



**ORDER  
OF THE  
WEST BENGAL ELECTRICITY REGULATORY COMMISSION  
IN CASE NO. OA-407/21-22**

IN REGARD TO THE APPLICATION FOR INVESTMENT APPROVAL IN  
RESPECT OF 'CIVIL CAPITAL WORKS UNDER SYSTEM  
IMPROVEMENT SCHEME' OF WEST BENGAL STATE ELECTRICITY  
DISTRIBUTION COMPANY LIMITED (WBSEDCL) IN TERMS OF  
REGULATIONS 2.8.4.1 OF THE WEST BENGAL ELECTRICITY  
REGULATORY COMMISSION (TERMS AND CONDITIONS OF  
TARIFF) REGULATIONS, 2011, AS AMENDED FROM TIME TO TIME

**PRESENT:**

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

**DATE: 23.11.2022**





### **FACTS IN BRIEF**

- 1.0 The West Bengal State Electricity Distribution Company Limited (in short 'WBSEDCL') submitted an application vide letter dated 17.02.2022 for investment approval in respect of 'Civil Capital Works Under System Improvement Scheme' of West Bengal State Electricity Distribution Company Limited (WBSEDCL) in terms of regulations 2.8.4.1 of the West Bengal Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2011, as amended from time to time (in short 'Tariff Regulations'). The Commission admitted the application and registered it in Case No. OA – 407/ 21 – 22.
- 2.0 WBSEDCL, in its application, inter-alia stated that the followings:
- 2.1 WBSEDCL has formulated a scheme named as 'Civil Capital Works under System Improvement Scheme' for urgent need for civil construction/ renovation/ extension in the substations due to rapid growth in the distribution networks. In this regard, WBSEDCL proposed for construction/ renovation/ extension of the following civil works under the scheme to be executed in three (3) years:
  - i. Extension of Control Room Building;
  - ii. Switchyard Development, Equipment Foundation;
  - iii. Boundary Wall, Fencing, Gates, Water Supply Arrangement, Pathway, Approach Road, Drainage System, Land Development, Cable Trench, Lighting Mast, River Crossing Tower, etc.;
- 2.2 WBSEDCL submitted that the estimated project cost based on latest version of PWD Schedule of Works comes to Rs. 117.03 Crore which includes 10% contingency. WBSEDCL submitted that 90% of the project cost is proposed to be funded by M/s RECL and accordingly submitted a sanction letter dated 09.06.2021 for loan amount of Rs. 105.33 Crore. WBSEDCL vide letter dated 28.09.2022 has also confirmed that the balance 10% funding will be arranged by them.
- 2.3 WBSEDCL further submitted that the Interest During Construction (IDC) against the loan drawal of Rs. 105.33 Crore between 2021 – 22 and 2023 – 24 comes to Rs. 9.45 Crore which will be met from the funding arrangement of Rs. 105.33 Crore as the sanctioned amount may be re-appropriated from time to time depending upon the site requirements.
- 2.4 WBSEDCL also submitted that the Board of Directors, WBSEDCL in its 99<sup>th</sup> meeting dated 17.09.2021 had accorded administrative approval of Rs. 105.33 Crore for drawal of loan from RECL.
- 2.5 WBSEDCL also submitted that the proposed scheme would improve the safety and security of the equipment as well as working personnel, improvement of reliability and better customer service.





- 2.6 WBSEDCL stated that regulation 2.8.4.1 of the Tariff Regulations requires investment approval under small scheme works if investment under such schemes exceeds Rs. 300 Crore or 5% of the Gross Fixed Assets during the year. WBSEDCL, in the instant application, apprehends that the proposed investment would exceed the limit and therefore have prayed for approval of the 'Civil Capital Works Under System Improvement Scheme.'

### **OBSERVATIONS OF THE COMMISSION**

- 3.0 The Commission observes that approval for capital investment of small scheme/ project in terms of regulation 2.8.4.1 of the Tariff Regulations is required when such expenses exceed Rs. 300 Crore or 5% of Gross Fixed Asset during the year.
- 4.0 The Commission notes that the proposed civil work amounting to Rs. 117.03 Crore will help WBSEDCL in ensuring safety and security of the equipment as well as working personnel, improvement of reliability and better customer service. The Commission also notes that 90% of the project cost amounting to Rs. 105.33 Crore will be funded by RECL with interest of 10.25% per annum and balance 10% of the project cost as per own arrangement. The IDC will be met from the funding arrangement of RECL as has been submitted by WBSEDCL.

### **ORDER**

- 5.0 The Commission, after considering all the above facts and submissions made by WBSEDCL in their petition dated 17.02.2022, approves the investment proposal of Rs. 117.03 Crore, in terms of regulation 2.8.4.1 of the West Bengal Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2011, as amended from time to time.
- 6.0 The petition is thus disposed of.
- 7.0 A copy of the order shall be posted in the website of the Commission.
- 8.0 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: 23.11.2022

Sd/-  
SECRETARY