



ORDER

OF THE

WEST BENGAL ELECTRICITY REGULATORY COMMISSION

**IN CASE NO. -
FPPCA-120/23-24 AND
CASE NO. - APR-117/23-24**

IN REGARD TO THE APPLICATIONS SUBMITTED BY WEST BENGAL STATE ELECTRICITY DISTRIBUTION COMPANY LIMITED FOR APPROVAL OF FUEL AND POWER PURCHASE COST ADJUSTMENT (FPPCA) AND ANNUAL PERFORMANCE REVIEW (APR) FOR FY 2022-2023.

PRESENT:

DR MALLELA VENKATESWARA RAO, CHAIRPERSON

DATE: 09.12.2024



CHAPTER – 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 2022 – 23 on 28.11.2023 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 2022 – 23 on 22.09.2023 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 03.10.2023 and 26.12.2023 in Case No. FPPCA – 120/23-24 and Case No. APR – 117/23-24 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 2022 – 23, 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 2022 – 23 in Case No. TP-89/20-21 dated 28.07.2022. 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.
- 1.4 On admission of the FPPCA and APR applications for the year 2022 – 23, 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 2022 – 23, 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

Sl. No.	Date of Publication	Newspapers	Last date for submission of suggestions / objections as per notification
1	31-01-2024	The Aajkal	21 days from date of publication (inclusive of date of publication) [i.e., 20.02.2024]
2		Ei Samay	
3		Sangbad Pratidin	
4		The Telegraph	

The approved gist along with the APR and FPPCA petitions for 2022– 23 were also published on the website of WBSEDCL. WBSEDCL had also made available the applications of APR and FPPCA for 2022 – 23 and copy of its audited Annual Report and Accounts for 2022 – 23 on its website. Opportunity was provided to all to inspect the applications and take copies thereof.

- 1.5 Two comments have been received from Forum of Scientists, Engineers & Technologists (FOSET) and DVC vide letter dated 09.02.2024 and 20.02.2024 respectively within the stipulated date and time to submit comments/objections/suggestions.



CHAPTER – 2

COMMENTS, OBJECTIONS AND SUGGESTIONS

2.1 The Commission observed that Forum of Scientists, Engineers and Technologists (FOSET) and Damodar Valley Corporation (DVC) have submitted their suggestions, objections and comments to the Commission on the applications for APR 2022-23 of WBSEDCL within the due date mentioned in the gist publication.

2.2 **Forum of Scientists, Engineers and Technologists (FOSET) inter-alia submitted the following: -**

- a) WBSEDCL has incurred additional power purchase cost of Rs. 35,06,26,54,000 in respect of the amount allowed in the MYT order of seventh control period. FOSET has requested the Commission not to allow the additional cost of Rs. 35,06,26,54,000 and the working capital interest against working capital required for such additional cost.

Commissions' view: -

The Commission in the related context while admitting tariff for APR 2022-23 shall take into consideration, actual requirement towards purchase of power of WBSEDCL. The same has been dealt in the subsequent chapter(s).

- b) WBSEDCL has provided special rebate for Durga Puja, but no specific disclosure is observed in the Audited Financial Statements or APR for rebate extended to Durga Puja organizers. In view this, it is presumed that this clubbed amount includes the Durga Puja Rebate.

Commissions' view: -

The observation is noted.

- c) Some other comments received from FOSET are related to APR of 2013-14 which have been noted by the Commission but has not been elaborated in this order as those are not pertaining to the instant application of WBSEDCL.

2.3 **Damodar Valley Corporation (DVC) inter-alia has submitted the following: -**

- a) DVC and WBSEDCL catering the same area of supply in the Damodar Valley Area falling in the state of West Bengal. WBSEDCL is charging lower tariff to certain



categories of the consumers in the DVC area vide its notification dated 16.11.2019 and as a result of this, DVC has lost many consumers having substantial amount of past dues.

- b) DVC in their submission has requested the Commission to review
 - I. Whether WBSEDCL was permitted to charge the lower tariff beyond the supply area of erstwhile DPL to the entire command area of DVC
 - II. Whether WBSEDCL has incurred any loss by charging lower tariff in the command area of DVC, and in case there is any loss, whether such loss has been passed on to the other consumers of WBSEDCL.
- c) DVC in their submission also pointed out that WBSEDCL is not charging MVCA for some categories of the consumers and requested the Commission to review the issue regarding discriminatory application of MVCA.

Commissions' views:

Regarding Multiple Licensed area

- I. *As per third proviso of regulation 2.2.2 (xvi) of WBERC Tariff Regulations, licensee can charge lower than the ceiling tariff determined by the Commission. However, no loss can be passed on to other consumers.*
- II. *The issue has been noted by the Commission and has been dealt separately in subsequent chapter(s).*

Regarding MVCA

- III. *WBSEDCL in their FPPCA petition has submitted that vide letter dated 26.04.2022 and 23.03.2023 has expressed their inability in computing MVCA during 2022-23. The Commission took note of the comments of DVC and submission of WBSEDCL in this regard. The Commission has already taken appropriate action for non-computation of MVCA as per extant Act and Regulations.*



CHAPTER – 3

COMPUTATIONS OF ALLOWABLE FUEL AND POWER PURCHASE COST

- 3.1. In this part of the order, the Commission takes up for determination of fuel and power purchase cost allowable to WBSEDCL on the quantum of power sold by it to the consumers and other licensees during the financial year 2022-23.
- 3.2. The Fuel and Power Purchase Cost (FPPC) during the referred adjustment period, i.e., financial year 2022-23, is to be admitted in terms of the formula as specified in schedule 7A to the Tariff Regulations.
- 3.3. The FPPCA formula provides for adjustment of allowable fuel and power purchase cost for the gain sharing in accordance with Schedule – 9B to the Tariff Regulations. WBSEDCL has no coal fired thermal power station to operate. As such, the question of gain sharing on this account does not arise.
- 3.4. WBSEDCL's own source of generation is from hydro generating stations 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.
- 3.5. Norm of distribution loss for WBSEDCL for the year 2022-23 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

Sl. No.	Particulars	Energy (MU)
1	Total Energy purchased (net of CTU loss) (refer Annexure- 3A of the Order)	51,278.303
2	Energy sent out from own generating stations (See Reference below)	2,265.408
3	STU Grid loss (See Reference below)	1,810.486
4	Net UI Energy drawn (451.959 MU – 337.549 MU) (See Reference below)	114.410
5	Net Energy Available with WBSEDCL from own generating stations and from purchase of power [(1) + (2) – (3) + (4)]	51,847.635
6	Energy sold to persons other than own consumer and licensee including transmission loss @ 3.40% (4596.470 MU + 161.780 MU)	4,758.250



Sl. No.	Particulars	Energy (MU)
	(See Reference below)	
7	Pumping energy for Purulia Pumped Storage Project (PPSP) including transmission loss @ 3.40%	2,207.566
8	Energy available at distribution input for sale to consumer and licensee [(5) - (6) - (7)]	44,881.819
9	Energy sold to licensee at EHV & sale to Sikkim	1,303.439
10	Transmission loss on energy sold to licensee & Sikkim considering normative transmission loss @ 3.40%	45.877
11	Energy Swap Out	98.043
12	Energy received for wheeling at 33kV	144.075
13	Net Energy Available with WBSEDCL for sale to own consumers [(8) - {(9) + (10) + (11)} + (12)]	43,578.535
14	Energy Wheeled	142.668
15	Additional Unit allowed for wheeling	1.407
16	Energy sold to own consumers and sale to licensee at HV level (See Reference below)	35,893.216
17	Own consumption (See Reference below)	74.000
18	Distribution loss [(13) - {(14) + (15) + (16) + (17)}]	7,467.244
19	Distribution loss in % [(18)/ (13) x 100]	17.14%
Reference: Statement of Technical Particulars in Annual Report and Accounts of WBSEDCL for 2022-23.		

The actual distribution loss is 17.14%. 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.

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

3.6.1 FC (FUEL COST):

3.6.1.1 No coal fired thermal generating station is owned and operated by WBSEDCL. It only operates a diesel generating station at Rudranagar in Sagar Island to meet up the local demand. During 2022-23, 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 2022-23 for diesel generation station.

**3.6.2 PPC (POWER PURCHASE COST):**

3.6.2.1 WBSEDCL in its FPPCA petition under Annexure-1 submitted the total power purchase cost for 2022-23 as Rs. 2185304 Lakh (excluding DSM paid) along with an arrear receipt of Rs. 32563 Lakh. It is also submitted that WBSEDCL received a rebate of Rs. 3016 Lakh for timely payment of Power Purchase bills and refund of Rs. 800 Lakh on account of Security Constraint Economic Dispatch (SCED) during the year 2022-23.

3.6.2.2 The quanta of power purchased by WBSEDCL from different sources and cost incurred thereon during 2022-23 as per submission of WBSEDCL and audited annual report and accounts 2022-23 have been enumerated in Annexure – 3A. As may be seen therein, the quantum of power purchased during the year works out to be 51860.198 MU. The cost incurred for total power purchase is Rs. 2181488 Lakh.

3.6.2.3 WBSEDCL submitted that it had sold surplus energy to persons other than consumers and licensee at average variable pooled cost by ensuring the recovery of maximum fuel cost of the power purchase of long term PPAs. From Sl No. 6 of Table 2 above, the surplus energy sold to persons other than consumer and licensee is 4758.250 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 268.11 Paisa/kWh as shown in Table 3 below:

Table 3

Long Term Thermal Source	Purchased energy (MU)	Energy Charge & MFCA Charge Rs. In Lakh	Energy Charge Rate P/kWh
NTPC	6,874.063	1,97,037.00	286.64
DVC (Meija V)	283.952	11,131.00	392.00
DVC (RTPS)	72.074	2,231.00	309.54
DPL	2,401.994	54,134.00	225.37
WBPDC	29,035.934	7,54,015.00	259.68
PTC - Adhunik	319.156	13,271.00	415.82
TPTCL – MPL	2,094.771	58,168.00	277.68
HMEL	1,692.996	56,837.00	335.72
Overall	42,774.940	11,46,824.000	268.11



3.6.2.4 As seen from Table 2, WBSEDCL has sold surplus energy of 4758.250 MU. Therefore, the proportionate energy charge for surplus energy sold to persons other than consumer and licensee is computed below considering the pooled average variable cost of thermal plants under Long Term and Medium Terms PPAs entered by WBSEDCL:

Table 4

Sl No	Particulars	Unit	Values
1	Surplus Energy sale to person other than consumer and licensee as per Table 2	MU	4,758.25
2	Pooled average variable cost of thermal plants under Long / Medium Term PPAs [As per Table 3]	Paise/kWh	268.11
3	Marginal Energy cost of surplus energy [(1) x (4) /10]	Rs. Lakh	1,27,573.44

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

Table 5

Particulars	Purchase (MU)	Cost (Rs. Lakh)
Total Power Purchase and Cost (Excluding arrear payment of Rs. 32563.00 Lakh)	51,860.198	21,81,488.00
Less: Energy Swap Out	98.043	3,743.00
Less: Proportionate energy charge for surplus power sold to persons other than its own consumers & licensees. (at avg. variable pooled cost of 268.11 P/kWh computed at Table 4 above)	4,758.250	1,27,573.44
Less: Amount received from SLDC UI Fund	-	-
Quantum for effecting distribution to consumers and licensees	47,003.905	20,50,171.56
Average per unit (kWh) purchase cost of power for sale to own consumer & licensee (paise/kWh)		436.17

3.6.2.6 It is seen from Sl. No. 9.0 of the statement of technical particulars of audited accounts that WBSEDCL has drawn 451.959 MU under Deviation Settlement Mechanism (DSM) during the year 2022 – 23. It is also seen from Sl. No. 16 of the statement of technical particulars of the annual accounts that, WBSEDCL has injected 337.549 MU during the year 2022 – 23 under DSM. As per note no. – 34(A) of the audited financial statement, the amount payable in DSM pool account is Rs. 23132 Lakh (Rs. 490 Lakh arrear dues) and Rs. 4285 Lakh are receivable from DSM pool account as per note No. 32 of the audited financial statement. The net drawal from DSM pool comes to 114.41 MU with net DSM payable of Rs. 19337 Lakh. 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.

