



ORDER
OF THE
WEST BENGAL ELECTRICITY REGULATORY COMMISSION
IN CASE NO.

FPPCA-129/24-25

AND

APR-134/24-25.

FUEL & POWER PURCHASE COST ADJUSTMENT
(FPPCA) AND ANNUAL PERFORMANCE REVIEW (APR)
OF INDIA POWER CORPORATION LIMITED FOR THE
FINANCIAL YEAR 2020-21

DATE: 20.01.2026



CHAPTER – 1

1. PREAMBLE

- 1.1 According to Regulation 2.6 of the West Bengal Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2011, as subsequently amended and hereinafter referred to as the 'Tariff Regulations,' it is explicitly stipulated that generating companies and licensees, as may be applicable in a given context, shall be subject to the rigorous process denominated as the Annual Performance Review, herein referred to by its abbreviated designation, 'APR.'
- 1.2 India Power Corporation Limited (hereinafter referred to as 'IPCL'), a distribution licensee under the West Bengal Electricity Regulatory Commission, submitted their applications for Fuel and Power Purchase Cost Adjustment (FPPCA) and Annual Performance Review (APR) for 2020-21 under 7th control period vide letters dated 28th October 2024 and 9th January 2025 respectively in terms of provisions contained in Tariff Regulation. The FPPCA application and APR application admitted in Case No. FPPCA-129/24-25 and in Case No. APR-134/24-25 respectively by the Commission on 11.02.2025.
- 1.3 The review of this instant application on the basis of the extract from the Audited Financial Statements for 2020-21 with reference to the Commission's tariff order dated 13.03.2024 in Case No. TP- 94/20-21 will result into adjustment in different heads. The net adjustment arising out of such adjustments in different heads will be considered for giving effect to while determining the amount of revenue recoverable through tariff order of further ensuing years or through separate order as specified in regulation 2.6.6 of the Tariff Regulations.
- 1.4 The APR covers the areas of permissible annual fixed charges determination to the applicant, permissible incentives and the effect of gain sharing as per Schedule-9B and Schedule-10 of the Tariff Regulations respectively. In the APR for the year 2020-21, therefore, the review of different elements of fixed



charges, categorized as controllable and uncontrollable have been done to find out the amounts admissible against each head of element vis-a-vis the amount allowed under tariff order for 2020-21.

- 1.5 On admission of the APR application, IPCL was directed to publish the gist of the APR application 2020-21 vide letter dated 24.04.2025. Accordingly, the gist was published in four newspapers inviting suggestions/objections from the stakeholders if any, as detailed in table 1.5-1. The approved gist and the APR Petition for 2020-21 were also posted on the website of IPCL. Opportunities were given to all to inspect the application and take copies thereof and submit their respective suggestions/objections within the stipulated period of 21 days from the date of publication of the Gist on 29.04.2025.

Table 1.5-1

Sl. No.	Date of Publication	Newspapers	Last date for submission of suggestions / objections as per notification
1	29.04.2025	Bartaman (Bengali)	21 days from date of publication (inclusive of date of publication)
2	29.04.2025	Aajkal (Bengali)	
3	29.04.2025	The Statesman (English)	
4	29.04.2025	Millenium Post (English)	

- 1.6 The Commission has not received any suggestion/objection from general public/stakeholders with regard to the Petition submitted by IPCL.
- 1.7 The instant case of IPCL is being viewed in the subsequent parts of this order.
- 1.8 IPCL vide letter no. RA/II/002/25-26/23, dated 17th June 2025 submitted additional information regarding APR application.
- 1.9 The Commission asked for some clarifications for processing APR and FPPCA applications vide letters dated 04.07.2025, 13.10.2025, 19.11.2025 and 24.11.2025. IPCL submitted their replies on affidavit vide letters dated 14.08.2025, 02.09.2025, 29.10.2025, and 05.12.2025.



1.10 IPCL has submitted afore-stated clarifications on the following aspects;

- A.** Details of swapping of power (both swap in and swap out) for FY 2020-21,
- B.** Information regarding operationalization of Shristi Nagar and Raniganj Square Office,
- C.** Clarification regarding addition of the assets viz. (i) GIS substation at J.K. Nagar and (ii) J.K. Nagar to Pandabeswar Line for FY 2020-21 and their date of Commercial Operation,
- D.** Clarification regarding addition of the assets viz. (i) 33 KV line for Devyani Foods and (ii) IKRA - DHASAL Line for FY 2020-21 and their date of Commercial Operation,
- E.** Clarification regarding procurement of coal from Tata Steel, process of selection of road transporter, Compliance towards providing levelized discount under SHAKTI scheme etc.
- F.** Income tax assessment order for FY 2020-21 (AY 2021-22), Status of investment of unforeseen exigency reserve fund etc.

1.11 This Commission, therefore, proceeds to process the instant applications filed by IPCL on its merit.



CHAPTER – 2

COMPUTATIONS OF THE ALLOWABLE FUEL AND POWER PURCHASE COST

- 2.1 IPCL has made certain prayers and submissions through the APR petition and FPPCA for 2020-21 and the accompanying forms. It has also submitted extract of the Audited Financial Statements pertaining to the regulated business, auditors' certificates, supporting data, documents, clarifications and compliance reports. IPCL has submitted that its net aggregate revenue requirement allowed by the Commission in Tariff Order was Rs. 45904.52 Lakh. Against the same, IPCL in Paragraph 97 of their APR application has submitted total realizable sales revenue for 2020-21 as Rs. 47625.61 Lakh and asked for net revenue recoverable for 2020-21 as Rs 2992.10 Lakh after adjusting the sales revenue already realized in 2020-21.
- 2.2 In this part of the order, the Commission takes up the determination of fuel and power purchase cost allowable to IPCL on the quantum of power sold by it to the consumers and other licensees during the financial year 2020-21.
- 2.3 The Fuel and Power Purchase Cost (FPPC) during the referred adjustment period, i.e., financial year 2020-21, is to be admitted in terms of the following formula as specified by the Commission in Schedule-7A to the Tariff Regulations.
- 2.4 The Schedule – 9B to the Tariff Regulations, contains provisions for sharing the gains derived by the licensee, if any, on account of its better performances over the operating and fuel consumption norms set by the Commission for the concerned year. The operational parameters which are to be considered for such sharing the gains accrued to the licensees are:
- (i) Oil consumption rate,
 - (ii) Rate of Auxiliary Consumption,
 - (iii) Gross Station Heat Rate.



- 2.5** The referred Schedule 9B to the Tariff Regulations also stipulates that in case PAF of a generating station of the licensee falls below the normative PAF, the total gains meant to be passed on to the consumers under the items (i) to (iii) above, shall be used to compensate the deficit in the recovery of the fixed charges, if any, by the licensee.
- 2.6** Before ascertaining the amount of admissible fuel and power purchase cost as well as the amount of gains to be shared with the consumers and other licensees under the provisions of the Tariff Regulations explained in earlier paragraphs, it needs to view the actual performances of IPCL in comparison to the operational and fuel efficiency norms set by the Commission in the Tariff Order for the concerned year.
- 2.7** During 2020-21, IPCL has generated power from the 1 x 12 MW Dishergarh Power Station (DPS). Total Gross generation during the year is 29.18 MU and sent out energy is 25.14 MU. IPCL in their submission has stated that with sustained efforts across the years it has been able to secure coal under SHAKTI scheme from FY 2020-21 onwards. The Fuel Supply Agreement (FSA) was executed with Central Coal Fields Limited (CCL) on 12.03.2020 for an Annual Contracted Quantity (ACQ) of 53400 Tonnes of G9 – G14 range of graded coal. A copy of the FSA has also been submitted with the FPPCA application. The Petitioner has further stated that in spite of the execution of FSA on 12.03.2020, it could offtake coal only for a period of five months starting from June 2020 to October 2020 for reasons beyond their control.
- 2.8** During scrutiny of the instant FPPCA application it has been noticed that despite execution of FSA, the petitioner purchased coal rejects/tailings from Tata Steel in the months of June 2020 and September 2020.
- 2.9** The Commission while giving clearance to purchase coal through order dated 14.02.2013 in case No. WBERC/OA-129/11-12 stipulated that the cost of fuel purchase will be allowed as per provision 5.8.2 of the Tariff Regulations. IPCL further through a separate petition prayed before the Commission for in-



principal clearance to purchase coal through e-auction. The Commission vide order dated 11.09.2013 in Case no. WBERC/OA-163/12-13 accorded clearance to purchase coal through e-auction subject to compliance of the conditions as stipulated in regulations 5.8.1 to 5.8.7 of the Tariff Regulations.

2.10 From the submitted coal bills it is noted that IPCL has procured coal from Central Coal Fields Ltd. and Tata Steel Ltd. Relevant details of source wise purchased coal as submitted along with the APR petition are as detailed in the following table;

Table – 2.10-1

Invoice date	Quantity (in MT)	Actual GCV (As measured in laboratory of IPCL) (Kcal / KG)	Coal Grade & GCV range as per the invoice (Kcal/KG)	Basic Price (in Rs.)	Other Charges including statutory charges (in Rs.)	Total Price (in Rs.)	Unit Price (in Rs./MT)
A	B	C		D	E	F = D + E	G = F/B
FSA Coal Purchased from Central Coalfields Ltd.							
27.05.20	984.8	4281	G9 4601-4900	1122672.00	925133.39	2047805.39	2079.41
27.05.20	542.5		G11 4001-4300	518087.50	485138.80	1003226.30	1849.27
27.05.20	2237.2		G7 5201-5500	4308847.20	2530783.04	6839630.24	3057.23
30.05.20	397.70	4448	G11 4001-4300	379803.50	365522.06	745325.56	1874.09
30.05.20	943.30		G9 4601-4900	1075362.00	909565.08	1984927.08	2104.24
30.05.20	2587.00		G7 5201-5500	4982562.00	2990708.52	7973270.52	3082.05
20.06.20	4001.34	3343	G13 3401-3700	3269094.78	3391762.98	6660857.76	1664.66
25.06.20	263.5	3025	G13 3401-3700	215279.50	224013.28	439292.78	1667.15
25.06.20	3754.7		G13 3401-3700	3067589.90	3192040.52	6259630.42	1667.15
12.08.20	2415.09	3337	G11 4001-4300	2306410.95	2160994.86	4467405.81	1849.79
12.08.20	1457.09		G13 3401-3700	1190442.53	1254716.26	2445158.79	1678.11
29.08.20	2446	3336	G11 4001-4300	2335930.00	2194969.90	4530899.90	1852.37



29.08.20	1606.6		G13 3401-3700	1312592.20	1387610.23	2700202.43	1680.69
TOTAL FSA COAL	23636.82					48097632.96	2034.86

Washery Rejects / Tailings Purchased from Tata Steel

Invoice Date	Quantity Billed (in MT)	Actual GCV (As measured in laboratory of IPCL) (Kcal / KG)	Basic Price (in Rs.)	Other Charges including statutory charges (in Rs.)	Total Price (Excluding Freight) (in Rs.)	Unit Price (in Rs./MT)
22.06.2020	1207.00	2640	1810500.00	573325.00	2383825.00	1986.97
22.06.2020	2514.00	2640	2262600.00	1118730.00	3381330.00	1357.17
05.09.2020	2625.50	2914	1994382.31	1536915.19	3531297.5	1357.17
05.09.2020	1409.89	2914	1268901.00	627401.05	1896302.05	1357.52
TOTAL FROM TATA STEEL	7756.39	2782.55			11192754.55	1443.04

2.11 In their additional information dated 17.06.2025, IPCL submitted the GCV value of coal procured from CCL and washery rejects / tailings procured from Tata Steel Ltd. based on their own sampling and testing conducted in their own laboratory instead of any third-party sampling. The Commission also asked vide letter dated 13.10.2025, whether process of transparent competitive bidding adopted for procurement of non-FSA coal from Tata Steel Ltd.? IPCL in their reply vide letter dated 29.10.2025 remained silent on procurement through transparent bidding. IPCL has submitted that they were constrained to purchase washery rejects/tailings from Tata Steel due to non-availability of sufficient coal under SHAKTI scheme. WBERC Tariff Regulations, however, do not mandate for purchase without e-auction / transparent bidding.

2.12 While issuing the MYT Order dated 13.03.2024, the Commission held as under at para 5.6.2.2 regarding coal procurement;



“----- In absence of any detailed reasoning for procuring coal from other non-FSA sources without going through e-auction, the Commission decided to determine the energy charge considering the rates and GCV of FSA coal from SHAKTI scheme only. IPCL has the liberty to submit detailed justifications during truing-up process.”

- 2.13 IPCL in their reply dated 29.10.2025 has also quoted the finding of the 24th meeting of Scrutiny Committee held on 8th and 9th August 2024, wherein the Committee observed that low production of coal in West Bengal due to low demand of coal as a result of COVID-19 pandemic.
- 2.14 IPCL entered into the FSA with CCL on 12.03.2020. Prior to that Commission permitted the petitioner to purchase non-FSA coal through e-auction, in compliance of relevant tariff regulations, so that the newly installed plant can generate power. Hence, the Commission does not find merit in the justification submitted herein by IPCL.
- 2.15 The Commission, applying due prudence has considered coal rate and GCV in respect of the non-FSA quantity procured, as per the price notification by Coal India Limited on 27.11.2020. As per the said notification, the GCV Grade and base price of matching coal is G15 and G16 grades having GCV range 2801-3100 and 2501 – 2800 respectively. Base price of G15 grade is 600 Rs./MT and that for G16 grade is 514 Rs./MT as per the notification.

2.16 Computation of GCV of Coal:

- 2.16.1 Besides procurement of FSA Coal from Central Coal Field Ltd. (CCL) under SHAKTI scheme of the Government of India, IPCL has also procured non-FSA coal from Tata Steel without e-auction / transparent bidding. Petitioner has also not opted for any third-party sampling, and instead, has submitted actual GCV of purchased coal based on their own sampling / measurement. Relevant portion of WBERC Regulation 5.8.2 of 'Terms and Conditions of Tariff' (Third Amendment) Regulations, 2020 is reproduced below;

“-----



Provided that procurement of fuel at a price other than Government notified prices may be considered, if it is based on competitive bidding through transparent process. Detailed documents of competitive bidding are to be submitted along with the application for FCA/FPPCA.

Provided that landed fuel cost of primary fuel shall be worked out based on the actual bill paid by the generating company including any adjustment on account of quantity and quality.

Provided also that in case of coal-fired thermal generating station, the Gross Calorific Value shall be measured by third party sampling and the expenses towards the third-party sampling facility shall be reimbursed by the beneficiaries,"

2.16.2 From the submitted details of coal purchased from CCL under SHAKTI scheme, the Commission notes that, the submitted GCV is based on petitioner's own sampling and measurement (without third party sampling). Sampling has been done from a consignment consisting of different coal grades. For example, the coal purchased from Central Coal Field Ltd. (CCL) vide invoice dated 27.05.2020 consists of G9, G11 and G7 grades. GCV submitted by the petitioner is a single value representing the entire consignment. Hence, the submitted GCV was compared with the consignment wise weighted average GCV of invoiced grades. Submitted GCV based on own sampling found to be less than the computed GCV in the range of 400 to 500 Kcal/Kg. The Commission is of considered opinion that, though in terms of regulation 5.8.4 (1) of the Tariff Regulations, 'as received GCV' value of coal is required to be considered for determination of fuel cost, but that should not be without third party sampling & testing and without any prudence check.

Relevant provisions under the heading 'QUALITY' contained in the copy of the Fuel Supply Agreement (FSA) submitted by the petitioner along with the FPPCA application are noted below;

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



5.6.1(b) For the purpose of sampling, each rake of Coal supplied from one Delivery Point shall be considered as a lot. However, if a rake comprises Coal from more than one (1) coal mine and/or Grade, then the number of lots for sampling will be coal mine / Grade wise, as the case may be.

2.16.3 Under the above context, the Commission finds it prudent to also refer the provisions CERC Regulations and recent orders of various SERCs on the "GCV As Billed" and "GCV As Received" values of Coal:

- a) Relevant portion Regulation 43 of the Central Electricity Regulatory Commission "Terms and Conditions of Tariff" Regulations, 2019 is reproduced below;

"43. Computation and Payment of Energy Charge for Thermal Generating Stations:

(2) Energy charge rate (ECR) in Rupees per kWh on ex-power plant basis shall be determined to three decimal places in accordance with the following formulae: (a) For coal based and lignite fired stations:

$$ECR = \{(SHR - SFC \times CVSF) \times LPPF / (CVPF + SFC \times LPSFi + LC \times LPL) \times 100 / (100 - AUX)\}$$

Where,

AUX = Normative auxiliary energy consumption in percentage.

CVPF = (a) Weighted Average Gross calorific value of coal as received, in kCal per kg for coal based stations less 85 Kcal/Kg on account of variation during storage at generating station;

-----"



- b) Odisha Power Generation Corporation (OPGC) in its petition has proposed Odisha Electricity Regulatory Commission (OERC) to consider "as received GCV" of coal with GCV loss of 400 kCal/kg from the "as billed value". OPGC placed report of Third-Party Sampling Agency (TPSA) in support of their claim. In its order dt 28.10.2020 in case No. 43/2017, OERC has allowed 260 kCal/kg adjustment between "as billed GCV" and "as received GCV" to OPGC. In its order OERC allowed the adjustment by considering the difference in GCV between Equilibrated method and Total Moisture method considering average 8% Surface Moisture. In terms of OERC Regulation "GCV as received" shall be computed by moisture corrections from "GCV as billed" values of coal and further allowed 85kCal/kg as storage and handling losses within the plant.
- c) Andhra Pradesh Electricity Regulatory Commission (APERC) in its order dated 27.03.2024 under Case No. O-P-60/2023 approved Fuel Cost Adjustment of Andhra Pradesh Generation Corporation Limited (APGENCO) during 2018-19 to 2022-23. Andhra Pradesh DISCOMs submitted that, they visited Dr. Narla Tata Rao Thermal Power Station (NTPPS) in Andhra Pradesh and found approximate one grade slippage happens between "as billed GCV" and "as received GCV". APERC in its order has allowed maximum one grade (i.e. 300 kCal/kg) slippage of heat value and additionally 85 kCal/kg allowed for storage loss.
- d) Karnataka Electricity Regulatory Commission (KERC) (Terms and Conditions for Determination of Generation Tariff) Regulations, 2024 vide Notification No. KERC/S/2024/ 652 dated 09.09.2024 under Regulation 64(3) for computation of energy charge for thermal generating stations considered gross calorific value of coal as billed by supplier less:
- a) actual loss in calorific value of coal between "as billed by supplier" and "as received at generating station, subject to the maximum loss in calorific value of 300kCal/kg and
- b) actual stacking loss subject to the maximum stacking loss of 85kCal/kg for pithead stations and 120kCal/kg for non-pit head stations

2.16.4 Under the above context, the Commission finds it prudent to consider the GCV value of FSA Coal and non-FSA washery rejects / tailings for computation of Energy Charge Rate and Admissible Fuel Cost as under;



A. the admissible value of 'as received GCV' for FSA coal shall be considered as per the grade of coal (minimum value of the GCV range) mentioned in the respective invoices submitted after allowing one grade slippage (300 Kcal/Kg.). However, if the 'as received GCV' so computed is less compared to the GCV claimed by the petitioner, the higher GCV value will be considered.

