



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

IN CASE NO.

FPPCA-107/22-23

APR-111/22-23

**IN REGARD TO THE APPLICATION OF CESC LIMITED FOR
FUEL AND POWER PURCHASE COST ADJUSTMENT (FPPCA)
AND ANNUAL PERFORMANCE REVIEW (APR) FOR THE
FINANCIAL YEAR 2020-21.**

DATE: 23.12.2025



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 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 It was a licensee under the provisions of the Indian Electricity Act, 1910 (since repealed) and has become a deemed licensee in terms of the first proviso to section 14 of the Act with effect from 10.06.2003 i.e. the date of coming into force of the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 its 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 2020 - 21 consisting of 7(seven) volumes vide letter MD(G):351 dated 31.03.2022. CESC also submitted their petition for Annual Performance Review consisting of 5 (Five)



volumes for the year 2020-21 vide letter SEC:476/2022-23/203 dated 30.11.2022. Subsequently, CESC has submitted a supplementary petition vide letter MD(G):385 dated 29.09.2022 to its FPPCA petition dated 31.03.2022. The FPPCA application dated 31.03.2022 along with the Supplementary FPPCA Petition dated 29.09.2022 and APR application dated 30.11.2022 (Collectively called as "FPPCA and APR applications") have been admitted by the Commission on 11.01.2023. The APR and FPPCA petition along with the supplementary were registered as FPPCA-107/22-23 and APR-111/22-23.

- 1.5 On admission of the FPPCA and APR applications, CESC was directed to publish the combined gist of the FPPCA and APR applications for 2020-21, as approved by the Commission vide letter no WBERC/APR-111/22-23/3372 dated 11.01.2023. Accordingly, the gist was published by CESC in four newspapers inviting suggestions / objections, if any, from the public as per following table:

Table 1-1: Publication Details of Combined Gist of FPPCA & APR Applications

Sl. No.	Date of Publication	Newspapers	Last date for submission of suggestions / objections as per notification
1	17.01.2023	The Telegraph (English)	21 days from date of publication (inclusive of date of publication)
2	17.01.2023	Bartaman (Bengali)	
3	17.01.2023	Aajkaal (Bengali)	
4	17.01.2023	Vartaman Patrika (Hindi)	

- 1.6 The approved gist along with the FPPCA and APR petitions for 2020-21 were also published in the website of CESC.
- 1.7 Against the gist published on 17.01.2023, All Bengal Electricity Consumers' Association (in short 'ABECA') submitted their objections / suggestion within due date through mail on 03.02.2023 and also submitted the hard copy of the same to the Commission on 06.02.2023.
- 1.8 CESC vide letter SEC:836/2023-24/264 dated 21.12.2023, submitted another supplementary petition and the same was admitted by the Commission on 15.03.2024. On admission of the Supplementary petition dated 21.12.2023, CESC was directed to publish a revised gist of the FPPCA and APR applications for 2020-



21. Accordingly, the gist was published on 10.05.2024 by CESC in the same newspapers, where previous gist was published (Table 1-1), inviting suggestions / objections from stakeholders, within 21 days from the date of publication of the gist.
- 1.9 Against the gist publication dated 10.05.2024, suggestions / objections were received from the followings within due date:
- i) Paschimbanga Bustee Unnayan Samity;
 - ii) Forum of Scientists, Engineers & Technologists (FOSET);
 - iii) All Bengal Electricity Consumers' Association (ABECA); and
 - iv) Ganatantrik Nagarik Samity, Howrah.
- 1.10 Further CESC vide letter SEC:1282/2024-25/318 dated 27.01.2025 submitted another supplementary petition, with a prayer to consider the reliability incentive in terms of the Tariff regulations. The petition was admitted by the Commission on 11.02.2025. On admission of the Supplementary APR petition dated 27.01.2025, CESC was directed to publish a fresh gist of the FPPCA and APR applications for 2020-21. Accordingly, the gist was published on 20.02.2025 by CESC in the same newspapers as in Table 1-1, inviting suggestions / objections, if any, from stakeholders, within 21 days from the date of publication of the gist.
- 1.11 Against the gist publication dated 20.02.2025, no objections / suggestions / comments received within due date i.e. 12.03.2025.
- 1.12 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 2020-21 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 CESC has submitted their FPPCA and APR petitions for 2020-21 on 31.03.2022 and 30.11.2022 respectively along with supplementary petitions dated 29.09.2022, 21.12.2023 and 27.01.2025. The FPPCA and APR petitions along with supplementary petitions have been admitted by the Commission and cumulatively hereunder referred to as 'the APR and FPPCA application'. CESC has claimed the net Fuel and Power Purchase Cost of Rs. 4,02,880.00 lakhs and the Fixed Cost of Rs. 3,72,274.00 lakhs respectively for the year 2020-21.
- 2.2 CESC has submitted that against the aggregate revenue requirement of Rs.7,75,154.00 lakhs, they have recovered Rs.6,48,922.00 lakhs as revenue from sale of energy for the year 2020-21 as per the tariff order of the Commission. Accordingly, a net amount of Rs.1,26,232.00 lakhs have been claimed as shortfall to ARR. It has also submitted Audited Financial Statement, Cost Audit Report, Auditors' Certificates, supporting data, documents and compliance reports for justification of its claims.
- 2.3 The Commission has received objections and suggestions from different stakeholders which are being dealt by the Commission in the following paragraphs:
- 2.3.1 Observations and Comments of All Bengal Electricity Consumers' Association (ABECA):**
- (a) **High Power Purchase Cost**
- ABECA has submitted that, in the interest of the consumers, CESC should have purchased power from cheapest available sources. ABECA mentioned that, CESC may purchase power from the WBPDC or Open power market at a lower cost, in place of Haldia Energy Limited where the price of energy is much higher. Hence ABECA suggested that, the claim of Fuel & Power Purchase cost of RS. 402880 lakh by CESC is not reasonable.



View of the Commission:

CESC has entered into long term and short term PPAs with different power generators including Haldia Energy Limited (HEL). CESC did not have any such scope of purchasing power from WBPDC. The Commission also noted that CESC has purchased power from open market to meet balance requirement of power Further . However, the Commission has dealt the power purchase cost of CESC in this order as per the provisions of the Tariff Regulations.

(b) High Fixed Cost

ABECA has submitted that the Fixed Cost which includes O&M Cost, Depreciation, Administrative Expenses, Outsourcing Cost, Bad & Doubtful Debts, Interest on security deposit and Return on Equity remain fixed in a year and are predetermined, hence the claim of CESC for Rs. 3,72,274 lakh is not justified.

View of the Commission: *The Commission noted the contention. Accordingly, the fixed costs are admitted after prudence check of the audited information submitted in the petition and due diligence of Controllable and Uncontrollable factors of ARR items in terms of the Tariff Regulations.*

(c) MVCA Adjustment

ABECA mentioned that, the Commission retained the tariff of 2016-17 at the time of determination of tariff for the years 2018-19, 2019-20 & 2020-21 and merged the MVCA recovered by CESC Limited with the average cost of supply in the MYT order. Hence, enhanced FPPCA and APR claim of CESC Ltd for 2020-21 is not realistic and justified. On the contrary the excess amount collected by CESC Ltd through tariff from 2016-17 to 2020-21 should be refunded to consumers instead of admitting the excess claim in the name of FPPCA and APR adjustment for 2020-21.

View of the Commission: *The Commission noted the contention. Accordingly, during APR and FPPCA, the approval of expenses and revenue earned from sales of energy is dealt in accordance with the provisions of the Act and Tariff Regulations made thereunder, and simultaneously subject to verification of the audited annual accounts.*



(d) **Price of Coal**

ABECA submitted that, as per Coal India notification dated 4th September, 2019 for e-auction (phase-II), 2019-20 (Oct 2019 to Mar-2020), the notified prices of different grades coal purchased by CESC Ltd during 2020-21, were same as that of 2019-20. Hence there is no question of claim of enhanced amount in respect of FPPCA and APR for 2020-21.

View of the Commission: *The Commission has taken note of the objection of ABECA and dealt the issue in Chapter-3 of this order as per the provisions of the Tariff Regulations.*

(e) **Lower Plant Load Factor (PLF)**

ABECA submitted that, the PLF for Budge Budge and Southern Generating stations of CESC Ltd. was 82% and 7.6% respectively against PAF of 96% and 97% declared by them, which in turn increases the cost of production and power purchase cost vis-a-vis tariff of the consumers. This inefficiency of CESC goes against the interest of the consumers.

View of the Commission: *The Commission has taken note of the objection of ABECA and dealt the issue in Chapter -3 of this order as per the provisions of the Tariff Regulations.*

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 which are almost similar except additional suggestions mentioned under serial no. (E) by FOSET. In this context relevant issues are discussed as below:

(a) **Carrying Cost due to APR Delay:**

FOSET and PBUS submitted that any carrying cost incurred due to delay in issuing the APR order should not be passed to consumers.

View of the Commission: *The Commission has taken a note of the objections and dealt as per the provisions of the Tariff Regulations.*



(b) **Unrecovered Fuel and Power Purchase Cost:**

FOSET and PBUS submitted that an amount of Rs. 54417.69 lakh, not recovered through MVCA as per provisions of the Commission order in Case No. SM-10/14-15 dated 18.07.2014, should not be allowed to be passed on to consumers, nor should related interest on working capital be permitted.

View of the Commission: *The Commission has taken a note of the objections and dealt in subsequent chapter to admit the net recoverable/refundable amount as per the provisions of the Tariff Regulations.*

(c) **Monitoring Mechanism for Monthly Recovery:**

FOSET has further submitted that the Commission should establish a mechanism for monitoring monthly power purchase cost recovery under Rule 14 of the Electricity Rules (Amendment 2022) to prevent future accumulation.

View of the Commission: *The Commission has noted the suggestion of the stakeholder.*

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

GNS has suggested on promotion of co-generation and renewable energy, implementation of green tariff through gross metering / net metering / net billing, restriction of global warming through protection of forests and adoption of afforestation projects, electric vehicle tariff implementation etc. and also suggested a number of measures towards stability of the grid, reliability and quality of power, which also needs to be looked into.

View of the Commission: *The Commission has already dealt with majority of these issues in West Bengal Electricity Regulatory Commission (Cogeneration and Generation of Electricity from Renewable Sources of Energy Regulations, 2013) as amended. Some of the issues are also covered in the Open Access Regulations. However, the issues related to purchase of RE power, its tariff, etc. for the year 2020-21 are admitted in the APR subject to the provisions of the relevant regulations.*



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 2020-21.

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

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

3.2 The Fuel and Power Purchase Cost (FPPCA) during the FY 2020-21 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. The detailed computation is shown in **Annexure 3A, Table (a) & (b)**.

Table 3-1: 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	2,553.42	1.30	0.15	9.00%	7.74%
Southern	2,900.00	3,447.92	2.10	6.55	9.00%	9.13%

3.3.2 As per above details in Table 3-1, CESC succeeded in performing better than norms for 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 and plant load factor as below:

Table 3-2(a): Normative v/s Actual Plant Availability Factor (PAF) for FY 2020-21

Generating Station	Normative Availability (%)	Actual Availability (%)
Budge Budge	85.00%	96.00%
Southern	85.00%	97.50%

Table 3-2(b): Normative v/s Actual Plant Load Factor (PLF) for FY 2020-21

Generating Station	Normative PLF (%)	Actual PLF (%)
Budge Budge	80.00%	82.54%
Southern	80.00%	7.60%

- 3.4.1 In the Tariff Order for 2020-21, 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 their APR petition dated 30.11.22, under "status report on adherence to the directives issued under Tariff Orders and through queries for the year 2020-21" has submitted that practice of declaration of availability and requisite metering infrastructure for demonstration of capacity were in place since long. But requisite certificates from WBSLDC are being provided from July 2022 onwards. In this context CESC have also rereferred the order of the Commission in Case No. B-36/ABT/9 dated 30.07.22.

- 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. There was no generation in Titagarh generating stations as per Cost Audit Report submitted by CESC in the petition.

- 3.5 The norm for distribution loss of CESC for the year 2020-21 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 8.35% as shown below:

Table 3-3: Distribution Loss

Sl. No.	Particulars	MU
a)	Gross Generation	5,512.569
b)	Less: Actual Auxiliary consumption	427.906
c)	Net sent out energy (a-b)	5,084.663
d)	Energy purchased during the year	4,876.659
e)	Less: sale to personnel other than consumer and WBSEDCL including transmission loss to effect such sale	154.847
f)	Less: swap out energy including permissible loss	26.390
g)	Add: Unscheduled interchange (net)	15.893
h)	Energy delivered to the system for sale to consumer and licensee [c+d-e-f+g]	9,795.978
i)	Sales to Consumers	8,930.217
j)	Sales to WBSEDCL	12.992
k)	Energy consumed in own premises	34.567
l)	Distribution loss to effect sale to consumer sale to WBSEDCL and own consumption [h-i-j-k]	818.202
m)	Distribution loss in % $([l/h]*100)$	8.35%
n)	Total Utilization [i+j+k+l]	9,795.978

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 1,498.042 MU $\{[(8,943.209 + 34.567)/(1.00 - 0.1430)] - (8,943.209 + 34.567)\}$. Actual distribution loss against that sale and own consumption works out at 818.202 MU. The savings in this regard thus comes to 679.840 MU (1,498.042 MU – 818.202 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 2020-21 for its different power stations shall be based on the following normative parameters:

**Table 3-4: Normative parameters for generating stations for 2020-21**

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 3-5: Admissible Gross Generation for FY 2020-21

Generating Station	Scheduled Injection (MU)	Normative Auxiliary Consumption (%)	Normative Auxiliary Consumption (MU)	Admissible Gross Generation (MU)
Budge Budge	5,002.979	9.00%	494.800	5,497.779
Southern	81.684	9.00%	8.079	89.763

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 price of oil as per Note 34 of the financial statement of CESC for FY 2020-21, in their FPPCA petition. The same has been considered by the Commission.

Table 3-6: Admissible Heat value and landed price of oil for FY 2020-21

Generating Stations	Quantum of Oil Consumed	Weighted Average Price of Oil	Weighted Average Heat Value of Oil
	(kL)	(Rs. / kL)	(kCal / L)
Budge Budge	801.24	45,998.91	9,557.00
Southern	588.99	47,364.04	9,551.00

**3.7.2.3 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 generating stations. 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 2020-21 and as claimed in their FPPCA petition are as follows:

Table 3-7: Wt. average gross calorific value and landed price of coal claimed by CESC for FY 2020-21

Generating Stations	Quantum of Coal Consumed	Weighted Average Price of Coal	Weighted Average Transportation Cost of Coal including Handling Charges	Landed Weighted Average Price of Coal	Weighted Average Heat Value of Coal
	(MT)	(Rs./MT)	(Rs./MT)	(Rs./MT)	(kCal / kg)
	(a)	(b)	(c)	(d)=(b)+(c)	(e)
Budge Budge	31,62,771.00	3,205.28	847.69	4,052.97	3,901.52
Southern	64,582.00	3,497.97	1,012.12	4,510.09	4,369.96

3.7.2.4 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. CESC submitted 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) 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 344 kCal/kg to 2735



kCal/kg i.e. upto nine (09) 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.

- (iii) "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.*"
- (iv) The Commission notes that, in the second proviso of regulation 5.8.2 of the Third Amendment 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.



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

5.7.1 Sample collection:

- 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.*

- (vii) 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.

(viii) 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.
- (ix) Thus, the Commission after prudence check decides to allow maximum GCV loss of 300kCal/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). 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). Hence, no GCV losses shall be allowed for washed and imported coal as well as coal sourced from integrated mines and through e-auction mode.



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.

- (x) In view of the above, the Commission admits weighted average 'as received GCV' of coal purchased during the year 2020-21 as 4557.35 kCal/kg for Budge Budge and 5047.18 kCal/kg for Southern Generating station. The detailed computation is shown in **Annexure 3E, Table (a) & (b)**.
- (xi) Based on the closing stock and approved weighted average heat value of coal for the year 2019-20 and total coal purchased along with its' weighted average heat value during the year 2020-21, as in sub-paragraph (x) 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 120kcal/kg' for the coal consumed during the year 2020-21 is 4375.50 kcal/kg for Budge Budge Generating Station and 4712.12 kcal/kg for Southern Generating station detailed in Annexure-3E, Table (c).

Table 3-8: 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	3901.52	4,375.50
Southern	4369.96	4,712.12

3.7.2.5 Computation of Weighted average Price of Coal:

- i) **Price of linkage coal:**
- a) CESC has purchased 1198263 MT of coal from different linkage sources for Budge Budge generating station. The total cost of coal purchased from linkage source is claimed as Rs. 4055575354. The coal has been transported primarily by rail mode, except from CCL, where it was rail-cum-road mode of transportation. CESC has claimed Rs. 975390230 as transportation cost. Beside this CESC has claimed Rs. 133558290 as handling charge.
- b) CESC has purchased 59215MT of coal from different linkage sources for Southern generating station. The total cost of coal purchased from linkage source is claimed as Rs.200465554. The coal has been transported primarily by rail



mode. CESC has claimed Rs. 44750111 as transportation cost. Beside this CESC has claimed Rs. 20269938 as handling charge.

- c) In view of the above, the average coal price for linkage source during 2020-21 is admitted as below:

Table 3-9: Coal purchased by CESC through FSA during 2020-21

SI No	Particulars	Budge-budge		Southern	
		Claimed	Admitted	Claimed	Admitted
1	Coal purchased (MT)	1198262.60	1198262.60	59215.00	59215.00
2	Cost of coal (Rs./MT)	3384.55	3384.55	3385.38	3385.38
3	Transportation charge (Rs./MT)	814.00	814.00	755.72	755.72
4	Handling charge (Rs./MT)	111.46	111.46	342.31	342.31
5	Overall rate (Rs./MT) (2+3+4)	4310.01	4310.01	4483.42	4483.42

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

- a) CESC has purchased 463835 MT of coal through e-auction for Budge Budge generating station. The total cost of coal purchased from e-auction source is claimed as Rs. 1532202058. The coal has been transported primarily by rail mode, except from BCCL, where it was rail-cum-road mode of transportation. CESC has claimed Rs. 485370523 as transportation cost. Beside this CESC has claimed Rs. 41702000 as handling charge.

Table 3-10: Coal purchased by CESC through e-auction during 2020-21

SI No	Particulars	Budge-budge	
		Claimed	Admitted
1	Coal purchased (MT)	463835	463835
2	Cost of coal (Rs./MT)	3303.33	3303.33
3	Transportation charge (Rs./MT)	1046.43	1046.43
4	Handling charge (Rs./MT)	89.91	89.91
5	Overall rate (Rs./MT) (2+3+4)	4439.67	4439.67

- iii) **Price of captive coal:**

- a) CESC has sourced 1458360 MT (ROM Coal: 712972MT+ Washed Coal: 745388MT) from their captive coal mines coal for Budge Budge generating station.



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 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 has been 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:

$$\text{ROM Cost} = \text{Quoted Price of Coal} + \text{Fixed Reserve Price}$$
- 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, 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.

(d) The Commission observes that Cost of ROM coal purchased from captive source is claimed as Rs. 2316/MT as with basic price of Rs. 1408 per MT along with GST of Rs. 316 per MT, statutory charges of Rs. 244 per MT, sizing charge of Rs. 82 per MT, incidental charges of Rs. 216 per MT and evacuation charges of Rs. 50 per MT.

(e) Also, Cost of washed coal claimed by CESC at Rs. 3230/MT considering yield of 76.754% from ROM coal with basic price of Rs. 1834 per MT along with GST of Rs. 412 per MT, statutory charges of Rs. 317 per MT, sizing charge of Rs. 106 per MT, incidental charges of Rs. 511 per MT and evacuation charges of Rs. 50 per MT.

