



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

IN CASE NO. OA-449/22-23

IN REGARD TO THE PETITION FOR APPROVAL OF INPUT PRICE OF
COAL SUPPLIED FROM BARJORA (NORTH) COAL MINE FOR FY 2019-20
TO FY 2021-22

PRESENT:

**SRI MALLELA VENKATESWARA RAO, CHAIRPERSON
SRI PULAK KUMAR TEWARI, MEMBER**

DATE: 27.12.2023



In regard to the petition submitted by West Bengal Power Development Corporation Limited for approval of input price of coal supplied from Barjora (North) Coal Mine for FY 2019-20 to FY 2021-22

FACTS IN BRIEF

- 1.0 West Bengal Power Development Corporation Limited (WBPDC) (hereinafter known as 'the petitioner') submitted an application on 15.03.2023 for approval of Input Price of coal supplied from Barjora (North) Coal Mine for FY 2019-20 to FY 2021-22 under Sections 62 and 86 of the Electricity Act, 2003 read with Regulation 9 of the Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2021 and subsequent amendments and in compliance with the Commission's direction at para 3.1.4 of the Multi Year Tariff Order for FY 2018-19 and FY 2019-20 dated 14.07.2021 and Multi Year Tariff Order for FY 2020-21 and FY 2021-22 dated 08.10.2021.

Direction to the petitioner (WBPDC)

- 2.0 The Commission in its Tariff Order dated 14.07.2021 in Case No. TP-85/19-20 and Tariff Order dated 08.10.2021 in Case No. TP-95/20-21 had considered the price of coal from allotted captive mines as per the notified price of CIL for the respective grades as proposed by WBPDC and directed WBPDC to submit all the details in line with the CERC Second Amendment Regulations for determination of price for integrated coal mine in their FPPCA Application for the respective years for determination of input price of coal for the allotted coal mines retrospectively.

Submission of the petitioner (WBPDC)

- 3.0 Barjora (North) coal Mine was allotted to Damodar Valley Corporation (DVC) by Ministry of Coal in October, 2008. The Mine is located in Bankura District of West Bengal. The coal block is located south of the Damodar River, outside the known limits of the Raniganj coal fields. The coal block is approachable by both rail and road. The nearest railway station is at Durgapur at a distance of 30 km from the mine and the mine is approachable by road from the Durgapur Bankura State Highway. The initial mining plan was approved for area of 927.50 Hectare (Ha) including 663 Hectare (Ha) of active mining area and 100 Hectare (Ha) of external dumping area by Ministry of Coal vide its letter dated 24.08.2006. The Ministry of Environment, Forests and Climate Change (MoEF&CC) (formerly known as Ministry of Environment & Forests (MoEF)) vide letter dated 13.03.2008 accorded Environmental Clearance for opening of the new coal mine – Barjora (North) Coal Mine of 3 Million Metric Tons Per Annum (MTPA) Peak Rated Capacity. Coal production from Barjora (North) Coal Mine started from January 2011 by DVC.
- 4.0 The Hon'ble Supreme Court of India vide its Judgement dated 25.08.2014 read with its Order dated 24.09.2014 in Writ Petition (Criminal) No. 120 of 2012 (Manohar Lal Sharma vs. Principal Secretary & Ors.) cancelled allocation of Barjora (North) coal block. Subsequently, the block was allocated to WBPDC vide Order No. 103/12/2015/NA dated 31.03.2015 by the Nominated Agency. After re-allocation, the Environmental Clearance was transferred to WBPDC on 31.05.2018. After re-allocation of the Mine to WBPDC, the need for Revision-01 of the Mining Plan was necessitated due to the directions of MoEF&CC to submit a separate Mining Plan for non-forest area in order to grant Environment Clearance for the non-forest land of 260.14 Ha executed lease area by WBPDC. Accordingly, a revised Mining Plan was submitted for non-forest land and the same was approved by Ministry of Coal vide letter dated 04.09.2017. As per the conditions laid down in the approval of 1st Revision of the Mining Plan, WBPDC had to prepare a composite mining plan in order to obtain the

In regard to the petition submitted by West Bengal Power Development Corporation Limited for approval of input price of coal supplied from Barjora (North) Coal Mine for FY 2019-20 to FY 2021-22

Forest Clearance. Based on the geology, surface constraints and other geo-mining parameters, the project boundary has been conceptualized as 683.04 Ha out of the allotted block area of 800 Ha. Thus, the 2nd Revision of the Mining Plan (August 2019) was submitted for total area of 683.04 Ha comprising of forest land non-forest land of 338.75 Ha and 260.14 Ha respectively. The extractable reserves as per the current Mining Plan (August 2019) is 71.70 MMT out of which 6.11 MMT coal had been extracted during the tenure of the prior allottee.

5.0 The chronology of events regarding the transfer of Mining Lease are as under:

S. No.	Event	Date
1	WBPDCCL application to MoEF&CC for transfer of Environmental Clearance	22.04.2015
2	Correspondence from MoEF&CC mandating Stage-I Forest Clearance for grant/transfer of Environmental Clearance	12.08.2015
3	Ministry of Coal correspondence to WBPDCCL permitting to apply Environmental Clearance separately for forest area and non-forest area	18.11.2016
4	Issue of Corrigendum No. 1 to the Allotment Order in respect of block boundary co-ordinates by Ministry of Coal	07.03.2017
5	Certification of geological coordinates by Central Mine Planning & Design Institute Limited (CMPDIL)	29.03.2017
6	Submission of 1 st Revision of Mining Plan to Ministry of Coal	19.05.2017
7	Approval of Mining Plan and Mine Closure Plan by Ministry of Coal	04.09.2017
8	Grant of Environmental Clearance for the non-forest area	31.05.2018

6.0 Mine Re-Opening permission was accorded by Coal Controller Organisation (CCO) vide Order dated 12.06.2018. The Date of Mine Opening is 12.06.2018 and the Over-Burden (OB) removal process started from 27.07.2018.

7.0 As per the Allotment Agreement between WBPDCCL and Ministry of Coal, the responsibility of operating the Coal Mine rests entirely with WBPDCCL. Accordingly, WBPDCCL appointed the Mine Developer and Operator (MDO) through e-tendering followed by Reverse Auction. The Coal Mining Agreement (CMA) was signed with MDO on 17.10.2016.

8.0 The petitioner has claimed the input price for Barjora (North) Coal Mine as under:

Table 1: Input price claimed in the Petition (Rs./MT)

Year	Input price
FY 2019-20	1720.32
FY 2020-21	1725.06
FY 2021-22	2261.44

About Barjora (North) Coal Mine

9.0 The Commission observed certain inconsistencies in WBPDCCL's submissions regarding the mine details in the Petition and accordingly sought the justification/confirmation from WBPDCCL. The Commission has taken note of the submissions of WBPDCCL vide letter dated 14.08.2023, which have been reflected in the Table below.



In regard to the petition submitted by West Bengal Power Development Corporation Limited for approval of input price of coal supplied from Barjora (North) Coal Mine for FY 2019-20 to FY 2021-22

10.0 The salient details of the Barjora (North) Coal Mine as per the revised approved Mine Plan and Mine Closure Plan (Revision 2) are as under:

Table 2: Salient details of Barjora (North) Coal Mine

Particulars	Units	Value
Mineable Reserves	MMT	71.70
Actual coal production upto FY 2014-15	MMT	6.11
Balance Mineable Reserves	MMT	65.59
Peak capacity	MMTPA	3
Remaining life of Mine	Years	22
No. of Coal Seams (considered for Mining)	No.	9
Coal Production programme		
FY 2019-20	MMT	0.77
FY 2020-21	MMT	1.50
FY 2021-22	MMT	2.25
FY 2022-23	MMT	3.00
Actual coal production		
FY 2019-20	MMT	0.61
FY 2020-21	MMT	0.81
FY 2021-22	MMT	1.03
FY 2022-23	MMT	2.01
Specified End Use Plants		
Santaldih TPS	MW	500
Kolaghat TPS	MW	1260
Bakreswar TPS	MW	1050
Bandel TPS	MW	450
Sagardighi TPP Units 1&2	MW	600
Sagardighi TPP Units 3&4	MW	1000
Distance of End Use Plant from Bankura Railway Station		
Santaldih TPS	km	116
Kolaghat TPS	km	212
Bakreswar TPS	km	201
Bandel TPS	km	214
Sagardighi TPP Units 1&2	km	407
Sagardighi TPP Units 3&4	km	407
Distance of End Use Plant from Durgapur Railway Station		
Santaldih TPS	km	120
Kolaghat TPS	km	233
Bakreswar TPS	km	73
Bandel TPS	km	186
Sagardighi TPP Units 1&2	km	279
Sagardighi TPP Units 3&4	km	279
Gross Calorific Value (GCV) of Coal as per Geological Report	-	G9-G13
Declared Coal Grade	-	FY 2019-20 - G13; FY 2020-21 - G12; FY 2021-22 - G12/G13
GCV of Declared Coal Grade	kcal/kg	G12 - 3701-4000 G13 - 3401-3700

11.0 WBPDCCL submitted the following documents w.r.t Barjora (North) Coal Mine:

In regard to the petition submitted by West Bengal Power Development Corporation Limited for approval of input price of coal supplied from Barjora (North) Coal Mine for FY 2019-20 to FY 2021-22

- i. Ministry of Coal approval of Mining Plan for Barjora (North) Coal Mine of DVC EMTA Coal Mines Ltd. dated 24.08.2016.
- ii. Allotment Order dated 31.03.2015.
- iii. Allotment Agreement dated 26.03.2015.
- iv. Environmental Clearance dated 31.05.2018.
- v. Ministry of Coal approval dated 04.09.2017 for Mine Plan and Mine Closure Plan.
- vi. Revised Mining Plan (1st Revision) for lease area of 260.14 Ha dated August 2017.
- vii. Mining Plan including Mine Closure Plan (Revision-2) for project area of 683.04 Ha dated September 2019.
- viii. Approval of Coal Controller dated 20.08.2019 regarding the final grade of coal for FY 2019-20.
- ix. Approval of Coal Controller dated 08.10.2020 regarding the final grade of coal for FY 2020-21.
- x. Approval of Coal Controller dated 30.03.2021 regarding the final grade of coal for FY 2021-22.

12.0 WBPDCCL submitted that the timeline of various milestones in respect of Barjora (North) Coal Mine could not be achieved due to factors beyond its control. WBPDCCL submitted that the following factors led to delay in project execution:

- Delay in land mutation due to filing of Writ Petition before the Hon'ble High Court of Kolkata for quashing of RfPs issued by WBPDCCL.
- Delay in Forest Clearances (Stage I & Stage II) due to the above Writ Petition.
- Delay in ground water clearances due to procedural compliances of the Department towards the issuance of the same.
- Delay in execution of Mining Lease, Mine Opening Permission, permission of DGMS, explosive license, consent to operate and others due to procedural delays.

13.0 The Commission noted the reasons for delay in achievement of milestones and observed that there is no impact on the capital cost due to such delay.

About MDO

14.0 As per the allotment agreement, the responsibility of operating Barjora (North) Coal Mine rests entirely with WBPDCCL. WBPDCCL envisaged the mine to be operated under Mine Developer & Operator (MDO) mode. Accordingly, WBPDCCL floated the Request for Proposal (RfP) dated 17.10.2015 for selection of MDO for development and operation of Barjora (North) Coal Mine with the last date of submission of proposal as 01.12.2015, with reverse auction process. The Ceiling Price was specified as Rs. 1010/MT consisting of Mining Charge.

15.0 Pursuant to the completion of the bidding process and reverse auction, the Letter of Award (LoA) was issued on 12.05.2016 to M/s Montecarlo Limited at the Base Mining Charge (Final Price Offer) of Rs. 742/MT. The selected bidder had incorporated the MDO, Montecarlo Barjora Mining Pvt. Ltd. (MBMPL) as a Limited Liability Company under the Companies Act, 2013 and had requested WBPDCCL to accept the MDO as the entity which shall undertake and perform the obligations and exercise the rights of the selected bidder under the LoA, including the obligation to enter into Coal Mining Agreement (CMA) pursuant to the LoA. WBPDCCL had agreed to the said request and accordingly, entered into the CMA with MBMPL dated 17.10.2016. As per the LoA, the



In regard to the petition submitted by West Bengal Power Development Corporation Limited for approval of input price of coal supplied from Barjora (North) Coal Mine for FY 2019-20 to FY 2021-22

Commencement date of the CMA is 12.05.2016 i.e., the date of LoA.

16.0 The scope of MDO includes the following activities:

- Development of Mine in accordance with the provisions of the CMA and Mining Plan.
- Operation and maintenance of Mine in accordance with the provisions of the CMA.
- Excavation and delivery of coal in accordance with the provisions of the CMA.
- Performance and fulfilment of all other obligations of MDO in accordance with the provisions of the CMA.

17.0 WBPDCCL submitted the following documents w.r.t MDO:

- Correspondences of MSTC Limited regarding Bid Evaluation and e-reverse auction.
- LoA dated 12.05.2016.
- CMA dated 17.10.2016 along with the Request for Proposal (RfP).

18.0 WBPDCCL was asked to submit the basis (viz., guidelines, standard bidding documents etc.) considered for preparation of the RfP for inviting bids for appointment of MDO. WBPDCCL submitted that the RfP was based on the guidelines issued by the Ministry of Coal. WBPDCCL submitted the Standard Tender Document dated 27.12.2014 issued by the Central Government, through the Nominated Authority for auction of coal mine.

19.0 Clause 4.1.2 of the CMA sets forth the Conditions Precedent to be satisfied by WBPDCCL. The actual dates of fulfilment of Conditions Precedent are as under:

Table 3: Satisfaction of Conditions Precedent set forth in Clause 4.1.2 of the CMA

S. No.	Condition Precedent	Actual date of fulfilment
1	Procure the issuance of notifications for land acquisition under section 11 of Coal Bearing Areas (Acquisition & Development) Act, 1957 or section 11 of the Right to Fair Compensation and Transparency in Land Acquisition, Rehabilitation and Resettlement Act, 2013, as the case may be, in relation to the Site	13.11.2017
2	Procure issuance of the environmental clearance from MoEF	31.05.2018
3	Procure approval of Mining Plan in accordance with applicable Laws	04.09.2017
4	Procure grant of Mining Lease in accordance with applicable Laws	04.08.2015

20.0 Clause 4.1.3 of the CMA sets forth the Conditions Precedent to be satisfied by MDO. In reply to a query in this regard, WBPDCCL submitted the actual date of fulfilment of Conditions Precedent as under:

Table 4: Satisfaction of Conditions Precedent set forth in Clause 4.1.3 of the CMA

S. No.	Condition Precedent	Actual date of fulfilment
1	Provision of Performance Security in accordance with Clause 9 of the CMA	14.06.2018
2	Procure all Applicable Permits	28.04.2017
3	Execution of Financing Agreement and delivery of 3 copies to WBPDCCL	16.04.2018
4	Execution of the Substitution Agreement	16.04.2018

In regard to the petition submitted by West Bengal Power Development Corporation Limited for approval of input price of coal supplied from Barjora (North) Coal Mine for FY 2019-20 to FY 2021-22

S. No.	Condition Precedent	Actual date of fulfilment
5	Delivery to WBPDCCL 3 nos. true copies of Financial Package and Financial Model	16.04.2018
6	Confirmation of correctness of representation/warranties	28.12.2016
7	Legal opinion from the legal counsel of the MDO with respect of authority of MDO to enter into agreement	28.12.2016

21.0 Clause 4.1.6 of the CMA stipulates as under:

"Immediately upon the fulfillment or waiver of all the Conditions Precedent required to be fulfilled by a Party under Clauses 4.1.2 or 4.1.3 (as applicable to such Party), such Party shall deliver to the other Party, a notice in writing confirming that the Conditions Precedent set out in Clauses 4.1.2 or Clause 4.1.3, as the case may be, have been satisfied and/or waived (in accordance with the terms hereof), together with all necessary supporting documentation to support the statements in such notice (each a "CP Satisfaction Notice"). Upon receipt of the CP Satisfaction Notice from the Mine Developer and Operator, WBPDCCL will certify and declare the satisfaction (or waiver) of all Conditions Precedent and the date of such certification and declaration shall be the "Appointed Date".

22.0 WBPDCCL was asked to submit the CP Satisfaction Notices issued under Clause 4.1.6 of the CMA. WBPDCCL submitted the correspondence from WBPDCCL to MBMPL dated 18.06.2018 which reads as under:

"It is hereby certified that all clauses of "Conditions Precedent" as per clause No 4.1.2 & 4.1.3 of the CMA (as applicable) have been satisfied and the day, 1st July, 2018 is declared to be the "Appointed Date" for Barjora(North) Coal Mine."

23.0 WBPDCCL was asked to confirm if any damages were levied on/by WBPDCCL for non-fulfilment of any of the Conditions Precedent set forth in Clauses 4.2/4.3 of the CMA. In reply, WBPDCCL submitted that no liquidated damages were levied on/by WBPDCCL under Clauses 4.2/4.3 of the CMA.

24.0 Clause 12.4.1 of the CMA sets forth the timelines for the milestones to be fulfilled by the MDO. In reply to a query in this regard, WBPDCCL submitted the scheduled and actual dates of fulfillment of milestones as under:

Table 5: Scheduled and actual dates of fulfillment of milestones set forth in Clause 12.4.1 of the CMA

S. No.	Milestone	Scheduled date	Actual date
1	Start of excavation of overburden within 30 days from the Appointed Date	30.07.2018	27.07.2018
2	Start of coal production within 45 days from the Appointed Date	14.08.2018	16.05.2019
3	Scheduled COD on or prior to 75 days from the Appointed Date	13.09.2018	01.02.2020
4	Scheduled Completion Date on or prior to 2000 days from the Appointed Date	23.04.2019	Not yet completed

25.0 The Commission observed that the CMA provides for levy of liquidated damages for delay in achievement of COD. WBPDCCL was asked to confirm if any damages were levied on MDO for the same.

