



**ORDER**

**OF THE**

**WEST BENGAL ELECTRICITY REGULATORY COMMISSION**

**FOR THE YEAR 2009 - 2010**

**IN**

**CASE NO: TP – 38/ 08 – 09**

**IN RE THE DETERMINATION OF WHEELING  
CHARGES PAYABLE TO DURGAPUR PROJECTS LIMITED FOR THE USE  
OF ITS DISTRIBUTION SYSTEM FOR CONVEYANCE OF ELECTRICITY BY  
OPEN ACCESS CUSTOMERS INCLUDING CAPTIVE GENERATING  
PLANTS DURING THE FINANCIAL YEAR 2009 – 2010 UNDER SECTION  
62(1)(C) OF THE ELECTRICITY ACT, 2003 READ WITH SCHEDULE – 4 TO  
THE WEST BENGAL ELECTRICITY REGULATORY COMMISSION (TERMS  
AND CONDITIONS OF TARIFF) REGULATIONS, 2007 AND THE WEST  
BENGAL ELECTRICITY REGULATORY COMMISSION (OPEN ACCESS)  
REGULATIONS, 2007.**

**DATED: 17.09.2009**



## **CHAPTER – 1 INTRODUCTION**

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- 1.1 In terms of regulation 2.1.1(iv) of the West Bengal Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2007 (hereinafter referred to as the "Tariff Regulations"), the Commission is required to determine the wheeling charges payable to the distribution licensees for the use of their distribution system and associated facilities for conveyance of electricity by all open access customers including the captive generating plants. Accordingly, the West Bengal Electricity Regulatory Commission (hereinafter referred to as the "Commission") proceeds to determine such wheeling charges payable to Durgapur Projects Limited (in short "DPL") by such customers / system users during the year 2009 - 2010.
- 1.2 On prudent analyses and viewing the tariff application made by DPL, the Commission earlier determined the Aggregate Revenue Requirement (in short "ARR") of DPL separately for each year of the second control period comprising the financial years 2008 – 2009, 2009 – 2010 and 2010 – 2011 under the Multi Year Tariff (in short "MYT") approach. The Commission also determined the amounts recoverable through tariff by DPL during the year 2008 – 2009 and 2009 – 2010 after carrying out the adjustments, as considered appropriate by the Commission, with the amounts of ARR the recoverable / refundable amount determined on Annual Performance Review (in short "APR") in terms of the Tariff Regulations.
- 1.3 The Commission now takes up the matter relating to determination of the average unit rate of recovery of fixed charges relating to the distribution system in accordance with the principles, terms and conditions laid down in Schedule – 4 to the Commission's referred Tariff Regulations.



## CHAPTER – 2 DETERMINATION OF FIXED CHARGES RELATING TO DISTRIBUTION FUNCTION

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- 2.1 DPL is a distribution licensee having own generating station with total installed capacity of 701 MW in operation during 2009 – 2010. The admissible charges of DPL under certain heads of accounts are, therefore, required to be segregated / allocated to generation and distribution functions on some rational basis. After prudent analyses of the amounts of ARR for the year 2009 – 2010 and making such segregation / allocations, the gross amount of total fixed charges attributable to the distribution function of DPL is found to be Rs. 7677.66 lakh. Paragraph 2.2 of the Commission's order dated 28.07.2009 in Case No. TP – 38 / 08 – 09, determining the tariff for DPL, may be referred to in this regard. The detailed head-wise break-up of the referred amount is given in Annexure – 2A.
- 2.2 The gross amount of total fixed charges, i.e., Rs. 7677.66 lakh, as shown in Annexure – 2A, is inclusive of expenses incidental to retail selling and distribution of energy. Item No. 2.1 of Schedule – 4 to the Tariff Regulations provides for deduction of such retail selling expenses and charges incidental to that from the gross amount of fixed charges attributable to distribution function before ascertaining the wheeling charges payable by the open access customers. DPL could not properly segregate such expenses. In the absence of proper details in regard to selling expenses, the Commission decides to deduct the entire estimated amount of Rs. 155.55 lakh of other income of DPL from different non-tariff sources relating to distribution function from the gross amount of fixed charges for computation of the rate of wheeling charges. The amounts of provisions for bad and doubtful debts as well as the amount of interest payable to consumers on their security deposits are also considered charges incidental to retail sale of electricity.



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2.3 Based on the foregoing analyses, the amount of fixed charges attributable to the distribution function of DPL for the year 2009 - 2010 for the determination of rate of wheeling charges payable by the open access customers including the captive generating plants come as under:

|   |        | <b>Rs. in Lakh</b> |
|---|--------|--------------------|
| (a) Gross amount of fixed charges relating to distribution function |        | 7677.66            |
| (b) Less:   |        |                    |
| i) Income to be derived from other Non-tariff sources               | 155.55 |                    |
| ii) Provision for bad/doubtful debts                                | 521.00 |                    |
| iii) Interest on consumer's security deposits                       | 24.72  | 701.27             |
| <b>(c) Net admissible amount of fixed charges</b>                   |        | <b>6976.39</b>     |

2.4 The average rate of recoverable wheeling charges comes to 27.21 paise per unit (kWh) taking estimated sales of 2563.496 MU (including supply of 78.000 MU to West Bengal State Electricity Distribution Company Limited through 11 KV and 33 KV).