(f) The Commission vide letter dated 19.06.2025 asks CESC to clarify the actual amount of GST deposited under Reverse Charge Mechanism pertaining to levies of coal of Sarisatolli Coal Mine and submit "Self-generated Tax Invoices" as per Section 31(3)(f) of the CGST Act, a registered person who is liable to pay tax under Section 9(3) or Section 9(4) shall [within the period prescribed] issue an invoice in respect of goods or services or both received by him from the supplier not registered. CESC has submitted "Self-generated Tax Invoices" for FY 2020-21 on Reverse Charge Mechanism ("RCM") vide their letter dated 26.06.2025. After prudence check the Commission admits payment of GST on reverse charge mechanism on royalties and levies for Sarisatoli coal mine for FY 2020-21 as detailed below:



Table 3-11: GST payment on royalties and levies charges during 2020-21

Sl. No.	Item	Payment of Statutory Charges (Rs.)					Unit Rate (H/F) Rs./MT
		Q1	Q2	Q3	Q4	Total=H	
A	Royalty	1299283.00	1319676.00	1207371.00	1082230.00	4908560.00	3.37
A1	CGST	116935.47	118770.84	108663.39	97400.70	441770.40	0.61
A2	SGST	116935.47	118770.84	108663.39	97400.70	441770.40	
B	NMET	25986	26393	24147	21645	98171	0.07
B1	CGST	2338.74	2375.37	2173.23	1948.05	8835.39	0.01
B2	SGST	2338.74	2375.37	2173.23	1948.05	8835.39	
C	DMF	129928	131968	120737	108223	490856	0.34
C1	CGST	11693.52	11877.12	10866.33	9740.07	44177.04	0.06
C2	SGST	11693.52	11877.12	10866.33	9740.07	44177.04	
D1	CGST paid on statutory charges during FY 2020-21 Total (A1+B1+C1)					494782.83	0.68
D2	SGST paid on statutory charges during FY 2020-21 Total (A2+B2+C2)					494782.83	
E	Total GST paid on reverse charge basis during 2020-21 (Rs)					989565.66	
F	Total quantity of Captive Coal (MT)					1458360	
G	GST paid on statutory charges =E/F (Rs./MT)					0.68	

(g) 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 3-12(a): 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	1408.00	100.00
2	GST on Fixed Reserve Price	18% of A1	Rs./MT	316.00	18.00
3(a)	Royalty	B1=Actual Paid Amount	Rs./MT	3.00	3.37
3(b)	GST on Royalty on RCM Basis	18% of B1	Rs./MT	0.00	0.61
4(a)	National Mineral Exploration Trust (NMET)	C1=2% of B1	Rs./MT	0.00	0.07
4(b)	GST on NMET on Reverse Charge Mechanism (RCM) Basis	18% of C1	Rs./MT	0.00	0.01
5(a)	District Mineral Foundation (DMF)	D1=10% of B1	Rs./MT	0.00	0.34
5(b)	GST on DMF on RCM basis	18% of D1	Rs./MT	0.00	0.06
6(a)	Rural Employment Fees (RE Cess)	E1=20% of A1 (CIL basic Price for G11 grade Coal)	Rs./MT	191.00	191.00
6(b)	GST under Reverse Charge Mechanism	18% of E1	Rs./MT	0.00	0.00
7(a)	Primary Education Cess (PE Cess)	F1=5% of A1 (CIL basic price for G11 grade Coal)	Rs./MT	48.00	47.75



Order on FPPCA and APR of CESC for the year 2020-21

Sl. No.	Particulars	Derivative	Unit	Claimed	Admitted
7(b)	GST under Reverse Charge Mechanism	18% of F1	Rs./MT	0.00	0.00
8	Misc. and Statutory Charges	Included under 3(a) - 5(b)	Rs./MT	2.00	0.00
9	Sizing Charges		Rs./MT	82.00	0.00
10	Avg. incidental charges		Rs./MT	216.00	0.00
11	Evacuation charges		Rs./MT	50.00	0.00
12	Sub-Total (1 to 12)		Rs./MT	2316.00	361.21
13	Transportation Charges		Rs./MT	754.00	754.00
14	Handling Charges		Rs./MT	41.00	41.00
15	Cost for Captive-ROM Coal		Rs./MT	3111.00	1156.21

Table 3-12(b): 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	1834.00	100.00
2	GST on Fixed Reserve Price	18% of A1	Rs./MT	412.00	18.00
3(a)	Royalty	B1=Actual Paid Amount	Rs./MT	3.00	3.37
3(b)	GST on Royalty on RCM Basis	18% of B1	Rs./MT	0.00	0.61
4(a)	National Mineral Exploration Trust (NMET)	C1=2% of B1	Rs./MT	0.00	0.07
4(b)	GST on NMET on Reverse Charge Mechanism (RCM) Basis	18% of C1	Rs./MT	0.00	0.01
5(a)	District Mineral Foundation (DMF)	D1=10% of B1	Rs./MT	0.00	0.34
5(b)	GST on DMF on RCM basis	18% of D1	Rs./MT	0.00	0.06
6(a)	Rural Employment Fees (RE Cess)	E1=20% of A1 (CIL basic price for G11 or better grade Coal)	Rs./MT	249.00	191.00
6(b)	GST under Reverse Charge Mechanism	18% of E1	Rs./MT	0.00	0.00
7(a)	Primary Education Cess (PE Cess)	F1=5% of A1 (CIL basic price for G11 or better grade Coal)	Rs./MT	62.00	47.75
7(b)	GST under Reverse Charge Mechanism	18% of F1	Rs./MT	0.00	0.00
8	Misc. and Statutory Charges	Included under 3(a) - 5(b)	Rs./MT	3.00	0.00
9	Sizing Charges		Rs./MT	106.00	0.00
10	Avg. incidental charges		Rs./MT	511.00	212.82
11	Evacuation charges		Rs./MT	50.00	0.00
12	Sub-Total (1 to 12)		Rs./MT	3230.00	574.03
13	Admitted Price considering yield of 76.754%		Rs./MT	3230.00	747.88
14	Transportation Charges		Rs./MT	754.00	754.00
15	Handling Charges		Rs./MT	41.00	41.00
16	Cost of Captive-Washed Coal		Rs./MT	4025.00	1542.88



Note 1: As per FPPCA petition dated 31.03.2022 CESC claimed cost of washed coal for captive mine as cost of captive ROM coal divided by a factor of 0.76754 for BBGS (yield of washing).

Note 2: Rs. 212.82/MT is the cost of washing claimed by CESC in the FPPCA petition dated 31.03.2022.

Note3: Admitted amounts in Sl. Nos. 3(a), 3(b), 4(a), 4(b), 5(a), 5(b) of Table 3-12 (a) & (b) are based on amount stated in Table 3-11 corresponding to subsequent submission of documentary evidences by CESC.

- iv) Demurrage charge: From the submission of CESC an amount of Rs. 25.58 lakh has been paid as demurrage during the year for its entire coal transportation of 3120457.60 MT for Budge Budge generating station at an average rate of Rs.0.82 per MT. Similarly, CESC has paid an amount of Rs. 2.73 lakh towards demurrage charges during 2020-21 for coal transportation of 59215 MT for Southern generating station at an average rate of Rs.4.61 per MT. CESC has not provided any appropriate justification for the demurrage charges claimed for Budge Budge and Southern Generating Stations. The Commission in terms of regulation 5.8.2 of the Tariff Regulations and after prudence check disallows demurrage amount claimed for the year 2020-21.
- v) CESC has claimed Rs. 15 per MT as contractual liability charge to CIL and Rs. 49 per MT as supplementary adjustment paid during the year 2020-21 for Budge Budge generating station. The Commission sought explanation of the basis of these claims/adjustments for the entire coal quantity of 31,20,458 MT purchased for Budge Budge III generating station.
- vi) CESC submitted that the due to low electricity demand during the major parts of the year on account of Covid-19, the Southern Generating Station was operated at a low PLF leading to short-lifting of FSA Coal. However, this short-lifting of FSA coal was minimised to the extent feasible through transfer of FSA Coal pertaining to Southern Generating Station and Titagarh Generating Station to Budge Budge III generating station.
- vii) Further, CESC submitted to have booked coal through e-auction processes conducted in the earlier year to ensure such fuel supply for 2020-21 and the same were delivered in FY 2020-21 when CESC has faced drop of power demand due to restriction imposed by the Government for Covid 19. However,



that 90% of the coal purchased through the e-auction process was consumed in Budge Budge III generating station in FY 2020-21.

- viii) The Commission scrutinised the detailed justification along with bills (ECL and BCCL bills) provided by CESC containing the amount payable and computation of compensation against short-lifting, etc., submitted by CESC for compensation paid against the short-lifting of FSA coal and found these claims admissible.
- ix) However, the Commission found that one of the bills of ECL amounting to Rs. 15.68 Lakh submitted by CESC pertained to FY 2019-20 against which CESC submitted that this amount of compensation relates to short-lifting of coal for FY 2019-20 and this bill was at the disposal of CESC only in FY 2020-21 due to covid related restrictions/difficulties. The Commission based on CESC's submission considers this cost admissible but opines that the same cannot form part of the weighted average price of coal for computing normative fuel cost for FY 2020-21. Accordingly, the Commission, decides to allow the amount separately in the fuel cost recovery instead of inclusion in the weighted average price of coal for FY 2020-21.
- x) In view of the above, the Commission admits an amount of Rs. 464.89 Lakh against CESC's claim of Rs. 481 Lakh pertaining to contractual liability, which amounts to an approval of Rs. 14.90 /MT against CESC's claim of Rs. 15/MT for the entire coal quantity of 31,20,458 MT purchased for Budge Budge III generating station apart from Rs. 15.68 Lakh separately in the fuel cost recovery.
- xi) With regard to Supplementary Adjustments, CESC submitted that these amounts pertain to rate differential for e-auction due to revision in basic price and applicable charges on ad-valorem basis, differential surface transport charges, forest cess imposition, charges paid to CIMFR, etc. generally related to past period as well as current year adjustments. Further, it was specified that due to Covid related restrictions, bills relating to past year were also received much later and have been included in these adjustments. A summary of these bills was provided as in the table below along with copies of the corresponding bills.



Table 3-13- Summary of bills against supplementary adjustments claimed by CESC

Sr. No.	Particulars of bill	In Rs Lakh			
		FSA	Captive	E-auction	Total
1	Rate differential, Forest cess, Transportation charges	-144.00	-	-	-144.00
2	Forest Cess and Transport	17.00	-	-	17.00
3	Service tax on payment under SVLRDS scheme	17.00	-	-	17.00
4	Rate differential, Forest cess, Transportation charges	87.00	-	-	87.00
5	Road transportation related cost	-	656.00	-	656.00
6	Rate differential	-	-	525.00	525.00
7	Provision / adjustments due to debit / credit note etc.	386.00	-	-	386.00
	Total Supplementary Adjustment	363.00	656.00	525.00	1,544.00

- xii) The Commission scrutinised each of the bills and sought various clarifications regarding delayed receipt of bills, different particulars & nature of the bills already submitted, submission of bills not provided by CESC, etc. Of these, clarifications against claims against "Rate differential, Forest cess, Transportation charges" in SL. No. 4 of the table above, "Road transportation related cost" in SL. No. 5 of the table above and "Provision / adjustments due to debit / credit note etc." in SL. No. 7 of the table lacked adequate substantiation.
- xiii) With respect to "Rate differential, Forest cess, Transportation charges" in Sr. No. 4 of the table above, CESC had considered a few bills amounting to Rs. 37.18 Lakh of debit nature as against the actual bill being of credit nature. Accordingly, the Commission disallows to the said extent and admits an amount of Rs. 12.49 Lakh against CESC's claim of Rs. 86.86 Lakh.
- xiv) With respect to "Road transportation related cost" in Sr. No. 5 of the table above, the Commission observed that no documentary evidence/bills were provided by CESC against their claim of Rs. 656 Lakh. The Commission, vide a correspondence dated 17th October 2025, sought the details of this expenditure along with justification of claim for pass through under coal cost and the corresponding bills. However, CESC didn't respond or provide any further details



against the clarification sought in the above-mentioned correspondence of the Commission even though other aspects against the above-mentioned correspondence of the Commission were replied to vide their correspondence dated 6th November, 2025. Therefore, the Commission in absence of any details, justification and documentary evidence is constrained to admit this expenditure and accordingly disallows the same.

- xv) With respect to "Provision / adjustments due to debit / credit note etc." in Sr. No. 7 of the table above, the Commission observed that CESC has not only not submitted any details of the expenditure but also not submitted any documentary evidence against their claim. The Commission sought detailed explanations/descriptions of each of the amount in the provisions made along with documentary evidence and also sought details of the accounting entry made in the Financial Statements. CESC in response submitted that while finalisation of Accounts, provision PI/Compensation was estimated as actual bills/demand was not available at the material point of time. However, CESC could obtain actual computation/invoices for such contractual liability amounting to Rs. 4.81 Crores, from ECL and BCCL, and these were furnished to the Commission and the excess provision of Rs. 3.86 Crores was reversed/ credited in FY 2021-22 and netted off with miscellaneous provision pertaining to FY 2021-22. Additionally, it was specified that these expenses were accounted under "Cost of Fuel" head in Annual Accounts. The Commission scrutinised the above submissions and highlights that the actual amount of Rs. 4.81 Crores claimed by CESC against compensation for contractual liability has already been considered and dealt with in the above paragraphs. Any additional amount over and above the amount ascertained in actual bill is not admissible for FY 2020-21 and the excess amount credited/debited, if any, in FY 2021-22 will be scrutinised by the Commission during the APR and FPPCA proceedings of the relevant period. Accordingly, the amount of Rs. 3.86 Crore claimed against the provision in FY 2020-21 is disallowed by the Commission.
- xvi) Further, the Commission found that out of the admissible claims against the supplementary adjustments specified in the above paragraphs, majority of these expenditures pertain to fuel expenditure of previous periods, i.e., FY 2019-20 &



FY 2018-19 which in the Commission's opinion cannot form part of the weighted average price of coal for computing normative fuel cost for FY 2020-21. Accordingly, the Commission considers the amount separately in the fuel cost recovery.

- xvii) In view of the above, the Commission considers net supplementary adjustment of Rs. 457.90 Lakh pertaining to previous years, i.e., FY 2019-20 & FY 2018-19 separately in the fuel cost recovery and net supplementary adjustment of Rs. 31.20 Lakh of credit nature pertaining to FY 2020-21 to be adjusted in the normative fuel cost working of Budge Budge III generating station. The amounts admitted by the Commission against the Claim of CESC is summarised in the table below: -

Table 3-14- Summary of bills against supplementary adjustments admitted by the Commission

Sr. No.	Particulars of bill	CESC Claim	In Rs Lakh		
			Admitted		Total
			Amount of Bills dated prior to FY 2020-21	Amount of Bills dated during FY 2020-21	
1	Rate differential, Forest cess, Transportation charges	-144.00	-142.91	-1.54	-144.44
2	Forest Cess and Transport	17.00	-	16.74	16.74
3	Service tax on payment under SVLRDS scheme	17.00	17.44	-	17.44
4	Rate differential, Forest cess, Transportation charges	87.00	-	12.49	12.49
5	Road transportation related cost	656.00	-	-	-
6	Rate differential	525.00	583.37	-58.89	524.48
7	Provision / adjustments due to debit / credit note etc.	386.00	0	0	
	Total Supplementary Adjustment	1,544.00	457.90	-31.20	426.70

- xviii) In view of the above, the Commission admits an amount of (Rs. 31.20 Lakh) against CESC's claim of Rs. 1544 Lakh pertaining to supplementary adjustments, which amounts to an admission of (Rs. 1.00 /MT) against CESC's claim of Rs. 49/MT for the entire coal quantity of 31,20,458 MT purchased for Budge Budge



III generating station apart from Rs. 457.90 Lakh as an amount separately in the fuel cost recovery.

- xix) 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 3-15- Summary of bills against supplementary adjustments admitted by the Commission

Sr. No.	Particulars	Claimed		Admitted		
		Rs/MT	Rs. Lakh	Quantum of bills of FY 2020-21 passed on the weighted Average Coal Price		Quantum of bills of FY 2019-20 & FY 2018-19 passed on as an absolute amount separately
				Rs/MT	Rs. Lakh	
1	Contractual Liability Charged	15.00	481.00	14.90	464.89	15.68
2	Supplementary adjustments	49.00	1544.00	-1.00	-31.20	457.90
3	Total	64.00	2025.00	13.90*	433.69	473.58**

*Rs. 13.90/MT included in weighted average price of coal for Budge Budge III Generating Station

** Rs. 473.58 Lakh passed on as an absolute amount separately in fuel and power purchase cos

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- xx) Weighted average price of coal:

Based on the closing stock and approved weighted average prices of coal in APR of CESC for FY:2019-20 and weighted average price of coal purchased in 2020-21 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 2020-21 are as follows:

**Table 3-16: Computed weighted average price of coal**

Sl. No.	Description	Budge Budge		Southern	
		MT	Rs/MT	MT	Rs/MT
1	Opening Stock as on 01.04.2020	263730	3270.39	52755	4686.20
2	Coal purchase during 2020-21				
(a)	FSA coal	1198262.60	4310.01	59215.00	4483.42
(b)	e-auction coal	463835.00	4439.67		
(c)	i) Captive coal-ROM	712972.00	1156.21		
	ii) Captive Coal-Washed	745388.00	1542.88		
	Sub-total	3120457.60	2947.70	59215.00	4483.42
(d)	Add: Contractual liability charge		14.90		
(e)	Add: Supplementary adjustment		-1.00		
(f)	Less: Demurrage charge		0.82		4.61
	Net coal purchase during 2020-21	3120457.60	2960.78	59215.00	4478.81
3	Total coal including opening stock	3384187.60	2984.91	111970.00	4576.52

3.7.2.6 On the basis of normative parameters as stated in Table 3-4 above and the price and GCV value admitted by the Commission, the amount of fuel cost allowable to CESC for own generation comes to Rs. 96155.79 Lakh for Budge budge generating station and Rs. 2618.97 lakh for Southern generating Station, as per computations given in Annexure-3B.

Table 3-17: Energy Charge

Generating station	Ex-bus generation (MU)	Fuel cost (Rs. Lakh)		Energy charge (paise/kWh)	
		Claimed	Admitted	Claimed	Admitted
Budge Budge	5,002.979	116,340.99	96,155.79	232.54	192.20
Southern	81.684	2,777.43	2,618.97	340.02	320.62

3.8 PPC: Determination of Power Purchase Cost:

3.8.1 The power purchase requirement of CESC during 2020-21 was considered 4,772.40 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 3-18: Power Purchase

Source	Quantum MU	Cost incurred (Rs in lakh)	Avg. Rate (Paesa/kWh)
WBSEDCL	0.105	8.19	780.00
HEL	3,854.421	2,21,687.85	575.15
RPGPTCL (other than Cogeneration)	294.763	10,165.70	344.88
RPGPTCL(Cogeneration)	99.590	3,660.63	367.57
Solar	7.980	479.18	600.48
Power exchanges	407.120	17,664.54	433.89
Total	4,663.979	2,53,666.09	543.88

3.8.2 CESC further submitted that, it has made power swapping arrangement to manage its surplus / shortfall during the year and has not considered the cost for such swap-in power in its claim of total power purchase cost for the year, in view of no-gain no-loss arrangement. However, the Commission decides to adjust 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 3-19: 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)	20.620	1,121.49	17.69 *	1,121.49
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)			194.99 *	11540.85
C	Swap-out during the year as initial transaction followed by return of energy (Swap-in) in succeeding year (swap-out energy including loss at average power purchase cost of the year)	5.77	313.79		
	Total	26.39	1,435.28	212.680	12662.34

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

3.8.3 From the energy balance of 2020-21 mentioned in paragraph 3.5 above, it is



observed that, CESC has sold 154.847 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 2020-21 comes to 240.46 paisa/kwh. Accordingly, cost of surplus power sold to person other than consumers and licensee comes to Rs. 3723.45 lakh (154.847 x 240.46/10). 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 3-20: 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	0.105	8.19	780.00
2	HEL	3,854.421	1,13,898.68	295.50
3	RPGPTCL (other than Cogeneration)	294.763	9,355.58	317.39
4	BBGS	5,002.979	96,155.79	192.20
5	SGS	81.684	2,618.97	320.62
6	Net variable cost of Power Purchase for valuation of export (except swap-out) for the year	9,233.952	222,037.210	240.46

3.8.4 CESC has claimed Rs. 1236.54 lakh as transaction cost for total swap-in power of 212.680 MU during 2020-21 and also substantiated their claim in Annexure C-6 of the Cost Audit Report submitted by them in the FPPCA petition for 2020-21. The Commission after prudence check admits Rs. 1236.54 lakh as swap-in power transaction cost for 2020-21 apart from swap-in power energy cost of Rs. 12662.34 lakh admitted in para 3.8.2 above.

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

**Table 3-21: Admissible cost of power**

Sl. No.	Particulars	Energy (MU)	Amount (Rs. Lakh)
1	Total power purchase as in para 3.8.1	4,663.979	253,666.09
2	Add: Swap-in power as in para 3.8.2	212.680	12,662.34
3	Less: Swap out power as in para 3.8.2	26.390	1,435.28
4	Less: Sale to other consumer and Licensees in para 3.8.3	154.847	3,723.45
5	Add: Swap-in power transaction cost as in para 3.8.4		1,236.54
6	Net power purchase for sale to Consumer and WBSEDCL (1+2-3-4+5)	4,695.422	262,406.24

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 generating station 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 3-22: 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	5,084.66
4	E	Excess amount of auxiliary	MU	0.00
5	Ep	Net energy purchased (including UI)	MU	4,711.32
6	Eo	Admitted energy for own consumption	MU	34.57
7	Esc	Energy sale to consumers	MU	8,930.22
8	Esl	Energy sale to licensee	MU	12.99
9	Eadm	Admitted amount of energy entitled for purchase $(Esc+Eo)/(1-d*0.01) + (Esl/(1-t*0.01)-E-Eg)$	MU	5,391.15
10	Ee	Excess energy purchased $(Ep-Eadm)$	MU	Nil
11	Cd	Cost Disallowable	Rs. Lakhs	Nil



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 2020-21.