26.0 WBPDCCL was also asked to submit the certification by Independent Engineer in accordance with



In regard to the petition submitted by West Bengal Power Development Corporation Limited for approval of input price of coal supplied from Barjora (North) Coal Mine for FY 2019-20 to FY 2021-22

Clause 14.2.1 of the CMA which reads as under:

*“The first day of the month in any Accounting Year in which the quantity of Coal produced from the Mine is equal to or greater than 0.25 (zero point two five) million Tons, as certified by the Independent Engineer, shall be the **“Commercial Operation Date”** or **“COD”**.”*

27.0 In reply, WBPDCCL submitted the Independent Engineer’s correspondence dated 03.07.2020 which reads as under:

“Kindly refer to your mail dated 22nd June 2020 and 30th June 2020 on the above subject. The matter related to certification of Commercial Operation Date for Barjora (North) Coal Mine in accordance with clause no. 14.2.1 of the CMA (Coal Mining Agreement) was examined.

Coal production from Barjora (North) Coal Mine between July 2018 and March 2020 which was sent as an attachment to your email dated 22nd June 2020 show that the mine did not achieve 0.25 Million tonne or 2,50,000 te production in any month till date which was the desired level of production for achieving Commercial Date of Operation as per clause 14.2.1 of the Coal Mine Agreement...

In the light of decision taken by Director (Mining) to reduce production capacity of the mine during First Year of Operation from 3.0 Million tonne to 0.77 Million tonne, coal production of 0.064 Million tonne in any month would make the mine eligible for the Commercial Date of Operation.

*Considering the decision to downgrade the capacity of the mine was taken by the competent authority, Commercial Operation Date for Barjora (North) Coal Mine will be considered as **1st February 2020**.”*

28.0 WBPDCCL was asked to submit the reasons for the decision of Director (Mining) to reduce production capacity of the mine during First Year from 3.0 MMT to 0.77 MMT. In reply, WBPDCCL submitted as under:

*“... as per the Revised Mining Plan of 260.14 Ha the annual target for the first year is 0.77 million tonne. The documentary evidence is being attached herewith as **Annexure- 3**.”*

29.0 WBPDCCL was asked to confirm if any liquidated damages have been levied on the MDO in accordance with Clause 14.2.2 of the CMA and the treatment of the same for the purpose of input price determination. In reply, WBPDCCL submitted as under:

*“... details of liquidated damages levied on the MDO in accordance with Article 14.2.2 of the CMA is being attached herewith as **Annexure- 16**.”*

30.0 WBPDCCL’s correspondence dated 07.04.2022 to MDO in the subject matter of penalty for delay in achieving COD reads as under:

“... as per clause no 14.2.2 of CMA of Barjora North coal mine, there had been a delay of 14.86 weeks in achieving COD for which a penalty of amount Rs 38,63,600/- has been imposed on you and the same will be deducted from your mining charge bill for the month of February 2020.”

31.0 The scheduled COD as per the CMA is 13.09.2018 against which the actual COD certified by the Independent Engineer is 01.02.2020 thereby the actual delay in COD is 72.29 weeks; however,

In regard to the petition submitted by West Bengal Power Development Corporation Limited for approval of input price of coal supplied from Barjora (North) Coal Mine for FY 2019-20 to FY 2021-22

WBPDCCL had levied damages for delay in COD for the period of 14.86 weeks only. In reply to a query in this regard, WBPDCCL submitted as under:

“... justification for considering of 14.86 weeks for levy of penalty for delay in achieving COD: As per CMA the actual COD is 01.02.2020.

The blasting permission for the mine was received on 19.09.2019 and allowing a cushion of another one month. Thus, the total delay in achieving COD (20.10.2019 to 31.12.2020) is 104 days or 14.86 weeks.”

32.0 Clause 14.3.1 of the CMA stipulates the Independent Engineer to issue Completion Certificates to the MDO and WBPDCCL in the specified format upon fulfilment of the stipulated conditions. In reply to a query in this regard, WBPDCCL submitted the Completion Certificate dated 18.08.2023 which reads as under:

“1. ... hereby certify that the tests specified in Article 14 and Schedule I of the Agreement have been successfully undertaken to determine compliance of the mine, which is in Operation Phase, with the provisions of the Agreement.

2. It is certified that the mine, which is in Operation Phase, has a capacity of 3MT.

*3. It is also certified, in terms of the aforesaid Agreement, that all works forming part of Barjora(North) Coal Mine, which is in Operation Phase, has **not been completed as production of Coal and Overburden have not been achieved** for reasons as laid down in attached document.”*

“

Year		Coal production MT		OB Production MCuM		Stripping Ratio	
	FY	Target	Actual	Target	Actual	Target	Actual
01	2018-19	-		-	1.31	NA	
02	2019-20	0.77	0.606	4.93	3.39	6.40	5.59
03	2020-21	1.50	0.815	7.42	6.87	4.95	8.43
04	2021-22	2.25	1.029	11.30	8.98	5.02	8.72
05	2022-23	3.0	2.014	11.35	11.07	3.78	5.50

Nomenclature:

MT-Million Tonne

MCuM-Million Cubic Meter

Stripping Ratio is the volume of OB extracted per tonne of coal.

Reasons for non-achievement

It is due to inconsistent nature of coal deposit, where it has attained workable thickness at one place and in another place it is completely unworkable. Thickening and thinning of coal seams, occurrence of stone bands within coal seams are the predominant features in this basin.”

33.0 It can be observed that there had been shortfall in actual coal production and actual Over Burden (OB) removal for the period from FY 2019-20 to FY 2022-23 vis-à-vis the targets for the respective years. In this regard, WBPDCCL was asked to submit the details of recourse taken to the provisions of the CMA regarding the shortfall in actual coal production and actual Over Burden removal. In reply, WBPDCCL, vide its letter dated 14.08.2023, submitted as under:



In regard to the petition submitted by West Bengal Power Development Corporation Limited for approval of input price of coal supplied from Barjora (North) Coal Mine for FY 2019-20 to FY 2021-22

*“2019-20 – (a) Shortfall in actual production: COD occurred on 01.02.2020, so the 1st Accounting Year (FY 2019-20) MDO needs to produce 0.77 million tonne of coal and the prorated annual production capacity target for Feb’20 & March’20 is 128333.33 tonne (0.77 MT/12*2 months). MDO has excavated 261543 Tonne of coal in Feb’20 & March’20. So there is no shortfall of coal in the Annual capacity in the 1st accounting year as per clause no. 21.5.1 of CMA. So no Penalty.*

2020-21 – (a) Shortfall in actual production: Following reasons as summarized in the hindrance register:-

- a. Due to Rainfall – 43.79 days*
- b. Idle machinery due to HT Line – 40.47 days*
- c. Absenteeism of workers due to Festival – 11.50 days*
- d. Due to IR – 11.14 days*
- e. Due to shortage of Explosives – 9.55 days*

*Total number of available days for the financial year 2020-21 reduced to 324.53 days (365 days – 40.47 days). Based on available days schedule production of coal for the financial year 2020-21 revised as 1333685 MT (1500000 MT/365 days*324.53 days). MDO achieved 814535 MT, so there is shortfall of 519150 MT. Percentage of materialisation of coal production – 61% (814535 MT/1333685 MT). So as per CMA penal amount is Rs. 2,94,68,233/-*

(b) Shortfall in OB Removal:

*Correspondingly for the financial year 2020-21, based on available days schedule removal of OB for the financial year 2020-21 revised as 6597295 MT (7420000 MT/365 days*324.53 days). MDO achieved 6870507 cubic meter. So submission of Bank Guarantee as per CMA has been waived for shortfall in removal of OB.*

2021-22 – (a) Shortfall in actual production & (b) Shortfall in OB Removal – Is under review and has not yet been assessed.”

34.0 The Commission notes that the damages for shortfall in coal production for FY 2021-22 is yet to be assessed by WBPDCCL despite more than one year has lapsed since then. The Commission does not find the same to be prudent. Therefore, the Commission has computed the damages in accordance with Clause 21.5 of the CMA and the methodology adopted by WBPDCCL for FY 2020-21 reproduced above, and accordingly deducted the same from the Mining Charge for FY 2021-22, as discussed in para 67.7. WBPDCCL is directed to submit the amount of actual damages levied on the MDO in accordance with Clause 21.5 and the justification for the variation in the said amount from that considered by the Commission in this Order in its next APR Petition.

35.0 Clause 12.5 of the CMA stipulates as under:

“12.5 Provision of infrastructure

WBPDCCL shall, at its own cost and expense, endeavor to provide, or cause to be provided, in or near the township, the following:

(a) a 11 kV (eleven kilovolt) electric substation connected with the grid, for supplying electricity to the Mines no later than 1st (first) anniversary of the Appointed Date; the construction/ augmentation of the substation shall be taken up by the Mine Developer and Operator and the documented costs shall be reimbursed by WBPDCCL subject to prior approval of the budget by the Independent Engineer.



In regard to the petition submitted by West Bengal Power Development Corporation Limited for approval of input price of coal supplied from Barjora (North) Coal Mine for FY 2019-20 to FY 2021-22

Applications to the state power utilities shall be made by WBPDC; and

(b) road connection between the boundary of the Mines and the nearest existing road, no later than the 1st (first) anniversary of the Appointed Date.”

36.0 WBPDC was asked to submit the details of expenditure incurred for provision of infrastructure as per Clause 12.5 reproduced above and the treatment of the said expenditure in its claim of input price of coal. In reply, WBPDC submitted as under:

“a. ... in the CMA vide Article 12.5 states the Provision of Infrastructure of the mine:

*i. where Article 12.5(a) is for undertaking of (i) Substation Construction (Civil Works), (ii) Supply of 1 MVA Transformer & VCB, Panel, AFC Panel, (iii) Substation related other accessories and (iv) Fitting and Fixing Labour Charges... the amount was capitalized in FY 2021-22. Copy of the same is being attached herewith as **Annexure- 1**.*

*ii. ... as per the Article 12.5(b) no such works has been executed. However, Construction of earth embankment & road with paver block over WBM surface at Bankura Railway Siding has been undertaken during FY 2023-24 which would be capitalized after completion of the job. Copy of the same is being attached herewith as **Annexure- 2**.”*

37.0 Clause 15.2 of the CMA sets forth the procedure for Change of Scope. WBPDC was asked to submit the copies of Change of Scope Notices, if any, in compliance to Clause 15.2. In reply, WBPDC submitted that there is no Change of Scope Notices issued in compliance to Clause 15.2 of the CMA.

38.0 Clause 21.2.1 of the CMA outlines the Annual Production Programme for 19 Accounting Years. WBPDC confirmed that the 1st Accounting Year as per the CMA is FY 2019-20 and the start date of the same is 16.05.2019.

39.0 As per Clause 27.1.1(ii) of the CMA, the Base Mining Charge is subject to revision on quarterly basis (commencing from the first quarter after the Bid Date) to reflect the variation in Price Index occurring between the Reference Index Date of the quarter preceding the Bid Date and the Reference Index Date for the quarter preceding the date of revision, and the amount so determined shall be Mining Charge for the quarter.

40.0 As per Clause 27.3.1 of the CMA, the Mining Charge shall be exclusive of all royalties, statutory levies, taxes, cesses and duties in respect of excavation of Coal and Delivery thereof. Such royalties, statutory levies, taxes, cesses and duties, if any, paid by the MDO shall be reimbursed by WBPDC upon submission of supporting documents evidencing the payment by the MDO.

Date of commercial operation

41.0 As regards the date of commercial operation of integrated mine(s), the CERC (Terms and Conditions of Tariff) (Second Amendment) Regulations, 2021 specify as under:

*“(3) The date of commercial operation in case of integrated mine(s), shall mean the earliest of –
a) the first date of the year succeeding the year in which 25% of the Peak Rated Capacity as per the Mining Plan is achieved; or*



In regard to the petition submitted by West Bengal Power Development Corporation Limited for approval of input price of coal supplied from Barjora (North) Coal Mine for FY 2019-20 to FY 2021-22

- b) the first date of the year succeeding the year in which the value of production estimated in accordance with Regulation 7A of these regulations, exceeds total expenditure in that year; or
c) the date of two years from the date of commencement of production:*

Provided that on earliest occurrence of any of the events under subclauses (a) to (c) of Clause (3) of this Regulation, the generating company shall declare the date of commercial operation of the integrated mine(s) under the relevant sub-clause with one week prior intimation to the beneficiaries of the end-use or associated generating station(s);

Provided further that in case the integrated mine(s) is ready for commercial operation but is prevented from declaration of the date of commercial operation for reasons not attributable to the generating company or its suppliers or contractors or the Mine Developer and Operator, the Commission, on an application made by the generating company, may approve such other date as the date of commercial operation as may be considered appropriate after considering the relevant reasons that prevented the declaration of the date of commercial operation under any of the sub-clauses of Clause (3) of this Regulation;

Provided also that the generating company seeking the approval of the date of commercial operation under the preceding proviso shall give prior notice of one month to the beneficiaries of the end-use or associated generating station(s) of the integrated mine(s) regarding the date of commercial operation."

- 42.0 WBPDCCL submitted that the date of commercial operation for Barjora (North) Coal Mine has been declared as 01.04.2021 considering the following:

"... as per the aforementioned Regulatory Provisions, the date of commercial operation satisfying the criteria specified in Regulations 5.1(3)(b) of the CERC (Terms and Conditions of Tariff) (Second Amendment) Regulations, 2021 is not ascertainable during the period FY 2019-20 to FY 2021-22 because during the said period the production value based on CIL notified price was not exceeding the actual expenditure by the Petitioner during the said periods.

Further, the date of commercial operations the dates satisfying the criteria specified in Regulations 5.1(3)(c) of the CERC (Terms and Conditions of Tariff) (Second Amendment) Regulations, 2021 is 16.05.2021.

Further, as per the relevant provisions of CERC Tariff Regulations (Second Amendment) 2021, on earliest occurrence of any of the events under sub-clauses (a) to (c) of Clause (3) of the aforementioned Regulations; the first day of the succeeding financial year FY 2021-22 i.e., 01.04.2021 has been finally considered as COD of Barjora (North) coal mine."

Approach adopted for determination of Input price

- 43.0 The date of commercial operation as per the provisions of the CERC (Terms and Conditions of Tariff) (Second Amendment) Regulations, 2021 is 01.04.2021. In the instant petition, WBPDCCL has claimed the input price for the period from the date of commencement of production to FY 2021-22. WBPDCCL has claimed the Operation and Maintenance (O&M) expenses, Mining Charge, Fixed Reserve Price and Statutory Charges for FY 2019-20 and FY 2020-21 and recovery of the capital cost from FY 2021-22 onwards along with the above-mentioned charges.
- 44.0 As regards the supply of coal prior to the date of commercial operation, the CERC (Terms and Conditions of Tariff) (Second Amendment) Regulations, 2021 specify as under:



In regard to the petition submitted by West Bengal Power Development Corporation Limited for approval of input price of coal supplied from Barjora (North) Coal Mine for FY 2019-20 to FY 2021-22

“7A. Supply of Coal or Lignite prior to the Date of Commercial Operation of Integrated Mine:
The input price for supply of coal or lignite from the integrated mine(s) prior to their date of commercial operation shall be:

(a) in case of coal, the estimated price available in the investment approval, or the notified price of Coal India Limited for the corresponding grade of coal supplied to the power sector, whichever is lower; and

.....
Provided that any revenue earned from supply of coal or lignite prior to the date of commercial operation of the integrated mine(s) shall be applied in adjusting the capital cost of the said integrated mine(s).”

45.0 The rationale for the above reproduced Regulation given by CERC in the Explanatory Memorandum to the Draft Regulations is as under:

“2.7 Supply of Coal or Lignite prior to the Date of Commercial Operation of Integrated Mine (Regulation 7A)

2.7.1 The existing Regulation 7 of the Principal Regulations provides for treatment of electricity supplied prior to date of commercial operation of a generating station. The working group has recommended to give a similar treatment for coal or lignite supplied from an integrated mine prior to the date of its commercial operation. This necessitates assigning price to coal or lignite supplied prior to date of commercial operation.

2.7.2 Accordingly, a new Regulation 7A in the Principal Regulations is proposed to be inserted. In case of coal, it is proposed that coal supplied prior to date of commercial operation of an integrated mine will be valued based on the estimated price of coal as per the investment approval or as per notified price of Coal India Limited. Similarly, in case of lignite, it is proposed that the lignite supplied prior to the date of commercial operation of an integrated mine will be valued based on the estimated price of lignite as per investment approval or as per last available pooled lignite price. The objective is to bring the price as close to actual as possible so that difference between the price charged before date of commercial operation of integrated mine and input price computed subsequently is minimized.

2.7.3 Further, it is proposed that the treatment of any revenue earned from supply of coal or lignite prior to the date of commercial operation of integrated mine will be adjusted in capital cost of the integrated mine. This is on similar lines as in case of generating stations.”

46.0 Subsequently, in the Statement of Reasons to the Notified Regulations, CERC ruled as under:

“4.3.2 TANGEDCO has suggested that the pooled price of lignite should not include the price of lignite excavated from the mines and sold in the market. MAHAGENCO has suggested that capitalisation of excessive cost of coal should be continued till the coal quantum mined exceeds a threshold limit (say 25%) so that the landed cost of coal from the integrated mine remains competitive in comparison to the CIL prices in the vicinity of the mine. NTPC has suggested that the revenue earned prior to COD may be applied in adjusting the capital cost of the mine(s) after accounting for all expenditure such as MDO (Mine Developer and Operator) charges, incidental expenses and statutory charges. KSEBL has suggested to substitute the word “determined” with the word “approved” in Regulation 7A(b) since the pooled lignite price were so far determined by NLCIL as per the guidelines issued by Ministry of Coal, Government of India and were then approved by the Commission. NLCIL has suggested that in Regulation 7A(b), the words “whichever is lower” may be substituted with the words “whichever is higher”.

In regard to the petition submitted by West Bengal Power Development Corporation Limited for approval of input price of coal supplied from Barjora (North) Coal Mine for FY 2019-20 to FY 2021-22

4.3.3 After consideration of the suggestions of the stakeholders, the Commission is of the view that Regulation 7A does not need any modification and accordingly, the said provision has been retained.”

