



**West Bengal Electricity Regulatory Commission**  
**Corrigendum to the Order dated 01.12.2012 of the Commission**  
**in regard the Tariff Application of the West Bengal State Electricity Transmission**  
**Company Ltd., for the years 2011-2012, 2012-2013 and 2013-2014 in Case No TP-**  
**50/11-12**

The attention of the Commission has been drawn to certain typographical errors / apparent mistakes in the tariff order dated 01.12.2012 passed by the Commission in regard to the Tariff Application of the West Bengal State Electricity Transmission Company Ltd., for the years 2011-2012, 2012-2013 and 2013-2014 in Case No: TP-50/11-12.

The Commission is of the considered opinion that in the interest of all concerned those errors/apparent mistakes which do not have any effect on tariff determination already given in the said tariff order, be corrected and necessary corrigendum be issued. The Commission accordingly carries out such correction(s) keeping in view the provisions of Section 94 of the Electricity Act, 2003 and directs the Secretary to issue the following corrigendum :-

Correction of typographical errors/ apparent mistakes in the Tariff Order dated  
01.12.2012 in respect of West Bengal State Electricity Transmission Company Ltd.

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<b>Page No.</b>	<b>Nomenclature</b>	<b>Existing Description</b>	<b>Corrected Description</b>
38	4 <sup>th</sup> and 5 <sup>th</sup> line of paragraph 5.10	"shall be made in the bills for the months of/ pertaining to December, 2012 to March, 2013 in 4 (four) equal installments."	"shall be made in the bills for the months of/ pertaining to December, 2013 to March, 2014 in 4 (four) equal installments."

**Sd/-**

**(SUJIT DASGUPTA)**  
**MEMBER**

**Sd/-**

**(PRASADRANJAN RAY)**  
**CHAIRPERSON**

**Dated: 2.1.2013**



**TARIFF ORDER**

**OF THE**

**WEST BENGAL ELECTRICITY REGULATORY COMMISSION**

**FOR THE YEARS 2011 – 2012 AND 2012 – 2013**

**IN**

**CASE NO: TP – 50 / 11 - 12**

**IN RE THE TARIFF APPLICATION OF THE WEST BENGAL  
STATE ELECTRICITY TRANSMISSION COMPANY LIMITED  
FOR THE YEARS 2011 – 2012, 2012 – 2013 AND 2013 – 2014**

**UNDER SECTION 64(3)(a) READ WITH  
SECTION 62(1) OF THE ELECTRICITY ACT, 2003**

**DATE: 01.12.2012**



## **CHAPTER - 1 INTRODUCTION**

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- 1.1 The West Bengal State Electricity Regulatory Commission (referred to as the 'Commission' hereinafter) was constituted by the State Government of West Bengal in 1999 in pursuance of the provisions of Section 17 of the Electricity Regulatory Commissions Act, 1998. The aforesaid Act, along with the Indian Electricity Act, 1910 and the Electricity (Supply) Act, 1948 was repealed by dint of Section 185 of the Electricity Act, 2003, (referred to as the Act hereafter) which came into force with effect from 10<sup>th</sup> June 2003. The first proviso of Section 82(1) of the Electricity Act, 2003 has ensured continuity of the Commission – along with that of all other State Electricity Regulatory Commissions – by laying down that the State Electricity Regulatory Commissions established by a State Government under Section 17 of the Electricity Regulatory Commissions Act, 1998 (and a few other State enactments), and functioning as such immediately before the appointed date, shall be the State Commissions for the purposes of the Electricity Act, 2003.
- 1.2 The functions of a State Commission have been specified in Section 86 of the Electricity Act, 2003. One of the main functions of a State Commission relates to determination of tariff for generation, supply, transmission and wheeling of electricity, wholesale, bulk or retail, as the case may be, within a State. Further, Section 62(1) of the Act also requires the appropriate Commission to determine the tariff in accordance with the provisions of the Act, for supply of electricity by a generating company to a distribution Licensee, for transmission, for wheeling as also for retail sale of electricity.
- 1.3 The Commission has, therefore, all the powers and authority under the Electricity Act, 2003 to determine the tariff, as laid down in the Act, and these powers and authority are in continuation of similar powers and authority that were enjoyed by the Commission under Section 29 of the Electricity Regulatory Commissions Act, 1998.



***Tariff Order of WBSETCL for the year 2011 – 2012 and 2012 – 2013***

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- 1.4 WBSETCL is deemed to be a licensee under the jurisdiction of WBERC in terms of fifth proviso to Section 14 of the Act. The area of operation for WBSETCL covers the whole of the State of West Bengal. In exercise of powers conferred under Sub-section 1 of Section 39 of the Act, the Govt. of West Bengal has notified and authorised vide No.89-PO/O/III/3R-5/2007 dated 26.3.2007 West Bengal State Electricity Transmission Company Limited to function as State Transmission Utility w.e.f 1.4.2007.
- 1.5 The tariff applications for the third control period consisting of the years 2011 – 2012, 2012 – 2013 and 2013 – 2014 on the basis of multi year framework in terms of West Bengal Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2011 (hereinafter referred to as the 'Tariff Regulations') has been submitted by WBSETCL. The application is for determining the revenue requirements for transmission charges for three years of control period under multi year tariff framework.
- 1.6 The tariff application in question admitted by the Commission was marked as No.TP-50/ 11-12. After admission of the same WBSETCL was directed to publish the gist of the tariff application as approved by the Commission in newspapers in terms of the provisions of the regulation 2.7.3 of the Tariff Regulations. The gist of the petition was published in Ekdin, Pratidin, Business Line and Times of India on 12<sup>th</sup> April, 2012.
- 1.8 While publishing the gist of the tariff petition, the insertions in the newspapers called upon all interested parties and members of the public to file objections or make comments on the petition and submit the same to the office of the Commission by 11<sup>th</sup> May, 2012. They were also afforded opportunities for inspection of the petition and take copies of the same in terms of the relevant provisions of the WBERC (Conduct of Business) Regulations, 2007.



