



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

**IN CASE NO:**

**FPPCA – 58 / 12 – 13**

**IN RE APPLICATION OF DPSC LIMITED FOR  
FUEL & POWER PURCHASE COST ADJUSTMENT  
(FPPCA) FOR THE FINANCIAL YEAR 2011 – 2012.**

**DATE: 25.07.2013**



## CHAPTER – 1 INTRODUCTION

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- 1.1 DPSC Limited (in short “DPSC Limited”) submitted its Fuel and Power Purchase Cost Adjustment (in short “FPPCA”) application on 07.09.2012 for ascertaining the fuel and power purchase costs admissible to DPSC Limited for the financial year 2011-12.
- 1.2 The West Bengal Electricity Regulatory Commission (hereinafter referred to as the “Commission”) made the West Bengal Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2011 (hereinafter referred to as the “Tariff Regulations, 2011”) in supersession of the West Bengal Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2007, as amended (in short “Tariff Regulations, 2007”) with effect from 29<sup>th</sup> April, 2011. The said Tariff Regulations, 2011 was further amended by notifying the West Bengal Electricity Regulatory Commission (Terms and Conditions of Tariff) (Amendment) Regulations, 2012 in the extra ordinary edition of The Kolkata Gazette dated 27<sup>th</sup> August, 2012. The regulation 2.1.15 of the Tariff Regulations, 2011 has, however, provided for dealing with aforesaid application of DPSC Limited applying the formula specified in Schedule – 7A to the Tariff Regulations, 2011 on the basis of normative parameters as were used in the tariff order for 2011 – 2012 and also on the basis of regulation 4.8.1 of the Tariff Regulations, 2007.
- 1.3 The applicable formula for the determination of FPPCA is as under:

$$\text{“FPPC (In Rs.)} \quad = \quad \{FC + (PPC - C_D) + (\pm A)\}$$

Where –

- i) The adjustment period for fuel and power purchase cost will normally be on annual basis, if not otherwise decided by the Commission.
- ii) FPPC: Re-determined Fuel and Power Purchase Cost against application of FPPCA.



- iii) FC: Fuel cost of own generation as per normative parameters fixed by the Commission or on actual basis in absence of any norm and UHV range as may be allowed under regulation 5.8 commensurate with actual level of energy sales to own consumers and / or licensee during the adjustment period in accordance with the following methodology.

t = Norms of Transmission and Distribution loss in % considered for sale of power from licensee to licensee

d = Norms of distribution loss in %

E<sub>O</sub> = Admitted Energy for own consumption by licensee,

E<sub>SL</sub> = Energy sale to other licensee in MU

E<sub>SC</sub> = Energy sale to consumer in MU

Fuel-Cost = Fuel cost at generation bus of own generating stations  
= Cost determined on the basis of normative parameters of SHR and oil consumption rate against actual level of energy sent out plus normative auxiliary energy consumption.

FC<sub>IUC</sub> = Per unit of Fuel Cost at distribution input  
= Fuel-Cost ÷ Actual overall energy available at input of the distribution system which includes power purchase from different services.

FC<sub>Adm\_d</sub> = Admitted Fuel Cost for sale to licensee

$$= \frac{E_{SL}}{(1 - t \times 0.01)} \times FC_{IUC}$$

FC<sub>Adm\_C</sub> = Admitted Fuel Cost for sale to consumer

$$= \frac{E_{SC} + E_O}{(1 - d \times 0.01)} \times FC_{IUC}$$

FC = FC<sub>Adm\_d</sub> + FC<sub>Adm\_C</sub>



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iv) PPC (Rs.): Total cost incurred including the cost for fuel for power purchase from different sources commensurate with actual level of energy sales during the adjustment period.

v)  $C_D$  (Rs.): Cost disallowable by the Commission as per following methods:

Let  $d$  = Norms of distribution loss in %  
 $t$  = Norms of Transmission and Distribution loss in % considered for sale of power from licensee to licensee