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. 3,68,207.61 Lakh with the break-up as given hereunder. The detailed computations in this regard are shown in Annexure-3C and Annexure-3D. 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 3-23: Fuel and Power Purchase cost

Sl. No.	Particulars	Rs in Lakh
1	FC: Fuel cost	105,801.37
2	PPC: Power purchase cost	262,406.24
3	Cd: cost disallowable	0.00
4	±A: Adjustment relating to earlier period	0.00
5	FC+(PPC-C_D) + (± A)	368,207.61

3.12 The amount of fuel and power purchase cost of Rs. 3,68,207.61 Lakh, as shown in paragraph 3.11.1, 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 Generation Stations are given hereunder:

Table 3-24: Oil Consumption Norms

Generating Station	As per Tariff Order/ Norms	Actual as per submission	Savings
	(ml /kWh)		
Budge Budge	1.30	0.15	1.15
Southern	2.10	6.55	(-)4.45

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

Table 3-25: Gain Sharing for Better Oil Consumption Rate

Sl. No.	Particulars	Unit	Budge Budge	Southern
1	Gross generation with normative auxiliary consumption (Annexure 3B)	MU	5,497.779	89.763
2	Normative Oil consumption rate	ml/kWh	1.30	2.10
3	Oil consumption as per normative	KL	7,147.11	188.50
4	Actual oil consumption	KL	801.24	588.99
5	Actual Oil consumption rate (table under para 3.3.1)	ml/kWh	0.15	6.55
6	Saving/different	KL	6,345.87	-400.49
7	Category		B	C
8	Percentage of gain sharing attributable to consumers and WBSEDCL	%	26.00%	NA
9	Average price of OIL (as per auditor certificate)	Rs /KL	45,998.91	47364.04
10	Gains accrued on saving oil	Rs. Lakh	2,919.03	(-)189.69
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	758.95	Nil

**3.14 Gain Sharing for Better Rate of Auxiliary Consumption:**

3.14.1 As shown in Annexure-3D, the savings arising out of difference between normative quanta of auxiliary consumption on generation meant for supply of power to the consumers and West Bengal State Electricity Distribution Company Limited (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-3C. 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 3-26: 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	75.10	174.90	1,313.55	B	20%	262.71
Southern	0.000	NA	NA	NA	NA	0
Total						262.71

Note: *Cost of Gross Generation for Budge Budge = [(Rs. 96,155.79 lakh/5497.779MU)*10]=174.90 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 3-27: 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	2553.42
Southern	2,900.00	3447.92



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 not been able to achieve better Station Heat Rate in any of the power generating stations as per the methodology enunciated by the Commission in paragraph A3 of Schedule 9B to the Tariff Regulations as shown in Annexure 3F of this order.

3.16 Benefits for savings in Distribution Loss:

3.16.1 As analyzed in paragraphs 3.5 and 3.6, CESC Limited saved 679.840 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 3-28: Monetary Value of Saved Power

Sl. No.	Particulars	Quantum (MU)	Amount (Rs. in Lakh)
1	Ex-bus generation from own generators (vide Annexure-3B)	5,084.663	98,774.76
2	Purchase of Energy (vide Para 3.8.5)	4,695.422	262,406.24
3	Total	9,780.085	361,181.00
4	Avg. cost per Unit in distribution system (Paise/kWh)		369.30
5	Cost of quantity saved (vide paragraph 3.6)	679.840	25,106.49

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. 18,829.87 lakh (75% of Rs. 25,106.49 lakh computed above) is to be retained by the licensee and balance benefit of Rs. 6,276.62 lakh has been passed on to the consumers by way of considering actual power purchase cost. Out of the amount of Rs. 18,829.87 lakh, a total amount of Rs. 7,026.61 lakh (Rs. 1,05,801.37 lakh – Rs. 98,774.76 lakh) has already been passed on to CESC while computing the allowable fuel costs in Annexure-3C, 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. 11,803.26 lakh (Rs. 18,829.87 lakh – Rs. 7,026.61 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. 1,05,801.37 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 3-29: Summary of Overall Gain

Sl. No.	Particulars	Amount (Rs. in Lakh)
1	Fuel cost on normative basis	105,801.37
2	Less: share of gain attributable to consumer & WBSEDCL	
	i) Cost saving on use of oil	758.95
	ii) On improvement in rate of Auxiliary consumption	262.71
	iii) For achieving of better station heat rate	0.00
	Total (i+ii+iii)	1,021.66
3	Net amount of allowable fuel cost (1-2)	104,779.71

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

Table 3-30: Station-wise Break-up of Gain (Rs lakh)

Sl. No	Particulars	Budge Budge	Southern	Total
1	Fuel cost on normative basis	102,996.09	2,805.28	105,801.37
2	Less: Share of Gains attributable to consumer & WBSEDCL			
	i) Cost saving on use of oil	758.95	-	758.95
	ii) On improvement in rate of Auxiliary consumption	262.71	-	262.71
	iii) For achieving of better station heat rate	-	-	-
	Total (i+ii+iii)	1,021.66	-	1,021.66
3	Net amount of allowable fuel cost (1-2)	101,974.43	2,805.28	104,779.71



Order on FPPCA and APR of CESC for the year 2020-21

- 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 3.8.5 including arrear is Rs. 2,62,406.24 lakh (Rs. 2,62,406.24 lakh + Rs. 0.00 lakh).
- 3.20 Additional amounts of Rs. 11,803.26 lakh is found admissible to CESC on account of savings in the rate of distribution loss as shown in paragraph 3.15.2 and Rs.473.58 Lakhs is found admissible against previous periods fuel cost recovery as shown in paragraph 3.10.2.5 (xix).
- 3.21 Summing up the findings as stated above, the net amount of fuel and power purchase cost allowed to CESC for the year 2020-21 comes as under:

Table 3-31: Summary of Fuel and Power Purchase Cost

Particulars	Rs. in Lakh
Fuel Cost	104,779.71
Power Purchase Cost for own consumers & WBSEDCL (including arrear)	262,406.24
Additional amount on account of savings in the rate of Distribution loss	11,803.26
Quantum of Fuel Cost pertaining to previous periods	473.58
Fuel and Power Purchase Cost	379,462.79

- 3.22 The Commission decides, in terms of regulation 2.8.7.1 of the Tariff Regulations, to consider this amount of Rs. 379,462.79 Lakh allowable towards fuel and power purchase cost along with the Annual Performance Review for the year 2020-21.



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

Sl. No.	Particulars	Unit	Budge Budge	Southern
1	Gross Generation (Actual)	MU	5,422.676	89.893
2	Oil consumed (Actual)	KL	801.24	588.99
3	Coal consumed (Actual)	MT	31,62,771.00	64,582.00
4	HV of Oil	KCal/Ltr.	9,557.00	9,551.00
5	GCV of Coal	KCal/Kg	4,375.50	4,712.12
6	Heat from Oil released (2*4/1000)	M. KCal	7,657.45	5,625.44
7	Heat from Coal released (3*5/1000)	M. KCal	1,38,38,698.1 1	3,04,318.3 6
8	Total Heat (5+6)	M. KCal	1,38,46,355.5 6	3,09,943.8 1
9	Station Heat Rate Achieved (8/1)	KCal/kWh	2,553.42	3,447.92
10	Specific oil Consumption Achieved (2/1)	ml/kWh	0.15	6.55

b) Computation of actual Auxiliary Power Consumption:

Particular	Unit	Budge Budge	Southern
Installed Capacity (a)	MW	750.00	135.00
Unit Generated (b)	MU	5,422.676	89.893
PLF (c) = (b x 1000) / (a x 365 x 24)	%	82.54%	7.60%
Unit sent out from CESC Generating Station (d)	MU	5,002.979	81.684
Auxiliary Power Consumption (APC)	MU	419.697	8.209
APC in % [1-(d/b)]	%	7.74%	9.13%



Admissible Fuel Cost

SI No.	Particulars	Unit	Budge Budge	Southern	Total
1	Ex Bus Generation	MU	5,002.979	81.684	5,084.663
2	Rate of Normative Auxiliary Consumption	%	9.00%	9.00%	
3	Normative Auxiliary Consumption	MU	494.800	8.079	502.879
4	Gross Generation (1+3)	MU	5,497.779	89.763	5,587.542
5	Normative Station Heat Rate	kCal/kWh	2,470.00	2,900.00	
6	Station Heat Rate Required (4x5)	M.KCal	13,579,514.43	260,311.65	13,839,826.08
7	Specific Oil Consumption	ml/kWh	1.30	2.10	
8	Normative Oil Consumption (4x7)	KL	7,147.11	188.50	7,335.61
9	Wt. Average Heat Value of Oil	kCal/Ltr	9,557.00	9,551.00	
10	Heat from Oil [(8x9)/1000]	M.KCal	68,304.96	1,800.38	70,105.34
11	Heat from coal (6-10)	M.KCal	13,511,209.47	258,511.27	13,769,720.74
12	Wt. Average Heat Value of Coal	kCal/Kg	4,375.50	4,712.12	
13	Coal required for consumption [(11/12)*1000]	MT	3,087,921.88	54,860.89	3,142,782.77
14	Coal required with transit loss	MT	3,111,256.30	55,275.46	3,166,531.76
15	Weight average price of oil	Rs./KL	45,998.91	47,364.04	
16	Weight average price of coal	Rs./MT	2,984.91	4,576.52	
17	Cost of oil (8x15)	Rs. Lakhs	3,287.59	89.28	3,376.88
18	Cost of coal (14x16)	Rs. Lakhs	92,868.20	2,529.69	95,397.89
19	Admissible Cost of fuel (17+18)	Rs. Lakhs	96,155.79	2,618.97	98,774.76



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	34.567
E_SL	Energy sale to Licensee (WBSEDCL)	MU	12.992
E_SC	Energy sale to consumer	MU	8,930.217
Fuel_Cost	Fuel cost for generation on normative parameters (Refer Annexure - 3A)	Rs. in Lakh	98,774.76
FC_IUC	Per unit Fuel Cost at distribution input (Refer para A of Annexure – 3D)	Paise/Kwh	101.00
FC_Adm_d	Admissible Fuel cost for sale to licensee (Refer para B of Annexure – 3D)	Rs. in Lakh	153.11
FC_Adm_C	Admissible Fuel Cost for sale to consumer (Para - C of Annexure 3D)	Rs. in Lakh	105,648.26
FC	Allowable fuel cost (Refer para D of Annexure 3D)	Rs. in Lakh	105,801.37



Annexure – 3D

A. Fuel Cost per Unit (kWh) at Distribution Input		Unit	Amount
(i)	Fuel Cost (As per Annexure-3B)	Rs. In Lakh	98,774.76
(ii)	Energy sent out from own generation for the consumers and licensee (refer sl. no. 1 in Annexure-3B)	MU	5,084.663
(iii)	Purchase (refer paragraph 3.8.5)	MU	4,695.422
(iv)	$FC_{IUC} [(i)/\{(ii)+(iii)\} \times 10]$	Paise/kWh	101.00

B. Admissible Fuel Cost for Sale to Licensee							Unit	Amount	
(i)	E_{SL}	\times	FC_{IUc}	$=$	$\frac{12.992 \text{ MU} \times 10}{0.8570}$	\times	$\frac{101.00}{100}$	Rs. in Lakh	153.11
	$(1 - t \times 0.01)$								

C. Admissible Fuel Cost for sale to Consumers							Unit	Amount	
(i)	$E_{sc} + E_o$	\times	FC_{IUC}	$=$	$\frac{(8,930.217+34.567) \text{ MU}}{0.8570}$	\times	$\frac{101.00}{100}$	Rs. in Lakh	105,648.26
	$(1 - d \times 0.01)$								

D. Allowable Fuel Cost for Sale to Licensee and to Consumers		Unit	Amount
(i)	B + C	Rs. in Lakh	105,801.37

E. Excess/Savings (in Auxiliary Consumption)						
Generating Station	Figures in MU					
	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	5,002.979	9%	494.800	7.74%	419.697	75.103
Southern	81.684	9%	8.079	9.13%	8.209	0.000



Weighted Average Heat Rate of Coal for 2020-21

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-G4	6101.00	5045.00	6101 to 6400	5801.00	5801.00	270088	8.66%	502.10
FSA Rail	ECL-G5	5801.00	4878.00	5801 to 6100	5501.00	5501.00	45052	1.44%	79.42
FSA Rail	ECL-G7	5201.00	4489.00	5201 to 5500	4901.00	4901.00	293511	9.41%	460.99
FSA Rail	ECL-G8	4901.00	4178.00	4901 to 5200	4601.00	4601.00	283186.3	9.08%	417.55
FSA Rail	BCCL-G8	4901.00	4240.00	4901 to 5200	4601.00	4601.00	3621.3	0.12%	5.34
FSA Rail	BCCL-WIV	5201.00	4483.00	5201.00	5201.00	5201.00	126843	4.06%	211.41
FSA Rail	BCCL-WV	4901.00	4234.00	4901.00	4901.00	4901.00	15238	0.49%	23.93
FSA Rail	BCCL-WVI	4601.00	3935.00	4601.00	4601.00	4601.00	55836	1.79%	82.33
FSA Rail	BCCL (via CCL)-G6	5501.00	4663.00	5501 to 5800	5201.00	5201.00	679	0.02%	1.13
FSA Rail	BCCL (via CCL)-G7	5201.00	4370.00	5201 to 5500	4901.00	4901.00	991	0.03%	1.56
FSA Rail	BCCL (via CCL)-G8	4901.00	4064.00	4901 to 5200	4601.00	4601.00	6093	0.20%	8.98
FSA Rail	BCCL (via CCL)-G9	4601.00	3774.00	4601 to 4900	4301.00	4301.00	15547	0.50%	21.43
FSA Rail	BCCL (via CCL)-G10	4301.00	3506.00	4301 to 4600	4001.00	4001.00	35323	1.13%	45.29
FSA Rail	BCCL (via CCL)-G11	4001.00	3193.00	4001 to 4300	3701.00	3701.00	17265	0.55%	20.48
FSA Rail	BCCL (via CCL)-G12	3701.00	2733.00	3701 to 4000	3401.00	3401.00	5984	0.19%	6.52
FSA RCR	CCL-G12 : RCR	3701.00	2704.00	3701 to 4000	3401.00	3401.00	23005	0.74%	25.07
Captive	Indigenous ROM (G11)	4001.00	3657.00	4001 to 4300	4001.00	4001.00	712972	22.85%	914.16
Captive	Indigenous Washed (G10)	4175.00	3773.00	4301 to 4600	4175.00	4175.00	745388	23.89%	997.29
e-Auction Rail	ECL-G4 (e-auction)	6101.00	4851.00	6101 to 6400	6101.00	6101.00	193788	6.21%	378.89
e-Auction Rail	CCL-G9 (e-auction)	4601.00	3825.00	4601 to 4900	4601.00	4601.00	48023	1.54%	70.81
e-Auction Rail	CCL-G10 (e-auction)	4301.00	3495.00	4301 to 4600	4301.00	4301.00	21899	0.70%	30.18
e-Auction Rail	CCL-G11 (e-auction)	4001.00	3220.00	4001 to 4300	4001.00	4001.00	156645	5.02%	200.85
e-Auction Rail	CCL-WIV (e-auction)	5201.00	4541.00	5201.00	5201.00	5201.00	68	0.00%	0.11
e-Auction Rail	MCL-G12 (e-auction)	3701.00	2869.00	3701 to 4000	3701.00	3701.00	43348	1.39%	51.41



Order on FPPCA and APR of CESC for the year 2020-21

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
e-Auction RCR	BCCL-WIV (e-auction)-RCR	5201.00	2466.00	5201.00	5201.00	5201.00	64	0.00%	0.11
							3120458	100.00%	4,557.35

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-G4	6101.00	5101.00	6101 to 6400	5801.00	5801.00	15119	25.53%	1,481.13
FSA Rail	ECL-G7	5201.00	4383.00	5201 to 5500	4901.00	4901.00	27593	46.60%	2,283.77
FSA Rail	ECL-G8	4901.00	4109.00	4901 to 5200	4601.00	4601.00	16503	27.87%	1,282.28
							59215	100.00%	5,047.18

c) Weighted average "GCV of Coal as received" for 2020-21:

Sl. No.	Description	Unit	Budget	Southern
1	Opening Stock of Coal as on 01.04.2020 as per Form-D	MT	263730	52755
2	Wt. Avg GCV of coal as admitted in APR for 2019-20	kCal/kg	3763.72	4590.73
3	Total Coal Purchased during FY: 2020-21 as per Form-D	MT	3120458	59215.00
4	Wt. Avg 'GCV of Coal as received' [Annexure-3E(a)]	kCal/kg	4557.35	5047.18
5	Wt. Avg "GCV of Coal as received" value [$\frac{(1 \times 2) + (3 \times 4)}{(1 + 3)}$]	kCal/kg	4495.50	4832.12
6	Wt. Avg "GCV of Coal less 120kCal/kg"	kCal/kg	4375.50	4712.12
7	Total Coal Consumed in the year 2020-21 as per Form-D	MT	3162771	64582
8	Closing Stock as on 31.03.2021 (1+3-7)	MT	221417	47388
9	Wt. Avg 'GCV of Coal as received' for the closing stock (5)	kCal/kg	4495.50	4832.12



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	5,422.676	89.893
2	Oil consumed	KL	801.24	588.99
3	Coal consumed	MT	3,162,771.00	64,582.00
4	HV of Oil	KCal/Ltr.	9,557.00	9,551.00
5	HV of Coal	KCal/Kg	4,375.50	4,712.12
6	Heat from Oil released	M. Kcal	7,657.45	5,625.44
7	Heat from Coal released	M. Kcal	13,838,711.95	304,318.36
8	Total Heat	M. Kcal	13,846,369.40	309,943.81
9	Actual Station Heat Rate	KCal/kWh	2,553.42	3,447.92
10	Design Station Heat Rate (D)	Kcal/Kwh	2,247.00	2,707.00
11	Normative Gross Station Heat Rate considered for the year (SHR_n)	Kcal/Kwh	2,470.00	2,900.00
12	Ratio of SHR_n to D	-	1.10	1.07
13	Categorization of Generating Stations as per Regulations	-	B	B
14	SHR/SHR_n	-	1.03	1.19
15	Gross Generation (vide Annexure – 3A)	MU	5,497.779	89.763
16	Cost of Coal considering normative SHR	Rs in Lakh	92,868.20	2,529.69
17	Total Coal Consumed	MT	3,162,771.00	64,582.00
18	Proportionate actual use of coal for sale to consumers and WBSEDCL	MT	3,162,771.00	64,582.00
19	Actual Cost of coal for supply to consumers and WBSEDCL	Rs. in Lakhs	94,405.87	2,955.61
20	Savings in Cost of Coal for achieving better Station Heat Rate	Rs. in Lakhs	-1,537.67	-425.92
21	Share of savings in costs attributable to consumers and WBSEDCL	%	0.00%	0.00%
22	Share of savings in costs attributable to consumers and WBSEDCL	Rs. in Lakhs	0.00	0.00



Chapter 4

Addition to Fixed Asset

4.1 Asset Addition during FY 2020-21

4.1.1 CESC has claimed addition to net assets of Rs. 41,133.00 lakh for the year 2020-21 in Form 1.18 (gross asset addition of Rs. 43,837 lakh less retirement of Rs. 2,704 lakh). CESC has claimed asset addition of Rs. 43,837 lakh in respect of capital expenditure of Rs. 41,846 lakh incurred during FY 2020-21 and Rs. 1991 lakh of capital expenditure incurred in FY 2019-20. The Commission prior to admitting the fixed assets during FY 2020-21 decides to ensure whether the asset has been physically put to use during the year. The Commission also analyse the nature of proposed 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
- 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

4.1.2 Accordingly, the Commission decides to admit the asset addition regarding new capital works put to use during the year. Regarding the proposed asset addition of replacement nature, the Commission decides to admit such asset addition only where due adjustment of the value of replaced asset has been made. Further, in terms of regulation 5.2.3 any expenditure on minor items after cut-off date is generally not admissible as additional capitalisation. 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. The detailed analysis is shown in Annexure-4A.

