



ORDER

OF THE

**WEST BENGAL ELECTRICITY REGULATORY
COMMISSION**

IN CASES NO.:
FPPCA – 116/ 22 – 23 AND
APR – 110 / 22 – 23

**IN REGARD TO THE APPLICATIONS OF
THE WEST BENGAL STATE ELECTRICITY DISTRIBUTION
COMPANY LIMITED
FOR FUEL & POWER PURCHASE COST ADJUSTMENT (FPPCA)
AND ANNUAL PERFORMANCE REVIEW (APR)
FOR THE FINANCIAL YEAR 2021 – 2022**

DATE: 26.04.2023



सत्यमेव जयते



CHAPTER – 1

1. PREAMBLE

- 1.1 West Bengal State Electricity Distribution Company Limited (hereinafter referred to as ‘WBSEDCL’) submitted an application for Annual Performance Review (in short ‘APR’) for 2021 – 22 on 24.11.2022 in terms of regulation 2.6 of the West Bengal Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2011. WBSEDCL has also submitted Fuel and Power Purchase Cost Adjustment (FPPCA) application for 2021 – 22 on 18.11.2022 for ascertaining the Fuel and Power Purchase Cost Adjustments (in short “FPPCA”) separately. The FPPCA application and APR application have been admitted by the Commission on 29.11.2022 and 06.12.2022 in Case No. FPPCA – 116/22-23 and Case No. APR – 110/22-23 respectively.
- 1.2 In terms of Fourth Amendment of Tariff Regulations vide Notification No. 76/WBERC dated 13.03.2023, APR and FPPCA for the period prior to 01.04.2023 shall be governed by the regulations existing prior to the Fourth Amendment (hereinafter referred to as the ‘Tariff Regulations’).
- 1.3 The APR covers the areas of permissible annual fixed charges, permissible incentives and sharing of gain as per Schedule 9B and Schedule-10 to the Tariff Regulations respectively. In the APR for the year 2021 – 22, therefore, the review of the different elements of fixed charges, categorized as controllable and uncontrollable has been done to find out the amounts to be approved/disapproved to WBSEDCL against each head of element vis-à-vis the amount allowed under tariff order for 2021 – 22 in Case No. TP-89/20-21 dated 28.03.2022. The FPPCA covers the permissible amount of Fuel and Power Purchase cost as per the relevant formula specified in Schedule -7A of the Tariff Regulations along with impact of gain sharing related to parameters of fuel cost, power purchase cost and distribution loss, if any.



सत्यमेव जयते



- 1.4 On admission of the FPPCA and APR applications for the year 2021 - 22, the Commission decided to process both the applications in a combined manner. Accordingly, WBSEDCL was directed to publish the combined gist of the APR and FPPCA application for 2021 – 22, as approved by the Commission. The gist was published in four newspapers inviting suggestions / objections, if any, from the public as per following table:

Table 1.4-1

Sl. No.	Date of Publication	Newspapers	Last date for submission of suggestions / objections as per notification
1	24-03-2023	The Aajkal	21 days from date of publication (inclusive of date of publication) [i.e., 13.04.2023]
2		Bartaman	
3		Sanmarg	
4		The Telegraph	

The approved gist along with the APR and FPPCA petitions for 2021– 22 were also published on the website of WBSEDCL. WBSEDCL had also made available the applications of APR and FPPCA for 2021 – 22 and copy of its audited Annual Report and Accounts for 2021 – 22 on its website. Opportunity was provided to all to inspect the applications and take copies thereof.

- 1.5 No suggestions/objections were received from stakeholders within the due date.



CHAPTER – 2

COMPUTATIONS OF ALLOWABLE FUEL AND POWER PURCHASE COST

- 2.1. In this part of the order, the Commission takes up for determination of fuel and power purchase cost allowable to WBSEDCL on the quantum of power sold by it to the consumers and other licensees during the financial year 2021-22.
- 2.2. The Fuel and Power Purchase Cost (FPPC) during the referred adjustment period, i.e., financial year 2021-22, is to be admitted in terms of the formula as specified in schedule 7A to the Tariff Regulations.
- 2.3. The FPPCA formula provides for adjustment of allowable fuel and power purchase cost for the gain sharing in accordance with Schedule – 9B to the Tariff Regulations. WBSEDCL has no coal fired thermal power station to operate. As such, the question of gain sharing on this account does not arise.
- 2.4. WBSEDCL's own source of generation is from hydro generating stations and solar PV plants. In terms of Part – B of the referred schedule, gains accruing to a hydro generating station, if any, due to its actual performance being better than the norms set out for any year are to be retained by it without any sharing.
- 2.5. Norm of distribution loss for WBSEDCL for the year 2021-22 was 17.50% in the tariff order. As it comes out from the data provided by WBSEDCL in its application, the actual rate of distribution loss of WBSEDCL on the quantum of sales to consumers works out as under:

Table 2.5-1

Sl. No.	Particulars	Energy (MU)
1	Total Energy purchased (net of CTU loss) (refer Annexure- 2A of the Order)	48,474.612
2	Energy sent out from own generating stations (See Reference-1 below)	1,801.738



Sl. No.	Particulars	Energy (MU)
3	STU Grid loss (See Reference-1 below)	1,702.153
4	Net UI Energy drawn (433.202 MU – 333.940 MU) (See Reference-1 below)	99.262
5	Net Energy Available with WBSEDCL from own generating stations and from purchase of power [(1) + (2) – (3) + (4)]	48,673.459
6	Energy sold to persons other than own consumer and licensee including transmission loss @ 3.40% (7426.678 MU + 261.394 MU) (See Reference-1 below)	7,688.072
7	Pumping energy for Purulia Pumped Storage Project (PPSP) including transmission loss @ 3.40% (1599.189 MU + 56.286 MU)	1,655.475
8	Energy available at distribution input for sale to consumer and licensee [(5) - (6) - (7)]	39,329.912
9	Energy sold to licensee at EHV & sale to Sikkim including transmission loss @ 3.40% (52.255 MU + 1.839 MU) (See Reference-1 below)	54.094
10	Energy received for wheeling at 33kV	138.937
11	Net Energy Available with WBSEDCL [(8) – (9) + (10)]	39,414.755
12	Energy sold to own consumers (See Reference-1below)	33,222.554
13	Energy sale to licensee at HV level	26.380
14	Energy wheeled including loss	138.937
15	Own consumption (See Reference-1below)	73.000
16	Distribution loss [(11) – {(12)+(13)+(14)+(15)}]	5,953.884
17	Distribution loss in % [(16)/ (11)×100]	15.11%
Reference-1: Statement of Technical Particulars in Annual Report and Accounts of WBSEDCL for 2021-22.		

The actual distribution loss is 15.11%. It is less than the normative distribution loss of 17.50% considered by the Commission in Tariff Order. Thus, the gain accrued by WBSEDCL due to lesser distribution loss than the normative shall be shared by WBSEDCL with its consumers at the ratio of 75:25 in terms of paragraph C of Schedule 9B to the Tariff Regulations.

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



सत्यमेव जयते



2.6.1 FC (FUEL COST):

2.6.1.1 No coal fired thermal generating station is owned and operated by WBSEDCL. It only operates a diesel generating station at Rudranagar in Sagar Island to meet up the local demand. During 2021-22, there was no generation from that station. WBSEDCL has also not claimed any amount for the year under this head. Accordingly, the Commission has not considered any fuel cost for 2021-22 for diesel generation station.

2.6.2 PPC (POWER PURCHASE COST):

2.6.2.1 WBSEDCL in its FPPCA petition under Annexure-1A submitted the total power purchase cost for 2021-22 as Rs. 18,31,913 Lakh (excluding DSM paid) along with an arrear receipt of Rs. 96,370 Lakh. It is also submitted that WBSEDCL received a rebate of Rs. 2,503 Lakh for timely payment of Power Purchase bills and refund of Rs. 1,075 Lakh on account of Security Constraint Economic Dispatch (SCED) during the year 2021-22. WBSEDCL has also received an arrear refund of Rs. 1,105 Lakh for the previous year on account of SCED.

2.6.2.2 The quanta of power purchased by WBSEDCL from different sources and cost incurred thereon during 2021-22 as per submission of WBSEDCL and audited annual report and accounts 2021-22 have been enumerated in Annexure – 2A. As may be seen therein, the quantum of power purchased during the year works out to be 49,018.137 MU. The cost incurred for total power purchase is Rs. 18,28,335 Lakhs.

2.6.2.3 WBSEDCL submitted that it had sold surplus power to persons other than consumers and licensees at average variable pooled cost by ensuring the recovery of maximum fuel cost of the power purchase of long term PPAs. From table 2.5-1 the surplus power comes to 7688.072 MU. The Commission in the tariff order has directed WBSEDCL to sell or back down the surplus power. In view of this, the Commission finds it rational to consider the submission of WBSEDCL to sell the surplus energy at or above variable pooled cost of thermal power as reasonable. In view of the long-term PPA with thermal



power stations, such variable cost of pooled power comes to 225.17 Paisa/kWh as shown in Table below:

Table 2.6-1

Long Term Thermal Source	Purchased energy (MU)	Energy Charge and MFCA Charge if appl. Rs. In Lakhs	Energy Charge Rate P/kWh
NTPC	5,893.968	1,32,849.43	225.40
KBUNL	219.983	5,875.02	267.07
DVC (Mejia V)	245.586	7,518.51	306.15
DVC (RTPS)	715.353	21,854.88	305.51
WBPDC	27,484.271	5,69,262.43	207.12
PTC – Jhabua	463.981	17,173.42	370.13
PTC - Adhunik	721.793	25,906.41	358.92
PTC - Jaiprakash	486.912	20,825.04	427.70
HMEL	1,002.661	32,229.76	321.44
TPTCL – MPL	2,044.548	53,940.04	263.82
DPL	2,272.566	48,194.08	212.07
Overall	41,551.622	9,35,629.020	225.17

2.6.2.4 From note 31 of the audited account of WBSEDCL, the revenue recovered from sale of surplus power to persons other than consumer and licensee is Rs. 3,02,116 Lakh during 2021-22. There was a cost of Rs. 20,557 Lakh towards charge of selling such surplus power. In view of surplus energy of 7688.072 MU (as in table 2.5-1), the gain / loss on account of sale of surplus energy is shown below:

Table 2.6-2

Sl No	Particulars	Unit	2021-22
1	Surplus Energy as per Table 2.5-1	MU	7688.072
2	Average power purchase cost (Annexure – 2A)	Paisa/kWh	372.99
3	Cost of surplus energy [(1) x (2) /10]	Rs. Lakh	2,86,757
4	Pooled average variable cost of thermal plants under Long / Medium Term PPAs	Paisa/kWh	225.17
5	Marginal Energy cost of surplus energy [(1) x (4) /10]	Rs. Lakh	1,73,112
6a	Revenue from sale of surplus energy	Rs. Lakh	3,02,116
6b	Charges for sale of surplus energy	Rs. Lakh	20,557
7	Net revenue from sale of surplus power (6a – 6b)	Rs. Lakh	2,81,559
8	Revenue received over and above marginal cost [(7) – (5)]	Rs. Lakh	1,08,447



Now, Rs. 1,08,447 Lakh needs to be shared between the consumers and WBSEDCL in terms of clause (iv) of regulation 5.15.2 of the Tariff Regulations and to be adjusted with ARR in subsequent chapter.