B. the admissible value of 'as received GCV' for washery rejects / tailings shall be considered same as that submitted by the petitioner.

2.16.5 Based on the analysis in the foregoing paragraphs, the 'as received GCV' value of FSA Coal purchased from CCL and Washery Rejects / Tailings procured from Tata steel are given in Table 2.16-1, 2.16-2 and 2.16-3.

2.16.6 The Commission, therefore, admits 3514.35 Kcal/Kg. as the GCV of Coal 'as received' for computation of FPPCA and revenue requirement.

Table 2.16-1

Invoice Date	Quantity (MT)	GCV Claimed (Kcal/Kg.)	Grade/GCV range of Coal 'As Billed'	Admissible GCV 'As Billed' (Kcal/Kg.)	Weighted Average of 'D' (Kcal/Kg.)	GCV 'As Billed' with one grade slippage (Kcal/Kg.)	Admissible GCV 'As Received' (Kcal/Kg.)
FSA Coal purchased from Central Coal Field Ltd.							
	A	B	C	D	E	F = E - 300	G = higher of F and B
27.05.2020	984.8	4281	G9 4601-4900	4601	4871.11	4571.11	4571.11
	542.5		G11 4001-4300	4001			
	2237.2		G7 5201-5500	5201			
	3764.5						
30.05.2020	397.7	4448	G11 4001-4300	4001	4935.41	4635.41	4635.41
	943.3		G9 4601-4900	4601			
	2587		G7 5201-5500	5201			



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	3928						
20.06.2020	4001.34	3343	G13 3401-3700	3401	3401	3101	3343
25.06.2020	263.5	3025	G13 3401-3700	3401	3401	3101	3101
	3754.7		G13 3401-3700	3401			
	4018.2						
12.08.2020	2415.09	3337	G11 4001-4300	4001	3775.22	3475.22	3475.22
	1457.09		G13 3401-3700	3401			
	3872.18						
29.08.2020	2446	3336	G11 4001-4300	4001	3763.14	3463.14	3463.14
	1606.6		G13 3401-3700	3401			
	4052.6						
Total	23636.82	3619.78					3754.49

Table 2.16-2

Invoice Date	Quantity (MT)	GCV Claimed (Kcal/Kg.)	Equivalent Grade as per CIL Notification /GCV range of Coal 'As Billed'	Admissible GCV 'As Received' (Kcal/Kg.)
Washery Rejects / Tailings purchased from Tata Steel				
	A	B	C	D
22.06.2020	1207.00	2640	G 16 2501-2800	2640
	2514.00			
	3721.00			
05.09.2020	2625.50	2914	G 15 2801-3100	2914
	1409.89			
	4035.39			
Total	7756.39	2782.55		2782.55



Table 2.16-3

Source	Quantity (MT)	GCV Claimed (Kcal/Kg.)	Admitted GCV 'As received' (Kcal/Kg)
FSA Coal purchased from Central Coal Field Ltd.	23636.82	3619.78	3754.49
Washery Rejects / Tailings purchased from Tata Steel	7756.39	2782.55	2782.55
Total Purchased Coal	31393.21	3412.92	3514.35

2.17 Computation of cost of Coal:

2.17.1 As already stated at para 2.15, the Commission has considered equivalent grade for the washery reject procured from Tata Steel as G15 grade for the quantum (invoice date 05.09.2020) for which submitted GCV is 2914 Kcal/Kg and G16 grade for the quantum (invoice date 22.06.2020) for which submitted GCV is 2640 Kcal/Kg. Basic price of 600 Rs./MT and 514 Rs./MT have been considered for G15 and G16 grades respectively, as per the notification of Coal India Ltd. Thereafter, considering proportionate statutory charges and duties in line with FSA Coal, the rate for G15 grade works out to be 1385.30 Rs./MT and that for G16 grade 1278.31 Rs./MT excluding freight. Detailed computation is given in the following table;

Table 2.17-1
Computation of the rate of non-FSA coal

Invoice Date	22.06.2020	22.06.2020	05.09.2020	05.09.2020	Total
Quantity (MT)	2514	1207	1409.89	2625.5	7756.39
Grade of Coal and GCV Range	G16 (2501-2800)	G16 (2501-2800)	G15 (2801-3100)	G15 (2801-3100)	
Basic Price (Rs./MT)	514	514	600	600	558.74
Basic Value (Rs.)	1292196	620398	845934	1575300	4333828
Royalty (@14% of basic price)	180907.44	86855.72	118430.76	220542	606735.92



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DMF (@30% of royalty)	54272.232	26056.716	35529.23	66162.6	182020.78
NMET (@2% of royalty)	3618.1488	1737.1144	2368.6152	4410.84	12134.72
STC @ 89.5 Rs./MT (in Rs.)	225003	108026.5	126185.155	234982.25	694196.91
Breaking Charge @ 87 Rs./MT (in Rs.)	218718	105009	122660.43	228418.5	674805.93
Facilitation Charges @ Rs. 50 per MT (in Rs.)	125700	60350	70494.5	131275	387819.50
Mgmt. Charges @ 2% on Facility Charges(in Rs.)	2514	1207	1409.89	2625.5	7756.39
Taxable Value (in Rs.)	2102928.821	1009640.05	1323012.578	2463716.69	6899298.14
GST @ 5% on Taxable Value	105146.44	50482.00	66150.63	123185.83	344964.91
GST Compensation Cess @400 Rs./MT	1005600	482800	563956	1050200	3102556
Total Value	3213675.26	1542922.05	1953119.21	3637102.52	10346819
Per unit rate	1278.31	1278.31	1385.30	1385.30	1333.97

2.17.2 So far as the cost of coal purchased from CCL through FSA is concerned, the Commission has admitted the value of coal as claimed by IPCL. Detail computation of the cost of coal excluding its transportation cost is give in the table below:

Table 2.17-2

Invoice date	Quantity (in MT)	Basic Price (in Rs.)	Other Charges including statutory charges, underloading charge & supervision charge and excluding freight (in Rs.)	Total Price (in Rs.)	Unit Price (in Rs./MT)
A	B	C	D	E = C + D	F = E/B
FSA Coal from Central Coal Fields Ltd.					
27.05.2020	984.8	1122672.00	925133.39	2047805.39	2079.41
27.05.2020	542.5	518087.50	485138.80	1003226.30	1849.27
27.05.2020	2237.2	4308847.20	2530783.04	6839630.24	3057.23
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20.06.2020	4001.34	3269094.78	3391762.98	6660857.76	1664.66
25.06.2020	263.5	215279.50	224013.28	439292.78	1667.15
25.06.2020	3754.7	3067589.90	3192040.52	6259630.42	1667.15
12.08.2020	2415.09	2306410.95	2160994.86	4467405.81	1849.79
12.08.2020	1457.09	1190442.53	1254716.26	2445158.79	1678.11
29.08.2020	2446	2335930.00	2194969.90	4530899.90	1852.37
29.08.2020	1606.6	1312592.20	1387610.23	2700202.43	1680.69
	23636.82	26084674.06	22012958.9	48097632.96	2034.86

Computation of the rate of FSA coal

2.17.3 Total cost of coal purchased from both sources are given in Table 2.17-3 below;

Table 2.17-3

Source	Quantity (MT)	Cost of Coal Claimed (Rs.)	Cost of Coal Admitted (Rs.)
Central Coal Fields Ltd.	23636.82	48097632.96	48097632.96
Tata Steel	7756.39	11192754.55	10346819.05
Total Cost	31393.21	59290387.51	58444452.01

2.17.4 Payments made by IPCL towards the rail transportation charges has been verified from copy of the bills submitted along with the petition. Coal has been transported from CCL mines in Jharkhand (Ray and Khalari) to Radhanagar Railway siding.

2.17.5 Regarding the cost for road transportation, the Commission observed as under at para 5.6.2.4 of the Tariff Order dated 13.03.2024;

A. IPCL has shown road transportation cost as 820 Rs./MT for FY 2020-21 and 410 Rs./MT for FY 2021-22,



B. In absence of any justification for such high cost for FY 2020-21, the Commission has considered road transportation cost as Rs. 410/MT for determination of tariff for FY 2020-21 and FY 2021-22.

C. IPCL during true-up has to submit detail justification of road transport cost ensuring transporter selection through transparent competitive bidding process.

2.17.6 IPCL in the instant FPPCA/APR petition has submitted road transportation cost as Rs. 670 & 685 /MT. The Commission further noted that in the instant petition IPCL has claimed supervision charges amounting to Rs.5,30,105/- (reference Annexure-P3 of FPPCA petition) without any supporting documents of payment made and justification.

2.17.7 The Commission, therefore, sought necessary clarifications from IPCL towards road transport cost, supervision charges etc. vide letter no. WBERC/APR-134/24-25/573, dated 13.10.2025. Petitioner vide letter no. RA/II/002/25-26/47, dated 29.10.2025 submitted as under on affidavit;

- A. **High cost of road transportation of coal:** IPCL in their reply has submitted that selection of road transporter was done through tender floated on 20.03.2020 for unloading of coal at Radhanagar / Barachak Railway siding and transportation of coal from Radhanagar / Barachak Railway siding to IPCL plant. After evaluating the quoted price, IPCL has selected the present transporter M/s JSP Tracomm Pvt. Ltd being the lowest bidder. Rates of the selected transporter is 670 Rs./MT for transporting coal from Radhanagar Railway siding to IPCL plant and 700 Rs./MT from Barachak Railway siding to IPCL plant. Petitioner has further stated that due to outbreak of Covid-19, there was non-availability of sufficient manual labour at Radhanagar siding causing hike in labour charge for loading & handling of coal.
- B. **GST Invoice for road transportation charge:** IPCL in their reply has submitted GST details under reverse charge mechanism (RCM) related to road transportation charges.
- C. **Justification with documentary evidence for payment of supervision charges:** In this regard the petitioner has stated that supervision was required to ensure quality and quantity of coal at the loading point. Payment has been



made to 'M/s Rahul Carbon Commercials(P) Ltd. Petitioner has submitted the bills paid in this regard as documentary evidence.

2.17.8 It is observed from the invoices submitted for road transportation charges that the coal has been transported from Radhanagar Railway siding to IPCL plant. As submitted by IPCL in their reply dated 29.10.2025, the discovered rate through bidding for such transportation is 670 Rs./MT excluding GST. Hence, the Commission considered 670 Rs./MT for the quantity transported to IPCL plant along with proportionate GST.

2.17.9 Based on the data, documents / clarifications as submitted by the petitioner, the Commission determined the transportation charges as detailed in the following tables;

Table- 2.17-4

Railway Transportation Charge			
Date of Invoice	Quantity (MT)	Amount Claimed (Rs.)	Amount Admitted (Rs.)
Central Coal Fields Ltd.			
27.05.2020	3764.5	2951030.5	2951030.5
30.05.2020	3928	2972499.7	2972499.7
25.06.2020	4018.2	2968821	2968821
20.06.2020	4001.3	2968509	2968509
29.08.2020	4052.6	2990668.7	2990668.7
12.08.2020	3872.2	2902423.2	2902423.2
Sub-Total - 1	23636.82	17753952.10	17753952.10
Tata Steel Ltd. Ltd.			
22.06.2020	2514	642541.2	642541.2
22.06.2020	1207	303422.7	303422.7
05.09.2020	1409.89	370669.95	370669.95
05.09.2020	2625.5	670736.85	670736.85
Sub-Total - 2	7756.39	1987370.7	1987370.7
Grand Total	31393.21	19741322.80	19741322.80

Table- 2.17-5

Road Transportation Charges			
Date of Invoice	Quantity (MT)	Amount Claimed (Rs.)	Amount Admitted (Rs.)
10.06.2020	7875.87	5540674.55	5540675
29.06.2020	4083.45	2937021.41	2872707
25.06.2020	4055.45	2916882.41	2853009
09.09.2020	3803.26	2735494.76	2675593



25.06.2020	3437.39	2472342.76	2418204
02.09.2020	4062.33	2921830.85	2857849
03.09.2020	4023.31	2893765.72	2830399
Total	31341.06	22418012.45	22048436

2.18 Based on analysis and computations herein before, landed cost of coal is given below;

Table 2.18-1

LANDED COST OF COAL PURCHASED DURING FY 2020-21		
FSA Coal from CCL	Claimed	Admitted
Quantity (in MT)	23636.82	23636.82
Cost of Coal (in Rs.)	48097632.96	48097632.96
Cost of Rail Transport (in Rs.)	17753952.10	17753952.10
*Cost of Road Transport (in Rs.)	16879144.41	16600879.81
Landed Cost -1 (in Rs.)	82730729.47	82452464.88
Landed Cost -1 (in Rs./MT)	3500.08	3488.31
Non-FSA Coal from Tata Steel	Claimed	Admitted
Quantity (in MT)	7756.39	7756.39
Cost of Coal (in Rs.)	11192754.55	10346819.05
Cost of Rail Transport (in Rs.)	1987370.70	1987370.70
*Cost of Road Transport (in Rs.)	5538868.042	5447555.897
Landed Cost -2 (in Rs.)	18718993.29	17781745.64
Landed Cost -2 (in Rs./MT)	2413.36	2292.53
Total Coal Purchased	Claimed	Admitted
Quantity (in MT)	31393.21	31393.21
Cost of Coal (in Rs.)	59290387.51	58444452.01
Cost of Rail Transport (in Rs.)	19741322.8	19741322.80
*Cost of Road Transport (in Rs.)	22418012.45	22048435.71
Landed Cost (in Rs.)	101449722.77	100234210.52
Landed Cost (in Rs./MT)	3231.58	3192.86

2.19 Against the quantum of total coal procurement of 31393.21 MT, the quantum transported through road has been found to be 31341.06 MT.

2.20 With the above computation and considering the opening coal stock and the coal purchase details submitted by the petitioner the Commission now compute the weighted average GCV and cost of coal below. 12 MW Dishergarh Power station of the petitioner did not generate any power during FY 2019-20 (ref. para



3.7 of the APR order for FY 2019-20, dated 16.08.2024), the Commission, therefore, considered closing stock details of coal for FY 2018-19 as the opening stock for FY 2020-21.

Table – 2.20-1

Particulars	Legend	Admitted
Stock Quantum (in MT)		
Opening Stock*	A	3485.64
Coal Purchased during the year	B	31393.21
Coal consumed as per submission	C	30552
Closing stock	D=A+B-C	4326.83
Stock price (in Rs. /MT)		
Price of opening stock*	E	2771.22
Price of coal purchased	F	3192.86
Price of coal consumed	$G = ((A * E + B * F) / (A + B))$	3150.72
Price of Closing Stock	H = G	3150.72
GCV of Coal (in Kcal/Kg)		
GCV of opening stock*	I	3043.02
GCV of coal purchased	J	3514.35
GCV of coal consumed	$K = ((A * I + B * J) / (A + B))$	3467.25
GCV of Closing Stock	L = K	3467.25
Note: * Closing stock of FY 2018-19 has been considered as the opening stock for FY 2020-21		

2.21 IPCL in its submission has stated that with sustained efforts across the years, the petitioner has been able to secure coal under SHAKTI scheme from FY 2020-21 onwards. Actual claim of generation, auxiliary consumption and station heat rate vis-a-vis that allowed in tariff order are stated hereunder:

Table – 2.21-1

Sl. No.	Particulars	Unit	As per Tariff Order	As per Actuals
1	Gross Generation	MU	89.35	29.18
2	Auxiliary Consumption	MU	8.94	4.04
3	Rate of Auxiliary Consumption	%	10.00%	13.85%
4	Sent Out Energy	MU	80.41	25.14
5	Normative Station Heat Rate	kCal / kWh	3300	3300

2.22 The norm for distribution loss of IPCL for the year 2020-21 was considered 5.25% in the MYT order as per the relevant schedule of the Tariff Regulation. Accordingly, 5.25% has been considered as normative distribution loss for computation of gain sharing in APR 2020-21. As per the data submitted by IPCL



in the instant application, the actual quanta of distribution loss works out to be as under:

Table No. 2.22-1

Sl. No.	Particulars	Figures in MU
A. Inputs to System		
(a)	Net Sent Out Energy	25.14
(b)	Energy purchased during the year	798.26
(c)	Net UI Energy Drawn	54.69
(d)	Delivered to the system [d = a + b+c]	878.09
B. Utilization of Power		
Sl. No.	Particulars	Figures in MU
(e)	Sales to consumers	847.15
(f)	Own consumption	2.01
(g)	Total utilization (g=e + f)	849.16
(h)	Actual distribution loss [h = d – g]	28.93
(i)	Percentage of actual distribution loss [i = h/d x 100] %	3.29%

2.23 The allowable quantum of normative distribution loss (5.25%) on actual quanta of sales to consumers as well as the actual own consumption works out to be 47.05 MU $[(849.16 / (1-0.0525)) - 849.16]$ as against actual distribution loss of 28.93 MU. The savings in this regard is 18.12 MU (47.05 – 28.93) MU. As provided in paragraph C of Schedule – 9B to the Tariff Regulations, 2011, IPCL is entitled to retain the accrued gain because of lower distribution loss.