3.7. C_D: Cost Disallowable:

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

Table 6

Sr. No.	Description	Quantity (MU)
1	Total energy purchased for effecting distribution to consumers and licensee as in Table 5 above	47,003.905
2	CTU Loss	581.895
3	STU Grid Loss	1,810.486
4	Net DSM Energy drawn	114.41
5	Net energy available with WBSEDCL from purchase [(1) – (2) – (3) + (4)]	44,725.934
6	Pumping energy for Purulia Pumped Storage Project (PPSP) including normative transmission loss	2,207.566
7	Net purchased energy available with WBSEDCL for distribution to own consumers and licensees. [(5) – (6)]	42,518.368

3.7.2 The Commission notes that, actual auxiliary consumption as submitted by WBSEDCL in line with the normative auxiliary consumption of the plants as specified in the Schedule 9A (H) of the Tariff Regulation. The details of the auxiliary consumption as admitted by the Commission as shown in the Table 7 below:

Table 7

Own Generating Station	Generation in MU	Aux in MU	Actual Aux in %	Normative Aux as per Schedule 9A	Excess if any
Rammam	245.692	2.457	1.00%	1.00%	0.00%
Jaldhaka-1	151.986	1.520	1.00%	1.00%	0.00%
Mini micro-Hydel	184.022	1.840	1.00%	1.00%	0.00%
PPSP	1578.06	26.827	1.70%	1.70%	0.00%
Solar	138.297	0.000	0.00%	0.00%	0.00%
Total in MU	2,298.05	32.644			

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



Table 8

Sl. No.	Factor Notation	Nomenclature	Unit	Value
1	E_{SC}	Quanta of energy sold to consumers and licensee at HV level	MU	35,893.216
2	E_O	Admitted energy for own consumption	MU	74.000
3	D	Normative distribution loss	%	17.50%
4	-	$(E_{SC} + E_O) / (1 - (d \times 0.01))$	MU	43,596.625
5	E_{SL}	Energy sold to other licensees at EHV & sale to Sikkim	MU	1,303.439
6	T	Normative T & D loss for E_{SL} (5)	%	3.40%
7	-	$E_{SL} / (1 - (t \times 0.01))$	MU	1,349.316
8	E	Aux. consumption in excess of norms (Table 7)	MU	0.000
9	E_g	Energy sent out from own generating station	MU	2,265.408
10	E_{Adm}	Purchase of energy admitted [(4) + (7) – (8) – (9)]	MU	42,680.533
11	E_P	Total energy purchased for distribution and supply to own consumers and licensees (Table 6)	MU	42,518.368
12	E_E	Excess energy purchased [(11) – (10)]	MU	0.000
13	EP_{Avg}	Average purchase cost	Paise/ kWh	436.17
14		Cost of excess power purchase [(12) x (13) / 10]	Rs. Lakh	0.000
15	Cd	Cost disallowed (within the limits specified in regulation 2.8.6.1 of the Tariff Regulation)	Rs. Lakh	0.000

3.7.4 Since, there is no excess energy purchased during 2022 – 23, no cost has been disallowed during 2022 – 23.

3.7.5 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. Benefits of savings in loss are computed at paragraph 3.9 below.

3.8. PRIOR PERIOD ADJUSTMENTS:

3.8.1 WBSEDCL submitted that a net amount of Rs. 32563 Lakh was payable by WBSEDCL to agencies for the period prior to 2022 – 23 for power purchase cost. The details regarding payable amount of Rs. 32563 Lakh has been mentioned below: -

Table 9



Sr No	Generating Station	Amount (Rs. Lakh)
1	DVC	960.00
2	NTPC	27,123.00
3	NHPC	8,950.00
4	PTC	8.00
5	TPTCL	170.00
6	DPL	-347.00
7	HMEL	-1,494.00
8	NVVN Ltd	929.00
9	KBUNL	-2,548.00
10	WBPDC	-1,188.00
	Total	32,563.00

The Commission admits Rs. 32,563 Lakh towards prior period adjustment during the year 2022 – 23.

3.9. Benefits for savings in Distribution Loss:

3.9.1. The actual sale to consumers and licensees is admitted as 35,893.216 MU. The energy consumed as own consumption is admitted as 74 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 7,629.409 MU and actual quanta of distribution loss against that sale and own consumption is admitted as 7,467.244 MU. The savings in this regard thus comes to 162.165 MU (7629.409 MU – 7467.244 MU). As provided at paragraph C of Schedule – 9B to the Tariff Regulations, the entitled gain of 25% in this regard shall be shared with the consumers.

3.9.2. The computations in monetary terms are worked out in Table 10 as below:

Table 10

Sl. No.	Particulars	Unit	Value
1	Quanta of energy sold to consumers	MU	35,893.216
2	Admitted energy for own consumption	MU	74.000
3	Normative distribution loss	%	17.50%
4	Allowable Quantum of Distribution Loss	MU	7,629.409
5	Actual Distribution Loss (As per Sl No. 18 of Table 2)	MU	7,467.244
6	Quanta of energy saved for better distribution loss	MU	162.165
7	Average Cost per unit in the Distribution System (Annexure 3A)	Paise/ kWh	420.65



8	Cost of energy saved for better distribution loss	Rs. in Lakh	6,821.00
9	Gain to be retained by WBSEDCL (75%)	Rs. in Lakh	5,116.00
10	Gain to be passed on to consumers (25%)	Rs. in Lakh	1,705.00

3.9.3. 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. 5,116 Lakh is to be retained by the licensee and the balance benefit of Rs. 1,075 Lakh has been passed on to the consumers by way of considering actual power purchase cost.

3.10. Payment to NHPC Limited through Bill Discounting:

3.10.1. The Commission vide order dated 21.09.2022 in Case No. OA – 395/21 – 22 has allowed WBSEDCL to make payment of arrears through SBI under bill discounting arrangement for an amount of Rs. 615.52 Crores under the following terms: -

- 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.
- The cost of bill discounting duly certified by the auditor shall be claimed in APR of the year in which the same is paid.

3.10.2. The Commission has already approved Rs. 135.52 Crores in respect of bill discounting in the APR order of 2021 – 22.

3.10.3. Now, WBSEDCL in the instant APR & FPPCA petition has submitted the details of installments paid during the year 2022 – 23 duly certified by the Auditor. Accordingly, the Commission observes that Rs. 480 Crores are allowable for bill discounting in terms of the order dated 21.09.2022 in Case No. OA – 395/21 – 22.

3.10.4. Further, WBSEDCL submitted that they have availed another bill discounting amounting to Rs. 333.51 Crore in respect of the energy bills of NHPC limited for the month from August, 2022 to October, 2022. The Commission vide order dated 09.11.2023 in Case No. OA-



454/23-24 had directed WBSEDCL to approach the Commission with details and proper justification for availing bill discounting to pay the monthly invoices of NHPC at the truing up stage.

- 3.10.5. Accordingly, WBSEDCL in their FPPCA petition submitted that they have paid a total of Rs. 152.20 Crores through 5 (five) numbers of installments @ Rs. 30.44 Crores starting from 16.11.2022 towards payment of energy bill in respect of NHPC Ltd. through bill discounting. WBSEDCL vide letter dated 16.04.2024 has submitted that such mechanism is beneficial to consumers.
- 3.10.6. The Commission observed that WBSEDCL has chosen bill discounting arrangement for payment of monthly invoices of NHPC to manage their financial condition and thus such arrangement is a business decision taken by WBSEDCL rather than any regulatory requirement. The Commission observed that WBSEDCL should have recovered the said amount as per the provisions of the Tariff Regulations.
- 3.10.7. In view of the above, the Commission does not find it prudent to allow bill discounting of Rs. 333.51 Crore and therefore the entire amount of Rs. 333.51 Crore has been admitted in the Power Purchase Cost of WBSEDCL in the year 2022-23. Hence, the amount of Rs 152.20 crores as claimed by WBSEDCL in respect of the instant bill discounting does not arise. Consequently, the cost associated to the instant bill discounting is also not admissible to WBSEDCL.

3.11. Allowable Fuel and Power Purchase Cost:

- 3.11.1 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 2022 – 23 works out as under:

Table 11

Sl. No.	Particulars / Factors	Admitted (Rs. Lakh)
1	FC: Fuel Cost	
2	PPC: Power Purchase Cost for Consumer & licensee (Table 5)	20,50,171.56
3	C _D : Cost Disallowable (Table 8)	0.00
4	A: Prior Period's Adjustment (Table 9)	32,563.00
5	FC+(PPC-C _D) + (±A)	20,82,734.56



Sl. No.	Particulars / Factors	Admitted
		(Rs. Lakh)
6	Payment to NHPC Limited through Bill Discounting as per the order of the Commission dated 21.09.2022 (as in para 3.10.3)	48,000.00
7	Total Fuel and Power Purchase Cost	21,30,734.56

3.12. Renewable Purchase Obligation:

WBSEDCL has submitted that they have achieved 0.75% of Solar RPO as against the Solar RPO target of 6% and 0.65% of Non-Solar RPO as against the Non-Solar RPO target of 11%. WBSEDCL in this regard has submitted that they have taken initiative by floating tenders for procurement of RTC RE power. However, the outcome of those tenders has been either cancelled or no response in terms of submission of bids.

The Commission noted the submission of WBSEDCL. The Commission directs WBSEDCL to explore the following measures to improve their RE Portfolio: -

- Explore Green Market for procurement of RE power.
- Explore firming up of long-term PPA from RE Sources
- Explore possibilities of providing roof top Solar PV connections in terms of extant Rules and Regulations.



Order for APR of WBSEDCL for the year 2022-23

ANNEXURE – 3A

ACTUAL POWER PURCHASE FOR 2022-23

Sl No	Particulars	Power Purchase Cost in Rs. Lakh	Energy in MU	Energy Chage Rate in p/kWh
1	NTPC Limited (FSTPS)	3,05,567.00	6,874.063	444.52
2	NTPC Limited (TSTPS)			
3	NTPC Limited (Kahelgaon-Stage I&II)			
4	NTPC Limited (Darlipalli-Stage1)			
5	NTPC-BARH (STPS-1 & STPS-2)			
6	NTPC Ltd. Muzaffarpur TPS			
7	NTPC-Nabi Nagar STPS-1			
8	NTPC North Karanpura TPS-I			
9	Kanti Bijli			
10	PTC (India) Limited (Chukha)	12,133.00	505.215	240.16
11	PTC (India) Limited (Kiruchu)	282.00	9.37	300.96
12	PTC (India) Limited (Tala)	20,624.00	908.533	227
13	PTC (India) Limited (Baglihar HEP, SPDC)	0.00	0	
14	PTC (India) Limited (Adhunik)	13,819.00	319.156	432.99
15	PTC (India) Limited (Mangdechhu)	36,303.00	866.417	419
16	Damodar Valley Corporation - Grid	19,194.00	356.026	539.12
17	Damodar Valley Corporation -Radial	25,830.00	572.496	451.18
18	Durgapur Projects Limited	1,08,398.00	2,401.994	451.28
19	NHPC Limited (Rangit)	3,739.00	89.209	419.13
20	NHPC Limited (Teesta V)	16,833.00	660.615	254.81
21	NHPC Limited (TLDP III)	30,645.00	584.051	524.7
22	NHPC Limited (TLDP IV)	31,287.00	726.506	430.65
23	Govt. of Sikkim	20.00	0.388	515.46
24	West Bengal Power Development Corporation Limited	11,04,581.00	29,035.934	380.42
25	CESC Limited	401.00	5.929	676.34
26	Electro Steel Casting Limited	443.00	17.497	253.19
27	Neora Hydro Limited	299.00	8.308	359.89
28	Nippon Power Limited	436.00	12.112	359.97
29	Himadri Chemicals & Industries Ltd	1,904.00	60.62	314.09
30	Rashmi Ispat	180.00	8.087	222.58
31	Reshmi Cements Ltd	153.00	7.486	204.38
32	Bengal Energy Limited	7,198.00	253.442	284.01
33	NVVN (Solar Bundle Power)	21,610.00	366.412	589.77
34	Solitaire	788.00	6.842	1151.71
35	TPTCL (Mithon Right Bank)	90,313.00	2,094.771	431.14