$E_g$  = Actual energy sent out in MU from own generating station

$E$  = Excess amount of auxiliary energy consumption in MU,

$E_P$  = Total energy purchased in MU

$E_O$  = Admitted Energy for own consumption by licensee

$E_{SC}$  = Energy sale to consumer in MU

$E_{SL}$  = Energy sale to other licensee in MU

$E_{Adm}$  = Admitted amount of energy entitled for purchase

$$= \frac{E_{SC} + E_O}{(1 - d \times 0.01)} + \frac{E_{SL}}{(1 - t \times 0.01)} - E - E_g$$

$E_E$  = Excess energy purchased =  $E_P - E_{Adm}$

$C_D$  =  $E_E \times EP_{Avg}$

When  $EP_{Avg}$  = Average cost of power purchase.

vi) A: Adjustment, if any, to be made in the current period to account for any claim due to excess / shortfall in recovery of fuel and power purchase cost in the past adjustment period based on directions / orders of the Commission. (+A) shall be considered as the amount to be recovered from consumer and purchaser of electricity under the purview of the Commission when the licensee has already incurred



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such expenses. (-A) shall be considered as the amount to be refunded to the consumer and purchaser of electricity under the purview of the Commission because such amount of less expenses has been incurred by the licensee against any prior period adjustment.

- vii) Such re-determined fuel and power purchase cost (FPPC) of the licensee will be further adjusted for gain sharing as per Schedule – 9B for the parameters related to fuel cost to the extent it has impact in the fuel cost.”

1.4 The schedule – 9B to the Tariff Regulations, 2011 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) Rate of Auxiliary Consumption  
ii) Gross Station Heat Rate

1.5 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 DPSC in comparison to the operational and fuel efficiency norms set by the Commission in the Tariff Order for the concerned year. Such comparisons are made hereunder:

Sl. No.	Particulars	Unit	Dishergarh		Chinakuri		Total	
			As per Tariff Order	As per Actual	As per Tariff Order	As per Actual	As per Tariff Order	As per Actual
1	Gross Generation	MU	5.42	5.71	55.14	54.87	60.56	60.58
2	Auxiliary Consumption	MU	0.59	0.96	5.51	5.74	6.10	6.70
3	Rate of Auxiliary Consumption	%	10.85	16.81	10.00	10.46	-	-



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4	Sent out Energy	MU	4.83	4.75	49.63	49.13	54.46	53.88
5	Station Heat Rate	Kcal/kWh	5800.00	5869.55*	3750.00	4063.58*	-	-
*Derived on the basis of given quanta of coal consumption and actual weighted average Heat Value of Coal as per calculation below:								
SHR (Dishergarh)		=	$\frac{5614 \times 5.96992}{5.71}$			= 5869.55 Kcal / kWh		
SHR (Chinakuri)		=	$\frac{5458 \times 40.85175}{54.87}$			= 4063.58 Kcal / kWh		

- 1.6 As may be seen from the above statement, DPSC did not succeed in making improvements in the station heat rate and in auxiliary consumption both in Dishergarh and Chinakuri Power Stations with respect to the norms considered in the tariff order for the year 2011 – 2012 and therefore not entitled to any gain sharing.
- 1.7 The norm for distribution loss of DPSC for the year 2011–2012 was considered 5.25% in the tariff order. As it comes out from the data as provided by DPSC in the instant application, the actual quanta of distribution loss experienced by it works out as under:

Sl No	Particulars	Figures in Million Units
<b>Inputs to System</b>		
(a)	Net Sent Out Energy	53.88
(b)	Energy Purchased during the year	980.00
<b>(c)</b>	<b>Delivered to the system [(c)=(a)+(b)]</b>	<b>1033.88</b>
(d)	Sales to Consumers & Licensee	998.47
(e)	Own consumption	3.81
(f)	Distribution loss [(f) = (c) - {(d) + (e)}]	31.60
<b>(g)</b>	<b>Percentage of Distribution Loss [(g) = {(f)/(c) x 100}]</b>	<b>3.06%</b>

- 1.8 The allowable quantum of distribution loss (5.25%) on actual quanta of sales to consumers and WBSEDCL as well as the actual own consumption comes to 55.54 MU  $[(1002.28 / (1 - 0.0525)) \times 0.0525]$  as against actual of 31.60 MU.