- 4.1.3 As detailed in Table 4-1 below under sl. no. 1, New Capital works of Rs. 34424.41 lakh has been considered for admission of fixed assets, Under sl. no.2, the assets of Rs. 2128 lakh of replacement nature has been admitted.
- 4.1.4 However, proposed replacement nature of assets of Rs.1524.00 lakh as appearing under sl.no. 3 of Table 4-1, is not specifically identifiable with those being replaced, since such capital expenditure affects long-term tariff and it is crucial to establish a clear link between replacement assets and those retired. This requires tracking retirement details, including historical cost, accumulated depreciation, year of commissioning, write-off details, reasons for retirement, etc. CESC has neither provided this information in their APR petitions nor through subsequent additional submissions. Therefore, the Commission does not consider these asset additions.
- 4.1.5 Other capital expenditure of Rs. 1883.00 lakh under sl. no.4 of Table 4-1, are not admitted as addition to assets by the Commission after prudence check, as they fall under items enumerated in Regulation 5.2.3 of the WBERC Tariff Regulations, 2011.
- 4.1.6 CESC has claimed expenses of Rs. 2823.00 lakh as asset addition under sl. no.5 of Table 4-1, which falls under the nature of O&M expenses. The Commission, instead of allowing these items under asset addition considers it prudent to reclassify those items as O&M expenses under Generation and Distribution functions.
- 4.1.7 In respect of capital expenditure of Rs. 1887 lakh appearing under sl. no. 6 of Table 4-1, CESC in their submission dated 12.11.2024 clarified that capital expenditure of Rs. 209 lakh in 2019-20 and Rs. 133 lakh in 2020-21 for Budge Budge generating station are not put to use in 2020-21. Apart from the above, the Commission also observes that capital expenditure of Rs. 1545 lakh under



special distribution projects are not put to use in 2020-21. Accordingly, asset addition in respect of such assets, will be allowed in the APR of the subsequent years after being put to use and being ensured that corresponding benefit is passed on to consumers.

4.1.8 The Commission in the APR order for 2019-20 has observed that, some of the fixed assets claimed by CESC during 2019-20 were not commissioned during the year 2019-20 and accordingly, decided to consider such asset addition in the respective year, when the asset is put to use. From the subsequent submission by CESC dated 19.03.2025, it is observed that

(i) Majherhat 33kV GIS sub-station:

CESC had claimed asset addition of Rs. 798 lakh after completion of balance work of Rs. 127 lakh and Rs. 671 lakh for commissioning of 11 panels 33kV GIS during 2019-20, but they did not submit sufficient document related to put to use of that asset. Moreover, a part of capital work amounting to Rs. 16 lakh was completed in 2020-21. Thus, the Commission considers total asset addition of Rs. 814 lakh (Rs. 798 lakh+ Rs. 16 lakh) in 2020-21.

(ii) Princep Street Sub-station:

CESC has claimed asset addition of Rs. 1434 lakh for 2019-20 and Rs. 4 lakh for 2020-21 towards commissioning of two number foam monitor along with their accessories and 9-panel 132kv GIS. As submitted by CESC, commissioning of 5kWp grid connected rooftop solar plant was done during 2020-21. Accordingly, the Commission admits asset addition of Rs. 1434 lakh for 2019-20 and Rs. 4 lakh for 2020-21 and balance amount of capital expenditure of Rs. 351 lakh under CWIP.

(iii) Replacement of one 50MVA power transformer with 75MVA power transformer:

Against capital expenditure of Rs. 399 lakh during 2019-20 and Rs. 707 lakh during 2020-21 for the above replacement work which was actually commissioned during 2020-21, CESC has claimed asset addition of Rs.



311 lakh in 2019-20 and Rs.845 lakh in 2020-21. CESC has also submitted disposition / scrapping of fixed asset details of old 50MVA power transformer in Attachment-A4 of their submission dated 19.03.2025. The Commission, after prudence check admits asset addition of Rs. 1153 lakh considering actual capital expenditure of Rs.1153 lakh in 2020-21.

(iv) Kasba receiving station:

CESC has claimed Rs. 1728 lakh of asset addition during 2019-20 and Rs. 1432 lakh asset addition during 2020-21 towards commissioning of GIS Building and 17 panel 33kv GIS in 2019-20. However, as submitted by CESC, major jobs including commissioning of 13 panel 33kv GIS was completed in 2020-21. Thus, the Commission finds it prudent to admit new asset addition of Rs. 3160 lakh for 2020-21 and Rs. 13 lakh as CWIP.

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

CESC has claimed Asset addition of Rs. 4803 lakh for 2019-20 and Rs. 782 lakh for 2020-21 towards commissioning of 15 panel 200kV GIS and 15 panel 132 kV GIS during 2019-20 and shifting of 220KV feeder (WBSETCL Kasba Sub-station) from 220KV ODY at EMSS to 220KV GIS at EM(South) Sub-station during 2020-21. However, CESC has also mentioned that major job was completed during 2020-21. Accordingly, the Commission finds it prudent to admit Rs. 5585 lakh as new asset addition for 2020-21 and Rs. 10 lakh as CWIP.

Also, one 200MVA power transformer (T2) in EM(South) sub-station was not put to use during 2020-21. Hence, the Commission finds it prudent to consider capital expenditure of Rs. 330 lakh during 2020-21 under CWIP.

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

Capital expenditure of Rs. 230 lakh during 2019-20 and Rs. 205 lakh during 2020-21 are considered under CWIP since it was not put to use



either in 2019-20 or in 2020-21.

- (vii) Bantala Bamunghata overhead to underground project:

CESC has claimed asset addition of Rs. 16 lakh in 2020-21 for commissioning of. The Commission after prudence check admits Rs. 16 lakh since the project was put to use in 2020-21 only.

- (viii) 132kv underground cabling from WBSETCL (Liluah) to CESC (Belur Receiving Station):

CESC has claimed capitalisation of Rs. 2873.41 lakh for 2020-21 towards completion of above work against capital expenditure of Rs. 2633 lakh in 2019-20 and Rs.856 lakh in 2020-21. Subsequently vide affidavit dated 19.03.2025, CESC submitted that, the underground cabling was completed in 2020-21. In view of the same the Commission decides to admit asset addition of Rs. 2873.41 lakh in 2020-21 and Rs. 615.59 lakh under CWIP.

4.1.9 Based on the summary of Capex, Asset Addition and CWIP as detailed in Annexure-4A, Fixed Assets addition of Rs. 44795.41 lakh admitted for the year 2020-21, which are furnished below:

Table 4-1: Details of Fixed Asset Admitted for the year 2020-21 (Rs. Lakh)

Sl. No.	Asset addition during FY 2020-21	Claimed	Admitted
1	New asset addition	35476.00	34424.41
2	Asset addition of replacement nature – with supporting documents	2131.00	2128.00
3	Asset addition of replacement nature – without proper adjustment	1524.00	0.00
4	Asset classified under Regulation 5.2.3	1883.00	0.00
5	O&M nature of expenditure	2823.00	0.00
6	Asset not put to use in 2020-21 (CWIP)	1887.00	0.00
7	Total addition of Asset admitted for 2020-21 (1+2+3+4+5)	43837.00	36552.41
8	Asset addition claimed in 2019-20, but put to use in 2020-21		
	(i) Majerhat 33 kV GIS s/stn		798.00
	(ii) Majherhat s/s replacement of 50MVA to 75 MVA transformer		311.00
	(iii) Kasba Receiving Station 33kv GIS		1728.00
	(iv) EM (South) 220/132/33 kv Sub-station		4803.00



Sl. No.	Asset addition during FY 2020-21	Claimed	Admitted
	(v) Underground cabling of Liluah to Belur s/stn		603.00
9	Total addition of asset admitted for 2019-20 in 2020-21 [8(i)-8(v)]		8243.00
10	Overall addition of asset admitted for 2020-21 (7+9)		44795.41

4.2 Analysis of asset addition for FY 2019-20 as per the direction given in APR order of 2019-20

- 4.2.1 The Commission in the APR order for 2019-20 in Case No. FPPCA-99/20-21 and APR-83/20-21 dated 05.10.2024 had admitted an asset addition of Rs. 30308 lakh against the claim of Rs. 56572 lakh submitted by CESC. The Commission under paragraph 4.10.2 of the said APR order mentioned that, for replaced assets, if CESC can provide detail documents within 21 days, the Commission will consider such asset addition during APR of seventh control period.
- 4.2.2 In view of such direction, CESC submitted their claim of additional asset addition vide letters dated 28.10.2024 and 12.11.2024. In their submission CESC has reiterated their claim made in the original petition for allowing the entire amount of Rs. 56572 lakh. CESC submitted some documents related to put to use of the assets and documents related to disposition/scraping details of disposed assets.
- 4.2.3 After prudent analysis, Rs. 1606 lakh of replacement nature of asset are found admissible based on detail documents submitted by CESC. Further, from the submitted clarifications, it is observed that asset amounting to Rs. 5585 lakh are new asset which were considered as replaced asset in APR order for 2019-20 and disallowed thereon. The Commission, based on submitted documents admits such asset addition of Rs. 5585.00 lakh.

From the submission of CESC, the Commission noted that, CESC has claimed new asset addition of Rs. 7063 lakh during 2019-20 out of Rs. 10135 lakh carried forward by the Commission in the APR order, based on capital

expenditure made by them during the year. CESC has not submitted supporting documents for capitalisation of the projects i.e. certification of put to use / COD of the respective asset. The Commission observes that unless an asset is put to use and its benefit is available to the end consumers are established, capital expenditure for such asset can't be considered for tariff determination purpose. The Commission also observed that, proposed capital expenditure of Rs. 4616 lakh, which is O&M in nature has already been dealt in the APR review order dated 03.03.2025 The details are shown in Annexure 4C.

4.2.4 Thus, additional new asset capitalisation admitted in this APR order for the year 2019-20 under Generation and Distribution functions are:

Table 4-2: Details of asset addition admitted (Rs. Lakh)

Sl. No.	Asset addition for 2019-20	New Asset Addition	Replacement type Asset Addition	Total Asset Addition in FY 2019-20
1	Generation asset addition (Southern Generating Station)	0.00	52.00	52.00
2	Distribution	5585.00	1554.00	7139.00
3	Total (1+2)	5585.00	1606.00	7191.00

4.3 Impact of asset addition during 2019-20:

4.3.1 **Impact on Interest on borrowed capital:** Based on additional capitalisation of assets for Rs. 7191 lakh additional amount of interest on capital borrowing works out to Rs. 225.01 lakh as shown in Table 4-3:

Table 4-3: Interest admitted on additional capitalisation of Asset (Rs. Lakh)

Sl. No.	Particulars	Unit	Amount
1	Additional asset addition admitted (From Table 4-2)	Rs. Lakh	7191.00
2	Debt addition admitted (70% of 1)	Rs. Lakh	5033.70
3	Average Interest on capital borrowing	%	8.94%
4	Additional amount of interest $\{[(2) \times (3)]/2\}$	Rs. Lakh	225.01
5	Closing loan balance in APR order for 2019-20	Rs. Lakh	225511.50



Sl. No.	Particulars	Unit	Amount
6	Revised Closing loan balance for 2019-20 (2+5)	Rs. Lakh	230545.20

4.3.2 **Impact on Depreciation:** The closing balance of depreciation for distribution asset as per APR-80 order for 2018-19 was 911664.00 lakh after adjustment of consumer contributions for 2016-17, 2017-18 and 2018-19 amounting to Rs. 35781.00 lakh. Thus, the opening balance for distribution asset for 2019-20 has been found to be Rs. 911664.00 lakh instead of Rs. 947445.00 lakh (which had been inadvertently admitted in the APR of 2019-20). Moreover, consumer contribution in FY 2019-20 amounting to Rs. 10029.00 lakh as per table 4.10-2 of the APR Order for 2019-20 also need to be considered. In view of the additional asset additions to distribution and generation businesses mentioned in Table 4-2, the impact on depreciation is determined in the following tables.

Table 4-4(a): Computation of Depreciation for Distribution Asset

Sl. No.	Distribution Asset	Rs. Lakh	Rs. Lakh
1	Adjustment of consumer contribution for 2016-17 to 2018-19	(-)35781.00	(-)35781.00
2	Consumer contribution during 2019-20	(-)10029.00	(-)5014.50
3	Additional asset addition during 2019-20 in para 4.2.4	7139.00	3569.50*
4	Net adjustment of asset for the year 2019-20 (1+2+3)		(-)37226.00
5	Average depreciation rate considered for distribution asset in APR 2019-20.		3.18%
6	Impact on depreciation for 2019-20		(-)1183.79
7	Closing GFA admitted in APR order 2019-20	973149.00	
8	Revised closing GFA (1+2+3+7)	934478.00	

* Note: depreciation is admitted on pro-rata basis for asset addition during the year

Table 4-4(b): Computation of Depreciation for Generation Asset

Sl. No.	Generation Asset	Rs. Lakh	Rs. Lakh
1	Additional asset addition during 2019-20 in para 4.2.4	52.00	26.00**
2	Average depreciation rate considered for generation asset in APR 2019-20.		3.33%
3	Impact on depreciation for 2019-20		0.87
4	Closing GFA admitted in APR order 2019-20	426818.00	
5	Revised closing GFA (4+1)	426870.00	

**Note: depreciation is admitted on pro-rata basis for asset addition during the year

**Table 4-4(c): Total Impact on depreciation for additional asset addition**

I. No.	Particulars	Rs. Lakh
1	Distribution from Table 4-4(a)	-1183.79
2	Generation from Table 4-4(b)	0.87
3	Total Impact on depreciation (1+2)	-1182.92

4.3.3 **Impact on Return on Equity (RoE):** Based on total additional asset addition of Rs. 7191 lakh in paragraph 4.2.4, admissible equity addition for Generation and Distribution functions are shown below.

Table 4-5(a): Admissible Equity addition for additional asset addition

Sl. No.	Particulars	Rs. Lakh
A	Addition of distribution asset (in Para 4.2.4)	7139.00
B	Equity @ 30% of (A)	2141.70
C	Addition of generation asset (in Para 4.2.4)	52.00
D	Equity @ 30% of (C)	15.60

4.3.4 In the APR order for 2019-20, the Commission admitted total equity addition of Rs. 5088.50 lakh, which was allocated between the generation and distribution functions as Rs. 84.85 lakh and Rs. 5003.65 lakh, respectively. In view of the further asset additions mentioned in paragraph 4.2.4, the allocation of equity between generation and distribution functions has been revised based on admitted assets, as shown below:

Table 4-5(b): Computation of Equity addition based on asset addition

Sl. No.	Particulars	Rs. Lakh
A	Admitted assets of generation function in APR of 2019-20	13.00
B	Additional asset addition considered in para 4.2.4	52.00
Sl. No.	Particulars	Rs. Lakh
C	Net Asset Addition for generation function in 2019-20 (A+B)	65.00
D	Revised admitted Equity for Generation function @ 30% of (C)	19.50
E	Equity allocated in Generation function in the APR order 2019-20	84.85
F	Admissible Equity for asset admitted for Generation@30% of (A)	3.90



Sl. No.	Particulars	Rs. Lakh
G	Excess equity allocated to generation function transferred to distribution (E-F)	80.95
H	Equity allocated for Distribution function in APR order 2019-20	5003.65
I	Additional equity addition based on asset addition [Table 4.5(a)]	2141.70
J	Revised admitted Equity for Distribution function (G + H + I)	7226.30

4.3.5 Based on the allocation of additional assets admitted for 2019-20, the revised RoE for Distribution and Generation functions is computed below.

Table 4-5(c): Computation of Return on Equity (Rs. Lakh)

Sl No	Particulars	Generation	Distribution	Total
A	Opening Equity Base of 2019-20 as per APR Order for 2019-20	123563.37	276097.53	399660.90
B	Addition to equity base during 2019-20	19.50	7226.30	7245.80
C	Closing equity base in 2019-20 (A+B)	123582.87	283323.83	406906.70
D	Average equity base 2019-20 (A+C)/2	123573.12	279710.68	403283.80
E	Rate of ROE (%)	15.50%	16.50%	
F	Return of Equity (D X E)	19153.83	46152.26	65306.09
G	Return admitted in the APR order	19159.00	45969.00	65128.00
H	Adjustment on Return on Equity	-5.17	183.26	178.09

4.3.6 **Impact on Advance against Depreciation (AAD) / Interest Credit:** Based on the additional assets addition admitted for 2019-20, the impact of AAD is computed in table 4-6:

Table 4-6: Computation of impact on AAD / Interest Credit for 2019-20 (Rs. Lakh)

Sl. No.	Particulars	AAD in APR order for 2019-20	Addition in depreciation [Table 4-3 (c)]	Revised AAD
	a	b	c	d=b-c for 1,2 & 3
1	Budget	798.95	0.00	798.95
2	Southern	49.85	0.87	48.98
3	Distribution	4880.43	(-)1183.79	6064.22
4	Total AAD as recomputed (d1+d2+d3)			6912.15
5	AAD admitted in APR Order for 2019-20 (b1+b2+b3)			5729.23
6	Impact on AAD (4-5)			1182.92



4.3.7 There is no impact on interest on normative debt and interest on working capital.

4.3.8 **Impact on Temporary accommodation and admitted additional recoverable amount for 2019-20:** Additional amount recoverable for 2019-20 arrives at Rs. **423.74** lakh [Interest on Loan of Rs. 225.01 lakh + Depreciation of Rs. (-) 1182.92 lakh + RoE of Rs. 178.09 lakh + AAD of Rs. 1182.92 lakh + Interest on Temporary accommodation of Rs. 20.64 lakh] as appearing in Table 4-7.

Table 4-7: Additional recoverable amount for 2019-20 (Rs. Lakh)

Sl. No.	Particulars	Rs. Lakh
A	Opening balance of temporary accommodation as per APR review order for 2019-20	104998.91
B	Additional amount recoverable for 2019-20	423.74
C	Closing balance of temporary accommodation as per APR review order for 2019-20	123397.68
D	Closing balance of temporary accommodation with additional amt. recoverable (B+C)	123821.42
E	Revised average balance for 2019-20 requiring temporary accommodation (A+D)/2	114410.17
F	Rate of Interest on temporary accommodation	9.74%
G	Interest on revised Temporary Accommodation (E x F)	11143.55
H	Interest on temporary accommodation already passed on in APR review order 2019-20	11122.91
I	Additional on temporary accommodation for 2019-20 (G-H)	20.64



Annexure-4A

Asset addition admitted for FY 2020-21 (Rs. Lakh):

Sl. No.	Particulars	As Claimed by CESC for 2020-21	New Asset-Admitted	Replacement nature of asset-Admitted	Replacement-Not Admitted (in absence of adjustment details)	Expenditure of O&M nature-shifted to O&M head	Assets under Reg 5.2.3-Not Admitted	CWIP
		Rs. Lakh	Rs. Lakh	Rs. Lakh	Rs. Lakh	Rs. Lakh	Rs. Lakh	Rs. Lakh
		A	B	C	D	E	F	G
A) Budget Generating Stn.								
A-1	Remote monitoring system (Capex 2019-20)	209						209
1. Capital Addition / Long Term improvement								
a	Procurement and erection of Unit-3 back pass elements	211				211		
b	Refurbishment of primary super heater, forced flow section, reheater horizontal, platen superheater, final superheater and reheater banks of Unit- 1	129				129		
c	Replacement of switchyard battery bank	123			123			
d	River bank reinforcement	105				105		
e	Buildings repair etc.	81				81		
f	Revamping of cooling tower fills Unit-1 & Unit-2	63				63		
g	Bunkers refurbishment of Unit-3	40				40		
h	One cartridge for Unit-3 boiler feed pump (BFP)	31			31			
i	Rexroth actuators (2 nos) for steam stop valves and governing control valves of Unit-3	29				29		
j	Replacement of 132 KV CT	25			25			
k	Refurbishment of 1 no dewatering BIN-2A	18				18		
l	Renewal of AC machines (phase 6)	10				10		
m	Refurbishment of underground & overground cable racks (facelift)	9				9		
2. Obsolescence and Technology absorption								
a	Shifting from Windows XP/ 7 to Windows 10 for OT machines with proprietary software	98	98					
b	Replacement of Generator Protection Panel Relays of Unit-1 and Unit-2	73			73			
c	DCS upgradation of I/O modules	72	72					
d	Automated ash weighment system	26	26					



Order on APR of CESC for the year 2020-21

Sl. No.	Particulars	As Claimed by CESC for 2020-21	New Asset-Admitted	Replacement nature of asset-Admitted	Replacement-Not Admitted (in absence of adjustment details)	Expenditure of O&M nature-shifted to O&M head	Assets under Reg 5.2.3-Not Admitted	CWIP
		Rs. Lakh	Rs. Lakh	Rs. Lakh	Rs. Lakh	Rs. Lakh	Rs. Lakh	Rs. Lakh
		A	B	C	D	E	F	G
e	Upgradation of QUAD Controller for conveying compressor	19			19			
f	Unit-1 and Unit-2 CT Fan vibration probe installation	18	18					
g	EHG/SAN/AVR/TSE Upgradation	15				15		
3. Improvement of Reliability & Efficiency								
a	HP Turbine overhauling of Unit-3	209				209		
b	Complete PF assembly (Coal burner panel) renewal	134			134			
c	Remote monitoring system of BBGS	133						133
d	Replacement of Unit-1, Unit-2 and Unit-3 high energy drain valves	52			52			
e	Procurement of spares of Unit-1 HP steam chest	48				48		
f	"Installation of VFD in overflow Transfer Pumps	28	28					
g	Installation of VFD in service water Pumps	27	27					



Annexure-4A (Contd.)