Order for APR of WBSEDCL for the year 2022-23

Sl No	Particulars	Power Purchase Cost in Rs. Lakh	Energy in MU	Energy Chage Rate in p/kWh
36	TPTCL (Dagachhu)	21,236.00	556.26	381.76
37	JHARKHAND BIJLI	12.00	0.101	1188.12
38	Assam Power	84.00	0.863	973.35
39	Hiranmayee	94,128.00	1,692.996	555.98
40	Power Exchange India Limited	58,154.00	565.564	1028.25
41	Indian Energy Exchange Limited	1,48,806.00	2,126.285	699.84
42	Hindustan Power Exchange	6,161.00	76.45	805.89
43	Swap-In	3,743.00	90.20	414.97
44	Total	21,85,304.00	51,860.198	
45	Less: Rebate for timely Payment	3,016.00		
46	Less: Refund from SLDC on account of SCED during FY 2022-23	800.00		
47	Gross Quanta and Cost of Power Purchase	21,81,488.00	51,860.198	420.65
48	Grid (CTU) loss	0.00	581.895	
49	Net Quanta and Cost of Power Purchase	21,81,488.00	51,278.303	



CHAPTER – 4

FIXED COST DETERMINATION UNDER APR OF 2022-23

4.1 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 2022-23, the Commission had considered some specific principles of calculation for determination of some elements of fixed charge during projection of ARR. The basic premises of such principles of calculation were

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

4.2 Parameters and formulas for fixed charge computation:

4.2.1 The Commission has noted the submission of WBSEDCL for the increase in the distribution line length and consumer strength at the end of the year 2022 – 23 and end of the year 2021 – 22 as shown in the Table 12 below:

Table 12

Particulars	Unit	Admitted in Tariff Order 2022-23	Beginning of FY 2022-23 (Actual)	End of FY 2022-23 (Actual)	Average during the year 2022-23
			A	B	C = (A+B)/2
Distribution Line Length	CKM	6,84,764.53	6,24,469.00	6,26,842.00	6,25,655.50
No of Consumers	(Number)	21,516,130	2,14,99,052	2,22,85,833	2,18,92,443

4.2.2 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 2022-23 and actual at the end of the 2022-23 in the Table 13 below:

Table 13

	Admitted in Tariff Order 2022-23	Actual (Average) 2022-23	Increase / Decrease (-) (in %)
Distribution Line length – DLL (CKM)	6,84,764.53	6,25,655.50	(-) 8.63%
Consumer Strength – CS (Number)	2,15,16,130	2,18,92,443	1.75%
WPI in %	1.67%	9.40%	
CPI in %	7.54%	6.10%	
Inflation in hybrid index [WPI: CPI (60:40)] %	4.02%	8.08%	101.00%

4.2.3 It is seen from Table 13 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 to the extent required will be suitably considered for the respective controllable elements in terms of 2.6.10(ii) in subsequent paragraphs.

4.3 **Transmission charge payable:**

4.3.1 **Central Transmission Utility (CTU) Charge:**

At para 2.2.1 of the APR application, WBSEDCL seeks Rs. 1,20,085 Lakh incurred as current year transmission charge to PGCIL and Rs. 21,053 Lakh incurred towards settling arrear dues of PGCIL. At para 2.2.3 of the APR application, WBSEDCL has claimed Rs. 1,135 Lakh having paid to NVVNL as reimbursement for interstate transfer of solar power. Besides, a sum of Rs. 8,529 Lakh as short-term open access charge is claimed appearing at para 2.2.4 of the application. Para 2.2.3 of the APR application also discloses on rebate availed for timely payment of CTU charges amounting to Rs. 45 Lakh. The claimed amount of Rs. 1,50,757 Lakh (Rs. 1,20,085 Lakh + Rs. 21,053 Lakh + Rs. 1,135 Lakh + Rs. 8,529 Lakh – Rs. 45 Lakh) corresponds to the amounts appearing at notes 34 B, 34.4 and 34.5 of the Audited Financial Statements for 2022-23 of WBSEDCL. The Commission, as such, admits the sum of Rs. 1,50,757 as CTU charges claimed under distribution activity by WBSEDCL.



4.3.2 State Transmission Utility (STU) Charge:

In the tariff order of WBSEDCL for the year 2022-23, the Commission admitted the Annual Transmission Charge (in short 'ATC') to WBSETCL at Rs. 1,55,076 Lakh which was payable by WBSEDCL as user of the state transmission system. Against such admitted amount, actual STU charges of Rs. 1,38,565 Lakh and adjustment of Rs. (-) 11 Lakh is observed to have been accounted for in Note-34 (B) of the audited Financial Statements of 2022-23. It is further observed that claim of WBSEDCL in the APR application for the year 2022-23 at para 2.5 under the head STU charges is in parity with amount appearing in the audited Financial Statements. The Commission, as such, admits the sum of Rs. 1,38,554 Lakh (Rs. 1,38,565 Lakh – Rs. 11 Lakh) as STU charges claimed under distribution activity by WBSEDCL.

4.3.3 SLDC Charges:

WBSEDCL has claimed Rs. 2,648 Lakh in the APR application appearing at para 2.6. The note 34(D) of audited Financial Statements brings out that WBSEDCL accounted for Rs. 2,580 Lakh as SLDC charge for the year 2022-23 and Rs. 68 Lakh as arrear dues against the admitted amount of Rs. 2,346 Lakh in the respective tariff order. The amount as claimed in the application and accounted for in the audited Financial Statements are observed to be in parity. The Commission, as such, admits amount of Rs. 2,648 Lakh as SLDC charges in the APR for 2022-23 as claimed under distribution activity by WBSEDCL.

4.3.4 RLDC Charges:

On account of system operation charges to Power System Operation Corporation (POSOCO) WBSEDCL claimed Rs. 403 Lakh for the year 2022-23 (para 2.3 of the APR application), which is lower than the admitted amount of Rs. 511 Lakh. In note 34 (B) of the audited Financial Statements, Rs. 302 Lakh and Rs. 101 Lakh appear as current year's dues and arrear dues respectively. The Commission, as such, admits amount of Rs. 403 Lakh as RLDC charges in the APR for 2022-23 as claimed under distribution activity by WBSEDCL.



4.3.5 ERPC Charges:

An amount of Rs. 57 Lakh were accounted for in note 34(C) of audited Financial Statements and also claimed by WBSEDCL at para 2.4.1 of the application as Eastern Regional Power Committee (in short “ERPC”) charges. The entire amount of Rs. 57 Lakh is admitted in the APR for the year 2022-23 and allocated to the distribution function

4.3.6 VARH Charges:

In para 2.7 of their application, WBSEDCL has claimed an amount of Rs. 521 Lakh towards payment of Reactive Energy (VARH) charge. Such charge has been shown in note 34(E) of the audited Financial Statements of WBSEDCL for 2022-23. 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 can be avoided to the 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 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 any VAR 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 providing incentive / 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 the measures taken by WBSEDCL and expects to continue with similar measures to demonstrate that the VARH charge are further reduced to avoid the burden on the consumers.

In view of the above, the Commission decides to admit the amount Rs. 521 Lakh claimed by WBSEDCL under this head.

4.4 Employee cost:

4.4.1 At para 2.16.1 of APR application for 2022-23, WBSEDCL has claimed Rs 1,51,873 Lakh towards expenditures on employee cost, as against the amount of Rs. 1,34,302 Lakh admitted in the Tariff Order for the said year. Further, the said amount of Rs. 1,51,873 Lakh appear at form 1.17 h. Note 35 of the Audited Financial Statements states that a sum of Rs. 1,51,857 Lakh been recognized as employee benefit expenses after capitalization of Rs. 6,919 Lakh. A sum of Rs. 3841 Lakh appear under note 41 as other comprehensive income. Deducting out Rs. 3841 Lakh from the amount pertaining to the employee benefit expense under note 35 and adding Director's sitting fee of Rs. 16 Lakh appearing at note 38C of the audited Financial Statements, the net amount of employee benefit expense arrives to Rs. 1,48,032 Lakh.

The claim of WBSEDCL for employee cost of Rs. 1,48,032 lakh as appearing at para. 2.16.4 of application vis-à-vis the amount recognized in the audited Financial Statements appears hereunder:

Table 14

Particulars	As per Tariff Order	As claimed in Petition	As per Audited Financial Statements
Employees Cost	Rs. in Lakh	Rs. in Lakh	Rs. in Lakh
Employee Cost (as per Note 35 of Audited Financial Statements) before Employee Cost Capitalization)	1,52,616.00	1,58,792.00	1,58,776.00
Less: Employee Cost Capitalized	18,314.00	6,919.00	6,919.00



A. Salary & wages (including other staff welfare benefits, compensation and contribution to provident and other funds) ---A	1,34,302.00	1,51,873.00	1,51,857.00
B. Add: Directors' sitting Fees & Expenses			16
C. Less: Other Comprehensive Income (Note 41 of Financial Statement)	-	3,841.00	3,841.00
D. Total Employee Cost (A + B – C)	1,34,402.00	1,48,032.00	1,48,032.00

4.4.2 WBSEDCL has included the claim Rs. 52890 Lakh as expenses towards terminal benefit for the year 2022-23. However, exact amount of contribution to the terminal benefit funds pertaining to the year 2022-23 was not identifiable from the submitted records. It is observed that Note 35.1 of the Audited Financial Statement provides that during the financial year, contribution made to Provident amount is Rs. 6127 Lakh. Besides, note 35.3 of the Audited Financial Statement provides provision made to the extent of Rs. 45328 Lakh for Leave Encashment for terminal benefit. Over and above, the same note also provides, expected contributions to post-employment benefits plans for the year ending 31st March 2023 is Rs. 12,907 Lakh. Further, the certificate of auditor provided in the related context certifies an amount of Rs. 1332.51 crore paid by WBSEDCL during the financial year 2022-23 to WBSEDCL Employees Pension Trust Fund, WBSEDCL Employees Gratuity Trust Fund, WBSEB Contributory Provident Trust Fund and Employee PFO. However, the certificate of auditor does not clearly affirm, the extent of amount transferred or paid to these funds pertaining to the year 2022-23. Accordingly, WBSEDCL was asked to substantiate the claim by letter bearing Ref. No: WBERC/APR-117/23-24/4999 dated 12-04-2024. The reply in the related context from WBSEDCL vide Memo. No. REG/SERC/APR-2022-23/73 dated 02-05-2024 was to refer the aforesaid auditor's certificate and a statement of transfer month-wise to these trust funds.

As the auditor's certificate does not clearly disclose the amount transferred to the terminal benefit funds **pertaining to the year 2022-23** and that no document is provided by WBSEDCL in substantiation, the Commission decides to rely on the figures mentioned in Note 35 of the Audited Financial Statement. Note 35 provides that an amount of Rs. 52,890 Lakh pertains to contribution to provident funds and Rs. 4,672 Lakh as other employee terminal benefits. These are obligations of WBSEDCL to contribute towards employee terminal benefit for the year 2022-23. From Note 35.1 of the Audited Financial Statement, it



appears that only Rs. 6,127 Lakh has been actually contributed to the Terminal Benefit Fund. Thus, an amount of Rs. 51,435 Lakh (Rs. 52,890 Lakh + Rs. 4,672 Lakh – 6,127 Lakh) appears to be provision but not yet transferred to the Terminal Benefit Fund. Therefore, the Commission decides to withhold, a sum of Rs. 57,562 Lakh on account of expense incurred under terminal benefits. The net withheld amount on this account shall be considered for admission by the Commission provided WBSEDCL claims the same with adequate substantiation along with the auditor's certificate providing full disclosure regarding actual contribution to the terminal benefit funds pertaining to FY 2022 – 23.

- 4.4.3 Accordingly, the Commission admits Rs. 96,597 Lakh (Rs. 1,48,032.00 Lakh – Rs. 51,435 Lakh) towards Employee cost in the APR for 2022-23 and allocates the same to generation and distribution activities as proposed by WBSEDCL in the Petition. Summary of Admittance and allocation is given in Table 15 below.

