of 17.5% to reduce the burden of huge cost on excessive purchase of power on account of higher losses.

3.8. PRIOR PERIOD ADJUSTMENTS:

3.8.1 WBSEDCL claimed a total amount of Rs. 63,294 lakhs towards the amount of power purchase cost paid to agencies for the period prior to 2019-20. Auditors' Certificate has been provided in Annexure -1A of the FPPCA Petition for the claimed amounts of arrear payment which corroborates their claim.

Table 3.8-1

Sr No	Agency Name	Amount (Rs. lakhs)
1	DVC	3.00
2	NTPC	8,919.00
3	NHPC	13,727.00
4	PTC	11,926.00
5	DPL	0.00
6	WBPDC	25,414.00
7	KBUNL	202.00
8	NVVN	17.00
9	TPTCL	3,165.00
10	Solitaire Industries	-79.00
	Total	63,294.00



As mentioned in Paragraph 17g of the FPPCA Application for the year 2019-20, WBSEDCL had to pay Rs. 33,540.43 lakhs to WBPDC in 20 equal installments. An amount of Rs. 3217.62 lakhs, which constitutes a part of the differential energy charges, out of Rs.33,540.43 lakhs was paid in 4 equal installments and was considered in the FPPCA application of 2019-20. Annexure 1B of FPPCA application supports the claim of Rs. 3,218 lakhs and hence has been admitted by the Commission towards prior period adjustment charges. Hence, the Commission admits a total amount of Rs. 63,294 lakhs as Prior Period Adjustment Charges.

3.9. Allowable Fuel and Power Purchase Cost:

3.9.1 Putting the value of factors, as discussed and admitted in the foregoing paragraphs, the amount of allowable fuel and power purchase cost to WBSEDCL for the year 2019-2020 works out as under:

Table 3.9-1

Sr. No.	Particulars / Factors	Admitted by Commission (Rs. Lakhs)
1	FC: Fuel Cost	-
2.	PPC: Power Purchase Cost for Consumer & licensee	16,41,697.35
3.	C _D : Cost Disallowable.	20,332.17
4.	A: Prior Period's Adjustment	63,294.00
5.	FC+(PPC-C_D) + (+A)	16,84,659.18



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ANNEXURE – 3A
ACTUAL POWER PURCHASE FOR 2019-20

S. No.	Sources	Quantity (MU)	Cost (Rs. Lakhs)
1	NTPC	5,283.45	186,162.00
2	HMEL	29.12	1,133.00
3	NHPC	2,047.41	79,491.00
4	DVC	1,793.25	84,082.00
5	DPL	1,982.69	79,824.00
6	WBPDC (Including operating lease)	19,116.73	846,627.00
7	Renewable and cogeneration Sources		
	WBREDA	0.04	2.00
	Electro Steel Casting Limited	28.15	712.00
	NEORA HYDRO	7.32	266.00
	Nippon Power Ltd.	5.56	200.00
	Himadri Chemical Ltd	35.32	1,151.00
	Reshmi Ispat Ltd.	8.24	186.00
	Reshmi Cement	34.32	699.00
	Bengal Energy Limited	224.93	7,198.00
	Concast Bengal Ind. Ltd.	4.49	143.00
	NVVN (Bundle Power with 80.458 MU Solar Power)	439.89	20,681.00
	Solitaire	6.99	805.00
8	TPTCL (Non-Solar RPO)	401.92	13,424.00
9	Short term (total)	3,526.27	135,469.00
10	CESC Ltd.	8.47	554.00
11	Sikkim	0.38	25.00
12	Assam Power	0.64	59.00
13	JVVNL	0.12	13.00
14	PTC	3,994.54	139,173.00
15	TPTCL	1,977.31	89,341.00
16	Kanti Bijli Utpadan Nigam	192.37	13,515.00
17	Energy Swap IN	681.46	27,908.00
18	Grand Total (1 to 17)	41,831.36	17,28,843.00
19	Less: Rebate for timely payment		3,311.00
20	Gross Quanta and Cost of Power Purchase (18-19)	41,831.36	17,25,532.00
21	Less: CTU Grid Loss	294.51	
22	Net Quanta and Cost of Power Purchase (20-21)	41,536.86	17,25,532.00



CHAPTER – 4

FIXED COST DETERMINATION UNDER APR OF 2019-20**4.1 Background:**

The Tariff Regulations specify the classification of different fixed charge elements under controllable and uncontrollable heads and also the treatment of variation between projected expenditure and actual expenditure of such fixed charge elements during redetermination of ARR in APR. In its order dated 25.08.2021 in the tariff application of WBSEDCL for the year 2019-20, the Commission had considered some specific principles of calculation for determination of some elements of fixed charge during projection of ARR. The basic premises of such principles of calculation were

- (1) Wholesale price Index (WPI) and Consumer price Index (CPI),
- (2) Business volume change namely distribution line length and number of consumers, and
- (3) Sensitivity of expenditure elements to business volume change.

4.2 Parameters and formulas for fixed charge computation:

- 4.2.1 The Commission in paragraph 4.2.4 of the APR Order of 2016 – 17, has decided the principles to be considered for treatment of elements of ARR in line with Indian Accounting Standard (Ind-AS) as notified under section 133 of Companies Act. The same principle has been followed in this APR Order for 2019 - 20.
- 4.2.2 In view of the regulation 2.6.10 (v) of 2nd Amendment of Tariff Regulations, the Commission has noted the submission of WBSEDCL for the increase in the distribution line length and consumer strength at the end of the year 2019-20 and end of the year 2018-19 as shown in the Table 4.2-1 below:

Table 4.2-1

Particulars	Unit	Actual end of 2018-19	Actual end of 2019-20	Increase / Decrease (-)
Distribution Line Length	CKM	6,03,535.00	6,09,252.00	5,717.00 (0.95%)
No of Consumers	(Number)	1,91,37,802.00	1,99,92,198.00	8,54,396.00 (4.46%)



4.2.3 Though above table shows that, there is marginal growth in Distribution Line Length and no of consumers during FY 2019-20, the Commission as per the provision of above regulation has also compared the growth projected in Tariff Order 2019-20 and actual at the end of the 2019-20 in the Table 4.2-2 below. Further, the Commission has considered the WPI and CPI for APR Order same as Tariff Order 2019-20.

Table 4.2-2

	Admitted in Tariff Order 2019-20	Actual 2019-20	Increase / Decrease (-)
Distribution Line length – DLL (CKM)	6,15,927.18	6,09,252.00	-6,675.18
Consumer Strength – CS (Number)	1,97,65,769.00	1,99,92,198.00	2,26,429.00
DLL increase % for 2019-20 (compared MYT and actual)			-1.08%
CS Increase % for 2019-20 (compared MYT and actual)			1.15%
WPI in % (same as Tariff order)	1.67%	1.67%	
CPI in % (same as Tariff order)	7.54%	7.54%	
Inflation in hybrid index [WPI: CPI (60:40)] %	4.02%	4.02%	

4.2.4 It may be seen from Table 4.2-2 above that, the business volume parameters have not shown any significant growth as compared to MYT projections. Since % growth is not more than 5%, the 2nd amendment of tariff regulation 2.6.10 (v) of Tariff Regulations is not applicable for controllable item which is included in the working capital base. With this, now the Commission proceeds to review each of such fixed charge elements claimed by WBSEDCL.

4.3 Transmission charge payable:

4.3.1 Central Transmission Utility (CTU) Charge:

4.3.1.1 Note 34 (B) of the annual accounts for 2019-20 of WBSEDCL indicates that WBSEDCL has accounted for an amount of Rs 86,047 lakhs as current year transmission charge payable to PGCIL and Rs 11,619 lakhs as arrear dues of PGCIL. In para 2.2.3 of their application WBSEDCL has claimed Rs 968 lakhs as paid to NVVNL (as Reimbursement for interstate transfer of solar power) and Rs 18,828 lakhs as short-term open access charge included in power purchase cost as per para 2.2.4 of the application. WBSEDCL has further deducted a Rebate on transmission charge of Rs 22 lakhs from the CTU charge, as disclosed in paragraph 2.2.3 of APR



application, to arrive at the net claim of Rs 1,17,440 lakhs against the earlier admitted amount of Rs 85,528 lakhs. Note 34.3 of the Annual Audited Accounts mentions rebate for timely payment of power Central Transmission Charges as Rs. 22 lakhs. The claimed amount of Rs 1,17,440 lakhs (Rs 86,047 lakhs + Rs 11,619 lakhs + Rs 968 lakhs+ Rs 18,828 lakhs– Rs 22s lakhs) is now admitted as CTU charge under distribution function.