2.24 The values of different factors in the FPPCA formula referred to are worked out and admitted as under:

2.25 FUEL COST BASED ON NORMATIVE PARAMETERS:

2.25.1 Fuel cost of own generation is to be allowed as per normative parameters fixed by the Commission, or on actual basis in absence of any norms. The fuel cost has been allowed to IPCL for the year 2020 - 21 for its power station at Dishergarh based on the following norms:



Table No. 2.25-1

Particulars	Unit	Norms
Station Heat Rate	Kcal/kWh	3300
Auxiliary Consumption	%	10
Transit Loss of Coal	%	0.30

2.25.2 The Commission now determines the admissible fuel cost based on the weighted average cost of coal and GCV computed herein before and the norms specified above. The admissible fuel cost computed based on normative parameters comes to Rs 870.19 lakh as detailed in the following table;

Table - 2.25-2

SL. NO.	PARTICULARS	UNIT	AS SUBMITTED	AS ADMITTED
A.	Ex-Bus Generation	MU	25.14	25.14
B.	Rate of Auxiliary Consumption	%	13.85%	10%
C.	Auxiliary Consumption on ex-bus Generation $[(A)/(1-0.1)-(A)]$	MU	4.04	2.79
D.	Admissible gross generation for sale $[(A) + (C)]$	MU	29.18	27.93
E.	Normative Station Heat Rate	Kcal/Kwh	3300	3300
F.	Total Heat Required $[D \times E]$	M. Kcal	96294	92169
G.	Heat value of Oil	Kcal/Litre	0	0
H.	Specific oil consumption	ml/Kwh	0	0
I.	Oil consumption $(D \times H)$	KL	0	0
J.	Heat from Oil $(G \times I)/1000$	M. Kcal	0	0
K.	Heat from coal $(F - J)$	M.Kcal	96294	92169
L.	Average GCV of Coal *	Kcal/Kg.	3280.86	3467.25
M.	Average GCV less 120 Kcal/KG $(L - 120)$	Kcal/Kg.	3160.86	3347.25
N.	Coal consumption $(K / M) \times 1000$	MT	30464	27535.76
O.	Coal requirement with normative transit loss of 0.3%	MT	30556	27618.62
P.	Average price of Oil	Rs/KL	0	0
Q.	Average price of Coal	Rs/MT	3320.08	3150.72
R.	Cost of Oil $(I \times O)/100000$	Rs in Lakh	0	0
S.	Cost of Coal $(O \times Q)/100000$	Rs in Lakh	1014.48	870.19
T.	Cost of Fuel $(S+R)$	Rs in Lakh	1014.48	870.19
U.	Cost of fuel per unit $(T / A \times 10)$	Paise/kWh	403.53	346.14
*Note: Average GCV (as claimed) has been calculated from the data submitted by the petitioner				

2.26 PPC (POWER PURCHASE COST):



2.26.1 The actual quanta of power purchased by IPCL during 2020 - 21 from Damodar Valley Corporation (DVC), West Bengal State Electricity Distribution Company Limited (WBSEDCL), West Bengal Green Energy Development Corporation Limited (WBGEDCL), Indian Energy Exchange (IEX), Short term purchase from APPCPL and KEIPL through trader and Tata Power Trading Co. Ltd. IPCL has claimed total power purchase of 852.95 MU including 54.69 MU through Deviation Settlement Mechanism (net import).

2.26.2 IPCL has claimed to have purchased 852.95 MU costing to Rs 31797.95 Lakh excluding T & D benefit on variable cost against approved value of Rs. 31385.90 Lakh in MYT order. As submitted by the petitioner, source wise purchased power vis-à-vis cost incurred are tabulated below;

Table – 2.26- 1

Sl. No.	Source	Type	Energy (MU)	Value (Rs. lakh)	Rate (Rs./Kwh)
1	DVC	Conventional	49.99	2159.51	4.32
2	WBSEDCL	Conventional	12.95	776.06	5.99
3	WBGEDCL	Solar	0.45	20.87	4.63
4	Tata Power	Conventional	212.92	8422.97	3.96
5	Trader (SPTPL)	Conventional	419.85	15482.24	3.69
6	IEX & Others (STOA)	Conventional	102.10	3244.88	3.18
	Sub total		798.26	30106.53	3.77
7	DSM Power	---	54.69	1691.42	3.09
	Grand Total		852.95	31797.95	3.73

2.26.3 IPCL in their petition has submitted that in spite of the execution of FSA on 12.03.2020, they could offtake coal only for a period of five months i.e. from June-2020 to October-2020 due to factors beyond their control. Even after shortfall in offtake of coal for generation, IPCL could maintain a very high quality of service towards its consumers because of the STU connectivity at 220/33 KV J.K. Nagar sub-station as well as the support received from DVC and WBSEDCL. As submitted, the STU connectivity has helped them to purchase power on short term basis from Energy-Exchange and Trader.



2.26.4 IPCL has submitted their claim for the power purchased from different sources amounting to 852.95 MU incurring a cost of Rs. 31797.95 Lakh at an average rate of 373 Paise/Kwh. Total purchased power of 852.95 MU includes 54.69 MU import on account the Unscheduled Interchange (UI) incurring a cost of Rs. 1691.42 Lakh (@ 309 Paise/Kwh). Details of source wise purchase of power is tabulated at Table 2.26 - 1.

2.26.5 In the MYT Order dated 13.03.2024, the Commission had admitted 842.28 MU through purchase of power at a cost of Rs. 31385.90 Lakh as tabulated below;

Table – 2.26 - 2

Sl. No.	Sources	Quantum (MU)	Value (Rs. lakh)	Rate (Paise/Kwh)
1	WBSEDCL	12.95	776.07	599
2	WBGEDCL	0.45	20.85	463
3	DVC	49.99	2159.49	432
4	Purchase from other sources at STU boundary	778.89	28429.49	365
	TOTAL	842.28	31385.90	373

2.26.6 The Commission vide letter No, WBERC/APR-134/24-25/307, dated 04.07.2025 directed to provide details regarding 'swapping of power' (both 'swap in' and 'swap out') arrangement for FY 2020-21 along with copy of Power Swapping Agreement with different entities. IPCL has given the detail under affidavit vide letter no RA/II/002/25-26/34 dated 14.08.2025. In their reply, IPCL has stated that they purchased power on short term basis through a Trader named Saranyu Power Trading Pvt. Ltd. (SPTPL). M/s SPTPL has banking agreement with supplier Arunachal Power Corporation Pvt. Ltd. (APCPL) and Kreate Power Corporation Ltd. (KEIPL). Hence, the power purchased by IPCL against the banking arrangement is basically the power purchased through trader on short term basis.

2.26.7 Petitioner has further confirmed that they are not directly engaged in power banking. SPTPL, the trader has arranged power from APCPL and KEIPL



through banking arrangement. As such the petitioner herein has only procured power on short term basis through the trader SPTPL through.

2.26.8 On scrutiny of the power purchase bills, it is noticed that IPCL has included an amount of Rs. 23.94 Lakh in their claim towards cost of power purchased from WBSEDCL. This amount is claimed by WBSEDCL towards late payment surcharge in the power bill for the month of November-2020. Such act of IPCL reflects avoidable lapse on the part of the petitioner. Hence, the Commission does not admit the said claim. In respect of short-term purchase of power through the trader SPTPL, an amount of Rs. 1.59 Lakh whose credit is passed on to the petitioner by the trader in the month of April-2020, is found included in the claim of the petitioner. Hence, the Commission finds it prudent not to admit the cost to the said extent from the purchase cost claimed. Moreover, IPCL has received Rs. 32.15 Lakh credit on transmission charges paid towards purchase of power from SPTPL under short term mode. Hence, Rs. 32.15 Lakh has been deducted from the cost of power purchased through SPTPL.

2.26.9 IPCL has claimed Rs. 1691.42 Lakh towards the cost incurred for import of 54.69 MU of electricity through UI mode. In terms of Regulation 5.17.2 of the WBERC 'Terms and Conditions of Tariff' Regulations, 2011 (First Amendment), the cost of net UI (import) payable by the licensee is allowed limited to 5% of total power purchase cost for the year. The Commission has considered the cost of UI power accordingly in the subsequent part of this order.

2.26.10 The total power purchase and the cost thereof admitted works out to be 798.26 MU and Rs. 30048.85 Lakh respectively excluding UI as per the details given below:

Table No. 2.26-3

Sources	Quantum (MU)	Cost Claimed (Rs. Lakh)	Cost Admitted (Rs. Lakh)
WBSEDCL	12.95	776.06	752.12
DVC	49.99	2159.51	2159.51
WBGEDCL & RKM	0.45	20.87	20.87



APPCL & KEIPL on Short term basis through trader	419.85	15482.24	15448.5
STOA- IEX, Bilateral / other sources	102.10	3244.88	3244.88
Tata Power	212.92	8422.97	8422.97
Total	798.26	30106.53	30048.85

2.27 ALLOWABLE FUEL AND POWER PURCHASE COST (FC+PPC):

2.27.1 The allowable amount of fuel and power purchase cost, computed in terms of the Schedule-7A of the Tariff Regulations works out to Rs. 888.15 lakh + Rs.30048.85 lakh= Rs. 30937 Lakh. The detailed computations are shown in **Annexure – 2B**.

2.28 C_D: COST DISALLOWABLE:

Factor C_D, as referred to in the FPPCA formula mentioned in below table, stands for cost as to be found disallowable by the Commission. The referred formula also specified the method of ascertaining the amount of such cost disallowable. In case of IPCL, C_D comes to nil as the quantum of actual purchase (E_p) remained lesser than the quantum of admissible purchase (E_{Adm}). The computations in this regard are shown hereunder:

Table No. 2.28 - 1

Sl. No.	Factor Notation	Nomenclature	Unit	Value
1	T	Normative transmission and distribution loss considered for sale to licensee	%	5.25%
2	D	Normative distribution loss for sale to consumers	%	5.25%
3	E _g	Actual Sent Out Energy from Own Generating Station for Consumers and licensees	MU	25.14
4	E	Excess/ (Savings) in the quantum of auxiliary energy consumption (vide note (1) below)	MU	1.25
5	E _p	Total energy purchased for distribution and supply to licensees	MU	852.95
6	E _o	Energy for own consumption	MU	2.01
7	E _{sc}	Sold to consumers	MU	847.15
8	E _{sl}	Sold to licensee	MU	0
9	E _{Adm}	Admissible purchase of energy	MU	869.82

Note 1:



Sl. No.	Particulars	Unit		Dishergarh
1	Actual sent out generation	MU	A	25.14
2	Rate of Normative Auxiliary Consumption	%	B	10%
3	Gross generation based on Normative Auxiliary Consumption	MU	$C=A/(1-10\%)$	27.93
4	Actual Auxiliary Consumption	MU	D	4.04
5	Normative auxiliary consumption	MU	$E=C-A$	2.79
6	Excess Auxiliary Consumption	MU	$F=D-E$	1.25

2.29 A: PRIOR PERIOD'S ADJUSTMENTS:

Factor $\pm A$ in the referred FPPCA formula signifies the adjustment, if any, to be made in the current period to account for any excess / shortfall in the recovery of fuel and power purchase cost for the past period. IPCL has not submitted any details or supporting documents against any expense incurred towards prior period adjustment. The value of this factor is, therefore, considered nil.

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

2.30.1 The aggregate amount of fuel and power purchase cost, commensurate with the actual quantum of sale to the consumers and to the licensees, that can be allowed to IPCL works out to Rs. 30937.00 Lakh (888.15+30048.85) with the break-up as given hereunder. The detailed computations in this regard are shown in **Annexure – 2A** and **Annexure – 2B**.

Table No. 2.30-1

Sl. No.	Particulars / Factors	Rs. Lakh
1	FC: Fuel Cost	888.15
2	PPC: Power Purchase Cost	30048.85
3	C_D : Cost disallowable	0
4	$\pm A$: Prior period adjustment	0
5	Allowable fuel and purchase cost = $FC + (PPC - C_D) + (\pm A)$	30937



2.31 Benefits for savings in Distribution Loss:

2.31.1 The norm for distribution loss of IPCL for the year 2020-21 is considered as 5.25% in the tariff order, based on actual value subject to condition that any variation from the normative loss will be considered during computation of FPPCA. Accordingly, 5.25% will be considered as normative distribution loss for computation of gain. As stated in paragraph 2.23 herein before, IPCL is allowed to retain the gains accrued to it due to savings in the rate of distribution loss. Such savings in energy term works out to be 18.12 MU. The value of such savings at the average cost of power at the distribution bus works out as under:

Table 2.31-1

Particulars	Quantum (MU)	Cost (Rs. Lakh)
Sent out from Generation	25.14	888.15
Admitted Power Purchase	798.26	30048.85
Total	823.40	30937.00
Average Rate per Unit (Rs / Kwh)		3.76
Savings in cost	18.12	681.31
Savings shared with Consumers@ 25%	4.53	170.33
Savings for IPCL @75%	13.59	510.98

2.31.2 Out of amount of Rs. 510.98 Lakh, computed above, a total amount of Rs. 17.96 Lakh (888.15 – 870.19) (Refer Annexures-2A and -2B) has already been passed by way of adopting normative rate of distribution loss as denominator in computing admissible fuel cost for sale to licensee and consumers. The balance amount of Rs. 493.02 Lakh (510.98-17.96) is now being allowed.

2.32 Summing up the findings as stated above, the net amount of fuel and power purchase cost allowed to IPCL for the year 2020-21 is shown below:



Table No. 2.32 - 2

Particulars	Rs. Lakh
Fuel and Power Purchase Cost (as per FPPCA formula)	30937
Additional amount on account of savings in the rate of Distribution loss net off consumer share	493.02
Re-determined Fuel and Power Purchase Cost	31430.02

**ANNEXURE – 2A
ALLOWABLE FUEL COST**

Sl. No.	Items	Attribute	Unit	As Claimed	As Admitted
1	Ex Bus Generation	A	MU	25.14	25.14
2	Rate of Auxiliary Consumption	B	%	13.85%	10%
3	Auxiliary Consumption	C	MU	4.04	2.79
4	Gross generation for the consumers and licensees	$D = A + C$	MU	29.18	27.93
5	Normative Station Heat Rate	E	Kcal/Kwh	3300	3300
6	Total Heat Required	$F = D \times E$	M.Kcal	96294	92169
7	Heat Value of Oil	G	Kcal/ Ltr.	0	0
8	Specific oil Consumption	H	ml/Kwh	0	0
9	Oil Consumption	$I = D \times H$	KL	0	0
10	Total Heat from oil	$J = G \times I$	M.Kcal	0	0
11	Heat from coal	$K = F - J$	M.Kcal	96294	92169
12	Wt. Average GCV of Coal	L	Kcal/Kg	3280.86	3467.25
13	Wt. Average GCV of Coal less 120 Kcal/kg	$M = L - 120$	Kcal/Kg	3160.86	3347.25
14	Coal required for consumption	$N = (K / M) \times 1000$	MT	30464	27535.76
15	Coal required with transit loss of 0.3%	$O = N / (1 - 0.3\%)$	MT	30556	27618.62
16	Weight average price of oil	P	Rs./KL	0	0
17	Weight average price of coal	Q	Rs./MT	3320.08	3150.72
18	Cost of oil	$R = P \times I$	Rs. Lakh	0	0
19	Cost of coal	$S = Q \times O$	Rs. Lakh	1014.48	870.19
20	Admissible Cost of fuel (Normative)	$T = R + S$	Rs. Lakh	1014.48	870.19
21	Average Cost of sent out Generation	$U = T \times 10/A$	P/ kWh	403.53	346.14

**ANNEXURE – 2B
STATEMENT SHOWING ADMISSIBLE FUEL AND POWER PURCHASE COST**

Sl. No.	Factor Notation	Nomenclature	Unit	Value
1	T	Norms of Transmission and Distribution loss consider for sale of power to license and for interplant transfer	%	5.25%



FUEL & POWER PURCHASE COST ADJUSTMENT (FPPCA) AND ANNUAL PERFORMANCE REVIEW (APR) OF INDIA POWER CORPORATION LIMITED FOR THE FINANCIAL YEAR 2020-21

2	D	Norms of Distribution loss for sale to consumer	%	5.25%
3	E _o	Energy for own consumption	MU	2.01
4	E _{SL}	Energy sale to licensee	MU	0
5	E _{sc}	Energy sale to consumer	MU	847.15
6	Fuel Cost	Fuel cost for generation on normative parameter	Rs. in Lakh	870.19
7	FC _{IUC}	Per unit Fuel Cost at distribution input for sale to consumers (refer note 'A' below)	Paise/kWh	9.91
8	FC _{Adm_d}	Admissible Fuel Cost for sale to licensee	Rs. in Lakh	0
9	FC _{Adm_c}	Admissible Fuel Cost for sale to consumer and for own consumption (refer note 'B' below)	Rs. in Lakh	888.15
10	FC	Admissible fuel cost [8 + 9]	Rs. in Lakh	888.15
11	PPC	Power Purchase Cost excluding net UI charges	Rs. in Lakh	30048.85
12	FC + PPC	Admissible Fuel and Power Purchase Cost [10 + 11]	Rs. in Lakh	30937.00

Note:

A. Fuel Cost per unit (KWh) at Distribution input		Unit	Value
(i)	Fuel Cost for sale to consumers	Rs. in Lakh	870.19
(ii)	Energy sent out from own generation for the consumer and licensee	MU	25.14
(iii)	Power Purchase	MU	798.26
(iv)	Net UI drawn	MU	54.69
(v)	Total energy available for sale [(ii) + (iii) + (iv)]	MU	878.09
(vi)	FC _{IUC} [(i)/(v)]	Paise/kWh	9.91

B. Admissible Fuel Cost for sale to Consumers and Licensees		Unit	Value
(i)	$[(E_{sc} + E_o) / (1 - d * 0.01)] * FC_{IUC} = FC_{Adm_c}$	Rs. Lakh	888.15
(ii)	$[E_{SL} / (1 - t * 0.01)] * FC_{IUC} = FC_{Adm_d}$	Rs. Lakh	0.00



CHAPTER – 3

FIXED COST DETERMINATION UNDER APR

3.1 Asset Addition during FY 2020-21

3.1.1 IPCL has claimed gross addition of assets of Rs. 8373.54 Lakh and net addition of Rs. 6509.40 Lakh for the year 2020-21 in Form 1.18 (gross asset addition of Rs. 8373.54 Lakh less contribution from consumers of Rs. 1823.10 Lakh and retirement of asset of Rs. 41.03 Lakh). The Commission in the MYT order dated 13.03.2024 approved capital asset addition of Rs. 3131.54 Lakh (Rs. 2500 Lakh for the 132 KV line from J.K. Nagar to Pandabeswar and Rs. 631.54 Lakh under the head 'Small Distribution Schemes').