Table 15

Expenditure Head	Amount (Rs. in Lakh)			
	Claimed in APR	Admitted under Generation	Admitted under Distribution	Total Admitted
Employee Cost	1,51,873.00	5,127.00	1,46,746.00	1,51,873.00
Less: Allocated OCI	3,841.00	130.00	3,711.00	3,841.00
Employee Cost after adjustment of OCI	1,48,032.00	4,997.00	1,43,035.00	1,48,032.00
Less: Amount withheld in respect of non- contribution to the terminal benefit funds as detailed at Paragraph 4.4.2 above		1,736.00	49,699.00	51,435.00
Admitted Employee Cost	1,48,032.00	3,261.00	93,336.00	96,597.00

4.5 Operation and Maintenance (O&M) Expenses:

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

- 4.5.1.1 The Commission had admitted Rs. 5,912.91 Lakh in the Tariff order for 2022-23. WBSEDCL did not make actual submission. Opportunity was extended vide letter bearing Ref. No: WBERC/APR-117/23-24/4999 dated 12-04-2024. The reply in the related context from WBSEDCL vide Memo. No. REG/SERC/APR-2022-23/73 dated 02-05-2024 was to stick to normative O & M expenses. In absence of actual submission, the Commission relies on



information provided in Note 38 Annexure A of Vol II of the APR Petition and observes that Rs. 4,783 Lakh attributes to O&M activities of the generating station.

4.5.1.2 The Commission observed that WBSEDCL has claimed an amount Rs. 53 Lakh related to purchase of spares for generating station. WBSEDCL has considered the aforesaid item as capital expenditure during the year 2022 – 23 and claimed depreciation on the item. The Commission observed that in terms of regulation 5.2.3 of the Tariff Regulations, the spares for generating station added after the cut off period cannot be recognized as capital expenditure and therefore the Commission admits the cost of Rs. 53 Lakh under O&M expenses for generation. Thus, the same cannot be added to the Gross Fixed Asset of WBSEDCL for allowing depreciation.

4.5.1.3 The Commission observes that the total O&M expenses including the cost of spares for generating station is within the limit of normative O&M expenses allowed in the Tariff Order. Thus, the Commission admits the amount of Rs. 4836 Lakh as detailed below:

Table 16

O&M expenses for generating stations of WBSEDCL					
Name Of Plant	Installed Capacity in MW	Normative O&M cost in Rs. Lakh/ MW	Normative O&M cost in Rs. Lakh	O&M cost in Rs. Lakh as in Note 38 Annexure A of Vol II	O&M cost in Rs. Lakh as Admitted
Rammam Stage I	51	13.74	700.74	4,783	4,836
Jaldhaka	36	19.80	712.80		
Small Hydro	89.60	19.58	1,754.37		
PPSP	900	3.05	2,745.00		
Cost of Spares for Generating Station				53	
Total	1076.60		5,912.91	4,836	

4.5.1.4 WBSEDCL has not claimed any O&M expenses for Solar PV plants during the year 2022-23 stating that those plants are 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 has contended to have applied on 23.08.2022 for fixation of norms towards claiming the O&M cost in subsequent APR. The Commission shall deal with the issue provided WBSEDCL submits requisite claim in the subsequent APR in the related context.



4.5.2 Operation and Maintenance (O&M) Expenses for Distribution:

The Commission in the Tariff Order for 2022 – 23 approved an amount of Rs. 52,325.43 Lakh as Operation and Maintenance (O&M) Expenses constituting of Rs. 36,566.43 Lakh as Repair and Maintenance (R&M) Expenses and Rs. 15,759.00 Lakh as Administrative and General (A&G) Expenses.

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

R&M expenses claimed by WBSEDCL is Rs. 31,865 Lakh which is lesser than Rs. 36,566.43 Lakh admitted in Tariff Order 2022-23. As per figures furnished in form 1.15 and 1.17 of APR application, R&M expense comes out to Rs. 31,865 Lakh. The said amount also corresponds to amount appearing in Note 38 of the audited Financial Statements pertaining to distribution activity. Note-38 presented in Annexure-5A of Volume-II of APR application provide the details stating Rs. 26,024 Lakh as expenditure under distribution activity and Rs. 5,841 Lakh as allocated from centrally incurred expenditure. Hence, the Commission admits the amount of Rs. 31,865 Lakh as Repair and Maintenance (R&M) expense under distribution activity.

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

4.5.2.2.1 WBSEDCL in its Petition has submitted A&G expenses for distribution activity as Rs. 12,314 Lakh. Besides, it is also observed from figures appearing at Forms 1.15 & 1.17 and segregated Note-38 of the audited Financial Statement represented in Annexure- 5A of Volume-II of APR application that A&G Expenses for distribution activity after allocation of centrally incurred expenses arrives at Rs. 12,314 Lakh. WBSEDCL has claimed an amount of Rs. 1,594 Lakh as Rent, Rs. 453 Lakh as Legal Charges, Rs. 206 Lakh as Audit fee, Rs. 10,061 Lakh as other A&G Expense which amounts to Rs. 12,314 Lakh. WBSEDCL has claimed an amount of Rs. 1,485 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. 1,485 Lakh is considered under A & G expenses. Thus, the total A& G expenses arrive at Rs. 13,799 Lakh. The Commission observes that the amount of Rs. 13,799 Lakh as claimed by WBSEDCL is



within the admitted amount of Rs. 15,759 Lakh in Tariff Order 2022-23. Accordingly, the Commission admits the A&G expenses for distribution as below.

4.5.2.2.2 Expenses claimed under Legal and Other A&G head are less than the amount admitted in Tariff Order. On the other hand, Rent and Audit fee are 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, the Commission admits total A&G expenses of Rs. 13,799 Lakh under distribution activity as per the Table 17 below.

Table 17

Sl No	Expenditure Head	Amount in Rs. Lakh		
		Admitted in Tariff Order	Claim in APR Petition	Admitted in APR
1	Rent	1,460.00	1,594.00	1,460.00
2	Auditors Fees	118.00	206.00	118.00
3	Legal & Consultancy Charges	509.00	453.00	453.00
4	Other A&G expenses (including Bank Charges)	13,672.00	11,546.00	11,546.00
5	Adjustment as per regulation [2.5.5(iv)] of Tariff Regulations			222.00
	Total (1+2+3+4)	15,759.00	13,799.00	13,799.00

4.5.2.3 The Commission observed that WBSEDCL has claimed an amount Rs. 5,278 Lakh related to purchase of Furniture & Fixtures and Office Equipment. WBSEDCL has considered the aforesaid item as capital expenditure during the year 2022 – 23 and claimed depreciation on those items. The Commission observed that in terms of regulation 5.2.3 of the Tariff Regulations, the said items cannot be considered as additional capitalization. Thus, the same cannot be added to the Gross Fixed Asset of WBSEDCL for allowing depreciation. Since, the items are related to operation and maintenance in nature, the Commission admits the amount under O&M Expenses since the amount after inclusion is found within limit of total O&M expenditure allowed in the Tariff Order the as detailed below:

Table 18

Sl No	Expenditure Head	Amount in Rs. Lakh		
		Admitted in Tariff Order	Claimed in APR Petition	Admitted in APR
1	Repair & Maintenance Expenses	36,566.43	31,865.00	31,865.00



2	Administrative & General Expenses	15,759.00	13,799.00	13,799.00
3	Expenses related to purchase of Furniture & Fixtures and Office Equipment falls under regulation 5.2.3 of the Tariff Regulations	-	5,278.00 [#]	5,278.00
4	Total Operation and Maintenance Expenses	52,325.43	50,942.00	50,942.00
# WBSEDCL has claimed the said amounts under Capital Expenditure in the APR Petition				

Thus, the Commission admits Rs. 50,942 Lakh as Operation and Maintenance Expenses for the year 2022 – 23.

4.5.3 Outsourcing Expenditure for Distribution:

4.5.3.1 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 2022-23.

4.5.3.2 WBSEDCL in its APR application for 2022-23, 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. 72509 Lakh as uncontrollable under manpower & vehicle expenses.

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

4.5.3.4 Line and Substation Maintenance:

The admitted amount under this head in the ARR of the tariff order of 2022-23 is Rs. 24,651.52 Lakh. The claim under this head amounting to Rs. 25,913.00 Lakh (Para 2.18.1 of APR application) which corresponds to Rs. 25,913.00 Lakh (Rs.21,755 Lakh as Line maintenance and Rs. 4,158 Lakh as Substation maintenance) appearing in segregated Note 38 of audited Financial Statements supported at Annexure 5A of APR application Volume II. As the amount has been claimed under uncontrollable head, the Commission admits Rs. 25,913.00 Lakh.



4.5.3.5 Meter Reading and Bill Distribution:

The amount admitted in tariff order for the relevant year is Rs. 16,591.09 Lakh against which WBSEDCL has claimed Rs. 15,108 Lakh as evident from figures at Form 1.15 of the APR application. The claim under this head amounting to Rs. 15,108 Lakh corresponds to amount appearing at segregated Note 38 of audited Financial Statements supported at Annexure 5A of APR application Volume II. The Commission considers the cost as controllable, and thereby admits Rs. 15,108 Lakh being within the amount admitted in the Tariff order 2022-23.

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

The amount admitted in the relevant tariff order under this head is Rs. 20,651.18 Lakh, WBSEDCL has claimed Rs. 21,033 Lakh as evident from figures at Form 1.15 of the APR application. The claim under this head amounting to Rs. 21,033 Lakh corresponds to amount appearing at segregated Note 38 of audited Financial Statements supported at Annexure 5A of APR application Volume II. Since, the claim is classified as uncontrollable referred at paragraph 3.5.4.3 above, the Commission admits Rs. 21,033 Lakh

4.5.3.7 Security Expenses:

WBSEDCL has claimed an amount of Rs. 5,513 Lakh against the admitted amount of Rs. 4,587.92 Lakh as per Tariff order 2022-23. The claim corresponds to amount appearing at segregated Note 38 of audited Financial Statements supported at Annexure 5A of APR application Volume II. Since, the claim is classified as uncontrollable referred at paragraph 3.5.4.3 above, the Commission admits Rs. 5,513 Lakh.

4.5.3.8 Call Centre Expenses:

WBSEDCL in its petition claimed Rs. 2,957 Lakh as evident from figures at Form 1.15 of the petition under this head which is less than the admitted amount of Rs. 3,400 Lakh stated in the tariff order 2022-23. The claim under this head amounting to Rs. 2,957 Lakh corresponds to amount appearing at segregated Note 38 of audited Financial Statements supported at Annexure 5A of APR application Volume II. Since the claimed amount within the amount admitted in the tariff order, the Commission admits the amount of Rs. 2,957 Lakh.



4.5.3.9 Back Office Jobs:

For back-office jobs, WBSEDCL in its petition claimed Rs. 233 Lakh under this head which exceeds the amount admitted of Rs. 148.40 Lakh in the tariff order 2022-23. The claim under this head amounting to Rs. 233 Lakh corresponds to amount appearing at segregated Note 38 of audited Financial Statements supported at Annexure 5A of APR application Volume II. The Commission considers the cost as controllable as enunciated at paragraph 3.5.4.2 above, and thereby admits Rs. 148.40 Lakh as provided in the Tariff order 2022-23.

4.5.3.10 Collection Gateway Charges:

No amount stands admitted under the head of Collection Gateway charges in the tariff order 2022-23. However, WBSEDCL in APR petition at para 2.18 has claimed an amount of Rs. 418 Lakh to be allowed in the APR 2022-23. The said amount corresponds to the amount appearing at Note 38 A of the Audited Financial Statement of 2022-23. The Commission, allows the entire cost of Rs. 418 Lakh as claimed and incurred in view of the fact that the facility envisages to extend convenience to the consumers.

4.5.3.11 Collection Franchisee Cost:

For collection franchisee, WBSEDCL in its petition claimed Rs. 1,333 Lakh which is within the amount admitted of Rs. 2,558.27 Lakh in the tariff order 2022-23. The claim under this head amounting to Rs. 1,333 Lakh corresponds to the amount appearing at segregated Note 38 of audited Financial Statements supported at Annexure 5A of APR application Volume II. The Commission considers the cost as controllable, and thereby admits Rs. 1,333 Lakh being within the amount admitted in the Tariff order 2022-23.

