



**ORDER  
OF THE  
WEST BENGAL ELECTRICITY REGULATORY COMMISSION  
IN CASE NO. OA-373/21-22**

IN REGARD TO THE APPLICATION SUBMITTED BY THE WEST BENGAL STATE ELECTRICITY DISTRIBUTION COMPANY LIMITED (WBSEDCL) FOR INVESTMENT APPROVAL FOR DISTRIBUTION SYSTEM IMPROVEMENT SCHEME (DSIS) 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: 31.01.2022**





### **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 16.07.2021 for approval of investment for Distribution System Improvement Scheme (DSIS) 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 – 373/21-22.
- 2.0 The application of WBSEDCL along with the DPR inter-alia states the followings:
  - 2.1 In order to maintain 24x7 power service and to improve quality of power, WBSEDCL has prioritized to strengthen their distribution networks with the option of creating 2<sup>nd</sup> 33 kV source of each 33/11 kV distribution sub-station from separate Grid Substation (GSS) in view of greater flexibility of 33 kV network. Accordingly, WBSEDCL has formulated a scheme termed as 'Distribution System Improvement Scheme' with the following salient features:
    - (i) Installation of 33/11 kV substations to accommodate future load growth and to enhance system reliability as well as to reduce technical loss
    - (ii) Drawal of 33 kV 2<sup>nd</sup> feeder from the separate GSS for existing 33/11 kV substations to increase reliability of power
    - (iii) Augmentation/ system improvement of 33 kV distribution system
    - (iv) Augmentation of Power Transformers in existing substations
  - 2.2 WBSEDCL submitted that the total financial involvement of the scheme is estimated as Rs. 125.96 Crore, of which M/s RECL has sanctioned 90% of the project cost i.e., Rs. 113.36 Crore and balance 10% fund will be taken up, if requirement of such fund arises during execution of the project.
  - 2.3 WBSEDCL also submitted that the project will benefit in improvement of power quality and reliability, capacity enhancement of distribution network to accommodate prospective load growth, improved voltage profile for furthest end consumers and will provide renewed thrust for improvement of Industrial and Agriculture growth.
- 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 "Sanmarg" on 06.11.2021 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 29.11.2021 has submitted the following:

- (i) While preparing the DSIS scheme, various parameter viz. situational load demand respective areas, voltage profile, network congestion, partial load shedding, impact on high AT&C loss due to long line length, mitigating load demand of upcoming projects have been taken into consideration. WBSEDCL will eventually be benefitted in terms of improved voltage profile, system reliability, reduction of AT&C losses, seamless release of load for upcoming connections and establishing a robust network after implementation of the scheme.
- (ii) Considering the reduction in distribution loss and various other parameters, the payback period for the project is calculated as 7.73 years and net cash inflow of Rs. 435 Crore (approx.) in a span of 25 years will be the economic benefit for the project.
- (iii) The approved loan amount of Rs. 113.36 Crore may be sufficient to cover up the approved expenditure since the initial project amount of Rs. 125.96 Crore was only on estimate basis. Hence, WBSEDCL has not made any proposal for balance amount of loan of Rs. 12.60 Crore.
- (iv) Taxes and Duties (18% GST and 1% Cess) have been considered in the project cost and no IDC has been considered in the project cost.

#### **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 (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 and such approval shall be taken before investment is made in order to minimize their investment risk.
- 6.0 The Commission notes from the submission of WBSEDCL vide their letter dated 29.11.2021 that the approved loan amount of Rs. 113.36 Crore is sufficient for execution of the project and balance amount of Rs. 12.60 as loan has not been proposed further. Therefore, the revised project cost comes to Rs. 113.36 Crore.





Approval of investment for Distribution System Improvement Scheme (DSIS) in terms of regulation 2.8.2.3 of the West Bengal Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2011, as amended



- 7.0 The Commission observes that the revised project cost of Rs. 113.36 Crore is below the limit specified in regulation 2.8.2.3 of the Tariff Regulations and thus no prior approval is required from the Commission as per provisions of the Tariff Regulations.

**ORDER OF THE COMMISSION:**

- 8.0 In view of the above, the Commission disposes of the application of WBSEDCL in the light of the observation made in the body of the order that no prior approval is required in terms of regulation 2.8.2.3 of the Tariff Regulations as the project cost is less than Rs. 125 Crores. However, the Commission directs WBSEDCL to not include any interest component related to the loan for this project in their final project cost during capitalization.
- 9.0 A copy of the order shall be posted in the website of the Commission.
- 10.0 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: 31.01.2022

sd/-  
SECRETARY