4.3.2 State Transmission Utility (STU) Charge:

4.3.2.1 In the tariff order of WBSEDCL for the year 2019-20, the Commission admitted the Annual Transmission Charge (in short 'ATC') of WBSETCL at Rs. 1,38,652 lakhs which was payable by WBSEDCL as user of the state transmission system. Against such admitted amount, actual STU charges of Rs. 1,22,032 lakhs is accounted for in Note-34(B) of the Annual Accounts of 2019-20 and claimed by WBSEDCL in their APR application for the year 2019-20, under the head STU charges. The said amount of Rs. 1,22,032 lakhs is admitted by the Commission in the APR for 2019-20 and allocated to distribution function.

4.4 SLDC Charges:

As seen from note 34(D) of annual accounts, WBSEDCL accounted for Rs. 1,701 lakhs towards charges payable to SLDC in the year 2019-20 against the admitted amount of Rs 2,209 lakhs. However, WBSEDCL has claimed 1,701 lakhs in their APR application. Considering the amount in annual accounts, the Commission admits amount of Rs. 1,701 lakhs paid by WBSEDCL as SLDC charges in the APR for 2019-20 and the entire amount is allocated to distribution function.

4.5 RLDC Charges:

On account of system operation charges to Power System Operation Corporation (POSOCO) WBSEDCL claimed Rs. 474 lakhs for the year 2019-20, which is higher than the admitted amount of Rs 352 lakhs. In note 34(B) of annual accounts Rs 258 lakhs is shown as current year's dues and Rs 216 lakhs is shown as negative adjustment for arrear. The said amount of Rs. 474 lakhs is admitted by the Commission in APR for 2019-20 and the entire amount is allocated to distribution function.



4.6 ERPC Charges:

An amount of Rs. 16 lakhs were accounted for in note 34(C) of annual accounts and claimed by WBSEDCL as Eastern Regional Power Committee (in short “ERPC”) charges. The entire amount of Rs. 16 lakhs is admitted in the APR for the year 2019-20 and allocated to the distribution function.

4.7 VARH Charges:

In para 2.7 of their application WBSEDCL has claimed an amount of Rs. 1,504 lakhs towards payment of Reactive Energy (VARH) charge. Such charge has been shown in note 34(E) of the Annual Accounts of WBSEDCL for 2019-20. No amount was admitted in MYT under this head. WBSEDCL has submitted that the invoice for VARH charges is claimed to SLDC by ERLDC as per CERC - Indian Electricity Grid Code (IEGC) Regulations, 2010. The entire amount claimed by WBSEDCL under this head is admitted for distribution function.

The Commission notes that, VARH charges have been increased as compared to 2018-19. The Commission directs, WBSEDCL to take necessary corrective measures for reactive power management to avoid VARH charges payment to regional pool in future as per the para 4.7 of APR 2017-18.

4.8 Employee cost:

- 4.8.1 In the APR application for 2019-20, WBSEDCL has claimed Rs 1,99,738 lakhs towards expenditures on employee cost heads, and the Commission had admitted Rs 1,40,830 lakhs. As observed from note no 35 and 43 of annual accounts, other comprehensive income recognized in the Statement of Profit & Loss Account and form 1.17h submitted by WBSEDCL that, out of the total employees cost of Rs 1,99,738 lakhs, Rs 1,65,915 lakhs is booked as salaries and related staff expenditures inclusive of Directors’ sitting fees and adjustment of capitalized value. Claim of WBSEDCL for employee cost is Rs. 1,99,738 lakhs. The details are tabulated below:



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Table 4.8-1

Particulars	As per Tariff Order	As claimed in Petition	As per Audited Accounts
Employees Cost	Rs in Lakhs	Rs in lakhs	Rs in lakhs
Salary & wages (including other staff welfare benefits, compensation and contribution to provident and other funds) ---A	1,40,830.00	1,65,909.00	1,65,909.00
Add: Directors' sitting Fees & Expenses – B		6.00	6.00
Less: Other Comprehensive Income (Note 43 of Audited Accounts) –C		-50,424.00	-50,424.00
Less: Other Provisions Written Back (Note 33 of Annual Accounts) – D		16,601.00	16,601.00
Total ----- (A + B - C - D)	1,40,830.00	1,99,738.00	1,99,738.00

4.8.2 WBSEDCL vide para 2.16.2 of APR application has submitted that the actual employee cost (net of capitalisation, excluding service tax /GST on staff welfare expenses, including 'Director's Sitting Fees' and compensation injuries on death/damages to staff) incurred by WBSEDCL in 2019-20 is Rs. 1,65,915 lakhs. The total employee cost includes amount of Rs. 1975 lakh as cost of employees deputed in WBSEDCL from DPL during January 2019 to March 2019.. WBSEDCL submitted that this employee cost is inclusive of the effect of Revision of Pay and Allowance Rules (ROPA) 2020.

4.8.3 The Commission notes the negative entry of Rs. 50,424 Lakhs towards Other Comprehensive Income (OCI) related to employee cost for 2019-20 as per Note 43 of the Audited Annual Accounts. WBSEDCL also proposed to adjust Rs. 16,601 lakh on Other Provisions Written Back from their total employee cost during the year. The net claim under employee cost head comes to Rs.1,99,738.00 Lakhs.

4.8.4 The Commission has noted the terminal employee benefits of Rs. 1,02,147 lakhs, as mentioned in the APR application and the payments made to various funds in Annexure 22, Volume 2 of APR application (Auditor's certificate) are tallying. The same has been validated with audited accounts submitted in Appendix 3 of APR application.

4.8.5 Accordingly, the Commission admits Rs 1,99,738 lakhs towards Employee cost in the APR for 2019-20 and allocates the same to generation and distribution function. Summary of Admittance and allocation is given in the Table 4.8-3 below.



Table 4.8-3

Expenditure Head	Amount (Rs. in Lakhs)			
	Claimed in APR	Admitted under Generation	Admitted under Distribution	Total Admitted
Employee Cost (form 1.17h)	1,65,915.00	3,385.00	1,62,530.00	1,65,915.00
Less Allocated OCI	-50,424.00	-1,029.00	-49,395.00	-50,424.00
Less Other Provision Written Back	16,601.00	339.00	16,262.00	16,601.00
Net Employee Cost after adjustment of OCI and other provision written back	1,99,738.00	4,075.00	1,95,663.00	1,99,738

4.8.6 An amount of Rs. 1285 lakh has been claimed as production / performance incentive under Employee Cost by WBSEDCL. It is observed that, in terms of regulation 5.9.5 of the Tariff Regulations incentive under employee cost is allowable only to the components of wage which ensures attendance and compliance with job norms of the employees. In absence of any supporting documents as required under regulation 5.9.5 of the Tariff Regulations, the Commission decides to withhold the amount of Rs. 1285 Lakhs. On submission of the details required under regulation 5.9.5 of the Tariff Regulations, the Commission may consider to release the amount.