2.6.2.5 The Commission now works out the average cost of power purchase as below.

Table 2.6-3

Particulars	Purchase (MU)	Cost
		(Rs. Lakhs)
Total Power Purchase and Cost (Excluding rebate for timely payment of Rs.2503 Lakh)	49,018.137	18,28,335.00
Less: Proportionate energy charge for surplus power sold to persons other than its own consumers & licensees. (at avg. variable pooled cost of 225.17 P/kWh computed at paragraph 2.6.2.3 above)	7,688.072	1,73,112.00
Less: Amount received from SLDC UI Fund	-	-
Quantum for effecting distribution to consumers and licensees	41,330.065	16,55,223.00
Average per unit (kWh) purchase cost of power for sale to own consumer & another licensee (paise/kWh)		400.49

2.6.2.6 It is seen from Sr. No 9.0 of the statement of technical particulars of audited accounts that WBSEDCL has drawn 433.202 MU under Deviation Settlement Mechanism (DSM) during the year 2021 – 22. It is also seen from Sr No. 16 of the statement of technical particulars of the annual accounts that, WBSEDCL has injected 333.940 MU during the year 2021 – 22 under DSM. As per note no. – 34(A) to the annual accounts, the amount payable in DSM pool account is Rs. 14,905 Lakh (No arrear dues.) and Rs. 408 Lakh are receivable from DSM pool account as per note No. 32 to the Annual Accounts. The net drawal from DSM pool comes to 99.262 MU with net DSM payable of Rs. 14,497 Lakhs. The DSM payable amount is only 0.88% of its total power purchase cost. In terms of regulation 5.17.2 of the Tariff Regulations net DSM charge payable being less than 5% of total power purchase cost, the amount is allowed as expenditure.

**2.7. Cd: Cost Disallowable:**

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

Table 2.7-1

Sr. No.	Description	Quantity (MU)
1	Total energy purchased for effecting distribution to consumers and licensee as in table 2.6-3 above	41,330.065
2	CTU Loss	543.525
3	STU Grid Loss	1,702.153
4	Net DSM Energy drawn	99.262
5	Net energy available with WBSEDCL from purchase [(1) – (2) – (3) + (4)]	39,183.649
6	Pumping energy for Purulia Pumped Storage Project (PPSP) including normative transmission loss	1,655.475
7	Net purchased energy available with WBSEDCL for distribution to own consumers and licensees. [(5) – (6)]	37,528.174

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

Table 2.7-2

Own Generating Station	Generation in MU	Aux in MU	Actual Aux in %	Normative Aux as per Schedule 9A (H)	Excess if any
Rammam	268.309	2.683	1.00%	1.00%	0.00%
Jaldhaka-1	155.331	1.553	1.00%	1.00%	0.00%
Mini micro-Hydel	128.489	1.285	1.00%	1.00%	0.00%
PPSP	1,183.40	20.118	1.70%	1.70%	0.00%
Solar	91.849	0	0.00%	0.00%	0.00%
Total in MU	1,827.38	25.64			



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

Table 2.7-3

Sl. No.	Factor Notation	Nomenclature	Unit	Value
1	E _{SC}	Quanta of energy sold to consumers and licensee at HV level	MU	33,248.934
2	E _O	Admitted energy for own consumption	MU	73.000
3	D	Normative distribution loss	%	17.50%
4	-	$(E_{SC} + E_O) / (1 - (d \times 0.01))$	MU	40,390.223
5	E _{SL}	Energy sold to other licensees at EHV & sale to Sikkim	MU	52.255
6	t	Normative T & D loss for E _{SL} (5)	%	3.40%
7	-	$E_{SL} / (1 - (t \times 0.01))$	MU	54.094
8	E	Aux. consumption in excess of norms (Table 2.7-2)	MU	0.000
9	E _g	Energy sent out from own generating station	MU	1,801.738
10	E _{Adm}	Purchase of energy admitted [(4) + (7) - (8) - (9)]	MU	38,642.579
11	E _P	Total energy purchased for distribution and supply to own consumers and licensees (Table 2.7-1)	MU	37,528.174
12	E _E	Excess energy purchased [(11) - (10)]	MU	NA
13	EP _{Avg}	Average purchase cost	Paise/ kWh	400.49
14		Cost of excess power purchase [(12) x (13) / 10]	Rs Lakhs	0.00
15	Cd	Cost disallowed (within the limits specified in regulation 2.8.6.1 of the Tariff Regulation)	Rs. Lakhs	0.00

2.7.4 Since, there is no excess energy purchased during 2021 – 22, no cost has been disallowed during 2021 – 22.

2.7.5 The Commission observes that WBSEDCL has reduced its distribution loss below the normative parameter as specified by the Commission in the Tariff Regulations. The Commission appreciates the effort by WBSEDCL in this regard.

2.8. PRIOR PERIOD ADJUSTMENTS:



सत्यमेव जयते



2.8.1 WBSEDCL submitted to have received a net amount of Rs. 81,764 Lakh from agencies for the period prior to 2021 – 22 for power purchase cost. This includes an amount of Rs. 1,105 Lakh as refund on account of Security Constraint Economic Despatch. However, from the Auditors' Certificate provided in Annexure -1A of the FPPCA Petition, the arrear amount received is shown as Rs. 96,370 Lakh. WBSEDCL in its submission text under paragraph 18(iii) proposed to adjust Rs. 15,712 Lakh from Rs. 15,826 Lakh arrear receivable from NHPC since the receivable amount of Rs. 15,712 Lakh has been considered with the payment of arrear amount of NHPC TLDP III and TLDP IV through bill discounting arrangement. Thus, the admissible amount of adjustment for prior period comes to (-) Rs. 81,764 Lakh as detailed below:

Table 2.8-1

Sr No	Agency Name	Amount (Rs. Lakh)
1	DVC	-23.00
2	NTPC	5,521.00
3	NHPC	-114.00
4	PTC	10,030.00
5	TPTCL	-4,150.00
6	DPL	-6,546.00
7	HMEL	-174.00
8	NVVN Bundle Power	-99.00
9	KBUNL	-28.00
10	WBPDC	-85,098.00
11	GOVT OF SIKKIM	22.00
	Sub-total (1 to 11)	-80659.00
12	SCED Refund from SLDC	-1,105.00
	Total	-81,764.00

The Commission admits (-) Rs. 81,764 Lakh towards prior period adjustment during the year 2021 – 22.

2.9. Benefits for savings in Distribution Loss:

2.9.1. The actual sale to consumers and licensees is admitted as 33,248.934 MU. The energy consumed as own consumption is admitted as 73 MU. Thus, the allowable quantum of



distribution loss as per norms @ 17.50% on actual quanta of sales to consumers and licensees as well as the energy consumed at own premises works out at 7,068.289 MU $[\{(33,248.934 + 73) / (1 - 17.50\%)\} - (33,248.934 + 73)]$ and actual quanta of distribution loss against that sale and own consumption is admitted as 5,953.884 MU. The savings in this regard thus comes to 1,114.405 MU (7,068.289 MU – 5,953.884 MU). As provided in paragraph C of Schedule – 9B to the Tariff Regulations, the entitled gain of 25% in this regard shall be shared with the consumers.

2.9.2. The computations in monetary terms are worked out as below:

Sr No.	Particulars	Unit	Value
1	Quanta of energy sold to consumers	MU	33,248.934
2	Admitted energy for own consumption	MU	73
3	Normative distribution loss	%	17.50%
4	Allowable Quantum of Distribution Loss	MU	7,068.289
5	Actual Distribution Loss (As per Sr No. 16 of Table 2.5-1)	MU	5,953.884
6	Quanta of energy saved for better distribution loss	MU	1,114.405
7	Average Cost per unit in the Distribution System	Paise/ kWh	372.99
8	Cost of energy saved for better distribution loss	Rs in Lakh	41,566
9	Gain to be retained by WBSEDCL (75%)	Rs in Lakh	31,175
10	Gain to be passed on to consumers (25%)	Rs in Lakh	10,391

2.9.3. 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. 31,175 Lakh is to be retained by the licensee and the balance benefit of Rs. 10,391 Lakh has been passed on to the consumers by way of considering actual power purchase cost.

2.10. Payment to NHPC Limited through Bill Discounting:

2.10.1. WBSEDCL has paid 5 numbers of monthly installment @ Rs. 2700 Lakhs starting from 15.11.2021 to SBI as per the Bill Discounting arrangement against total arrear amount of Rs. 61,552 Lakh of TLDP III and TLDP IV of NHPC Limited. WBSEDCL has also paid



an amount of Rs. 52 Lakh directly to NHPC Limited. In view of the above, WBSEDCL prayed to allow an amount of Rs. 13,552 Lakh on account of such payment.

2.10.2. The Commission vide order dated 21.09.2022 in Case No. OA – 395/21 – 22 has allowed WBSEDCL to make payment of arrears of NHPC through SBI under bill discounting arrangement and directed that WBSEDCL shall submit the details of installments paid to SBI on account of bill discounting duly certified by auditors and claim the same in FPPCA of the respective year and the cost of bill discounting duly certified by the auditor shall be claimed in APR of the year in which the same is paid.

2.10.3. Accordingly, WBSEDCL has submitted the details of installments paid during the year 2021 – 22 duly certified by the Auditors Certificate.

2.10.4. In view of the above, the amount of Rs. 13,552 Lakh is admitted as installments paid to SBI under bill discounting for the year 2021 – 22.