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The savings in this regard comes to 23.94 MU (55.54 MU – 31.60 MU). As provided in paragraph D of Schedule – 9B to the Tariff Regulations, 2011 DPSC is entitled to retain the gains accruing to it in this regard.

- 1.9 In terms of regulation 2.8.7.2 of the Tariff Regulations, the FPPCA application for any year is required to be submitted within 45 days of the completion of the accounts for that year duly audited. DPSC submitted their FPPCA application for 2011 – 2012 on 07.09.2012 i.e., beyond 45 days of completion of their audited accounts for the year 2011 – 2012. DPSC has prayed to condone the delay in submission of their FPPCA application which is admitted by the Commission.
- 1.10 The re-determination of the amount of fuel and power purchase cost that can be allowed to DPSC, after carrying out the adjustments towards the accrual of benefits of savings in the quanta of distribution loss, is being taken up in the next chapter.



## CHAPTER – 2 COMPUTATION OF THE AMOUNT OF FUEL & POWER PURCHASE COST

2.1 The Commission now proceeds to determine the fuel and power purchase costs allowable to DPSC in terms of the formula in this regard as referred to in paragraph 1.3 in the earlier chapter.

### 2.2 FUEL COST:

2.2.1 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 costs allowed to DPSC for the year 2011 – 2012 for its power stations were based on the following fuel consumption norms:

Particulars	Unit	Norms	
		Dishergarh	Chinakuri
Station Heat rate	K.Cal/kWh	5800.00	3750.00
Transit loss of coal	%	0.30%	0.30%

2.2.2 The weighted average calorific value of coal is, however, variable on factors depending on the actual grade mix of their use in the power stations and as may be allowed under regulation 5.8.1 of the Tariff Regulations commensurate with actual level of energy sale.

2.2.3 Based on the actual grade mix of coal used and in terms of referred regulation 5.8.1, the heat value of coal is allowed as under:

		Heat Value of Coal (UHV) (K.Cal/Kg)
i)	Dishergarh	5614.00
ii)	Chinakuri	5600.00





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The detailed computations in this regard are shown in Annexure – 2A.

2.2.4 The weighted average prices of coal as computed from the particulars furnished by DPSC, vide its submission at Annexure 1.4 to the application are as under:

SI No	Particulars	Weighted Average Price (In Rs./MT)	
		Dishergarh	Chinakuri
1	Basic Price	5505.59	5514.59
2	Transportation cost	678.73	675.76
3	Escalation on transportation cost of 2010-11	4.76	6.69
4	Coal security cost	24.71	63.54
	Total	6213.79	6260.58

2.2.5 As observed from above, besides the basic price of coal, for 2011 – 2012 DPSC has claimed transportation cost of Rs 678.73/MT and Rs 675.76/MT in respect of Dishergarh and Chinakuri generating stations respectively. DPSC also claimed arrear transportation cost for 2010 – 2011 on account of escalation of price which are Rs. 4.76/MT and Rs. 6.69/MT for above two stations respectively. DPSC's claim also includes coal security cost for the previous year as well as the year 2011 – 2012 which are Rs. 24.71/MT and Rs. 63.54/MT for Dishergarh and Chinakuri generating stations respectively. The observations of the Commission are narrated below with regard to the claim of DPSC.