47.0 In reply to a query, WBPDCCL submitted the break-up of actual coal price levied for supply of coal from Barjora (North) Coal Mine for FY 2019-20 and FY 2020-21. From the same, it has been observed that the actual coal price levied for supply of coal for FY 2019-20 and FY 2020-21 is based on the CIL notified price of G12 and G13 Grades of coal. The comparison of the coal price claimed by WBPDCCL in this Petition and that actually levied for supply of coal for FY 2019-20 and FY 2020-21 is as shown in the Table below:

Table 6: Comparison of coal price (Rs./MT)

Year	Claimed in the Petition	Actual levy for coal supply
FY 2019-20	1720.32	PFPD Railway Siding G13 – 1393.75 G12 – 1483.71
FY 2020-21	1725.06	PFPD Railway Siding 01.04.2020 to 30.11.2020 – G12-1483.11 01.12.2020 to 31.03.2021 – G12-1496.06 Bankura Railway Siding 01.04.2020 to 30.11.2020 – G12-1563.74 01.12.2020 to 31.03.2021 – G12-1576.69

48.0 WBPDCCL was asked to submit the detailed write-up on implementation of the proviso to Regulation 7A reproduced above in its claim of capital cost. In reply, WBPDCCL submitted that no revenue was earned from supply of coal prior to the date of commercial operation. The Commission noted that WBPDCCL has not sold coal prior to COD to third parties.

49.0 From the perusal of the provisions of the CERC (Terms and Conditions of Tariff) (Second Amendment) Regulations, 2021, it is amply clear that the determination of input price of coal from integrated mine shall be w.e.f. the date of commercial operation of the mine. Therefore, the determination of input price of coal from Barjora (North) Coal Mine for FY 2019-20 and FY 2020-21 in accordance with the CERC (Terms and Conditions of Tariff) (Second Amendment) Regulations, 2021 does not arise. Therefore, the Commission has determined the input price of coal from Barjora (North) Coal Mine for FY 2021-22 only in this Order as against WBPDCCL's claim for the period from FY 2019-20 to FY 2021-22.

Regulatory Provisions - Input price

50.0 As regards the input price of coal, the CERC (Terms and Conditions of Tariff) (Second Amendment) Regulations, 2021 specify as under:

“36A. Input Price of coal or Lignite: (1) *Input price of coal or lignite from the integrated mine(s) shall be determined based on the following components:*

I) Run of Mine (ROM) Cost;

II) Additional charges:

a. crushing charges;

b. transportation charge within the mine up to the washery end or coal handling plant



In regard to the petition submitted by West Bengal Power Development Corporation Limited for approval of input price of coal supplied from Barjora (North) Coal Mine for FY 2019-20 to FY 2021-22

*associated with the integrated mine, as the case may be;
c. handling charges at mine end;
d. washing charges; and
e. transportation charges beyond the washery end or coal handling plant, as the case may be, and up to the loading point:*

Provided that one or more components of additional charges may be applicable in case of the integrated mine(s), based on the scope and nature of the mining activities;

Provided further that the input price of lignite shall be computed based on Run of Mine (ROM) based on the technology such as bucket excavator-conveyor or belt-spreader or its combination and handling charges, if any.

(2) Statutory Charges, as applicable, shall be allowed.

36B. Run of Mine (ROM) Cost:

(2) Run of Mine Cost of coal in case of integrated mine allocated through allotment route under Coal Mines (Special Provisions) Act, 2015 shall be worked out as under:

ROM Cost = [(Annual Extraction Cost / ATQ) + Mining Charge] + (Fixed Reserve Price)

Where,

(i) Annual Extraction Cost is the cost of extraction of coal as computed in accordance with Regulation 36F of these regulations;

(ii) Mining Charge is the charge per tonne of coal paid by the generating company to the Mine Developer and Operator engaged by the generating company for mining, wherever applicable; and

(iii) Fixed Reserve Price is the fixed reserve price per tonne along with subsequent escalation, if any, as provided in the Coal Mine Development and Production Agreement.

.....

(4) The generating company shall adhere to the Mining Plan for extraction of coal or lignite on annual basis and shall submit a certificate to that effect from the Coal Controller or the competent authority:

Provided that deviations from the Mining Plan shall be considered only if such deviations have been approved by the Coal Controller or the revised Mining Plan has been approved by the competent authority.

(5) Run of Mine Cost of coal and lignite shall be worked out in terms of Rupees per tonne..."

Capital Cost

51.0 As regards the capital cost of the integrated mine, the CERC (Terms and Conditions of Tariff) (Second Amendment) Regulations, 2021 specify as under:



In regard to the petition submitted by West Bengal Power Development Corporation Limited for approval of input price of coal supplied from Barjora (North) Coal Mine for FY 2019-20 to FY 2021-22

“36D. Capital Cost: (1) *The expenditure incurred, including IDC and IEDC, duly certified by the Auditor, for development of the integrated mine(s) up to the date of commercial operation, shall be considered for arriving at the capital cost.*

(2) *Capital expenditure incurred shall be admitted by the Commission after prudence check.*

(3) *Capital expenditure incurred on infrastructure for crushing, transportation, handling, washing and other mining activities required for mining operations shall be arrived at separately in accordance with these regulations:*

Provided that where crushing, transportation, handling or washing are undertaken by the generating company, the expenditure incurred on infrastructures of these components shall be capitalized;

Provided further that where mine development and operation, with or without any component of crushing, transportation, handling or washing are undertaken by the generating company by engaging Mine Developer and Operator or an agency other than Mine Developer and Operator, the capital expenditure incurred by Mine Developer and Operator or such agency shall not be capitalised by the generating company and shall not be considered for the determination of input price.

(4) *The capital expenditure shall be determined by considering, but not limited to, the Mining Plan, detailed project report, mine closure plan, cost audit report and such other details as deemed fit by the Commission...*

36E. Additional Capital Expenditure: (1) *The expenditure, in respect of the integrated mine(s), incurred or projected to be incurred after the date of commercial operation and upto the date of achieving the Peak Rated Capacity may be admitted by the Commission, subject to prudence check and shall be capitalized in the respective year of the tariff period as additional capital expenditure corresponding to the Annual Target Quantity of the year as specified in the Mining Plan or actual extraction in that year, whichever is higher, on following counts:*

- (a) *expenditure incurred on activities as per the Mining Plan;*
- (b) *expenditure for works deferred for execution and undischarged liabilities recognized for works executed prior to date of commercial operation;*
- (c) *expenditure for works required to be carried out for complying with directions or orders of any statutory authorities;*
- (d) *liabilities arising out of compliance of order or decree of any court of law or award of arbitration;*
- (e) *expenditure for procurement and development of land as per the Mining Plan;*
- (f) *expenditure for procurement of additional heavy earth moving machineries for replacement, on completion of their useful life; and*
- (g) *liabilities due to Change in Law or Force Majeure events;*

Provided that in case of replacement of any assets, the additional capitalization shall be worked out after adjusting the gross fixed assets and cumulative depreciation of the assets replaced on account of de-capitalization:

Provided further that the generating company shall prepare guidelines for procurement and replacement of heavy mining equipment such as Heavy Earth Moving Machineries and share the same with the beneficiaries and submit it to the Commission along with its petition.



In regard to the petition submitted by West Bengal Power Development Corporation Limited for approval of input price of coal supplied from Barjora (North) Coal Mine for FY 2019-20 to FY 2021-22

(2) The expenditure, in respect of the integrated mine(s), incurred or projected to be incurred after the date of achieving the Peak Rated Capacity may be admitted by the Commission subject to prudence check, and shall be capitalized as Additional Capital Expenditure, corresponding to the Annual Target Quantity of the respective years as specified in the Mining Plan, on following counts:

- (a) expenditure incurred on activities, if any, as per Mining Plan;*
- (b) expenditure for works required to be carried out for complying with directions or order of any statutory authority;*
- (c) liabilities arising out of compliance of order or decree of any court of law or award of arbitration;*
- (d) expenditure for procurement and development of land as per the Mining Plan; and*
- (e) liabilities due to Change in Law or Force Majeure events;*

Provided that in case of replacement of any assets, the additional capitalization shall be worked out after adjusting the gross fixed assets, cumulative depreciation and cumulative repayment of loan of the assets replaced on account of de-capitalization.

(3) The expenditure on following counts shall not be considered as additional capital expenditure for the purpose of these regulations:

- a) expenditure incurred but not capitalized as the assets have not been put in service (capital work in progress);*
- b) mine closure expenses;*
- c) expenditure on works not covered under Mining Plan, unless covered under sub-clause (g) of Clause (1) or sub-clause (e) of Clause (2) of this Regulation;*
- d) expenditure on replacement due to obsolescence of assets on account of completion of the useful life or due to obsolescence of technology, if the original cost of such assets have not been de-capitalised from the gross fixed assets.”*

52.0 WBPDCCL submitted the audited accounts for FY 2019-20, FY 2020-21 and FY 2021-22. WBPDCCL was asked to submit the annual audited and certified balance sheet and P&L statement of Barjora (North) Coal Mine for the period from FY 2019-20 to FY 2021-22. In reply, WBPDCCL submitted that various expenses/income incurred/earned with respect to the Mines are transferred to Coal Stock account and separate P&L statement is not prepared for Barjora (North) Coal Mine.

53.0 As regards capital cost, WBPDCCL in its Petition, submitted as under:

*“62. Further, WBPDCCL has capitalized the mines on 01.04.2021 and has made necessary adjustment in the books of accounts with reference to FY 2019-20 and FY 2020-21 for Barjora (N) Coal Mine. During capitalization, the Statutory Auditor has already verified the coal price and WBPDCCL has accordingly booked the amount as being reflected in Annual Accounts of WBPDCCL for FY 2021-22 (refer additional disclosure under Note No. 34 – Cost of Fuel – Coal & Oil in notes forming part of standalone financial statements). Copy of the said Annual Accounts of WBPDCCL for FY 2021-22 is being attached herewith as **Annexure-XVII**. Relevant portion the aforementioned notes is being reproduced below:*

“Additional Disclosure:

34.1 Coal Consumption includes Coal transferred from Captive Coal Mines, at notified price of Coal India Limited (plus applicable taxes) of corresponding Grade, pending issuance of guideline/regulation

In regard to the petition submitted by West Bengal Power Development Corporation Limited for approval of input price of coal supplied from Barjora (North) Coal Mine for FY 2019-20 to FY 2021-22

by West Bengal Electricity Regulatory Commission. Mining charges as envisaged in different contracts with MDOs has not been considered while determining Cost of Coal Consumption as finalization of escalation rate is pending. This practice was followed upto 31/03/2021.

From the FY 2021-22 process of determination of cost of coal has been prescribed by WBERC by referring to the Regulations issued in this regard by CERC Following the Regulation , recomputation of cost of coal supplied from captive mines has been made from the FY 2018-19 to FY Fuel inventory above does not include Stock of Coal lying at Mines and Siding. Further effect of escalation has also been given on Mining Charge to arrive at the Coal Cost since 2018-19 to 2020-21 as the conversion factor from new index to old index has been finalized.”

... ..<Emphasis Added>”

“64. WBPDCCL would like to reiterate that as evident from above, due to change in accounting policy and appropriate regulations in force, Barjora (N) Coal Mine was not capitalized by WBPDCCL earlier. The total expenditure incurred upto 31.03.2021 amounting to ₹ 46,884.42 lakhs (Refer Page 81 of 36th Annual Report 2020-21) for all the three mines has been booked in Capital Works in Progress (CWIP). When this CWIP is being brought to Revenue, the assets under CWIP are being re-classified as a component of Property, Plant and Equipment under the nomenclature “Other Mining Infrastructure” (under Intangible Asset). It is pertinent to mention here that the total expenditure amounting to ₹ 46,884.42 lakhs booked doesn’t include common expenditures of the mines.

65. WBPDCCL humbly submits before this Hon’ble Commission that the process of capitalization involved estimation of future costs and the amount so arrived at is discounted using the discount factor @ 11.39%. Discounting factor has been determined using the methodology prescribed by CERC. The amount so arrived at is amortized Over the life of mine or 20 years whichever is less following the norms mentioned in the CERC Regulations.... Accordingly, WBPDCCL has capitalized following amounts under Infrastructure Cost and disclosed the same under Intangible Assets (refer point 52 of the Annual Accounts for FY 2021-22).

Table 4: Summary of Capitalization of Barjora (N) Coal Mine

(Amount in ₹ Lakhs)

Sl. No.	Particulars	Amount
1.	Amount already incurred including allocated expense	10,880.09
2.	Estimated cost derived at current rate on which no discounting has been done	4,476.64
3.	Estimated Cost derived at future cost on which discounting has been done	8,322.57
4.	Total (Sl. No. 1 + Sl. No. 2 + Sl. No. 3)	23,679.30

66. WBPDCCL humbly submits before this Hon’ble Commission that COD of Barjora (N) Coal Mine being 01.04.2021, the total expenditure works out to ₹ 23,679.30 Lakhs.”

“68. ... The Petitioner humbly submits that the total expenditure as on 01.04.2022 has been calculated by taking the provisional expenditure to be incurred after 01.04.2022 by complying with principles of the Indian Accounting Standard IND AS 37....

69. WBPDCCL further submits that as per the Indian Accounting Standard (IND AS 37), the following conditions are to be fulfilled to recognize provisional expenditure:

- a) There must be present legal or constructive obligation as a result of past event.
- b) There must be probable outflow of economic benefits to settle the obligation.
- c) The obligation can be estimated reliably.

In regard to the petition submitted by West Bengal Power Development Corporation Limited for approval of input price of coal supplied from Barjora (North) Coal Mine for FY 2019-20 to FY 2021-22

70. Further, WBPDCCL humbly submits before this Hon'ble Commission that besides the total actual expenditure incurred up to 01.04.2021 of ₹ 23,679.31 Lakhs, some capital expenditures amounting to ₹ 135.67 Lakhs (i.e., ₹ 61.36 Lakhs in FY 2019-20 and ₹ 74.31 Lakhs in FY 2020-21) also have been incurred towards Coal Bearing Land, Furniture and Other Assets.

71. WBPDCCL humbly requests this Hon'ble Commission to allow expenditure of ₹ 135.67 Lakhs as part of total expenditure as on COD (i.e., 01.04.2021)."

"72. In terms of Regulation 19(2)(b) of Tariff Regulations, 2019, as amended, equity deployed in excess of 30% of the fund deployed has been considered as normative loan and notional IDC up to 01.04.2021 has been considered as part of the total expenditure of the project."

"74. In consideration of the above, WBPDCCL humbly submits that the total project cost including notional IDC is ₹ 26,503.45 Lakhs (₹ 23,679.31 Lakhs + ₹ 2,688.47 Lakhs + ₹ 135.67 Lakhs = ₹ 26,503.45 Lakhs). **WBPDCCL humbly prays before this Hon'ble Commission to allow ₹ 26,503.45 Lakhs as total Capital Cost including Notional IDC and expenditure incurred on other Common Assets as on 01.04.2021 as claimed in the instant Petition.**"

54.0 WBPDCCL was asked to submit the investment approval accorded by its Board for Barjora (North) Coal Mine. In reply, WBPDCCL submitted that the investment approval accorded by WBPDCCL Board for Barjora (North) Coal Mine has been obtained in allotment mode and update is being made to the Board from time to time. WBPDCCL submitted the copy of excerpts from the Minutes of the Meetings of the Board of Directors of WBPDCCL. Therefore, it is understood that there is no separate investment approval by the Board of Directors before the capital expenditure was incurred.

55.0 WBPDCCL has claimed the capital cost of Rs. 26785.85 Lakh. WBPDCCL was asked to submit the year-wise and item-wise break-up of claimed capital cost. In reply, WBPDCCL submitted the audited statement showing item wise break-up of claimed capital cost and expenses incurred upto FY 2021-22 as under:

Table 7: Capital cost claimed by WBPDCCL (Rs. Lakh)

Particulars	Actual expenditure	Liabilities/ provision	Total
Land and Site Development			
Mines infrastructure	8993.63	0.00	8993.63
Compensatory Afforestation Land	65.57	0.00	65.57
Wildlife	0.00	3021.23	3021.23
Land	0.00	4996.10	4996.10
Differential Global Positioning System (DGPS)	0.00	17.83	17.83
Pillar Posting	0.00	287.41	287.41
NPV of 338.74 Ha mining lease area	0.00	4476.64	4476.64
Others	1193.44	0.00	1193.44
Total Land and Site Development	10252.64	12799.21	23051.85
Assets capitalised in FY 2019-20 and FY 2020-21	135.67	0.00	135.67
Interest During Construction	627.46	0.00	627.46
Notional Interest During Construction	2688.47	0.00	2688.47
Capital cost as on COD	13704.24	12799.21	26503.45
Addition during FY 2021-22	282.40	0.00	282.40
Capital cost as on 31.03.2022	13986.64	12799.21	26785.85

56.0 WBPDC, in Form-B (Break-up of Capital cost for New Integrated Mine), submitted the capital expenditure of Barjora (North) Coal Mine. In this regard, WBPDC was asked to submit the duly filled in Form-B with complete information in the specified format along with items of expenditure included under each head viz., Mines infrastructure, Compensatory Afforestation etc. with corresponding cost details. In reply, WBPDC submitted the item wise cost details include under each head as on COD as shown in Table 7 above.

57.0 WBPDC was asked to submit (i) details of expenditures for which the capitalization methodology as submitted in Para 65 of the Petition reproduced above has been followed along with supporting documents for the same and (ii) applicability of IND AS 37 to such expenditures. In reply, WBPDC submitted as under:

*“a. WBPDC humbly submits before this Hon’ble Commission that details of expenditures for which the capitalization methodology as submitted in Para 62 of the Petition has been followed and to which IND AS 37 is applicable along with supporting documents for such expenditures is being attached herewith as **Annexure - 7 (Colly)**.*

b. WBPDC humbly submits before this Hon’ble Commission that in respect of applicability of IND AS 37 the total expenditure as on 01.04.2022 has been calculated by taking the provisional expenditure to be incurred after 01.04.2022 by complying with the principles of the Indian Accounting Standard IND AS 37...

The Company is required to incur mine rehabilitation and settlement costs along with reforestation cost during operating life of the mines. Rehabilitation cost include re-settling the people from the land on which mining activities to be carried out. Such costs are purchase of land, constructing the building, creating infrastructure for people to stay on the new land, statutory clearances costs etc.

Land on which mining activities to be carried out has the forest. To carry out mining activities, the Company has the deforest the area with required statutory clearances subject to the condition that the company will require to reforest the area of similar size. This again may involve incurring costs in terms of purchase of land, plantation expenses, statutory clearance expenses etc.

