



**ORDER
OF THE
WEST BENGAL ELECTRICITY REGULATORY COMMISSION
IN CASE NO. OA – 461 / 23 – 24**

IN REGARD TO THE APPLICATION SUBMITTED BY WEST BENGAL STATE ELECTRICITY DISTRIBUTION COMPANY LIMITED FOR APPROVAL OF THE VALUE OF THE PARAMETER "COST RECOVERED THROUGH DEMAND CHARGES FROM ALL CONSUMERS" IN RESPECT OF TARIFF ORDER FOR THE YEARS 2023 – 24 AND 2024 – 25 OF WBSEDCL COMPUTATION OF ADDITIONAL SURCHARGE AS PER CLAUSE 18.2.5 (B) OF THE WEST BENGAL ELECTRICITY REGULATORY COMMISSION (OPEN ACCESS) REGULATIONS, 2022

PRESENT:

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

DATE: 21.08.2024



Application for removal of difficulties for approval of the value of the parameter “cost recovered through Demand Charges from all consumers” in respect of Tariff Order for the year 2023 – 24 and 2024 – 25 of WBSEDCL computation of additional surcharge as per clause 18.2.5 (b) of the West Bengal Electricity Regulatory Commission (Open Access) Regulations, 2022.



CASE IN BRIEF

- 1.0 The West Bengal State Electricity Distribution Company Limited (in short 'WBSEDCL') submitted an application vide letter dated 29.08.2023 under removal of difficulties for approval of the value of the parameter “C” i.e. cost recovered through Demand Charges from all consumers, for computation of additional surcharge as per clause 18.2.5 (b) of the West Bengal Electricity Regulatory Commission (Open Access) Regulations, 2022 (in short “Open Access Regulations, 2022”) considering the Tariff Order for the year 2023 – 24 of WBSEDCL. The Commission admitted the application and registered it in Case No. OA – 461 / 23 – 24.
- 2.0 WBSEDCL in their application inter-alia stated the following:
- In accordance with subsection (4) of Section 42 of Electricity Act, 2003 a consumer availing Open Access and receiving supply of electricity from a person other than a Distribution Licensee of his area of supply, shall pay an additional surcharge in addition to other charges to meet the fixed cost of the Distribution Licensee arising out of his obligation to supply,
 - The distribution licensees must estimate the demand for electricity to determine the applicable costs resulting from power procurement contracts. The surcharge formula, adjusted annually based on actual demand, includes netting off wheeling charges and Cross-Subsidy Surcharge, excluding assets funded by consumer contributions. All eligible Open Access Customers must pay this surcharge based on their usage, with related costs embedded in the aggregate revenue requirement as per regulatory formulas.
 - Accordingly, the Commission has framed a formula for determination of additional surcharge by the Distribution Licensee under Clause No. 18.2.5(b)(i) of the Open Access Regulations, 2022 which is reproduced below:

“Additional Surcharge Part A in Paise per unit (ASC_{TR}) = $[(A+B-C)/D] - E-F$

A = Fixed cost of power purchase including fixed cost of own generation and fixed cost related to distribution & selling related to obligation of supply of the Licensee as a whole;

B = Transmission and Wheeling Costs of Power Purchase related to obligation of supply of the Licensee as a whole;



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C= Cost recovered through Demand Charges from all consumers;

D= Energy sold for consumers and licensee in consumer mode or radial mode from distribution system and units billed for Wheeling/ transmission for Open Access Customers;

E= Wheeling Charge in paise/ unit;

F= Cross Subsidy Surcharge (if any) in paise/ unit for the tariff category of the Open Access Customer in terms of these regulations;

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The parameters "A", "B", "C", "D", "E" shall be provided by the Commission in the Tariff order and "F" shall be calculated in terms of these Open Access Regulations from the appropriate figures provided in the latest tariff order in terms of regulation 18.2.4 of these Open Access Regulations. However, alternatively the Commission may derive consumer class wise (ASC_{TR}) and declare in respective tariff order. The additional surcharge and recovery of CSS will be subject to true up by the Commission on APR.

