



**ORDER
OF THE
WEST BENGAL ELECTRICITY REGULATORY COMMISSION
IN CASE NO. OA-366/21-22**

IN REGARD TO THE APPLICATION SUBMITTED BY THE WEST BENGAL STATE ELECTRICITY DISTRIBUTION COMPANY LIMITED (WBSEDCL) FOR INVESTMENT APPROVAL OF 'SECOND PHASE WORK' UNDER THE SCHEME FOR DISTRIBUTION NETWORK STRENGTHENING AND GRID MODERNIZATION 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: 02.11.2021



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 01.04.2021 for approval of investment of Rs. 895.961 Crores as the '**Second Phase Work**' under the scheme for Distribution Network Strengthening and Grid Modernization in terms of regulation 2.8.2.3 of 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 in Case No. OA – 366/21-22.
- 2.0 The application of WBSEDCL along with the DPR inter-alia states the followings:
- 2.1 WBSEDCL formulated a Scheme of Distribution Network Strengthening and Grid Modernization in its distribution system as detailed below:
 - (i) High Voltage Distribution System (HVDS) with conversion of LTOH bare conductor by LT AB Cable in 13 districts, viz. Howrah, Purba Medinipur, Bankura, Purulia, Nadia, Murshidabad, Malda, Uttar Dinajpur, Dakshin Dinajpur, Darjeeling, Jalpaiguri, Coochbehar and Alipurduar.
 - (ii) Construction of 15 numbers of 33/11 kV Gas Insulated System in the above-mentioned districts.
 - (iii) Conversion of overhead network to underground cable in 5 towns, viz. Asansol, Baruipur, Kharagpur, Baguihati – Kestopur and Rajarhat.
 - (iv) Creation of IT backbone for rolling out AMI and SCADA system in 20 towns, viz. Alipurduar, Balurghat, Bankura, Baruipur, Berhampur, Bishnupur, Burdwan, Coochbehar, English Bazar, Jalpaiguri, Jhargram, Krishnanagar, Midnapur, Nabadwip, Purulia, Raiganj, Suri, Tamluk, New Town and Kharagpur.
 - (v) Installation of 3 -phase 4 CT operated Automated Meter Reading (AMR) compatible Static metering at Distribution Transformers (DTR)
 - (vi) Innovative schemes for Distribution System Strengthening and
 - (vii) Capacity Building
- 2.2 WBSEDCL submitted that the Government of West Bengal (GoWB) has accorded in-principle approval of the scheme as externally aided project with overall cost of Rs. 2800.54 Crores (inclusive of applicable taxes) which is proposed to be funded by GoWB with 30% state - share in the form of grant and rest 70% being financial assistance in the form of loan from the World Bank. The Board



Approval of investment for 'Second Phase Work' under the scheme for Distribution Network Strengthening and Grid Modernization in terms of regulation 2.8.2.3 of the West Bengal Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2011, as amended



of Directors, WBSEDCL in its 86th meeting held on 22.08.2019 has accorded administrative approval of the project.

WBSEDCL also submitted that the Department of Economic Affairs, Government of India vide letter dated 03.04.2019 informed that the project proposal was considered in its 91st Steering Committee Meeting held on 22.01.2019. The State Cabinet also has approved the proposal on 27.01.2020 for sanction of Distribution Network Strengthening and Grid Modernization Project to be executed by WBSEDCL under the World Bank financial assistance with financial involvement of Rs. 2800.54 Crores in the ratio of 70:30 where 30% is state - share.