4.9 Operation and Maintenance (O&M) Expenses:

4.9.1 Operation and maintenance (O&M) Expenses for Generation:

- 4.9.1.1 In line with the admitted expenditure of Rs 5,252.73 lakhs, WBSEDCL has claimed Rs 5,252.73 lakhs as O&M expenditures for Generation. O&M expenditure is a controllable expenditure using operating norms and hence shall be guided by Regulation 2.5.5 (ii) of the Tariff Regulation.
- 4.9.1.2 WBSEDCL has handed over 10 MW Teesta Canal bank solar PV plant to the contractor on 11.03.2017 for comprehensive O&M for five (5) years. The grant fund covers comprehensive O&M expense for five (5) years from the date of handover of the plant and WBSEDCL will have to incur the expenditure from 10.03.2022. Hence WBSEDCL has not claimed any O&M expenses for said solar PV plant for 2019-20. Rs 5,252.73 lakhs is the total O&M expense for Rammam, Jaldhaka, Small Hydro and PPSP power plants. As per Form 1.12k and Form 1.17 of Volume I of APR application, the total actual O&M value for generation is Rs.4193 lakhs.



4.9.1.3 In line with reg 2.5.5 (ii) of Regulation, the O&M expenses for generation for 2019-20 will be determined as per norms specified in para 6.4.1 table 6.3 in tariff order for 2019-20. As per the 2nd amendment of Tariff Regulations, O&M expenses for a generating station are considered as controllable factor. The O&M expenses for generation for 2019-20 will be determined as per norms specified in para 6.4.1 Table 6.3 of Tariff Order of 2019-20.

4.9.1.4 The Commission notes that actual O&M expenses are lower than the normative O&M expenses. Accordingly, the Commission admits the actual O&M expenses as shown in the table below. In addition, the Commission also admits the centrally allocated expenses of Rs. 446.00 Lakhs as per the Form 1.17 of the Petition submitted by WBSEDCL.

Table 4.9-1

O&M expenses for generating stations of WBSEDCL						
Name Of Plant	Installed Capacity	Normative O&M cost in Rs Lakhs/ MW	Normative O&M cost in Rs Lakhs	O&M cost in Rs Lakhs as claimed in form E(b)	O&M cost in Rs Lakhs Actual as per form 1.12	O&M cost in Rs Lakhs as Admitted
Rammam Stage I	51.00	11.74	622.71	622.71	415.00	415.00
Jaldhaka	36.00	16.90	632.88	632.88	347.00	347.00
Small Hydro	88.10	16.72	1,558.14	1,558.14	1,356.00	1,356.00
PPSP	900.00	2.61	2,349.00	2,349.00	1,630.00	1,630.00
TOTAL	1,075.10	47.97	5252.73	5252.73		
Centrally allocated expenses (Form 1.17)					446.00	446.00
Total	1,075.10	47.97	5252.73	5252.73	4,194.00	4,194.00

4.9.2 Repair and Maintenance (R&M) for Distribution.

R&M expenses claimed by WBSEDCL is Rs 23,718 lakhs which is lesser than Rs. 29,178 lakhs as admitted in Tariff Order 2019-20. As per form 1.15 and 1.17, R&M expense comes out as Rs. 23,718 lakhs. Annexure 5A of Volume 2 of APR application also indicates the same. Hence, the Commission admits the amount of Rs. 23,718 lakhs under distribution head.

4.9.3 Administrative and General (A&G) Expenses for Distribution.

4.9.3.1 It is noted from Form 1.15 and 1.17 that, WBSEDCL has claimed an amount of Rs 14,023 lakhs under this head against the admitted amount of Rs 15,616 lakhs in Tariff Order 2019-20. The



auditor certificate in annexure 5A volume II details the segregation of amounts booked under different expenditure heads in Annual Accounts between generation and distribution function. Directors' sitting fees considered under employee cost has been excluded from A&G expenses.

- 4.9.3.2 Expenses claimed under Rent, Audit, Legal and Other A&G head are less than the amount admitted in Tariff Order and same is considered for admission by the Commission. Accordingly, total A&G expenses of Rs. 14,023 lakhs admitted by the Commission under distribution function is as per the Table 4.9-2 below.

Table 4.9-2

Sl No	Expenditure Head	Amount in Lakhs Rs		
		Admitted in Tariff Order	Claim in APR Petition	Admitted in APR
1	Rent	1,407.00	1,363.00	1,363.00
2	Audit	142.00	81.00	81.00
3	Legal	518.00	524.00	518.00
4	Other A&G	13,549.00	12,055.00	12,055.00
5	Adjustment as per regulation [2.5.5(iv)] of Tariff Regulations			6.00
	Total (1+2+3+4)	15,616.00	14,023.00	14,023.00

4.10 Outsourcing Expenditure for Distribution:

- 4.10.1 In tariff petition for 2019-20, WBSEDCL has claimed Outsourcing expenses without furnishing the breakup under the controllable and uncontrollable heads. The Commission had admitted the same as controllable expense in the Tariff order of 2019-20.
- 4.10.2 WBSEDCL in its APR application for 2019-20, has claimed the entire outsourcing expenses for distribution of Rs. 60,100 lakhs as uncontrollable under manpower & vehicle expenses. The Commission observes that the expenses pertaining to Data Warehousing, Collection Franchisee, Franchisee, Meter Reading & Bill distribution and Back-office job had been categorized under controllable head in its previous APR Orders. Other heads of expenses are analyzed based on the nature of expense and treated accordingly.
- 4.10.3 WBSEDCL has claimed Call Center and Security expenses as uncontrollable. The Commission finds that such expense heads are predominantly manpower related. Therefore, Commission has treated Call Center and Security expense heads as uncontrollable. Similarly, WBSEDCL has



claimed Line and Substation maintenance, and Mobile Maintenance Service expense as uncontrollable. The Commission notes that such expense heads consist of manpower and consumables related expenses. As the consumable related expenses are claimed in Repair and Maintenance head separately, the Commission admits Line and Substation maintenance and Mobile Maintenance Service being predominately in the nature of manpower and vehicle related expenses, heads as uncontrollable.

4.10.4 In the tariff order 2019-20, the Commission considered the heads of line maintenance and substation maintenance in a composite manner considering the past trend of expense in connection with these two items. However, WBSEDCL has claimed it as separate heads of expenses. For admitting the expenditure under different subheads of outsourcing expenditure in line with regulation 2.8.9.5 and regulation 2.6.8 of the Tariff Regulation, the Commission considers the total claim under Line maintenance and substation maintenance sub-heads as a composite claim for Line and substation maintenance. In the subsequent paragraphs, each head is discussed.

4.10.5 Line and substation maintenance:

The admitted amount under this head in the ARR of the tariff order of 2019-20 is Rs. 19,709.67 lakhs. The claim under this head amounting to Rs. 19,792 Lakhs is corroborated by annexure 5A of APR application Volume II for 2019-20 As the amount has been claimed under uncontrollable head, the Commission admits Rs. 19,792 lakhs.

4.10.6 Meter Reading and Bill Distribution:

The amount admitted in tariff order is Rs. 12,254.78 lakhs against which WBSEDCL has claimed Rs. 14,322 lakhs as per Form 1.15 and 1.17 in their petition. The claim under this head amounting to Rs. 14,322 Lakhs is corroborated by Annexure 5A of Volume 2, APR petition (Note 38, Auditor's Certificate). The Commission has considered the head as controllable, and hence admits Rs. 12,254.78 lakhs as provided in the Tariff order 2019-20.

4.10.7 LT Mobile Maintenance [MCSU as per SOP Regulation]:

The amount admitted in tariff order under this head is Rs. 16,854.27 lakhs. WBSEDCL has claimed Rs. 16,970 lakhs against the admitted amount as per Form 1.15 and 1.17 in their petition.



. The claim under this head amounting to Rs. 16,970 Lakhs is corroborated by Annexure 5A of Volume 2, APR petition (Note 38, Auditor's Certificate). The claim being under uncontrollable head as decided in paragraph 4.10.3 above, the Commission admits Rs. 16,970 lakhs.

4.10.8 Security Expenses:

WBSEDCL has claimed an amount of Rs 3,766 lakhs against the admitted amount of Rs. 3,695.56 lakhs as per Form 1.15 and 1.17 of their petition. The claim under this head amounting to Rs. 3,766 Lakhs is corroborated by Annexure 5A of Volume 2, APR petition (Note 38, Auditor's Certificate). As the claim being under uncontrollable head as decided in paragraph 4.10.3, the Commission admits Rs. 3,766 lakhs towards Security Expenses.