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- 1.9 No objections / comments / suggestions etc. were received from the stake holders within the stipulated date i.e., 11<sup>th</sup> May, 2012.



## CHAPTER - 2 THE CASE OF THE WBSETCL

2.1 In its tariff application for the third control period comprising the financial years 2011 – 2012, 2012 – 2013 and 2013 – 2014, WBSETCL has projected year-wise amounts of Aggregate Revenue Requirements ( ARR ) as under :

Year	Aggregate Revenue ( Rs lakh )	Allocated Transmission Capacity (MW)	Transmission charges ( Rs. per MW per month )
2011 – 2012	98306.44	4421	1,85,302.00
2012 – 2013	99654.58	4806	1,72,795.41
2013 – 2014	111121.05	5226	1,77,192.63

2.2 The projections are said to be based on the following basic premises :

- i) WBSETCL has undertaken the construction of new EHV sub-stations and lines besides the augmentation of capacity of existing EHV lines, sub-stations and other schemes for meeting the increased infrastructure requirement for transmission of power in the State.
- ii) The Technical Loss in the transmission system has been considered as 3.60%, 3.50% and 3.40% for the years 2011 – 2012, 2012 – 2013 and 2013 – 2014 respectively in line with the provisions of Commission's Regulations.

2.3 The assessment of the energy transmission is based on the estimated quantum of energy to be purchased by WBSEDCL at 400 / 220 / 132 KV to meet its energy requirement for the aforesaid control period since it is the sole long term user of the transmission network of WBSETCL. The other agencies use the said system only on short term basis. Power to be purchased by WBSEDCL from all the State and Central Sector Generating Stations are to be transmitted through the transmission system of WBSETCL. The evacuation systems of power generated



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at the Hydel Power Stations and Purulia Pumped Storage Project of WBSEDCL are also connected with the said transmission system.

2.3.1 As per Point of Connection (POC), for the intra-state transmission line carrying 50% or more power for inter-state transmission, there is a provision for recovery of transmission charge for those intra-state transmission lines through POC charge for inter-state transmission. But on query, WBSETCL replied vide their letter no. Dir(opr.)/WBSETCL/ACE/RAC/Tariff/43 dated 08.10.2012 that there is no such case for recovery of charges for any intra-state transmission lines through inter-state transmission charges.

2.4 In regard to the fixed charges claimed by WBSETCL under different heads of accounts during the years under the concerned control period, WBSETCL clarified as under:

**2.4.1 Employee Cost:**

2.4.1.1 While assessing the employee cost, WBSETCL considered the element of Dearness Allowance (DA) as declared time to time from the year 2010 – 2011. The employee cost has been estimated considering average rate of D A, 58.50% for 2011 – 2012, 68.75% for 2012 – 2013 and 78.75% for 2013 – 2014. New recruitments of around 100 persons in 2007-08 and 370 persons in 2008-09 at different cadres as well as future retirements and planned retirements have also been taken into consideration while making the projections under this head. The petitioner has also come forward with the plea for allowing overtime allowances extended to its employees for attending emergency break down beyond the normal hours of duty in public interest. The employee cost also includes Rs. 1849.90 lakh, Rs. 2048.74 lakh and Rs. 2239.20 lakh towards liability of terminal benefits of employees for the years 2011 – 2012, 2012 – 2013 and 2013 – 2014 respectively. Amounts of emoluments extended to part time sweepers in various operational establishments of the company have been included under the



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employee cost. As per annual accounts of the company, such costs have, however, been booked under administrative and general expenses.

**2.4.2 Repairs & Maintenance (R&M) Expenses:**

2.4.2.1 It has been estimated that WBSETCL will require Rs.3320.93 lakh, Rs.4067.25 lakh and Rs.4988.94 lakh in the years 2011 – 2012, 2012 – 2013 and 2013 – 2014 respectively in order to deliver reasonably uninterrupted quality power.

**2.4.3 Other Administration and General Expenses:**

2.4.3.1 It is estimated that Rs.2600.39 lakh, Rs.2751.93 lakh and Rs.3054.26 lakh will be required during 2011 – 2012, 2012 – 2013 and 2013 – 2014 respectively to meet the 'administration and general expenses' including rent, rates, taxes, legal charges and audit fees etc. After capitalization of the part of such expenses, the amounts chargeable to revenue accounts will be Rs.2297.23 lakh, Rs.2443.55 lakh and Rs.2740.33 lakh respectively.