2.11. Allowable Fuel and Power Purchase Cost:

2.11.1 Putting the value of factors, as discussed and admitted in the foregoing paragraphs, the amount of allowable fuel and power purchase cost to WBSEDCL for the year 2021 – 22 works out as under:

Table 2.9-1

Sr. No.	Particulars / Factors	Admitted
		(Rs. Lakhs)
1	FC: Fuel Cost	
2	PPC: Power Purchase Cost for Consumer & licensee (Table 2.6-2)	16,55,223.00
3	C _D : Cost Disallowable (Table 2.7-3).	0.00
4	A: Prior Period's Adjustment (Table 2.8-1)	-81,764.00
5	FC+(PPC-C_D) + (+A)	15,73,459.00
6	Additional amount on account of savings in the rate of Distribution Loss (paragraph 2.9.3)	31,175.00
7	Payment to NHPC Limited through Bill Discounting as per the order of the Commission dated 21.09.2022	13,552.00
8	Total Fuel and Power Purchase Cost	16,18,186.00



ANNEXURE – 2A
ACTUAL POWER PURCHASE FOR 2021-22

Sl No.	Particulars	Energy	Power Purchase Cost	Energy Charge Rate
		in MU	in Rs Lakh	in p/kWh
1	NTPC Farakka STPS Stg I & II	2,369.976	1,00,827.00	425.43
2	NTPC Farakka STPS Stg III	1,029.778	49,880.00	484.38
3	NTPC Kahelgaon	333.194	12,329.00	370.02
4	NTPC Talcher STPS	631.178	17,718.00	280.71
5	NTPC Darlipalli	1,529.842	45,244.00	295.74
6	Kanti Bijli Utpadan Nigam Limited	219.983	13,594.00	617.96
7	DVC Mejia V	245.586	12,520.00	509.80
8	DVC Raghunathpur TPS	715.353	42,866.00	599.23
9	NHPC Teesta V HEP	623.805	14,098.00	226.00
10	NHPC Rangit HEP	93.031	4,842.00	520.47
11	NHPC TLDP III	588.833	30,263.00	513.95
12	NHPC TLDP IV	724.541	35,102.00	484.47
13	PTC Chukha HEP	581.483	13,965.00	240.16
14	PTC Kiruchu HEP	23.949	604.00	252.20
15	PTC Tala HEP	1,058.951	22,879.00	216.05
16	PTC Baglihar SPDC J&K HEP	172.013	6,404.00	372.30
17	PTC Mangdechhu HEP	899.415	37,685.00	418.99
18	PTC Adhunik Power	721.793	36,068.00	499.70
19	PTC Jhabua	463.981	17,173.00	370.12
20	PTC Jaiprakash	486.912	20,825.00	427.70
21	TPTCL Dagachhu	586.707	21,806.00	371.67
22	TPTCL Maithon Power Limited	2,044.548	85,077.00	416.12
23	NVVN Bundle Power	350.451	17,956.00	512.37
24	Kolaghat TPS	3,772.722	1,51,453.00	401.44
25	Bakreswar TPS Stage I & II	7,588.411	2,52,094.00	332.21
26	Bandel TPS Stage I	278.097	13,559.00	487.56
27	Bandel TPS Stage II	1,281.373	45,646.00	356.23
28	Santaldih TPS	3,578.424	1,27,216.00	355.51
29	Sagardighi TPS Stage I	4,015.397	1,12,936.00	281.26
30	Sagardighi TPS Stage II	6,969.847	2,32,782.00	333.98
31	DPL	2,272.566	97,728.00	430.03
32	Hiranmaye Energy Limited	1,002.661	66,376.00	662.00
33	CESC Limited	14.201	929.00	654.18
34	DVC Radial Mode	506.096	22,882.00	452.13
35	Govt of Sikkim	0.424	23.00	542.45
36	Electrosteel Casting Limited	16.568	419.00	252.90
37	Neora Hydro Limited	9.662	348.00	360.17
38	Nippon Power	13.035	469.00	359.80
39	Rashmi Ispat	8.026	178.00	221.78
40	Himadri Chemicals & Industries Limited	52.143	1,692.00	324.49
41	Rashmi Cement Limited	2.828	58.00	205.09



सत्यमेव जयते



West Bengal Electricity Regulatory Commission

Sl No.	Particulars	Energy	Power Purchase Cost	Energy Charge Rate
		in MU	in Rs Lakh	in p/kWh
42	Shree Renuka Sugar	7.024	193.00	274.77
43	Bengal Energy Limited	289.676	8,587.00	296.43
44	Assam Power Distribution Company Limited	0.771	68.00	881.97
45	Jharkhand Bijlee Vitaran Nigam Limited	0.074	10.00	1,351.35
46	Solitaire Industries	6.578	758.00	1,152.33
47	Power Exchange India Limited	4.521	508.00	1,123.65
48	India Energy Exchange	831.709	35,276.00	424.14
49	Total Purchase	49,018.137	18,31,913.00	
50	Less: Rebate for timely payment	0.000	2,503.00	
51	Less: Refund of SCED	0.000	1,075.00	
52	Gross Quanta and Cost of Power Purchase	49,018.137	18,28,335.00	372.99
53	Less: CTU Loss	543.525	0.00	
54	Net Quanta and Cost of Power Purchase	48,474.612	18,28,335.00	

**CHAPTER – 3****FIXED COST DETERMINATION UNDER APR OF 2021-22****3.1 Background:**

The Tariff Regulations specifies the classification of different fixed charge elements under controllable and uncontrollable heads and also the treatment of variation between projected expenditure and actual expenditure of such fixed charge elements during redetermination of ARR in APR. In its order dated 28.03.2022 in the tariff application of WBSEDCL for the year 2021-22, the Commission had considered some specific principles of calculation for determination of some elements of fixed charge during projection of ARR. The basic premises of such principles of calculation were

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

3.2 Parameters and formulas for fixed charge computation:

3.2.1 The Commission has noted the submission of WBSEDCL for the increase in the distribution line length and consumer strength at the end of the year 2021 – 22 and end of the year 2020 – 21 as shown in the Table 3.2-1 below:

Table 3.2-1

Particulars	Unit	Admitted in TO 2021-22	Actual end of 2021-22	Average during the year
Distribution Line Length	CKM	6,61,641.16	6,24,469.00	6,20,230.50
No of Consumers	(Number)	20,858,616	2,14,99,052	2.10,99,905

3.2.2 In view of clauses (ii) and (v) of the regulation 2.6.10 of Tariff Regulations, as amended from time to time, the Commission compares the inflation rates (WPI and CPI) and the



business volume parameters (Distribution Line length and no of consumers), projected in Tariff Order 2021-22 and actual at the end of the 2021-22 in the Table 3.2-2 below:

Table 3.2-2

	Admitted in Tariff Order 2021-22	Actual 2021-22	Increase / Decrease (-) (in %)
Distribution Line length – DLL (CKM)	6,61,641.16	6,20,230.50	(-) 6.30%
Consumer Strength – CS (Number)	20,858,616	2,10,99,905	1.20%
WPI in %	1.67%	12.97%	
CPI in %	7.54%	5.10%	
Inflation in hybrid index [WPI: CPI (60:40)] %	4.02%	9.82%	144%

3.2.3 It is seen from Table 3.2-2 above that, the business volume parameters have not shown any significant growth as compared to MYT projections. WPI & CPI indexes have increased more than 15% of the rate projected in the MYT Order. The impact of increase in inflation will be suitably considered for the respective controllable elements in terms of 2.6.10(ii) in subsequent paragraphs.

3.3 Transmission charge payable:

3.3.1 Central Transmission Utility (CTU) Charge:

Note 34 (B) of the annual accounts for 2021-22 of WBSEDCL indicates that it has accounted for an amount of Rs 1,11,960 Lakh as current year transmission charge payable to PGCIL and Rs (-) 3,152 Lakh as arrear dues of PGCIL. In para 2.2.3 of their application WBSEDCL has claimed Rs 974 Lakh as paid to NVVNL (as Reimbursement for interstate transfer of solar power) and Rs 4,057 Lakh as short-term open access charge included in power purchase cost as per para 2.2.4 of the application. WBSEDCL has further deducted a Rebate on transmission charge of Rs 40 Lakh from the CTU charge, as disclosed in paragraph 2.2.3 of APR application, to arrive at the net claim of Rs 1,13,799 Lakh against the earlier admitted amount of Rs 1,06,114 Lakh. Note 34.4 of the Annual Audited Accounts mentions rebate for timely payment of power Central



सत्यमेव जयते



Transmission Charges as Rs. 40 Lakh. The claimed amount of Rs 1,13,799 Lakh (Rs 1,11,960 Lakh - Rs 3,152 Lakh + Rs 974 Lakh+ Rs 4,057 Lakh– Rs 40 Lakh) is now admitted as CTU charge under distribution function.

3.3.2 State Transmission Utility (STU) Charge:

In the tariff order of WBSEDCL for the year 2021-22, the Commission admitted the Annual Transmission Charge (in short 'ATC') of WBSETCL at Rs. 1,47,447 Lakh which was payable by WBSEDCL as user of the state transmission system. Against such admitted amount, actual STU charges of Rs. 1,47,447 Lakh and of arrear nil dues (WBSETCL) is accounted for in Note-34(B) of the Annual Accounts of 2021-22 and claimed by WBSEDCL in their APR application for the year 2021-22, under the head STU charges. The said amount of Rs. 1,47,447 Lakh is admitted by the Commission in the APR for 2021-22 and allocated to distribution function.

3.3.3 SLDC Charges:

As seen from note 34(D) of annual accounts, WBSEDCL accounted for Rs. 2,210 Lakh towards charges payable to SLDC in the year 2021-22 and arrear dues of Rs 7 Lakh against the admitted amount of Rs 2,392 Lakh. However, WBSEDCL has claimed Rs. 2,217 Lakh in their APR application. Considering the amount in annual accounts, the Commission admits amount of Rs. 2,217 Lakh as SLDC charges in the APR for 2021-22 and the entire amount is allocated to distribution function.

3.3.4 RLDC Charges:

On account of system operation charges to Power System Operation Corporation (POSOCO) WBSEDCL claimed Rs. 258 Lakh for the year 2021-22, which is lower than the admitted amount of Rs 501 Lakh. In note 34(B) of annual accounts Rs 323 Lakh and Rs (-) 65 Lakh are shown as current year's dues and arrear dues respectively. The said amount of Rs. 258 Lakh is admitted by the Commission in APR for 2021-22 and the entire amount is allocated to distribution function.

3.3.5 ERPC Charges:



An amount of Rs. 16 Lakh were accounted for in note 34(C) of annual accounts and claimed by WBSEDCL as Eastern Regional Power Committee (in short “ERPC”) charges. The entire amount of Rs. 16 Lakh is admitted in the APR for the year 2021-22 and allocated to the distribution function.

3.3.6 VARH Charges:

In para 2.7 of their application WBSEDCL has claimed an amount of Rs. 553 Lakh towards payment of Reactive Energy (VARH) charge. Such charge has been shown in note 34(E) of the Annual Accounts of WBSEDCL for 2021-22. The Commission vide its MYT Order, had observed that, VARH charge is a kind of penalty due to reactive power drawal from the grid during low voltage condition and reactive power injection to the grid during high voltage, which is not healthy for the grid and required to be avoided to a great extent by implementing proper planning and operational measures. Accordingly, the Commission had not admitted any amount in MYT Order under this head. Further, the Commission has directed WBSEDCL to submit the detailed justification and measures taken to reduce the payable VARH charge along with their APR Petition.