2.2.5.1 The claim of transportation cost for 2011 – 2012 is higher by more or less 300% of the respective amount admitted by the Commission for 2010 – 2011, vide its order dated 17.12.2012 in case no. FPPCA-60/12-13. DPSC in their application has neither advanced any reason nor any clarification for placing such an exorbitant claim of transportation cost in comparison to the amount admitted during 2010 – 2011. They have, however, attached a copy of the letter addressed to Vizag Industrial Minerals (Pvt) Ltd (in short 'VIMPL') with their application in appendix 6 extending the term of the existing coal transport agreement signed on 24.02.2011 between DPSC and VIMPL for transportation



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of coal for one more year beyond 31.03.2011 i.e., upto 31.03.2012. As observed by the Commission in its above order dated 17.12.2012 and also in the order dated 1<sup>st</sup> July, 2013 in case no. FPPCA(R)-2/12-13 on the application of DPSC for review of the order dated 17.12.2012, for such fixation of rate of transportation of coal, no price analysis, as in practice, was done by DPSC justifying the fairness of the rate. The same was, however, mutually agreed / finalized after negotiation with the transporter. It has been observed that the scope of work of the agreement includes specialized services, viz., quality / quantity assurance etc. services which are not relevant with actual transport of coal. For quality / quantity assurance, DPSC should utilize their own infrastructure instead of engaging the transporter of coal. For redressal of any grievance relating to grade slippage / shortage etc., the mechanism of claim for compensation from the supplier of coal is in existence. DPSC's action entrusting the transporter of coal with the specialized services has unnecessarily inflated the coal transportation rate making it unviable. The Commission is not agreeable for such an arrangement as this will ultimately lead to unnecessary increase in the cost of generation and subsequently burden the end users of electricity, i.e., the consumers at large.

2.2.5.2 Above all, DPSC could not achieve the minimum allowable heat value of coal in Chinakuri generating station in terms of Tariff Regulations even after extending aforesaid allowances to the transporter for assuring quality / quantity services. The minimum allowable weighted heat value of coal as per grade mix of actual coal consumption furnished in Annexure 1.5 of the application comes at 5600.00 K.Cal/Kg. for each of the generating stations whereas the actual weighted average heat value determined by DPSC vide Annexure 1.3 of their application stands at 5614.00 K.Cal/Kg and 5458.00 K.Cal/Kg for Dishergarh and Chinakuri generating stations respectively. Thus, there has been no considerable



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improvement in heat value inspite of allowing exorbitant rate in transportation cost for assuring quality / quantity of coal supply.

2.2.5.3 The claim for arrear transportation cost on account of escalation of price during 2010 – 2011 could not be considered by the Commission for admission as the same has already been addressed while admitting the rate vide order dated 17.12.2012 referred to above.

2.2.5.4 The claim for coal security cost of DPSC is not clear to the Commission as no explanation / clarification is found available with their petition in this regard. It has been observed that coal security cost for the year 2010 – 2011 has also been claimed. Further, even if no quantity of coal was received from November, 2011 to February 2012, coal security cost has been claimed by DPSC. In the absence of any specific clarification and the terms and conditions of MOU/FSA for supply of coal, if any, the Commission is not in a position to consider it and the same is not admitted.

2.2.5.5 The Commission now takes up the allowable transportation cost determined in a reasonable manner as per the following paragraphs.

2.2.6.1 For the purpose of determining the escalated /revised price for 2011-12, the transportation cost allowed by the Commission during 2010-11 in its order dated 17.12.2012 in the Case No. FPPCA-60/12-13 is considered as the base. Now, in terms of service tax rules for Goods and Transportation Agency (GTA) services in relation to transportation of Goods vide notification no.26/2012-ST dated 20.06.2012 of Central Board of Excise & Customs, Department of Revenue, Ministry of Finance, Govt. of India, exemption in excess of 25% on the value of service is provided for GTA Services. In other words, an abatement of 75% would be available on the cost of Transportation of Goods. Since the major variable cost in transportation cost for GTA services is the cost of fuel, such cost is considered as 75% i.e., the available abatement in transportation cost.



