



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

IN CASE NO. OA – 427 / 22 – 23

IN REGARD TO THE APPLICATION SUBMITTED BY WEST BENGAL STATE ELECTRICITY DISTRIBUTION COMPANY LIMITED FOR APPROVAL OF THIRD PHASE INVESTMENT APPROVAL FOR DISTRIBUTION NETWORK STRENGTHENING SCHEME AND GRID MODERNIZATION WITH HIGH VOLTAGE DISTRIBUTION SYSTEM, LOW TENSION AERIAL BUNDLE CABLING, UNDERGROUND CABLING, CONSTRUCTION OF 33/11 KV GIS, CREATION OF IT BACKBONE FOR AMI AND SCADA IN TERMS OF REGULATION 2.8.2.3 OF THE WEST BENGAL ELECTRICITY REGULATORY COMMISSION (TERMS AND CONDITIONS OF TARIFF) REGULATIONS, 2011, AS AMENDED FROM TIME TO TIME

DATE: 22.07.2025



Application submitted by West Bengal State Electricity Distribution Company Limited for approval of third phase investment approval for Distribution Network Strengthening Scheme and Grid Modernization with High Voltage Distribution System, Low Tension Aerial Bundle Cabling, Underground cabling, Construction of 33/11 kV GIS, creation of IT backbone for AMI and SCADA in terms of regulation 2.8.2.3 of the West Bengal Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2011, as amended from time to time

Facts in brief:

- 1.0 West Bengal State Electricity Distribution Company Limited (WBSEDCL) submitted an application on 26.07.2022 seeking approval of third phase investment approval for Distribution Network Strengthening Scheme and Grid Modernization with High Voltage Distribution System, Low Tension Aerial Bundle (AB) cabling, Underground cabling, construction of 33/11 kV Gas Insulated Substation (GIS), creation of IT backbone for AMI and SCADA in terms of regulation 2.8.2.3 of the West Bengal Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2011, as amended from time to time. The application has been admitted by the Commission and registered in Case No. OA – 427 / 22 – 23. The Commission sought several clarification and documents from the petitioner (WBSEDCL) regarding the project and funding modalities. WBSEDCL vide letter dated 08.07.2024 has submitted additional information / clarification for the project along with subsidiary agreements dated 31.01.2022 and 18.02.2022.
- 2.0 The application of WBSEDCL dated 26.07.2022 along with the DPR inter-alia stated the followings:
- 2.1 WBSEDCL formulated a Scheme of Distribution Network Strengthening and Grid Modernization in its distribution system as detailed below:
 - (i) High Voltage Distribution System (HVDS) with conversion of LTOH bare conductor by LT AB Cable in 13 districts, viz. Howrah, Purba Medinipur, Bankura, Purulia, Nadia, Murshidabad, Malda, Uttar Dinajpur, Dakshin Dinajpur, Darjeeling, Jalpaiguri, Coochbehar and Alipurduar.
 - (ii) Construction of 15 numbers of 33/11 kV Gas Insulated System in the above-mentioned districts.
 - (iii) Conversion of overhead network to underground cable in 5 towns, viz. Asansol, Baruipur, Kharagpur, Baguihati – Kestopur and Rajarhat.
 - (iv) Creation of IT backbone for rolling out AMI and SCADA system in 20 towns, viz. Alipurduar, Balurghat, Bankura, Baruipur, Berhampur, Bishnupur, Burdwan,



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Coochbehar, English Bazar, Jalpaiguri, Jhargram, Krishnanagar, Midnapur, Nabadwip, Purulia, Raiganj, Suri, Tamluk, New Town and Kharagpur.

- (v) Installation of 3 -phase 4 CT operated Automated Meter Reading (AMR) compatible Static metering at Distribution Transformers (DTR)
- (vi) Innovative schemes for Distribution System Strengthening and
- (vii) Capacity Building

2.2 In the application, WBSEDCL submitted that the Government of West Bengal (GoWB) has accorded in-principle approval of the scheme as externally aided project with overall cost of Rs. 2800.54 Crore (inclusive of applicable taxes) **which is proposed to be funded by GoWB with 30% state - share in the form of grant and rest 70% being financial assistance in the form of loan from the World Bank.** The Board of Directors, WBSEDCL in its 86th meeting held on 22.08.2019 has accorded administrative approval of the project.