**2.4.4 Depreciation:**

2.4.4.1 The amounts of chargeable depreciation, computed in terms of the Commission's Tariff Regulations have been shown as under:

	Rs. in lakh -----
2011 – 2012	12603.42
2012 – 2013	15673.89
2013 – 2014	18936.95

**2.4.5 Interest and Finance Charges:**

2.4.5.1 Total interest payable on loans from the Government and other Financial Institutions in the years 2011 – 2012, 2012 – 2013 and 2013 – 2014 respectively has been worked out to be Rs.28266.99 lakh, Rs.32568.04 lakh and





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Rs.39552.59 lakh including interest on pension bond. After capitalizing a part of such amounts of interest charges, the amounts chargeable to revenue accounts have been projected to be Rs.23817.99 lakh, Rs.25103.04 lakh and Rs.25333.59 lakh for 2011 – 2012, 2012 – 2013 and 2013 – 2014 respectively.

**2.4.6 Reserve for unforeseen Exigencies:**

2.4.6.1 The amounts towards reserve for unforeseen exigencies have been claimed for at the rate and in terms of the Regulations of the Commission.

**2.4.7 Return on Equity:**

2.4.7.1 The WBSETCL has asked for return on equity as allocated by the Government of West Bengal under: “West Bengal Power Sector Reforms Transfer Scheme, 2007,” notified by the Government of West Bengal as well as on the investments subsequently made / to be made but out of its own funds. The amounts of return claimed by WBSETCL are as follows:

	<u>Rs. in lakh</u>
2011 – 2012	21545.29
2012 – 2013	24645.13
2013 – 2014	29306.28



## CHAPTER- 3 DETERMINATION OF FIXED CHARGES

- 3.1 The net amounts of fixed charges projected by WBSETCL for the years of third control period under the Multi-Year Tariff (MYT) approach are as follows:

	Rs in lakh		
	<b>2011 – 2012</b>	<b>2012 – 2013</b>	<b>2013 – 2014</b>
Gross fixed charges	102606.44	104054.58	115521.05
Less : Income from other non-tariff sources & STOA Charges	4300.00	4400.00	4400.00
<b>Net Amount of fixed charges</b>	<b>98306.44</b>	<b>99654.58</b>	<b>111121.05</b>

The projected amounts of fixed charges are net of the capitalization of the part of expenses under different heads chargeable to ongoing capital construction works. Being exclusively engaged in the functions and business in transmission activities and load dispatch activities, WBSETCL is not having any variable cost and as such, the amounts of net fixed charges are also the Aggregate Revenue Requirements (ARR) of it.

- 3.2. The Commission has made prudent analyses of the charges claimed under different heads with reference to reasonableness. The annual report and accounts for the year 2011 – 2012 of WBSETCL have been published. The Commission also compares the claim of WBSETCL for 2011 – 2012 with the expenses shown under the respective head in the annual report and accounts, 2011 – 2012 of WBSETCL.

3.3. **Employee Cost:**

- 3.3.1. The total amount of employee cost projected by WBSETCL for the three years of the concerned control period are as follows:

Rs in lakh	
2011 – 2012	12565.49
2012 – 2013	13805.97
2013 – 2014	14980.75



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3.3.2. The total amount of employee cost as projected by WBSETCL are net of capitalization and inclusive of terminal benefits of Rs 1849.90 lakh, Rs 2048.74 lakh and Rs 2239.20 lakh respectively payable to terminal benefit fund for the referred three years. As stated, the element of DA has been estimated considering average rate of DA at 58.50% for 2011 – 2012, 68.75% for 2012 – 2013 and 78.75% for 2013 – 2014 respectively, for the third control period. The projections have also taken consideration of the need of additional recruitment of 470 persons at different cadres.

3.3.3. The projected amount of employee cost includes emoluments extended to part time sweepers which ought to have been included under other administrative and general expenses.

3.3.4. After deducting the projected cost of emoluments to part time sweepers, the projected employee cost for 2011 – 2012 comes to Rs. 12473.02 lakh. The employee cost including Director's emoluments and net of capitalization has been shown in the annual report and accounts for 2011 – 2012 as Rs. 11976.98 lakh and the same is considered by the Commission. The Commission considers the employee cost for 2012 – 2013 and 2013 – 2014 giving a hike of 9.00% as inflationary rate on such cost allowed for 2011 – 2012.

3.3.5. The Commission thus decides to admit the following amounts towards employee cost including Directors' fees and expenses:

<b>Rs in lakh</b>	
2011 – 2012	11976.98
2012 – 2013	13054.91
2013 – 2014	14229.85

3.3.6. It is, however, necessary to mention that the employee costs are uncontrollable and therefore, are subject to adjustments on Annual Performance Review (in short 'APR'). WBSETCL is directed to intimate the total CKM of transmission



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lines in their APR application in order to ascertain the man power employed for determination of employee cost as per schedule 9A of the Tariff Regulations.

**3.4. Operation & Maintenance Expenses:**

3.4.1. Operation and Maintenance (O&M) expenses consists of repairs and maintenance including expenses on consumables and stores, legal and professional charges, auditor's fees, rent and other administrative and general expenses and are categorized as controllable items in terms of Tariff Regulations, as amended.