Asset addition admitted for FY 2020-21 (Rs. Lakh):

Sl. No.	Particulars	As Claimed by CESC for 2020-21	New Asset-Admitted	Replacement nature of asset-Admitted	Replacement-Not Admitted (in absence of adjustment details)	Expenditure of O&M nature-shifted to O&M head	Assets under Reg 5.2.3-Not Admitted	CWIP
		Rs. Lakh	Rs. Lakh	Rs. Lakh	Rs. Lakh	Rs. Lakh	Rs. Lakh	Rs. Lakh
		A	B	C	D	E	F	G
h	Procurement of energy efficient cooling tower fan blade assembly	21				21		
i	CGL 132KV breaker pole overhauling and procurement of 1 complete gang operated breaker	18				18		
j	Renewal of Unit-3 drum safety valve	13			13			
4. Safety & Security								
a	Enhancement of Security system	44				44		
b	Remote operation of RDM	22	22					
c	CCTV Cameras	10				10		
Total BBGS		1954	291	0	470	1060	0	342
B) Southern Generating Station								
1. Replacement / Refurbishment								
a	Infrastructure development with procurement of energy meters for reinforcement of online energy monitoring system at SGS	5	5					
b	Refurbishment of submersible drinking water pump along with the water tank at turbine house roof	5				5		
2. Improvement of Reliability & Efficiency								
a	Replacement of station battery bank 1	2			2			
3. Safety & Security								
a	Replacement of damaged illumination tower (lattice type) at FHP coal stock yard	8			8			
Total SGS		20	5	0	10	5	0	0
Sub-Total - Generation		1974	296	0	480	1065	0	342
C). Distribution (General) Capital Expenditure								
a	Meters	1730	1730					
b	House Service connections	6632	6632					
c	MCB	591	591					
d	Street Light Metering	94	94					
e	MV Mains	8961	8961					



Order on APR of CESC for the year 2020-21

Sl. No.	Particulars	As Claimed by CESC for 2020-21	New Asset-Admitted	Replacement nature of asset-Admitted	Replacement-Not Admitted (in absence of adjustment details)	Expenditure of O&M nature-shifted to O&M head	Assets under Reg 5.2.3-Not Admitted	CWIP
		Rs. Lakh	Rs. Lakh	Rs. Lakh	Rs. Lakh	Rs. Lakh	Rs. Lakh	Rs. Lakh
		A	B	C	D	E	F	G
f	Aerial Bunched cables	267	267					
g	Network formation with Co-Axial cable, specially designed modified pillar box, Distribution Zone formation in theft-prone areas	1435	1435					
h	Distribution Transformers (including Refurbishment)	1912	1073	839				
i	Modified Pillar Box	394			394			
j	DTR metering with AMR	6	6					
k	HV Switchgear	358	358					
l	HV Mains (6/11 kV level)	5357	5357					
m	Replacement & Extension of 6/11 kV Switchboards at Distribution Stations	136		136				
n	Fire Fighting equipment at existing Distribution Stations	491	491					



Annexure-4A(Contd.)

Asset addition admitted for FY 2020-21 (Rs. Lakh):

Sl. No.	Particulars	As Claimed by CESC for 2020-21	New Asset-Admitted	Replacement nature of asset-admitted	Replacement-Not Admitted (in absence of adjustment details)	Expenditure of O&M nature-shifted to O&M head	Assets under Reg 5.2.3-Not Admitted	CWIP
		Rs. Lakh	Rs. Lakh	Rs. Lakh	Rs. Lakh	Rs. Lakh	Rs. Lakh	
		A	B	C	D	E	F	G
o	New/ Capacity Augmentation at Distribution Stations and 33 kV GIS at Distribution Stations	1470	1470					
p	33 kV mains Network Reorganisation	1403	1403					
q	Replacement of old and outlived 33/6 kV Transformers	0	0					
r	Fire Fighting equipment at existing Receiving and EHV Substations	51	51					
s	Distribution Automation augmentation jobs	650			650			
t	Miscellaneous capital expenditure	1461				1461		
	Total - Distribution (General) Asset Capitalised	33399.00	29919.00	975.00	1044.00	1461.00	0.00	0.00
D	Other Capitalisation	1883.00					1883.00	0.00
E	Total - Special Projects (Distribution)	15447.41	12452.41	1153.00	0.00	297.00	0.00	1545.00
F	Total Distribution Capex FY:2020-21	50729.41	42371.41	2128.00	1044.00	1758.00	1883.00	1545.00
G	Total Capitalised in FY:2020-21	52912.41	42667.41	2128.00	1524.00	2823.00	1883.00	1887.00



Order on APR of CESC for the year 2020-21

Year wise Capital Expenditure and Capitalisation details for Special Distribution Projects (Rs. Lakh): **Annexure-4B**

Sl. No.	Particulars	Capex Till 2018-19	Capitalisation for 2018-19			Capex in 2019-20	Capitalisation for 2019-20				Capex in 2020-21	Capitalisation for 2020-21				CWIP
			Claimed	Admitted			Claimed	Admitted in APR order for 2019-20	Further Admitted as per Para 4.2.3	C1		C2	Admitted-New	Admitted-Replacement		
	Spl. Distribution Projects	A1	A2	A3	B1	B2	B3	B4		C1	C2	C3	C4	D		
i)	Majerhat sub-station -33kV GIS	157	30	30	671	798	0	0	0	16	16	814	0	0		
ii)	Princep street sub-station	5352	4418	4418	744	1434	0	1434	111	4	4	0	0	351		
iii)	Majerhat sub-station -replacement of 50MVA Transformer with 75MVA Transformer	2458	2411	2411	399	311	0	0	0	710	845	0	1153	0		
iv)	Kasba receiving station- 33kV GIS	309	65	65	1657	1728	0	0	0	1272	1432	3160	0	13		
v)	EM S/S(South)-220kV, 132kV, 33kV GIS	825	0	0	3991	4803	0	0	0	779	782	5585	0	10		
vi)	EM S/S(South)-200 MVA T2									330	0	0	0	330		
vii)	132kV network reorganisation at Belur receiving station				106	106	106	0	0					0		
viii)	220kV U/G XLPE ckt between Botanical Grid S/S to WBSETCL Howrah S/S				405	0	0	0	0					405		
ix)	220kV bay extension at WBSETCL Kasba S/S (deposit work)		0	0	230	0	0	0	0	204	0	0		436		
x)	Botanical Garden substation-132kV GIS and 100MVA T1				244	244	244	0						0		
xi)	132kV U/G cable circuit from New Cossipore substation to B.T.Road				102	102	102	0	0					0		
xii)	Bantala Bamunghata overhead to underground									16	16	16		0		
xiii)	WBSETCL (Liluah)- CESC (Belur receiving station): underground cabling	2	0	0	603.27	0	0	0	0	2270.14	2873.41	2873.41		0.00		
xiv)	Addition/Refurbishment of Misc. outdoor/indoor equipment at existing receiving stations and substations and miscellaneous cabling				358					297						
	Total Spl. Distribution Projects	9103	6924	6924	9510	9526	452	1434	6005	5968.41	12452.41	1153	1545.00			



Order on APR of CESC for the year 2020-21

Revised Asset addition Admitted now for FY 2019-20 (Rs. Lakh):

Annexure-4C

Sl. No.	Particulars	As Claimed by CESC for 2019-20	Considered in APR Order 2019-20						Revised consideration for 2019-20		Expenditure of O&M nature Admitted under O&M head in APR-R (43)
			Asset addition admitted	Replacement assets not admitted	Carry forward to subsequent year(s)	Assets fall under reg 5.2.3 - not admitted	O&M related expenses	Others not-admitted	New Asset addition	Replacement assets - considered to the extend adjustment are made	
A	GENERATION:		A	B	C	D	E	F	B1	B2	E1
	Budge Budge Generation Station	2840	13	123	209	0	2430	65			
	Southern Generation Station	129	0	62	0	0	67	0		0	2430
	Total Generation	2969	13	185	209	0	2497	65		52	67
B	TRANSMISSION:										
C	DISTRIBUTION:										
a	Meters	2142	2142								
b	AMI System	76	76								
c	House Service connections	8474	8474								
d	MCB	790	790								
e	Street Light Metering	125	125								
f	Power Factor Controllers	197	197								
g	MV Mains	6200	6200								
h	Aerial Bunched cables	860	860								
i	Distribution Zone formation in theft-prone areas	592						592			
j	Network formation with Co-Axial cable, specially designed modified pillar box, Distribution Zone formation in theft-prone areas	1336		1336					1336		
k	Distribution Transformers (including Refurbishment)	2487		2487					1767		
l	Modified Pillar Box	637		637						719	
m	DTR metering with AMR	4	4								
n	HV Switchgear	683	683								
o	HV Mains (6/11 kV level)	6227	6227								
p	Replacement & Extension of 6/11 kV Switchboards at Distribution Stations	321		321						321	



Order on APR of CESC for the year 2020-21

Annexure-4C (Contd)

Sl. No.	Particulars	As Claimed by CESC for 2019-20	Considered in APR Order 2019-20						Revised consideration for 2019-20		Expenditure of O&M nature Admitted in APR-R (43)
			Asset addition admitted	Replacement not admitted	Carry forward to subsequent year(s)	Assets fall under reg 5.2.3 - not admitted	O&M related expenses	Others not admitted	New Asset addition	Replacement assets - considered to the extent adjustment are made	
q	Fire Fighting equipment at existing Distribution Stations	900	A	B	C	D	E	F	B1	B2	E1
r	132kV and 33kV Capacitor Bank at Sub-station	102	102						900		
s	New / Capacity augmentation at Distribution Stations 33kV GIS Disin Stations	2128	2128								
t	EHV mains Network Reorganisation (33kV and above)	1835	1835								
u	Replacement of old and outlived 33/6kV Transformer	514		514						514	
v	Fire Fighting equipment at existing Receiving and EHV Substations	148		148						148	
w	Miscellaneous	1761					1761				1761
	Distribution (General) Asset Capitalised	38539	29843	6343	0	0	1761	592	4151	1554	1761
D	Other Asset Addition	3524				3524					
E	Total Special Projects (Distribution)	11540	452	804	9926	0	358	0	1434	0	358
F	Overall Distribution (C+D)	53603	30295	7147	9926	3524	2119	592	5585	1554	2119
G	Overall, CESC (Gen.+Distn)	56572	30308	7332	10135	3524	4616	657	5585	1606	4616
	[A+E]										



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 The Commission's rationale for the treatment of each item, following a prudence check, is elaborated in the subsequent paragraphs.

5.3 Water Charges:

CESC has reported nil expenses under water charges in Annexure C5 of the APR petition. Additionally, the audited financial statements do not indicate any costs incurred under this head. Accordingly, no amount has been admitted against water charges, as detailed in Table 5-1:

Table 5-1: 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	5,321.700	6.90	5,422.676	0.00	0.00
Southern	946.080	66.80	89.893	0.00	0.00
Total	6,267.780	73.70	5,512.569	0.00	0.00

5.4 Coal and Ash Handling Charges:

5.4.1 The expenses related to coal and ash handling are reported under the breakdown of 'Other Expenses' in the Cost Audit Report, amounting to Rs. 1,027 lakh. 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 5-2:

Table 5-2: 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	5,321.700	972.00	5,422.676	990.44	965.00	965.00	482.50
Southern	946.080	276.00	89.893	26.22	61.00	26.22	13.11
Total	6,267.780	1,248.00	5,512.569	1,016.66	1,026.00#	991.22	495.61

Note: # Actual expenses claimed Rs. 1026 Lakh whereas the same appears as Rs. 1027 Lakh in the Cost Audit Report

5.4.2 CESC in its' petition mentioned that revenue from sale of ash has been fully passed on to the consumers, as reflected under 'Credit for Recoveries' (of Abridged Cost Statement) in Page 179 of Volume 4 of the APR Petition for 2020-21. The Commission, vide letter dated 23.05.2025 directed CESC to elaborate on the accounting treatment and revenue recognition of income from Ash sales during FY 2020-21. Though vide its' reply dated 28.05.2025 CESC claimed that it has achieved 100% ash utilisation, but did not submit the treatment of revenue realised from sale of ash in its' financial statement for the year 2020-21. 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 Table 5-2 above. Thus, the net admitted amount is Rs. 495.61 lakh.

5.5 Operation and Maintenance Expenses for Generation function:

5.5.1 CESC has claimed O&M expenses of Rs.11,490.00 lakh, Rs. 2,448.00 lakh, and Rs. 557.00 lakh for Budge Budge TPS, Southern TPS, and Titagarh TPS respectively for the financial year 2020-21, as per Form E(B). However, the claimed expenses for these generating stations, as submitted in Form 1.12, are Rs. 6,759.00 lakh, Rs. 1,192.00 lakh, and Rs. 557.00 lakh respectively—amounting to a total of Rs. 8,508.00 lakh. In Form 1.12, CESC has additionally claimed 'Differential O&M Expenses' over and above the actuals, in order to



align with the O&M expenses allowed in the MYT order for Budge Budge TPS and Southern TPS on a normative basis. The details of the Generation O&M expenses claimed by CESC are presented in Table 5-3 below:

Table 5-3: Generation O&M Expenses claimed by CESC

Particulars	Installed Capacity	Admitted amount for FY 2020-21 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	750.00	11,490.00	6,759.00	4,731.00	11,490.00
Southern	135.00	2,448.00	1,192.00	1,256.00	2,448.00
Total O&M	885.00	13,938.00	7,951.00	5,987.00	13,938.00

5.5.2 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 2020-21 for CESC and is in pursuance to regulation 2.8.6.1 of the West Bengal Electricity Regulatory Commission (Terms and Conditions of Tariff) (Amendment) Regulations, 2013. Regulation 5.7.3 of WBERC 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 the Tariff 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 2020-21 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.



5.5.3 The Commission admits the actual O&M expense as incurred by CESC during 2020-21 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 the Tariff Order for CESC for 2020-21. The Commission observes that expenses of Rs. 1060 lakh and Rs. 5 lakh claimed under Capex by CESC, are of O&M in nature. Accordingly, the Commission determines the said expenditure to be included under O&M expense. Thus, the actual O&M expense of the generating stations amounts to Rs. 7,819 Lakh (Rs. 6,759 lakh + Rs. 1,060 lakh) for Budge Budge and Rs. 1,197 Lakh (Rs. 1192 lakh + Rs. 5 lakh) for Southern. Details of admitted Generation O&M expenses appears in Table 5-4 below:

Table 5-4: Generation O&M Expenses admitted

Particulars	Installed Capacity	Admitted amount for FY 2020-21 as per Tariff Order	O&M expense claimed excluding differential O&M amount	O&M expense claimed under Capex	Total O&M expense claimed	Total O&M Expenses Admitted
	MW	Rs. Lakh	Rs. Lakh	Rs. Lakh	Rs. Lakh	Rs. Lakh
Budge Budge	750.00	11,490.00	6,759.00	1060.00	7,819.00	7,819.00
Southern	135.00	2,448.00	1,192.00	5.00	1,197.00	1,197.00
Total O&M	885.00	13,938.00	7,951.00	1065.00	9,016.00	9,016.00

5.6 Other Operational expenses for generation

5.6.1 CESC has claimed rent of Rs. 75.00 lakhs for generation for Southern power plant as provided in form E(B) of the petition, against the admitted amount of Rs. 44.73 lakh in Tariff Order. As rent is considered as controllable item, the expenses of rent is allowable up to the amount admitted in Tariff Order i.e. Rs. 44.73 lakh. Thus, the admitted expenses under this APR for rent of generation of Southern power plant for 2020-21 is Rs 44.73 lakh.

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

5.7.1 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. As per regulation 2.6.10 of the Tariff Regulations any additional



expense under controllable item may be allowed during APR, provided inflation is found to be more than 15% with respect to the cost admitted in tariff order or the business volume parameter increases by more than 5% to the values considered in the tariff order.

5.7.2 In the tariff order of seventh control period pertaining to 2020-21, 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. From the analysis of business volume parameters and inflation indexes in table below, it is found that the variations are well within the limits specified in regulation 2.6.10 of the Tariff Regulations.

Table 5-5: Business Volume parameters and Inflation Indexes

Particulars	Tariff Order	Actual Value of 2020-21	Variation in %
Distribution Line Length in CKM	23,078.00	23,226.00	0.64%
Consumer strength in number	33,55,641.00	33,77,220.00	0.64%
WPI in %	1.67%	1.30%	-22.16%
CPI in %	7.54%	5.20%	-31.03%
Inflation in hybrid index [WPI: CPI (60: 40)] in %	4.02%	2.86%	-28.86%

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

5.7.3.1 In APR application, the actual expenditure under Repair & Maintenance head submitted by CESC is Rs. 15,456.00 Lakh. This claimed amount of Rs 15,456.00 lakh includes the security expenses of Rs 1,437.00 lakh which is basically the part of A&G expenses. Thus, the net amount of R&M expenses for 2020-21, comes to Rs 14,019.00 lakh (Rs 15,456.00 lakh – Rs 1,437.00 lakh). A sum of Rs. 14019 lakh as per Cost Audit Report has been claimed by CESC on account of R&M Expenses for Distribution Function. Also, actual R&M expenses work out to be Rs. 14019 lakh based on data provided by CESC which is in divergence with the submission in Form 1.15, Form 1.16 and

Form 1.17 of APR petition. The Commission also notes that O&M nature of expense of Rs. 1758 lakh claimed by CESC under Capex, for distribution function. Further, CESC had claimed Rs. 1883 Lakh under Capex expenditure which were not found admissible by the Commission due to them being minor items after cut-off date, which are falling under Regulation 5.2.3 of the WBERC Tariff Regulations, 2011. Accordingly, the Commission decides that such expenditures shall be dealt under O&M head. Therefore, the Commission finds it prudent to include the above expenditures amounting to Rs. 3641 Lakh (Rs. 1758 Lakh + Rs. 1883 Lakh) under Repair & Maintenance (R&M) expense for Distribution function. Therefore, the total R&M expenditure after adding the above-mentioned amounts is worked out as Rs. 17,660.00 (Rs. 14,019.00 lakh + Rs. 1758 Lakh + Rs. 1883). Since R&M expense is a controllable element, the admissible amount would need to be restricted to Rs. 17,655.00 lakh (Rs. 19,092.00 – Rs. 1,437.00) admitted in the Tariff order, as such, the same is admitted.

Table 5-6: R&M Expenses (Distribution & Supply / Selling) in Rs lakh

Particulars	Allowed in Tariff Order *	Net Claimed in APR Petition	O&M expenses claimed under Capex	Total Claim	Admitted O&M expense
Repairs & Maintenance	19,092.00	14,019.10	3,636.00	17,655.00	17,655.00
Total	19,092.00	14,019.10	3,636.00	17,655.00	17,655.00

* R&M expenses allowed in Tariff Order is inclusive of Security expenses of Rs.1437 lakh

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

5.7.4.1 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.



5.7.4.2 As per the provisions of the Tariff Regulations, A & G expenses are controllable. The Commission noted that as per Form 1.15, Form 1.16 and Form 1.17 of APR petition, overall A&G expenses claimed in 2020-21 is Rs 25,529 lakh, which includes other A&G expenses of Rs 19,165.40 lakh (including security expenses of Rs. 1,437.00 lakh). Further, the Commission decides to allocate the bank charges of Rs. 183 lakh related to cash management services and miscellaneous charges of Rs. 67 lakh from Other Finance Charges to other A&G expenses. Accordingly, the revised other A&G expense amounts to Rs. 19,415.40 lakh (Rs. 19,165.40 lakh + Rs. 183.00 lakh + Rs. 67 lakh). Now considering the above, overall revised A&G expenses claim is Rs. 23,316.40 lakh against total admissible amount of A&G expenses of Rs. 23,616 lakh (A&G expenses admitted as per Tariff Order of Rs. 21929 lakh + Security expenses of Rs.1437.00 Lakh + Cash Management services of 183.00 lakh + miscellaneous charges of Rs. 67 lakh) as shown in Table 5-7 below. Since Administrative and General (A&G) expenses are considered controllable, the permissible expenses under this APR are limited to Rs.23,316.40 lakh. Accordingly, the actual A&G expenses admitted for FY 2020-21 in this APR amount to Rs.23,316.40 lakh, after an adjustment of Rs.1,434 lakh in accordance with Regulation 2.5.5(iv) of the Tariff Regulation, 2013, as detailed in Table 5-7 below:

Table 5-7: A&G Expenses (Distribution & Supply / Selling) (Rs. Lakh)

Particulars	Allowed in Tariff Order	Claimed in APR Petition	Now admitted in APR
Legal & Professional Charges	751.00	825.00	751.00
Audit Fee	249.00	295.00	249.00
Other Administrative & General expenses (inclusive of security expense + Cash Management Services+ Misc charges)	21,149.00	19,415.40	19,415.40
Rent for distribution function	1,467.00	2,781.00	1,467.00
Adjustment under regulation 2.5.5(iv)			1,434.00
Total	23,616.00	23,316.40	23,316.40



5.8 Other Operational expenses:

5.8.1.1 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.