3.1.2 While finalizing the APR order, the Commission decides to admit the asset addition regarding new capital works put to use during the year. Regarding the proposed asset addition of replacement nature, the Commission decides to admit such asset addition only where due adjustment of the value of replaced asset has been made. The Commission, also decides to ensure that no O&M expenditure has been claimed under additional capitalization. Such expenditures, if any, shall be dealt under O&M head.

3.1.3 IPCL in their additional information submitted on 17.06.2025 has detailed the assets added during FY 2020-21 for consideration by the Commission. Details of asset addition claimed is given in the following table;

Table 3.1 - 1

Sl. No.	Asset addition during FY 2020-21	Claimed (in Rs.)
1	Registration cost of Shristinagar and Raniganj square office	2011289
2	Boundary wall of Chalbalpur Sub-station	5660915
3	J. K. Nagar GIS sub-station	223297912.1
4	Transmission line from J.K. Nagar to Pandabeswar	505653996.47
5	Air conditioning system at head office	16482465.44
6	33 KV line for Devyani foods	8621011.68
7	11 Kv Ikra – Dhasal Diversion	9387733.61
8	Furniture and Office Equipment	527058.67



(i)	A	9	Computers and UPS	1276712.65
		10	Meters	11537249.18
		11	Service lines and service connections	52897673.70
	S	Total addition of asset claimed for 2020-21		837354017.53

d

etailed in the above table, item Sl. no. 1 pertains to the registration cost of the offices. The Commission vide letter dated 04.07.2025 asked IPCL to submit the documentary evidence of the expenditure and the date of 'put to use' of the assets. IPCL vide letter dated 02.09.2025 submitted that Shristinagar office is in use from 19.02.2017 and Raniganj square office from 21.09.2019 but registration of these assets has been done in FY 2020-21. From the submitted payment vouchers, total payment works out to be Rs. 16.07 Lakh (Rs.0.15356 lakh+ Rs.15.91915 lakh). The Commission, therefore, allows Rs. 16.07 Lakh under this head.

- (ii) Item at Sl. no. 2 is related to the sub-station which was not in commercial operation during FY 2020-21. Hence, the asset addition pertaining to the said sub-station has to be claimed after it starts commercial operation. The Commission, therefore, does not admit the same in this APR order.
- (iii) Items under Sl. No. 3 & 4 belong to the project for which the Commission approved the project cost of Rs. 2500 Lakh vide order dated 15.11.2019 in Case No. OA-230/16-17. In the text petition of APR 2020-21 (ref. para 62, table no. 16), IPCL has claimed Rs. 7289.52 lakh for Pandabeswar Project. For this project, the approved expenditure by IPCL was restricted to Rs. 2500 Lakh as the rest to be borne by others / beneficiaries. Accordingly, the Commission admits Rs. 2500 Lakh as asset addition under this head in line to the extent admitted in the MYT Order.
- (iv) Item claimed under Sl. No. 5 relates to air conditioners purchased for office use. As per submission, item consists of number of small unit type (window / split type) air conditioners for different offices. Relevant



regulation guiding consideration of such items for the purpose of tariff computation is quoted below;

" 5.2.3 Any expenditure on minor items / assets like normal tools and tackles, personal computers, furniture, air-conditioners, voltage stabilizers, refrigerators, fans, coolers, TV, washing machines, heat-convector, carpets, mattresses, etc. bought after the cut-off date may not be considered for additional capitalization subject to prudence check by the Commission for determination of tariff. The list of items is illustrative and not exhaustive.

Provided that approval of the Commission under this regulation shall not be required where the aggregate expenditure on such assets in any financial year does not exceed 1% of total business turnover of that financial year subject to a maximum of Rupees Ten (10) crores"

The Commission, therefore, does not admit the expenditure under this head as 'additional capital expenditure'. However, claim for such minor assets will be dealt while considering the O&M expenditure.

- (v) IPCL has claimed Rs. 86.21 Lakh for 33 KV line for Devyani Foods and Rs. 93.88 Lakh for 11 KV Ikra- Dhasal line (ref. Sl. No. 6 & 7 respectively in the above table 4.1-1). Both the assets declared to have been added on 21.03.2021 (as per ref. Annexure-4, submission dated 17.06.2025). Again, in Annexure-4 (as per ref. date of submission 02.09.2025), this asset addition date is mentioned as 31.03.2021 without substantiation i.e. on the last day of the year. In the context of the additional submission dated 02.09.2025, IPCL has mentioned that Ikra-Dhasal line has achieved completion on 20.08.2020 whereas no certificate towards the date of commencement of Commercial Operation has been provided by the petitioner.

The Commission, therefore, does not admit such addition of assets in this APR order. The petitioner is, however, at liberty to claim for addition of those assets with documents substantiating the date of Commercial Operation or put to use, as the case may be.

- (vi) Items claimed under Sl. No. 8 and 9 are minor assets in nature. Some of the individual assets claimed under Sl. No. 8 are viz. mobile phone, exhaust phone, magnetic drill machine etc. Some of the individual assets claimed under Sl. No. 9 are viz. laptop computers for individual



officials, UPS for computers etc. In terms of Regulation 5.2.3 of WBERC (Terms and Conditions of Tariff) Regulations, 2011, reproduced above, such assets are minor assets in nature. The Commission, therefore, does not approve expenditure under these heads as 'additional capital expenditure'. However, claim for such minor assets will be dealt while considering the O&M expenditure for FY 2020-21.

- (vii) Items claimed at Sl. No. 10 are the cost of meters and accessories purchased for consumers and system. IPCL has also submitted that out of a total expenditure of Rs. 115.37 lakhs, the contribution received from consumers is Rs. 67.18 lakh. It has also been noted that there has been substantial increase in consumer strength during FY 2020-21. Hence, the Commission admits Rs. 48.19 lakh (=Rs 115.37 Lakh – Rs 67.18 Lakh) towards the cost of meters after deducting consumer contribution from the claim.
- (viii) Items claimed under Sl. No. 11 is towards the cost of service lines meant for the consumers. IPCL has also submitted that out of a total expenditure of Rs. 528.98 lakhs, the contribution received from consumers is Rs. 255.24 lakh. As stated above, there has been substantial increase in consumer strength during 2020-21. The Commission, therefore, admits such expenditure after deducting the contribution from consumers. Allowable expenditure is Rs. 273.74 lakh (= Rs 528.98 Lakh – Rs 255.24 Lakh) under this head.

3.1.4 Based on the analysis done at previous paragraphs, the Commission admits Rs. 2838 Lakh as net asset addition during FY 2020-21 and expenditure of Rs. 182.87 Lakh towards addition of minor assets will be dealt-in while considering the O&M expenditure for distribution function. Details of asset addition claimed and admitted is given in the table below;



Table 3.1-2

Asset addition during FY 2020-21	Claimed (Rs. Lakh)	Consumer Contribution (Rs. Lakh)	Net Claim (Rs. Lakh)	Net Asset Addition admitted (Rs. Lakh)	
				Additional Capital expenditure	O&M Expenditure
Registration cost of Shristinagar and Raniganj square office	20.113	0.00	20.11	16.07	0
Boundary wall of Chalbalpur Sub-station	56.609	0.00	56.61	0	0
J. K. Nagar GIS sub-station	2232.979	0.00	2232.98	2500	0
Transmission line from J.K. Nagar to Pandebaswar	5056.54	1393.00	3663.54		
Air conditioning system at head office	164.82	0.00	164.82	0	164.82
33 KV line for Devyani foods	86.21	41.03	45.18	0	0
11 Kv Ikra – Dhasal Diversion	93.877	65.90	27.98	0	0
Furniture and Office Equipment	5.271	0.00	5.27	0	5.27
Computers and UPS	12.767	0.00	12.77	0	12.77
Meters	115.372	67.18	48.19	48.19	0
Service lines and service connections	528.977	255.24	273.74	273.74	0
Total addition of asset claimed / admitted for 2020-21	8373.54	1822.35	6551.19	2838.00	182.86

3.2 The Tariff Regulations specifies the classification of different fixed charge elements under controllable and uncontrollable head and also the treatment of variation between projected expenditure and actual expenditure of such fixed charge elements from review of ARR during APR. The Commission in its order dated 13.03.2024 in the tariff application of IPCL for the 7th Control Period, had followed some specific principles of calculation for determination of fixed charge during projection of ARR. The basic premises of such principles of calculation were,

- (i) Wholesale Price Index (WPI) and Consumer Price Index (CPI),
- (ii) Business volume change namely Distribution line length and number of consumers, and
- (iii) Sensitivity of expenditure elements to business volume change.



3.3 IPCL in its Petition has submitted that, the extract from the Audited Financial Statements for FY 2020-21 is prepared based on the Indian Accounting Standard (Ind AS). In view of the same, IPCL has included Ind AS adjustments resulting in the inclusion of certain notional incomes and notional expenses as required under Ind AS due to consideration of fair value rather than transaction value.

3.4 Regulation 2.6.10 (v) of Tariff Regulations (Amendment) 2013 specifies that, the Commission may allow certain additional expenditure through order of APR on any controllable item which is included in the working capital base if business volume of distribution licensee increases more than 5 % of projected business volume in terms of consumer strength or increasing distribution network asset than what was projected in any multiyear tariff application. Regulation 2.6.10 (ii) of Tariff Regulations specifies that the Commission may allow certain additional expenditure through order of APR on any element of controllable item which is included in the working capital base if the rate of inflation is found to be more than 15% with respect to the price of that item at the time of determination of such element of ARR against application for determination of tariff.

3.5 Parameters and formulae for fixed charge computation:

In view of regulation 2.6.10 (v) of amended 2013 Tariff Regulations, the Commission has noted the submission of IPCL for the increase in the distribution line length and consumer strength at the end of the year 2020-21 as compared to the year 2019-20 as shown in the table below:

Table 3.5 -1

Particulars	Unit	Actual at the start of FY 2020-21	Actual at the end of FY 2020-21	Net Increase	% Increase
Distribution Line Length	CKM	1065.40	1137.65	72.25	6.78%
No of Consumers	Number	4105	6121	2016	49.11%



Though above table shows that, there is growth in distribution line length and number of consumers during FY 2020-21, the Commission, as per the provision of above regulation, has also compared the growth projected in Tariff Order for the year 2020-21 and actual at the end of the year 2020-21 in the following table. Further, the Commission finds that the WPI and CPI for this APR Order is same as that considered in Tariff Order for the year 2020-21.

Table 3.5-2

Particulars	Admitted in MYT Order for FY 2020-21	Actual at the end of FY 2020-21	Increase(+) / Decrease(-)
Distribution Line length – DLL (CKM)	1137.65	1137.65	0.00
Consumer Strength – CS (Number)	6121	6121	0.00
DLL increase % for 2020-21 (compared MYT and actual)	0.00	1137.65	0.00%
CS Increase % for 2019-20 (compared MYT and actual)	0.00	6121	0.00%
WPI in %	1.30%	1.30%	0.00%
CPI in %	5.00%	5.00%	0.00%
Inflation in hybrid index [WPI: CPI (60:40)] %	2.78%	2.78%	0.00%

3.6 Now the Commission proceeds to review each of such fixed charge elements claimed by IPCL in line with Tariff Regulations with specific reference to regulations 2.5.5, 2.5.5.1, 2.6.10 and 2.8.9.5 and principles, terms and conditions for determination of tariff for retail sale of electricity as per Schedule-5 of the Tariff Regulations. For interest, depreciation and return on equity, principles laid down in the Tariff Order dated 13.03.2024 in Case No. TP-78/18-19 for the J.K. Nagar substation has been followed.

3.7 The new power plant (1x12 MW) of IPCL was commissioned in FY 2012-13 at Dishergarh. This is the only power plant of the petitioner that generated power during FY 2020-21. The Commission, accordingly, considers expenses of the generating station with reference to applicable provisions of tariff regulations.



The review of each of the controllable and uncontrollable head of fixed charges with reference to the amount allowed through tariff and the actual based on the extract from audited financial statement of IPCL related to regulated business, the forms submitted by IPCL as a part of their APR application and the attached Auditor's Certificates for the year ended 31st March 2021 are being taken up hereunder.

3.8 Employee Cost:

- 3.8.1** In the Tariff order for 2020-21, IPCL was allowed a total amount of Rs 4861.86 lakh towards employee cost which included Employee cost for Generation business Rs 361.22 Lakh and Distribution business Rs 4500.64 Lakh. As against the amount allowed in Tariff order, IPCL has claimed Rs 4902.51 lakh in their APR application submitted vide letter dated 09.01.2025 and revised form 1.17(h) related to employee expenses vide additional submission dated 17.06.2025. The same was reflected in the Form 1.17(h) and E(B) of APR application. However, at Note 39 of the extract from the Audited Financial Statements, the total employee cost is recognized as Rs.4865.11 Lakh for its regulated business. IPCL's claim for employee cost of Rs 4902.51 lakh in form 1.17 (h) is found to be amount corresponding to employee cost appearing at Note 39 of the extract from the Audited Financial Statements plus director's expenses of Rs. 30.70 lakh and staff training expenses of Rs. 6.70 Lakh.
- 3.8.2** The analysis of the employee cost allowed in Tariff Order and claimed in APR petition is as shown below:



Table 3.8-1

Particulars	CLAIMED IN APR PETITION (Form - 1.17h)			
	Generation	Distribution	Centrally Maintained	Total
Employee Cost (Own)	260.70	1876.69	2275.56	4412.95
Salary & Wages of Employees on Contract in Regular Establishment	30.12	143.63	264.75	438.50
Staff Training Expenses	0	0	6.70	6.70
VRS Compensation	0	7.41	6.24	13.65
Director's Fees and Commission	0	0	30.70	30.70
	290.82	2027.73	2583.96	4902.51

Table 3.8-2

Particulars	ALLOWED IN TARIFF ORDER		
	Generation	Distribution	Total
Employee Cost (Own)	281.52	4250.69	4532.21
Salary & Wages of Employees on Contract in Regular Establishment	77.42	221.53	298.95
Staff Training Expenses	0.00	0.00	0.00
VRS Compensation	0.00	0.00	0.00
Directors Fees and Commission	2.28	28.42	30.70
Sub-Total	361.22	4500.64	4861.86

3.8.3 IPCL has claimed Rs. 438.50 Lakh towards expenses of contractual manpower engaged in various jobs under regular establishment. Out of total amount of Rs. 438.50 lakh, expenses related to Generation function of IPCL is Rs. 33.29 Lakh and rest amount i.e. Rs.405.21 Lakh is related to distribution function. Employee expenses under Generation and Distribution heads also include apportioned part of centrally maintained expenses. IPCL has claimed the entire amount as employee expenses.

3.8.4 The Commission observes that, in terms of regulation 5.9.1 of the Tariff Regulations, contracted manpower engaged in the regular establishment comes under the employee cost. However, for generating function, the overall manpower engaged is required to be limited within the Man/MW norms specified in Schedule-9A of the second amendment of Tariff Regulations, 2013.



Accordingly, total manpower including the contracted manpower engaged in regular establishment as claimed by the petitioner has been shown below:

Table No. 3.8-3

Sl No	Particulars	Man/MW ratio	Maximum permissible	Own employee	Contracted manpower	Total manpower engaged
1	Dishergarh 12 MW	3.50	42	26	16	42
2	Distribution business	-	-	456	186	642

3.8.5 While admitting the employee cost in the MYT order dated 13.03.2024, the Commission observed as under at paragraph 6.5.3 of the order;

“The Commission observes that, the Staff training expenses should not be considered as employee cost as nature of such expense is related to administrative and general expenses under Operation and Maintenance cost and same would be treated separately. Further, the amount disbursable following VRS scheme adopted by IPCL and as approved by the Commission has been partly allowed in APR 2012-13 with the balance passed on in APR 2013-14. IPCL has not submitted any details of proposed VRS scheme, if any, adopted afresh. Accordingly, claim on VRS amount is not admitted at the ARR stage. IPCL has to submit the details of VRS scheme and actual amount paid during the APR petition. The Director’s fees and commission as claimed are admitted by the Commission.”

3.8.6 IPCL in the APR petition has claimed Rs 6.07 lakh as expenditure on account of staff training expense which is not considered by the Commission under employee expense. As already explained in the tariff order, it is of the nature of administrative and general expenses. Accordingly, this expenditure will be dealt separately while approving the O&M expenses.

3.8.7 IPCL has submitted a copy of their Board resolution for extension of the existing Voluntary Retirement Scheme (VRS) for FY 2020-21. In their additional submission dated 17.06.2025, IPCL revised the break-up of employee cost in Form-1.17(h). IPCL in the said submission has claimed Rs. 13.65 Lakh towards



VRS compensation. In this regard, it has been noted that claims arising out of VRS package furnished by IPCL has been settled in APR 2013-14. It is also noted that an amount of Rs. 37.06 Lakh pertaining to remeasurement of gains on defined benefit plans which is a notional expenditure. Hence, such expenditure has not been considered for tariff purpose.