3.4.2. WBSETCL has submitted that the projected amounts under different heads for the period 2011 – 2012 to 2013 – 2014 have been arrived at on the basis of the three year Compounded Annual Growth Rate (CAGR) of the actual expenses incurred for the period 2008 – 2009 to 2010 – 2011. Auditor's fees and expenses have been projected by a hike of 10% over the actual amount of 2010 – 2011. It has been highlighted that the consultancy fees incurred during 2010 – 2011 was mainly due to preparation of internal audit manual and the perspective plan of the company for the years 2012 to 2017 and for requirement of external help from experts in various technical and managerial fields on an ongoing basis.

3.4.3. While justifying the extent of expenditure incurred during 2010 – 2011 for Rs. 3079.81 lakh (82%) under repairs and maintenance in comparison with that of 2009 – 2010 for Rs. 1692.33 lakh, WBSETCL in their APR petition for 2010 – 2011 has highlighted that, with the increase in the volume of work of the company and with number of commissioned sub-stations and transmission lines coupled with inflationary trend of all round prices, it was becoming difficult to manage maintenance work with the approved expenditure allowed in the tariff order for 2010 – 2011. Moreover, they have highlighted that with the passage of time, the maintenance requirements of older transmission assets, some of which were commissioned more than 20 years ago, was also increasing and for



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preventive measures to ensure optimum availability of transmission lines, expenditure under the head has increased substantially.

3.4.4. The views of the Commission on different heads of O&M expenses as projected by WBSETCL are narrated below.

3.4.5. At the outset this is to clarify that the principles of applying the CAGR of past expenditures is not pertinent to determination of different elements of fixed cost..

**Rent:**

No suitable explanation has been given by WBSETCL justifying the projection for the years 2011 – 2012, 2012 – 2013 and 2013 – 2014 which was based on the basis of CAGR of past years. There has been a sizeable jump in expenditure for 2010 – 2011 in comparison to that for 2009 – 2010 leaving a scope of apprehension that certain amount of arrear payment of rent is involved during 2010 – 2011. The Commission considers the expenses shown under the head 'rent' in annual report and accounts for 2011 – 2012 less the proportionate cost of capitalization which comes to Rs. 66.40 lakh for 2011 - 2012 and the same is admitted by the Commission. Considering an increment of 9% each year on the same for the years 2012 – 2013 and 2013 – 2014, the amounts come to Rs. 72.38 lakh and Rs. 78.89 lakh respectively and the Commission admits the same.

**Legal Charges:**

The actual expenses of legal charges during the year 2010 – 2011 were Rs. 1.80 lakh. WBSETCL has projected the legal charge as Rs. 2.00 lakh for all the three years i.e., 2011 – 2012, 2012 – 2013 and 2013 – 2014. No expenses have been shown in the annual report and accounts for 2011 – 2012 of WBSETCL under



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the head 'legal charges' and the Commission does not consider any amount for the years 2011 – 2012, 2012 – 2013 and 2013 – 2014 under that head.

#### **Auditor's Fees:**

WBSETCL has projected Rs. 21.73 lakh for 2011 – 2012 as expense towards auditor's fee as against the actual expense of Rs. 19.95 lakh during 2010 – 2011. In the annual report and accounts for 2011 – 2012, no amount has been shown under the head audit fees. However, under sl. No. 35 of notes to accounts in the annual report and accounts, 2011 – 2012, it has been mentioned that the auditor's remuneration during the year 2011 – 2012 was Rs. 6.45 lakh and the Commission admits the same for 2011 – 2012. The Commission admits Rs. 7.03 lakh for 2012 – 2013 and Rs. 7.66 lakh for 2013 – 2014 considering an annual increase by 9%.

#### **Consultancy Fees:**

Expenditure incurred during 2010 – 2011 included an amount of Rs. 75.00 lakh paid to Power Research & Development Centre, Bangalore for preparation of capital perspective plan for the five year period 2012 – 2017 as highlighted by WBSETCL in their APR application for 2009 – 2010 and 2010 – 2011 submitted separately. It is observed that an amount of Rs. 37.55 lakh was already admitted by the Commission in APR 2009 – 2010 on this account for preparation of Perspective Plan and Internal Audit Manual. The Commission considers the amount shown against consultancy fees in annual report and accounts for 2011 – 2012 after deducting proportionate cost of capitalization which comes to Rs. 58.28 lakh for 2011 – 2012 and the same is admitted by the Commission. The Commission considers to admit Rs. 63.53 lakh and Rs. 69.24 lakh respectively for 2012 – 2013 and 2013 – 2014 considering a hike of 9% each year over the admitted amount for 2011 – 2012.



**Other Administrative & General Expenses:**

It is observed that there has been an increase by 15% in the expenditure incurred during 2010 – 2011 in comparison with that of the year 2009 – 2010. No suitable justifications have been put forward by WBSETCL while projecting the amounts for the year 2011 – 2012, 2012 – 2013 and 2013 – 2014. WBSETCL should endeavour to contain the expenditures within approved limit under the head being controllable in nature. The expenditure projected towards license fees and filing fees to the Commission and included under the head is being dealt separately being uncontrollable in nature. The Commission admits an amount of Rs. 2206.91 lakh for the year 2011 – 2012 as computed from the annual report and accounts, 2011 – 2012 less proportionate cost of capitalization. The Commission admits Rs. 2405.53 lakh for 2012 – 2013 and Rs. 2622.03 lakh for 2013 – 2014 considering an annual growth of 9% over the admitted amount for 2011 – 2012..