Above expenses in terms of the rehabilitation and settlement expenditures and reforestation expenses are to be incurred in accordance with the statutory law requirements in India.

Below is the analysis in terms of whether the Company shall recognize the provision for the rehabilitation / reforestation cost:

Particulars	Action points
<i>an entity has a present obligation (legal or constructive) as a result of past event</i>	<i>Based on the facts and circumstances, it shall be assessed whether there is any contractual or statutory obligation in place for carrying out rehabilitation / reforestation activities. If the entity has these obligations from carrying out mining operations on the leased-lands then this can be construed as existence of the obligations.</i>
<i>it is probable that an outflow of resources embodying economic</i>	<i>Based on the facts and circumstances, it shall be assessed by the entity that whether any economic benefits will flow to</i>

In regard to the petition submitted by West Bengal Power Development Corporation Limited for approval of input price of coal supplied from Barjora (North) Coal Mine for FY 2019-20 to FY 2021-22

<i>benefits will be required to settle the obligation;</i>	<i>settle the obligations. We understand that to carry out rehabilitation / reforestation activities, an outflow of resources embodying economic benefits will be in place.</i>
<i>a reliable estimate can be made of the amount of the obligation. If these conditions are not met, no provision shall be recognized;</i>	<i>Based on the facts and circumstances, entity shall estimate the amount of the cost to be incurred towards carrying out rehabilitation / reforestation activities.</i>

If any of the above conditions are satisfied, then entity shall recognize the provision for rehabilitation / reforestation activities, under IND AS 37.

Measurement of provision:

WBPDCCL shall measure the amount of provision for rehabilitation / reforestation costs provision at the best estimate of the expenditure required to settle the present obligation. This is the amount that WBPDCCL would rationally pay to settle the obligation or to transfer it to a third party at the balance sheet date.

- *WBPDCCL takes the following into account in estimating the expenditure required to settle the present obligation at the balance sheet date*
 - *The risks and uncertainties about the amount and timing of cash flows;*
 - *Any additional evidence provided by events that take place after the balance sheet date as discussed in the previous section.*
 - *WBPDCCL measures a provision at the present value of the expected outflow where the effect of the time value of money is material.*
 - *The discount rate should be a pre-tax rate that reflects the current market assessments of the time value of money and the risks specific to the liability. The discount rate should not, however, reflect risks for which future cash flow estimates have been adjusted. WBPDCCL considered discounting rate formula as per Regulation.*
- c. The unwinding of the discount due to passage of time is included as an element of finance costs in the statement of profit or loss for the year. WBPDCCL re-assesses the provision at the end of each reporting period and adjusts them to reflect current best estimates. This re-assessment should include the estimated cash flows at the discount rate. If it is no longer probable that an outflow of resources embodying the economic benefits will be required to settle the obligation, the provision shall be reversed.”*

58.0 WBPDCCL was asked to submit the justification for the claimed additional capitalization of Rs. 282.40 Lakh for FY 2021-22 in accordance with the provisions of the CERC (Terms and Conditions of Tariff) (Second Amendment) Regulations, 2021. In reply, WBPDCCL submitted as under:

“Construction of Road embankment and WBM strata at Bankura Railway Siding: *The Barjora (North) Coal Mine is near Bankura Railway Station. The condition of the road is grim and for smooth transportation of coal from mines to the siding, we have to take several steps to construct Road embankment and WDM strata at Bankura Railway Siding.*

Construction of Electrical Substation-Barjore N: *The construction of electrical substation was necessary and so we have to take several steps to construct Electrical Substation.*

Supply and installation of containerized cabins complete for use as office cum shelter at railway sidings and coal mines of WBPDCCL:



In regard to the petition submitted by West Bengal Power Development Corporation Limited for approval of input price of coal supplied from Barjora (North) Coal Mine for FY 2019-20 to FY 2021-22

Procurement of 500 mt 2cX10sqmm XLPE AL armoured cable at B(N) coal mine for containerized cabin:

Installation of CCTV camera system at Agent Office of Barjora(North)coal mine:

The relevant supporting documents are being Annexure – 32A.”

“WBPDCCL humbly submits before this Hon’ble Commission that the additional capitalization has been claimed by WBPDCCL in accordance with the Regulation 36 (E) (2) of the CERC (Terms and Conditions of Tariff) (Second Amendment) Regulations, 2021. WBPDCCL further submits that in accordance with the applicable provisions of the CMA and principles laid down by the Ministry of Coal in the CMA, under statutory obligations, WBPDCCL has to undertake the additional capitalization for Barjora (North) Coal Mine.

WBPDCCL humbly submits before this Hon’ble Commission that the Peak Rated Capacity for Non-Forest Area of Barjora (N) Coal Mine was not achieved till date. However, WBPDCCL has to incur capital expenditure towards Forest Area of Barjora (N) Coal mine in future years. WBPDCCL submits that the future capital expenditures will be claimed by WBPDCCL as and when incurred.”

59.0 The capital cost claimed by WBPDCCL upto FY 2021-22 is Rs. 26785.85 Lakh. The item wise analysis of the claimed capital cost and Commission’s approval thereof is detailed in the following paragraphs.

60.0 Land and Site Development

60.1 WBPDCCL has claimed the land and site development cost of Rs. 23051.85 Lakh. The claimed cost includes the liabilities/provision amounting to Rs. 12799.21 Lakh. There is no prior investment approval by WBPDCCL’s Board against which the claimed actual cost can be compared. Admittedly, the actual cost incurred has been approved by WBPDCCL’s Board on post-facto basis.

60.2 The Commission has perused the submissions of WBPDCCL regarding the treatment of future liabilities in its claim of capital cost. The Commission does not find it prudent to consider the liabilities/provision as on COD for the purpose of input price determination as such liabilities/provision are allowable as part of additional capitalization. In accordance with Regulations 36D and 36E as reproduced above and based on the auditor certificate, the Commission deems it prudent to approve the actual incurred cost of Rs. 10252.64 Lakh towards Land and Site Development. WBPDCCL may claim the liabilities/provision as on COD during the years of actual discharge in accordance with the provisions of the Regulations.

Table 8: Land and Site Development cost (Rs. Lakh)

Particulars	Actual cost as on COD	
	Claimed	Approved
Land and Site Development Cost	23051.85	10252.64

61.0 Assets capitalized in FY 2019-20 and FY 2020-21

61.1 WBPDCCL has claimed the amount of Rs. 135.67 Lakh towards coal bearing land, furniture and other assets capitalized in FY 2019-20 and FY 2020-21. In accordance with Regulation 36D as reproduced above, and based on the auditor certificate, the Commission deems it prudent to approve the claimed

In regard to the petition submitted by West Bengal Power Development Corporation Limited for approval of input price of coal supplied from Barjora (North) Coal Mine for FY 2019-20 to FY 2021-22

cost of Rs. 135.67 Lakh towards assets capitalized in FY 2019-20 and FY 2020-21.

Table 9: Cost of assets capitalised in FY 2019-20 and FY 2020-21 (Rs. Lakh)

Particulars	Actual cost as on COD	
	Claimed	Approved
Cost of assets capitalised in FY 2019-20 and FY 2020-21	135.67	135.67

62.0 Interest During Construction (IDC) & Notional IDC

62.1 WBPDCCL was asked to submit the actual debt and equity amounts of the claimed capital cost as on COD and year-wise additional capitalization. In reply, WBPDCCL submitted as under:

- WBPDCCL has incurred total expenditure actually incurred as on 31.03.2021 in respect of Barjora (N) Coal mine is Rs. 10,880.09 lakhs (excluding IDC).
- WBPDCCL has initially started funding from internal resources. Subsequently, WBPDCCL has taken up loan from UBI for mine acquisition of Rs. 200 Crores and the Government of West Bengal has sanctioned equity of Rs. 530.47 Crore for all mines (out of which Rs. 8035.76 lakhs were utilized for Barjora (N) Coal mine).

62.2 As regards the financing of capital cost of Barjora (North) Coal Mine, WBPDCCL submitted the following:

- Sanction letter of United Bank of India (dated 28.03.2017) for term loan of Rs. 20000.00 Lakh for acquisition of coal mines allotted by Ministry of Coal, Government of India.
- United Bank of India letter dated 13.02.2018 regarding the reduction in rate of interest.
- Sanction-cum-Allotment Order of GoWB dated 16.08.2019 for the purpose of expenditure towards creation of mine infrastructure of WBPDCCL for the reallocated six mines for the amount of Rs. 53047.00 Lakh.
- Documentary evidence in respect of equity disbursement by GoWB.

62.3 As per Form-14 (Draw Down Schedule for Calculation of IDC & Financing Charges), the outstanding term loan as on date of commercial operation is Rs. 2181.95 Lakh. Therefore, the actual term loan of Rs. 2181.95 Lakh as on COD amounts to 8.23% of the claimed capital cost of Rs. 26503.45 Lakh as on COD.

Interest During Construction

62.4 WBPDCCL has claimed the IDC of Rs. 627.46 Lakh. The computations of IDC submitted by WBPDCCL is as under:

Table 10: Computations of IDC submitted by WBPDCCL in the Petition (Rs. Lakh)

Year	Quarter	Drawdown	Repayment	IDC
FY 2018-19	Q1	2709.60	0.00	8.54
	Q2	0.00	0.00	60.50
	Q3	0.00	0.00	59.81



In regard to the petition submitted by West Bengal Power Development Corporation Limited for approval of input price of coal supplied from Barjora (North) Coal Mine for FY 2019-20 to FY 2021-22

Year	Quarter	Drawdown	Repayment	IDC
	Q4	0.00	0.00	79.65
FY 2019-20	Q1	0.00	0.00	59.28
	Q2	0.00	0.00	40.24
	Q3	0.00	0.00	76.57
	Q4	0.00	270.96	55.26
FY 2020-21	Q1	0.00	0.00	50.99
	Q2	0.00	0.00	47.70
	Q3	0.00	0.00	30.72
	Q4	0.00	256.69	58.20
Total		2709.60	527.65	627.46

62.5 WBPDCCL was asked to submit the phasing of expenditure along with debt and equity upto COD in the specified format. WBPDCCL was also asked to substantiate the availability of free reserves to the tune of internal resources utilized for funding of capital expenditure of Barjora (N) Coal Mine. In reply, WBPDCCL submitted the phasing of expenditure along with debt and equity upto COD as under:

Table 11: Phasing of expenditure as submitted by WBPDCCL (Rs. Lakh)

Year	Quarter	Capital expenditure (excluding Notional IDC)	Debt	Equity			Debt + Equity
				Internal Accruals	State Government Equity	Total	
FY 2014-15	Q1	0	0	0	0	0	0
	Q2	0	0	0	0	0	0
	Q3	0	0	0	0	0	0
	Q4	68	0	0	68	68	68
FY 2015-16	Q1	1529	0	0	1529	1529	1529
	Q2	1963	0	0	1963	1963	1963
	Q3	108	0	0	108	108	108
	Q4	4447	0	164	4283	4447	4447
FY 2016-17	Q1	78	0	78	0	78	78
	Q2	212	0	212	0	212	212
	Q3	211	0	211	0	211	211
	Q4	143	0	143	0	143	143
FY 2017-18	Q1	119	0	119	0	119	119
	Q2	212	0	212	0	212	212
	Q3	728	0	728	0	728	728
	Q4	0	0	0	0	0	0
FY 2018-19	Q1	355	248	106	0	106	355
	Q2	35	24	10	0	10	35
	Q3	69	48	21	0	21	69
	Q4	107	75	32	0	32	107
FY 2019-20	Q1	132	93	40	0	40	132
	Q2	40	28	12	0	12	40
	Q3	54	38	16	0	16	54
	Q4	91	64	27	0	27	91

In regard to the petition submitted by West Bengal Power Development Corporation Limited for approval of input price of coal supplied from Barjora (North) Coal Mine for FY 2019-20 to FY 2021-22

Year	Quarter	Capital expenditure (excluding Notional IDC)	Debt	Equity			Debt + Equity
				Internal Accruals	State Government Equity	Total	
FY 2020-21	Q1	125	88	38	0	38	125
	Q2	48	33	14	0	14	48
	Q3	31	22	9	0	9	31
	Q4	113	79	34	0	34	113
FY 2021-22	Q1	12799	1870	10929	0	10929	12799
Total		23815	23815	2710	13154	7951	21105

62.6 In addition, WBPDCCL submitted as under:

“The Total capital expense excluding notional IDC is Rs 23814.98 lakhs comprise the following:

1) Amount actual expensed: Rs 11015.77 Lakhs 2) Provision for expense: Rs 12799.21 Lakhs

The actual expenses were met from the following sources:

Debt: Rs.2709.60 Lakhs

Equity: Rs.7951.04 Lakhs

Internal Resources: Rs 355.13 Lakhs

A) Since acquisition of the coal mine, expenditure of Rs 7951.04 lakhs incurred by WBPDCCL has been replenished by the government of West Bengal in the form of equity. Hence initial funding up to the date of capitalization i.e. 01.04.2021 has been consider as equity. B) WBPDCCL borrowed Rs 2709.60 lakhs (apportioned) from the bank, which has been utilized for incurring various capital expenses of the mine.C) WBPDCCL incur Rs 355.13 Lakhs from the internal resources

2) Rs. 7951.04 Lakhs equity considered for Barjore North Coal Mines out of approved Rs. 53,047 Lakhs as per ...

3) Capital Expenditure funded from State Government Equity before loan was taken and then funded from loan and equity in the ration of 70:30 after loan issued and after exhaustion of loan funded from Internal Accruals.”

62.7 The Commission observed several inconsistencies in WBPDCCL’s submissions regarding the means of finance of capital expenditure of Barjora (North) Coal Mine:

- WBPDCCL, in its claim of actual IDC in the Petition, submitted that the entire long-term loan of Rs. 2709.60 Lakh has been infused for debt financing in 1st Quarter of FY 2018-19 whereas as per the submissions dated 31.10.2023, presented in Table 11 above, the total loan of Rs. 2710 Lakh has been infused in a phased manner over the period from 1st Quarter of FY 2018-19 to 1st Quarter of FY 2021-22.
- The Commission observed that for the outstanding loan of Rs. 272.00 Lakh upto 2nd Quarter of FY 2018-19 as per **Error! Reference source not found.**, the interest for the said Quarter as per **Error! Reference source not found.** amounting to Rs. 60.50 Lakh translates to the annual interest rate of 89%, which is abnormal; Similar trend has been observed for other quarters also.

In regard to the petition submitted by West Bengal Power Development Corporation Limited for approval of input price of coal supplied from Barjora (North) Coal Mine for FY 2019-20 to FY 2021-22

62.8 Based on the last submissions of WBPDC, the Commission deems it prudent to approve the actual IDC considering the following:

- The Commission has considered the drawl of long-term loan as shown in Table 11 above.
- The Commission has considered the repayment of long-term loan as shown in Table 10 above.
- The Commission has considered the actual interest rate of 9.20% as submitted by WBPDC in Form-13 (Details of Allocation of corporate loans to Integrated Mine).
- Accordingly, the Commission has computed the admissible actual IDC as under:

Table 12: Admissible actual IDC computed by the Commission (Rs. Lakh)

Year	Quarter	Drawdown	Repayment	IDC
FY 2018-19	Q1	248.0	0.00	5.70
	Q2	24.0	0.00	6.26
	Q3	48.0	0.00	7.36
	Q4	75.0	0.00	9.09
FY 2019-20	Q1	93.0	0.00	11.22
	Q2	28.0	0.00	11.87
	Q3	38.0	0.00	12.74
	Q4	64.0	270.96	7.98
FY 2020-21	Q1	88.0	0.00	10.01
	Q2	33.0	0.00	10.76
	Q3	22.0	0.00	11.27
	Q4	79.0	256.69	7.18
FY 2021-22 (1 st April)	Q1	1870.0	527.65	0.00
Total		2710.0	1055.30	111.45

62.9 In accordance with Regulation 36D as reproduced above, and based on the above discussion, the Commission deems it prudent to approve the IDC of Rs. 111.45 Lakh.

Table 13: Interest During Construction (Rs. Lakh)

Particulars	Actual cost as on COD	
	Claimed	Approved
Interest During Construction	627.46	111.45

Notional Interest During Construction

62.10 WBPDC has claimed notional IDC of Rs. 2688.47 Lakh relying on Regulation 19(2)(b) of the CERC (Terms and Conditions of Tariff) Regulations, 2019 reproduced hereunder:

“19. Capital Cost: (1) The Capital cost of the generating station or the transmission system, as the case may be, as determined by the Commission after prudence check in accordance with these regulations shall form the basis for determination of tariff for existing and new projects.



In regard to the petition submitted by West Bengal Power Development Corporation Limited for approval of input price of coal supplied from Barjora (North) Coal Mine for FY 2019-20 to FY 2021-22

(2) *The Capital Cost of a new project shall include the following:*

(a) *The expenditure incurred or projected to be incurred up to the date of commercial operation of the project;*

(b) *Interest during construction and financing charges, on the loans (i) being equal to 70% of the funds deployed, in the event of the actual equity in excess of 30% of the funds deployed, by treating the excess equity as normative loan, or (ii) being equal to the actual amount of loan in the event of the actual equity less than 30% of the funds deployed;*

.....”

62.11 As evident from the above, Regulation 19 shall be applicable for capital cost of a generating station or a transmission system and not integrated mine. The capital cost of an integrated mine shall be governed by Regulation 36D of the CERC (Terms and Conditions of Tariff) (Second Amendment) Regulations, 2021 which does not provide for notional IDC. Therefore, the Commission does not approve the notional IDC in the capital cost of Barjora (North) Coal Mine.