Accordingly, the Commission notes that, WBSEDCL in this Petition has submitted that, ERLDC claims VARH charges from WBSLDC as per VARH drawal at various ISTS interconnection points at high and low voltage as per IEGC Regulations 2020. WBSLDC in turn raises the invoices and such VARH charges are paid by WBSEDCL. Further WBSEDCL has submitted that, the generators are required to generate reactive power during low voltage conditions and absorb reactive power during high voltage conditions as per the capability limits of machines, the transmission licensee is required to install necessary equipment such as dynamic or static capacitor and reactor bank at their network to avoid drawal of any VAR from the grid during low voltage conditions and also to avoid inject of any VARs to the grid during high voltage conditions. Further, drawal or injection of reactive power during low or high voltage conditions by WBSEDCL as the case may be is also dependent on the characteristics of the connected consumers. Thus, VARH charges being incurred by WBSEDCL is not due to inefficiency



only on account of WBSEDCL. WBSEDCL has submitted that, it has taken measures like, incentives/ counterincentive to consumers to maintain better power factor, increasing the capacitance of distribution network, construction of new 33/11 KV substation with HV and LV cable network, installation of Capacitor Bank in HV system etc to reduce the VARH charges. The Commission notes that measures taken by WBSEDCL and expects to continue with similar measures to demonstrate that, the VARH charges are further minimum to avoid the burden on the consumers.

In view of above, the Commission decides to admit the amount claimed by WBSEDCL under this head.

3.4 Employee cost:

3.4.1 In the APR application for 2021-22, WBSEDCL has claimed Rs 1,70,050 Lakh towards expenditures on employee cost, as against the amount of Rs 1,25,752 Lakh admitted in the Tariff Order for the said year. Further, from note 41 of annual accounts, other comprehensive income recognized in the Statement of Profit & Loss Account and form 1.17h submitted by WBSEDCL it is seen that the total employees cost of Rs 1,99,849 Lakh pertains to salaries and related staff expenditures inclusive of Directors’ sitting fees and compensation for injuries on death/damages to staff. The claim of WBSEDCL for employee cost of Rs. 1,70,050 Lakh as noted in para. 2.16.4 of application after giving adjustment for the other Comprehensive income (Note 41 of Audited account) vis-à-vis the figures of Audited Accounts is detailed below.

Table 3.4-1

Particulars	As per Tariff Order	As claimed in Petition	As per Audited Accounts
Employees Cost	Rs in Lakh	Rs in Lakh	Rs in Lakh
Employee Cost (as per Note 35 of Audited Report) before Employee Cost Capitalization)	1,59,926	2,05,214	2,05,194
Less: Employee Cost Capitalized	19,191	5,365	5,365
Salary & wages (including other staff welfare benefits, compensation and contribution to provident and other funds) ---A	1,40,735.00	1,99,849.00	1,99,829.00



Particulars	As per Tariff Order	As claimed in Petition	As per Audited Accounts
Add: Compensation for injuries/death – Staff ---- B			9
Add: Directors' sitting Fees & Expenses – C			11
Less: Other Comprehensive Income (Note 41 of Audited Accounts) –D	-	29,799.00	29,799.00
Total ----- (A + B + C – D)	1,40,735.00	1,70,050.00	1,70,050.00

3.4.2 Accordingly, the Commission admits Rs 1,70,050 Lakh towards Employee cost in the APR for 2021-22 and allocates the same to generation and distribution function as proposed by WBSEDCL in the Petition. Summary of Admittance and allocation is given in Table 3.4-3 below.

Table 3.4-3

Expenditure Head	Amount (Rs. in Lakhs)			
	Claimed in APR	Admitted under Generation	Admitted under Distribution	Total Admitted
Employee Cost (form 1.17h)	1,99,849.00	6,366.00	1,93,483.00	1,99,849.00
Less Allocated OCI	29,799.00	949	28,850.00	29,799.00
Net Employee Cost after adjustment of OCI	1,70,050.00	5,417.00	1,64,633.00	1,70,050.00

3.5 Operation and Maintenance (O&M) Expenses:

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

3.5.1.1 The Commission had admitted Rs 5,682.06 Lakh in the Tariff order for 2021-22. The actual expenditure is Rs. 4,331 Lakh as per their submission vide letter dated 30.03.2023. O&M expense being a controllable item, the Commission decides to admit Rs.4,331 Lakh as detailed below:

Table 3.5-1



O&M expenses for generating stations of WBSEDCL					
Name Of Plant	Installed Capacity in MW	Normative O&M cost in Rs Lakhs/ MW	Normative O&M cost in Rs Lakhs	O&M cost in Rs Lakhs Actuals as per submission *	O&M cost in Rs Lakhs as Admitted
Rammam Stage I	51	13.21	673.71	478.00	478.00
Jaldhaka	36	19.03	685.08	409.00	409.00
Small Hydro	89.6	18.82	1686.27	1291.00	1291.00
PPSP	900	2.93	2637.00	2153.00	2153.00
Total	1076.6		5682.06	4331.00	4331.00

*The Centrally allocated expenses of Rs. 558 Lakh has been added to the actual cost of each plant in proportion to the installed capacity.

3.5.1.2 WBSEDCL has not claimed any O&M expenses for solar PV plant during the year 2021-22 stating that the same is covered under comprehensive O&M expenses for five years. However, for 10MW Teesta Canal bank solar PV plant such five years' timeline has been completed on 10.03.2023. WBSEDCL proposed to claim the O&M for the balance period of the Financial Year 2021-22 in subsequent APR.

3.5.2 Repair and Maintenance (R&M) for Distribution:

R&M expenses claimed by WBSEDCL is Rs 26,051 Lakh which is lesser than Rs. 33,942.19 Lakh as admitted in Tariff Order 2021-22. As per form 1.15 and 1.17 and Audited Account Note 38, R&M expense comes out as Rs. 26,051 Lakh. Annexure 5A of Volume 2 of APR application also indicates the same (Rs. 21,894 Lakh R&M for Distribution + Rs. 4,157 Lakh R&M for corporate allocation of Distribution). Hence, the Commission admits the amount of Rs. 26,051 Lakh under distribution head.

3.5.3 Administrative and General (A&G) Expenses for Distribution:

3.5.3.1 WBSEDCL in its Petition has submitted the A&G expenses of distribution as Rs. 11,336 Lakh. However, it is noted from Form 1.15, 1.17 and the Auditors' Certificate given in Annexure-5A, A&G Expenses shown to be Rs. 12,884 Lakh, which also matches with Note 38 of the Audited Account. WBSEDCL has claimed an amount of Rs. 1,831 Lakh as Bank charges related to collection charges, bank commission, L.C Charge,



Commitment charge etc under the head of Finance charge. In absence of break up specifying the charges related to Capital loan, entire amount of Rs. 1,831 Lakh is considered under A & G expenses. Thus, total A & G expenses comes to Rs. 14,715 Lakh. The Commission notes that, the amount of Rs. 14,715 Lakh is within the admitted amount of Rs 15,415 Lakh in Tariff Order 2021-22. Accordingly, the Commission approves the A&G expenses for distribution as below.

3.5.3.2 Expenses claimed under Audit, Legal and Other A&G head are less than the amount admitted in Tariff Order. Further, the Rent is higher than the amount admitted in the Tariff Order. Since the A&G expenses are controllable, the Commission considers admitting these expenses limited to admitted in Tariff Order. Accordingly, total A&G expenses of Rs. 14,715 Lakh admitted by the Commission under distribution function as per the Table 3.5-2 below.

Table 3.5-2

SI No	Expenditure Head	Amount in Rs Lakhs		
		Admitted in Tariff Order	Claim in APR Petition	Admitted in APR
1	Rent	1,428.00	1,548.00	1,428.00
2	Auditors Fees	121	37	37
3	Legal & Consultancy Charges	514	260	260
4	Other A&G expenses (including Bank Charges)	13,352.00	12,870	12,870
5	Adjustment as per regulation [2.5.5(iv)] of Tariff Regulations			120
	Total (1+2+3+4)	15,415.00	14,715.00	14,715.00

3.5.4 Outsourcing Expenditure for Distribution:

3.5.4.1 In tariff petition for 7th Control Period, WBSEDCL has claimed Outsourcing expenses without furnishing any breakup of the controllable and uncontrollable heads. The Commission had admitted the entire outsourcing expenses as controllable expense in the Tariff order of 2021-22.



सत्यमेव जयते



3.5.4.2 WBSEDCL in its APR application for 2021-22, has not provided any breakup for manpower & vehicle related costs (uncontrollable head) and other than manpower & vehicle related cost (controllable head). Rather, WBSEDCL has claimed the entire outsourcing expenses for distribution of Rs. 65257 Lakh as uncontrollable under manpower & vehicle expenses.

3.5.4.3 The Commission decides to adopt the same approach as in the previous APR order and proceeds to analyse the head-wise outsourced expenses in subsequent paragraph.

3.5.4.4 Line and substation maintenance:

The admitted amount under this head in the ARR of the tariff order of 2021-22 is Rs. 22892.78 Lakh. The claim under this head amounting to Rs. 22766 Lakhs is corroborated by annexure 5A of APR application Volume II, Note 38 Annual account for 2021-22 As the amount has been claimed under uncontrollable head, the Commission admits Rs. 22766 Lakh.

3.5.4.5 Meter Reading and Bill Distribution:

The amount admitted in tariff order is Rs. 14,955.63 Lakh against which WBSEDCL has claimed Rs. 14,957 Lakh as per Form 1.15 and 1.17 in their petition. The claim under this head amounting to Rs. 14957 Lakhs is corroborated by Annexure 5A of Volume 2, APR petition (Note 38, Auditor's Certificate). The Commission has considered the head as controllable, and hence admits Rs. 14,955.63 Lakh as provided in the Tariff order 2021-22.

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

The amount admitted in tariff order under this head is Rs. 19,246.24 Lakh. WBSEDCL has claimed Rs. 19231 Lakh against the admitted amount as per Form 1.15 and 1.17 in their petition. The claim under this head amounting to Rs. 19,231 Lakhs is corroborated by Annexure 5A of Volume 2, APR petition (Note 38, Auditor's Certificate). The claim



being under uncontrollable head as decided in paragraph 3.5.4.3 above, the Commission admits Rs. 19,231 Lakh.