**Repairs & Maintenance including Consumables & Stores:**

The Commission observed from the annual report and accounts, 2011 – 2012 of WBSETCL that the repairs and maintenance cost for the year 2011 – 2012 was Rs. 2849.39 lakh. Considering the proportionate amount of capitalization, the net amount comes to Rs. 2774.74 lakh and the Commission admits the same for 2011 – 2012. Considering 9% annual increase over the amount admitted for 2011 – 2012, the admitted amounts under the head 'repairs and maintenance' for the years 2012 – 2013 and 2013 – 2014 are Rs. 3024.47 lakh and Rs. 3296.67 lakh respectively. The Commission also directs WBSETCL to make available the amounts of expenditure on account of consumption of stores and spares separately from repair and maintenance cost as per requirement under Form 1.13 of the submission during APR for the concerned year.



**3.5. Rates & Taxes (Other than Taxes on Income & Profit):**

3.5.1. As per the Tariff Regulations the expenditure under the head Rates & Taxes is a separate item categorized as uncontrollable and is allowable at actual. WBSETCL has projected the amounts of Rs. 195.49 lakh, the actual expenditure under the head during 2010 – 2011, evenly for each of the years under the third control period towards rates & taxes. WBSETCL also projected Rs. 269.16 lakh, Rs. 174.00 lakh and Rs. 189.86 lakh towards licence/filing fees payable to the Commission during the years 2011 – 2012, 2012 – 2013 and 2013 – 2014 respectively. As per audited accounts, the actual expenditure for 2010 – 2011 was for Rs. 148.54 lakh under this head. Since licence fee/filing fees payable to the Commission is statutory in nature, the same is categorized as uncontrollable and is included under the head 'Rates & Taxes (Other than Taxes on Income & Profit)'. The Commission observed that the expenses towards rates and taxes including license fees and fees for filing petition to SERC as per annual report and accounts, 2011 – 2012 was Rs. 406.66 lakh during the year 2011 – 2012. After capitalization the amount comes to Rs. 403.25 lakh and the Commission admits the same for 2011 – 2012. The Commission, however, admits the amounts as projected by WBSETCL for the years 2012 – 2013 and 2013 – 2014. During APR of the concerned years, the actual expenditure will be considered as per audited annual accounts of the respective years.

**3.6. Insurance:**

3.6.1 WBSETCL has projected Rs. 2.00 lakh evenly for each of the year 2011 – 2012, 2012 – 2013 and 2013 – 2014. No expenditure for 2011 – 2012 has been shown in the annual report and accounts of WBSETCL for the year 2011 – 2012. Thus the Commission admits no cost under this head for the year 2011 – 2012, 2012 – 2013 and 2013 – 2014.





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3.6.2 Insurance premium being uncontrollable item the expenditure to be incurred by WBSETCL, if any, during the ensuing years under the third control period will be considered with due diligence in the APR for the concerned year.

**3.7. State Load Despatch Centre (SLDC) Charges:**

3.7.1. WBSETCL in their petition has submitted that consequent to the Electricity Act, 2003, it is engaged in the business of transmission and load despatch of electricity. They have further submitted that the State Load Despatch Centre (in short 'SLDC') has to submit their annual budget before the Commission for approval. WBSETCL has submitted that the ARR is filed for only transmission function which is executed by WBSETCL.

3.7.2. In terms of West Bengal Power Sector Reforms Scheme 2007, notified by the Government of West Bengal, the functions and management of SLDC is the responsibility of WBSETCL.

3.7.3. In its order dated 13<sup>th</sup> July, 2012 in case no. WBERC/OA-141/11-12, the Commission has approved the revised estimate for 2011 – 2012 and budget estimate for 2012 – 2013 in respect of revenue expenditure of SLDC as under. In the absence of any specific proposal either from SLDC or from WBSETCL, the charges relating to the year 2013 – 2014 are considered as per the amount of the year 2012 – 2013.

Rs in lakh

Sl. No.	Particulars	SLDC expenditures admitted by the Commission		
		2011 – 2012	2012 – 2013	2013 – 2014
1	ULDC tariff charges	970.01	840.00	840.00
2	Repair & Maintenance	132.16	170.01	170.01
3	Administrative & General Exp	46.88	54.60	54.60
4	Financing cost	0.40	0.40	0.40
5	Employee cost	379.68	397.48	397.48
6	Web Hoisting charge	33.36	36.00	36.00
	<b>Total</b>	<b>1562.49</b>	<b>1498.49</b>	<b>1498.49</b>
7	Less: Revenue Income of SLDC	81.00	83.00	83.00
	<b>Grand Total</b>	<b>1481.49</b>	<b>1415.49</b>	<b>1415.49</b>



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3.7.4. The Commission admitted the amount under different heads for the year 2011 – 2012 as per the annual report and accounts for 2011 – 2012. The expenditure under different heads as reflected in the annual report and accounts of WBSETCL, 2011 – 2012 are inclusive of the expenditure related to SLDC function. It is seen from the annual report and accounts for 2011 – 2012 that there was an income of Rs. 2004.19 lakh on account of SLDC charges and scheduling charges. The Commission considers to deduct Rs. 2004.19 lakh from the gross ARR to arrive at the net ARR for 2011 – 2012. The Commission however considers to deduct Rs. 1415.49 lakh as admitted expenditure of SLDC for 2012 – 2013 and 2013 – 2014 to arrive at the net ARR for 2012 – 2013 and 2013 – 2014 related to transmission function. The expenditure related to SLDC function is to be recovered by SLDC through SLDC charge to be approved by the Commission in next chapter.

