



**ORDER  
OF THE  
WEST BENGAL ELECTRICITY REGULATORY COMMISSION  
IN CASE NO. OA- 353/20 – 21**

IN REGARD TO THE APPLICATION FOR APPROVAL OF ALLOWING  
ADDITIONAL WORKING CAPITAL REQUIREMENT TO MEET THE  
REVENUE GAP OWING TO POOR REVENUE COLLECTION DUE TO  
COVID 19 PANDEMIC

**PRESENT:**

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

**DATE: 03.11.2022**



### **FACTS IN BRIEF**

- 1.0 The West Bengal State Electricity Distribution Company Limited (in short 'WBSEDCL') submitted an application vide letter dated 31.12.2020 for allowing additional working capital requirement to meet the revenue gap owing\* to poor revenue collection due to COVID 19 pandemic. The Commission admitted the application and registered it in Case No. OA – 353/ 20 – 21.
- 2.0 WBSEDCL in their application inter-alia stated the following:
  - a) Due to the COVID – 19 pandemic, the electricity consumption by consumers of WBSEDCL has been reduced considerably. Further, the Commission vide Suo Motu Order dated 06.05.2020 in Case No. SM – 22/ 20 – 21 provided some relief to the consumers in making payments and directed WBSEDCL to meet up its working capital shortfall by short-term borrowing at competitive rate. Subsequently, the Commission vide order dated 03.06.2020 in Case No. SM – 23/ 20 – 21 relaxed the provisions of reduction of contract demand for new consumers during the pandemic period.
  - b) WBSEDCL submitted that due to delayed payment/ payment failure by consumers, WBSEDCL has suffered reduction in collection of the billed revenue and the revenue collection has been reduced by 19% during the first half of the FY 2020 – 21. Accordingly, in line with the Commission's directive in Case No. SM – 22/ 20 – 21, WBSEDCL has drawn short term loan of Rs. 298 Crores from the Scheduled Commercial Banks to meet its working capital requirement. Further, Government of India has also extended special long term transition loans for clearing overdue of Central Public Sector Undertaking (CPSU) Generating and Transmission companies. The Government of West Bengal has also approved and agreed to provide guarantee for availing such special long term transition loan for COVID 19. Accordingly, WBSEDCL has drawn long term loan of Rs. 454.08 Crore from REC Limited and PFC Limited and proposed to draw further amount of Rs. 566.54 Crore in subsequent years. The projected interest of such long-term loan from RECL and PFCL and short-term loan from scheduled commercial banks comes to Rs. 859.32 Crores.
  - c) WBSEDCL vide letter dated 09.06.2022 has also submitted detailed financial analysis in support of their claim.
  - d) In view of the above, WBSEDCL prayed to allow the additional borrowing cost to meet the additional working capital requirement due to COVID 19 pandemic.



### **OBSERVATIONS OF THE COMMISSION**

- 3.0 The Commission vide Suo Motu Order dated 06.05.2020 in Case No. SM – 22/ 20 – 21 had provided some relaxations to the consumers on electricity bills. The Commission also directed the distribution licensees to explore the possibility of short-term capital borrowings from Financial Institution at competitive rate for working capital requirement till 31.07.2020. In the said order, it has also been mentioned that additional interest on this account will be considered by the Commission in addition to normal interest on working capital entitlement during Annual Performance Review of FY 2020 – 21.
- 4.0 Further, the Commission vide Suo Motu Order dated 03.06.2020 in Case No. SM – 23/ 20 – 21 had provided one time reduction of contract demand upto 30.06.2020. The Commission also directed the distribution licensees to separately account for the financial impact due to the Suo-motu order, if any, and submit the same along with APR of FY 2020 – 21.
- 5.0 In line with the directives given in the Suo Motu order dated 06.05.2020 and 03.06.2020, the Commission finds it appropriate to deal with the admissible amount of interest during the APR stage.

### **ORDER**

- 6.0 In view of the above, the Commission directs WBSEDCL to submit the following details along with justification in the APR application of the respective years:
- (i) The requirement of additional working capital and interest thereon as availed of for the period mentioned in the Commission's Suo Motu Order No. SM – 22/ 20 – 21 dated 06.05.2020;
  - (ii) The amount of long-term transition loans facilitated by Government of India and interest accrued thereon for clearing overdue of Central Public Sector Undertaking (CPSU) Generating and Transmission companies;
  - (iii) In case APR petition has already been submitted, WBSEDCL shall submit the details mentioned above through supplementary petition.
- 7.0 The petition is thus disposed of.
- 8.0 A copy of the order shall be posted in the website of the Commission.



Application for approval of allowing additional working capital requirement to meet the revenue gap owing to poor revenue collection due to COVID 19 pandemic



- 9.0 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/-  
(MALLELA VENKATESWARA RAO)  
CHAIRPERSON

Dated: 03.11.2022

Sd/-  
SECRETARY