WBSEDCL also submitted that the Department of Economic Affairs, Government of India, vide letter dated 03.04.2019 informed that the project proposal was considered in its 91st Steering Committee Meeting held on 22.01.2019. The State Cabinet also has approved the proposal on 27.01.2020 for sanction of Distribution Network Strengthening and Grid Modernization Project to be executed by WBSEDCL under the World Bank financial assistance with a financial involvement of Rs. 2800.54 Crore in the ratio of 70:30 where 30% is state - share.

2.3 WBSEDCL submitted that, the entire project has been carried out in three phases. Investment approval for Phase – 1 of Rs. 1327.71 Crores and Phase – 2 for Rs. 895.96 Crores have already been approved by the Commission, and now through this petition they are seeking investment approval of Phase – 3 amounting to Rs. 656.05 Crores. WBSEDCL also mentioned that, in this 3rd phase some additional work has also been included but the overall cost after inclusion of additional work(s) to remain within the entire project cost.



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- 3.0 Subsequently, WBSEDCL vide letter dated 08.07.2024 has submitted that two subsidiary agreements have been entered between the Government of West Bengal and WBSEDCL (i) on 31.01.2022 for International Bank for Reconstruction and Development (IBRD) and (ii) on 18.02.2022 for the Asian Infrastructure Investment Bank (AIIB) wherein it was decided that the total project cost of Rs. 2800.54 Crore will be considered as an equity contribution to WBSEDCL by the State Government.

Observations of the Commission:

- 4.0 In terms of Regulation 2.8.2.3 of the Tariff Regulations, approval of the Commission for investment in distribution project whose cost is above rupees one hundred and twenty-five 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.
- 5.0 The Commission observes that initially the Scheme of Distribution Network Strengthening and Grid Modernization was conceived with an idea that the overall cost of the scheme of Rs. 2800.54 Crore (inclusive of applicable taxes) is proposed to be funded by the Government of West Bengal with 30% state - share in the form of grant and rest 70% being financial assistance in the form of loan from the World Bank. Accordingly, WBSEDCL has sought approval of the project in three phases amounting to Rs. 1327.71 Crore, Rs. 895.961 Crore and Rs. 656.05 Crore.
- 6.0 The Commission had already approved the 'First Phase Work' and 'Second Phase Work' under the Scheme for Distribution Network Strengthening and Grid Modernization amounting to Rs. 1327.71 Crore and Rs. 895.961 Crore vide order dated 02.11.2021 in Case No. OA – 346/ 20 – 21 and order dated 02.11.2021 in Case No. OA – 366 / 21 – 22 respectively, with the proposed funding pattern.
- 7.0 Now, the Commission notes that the total project cost of Rs. 2800.54 Crore will be considered as an equity contribution to WBSEDCL by the State Government according to the subsidiary agreements entered into between the Government of West Bengal and WBSEDCL.



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8.0 The Commission observes that the funding pattern of the entire scheme has been modified. In their initial petitions, WBSEDCL proposed 30% of the project cost i.e. Rs. 840.16 Crore is to be received as grant and balance amount of Rs. 1960.38 Crore as loan from the World Bank. Now, vide letter dated 08.07.2024, WBSEDCL submitted that entire project cost will be funded as equity. Thus, there is a direct increase in effective cost (net of grant) of project as well as impact in tariff to the end consumers. This is a substantial change in the proposal and WBSEDCL is thus required to submit a fresh application for investment approval on entire project based on the modified funding pattern along with modified cost benefit analysis.

Order:

9.0 In view of the above, the Commission finds itself unable to consider the instant application from WBSEDCL seeking investment approval for the 'Third Phase Work' of the Distribution Network Strengthening Scheme and Grid Modernization. WBSEDCL is directed to file a fresh application considering the revised funding pattern as approved by the State Government for all the three phases, accompanied by a thorough cost-benefit analysis.

10.0 The instant petition is thus disposed of and a copy of the order shall be posted on the website of the Commission.

11.0 WBSEDCL shall download a 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/-
(DR. MALLELA VENKATESWARA RAO)
CHAIRPERSON

Dated: 22.07.2025

Sd/-
DEPUTY DIRECTOR, WBERC