



**ORDER  
OF THE  
WEST BENGAL ELECTRICITY REGULATORY COMMISSION  
IN CASE NO. OA-348/20-21**

IN REGARD TO THE APPLICATION SUBMITTED BY THE WEST BENGAL STATE ELECTRICITY DISTRIBUTION COMPANY LIMITED (WBSEDCL) FOR INVESTMENT APPROVAL FOR CONVERSION OF OVERHEAD DISTRIBUTION SYSTEM TO UNDERGROUND AT CHINSURAH AND KRISHNANAGAR TOWN IN HOOGHLY AND NADIA DISTRICT RESPECTIVELY IN TERMS OF REGULATION 2.8.2.3 OF THE WEST BENGAL ELECTRICITY REGULATORY COMMISSION (TERMS AND CONDITIONS OF TARIFF) REGULATIONS, 2011, AS AMENDED

**PRESENT:**

**SRI SUTIRTHA BHATTACHARYA, CHAIRPERSON  
SRI DURGADAS GOSWAMI, MEMBER  
SRI PULAK KUMAR TEWARI, MEMBER**

**DATE: 09.02.2022**





### **FACTS IN BRIEF:**

- 1.0 The West Bengal State Electricity Distribution Company Limited (in short 'WBSEDCL') has submitted an application along with a Detailed Project Report (DPR) vide letter dated 16.10.2020 for investment approval of Rs. 286.00 Crore for conversion of overhead distribution system to underground at Chinsurah and Krishnanagar town in Hooghly and Nadia districts respectively in terms of regulation 2.8.2.3 the West Bengal Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2011 as amended (in short 'Tariff Regulations'). The Commission has admitted the application and marked in Case No. OA – 348/20-21.
- 2.0 The application of WBSEDCL along with the DPR inter-alia states the followings:
- 2.1 WBSEDCL has considered underground cabling coupled with Ring Main System at Chinsurah and Krishnanagar town in order to enhance the reliability of distribution network and also with an aim for reduction of AT&C loss. The salient features of the scheme are as under:
  - (i) Construction of Rail Pole structures for installation of DTRs and concrete plinth for installation of RMU, LT Feeder pillar box and Junction Box;
  - (ii) Laying of HT Cable along the road and termination at RMU and DTRs;
  - (iii) Laying of LT Cable along the road at load centers and terminating at Feeder Pillar and Junction Boxes;
  - (iv) Effecting service connection from Junction boxes; and
  - (v) Dismantling old networks assets.
- 2.2 WBSEDCL submitted that the project will benefit in improvement of power quality and reliability, reduction of technical as well as commercial loss and improved aesthetic look considering the legacy of two regions. WBSEDCL submitted that that the project will reduce AT&C loss from existing 16.84% to 9% in Chinsurah and from existing 9.65% to 5% in Krishnanagar.
- 2.3 WBSEDCL also submitted that based on prima-facie approval of its Board of Directors, the Department of Power & Non-Conventional Energy Sources, Government of West Bengal (GoWB) has accorded administrative approval of the scheme with overall cost of Rs. 290.00 Crore vide Memo No. 67 (Sanc)-PO/P/C-II/1B-19/2017 dated 30.01.2018 and approved grant funding of Rs. 218 Crore i.e., 75% of the administrative approved cost.

WBSEDCL further submitted that the project cost as per DPR value comes to Rs. 230.01 Crore inclusive of GST and Taxes. WBSEDCL proposed for proportionate loan funding of Rs. 57.50 Crore





i.e., 25% of the DPR value expecting State Government grant remain at 75% of the DPR value. WBSEDCL also included loan amount of Rs. 56 Crore to arrive at the total investment of Rs. 286 Crore.