**3.8. Interest on borrowed capital:**

3.8.1. WBSETCL has projected the interest on borrowed capital as Rs. 21382.61 lakh, Rs. 22637.28 lakh and Rs. 23024.57 lakh after net of capitalization for the years 2011 – 2012, 2012 – 2013 and 2013 – 2014 respectively. WBSETCL also submitted the loan wise details in Form – C to annexure – 1 in their data format volume. Besides that WBSETCL has claimed Rs. 2295.00 lakh each year for 2011 – 2012, 2012 – 2013 and 2013 – 2014 being the interest on bond for creation of pension fund. The Commission has observed from the annual report and accounts, 2011 – 2012 of WBSETCL that an amount of Rs. 17819.82 lakh has been charged in profit and loss accounts of WBSETCL against interest expenses net of capitalization. After deducting the interest payable on bond for creation of pension fund to the tune of Rs. 2295.00 lakh from such interest charge, an amount of Rs. 15524.82 lakh has been admitted as interest expenses on capital borrowing for 2011 – 2012. The interest chargeable on capital



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borrowings for the years 2012 – 2013 and 2013 – 2014 have been admitted as Rs. 16922.05 lakh and Rs. 18445.03 lakh respectively, considering 9% increase over the amount admitted for the year 2011 – 2012.

**3.8.2. Interest on Normative Debt:**

3.8.2.1 WBSETCL has claimed Rs. 2638.56 lakh, Rs. 5277.12 lakh and Rs. 9202.47 lakh as interest on normative debt for the years 2011 – 2012, 2012 – 2013 and 2013 – 2014 respectively based on their projection of asset addition against capital works in progress during the respective years. It has been observed from the annual reports and accounts, 2011 – 2012 that during the previous years no such normative loan was admissible to WBSETCL as per the actual addition of fixed assets during those years. Thus the Commission decides not to allow any normative loan at this stage for any year under the control period. The Commission will consider the same, if any, during APR for the concerned years.

**3.8.3. Interest on Temporary Accommodation:**

3.8.3.1 WBSETCL has projected a requirement of Rs. 187.50 lakh for the year 2011 – 2012 towards payment of interest in respect of short term loan of Rs. 7500.00 lakh obtained during March, 2011 @ 10% interest and the same was repaid in June, 2011. WBSETCL has not projected any such amount for 2012 – 2013 and 2013 – 2014.

3.8.3.2 It is observed from APR 2010 – 2011 petition submitted by WBSETCL subsequently that the above short term loan was obtained from Corporation Bank with an amount of Rs. 9.00 lakh paid as interest during 2010 – 2011. As required under the Tariff Regulations neither the above short term loan nor the requirement of interest was included in Form-C to the annexure – 1 of the tariff petition.



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3.8.3.3 WBSETCL has submitted that it incurred interest payment on temporary accommodation by taking short term loan of Rs. 7500.00 lakh as stated above for a part of the year 2010 – 2011 and 2011 – 2012 due to non-recovery of regulatory assets due for earlier years. In this respect, this is to observe that an amount of Rs. 4049.34 lakh was kept on account of APR relating to the year 2008 – 2009 and the same cannot be construed as the reason for drawal of the loan of Rs. 7500.00 lakh during 2010 – 2011 under temporary accommodation.

3.8.3.4 The Commission does not admit any amount under the head temporary accommodation on the above ground and also the interest claimed for the year 2011 – 2012 at this stage. However, the Commission will consider interest on temporary accommodation, if any for any year under the third control period, in the APR on the basis of audited data and in terms of relevant regulation of Tariff Regulations, as amended.

**3.8.4. Interest on Bonds for creation of pension fund:**

To take care of the unfunded liability towards staff terminal benefits on actuarial determination, 8.5% Bonds were issued and the amount pertaining to WBSETCL was considered as Rs 27000.00 lakh in Schedule A to the West Bengal Power Sector reforms Transfer Scheme, 2007, the annual interest charge on those Bonds comes to Rs 2295.00 lakh and the same is admitted evenly for 2011 – 2012, 2012 – 2013 and 2013 – 2014.