- 3.8.8** After scrutinizing the extract of Audited Financial Statement and relevant submissions made by the petitioner, the Commission admits the Employee expenditure for FY 2020-21 as shown in the table below;

Table – 3.8-4

Particulars	Generation	Distribution	Centrally Maintained	Total
Employee Cost (Own)	260.70	1876.69	2275.56	4412.95
Salary & Wages of Employees on Contract in Regular Establishment	30.12	143.63	264.75	438.50
Staff Training Expenses	0.00	0.00	0.00	0.00
VRS Compensation	0.00	0.00	0.00	0.00
Director's Fees and Commission	0.00	0.00	30.70	30.70
Sub-Total	290.82	2020.32	2571.02	4882.16
Less: Cost Capitalized	0.00	28.70	0.00	28.70
Less: Remeasurement gains on defined benefit plans.	2.45	34.61	0.00	37.06
Grand Total	288.37	1957.01	2571.02	4816.40

- 3.8.9** Accordingly, the Commission admits Rs 4816.40 Lakh towards Employee cost in the APR for FY 2020-21 and allocates Rs 318.93 Lakh for the generation in reference to the claim in Form-1.12 & E(B) and rest Rs 4497.47 Lakh for the distribution function. Summary of Admittance and allocation is given in the Table below;

Table 3.8-5

Sl. No.	Head of expenses	Admitted (Rs. Lakh)		
		Generation	Distribution	Total
1	Employee Cost (own)	260.70	4152.25	4412.95
2	Salaries & wages of contractual manpower	60.67	377.83	438.50
3	Staff training expenses	0.00	0.00	0.00
4	VRS Compensation	0.00	0.00	0.00
5	Directors fee & commission	0.00	30.70	30.70
6	Less: Cost Capitalised	0.00	28.70	28.70



7	Less: Remeasurement gains on defined benefit plans.	2.45	34.61	37.06
8	Total	318.93	4497.47	4816.40

3.9 Water Charge:

3.9.1 In the MYT order of 7th control period, the Commission admitted Rs 3.81 Lakh as an expenditure on water charges for the year 2020-21. The Commission decided in the MYT order of 7th control period to consider admission of the water charges after prorating the same with normative generation for respective ensuing years and considering escalation following WPI Inflation for respective years of the control period.

3.9.2 IPCL, in their APR application, has not claimed any amount under water charges, which is also reflected Form 1.12 and Form E(b) of their APR application. Accordingly, the commission does not admit any expenditure in APR 2020-21 under the head of water charges.

3.10 Coal and Ash Handling Expenses:

3.10.1 In the MYT order of 7th control period, the Commission admitted Rs. 101.14 Lakh for the year 2020-21. The Commission decided in the MYT order of 7th control period to consider admission of the Coal and Ash Handling charges after prorating the same with normative generation for respective ensuing years and considering escalation following CPI Inflation for respective years of the control period.

3.10.2 IPCL has claimed Rs. 62.69 Lakh under the head of coal and ash handling charges, which corresponds to the amount recognized at Note 42 of the extract from the Audited Financial Statement and Form 1.12 and Form E(b) of APR application. Actual gross generation during 2020-21 was 29.18 MU as against approved normative gross generation of 89.35 MU. Approved cost of Rs. 101.14 Lakh in the tariff order corresponds with the normative generation of 89.35 MU. Therefore, actual amount proportionate with the actual generation of 29.18 MU works out to be Rs. 33.03 Lakh ($=101.14 \times 29.18/89.35$). The



Commission, therefore, admits Rs. 33.03 Lakh towards coal and ash handling expenses.

Table No. 3.10-1

Sr. No	Particular	Amount
1	Admitted amount in the Tariff Order (Rs lakh)	101.14
2	Target generation (MU)	89.35
3	Coal and Ash handling charge/unit generated (Rs lakh/MU) (3=1/2)	1.13195
4	Actual generation (MU)	29.18
5	Expenses proportionate to actual generation (Rs Lakh) (3*4)	33.03
6	Admitted in APR order 2020-21 (Rs. Lakh)	33.03

3.11 O&M Expenses for Generation:

3.11.1 O&M expenses of generation amounting to Rs. 99.36 Lakh was allowed in the tariff order in accordance with the norms specified in Schedule 9A of the Tariff Regulations. Only 12 MW power plant (at Dishergarh was under commercial operation for the whole year.

3.11.2 IPCL has claimed an amount of Rs. 101.60 Lakh under the head of O&M expenses for generation including Rs 40.82 Lakh common expense apportioned for generation. Form 1.12 also mentions a total of Rs. 101.60 Lakh for O&M of generation. The O&M expenses for generation for 2020-21 will be determined as per norms specified in para 6.8.1 and Table 6.8-1(a) of Tariff order for 2020-21.

3.11.3 O&M expenditure, being a controllable expenditure using operating norms, shall be guided by Regulation 2.5.5 (ii) of the Tariff Regulation read with tariff order for 2020-21.



Table: 3.11-1

O&M Expenses Computation for Generation Function

Unit No	Unit Size (MW)	O&M Expenses Rs Lakh Per MW	No of Days	Total Expenses in Rs. Lakh
Dishergarh TPS (New)	12	8.28	365	99.36

3.11.4 O&M expenses for Generation are a controllable expenditure using operating norms. The Commission, therefore, admits Rs 99.36 Lakh in the APR for 2020-21 under the Generation function.

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

3.12.1 In the MYT order, IPCL was allowed Rs 480.82 Lakh for 2020-21 towards R&M for distribution and the claim under this head in APR petition is Rs 599.17 Lakh. As per form 1.15 and 1.17, Rs 524.73 Lakh is claimed as repair & maintenance expense and Rs 74.44 Lakh is claimed as consumption of stores and spares for distribution. As per Note 42 of the extract of the Audited Financial Statement, the amount of consumption of stores and spare parts is Rs. 133.08 Lakh and total repair charges is Rs 675.21 lakh. As per para 6.8.2.3 of Tariff order dated 13.03.2024, while finalizing ARR for the year 2020-21 the Commission considered the actual figures related to (i) Distribution Line Length in CKm (DLL) and (ii) Consumer Strength in No. (CS), at the start of the year 2020-21 and at the end of the same year. As submitted in the APR petition by IPCL, there is no change in figures related to DLL and CS from that considered in the Tariff Order. As per para 6.8.2.4 of Tariff Order dated 13.03.2024, the Commission while approving the O&M cost for Distribution function, considered item wise cost per CKm of DLL and per CS, as applicable, as per Tariff Order for 2019-20. Hybrid inflation factor was then applied to arrive at the revised per unit figures for FY 2020-21 and then the approved figures for FY 2020-21 were arrived at in proportion to the actual DLL and CS during the year, as applicable.

3.12.2 Regulation 2.5.5 (iv) of the WBERC 'Terms and Conditions of Tariff' (Second Amendment) Regulations, 2013 is reproduced below'



"Under a controllable item the variation in expenditure of different elements under such item with respect to the amount for such elements that has been admitted in tariff order is permissible subject to the condition that the overall expenditure of such controllable item allowable under APR will be limited to the value that has been allowed in the tariff order except for the reason as explained in regulation 2.6.10"

Relevant portion of the Regulation 2.6.10 (v) of the WBERC 'Terms and Conditions of Tariff' (Second Amendment) Regulations, 2013 is reproduced below;

"If the business volume of a distribution licensee during a year increases more than the projected business volume in terms of consumers strength or increasing distribution network asset than what was projected during application of any multiyear tariff application by more than 5%, the Commission may allow certain additional expenditure through order of APR or any element of controllable item which is included in the working capital base in addition to what has been provided in clause (ii) above if such expenditure is sensitive to any such business volume parameter as mentioned above. ----- "

The Commission now analyses the claim of the petitioner claim regarding Repair & Maintenance expenditure for its distribution.

3.12.3 In terms of the subsisting regulations as detailed above, there is no increase in business volume over that considered in the MYT Order dated 13.03.2024. The Commission, therefore, admits Rs 480.82 Lakh towards R&M expenses for distribution function in the APR for FY 2020-21.

Table 3.12-1

PARTICULARS	Unit	As admitted / considered in the Tariff Order dated 13.03.2024	As claimed in the APR petition	Admitted in APR
DLL at the beginning of FY 2020-21	CKm	1065.40	1065.40	1065.40
DLL at the end of FY 2020-21	CKm	1137.65	1137.65	1137.65
Average DLL during FY 2020-21	CKm	1101.53	1101.53	1101.53
Hibrid Inflation Factor for FY 2020-21	%	2.78%	2.78%	2.78%
R&M Expenditure admitted in Tariff Order/Claimed in APR Petition	Rs. Lakh	480.82	599.17	480.82

3.13 Administrative and General (A&G) Expenses for Distribution



3.13.1 Administrative & General (A&G) expenses comprise of auditor's expenses, legal and professional expenses, rent and other A&G expense. A total amount of Rs. 1207.66 Lakh was allowed to IPCL in ARR under this head in the MYT order for the year 2020-21 as shown in the table below;

Table - 3.13 -1

Sr. No.	Expense Item	Allowed in MYT (in Rs. Lakh)
1	Audit Expenses	11.90
2	Legal and consultancy Charges	266.90
3	Rent, Rates and Taxes	66.81
4	Other A & G Expenses	862.05
5	Total	1207.66

3.13.2 IPCL has claimed Rs.1068.67 Lakh (excluding rent) as A&G Expenses for its distribution function as submitted in Form E(B) along with APR application. IPCL has claimed Rs. 56.99 Lakh towards rent and rates & taxes, Rs. 116.70 Lakh towards other finance charges, Rs. 36.12 Lakh towards license and filing fees etc. in form E(B). In the form 1.17, IPCL has claimed Rs. 40.30 Lakh as auditor's fees. Legal and consultancy charges of Rs. 467.10 Lakh have been claimed in the form 1.17 and 1.15 for distribution function. IPCL, in their additional information dated 17.06.2025, has, however, revised the claim for O&M expenses for distribution as given in table below;

Table - 3.13 -2

Sl. No.	Particulars	Claimed Expenses (Rs. Lakh)
1.	R&M Expenses	599.17
2.	Audit Fees	40.30
3.	Other A&G Expenses	561.27
4.	Rent, Rates & Taxes*	--
5.	Legal and professional charges	467.10
	O&M Expenses (1 to 4)	1667.84

*Rs. 6.09 Lakh towards rent and Rs. 50.90 Lakh towards rates & taxes have been claimed separately.



3.13.3 From the auditor's certificate submitted with the APR petition (Annexure-2), the Commission observes that, the miscellaneous expense of Rs. 617.82 lakh includes an amount of Rs. 30.22 lakh for license & filing fees and Rs. 1.73 lakh & Rs. 0.41 lakh has been categorized under 'Generation O&M' expenses which are also indicated in Form-1.12. Rs. 64.19 Lakh for 'Other Advertisement and donation' falls under inadmissible expense. Thus, the admissible expense in this head for distribution function works out to be Rs. 521.27 lakh (= Rs.617.82 Lakh - Rs. 30.22 Lakh - Rs.1.73 Lakh - Rs.0.41 Lakh - Rs. 64.19 Lakh) against the total recognition of Rs. 617.82 lakh appearing in the extract from the Audited Financial Statements.

Further, in line with discussion while dealing with the employee cost, the staff training expenses amounting to Rs. 6.70 lakh has been considered as a part of 'other A&G expenses'. The Commission also observes that an amount of Rs. 116.70 lakh related to bank charge has been claimed by the petitioner under finance charge, which being related to day-to-day business expense shall come under 'other A&G expenses'. Thus, the actual expense under the head 'other A&G expense' works out to be to Rs. 644.67 lakh (= Rs. 521.27 Lakh + Rs. 6.70 Lakh + Rs. 116.70 Lakh). The 'license & filing fees', 'rates and taxes', insurance expenses being uncontrollable element, the Commission decides to deal with those separately. Accordingly, the A&G expenses for distribution function is worked out based on the extract from the 'Audited Financial Statement' which is shown in the table below:

Table 3.13 - 3

Sr. No.	Expense Item	A&G expense (in Rs. .Lakh)
1	Audit Expense	40.30
2	Legal and consultancy Charges	467.10
3	Rent	6.09
4	Other A & G Expenses (including expenses for staff training and bank charges)	644.67
5	Total	1158.16



- 3.13.4** As per MYT Order of 2020-21, the amount admitted under the head of Audit Fees is Rs. 11.90 Lakh whereas the claim under this head in this APR petition is Rs.40.30 Lakh, which also corroborates with Note 42 of the extract from the 'Audited Financial Statement' for FY 2020-21 as submitted with APR application.
- 3.13.5** In terms of the subsisting regulations 2.5.5 (iv) reproduced herein before at para 3.12.2 and details of business volume given in the table 3.12-1, there is no increase in business volume over that considered in the MYT Order dated 13.03.2024.
- 3.13.6** Audit Fees being a controllable item, the Commission admits Rs. 11.90 Lakh under the head of Audit Expenses considering the fact that the sensitivity parameter (DLL) and Hybrid Inflation Factor have not changed during FY 2020-21 over that considered in the MYT order for the same period.
- 3.13.7** As per MYT Order of 2020-21, a total of Rs. 266.90 Lakh was admitted under the head of "Legal and Professional Charges whereas the claim under this head in this APR petition is Rs. 467.10 lakh for Distribution function. The summation of legal charges and consultancy charges, mentioned in Auditor's Certificate of APR applications arrives at Rs 467.52 Lakh. IPCL has claimed Rs. 0.41 Lakh in form 1.12 (Generation Function), Rs. 0.92 Lakh in form-1.15 (Distribution Function) and Rs. 466.18 Lakh in form-1.17 (Centrally maintained). Hence for Distribution purpose Rs. 467.10 Lakh (Rs 466.18 Lakh + Rs 0.92 Lakh) is the total claim towards 'Legal and Consultancy Charges'.
- 3.13.8** In terms of the subsisting regulations 2.5.5 (iv) reproduced herein before at para 3.12.2 and details of business volume given in the table 3.12-1, there is no increase in business volume and inflationary parameters over that considered in the MYT Order dated 13.03.2024.
- 3.13.9** Expenditure towards Legal and Consultancy Charges being a controllable item, the Commission admits Rs. 266.90 Lakh under this head of expenditure considering the fact that the sensitivity parameter (CS) and Hybrid Inflation



Factor have not changed further during FY 2020-21 compared to MYT order for the same period.

3.13.10 As per the MYT Order dated 13.03.2024, amount admitted on 'Other A&G Expenses' head for FY 2020-21 is Rs. 862.05 Lakh, whereas the claim under this head in this APR petition is Rs.561.27 Lakh. Amount pertaining under this head as arrived from Auditor's Certificate (Annexure-2) of APR application works out to Rs. 644.67 lakh as already explained at paragraph 3.13.3. Rs.644.67 Lakh which also includes Rs. 6.70 Lakh towards staff training expenses and Rs. 116.70 lakh towards 'Other Finance Charges'. As per para 6.8.2.4 of Tariff order, while finalizing APR for the year 2020-21, the Commission noted that, there has not been any such change in either DLL or CS in APR 2020-21 or the inflationary factor.

3.13.11 Further, IPCL has claimed Rs. 6.09 Lakh towards 'Rent' and Rs. 50.90 Lakh towards 'Rates and Taxes' (ref. form 1.17 which also corroborate with the amount appearing at Note 42 of the extract from the Audited Financial Statements for 2020-21. "Rent" has to be considered under A&G expense. However, "Rates and taxes" without Rent is to be considered as a separate expense head in ARR. Thus, the Rent of Rs 6.09 Lakh, as discernible from Note 42 of extract of audited financial statement is included in claim under A&G expenses.

3.13.12 From the breakup of Miscellaneous expenses provided in Annexure 2 of the extract from the Audited Financial Statements, it is observed that, the expense of WBERC license/ filing fees has been certified as Rs. 30.22 Lakh in place of Rs. 36.12 claimed in APR Petition. Therefore, expenditure of Rs. 30.22 Lakh is allowed separately.

3.13.13 As per the provisions of the Tariff Regulations, A&G expenses for distribution function are considered as controllable and allowed up to the actual business volume growth. Accordingly, as discussed in the above paragraphs, the Commission admits total A&G Expenses of Distribution function as shown in Table 4.12.4 and total O & M Expenses for distribution as shown below;



Table 3.13 - 4

Admitted Amount for A&G Expenses in Distribution

Sr. No.	Expense Item	Amount Admitted in MYT Order (in Rs. Lakh)	Recomputed Claimed Amount of APR (in Rs Lakh)	Amount admitted in APR (in Rs Lakh)
1	Audit Expense	11.90	40.30	11.90
2	Legal and professional	266.90	467.10	266.90
3	Other A&G Distribution	862.05	561.27	644.67
4	Rent, Rates* and Taxes	66.81	6.09*	6.09*
5	Total A&G	1207.66	1074.76	929.56

*Only the rent for distribution function has been considered. Rates & Taxes considered separately.

3.13.14 As discussed previously in paragraph 4.1 under the head 'Asset Addition', the Commission allowed minor assets of value Rs. 182.86 Lakh to be considered while admitting O&M expenses for distribution function. Assets of worth Rs. 182.86 lakh consists mainly of office equipment, computer/laptop/UPS etc. for the officials so that day-to-day office works can be done smoothly. Hence, the Commission allows such expenses under O&M expenditure head. Thus, total admissible O&M expenses for distribution function works out to be as detailed in the table below;

Table 3.13 - 5

Total admitted O & M expenses for Distribution

SL. No.	Expense Item	Admitted in MYT (Rs. Lakh)	Claimed in Petition (Rs. Lakh)	Admitted in APR (Rs. Lakh)
1	R & M	480.82	599.17	480.82
2	Total A & G Expense	1207.66 #	1074.76	929.56
3.	Minor assets categorized under O&M expenses	0.00	182.86	182.86
4	*Adjustment in terms of Regulation 2.5.5 (iv) of the Tariff Regulations, 2011	0.00	0.00	44.34
5	Total O & M	1688.48	1856.79	1637.58



Note: While giving adjustment in terms of Regulation 2.5.5(iv), rates & taxes amounting to Rs. 50.90 Lakh has been deducted from total O&M (Rs. 1688.48 Lakh) admitted in the MYT Order dated 13.03.2024.

3.13.15 The Commission, therefore, admits the total amount of Rs. 1637.58 lakh under the head 'O&M Expenditure (Distribution)' for FY 2020-21.

3.14 Insurance:

3.14.1 The Commission in its Tariff order for 2020-21, has admitted insurance premium of Rs 141.59 Lakh. (Rs. 24.17 Lakh for generation and Rs. 117.42 Lakh for Distribution function). IPCL has claimed the same amount of Rs 141.59 lakh in the APR Petition for 2020-21. IPCL, in their APR petition for FY 2020-21 (ref. para 35 of the petition), has submitted that they have undergone a process of selection of insurance provider considering the framework as per provisions of Regulation 5.23.1 of WBERC Tariff Regulation 2011. IPCL has also stated in their petition that they have paid the insurance premium after due negotiation with insurance company and there is no scope for further reduction and same policies have been in place since last few years. The Commission notes that, same amount appears at Note 42 of the extract from the Audited Financial Statements submitted by IPCL.