5.8.2 Rates & Taxes:

5.8.2.1 CESC has claimed an amount of Rs. 1071.00 lakhs (Rs. 360.00, 163.00, 1.00 and 547.00 lakhs respectively for Budge Budge, Titagarh & Southern generating station and distribution function) on account of Rates & Taxes in APR application for 2020-21 against admitted amount of Rs. 758.00 Lakh (Rs. 389.00, 0.00, 2.00 and 367.00 lakhs) in tariff order on account of Rates and Taxes in APR application for 2020-21. Note 38 of financial statements of CESC for FY 2020-21, reflects Rs. 1071 lakh for Rates and Taxes under other expenses. CESC has claimed Rs. 163 Lakhs for Titagarh plant which is currently inoperative. Also, in paragraph 5.5.4.4 (a) of the CESC Tariff Order for 2020-21, 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 has admitted the claimed amount of Rs. 908.00 lakh under this head. The segregation of such amount on different business functions has been considered as proposed by CESC. The allocation of the total cost is provided in Table 5-8:

Table 5-8: Rates and Taxes (Rs. Lakh)

Particulars	Units	Admitted in Tariff Order	Claimed	Admitted
Rates & Taxes	Rs. Lakh	758.00	908.00	908.00

5.8.3 Insurance:

5.8.3.1 CESC has claimed an amount of Rs. 1,871.00 lakhs (Rs. 1,167.00, 8.00, 153.00 and 543.00 lakhs respectively for Budge Budge, Titagarh & Southern generating station and distribution function on account of Insurance in APR application for 2020-21 against admitted amount of Rs 846.00 lakh (Rs.



538.00, 0.00, 114.00 and 194.00 lakhs for Budge Budge, Titagarh & Southern generating station and distribution function respectively) in Tariff order. An amount of Rs. 1873 lakh for insurance under other expenses appears at Note 38 of financial statements of CESC for FY 2020-21. CESC in volume-2 of its petition has submitted that, the premium has been settled for the year based on competitive offer obtained from different insurance companies through quotation. The Commission observed that, as per Cost Audit Report submitted in Annexure C5, Page 209 of Volume 3 of APR petition, the total insurance premium for FY 2020-21 is Rs. 1871 Lakh out of which Rs. 1328 Lakh pertains to Generation Business and Rs. 543 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 (Page: 224 to 249) for the year 2020-21.

- 5.8.3.2 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 2020-21, the Commission does not allow any insurance expenses claimed by CESC for the Cossipore and Titagarh generating stations.
- 5.8.3.3 In addition, due to lack of proper justification and supporting documents from CESC, the Commission—after conducting a prudence check—has disallowed the claim of Rs. 162.84 lakh under various minor insurance coverages, as detailed in Annexure-5F.



5.8.3.4 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. 1,562.37 lakhs. The allocation of the total cost is provided in Table 5-9:

Table 5-9: Insurance Expenses for 2020-21

Particulars	Claimed	Admitted
	Rs. in Lakh	Rs. in Lakh
a) Total Property Insurance Premium for Budge Budge Plant:	1080.31	
i) Proportionate Premium for MBD (Sum Insured: 4095 Cr)	949.53	949.53
ii) Proportionate Premium for Business Interruption (Sum Insured: 564 Cr)	130.78	0.00
b) Total Insurance premium for other Plants and Offices	599.71	584.52
c) Other Small Insurance coverage	191.16	28.32
Net Insurance Premium	1871.18	1562.37

5.8.4 Lease Rental:

5.8.4.1 CESC has claimed an amount of Rs. 1,094.00 lakh on account of Lease Rental in APR application for 2020-21 against admitted amount of Rs. 1,197.00 lakh in the Tariff order for 2020-21. Since the amount of Rs.1,094.00 lakh is less than the admissible cost of Rs.1,197.00 lakh and amount at Note 50 of Financial Statements of CESC for FY 2020-21, it is admitted under the head of Distribution Function as detailed in Table 5-10:

Table 5-10: Lease Rental for Distribution Function for 2020-21 (Rs. Lakh)

Particulars	Units	Allowed in TO	Claimed	Admitted
Lease Rental	Rs. Lakhs	1,197.00	1,094.00	1,094.00

5.8.5 Cost of Outsourcing:

5.8.5.1 CESC has claimed an amount of Rs.1,560.00 lakh under outsourcing costs in its APR application for 2020-21, against the approved amount of Rs.1,149.00 lakh as per the Tariff order. As per Regulation 5.22.5 of the Tariff regulations 2011, cost of outsourcing shall be considered subject to prudence check by the Commission. Since it is a controllable expense, the Commission find it prudent to admit Rs.1,149.00 lakh as per approved amount specified in the Tariff Order for 2020-21 under distribution function.

**Table 5-11: Outsourcing Expenses for Call Centre (Rs. Lakh)**

Particulars	Units	Allowed in TO	Claimed	Admitted
Outsourcing for call centres	Rs. Lakhs	1,149.00	1,560.00	1,149.00

5.8.6 Other Operational Expenses:

5.8.6.1 Total other operational expenses detailed in Table 5-12:

Table 5-12: Other Operational expenses for 2020-21 (Rs. Lakh)

Particulars	Units	Allowed in Tariff Order	Claimed	Admitted
Rates & Taxes (including service tax)	Rs. Lakh	758.00	908.00	908.00
Insurance	Rs. Lakh	846.00	1,871.00	1,562.37
Lease Rental	Rs. Lakh	1,197.00	1,094.00	1,094.00
Outsourcing expenses for call centre	Rs. Lakh	1,149.00	1,560.00	1,149.00

5.9 Employee cost:

5.9.1 The own employee cost determined on the basis of audited financial statement (Note-35) and submitted petition is as follows in Table 5-13:

Table 5-13: Own Employee Cost

Sl. No.	Particulars	Amount (Rs. Lakhs)
1	Employee's benefit expenses	104,863
2	Less: Transfer to PPE/CWIP etc.	10,855
3	Less: Transfer to Other Comprehensive Income	4,013
4	Own Employee cost claimed as per audited financial statement for the year ended 2020-21(1-2-3)	89,995
5	Add: Ind AS adjustment of Other Comprehensive Income	4,013
6	Less: Non-licensed Business	(1,296)
7	Less: Employee Cost of Merged Companies	(90)
8	Add: Director sitting fees and expenses	73
9	CESC own employee cost in this APR petition (4+5-6-7+8)	92,694

5.9.2 As per Form E(B), the total amount claimed by CESC is Rs. 92,694.00 lakh. For the Titagarh generating station, CESC has claimed Rs.58 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.58 lakh towards employee costs for the year 2020-21. Accordingly, the total amount admitted for the APR of CESC for 2020-21 is Rs.92,694.00 lakh, which has been segregated between generation and distribution functions, as submitted in Form E(B).

Table 5-14: Allocation of own Employee Cost (Rs. Lakh)

Item heads	Amount admitted in Tariff Order 2020-21	Amount claimed in APR 2020-21	As admitted in APR 2020-21
Budge Budge	8,530.00	8,954.00	8,954.00
Titagarh	1,044.00	58.00	58.00
Southern	5,683.00	5,310.00	5,310.00
Generation Employee Cost (A)	15,257.00	14,322.00	14,322.00
Distribution Employee Cost (B)	86,243.00	78,372.00	78,372.00
Total (A+B)	101,500.00	92,694.00	92,694.00

- 5.9.3 CESC in Form E(B) of its petition claimed Rs. 4,789.00 lakh as employee cost related to contracted manpower engaged in regular establishment in the generating stations. But as per Cost Audit Report submitted in Annexure-C11 of APR petition, total employee cost for 1035 nos. (Budge Budge: 751 nos. + Southern: 284 nos.) contractual employees deployed in regular establishment in the generating stations during 2020-21, claimed at Rs. 6608.00 lakh (Budge Budge: Rs. 5533 lakh + Southern: Rs. 1075 lakh). 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, taking into account that the total manpower, comprising both own employees and outsourced personnel, remained within the man/MW limits specified in the regulations (refer Table 5-15)



Table 5-15: 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	611	751	5,533.00	574	4,229.00
Southern	135	3.50	473	325	284	1,075.00	148	560.00
Total			2,534	940	1,035	6,608.00	722	4,789.00

5.10 Corporate Social Responsibility (CSR)

5.10.1 The claim of Rs. 2,230.00 lakh submitted under Form 1.17 towards Corporate Social Responsibility (CSR) expenditure is unequivocally disallowed. CSR expenditure constitutes an appropriation of profit and is a statutory obligation under the Companies Act, 2013, not a permissible claim for tariff determination. CESC is hereby strictly warned against including any such inadmissible claims in future filings. Any recurrence will attract regulatory scrutiny and potential penal action.

5.11 Borrowing Cost Computation for FY 2020-21:

5.11.1 The interest claimed on different heads in Form-C are shown in Table 5-16:

Table 5-16: Interest Claimed

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)	22,150.00
2	Less: Amount capitalised (Form - C)	0.00
	Total amount of interest claimed towards capital borrowings (1-2)	22,150.00
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)]		6,033.18
D. Interest on temporary accommodation [Form 1.17(a)]		41,961.10



Sl. No.	Particulars	Amount (Rs. Lakh)
F	Total (A+B+C+D)	70,144.28

5.11.2 The Commission in the paragraph 4.1.3 and 4.1.4 and Table 4-1 above admitted asset addition of Rs. 44795.41 lakh for FY 2020-21. CESC has submitted that assets having Original Cost of Rs 2704 lakhs have been retired during the year 2020-21 and the same is provided in Note 7 of Form 1.18 of the Petition stating that no depreciation has been claimed on the aforesaid assets from the date of retirement and the written down value of said asset was Rs 773 lakh and sold for Rs 808 lakh. The said sale has resulted in a profit of Rs 35 lakh and the same is reflected at Note 33(d) of the Audited Financial Statement. Accordingly, the Commission admits the aforesaid profit from sale of asset which appears under income from non-tariff sources in Table 5-47.

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

Table 5-17: Net Assets Added During the Year 2020-21 (Rs. Lakhs)

Sl. No.	Servicing of Asset Added During the Year 2020-21 through Tariff	Amount
1	Addition to fixed assets as detailed in Table 4-1	44,795.41
2	Less: Retirement of Assets	2,704.00
3	Net Asset including Assets on Consumer contribution added during the year (3 = 1-2)	42,091.41
4	Less Assets created out of consumer contribution added during the year	10,530.00
5	Asset excluding asset on Consumer contribution Added During the year 2020-21 (5 = 3-4)	31,561.41
6	Less Asset created in terms of Regulation 5.15.1 (iv)	808.00
7	Net Asset Added during 2020-21 (7 = 5-6)	30,753.41
8	Serviceable through Equity (30% of 7)	9,226.02
9	Serviceable through Debt (9 = 7-8)	21,527.39
10	Add: Asset created under Regulation 5.15.1(iv) fully serviced through Equity	808.00
11	Total Asset to be serviced in Tariff (11=7+10)	31,561.41

5.11.4 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 has taken a view that, assets added during the year are



to be considered excluding assets on consumer contribution. Consequently, such consumer contribution will not form part of non-tariff income. The Commission has taken similar view in this APR Order and decided not to include the assets of Rs 10,530.00 lakh created from consumer contribution while considering the debt & equity requirements for 2020-21. Necessary adjustments as required on carried over balance in 2020-21 has been made following normative debt:equity pattern while considering servicing of such assets on consumer contribution added in 2020-21. The Interest on capital borrowing is computed as below after due adjustment as mentioned above to arrive at the admissible interest on debt:

Table 5-18: 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 2020-21)	273,837.00	50,966.00	29,292.00	252,163.00	22,150.00	8.42%
2	Opening Loan Amount As per APR of FY 2019-20 and Proportionate Repayment (Sl. No. 6 of table 4-3 above)	230,545.20	42,908.62				8.42%
3	Admissible Drawal Amount in 2020-21 as per Sl. No. 9 of table 5-17 above			21,527.39			8.42%
4	Net Interest Admissible in 2020-21 (Op Bal +CI Bal)/2* 8.42%	230,545.20	42,908.62	21,527.39	209,163.97	18,511.76	8.42%

5.11.5 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 WBERC tariff Regulations, 2011.

Table 5-19: 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	11,494.43
Opening balance of net normative debt	a=A1-A2	2,513.97
Actual addition to debt this year	b	29,292.00 #
Addition to the fixed asset during the year	c	30,753.41
Normative addition to debt @70% of c above	d=c*0.7	21,527.39



Order on APR of CESC for the year 2020-21

Addition to debt for the year to be considered to APR	$e = \text{higher of } b \text{ \& } d$	29,292.00
Additional gross normative debt for the year	$F1 = e - b$	-
Repayment of normative debt during the year on actual	$F2$	251.40
Net additional gross normative debt during the year	$g = F1 - F2$	-251.40
Closing balance of net normative debt	$h = a + g$	2,262.57
Average balance of Normative Debt	$i = (a + h) / 2$	2,388.27
Weighted average rate of interest paid on term loan during the year	j	8.42%
Interest on normative debt allowed in APR for 2020-2021	$k = j \times i$	201.09
Closing Balance of Gross Normative Debt	$B1 = A1 - F1$	14,008.40
Cumulative Repayment of Normative Debt up to the end of the year	$B2 = A2 + F2$	11,745.83

Note: # Non-convertible debentures issued during the year appearing at Note-21: Rs. 75000 lakh. However, net addition to debt claimed is Rs. 29292.00 lakh.

5.11.6 CESC has not claimed any amount towards interest on normative debt in form 1.20(b) of APR 2020-21 petition. The Commission accordingly admits no amount as interest on normative debt in APR for 2020-21 irrespective of admissible amount of Rs 201.09 lakh computed above at table 5-19.

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

Table 5-20: Admitted interest on capital borrowings for FY 2020-21

Particulars	Amount (Rs. Lakh)
Interest on capital borrowing	18,511.76
Interest on normative debt	0.00
Total Interest on capital borrowing	18,511.76

5.11.8 Computation of interest on admissible Working Capital has been shown under Table 5-21 below.

Table 5-21: Calculation of normative interest on Working Capital



Order on APR of CESC for the year 2020-21

Sl. No.	Particulars	Amount (Rs. Lakh)
A1	Net Fixed Cost	306,626.51
A2	Fuel and Power Purchase Cost	379,462.79
A	Annual fixed Cost, fuel cost and power purchase (A1 + A2)	686,089.30
B1	Less: Depreciation including Advance Depreciation	42,908.62
B2	Less: Deferred Revenue Expenditure	
B3	Less: Return on Equity	65,304.68
B4	Less: Bad Debt	3,218.76
B5	Less: Reserve for unforeseen exigencies	
B	Total Deductions: (sum B1:B5)	111,432.06
C	Allowable gross sales for working capital (A-B)	574,657.24
D	Requirement of working capital @10% on C	57,465.72
E	Cash Security Deposit	171,584.00
F	Requirement of Working Capital Loan	0.00
G	Interest on Working Capital	0.00

5.11.9 The Commission has viewed 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. 57,465.72 lakh. Considering the security deposit amount held by CESC being Rs. 1,71,584.00 lakh, there was no further need of working capital by CESC during the year 2020-2021. Thus, no interest on working capital is being admitted in the APR for 2020-2021.

5.11.10 Interest on temporary accommodation as claimed by CESC in Form 1.17 (a) of supplementary petition dated 27.01.2025 is Rs 41,961.00 lakh @ 9.03% on unrealised arrears from sale of power arising out of pendency of finalisation of APR Orders from 2014-15 to 2019-20, non-liquidation of amount allowed through the APR order for 2013-14, recoverable amount out of sale of power for the current year 2020-21 along with requirement of fund for statutory additional levy incurred by CESC up to the year 2013-14, 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 2020-21, as appearing in the Table 5-22. Considering the weighted average interest of temporary accommodation @ 9.03%, the admissible interest on temporary accommodation works out to Rs. 11,755.43 lakh which is lower than the claim of CESC in APR 2020-21.

Table 5-22: Calculation of Normative Interest on Temporary Accommodation (Rs. Lakh)

Sl. No.	Particulars	Amount
A	Opening balance Admissible Temporary Accommodation Requirement on 01.04.2020	123,821.42
	Addition during the year	0.00
B	Recoverable as per APR Order 2020-21	12,720.98
	Total Addition during the year	12,720.98
C	Closing Balance of Admissible Temporary Accommodation Requirement as on 31.3.2021 (A + B)	136,542.40
D	Average Balance in 2020-21 requiring temporary accommodation (A+C) / 2	130,181.91
E	Rate of interest on temporary accommodation	9.03%
F	Interest on Temporary Accommodation (D x E)	11,755.43

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

Table 5-23: Admitted Borrowing Costs

Particulars	Amount (Rs. Lakh)
Amount of Interest towards capital expenditure	18,511.76
Interest on normative debt	0.00
Interest cost on capital borrowings	18,511.76
Interest cost on working capital	0.00
Interest on Temporary Accommodation	11,755.43

Note: A sum of Rs. 46262.00 lakh appears as finance cost paid at Part-C of the Statement of cash flow

5.12 Interest on Consumers' Security Deposits



5.12.1 A sum of Rs. 11414.00 lakh on account of interest paid to the consumers on the security deposits has been claimed by CESC, against an amount of Rs. 10,026.00 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. 11414.00 lakh has been recognised under "Interest on Consumers' Security Deposits".

5.12.2 CESC has also submitted a self-certified statement at Annexure C20 of Volume 3 of the APR application. As per the said statement an amount of Rs. 11,414.00 lakh has been settled during the year 2020-21 in the following manner:

Table 5-24: Interest on Consumer Security Deposit

(a) Credit to consumers' account	Rs. 8,594.00 lakh
(b) Addition to security deposit of Existing consumer	Rs. 2,365.00 lakh
(c) Payment of TDS on the said interest on security deposit under the provision of Income Tax Act, 1961	Rs. 455.00 lakh
Total	Rs. 11,414.00 lakh

5.12.3 The Commission admits Rs. 11,414.00 lakh for 2020-21 under this head of expense to distribution function only.

5.13 Other Finance Charges

5.13.1 CESC has claimed other Finance Charges of Rs. 1,087.00 lakh certified by the cost auditor and appearing in Annexure C12 of Volume 3 of the petition. The sub-costs under this expense are as follows:

Table 5-25: Break-up of Other Finance Charges

Particulars	Rs. Lakh
Front-end Fees / Arrangement Fees for Loans and Bank facilities including charges for other services	837.00
Bank charges for cash management services	183.00
Miscellaneous	67.00
Total	1,087.00

5.13.2 The Commission has considered 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. 183 lakh and miscellaneous expenses of Rs. 67 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 5-26: Other Finance Charges

Particulars	Amount (Rs. Lakh)
Other borrowing costs	837.00
Bank charges for cash management services	183.00
Miscellaneous	67.00
Total	1,087.00
Less: Miscellaneous	67.00
Less: Bank charges for cash management services	183.00
Total Deduction	250.00
Net Approved Other Finance Charges	837.00

5.13.3 Accordingly, the Commission admits Rs. 837.00 lakh in the APR 2020-21 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 5-27: Allocation of admitted Other Finance Charges

Particulars	Amount (Rs. Lakh)
Budge Budge	208.56
Titagarh	0.00
Southern	16.28
Subtotal	224.84
Distribution	612.16
Total	837.00

5.14 Bad Debt

5.14.1 CESC has claimed Rs. 4024 Lakh towards bad debt written off during 2020-21 in Form E(B) of the APR Petition. Note 38 of audited financial statement also recognise Rs. 4024.00 Lakh as "Bad Debt / Advances written off during the year". The said amount is higher than 0.5% of the earning from the sale of electricity of Rs 6,43,752.18 Lakh. Therefore, the Commission admits an amount of Rs. 3218.76 lakh which is 0.5% of earning from sale of electricity as per limit specified in the Regulations.

