

WEST BENGAL ELECTRICITY REGULATORY COMMISSION

WEST BENGAL

Petition No. OA-412/22-23

Date of hearing: 30th June, 2022

Time of hearing: 14.30 hours

Coram:

Shri Sutirtha Bhattacharya, Chairperson

Shri Pulak Kumar Tewari, Member

In the matter of

Application by DVC seeking approval of scheme of levelized rate of Delay Payment Surcharge in respect of DVC's retail consumers in terms of regulation 8.3 read with regulation 4.14 of the West Bengal Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2011, as amended.

And

In the matter of

**Damodar Valley Corporation
DVC Towers
VIP Road
Kolkata 700 054**

Representatives attended:

Damodar Valley Corporation [Petitioner]

- 1. Sri Biswajit Mondal, Deputy Chief Engineer**
- 2. Sri Samrat Bhowmik, Superintending Engineer (Electrical)**

CESC Limited (CESC)

- 1. Smt. Gargi Chatterjea, Executive Director, (Regulatory Affairs & Corporate Services)**
- 2. Sri Avijit Ghosh, Executive Director (Distribution Services)**

West Bengal State Electricity Distribution Company Limited [WBSEDCL]

- 1. Sri Subrata Chowdhury, Addl. General Manager (HR&A)**
- 2. Sri Shyamal Kanti Das, Addl. Chief Engineer**

India Power Corporation Limited [IPCL]

1. Sri Pramod Singh, President (Regulatory & Commercial)

CASE IN BRIEF

- 1.0 The Damodar Valley Corporation (DVC) applied before the Commission for approval of a scheme of levelized rate of Delay Payment Surcharge in respect of retail consumers of DVC in terms of regulation 8.3 read with regulation 4.14 of the West Bengal Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2011, as amended.
- 2.0 The scheme contains Uniform Delay Payment Surcharge (DPS) rate of 1% per month in respect of all the retail consumers of DVC within the distribution area of DVC in the State of West Bengal instead of different DPS rates for the different periods of delay in payment of energy bill by the consumers in the State of West Bengal in terms of regulation 4.14.2 of the Tariff Regulations of the Commission.
- 3.0 In this context, DVC has referred an order dated 17.12.2018 in case no. OA/254 issued by the in respect of West Bengal State Electricity Distribution Company Limited (WBSEDCL) wherein WBSEDCL was allowed to waive the claim of Late Payment Surcharge (LPSC) for existing and disconnected non-government agriculture consumers as per the scheme proposed by WBSEDCL.
- 4.0 In view of above, DVC prayed before the Commission to approve their scheme of levelized rate of Delay Payment Surcharge @ 1% per month in respect of retail consumers of DVC in the State of West Bengal.
- 5.0 Upon receipt of the petition from DVC and going through the same, the Commission felt that since the prayer of DVC tantamount to change in the prevalent Regulations of the Commission, it would be wise to hear all the distribution licensees in the State of West Bengal along with DVC to have their views on the prayer of DVC. Accordingly, an e-hearing was fixed on 30th June,

2022 at 14.30 hours and all the distribution licenses in the State of West Bengal, viz. WBSEDCL, CESC and IPCL along with DVC were invited to be present at the hearing. The hearing was held on the date and time as scheduled and the representatives from DVC, WBSEDCL, CESC and IPCL were present.

SUBMISSION DURING HEARING

- 6.0 The Commission heard all the parties present and it revealed that –
- a) The rate of DPS as specified in the Petition of DVC is not commensurate with the rate specified in the Tariff Regulations (Third Amendment), 2020 of the Commission;
 - b) The proposal of DVC, if agreed to, shall have an implication in the tariff as the less non-tariff income due to lowering the rate of DPS, shall, in turn, increase the tariff.
 - c) The good consumers, who are regularly paying energy bills in time, shall suffer to the extent of enhanced tariff for fault of others.
 - d) DPS is used as a control mechanism so that the energy bills are paid in time. Moreover, the DPS is treated as a penalty for not discharging energy bills in time, which, in any case, should not be linked with bank rate.
 - e) Further, the amount collected on account of DPS helps in maintaining the cash flow of the licensee thereby reducing the amount of working capital loan/loan on temporary accommodation.
 - f) The most important factor is that the nature of business of DVC is completely different from the business of CESC and WBSEDCL considering the base of huge retail consumers in case of CESC and WBSEDCL than that of DVC. A large number of retail consumers in the distribution area of CESC and WBSEDCL consumes even less than 40 units per month whereas, DVC's consumers are bulk consumers.

Therefore, there cannot be any comparison between DVC and CESC & WBSEDCL.

- g) Considering the decreasing interest rate of bank, the Commission has already reduced the rate of DPS in the Tariff Regulations (Third Amendment), 2020. Moreover, the minimum lending rate of the Banks are gradually increasing and therefore there is no question of reducing the DPS rate any more.

OBSERVATIONS OF THE COMMISSION

7.0 Upon hearing the parties, the Commission observed that the following main issues emerged from the submissions made by the parties which need to be considered while disposing off the petition of DVC:

- a) Tariff enhancement due to lesser non-tariff income;
- b) If there is differential application in common tariff area for same set of consumers, then it will lead to requirement of matching compatibility from another licensee which is not in agreement;
- c) The delay payment surcharge need not necessarily be linked with bank rate since it is a penalty for failure on the part of a consumers who has denied to pay the energy bill in time;
- d) If the DPS is reduced then it will adversely affect the good consumers who are paying energy bills in time.

8.0 The Commission also noted the submission made by DVC towards the end of the hearing based on the contentions of other distribution licensees and the observations made by the Commission that DVC is agreeable to continue the prevalent rate of DPS. On being enquired by the Commission as to whether it is to be treated that the petition, in question, is not pressed by DVC, DVC acceded to the same. The Commission felt that DVC should withdraw their petition, in question, following the due process.

ORDER

9.0 In view of above, the Commission directs that DVC shall file application duly sworn in "not pressing" the petition under consideration within three days from the date of publication of this order.

10.0 Let a copy of this order be served upon DVC, WBSEDCL, CESC and IPCL.

**Sd/-
(PULAK KUMAR TEWARI)
MEMBER**

**Sd/-
(SUTIRTHA BHATTACHARYA)
CHAIRPERSON**

DATE: 19.07.2022

**Sd/-
SECRETARY**