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2.2.6.2 The Commission now determines the escalated price of Transportation Cost during 2011-12 for the cost of fuel with respect to the Wholesale Price Index (WPI) circulated by the Ministry of Commerce & Industries, Govt. of India. The Commission also determines the escalated price of the cost of service provided for the quantum of 25% of the Transportation Cost as above after considering an increase of 10% over the amount allowed for the year 2010-11.

Commodity	= High Speed Diesel Oil
WPI April 2011 ( $W_{10}$ )	= 153.60
WPI March 2012 ( $W_{11}$ )	= 167.80
Transportation Cost	= T
Enhanced cost of fuel	= $T \times 0.75 \times \frac{W_{11}}{W_{10}}$
Enhanced cost of service	= $T \times 0.25 \times 1.10$

Sl. No.	Particulars	Rs./MT	
		Dishergarh	Chinakuri
1	Transportation cost admitted during 2010-11	156.78	181.55
2	Enhanced cost of fuel in transportation cost during 2011-12	128.46	148.75
3	Enhanced cost of service in transportation cost during 2011-12	43.11	49.93
4	Total transportation cost during 2011-12 (2+3)	171.57	198.68

2.2.6.3 The average price of coal are therefore admitted as under:

Sl. No.	Particulars	Weighted Average Price of Coal (Rs/MT)	
		Dishergarh	Chinakuri
1	Basic Price	5505.59	5514.59
2	Transportation Cost	171.57	198.68
3	Total	5677.16	5713.27



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2.2.6.4 The fuel cost of DPSC Limited, considering the actual level of sent out generation and based on the above stated parameters, works out to Rs. 2408.22 lakh. Detailed computations in this regard are shown at Annexure – 2B.

2.2.7 DPSC Limited is, however, to take note of the provision contained in regulation 5.8.1 of the Tariff Regulations wherein it has been specified for proving through documents that in spite of its sincere efforts, the generating company / the licensee has not been able to receive coal of higher heat value in the same grade. DPSC Limited has got the system of regular sampling and testing of consignments of coal receipts. But the matter of grade slippage, i.e., not getting supply of coal at average declared heat value of the grade should have been taken up with the ECL and DPSC Limited should claim compensation accordingly instead of going through such contract with transporter and it has been proved that such contract with transporter could not yield result of receiving coal of higher heat value in the same grade.

**2.3 PPC: POWER PURCHASE COST:**

2.3.1 The actual quantity of power purchased by DPSC Limited during 2011 – 2012 from different sources and total cost incurred thereon came to 980.00 MU and Rs. 39480.15 lakh respectively with the following breakup:

Sources	Quantum MU	Cost incurred (Rs in lakh)	Average rate (paise/kwh)
Damodar Valley Corporation	711.27	27183.78	382.19
WBSEDCL	267.87	12253.16	457.43
WBGEDCL	0.86	43.21	502.44
Total	980.00	39480.15	402.86

**2.4 ALLOWABLE FUEL AND POWER PURCHASE COST:**

2.4.1 The allowable amount of fuel and power purchase cost (FC+PPC), computed in terms of the formula enunciated by the Commission as referred to in paragraph 1.3, works out to Rs. 41941.81 lakh. The detailed computations are shown in Annexure – 2C.



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**2.5 C<sub>D</sub> : COST DISALLOWABLE:**

2.5.1 Factor C<sub>D</sub>, as referred to in the FPPCA formula mentioned in paragraph 1.3 in the earlier chapter, 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 DPSC, C<sub>D</sub> comes to nil as the quantum of actual purchase remained less than the quantum of allowable purchase. The computations in this regard are shown hereunder:

Sl. No.	Factor Notation	Nomenclature	Unit	Value
1	t	Normative Transmission & Distribution loss considered for sale of power to licensee	%	5.25
2	d	Normative distribution loss for sale to consumers	%	5.25
3	E <sub>g</sub>	Actual Energy sent out from own generating station for licensee and consumers (vide paragraph 1.5)	MU	53.88
4	E	Excess / (Savings) in the quanta of auxiliary energy consumption (vide note below)	MU	0.59
5	E <sub>P</sub>	Total energy purchased for distribution and supply to licensees (vide para 2.3.1)	MU	980.00
6	E <sub>O</sub>	Energy for own consumption as allowed in the tariff order for 2011-12	MU	3.00
7	E <sub>SC</sub>	Quanta of energy sold to consumers (vide Annexure – 2C)	MU	802.34
8	E <sub>SL</sub>	Quanta of energy sold to licensee (vide Annexure – 2C)	MU	196.13
9	E <sub>Adm</sub>	Admissible quantum of purchase of energy (vide note below)	MU	1002.49

**Note (1):**

Sl. No.	Particulars	Unit	Dishergarh	Chinakuri	Total
1	Actual generation	MU	5.71	54.87	60.58
2	Rate of normative Auxiliary Consumption	%	10.85	10.00	-
3	Normative Auxiliary Consumption	MU	0.62	5.49	6.10
4	Actual Auxiliary Consumption (As per quantitative reconciliation of energy certified by Auditors)	MU	0.96	5.74	6.70
5	Excess auxiliary consumption / (Savings in auxiliary consumption) over normative auxiliary	MU	0.34	0.25	0.59



**Note (2):**

Admissible quantum of purchase:

$$\frac{E_{SC} + E_o}{(1 - d \times 0.01)} + \frac{E_{SL}}{(1 - T \times 0.01)} - E - E_g$$
$$\frac{802.34 + 3.000 \text{ MU}}{0.9475} + \frac{196.13 \text{ MU}}{0.9475} - 0.59 \text{ MU} - 53.88 \text{ MU}$$
$$(849.963 \text{ MU} + 206.997 \text{ MU} - 0.59 \text{ MU} - 53.88 \text{ MU})$$
$$= 1002.49 \text{ MU}$$

**2.6 (+) A: PRIOR PERIOD'S ADJUSTMENTS:**

2.6.1 Factor A in the referred FPPCA formula signifies the adjustment, if any, to be made in the current period to account for any excess / shortfall in the recovery of fuel and power purchase cost for the past period. DPSC has claimed Rs. 2793.00 lakh as prior period adjustment on account of revised tariff due to payment of differential power bills of DVC for the period from May 2010 to March 2011 in pursuance of the order dated 23.06.2011 of Hon'ble CERC. As per sl. No. 22 of the notes on financial statement for the year ended 31<sup>st</sup> March, 2012, a provision is found in the annual reports and accounts of 2011 – 2012 in this respect. Copies of the bills of DVC are also enclosed in appendix 8 of the application. In view of all above, the Commission considers to allow the amount of Rs. 2793.00 lakh on account of prior period adjustment. The Factor A for such adjustment is, therefore, taken as Rs. 2793.00 lakh.

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

2.7.1 Based on the analyses done in the foregoing paragraphs, the amount of allowable fuel and power purchase cost for DPSC for the year 2011 – 2012 works out as under:



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Rs in lakh

SI No	Particulars/Factors	Rs. in Lakh
1	FC: Allowable Fuel cost (Annexure – 2C)	2461.66
2	PPC: Power purchase cost (Paragraph 2.3.1)	39480.15
3	C <sub>D</sub> : Cost disallowable	0.00
4	±A :Adjustment relating to earlier period	2793.00
5	<b>FC+(PPC-C<sub>D</sub>) ± A</b>	<b>44734.81</b>