**5.15 Depreciation**

5.15.1 The total amount of depreciation as recognised at Note 37 of audited financial statement is Rs. 46,274.00 lakh. CESC further submitted in the "Reconciliation Statement" in Annexure 1 (page 80) in Volume 2 of APR a that an amount of Rs. 416.00 lakh out of the total depreciation is on assets created by utilizing the proceeds from sale of old assets. The amounts of Rs. 2,663.00 lakh, Rs. 649.00 lakh, Rs. 14.00 lakh and Rs. 18.00 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, comes to Rs. 42,515.00 lakh (Rs. 46,274.00 lakh - Rs. 416.00 lakh - Rs. 2,663.00 lakh - Rs. 649.00 lakh - Rs. 14.00 lakh - Rs. 18.00 lakh) as against an amount of Rs. 41688.00 lakh admitted in the Tariff Order.

Table 5-28: Depreciation claimed BY CESC for 2020-21

Particulars	Amount (Rs. Lakh)
Depreciation as per Note 37 of audited financial statement	46,274
Less: Ind-AS adjustment	2,663
Less: Depreciation on coal mine	649.00
Less: Depreciation on inoperative assets (leasehold land at Balagarh)	14.00
Less: Depreciation relating to other activities (on merged companies)	18.00
Less: Depreciation on assets created by utilising proceeds from one-time sale of old assets	416.00
Chargeable amount of depreciation	42,515
Total Depreciation Claimed by CESC for 2020-21	42,515

5.15.2 Further, the Commission as per the view taken in Para No. 5.11.3 above, for treatment to the consumer contribution for FY 2020-21, has deducted consumer contribution of Rs. 10,530.00 lakh from Capital Assets, under the uncontrollable head of depreciation. The Commission has considered asset addition based on principles discussed earlier at paragraph 4.1.3 and 4.1.4. Accordingly, the admitted depreciation, considering admitted asset addition of Rs. 44,795.41 lakh amounts to Rs. 39,119.05 lakh as determined by the Commission. The centre-wise break-up of the amount admitted are shown in Table 5-32.

Table 5-29: Depreciation Expenses (Rs. Lakh)



Order on APR of CESC for the year 2020-21

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
	31.03.2020							31.03.2021
A. Generating Assets								
Cost	426,870.00	296.00	241,464.00	184,346.00	795.00	427,166.00	561.00	426,605.00
Depreciation for the year								6,411.14
B. Distribution assets								
Cost	934,478.00	40,921.79	69,788.00	902,037.79	2,412.00	975,399.79	1,162.00	974,237.79
Consumer Contribution		10,530.00						
Net Cost	934,478.00	30,391.79	69,788.00	891,507.79	2,412.00	964,869.79	1,162.00	963,707.79
Depreciation for the year								28,693.40
C. Metering Assets								
Cost	53,088.00	2,210.50	12,400.00	42,115.50		55,298.50	783.00	54,515.50
Depreciation for the year								3,899.31
D. Other Assets								
Cost	23,254.00	1,367.12	5,560.00	17,567.12	1,296.00	24,621.12	198.00	24,423.12
Depreciation for the year								1,050.52
Over all	23,254.00	1,367.12	5,560.00	17,567.12	1,296.00	24,621.12	198.00	24,423.12
Cost	1,437,690.00	34,265.41	329,212.00	1,135,536.41	4,503.00	1,471,955.41	2,704.00	1,469,251.41
Depreciation for the year								40,054.37
Less: Depreciation on assets created by utilising proceeds from sale of old assets								416.00
Total Depreciation (net)								39,638.37

Table 5-30: Computation of Depreciation Expenses (Rs. Lakh)



Asset Type	Opening Balance	Asset Fully Depreciated	No Depreciation on-Land	50% of new asset to be depreciated for 2020-21	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	426,870.00	241,464.00	795.00	148.00	184,759.00	3.47%	6,411.14
Distribution	934,478.00	69,788.00	2,412.00	15,195.90	877,473.90	3.27%	28,693.40
Meter	53,088.00	12,400.00	-	1,105.25	41,793.25	9.33%	3,899.31
Others	23,254.00	5,560.00	1,296.00	683.56	17,081.56	6.15%	1,050.52
Total	1,437,690.00	329,212.00	4,503.00	17,132.71			40,054.37

Table 5-31: Allocation of Depreciation (Net) determined in Table: 5-29

Particulars	Proportionate Amount (Rs. Lakh)
(A) Generation function	
Budge Budge	5,451.38
Titagarh	519.31
Southern	320.72
Total (A)	6,291.42
(B) Distribution Function	29,543.01
(C) Supply / Selling Function	3,803.94
Total (A+B+C)	39,638.37

5.15.3 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 2020-21. The centre-wise break-up of the admitted amount is presented in Table 5-32 below.

Table 5-32: Centre wise Depreciation admitted

Particulars	Amount (Rs. Lakh)
(A) Generation function	
Budge Budge	5,451.38
Titagarh	0.00
Southern	320.72
Total (A)	5,772.10
(B) Distribution Function	29,543.01
(C) Supply / Selling Function	3,803.94



Particulars	Amount (Rs. Lakh)
Total Admitted (A+B+C)	39,119.05

5.16 Advance Against Depreciation / Interest Credit

5.16.1 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 2020-21, 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 5-33: 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



Order on APR of CESC for the year 2020-21

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)
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	Total upto FY:2019-20	556,184.48	415,145.94	141,038.54
16	FY 2020-21 (in this APR Order)	42,908.62	39,119.05	3,789.57
17	Total including FY 2020-21	599,093.10	454,264.99	144,828.11

5.16.2 Revised Depreciation comes out to be Rs. 38,706.22 lakh considering depreciation admitted in APR order for 2019-20 of Rs. 39,889.14 lakh less adjustment of Rs. 1182.92 lakh as computed in Table 4-4(c) of para 4.3.2. Thus, cumulative depreciation admitted up-to 2020-21 is Rs 4,54,264.99 lakh. Cumulative AAD admitted up-to 2019-20 was Rs 1,41,038.54 lakh. Such Cumulative depreciation and Cumulative AAD up-to 2019-20 when added together comes to Rs. 5,56,184.48 lakh. The cumulative admitted loan repayment up-to 2020-21 comes to Rs 5,99,093.10 lakh. The difference between the cumulative admitted loan repayment of Rs. 5,99,093.10 lakh up-to FY 2020-21 and sum of cumulative depreciation allowed up-to FY 2020-21 and cumulative advance against depreciation allowed up to FY 2019-20 of Rs. 5,95,303.53 lakh (Rs. 454264.99 lakh + Rs. 141038.54 lakh), is Rs. 3789.57 lakh. Accordingly, the Commission in this Order admits advance Against Depreciation as Rs. 3789.57 lakh for FY 2020-21 and same has been allocated as proposed by CESC for different functions. However, Titagarh generating station of CESC being inoperative since FY 2017-18, the Commission does not admit any AAD for Titagarh for the year 2020-21.

**Table 5-34: Allocation of Advance Against Depreciation:**

Sl. No.	Particulars	Amount (Rs lakh)
1	Budge Budge	528.06
2	Titagarh	0.00
3	Southern	30.90
4	Subtotal (1+2+3)	558.96
5	Distribution	3,230.61
6	Total (4+5)	3,789.57

5.16.3 The centre-wise break-up of the amount admitted are shown in table 5-35:

Table 5-35: Admitted Advance Against Depreciation for different functions

Sl. No.	Particulars	Amount (Rs lakh)
1	Budge Budge	528.06
2	Southern	30.90
3	Subtotal (1+2)	558.96
4	Distribution	3,230.61
5	Total (3+4)	3,789.57

5.17 Return on Equity

5.17.1 Details of return on equity are shown in Table 5-36, Table 5-37, Table 5-38, Table 5-39 and Table 5-40. Besides, actual addition to equity appears at Table 5-36, based on items recognised at Note 20 of audited financial statement.

Table 5-36: Actual Addition to Equity claimed during 2020-21

Sl. No.	Particulars	Amount (Rs. Lakh)
1	Profit for the year (Statement of Profit & Loss)	81,447.00
	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]	1,950.00
4	Other comprehensive loss for the year (Net of Tax)	3,346.00
5	Total (2+3+4)	64,947.00
6	Actual addition to equity base during 2020-21 excluding assets created under regulations 5.15.1.(iv) (1-5)	16,500.00

5.17.2 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. 41845 lakh by CESC in Form 1.18 of APR application for 2020-21 and asset addition claimed in 2019-20 but put to use in 2020-21 as detailed in Table 4-1 above, the net addition to fixed asset based on admitted asset addition by the Commission as detailed in Annexure-4A, is hereunder in Table 5-37:

Table 5-37: Addition to Original Cost of Fixed Asset

Particulars	Amount (Rs. Lakh)
Addition to fixed assets	44,795.41
Less: Retirement of Assets	2,704.00
Less: Consumer Contribution	10,530.00
Net addition to fixed asset	31,561.41

5.17.3 Further the Commission continued the view taken in Para No. 5.11.3 above, for treatment of consumer contribution for FY 2020-21. Accordingly, the Commission has deducted consumer contribution to the extent of Rs. 10,530.00 lakh from the addition to the fixed assets for the FY 2020-21. In terms of regulation 5.15.1 (iv) of the Tariff Regulations, CESC invested proceeds of one-time sale of asset of Rs. 808.00 lakh in creation of new assets in the electricity business of the company for which no depreciation has been claimed. Accordingly, this amount of Rs. 808.00 lakh is excluded from the net addition to fixed assets of Rs. 19,520.00. The average equity base for the purpose of computation of return on equity during the year 2020-21 comes out to Rs. 4,11,923.71 lakh as per the computation shown hereunder.

Table 5-38: Admissible Equity Base for 2020-21

Sl. No.	Particulars	Amount (Rs. Lakh)
1	Actual equity base at the beginning of the year 01.04.2020	794,341.00
2	Admissible equity base at the beginning of the year 2020-21	406,906.70
3	Actual addition to equity base during the year (refer to para 5.17.1)	16,500.00
4	Actual equity base at the end of the year (1+3)	810,841.00
5	Net addition to the original cost of fixed assets (refer to para 5.17.2)	31,561.41



6	Less: Asset created in terms of regulation 5.15(iv) of the Tariff Regulations	808.00
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)	30,753.41
8	Normative addition to equity base (30% of 7)	9,226.02
9	Addition to equity base considered for the year (lower of 3 and 8)	9,226.02
10	Add: Asset created in terms of regulations 5.15.1(iv) of the Tariff Regulations	808.00
11	Addition to equity base during the year for the purpose of computation of return as per Tariff Regulations (9+10)	10,034.02
12	Admissible equity base at the closing of the year 2020-21 (2+11)	416,940.72
13	Average admissible equity base for allowing returns [(2+12)/2]	411,923.71

5.17.4 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 5-39: Functional Allocation of Equity Base (Rs. Lakh)

Particulars	Opening equity base of 2020-21	Addition to equity base during 2020-21	Closing equity base of 2020-21	Average equity base of 2020-21	Return on equity (%)	Return admitted in APR for 2020-21
Generation	123,582.87	88.80	123,671.67	123,627.27	15.50%	19,162.00
Distribution	283,323.83	9,945.22	293,269.05	288,296.44	16.50%	47,569.00
Total	406,906.70	10,034.02	416,940.72	411,923.71		66,731.00

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

**Table 5-40: Function-wise allocation of the return of equity determined in Table 5-39**

Particulars	As determined in APR for 2020-21 (Rs. Lakh)
(A) Generation function	
Budge Budge	16,445.07
Titagarh	1,426.31
Southern	1,290.61
Total (A)	19,162.00
(B) Distribution Function	47,569.00
Total (A+B)	66,730.99

5.17.6 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 2020-21. The centre-wise break-up of the amount admitted are shown in below Table 5-41.

Table 5-41: Function-wise Allocation of the Amount of Return on Equity Admitted in APR for 2020-21

Particulars	As admitted in APR for 2020 – 21 (Rs. Lakh)
(A) Generation function	
Budge Budge	16,445.07
Titagarh	0.00
Southern	1,290.61
Total (A)	17,735.68
(B) Distribution Function	47,569.00
Total (A+B)	65,304.68

5.18 Appropriation to Reserve for Unforeseen Exigencies

5.18.1 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, 2021 includes Rs. 27985 lakh appropriated upto the previous year towards Fund for unforeseen exigencies and interest attributable thereto.



5.18.2 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.

5.19 Tax on Income

5.19.1 The summary assessment order relating to Assessment Year 2021-22 reflects that the net tax liability of CESC is 18711.42 lakh. However, the net tax liability includes tax on gain on sale of mutual funds of Rs. 1567.84 lakh and other than dividend income Rs. 2992.05 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. 16110.91 for FY 2020-21. 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. Hence, admitted tax on income arrives at Rs. 15774.91 lakh. The centre-wise break-up of the amount admitted are shown in Table 5-42:

Table 5-42: Function-wise Allocation of Admitted Tax on Income (Rs. Lakh)

Sl. No.	Particulars	Break up of claim of Rs 16,110.91 lakh	Break up of Admitted Tax on Income
1	Budge Budge	3,874.98	3,874.98
2	Titagarh	336.00	0.00
3	Southern	304.00	304.00
4	Subtotal	4,514.98	4,178.98
5	Distribution	11,595.93	11,595.93
6	Total	16,110.91	15,774.91

5.20 Permitted Incentive

5.20.1 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.

5.20.2 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 2020-21 for Budge Budge, Southern Generating Station as submitted by CESC in Form 1.1 of the petition which are found above the normative PAF.

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

Table 5-43: Incentive for Generation Higher than Norms

Sl. No.	Factors	Unit	Budge Budge	Southern
1	Target Plant Availability Factor	%	80%	80%
2	PLF achieved	%	82.54%	7.60%
3	Eligibility for incentive under reg 6.4.2		YES	NO
4	Sent out generation for own consumer and WBSEDCL	MU	5002.979	



Sl. No.	Factors	Unit	Budge Budge	Southern
5	Normative sent out generation	MU	4782.960	
6	Additional units [(4)-(5)]	MU	220.019	
7	Normative PLF	%	80.00%	
8	Additional PLF [(2)-(7)]	%	2.54%	
9	Applicable category		B	
10	Applicable rate	Paise/kwh	22.00	
11	Amount eligible [(6) x (10))/10]	Rs. In Lakh	484.04	

Table 5-44: Incentive for Oil Consumption better than Norms

Sl. No.	Factors	Unit	Budge Budge	Southern
1	Gross Generation	MU	5,497.779	89.763
2	Normative oil consumption rate	ml/kWh	1.30	2.10
3	Actual oil consumption rate	ml/kWh	0.15	6.55
4	Oil rate saved	ml/ kWh	1.15	Nil
5	Applicable Rate of incentive per unit of generation	Paise/kwh	0.40	
6	Eligible Amount [(1) x (5) /10]	Rs. In Lakh	219.91	

Table 5-45: Incentive for Gross Station Heat Rate better than Norms

Sl. No.	Factors	Unit	Budge Budge	Southern
1	Gross Generation	MU	5,497.779	89.763
2	Normative SHR	kCal/kWh	2,470.00	2,900.00
3	Actual SHR	kCal/kWh	2,553.42	3,447.92
4	Applicable Rate of incentive as per Schedule-10	Paise/kWh	0.00	0.00
5	Eligible Amount [(1) x (4) /10]	Rs. In Lakh	0.00	0.00

Table 5-46: Allocation of Overall Incentive (Rs. Lakh)

Sl. No.	Particulars	Budge Budge	Southern	Distribution	Total
1	Incentive for higher generation than norms	484.04	0.00	0.00	484.04
2	Incentive for better oil rate	219.91	0.00	0.00	219.91
3	Incentive for better heat rate	0.00	0.00	0.00	0.00
4	Sub-total	703.95	0.00	0.00	703.95
5	Incentive for better Reliability	0.00	0.00	0.00	0.00
6	Total (4+5)	703.95	0.00	0.00	703.95



5.20.4 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 2020-21 financial year.

5.20.5 The Commission observes that 24/7 validation system needs to be operational on the field for any estimation of energy loss. Reliable data compilation of interruption period & quantum of load interrupted is a pre-requisite for ascertaining actual performance against the targets set in the Tariff Regulations. Due to lack of such information 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.

5.21 **Net UI charges paid**

5.21.1 CESC Limited paid an amount of Rs. 556.00 lakh during the year on account of unscheduled interchange charges (UI). 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.

5.21.2 The claim on this account of Rs 556.00 lakh is well within the permissible limit of 5% of total power purchase cost of Rs. 2,53,666.09 lakh as mentioned in paragraph 3.8.1. The Commission, as such, admits Rs. 556.00 on this account.

5.22 **Written off of intangible assets**

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

5.23 **Income from non-tariff sources**

5.23.1 As per Note 32 and 33 of audited financial statement the total other income is Rs. 36776 lakh. In Form 1.26 to Annex 1, the income from non-tariff source is



shown as Rs 27,310.00 lakh for the year 2020-21. In Note 3 to Form 1.26, CESC has provided reconciliation of Rs 27,310.00 lakh as Non-Tariff Income instead of Rs 36,776.00 lakh as summarized below:

Table 5-47: Non-Tariff income claimed for 2020-21

Particulars	Rs. Lakhs
Total Other Income	36,776
Interest Income from investment towards unforeseen exigencies reserve	(1950)
Income from other Auxiliary Services (Advertisement on bill face etc.)	28
Profit from Sale of Assets	(35)
Ind AS Adjustments	(647)
User Fee	(666)
Insurance claim relating to Amphan Damage	(1614)
Miscellaneous Debits not claimed	91
Earnings from sale of traded goods	(2063)
Interest Income from retained profits / share issue proceeds	(2610)
Total Income other than sale of energy (non-tariff income)	27,310

5.23.2 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 store in state of Gujarat which is not significant for the CODM and hence not considered as reportable segment."

5.23.3 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. 20.63 crores towards "Earnings from sale of Traded Goods". There is also an expense of Rs. 17.31 crores towards "Purchase of stock-in-trade" in the Statement of Profit and Loss for the year ended 31st March, 2021. 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".

5.23.4 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. 332 lakh (Rs. 2063 lakh – Rs. 1731 lakh) from non-tariff income.

5.23.5 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 Para 5.11.4 of this Order the Commission has not considered the consumer's contribution of Rs. 10,530.00 Lakh in the Non-Tariff income and this amount is excluded from non-tariff income.

5.23.6 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 5-48:

Table 5-48: Non-Tariff Income Break-up

Sl. No.	Particulars	Amount (Rs. Lakh)
1	Meter Rent	5,293.00
2	Others	871.00
3	Interest Income	2992.00
4	Other non-operating Income (includes delayed payment surcharge, usance fee etc.)	7783.00
5	Net earnings from sale of traded goods	332.00
6	Net income from non-tariff sources	17271.00

5.23.7 Accordingly, function-wise allocation of non-tariff income stands as shown in the Table 5-49:

Table 5-49: Allocation of admitted Non-Tariff Income

Particulars	As admitted in APR 2020-21 (Rs. Lakh)
(A) Generation function	
Budge Budge	1,056.24
Titagarh	0.00
Southern	83.05
Total (A)	1,139.29
(B) Distribution function	16,131.71
Total (A+B)	17,271.00

5.24 Benefits passed on to consumers

5.24.1 Based on Form 1.24 of volume-2 of APR petition and Annual accounts and Benefits passed on to the consumers in terms of the regulations are detailed as under:

**Table 5-50: 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 other than consumers	4,478.08	3,723.45	754.63	50%	377.31
2	Auxiliary Services	89.00	117.00	-28.00	40%	0.00
3	Other business - consultancy services	4.00	94.00	-90.00	40%	0.00
4	Other business - user fee	666.00	0.00	666.00	40%	266.40

5.24.2 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 5-51: Centre-wise Break up of Benefits Passed on to Consumers and WBSEDCL

Particulars	Sale of power to persons other than consumers (Rs. Lakh)	Aux. Services (Rs. Lakh)	Other Business - consultancy Services (Rs. Lakh)	Other Business - User Fee (Rs. Lakh)
Budge Budge	-	-	-	-
Distribution Function (entirely allocated)	365.31	0.00	0.00	266.40

5.25 Expenses related to COVID 19

5.25.1 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 5-52: Break-up of Covid 19 expenses**

Description	Unit	BBGS	SGS	Distribution	Total
Sanitisation, PPE and Other Covid 19 mitigating expenses	Rs Lakhs	74.00	3.00	521.00	598.00
Car/Ambulance Hire Expenses	Rs Lakhs	0.00	0.00	70.00	70.00
Quarantine Expenses	Rs Lakhs	0.00	0.00	164.00	164.00
Total	Rs Lakhs				832.00

5.25.2 The Commission admits an amount of Rs. 832.00 lakh in the APR 2020-21 on actual basis and allocated in proportion to generation and distribution functions, as per form E(B) of the APR Petition.