4.5.3.12 Data Warehousing Costs:

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

4.5.3.13 The detail of admitted amount of the different elements of outsourcing expenditure as narrated in the above paragraphs is shown in Table 19 below:



Table 19

Rs. in Lakh

Cost of outsourcing	Admitted in Tariff order	Claimed in APR 2022-23	Admitted in APR 2022-23
A. Uncontrollable:			
HT Line and Sub-station Maintenance	24,651.52	25,913.00	25,913.00
Security charges	4,587.92	5,513.00	5,513.00
Call centre	3,400.00	2,957.00	2,957.00
LT Mobile Maintenance	20,651.18	21,033.00	21,033.00
Collection Gateway Charges	0.00	418.00	418.00
Sub-total (A)	53,290.62	55,834.00	55,834.00
B. Controllable:			
Meter Reading & Bill Distribution	16,591.09	15,108.00	15,108.00
Back-office Job	148.4	233.00	148.40
Collection Franchisee & others	2,558.27	1,333.00	1,333.00
Adjustment as per regulation [2.5.5(iv)] of Tariff Regulations			84.60
Sub-total (B)	17478.44	16,674.00	16,674.00
Total Outsourcing Expenses (A) + (B)	72,588.38	72,508.00	72,508.00

4.6 Some small expenses:

4.6.1 Lease Rental:

The admitted amount under this head in 2022-23 Tariff Order is Rs. 1,535 Lakh. WBSEDCL has claimed Rs. 614 Lakh under this head. As per para 6.4.4 of Tariff order 2022-23, Lease rental line expenditure is included under 'Other items', which is classified under controllable expense in parity with O&M expense. The same amount appears in the Form 1.15 Note 38 A of audited Financial Statements at Annexure 5A of APR application Volume II. The Commission accordingly admits Rs. 614 Lakh for Lease Rental under Distribution activity.

4.6.2 Complaint Management Mechanism:

The admitted amount under this head in 2022-23 Tariff Order is Rs. 346 Lakh. WBSEDCL has claimed Rs. 267 Lakh under this head. The Commission, in para 6.4.4 of the Tariff Order for 2022-23, has specified that this element will be considered as controllable factor. The same amount is reflected in the Form 1.15 and Note 38 A of audited Financial Statements at Annexure 5A of APR application Volume II. Since the claim is less than the amount admitted



in Tariff Order, the Commission admits Rs. 267 Lakh for Complaint Management Mechanism under Distribution activity.

4.6.3 Insurance:

The admitted amount under this head in tariff order of 2022-23 is Rs. 1,369.53 Lakh. WBSEDCL has claimed Rs. 1,310 Lakh under this head. The same amount is reflected in Form 1.15, 1.17(f) and note 38 (C) of the audited Financial Statements at Annexure 5A of APR application Volume II, submitted by WBSEDCL for 2022-23. Since the item has been considered under the uncontrollable head, the Commission admits Rs. 1,310 Lakh for Insurance, which has been allocated in proportion to the claim as Rs. 1,131 Lakh and Rs. 179 Lakh between generation and distribution activity respectively.

4.6.4 Bad Debts written-off:

No amount has been admitted under this head in Tariff Order of 2022-23. WBSEDCL has claimed Rs. 19,365 Lakh as Bad Debts written off. The same amount is reflected in Form 1.15 and note 38D of the audited Financial Statements at Annexure 5A of APR application Volume II, submitted by WBSEDCL for 2022-23. 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. 14,559.00 Lakh which equates to 0.5% of the gross revenue from sale value of power of Rs. 29,11,837.00 Lakh at the end of financial year 2022-23 as per note 31 of the audited Financial Statement.

4.6.5 Rates and taxes:

WBSEDCL in its application has submitted that, the expenditure of Rs. 18,781 Lakh claimed under Rates and Taxes includes Goods & Services Tax (GST). WBSEDCL has also submitted that expenditure on Rates and Taxes are uncontrollable in nature.

The Commission accepts the contention 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.



It is observed that out of total tax claim of Rs. 18,781 Lakh, Rs. 282 Lakh is tax related to employees and insurance and Rs.132 Lakh pertains taxes other than GST. The taxable heads of O&M, Outsource and small expenditures of Lease rental, insurance and complaint management mechanism accounts for balance tax of Rs. 18,367 Lakh (Rs. 18,781 Lakh – Rs. 282 Lakh – Rs. 132 Lakh). The Commission decides to allow the tax related to employee expenses and insurance as per the claim of WBSEDCL. Further, the Commission decides to admit the balance tax related to O&M activities as the entire O&M cost has been found within the normative expenses specified in the Tariff Order for 2022 – 23.

Thus, the Commission admits the amount of Rs. 18,781 Lakh (Rs. 282 Lakh + Rs. 132 Lakh + Rs. 18367 Lakh). 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 activity comes to Rs. 749.30 Lakh and for Distribution function, admitted amount is Rs. 18,031.70 Lakh.

4.7 Depreciation:

- 4.7.1 WBSEDCL has claimed an amount of Rs. 40,121 Lakh in its APR application for 2022-23 towards depreciation on tangible assets as against Rs. 45,696.32 Lakh allowed in the Tariff order for the year 2022-23. From Note 37.1 of the Audited Financial Statement for the year 2022-23, it is observed that total depreciation on tangible asset for the year 2022-23 is Rs. 1,26,786 Lakh. Note 33.1 of the Audited Financial Statement for the year 2022-23 provides disclosure of amortization of Government grants and Consumer Contribution of Rs. 91,302 Lakh. Besides, adjustment of depreciation of Rs. 11,450 Lakh in respect of assets to the extent retired as appearing at Note 1.

On clarification sought vide Ref. no. WBERC/APR-117/23-24/5201 dated 24th June, 2024 in respect of details of opening stock, purchases, utilization and closing of meters in quantity and amount, WBSEDCL vide memo. no. REG/SERC/109 dated 03/07/2024 only furnished the quantity details. The purchase of meters during the year has been declared to be 1340729 quantity whereas the closing stock as on 31.03.2023 stands declared as 79801 in quantity by WBSEDCL in the said letter. The asset addition of Rs. 17414 Lakh to Spare Units/ Service units at Note-1 of Audited Financial Statement attributes to purchase of metering assets as the



said amount equates to the information furnished against Metering Assets at Form-B of the petition. The purchase price per meter thereby works out to Rs. 1,298.85 (Rs. 17,414 Lakh/1340729) per meter. Since, the meters remaining unutilized as on 31.03.2023 has been declared to be 79801 numbers, the amount pertaining to the unutilized meters thereby arrives at Rs. 1,036 Lakh (Rs. 1,298.85 X 79801). The Commission, therefore, disallows the addition to Spare Units/ service units to this extent for meters remaining unutilized. The corresponding depreciation on the addition of meters of Rs. 1,036 Lakh on proportionate basis arrives at Rs. 105 Lakh.

Further, information was sought from WBSEDCL vide Ref. No. WBERC/APR-117/23-24/5153 dated 5th June, 2024 seeking details of addition to fixed assets by way of classification into New Construction/ Erection, Replacement, Repair works, any other (s). Besides, reasons were also asked towards recognizing addition to assets of Spare/Service units and Capital Spares at Generating station when such assets are not put into use. Further, the details addition to Furniture and Office Equipment was also asked to be furnished by WBSEDCL in the said letter. The reply of WBSEDCL vide memo. no. REG/SERC/APR-2022-23/88 dated 07.06.2024 was observed to be out of the context. A letter was again issued to WBSEDCL vide Ref no. WBERC/APR-117/24-25/5182 dated 13th June, 2024. The reply of WBSEDCL vide memo. no. REG/SERC/ APR-2022-23/98 dated 18.06.2024 has been inconclusive and incomplete stating such information would be furnished from FY 2023-24 onwards as the same would require development of ERP software. Besides, entire addition to the asset stood furnished in the said letter as new asset addition.

The Commission, after observing such inconclusiveness, disallows Rs. 5,278 Lakh and Rs. 53 Lakh as addition to assets recognized at Note 1 of the audited financial statement under Furniture & Fixtures and Office equipment and Spares at generating stations respectively in terms of regulation 5.2.3 of Tariff Regulations, since the said items does not fall under the nature of capital expenditure. The Commission observes that said item 'Furniture & Fixtures and Office equipment' are related to O&M expenditure and therefore the Commission under paragraph 4.5.2.3 has allowed the cost of the item under O&M expenses. Further, the item 'Spares of Generating Station' has been disallowed on the ground that the spares for generating station added after the cut off period cannot be recognized as capital expenditure



and therefore the Commission under paragraph 4.5.1.2 has allowed the cost of the item under O&M expenses for generation.

The corresponding disallowance of depreciation related to 'Furniture & Fixtures and Office Equipment' therefore works out to Rs. 157 Lakh on proportionate basis. Similarly, the depreciation disallowed in respect of addition to Spares at generating stations works out to Rs. 2 Lakh on proportionate basis.

The disallowance of depreciation on account of disallowance of addition of asset under "Spare Units/ Service Units", "Furniture & Fixtures and Office Equipment" and "Capital Spares at Generating Stations" adds up to Rs. 264 Lakh (105+ 157+2).

Hence, the net depreciation arrives at Rs. 23,770 Lakh. Adding the amount attributed to amortization of intangible assets, the net depreciation and amortization totals to Rs. 25,650 Lakh and the same is admitted for the year 2022-23 as shown below:

Table 20

Sl No	Particulars	Amount as per Audited Financial Statement (Rs. Lakh)	Reference of Notes to the Audited Financial Statement
1	Depreciation on Tangible Asset	1,26,786.00	Note 37.1
2	Amortization of Govt Grant	77,096.00	Note 33 B
3	Amortization of Consumer Contribution Assets	14,206.00	Note 33 B
4	Adjustment of depreciation on Retired Assets	11,450.00	
5	Depreciation disallowed on Closing stock of metering assets, addition to Furniture and Fixtures and Office Equipment	264.00	
6	Sub-total (6 = 2 + 3 + 4 + 5)	1,03,016.00	
7	Net Depreciation Admitted [1 - 6]	23,770.00	
8	Amortization of Intangible Asset	1,880.00	Note 37.1
9	Total Depreciation including Amortization admitted [9 = 7 + 8]	25,650.00	

4.7.2 The amount of Rs. 25,650 Lakh admitted under the head depreciation is allocated to Generation and Distribution in proportion to the claim of WBSEDCL as shown in the Table 21 below:



Table 21

Expenditure Head	Amount in Rs. Lakh			
	Claimed in APR	Admitted under Generation	Admitted under Distribution	Total Admitted
Depreciation	40,121	6,282.56	19,367.44	25,650.00

4.8 Finance Charges:

4.8.1 Interest on Capital Borrowings:

4.8.1.1 WBSEDCL has claimed the interest of Rs. 59,788 Lakh on capital borrowing for the year 2022-23 in its APR application against admitted in Tariff Order of 2022-23 to the extent of Rs. 63,595.84 Lakh. It is seen from note 36A (I) of the Audited Financial Statement for the year 2022-23, the amount of interest on capital loan net of capitalization has been shown as Rs. 59,788 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. The Note 18.1 of the Audited Financial Statement for the year 2022-23 disclose borrowings utilized for capital purpose has been Rs. 6,40,191 Lakh for the year 2022-23 as against previous year Rs. 5,73,540 Lakh. The Commission while ascertaining the interest on capital borrowing excludes the loan from WBREDCL & Loan for Amphan and interest thereon in arriving to the allowable interest on borrowings. Similarly, interest of Rs. 653 Lakh from REC under REAPS-I to which Commission had sought clarification has been excluded to arrive at the allowable borrowings. Besides, WBSEDCL has considered interest capitalization of Rs. 636 Lakh which is admitted by the Commission.