....."

- d) WBSEDCL submitted that the Commission, in its Tariff Order dated 30.03.2023 for FY 2023 – 24 has provided values of all other parameters required for computation of additional surcharge, except the value of the parameter "C" i.e. (Cost recovered through Demand Charges from all consumers).
- e) Based on Fixed and Demand Charge determined by the Commission in the Tariff Order of WBSEDCL for the year 2023 – 24 and sale projection for the year 2023-24, WBSEDCL has computed the value of the parameter C ("Cost recovered through Demand Charges from all consumers") for the FY 2023 – 24 as Rs. 2582 Crore. WBSEDCL submitted the detailed computation along with the petition.
- f) Accordingly, WBSEDCL prayed to the Commission to:
- (i) Approve the value of "C" (Cost recovered through Demand Charges from all consumers) for the year 2023 – 24.



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(ii) Determine the value of parameter "C" for the year 2024 – 25 and 2025 – 26 during passing the tariff order of WBSEDCL of those years.

3.0 Subsequently, in line with the direction of the Commission, WBSEDCL vide letter no. REG/ SERC/ 91 dated 11.06.2024 submitted the computation of values of parameter "C" (i.e. cost recovered through Demand Charge) for the FY 2024 – 25 considering Fixed Charge/ Demand Charge determined by the Commission in the Tariff order of WBSEDCL for FY 2024 – 25 and projected contractual load/ chargeable demand in MYT application for 2024 – 25. The value of parameters "C" for FY 2024 – 25 comes to Rs. 2686.63 Cr. WBSEDCL also submitted the detailed computation.

OBSERVATIONS OF THE COMMISSION

- 4.0 In terms of regulation 18.2.5(b)(i) of the Open Access regulations 2022, the Commission, in the Tariff Order, has to specify the values of parameters "A", "B", "C", "D" and "E" required to determine the applicable Additional Surcharge to be realized from open access consumers. However, it is observed that, in the tariff order for the FY 2023 – 24 and 2024 – 25, values of all the parameters, except the value of the parameter "C" i.e. (Cost recovered through Demand Charges from all consumers), are provided.
- 5.0 The value of parameter "C" i.e. the amount of cost recovered through demand charge is summation of recovery of the fixed/demand charge from all consumers at the rate specified in the tariff order. This is computed by multiplying the contractual load / chargeable demand (in KVA) of each consumer category as considered in the tariff order with the fixed/ demand charge (in Rs. / kVA/ month) admitted in the tariff order for the respective consumer category for the year.
- 6.0 The Commission thoroughly reviewed the detailed computations of parameter "C" submitted by WBSEDCL for FY 2023 – 24 and FY 2024 – 25. The methodology employed to derive the value of parameter "C" aligns with the principles laid out in the Open Access Regulations, 2022. The computed value for parameter "C" for the year 2023 – 24 and 2024 – 25 appears to be a reasonable and accurate reflection of the cost recovered through demand charges from all consumers for the specified period.



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- 7.0 The value of parameter "C" for FY 2025 – 26 will be determined after passing the Tariff Order of WBSEDCL for the year 2025 – 26.

ORDER

- 8.0 The value of parameter "C", in the formula for determination of Additional Surcharge specified under regulation 15.2.5(b)(i) shall be Rs. 258265.00 Lakh and Rs. 268663 Lakh for the years 2023 – 24 and 2024 – 25 respectively.
- 9.0 WBSEDCL is directed to use the above value of parameter "C" for computing the additional surcharge as per the formula in Clause 18.2.5 (b)(i) of the Open Access Regulations, 2022.
- 10.0 A copy of the order shall be posted in the website of the Commission.
- 11.0 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: 21.08.2024

Sd/-
SECRETARY