4.10.9 Call Centre Expenses:

WBSEDCL in its petition claimed Rs. 2,617 lakhs as per Form 1.15 and 1.17 of the petition under this head which is less than the admitted amount of Rs. 3,030 lakhs in the tariff order 2019-20. The claim under this head amounting to Rs. 2,617 Lakhs is corroborated by Annexure 5A of Volume 2, APR petition (Note 38, Auditor's Certificate). Since the claimed amount is less than the admitted amount in the tariff order, the Commission admits the amount of Rs. 2,617 lakhs.

4.10.10 Back Office Jobs:

For back-office jobs, WBSEDCL in its petition claimed Rs. 219 lakhs under this head which is more than the admitted amount of Rs. 201.41 lakhs in the tariff order 2019-20. The claim under this head amounting to Rs. 219 Lakhs is corroborated by Annexure 5A of Volume 2, APR petition (Note 38, Auditor's Certificate). The Commission has considered the head as controllable as mentioned in paragraph 4.10.2, and accordingly admits Rs. 201.41 lakhs as provided in the Tariff order 2019-20.

4.10.11 Franchisee cost:

For franchisee cost, WBSEDCL in its petition claimed Rs. 211 lakhs under Form 1.15 and 1.17. The claim under this head amounting to Rs. 219 Lakhs is corroborated by Annexure 5A of Volume 2, APR petition (Note 38, Auditor's Certificate). No amount has been stipulated in the tariff order 2019-20 as there was no claim under this head by WBSEDCL in the tariff petition. ..



The Commission has considered the head as controllable as mentioned in paragraph 4.10.2 above. In absence of any specific submission regarding the reasons of their claim of Franchisee cost in APR petition, the Commission decides not to allow any amount under this head at this APR stage.

4.10.12 Collection Franchisee Cost:

For collection franchisee, WBSEDCL in its petition claimed Rs. 2,202 lakhs under this head which is more than the admitted amount of Rs. 2,089.24 lakhs in the tariff order 2019-20. The claim under this head amounting to Rs. 2,202 Lakhs is corroborated by as per Annexure 5A of Volume 2, APR petition (Note 38, Auditor's Certificate). The Commission has considered the head as controllable as mentioned in paragraph 4.10.2 above, and hence admits Rs. 2,089.24 lakhs as admitted in the Tariff order 2019-20.

4.10.13 Data Warehousing Costs:

No amount has been claimed under the head of data warehousing in APR petition.

4.10.14 The detail of admitted amount of the different elements of outsourcing expenditure as narrated in the above paragraphs is shown in Table 4.10-2 below:

Table 4.10-2

Cost of outsourcing	Admitted in Tariff order	Claimed in APR	Admitted in APR 2019-20
HT Line Maintenance and Sub-station Maintenance	19,709.67	19,792.00	19,792.00
Security charges	3,695.56	3,766.00	3,766.00
Meter Reading & Bill Distribution	12,254.78	14,322.00	12,254.78
Back-office Job	201.41	219.00	201.41
Call centre	3,030.00	2,617.00	2,617.00
LT Mobile Maintenance	16,854.27	16,970.00	16,970.00
Franchisee	0.00	211.00	0.00
Collection Franchisee	2,089.24	2,202.00	2,089.24
Data warehousing	0.39	0.00	0.00
Sub-total (iv)	57835.32	60,099.00	57,690.43



4.11 Some small Expenses:

4.11.1 Lease Rental:

The admitted amount under this head in 2019-20 Tariff Order is Rs. 2,077 lakhs. WBSEDCL has claimed Rs 730 lakhs under this head. As per para 6.4.4 of Tariff order 2019-20, Lease rental line expenditure is included under 'Other items', which is classified under controllable expense in parity with O&M expense. Same amount is reflected in the Form 1.15 and Form 1.17 and Note 38 A of audited accounts. Since the item has been considered under the controllable head, the Commission admits Rs. 730 lakhs for Lease Rental under Distribution function.

4.11.2 Complaint Management Mechanism:

The admitted amount under this head in 2019-20 Tariff Order is Rs 318 lakhs. WBSEDCL has claimed Rs 371 lakhs under this head. The Commission, in para 6.4.4 (b) of the Tariff Order for 2018 – 19 and 2019-20, has specified that this element will be considered as controllable factor. Same amount is reflected in the Form 1.15 and Note 38 A of audited accounts. Since the item has been considered under the controllable head, the Commission admits Rs. 318 lakhs for Complaint Management Mechanism under Distribution function.

4.11.3 Insurance:

The admitted amount under this head in tariff order of 2019-20 is Rs 1,071 lakhs. WBSEDCL has claimed Rs 1583 lakhs under this head. The same amount is reflected under Form 1.17(f) and note 38C of the audited Annual accounts submitted by WBSEDCL for 2019-20. Since the item has been considered under the uncontrollable head, the Commission admits Rs. 1,583 lakhs for Insurance, which has been allocated as Rs.1475.10 lakhs and Rs.107.90 lakhs between generation and distribution functions respectively.

4.11.4 Bad Debts written-off:

No amount has been admitted under this head in Tariff Order of 2018-19 and 2019-20. WBSEDCL has claimed Rs 9,175 lakhs under this head. The same amount is reflected under



Form 1.15 and 1.177 and note 38D of the Annual accounts submitted by WBSEDCL for 2019-20. As per regulation 5.10.1, the Commission may allow such amount of bad debt to a ceiling of 0.5% of the annual gross sale value of power at the end of current year. Hence, the Commission admits Rs. 9175 lakhs.

4.11.5 Rates and taxes:

4.11.5.1 WBSEDCL in its application has submitted that, the expenditure of Rs 18,557 lakhs claimed under Rates and Taxes includes Goods & Services Tax (GST) amounting to Rs. 18,557 lakhs. WBSEDCL has also submitted that expenditure on Rates and Taxes, being dependent on external factors like government tax fixation policy, is uncontrollable in nature, and the Commission may accordingly consider allowance of such expenditure.

4.11.5.2 The Commission accepts the prayer of WBSEDCL considering the fact that, taxes are subject to Government policies and uncontrollable for the licensee. However, it also needs to be ensured that the taxes paid on legitimate and admitted heads of expenditure are only allowed to be passed on to tariff. As the Commission performs a prudence check and inefficiencies are not allowed as a pass through, similarly the tax elements of such inefficiencies are also to be disallowed.

4.11.5.3 Total tax claim of WBSEDCL works to Rs 18,557 lakhs out of which Rs. 322 lakh is tax related to employees and insurance. The taxable heads of O&M, Outsource and small expenditures of Lease rental, insurance and complaint management mechanism accounts for this tax. The Commission decides to allow the tax related to employee expenses and insurance as per the claim of WBSEDCL. However, for balance taxable heads proportionate amount of tax is admitted as below:

Table 4.11-1

SL No	Particulars	Amount (Rs. lakhs)
1	Taxable expenditure claimed on O&M and outsourcing expenses	1,03,143.00
2	Admitted amount of expenditure on O&M & outsourcing (i) O&M for Generation: Rs. 4193.00 lakh (ii) R&M for distribution: Rs. 23718.00 lakh (iii) A&G for distribution: Rs. 14023.00 lakh (iv) Outsourcing expenses: Rs. 57690.43 lakh (v) Lease rental & complaint management: Rs. 1048.00 lakh	1,00,672.43



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SL No	Particulars	Amount (Rs. lakhs)
3	Tax claimed on O&M and outsourcing expenses (Rs. 18557 lakh – Rs. 322 lakh)	18,235.00
4	Proportionate GST admitted on O&M & outsourcing expenses [(3) x (2) / (1)]	17,798.22
5	Add: GST on employee cost and insurance (as claimed)	322.00
6	Total allowable rates & taxes	18,120.22

4.11.5.4 The Commission admits the amount of Rs. 18,120.22 lakhs as mentioned above. The admitted amount is proportionately allocated between Generation and Distribution function in the ratio of amounts claimed by WBSEDCL against this head. Thus, the amount admitted under generation function comes to Rs 598 lakhs and for Distribution function, admitted amount is Rs 17521.65 lakhs.