4.8.1.2 The interest payable on capital loans during the year as shown in the audited Financial Statement are as shown in Table 22 below:

Table 22

Sl. No.	Loan Detail	Opening Balance	Closing Balance	Interest
1	9.34% Non- Convertible Redeemable Bond 2025	50000.00	50000.00	4670.00
2	10.85% Non- Convertible Redeemable Bond 2026	50000.00	50000.00	5425.00
2	PFC RAPDRP A	2090.00	0	0
3	PFC RAPDRP B	9648.00	0	0
4	Underground at Krishnanagar & Chinsurah (PFC)	2900.00	5532.00	303.00
5	Strengthening Dist. System works (PFC)	2000.00	7000.00	579.00



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Sl. No.	Loan Detail	Opening Balance	Closing Balance	Interest
6	Service Connection (PFC)	0.00	45505.00	2981.00
6	REC-Other Loans	362884.00	392589.00	393337.00
7	REC Package	2034.00	0.00	1796.00
8	State Govt	8842.00	8445.00	172.00
9	Bank Of Baroda - Swapped from REC	63023.00	52519.00	4301.00
10	REC - Taken over from WBREDCL	10323.00	10323.00	0.00
11	WBIDFC (Amphan Purpose)	10000.00	10000.00	860.00
12	Sub Total (1 to 11)	573744.00	631913.00	60424.00
13	Interest Capitalized	0	0	636.00
14	Net Claim (12 - 13)	573744.00	631913.00	59788.00
15	Less: Loan of WBREDCL + Amphan (10 & 11)	20323.00	20323.00	860.00
16	Less: Loan under REAPS I	6818.00	5909.00	653.00
16	Balances considered for Wt. Avg Int Calculation (14 - 15-16)	546603.00	605681.00	
18	Net Interest			58275.00
18	Wt. Average interest Rate (%) = [Net Int/Net (Op Bl + Cl Bal)/2]			10.11%

4.8.1.3 Table 2.5.5-1 of Tariff Regulations 2011 classifies interest rates and finance charges as uncontrollable factors. Accordingly, the Commission admits Rs. 58,275 Lakh as interest on capital borrowings and allocates in the same ratio to generation and distribution function as claimed. The interest admitted for Generation and Distribution activities as per claimed allocation arrives at Rs. 603 Lakh and Rs. 57,672 Lakh.

4.8.1.4 Total opening balance, and total closing balance are Rs. 5,46,603 Lakh and Rs. 6,05,681 Lakh respectively, whose average comes out to be Rs. 5,76,142 Lakh.

4.8.1.5 The weighted average interest rate of capital loan comes to 10.11% $[(58,275 / 5,76,142) * 100]$.

4.8.2 Interest on Pension Trustee Bonds:

WBSEDCL in the APR Petition has stated that Rs. 9,971 Lakh has paid Interest on Pension Trustee Bonds for the year 2022-23. However, WBSEDCL has not claimed any amount under Interest on Pension Trustee Bonds citing the reason that WBSEDCL has not made any payment towards principal amount of the aforesaid Bond during FY 2022 – 23. WBSEDCL in the Form E(B) of the APR Petition has also not claimed any amount on this account.



In view of the above, the Commission does not admit any amount of Interest on Pension Trustee Bonds for 2022 – 23.

4.8.3 Interest on Working Capital:

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

4.8.3.2 The Commission proceeds to calculate the admissibility of Working Capital requirement as shown in Table 23 below:

Table 23

Particulars	Derivation	Rs. Lakh
		Admitted
Working Capital:		
Total Variable cost and Fixed cost *	A	27,59,014.51
Less: Depreciation	B1	25,650.00
Less: Bad Debts	B2	14,559.00
Less: Return on Equity	B3	40,876.52
Total deductions: (sum B1:B3)	B	81,085.52
Allowable Gross Sales for Working Capital	C = A-B	26,77,928.99
Allowable Working Capital @10.00% on C	D	2,67,792.90
Security Deposit as on 31.03.2023 as per Notes 20 and 26 of Audited Financial Statement 2022-23)	E	5,52,608.00
Net Requirement		Nil
* 21,30,734.56 (Variable Cost) +6,28,279.95 (Fixed Cost)		

4.8.3.3 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.

4.8.4 Interest on Consumers' Security Deposit:

4.8.4.1 WBSEDCL has submitted audit certificate in respect of security and other deposits from consumers and interest on security deposit in annexure 26A of volume II of application. The



actual amount of interest accrued on such security deposits during 2022-23 is Rs. 28,577 Lakh, as against Rs. 25,112 Lakh allowed in the Tariff Order.

4.8.4.2 The Commission admits Rs. 28,577 Lakh as amount of interest on security deposit being reflected in note 36 (IV) of Audited Financial Statement for 2022-23 and claimed by WBSEDCL, i.e., Rs. 28,577 Lakh is admitted and considered under distribution function in the APR for 2022-23.

4.8.5 Other Finance Charges:

4.8.5.1 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. 1,560 Lakh in tariff order 2022-23, WBSEDCL has claimed Rs. 8,942 Lakh which would actually stand to Rs. 7,017 Lakh after including bank charges of Rs. 1,485 Lakh, Bank Charges for Bill discounting arrangement for NHPC of Rs. 1,200 Lakh, charges for Working Capital Loan Rs. 2,407 Lakh and Rs. 1,925 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 Financial Statements for 2022-23.

4.8.5.2 The Commission at paragraph 3.10.7 above has disallowed the bill discounting mechanism as claimed by WBSEDCL. Thus, the cost of bill discounting amounting to Rs. 1,200 Lakh is also not admissible to WBSEDCL.

4.8.5.3 Further, 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. 1,485 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.

4.8.5.4 The Commission finds that such claims for impact of Ind AS compliance for the year 2022-23 are on account of the resultant notional interest calculated to recognize the liability for purchase of power, and liability for capital supplies/ works at their fair value in balance sheet using amortized cost or effective interest rate due to adoption of Ind AS.



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

4.8.5.6 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.

4.8.5.7 Considering above, the Commission does not admit any cost related to Other Finance Charges for 2022 – 23.

4.9 Other expenses:

4.9.1 WBSEDCL has claimed Rs. 414 Lakh as the expenditure for other items in its APR application on account of solatium on death/damages to outsiders.

4.9.2 The Commission observes that WBSEDCL has not submitted any justification regarding incurring expenses on account of solatium on death/ damages to outsiders. The Commission thereby considers the amount paid on this account by WBSEDCL as penal measures imposed by the Competent Authority. Accordingly, in terms of regulation 2.2.7 of the Tariff Regulations, the Commission does not admit the claim of WBSEDCL of Rs. 414 Lakh on account of solatium paid by WBSEDCL to outsiders.

4.10 Reserve for Unforeseen Exigencies:

4.10.1 In the Tariff Order for 2022-23, 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 2022-23. Accordingly, the Commission does not consider any amount under this head in APR for 2022-23.

4.10.2 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.

4.10.3 In view of above, the Commission directs WBSEDCL to comply with the direction given at paragraph 3.17.5 of the APR Order of 2014 – 15 before filing next APR application for FY 2023 – 24 and decides to continue with the amount already withheld in the APR order of 2014-15.

4.11 Return on Equity:

4.11.1 WBSEDCL has submitted that, as per the provisions of the Tariff Regulations, the pre-tax ROE for 2022-23 in Form 1.22 of Annexure-I in Volume-I of APR application, amounting to Rs. 40,896 Lakh. WBSEDCL further submitted in Form 1.20 (a) of Annexure-I in Volume-I of APR application that actual addition of equity base for generation and distribution assets of Rs. 5,728 Lakh and Rs. 36,521 Lakh has been considered during 2022-23 for ascertaining ROE.

4.11.2 The commission observes that actual increase in equity during 2022-23 has been Rs. 38,645 Lakh which also is evident in Note 15 of the Audited Financial Statement. Besides net profit as per Note 16 of the Audited Financial Statement stands at 5,271 Lakh. The Commission also notes that free reserve as per Note 16 stands as Rs. 11,936.00 Lakh as on 31.03.2023. An amount of Rs. 28344 Lakh is shown in Note 16 (D) as application money received pending allotment.

4.11.3 The net addition to GFA claimed by WBSEDCL in Form 1.20 is Rs. 4,82,574.00 Lakh segregating Rs. 818.00 Lakh to generating activity and Rs. 4,81,756.00 Lakh to distribution activity. The Commission finds the claimed amount of Rs. 4,82,574.00 aligns with the amount appearing at Note-1 of the Audited Financial Statement. However, the Commission disallows the amount to the extent stated at para 4.7.1. Further an amount of Rs. 765 Lakh against the claimed net addition to GFA is also disallowed in absence of identifiable generating asset where such equity has been invested.



- 4.11.4 After the disallowance as above, the Commission finds that addition to equity during the year 2022-23 is within 30% of net asset addition (excluding consumer contribution and grant funded assets) during the year.
- 4.11.5 Accordingly, the Commission proceeds to compute the admissible Equity base and Return on Equity as below:

Table 24

Figures in Rs. Lakh

Sl No	Particulars	2022-23		
		Generation	Distribution	Total
1	Opening equity base	18,408.00	2,38,456.00	2,56,864.00
2	Equity addition	5,728.00	36,521.00	42,249.00
3	Closing equity base	24,136.00	2,74,977.00	2,99,113.00
4	Admissible equity base (Opening) – from APR Order 2021-22	0.00	2,29,476.00	2,29,476.00
5	Proposed addition to GFA	818.00	4,81,756.00	4,82,574.00
6	Disallowance as per para 4.7.1 [#]	53.00	6,314.00	6,367.00
7	Disallowance of Balance Net addition to GFA of generation ^{##}	765.00	0.00	765.00
8	Grant funded asset as per Note 17.1		1,45,769.00	1,45,769.00
9	Consumer contribution		73,214.00	73,214.00
10	Net addition to GFA for ROE computation (10 = 5 – 6 – 7 – 8 – 9)	0.00	2,56,459.00	2,56,459.00
11	Actual Equity Addition	5,728.00	36,521.00	42,249.00
12	Admissible Equity Addition limited to 30% of net asset addition in (10)	0.00	36,521.00	36,521.00
13	Admissible equity base (Closing)	0.00	2,65,997.00	2,65,997.00
14	Average Equity Base [(4+13)/2]	0.00	2,47,736.50	2,47,736.50
15	ROE @ 15.5 % (Generation) and 16.5% (Distribution) of 14	0.00	40,876.52	40,876.52

[#] As per paragraph 4.7.1 above, an amount of Rs. 1036 Lakh for Metering Asset, Rs. 5728 Lakh for Furniture & Fixtures and Office Equipment and Rs. 53 Lakh – Spares for Generating Station has been disallowed by the Commission

^{##} As per paragraph 4.11.3 above

The Commission thus admits Rs. 40,876.52 Lakh towards Return on Equity for 2022-23.



4.12 Taxes under Income Tax Act:

- 4.12.1 WBSEDCL has submitted, ROE is claimed on pretax basis, and hence MAT is claimed separately by WBSEDCL in this APR Application amounting to Rs. 1,385 Lakh. The Commission after having referred the copy of filed return submitted at Annexure-23 A and Note 43 of the Audited Financial Statement for 2022-23 admits the amount of Rs. 1385.00 Lakh as Income Tax met during the year.

4.13 Normative Debt:

WBSEDCL has not claimed any amount as interest on normative debt. No amount under this head was admitted in Tariff Order of 2022-23. Hence, no amount is admitted under normative debt in this APR.

4.14 Principal Repayment of Bonds for Creation of Pension Fund:

- 4.14.1 In the tariff order for 2020-21 and 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.
- 4.14.2 The Commission vide Paragraph 6.17.3 of the Tariff Order for 2020-21 and 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.
- 4.14.3 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 2022-23 and accordingly has not claimed any amount towards repayment of pension bond. This is also reflected in Note 18A (iii) of the Audited Financial Statements for the year 2022-23. Accordingly, the Commission admits no amount under this head.

