



**ORDER**  
**OF THE**  
**WEST BENGAL ELECTRICITY REGULATORY COMMISSION**  
**IN THE MATTER OF**  
**CASE NO: WBERC/OA-421/22-23**

IN REGARD TO PETITION SUBMITTED BY THE WEST BENGAL STATE ELECTRICITY DISTRIBUTION COMPANY LIMITED (WBSEDCL) FOR STRENGTHENING OF DISTRIBUTION SYSTEM (SDS) 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:**

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

**DATE: 21.07.2023**



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### CASE IN BRIEF

- 1.0 The present petition has been filed by WBSEDCL on 17.06.2022 in terms of regulation 2.8.2.3 of the West Bengal Electricity Regulatory Commission (Terms and Commission of Tariff) Regulations, 2011 as amended (in short Tariff Regulations) seeking investment approval of Capital expenditure to the tune of Rs. 541.69 crore (including IDC) for Strengthening of Distribution System (SDS).
- 2.0 The prayer of the petition, which has been admitted by the Commission on 26.07.2022 and marked as OA-421/22-23, are as follows:
  - a) *Approve total investment of Rs. 541.69 crore for Strengthening of Distribution System throughout West Bengal in terms of regulations 2.8.2.3 of the West Bengal Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2011 as amended.*
  - b) *Pass any order as the Hon'ble Commission may deem fit and proper keeping in mind the factors and circumstances of the case."*
- 3.0 WBSEDCL, with regard to scope of work of the project, has submitted the following at para 2 of the petition:

*"That with the rapid expansion and growth in the state distribution sector, uninterrupted supply for 24 x 7 has become essential requirement of consumers. Furthermore emphasis has to be given in ensuring quality power supply, safety as well as to reduce the system downtime apart from various IT enabled service. For maintaining public safety and safeguarding the already installed network assets, shifting/ diversion of line has been taken into consideration. To reduce the losses, priorities to strengthen the distribution networks with option of drawl of new 33 kv lines to have greater flexibility of 33 kv networks has been considered in this project. Installation of new 33/11 kv sub-station and augmentation of existing PTR in sub-station with 33 kv system improvement work are included in the project in order to improve the voltage profile and reduction of losses along with shifting and*



*diversion of line for safety purpose and infrastructure associated development for future load growth.*

*In addition, alternative source of power due to discontinuation of taking power from other utilities at different off-take points has taken into consideration.*

*Considering all such above mentioned works, a project named 'Strengthening of Distribution System (SDS)' has been prepared for execution of all such works as per DPR tentatively in three years."*

- 4.0 At para 4 of the petition, WBSEDCL has submitted that the total estimated cost of the project as per Detailed Project Report (DPR), as attached with the petition, is Rs. 470 crore including taxes as applicable. The project cost as per DPR had since been upwardly revised to Rs. 541.69 crore after inclusion of IDC. The Board of Directors of WBSEDCL in its adjourned 99<sup>th</sup> meeting dated 17.09.2021 had approved the DPR in respect of the said project. The copy of the Board Resolution has also been annexed along with the petition.
- 5.0 With regard to the funding modalities, WBSEDCL at para 5 of the petition has submitted that PFCL sanctioned 90% of the claimed project cost of Rs. 541.69 crore i.e. Rs. 487.53 crore vide letter no. 03/22/2B/WBSEDCL/50903006/Vol-I dated 30.07.2021. It is further mentioned that project will be completed within the 90% of the claimed project cost which may be met from the entire funding arrangement of Rs. 487.53 crore as the sanctioned amount may be re-appropriated from time to time depending upon the site requirements.
- 6.0 WBSEDCL has submitted at para 6 of the petition that the work is expected to be completed within 31.03.2024.
- 7.0 WBSEDCL at para 7 of the petition has mentioned the following intangible benefits of the Strengthening of Distribution System (SDS) for different projects:
- "i) *Improvement of power quality and reliability;*
  - ii) *Reduction of Technical losses;*



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- iii) *Capacity enhancement of Distribution network to accommodate prospective load growth;*
- iv) *Reduction of public commotion due to power outage;*
- v) *Improved voltage profile for furthest and consumers;*
- vi) *Betterment of customer service;*
- vii) *To provide renewed thrust for improvement of industrial and agricultural growth of the State."*

#### **OBSERVATIONS OF THE COMMISSION**

- 8.0 The Commission observed that in terms of regulation 2.8.2.3 of the Tariff Regulation, 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 the licensee at the time of taking up the project, whichever is lower, is mandatory. The Commission also noticed from the submission of WBSEDCL that the project would be completed with 90% of the claimed project cost of Rs. 541.69 crore i.e. Rs. 487.53 crore as funded by PFCL vide letter no. 03/22/2B/WBSEDCL/ 50903006/ Vol-I dated 30.07.2021.
- 9.0 The Commission also observed from the submission of WBSEDCL that the system strengthening work will help in improvement of power quality and reliability to ensure 24x7 quality power supply following the government policy with the enhancement the capacity of distribution net work and reduction of technical loss which will be beneficial for the consumers.



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### ORDER

- 10.0 The Commission after considering the above facts and submission made by WBSEDCL in their application dated 17.06.2022, approve the investment proposal for Rs. 479.53 crore which is entirely proposed to be funded by PFCL for Strengthening the Distribution System (SDS) of WBSEDCL in terms of regulation 2.8.2.3 of the Tariff Regulations.
- 11.0 The Commission also gives the following direction with regard to submission of the final project cost:
- WBSEDCL shall not include any interest component and bank charges thereof related to the loan for this project in the final project cost.
  - WBSEDCL shall show separately the interest component and bank charges thereof upto the date of both scheduled and actual COD of the project duly certified by the auditor, including justifications for the delay, if any.
  - WBSEDCL shall also submit the details of zone-wise actual expenditure vis-à-vis zone-wise allocation of fund as indicated in the Scope of Work of the DPR duly certified by the Auditor. The necessary details along with detailed justifications for deviations from the investment plan, if any, shall also be submitted as per Regulation 2.8.5.1 of Tariff Regulations.
- 12.0 In case of escalation in the project cost, WBSEDCL shall take due approval from the Commission before capitalization of assets.
- 13.0 The petition is thus disposed off.
- 14.0 A copy of the order shall be posted on the website of the Commission.
- 15.0 WBSEDCL shall download the copy 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



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(Conduct of Business) Regulations, 2013, as amended and on submission of necessary fees.

Sd/-  
(PULAK KUMAR TEWARI)  
MEMBER

Sd/-  
(MALLELA VENKATESWARA RAO)  
CHAIRPERSON

Dated : 21.07.2023

Sd/-  
SECRETARY