4.12 Depreciation:

4.12.1 WBSEDCL has claimed an amount of Rs. 46,220 lakhs in its APR application for 2019-20 towards depreciation on fixed assets as against Rs. 50,216.56 lakhs allowed in the ARR for the year 2019-20 in the tariff order. In Form – B of the APR application asset class wise breakup of the amount of Rs 97,932 has been provided. In Note 37 of annual accounts of 2019-20 depreciation and amortization chargeable to revenue account for the year 2019-20 is shown as Rs. 97,932 lakhs. Note 33 of annual accounts of 2019-20 shows Government grants of Rs. 43,781 lakhs and Consumers' contributions towards capital assets of Rs 7,931 lakhs. Hence, the net depreciation claimed is Rs. 46,220 lakhs (Rs. 97932 lakh – Rs. 43781 lakh – Rs. 7931 lakh).

4.12.2 The Commission admits the claim of WBSEDCL for depreciation value reduced by amortization value on Capital Grant (Rs 43,781 lakhs) and consumers' contributions towards Capital Assets (Rs.7,931 lakhs) under the uncontrollable head.

4.12.3 The amount of Rs 46,220 lakhs admitted under the head depreciation is allocated to Generation and Distribution in the same ratio as proposed by WBSEDCL. Thus, the allocated amount works to Rs 4206.11 lakhs for Generation and Rs 42,013.89 lakhs for Distribution.



4.12.4 Summary of Admitted amount as discussed above is given in Table below.

Table 4.12-1

Expenditure Head	Amount in Rs. Lakhs			
	Claimed in APR	Admitted under Generation	Admitted under Distribution	Total Admitted
Depreciation	46,220.00	4,206.11	42,013.89	46,220.00

4.13 Finance Charges:

4.13.1 Interest on Capital Borrowings:

4.13.1.1 WBSEDCL has claimed the interest of Rs. 45,385 lakhs on capital borrowing for the year 2019-20 in its APR application. It is seen from note 36A (I) of the annual accounts for the year 2019-20, the amount of interest on capital loan net of capitalization has been shown as Rs. 45,385 lakhs. The details of the loan and interest on loan payable during the year have been shown in Form-C (Statement of Loans and Calculation of Interests) of the APR application. Application submitted by WBSEDCL mentions total interest paid/payable as Rs. 45,385 lakhs.

4.13.1.2 The interest payable on capital loans during the year as shown in the annual accounts are as shown in Table 4.13-1 below.

Table 4.13-1
Interest calculation for Capital Loan

Sl No	Loan Detail	Amount in Lakhs Rs		
		Opening Balance	Closing Balance	Interest
1	Non-convertible bond	100,000.00	100,000.00	10,117.00
2	PFC	-	-	-
3	PFC RAPDRP A&B	12,032.00	12,844.00	1,580.00
4	REC	262,510.00	391,153.00	30,226.00
5	REC Package	10,173.00	7,460.00	2,394.00
6	State Govt	11,457.00	9,880.00	193.00
7	RECL (Taken over from REDCL)	10323.00	10,323.00	877.00
8	Sub Total (Total 1 to 7)	4,06,495.00	5,31,660.00	45,387.00
9	Interest capitalized	0.00	0.00	2.00



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Sl No	Loan Detail	Amount in Lakhs Rs		
		Opening Balance	Closing Balance	Interest
10	Net Claim (8-9)	4,06,495.00	5,31,660.00	45,385.00

4.13.1.3 Table 2.5.5-1 of Tariff Regulations 2011 classifies interest rates and finance charges as uncontrollable factors. The Commission notes that, WBSEDCL has claimed interest against the loan taken over from REDCL. As noted from the annual accounts, this loan was taken over from WBREDCL. The purpose of this loan is not on record neither has it been disclosed in accounts. It is also noted that no repayment is being made against this loan. Hence, the Commission admits Rs. 44,508 lakhs (45,385 lakhs – 877 lakhs) as interest on capital borrowings.

4.13.1.4 Total opening balance, exclusive of loan from RECL, taken over from WBREDCL and total closing balance are Rs. 3,96,172 lakhs and Rs. 5,21,337 lakhs respectively, whose average comes out to be Rs. 4,58,754 lakhs. The total interest payable, exclusive of interest on loan from RECL, taken over from WBREDCL, is Rs. 44,508 lakhs.

4.13.1.5 The weighted average interest rate of capital loan excluding the loan of RECL taken over from WBREDCL has been recalculated as 9.70% $[(44,508 / 4,58,754) * 100]$.

4.13.2 Interest on Pension Trustee Bonds.

An amount of Rs. 7,370.00 lakhs was allowed in the ARR for the year 2019-20 towards interest @ 8.5% on Pension Fund Bonds. In note 36 A (IV) of the annual accounts 2019-20 the amount of Rs 9,971 lakhs is noted towards payment of interest on pension trust bond. Form C of Volume I of APR application also supports the claim. WBSEDCL has also submitted an audited certificate in annexure 28A Volume II towards payment of pension bond interest. Accordingly, the Commission admits the claim amount of WBSEDCL, which is same as the amount shown in annual accounts. The Allocation of admitted amount to the generation and distribution functions has been done as per allocation prescribed by Tariff Order 2019-20 and Rs 395.05 lakhs and Rs 9,575.95 lakhs are admitted for Generation and Distribution function respectively.

4.13.3 Interest on Working Capital:

4.13.3.1 WBSEDCL has claimed the interest on working capital as Rs. 18,022 lakhs. As per Form 1.17(b) of APR application, the total interest on working capital is Rs. 18,021.76 lakhs. The Commission



proceeds to calculate the admissibility of Working Capital requirement as shown in Table 4.13.2 below:

Table 4.13-2

Particulars	Rs Lakhs Admitted
Working Capital:	
A. Total Variable cost and Fixed cost	23,45,626.34
B1. Less: Depreciation	46,220.00
B2. Less: Deferred Revenue Expenditure	-
B3. Less: Return on Equity	37,236.21
B. Total deductions: (sum B1:B3)	83,456.21
C. Allowable Gross Sales for Working Capital	22,62,170.13
D. Allowable Working Capital @10% on C	2,26,217.01
Security deposit from consumers as on 31.03.2019	3,55,899.00

As per the provisions of the Tariff Regulations, the Commission has directed WBSEDCL to use the consumer's security deposit for meeting the working capital requirement. The Commission notes that, the security deposit from the consumers is higher than the required working capital. Accordingly, the Commission does not admit the claim amount of interest on working capital.

4.13.4 Interest on Consumers' Security Deposit:

4.13.4.1 WBSEDCL has submitted audit certificate in respect of security and other deposits from consumers and interest on security deposit in annexure 32A of volume II of application. The total amount of consumers' permanent security deposits lying with WBSEDCL as submitted by them was Rs. 3,55,899 lakhs at the end of the year 2019-20. The actual amount of interest accrued on such security deposits during 2019-20 is Rs. 20,624 lakhs, as against Rs. 20,123 lakhs allowed in the Tariff Order.

4.13.4.2 The amount of interest on security deposit as reflected in note 36 (V) of Annual Accounts for 2019-20 and claimed by WBSEDCL, i.e., Rs. 20,624 lakhs is admitted and considered under distribution function in the APR for 2018-19.