Table 14: Notional Interest During Construction (Rs. Lakh)

Particulars	Actual cost as on COD	
	Claimed	Approved
Notional Interest During Construction	2688.47	0.00

63.0 Additional capitalization

63.1 WBPDCCL has claimed the additional capitalization of Rs. 282.40 Lakh for FY 2021-22 as under:

Table 15: Additional capitalisation claimed by WBPDCCL (Rs. Lakh)

S. No.	Particulars	Additional capitalization claimed
1	Construction of Road embankment and WBM strata at Bankura Railway Siding	233.94
2	Construction of Electrical Substation	40.33
3	Supply and installation of containerized cabins complete for use as office cum shelter at railway sidings and coal mines of WBPDCCL	6.80
4	Procurement of 500 mt 2cX10 sq. mm XLPE AL armoured cable for containerized cabin.	1.08
5	Installation of CCTV camera system at Agent Office of Barjora (North) coal mine.	0.25
	Total	282.40

63.2 WBPDCCL, in its Petition, has claimed the additional capitalization claiming the same to be the expenditure incurred on activities as per the Mining Plan. The Commission asked WBPDCCL to submit the relevant extract of the Mining Plan under which each of the items of additional capitalization has been claimed for FY 2021-22. In reply, WBPDCCL submitted as under:

*“... the additional capitalization has been claimed by WBPDCCL in accordance with the Regulation 36(E)(2) of the CERC (Terms and Conditions of Tariff) Regulations, 2021... in accordance with the applicable provisions of the CMA and principles laid down by the Ministry of Coal in the CMA, under Statutory obligations, WBPDCCL has to undertake the additional capitalization for Barjora (North) Coal Mine. The relevant extract of the CMA is enclosed as **Annexure 2.**”*

In regard to the petition submitted by West Bengal Power Development Corporation Limited for approval of input price of coal supplied from Barjora (North) Coal Mine for FY 2019-20 to FY 2021-22

- 63.3 WBPDCCL submitted the extract of Clause 12 of the CMA. As per Clause 12.5(a) of the CMA, WBPDCCL is obligated to (i) 11 kV substation connected with the grid for supplying electricity to the Mines and (ii) provide road connection between the boundary of the Mines and the nearest exiting road.
- 63.4 Regulation 36(E)(2) of the CERC (Terms and Conditions of Tariff) (Second Amendment) Regulations, 2021 provides for additional capitalization towards expenditure for works required to be carried out for complying with directions or order of any statutory authority. As WBPDCCL is obligated to provide the electric substation for the Mines and road connectivity for coal transportation, the Commission deems it prudent to approve the additional capitalization claimed towards those items in the claimed additional capitalization. The Commission does not deem it prudent to approve the additional capitalization claimed towards the other items in the absence of justification for the same in accordance with the provisions of the Regulations.
- 63.5 Therefore, the Commission does not approve the additional capitalization claimed by WBPDCCL for FY 2021-22.

Table 16: Additional capitalisation approved by the Commission for FY 2021-22 (Rs. Lakh)

S. No.	Particulars	Claimed	Approved
1	Construction of Road embankment and WBM strata at Bankura Railway Siding	233.94	233.94
2	Construction of Electrical Substation	40.33	40.33
3	Supply and installation of containerized cabins complete for use as office cum shelter at railway sidings and coal mines of WBPDCCL	6.80	0.00
4	Procurement of 500 mt 2cX10 sq. mm XLPE AL armoured cable for containerized cabin.	1.08	0.00
5	Installation of CCTV camera system at Agent Office of Barjora (North) coal mine.	0.25	0.00
	Total	282.40	274.27

64.0 Summary of capital cost

- 64.1 Based on the above analysis, the capital cost approved by the Commission is as shown in the Table below:

Table 17: Capital cost approved by the Commission (Rs. Lakh)

Particulars	Claimed			Approved
	Actual expenditure	Liabilities/provision	Total	
Land and Site Development	10252.64	12799.21	23051.85	10252.64
Assets capitalised in FY 2019-20 and FY 2020-21	135.67	0.00	135.67	135.67
Interest During Construction	627.46	0.00	627.46	111.45
Notional Interest During Construction	2688.47	0.00	2688.47	0.00
Capital cost as on COD	13704.24	12799.21	26503.45	10499.76
Addition during FY 2021-22	282.40	0.00	282.40	274.27



In regard to the petition submitted by West Bengal Power Development Corporation Limited for approval of input price of coal supplied from Barjora (North) Coal Mine for FY 2019-20 to FY 2021-22

Particulars	Claimed			Approved
	Actual expenditure	Liabilities/provision	Total	
Capital cost as on 31.03.2022	13986.64	12799.21	26785.85	10774.03

65.0 Means of finance

- 65.1 WBPDCCL has claimed the financing of the capital cost in the debt equity ratio of 70:30 for the purpose of determination of input price.
- 65.2 The outstanding term loan as on COD is Rs. 2181.95 Lakh which works out to 20.78% of the approved capital cost of Rs. 10499.76 Lakh as on COD. In accordance with Regulation 36G, the maximum equity that can be considered is 30% of the capital cost. Accordingly, the equity has been considered as 30% of the approved capital cost as on COD. The equity in excess of 30% of the approved capital cost as on COD has been considered as normative loan.
- 65.3 The Commission has considered the normative debt equity ratio of 70:30 for approved additional capitalization for FY 2021-22.

Table 18: Debt and Equity approved by the Commission (Rs. Lakh)

Particulars	Actual cost as on COD		Addition during FY 2021-22		Total capital cost upto FY 2021-22	
	Claimed	Approved	Claimed	Approved	Claimed	Approved
Capital cost	26503.45	10499.76	282.40	274.27	26785.85	10774.03
Debt	18552.42	7349.83	197.68	191.99	18750.10	7541.82
Equity	7951.04	3149.93	84.72	82.28	8035.76	3232.21

66.0 Extraction cost

- 66.1 Regulation 36F of the CERC (Terms and Conditions of Tariff) (Second Amendment) Regulations, 2021 specify as under:

“36F. Annual Extraction Cost: The Annual Extraction Cost of integrated mine(s) shall consist of the following components:

- (i) Depreciation;
- (ii) Interest on Loan;
- (iii) Return on Equity;
- (iv) Operation and Maintenance Expenses, excluding Mining Charge;
- (v) Interest on Working Capital;
- (vi) Mine closure expenses, if not included in mining charge; and
- (vii) Statutory charges, if applicable.

- 66.2 The extraction cost claimed by WBPDCCL is as shown in the Table below:

Table 19: Extraction cost claimed by WBPDCCL (Rs. Lakh)

Particulars	FY 2019-20	FY 2020-21	FY 2021-22
Depreciation	-	-	1355.42
Interest on loan	-	-	1653.57



In regard to the petition submitted by West Bengal Power Development Corporation Limited for approval of input price of coal supplied from Barjora (North) Coal Mine for FY 2019-20 to FY 2021-22

Return on Equity	-	-	1355.99
Operation and Maintenance (O&M) expenses*	1129.81	1795.51	4333.93
Interest on working capital	-	-	802.33
Mine closure expenses	-	-	433.52
Total	1129.81	1795.51	9934.76

**including the other actual O&M expenses*

66.3 As discussed above, the Commission has not determined the input price for FY 2019-20 and FY 2020-21 i.e., prior to date of commercial operation and therefore has not delved into the claim of extraction cost claimed for FY 2019-20 and FY 2020-21.

66.4 The item wise analysis of extraction cost for FY 2021-22 is as under.

Depreciation

66.5 The asset class wise Gross Fixed Assets and depreciation claimed by WBPDC is as shown in the Table below:

Table 20: GFA and depreciation claimed by WBPDC (Rs. Lakh)

Particulars	FY 2019-20		FY 2020-21		FY 2021-22 (as on 31.03.2022)	
	GFA	Depreciation	GFA	Depreciation	GFA	Depreciation
A. Tangible Assets	-	-	-	-		
Land					61.36	0.00
Roads	-	-	-	-	233.94	
Other civil works	-	-	-	-	122.18	
Office equipment					0.25	
Furniture	-	-	-	-	0.34	
Total Tangible Assets	-	-	-	-	418.07	
B. Intangible Assets	-	-	-	-		
Mining Development Expense/Mining Rights	-	-	-	-	23679.31	
Total Intangible Assets	-	-	-	-	23679.31	
C. Total Tangible and Intangible Assets	-	-	-	-	24097.38	
D. Notional IDC	-	-	-	-	2688.47	
Grand Total	-	-	-	-	26785.85	1355.42

66.6 The depreciation schedule for integrated mine as per Appendix 1A of the Regulations, for the relevant asset classes in the present case, is as under:

Table 21: Depreciation schedule of integrated mine as per Regulations

Asset class	Life in Years
Roads, Bridges, drainage, reservoir	25
Other Civil works (considered to be falling under the category of Main Plant Buildings)	30
Office equipment	15



In regard to the petition submitted by West Bengal Power Development Corporation Limited for approval of input price of coal supplied from Barjora (North) Coal Mine for FY 2019-20 to FY 2021-22

Asset class	Life in Years
Furniture	15
Mine Development Expenses	20 or life of mine, whichever is lower

66.7 The asset class wise GFA approved by the Commission based on the above approved capital cost is as shown in the Table below:

Table 22: Asset class wise GFA approved by the Commission (Rs. Lakh)

Particulars	Actual cost as on COD		Addition during FY 2021-22		Total upto FY 2021-22	
	Claimed	Approved	Claimed	Approved	Claimed	Approved
A. Tangible Assets						
Land	61.36	27.05	0.00	0.00	61.36	27.05
Roads, Bridges, drainage, reservoir	0.00	0.00	233.94	233.94	233.94	233.94
Other civil works	73.97	32.61	48.21	40.33	122.18	72.94
Office equipment	0.00	0.00	0.25	0.00	0.25	0.00
Furniture	0.34	0.15	0.00	0.00	0.34	0.15
Total Tangible Assets	135.67	59.82	282.40	274.27	418.07	334.09
B. Intangible Assets						
Mining Development Expense/Mining Rights	23679.31	10439.94	0.00	0.00	23679.31	10439.94
Total Intangible Assets	23679.31	10439.94	0.00	0.00	23679.31	10439.94
C. Total Tangible and Intangible Assets	23814.98	10499.76	282.40	274.27	24097.38	10774.03
D. Notional IDC	2688.47	0.00	0.00	0.00	2688.47	0.00
Grand Total	26503.45	10499.76	282.40	274.27	26785.85	10774.03

66.8 In accordance with Regulation 36H, the asset class wise life and salvage value considered by the Commission for the purpose of depreciation is as shown in the Table below:

Table 23: Asset class wise life and salvage value considered by the Commission

Particulars	Useful life as per CERC Regulations	Life of Mine	Life for Depreciation	Salvage value
Roads, Bridges, drainage, reservoir	25	22	25	5%
Other civil works	30	22	30	5%
Office equipment	15	22	15	5%
Furniture	15	22	15	5%
Mining Development Expense/Mining Rights	20	22	20	5%

66.9 The Commission has computed the depreciation in accordance with the provisions of the Regulations as shown in the Table below:

Table 24: Depreciation computed by the Commission (Rs. Lakh)

Particulars	GFA base	Salvage value	Depreciable value	Life for depreciation (Years)	Depreciation
Land	27.05	-	-	-	0.00
Roads, Bridges, drainage, reservoir	233.94	5%	222.24	25	8.89



In regard to the petition submitted by West Bengal Power Development Corporation Limited for approval of input price of coal supplied from Barjora (North) Coal Mine for FY 2019-20 to FY 2021-22

Particulars	GFA base	Salvage value	Depreciable value	Life for depreciation (Years)	Depreciation
Other civil works	72.94	5%	69.30	30	2.31
Office equipment	0.00	5%	0.00	15	0.00
Furniture	0.15	5%	0.14	15	0.01
Mining Development Expense/Mining Rights	10439.94	5%	9917.94	20	495.90
Total	10774.03		10209.63		507.11

66.10 WBPDCCL has claimed the depreciation of Rs. 11.30 Lakh pertaining to the depreciation of assets capitalised in FY 2019-20 and FY 2020-21. The Commission does not find merit in the claim of WBPDCCL as the gross value of such assets capitalised in FY 2019-20 and FY 2020-21 has been considered in the capital cost as on the date of commercial operation and depreciation is being allowed therefrom.

66.11 Based on the above, the depreciation claimed by WBPDCCL and approved by the Commission is as shown in the Table below:

Table 25: Depreciation approved by the Commission (Rs. Lakh)

Particulars	FY 2021-22	
	Claimed	Approved
Depreciation	1355.42	507.11

Interest on loan

66.12 The interest on loan claimed by WBPDCCL is as shown in the Table below:

Table 26: Interest on loan claimed by WBPDCCL (Rs. Lakh)

Particulars	FY 2019-20	FY 2020-21	FY 2021-22
Opening loan	-	-	18552.42
Addition during the year	-	-	197.68
Repayment	-	-	1355.42
Closing loan	-	-	17394.67
Average normative loan	-	-	17973.54
Interest rate	-	-	9.20%
Interest	-	-	1653.57

66.13 The Commission has approved the interest on loan in accordance with the Regulations. The normative loan component pertaining to the approved capital cost as on COD has been considered as the opening loan balance. The normative loan component pertaining to the approved year wise additional capitalisation has been considered as the loan addition during the respective year. The approved depreciation for the year has been considered as the repayment for the respective year. The interest on loan has been calculated on the normative average loan of the year by applying the weighted average rate of interest of the actual loan portfolio for the year.

In regard to the petition submitted by West Bengal Power Development Corporation Limited for approval of input price of coal supplied from Barjora (North) Coal Mine for FY 2019-20 to FY 2021-22

Table 27: Interest on loan approved by the Commission (Rs. Lakh)

Particulars	FY 2021-22	
	Claimed	Approved
Opening loan	18552.42	7349.83
Addition during the year	197.68	191.99
Repayment	1355.42	507.11
Closing loan	17394.67	7034.71
Average loan	17973.54	7192.27
Interest rate	9.20%	9.20%
Interest	1653.57	661.69

Return on Equity (RoE)

66.14 The RoE claimed by WBPDC is as shown in the Table below:

Table 28: RoE claimed by WBPDC (Rs. Lakh)

Particulars	FY 2019-20	FY 2020-21	FY 2021-22
Opening Equity	-	-	7951.04
Addition during the year	-	-	84.72
Closing Equity	-	-	8035.76
Base Rate of RoE	-	-	14.00%
Effective Tax Rate	-	-	17.47%
Rate of RoE	-	-	16.96%
RoE	-	-	1355.99

66.15 WBPDC has claimed the effective tax rate of 17.47% for FY 2021-22. WBPDC submitted the Income Tax Assessment Order for FY 2021-22 in support of the claimed effective tax rate.

66.16 The Commission has approved RoE in accordance with the provisions of the Regulations. The equity component pertaining to the approved capital cost as on COD has been considered as the opening equity. The equity component pertaining to the approved year wise additional capitalisation has been considered as the equity addition during the respective year. The Base Rate of RoE has been considered as 14%. The Base Rate of RoE has been grossed up with the effective tax rate of 17.47%.

Table 29: RoE approved by the Commission (Rs. Lakh)

Particulars	FY 2021-22	
	Claimed	Approved
Opening Equity	7951.04	3149.93
Addition during the year	84.72	82.28
Closing Equity	8035.76	3232.21
Base Rate of RoE	14.00%	14.00%
Effective Tax Rate	17.47%	17.47%
Rate of RoE	16.96%	16.96%
RoE	1355.99	541.32

O&M expenses

66.17 The O&M expenses claimed by WBPDC is as shown in the Table below:

In regard to the petition submitted by West Bengal Power Development Corporation Limited for approval of input price of coal supplied from Barjora (North) Coal Mine for FY 2019-20 to FY 2021-22

Table 30: O&M expenses claimed by WBPDC (Rs. Lakh)

Particulars	FY 2019-20	FY 2020-21	FY 2021-22
O&M expenses	-	-	532.89
Coal transportation and allied works	1115.19	1788.20	3801.03
Mining expenses	14.62	7.31	0.00
Total	1129.81	1795.51	4333.93

66.18 WBPDC, in its Petition, submitted as under:

“37. ... beside MDO, WBPDC has invited tenders from various agencies (vide NIT Ref: WBPDC/CORP/NIT/E1095/16-17 dated 27/12/2016) for transportation of coal from Barjora (N) coal mine to PFPD Railway Siding and loading of coal to Railway wagons... M/s Sendoz Impex Limited was selected as a result of this tendering process.

38. WBPDC has engaged M/s Sendoz Impex Limited for transportation of coal from Barjora (N) coal mine to PFPD Railway Siding and loading of coal to Railway wagons at ₹ 121 per Ton of coal (excluding GST) and ₹ 16 per Ton of coal (excluding GST) respectively. Relevant copies of the contracts signed between WBPDC and M/s Sendoz Impex Limited along with its subsequent amendments dated 04.12.2019, 30.09.2020 and 12.10.2020 along with terms and conditions are being attached herewith as **Annexure-XII(Colly)**.

39. Further the contracted transportation and loading charges agreed with M/s Sendoz Impex Limited will remain firm during the period of contract and any change in rate (escalation/de-escalation) would be applicable only for change in price of H.S. Diesel.

40. Further, WBPDC humbly submits before this Hon'ble Commission that WBPDC has also invited tenders from various agencies (vide NIT Ref: WBPDC/CORP/NIT/E338/20-21 dated 17/07/2020) for transportation of coal from Barjora (N) coal mine to Bankura Railway Station along with allied works. WBPDC humbly submits that M/s Neelkanth Transport was selected as a result of this tendering process. Relevant copies of the tender documents are being attached herewith as **Annexure-XIII**.

41. WBPDC has signed Annual Transportation Contract with M/s Neelkanth Transport towards transportation of coal from Barjora (N) coal mine to Bankura Railway Station along with allied works. As per the contract dated 08.10.2020 and 07.10.2021, coal transportation charges from coal mine stockyard to Bankura Railway Siding at a lead distance of 42.7 km (approximately) are ₹ 240 per Ton of coal (excluding GST); ₹ 24 per Ton (excluding GST) of coal towards coal loading at Bankura Railway siding by payloaders to wagons and ₹ 10 per Ton (excluding GST) of coal towards allied works for transportation of coal. Relevant copies of the contracts signed between WBPDC, and M/s Neelkanth Transport dated 08.10.2020 & 07.10.2021 are being attached herewith as **Annexure-XIV(Colly)**.

42. Further, the contracted transportation and loading charges agreed with M/s Neelkanth Transport would be subject to escalation every month. The escalation/de-escalation rates due to change in price of diesel would be calculated and conveyed as per the contract.