3.5.4.7 Security Expenses:

WBSEDCL has claimed an amount of Rs 3,802 Lakh against the admitted amount of Rs. 4,234.50 Lakh as per Tariff order 2021-22. The claim under this head amounting to Rs.3,802 Lakhs is corroborated by Annexure 5A of Volume 2, APR petition (Note 38, Auditor's Certificate). As the claim being under uncontrollable head as decided in paragraph 3.5.4.3, the Commission admits Rs. 3,802 Lakh towards Security Expenses.

3.5.4.8 Call Centre Expenses:

WBSEDCL in its petition claimed Rs. 2,793 Lakh as per Form 1.15 and 1.17 of the petition under this head which is less than the admitted amount of Rs. 3,161 Lakh in the tariff order 2021-22. The claim under this head amounting to Rs. 2,793 Lakhs is corroborated by Annexure 5A of Volume 2, APR petition (Note 38, Auditor's Certificate). Since the claimed amount is less than the admitted amount in the tariff order, the Commission admits the amount of Rs. 2,793 Lakh.

3.5.4.9 Back Office Jobs:

For back-office jobs, WBSEDCL in its petition claimed Rs. 214 Lakh under this head which is more than the admitted amount of Rs. 138.67 Lakh in the tariff order 2021-22. The claim under this head amounting to Rs. 214 Lakhs is corroborated by Annexure 5A of Volume 2, APR petition (Note 38, Auditor's Certificate). The Commission has considered the head as controllable as mentioned in paragraph 3.5.4.2 above, and accordingly admits Rs. 138.67 Lakh as provided in the Tariff order 2021-22.

3.5.4.10 Franchisee cost:

No amount has been claimed under the head of Franchisee cost in APR petition.

**3.5.4.11 Collection Franchisee Cost:**

For collection franchisee, WBSEDCL in its petition claimed Rs. 1,494 Lakh (Rs. 1,186 Lakh and Rs. 308 Lakh for new manpower recruitment cost) under this head which is less than the admitted amount of Rs. 2,384.14 Lakh in the tariff order 2021-22. The claim under this head amounting to Rs. 1,494 Lakhs is corroborated by as per Annexure 5A of Volume 2, APR petition (Note 38, Auditor's Certificate). The Commission has considered the head as controllable as mentioned in paragraph 3.5.4.2 above, and hence admits Rs. 1,494 Lakh as admitted in the Tariff order 2021-22.

3.5.4.12 Data Warehousing Costs:

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

3.5.4.13 The detail of admitted amount of the different elements of outsourcing expenditure as narrated in the above paragraphs is shown in Table 3.5-3 below:

Table 3.5-3

Rs in Lakh

Cost of outsourcing	Admitted in Tariff order	Claimed in APR 2021-22	Admitted in APR 2021-22
A. Uncontrollable:			
HT Line and Sub-station Maintenance	22,892.78	22,766.00	22,766.00
Security charges	4,234.50	3,802.00	3,802.00
Call centre	3,161.00	2,793.00	2,793.00
LT Mobile Maintenance	19,246.24	19,231.00	19,231.00
Sub-total (A)	49,534.52	48,592.00	48,592.00
B. Controllable:			
Meter Reading & Bill Distribution	14,955.63	14,957.00	14,955.63
Back-office Job	138.67	214	138.67
Collection Franchisee & others	2,384.14	1,494.00	1,494.00
Adjustment as per regulation [2.5.5(iv)] of Tariff Regulations			76.70
Sub-total (B)	17478.44	16665.00	16665.00
Total (A) + (B)	67,012.96	65,257.00	65,257.00



3.6 Some small Expenses:

3.6.1 Lease Rental:

The admitted amount under this head in 2021-22 Tariff Order is Rs. 1,684 Lakh. WBSEDCL has claimed Rs 2,022 Lakh under this head. As per para 6.4.4 of Tariff order 2021-22, Lease rental line expenditure is included under 'Other items', which is classified under controllable expense in parity with O&M expense. Same amount is reflected in the Form 1.15 and Form 1.17 and Note 38 A of audited accounts. Giving the effect of rise in inflation (WPI) from 1.67% to 12.97% during the year, admissible amount comes to Rs. 1,871 Lakh [Rs 1,684 Lakh X 1.1297/1.0167]. The Commission accordingly admits Rs. 1,871 Lakh for Lease Rental under Distribution function.

3.6.2 Complaint Management Mechanism:

The admitted amount under this head in 2021-22 Tariff Order is Rs 353 Lakh. WBSEDCL has claimed Rs 298 Lakh under this head. The Commission, in para 6.4.4 of the Tariff Order for 2020 – 21, has specified that this element will be considered as controllable factor. Same amount is reflected in the Form 1.15 and Note 38 A of audited accounts. Since the claim is less than the amount admitted in Tariff Order, the Commission admits Rs. 298 Lakh for Complaint Management Mechanism under Distribution function.

3.6.3 Insurance:

The admitted amount under this head in tariff order of 2021-22 is Rs 1,257.12 Lakh. WBSEDCL has claimed Rs 1,557 Lakh under this head. The same amount is reflected under Form 1.17(f) and note 38C of the audited Annual accounts submitted by WBSEDCL for 2021-22. Since the item has been considered under the uncontrollable head, the Commission admits Rs. 1,557 Lakh for Insurance, which has been allocated in proportion to the claim as Rs.1,303 Lakh and Rs.254 Lakh between generation and distribution functions respectively.



सत्यमेव जयते



3.6.4 **Bad Debts written-off:**

No amount has been admitted under this head in Tariff Order of 2021-22. WBSEDCL has claimed Rs 10,723 Lakh under this head. The same amount is reflected under Form 1.15 and 1.17 and note 38D of the Annual accounts submitted by WBSEDCL for 2020-21. As per regulation 5.10.1, the Commission may allow such amount of bad debt to a ceiling of 0.5% of the annual gross sale value of power at the end of current year. Hence, the Commission admits Rs. 10,723 Lakh as the same is less than 0.5% of the annual gross sale value of power (Rs. 11,269 Lakh) at the end of current financial year.

3.6.5 **Rates and taxes:**

WBSEDCL in its application has submitted that, the expenditure of Rs 19,460 Lakh claimed under Rates and Taxes includes Goods & Services Tax (GST) amounting to Rs. 19,353 Lakh and Municipal & other taxes Rs.107.00 Lakh. WBSEDCL has also submitted that expenditure on Rates and Taxes, being dependent on external factors like government tax fixation policy, is uncontrollable in nature, and the Commission may accordingly consider allowance of such expenditure.

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

Total tax claim of WBSEDCL works to Rs 19,460 Lakh out of which Rs. 333 Lakh is tax related to employees and insurance and Rs. 107.00 Lakh for Municipal & Other taxes. The taxable heads of O&M, Outsource and small expenditures of Lease rental, insurance and complaint management mechanism accounts for this tax. The Commission decides to allow the tax related to employee expenses and insurance as per the claim of



WBSEDCL. However, for balance taxable heads proportionate amount of tax is admitted as below:

Table 3.6-1

SL No	Particulars	Amount
		(Rs. Lakh)
1	Taxable expenditure claimed on O&M and outsourcing expenses	1,12,774.00
2	Less: Employees Cost + Insurance on which GST has been paid	1,919.00
3	Net Taxable Expenditure (1 - 2)	1,10,855.00
4	Admitted amount of expenditure on O&M & outsourcing	1,10,692.00
	(i) O&M for Generation: Rs.4,331 Lakh	
	(ii) R&M for Distribution: Rs. 26,051 Lakh	
	(iii) A&G for Distribution (excluding Bank Charges): Rs. 12,884 Lakh	
	(iv) Outsourcing Expenses: Rs. 65,257 Lakh	
	(v) Lease rental & complaint management: Rs. 2,169 Lakh	
5	Tax claimed on O&M and outsourcing expenses	19,353.00
6	Less: GST on employee cost and insurance (as claimed)	333.00
7	Net GST Claim (excluding Emp Cost + Insurance) [5-6]	19,020.00
8	Proportionate GST admitted on O&M & outsourcing expenses. [(7) / (3) X 4]	18,992.03
9	Add: GST on employee cost and insurance (as claimed)	333.00
10	Municipal & Other Taxes as claimed	107.00
11	Total allowable rates & taxes [8 + 9 + 10]	19,432.03

The Commission admits the amount of Rs. 19,432.03 Lakh as mentioned above. The admitted amount is proportionately allocated between Generation and Distribution function in the ratio of amounts claimed by WBSEDCL against this head. Thus, the amount admitted under generation function comes to Rs 524.25 Lakh and for Distribution function, admitted amount is Rs 18,907.78 Lakh.

**3.7 Depreciation:**

3.7.1 WBSEDCL has claimed an amount of Rs. 51,381 Lakh in its APR application for 2021-22 towards depreciation on tangible fixed assets as against Rs. 44,368.62 Lakh allowed in the Tariff order for the year 2021-22. From Note 1 of the Audited Accounts for the year 2021-22, it is observed that total depreciation for the year 2021-22 net of adjustment for retirement of assets is Rs. 119109 Lakh [Rs. 119243 Lakh – Rs. 134 Lakh]. Note 33 of annual accounts of 2021-22 shows amortization of Government grants of Rs. 74,127 Lakh and amortization of Consumers' contributions towards capital assets of Rs 8,727 Lakh. Hence, the net depreciation computed as Rs. 36255 Lakh and is admitted for the year 2021-22 as shown below:

Table 3.7-1

Sl No	Particulars	Amount as per Audited A/cs (Rs Lakh)	Reference of Audited Accounts
1	Gross Depreciation	1,19,243	Note 1
2	Less:		
	Adj for Retirement of assets for the year	134	Note 1
	Govt Grant Amortization	74,127	Note 33 B
	Amortization of Consumer Contribution Assets	8,727	Note 33 B
	Sub-total	82,988	
3	Net Depreciation Admitted [1 - 2]	36,255	

3.7.2 The amount of Rs 36,255 Lakh admitted under the head depreciation is allocated to Generation and Distribution in proportion to the claim of WBSEDCL as shown in the table below:

Table 3.7-2

Expenditure Head	Amount in Rs. Lakhs			
	Claimed in APR	Admitted under Generation	Admitted under Distribution	Total Admitted
Depreciation	51,381	6,637.00	29,618.00	36,255.00



सत्यमेव जयते

**3.8 Finance Charges:****3.8.1 Interest on Capital Borrowings:**

3.8.1.1 WBSEDCL has claimed the interest of Rs. 57,029 Lakh on capital borrowing for the year 2021-22 in its APR application. It is seen from note 36A (I) of the annual accounts for the year 2021-22, the amount of interest on capital loan net of capitalization has been shown as Rs. 57,029 Lakh. The details of the loan and interest on loan payable during the year have been shown in Form-C (Statement of Loans and Calculation of Interests) of the APR application. An amount of Rs. 10000 Lakh is stated to have been availed of from WBIDFC Ltd. during the year 2021-22 for restoration works related to AMPHAN and an amount of Rs 430 Lakh has been claimed under Capital Loans in Form C. However, it is observed that the same amount has been additionally claimed under the head "Interest on COVID loan & loan for AMPHAN restoration work." The Commission has dealt with the same in subsequent paragraph and accordingly decides not to consider the amount of Rs.430 Lakh under Interest on Capital borrowings.