**4.15 Income from Non-Tariff Sources:**

- 4.15.1 In the tariff order of 2022-23 a total amount of Rs. 88,980 Lakh was considered towards the estimated earnings of WBSEDCL from other non-tariff sources. WBSEDCL claimed Rs 97,301 Lakh as Income from Non-Tariff Sources in its APR application.
- 4.15.2 Note 32 of Audited Financial Statements provides total non-tariff income as Rs. 72,203 Lakh. This includes DSM receivable of Rs. 4,285 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. 67,918 (72,203-4,285) Lakh.
- 4.15.3 As per Note-33 of Financial Statements WBSEDCL has disclosed a total income of Rs. 1,29,575 Lakh and claimed Rs. 28,588 Lakh as Other General Receipts. The Commission additionally considers other provision written back excluding the write-back of provision of investment in PXIL (Rs. 108 Lakh) as reflected in Note 33B of the Audited Financial Statements under this head. Accordingly, the admitted amount under Other General receipts comes to Rs. 28,666 Lakh (28,558 + 108). Income from Bank Investment and Bank Balances of Rs. 825 claimed Para 2.29 of the APR application includes Interest income on Staff Loan & Advances (Rs. 14 Lakh), Interest from Licensees/Contractors/Consumers (Rs. 13 Lakh). Accordingly, the total amount claimed vis-à-vis admitted is as depicted below:

Table 25

Particulars	Claimed	Admitted
	(Rs. Lakh)	(Rs. Lakh)
Rental from Meters etc.	30,482	30,482
Disconnection/Reconnection Charges	3,146	3,146
LPSC	33,417	33,417
Income from job at Consumer Premises	83	83
Transmission/Wheeling Charges	790	790
Sub-Total	67,918	67,918
Other General Receipts	28,558	28,666
Income from Investment & Bank Balances	825	825
Total	97,301	97,301

- 4.15.4 The admitted amount of Rs. 97,301 Lakh. under this head as discussed above is allocated to distribution function as per their claim.

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

4.16.1 As per the Audited Financial Statements for the year 2022-23, Note 33, the DSM receivable is Rs. 4285 Lakh. In Note 34A, the amount payable by WBSEDCL towards DSM is Rs. 23,622 Lakh including arrear of Rs. 490 Lakh; thus, net incurrence as expense on this account is Rs. 19,337 Lakh.

4.16.2 WBSEDCL in their APR application for 2022-23 has claimed the net DSM amount of Rs. 19,337 Lakh as expenditure. In line with decision taken in para 2.6.2.6 above, the Commission in this APR order for 2022-23 admits the same under distribution function.

4.17 Advance Against Depreciation /Interest Credit:

4.17.1 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 2021-22 had determined the cumulative amount of 'excess of depreciation over repayment' as on 31.03.2022 amounting to Rs. 1,05,873.76 Lakh.

4.17.2 Based on the admitted depreciation and repayment of capital loan, calculation of interest credit is shown in the following Table 26.

Table 26

Sl no	Details	Amount in Rs. Lakh
1	Depreciation admitted	25,650.00
2	Repayment as per form C (Net of Swapped Loans)	14,169.00
3	Excess fund (3 = 1 -2)	11,481.00



Sl no	Details	Amount in Rs. Lakh
4	Excess of depreciation over repayment in upto 31.03.2022	1,05,873.76
5	Cumulative excess fund available (3+4)	1,17,354.76
6	Rate of int. (Refer para 4.8.1.2 of this order)	10.11%
7	Interest credit	11864.57

4.17.3 The Commission admits Rs.11,864.57 Lakh as the interest credit on depreciation.

4.17.4 The amount admitted towards interest credit is allocated between distribution and generation function in the ratio of depreciation claimed and accordingly Rs. 2,906.04 Lakh and Rs. 8,958.53 Lakh is admitted for Generation function and Distribution function respectively.

4.18 Carrying cost of regulatory asset:

4.18.1 WBSEDCL has claimed liability of Regulatory Asset including carrying cost of Rs. 98,127.43 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 2022-23.

4.18.2 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.

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

4.19 Interest on COVID loan & loan for AMPHAN:

4.19.1 WBSEDCL has claimed Rs. 9,991 Lakh interest on account of COVID loan (Rs. 9,131 Lakh) and AMPHAN loan (Rs. 860 Lakh) for year 2022-23. 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



on loan for AAMPHAN accounted as Rs. 860 Lakh (as per Note. 36.2 of Audited Financial Statements).

4.19.2 WBSEDCL also submitted that it had faced severe challenge to keep power supply unaffected during the prolonged Lock-Down period due to COVID '19'.

4.19.3 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. 9,131 Lakh (as per Note. 36.2 of Audited Financial Statements).

4.19.4 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:

"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."

4.19.5 Accordingly, additional interest on account of COVID loan and AMPHAN loan incurred and claimed as Rs. 9,991 Lakh for the year 2022-23 and disclosed separately in the Audited Financial Statement of 2022-23 (Note 36.2) is admitted by the Commission in the APR for 2022-23 under distribution function.

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

4.21 **Admissible gain or loss in terms of Tariff Regulations:**

4.21.1 **Gain/Loss on account of distribution loss:-**

4.21.1.1 The actual sale to consumers and licensees is admitted as 35893.216 MU. The energy consumed as own consumption is admitted as 74 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 7629.409 MU and actual quanta of distribution loss against that sale and own consumption is admitted as 7467.244 MU. The savings in this regard thus comes to 162.165 MU (7629.409 MU – 7467.244 MU). As provided at paragraph C of Schedule – 9B to the Tariff Regulations, the entitled gain of 25% in this regard shall be shared with the consumers.

4.21.1.2 The computations in monetary terms are worked out as below:

Table 27

Sl. No.	Particulars	Unit	Value
1	Quanta of energy sold to consumers	MU	35893.216
2	Admitted energy for own consumption	MU	74.000
3	Normative distribution loss	%	17.50%
4	Allowable Quantum of Distribution Loss	MU	7629.409
5	Actual Distribution Loss (As per Sr No. 18 of Table 2)	MU	7467.244
6	Quanta of energy saved for better distribution loss	MU	162.165
7	Average Cost per unit in the Distribution System	Paise/ kWh	420.65
8	Cost of energy saved for better distribution loss	Rs. in Lakh	6,821.00
9	Gain to be retained by WBSEDCL (75%)	Rs. in Lakh	5,116.00
10	Gain to be passed on to consumers (25%)	Rs. in Lakh	1,705.00

4.21.1.3 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. 5,116 Lakh is to be retained by the licensee and the balance benefit of Rs. 1,075 Lakh has been passed on to the consumers by way of considering actual power purchase cost.

4.21.2 Gain/Loss on account of sale of power to person other than consumer and licensee:-

4.21.2.1 From Note 31 of the Audited Financial Statements of WBSEDCL, the revenue recovered from sale of surplus power to persons other than consumer and licensee is Rs. 259212 Lakh during 2022-23. There was a cost of Rs. 11978 Lakh towards charge of selling such surplus power as evident from Note 31 of the Audited Financial Statements. Therefore, the gain / loss on account of sale of surplus energy is shown below:



Table 28

Sl No	Particulars	Unit	Value
1	Marginal Energy cost of surplus energy [As per Table 4]	Rs. Lakh	1,27,573.00
2a	Revenue from sale of surplus energy	Rs. Lakh	2,59,212.00
2b	Charges for sale of surplus energy	Rs. Lakh	11,978.00
3	Net revenue from sale of surplus power (2a – 2b)	Rs. Lakh	2,47,234.00
4	Gain on Account of sale of surplus energy [(3) – (1)]	Rs. Lakh	1,19,661.00

4.21.2.2 In terms of regulation 5.15(iv) of the Tariff Regulations, 50% of gain on account of sale of surplus energy i.e. Rs. 59,830.50 Lakh needs to be shared with the consumers and rest is required to be retained by WBSEDCL.

4.21.3 Gain/Loss on account of sale in competitive license area:-

4.21.3.1 The third proviso of regulation 2.2.2 of the Tariff Regulations, lays down “tariffs of any licensee determined under these regulations for different categories of consumers are the maximum ceilings for supply of electricity at any agreed price to the consumers, only for those areas of supply of the licensee where multiple licensees exist subject to the condition that if for effecting of supply of electricity to any consumer at such lesser price than the above mentioned upper ceiling the licensee incurs any loss, such loss shall not be allowed to be passed on to any other consumers or any other licensee of the Commission”

4.21.3.2 WBSEDCL vide Ref No: WBERC/ APR-117/23-24/4942 dated March 21, 2024 was asked to substantiate the impact as a result of sale at competitive tariff has been accounted for by WBSEDCL. WBSEDCL was also asked to affirm that no loss was passed onto the consumers as a result of sale at competitive tariff in the multiple licensee area.

4.21.3.3 WBSEDCL vide petition dated 20.05.2024 contended that the competitive tariff of WBSEDCL in the multiple licensee area has been determined in a manner to cover the marginal cost of supply to the high voltage consumers along with a mark up so as to regain high voltage consumers. WBSEDCL further advanced that cost is not a “relevant parameter” for determination of competitive tariff as per commercial principle and thereby no revenue deficit has been suffered by WBSEDCL through sale at a competitive tariff.



4.21.3.4 The Commission observed that WBSEDCL during the Tariff Petition for the 7th Control Period proposed the consumer tariff considering the sale of power to consumers of its licensed area including the sale of power in the multiple licensed area. In the Tariff Order for 2022 – 23, the Commission has determined the tariff considering the total sale of power to consumers of WBSEDCL including the multiple licensed area. The Commission observes that the contention of WBSEDCL as mentioned at paragraph 4.21.3.3 above to bill the consumers in the multiple licensed area on the basis to cover the marginal cost of supply will result to passing of entire burden of fixed cost to the other consumers of WBSEDCL. Thus, the methodology of billing in the competitive licensed area adopted by WBSEDCL tantamount to passing of loss to other consumers of WBSEDCL which is not in line with the third proviso of regulation 2.2.2 of the Tariff Regulations.

4.21.3.5 The impact in form of gain/loss of WBSEDCL as result of sale to consumers in multiple licensee area at a tariff lower than the ceiling tariff is computed in Table 29 below. The net impact as result of such sale arrives at loss of Rs. 37,604.61 Lakh.

Table 29

Sl. No.	Particulars		Unit	Value
A	Sale in multiple licensee area	Sale at 33 KV	MU	1,999.680
		Sale at 132 KV	MU	688.88
		Sub-Total (A)	MU	2,688.560
B	T & D Loss	Loss in Distribution system @4%	MU	79.990
		Loss in STU system @4%	MU	94.130
		Sub-Total (A)	MU	174.120
C	Power Purchase Requirement	(C= A+B)	MU	2,862.680
D1	Power Purchase Cost @ 436.17 paisa per unit		in Rs. Lakh	1,24,861.51
D2	Fixed Cost @ 157.31 paisa per unit		in Rs. Lakh	42,293.74
E	Total Cost of Supply	(E= D1+D2)	in Rs. Lakh	1,67,155.24
F	Total Revenue Recovery		in Rs. Lakh	1,30,005.00
G	Gain/ (Loss) on account of sale of power to consumers in multiple licensee area	(G = F-E)	in Rs. Lakh	(-) 37,150.24

4.21.4 **Net Gain/(Loss):** - The net gain/(loss) of WBSEDCL during 2022-23 comes out as Rs. 27,796.26 Lakh keeping in consideration of summated gain/ loss on account of better



distribution loss, gain/ (loss) on account of sale to persons other than consumers and licensees and gain/ (loss) on account of sale of power to consumers in competitive license area as appearing in the following Table 30.