43. WBPDC has also signed contract with M/s Palogix infrastructure Pvt. Ltd. for hiring of Private Railway Freight Terminal at Durgapur (PFPD) for stacking of coal produced from Barjora (N) Mine. As per the contract dated 28.06.2019, the hiring charge is Rs. 195,000 per rake (excluding GST). Relevant copy of the contract signed between WBPDC, and M/s Palogix infrastructure Pvt. Ltd. dated 28.06.2019 is being attached herewith as **Annexure-XV**.”



In regard to the petition submitted by West Bengal Power Development Corporation Limited for approval of input price of coal supplied from Barjora (North) Coal Mine for FY 2019-20 to FY 2021-22

“102. ... in line with Regulation 36C and 36I of the aforementioned regulations, WBPDCCL has signed separate annual contracts with coal transportation agencies (i.e., M/s Sendoz Impex Limited and M/s Neelkanth Transport) for transportation and loading of coal from Barjora (N) coal mine to PFPD Railway siding and Bankura Railway Station along with allied works. Since these are separate contracts signed with an agency other than MDO, WBPDCCL has claimed charges towards transportation of coal from the coal mine stockyard under operation and maintenance head for FY 2019-20, FY 2020-21 & FY 2021-22 respectively. WBPDCCL humbly submits before this Hon'ble Commission to allow its claim towards transportation and loading of coal along with their escalation as claimed on actual basis in this instant petition...”

103. ... in line with Regulation 36C and 36I of the aforementioned regulations, WBPDCCL has also signed separate annual contracts with Private Railway Freight Terminal agencies (i.e., M/s Palogix Infrastructure Pvt. Ltd.) for hiring of Private Railway Freight Terminal at Durgapur (PFPD) for stacking of coal produced from Barjora (N) coal mine. Since these are separate contracts signed with an agency other than MDO, WBPDCCL has claimed charges towards hiring of Private Railway Freight Terminal under operation and maintenance head for FY 2019-20, FY 2020-21 & FY 2021-22. WBPDCCL humbly submits before this Hon'ble Commission to allow its claim towards charges towards hiring of Private Railway Freight Terminal as claimed on actual basis in this instant petition...”

104. The Petitioner submits that Operation and Maintenance expenses have projected at the rate of 2% of Average Capital Cost. This projected O&M expenses is subjected to prudence check by the Hon'ble Commission. The Petitioner also submits that the Operation and Maintenance expenses shall be trued up based on actual expenses during the truing up for the tariff period as may be directed by this Hon'ble Commission during issuance of the Order under this instant petition.

105. The Petitioner also submits that WBPDCCL has incurred Mining Expenses of ₹ 68.52 Lakhs and ₹ 378.52 Lakhs for FY 2019-20 and FY 2020-21 respectively on actual basis which includes expenses of independent engineering expenses (refer page 185 of Annual Report of 2020-21). Barjora (N) coal mine has started production on 16.05.2019 and had incurred allocated Mining Expenses of ₹ 14.62 Lakhs and ₹ 7.31 Lakhs for FY 2019-20 and FY 2020-21. WBPDCCL humbly submits before this Hon'ble Commission to allow its claim towards independent engineering expenses as claimed on actual basis in this instant petition.”

66.19 As regards coal transportation, WBPDCCL was asked to submit the following:

- Bidding document issued for award of contract for coal transportation from Barjora (North) Coal Mine to Private Railway Freight Terminal at Durgapur (PFPD) along with Bid Evaluation Report.
- Bid Evaluation Report for contract placed for coal transportation from Barjora (North) Coal Mine to Bankura Railway Station.

66.20 WBPDCCL submitted the following documents regarding the coal transportation:

- Notice Inviting Tender dated 27.12.2016 for transportation, unloading and wagon loading of coal from the coal stock yard of Barjora (North) Coal Mine to PFPD Railway Siding, including associated miscellaneous works.
 - Minutes of pre-bid discussion held on 07.03.2017.
 - List of bidders participated in the bidding.
 - List of bidders qualified for opening the price bid.
 - Price-bid evaluation sheet.



In regard to the petition submitted by West Bengal Power Development Corporation Limited for approval of input price of coal supplied from Barjora (North) Coal Mine for FY 2019-20 to FY 2021-22

- Contract dated 28.09.2018 placed on M/s Sendoz Impex Limited for transportation of coal from Barjora (North) Coal Mine to PFPD Railway Siding and loading of coal to Railway wagons including associated miscellaneous works for the duration from 01.10.2018 to 30.09.2020.
 - Amendment dated 12.12.2018 to the Contract placed on M/s Sendoz Impex Limited, for change in Security Clause.
 - Amendment dated 04.12.2019 to the Contract placed on M/s Sendoz Impex Limited, for change in Scope of Work.
 - Amendment dated 19.08.2020 to the Contract placed on M/s Sendoz Impex Limited, for inclusion in reimbursement part.
 - Amendment dated 30.09.2020 to the Contract placed on M/s Sendoz Impex Limited, for extension of completion time.
 - Amendment dated 12.10.2020 to the Contract placed on M/s Sendoz Impex Limited, for correction in validity and date.
- Notice Inviting Tender dated 17.07.2020 for coal transportation, unloading and wagon loading from Barjora (North) Coal Mine to Bankura Railway Siding, including allied works for contract period of one year.
 - Reply to pre-bid queries dated 03.08.2020.
 - List of bidders participated in the bidding.
 - List of bidders qualified for opening the financial bid.
 - Financial bid evaluation sheet.
- Contract dated 08.10.2020 placed on M/s Neelkanth Transport for transportation of coal from Barjora (North) Coal Mine to Bankura Railway Siding and loading of coal to Railway wagons for the duration of one year from 10th day of issuance of LoA.
 - Contract Agreement dated 07.12.2020 executed with M/s Neelkanth Transport for the job of coal transportation from Barjora (North) Coal Mine to Bankura Railway Station.
 - Amendment dated 07.10.2021 to the Contract placed on M/s Neelkanth Transport, for quantity enhancement.
 - Amendment dated 13.05.2021 to the Contract placed on M/s Neelkanth Transport, for amendment of payment and LD clause.
 - Amendment dated 11.06.2021 to the Contract placed on M/s Neelkanth Transport, for change in quantity and delivery date (short closed on 31.03.2021).
 - Amendment dated 07.10.2021 to the Contract placed on M/s Neelkanth Transport, for quantity enhancement (duration from 01.04.2021 to 02.02.2022).
 - Amendment dated 01.02.2022 to the Contract placed on M/s Neelkanth Transport, for quantity enhancement and contract period extension (duration from 03.02.2022 to 28.02.2022).
 - Amendment dated 04.03.2022 to the Contract placed on M/s Neelkanth Transport, for quantity enhancement and contract period extension (duration from 01.03.2022 to 31.03.2022).
 - Amendment dated 29.03.2022 to the Contract placed on M/s Neelkanth Transport, for quantity enhancement and contract period extension (duration from 01.04.2022 to 30.04.2022).
 - Amendment dated 28.04.2022 to the Contract placed on M/s Neelkanth Transport, for quantity enhancement and contract period extension (duration from 01.05.2022 to 31.05.2022).
 - Amendment dated 27.06.2022 to the Contract placed on M/s Neelkanth Transport, for quantity addition.
- Agreement executed with M/s Palogix Infrastructure Pvt. Ltd. dated 07.06.2018.

66.21 WBPDC was asked to submit the bidding document for the contract placed on M/s Palogix Infrastructure Limited, for hiring of PFPD Railway Siding along with Bid Evaluation Report. In reply,

In regard to the petition submitted by West Bengal Power Development Corporation Limited for approval of input price of coal supplied from Barjora (North) Coal Mine for FY 2019-20 to FY 2021-22

WBPDCCL submitted as under

“... Private Railway Freight Terminal at Durgapur (PFPD) was being operated & maintained by M/s Palogix Infrastructure Limited. Accordingly, the work was awarded on nomination basis on M/s Palogix Infrastructure Limited. The rate offered was Rs 200,000/- with GST, which was based on agreement on 26th March 2013 between M/s WBMDTCL & M/s Palogix Infrastructure Limited for Rs 175,000/-. On negotiation the party offered a discount of Rs 5,000/-. Subsequently rate was finalized as Rs 195,000/- and GST & the agreement was signed on 07.06.2018.”

66.22 The scope of work for the Contract placed on M/s Sendoz Impex Limited includes the following activities:

- Transportation of coal by tipping trucks upto the PFPD Railway Siding at a distance of 16.5 KM.
- Loading of coal into the railway wagons by pay loader and other allied jobs at the siding like lime sprinkling on coal after levelling of coal loaded in wagons and doors Gutka fitting, cleaning of rail tracks, installation, operation & maintenance of DG set, maintenance of lighting at siding, power to weigh bridge, stacking and shifting of coal if required, water sprinkling, dust suppression arrangement all along the coal transportation route and at railway siding. Any other related job in the siding if any as desired by the Controlling Officer / EIC.
- Removal of extraneous materials/stone/shale/oversized lumps from the railway yard before loading into the wagon and keeping at separate place.

66.23 As per the last amendment dated 12.10.2020 to the Contract placed on M/s Sendoz Impex Limited, the duration of the contract is upto 30.09.2021. In reply to a query in this regard, WBPDCCL confirmed that the transportation of coal to PFPD Railway Siding by M/s Sendoz Impex Limited was discontinued from 01.10.2021 onwards.

66.24 The scope of work for the Contract placed on M/s Neelkanth Transport includes the following activities:

- Transportation of coal by tipping trucks from Barjora (North) Coal Mine to Bankura Railway Siding at a lead distance of about 42.7 km.
- Loading of coal into the railway wagons by pay loader.
- Executing of other allied jobs at the siding:
 - Door closing of the wagons and Gutka fittings.
 - Clearing of rail tracks, rail weighbridge and road weighbridges.
 - Operation of DG set and maintenance of lighting at the railway siding.
 - Provide security for guarding the coal, railway wagons and all other properties of WBPDCCL.
 - Provide sufficient number of CCTV cameras as advised by WBPDCCL representative.
 - Stacking and shifting of coal as and when required.
 - Maintenance of approach road to siding and within the siding.
 - Water spraying from the main road to siding and within the siding also.
 - Removal of extraneous materials/stone/shale/oversized lumps from the railway yard before loading into the wagon and keeping at separate place.
 - Any other work as directed by WBPDCCL.

66.25 As regards coal transportation, WBPDCCL was also asked to submit the following:

- Cost benefit analysis undertaken for selection of PFPD Railway Siding and Bankura Railway Siding for coal transportation from Barjora (North) Coal Mine.

In regard to the petition submitted by West Bengal Power Development Corporation Limited for approval of input price of coal supplied from Barjora (North) Coal Mine for FY 2019-20 to FY 2021-22

- Justification as to how it had ensured that the coal transportation and loading charges discovered through bidding process for award of contract to M/s Sendoz Impex Limited is the lowest possible for the designated coal transportation distance.
- Justification as to how it had ensured that the coal transportation and loading charges discovered through bidding process for award of contract to M/s Neelkanth Transport is the lowest possible for the designated coal transportation distance.
- Justification for specifying different formulae for the price variation in coal transportation and loading charges in contracts awarded to M/s Sendoz Impex Limited and M/s Neelkanth Transport.

66.26 In reply, WBPDCCL submitted the following:

- Cost benefit analysis for selection for selection of PFPD Railway Siding.
- Cost benefit analysis for selection for selection of Bankura Railway Siding.
- Comparative statement between PFPD Railway Siding and Bankura Railway Siding for dispatch of coal from Barjora (North) Coal Mine to STPS and KTPS.
- Documents related to tendering processes for selection of M/s Sendoz Impex Limited and M/s Neelkanth Transport.
- ECL SoRs based on which the price variation formulae have been specified for contracts placed on M/s Sendoz Impex Limited and M/s Neelkanth Transport.

66.27 WBPDCCL submitted that the coal transportation from PFPD Railway Siding was discontinued from 01.10.2021 onwards. WBPDCCL was asked to submit the justification for continuation with Bankura Railway Siding and not PFPD Railway Siding when the PFPD Railway Siding is nearer to Barjora (North) Coal Mine. In reply, WBPDCCL referred to the comparative statement between PFPD Railway Siding and Bankura Railway Siding for dispatch of coal from Barjora (North) Coal Mine to STPS and KTPS, of which the relevant extract is reproduced below:

“...there is a gain of Rs 74.21/41.15 per ton of coal despatched from Barjora North mine to STPS and Kolaghat via the Bankura Railway Siding as better and alternate low cost route for despatch of coal. So it is being proposed to start coal transportation, loading of coal into wagons and execution of other allied works from Bankura Railway Goods shed Siding.”

66.28 From the submissions of WBPDCCL, it is understood that for transportation of coal from Barjora (North) Coal Mine to STPS and KTPS through Bankura Railway Siding is beneficial and accordingly, Bankura Railway Siding has been preferred over PFPD Railway Siding.

66.29 In accordance with Regulation 36I(2), the Mining Charge payable to MDO shall not form part of the O&M expenses. The claimed O&M expenses does not include the Mining Charge payable to the MDO.

66.30 As discussed above, the Commission has not determined the input price for FY 2019-20 and FY 2020-21 i.e., prior to date of commercial operation and therefore approval of O&M expenses for FY 2019-20 and FY 2020-21 does not arise.

66.31 For FY 2021-22, WBPDCCL has claimed the O&M expenses @ 2% of the average capital cost in addition to the coal transportation charges. WBPDCCL was asked to justify the same. In reply, WBPDCCL submitted as under:

In regard to the petition submitted by West Bengal Power Development Corporation Limited for approval of input price of coal supplied from Barjora (North) Coal Mine for FY 2019-20 to FY 2021-22

“... WBPDCCL has claimed the O&M expenses @ 2% of the average capital cost by following Form-2B of Part IV of Annexure-I of Central Electricity Regulatory Commission (Terms and Conditions of Tariff) (Second Amendment) Regulations, 2021... in addition to projected O&M expenses, WBPDCCL also claimed the annual charges towards the agencies other than MDO by complying with Regulation 36I(3) of the Regulation.”

66.32 Regulation 36I(1) specifies that the O&M expenses shall be allowed based on prudence check of the claimed O&M expenses. WBPDCCL's claim of O&M expenses for FY 2021-22 includes projected expenses as well as on the basis actual coal transportation expenses. The Commission considers the actual O&M expenses based on the audited accounts for FY 2021-22. Therefore, the Commission does not approve the O&M expenses claimed by WBPDCCL considering 2% of the claimed capital cost. The Commission has undertaken the prudence check of the claimed coal transportation charges as detailed in the following paragraphs.

66.33 Regulation 36I(3) specifies that the coal transportation charges shall be considered as part of O&M expenses based on prudence check. The coal transportation from Barjora (North) Coal Mine to the Railway Siding is not included in the scope of the MDO. The agencies for coal transportation from Barjora (North) Coal Mine to PFPD and Bankura Railway Sidings have been selected through transparent competitive bidding process. Therefore, the Commission deems it prudent to consider the coal transportation charges from Barjora (North) Coal Mine to PFPD and Bankura Railway Sidings as part of O&M expenses. In FY 2021-22, the coal has been transported both from PFPD and Bankura Railway Sidings. WBPDCCL submitted the computations of claimed coal transportation and allied charges.

66.34 From the perusal of the computations of coal transportation and allied charges submitted by WBPDCCL, the Commission observed the following:

- WBPDCCL has computed the coal transportation and allied charges under the O&M expenses by considering the per unit rates in the contracts placed and the actual coal received at the respective Sidings.
- WBPDCCL has considered such computed O&M expenses outside the Annual Extraction Cost.
- WBPDCCL has computed the O&M expenses per MT of coal by dividing such computed O&M expenses with the actual coal quantum.
- The per MT O&M expenses so computed have been included in the derivation of ROM cost (in Rs./MT) linked to ATQ.

66.35 The Commission finds that the methodology adopted by WBPDCCL regarding the coal transportation and allied charges under the O&M expenses is to factor in lower actual coal production than the ATQ so that the actual O&M expenses incurred for the actual coal production are not pro-rated for lower actual production in the determination of Input Price. The Commission finds this approach of WBPDCCL to be in variance to the approach adopted in its Petition for determination of Input Price of Coal from Barjora Coal Mine in Case No. APR-91/21-22. The methodology adopted by WBPDCCL is not provided for in the Regulations and hence, the Commission deems it prudent to approve O&M expenses in line with the methodology approved in the determination of Input Price of Coal from Barjora Coal Mine in Case No. APR-91/2021-22. The Commission approved the O&M expenses adopting the following methodology:

In regard to the petition submitted by West Bengal Power Development Corporation Limited for approval of input price of coal supplied from Barjora (North) Coal Mine for FY 2019-20 to FY 2021-22

- The Commission has computed the actual O&M expenses per MT of coal for PFPD Railway Siding and Bankura Railway Siding considering the Contract Prices and the actual coal received at the respective Siding.
- Thus computed O&M expenses per MT of coal has been multiplied with the proportion of ATQ for the respective siding (based on actual coal receipt) to arrive at the total O&M expenses.

Coal Transportation and Loading Charges for PFPD Railway Siding

66.36 As per the Contract with M/s Sendoz Impex Limited for coal transportation from Barjora (North) Coal Mine to PFPD Railway Siding, the Base Transportation Charge and Base Loading Charge is Rs. 121/MT and Rs. 16/MT respectively, which are exclusive of taxes. The Base Transportation Charge and Base Loading Charge shall be subject to escalation/de-escalation (monthly billing) due to change in price of diesel as per the following formula:

For Coal Transport:

Escalation/de-escalation: $I = 0.066 \times D \times (P1 - P0)$ (Here $P0 = \text{Rs. } 57.00/\text{litre}$)

For loading of coal by pay loader:

Escalation/de-escalation: $I = 0.066 \times (P1 - P0)$

Where

Escalation/de-escalation = I = Change in Rate in Rs./Unit applicable from the date of Change in price of HS Diesel on the reference date;

D = Average one way distance of transport in km;

$P0$ = Initial Prices of HS Diesel/Litre in Rs.;

$P1$ = Price of HS Diesel on date of reference in Rs./litre (as per rate displayed in Petroleum & Analysis cell, Government of India website for West Bengal, Kolkata).