4.13.5 Other Finance Charges:



- 4.13.5.1 This head of expenditure is a subhead of financing cost in terms of Regulation 5.6.4 of the Tariff Regulations. Under this sub-head against the approved amount of Rs 1,511 lakhs in tariff order 2019-20, WBSEDCL has claimed Rs. 1,503 lakhs which includes bank charges of Rs. 1,348 lakhs, Transaction cost of Capital Bonds of Rs. 17 lakhs and Rs 138 lakhs (Rs. 4250 lakh + Rs. 2168 lakh + Rs. 989 lakh – Rs. 4250 lakh - Rs. 3019 lakh) being the differential amount towards interest expenditures resulting from fair value accounting of expenditures in accordance with IND_AS requirement as disclosed in Note No. 36(B) and Note 33(B) of Audited Annual Accounts for 2018-19.
- 4.13.5.2 It is seen from Note 36B of annual accounts 2019-20 and claim of WBSEDCL in the APR application that WBSEDCL has not claimed any other finance charge on account of working capital loan.
- 4.13.5.3 In addition to the bank charges, WBSEDCL has included interest expenditure on liability for Purchase of Power, interest expenditure on liability for capital supplies/ works and transaction cost of capital bonds totaling of Rs. 138 Lakhs in their claim, as per APR petition. Such claims are on account of the resultant notional interest calculated to recognize the liability for purchase of power, and liability for capital supplies/ works at their fair value in balance sheet using amortized cost or effective interest rate due to adoption of IND-AS.
- 4.13.5.4 The Commission vide Paragraph 4.2.4.5 of the APR order 2016-17 (first APR order after adoption of IND-AS) has decided not to admit such notional interest, and accordingly such amount is not admitted.
- 4.13.5.5 Considering above, the balance claim of other finance charges to the tune of Rs.1365, lakhs (Bank charges of Rs. 1,348 lakhs and Rs. 17 lakhs as transaction cost on Capital bonds) incurred by WBSEDCL and claimed in APR are admitted with function wise breakup of Rs 20.78 lakhs under generation head and Rs 1,344.22 lakhs under Distribution head.

4.14 Other expenses:

- 4.14.1 WBSEDCL has claimed Rs 1,872 lakhs as the expenditure for other items in its APR application. As per Form 1.15 and 1.17, WBSEDCL has submitted expenditure of Rs. 1,548 lakhs under the head 'Loss on demolition/retirement of assets. However, WBSEDCL has not submitted any



details regarding the claim on account of the loss on demolition/retirement of assets. No notes/details regarding such assets have been provided in the annual accounts. Thus, the Commission decides not to admit any expenditure under loss on demolition/retirement of assets.

4.14.2 The Commission had directed WBSEDCL to furnish additional information /clarification on other expenses including loss arising out of obsolescence of inventory of Rs 9 lakhs. WBSEDCL vide its reply dated 27.06.2022 submitted the details of obsolescence of inventory under the other expenses head. Accordingly, the Commission admits the claim of Rs. 9 lakhs under the head of other expenses.

4.14.3 WBSEDCL has also claimed the amount of Rs. 315 lakhs on account of compensation towards injuries, death/damages to outsiders. As per the Regulation 2.2.7 of Tariff Regulations, the Commission decides not to admit the claim of Rs. 315 lakhs on account of compensation paid by WBSEDCL to outsiders.

4.14.4 Accordingly, the Commission admits an amount of Rs. 9 lakhs against the claim of Rs. 1,872 lakhs under head of other expenses.

4.15 Taxes under Income Tax Act:

4.15.1 WBSEDCL has claimed the Return on Equity (ROE) on pre-tax grossed up basis and thus has not claimed any amount under this head. While admitting the ROE, the Commission has considered ROE on Post Tax basis and accordingly the applicable tax on distribution business is allowed by the Commission under this head.

4.15.2 WBSEDCL has submitted the assessment orders which indicates that, an amount of Rs 2,453 lakhs have been paid towards tax expenditure for the year 2019-20. Therefore, the Commission admits Rs. 2,453 lakhs towards income tax and same is allocated to distribution function.

4.16 Reserve for Unforeseen Exigencies:

4.16.1 In the Tariff Order for 2019-20, no amount was allowed under this head in the ARR. WBSEDCL has also not claimed any amount under this head in its APR application for 2019-20. Accordingly, the Commission does not consider any amount under this head in APR for 2019-20.



4.16.2 In earlier orders, the Commission had directed WBSEDCL to follow regulations 5.24.3, 5.24.4 and 5.24.10 of the Tariff Regulations and submit the audited amount of the interest income from investment of each type of reserve funds covered under regulation of 5.24 of the Tariff Regulations with APR of each year starting from the year 2012-13. The Commission had also directed that the interest accrued from investment of power purchase fund, development fund and reserve for unforeseen exigencies fund shall be deposited in the respective fund as per provision of the Tariff Regulations.

4.16.3 The Commission notes that, in spite of specific direction of the Commission, WBSEDCL has not submitted any audit report as specified in regulation 5.24.10 of the Tariff Regulations in its current APR application. The Commission also does not find any specific amount booked on this head. In view of above, the Commission directs WBSEDCL to comply with the direction given in paragraph 3.17.5 of the APR Order of 2014 – 15 before filing next APR application for FY 2020-21 and decides to continue with the amount already withheld in the APR order of 2014-15.

4.17 Return on Equity:

4.17.1 Equity base for allowing returns has got two components, i.e., share capital and free reserve. As per the 'Note no. – 16 C' of audited accounts for 2019-20, WBSEDCL has accumulated loss of Rs. 4,250 lakhs and Rs. 343 lakhs at the beginning and end of the year 2019-20 respectively.

4.17.2 WBSEDCL has claimed that, there has been equity addition to the tune of Rs 4,903 lakhs in Generation business and accordingly they have claimed ROE on such equity addition. From note 15.4 of the audited accounts for 2019-20, it is observed that, such equity addition is on account of Turga Project of WBSEDCL.

4.17.3 Since the Turga project is not yet commissioned, as per provisions of regulation 5.6.1.5 of Tariff Regulation, ROE is not allowable on such equity. It is noted from note 15 (i) of the audited accounts for 2019-20 that, share capital of WBSEDCL at the beginning and at the end of the year 2019-20 was same at Rs. 2,25,674 lakhs after excluding the equity contribution for Turga.

4.17.4 It is noted that the opening Equity considered by WBSEDCL in Form 1.20 (a) of the petition was different from that depicted in audited Annual Accounts for the year 2019-20. Further, WBSEDCL through an affidavit had submitted clarification and accordingly, the Commission



considers the figures of the audited Accounts for the year 2019-20 for the purpose of calculation of Return on Equity. Since there is no equity addition and also no positive contribution from Reserve & Surplus so no equity addition against addition in fixed asset is considered during 2019-20. Thus, the average equity base for allowing returns is considered at Rs. 2,25,674 lakhs.

4.17.5 In para no. 4.15.2 above, the Commission admits the amount of Rs. 2,453 lakhs provisioned by WBSEDCL as Income Tax during the year. As per the methodology specified by the Commission in Paragraph 6.15.3 and 6.15.4 in Tariff Order 2019-20, the Commission accordingly approves Return on Equity @16.50% on the admitted equity base for Distribution. Accordingly, the Commission approves the ROE of Rs. 37,236.21 lakhs for distribution. The total admitted ROE is given in the table below:

Table 4.17-1

Particulars	2018-19		
	Generation	Distribution	Total
Opening equity base	6,012.00	2,25,674.00	2,31,686.00
Equity addition	4,903.00	0.00	4,903.00
Closing equity base	10,915.00	2,25,674.00	2,36,589.00
Admissible equity base	0.00	2,25,674.00	2,25,674.00
ROE @ 16.5%		37,236.21	37,236.21

4.18 Normative Debt:

WBSEDCL has not claimed any amount as interest on normative debt. No amount under this head was admitted in Tariff Order of 2019-20. Hence, no amount is admitted under normative debt in this APR.

4.19 Principal Repayment of Bonds For Creation of Pension Fund:

4.19.1 In the tariff order for 2019-20, the Commission admitted Rs. 15,300 lakhs towards payment of principal amount of pension bond which was created in terms of Notification No.313-PO/O/III/3R-29/2006 dated 19/09/2008 of Govt of West Bengal. Repayment of such bond is due from 2017-18 in 5 equal annual installments of Rs 30,600 lakhs as per terms of the Govt. of West Bengal Notification.