Table 30

Sl No	Particulars	Unit	Amount
1	Gain/ (Loss) on account of better distribution loss (As per Para 4.21.1.3)	Rs. Lakh	5,116.00
2	Gain/ (Loss) on account of sale to persons other than consumers and licensees (As per Para 4.21.2.2)	Rs. Lakh	59,830.50
3	Gain/ (Loss) on account of sale of power to consumers in competitive license area (As per Para 4.21.3.5)	Rs. Lakh	(-) 37,150.24
Net Gain or (Loss) of WBSEDCL for FY 2022 – 23 (Sum 1 to 3)		Rs. Lakh	27,796.26



Order for APR of WBSEDCL for the year 2022-23

ANNEXURE - 4A SUMMARY OF FIXED COST

In Rs. Lakh

Sl. No.	Heads of Fixed Cost	APR Admitted		
		Generation	Distribution	Total
1	Transmission Charge Paid to CTU		1,50,757.00	1,50,757.00
2	Transmission Charge Paid to WBSETCL		1,38,554.00	1,38,554.00
3	POSOCO Charge		403.00	403.00
4	ERPC Charge		57.00	57.00
5	SLDC Charge		2,648.00	2,648.00
6	VARH Charge		521.00	521.00
7	Total Employee Cost	3,261.00	93,336.00	96,597.00
8	Operation and Maintenance Expenses			0.00
	a) Operation and Maintenance Expenses for Generation	4,836.00		4,836.00
	b) Operation and Maintenance Expenses for Distribution		50,942.00	50,942.00
	c) Lease Rental		614.00	614.00
	d) Expenses for Complaint Management mechanism		267.00	267.00
	e) Insurance	1131.00	179.00	1,310.00
	f) Rates & Taxes	749.30	18,031.70	18,781.00
	g) Cost of outsourcing (Distribution)		72,508.00	72,508.00
9	a) Interest on Capital Borrowings	603.00	57,672.00	58,275.00
	b) Interest on Bond for of Pension Fund	0.00	0.00	0.00
	c) Other Financing Charges	0.00	0.00	0.00
	d) Interest on Security Deposits		28,577.00	28,577.00
10	a) Depreciation	6,282.56	19,367.44	25,650.00
	b) Advance against depreciation			0.00
11	Principal Repayment of Bonds for Pension Fund			0.00
12	Bad Debt		14,559.00	14,559.00
13	Income Tax		1,385.00	1,385.00
14	Reserve for unforeseen exigencies			0.00
15	Interest on working Capital			0.00
16	Net Deviation Charge		19,337.00	19,337.00
17	Other expenses		0.00	0.00
18	Total Expenditure (sum of 1:17)	16,862.86	6,69,715.14	6,86,578.00
19	Normative Return on Equity		40,876.52	40,876.52
20	Special Allocation			0.00
21	Interest on Loan for COVID & AAMPHAN		9,991.00	9,991.00
22	Gross Fixed Cost (18 + 19 + 20 + 21)	16,862.86	7,20,582.66	7,37,445.52
23	a) Less: Total of non-tariff income		97,301.00	97,301.00
	b) Less: Interest Credit	2,906.04	8,958.53	11,864.57
	Total Deductions from Gross Fixed Cost: sum ((a): (b))	2,906.04	1,06,259.53	1,09,165.57
24	Net Fixed Cost (22 – 23)	13,956.82	6,14,323.13	6,28,279.95



ANNEXURE – 4B

Sl No.	Particulars	Unit	Value
1	Total Fixed Cost	Rs. Lakh	6,28,279.95
2	Less: ROE	MU	40,876.52
3	Less: Incentive	Rs. Lakh	0.00
4	Net Fixed Cost (4=1-2-3)	Rs. Lakh	5,87,403.43
5	Overall sale to consumers	MU	35,697.263
6	Sale to licensees in State	MU	1,499.392
7	Energy wheeled	MU	144.075
8	Total energy (8=5+6+7)	MU	37,340.730
9	Per unit Fixed Cost (9=4*10/8)	Paisa/ kwh	157.31



CHAPTER – 5

AMOUNT ADJUSTABLE ON ANNUAL PERFORMANCE REVIEW

- 5.1 Re-determined allowable fixed charges for generation and distribution functions including retail selling activities of WBSEDCL for the year 2022-23, as summarized in previous chapter, is Rs. 6,28,279.95 Lakh with function wise breakup as shown in Table 31 below.

Table 31

Particulars	Amount (In Rs. Lakh)
Fixed charge admitted for Generation	13,956.82
Fixed charge admitted for Distribution	6,14,323.13
Total Fixed charge admitted	6,28,279.95

- 5.2 The amount of total allowable variable costs for the year 2022-23 as determined in this order for Fuel and Power Purchase Cost Adjustment (FPPCA) at paragraph 3.11 is **Rs. 21,30,734.56 Lakh.**
- 5.3 Therefore, the Aggregated Revenue Requirement considering the net gain of WBSEDCL and share of benefits with consumers from the gain attained from selling of power to persons other than consumers and licensees comes to Rs. 27,26,980.27 Lakh as given below:

Table 32

Sl No	Particulars	Amount (In Rs. Lakh)
1	Variable cost allowed (vide paragraph 5.2 above)	21,30,734.56
2	Allowable net fixed cost (vide paragraph 5.1 above)	6,28,279.95
3.	Net Gain of WBSEDCL for FY 2022 – 23 (Table 30)	27,796.26
4.	Less: Share of benefits with consumers from sale to other than consumers of WBSEDCL	59,830.50
5.	Aggregate revenue requirement [4 = (1) + (2) + (3) – (4)]	27,26,980.27

- 5.4 In the Tariff Order for 2022-23, the Commission considered Rs. 6,183.22 Lakh, Rs. 1,25,618.48 Lakh and Rs. 1,79,376.00 Lakh on account of adjustments of APR of WBSEDCL for the years 2017 – 18, 2018 – 19 and 2019 – 20, respectively. Thus, the net aggregated revenue recoverable during the year 2022 – 23 comes to **Rs. 30,38,157.97 Lakh (Rs. 27,26,980.27 Lakh + Rs. 6,183.22 Lakh + Rs. 1,25,618.48 Lakh + Rs. 1,79,376.00 Lakh).**



- 5.5 Now, as per Note no. 31 – (Revenue from sale of power) of Audited Financial Statements of WBSEDCL for 2022-23, net earnings from sale of energy during the year 2022-23 was Rs. 27,88,675 Lakh which includes the revenue from sale of energy to persons other than consumers and licensees (sale to trader) to the tune of Rs. 2,59,212 Lakh. Further Rs. 11,978 Lakh towards charges for export of power also needs to be adjusted. As, the gain from sale of surplus power of Rs. 1,19,661 Lakh has been included in the ARR (50% share to consumer and 50% share to licensee), the same needs to be accounted for in the revenue realization of WBSEDCL also. Thus, the sales revenue earned by WBSEDCL during the year 2022-23 for sale to own consumers and licensees is considered as **Rs. 26,61,102.00 Lakh (Rs. 27,88,675 Lakh – Rs. 2,59,212.00 Lakh + Rs. 11,978.00 Lakh+ Rs. 1,19,661.00).**
- 5.6 Further, vide Ref. No. WBERC/B-115/1 (Part)/ 3793 dated April 26, 2023, the Commission sought clarification on the claims by WBSEDCL which the Commission had earlier directed WBSEDCL not to claim interest on REC loans in future (reference Para 8.2 of the Order dated 24.12.2020 in Case No OA-249/17-18). The WBSEDCL's reply in the related context was received by the Commission (Memo no. REG/SERC/2017 dated 10/08/2023 and Memo no. REG/SERC/249 dated 19/09/2023). The Commission finds the replies of WBSEDCL as incomprehensible and contradictory to each other as in the aforesaid replies, WBSEDCL contends that interest on REC loans on REAPS Project-I is included in the claim of APR petition to the extent of Rs. 4.93 crore, Rs. 8.56 crore and Rs. 7.61 in the years 2019-20, 2020-21 and 2021-22, respectively but during the submissions of APR applications, WBSEDCL did not take the effect of the order dated 24/12/2024 of the Commission inadvertently. The Commission thereby withdraws the amount Rs. 493 Lakh, Rs. 856 Lakh and Rs. 761 Lakh allowed in this context during years 2019-20, 2020-21 and 2021-22, respectively attributable to interest under REAPS-I. The amount totals to Rs. 2,110 Lakh. The Commission also directs WBSEDCL to refrain from claiming the interest cost related to REAPS-I in future years.
- 5.7 Based on the analyses as done in the foregoing paragraphs, the amount recoverable on the instant case of APR for the year 2022-23 works out as shown in Table 33 hereunder. The Commission also directs WBSEDCL to provide full disclosure to the enumeration appearing at Para 2.2 (a) in the subsequent APR for carrying out prudence check.



Table 33

Sl No	Particulars	Amount
		(In Rs. Lakh)
1	Net Aggregate Revenue Recoverable	30,38,157.97
2	Less: Revenue realized during the year (vide para. 5.5)	26,61,102.00
3	Less: Amount withdrawn as per Para 5.6	2,110.00
4	Balance Amount Recoverable [(4) = (1) - (2) - (3)]	3,74,945.97

5.8 Regulatory assets realizable from Railways sale in consumer mode:

5.8.1 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 2022 – 23 was 446.01 MU against the total sale volume of 35,697.263 MU to consumers.

5.8.2 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.

5.8.3 The Commission in this order has determined the net amount recoverable of Rs. 3,74,945.97 Lakh through APR. During this period, the total sale to consumers was 35,697.263 MU out of which sale to Railways was 446.01 MU up to 31.06.2022. Therefore, the proportionate share



of regulatory asset to be recovered from Railways during 2022 – 23 comes to Rs. 4,684.66 Lakh as calculated below:

Table 34

Respective Year APR Order	Net Amount Recoverable	Total Sale to Consumers	Sale to Railways	Proportionate share of railway
	in Rs. Lakh	in MU	in MU	in Rs. Lakh
APR Order for 2022-23	(1)	(2)	(3)	(4) = (1) X (3) / (2)
	3,74,945.97	35,697.263	446.01	4,684.66

- 5.8.4 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 amount of regulatory asset embedded in the tariff is recovered from consumers through-out the year under monthly bills. Similarly, WBSEDCL shall realize the amount from Railways, being a consumer during the period of 2022 - 23, 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.
- 5.8.5 In view of the above, the Commission accords its approval to WBSEDCL to realize Rs. 4,684.66 Lakh from Railways on account of proportionate share of regulatory asset for the year 2022 – 23 in terms of clause 5.6 of the agreement dated 10.06.2022 in 12 equal monthly installments along with the monthly bills prospectively.
- 5.8.6 WBSEDCL is directed to adequately disclose the amount so received from Railways appropriately in its Audited Financial Statements which is to be adjusted during APR of the respective years.
- 5.9 In terms of regulation 2.6.6 of the Tariff Regulations, the balance recoverable amount of **Rs. 3,70,261.31 Lakh (Rs. 3,74,945.97 Lakh – Rs. 4,684.66 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.



CHAPTER – 6 DIRECTIONS

- 6.1 The Commission in the previous chapters have given certain directions to WBSEDCL. The directions are summarized below:
- 6.1.1 WBSEDCL is directed to provide full disclosure regarding actual contribution to the terminal benefit funds pertaining to FY 2022 – 23 with adequate substantiation along with the auditor's certificate for release of the net withheld amount.
- 6.1.2 WBSEDCL to comply with the direction given at paragraph 3.17.5 of the APR Order of 2014 – 15 as regards the investment along with shortfall in terms of regulation 5.24.1 of the Tariff Regulations before filing the next APR application for FY 2023 – 24.
- 6.1.3 WBSEDCL is directed to adequately disclose the amount received from Railway as given in paragraph 5.8.3 above appropriately in its Audited Financial Statements.
- 6.1.4 WBSEDCL to explore Green Market for procurement of RE power. WBSEDCL shall also explore possibilities of providing roof top Solar PV connections in terms of extant Rules and Regulations to improve their RE portfolio. Besides, WBSEDCL shall explore the possibilities of firming up long term PPA from RE sources.
- 6.1.5 The Commission in the Tariff Order for 2022 – 23 has directed to continue with terms and conditions of tariff as admitted in the preceding orders which includes rebate of 30 paise/kWh on energy charge for short term supply to Pandals for community religious ceremonies if the illumination is done with LED. WBSEDCL is directed to provide the amount of rebate provided for such purpose out of the total rebate disclosed in the Audited Financial Statements along with the APR Petitions of subsequent years. WBSEDCL is also directed to submit break up of rebates provided during FY 2022 – 23 within 3 months from the date of this order.
- 6.2 WBSEDCL is to take a note of this order.
- 6.3 A copy of the order shall be posted in the website of the Commission.



- 6.4 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/-

(DR. MALLELA VENKATESWARA RAO)
CHAIRPERSON

DATED: 09.12.2024

Sd/-

SECRETARY