3.14.2 The Commission asked to provide copy of policies of insurance taken and process of bidding for the same vide letter no. WBERC/APR-103/22-23/4831 dated 29.2.2024. IPCL replied that Insurance policies are in continuation of existing policies. IPCL, in this APR petition, has also submitted that they have selected the insurance provider in compliance of the Regulation 5.23.1 of WBERC Tariff regulations, 2011. The selection of insurance providers was based on transparent process of inviting quotation and selection among them through evaluation and internal approval in line with compliance requirement under applicable regulations.

3.14.3 As per the amended tariff Regulations 2013, insurance is considered as an uncontrollable factor. Hence, the Commission admits expenses of Rs 141.59 Lakh (Rs. 24.17 Lakh for generation and Rs. 117.42 Lakh for Distribution function) as claimed by IPCL for 2020-21 in form 1.17(f) of this APR Petition with statement of "Details of Insurance paid" which also corroborates with the



value mentioned at Note 42 of the extract from the Audited Financial Statements.

3.15 Rates & Taxes

3.15.1 As per MYT order for 2020-21 rent, rates and taxes approved were Rs 66.81 Lakh as a part of A&G expense for Distribution Function. Further, the Commission also approved Rs. 3.22 Lakh for Rent for Generation function in the MYT order. In the APR petition, IPCL has claimed Rs. 6.09 Lakh towards Rent and Rs 50.90 Lakh towards Rates & Taxes both for Distribution function. IPCL has not claimed any expenditure towards rent for Generation function. Taxes are subjected to government policies and are uncontrollable for the licensee. The Commission performs a prudence check to allow the taxes paid on legitimate and admitted heads of expenditure to pass on to tariff.

3.15.2 As per the Auditor's Certificate (Annexure 2) of APR application, rent and rates & taxes payable as Rs. 6.09 Lakh and Rs. 50.90 Lakh respectively, totaling Rs 56.99 Lakh. Note 42 of the extract from the Audited Financial Statement and claim as per form E(B) indicates the rates and taxes amounting to Rs. 56.99 Lakh. As per 2nd amendment of Tariff Regulations 2011, "Rate and Taxes" are considered an uncontrollable factor. The Commission notes that IPCL has included expenses of Rs 6.09 lakh towards rent, which the Commission has already considered under A&G expenses. Accordingly, the Commission admits Rs 50.90 lakh towards "Rates and Taxes" for Distribution.

3.16 Depreciation.

3.16.1 The Commission has admitted total depreciation Rs 1453.71 Lakh in the Tariff Order for the year 2020-21 including that of 12 MW power station. IPCL has claimed Rs 1877.03 Lakh towards depreciation in its APR application and provided a breakup of the depreciation claimed in Form B & E(B) of the Petition.

3.16.2 The Commission notes that, the depreciation amount at Note 41 of the extract from the Audited Financial Statement of IPCL for 2020-21 is shown as Rs 2518.71 lakh whereas Form B shows 2479.69 Lakh. IPCL in its petition stated



that the mismatch is due to amortization expenses of Rs. 39.02 Lakh which is included in Rs. 2518.71 Lakh. IPCL has provided a reconciliation of depreciation claimed in APR. IPCL has reduced the claim of depreciation by Rs 35.96 Lakh against the cost of additional three floors of its head office building at Salt Lake in Kolkata including the cost of the air conditioning plant and elevator, Rs. 555.49 Lakh depreciation on leasehold land at the corporate office and Rs.11.22 Lakh depreciation on flats at Haldia, thus arriving at an amount of Rs 1877.03 Lakh.

3.16.3 Further, the project cost of the 12 MW power station will be restricted to the amount of Rs 7262.08 Lakh vide order dated 19.06.2024 in Case No. OA-244/16-17. The Commission notes that, IPCL, in form B of the Petition, has considered much higher generation asset value under depreciation. The Commission considered a depreciation of Rs 252.60 Lakh for Dishergarh 12 MW power station in APR 2019-20 on an acknowledged Asset of Rs 6,654 lakh (Second stage order ref.).

3.16.4 Total capitalization of JK Nagar substation as noted from Form 1.19 (b) and Form 1.19 (c) is Rs. 14,589.74 Lakh included in Distribution assets. Approved Project Cost for JK Nagar substation as per Order dated 22.11.2018 in Case No. OA-57/09-10 is Rs. 11,008.00 Lakh. Cost of the LILO component, as per Order dated 23.12.2020 in Case No. OA-57/09-10 is Rs. 3,860.97 Lakh, which is included in the cost of Rs. 11,008.00 Lakh. As per APR application paragraph no.59, return on equity and depreciation are not allowable to IPCL on Rs. 3,860.97 Lakh. Therefore, depreciation would be allowable for JK Nagar substation on asset value of Rs. 7,147.03 Lakh (Rs. 11,008.00 Lakh – Rs. 3,860.97 Lakh).

3.16.5 Such depreciation is allowable on Rs. 7,147.03 Lakh as mentioned above which comes to Rs. 245.86 Lakh. The Commission determined proportionate depreciation for 220 kV JK Nagar substation for Rs 501.88 Lakh on a total asset value of Rs. 14,589.74 Lakh based on the available documents submitted during APR 2015-16. In view of the above, the net disallowance for depreciation



in respect of 220 KV J.K. Nagar substation comes to Rs. 256.02 lakh (Rs. 501.88 lakh – Rs. 245.86 lakh).

3.16.6 In para 77 of APR petition, IPCL has deducted the depreciation on cost of additional 3 floors of its building at Salt Lake in Kolkata of Rs. 35.96 Lakh from their claim of depreciation, which corroborates with the Auditor's Certificate (Annexure 2) of APR application. In addition to this, IPCL has also considered depreciation on leasehold land at the corporate office of Rs. 555.49 Lakh and depreciation for Flats at Haldia of Rs. 11.22 Lakh. The same has also been reflected in Form B of their APR application. Based on submission above depreciation on additional 3 floors of the building at Salt Lake, on leasehold land at Corporate Office and on flats at Haldia is not admitted for the total depreciation on assets.

3.16.7 Net admissible depreciation comes out to be Rs. 1451.25 Lakh, as against the claim of Rs. 2479.69 Lakh by IPCL. The Commission admits an amount of Rs. 1451.25 Lakh under the head of depreciation. Summarising above, the allowable depreciation for the year 2020-21 is as follows:

Table 3.16 -1

Sl. No.	Particulars	Admitted in Tariff Order (Rs. Lakh)	Admitted in APR (Rs. Lakh)
1	Depreciation expenses Form B		2479.69
2	Less: depreciation on		
A	Additional 3 floors of Kolkata office (Form B)	35.96	35.96
B	Leasehold land at Corporate office (Form B)	555.49	555.49
C	Flats at Haldia	11.22	11.22
D	Generation Assets Disallowed for DPS 12 MW (para 3.16.3 above) (318.52.-246.89)	65.92	71.63
E	JK Nagar Substation (para 3.16.5)	256.02	256.02
F	Other Distribution Assets disallowed	0	98.12
3	Sub-total A to E		1028.44
4	Depreciation allowable (SI 1 - SI 3)		1451.25

3.16.8 Thus Rs. 1451.25 Lakh has been admitted towards depreciation for 2020-21 with function-wise allocation as under:



Table 3.16 - 2

Particulars	Generation (Rs. Lakh)	Distribution (Rs. Lakh)	Total (Rs. Lakh)
Admitted in Tariff Order	245.42	1208.29	1453.71
Depreciation claimed as per APR application (Form B)	318.52	1558.51	1877.03
Depreciation admitted	246.89	1204.36	1451.25

3.17 Interest on Borrowed Capital

The Commission in the MYT order allowed Rs 709.26 Lakh for FY 2020-21 towards Interest on capital borrowing, out of which Rs. 169.94 Lakh was allocated for Generation function and Rs 539.32 Lakh for distribution function. The interest allowed on capital loan was Rs 1882.28 Lakh (including interest on normative loan). IPCL in its APR application in form E(B) claimed Rs 2010.82 Lakh as interest on capital loan. The interest calculation as per Form C is as shown below;

Table: 3.17 - 1

Sources of loan	Loan Amount (RS Lakh)	Outstanding balance at the beginning of the year (Rs. Lakh)	Interest Rate in %	Interest (Rs. Lakh)
IDBI Bank - Term Loan	4000	1333.34	12.75	169.90
South Indian Bank Ltd. - Term Loan	7700	4506.58	9.75	480.10
Ratanakar Bank - Term Loan -II	5000	875	10.85	65.50
Corporation Bank Term Loan	6500	531.61	10.95	61.50
IREDA Loan	1000	0.00	11.45	37.30
Total	24200.00	7246.53		814.30

3.17.1 interest on capital loans as per Form E(B) of APR Application is Rs. 2010.82 Lakh whereas, as per the Auditor's Certificate (Annexure-2), such interest on capital loan including Ind AS adjustment is shown as Rs.1873.40 Lakh (=Rs 3629.03 Lakh - Rs 1525.95 Lakh - Rs 42.50 Lakh - Rs 187.18 Lakh).

3.17.2 As mentioned, form 1.19(C), asset value of JK Nagar substation was Rs. 14,589.74 Lakh and the approved project cost was Rs. 11,008.00 Lakh. In Form C, IPCL has claimed Rs 7,700 Lakh as loan for J.K Nagar substation. The loan amount being 69.95% of the approved project cost, the claimed interest amount of Rs 480.10 Lakh is admitted against J.K Nagar sub-station.



3.17.3 As mentioned in Form-1.19(B), the asset value of the 12 MW generating station is Rs. 9372.68 Lakh, whereas the final project cost approved is Rs. 7262.08 Lakh (including additional capital expenditure up to 2017-18) vide order dated 19.06.2024 in case no. OA-244/16-17. From the submission made in Form-C of the APR petition, the Commission has noted that IPCL has claimed Rs. 4000 Lakh as loan for the generating station. The loan amount is 55.10% of the approved project cost. Therefore, the Commission allows Rs. 169.90 Lakh as interest expense for the 12 MW plant.

3.17.4 As further stated in Form-C, IPCL has an original sanction of term loan of Rs. 6500 Lakh from Corporation Bank and Rs. 5000 Lakh from Ratnakar Bank. Purpose of such loan has been mentioned as 'Capital expenditure for small distribution schemes'. As already mentioned herein before, the Commission noted that there has been 6.78% increase in 'Distribution Line Length' (DLL) and around 49% increase in 'Consumer Strength' of the petitioner system during FY 2020-21. Moreover, in para 62 (Table – 16) of the APR petition, IPCL has given details of gross asset addition of Rs. 8373.54 Lakh and value of net asset addition of Rs. 6509.40 Lakh after deducting decapitalized asset value and contribution from consumers. The Commission considered asset addition of Rs. 3131 Lakh in the MYT order for FY 2020-21 for its distribution system. In the present APR for 2020-21, admitted asset addition is Rs. 3020.86 Lakh (Rs. 2838 Lakh as add-cap + Rs.182.86 Lakh as O&M expenditure). As submitted by the petitioner, actual asset addition includes Rs. 528.98 Lakh for service lines and Rs. 115.37 Lakh on account of Meters. As detailed in Form-C the outstanding balance of the loan drawn from Corporation Bank at the beginning of the year is Rs. 531.61 Lakh and that drawn from Ratnakar Bank is Rs. 875 Lakh. IPCL repaid Rs. 875.0 Lakh to Ratnakar Bank and Rs. 70.04 Lakh to Corporation Bank against the outstanding balance. There is no fresh drawl of loan from Ratnakar Bank Limited during FY 2020-21. From Corporation Bank, IPCL has drawn fresh loan of Rs. 23.68 Lakh during FY 2020-21. Considering asset addition in small distribution schemes and increase in consumer strength, the Commission allows Rs. 65.49 Lakh and Rs. 61.50 Lakh as interest expense for small distribution schemes.



3.17.5 As given in Form-C, IPCL has drawn Rs. 690.82 Lakh from IREDA during the year 2020-21 against the sanctioned amount of Rs. 1000 Lakh for implementing the SCADA project for their distribution system. The Commission accorded in-principle clearance for investment of Rs. 1428.08 Lakh (excluding IDC) for implementation of SCADA project vide order dated 16.04.2019 in Case No. WBERC/OA-262/17-18. In the Form-1.19(C), IPCL has declared the target date of completion of the project in the year 2021-22. Hence, no interest expenditure has been admitted by the Commission in this APR as this may lead to double impact.

3.17.6 The Commission, therefore, admits a total amount of Rs. 777 Lakh as interest on borrowed capital with a corresponding weighted average interest rate of 10.52%. The Commission has also computed the Gross Fixed Assets as per the annual accounts and admitted capital expenditure as shown below without considering revaluation of land asset as it is just an accounting adjustment.

Table 3.17-2

Particulars	2019-20	2020-21	Data source
Gross Block of fixed asset as per Form-B	48544.64	49,437.40	From Petition without revaluation of land asset.
Less: Asset disallowed		0.00	
Additional 3 floors at Salt Lake building	-1865.69	-1,865.69	From Petition without revaluation of land asset
Leasehold land at Salt Lake	-1324.55	-1,324.55	From Petition without revaluation of land asset.
Flats at Haldia	-724.3	-724.30	Form B
Leasehold land at Raghunathpur	0	0.00	Form 1.18 and Form B 2019-20
Capitalization in excess of approval for Dishergarh Generating Plant	-2718.68	-2,092.81	Ref. form 1.18 and Order dtd. 19/06/2024 in Case No. OA-244/16-17
JK Nagar substation not put to use	-3581.74	-3,581.74	From 1.19 (b) 1.19(c) read with Order dated 22.11.2018 in Case No. OA-57/09-10
Admissible gross block of fixed assets	38329.68	39,848.31	
Less: consumer contribution & adv.	3141.72	1,822.35	Annexure-4 of addl. Information dtd. 17.06.2025
Net Cost of fixed assets	35187.96	38,025.96	
	274.95	2,838.00	Net fixed asset of 2020-21- Net fixed asset 2019-20



The amount allowable towards interest on the normative loan is computed as per WBERC Tariff Regulation, 2011 hereunder.

Table 3.17-3

Sl. No.	Normative debt	Derivation	Amount (Rs lakh)
1	Opening Gross Normative Debt	Closing Balance of 2019-20	13403.87
2	Less: Cum Repayment up to the previous year	Closing Balance of 2019-20	6309.31
3	Opening Net Normative Debt	3 = 1 – 2	7094.56
4	Addition to debt during the year	Form C	0
5	Addition to Fixed asset during the year	Table 3.17 -2	2838.00
6	Normative addition to debt @ 70% of fixed asset addition	6 = 5 X 70%	1986.60
7	Addition to debt to be considered for APR	7 = Higher of 4 & 6	1986.60
8	Additional Gross Normative debt for the year	8 = 7 – 4	1986.60
9	Repayment of normative debt during the year	10% of (3+8)	908.12
10	Net additional gross normative debt during the year	10 = 8 – 9	1078.48
11	Closing balance of net normative debt	11 = 3 + 10	8173.04
12	Average balance of net normative debt	12 = (3+11) / 2	7633.802
13*	Weighted average rate of interest	Form C	10.52%
14	Allowable interest on normative debt	14 = 12 X 13	803.29
15	Closing balance of gross normative debt	15 = 1 + 8	15390.47
16	Cumulative repayment of normative debt up to the year	16 = 2 + 9	7217.43

*Completion target of SCADA project has been considered by IPCL in FY 2021-22 [ref. Form 1.19(C)]. Hence, interest rate has been computed excluding this loan.

3.17.7 As submitted by IPCL in Form-C, purpose of loans is (i) for Generation Plant at Dishergarh 1x12 MW, (ii) construction of 220/33KV JK Nagar sub-station and (iii) capital expenditure for small distribution schemes. For allocation of interest on capital loan, the ratio of closing GFA as per Form 1.18 has been considered. The function-wise admitted amount towards interest on borrowed capital and normative debt of IPCL for 2020-21 is as follows;

Table 3.17-4

Interest Payable, FY 2020-21

Particulars	Generation (Rs. Lakh)	Distribution (Rs. Lakh)	Total (Rs. Lakh)
Gross Asset as per Form 1.18	9372.70	60064.06	69436.76



Interest on normative debt	108.43	694.86	803.29
Interest on borrowed capital	104.88	672.12	777
Total	213.31	1366.98	1580.29

3.18 Other Finance Charges

3.18.1 IPCL has claimed an amount of Rs. 141.03 Lakh towards other finance charges in the designated Form – 1.17(C). Out of the claim amount of Rs. 141.03 Lakh an amount of Rs. 116.70 Lakh stands for Bank Charges for term loan, cash credit etc. and Rs. 24.32 Lakh for relates to other borrowing cost. Total claim of Rs. 141.03 Lakh is also there in the Auditor's Certificate (ref. Annexure-2).

3.18.2 The Commission has already admitted the bank charges of Rs 116.70 Lakh under the head of 'Other A&G Expenses' herein before. Hence, the Commission has not considered bank charges of Rs 116.70 Lakh under Other Finance charges again. IPCL has claimed Rs. 24.32 Lakh as 'Other borrowing Cost' without any details and purpose. Hence, the Commission has not considered it for want of proper justification.