## ANNEXURE - 2A

COMPUTATION OF UHV OF COAL BASED ON ACTUAL GRADE MIX OF USE				
NAME OF GENERATING STATION	SOURCE AND GRADE OF COAL	% OF USE	LOWER UHV VALUE OF GRADE (K.CAL/KG)	PRODUCT (K.CAL/KG) (3X4)
(1)	(2)	(3)	(4)	(5)
<b>DISHERGARH</b>	ECL – GR. B	100.00	5600.00	560000.00
	Minimum Allowable			5600.00
	Actual			5614.00
	Allowed			5614.00
<b>CHINAKURI</b>	ECL – GR. B	100.00	5600.00	560000.00
	Minimum Allowable			5600.00
	Actual			5458.00
	Allowed			5600.00



## ANNEXURE – 2B STATEMENT SHOWING ADMISSIBLE FUEL COST

SI No	Particulars	Unit	Generating Stations		Overall
			Dishergarh	Chinakuri	
1	Sent out Generation	MU	4.75	49.13	53.88
2	Rate of Auxiliary Consumption (normative)	%	10.85	10.00	-
3	Auxiliary consumption (normative)	MU	0.578	5.459	6.037
4	Gross Generation for allowing fuel (1+3)	MU	5.328	54.589	59.917
5	Station Heat Rate (Normative)	Kcal/kWh	5800.00	3750.00	-
6	Total Heat Required (4x5)	M.Kcal	30902.40	204708.75	235611.15
7	Heat value of coal (Allowable)	K.cal/Kg	5614.00	5600.00	-
8	Coal consumption (6x1000/7)	MT	5504.52	36555.13	42059.65
9	Coal requirement with permissible transit loss (0.30%)[8/(1-0.003)]	MT	5521.08	36665.13	42186.21
10	Average price of coal	Rs/MT	5677.16	5713.27	-
11	Cost of coal (9x10)/100000	Rs lakh	313.44	2094.78	2408.22
12	Average cost of generation (11/4)x10	Paise/kWh	588.29	383.74	401.93



## ANNEXURE – 2C STATEMENT SHOWING ADMISSIBLE FUEL & POWER PURCHASE COST

SI No.	Factor Notation	Nomenclature	Unit	Value
1	t	Norms of Transmission and Distribution loss considered for sale of power to licensee	%	5.25
2	d	Norms of distribution loss for sale to consumers	%	5.25
3	E <sub>O</sub>	Admitted Energy for own consumption	MU	3.00
4	E <sub>SL</sub>	Energy sale to licensee	MU	196.13
5	E <sub>SC</sub>	Energy sale to consumer	MU	802.34
6	Fuel Cost	Fuel cost for generation on normative parameters (Refer Annexure – 2B)	Rs. in Lakh	2408.22
7	FC <sub>IUC</sub>	Per unit Fuel Cost at distribution input [(Rs. 2408.22 lakh) / (53.88+980.00 MU)] x 10	Paise/kWh	23.29
8	FC <sub>Adm_d</sub>	Admissible Fuel Cost for sale to licensees [(196.13 MU) / (1-0.0525) X 23.29 Paise] / 10	Rs. in Lakh	482.10
9	FC <sub>Adm_C</sub>	Admissible Fuel Cost for sale to consumer and for own consumption [{"(802.34 MU+3.000 MU) / (1-0.0525)} x 23.29 Paise] / 10	Rs. in Lakh	1979.56
10	FC	Allowable fuel cost (Rs. 482.10 Lakh + 1979.56 Lakh)	Rs. in Lakh	2461.66
11	PPC	Power Purchase Cost	Rs. in Lakh	39480.15
12	FC + PPC	Admissible Fuel and Power Purchase Cost	Rs. in Lakh	41941.81

The allowable fuel cost of Rs. 2461.66 lakh has now been allocated to Dishergarh and Chinakuri power stations as follows:

$$\text{For Dishergarh Power Station} = \text{Rs.} \left[ \frac{2461.66}{2408.22} \times 313.44 \right] \text{ lakh} = \text{Rs. 320.40 lakh}$$

$$\text{For Chinakuri Power Station} = \text{Rs.} \left[ \frac{2461.66}{2408.22} \times 2094.78 \right] \text{ lakh} = \text{Rs. 2141.26 lakh}$$



## CHAPTER – 3 SHARING OF GAINS WITH THE CONSUMERS AND LICENSEE (WBSEDCL)

3.1 The amount of re-determined fuel and power purchase cost, i.e. Rs. 44734.81 lakh, as shown in paragraph 2.7 in the previous chapter, is inclusive of the amounts of gains derived by DPSC on account of its better performances on different parameters of operational and fuel consumption norms. The amounts of gains attributable to the consumers and WBSEDCL are being viewed and ascertained hereafter.