**ANNEXURE – 2A**  
**HEAD WISE BREAKUP OF THE AMOUNT OF**  
**NET FIXED CHARGES ATTRIBUTABLE TO**  
**DISTRIBUTION FUNCTION**

| Sl. No. | Head of Charges                               | Amount (Rs. in Lakh) | Amount (Rs. in Lakh) |
|---------|---|----------------------|----------------------|
| 1       | Employees Cost (including Terminal Benefits)  |                      | 710.84               |
| 2       | <b>Operation &amp; Maintenance Expenses</b>   |                      |                      |
|         | (a) Repairs & Maintenance                     | 576.05               |                      |
|         | (b) Legal & Professional Charges              | 0.40                 |                      |
|         | (c) Audit Fees & Expenses                     | 10.75                |                      |
|         | (d) Water Charges                             | 25.48                |                      |
|         | (e) Other Admn. & General Charges             | 290.25               | 902.93               |
| 3       | <b>Interest &amp; Finance Charges</b>         |                      |                      |
|         | (a) Interest on borrowed Capital              | 1840.04              |                      |
|         | (b) Interest on Security Deposits             | 24.72                |                      |
|         | (c) Finance Charges                           | 139.17               | 2003.93              |
| 4       | Depreciation                                  |                      | 947.41               |
| 5       | Write off of intangible assets                |                      | 1.01                 |
| 6       | Reserve for Unforeseen Exigencies             |                      | 59.72                |
| 7       | Provision of doubtful debts                   |                      | 521.00               |
| 8       | Returns on equity capital                     |                      | 2052.84              |
| 9       | Adjustment on Annual Performance Review (APR) |                      | 477.98               |
| 10      | <b>Gross Amount of Fixed Charges</b>          |                      | <b>7677.66</b>       |



## CHAPTER – 3 ORDER

3.1 The average rate of fixed charge pertaining to the distribution function of DPL for the year 2009 – 2010 comes to 27.21 paise per unit (kWh) as shown in the preceding chapter and the same is considered to be the rate of recoverable wheeling charges from the long term open access customers. Based on this average rate and in terms of the provisions contained in regulation 14.3.2 of the West Bengal Electricity Regulatory Commission (Open Access) Regulations, 2007 (hereinafter referred to as the "Open Access Regulations"), the Commission is fixing the rate of wheeling charges to be recovered by DPL during the year 2009 – 2010 from the different categories of open access customers including captive generators for conveyance of electricity through its distribution system. The Commission, however, feels the necessity of adequately incentivising the persons sourcing energy from co-generation and generations from the non-conventional / renewable energy sources allowing them to pay @ 1/3<sup>rd</sup> (one-third) of the rate chargeable to the open access customers drawing energy from other sources.

3.2 Accordingly, the Commission fixes the rate of wheeling charges as under:

| Category of Open Access Customers |  | Wheeling Charge<br>(Paise / kWh) |                         |
|-----------------------------------|--|----------------------------------|-------------------------|
|                                   |  | Long-term<br>Customers           | Short-term<br>Customers |
| (a)                               | Open Access Customers drawing energy from sources other than Co-generation and Non-conventional / Renewable energy sources.                              | 27.21                            | 21.77                   |
| (b)                               | Open Access Customers drawing energy from Co-generation and Non-conventional / Renewable energy sources [1/3 <sup>rd</sup> of the rate under (a) above]. | 9.07                             | 7.26                    |



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3.3 In terms of the provisions contained in regulation 14.3.10 of the Open Access Regulations, the open access customers, other than those carrying the electricity generated in captive generating plant to the destination and for the extent of their own use, are to pay cross-subsidy surcharge in addition to the charges for using the distribution system of the licensees. Such cross-subsidy surcharge will be the difference between the tariff applicable for the category of the customers being allowed open access and the cost avoided (per unit) by the licensee in this regard.

3.4 The avoidable cost as computed in terms of the formula provided in regulation 14.3.10 of the Open Access Regulations in case of DPL works out as under:

|   |             |                    |
|---|-------------|--------------------|
| (a) Total Fuel and Power Purchase Variable Cost.            |             | Rs. 48733.05 Lakh  |
| (b) Quanta of energy pooled in the distribution system      |             |                    |
| (i) Sent-out energy from own generation                     | 3839.920 MU |                    |
| (ii) Purchase of Energy                                     | 0.000 MU    | 3839.920 MU        |
| (c) Weighted average unit cost of pooled energy [(a) / (b)] |             | 126.91 paise / kWh |
| (d) Distribution Loss                                       |             | 5.90%              |
| (e) Avoidable cost will be -                                |             |                    |

$$\frac{126.91 \text{ paise / kWh}}{(100-5.90) \times 0.01} + \text{Wheeling charges per unit applicable to the relevant open access case.}$$

$$= 134.87 \text{ paise / Kwh} + \text{Wheeling charges per unit as applicable}$$

3.5 DPL will determine the avoidable cost for the concerned open access customers as per computations shown in (e) above and will recover cross-subsidy



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surcharge with reference to the tariff chargeable to the concerned customers if they opt for open access.

- 3.6 The rate of wheeling charge and cross subsidy surcharge shall be applicable from the billing month of / pertaining to April, 2009 and onwards. The adjustments, if any, for over-recovery / under recovery for the period from 01. 04. 2009 to 31.08.2009 shall be made in 5 (five) equal monthly instalments starting from the billing month of / pertaining to September, 2009 .

**Sd/- 17.09.2009**  
**(R.P.SAMADDAR)**  
**MEMBER**

**Sd/- 17.09.2009**  
**(PRITITOSH RAY)**  
**MEMBER**

**Sd/- 17.09.2009**  
**(PRASADRANJAN RAY)**  
**CHAIRPERSON**

**DATE: 17.09.2009**