66.37 The computation of Coal Transportation Charges and Coal Loading Charges for FY 2021-22 as per the Contract placed on M/s Sendoz Impex Limited is as shown in the Tables given below:

Table 31: Coal Transportation Charge for PFPD Railway Siding determined by the Commission

Month	Base Transportation Charge (Rs./MT)	Average one way distance of transport (D) (km)	Monthly average Price of HS Diesel (P1) (Rs./litre)	Initial Price of HS Diesel (P0) (Rs./litre)	Escalation/de-escalation (Rs./MT)	Total Transportation Charge (Rs./MT)	Actual Coal receipt (MT)
Apr-21	121.00	16.50	83.68	57.00	29.05	150.05	7709.30
May-21	121.00	16.50	85.81	57.00	31.37	152.37	0.00
Jun-21	121.00	16.50	90.12	57.00	36.07	157.07	0.00
Jul-21	121.00	16.50	92.79	57.00	38.98	159.98	4238.45
Aug-21	121.00	16.50	92.63	57.00	38.80	159.80	21128.18
Sep-21	121.00	16.50	91.89	57.00	38.00	159.00	25181.96
Oct-21	121.00	16.50	97.18	57.00	43.76	164.76	18534.52
Nov-21	121.00	16.50	90.97	57.00	36.99	157.99	0.00
Dec-21	121.00	16.50	89.79	57.00	35.71	156.71	0.00
Jan-22	121.00	16.50	89.79	57.00	35.71	156.71	0.00
Feb-22	121.00	16.50	89.79	57.00	35.71	156.71	0.00
Mar-22	121.00	16.50	90.90	57.00	36.92	157.92	0.00
For FY 2021-22	121.00	-	-	-	38.76	159.76	76792.41

In regard to the petition submitted by West Bengal Power Development Corporation Limited for approval of input price of coal supplied from Barjora (North) Coal Mine for FY 2019-20 to FY 2021-22

66.38 Therefore, the actual coal transportation charge for PFPD Railway Siding for FY 2021-22 works out to Rs. 159.76/MT.

Table 32: Coal Loading Charge for PFPD Railway Siding determined by the Commission

Month	Base Loading Charge (Rs./MT)	Monthly average Price of HS Diesel (P1) (Rs./litre)	Initial Price of HS Diesel (P0) (Rs./litre)	Escalation/de-escalation (Rs./MT)	Total Loading Charge (Rs./MT)	Actual Coal receipt (MT)
Apr-21	16.00	83.68	57.00	1.76	17.76	7709.30
May-21	16.00	85.81	57.00	1.90	17.90	0.00
Jun-21	16.00	90.12	57.00	2.19	18.19	0.00
Jul-21	16.00	92.79	57.00	2.36	18.36	4238.45
Aug-21	16.00	92.63	57.00	2.35	18.35	21128.18
Sep-21	16.00	91.89	57.00	2.30	18.30	25181.96
Oct-21	16.00	97.18	57.00	2.65	18.65	18534.52
Nov-21	16.00	90.97	57.00	2.24	18.24	0.00
Dec-21	16.00	89.79	57.00	2.16	18.16	0.00
Jan-22	16.00	89.79	57.00	2.16	18.16	0.00
Feb-22	16.00	89.79	57.00	2.16	18.16	0.00
Mar-22	16.00	90.90	57.00	2.24	18.24	0.00
For FY 2021-22	16.00			2.35	18.35	76792.41

66.39 Therefore, the actual coal loading charge for PFPD Railway Siding for FY 2021-22 works out to Rs. 18.35/MT.

Hiring charges for PFPD Railway Siding

66.40 As per the agreement with M/s Palogix Infrastructure Limited, the hiring charges are Rs. 1,95,000/- plus taxes per rake. The Commission, in its Order dated 19.09.2023 in case no. APR-91/21-22/Part-A in the matter of determination of input price of coal from Barjora Mine WBPDCCL had considered the same hiring charges per rake for PFPD Railway Siding and accordingly approves the claimed hiring charges per rake for Barjora (North) Coal Mine. WBPDCCL claimed the hiring charge of Rs. 55.86/MT for FY 2021-22 considering the number of rakes for FY 2021-22 as twenty-two (22) and coal quantum per rake to be 3500 MT. Based on the perusal of WBPDCCL's submissions, the Commission deems it prudent to approve the claimed hiring charge of Rs. 55.86/MT.

Coal Transportation, Loading and Allied Charges for Bankura Railway Siding

66.41 As per the Contract with M/s Neelkanth Transport for coal transportation from Barjora (North) Coal Mine to Bankura Railway Siding, the Base Transportation Charge, Base Loading Charge and Base Allied Charge is Rs. 240/MT, Rs. 24/MT, and Rs. 10/MT respectively, which are exclusive of taxes. The Base Transportation Charge and Base Loading Charge shall be subject to price variation compensation/recovery (monthly billing) on account of diesel as per the following formula. The Base Allied Charges shall be firm throughout the contract period.

In regard to the petition submitted by West Bengal Power Development Corporation Limited for approval of input price of coal supplied from Barjora (North) Coal Mine for FY 2019-20 to FY 2021-22

For Coal Transport:

Rs. 240/- x a x [(D1/64.42)-1]

Where

a = constant (for lead distance of 42.7 km, for surface to surface transportation by 10 wheeler tippers, a = 40.10 in %)

D1 = Current price of Diesel component (Retail diesel price from nearest depot to be considered)

For loading of coal by pay loader:

Rs. 24/- x a x [(D1/64.42)-1]

Where

a = constant (for lead distance of 42.7 km, for loading by pay loaders, a = 27.63 in %)

D1 = Current price of Diesel component (Retail diesel price from nearest depot to be considered)

66.42 The computation of Coal Transportation Charges and Coal Loading Charges for FY 2021-22 as per the Contract placed on M/s Neelkanth Transport is as shown in the Tables given below:

Table 33: Coal Transportation Charge for Bankura Railway Siding determined by the Commission

Month	Base Transportation Charge (Rs./MT)	Constant (a)	Current price of Diesel component (D)	Price variation (Rs./MT)	Total Transportation Charge (Rs./MT)	Actual Coal receipt (MT)
Apr-21	240.00	40.10%	83.67	28.76	268.76	111503.22
May-21	240.00	40.10%	85.86	32.02	272.02	162878.33
Jun-21	240.00	40.10%	90.12	38.40	278.40	146321.17
Jul-21	240.00	40.10%	78.66	21.27	261.27	90767.06
Aug-21	240.00	40.10%	92.63	42.14	282.14	96289.11
Sep-21	240.00	40.10%	91.89	41.03	281.03	53195.36
Oct-21	240.00	40.10%	97.18	48.95	288.95	145814.56
Nov-21	240.00	40.10%	90.97	39.66	279.66	31614.67
Dec-21	240.00	40.10%	89.79	37.90	277.90	98274.86
Jan-22	240.00	40.10%	89.79	37.90	277.90	42150.51
Feb-22	240.00	40.10%	89.79	37.90	277.90	74681.23
Mar-22	240.00	40.10%	90.90	39.57	279.57	98911.75
For FY 2021-22	240.00	-	-	37.03	277.03	1152401.83

66.43 Therefore, the actual coal transportation charge for Bankura Railway Siding for FY 2021-22 works out to Rs. 277.03/MT.

Table 34: Coal Loading Charge for Bankura Railway Siding determined by the Commission

Month	Base Loading Charge (Rs./MT)	Constant (a)	Current price of Diesel component (D)	Price variation (Rs./MT)	Total Loading Charge (Rs./MT)	Coal receipt (MT)
Apr-21	24.00	27.63%	83.67	1.98	25.98	111503.22
May-21	24.00	27.63%	85.86	2.21	26.21	162878.33
Jun-21	24.00	27.63%	90.12	2.65	26.65	146321.17

In regard to the petition submitted by West Bengal Power Development Corporation Limited for approval of input price of coal supplied from Barjora (North) Coal Mine for FY 2019-20 to FY 2021-22

Month	Base Loading Charge (Rs./MT)	Constant (a)	Current price of Diesel component (D)	Price variation (Rs./MT)	Total Loading Charge (Rs./MT)	Coal receipt (MT)
Jul-21	24.00	27.63%	78.66	1.47	25.47	90767.06
Aug-21	24.00	27.63%	92.63	2.90	26.90	96289.11
Sep-21	24.00	27.63%	91.89	2.83	26.83	53195.36
Oct-21	24.00	27.63%	97.18	3.37	27.37	145814.56
Nov-21	24.00	27.63%	90.97	2.73	26.73	31614.67
Dec-21	24.00	27.63%	89.79	2.61	26.61	98274.86
Jan-22	24.00	27.63%	89.79	2.61	26.61	42150.51
Feb-22	24.00	27.63%	89.79	2.61	26.61	74681.23
Mar-22	24.00	27.63%	90.90	2.73	26.73	98911.75
For FY 2021-22	24.00			2.55	26.55	1152401.83

66.44 Therefore, the actual coal loading charge for Bankura Railway Siding for FY 2021-22 works out to Rs. 26.55/MT.

66.45 Based on the above, the coal transportation and allied charges approved by the Commission is as shown in the Table given below:

Table 35: O&M expenses (Coal transportation and allied charges) approved by the Commission

Particulars	Legend	Units	FY 2021-22
O&M expenses-PFPD			
Coal transportation charge	A	Rs./MT	159.76
Coal loading charge	B	Rs./MT	18.35
Hiring charge	C	Rs./MT	55.86
Total	D=A+B+C	Rs./MT	233.98
ATQ	E	MT	2250000
Proportion of coal transported from PFPD Railway Siding	F	MT	0.06
O&M expenses-PFPD	G=DxExF	Rs. Lakh	328.89
O&M expenses-Bankura			
Coal transportation charge	H	Rs./MT	277.03
Coal loading charge	I	Rs./MT	26.55
Allied works	J	Rs./MT	10.00
Total	K=H+I+J	Rs./MT	313.58
ATQ	L	MT	2250000
Proportion of coal transported from Bankura Railway Siding	M	MT	0.94
O&M expenses-Bankura	N=KxLxM	Rs. Lakh	6614.72
Total O&M expenses	G+K	Rs. Lakh	6943.61

66.46 As per Note 37 of the annual accounts for FY 2021-22, the actual mining expenses are Nil. Therefore, the Commission deems it prudent to not allow any mining expenses for FY 2021-22.

Table 36: O&M expenses approved by the Commission (Rs. Lakh)

Particulars	FY 2021-22	
	Claimed	Approved
O&M expenses	532.89	0.00
Coal transportation and allied works	3801.03	6943.61*
Mining expenses	0.00	0.00

In regard to the petition submitted by West Bengal Power Development Corporation Limited for approval of input price of coal supplied from Barjora (North) Coal Mine for FY 2019-20 to FY 2021-22

Particulars	FY 2021-22	
	Claimed	Approved
Total	4333.93	6943.61

**Commission has considered this expense based on ATQ.*

66.47 Before parting with the O&M expenses, the Commission reckons that O&M expenses related to the integrated mine(s) shall have to be accounted separately under the relevant heads and shown distinctly in its audited accounts for the same to be considered for the determination of input price of coal supplied from the integrated mine(s).

Interest on working capital (IoWC)

66.48 The IoWC claimed by WBPDC is as shown in the Table below:

Table 37: IoWC claimed by WBPDC (Rs. Lakh)

Particulars	FY 2019-20	FY 2020-21	FY 2021-22
Input cost of coal stock	-	-	975.82
Stores and spares	-	-	79.93
O&M expenses	-	-	361.16
Working capital	-	-	1416.92
Interest rate	-	-	10.50%
Normative Interest on working capital	-	-	148.78
Actual Interest on working capital	-	-	802.33

66.49 WBPDC, in its Petition, submitted as under:

“98. WBPDC humbly submits before this Hon’ble Commission that due to huge outstanding of MFCA Payments, realization of fuel cost on a timely manner could not be achieved due to reasons beyond the control of WBPDC. As a result, WBPDC had to explore options towards Additional Borrowing to meet up with its Working Capital requirements.

99. In consideration of the above, WBPDC humbly prays before this Hon’ble Commission to allow ₹ 802.33 Lakhs towards Interest on Working Capital for FY 2021-22 as claimed in this instant Petition.”

66.50 The Commission does not find it prudent to approve the actual interest on working capital claimed by WBPDC as the interest on working capital is allowable only on normative basis irrespective of actuals.

66.51 The Commission has approved IoWC in accordance with the Regulations. The Commission observed that WBPDC has considered the consumption of stores and spares and O&M expenses in the working capital components based on the claimed O&M expenses. However, in accordance with the Regulations, the annual charges of the agencies engaged by the generator shall have to be excluded for the purpose of working capital. As the O&M expenses approved by the Commission is towards the charges of agencies appointed by WBPDC, the Commission has considered the consumption of stores and spares and O&M expenses in the working capital components as NIL. The rate of IoWC has been considered as the SBI 1-year MCLR as on 1st April 2021 for computing the normative IoWC for the respective year.

In regard to the petition submitted by West Bengal Power Development Corporation Limited for approval of input price of coal supplied from Barjora (North) Coal Mine for FY 2019-20 to FY 2021-22

Table 38: IoWC approved by the Commission (Rs. Lakh)

Particulars	FY 2021-22	
	Claimed	Approved
Input cost of coal stock	975.82	875.21
Stores and spares	79.93	0.00
O&M expenses	361.16	0.00
Working capital	1416.92	875.21
Interest rate	10.50%	10.50%
Interest on working capital	148.78	91.90

Mine closure expenses

66.52 The mine closure expenses claimed by WBPDCCL is as shown in the Table below:

Table 39: Mine closure expenses claimed by WBPDCCL (Rs. Lakh)

Particulars	FY 2019-20	FY 2020-21	FY 2021-22
Mine closure expenses	-	-	433.52

66.53 WBPDCCL, in its Petition, submitted as under:

*“110. It is submitted that in case of Barjora (N) Coal Mine, which is an MDO operated mine, progressive mine closure is in the scope of MDO. As per the CMA, MDO to undertake the mine closure during the Contract period at its own cost. Also, MDO shall furnish to WBPDCCL all details, supporting documents, as may be necessary or required by WBPDCCL to seek reimbursement of such costs and expenses. Whereas final mine closure activities are to be carried out by WBPDCCL at its own cost and expense in the event of such final mine closure occurs at any time after the expiry of termination of this agreement. Further, even though progressive closure is in the scope of MDO, the total estimated amount towards mine closure activities i.e., progressive as well as final closure is required to be deposited into Escrow Account by WBPDCCL. Copy of documents related to deposition of Mine Closure amount is enclosed as **Annexure-XIX**.*

111. Works of progressive mine closure shall be carried out by the MDO during operational life of the mine, the expenditure & details towards progressive mine closure will be submitted to WBPDCCL.”

“113. WBPDCCL humbly submits before this Hon’ble Commission that mine closure is within the scope of MDO and in accordance with the abovementioned Regulatory provisions, WBPDCCL had adjusted the difference between the borrowing cost and amount deposited in Escrow account as part of mine closure expenses.”

66.54 The Commission has approved the Mine closure expenses in accordance with the Regulations. As per Form-17 (Details of Mine Closure Expenses), the amount of Rs. 397.00 Lakh has been deposited in the Escrow Account on 25.03.2022 i.e., after COD. The borrowing cost for the said amount at the actual weighted average interest rate of 9.20% works out to Rs. 36.52 Lakh. As per Form-17 (Details of Mine Closure Expenses), the interest earned/accrued in the Escrow Account is NIL. Further, as per the Bank Certificate submitted by WBPDCCL, no interest has been credited in the Escrow Account till 31.03.2022. Therefore, allowable Mine closure expenses works out to Rs. 433.52 Lakh (Rs. 397.00 Lakh + Rs. 36.52 Lakh).

In regard to the petition submitted by West Bengal Power Development Corporation Limited for approval of input price of coal supplied from Barjora (North) Coal Mine for FY 2019-20 to FY 2021-22

66.55 Based on the above, analysis, the Mine closure expenses approved by the Commission is as shown in the Table below:

Table 40: Mine closure expenses approved by the Commission (Rs. Lakh)

Particulars	Units	FY 2021-22	
		Claimed	Approved
Mine Closure expenses	Rs. Lakh	433.52	433.52

66.56 Based on the above analysis, the Extraction Cost approved by the Commission is as shown in the Table below:

Table 41: Extraction Cost approved by the Commission (Rs. Lakh)

Particulars	FY 2021-22	
	Claimed	Approved
Depreciation (Table 25)	1355.42	507.11
Interest on loan (Table 27)	1653.57	661.69
Return on Equity (Table 29)	1355.99	541.32
O&M expenses (Table 36)	4333.93	6943.61
Interest on working capital (Table 38)	802.33	91.90
Mine closure expenses (Table 40)	433.52	433.52
Total	9934.76	9179.15
ATQ (MT) (Table 2)	2250000	2250000
Extraction Cost per MT (Rs.)	441.55	407.96
Actual other O&M cost	3801.03	*
Actual Coal Quantum (MT)	1229194	-
Actual other O&M cost per MT (Rs.)	309.23	-

**included in the approved O&M expenses*

67.0 Mining Charge

67.1 The Mining Charge claimed by WBPDC is as shown in the Table below:

Table 42: Mining Charge claimed by WBPDC (Rs. Lakh)

Particulars	FY 2019-20	FY 2020-21	FY 2021-22
Mining Charge	932.29	883.38	1050.48

67.2 As discussed above, the Commission has not determined the input price for FY 2019-20 and FY 2020-21 i.e., prior to date of commercial operation and therefore approval of Mining Charge for FY 2019-20 and FY 2020-21 does not arise.