- 3.0 The Commission directed WBSEDCL to submit reasons for seeking approval of Rs. 286 Crore including interest of Rs. 56 Crore whereas the e-tendering value of the project is only Rs. 198.13 Crore (i.e., Rs. 115.68 Crore for Chinsurah and Rs. 82.45 Crore for Krishnanagar). WBSEDCL was also directed to clarify the funding pattern of the project in view of the grant to be received from the State Government and provide techno economic analysis outlining the impact on tariff after completion of the project.
- 4.0 In response to the clarifications sought by the Commission, WBSEDCL vide letter dated 07.07.2021 and subsequently vide letter dated 01.12.2021 inter-alia has submitted the following:
- (i) The scheme was considered for Rs. 290.00 Crore i.e., 75% from Government of West Bengal and rest 25% as loan, based on the estimate covering maximum areas of Municipal Towns. Subsequently, it was decided to cover mainly core and important Commercial, Government Office, Market, etc. areas of the two towns for efficient utilization of funds. Accordingly, tenders were floated and LoAs were issued for Rs. 115.68 Crore for Chinsurah Town and Rs. 82.45 Crore for Krishnanagar Town which is excluding GST. After considering the impact of GST and road restoration charges payable to concerned Municipalities, the total project cost comes to Rs. 234 Crore. However, during execution phase, works were required to be curbed due to some RoW issues and other problems related to COVID – 19 pandemic and in view of the above the revised project cost has been estimated to be around Rs. 230.01 Crore including taxes and road restoration charges for both the towns.
  - (ii) WBSEDCL further stated that the grant from Government of West Bengal will be Rs. 172.50 Crore (i.e., 75% of the project cost of Rs. 230.01 Crore as per primary funding modalities) and the balance amount of Rs. 57.50 Crore will be received as loan from PFC Limited. WBSEDCL also confirmed that no IDC was considered in the revised project cost of Rs. 230.01 Crore since no loan is drawn and in future, WBSEDCL will pay interest as per the loan agreement.
  - (iii) Regarding impact on tariff for the project, WBSEDCL submitted that the depreciation on loan amount of project considering life of 25 years will be around Rs. 2.07 Crore





annually and the interest component will be Rs. 0.1672 Crore during first year of operation with reduction of interest on reducing balance of loan over the years.

- 5.0 The Commission directed WBSEDCL to publish the gist of the application as approved by the Commission in terms of regulation 2.8.2.3 of the Tariff Regulations. WBSEDCL, accordingly, published the gist of the application in (i) the "Bartaman", (ii) "The Telegraph", (iii) the "Anandabazar Patrika" and (iv) the "Sanmarg" on 04.01.2022 inviting suggestions and objections on their petition within 14 days (including the date of publication) of publication of the notice in Newspaper. No suggestions, objections or comments have been received by the Commission within the stipulated time-period.

#### **OBSERVATIONS OF THE COMMISSION:**

- 6.0 The Commission observes that, in terms of Regulation 2.8.2.3 of Tariff Regulations, approval of the Commission for investment in distribution project whose cost is above rupees one hundred and twenty-five crore (Rs. 125 Crore) or 5% of the gross fixed asset of distribution business of licensee at the time of taking up the project, whichever is lower, is mandatory.
- 7.0 The Commission notes from the submission of WBSEDCL vide its letter dated 01.12.2021 that the revised project cost is Rs. 230.01 Crore which will be funded by State Government grant of Rs. 172.50 Crore and balance amount as loan from Financial Institution i.e., PFC Limited. The revised project cost is inclusive of taxes and road restoration charges of both towns (Chinsurah and Krishnanagar) but without any Interest During Construction (IDC).
- 8.0 The Commission also observes that the project will reduce AT&C loss from 16.84% (existing) to 9% in Chinsurah and from 9.65% (existing) to 5% in Krishnanagar and will also help in improving power quality including availability and reliability of power supply and thus will be beneficial to the consumers in such towns.

#### **ORDER OF THE COMMISSION:**

- 9.0 The Commission after considering all the above facts and submissions made by WBSEDCL in its application dated 16.10.2020 and subsequent submissions thereof approves the investment proposal of Rs. 230.01 Crore for conversion of Overhead Distribution System to Underground at Chinsurah and Krishnanagar town in Hooghly & Nadia District respectively in terms of regulation 2.8.2.3 of the Tariff Regulations, which is proposed to be funded by the Government of West Bengal at Rs. 172.50 Crore and balance amount to be sourced from Financial Institution i.e., PFC Limited in the form of loan.





Approval of investment for conversion of overhead distribution system to underground at Chinsurah and Krishnanagar town in Hooghly and Nadia District respectively in terms of regulation 2.8.2.3 of the West Bengal Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2011, as amended



10.0 The Commission also gives the following directions:

- (i) WBSEDCL shall not include any interest component related to the loan for this project in its final project cost during submission of original project cost approval as per provisions of the Tariff Regulation.
- (ii) WBSEDCL shall show the interest component, if any upto the date of COD related to the Project Cost at the time of submission of original project cost approval.

11.0 The petition is thus disposed off.

12.0 A copy of the order shall be posted in the website of the Commission.

13.0 WBSEDCL shall download the copy of the order from the website of the Commission and act on it. Certified copy of the order, if applied for, be given to the parties on completion of formalities laid down in the West Bengal Electricity Regulatory Commission (Conduct of Business) Regulations, 2013, as amended and on submission of necessary fees.

sd/-  
(PULAK KUMAR TEWARI)  
MEMBER

sd/-  
(DURGADAS GOSWAMI)  
MEMBER

sd/-  
(SUTIRTHA BHATTACHARYA)  
CHAIRPERSON

Dated: 09.02.2022

sd/-  
SECRETARY