3.8.1.2 The interest payable on capital loans during the year as shown in the annual accounts are as shown in Table 3.8-1 below:

Table 3.8-1

Sl. No.	Loan Detail	Opening Balance	Closing Balance	Interest
1	Non- Convertible Bond	100000	100000	10095
2	PFC RAPDRP A	2090	2090	188
3	PFC RAPDRP B	10151	9648	1139
4	Underground at Krishnanagar & Chinsurah	0	2900	65
5	Strengthening Dist. System works	0	2000	1
6	REC *	534570	442525	42673
7	REC Package	4747	2034	2394
8	State Govt	9365	8842	171
9	Bank Of Baroda - Swapped from REC		63023	2417
10	REC - Taken over from WBREDCL	10323	10323	
11	WBIDFC (Amphan Purpose)		10000	430
12	Sub Total (1 to 11)	671246	653385	59573
13	Interest Capitalized	0	0	2544
14	Net Claim (12 - 13)	671246	653385	57029



Sl. No.	Loan Detail	Opening Balance	Closing Balance	Interest
15	Less Loan of WBREDC + Amphan (10 & 11)	10323	20323	430
16	Balances considered for Wt. Avg Int Calculation (14 - 15)	660923	633062	56599
17	Wt. Average interest Rate (%) = [Net Int/Net (Op Bl + Cl Bal)/2]			8.75
	*Opening and Closing Balance considered from Note 18 B of Audited Accounts			

3.8.1.3 Table 2.5.5-1 of Tariff Regulations 2011 classifies interest rates and finance charges as uncontrollable factors. Accordingly, the Commission admits Rs. 56,599 Lakh as interest on capital borrowings and allocates in the same ratio to generation and distribution function as claimed.

3.8.1.4 Total opening balance, and total closing balance are Rs. 6,60,923 Lakh and Rs. 6,33,062 Lakh respectively, whose average comes out to be Rs. 6,46,993 Lakh. The total interest payable, is Rs. 56,599 Lakh.

3.8.1.5 The weighted average interest rate of capital loan comes to 8.75% [(56,599 / 6,46,993) *100].

3.8.2 Interest on Pension Trustee Bonds:

An amount of Rs. 2,601 Lakh was allowed in the ARR for the year 2021-22 towards interest @ 8.5% on Pension Fund Bonds. WBSEDCL has claimed an amount of Rs 9,971 Lakh towards payment of interest on Pension trust Bonds for the year 2021-22. WBSEDCL in its submission under Para 2.8.2 of their Petition mentioned that interest payable would be Rs 2,601 Lakh had the principal amount been timely repaid. The excess interest paid for the year 2021-22 [Rs 7,370 Lakh (Rs 9971 – Rs 2,601) Lakh] is owing to partial repayment of Principal amount of Pension Trust Bonds. The Commission therefore does not allow this additional amount of Rs. 7370 Lakh and admits Rs.2601 Lakh towards payment of interest on pension trust bond. Allocation of admitted amount to the generation and distribution functions has been done as per allocation prescribed by Tariff Order 2021-22 and Rs 2,601 Lakh is admitted for Distribution function.

**3.8.3 Interest on Working Capital:**

3.8.3.1 WBSEDCL has not claimed any amount towards interest on working capital.

3.8.3.2 The Commission proceeds to calculate the admissibility of Working Capital requirement as shown in Table 3.8.2 below:

Table 3.8-2

Particulars	Derivation	Rs Lakhs
		Admitted
Working Capital:		
Total Variable cost (reduced by amount of gain shared and bill discounting) and Fixed cost	A	22,08,971.48
Less: Depreciation	B1	36,255.00
Less: Bad Debts	B2	10,723
Less: Return on Equity	B3	37,578.17
Total deductions: (sum B1:B3)	B	84,556.17
Allowable Gross Sales for Working Capital	C = A-B	21,24,415.31
Allowable Working Capital @10% on C	D	2,12,441.53
Security Deposit as on 31.03.2022 as per Note 20 of Audited Accounts 2021-22)	E	4,81,482.00

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

3.8.4 Interest on Consumers' Security Deposit:

3.8.4.1 WBSEDCL has submitted audit certificate in respect of security and other deposits from consumers and interest on security deposit in annexure 27A of volume II of application. The actual amount of interest accrued on such security deposits during 2021-22 is Rs. 25,513 Lakh, as against Rs. 24,412 Lakh allowed in the Tariff Order.



3.8.4.2 The amount of interest on security deposit as reflected in note 36 (IV) of Annual Accounts for 2021-22 and claimed by WBSEDCL, i.e., Rs. 25,513 Lakh are admitted and considered under distribution function in the APR for 2021-22.

3.8.5 Other Finance Charges:

3.8.5.1 This head of expenditure is a subhead of financing cost in terms of Regulation 5.6.4 of the Tariff Regulations. Under this sub-head against the approved amount of Rs 1,486 Lakh in tariff order 2021-22, WBSEDCL has claimed Rs. 10,190 Lakh which includes bank charges of Rs. 1,831 Lakh, Bank Charges for Bill discounting arrangement for NHPC dues of Rs. 1,656 Lakh, Pre-Payment Charges of Loan Swapping for RECL Loan of Rs. 1,103 Lakh, Pre-payment charges of RECL Loan repaid through Government Grant Rs. 1,931 Lakh, other charges for Working Capital Loan Rs 3,652 Lakh and Rs 17 Lakh towards Impact of Ind AS estimated for the current year related to Transaction cost of Capital Bonds being the differential amount towards interest expenditures resulting from fair value accounting of expenditures in accordance with IND_AS requirement as disclosed in Note No. 36(B) and Note 33(B) of Audited Annual Accounts for 2021-22.

3.8.5.2 In accordance with 5.6.4.2 of the Tariff Regulations, Bank charges related to Capital borrowing are only admissible under the head other finance charge. The bank charges of Rs. 1,831 Lakh has accordingly been considered under A & G expenses in absence of specific segregation of bank charges related to Capital and day to day expenses.

3.8.5.3 The Commission finds that such claims for impact of Ind AS compliance for the year 2021-22 are on account of the resultant notional interest calculated to recognize the liability for purchase of power, and liability for capital supplies/ works at their fair value in balance sheet using amortized cost or effective interest rate due to adoption of IND-AS.

3.8.5.4 The Commission vide Paragraph 4.2 of the APR order 2016-17 (first APR order after adoption of IND-AS) had elaborated on the issues related to First time adoption of Ind



AS. and decided not to admit such notional interest vide Para 4.2.4.5, and accordingly such amount is not admitted.

3.8.5.5 Further, the claim of Rs. 3,652 Lakh related to Working Capital loan is also not admitted since in accordance with 5.6.4.2 of the Tariff Regulations, bank charges related to capital borrowing are only admissible.

3.8.5.6 Considering above, the balance claim of other finance charges to the tune of Rs.4,690 Lakh incurred by WBSEDCL are admitted with function wise breakup of Rs 228 Lakh under generation head and Rs 4,462 Lakh under Distribution head in proportion to the claim. WBSEDCL is however, directed to ensure adjustment of pre-payment premium (against the RECL Loan prepaid through Government grant) if so received from the Government of West Bengal from the Aggregate Revenue Requirement through separate line item in APR, in the year of such receipt.

3.9 Other expenses:

3.9.1 WBSEDCL has claimed Rs 7,805 Lakh as the expenditure for other items in its APR application. This includes Rs. 7,040 Lakh related to loss of receivable for sale of land, Rs. 466 Lakh on account of loss on obsolescence of inventory and Rs.299 Lakh for solatium on death/damages to outsiders.

3.9.2 The Commission notes that, WBSEDCL, vide Para2.25.6 of the submission text of the Petition, has submitted that the amount of Rs 7,040 Lakh is related to some portion of land transferred to WBSETCL for construction of sub-station and other allied works which had been booked as income and receivable from WBSETCL in the year 2019-20. Subsequently, WBSEDCL had got the information about the land being vested land and L&LR and R&RR department will settle the land in favour of WBSETCL. Accordingly, they had written back the receivables and booked the loss in the current year. The Commission observes the said amount was included in the income from non-tariff sources admitted vide Para 4.20.4 of its order dated 22.07.2022 on APR for the year 2019-20. Accordingly, this amount as claimed on loss of receivable for sale of land is



admitted in the APR for 2021-22 under other expenses. The Commission also considers to admit the expenses of Rs. 466 Lakh against the loss of obsolescence of inventory under the other expenses.

3.9.3 Further, WBSEDCL has also claimed the amount of Rs. 299 Lakh on account of solatium on death/damages to outsiders and compensation to consumers. As per the Regulation 2.2.7 of Tariff Regulations, the Commission decides not to admit the claim of Rs. 299 Lakh on account of compensation paid by WBSEDCL to outsiders.

3.9.4 Accordingly, the Commission admits Rs 7,506 Lakh under the head of other expenses for the year 2021-22.

3.10 Reserve for Unforeseen Exigencies:

3.10.1 In the Tariff Order for 2021-22, no amount was allowed under this head in the ARR. WBSEDCL has also not claimed any amount under this head in its APR application for 2021-22. Accordingly, the Commission does not consider any amount under this head in APR for 2021-22.

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

3.10.3 In view of above, the Commission directs WBSEDCL to comply with the direction given in paragraph 3.17.5 of the APR Order of 2014 – 15 before filing next APR application for FY 2022 – 23 and decides to continue with the amount already withheld in the APR order of 2014-15.

**3.11 Return on Equity:**

- 3.11.1 WBSEDCL has submitted that, as per the provisions of the Tariff Regulations, it has computed the pre-tax ROE for 2020-21 in Form 1.22 of Annexure-I in Volume-I of this APR Application which comes to Rs.38,574 Lakh. WBSEDCL further submitted that no equity addition has been considered for generation assets but actual addition of equity base for distribution assets Rs. 9,353 Lakh has been considered during 2021-22 for computation of actual ROE.
- 3.11.2 However, the Commission finds that Retained Earnings available for equity addition as per Note 16D of the Audited Accounts is Rs 3,429 Lakh which is within 30% of net asset addition (excluding consumer contribution and grant funded assets) during the year.
- 3.11.3 Accordingly, the Commission proceeds to compute the admissible Equity base and Return on Equity as below:

Table 3.11-1

Figures in Rs Lakhs

Sl No	Particulars	2021-22		
		Generation	Distribution	Total
1	Opening equity base	11,358.00	2,26,047.00	2,37,405.00
2	Equity addition	7,050.00	9,353.00	16,403.00
3	Closing equity base	18,408.00	2,35,400.00	2,53,808.00
4	Admissible equity base (Opening) – from APR Order 2020-21	0.00	2,26,017.00	2,26,017.00
5	Admissible Equity Addition	0.00	3,429.00	3,429.00
6	Admissible equity base (Closing)	0.00	2,29,476.00	2,29,476.00
7	Average Equity Base [(4+6)/2]	0.00	2,27,746.50	2,27,746.50
8	ROE @ 16.5% of 7	0.00	37,578.17	37,578.17

The Commission thus admits Rs 37,578.17 Lakh towards Return on Equity for 2021-22.



