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ORDER

OF THE

**WEST BENGAL ELECTRICITY REGULATORY COMMISSION
IN CASE NO. OA - 442/ 22 – 23**

THIS IS AN APPLICATION SUBMITTED BY WEST BENGAL STATE ELECTRICITY DISTRIBUTION COMPANY LIMITED (WBSEDCL) FOR APPROVAL OF INCREASE OF 'OPERATION AND MAINTENANCE EXPENSES' AND 'OTHER EXPENSES' FOR WBSEDCL IN THE FINANCIAL YEAR 2022 – 23 OVER AND ABOVE THE ADMITTED AMOUNT OF EXPENSES IN THE TARIFF ORDER FOR THE YEAR 2022 – 23

PRESENT:

SHRI MALLELA VENKATESWARA RAO, CHAIRPERSON

SHRI PULAK KUMAR TEWARI, MEMBER

DATED: 22.06.2023



Facts in brief:

- 1.0 The West Bengal State Electricity Distribution Company Limited (in short 'WBSEDCL') has submitted an application vide letter dated 29.12.2022 seeking approval regarding increase of "Operation and Maintenance Expenses' and 'Other Expenses' for WBSEDCL in the financial year 2022 – 23 with respect to admitted amount of expense in the Tariff Order for the year 2022 – 23 in accordance with regulation 2.11.1 of the West Bengal Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2011 as amended from time to time read with the observation made by the Commission in the Review of APR Order for the year 2012 – 13 dated 21.05.2021. The application has been admitted by the Commission in Case No. OA – 442/ 22 – 23.
- 2.0 In the said application WBSEDCL has submitted the following:
 - 2.1 The Commission had issued the Multi Year Tariff (MYT) Order for the 7th Control Period consisting of the years 2020 – 21, 2021 – 22 and 2022 – 23 considering projections made on certain premises of expenses. However, during the year 2022 – 23, certain developments affecting these expenditure heads have taken place which have a considerable impact on the quantum of expenditures allowed in the Tariff Order for the year 2022 – 23.
 - 2.2 WBSEDCL expects increase in expenses of the following items:
 - i. Overhauling and repair of Generator Circuit Breaker of Purulia Pumped Storage
 - ii. O&M expenses for 10 MW Teesta Canal Bank Solar PV Project whose 5 years O&M contract included in the project cost has been completed on 10.03.2022.
 - iii. Increase in distribution O&M expenses due to impact of operational expenditures related to smart metering, restructuring of minimum wages as per circular of Government of West Bengal, introduction of new category of minimum wages for electricity trade, increase in vehicle charges due to increase in fuel price, increase in number of security personnels along with their wages, manpower recruitment expenses and GST due to smart metering in OPEX model.



- 2.3 WBSEDCL submitted that the information regarding additional expenditure incurred or to be incurred in 2022 – 23 is for appraisal in view of the observations made by the Commission in its order dated 21.05.2021 so that the additional financial impact on the above stated O&M Expenses and Rates and Taxes head be passed during the APR for the year 2022 – 23.

Observations of the Commission

- 3.0 The Commission in the review Order for 2012 – 13 dated 21.05.2021 had disallowed the excess claim of controllable part of outsourcing expenses over and above the admitted figures in the Tariff Order inter-alia stating that the deviation without prior consent of the Commission is ipso facto imprudent.
- 4.0 The Commission notes that the truing up process during APR is done through public consultation in terms of suggestion, objection and comment from stakeholders similar to tariff determination process. Hence, any advance acceptance of any expenditure through a separate order is not permitted under the said regulation. The essence of observation made in the review order dated 21.05.2021 is regarding 'in-principle' approval, when licensee proposed to carry out any new kind of activity which is allowed under regulation 2.11.1 of the Tariff Regulations.
- 5.0 The Commission observes that the submitted expenditures in the instant application are of standard in nature except for the claims on the followings:
- (i) Additional expenses due to smart metering in OPEX model in terms of the Order of the Commission dated 22.07.2022 in Cases No. OA – 413/22 – 23 and OA – 414/ 22 – 23.
 - (ii) O&M Expenses related to Solar Plants after completion of 5 years O&M.
- 6.0 It is pertinent to mention that any variation of expenses being controllable or uncontrollable in nature, are required to be dealt with during the truing up stage following the principles of the Tariff Regulations and considering suggestions, objections and comments from the stakeholders.



Order

- 7.0 In view of the above, the Commission directs WBSEDCL to submit the relevant details with their APR Petition for the concerned years.
- 8.0 The application is thus disposed of.
- 9.0 A copy of the order shall be posted in the website of the Commission.
- 10.0 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: 22.06.2023

Sd/-
SECRETARY