### 3.2 Benefits for savings in Distribution Loss:

3.2.1 As referred in paragraph 1.8, DPSC is allowed to retain the gains accrued to it due to savings in the rate of distribution loss. Such savings in quantum came to 23.94 MU. The value of such savings at the average cost of power at the distribution bus works out as under:

Particulars	Quantum (MU)	Cost (Rs. in Lakh)
Sent out from Generation (Refer Annexure – 2B)	53.88	2408.22
Purchase	980.00	39480.15
<b>Total</b>	<b>1033.88</b>	<b>41888.37</b>
Average rate per unit		405.16 paise / kWh
Savings in cost of 23.94 MU		969.95

3.2.2 Out of amount of Rs. 969.95 lakh, computed above, a total amount of Rs. 53.44 lakh (Rs.2461.66 lakh – Rs. 2408.22 lakh vide annexure – 2C) has already been passed by way of adopting normative rate of distribution loss as denominator in computing admissible fuel cost for sale to WBSEDCL and consumers. The balance amount of Rs. 916.51 lakh is now being allowed.



## CHAPTER – 4 ORDERS

- 4.1 The analyses in the earlier chapter show that the amount of fuel cost computed on the basis of normative parameters and in terms of the specified FPPCA formula comes to Rs. 2461.66 lakh.

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

Sl. No.	Particulars	Amount (Rs. in Lakh)		
		Dishergarh	Chinakuri	Overall
1	Fuel Cost on normative basis (Annexure 2C)	320.40	2141.26	2461.66

- 4.2 Actual amount of power purchase cost incurred by DPSC for purchasing 980.00 MU from Damodar Valley Corporation, WBSEDCL, etc. as enumerated in paragraph 2.3.1 is Rs. 39480.15 lakh.
- 4.3 An amount of Rs. 2793.00 lakh incurred by DPSC as prior period adjustment on account of differential power bills of DVC as explained in paragraph 2.6.1 is allowed by the Commission in FPPCA for the year 2011 – 2012.
- 4.4 An additional amount of Rs. 916.51 lakh is found admissible to DPSC on account of savings in the rate of distribution loss as shown in paragraph 3.2.2.
- 4.5 Summing up the findings as stated above, the amount of fuel and power purchase cost allowed to DPSC for the year 2011 – 2012 are as under:

	Rs. in Lakh
Fuel Cost allowed (Net of gain share attributable to Consumers and WBSEDCL)	2461.66
Power Purchase Cost	39480.15
Prior period adjustment	2793.00
Additional amount on account of saving in rate of Distribution loss	916.51
<b>Re-determined Fuel and Power Purchase Cost</b>	<b>45651.32</b>



**Order on FPPCA of DPSC Limited for the year 2011-12**

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- 4.6 The Commission decides, in terms of regulation 2.8.7.1 of the Tariff Regulations, 2011 to consider this amount of Rs 45651.32 lakh towards fuel and power purchase cost for adjustment along with the adjustment to come from the Annual Performance Review (in short "APR") for the year 2011-12 or that for any other ensuing year or through a separate order, as may be decided by the Commission.
- 4.7 DPSC is to take note of this order.

Sd/-  
**(SUJIT DASGUPTA)**  
**MEMBER**

Sd/-  
**(PRASAD RANJAN RAY)**  
**CHAIRPERSON**

**DATED: 25.07.2013**