67.3 Clause 27.1 of the CMA reads as under:

“27.1 Mining Charge

27.1.1 Subject to and in accordance with the terms of this Agreement, WBPDC shall pay to the Mine Developer and Operator the mining charge per Ton of Coal Delivered by the Mine Developer and Operator at the Delivery Point(s) in accordance with the provisions of this Agreement (the “Mining

In regard to the petition submitted by West Bengal Power Development Corporation Limited for approval of input price of coal supplied from Barjora (North) Coal Mine for FY 2019-20 to FY 2021-22

Charge”), which shall be calculated in the following manner:

(i) **The Mining Charge quoted in the Bid is Rs. 742/- (Rupees Seven Hundred and Forty Two) per Ton (the “Base Mining Charge”).**

(ii) **The Base Mining Charge shall be revised every quarter (commencing from the first quarter after the Bid Date) to reflect the variation in Price Index occurring between the Reference Index Date of the quarter preceding the Bid Date and the Reference Index Date for the quarter preceding the date of revision, and the amount so determined shall be the Mining Charge for that quarter.”**

67.4 As per the RfP, the formula for calculation of Mining Charge in a particular quarter is given as under:

$$\text{Mining Charge} = \text{Base Mining Charge} \times \{1 + (\text{WPI}_1 - \text{WPI}_0)/\text{WPI}_0 \times 25\% + (\text{CPI}_1 - \text{CPI}_0)/\text{CPI}_0 \times 25\% + (\text{HSD}_1 - \text{HSD}_0)/\text{HSD}_0 \times 30\%\}$$

Where,

WPI₀ = WPI value on the Index Date of the quarter preceding the Bid Submission Date;

WPI₁ = WPI value on the Index Date of the quarter preceding the date of revision;

CPI₀ = CPI (IW) value on the Index Date of the quarter preceding the Bid Submission Date;

CPI₁ = CPI (IW) value on the Index Date of the quarter preceding the date of revision;

HSD₀ = WPI value of HSD oil on the Index Date of the quarter preceding the Bid Submission Date;

HSD₁ = WPI value of HSD oil on the Index Date of the quarter preceding the date of revision;

67.5 The Commission has perused the submissions of the WBPDC. The Commission observed an error in the computation of Mining Charge for FY 2021-22 submitted by WBPDC. The Commission has computed the Mining Charge in accordance with the formula reproduced above.

Table 43: Computation of escalation in Mining Charge

Particulars\ Quarter ending	Jun-21	Sep-21	Dec-21	Mar-22
WPI ₀	176.50	176.50	176.50	176.50
WPI ₁ *	213.04	219.27	225.34	235.01
CPI ₀	266.00	266.00	266.00	266.00
CPI ₁ *	344.45	350.50	355.10	361.15
HSD ₀	174.00	174.00	174.00	174.00
HSD ₁ *	298.37	329.76	340.13	391.97
Base Mining Charge (Rs./MT)	742.00	742.00	742.00	742.00
Mining Charge for the Quarter (Rs./MT)	994.21	1045.14	1067.99	1148.70
Escalation in Mining Charge (Rs./MT)	252.21	303.14	325.99	406.70
Average Escalation in Mining Charge for the year (Rs./MT)	322.01			

*The conversion factors for WPI and CPI for conversion to series prevailing at the time of bidding has been considered as 1.64, 2.88 and 2.88 for WPI, HSD and CPI

67.6 The Commission finds that the Mining Charge so computed is also in conformity with the summary

In regard to the petition submitted by West Bengal Power Development Corporation Limited for approval of input price of coal supplied from Barjora (North) Coal Mine for FY 2019-20 to FY 2021-22

of monthly invoices for Mining Charge as per the CMA submitted by WBPDC in its replies to datagaps.

67.7 Further, as discussed in para 34.0, the Commission has computed the damages as per Clause 21.5 of the CMA as under:

Table 44: Damages for shortfall in coal production for FY 2021-22 computed by the Commission

Particulars	Units	Value
Scheduled production of coal	MT	1500000.00
Actual coal production	MT	1029169.70
Percentage of materialisation	%	69%
Mining Charge	Rs./MT	1064.01
Damages as per Clause 21.5 of the CMA	Rs. Lakh	526.69
Damages per MT of actual coal production	Rs./MT	51.18

67.8 The damages thus computed have been deducted from the Mining Charge as under:

Table 45: Mining Charge approved by the Commission (Rs./MT)

Particulars	FY 2021-22	
	Claimed	Approved
Base Mining Charge	742.00	742.00
Escalation	308.48	322.01
Less: Damages as per Clause 21.5 of the CMA	-	51.18
Mining Charge (A)	1050.48	1012.84

68.0 Fixed Reserve Price

68.1 The Fixed Reserve Price claimed by WBPDC is as shown in the Table below:

Table 46: Fixed Reserve Price claimed by WBPDC (Rs. Lakh)

Particulars	FY 2019-20	FY 2020-21	FY 2021-22
Fixed Reserve Price	100.00	105.50	112.61

68.2 As discussed above, the Commission has not determined the input price for FY 2019-20 and FY 2020-21 i.e., prior to date of commercial operation and therefore approval of Fixed Reserve Price for FY 2019-20 and FY 2020-21 does not arise.

68.3 The Commission has perused the submissions of the WBPDC. As per the reply to a query regarding the supporting documents submitted by the MDO with regard to taxes and duties, the Fixed Reserve Price for FY 2021-22 is Rs. 100/MT without any escalation. The Commission sought justification from WBPDC for claiming escalation in Fixed Reserve Price when the actual payments do not reflect the same. In reply, WBPDC submitted as under:

“... the Fixed Reserve Price is subject to escalation, as per Clause 9.2 of the Allotment Agreement. However, the petitioner is paying the reserve price on monthly basis, based on Rs 100/MT of Coal produced from the coal mines and accordingly submitted the payment challans. Recently, the

In regard to the petition submitted by West Bengal Power Development Corporation Limited for approval of input price of coal supplied from Barjora (North) Coal Mine for FY 2019-20 to FY 2021-22

*petitioners have received a demand notice from the Ministry of Coal for payment of escalation of Reserve Price ... Copy of the notice is enclosed as **Annexure-10** and also there is deviation in the escalation price from the challans submitted by the petitioners and the demand notice received by the petitioner from Ministry of Coal.”*

68.4 WBPDCCL submitted the notice of Ministry of Coal dated 10.10.2023 in the subject matter of escalation of Fixed Reserve Price for Barjora (North) Coal Mine directing WBPDCCL to make the monthly payments including arrears of previous years to the State Government accordingly. WBPDCCL has not submitted if it had made the arrears payment for FY 2021-22. Nevertheless, the Fixed Reserve Price actually paid in FY 2021-22 was Rs. 100/MT and therefore, the Commission deems it prudent to approve the Fixed Reserve Price of Rs. 100/MT. The recovery of arrears for FY 2021-22 may be claimed by WBPDCCL in its APR Petition for the year during which the payments would be made.

Table 47: Fixed Reserve Price approved by the Commission (Rs./MT)

Particulars	FY 2021-22	
	Claimed	Approved
Fixed Reserve Price	112.61	100.00

69.0 ROM Cost

69.1 Based on the above analysis, the ROM cost approved by the Commission is as shown in the Table below:

Table 48: ROM cost approved by the Commission

Particulars	Units	FY 2019-20		FY 2020-21		FY 2019-20	
		Claimed	Approved	Claimed	Approved	Claimed	Approved
Extraction cost (1) (Table 41)	Rs. Lakh	0.00	-	0.00	-	6133.73	9179.15
ATQ (2) (Table 2)	MT	770000	-	1500000	-	2250000	2250000
Actual other O&M cost (3) (Table 41)	Rs. Lakh	1129.81	-	1795.51	-	3801.03	-
Actual Coal Quantum (4) (Table 41)	MT	513848	-	745135	-	1229194	-
Mining Charge (5) (Table 45)	Rs./MT	932.29	-	883.38	-	1050.48	1012.84
Fixed Reserve Price (6) (Table 47)	Rs./MT	100.00	-	105.50	-	112.61	100.00
ROM Cost ((1÷2)+(3÷4)+5+6)	Rs./MT	1252.16	-	1229.84	-	1744.93	1520.80

70.0 Statutory charges

70.1 The statutory charges claimed by WBPDCCL is as shown in the Table below:

In regard to the petition submitted by West Bengal Power Development Corporation Limited for approval of input price of coal supplied from Barjora (North) Coal Mine for FY 2019-20 to FY 2021-22

Table 49: Statutory Charges claimed by WBPDC (Rs./MT)

Particulars	Quantity	FY 2019-20	FY 2020-21	FY 2021-22
Royalty	Rs./MT	2.50	2.50	2.50
District Mineral Foundation (DMF)	% of Royalty	30%	0.75	0.75
National Mineral Exploration Trust (NMET)	% of Royalty	2%	0.05	1.00
Rural Employment Fees	% of CIL Notified Price	20%	165.40	179.20
Primary Education Cess	% of CIL Notified Price	5%	41.35	44.80
Public Works Cess	Rs./MT	1.00	1.00	1.00
Asansol Mines Board of Health Cess	Rs./MT	1.00	1.00	1.00
Toll Tax		8.95	4.60	0.00
GST under Reverse Charge Mechanism	%	18%	39.78	42.27
Sub-total (A)	Rs./MT	260.78	277.12	265.37
GST on Mining Fee (B)	% of Mining Fee	18%	167.81	159.01
GST on Transportation charges-PFPD (C)	% of Transportation charges	5%	6.73	7.05
GST on Transportation charges-Bankura (D)	% of Transportation charges	5%	0.00	13.44
GST on loading & allied charges-PFPD (E)	% of loading & allied charges	18%	13.04	13.14
GST on loading & allied charges-Bankura (F)	% of loading & allied charges	18%	1.80	6.48
GST on Fixed Reserve Price (G)	% of Reserve Price	18%	18.00	18.99
Grand Total = (A) + (B) + (C) + (D) + (E) + (F) + (G)	Rs./MT	468.16	495.22	516.51

70.2 WBPDC, in its Petition, submitted as under:

A. Royalty

126. ... Royalty has been computed and claimed as guided by the Second Schedule of Mines and Minerals (Development and Regulation Act) 1957. WBPDC humbly requests this Hon'ble Commission to allow ₹ 2.5 per Ton towards Royalty as claimed in this instant petition. Copy of the relevant extract of the Act is being attached herewith as **Annexure-XXIV**."

B. District Mineral Foundation Fund (DMF)

128. ... in line with the Mines and Minerals (Development and Regulation) Amendment Act, 2015, District Mineral Foundation (a trust as a non-profit body) has to be established in any district affected by the mining related operations. In this regard, the Gazette notification by the Ministry of Law and Justice, Government of India dated 27.03.2015 is being attached herewith as **Annexure-XXV**. In line with the aforementioned Act in place, in addition to Royalty payment, WBPDC also has to pay towards DMF @30% of royalty payment."

C. National Mineral Exploration Trust (NMET)

130. ... in line with the Mines and Minerals (Development and Regulation) Amendment Act, 2015, National Mineral Exploration Trust has to be established to use the funds accrued to the Trust for the purposes of regional and detailed exploration. In this regard, the Gazette notification by the ministry of Law and Justice, Government of India dated 27.03.2015 is being attached herewith as **Annexure-XXV**. In line with the aforementioned Act in place, WBPDC also has to pay towards NMET @2% of royalty payment."

In regard to the petition submitted by West Bengal Power Development Corporation Limited for approval of input price of coal supplied from Barjora (North) Coal Mine for FY 2019-20 to FY 2021-22

“ **D. Rural Employment Cess**

132. ... the Govt. of West Bengal has prescribed rates as per Sec. 4 of the W.B. Rural Employment & Production Act, 1976 vide Memo No. 138/3512-29/C/99 dt. 22/06/2000 of the DLR&S Jt. LRC, WB, the Rural Employment Cess 827 to be 20% of CIL Price (20% of ₹ 827.00 per Ton = ₹ 165.40 per Ton) for G13 grade of coal and 20% of CIL price (20% of ₹ 896.00 per Ton = ₹ 179.20 per Ton) for G12 grade of coal. Copy of the said Order published by the Govt. of West Bengal is being attached herewith as **Annexure-XXVI.**”

“ **E. Public Works (P.W) Cess**

134. ... the Govt. of West Bengal has prescribed rates as per Bengal Cess Act, 1880 amended on 12.11.1984 vide Memo No. 138/3512-29/C/99 dt. 22/06/2000 of the DLR&S Jt. LRC, WB, the P.W. Cess to ₹ 1 per Ton of coal. Copy of the said Order published by the Govt. of West Bengal is being attached herewith as **Annexure-XXVII.**”

“ **F. Primary Education (P.E) Cess**

136. ... the Government of West Bengal vide Section 78 of Chapter XLIII of West Bengal Primary Education Act, 1973, has notified P.E. Cess to be 5% of CIL price... Copy of said order published by the Govt. of West Bengal is being attached herewith as **Annexure-XXVIII.**”

“ **G. Asanol Mines Board of Health (AMBH Cess)**

138. ... Asanol Mines Board of Health has notified AMBH Cess to be ₹ 1 per Ton of coal. Copy of the said Order published by the Govt. of West Bengal in this regard is attached herewith as **Annexure-XXIX.**”

“ **H. Toll Tax**

140. ... based on applicable Toll Tax rates as stipulated by the Government of India, WBPDCCL has also considered Toll Tax. Copy of the invoices relating to Toll Tax is being attached herewith as **Annexure-XXX.**”

“ **I. Applicable Goods and Service Taxes (GST)**

142. WBPDCCL humbly submits before this Hon'ble Commission that based on applicable GST rate as stipulated by the Government of India for individual category of services, WBPDCCL has also considered GST for the aforementioned services.”

- 70.3 The Commission has perused the submissions of WBPDCCL regarding statutory charges. Clause 5.6 of the CMA reads as under:

“**5.6 Obligations relating to Taxes**

WBPDCCL shall liable to pay, at all times during the subsistence of this Agreement, all Taxes, levies, duties, royalties, cesses and all other statutory charges payable in respect of excavation and Delivery thereof. At the first instance, the Mine Developer and Operator shall make such payment of such Taxes, levies, duties, royalties, cesses and other statutory charges shall be reimbursed, as applicable, by WBPDCCL upto receipt of particulars thereof.”

- 70.4 As discussed above, the Commission has not determined the input price for FY 2019-20 and FY 2020-21 i.e., prior to date of commercial operation and therefore approval of Statutory Charges for FY 2019-20 and FY 2020-21 does not arise.
- 70.5 Based on the perusal of the submissions of WBPDCCL, the statutory charges approved by the Commission is as shown in the Table below:

In regard to the petition submitted by West Bengal Power Development Corporation Limited for approval of input price of coal supplied from Barjora (North) Coal Mine for FY 2019-20 to FY 2021-22

Table 50: Statutory charges approved by the Commission (Rs./MT)

Particulars		Quantity	FY 2021-22	
			Claimed	Approved
Royalty	Rs./MT	2.50	2.50	2.50
District Mineral Foundation (DMF)	% of Royalty	30%	0.75	0.75
National Mineral Exploration Trust (NMET)	% of Royalty	2%	0.05	0.05
Rural Employment Fees	% of CIL Notified Price	20%	175.67	175.67
Primary Education Cess	% of CIL Notified Price	5%	43.92	43.92
Public Works Cess	Rs./MT	1.00	1.00	1.00
Asansol Mines Board of Health Cess	Rs./MT	1.00	1.00	1.00
Toll Tax			0.00	0.00
GST under Reverse Charge Mechanism	%	18%	40.48	40.48
Sub-total (A)	Rs./MT		265.37	265.37
GST on Mining Fee (B)	% of Mining Fee	18%	189.09	182.31
GST on Transportation charges-PFPD (C)	% of Transportation charges	5%	7.99	7.99
GST on Transportation charges-Bankura (D)	% of Transportation charges	5%	13.85	13.85
GST on loading & allied charges-PFPD (E)	% of loading & allied charges	18%	13.36	13.36
GST on loading & allied charges-Bankura (F)	% of loading & allied charges	18%	6.58	6.58
GST on Fixed Reserve Price (G)	% of Reserve Price	18%	20.27	18.00
Grand Total = (A) + (B) + (C) + (D) + (E) + (F) + (G)	Rs./MT		516.51	507.46

71.0 Input price of coal

71.1 Based on the above analysis, the input price of coal approved by the Commission is as shown in the Table below:

Table 51: Input price of coal approved by the Commission (Rs./MT)

Particulars	FY 2019-20		FY 2020-21		FY 2021-22	
	Claimed	Approved	Claimed	Approved	Claimed	Approved
ROM Cost (Table 48)	1252.16	-	1229.84	-	1744.93	1520.80
Statutory charges (Table 50)	468.16	-	495.22	-	516.51	507.46
Input price	1720.32	-	1725.06	-	2261.44	2028.26

72.0 The Commission shall consider the input price of coal from Barjora (North) Coal Mine as determined in this Order in the APR of FY 2021-22 in the respective Order.



In regard to the petition submitted by West Bengal Power Development Corporation Limited for approval of input price of coal supplied from Barjora (North) Coal Mine for FY 2019-20 to FY 2021-22

ORDER

- 1.0 From the submissions made by WBPDCCL and the clarifications/documents submitted in replies to queries raised by the Commission in terms of the CERC (Terms and Conditions of Tariff) (Second Amendment) Regulations, 2021, the Commission has determined the input price of coal from Barjora (North) Coal Mine as detailed in foregoing paragraphs.
- 2.0 In accordance with the provisions of the CERC (Terms and Conditions of Tariff) (Second Amendment) Regulations, 2021, the determination of input price of coal from integrated mine shall be w.e.f. the date of commercial operation of the mine. Therefore, the Commission has determined the input price of coal from Barjora (North) Coal Mine for FY 2021-22 only in this Order as against WBPDCCL's claim for the period from FY 2019-20 to FY 2021-22.
- 3.0 The Commission thus, approves the input price of coal from Barjora (North) Coal Mine as under:

Table 52: Input price of coal approved by the Commission (Rs./MT)

Particulars	FY 2019-20		FY 2020-21		FY 2021-22	
	Claimed	Approved	Claimed	Approved	Claimed	Approved
Input price	1720.32	-	1725.06	-	2261.44	2028.26

- 4.0 The Commission shall consider the input price of coal from Barjora (North) Coal Mine as determined in this Order in the APR of FY 2021-22 in the respective Order.
- 5.0 The Petition is thus disposed off.
- 6.0 A copy of the Order shall be posted in the website of the Commission.
- 7.0 WBPDCCL 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, will be given to the parties on completion of formalities laid down in the West Bengal Electricity Regulatory Commission (Conduct of Business) Regulations, 2013, as amended and on submission of necessary fees.

Sd/-

(PULAK KUMAR TEWARI)
MEMBER

Sd/-

(MALLELA VENKATESWARA RAO)
CHAIRPERSON

Date: 27.12.2023

Sd/-
SECRETARY