- 2.3 WBSEDCL submitted that presently DPRs for the 'Second Phase Work' under the scheme for Distribution Network Strengthening and Grid Modernization are ready for execution of work and accordingly WBSEDCL, in its instant application, has prayed for approval of investment of Rs 895.961 Crores as the 'Second Phase Work' for the following projects:

Sl. No.	Project Description	Project Cost (In Rs. Crore)
1	HVDS with conversion of LT Overhead by LT Arial bundle cable in remaining 3 districts out of 13 districts proposed in the total scheme (viz. Darjeeling, Murshidabad and Nadia)	290.741
2	Conversion of OH network into UG Cable in Baguihati & Kestopur and Rajarhat	310.000
3	Creation of IT Backbone for rolling out AML and SCADA infrastructure	295.220
	Total	895.961

- 2.4 WBSEDCL submitted that the projects will benefit in reduction of losses and improvement of power quality including availability and reliability of power supply, reduction in failure of DTR, improved safety for consumers in congested area and financial benefits by way of reduction of losses. WBSEDCL also submitted that the tender has been floated for the project and project is expected to be completed within three years from the date of commencement of work. WBSEDCL submitted the following district-wise target of reduction of AT&C loss with implementation of the scheme:

Sl No	Name of the District	Existing AT&C loss level	Proposed AT&C loss level with implementation of the project
1.	Darjeeling	24.77%	9.45%
2.	Murshidabad	49.82%	18.49%
3.	Nadia	32.20%	16.88%

- 3.0 The Commission directed WBSEDCL to publish the gist of their 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 "Aajkal" on 05.06.2021 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.

4.0 Subsequently, in response to certain clarifications sought by the Commission, WBSEDCL vide letter dated 14.09.2021 has submitted the following:

- (i) The total estimated project cost as enumerated in respective DPRs are inclusive of consultancy charges @ 0.16%. WBSEDCL has also submitted a statement showing such breakup.
- (ii) WBSEDCL submitted the computation of Internal Rate of Return of the projects.
- (iii) WBSEDCL submitted that, for estimation of project cost, an escalation of 5% over the cost data has been considered in terms of Regulation 11 of the West Bengal Electricity Regulatory Commission (Recovery of Expenditure for Providing New Connections) Regulations, 2013.
- (iv) WBSEDCL also mentioned that the applicable tax component has been factored in the estimated project cost as laid down in respective DPRs.

OBSERVATIONS OF THE COMMISSION:

- 5.0 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 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.
- 6.0 The Commission also observes that the project will help in reduction of losses and improvement of power quality including availability and reliability of power supply and thus will be beneficial to the consumers in such districts and towns.

ORDER OF THE COMMISSION:

- 7.0 The Commission, after considering the above facts and submissions made by WBSEDCL in their application dated 01.04.2021 and subsequent thereof, approves the investment proposal of Rs.895.961 Crores for the '**Second Phase Work**' under the scheme for Distribution Network Strengthening and Grid Modernization as detailed below in terms of regulation 2.8.2.3 of the West Bengal Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2011, as amended, which is proposed to be funded by the Government of West Bengal with 30% state -



Approval of investment for 'Second Phase Work' under the scheme for Distribution Network Strengthening and Grid Modernization in terms of regulation 2.8.2.3 of the West Bengal Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2011, as amended



share in the form of grant and rest 70% being financial assistance in the form of loan from the World Bank.

Sl. No.	Project Description	Project Cost (In Rs. Crore)
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8.0 The Commission also gives the following directions:

- (i) Original project cost is required to be approved in terms of Regulation 2.8.5 of the Tariff Regulations. The Commission may disallow any excess of project cost on capitalization over approved cost if it finds the justifications furnished are not adequate.
- (ii) In case of escalation in project cost, WBSEDCL shall take due approval from the Commission before capitalization of assets.

9.0 The petition is thus disposed of.

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

11.0 Since, the office is facing hardship in issuing hard copy of the order due to circumstances beyond the control of the Commission, the copy of the order may be downloaded by WBSEDCL and other concerned entities from the website of the Commission and act on it.

Sd/-
(PULAK KUMAR TEWARI)
MEMBER

Sd/-
(DURGADAS GOSWAMI)
MEMBER

Sd/-
(SUTIRTHA BHATTACHARYA)
CHAIRPERSON

Dated: 01.11.2021

Sd/-
SECRETARY