3.12 Taxes under Income Tax Act:

- 3.12.1 WBSEDCL has submitted, ROE is claimed on pretax basis, and hence MAT is claimed separately by WBSEDCL in this APR Application amounting to Rs. 2,425 Lakh. However, the Commission notes that, as per ITR Challans submitted by WBSEDCL, it has paid Rs. 921 Lakh towards Income Tax for FY 2021-22 and has also claimed TDS/TCS Credit amounting to Rs.1,533.73 Lakh.

Accordingly, the Commission admits the amount of Rs. 2,454.73 Lakh paid by WBSEDCL as Income Tax during the year.

3.13 Normative Debt:

WBSEDCL has not claimed any amount as interest on normative debt. No amount under this head was admitted in Tariff Order of 2021-22. Hence, no amount is admitted under normative debt in this APR.

3.14 Principal Repayment of Bonds for Creation of Pension Fund:

- 3.14.1 In the tariff order for 2021-22, the Commission admitted Rs. 30,600 Lakh towards payment of principal amount of pension bond which was created in terms of Notification No.313-PO/O/III/3R-29/2006 dated 19/09/2008 of Govt of West Bengal. Repayment of such bond is due from 2017-18 in 5 equal annual installments of Rs 30,600 Lakh as per terms of the Govt. of West Bengal Notification.
- 3.14.2 The Commission vide Paragraph 6.17.3 of the Tariff Order for 2021-22 had directed WBSEDCL to make all the repayments of the bond as due for the respective financial years by 2021-22 and furnish necessary documents in support of such payments along with APR of the respective years.



3.14.3 WBSEDCL vide Para 2.32.2 of their Petition submitted that they had not paid any amount under principal repayment of bond for the year 2021-22 and accordingly has not claimed any amount towards repayment of pension bond. This is also reflected in Note 18B of the Audited Annual Accounts for the year 2021-22. Accordingly, the Commission admits no amount under this head.

3.15 Income from Non-Tariff Sources:

3.15.1 In the tariff order of 2021-22 a total amount of Rs. 83,789 Lakh was considered towards the estimated earnings of WBSEDCL from other non-tariff sources. WBSEDCL claimed Rs 73,386 Lakh as Income from Non-Tariff Sources in its APR application.

3.15.2 Note 32 of Annual Audited Accounts shows total non-tariff income as Rs 68,052 Lakh. This includes DSM receivable of Rs. 408 Lakh. Since DSM receivable is not considered under non-tariff income, the amount is reduced by DSM receivable. Since the claim amount is reduced by the DSM charges receivable, the Commission admits the claim of Rs. 67,644 (68,052-408) Lakh.

3.15.3 As per Note-33 of annual accounts WBSEDCL has disclosed a total income of Rs 1,12,772 Lakh and claimed Rs 4,850 Lakh as Other General Receipts. The Commission additionally considers the amounts pertaining to Income from sale of scraps (Rs. 1,817 Lakh), Interest income on Staff Loan & Advances (Rs.9 Lakh), Interest from Licensees/Contractors/Consumers (Rs. 3 Lakh) and Other Provision written back excluding the Provision Stock shortage on verification (Rs 2275 Lakh) and interest on taken over loan from WBREDCL (Rs. 8774 Lakh) as reflected in Note 33A ,33B and 33.6 of the Audited Accounts under this head. Accordingly, the admitted amount under Other General receipts comes to Rs 6,800 Lakh (4,850 + 1,817 + 9 + 3 + 121). Interest on Fixed Deposits amounting to Rs 883 as per Note 33.4 of the Audited Accounts amounting is admitted. Accordingly, the total amount claimed vis-à-vis admitted is as depicted below:

Table 3.15-1



Particulars	Claimed	Admitted
	(Rs Lakh)	(Rs Lakh)
Rental from Meters etc.	29482	29482
Disconnection/Reconnection Charges	2357	2357
LPSC	32315	32315
Income from job at Consumer Premises	38	38
Transmission/Wheeling Charges	3452	3452
Sub-Total	67,644	67,644
Other General Receipts	4850	6800
Income from Investment & Bank Balances	892	883
Total	73,386	75,327

3.15.4 The admitted amount of Rs. 75,327 Lakh. under this head as discussed above is allocated to distribution function as per their claim.

3.16 Unscheduled Interchange (UI)/DSM Charges:

3.16.1 As per the annual accounts for the year 2021-22, Note No.32, the DSM receivable is Rs. 408 Lakh. In Note No.34A, the amount payable by WBSEDCL towards DSM is Rs. 14,905 Lakh and no arrear amount are to be adjusted; thus net payable is Rs 14,497 Lakh.

3.16.2 WBSEDCL in their APR application for 2021-22 has claimed the net DSM payable amount of Rs. 14,497 Lakh as expenditure. In line with decision taken in para 2.6.2.6 above, the Commission in this APR order for 2021-22 admits the same under distribution function.

3.17 Benefits to be passed on to consumers and other licensees:

The Commission in para 2.6.2.4 of this Order has computed the net revenue received over and above marginal cost of the surplus energy amounting to Rs. 1,08,447 Lakh. In terms of regulation 5.15(iv) of the Tariff Regulations, 50% of such net amount i.e. Rs. 54223.50 Lakhs needs to be shared with the consumers..

3.18 Advance Against Depreciation /Interest Credit:



3.18.1 In terms of the Tariff Regulations, depreciation is primarily used for repayment of capital loan. Where the amount of depreciation falls short of amount of loan repayment such shortfall is allowed under advance against depreciation (AAD) limited to 1/10 of original amount of allowable loan. Similarly, when amount of loan repayment in a year is more than allowed depreciation, an interest credit at the rate of weighted average cost of debt for the corresponding year needs to be adjusted on such excess depreciation charged. Further in terms of the Tariff Regulations, it is required to be ensured that the depreciation allowed should not go beyond 90% of the original cost of Asset and after repayment of entire loan the resulting depreciable amount shall be spread over the balance useful life of the fixed asset. The Commission has accordingly, in the APR order for 2020-21 had determined the cumulative amount of ‘excess of depreciation over repayment’ as on 31.03.2020 amounting to Rs. 1,05,606.76 Lakh.

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

Table 3.18-1

Sl no	Details	Amount in Rs. Lakh
1	Depreciation admitted	36,255.00
2	Repayment as per form C (Net of Swapped Loans)	35,988.00
3	Excess fund (3 = 1 -2)	267.00
4	Excess of depreciation over repayment in upto 31.03.2021	1,05,606.76
5	Cumulative excess fund available (3+4)	1,05,873.76
6	Rate of int. (Refer para 3.8.1.5 of this order)	8.75%
7	Interest credit	9,263.95

3.18.3 The Commission admits Rs.9,263.95 Lakh as the interest credit on depreciation.

3.18.4 The amount admitted towards interest credit is allocated between distribution and generation function in the ratio of depreciation and Rs 1,695.90 Lakh and Rs. 7,568.05 Lakh is admitted for Generation function and Distribution function respectively.

3.19 Carrying cost of regulatory asset:



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- 3.19.1 WBSEDCL has claimed liability of Regulatory Asset including carrying cost of Rs. 63,766.84 Lakh considering the admitted amount of APR for 2017-18 to 2019-20 by the Commission and on the total amount claimed by WBSEDCL in the present APR Petition for the year 2021-22.
- 3.19.2 It is observed from the petition that WBSEDCL had not resorted to any additional borrowings to meet up the gap in the absence of release of regulatory assets so claimed, neither has it claimed interest on temporary accommodation in terms of regulation 5.6.5.4 of the Tariff Regulations.
- 3.19.3 The Commission, accordingly, in line with the provisions of extant regulations decides not to consider any carrying cost on regulatory assets as claimed by WBSEDCL in this order.

3.20 Interest on COVID loan & loan for AMPHAN:

- 3.20.1 WBSEDCL has claimed Rs. 8,163 Lakh interest on account of COVID loan (Rs 7,733 Lakh) and AMPHAN loan (Rs. 430 Lakh) for year 2021-22. WBSEDCL has submitted that, during AAMPHAN, distribution infrastructure spread over wide area of West Bengal has been seriously damaged. To overcome the situation and restoration of power supply across the network, WBSEDCL had to avail additional loan for AAMPHAN restoration works. Interest of such loan accounted as Rs. 430 Lakh (as per Note. 36.2 of audited annual accounts).
- 3.20.2 WBSEDCL also submitted that it had faced severe challenge to keep power supply unaffected during the prolonged Lock-Down period due to COVID '19'.
- 3.20.3 WBSEDCL accordingly submitted that interest on the loan drawn to match the revenue gap arising during the extended period of COVID 19 amounted to Rs. 7,733 Lakh.
- 3.20.4 The Commission in its Suo Moto Order dated 06.05.2020 in Case No SM-22/20-21 has ordered vide Paragraph 11(c) and 11(d) as below:



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“11 (c) Distribution Licensees shall explore the possibility of short-term borrowing from financial institution at competitive rate for the working capital requirement till 31st July 2020. Additional interest on this account will be considered in addition to normal interest on working capital entitlement during Annual Performance Review (APR) of FY 2020-21.”

“11 (d) Distribution Licensees shall separately account for the financial impact arising out of this order in their annual account and submit to the Commission at the time of submission of APR of FY 2020-2021.”

3.20.5 Accordingly, additional interest on account of COVID loan and AMPHAN loan incurred and claimed as Rs. 8,163 Lakh for the year 2021-22 and disclosed separately in their Audited Accounts of 2021-22 (Note 36.2) is admitted by the Commission in the APR for 2021-22 under distribution function.

3.21 Based on above observations, function wise admitted fixed charges under different heads is summarized in Annexure - 3A.



