



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

IN CASE NO. OA-397/21-22

APPLICATION FOR ISSUANCE OF APPROPRIATE ORDER IN TERMS OF 20
(A) OF WBERC (RECOVERY OF EXPENDITURE FOR PROVIDING NEW
CONNECTIONS) REGULATIONS, 2013 AS AMENDED, TO REDUCE
SUPERVISION CHARGES FROM 15% TO 10% OF THE TOTAL ESTIMATED
COST OF MATERIALS AND LABOUR AS PER COST SCHEDULE FOR
DEVELOPMENT OF ELECTRICAL INFRASTRUCTURE TOWARDS
EFFECTING NEW SERVICE CONNECTION UNDER WBSSEDCL.

PRESENT:

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

DATE: 03.11.2022



Facts in brief:

1. West Bengal State Electricity Distribution Company Limited (WBSEDCL) has submitted an application vide letter dated 04.01.2022 for issuance of appropriate order in terms of Clause (a) of regulation 20 of West Bengal Electricity Regulatory Commission (Recovery Of Expenditure For Providing New Connections) Regulations, 2013 as amended, to reduce supervision charges from 15% to 10% of the total estimated cost of materials and labour as per cost schedule for development of electrical infrastructure towards effecting new service connection under WBSEDCL. The petition dated 04.01.2022 has been admitted by the Commission on 21.03.2022 in Case No. OA-397/21-22.
2. Brief details of the petition as submitted by WBSEDCL are as follows:
 - 2.1. WBSEDCL has been claiming the supervision charges @15% of total cost of materials and labour as per cost schedule for preparing the estimate for development of associated electrical infrastructure to effect the new service connection, in terms of regulation 11 (Cost Schedule) of West Bengal Electricity Regulatory Commission (Recovery of Expenditure for Providing New Connections) Regulations, 2013, as amended from time to time.
 - 2.2. In view of the post pandemic (COVID-19) recovery of the economy and to bolster the generation of demand through new service connections under the licensed area of WBSEDCL and to rationalize the realizable final estimated amount from prospective/intending consumer, the rate of Supervision Charges has been reviewed by the Board of Directors of WBSEDCL. Accordingly, WBSEDCL decided to reduce the supervision charge from 15% to 10% of the total estimated cost of materials and labour as per Cost Schedule for development of electrical infrastructure towards effecting the new service connection under WBSEDCL. The revision of Supervision Charges from 15% to 10% has been made effective from 03.12.2021 through a departmental circular by WBSEDCL.
 - 2.3. WBSEDCL has now prayed before the Commission to pass an appropriate order in terms of Clause (a) of regulation 20 of West Bengal Electricity Regulatory Commission (Recovery of Expenditure for Providing New Connections) Regulations, 2013 to reduce supervision charges from 15% to 10% of the total estimated cost of materials and labour as per Cost Schedule for development of electrical infrastructure towards effecting new service connection under WBSEDCL.



3. The Commission vide letter dated 23.06.2022 directed WBSEDCL to submit the reasons for not seeking prior approval of the Commission before revising the supervision charges as well as for maintainability of the petition under difficulty removal clause.
4. In Response to Commission's letter dated 23.06.2022, WBSEDCL submitted that some high value consumers who are keen to invest in the state raised the issue of reduction of supervision charge before the State Government. Since WBSEDCL is also interested to give power supply to those high profile consumers to improve its revenue, the Board of Directors of WBSEDCL has agreed to reduce the supervision charge from 15% to 10% and the same has been implemented by WBSEDCL to avoid loss of opportunity of high volume of business. WBSEDCL also stated that since the reduction of supervision charges from 15% to 10% is a deviation from existing provision of regulation, the present application has been filed by WBSEDCL under the clause of difficulty removal for seeking approval of the Commission.

Observations of the Commission:

5. The Commission observes that licensee has to charge 15% of the total cost of materials and labour as supervision charges in terms of regulation 11 of the West Bengal Electricity Regulatory Commission (Recovery of Expenditure for Providing New Connections) Regulations, 2013 as amended. Relevant extract of the regulation is given below:-

....." *The Cost Schedule shall include supervision charges @ 15% of the total cost of materials and labour. The Cost Schedule shall also specify the methodology of preparing the estimates. The above Cost Schedule shall be on the basis of making initial estimates for laying of electric line and / or erection of electrical plants / facilities for extending supply to the applicant"*

Revenue earned through such supervision charges are adjusted with the Aggregate Revenue Requirement (ARR) of the concerned licensees to reduce the overall tariff impact to the end consumers.

6. The Commission also observes that clause (a) regulation 20 of West Bengal Electricity Regulatory Commission (Recovery of Expenditure for Providing New Connections) Regulations, 2013, as amended form time to time, is for resolving any difficulty arises in giving effect to any provisions of these regulations. The Clause (a) of regulation 20 does not empower to revise a specific provision / norm specified in the regulation itself. Hence, any change in norms for supervision charges require amendment of the relevant regulation which shall be done by the Commission in due course of time after consultation with the stakeholders.



ISSUANCE OF APPROPRIATE ORDER IN TERMS OF 20(A) OF WEST BENGAL ELECTRICITY REGULATORY COMMISSION (RECOVERY OF EXPENDITURE FOR PROVIDING NEW CONNECTIONS) REGULATIONS, 2013 AS AMENDED, TO REDUCE SUPERVISION CHARGES FROM 15% TO 10% OF THE TOTAL ESTIMATED COST OF MATERIALS AND LABOUR AS PER COST SCHEDULE FOR DEVELOPMENT OF ELECTRICAL INFRASTRUCTURE TOWARDS EFFECTING NEW SERVICE CONNECTION UNDER WEST BENGAL STATE DISTRIBUTION COMPANY LIMITED (WBSEDCL).



Order:

7. In view of the above, the Commission directs WBSEDCL to follow the existing provisions of regulation 11 of the West Bengal Electricity Regulatory Commission (Recovery of Expenditure for Providing New Connections) Regulations, 2013 as amended from time to time.
8. The reduced rate of supervision has been realized by WBSEDCL without any prior approval of the Commission. Therefore, any loss of income during the intervening period on this account has to be borne by WBSEDCL.
9. The petition is thus disposed of.
10. A copy of the order shall be posted in the website of the Commission.
11. 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