4.19.2 In the tariff order 2019-20, the Commission further stipulated that, the Commission allows only 50% of the claim made by WBSEDCL in the ARR and will consider the balance amount based on the actual documents regarding payment of the installment at the time of APR based on prudence check.

4.19.3 In the APR application 2019-20, WBSEDCL has not claimed any amount towards repayment of pension bond. Note 18A(iii) of Annual Accounts also indicates the same. Accordingly, the Commission admits no amount under this head.

4.20 Income from Non-Tariff Sources:

4.20.1 In the tariff order of 2019-20 a total amount of Rs. 80,022 lakhs was considered towards the estimated earnings of WBSEDCL from other non-tariff sources. WBSEDCL claimed Rs 70,234 lakhs as Income from Non-Tariff Sources in its APR application.

4.20.2 Note 32 of Annual Audited Accounts shows total non-tariff income as Rs 55,834 lakhs. This includes DSM receivable of Rs. 361 lakhs. Since DSM receivable is not considered under non-tariff income, the amount is reduced by DSM receivable. Since the claim amount is reduced by the DSM charges receivable, the Commission admits the claim of Rs. 55,473 (55,834-361) lakhs.

4.20.3 As per Note-33 of annual accounts WBSEDCL has disclosed a total income of Rs 1,02,233 lakhs. The Commission reduces the amount on account of Govt Grant (Rs. 43,781 lakhs) and consumers' contribution from other income (Rs. 7,931 lakhs) as the same has been adjusted with depreciation. Notional interest adjustment on account of Ind-AS, which equals 4,250 lakhs and 3,019 lakhs, is also not considered. After adjusting the Power purchase fund of Rs. 11,890 lakh and Provision for Dearness allowance of Rs. 16,601 lakhs, the total amount comes to Rs. 14,761 lakhs which is approved and allocated between distribution and generation in the ratio of depreciation.

4.20.4 The Commission admits the claim amount of Rs. 70,234 lakhs.

4.20.5 Claims of WBSEDCL under this head as discussed above are included in form 1.26 submitted in volume 1 of application. Total claim of WBSEDCL under this head is admitted and the allocation made between generation and distribution function is as follows.



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Table 4.20-1

Head of income and reference of Annual accounts	Admitted Amount in Rs. Lakhs		
	Generation	Distribution	Total
Other operating income as per note 32	-	55,473.00	55,473.00
Other income as per note 33 (Except amortisation of grant, consumer contribution and IND-AS notional interest adjustment) allocated in ratio of admitted depreciation.	1,343.28	13,417.72	14,761.00
Total of non-tariff income	1,343.28	68,890.72	70,234.00

4.21 **Unscheduled Interchange (UI)/DSM Charges:**

4.21.1 As per the annual accounts for the year 2019-20, Note No.32, the DSM receivable is Rs. 361 lakhs. In Note No.34A, the amount payable by WBSEDCL towards DSM is Rs. 13,971 lakhs and no arrear amount is to be adjusted, thus net payable is Rs 13,610 lakhs.

4.21.2 WSEDCL in their APR application for 2019-20 has claimed the net DSM payable amount of Rs. 13,610 lakhs as expenditure. The Commission in this APR order for 2019-20 admits the same under distribution function.

4.21.3 Considering the fact that, there is large variation in demand during intra-day in WBSEDCL area, the Commission is of the view that, WBSEDCL needs to review their scheduling strategy to minimize the over-drawal from the regional pool. Since this is the APR of 2019-20 and RTM was not in existence in 2019-20, going forward WBSEDCL needs to take benefit of RTM for procuring power for meeting intra-day variation instead of over-drawing from regional DSM pool.

4.22 **Benefits to be passed on to consumers and other licensees:**

4.22.1 WBSEDCL in their APR application for 2019-20 in form 1.24 has calculated Rs 14,765 lakhs as gain from power sold to person other than consumer and licensees.

4.22.2 It is noted from technical particulars of annual accounts of 2019-20 that WBSEDCL has considered cost of 1253 MU of power sold to persons other than consumer and licensee. In Note 31, revenue from operation, of annual accounts, WBSEDCL has considered an amount of Rs 54,231 lakhs under Sale to trader. In addition to above WBSEDCL has considered Rs 4,754 lakhs, as shown in Note 31 of the annual accounts, as charges for export of power. Based on the



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submissions of WBSEDCL, provisions of Regulation 5.15.2 (iv) of WBERC (Terms & Conditions of Tariff) (Amendment) Regulations, 2013 and the cost of surplus power considered in chapter -3 , the Benefits to be passed on to consumers and other licensees is calculated as follows.

Table 4.22-1

Sl. No.	Particulars	Unit	Details
(1)	Sale of surplus power		
	a) Sale of power to person other than consumer and licensee	MU	1,253.00
	b) Notional sale of power against Swap Out	MU	864.85
	Total sale A = a + b	MU	2,117.85
(2)	Revenue from sale of surplus power		
	c) From sale of power to person other than consumer and licensee	Rs. Lakhs	54,231.00
	d) From notional sale of power against Swap Out (Note 34A.1 of Appendix-1 of FPPCA Application)	Rs. Lakhs	34,069.00
	Total Revenue earned B = c + d		88,300.00
(3)	Cost of surplus power sold		
	e) Cost of power for sale to person other than consumer & licensee (as admitted in table 3.6-2)	Rs. Lakhs	36,269.34
	f) Cost of swap out power (as admitted in table 3.6-2)	Rs. Lakhs	35,674.82
	g) other charges for such sale (Rs Lakhs)	Rs. Lakhs	4,574.00
	Total cost of sale, C =(e + f + g)	Rs. Lakhs	76,518.16
(4)	Amount of gain (+) / loss (-) derived from such sale (2-3)	Rs. Lakhs	11,781.84
	Share of benefit with consumers from sale to other than consumers of WBSEDCL @ 50%	Rs. Lakhs	5,890.92

4.22.3 In the MYT order for the fourth control period, the Commission considered that the benefits from sale of power to the persons other than its own consumers and licensee will be passed on to the consumers of WBSEDCL on actual basis through APR of the concerned year. Now, the Commission admits the benefit sharing of Rs 5,890.92 lakhs as 50% of the amount of gain of Rs. 11781.84 lakhs from power sold to persons other than consumers and licensees as proposed by WBSEDCL under distribution function.

4.23 Advance Against Depreciation /Interest Credit:



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4.23.1 In terms of the Tariff Regulations, depreciation is primarily used for repayment of capital loan. Where the amount of depreciation falls short of amount of loan repayment such shortfall is allowed under advance against depreciation (AAD) limited to 1/10 of original amount of allowable loan. Similarly, when amount of loan repayment in a year is more than allowed depreciation, an interest credit at the rate of weighted average cost of debt for the corresponding year needs to be adjusted on such excess depreciation charged. Further in terms of the Tariff Regulations, it is required to be ensured that the depreciation allowed should not go beyond 90% of the original cost of Asset and after repayment of entire loan the resulting depreciable amount shall be spread over the balance useful life of the fixed asset. The Commission has accordingly, in the APR order for 2018-19 had determined the cumulative amount of 'excess of depreciation over repayment' as on 31.03.2019 amounting to Rs. 88578.76 lakh.

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

Table 4.23-1

Sl no	Details	Amount in Rs. lakhs
1	Depreciation admitted	46,220.00
2	Repayment as per form C	30,923.00
3	Excess fund (3 = 1 -2)	15,297.00
4	Excess of depreciation over repayment in upto 31.03.2019	88578.76
5	Cumulative excess fund available (3+4)	103875.76
6	Rate of int. (Refer para 4.13.1.5 of this order)	9.70%
7	Interest credit	10075.95

4.23.3 Considering interest rate of 9.7%, the Commission admits Rs.10075.95 lakhs as the interest credit on depreciation against the claim value of Rs 1511.34 lakhs.

4.23.4 The amount admitted towards interest credit is allocated between distribution and generation function in the ratio of depreciation and Rs 1511.50 lakhs and Rs. 8564.45 lakhs is admitted for Generation function and Distribution function respectively.