Table 3.18 - 1

Particulars	Generation (Rs. Lakh)	Distribution (Rs. Lakh)	Total (Rs. Lakh)
Other finance charge (in Rs. Lakh)	0	0	0

3.19 Advance against Depreciation / Interest Credit.

3.19.1 IPCL, in their APR application, has not claimed any amount under this head as shown in form 1.17 (e). In absence of clarity of purpose of the loan draws mentioned in Form C, the Commission has allowed interest on loan for 12 MW generation project, J.K Nagar substation and small distribution schemes. For rest of the assets, the Commission has considered normative loan. Accordingly, the repayments vis-à-vis the allowable cumulative depreciation is considered for computation of Advance against depreciation / interest credit as below:



Table 3.19-1

Sl. No.	Particular	Amount (Rs Lakh)
1	Depreciation admitted	1451.25
2	Repayment as per form C	1623.54
3	Excess depreciation (1-2)	-172.29
4	Excess depreciation Over loan repayment up to 31.03.2020	3,503.55
5	Cumulative excess depreciation available (3+4)	3331.26
6	Rate of interest	10.52%
7	Interest credit	350.45

3.19.2 The cumulative depreciation over allowable repayment of the loan up to 31.03.2021 is calculated as below.

Table 3.19-2

Year	Depreciation-Distribution (Rs. Lakh)	Depreciation-DPS 12 MW (Rs. Lakh)	Total Depreciation (Rs. Lakh)	Repayment (Rs. Lakh)	Excess of Depreciation over Repayment (Rs. Lakh)
2006-07	197.9		197.9	-	197.90
2007-08	241.61		241.61	137.2	104.41
2008-09	302.18		302.18	283.37	18.81
2009-10	353.31		353.31	350.55	2.76
2010-11	363.28		363.28	413.65	-50.37
2011-12	450.78		450.78	0	450.78
2012-13	526.81	128.8	655.61	9.95	645.66
2013-14	633.49	252.6	886.09	0	886.09
2014-15	569.56	239.97	809.53	400	409.53
2015-16	763.84	252.6	1016.44	400	616.44
2016-17	868.79	252.6	1121.39	1086.08	35.31
2017-18	901.57	252.6	1154.17	1126.8	27.37
2018-19	962.17	252.6	1214.77	1170	44.77
2019-20	1146.67	252.6	1399.27	1285.18	114.09
2020-21	1204.36	246.89	1451.25	1623.54	-172.29
Total	9486.32	2131.26	11617.58	8286.32	3331.26

3.19.3 Thus, Rs 350.45 lakh has been admitted under head Interest Credit against depreciation for year 2020-21, out of which Rs. 47.30 Lakh for generation function and Rs. 303.15 Lakh for distribution function are allocated as under based on the GFA submitted;



Table – 3.19-3

ITEM	GEN. in Rs. Lakh	DIST. in Rs. Lakh	TOTAL in Rs Lakh
GFA claimed	9372.70	60064.06	69436.76
INT. CREDIT	47.30	303.15	350.45

3.20 Reserve for unforeseen exigencies:

3.20.1 In the MYT order of 2020-21, the Commission has not allowed any amount towards Reserve for unforeseen exigencies. In para 6.19.5 of the MYT order, the Commission directed that the amount allowed so far with interest has to be invested in accordance with the relevant Tariff Regulations.

3.20.2 Note 21 (Other Equity), of the extracts from the audited financial statements, indicates that the amount under unforeseen exigency reserve and unforeseen exigencies interest reserve stood at Rs. 266.15 Lakh and Rs 273.02 Lakh respectively at the end of FY 2020-21. Total amount invested under unforeseen exigency reserve fund and unforeseen exigencies interest reserve fund appear at Notes 15 and 55 of the extract from the audited financial statement submitted by IPCL. The details submitted by IPCL vide reply dated 05.12.2025 against clarification sought by the Commission vide letter dtd. 19.11.2025, does not reveal any other details.

3.20.3 Investments made by the petitioner does not entirely comply the relevant regulations. Hence, IPCL is directed to make investment equivalent to the balance lying under 'unforeseen reserve fund' and 'unforeseen reserve interest fund' in compliance of Regulation 5.11 and 5.24 of WBERC Tariff Regulations, 2011 and amendments thereof. The petitioner is also directed to intimate such compliance to the Commission with relevant data / information / documents in the ensuing APR petition for 2025-26.

3.21 Bad Debt

3.21.1 IPCL has claimed Rs. 54.91 Lakh under this head in APR 2020-21. Para 89 of APR petition states a sum of Rs 54.91 Lakh relates to bad debt actually written off. However, in the extract of the Audited Financial Statement for FY 2020-21,



the amount of Rs. 54.91 Lakh appears corresponding to 'Allowance for Bad and Doubtful Debts (net)'. This infers that the amount is only a provision and not actually written off.

3.21.2 Regulation 2.11.3 of WBERC (Terms and Conditions of Tariff) Regulations, 2011 is reproduced below;

"2.11.3 The licensee and generating company shall prepare the annual accounts in such a manner that all its expenditure and income on different heads are mentioned distinctly and separately with necessary notes and description or additional schedule or auditor's certificate from the same auditor of the annual account so that the Commission can take a proper view on each such head while determining the tariff:

Provided that wherever such expenditure and income are not adequately reflected in the annual accounts through distinctly separate notes and description or additional schedule or auditor's certificate from the same auditor of the annual account, as for example, if any expenditure under any head entitled 'others' or 'miscellaneous' or any other terminology which is non-specific, such expenditure may be disallowed by the Commission while determining the ARR."

3.21.3 In view of the above, claim made by IPCL towards bad debt is not admitted.

3.22 Interest on Consumers Security Deposit:

3.22.1 In the Form E(B), IPCL has claimed Rs 187.18 Lakh under the head Interest on Consumers' Security Deposit for the year 2020-21 under distribution function against the admitted expenditure of Rs 187.18 Lakh in MYT. The Total interest claimed as per Form-C in APR application is Rs 187.18 Lakh. Note 40 of the extract from the audited financial statement does not recognize or disclose exclusively "Interest on Consumers Security Deposit" as required under 2.11.3 of the Tariff Regulations, 2011. However, IPCL has submitted a statement of finance cost certified by the auditor in Annexure-2 of the petition wherein the interest on consumer security deposit is shown as Rs 187.18 Lakh.

3.22.2 The Commission thus admits Rs 187.18 Lakh towards interest on consumer security deposit for the year 2020-21 and allocates the whole amount to distribution function. The second amendment of Tariff Regulations 2011 states this interest on consumer security deposit as uncontrollable.



3.23 Return on equity (ROE):

3.23.1 In terms of regulations 5.6.1.1 and 5.6.1.2 of the Tariff Regulations, IPCL is entitled to have a return on the equity base deployed in its generation and distribution functions @ 15.5% and 16.5% respectively. IPCL has claimed Rs.1964.84 Lakh towards return on equity in APR for 2020-21 against an admitted amount of Rs 2247.64 Lakh in MYT order for 2020-21. In para 6.15.4 of the MYT order, the Commission directed IPCL to allocate its equity base to its generating station and distribution system based on utilization of the same in acquiring fixed asset and submit the same with application for APR for the corresponding years for necessary adjustments, if any.

3.23.2 In the APR orders 2012-13 and 2013-14, the Commission worked out the admissible equity for the Generation and Distribution function of IPCL and accordingly proceeded to admit the ROE for the respective years. In absence of any allocation statement from IPCL, the consolidated actual equity of power business was worked out from the extract of the audited financial statements of IPCL and thereafter the ROE was admitted on the basis of admissible equity based on the historical equity balance and addition to admissible equity. Such calculation methodology is continued for the present year also. Relevant computational details using terminology of each item keeping parity with the extract of the audited financial statement have been provided in the table below. Accordingly, the term 'Surplus' appeared previously has been replaced by 'Net Retained Earnings'.

3.23.3 The opening and closing balances of actual equity as per the extract of the audited financial statement and notes provided therein are as follows;

Table 3.23-1

Particulars		31.03.2020 (Rs. Lakh)	31.03.2021 (Rs. Lakh)	Reference
Share Capital	A	9737.9	9737.9	Note - 20
Retained earnings reclassification	B	-11,630.27	-11,630.27	Schedule-B (FY 2018-19)
Retained earnings	C	4026.25	6,117.64	Note - 21.5
Net retained earnings	D = B+C	-7604.02	-5512.63	



General Reserve	E	436.69	436.69	Note - 21.3
Total	F=D+E	-7167.33	-5075.94	
Addition			2091.39	(Total as on 31.03.2021 – Total as on 31.03.2020)

3.23.4 IPCL was directed in paragraph 4.3.1(a) of the MYT order of 2016-17, that 5% of project cost of DPS 12 MW will be withheld till the submission of documents specified in the order. Considering the fact that IPCL in the response dated 13.09.2022 furnished relevant information, the effect of such withheld project cost has not been considered while admitting ROE for the year 2020-21.

3.23.5 As evident from above table 3.23-1 IPCL has accumulated loss of Rs 5075.94 Lakh after off-setting general reserves and retained earnings. It has therefore no free reserves. The equity base only comprises of share capital of Rs 9737.90 Lakh for the purpose of admitting ROE, out of which Rs 2178.62 Lakh (=30% of 7262.08) is considered for DPS 12 MW Plant. The balance Rs 7559.28 Lakh is considered for distribution function. Based on above facts ROE for the year 2020-21 is calculated as below;

Table 3.23-2

Sl. No	Particulars	Generation (Rs. Lakh)	Distribution (Rs. Lakh)	Total (Rs. Lakh)
1	Admissible Equity Base at the beginning of the year	2178.62	7,559.28	9,737.90
2	Admissible Equity Base at the end of the year	2,178.62	7,559.28	9,737.90
3	Average Admissible Equity Base for the year	2,178.62	7,559.28	9,737.90
4	Rate of return in %	15.50%	16.50%	
5	Allowable return	337.69	1247.28	1,584.97

3.23.6 The Commission, therefore, admits Rs.1584.97 Lakh on account of ROE for 2020-21 with following functional allocation;

Table 3.23-3

Return on Equity Allowed	Generation (Rs. Lakh)	Distribution (Rs. Lakh)	Total (Rs. Lakh)
	337.69	1247.28	1584.97



3.24 Income Tax

3.24.1 The Commission admitted Rs. 392.71 Lakh towards Income Tax for FY 2020-21. IPCL has claimed an amount of Rs. 224.04 Lakh in their application and in Form E (B) towards income tax and allocated Rs 49.70 Lakh under generation and Rs. 174.34 Lakh under distribution function.

3.24.2 IPCL was directed to submit the following related to yearly Income Tax at paragraph 6.18.2 of the MYT Order dated 13.03.2024:

A. Final Assessment Orders as available for the years and not submitted before the Commission as yet;

B. Audited certificate in regard to Income Tax Assessed and Income Tax paid with corresponding credit of Income from 2010-11 to 2022-23.

In response, the petitioner at paragraph 90 of the APR petition has prayed for liberty to submit Income Tax Assessment during subsequent APR.

3.24.3 The Commission, finding no reasons to grant liberty, vide letter dated 19.11.2025 directed the petitioner once again to submit the Income Tax assessment orders / summary assessment order for FY 2020-21. IPCL submitted the assessment order vide their reply dated 05.12.2025.

3.24.4 On scrutiny of the assessment order, the assessed income tax liability for FY 2020-21 is found to be Rs. 903854/-.

3.24.5 The Commission, therefore, admits Rs. 9.04 Lakh as pass through in the APR 2020-21. Admitted income tax has been segregated between generation and distribution function in the ratio of admitted ROE as tabulated below.

Table 3.24 - 1

Particulars	Generation	Distribution	Total
ROE Claimed in APR (Rs. Lakh)	435.83	1,529.01	1,964.84
Income Tax Claimed in APR (Rs. Lakh)	49.41	174.63	224.04



ROE Admitted in APR (Rs. Lakh)	337.69	1247.28	1584.97
Income Tax approved in APR (Rs. Lakh)	1.93	7.11	9.04

3.25 Interest on Working Capital

3.25.1 The amount of Rs. 132.63 Lakh on account of Interest on Working Capital was considered in the tariff order for 2020-21. IPCL has claimed Rs 125.46 Lakh interest towards working capital loan in the instant APR. As per their submission in Form 1.17(b) the rate of interest of such loan has been claimed as 12.05% i.e. equal to the SBI short terms PLR as on 1st April of the preceding year.

3.25.2 The weighted average interest on working capital loan has been computed on the basis of working capital loans indicated in Form-C submitted with APR application, considering actual interest paid and interest rates mentioned in Form C. The computation has been detailed in the following Table:

Table: 3.25 -1

INTEREST COMPUTATION OF WORKING CAPITAL LOAN

Source	Rate of Interest	Loan (Rs. Lakh)	Interest Amount (Rs. Lakh)
IDBI Bank - Cash Credit	12.60%	2500	315
South Indian Bank Ltd. - Cash Credit	10.60%	5500	583
Axis Bank - Cash Credit	11.55%	2700	311.85
Ratnakar Bank - Cash Credit	11.15%	4000	446
Weighted Average interest rate	11.26%	14700	1655.85

3.25.3 In terms of regulations 5.6.5.1 of the Tariff Regulations, working capital requirement shall be assessed on a normative basis @ 18% on the base amount derived by summation of annual fixed charges and fuel and power purchase cost reduced by the elements of the ARR determined, viz., depreciation etc. However, the above assessment of requirement of working capital would be 10% instead of 18% on the base amount on introduction of MVCA. The MCLR of SBI as on 01.04.2020 was 7.75%. MCLR of SBI interest rate plus 350 basis points is to be considered for calculation of interest on



working capital in line with the direction given in the Order dated 06.04.2022 in Case No. SM-30/21-22. The rate of interest for computing interest on working capital therefore works out to 11.25% (=7.75%+3.50%). The computation of interest on working capital is shown in the table below:

Table 3.25-2

Interest on Working Capital (IoWC)

Sl. No.	Particulars		Computation of IoWC (Rs. Lakh)
1	Total admitted Variable Cost and Fixed Cost excluding interest on Working Capital	a	43,710.24
2	Less: Depreciation	b	1,451.25
3	Less: Advance against depreciation	c	0.00
4	Less: Return on Equity	d	1,584.97
5	Less: Bad and Doubtful Debts	e	0.00
6	Total deductions	f = b+c+d+e	3,036.22
7	Allowable Gross Sales for Working Capital	g = a - f	40674.02
8	Allowable Working Capital	h = 10% of g	4067.40
9	Security deposit from consumer as on 31.03.2021	i	3210.75
10	Balance requirement of working capital	j = h - i	856.65
11	Interest @ (SBI MCLR as on 01.04.2020 +350 Basis point)	k	11.25%
12	Interest on balance requirement of Working Capital	l = j * k	96.37
13	Interest for working capital claimed in APR	m	125.46
14	Interest on Working Capital Admitted	n = lower of l & m	96.37

3.25.4 As per the provisions of the tariff regulations, the Commission directed IPCL to use the consumer's security deposit as the working capital requirement. The commission noted that, the security deposit from the consumer is lower than the required working capital. Accordingly, the Commission admits Rs. 96.37 Lakh as interest on working capital in APR 2020-21 of IPCL and allocated between generation and distribution function on the basis of Net ARR as shown in the Table below:



Table 3.25.3

Interest on Working Capital for Generation and Distribution Function – in Rs. Lakh				
Sl. No.	Particulars	Generation	Distribution	Total
1	Fixed Charge & Fuel Cost /Power Purchase Cost excluding interest on Working Capital	2,146.88	41,563.35	43,710.24
2	Working Capital Interest admitted	4.73	91.64	96.37

3.26 Unscheduled interchange (UI/DSM) Charges:

The Commission observed that IPCL has claimed an amount of Rs.1691.42 Lakh for a drawal of 54.69 MU of power as net UI charges. In terms of regulation 5.17.2 of the Tariff Regulations, the net UI/ DSM charges payable by a distribution licensee will be considered as an expenditure limited to 5% of the total power purchase cost. The net UI charge payable by IPCL during 2020-21 is 5.62 % of its total power purchase cost during the year. Hence, the net UI charge of Rs1504.05 Lakh (5% of total power purchase cost) is admitted under the distribution function.

3.27 Cost of outsourcing:

3.27.1 The petitioner at para 57 of the APR text petition and in Form – E(B) has claimed expenses amounting to Rs. 121.67 Lakh incurred on following counts towards the cost of outsourcing for distribution function

- A. sourcing manpower for maintenance of distribution lines,
- B. manpower hired from various agencies for the purpose of annual maintenance,
- C. call centre services, courier services and prepaid vending machine services.

Petitioner has submitted further breakup of the expenditure incurred in the Form - 1.17(k) along with the petition.



3.27.2 Regulation 5.22.3 of WBERC (Terms and Conditions of Tariff) Regulations, 2011 is reproduced below;

"5.22.3 While showing the cost of outsourcing for the first year the licensee or generating company shall specifically mention the head of account under which such expenditure was previously included along with the actual expenditure on such head for the last three years. On the basis of such information, the Commission shall adjust the requirement of revenue of each element of ARR, irrespective of controllable item or non-controllable item, in APR or tariff order of the year for which outsourcing cost(s) are determined separately."

3.27.3 No outsourcing cost was allowed separately in the tariff Order dated 13.03.2024 for FY 2020-21. In the previous APR Orders for FY 2018-19 and 2019-20 also no such expenditures were approved separately. Moreover, any separate accounting head not found in the extract of the audited financial statement submitted along with the APR petition in support of the claimed expenditure for outsourcing. IPCL has also not submitted any statement of reconciliation with the extract of audited financial statement in support of their claim. The Commission, therefore, has not admitted the claim under this head.

3.28 Income from Other Sources / Non-Tariff Income

The income from other operating revenues as per Form 1.26 submitted by IPCL is Rs.156.17 Lakh under the head 'Miscellaneous Other Income' and Rs 302.14 Lakh under the head 'Other Non-Tariff Income' against the total admitted non-tariff income of Rs. 447.39 Lakh in MYT Order. In Note No. 34.2 of the extract of audited financial statement, IPCL has shown total Rs 3592.44 Lakh as income from other operating revenue out of which Rs 1467.23 lakh is under the head 'Liabilities no longer required written back' and Rs.1823.07 is under the head 'Contribution for service line'. Excluding these incomes IPCL has claimed Rs. 302.14 Lakh (3592.44-1467.23-1823.07) as other non-tariff income. From note 35.1 of the extract from the Financial Statements, it is also observed that an amount of Rs. 12.39 Lakh is included in other income which is actually interest income of unforeseen exigencies and has to be reinvested. The matter of Rent received as treated in APR 2011-12 was under consideration of the



Commission following APTEL remand. As clarified by IPCL in the remand proceeding of APR 2011-12 that, such rent received is from an asset that has not been recognized by the Commission for the purpose of depreciation. Accordingly, the Commission considers that an asset which is not recognized for depreciation, income arising out of the same shall not be considered as well while computing ARR. The Commission, therefore, excludes Rs 1.90 Lakh against rent received. The Commission also excludes the following incomes from being recognized as non-tariff income;

- A. Rs 23.63 Lakh income due to gain on fair valuation of mutual funds since it is a notional income,
- B. Rs. 10.79 Lakh interest accrued during the year but not received,
- C. Rs. 1.90 Lakh rent received on assets not serviced in electricity tariff,
- D. Rs. 698.55 Lakh interest income on unwinding of financial instruments,
- E. Rs. 46.34 Lakh interest income on income tax refund,
- F. Rs. (-) 0.31 Lakh gain on foreign exchange fluctuation and
- G. Rs. (-) 35.11 Lakh Gain / (loss) on sale of rights / assets (net) since rights and assets are not segregated for identification in the Extract Audited Financial Statement.