Table 5-53: Function wise allocation of admitted Covid-19 expenses

Other Finance Charges	Admitted in Tariff Order for 2020-21	Claimed	Approved
Budge Budge	598.00	74.00	74.00
Titagarh	47.00	0.00	0.00
Southern	52.00	3.00	3.00
Subtotal	697.00	77.00	77.00
Distribution	1,803.00	755.00	755.00
Total	2,500.00	832.00	832.00

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 2020-21 on the basis of PAF declared by the plants as submitted in Form 1.1 and also admits the computed fixed cost of generating stations as Rs. 59,490.80 lakh and overall, at Rs. 306,626.51 lakh. Thus, fixed cost for generating stations, distribution business and overall are admitted as follows:

Table 5-54: Allocation of Fixed Costs

Sl. No.	Particulars	Admissible Fixed cost on APR in 2020-21 (Annexure 5A to 5E) (Rs. lakh)
1	Generation function	
	Budge Budge	50,192.59
	Titagarh**	58.00
	Southern	9,240.21
	Generation (A)	59,490.80
2	Distribution Function (B)	247,135.71
	Total (A+B)	306,626.51

** 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 para 3.17 above is in relation to Budge-Budge generating station only, no benefit of adjustment is allowable to Southern generating station stations.

**Annexure 5A****Generation****Budge Budge Generating Station**

Sl. No.	Particulars	Rs. Lakh		
		Amount admitted in Tariff Order 2020-21	Amount claimed in APR 2020-21	As admitted in APR 2020-21
1	Water Charges / cess	6.90	0.00	0.00
2	Coal and Ash handling charges	972.00	965.00	482.50
3	Operation & Maintenance Expenses	11,490.00	11,490.00	7,819.00
4 (a)	Employee cost	8,530.00	8,954.00	8,954.00
(b)	Contractual manpower in regular establishment	4,047.00	4,229.00	4,229.00
5	Rent for generation	0.00	0.00	0.00
6	Rates & Taxes (other than income tax)	389.00	360.00	360.00
7	Insurance	538.00	1,167.00	978.68
8	Corporate Social Responsibility	0.00	536.00	0.00
9	Interest on Capital Borrowings (incl. interest on normative debt)	1,325.00	1,364.00	1,139.65
10	Interest on Working Capital	0.00	0.00	0.00
11	Other Finance Charges	193.00	208.56	208.56
12	Bad Debt	0.00	0.00	0.00
13	Depreciation	5,387.00	5,847.00	5,451.38
14	Advance against Depreciation	1,064.00	1,162.00	528.06
15	Written off Intangible Assets	0.00	0.00	0.00
16	Return on Equity	16,779.00	16,845.00	16,445.07
17	Reserve for Unforeseen Exigencies	0.00	0.00	0.00
18	Expenses related to COVID 19	598.00	74.00	74.00
19	Income Tax	2,931.00	3,875.00	3,874.98
20	Performance Incentive	0.00	623.00	703.95
21	Gross Fixed Charges (1 to 20)	54,249.90	57,699.56	51,248.83
22	Less: Income from non-tariff sources	429.00	1,488.00	1,056.24
23	Less: Benefits passed on to consumers for sale to persons other than consumers or licensee	0.00	0.00	0.00
24	Less: Benefits to pass on to consumers for auxiliary services	0.00	0.00	0.00
25	Total Net amount deductible (22 to 24)	429.00	1,488.00	1,056.24
26	Net Fixed Charges for the year 2020-21 (21-25)	53,820.90	56,211.56	50,192.59

**Annexure 5B****Generation****Titagarh Generating Station**

Sl. No.	Particulars	Rs. Lakh		
		Amount admitted in Tariff Order 2020-21	Amount claimed in APR 2020-21	As admitted in APR 2020-21
1	Water Charges / cess	0.00	0.00	0.00
2	Coal and Ash handling charges	0.00	0.00	0.00
3	Operation & Maintenance Expenses	0.00	0.00	0.00
4 (a)	Employee cost	1,044.00	58.00	58.00
(b)	Contractual manpower in regular establishment	0.00	0.00	0.00
5	Rent for generation	0.00	0.00	0.00
6	Rates & Taxes (other than income tax)	0.00	163.00	0.00
7	Insurance	0.00	8.00	0.00
8	Corporate Social Responsibility	0.00	47.00	0.00
9	Interest on Capital Borrowings (incl. interest on normative debt)	0.00	0.00	0.00
10	Interest on Working Capital	0.00	0.00	0.00
11	Other Finance Charges	0.00	0.00	0.00
12	Bad Debt	0.00	0.00	0.00
13	Depreciation	532.00	557.00	0.00
14	Advance against Depreciation	105.00	111.00	0.00
15	Written off Intangible Assets	0.00	0.00	0.00
16	Return on Equity	1,460.00	1,461.00	0.00
17	Reserve for Unforeseen Exigencies	0.00	0.00	0.00
18	Expenses related to COVID 19	47.00	0.00	0.00
19	Income Tax	255.00	336.00	0.00
20	Performance Incentive	0.00	0.00	0.00
21	Gross Fixed Charges (1 to 20)	3,443.00	2,741.00	58.00
22	Less: Income from non-tariff sources	37.00	129.00	0.00
23	Less: Benefits passed on to consumers for sale to persons other than consumers or licensee	0.00	0.00	0.00
24	Less: Benefits to pass on to consumers for auxiliary services	0.00	0.00	0.00
25	Total Net amount deductible (22 to 24)	37.00	129.00	0.00
26	Net Fixed Charges for the year 2020-21 (21-25)	3,406.00	2,612.00	58.00

**Annexure 5C****Generation****Southern Generating Station****Rs. Lakh**

Sl. No.	Particulars	Amount admitted in TO 2020-21	Amount Claimed in APR 2020-21	As Admitted in APR 2020-21
1	Water Charges / cess	66.80	0.00	0.00
2	Coal and Ash handling charges	276.00	61.00	13.11
3	Operation & Maintenance Expenses	2,448.00	2,448.00	1,197.00
4(a)	Employee cost	5,683.00	5,310.00	5,310.00
4(b)	Contractual manpower in regular establishment	557.00	560.00	560.00
5	Rent for generation	44.73	75.00	44.73
6	Rates & Taxes (other than income tax)	2.00	1.00	1.00
7	Insurance	114.00	153.00	128.31
8	Corporate Social Responsibility	0.00	42.00	0.00
9	Interest on Capital Borrowings (incl. interest on normative debt)	123.00	124.00	103.60
10	Interest on Working Capital	0.00	0.00	0.00
11	Other Finance Charges	17.00	16.28	16.28
12	Bad Debt	0.00	0.00	0.00
13	Depreciation	337.00	344.00	320.72
14	Advance against Depreciation	67.00	68.00	30.90
15	Written off Intangible Assets	0.00	0.00	0.00
16	Return on Equity	1,320.00	1,322.00	1,290.61
17	Reserve for Unforeseen Exigencies	0.00	0.00	0.00
18	Expenses related to COVID 19	52.00	3.00	3.00
19	Income Tax	231.00	304.00	304.00
20	Performance Incentive	0.00	0.00	0.00
21	Gross Fixed Charges (1 to 20)	11,338.53	10,831.28	9,323.26
22	Less: Income from non-tariff sources	34.00	117.00	83.05
23	Less: Benefits passed on to consumers for sale to persons other than consumers or licensee	0.00	0.00	0.00
24	Less: Benefits to pass on to consumers for auxiliary services	0.00	0.00	0.00
25	Total Net amount deductible (22 to 24)	34.00	117.00	83.05
26	Net Fixed Charges for the year 2020-21 (21-25)	11,304.53	10,714.28	9,240.21



Annexure 5D

Distribution

Sl. No.	Particulars	Amount admitted in Tariff Order 2020-21	Amount claimed in APR 2020-21	Rs. Lakh As admitted in APR 2020-21
1	Employee Cost	86,243.00	78,372.00	78,372.00
2	Repair & Maintenance	19,092.00	17,535.10	17,655.00
3	Administrative & General	21,929.00	23,316.40	23,316.40
4	Rates & Taxes (other than income tax)	367.00	547.00	547.00
5	Insurance	194.00	543.00	455.38
6	Lease Rental	1,197.00	1,094.00	1,094.00
7	Cost of Outsourcing	1,149.00	1,560.00	1,149.00
8	Corporate Social Responsibility	0.00	1,605.00	0.00
9	Interest on Capital Borrowings (incl. interest on normative debt)	20,656.00	20,668.00	17,268.51
10	Interest on Temporary Accommodation	0.00	41,961.00	11,755.43
11	Interest on Consumer's Security Deposit	10,026.00	11,414.00	11,414.00
12	Interest on Working Capital	0.00	6,033.00	0.00
13	Other Finance Charges	544.00	612.16	612.16
14	Bad Debt	0.00	4,024.00	3,218.76
15	Depreciation	35,432.00	35,767.00	33,346.95
16	Advance against Depreciation	6,892.00	7,109.00	3,230.61
17	Written off Intangible Assets	0.00	0.00	0.00
18	Return on Equity	50,325.00	50,409.00	47,569.00
19	Reserve for Unforeseen Exigencies	0.00	0.00	0.00
20	Expenses related to Covid 19	1,803.00	755.00	755.00
21	Income Tax	8,792.00	11,596.00	11,595.93
22	Performance Incentive	0.00	12,164.21	0.00
23	Net DSM Payable	0.00	556.00	556.00
24	Gross Fixed Charges (1 to 23)	2,64,641.00	327,640.87	263,911.13
25	Less: Income from non-tariff sources	9,888.00	25,576.40	16,131.71
26	Less: Benefits passed on to consumers for sale to persons other than consumers or licensee	0.00	0.00	377.31
27	Less: Benefits to pass on to consumers for auxiliary services	0.00	0.00	0.00
28	Less: Expenses attributable to Auxiliary Services	0.00	0.00	0.00
29	Less: Benefits to pass on to consumers from other business	532.00	266.40	266.40
30	Total Net amount deductible (25 to 29)	10,420.00	25,842.80	16,775.42
31	Net Fixed Charges for the year 2020-21 (24-30)	2,54,221.00	301,798.07	247,135.71



Annexure 5E

Overall ARR of CESC

Sl. No.	Particulars	Rs. Lakh		
		Amount admitted in Tariff Order 2020-21	Amount claimed in APR 2020-21	As admitted in APR 2020-21
1	Water Charges/Cess	73.70	0.00	0.00
2	Coal & Ash handling charges	1,248.00	1,027.00	495.61
3	Operation & Maintenance - Generation	13,938.00	13,938.00	9,016.00
4	Repair & Maintenance - Distribution	19,092.00	17,535.10	17,655.00
5	Administrative & General - Distribution	21,929.00	23,316.40	23,316.40
6	a) Employee Cost - Own Employee	1,06,104.00	97,483.00	97,483.00
	b) Cost of contractual manpower in regular generation establishment			
7	Rent	44.73	75.00	44.73
8	Rates & Taxes (other than income tax)	758.00	1,071.00	908.00
9	Insurance	846.00	1,871.00	1,562.37
10	a) (a) Lease Rental	1,197.00	1,094.00	1,094.00
	b) (b) Cost of Outsourcing	1,149.00	1,560.00	1,149.00
11	Corporate Social Responsibility	0.00	2,230.00	0.00
12	Interest on Capital Borrowings (incl. interest on normative debt of Rs. 17.66 lakhs)	22,104.00	22,156.00	18,511.76
13	Interest on Temporary Accommodation	0.00	41,961.00	11,755.43
14	Interest on Consumer's Security Deposit	10,026.00	11,414.00	11,414.00
15	Interest on Working Capital	0.00	6,033.00	0.00
16	Other Finance Charges	754.00	837.00	837.00
17	Bad Debt	0.00	4,024.00	3,218.76
18	Depreciation	41,688.00	42,515.00	39,119.05
19	Advance against Depreciation	8,128.00	8,450.00	3,789.57
20	Written off Intangible Assets	0.00	0.00	0.00
21	Return on Equity	69,884.00	70,037.00	65,304.68
22	Expenses related to Covid 19	2,500.00	832.00	832.00
23	Income Tax	12,209.00	16,111.00	15,774.91
24	Performance Incentive	0.00	12,787.21	703.95
25	Net UI payable	0.00	556.00	556.00
26	Gross Fixed Charges (1 to 25)	3,33,672.43	398,913.71	324,541.22
27	Less: Income from non-tariff sources	10,388.00	27,310.40	17,271.00
28	Less: Benefits passed on to consumers for sale to persons other than consumers or licensee	0.00	0.04	377.31
29	Less: Benefits to pass on to consumers for auxiliary services	0.00	0.00	0.00
30	Less: Benefits to pass on to consumers from other business	532.00	266.40	266.40
31	Total Net amount deductible (27 to 30)	10,920.00	27,576.84	17,914.71
32	Net Fixed Charges for the year 2020-21 (26-31)	3,22,752.43	371,336.87	306,626.51

**Annexure-5F****Insurance Claimed by CESC and admitted by the Commission for FY 2020-21****(Rs)**

Location	CLAIMED BY CESC (Rs)			ADMITTED BY THE COMMISSION (Rs)		
	Annual Premium	GST@18%	Total Amt	Annual Premium	GST@18%	Total Amt
Budge Budge G/S-MBD	80468492	14484329	94952821	80468492	14484329	94952821
Budge Budge G/S-Business Interruption	11082840	1994911	13077751	0	0	0
Southern G/S	15615789	2810842	18426631	15615789	2810842	18426631
New Cossipore G/S	515000	92700	607700	0	0	0
Titagarh G/S	772500	139050	911550	0	0	0
CESC-Coal Washery-BMC	1942022	349564	2291586	1942022	349564	2291586
CESC-Coal Washery-Stock	795600	143208	938808	795600	143208	938808
River Tunnel	44408	7993	52401	44408	7993	52401
Distn Stn & Sub-station- various location	25072403	4513033	29585436	25072403	4513033	29585436
CESC House	667876	120218	788094	667876	120218	788094
Different Location-Stocks & Spares	1189069	214032	1403101	1189069	214032	1403101
RMU-Electronic Equipment's	1978592	356147	2334739	1978592	356147	2334739
Different Location-Electronic Equipment's	1749210	314858	2064068	1749210	314858	2064068
Fidelity Guarantee	10000	1800	11800	10000	1800	11800
CESC House-Computer & Accessories	33600	6048	39648	33600	6048	39648
Different Location-Electronic Equipment's	436679	78602	515281	436679	78602	515281
Total Property Insurance	142374080	25627334	168001414	130003740	23400673	153404413
Marine Policy	400000	72000	472000	0	0	0
Motor Policy	2400000	432000	2832000	2400000	432000	2832000
Fidelity Policy	0	0	0	0	0	0
Public Liability	1500000	270000	1770000	0	0	0
Mis Policy	5000000	900000	5900000	0	0	0
D&O Policy	500000	90000	590000	0	0	0
Money Policy	2000000	360000	2360000	0	0	0
KNR Policy	400000	72000	472000	0	0	0
Crime Policy	4000000	720000	4720000	0	0	0



Order on APR of CESC for the year 2020-21

Location	CLAIMED BY CESC (Rs)			ADMITTED BY THE COMMISSION (Rs)		
	Annual Premium	GST@18%	Total Amt	Annual Premium	GST@18%	Total Amt
Other Insurance Claims	16200000	2916000	19116000	2400000	432000	2832000
Total Insurance Claim	158574080	28543334	187117414	132403740	23832673	156236413



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 in Table 5-54 of this order totalling to Rs. 3,06,626.51 lakh. Further, the Commission also determined the fuel and power purchase cost allowable to CESC in Table 3-31, totalling to Rs. 3,79,462.79 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. 6,86,089.30 lakh (i.e. Rs. 3,06,626.51 lakh + Rs. 3,79,462.79 lakh).

6.2 In its Annual Performance Review (APR) Petition dated 30.11.2022, CESC included a revenue item of Rs 208 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 2020-21. However, in a later Supplementary Petition dated 21.12.2023, submitted 13 months after the original APR petition, CESC submitted for reconsideration by stating that Rs 208 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) states that Revenue from sale of energy stands recorded to the extent of Rs. 6678.45 crore (6669.95 Crore + 8.50 Crore), whereas the note 32 a. of the Audited Financial statement records a higher amount of Rs. 6733.91 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.

Table: 6-1: Revenue from sale of electricity earned by CESC

Sl. No.	Particulars	Amount (Rs. Lakh)
1	Earnings from sale of electricity as per Note 32(a) of audited financial statement of CESC Ltd	6,73,391.00
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)	5,526.16
3	Add: Contribution to festivals (Note 1 of form 1.25)	208.00
4	Net earnings from sale to consumers and WBSEDCL [(1) - (2) + (3)]	6,68,072.84

6.3 The amount adjustable on Annual Performance Review is detailed as under in Table 6-2:

Table 6-2: Adjustment in Annual Performance Review

Sl. No.	Particulars	Amount (Rs. Lakh)
1	Total Fuel and Power Purchase Cost admitted (From Table 3-31)	379,462.79
2	Fixed charge admitted (From Table 5-54)	306,626.51
3	Revenue arising out of APR Order in earlier order (APR of 2013-14) adjusted with the APR of 2020-21 in Tariff Order dated 01.08.2022	(-)5295.48
4	Less: Net earnings from Sale to Consumers and WBSEDCL (From Table 6-1)	668,072.84
5	Balance Recoverable / Payable (-) for FY 2020-21 [(1+2+3)-(4)]	12,720.98
6	Additional Recoverable for FY 2019-20 (as per para 4.3.8 of Chapter-4)	423.74
7	Total Recoverable (5+6)	13,144.72

6.4 In terms of regulation 2.6.6 of the Tariff Regulations, the entire recoverable amount of Rs. **13,144.72** 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.



Chapter 7

OBSERVATIONS AND DIRECTIVES OF THE COMMISSION

In continuation of its earlier directives issued through the Tariff Order, APR/FPPCA Orders and other related Orders, the Commission hereby issues the following observations and directives:

- i) The coal quality control during loading at Mine end, transportation by Rail/Road, unloading and stacking at Generating station has to be implemented. Any unsubstantiated GCV loss shall not be passed on to consumers through tariffs. The Commission seeks to balance consumer interest with generator operational realities. Therefore, GCV slippage must be checked by CESC to prevent inefficiency to protect interest of the consumers.
- ii) CESC shall submit all challans related to Goods and Service Tax (GST) deposited under Reverse Charge Mechanism (RCM) along with Self-generated Tax Invoices with FPPCA/APR application of subsequent years.
- iii) CESC shall ensure that the claim of capitalisation in future meets the regulatory requirements, with clear tracking and documentation of asset usage and retirement details, for transparency.
- iv) CESC shall identify the revenue from ash sales as a distinct line item or disclosure note in its audited financials for the concerned years. Continued non-submission of appropriate financial evidence may lead to further disallowances or deferrals in admissible expenditure.
- v) The Commission observed that part of the insurance cost has included the premium for "Business Interruption", covering Loss of Profit and Increased Cost of Working. Hence, this portion is not pass-through under tariff. CESC shall submit insurance cost for power business with APR application of subsequent years.
- vi) CSR expenditure constitutes an appropriation of profit and is a statutory obligation under the Companies Act, 2013, not a permissible claim for tariff determination. CESC is hereby directed not to claim CSR expenditure in APR application of subsequent years.



- vii) CESC shall submit the Summary Assessment Order or the Assessment Order of Income Tax of respective Assessment Year (AY).
- viii) CESC shall continue to provide financial disclosures for clarity in segment reporting, particularly in relation to the retail operations. Only admissible income shall be reported as non-tariff income for regulatory compliance.
- ix) The clarification of the nature and allocation of unclaimed assets is essential for the assessment of the admissibility in the APR petition. Timely submission of the additional information / clarification shall help to make the necessary adjustments of the APR claim, complying regulatory requirements.
- x) CESC shall submit a comprehensive statement of Monthly Variable Cost Adjustment (MVCA) amount recovered in a financial year with an explanation for the additional cost claimed under FPPCA petition. Supporting evidence should be submitted to ensure that the claim is validated and that any excess amounts are appropriately adjusted.
- xi) CESC shall submit the reconciliation statement of capital expenditure incurred in a financial year with segment-wise break-up, (Generation, Distribution, Meters, Others), vis-a-vis the capitalised assets claimed in the APR petition.
- xii) CESC shall submit the reconciliation of expenses reported in Form E(A) and Form E(B) with the figures in the Cost Audit Report for any financial year to ensure that financial reporting is transparent and compliant with regulatory requirements.
- xiii) CESC shall provide a detailed breakdown of the miscellaneous expenses listed in the Financial Statements for each fiscal year to ensure that all expenses are properly categorized and in alignment with the applicable accounting standards.

Sd/-

(DR. MALLELA VENKATESWARA RAO)

CHAIRPERSON

Dated: 23.12.2025

Sd/-

DEPUTY DIRECTOR, WBERC