4.24 Carrying cost of regulatory asset:



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4.24.1 WBSEDCL has claimed liability of Regulatory Asset including carrying cost of Rs. 1,00,245 lakhs on regulatory assets created by different orders of the Commission at the interest rate as per SBI PLR on 1st April 2013.

4.24.2 It is observed from the petition that WBSEDCL had not to resort to any additional borrowings to meet up the gap in the absence of release of regulatory assets so claimed, neither has it claimed interest on temporary accommodation in terms of regulation 5.6.5.4 of the Tariff Regulations.

4.24.3 The Commission, accordingly, in line with the provisions of extant regulations decides not to consider any carrying cost on regulatory assets as claimed by WBSEDCL in this order.

4.25 Special Allocation:

4.25.1 WBSEDCL has claimed an amount of Rs. 10,152.88 lakhs pertaining to purchase consideration payable to DPL as per Slump Sale Agreement between DPL and WBSEDCL. The Commission observes from Note 11.4 and 27.2 of the Audited Annual Accounts that this amount has not been paid during 2019-20. Accordingly, the Commission does not admit such claim.

4.26 Based on above notes & observations, function wise admitted fixed charges under different heads is summarized in Annexure 4A.



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ANNEXURE 4A

SUMMARY OF FIXED COST [in Rs Lakhs]

SI NO	Head of ARR	APR Admitted		
		Generation	Distribution	Total
1.	Transmission Charge Paid to CTU	-	1,17,440.00	1,17,440.00
2.	Transmission Charge Paid to WBSETCL	-	1,22,032.00	1,22,032.00
3.	POSOCO Charge	-	474.00	474.00
4.	ERPC Charge	-	16.00	16.00
5.	SLDC Charge	-	1,701.00	1,701.00
6.	VARH Charge	-	1,504.00	1,504.00
7.	Total employee cost	4,075.00	1,95,663.00	1,99,738.00
8.	Operation and maintenance Expenses			
	a) Operation and Maintenance Expenses for Generation	4,194.00	-	4,194.00
	b) Repair and maintenance Expenses (Distribution)	-	23,718.00	23,718.00
	c) Administrative & General Expenses (Distribution)	-	14,023.00	14,023.00
	d) Lease Rental	-	730.00	730.00
	e) Expenses for Complaint Management mechanism	-	318.00	318.00
	f) Insurance	1,475.10	107.90	1,583.00
	g) Rates & Taxes	598.58	17,521.82	18,120.40
	h) Cost of outsourcing (distribution)	-	57,690.43	57,690.43
9.	a) Interest on capital borrowings	513.05	43,994.95	44,508.00
	b) Interest on Bond For creation of Pension Fund	395.05	9,575.95	9,971.00
	c) Other Financing Charges	20.78	1,344.22	1,365.00
	d) Interest on Security Deposits	-	20,624.00	20,624.00
10.	a) Depreciation	4,206.11	42,013.89	46,220.00
	b) Advance against depreciation	-	-	-
11.	Principal Repayment of Bonds for Pension Fund	-	-	-
12.	Bad Debt	-	9,175.00	9,175.00
13.	Minimum Alternative tax /Income Tax	-	2,453.00	2,453.00
14.	Reserve for unforeseen exigencies	-	-	-
15.	Interest on working Capital	-	-	-
16.	Net UI Payable / Deviation Charge	-	13,610.00	13,610.00
17.	Other expenses		9.00	9.00
18.	Total Expenditure (sum of 1:17)	15,477.67	6,95,739.15	7,11,216.82
19.	Normative Return on Equity		37,236.21	37,236.21
20.	Special Allocation	-	-	-
21.	Gross Fixed Cost (18+19+20)	15,477.67	7,32,975.36	7,48,453.03
	a) Less: Total of non-tariff income	1,343.28	68,890.72	70,234.00
22.	b) Less: Share of benefits with consumers from sale to other than consumers of WBSEDCL [Form 1.24]	-	5,890.92	5,890.92
	c) Less: Interest Credit	1,511.50	8,564.45	10,075.95
	d) Less: Withheld amount as per para 4.8.6	53.00	1232.00	1285.00
	Total Deductions from Gross Fixed Cost: sum ((a): (d))	2,907.78	84,578.09	87,485.87
23.	Net Fixed Cost (21-22)	12,569.89	6,48,397.27	6,60,967.16



ANNEXURE 4B

Distribution O&M parameters:

Inflation Parameters

Particulars	APR Order
WPI	1.67%
CPI	7.54%
WPI: CPI (60: 40)	4.02%

The Commission has considered the same parameters for APR Order of 2019-20.



CHAPTER – 5

AMOUNT ADJUSTABLE ON ANNUAL PERFORMANCE REVIEW

- 5.1 Re-determined allowable fixed charges for generation and distribution functions including retail selling activities of WBSEDCL for the year 2019-20, as summarized in previous chapter, is Rs 6,60,967.16 lakhs with function wise breakup as shown in table 5.1-1 below.

Table 5.1-1

Particulars	Amount (In Rs. lakhs)
Fixed charge admitted for Generation	12,569.89
Fixed charge admitted for Distribution	6,48,397.27
Total Fixed charge admitted	6,60,967.16

- 5.2 As per Note no. 31 – (Revenue from sale of power) of annual accounts of WBSEDCL for 2019-20, net earnings from sale of energy during the year 2019-20 was Rs. 22,20,594 lakhs which includes the revenue from sale of energy to persons other than consumers and licensees (sale to trader) to the tune of Rs. 54,231 lakhs. Further Rs 4,754 lakhs towards charges for export of power, which has been adjusted in sharing of benefits calculation from sale of power needs to be added back. Thus, the sales revenue earned by WBSEDCL during the year 2019-20 for sale to own consumers and licensees is Rs 21,71,117.00 lakhs (Rs. 22,20,594 lakhs –Rs. 54,231 lakhs +Rs. 4,754 lakhs)
- 5.3 The amount of total allowable variable costs for the year 2019-20 as determined in this order for Fuel and Power Purchase Cost Adjustment (FPPCA) at paragraph 3.8 is Rs. 16,84,659.18 lakhs.
- 5.4 In the tariff order for 2019-20, the Commission considered Rs. 15,626 Lakhs on account of part adjustment of APR of WBSEDCL for the year 2013-14. Thus, the net allowable Fixed cost comes to Rs. 6,76,593.16 Lakhs (Rs. 6,60,967.16 Lakhs – Rs. 15,626 Lakhs).
- 5.5 Based on the analyses as done in the foregoing paragraphs, the amount adjustable on the instant case of APR for the year 2019-20 works out as shown in table hereunder.



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Table 5.5-1

Sl No	Particulars	Amount
		(In Rs. lakhs)
1	Variable cost allowed (vide paragraph 5.3 above)	16,84,659.18
2	Allowable net fixed cost (vide paragraph 5.4)	6,76,593.16
3	Aggregate revenue requirement [3 = (1) +(2)]	23,61,252.34
4	Less: Actual Revenue realized during the year (vide para. 5.2)	21,71,117.00
5	Net amount recoverable [(5) = (3) - (4)]	1,90,135.34

- 5.6 In terms of regulation 2.6.6 of the Tariff Regulations, the entire recoverable amount of **Rs. 1,90,135.34 lakhs** or a part thereof shall be adjusted with the Aggregate Revenue Requirement of one or more ensuing year(s) tariff order or through a separate order, as may be decided by the Commission.
- 5.7 WBSEDCL is to take a note of this order.
- 5.8 A copy of the order shall be posted in the website of the Commission.
- 5.9 WBSEDCL shall download the copy of the order from the website of the Commission and act on it. Certified copy of the order, if applied for, be given to the parties on completion of formalities laid down in the West Bengal Electricity Regulatory Commission (Conduct of Business) Regulations, 2013, as amended and on submission of necessary fees.

Sd/-

(PULAK KUMAR TEWARI)
MEMBER

Sd/-

(SUTIRTHA BHATTACHARYA)
CHAIRPERSON

DATED:27.07.2022

Sd/-
SECRETARY