Accordingly, the balance Rs. 146.85 Lakh is being considered under non-Tariff income head.

Therefore, the total admitted income from other / non-tariff sources is Rs. 448.99 Lakh (Rs. 302.14 Lakh+ Rs. 146.85 Lakh) as shown in the table below;



Table – 3.28-1

Income from other sources/ Non-tariff Income

Sl. No.	Particulars	Amount Admitted (Rs. Lakh)
1	Other Operating Revenues	3592.44
a	Less: Liabilities no longer required written back	1467.23
b	Less: Contributions for service lines	1823.07
	Sub-Total 1	302.14
2	Other Income	892.64
a	Less: Interest accrued during the year but not received	10.79
b	Less: Interest on income tax refund	46.34
c	Less: Interest income on unwinding of financial instruments	698.55
d	Less: Gain on foreign exchange fluctuation	-0.31
e	Less: Rent received	1.9
f	Less: Gain on fair valuation of mutual funds	23.63
g.	Less: Gain / (loss) on sale of rights / assets (net)	-35.11
	Sub-Total 2	146.85
	Grand Total	448.99

In absence of any further details available from the submissions made by IPCL, such amount of Rs. 448.99 Lakh is distributed among the distribution function and generation function in proportion to the Gross ARR with functional segregation of Rs 427.69 Lakh for distribution and Rs. 21.30 Lakh for generation function.

IPCL is directed to submit item wise clarification about the nature of items as considered under “other operating revenue” and “other income” in the annual accounts henceforth in every APR petition.

3.29 Admissibility of Capacity Charges based on Availability

3.29.1 In terms of regulation 6.4.2 of the Tariff Regulations, the recovery of capacity charge for the generating station of IPCL shall be against normative availability. Schedule 9A of the Tariff Regulations provides for target Plant Availability Factor (in short “PAF”) for coal-fired thermal generating stations.



- 3.29.2** Considering the facts that during the year 2020-21 only the DPS 12 MW plant was in operation, the normative PAF during the year is 85% in terms of Schedule-9A of the Tariff Regulations. From the data submitted in Form 1.1 and 1.1(a), the actual PAF in respect of IPCL during 2020-21 was 29.76% and actual PLF remained 27.68%. The Commission now decides to allow capacity charges to the extent of the shortfall in PAF achieved by IPCL during 2020-21.
- 3.29.3** The Commission admits the cost under the head of 'Water charges' and "Coal & Ash Handling charges" considering proportionate cost on actual generation vis-à-vis target generation. Thus, the costs allowed under those heads are not considered for disallowances of capacity charges for not attaining the target PAF.
- 3.29.4** IPCL in Paragraph 20 to 22 has stated that against the target PAF of 85%, IPCL could not generate power or achieve normative PAF primarily due to onset of the 1st and 2nd wave of COVID-19 pandemic which is a condition beyond control of the petitioner. IPCL also submitted that, they preferred purchase of cheaper power available in the market due to industrial slowdown in general, as against purchase of costlier fuel. IPCL prayed before the Commission to ignore such low PAF for capacity charge disallowance.
- 3.29.5** As per Tariff Regulation 5.25.1, where for a generating station, fixed cost recovery is done on the basis of availability, then in case any asset of such generating station or licensee or generating company remains inoperative for more than three months due to breakdown or force majeure events resulting in less availability compared to respective normative target of availability for that generating station then short fall of full capacity charge will be allowed to be recovered partially.
- 3.29.6** In this case, the generating station remained inoperative due to non-availability of coal. As stated by the petitioner, such fact of non-availability of coal does not fall under any of the conditions of breakdown or force majeure. Hence, capacity charge for 12 MW power station is allowed following Regulation 6.11.4 of Tariff Regulations



Table 3.29-1

SL. No.	PARTICULARS		VALUE
1	Allowable Fixed Charge for the generating station at normative PAF after adjustment of non-tariff income etc.	in Rs. Lakh	1,258.73
2	Less: Cost admitted under the head 'Water Charges'	in Rs. Lakh	0.00
3	Less: Cost admitted under the head 'Coal & Ash Handling Expenses'	in Rs. Lakh	33.03
4	Net Fixed Charges for computation of disallowance due to low PAF	in Rs. Lakh	1,225.70
5	Normative PAF as per tariff Regulations	%	85.00
6	PAF achieved during the year	%	29.75
7	Allowable Capacity Charge	in Rs. Lakh	487.76
8	Capacity Charge deductible due to lower PAF	in Rs. Lakh	737.94

3.29.7 Therefore, Rs. 737.94 Lakh is admitted as the capacity charge deductible for shortfall in PAF as computed in table above. Rs. 737.94 Lakh is to be deducted from the fixed charges for generation function in the APR for 2020-21.

3.30 Fixed Charges as Admitted

Based on the foregoing analyses, the amounts of fixed charges allowable under different heads in respect of IPCL have been shown in **Annexure-3B**. As shown in the referred annexure, the allowable amount of fixed charges, i.e. gross amount of fixed charges after adjustment of other income and interest credit for the year 2020-21 works out to be Rs 12422.79 Lakh, of which Rs 1211.43 Lakh pertains to Generation and Rs 11211.36 Lakh pertains to Distribution Function as tabulated below. However, out of Rs. 1211.43 lakh, due to lower PAF, Rs 737.94 lakh is disallowed and therefore, IPCL is allowed to recover Rs. 473.49 lakh.

3.31 Reliability Incentive:

3.31.1 IPCL has claimed that it has achieved system reliability of 99.83% against 98% (normative), providing weekly interruption details to the Commission in support of their claim. However, the Commission finds that the petitioner has not adequately described the infrastructure utilized for real-time measurement and data preservation during financial year 2020-21.



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

3.32 Interest on COVID-19 Loans:

3.32.1 In reference to paragraph 100 of the APR petition, IPCL has claimed Rs. 11.32 Lakh as the interest cost for borrowing a principal amount of Rs. 3064.20 Lakh from different banks / financial institutions to make good for the deficit in working capital due to prolonged lock-down in the financial year 2020-21 due to the spread of COVID-19. Source wise loan drawn, rate of interest and interest amount is tabulated below;

Table – 3.32-1

Sl. No.	Source	Original Amount of loan taken (Rs. Lakh)	Rate of Interest	Interest (Rs. Lakh)
1	IDBI -- FITL	155.41	12.60%	1.03
2	South Indian Bank -- FITL	257.80	10.60%	9.12
3	AXIS Bank -- FITL	51.29	11.60%	1.17
4	IDBI -- (GECL)	622.00	8.80%	0.00
5	RBL -- (GECL)	3064.20	9.25%	0.00
	Total	4150.7		11.32

3.32.2 IPCL has submitted that they faced severe challenges to maintain power supply during the crisis period. However, with the additional loans, as stated above, they could overcome the shortfall of working capital and was able to maintain supply of power.

3.32.3 The Commission in its Suo Moto Order dated 06.05.2020 in Case No. SM-22/20-21 has stated at paragraph 11(c) and 11(d) as under:



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

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

3.32.4 The amount claimed by IPCL as additional interest due to additional borrowings has not been shown separately in the extract from the Audited Financial Statements. Moreover, the petitioner has not furnished any details in support of the fact that the additional working capital has been borrowed at a competitive rate.

3.32.5 The Commission, therefore, has not admitted the claim of the petitioner.



ANNEXURE- 3A

Particulars	Inflation %			Business Volume	
	CPI	WPI	Combined (40:60)	Line length in (CKM)	Consumer Number
Considered for 2020-21 in the MYT Order for 7 th Control Period	5.00	1.30	2.78	1065.40	4105
Actual in 2020-21	5.00	1.30	2.78	1137.65	6121
Difference	0.00	0.00	0.00	6.78%	49.11%

Particulars	APR Order
WPI	1.30
CPI	5.00
WPI: CPI (60:40)	2.78

Monthly Rate of Inflation in CPI number for Industrial Workers (Source : Labour Bureau, GOI)

Year	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar
2019-20	312	314	316	319	320	322	325	328	330	330	328	326
2020-21	329	330	332	336	338	340	344	345	342	340	343	344

Monthly rate of Inflation computed based on CPI number for industrial worker;

Year	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Average
2020-21	5.45%	5.10%	5.06%	5.33%	5.63%	5.59%	5.85%	5.18%	3.64%	3.03%	4.57%	5.52%	5%

WPI Calculated based on yearly data given on <https://eaindustry.nic.in> as below

Year	Yearly Inflation
2019 - 20	121.80
2020 - 21	123.40
WPI	1.30



ANNEXURE- 3B

SUMMARY OF FIXED COST

Sl. No.	Particulars	CLAIMED IN APR			ADMITTED IN APR		
		Generation	Distribution	Total	Generation	Distribution	Total
1	Employee cost	321.38	4,581.14	4,902.52	318.93	4,497.47	4,816.40
2	Coal and Ash handling charges	62.69	0.00	62.69	33.03	0.00	33.03
3	Operation & Maintenance Expenses (Generation)	101.60	0.00	101.60	99.36	0.00	99.36
4	Water Charges / Cess	0.00	0.00	0.00	0.00	0.00	0.00
5	Repair & Maintenance Distribution	0.00	599.17	599.17	0.00	480.82	480.82
6	Administrative & General Expenses Distribution (including rates & taxes)	0.00	1,068.67	1,068.67	0.00	973.90	973.90
7	Rent for Generating Station	0.00	0.00	0.00	0.00	182.86	182.86
8	Rent for Distribution Segment	0.00	6.09	6.09	0.00	0.00	0.00
9	Rates & Taxes (other than income tax)	0.00	50.90	50.90	0.00	50.90	50.90
10	Insurance	24.17	117.42	141.59	24.17	117.42	141.59
11	Interest on Capital Borrowings	419.61	1,591.21	2,010.82	104.88	672.12	777.00
12	Interest on Normative Loan	0.00	0.00	0.00	108.43	694.86	803.29
13	Interest on Consumer Security Deposit	0.00	187.18	187.18	0.00	187.18	187.18
14	Other Finance Charges	0.00	116.70	116.70	0.00	0.00	0.00
15	Return on Equity (ROE)	435.83	1,529.01	1,964.84	337.69	1,247.28	1,584.97
16	Depreciation	318.52	1,558.50	1,877.02	246.89	1,204.36	1,451.25
17	Advance Against Depreciation / Amortization	0.00	39.02	39.02	0.00	0.00	0.00
18	Reserve for Unforeseen Exigencies	0.00	0.00	0.00	0.00	0.00	0.00
19	Income Tax	49.70	174.34	224.04	1.93	7.11	9.04
20	DSM Charges	0.00	1,691.42	1,691.42	0.00	1,504.05	1,504.05
21	License and Filing Fees	0.00	36.12	36.12	0.00	30.22	30.22
22	Bad Debt	0.00	54.91	54.91	0.00	0.00	0.00
23	Gross Fixed Cost without IoWC	1,733.50	13,401.80	15,135.30	1,275.31	11,850.55	13,125.86
24	Interest on Working Capital	7.43	118.03	125.46	4.73	91.64	96.37
25	Gross Fixed Cost with IoWC	1,740.93	13,519.83	15,260.76	1,280.04	11,942.19	13,222.23
26	Less: Other Non-Tariff Income	0.00	302.14	302.14	21.30	427.69	448.99
27	Less: Miscellaneous Other Income	0.00	156.17	156.17	0.00	0.00	0.00
28	Less: Interest Credit	0.00	29.69	29.69	47.30	303.15	350.45
29	Fixed Cost Disallowed	0.00	0.00	0.00	737.94	0.00	737.94
30	NET FIXED COST ADMITTED	1,740.93	13,031.83	14,772.76	473.49	11,211.36	11,684.85



CHAPTER – 4

AMOUNT ADJUSTABLE ON ANNUAL PERFORMANCE REVIEW

- 4.1 Based on the foregoing analyses and admissions of the adjustments under different uncontrollable factors / elements of fixed charges and fuel and power purchase cost, the determined allowable fixed charges for generation and distribution functions as well as fuel and power purchase cost of IPCL during the year 2020-21 are tabulated below;

Table 4.1-1

Sl. No.	Particulars	Amount (Rs. Lakh)		
		Generation	Distribution	Total
1	Admitted Fuel Cost excluding gain on improved distribution loss	888.15	0	888.15
2	Admitted Power Purchase Cost excluding gain on improved distribution loss	0	30048.85	30048.85
3	Additional amount on account of savings in the rate of Distribution loss	0	493.02	493.02
4	Total Fuel and Power Purchase Cost including gain on improved distribution loss (1+2+3)	888.15	30541.87	31430.02
5	Fixed charge allowed for recovery	473.49	11,211.36	11,684.85
6	Less: Adjustment of discount (@ 7 paise/kwh) under SHAKTI scheme	17.60	0	17.60
7	Total (4+5-6)	1344.04	41753.23	43097.27

- 4.2 The Commission computes the sales revenue earned by IPCL by way of sale of power to the consumers and licensee, if any, with reference to its extract from the Audited Financial Statements. Details submitted by IPCL in the APR petition duly certified by Auditor in Annexure-2 and also in Form 1.25 are given in the table below;



Table 4.2-1

Particular	Amount (Rs. Lakh)
Energy Charges	38094.17
Demand Charges	8199.98
Additional Demand Charges	114.97
Load factor Penalty	30.5
Fixed Charge	238.23
Power Factor Surcharge	357.45
MVCA Charges	438.62
Sub-Total	47473.92
Particular	Amount (Rs. Lakh)
Less	
Timely payment and e Payment rebate	-626.13
Load Factor rebate	-608.87
Power Factor Rebate	-1646.29
Sub-Total	-2881.28
Total amount billed to the consumer 2020-21	44592.64
Adjustment	40.87
Sale of Energy as per Note 34 of the extract from the Audited Financial Statement for the year ended 31st March 2021	44633.51

4.3 The Commission observed that actual revenue realized from sale of energy as per note 34 of the extract from the Audited Financial Statement of IPCL for FY 2020-21 is Rs. 44633.51 Lakh. Accordingly, the Commission considers Rs 44633.51 Lakh as actual revenue realized from sale of energy to own consumers and WBSEDCL.

4.4 Considering the actual sales revenue and revenue to be recovered during FY 2020-21 after due adjustment of regulatory assets as considered in the Tariff Order dated 13.03.2024, the Commission in the following table has worked out the net revenue refundable (-) to / recoverable (+) from the consumers,



Table 4.3-1

Sr. No.	Particular		Amount (Rs Lakh)
1	Total recoverable as per Table 4.1 - 1	A	43097.27
2	Less: Amount to be adjusted on over recovery for the year 2013-14 as per paragraph 7.3 of MYT order 2020-21 dated 13.03.2024	B	1469.02
3	Add: Amount recoverable in Case No. OA-392 vide order dated 22.07.2022 (ref. para 7.3 of MYT order 2020-21 dated 13.03.2024)	C	504.96
4	Total amount recoverable after adjustment	D = A-B+C	42133.21
5	Amount recovered: Earning from the sale of energy Electricity as per Note 34 of the extract from the Audited Financial Statements for the year 2020-21	E	44633.51
6	Balance Recoverable (+) /Refundable (-) amount	F = D - E	-2500.30

- 4.5 In terms of regulation 2.6.6 of the Tariff Regulations, the entire revenue surplus amounting of Rs. 2500.30 Lakh or a part thereof shall be adjusted with the amount of Aggregate Revenue Requirement for any other ensuing year, as may be decided by the Commission.
- 4.6 IPCL is to take note of this order.
- 4.7 A copy of the order shall be posted on the website of the Commission.
- 4.8 IPCL 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.



CHAPTER 5

DIRECTIVES

- 5.1** The Commission issues following directions to IPCL in the APR order in Case No. APR-134/24-25 for compliance;
- 5.2** IPCL is directed to comply Regulation 5.11 and 5.24 of WBERC Tariff Regulations, 2011 and amendments thereof, while making investment of 'reserve for unforeseen exigency fund' and 'reserve for unforeseen exigency interest fund'. The petitioner is also directed to intimate such compliance to the Commission with relevant data / information / documents as directed in this order.
- 5.3** IPCL is directed to submit adequate reconciliation of expenditure claimed with the Audited Financial Statements for the item(s) not directly available from the Audited Financial Statements. IPCL, is directed to provide adequate description and distinct notes in the Audited Financial Statements in terms of regulation 2.11.3 of the Tariff Regulations, 2011.
- 5.4** IPCL is directed to submit item wise clarification about the nature of items as considered under "other operating revenue" and "other income" in the Audited Financial Statements henceforth in every APR petition. IPCL, is directed to provide adequate description and distinct notes in the Audited Financial Statements in terms of regulation 2.11.3 of the Tariff Regulations, 2011.
- 5.5** IPCL is directed to furnish full details regarding consumer category-wise discounts provided, reconciled with the Audited Financial Statements for all previous years up to FY 2020-21, wherever such discounts have been allowed, indicating and confirming whether such discount has affected loss



for any other category of consumers ever. Such information is required to be submitted in the APR order. In absence of justification, the Commission will deal the matter in any subsequent order.

- 5.6** IPCL is directed to procure coal in compliance with the regulatory mandate including third party sampling.
- 5.7** IPCL is directed to henceforth submit Income Tax assessment order / summary assessment order, as available, along with the APR petition. In case of APR petition already submitted, IPCL is directed to submit the Income Tax assessment orders / summary assessment orders.

Sd/-

(DR MALLELA VENKATESWARA RAO)
CHAIRPERSON

Dated: 20.01.2026

Sd/-

DEPUTY DIRECTOR, WBERC