ANNEXURE - 3A
SUMMARY OF FIXED COST [in Rs Lakhs]

Sr No.	Heads of Fixed Cost	APR Admitted		
		Generation	Distribution	Total
1	Transmission Charge Paid to CTU		1,13,799.00	1,13,799.00
2	Transmission Charge Paid to WBSETCL		1,47,447.00	1,47,447.00
3	POSOCC Charge		258.00	258.00
4	ERPC Charge		16.00	16.00
5	SLDC Charge		2,217.00	2,217.00
6	VARH Charge		553.00	553.00
7	Total employee cost	5,417.00	1,64,633.00	1,70,050.00
8	Operation and maintenance Expenses			0.00
	a) Operation and Maintenance Expenses for Generation	4,331.00		4,331.00
	b) Repair and maintenance Expenses (Distribution)		26,051.00	26,051.00
	c) Administrative & General Expenses (Distribution)		14,715.00	14,715.00
	d) Lease Rental		1,871.00	1,871.00
	e) Expenses for Complaint Management mechanism		298.00	298.00
	f) Insurance	1,303.00	254.00	1,557.00
	g) Rates & Taxes	524.25	18,907.78	19,432.03
	h) Cost of outsourcing (distribution)		65,257.00	65,257.00
9	a) Interest on capital borrowings	456.00	56,143.00	56,599.00
	b) Interest on Bond For creation of Pension Fund		2,601.00	2,601.00
	c) Other Financing Charges	228.00	4,462.00	4,690.00
	d) Interest on Security Deposits		25,513.00	25,513.00
10	a) Depreciation	6,637.00	29,618.00	36,255.00
	b) Advance against depreciation			0.00
11	Principal Repayment of Bonds for Pension Fund			0.00
12	Bad Debt		10,723.00	10,723.00
13	Income Tax		2,454.73	2,454.73
14	Reserve for unforeseen exigencies			0.00
15	Interest on working Capital			0.00
16	Net Deviation Charge		14,497.00	14,497.00
17	Other expenses		7,506.00	7,506.00
18	Total Expenditure (sum of 1:17)	18,896.25	7,09,794.51	7,28,690.76
19	Normative Return on Equity		37,578.17	37,578.17
20	Special Allocation			0.00
21	Interest on Loan for COVID & AAMPHAN		8,163.00	8,163.00
22	Gross Fixed Cost (18+19+20+21)	18,896.25	7,55,535.68	7,74,431.93
23	a) Less: Total of non-tariff income		75,327.00	75,327.00
	b) Less: Share of benefits with consumers from sale to other than consumers of WBSEDCL [Form 1.24]		54,223.50	54,223.50
	c) Less: Interest Credit		9,263.95	9,263.95
	Total Deductions from Gross Fixed Cost: sum ((a): (c))	0.00	1,38,814.45	1,38,814.45
24	Net Fixed Cost (22-23)	18,896.25	6,16,721.23	6,35,617.48



CHAPTER – 4

AMOUNT ADJUSTABLE ON ANNUAL PERFORMANCE REVIEW

- 4.1 Re-determined allowable fixed charges for generation and distribution functions including retail selling activities of WBSEDCL for the year 2021-22, as summarized in previous chapter, is Rs 6,35,617.48 Lakh with function wise breakup as shown in table 4.1-1 below.

Table 4.1-1

Particulars	Amount (In Rs. Lakh)
Fixed charge admitted for Generation	18,896.25
Fixed charge admitted for Distribution	6,16,721.23
Total Fixed charge admitted	6,35,617.48

- 4.2 The amount of total allowable variable costs for the year 2021-22 as determined in this order for Fuel and Power Purchase Cost Adjustment (FPPCA) at paragraph 2.11 is **Rs. 16,18,186.00 Lakh.**

Table 4.2-1

Sl No	Particulars	Amount (In Rs. Lakh)
1	Variable cost allowed (vide paragraph 4.2 above)	16,18,186.00
2	Allowable net fixed cost (vide paragraph 4.1 above)	6,35,617.48
3	Aggregate revenue requirement [3 = (1) +(2)]	22,53,803.48

- 4.3 In the Tariff Order for 2021-22, the Commission considered Rs. 1,13,654.77 Lakhs, Rs. 67,985.70 Lakhs and Rs. 50,929.04 Lakhs on account of adjustments of APR of WBSEDCL for the years 2015 – 16, 2016 – 17 and 2017 – 18 respectively. Thus, the net aggregated revenue recoverable during the year 2021 – 22 comes to **Rs. 24,86,372.99 Lakhs (Rs. 22,53,803.48 Lakhs + Rs. 1,13,654.77 Lakhs + Rs. 67,985.70 Lakhs + Rs. 50,929.04 Lakhs).**
- 4.4 Now, as per Note no. 31 – (Revenue from sale of power) of annual accounts of WBSEDCL for 2021-22, net earnings from sale of energy during the year 2021-22 was Rs. 25,98,653 Lakh which includes the revenue from sale of energy to persons other than consumers and licensees (sale to trader) to the tune of Rs. 3,02,116 Lakh. Further Rs



20,557 Lakh towards charges for export of power also needs to be adjusted. Thus, the sales revenue earned by WBSEDCL during the year 2021-22 for sale to own consumers and licensees is **Rs 23,17,094.00 Lakh (Rs. 25,98,653 Lakh – Rs. 3,02,116 Lakh + Rs. 20,557 Lakh).**

- 4.5 Further, WBSEDCL in its submission made under Annexure – 12 A of Volume – II of the APR Petition, stated that in the multiple licensee area it has applied a tariff lower than the ceiling tariff specified in the tariff order of the Commission for the year 2021 – 22. WBSEDCL through an auditor’s certificate submitted that it has supplied 2099.19 MU during 2021 – 22 to 192 numbers of consumers in the multiple licensed area and has recovered an amount of Rs. 1,05,268 Lakh. The entire amount of Rs. 1,05,268 Lakh has been considered as revenue realized from additional sale and it is submitted that WBSEDCL was able to recover cost of supply, CTU and STU charges and part of wheeling cost. WBSEDCL is directed to submit detailed breakup related to power purchase cost and fixed cost (for network) to supply power in multiple licensee areas in subsequent APR Orders duly certified by auditor.
- 4.6 Based on the analyses as done in the foregoing paragraphs, the amount adjustable on the instant case of APR for the year 2021-22 works out as shown in table hereunder:

Table 4.6-1

SI No	Particulars	Amount
		(In Rs. Lakh)
1	Aggregate revenue requirement	24,86,372.99
2	Less: Revenue realized during the year (vide para. 4.4)	23,17,094.00
3	Net amount recoverable [(3) = (1) - (2)]	1,69,278.99

4.7 **Regulatory assets realizable from Railways sale in consumer mode:**

- 4.7.1 WBSEDCL has submitted that, Indian Railways and WBSEDCL had executed a Power Purchase Agreement (PPA) on 10.06.2022 for purchase of power by Indian Railways as a deemed licensee. The PPA was approved by the Commission vide order dated 23.06.2022 in Case No. PPA – 104/ 21 – 22. In terms of the said PPA, Indian Railways



(Eastern Railways) shall pay proportionate share of regulatory asset of WBSEDCL as determined by the Commission in the APR Orders pertaining to the period up to which Railways remains connected as a consumer of WBSEDCL. In this regard, WBSEDCL submitted that the sale of Railways in consumer mode during 2021 – 22 was 1,275.695 MU against the total sale volume of 33,222.554 MU to all consumers.

4.7.2 The Commission observes that the Indian Railways used to be a consumer of WBSEDCL and was covered under the consumer tariff of WBSEDCL as was determined by the Commission. Subsequently, by virtue of the order of CERC in petition 197/MP/2015 dated 05.11.2015, the Indian Railways has become a deemed licensee. Accordingly, Indian Railways (Eastern Railways) has agreed to purchase power from WBSEDCL as a licensee at a mutually agreed tariff and executed a Power Purchase Agreement between them on 10.06.2022. The PPA was approved by the Commission vide order dated 23.06.2022 in Case No. PPA – 104/ 20 – 21 under section 86 (1) (b) of the Electricity Act, 2003. Now, in terms of the clause 5.6 of the agreement dated 10.06.2022, the Indian Railways has agreed to bear the proportionate share of regulatory assets for the period during which it was a consumer of WBSEDCL.

4.7.3 The Commission in this order has determined the regulatory asset of Rs. 1,69,278.99 Lakh. During this period, the total sale to consumers by WBSEDCL was 33,222.554 MU out of which sale to Railways was 1,275.695 MU. Therefore, the proportionate share of regulatory asset to be recovered from Railways during 2021 – 22 comes to Rs. 6,500.05 Lakh as calculated below:

Respective Year APR Order	Net Amount Recoverable	Total Sale to Own Consumers	Sale to Railways	Proportionate share of railway
APR Order for 2021-22	in Rs. Lakh	in MU	in MU	in Rs. Lakh
	(1)	(2)	(3)	(4) = (1) X (3) / (2)
	1,69,278.99	33,222.554	1,275.695	6,500.05

4.7.4 It is further observed that WBSEDCL has not proposed for any mechanism regarding recovery of the proportionate regulatory asset from Railways. It is to be noted that the



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amount of regulatory asset embedded in the tariff is recovered from consumers throughout the year under monthly bills. Similarly, WBSEDCL shall realize the amount from Railways, being a consumer during the period of 2021 - 22, in monthly installments. The amount realized from Railways shall be adjusted with the APR of respective years. WBSEDCL shall maintain a separate record of the amount.

- 4.7.5 In view of the above, the Commission accords its approval to WBSEDCL to realize Rs. 6,500.05 Lakhs from Railways on account of proportionate share of regulatory asset for the year 2021 – 22 in terms of clause 5.6 of the agreement dated 10.06.2022 in 12 equal monthly installments along with the monthly bills prospectively.
- 4.7.6 WBSEDCL is directed to reflect the amount so received from Railways appropriately in its Annual Accounts which is to be adjusted during APR of the respective years.
- 4.11 In terms of regulation 2.6.6 of the Tariff Regulations, the balance recoverable amount of **Rs. 1,62,778.94 Lakh (Rs. 1,69,278.99 Lakh – Rs. 6,500.05 Lakh)** or a part thereof shall be adjusted with the Aggregate Revenue Requirement of one or more ensuing year(s) tariff order or through a separate order, as may be decided by the Commission.
- 4.12 WBSEDCL is to take a note of this order.
- 4.13 A copy of the order shall be posted in the website of the Commission.
- 4.14 WBSEDCL shall download the copy of the order from the website of the Commission and act on it. Certified copy of the order, if applied for, be given to the parties on completion of formalities laid down in the West Bengal Electricity Regulatory Commission (Conduct of Business) Regulations, 2013, as amended and on submission of necessary fees.

Sd/-

(PULAK KUMAR TEWARI)
MEMBER

Sd/-

(MALLELA VENKATESWARA RAO)
CHAIRPERSON

DATED: 26.04.2023

Sd/-
SECRETARY