**3.8.5 Interest on Working Capital:**

3.8.5.1 WBSETCL has asked for interest on working capital as under:

year	2011 – 2012	2012 – 2013	2013 – 2014
Rs. in lakh	1197.47	1003.92	1063.89



**Tariff Order of WBSETCL for the year 2011 – 2012 and 2012 – 2013**

3.8.5.2 The Tariff Regulations, as amended provide for assessing the normative limit of working capital needs (vide regulation 5.6.5). Interest on working capital is allowable at the Prime Lending Rate (PLR) of the State Bank of India as on 1<sup>st</sup> April of the year preceding the year for which tariff is proposed to be determined. WBSETCL has not projected any need of borrowings towards working capital. It has also not shown any such existing borrowing. It is also seen that during the previous year, WBSETCL did not require to take any loan for working capital except in 2009 – 2010. Thus, the Commission does not admit any amount under the head interest on working capital for all the years under the third control period. However, the Commission would consider interest on working capital for any year of the third control period in the APR for the concerned year on the basis of audited data and in terms of relevant regulations of Tariff Regulations, as amended.

**3.8.6 Other Finance charges:**

3.8.6.1 The other finance charges, as projected by WBSETCL are as follows:

	Rs in lakh		
	2011 – 2012	2012 – 2013	2013 – 2014
(i) Guarantee Commission	42.79	15.56	11.59
(ii) Bank charges	2.00	2.00	2.00
(iii) Stamp duty registration fee	25.00	25.00	----
(iv) Service fee/Commitment charges	65.00	65.00	----
(v) Arrangers' fee on market bonds	193.20	63.48	----
<b>Total</b>	<b>327.99</b>	<b>171.04</b>	<b>13.59</b>

3.8.6.2 It is observed from the annual report and accounts, 2011 – 2012 that an amount of Rs. 202.11 lakh has been booked in their accounts as 'other borrowing cost' under the head 'finance cost'. The break-up of the cost is as follows:



**Tariff Order of WBSETCL for the year 2011 – 2012 and 2012 – 2013**

<b>Sl. No.</b>	<b>Particulars</b>	<b>Amount (Rs. in lakh)</b>
1	Stamp duty/Registration fee	25.00
2	Service fee/Commitment charge	138.88
3	Guarantee charge	38.23
	Total	202.11

3.8.6.3 The Commission admits Rs. 202.11 lakh towards other finance charges for 2011 – 2012. The Commission also admits Rs. 171.04 lakh and Rs. 13.59 lakh under this head for 2012 – 2013 and 2013 – 2014 respectively as projected by WBSETCL.

**3.9 Depreciation:**

3.9.1 The amounts of depreciation, as computed by WBSETCL at the rates prescribed in Commission's Tariff Regulations and claimed by them in their application, are as follows:

<b>Year</b>	<b>Rs in lakh</b>
2011 – 2012	12603.42
2012 – 2013	15673.89
2013 – 2014	18936.95

3.9.2 The computations are based on projected capitalization of fixed assets valuing Rs 74381.37 lakh, Rs 61583.83 lakh and Rs 112531.55 lakh during 2011 – 2012, 2012 – 2013 and 2013 – 2014 respectively by way of transfer from capital works-in-progress. The chargeable depreciation with such capitalization programme involving considerable amounts can not be precisely determined. The chargeable depreciation, in such a case, may vary on account of the variations in the amounts of year wise planned capitalization with the dates of putting the assets in commercial operations as well as net of retirement of assets during the year.

3.9.3 The Commission observed that the depreciation charged in the annual report and accounts, 2011 – 2012 of WBSETCL is Rs. 12597.53 lakh which includes prior



**Tariff Order of WBSETCL for the year 2011 – 2012 and 2012 – 2013**

period depreciation of Rs. 84.63 lakh. Thus the chargeable depreciation for the year 2011 – 2012 comes to Rs. 12512.90 lakh (Rs. 12597.53 lakh – Rs. 84.63 lakh) and the Commission admits the amount of Rs. 12512.90 lakh towards depreciation for 2011 – 2012. The Commission, however, admits depreciation for an amount of Rs. 15673.89 lakh and Rs. 18936.95 lakh for 2012 – 2013 and 2013 – 2014 respectively as projected by WBSETCL.

**3.10 Advance against Depreciation:**

3.10.1 The Tariff Regulations of the Commission provide for allowing advance against depreciation when the amount of depreciation falls short of the amount of loan repayment in any financial year. The amount of loan repayment, however, is to be restricted to 1/10<sup>th</sup> of the principal amount of original loans. The amounts of loans, parts of which require to be repaid during the concerned financial years are through Bonds, from PFC Ltd, REC Ltd and from the Government of West Bengal.

3.10.2 The original amount of loan vis-à-vis repayment projected during 2011 – 2012, 2012 – 2013 and 2013 – 2014 shown by WBSETCL in their petition are reproduced in the table below:

Sl. No.	Particulars	Projected amount of original loan			Amount of repayment projected		
		2011-12	2012-13	2013-14	2011-12	2012-13	2013-14
1	Market Bonds (12%)	5330.00	----	----	5330.00	----	----
2	WBSETCL Bonds (9.75%)	18300.00	18300.00	18300.00	----	----	----
3	WBSETCL Bonds (10.29%)	25000.00	25000.00	25000.00	----	----	----
4	Other Bonds (11%)	10000.00	21500.00	21500.00	----	----	----
5	PFC Ltd (9.50%)	4904.00	4904.00	4904.00	105.00	105.00	105.00
6	RECL (11.50%)	67702.00	67702.00	67702.00	3561.00	5171.00	5288.00
7	L.I.C.I (10.10%)	16365.00	16365.00	16365.00	----	----	1306.00
8	Corporation Bank (12.15%)	30000.00	----	----	----	----	----
9	Allahabad Bank (11%)	20000.00	----	----	----	----	----
10	ICICI Bank (9.50%)	9000.00	9000.00	9000.00	1000.00	1000.00	1000.00
11	Other Banks/FIs (11.50%)	120566.00	208647.00	294167.00	----	514.00	723.00
12	Govt. of W.B.(8.50%)	116167.00	116167.00	116167.00	4742.00	4742.00	4843.00
	Total	443334.00	487585.00	573105.00	14738.00	11532.00	13265.00



**Tariff Order of WBSETCL for the year 2011 – 2012 and 2012 – 2013**

3.10.3 The Commission now considers the depreciation as admitted in this order and repayment of loan as projected by WBSETCL in their application for arriving at the admissible amount of advance against depreciation for the years 2011 – 2012, 2012 – 2013 and 2013 – 2014. While arriving at the amount of repayment for the years 2011 – 2012, 2012 – 2013 and 2013 – 2014, the amounts projected towards swapping of loan have been excluded from the total amount of repayment.

3.10.4 In terms of Tariff Regulations, as amended, the actual admissible amount of advance against depreciation for 2011 – 2012 works out as under:

Sl. No.	Particulars	Rs in lakh		
		2011-12	2012-13	2013-14
(i)	Repayment of loans during the year	14738.00	11532.00	13265.00
(ii)	1/10 <sup>th</sup> of the Principal amount of loan as projected	44333.00	48758.50	57310.50
(iii)	Maximum permissible amount of loan repayment restricted to 1/10 <sup>th</sup> of original principal loan amount	14738.00	11532.00	13265.00
(iv)	Depreciation admitted	12597.53	15673.89	18936.95
(v)	Amount allowable for Advance against depreciation [(iii)-(iv)]	2140.47	-	-

3.10.5 WBSETCL is to take note that if the amounts of actual loan repayments including repayments to the Govt. of West Bengal fall short of the amounts of scheduled loan repayments, interest at the average rate of borrowings will be charged on the amounts of such shortfalls for adjustments at the time of APR.

**3.11 Charges Payable for Bakreswar Transmission System:**

3.11.1 The intra-state transmission system comprising of two numbers of 400 KV and three numbers of 220 KV lines terminating at Jeerat, Arambag, Gokarna, Satgachia and Durgapur respectively constructed by the West Bengal Power Development Corporation Limited (WBPDC) along with its Bakreswar Power Station, forms an integral part of the transmission system being operated by





**Tariff Order of WBSETCL for the year 2011 – 2012 and 2012 – 2013**

WBSETCL. The annual carrying charges of the assets, submitted by WBPDCCL with their MYT petition of the third control period, are found as under:

Rs in lakh

Particulars	2011 – 2012	2012 – 2013	2013 – 2014
(a) Depreciation	1966.66	1966.66	1966.66
(b) Interest on borrowed capital	859.17	759.20	659.24
(c) Return on equity	1847.83	1847.83	1847.83
<b>Total</b>	<b>4673.66</b>	<b>4573.69</b>	<b>4473.73</b>

3.11.2 WBSETCL needs to reimburse the above capital carrying costs to WBPDCCL. In addition to above, the carrying cost of Rs. 1769.15 lakh per annum in terms of Commission's order dated 16.01.2009 in the case no. OA-48/08-09 is also required to be reimbursed to WBPDCCL. The total carrying cost of Bakreswar Transmission System thus admitted by the Commission arrives at:

Rs in lakh

Particulars	2011 – 2012	2012 – 2013	2013 – 2014
(a) Depreciation	1966.66	1966.66	1966.66
(b) Interest on borrowed capital	859.17	759.20	659.24
(c) Return on equity	1847.83	1847.83	1847.83
(d) Additional cost	1769.15	1769.15	1769.15
<b>Total</b>	<b>6442.81</b>	<b>6342.84</b>	<b>6242.88</b>

3.11.3 The above carrying costs of WBPDCCL are, however, subject to adjustment on actual basis as per audited accounts to be determined during annual performance review of the concerned years. Resultant effect for such adjustment is also to be carried out in the APR of WBSETCL for the respective years.

3.11.4 It is observed from the annual report and accounts of WBSETCL for 2011 – 2012 that an amount of Rs. 5015.59 lakh has been booked against charges payable to WBPDCCL during the year and the same has been considered for 2011 – 2012. The balance amount of Rs. 1427.22 lakh is payable by WBSETCL during the year 2012 – 2013 in instalments. Considering the same, the charges payable to



**Tariff Order of WBSETCL for the year 2011 – 2012 and 2012 – 2013**

WBPDCCL for Bakreswar Transmission system for the year 2011 – 2012, 2012 – 2013 and 2013 – 2014 and admitted by the Commission are as follows:

Year	Charges payable to WBPDCCL for Bakreswar Transmission System (Rs. in lakh)
2011 – 2012	5015.59
2012 – 2013	7770.06
2013 – 2014	6242.88

**3.12 Charges payable to Eastern Regional Power Committee (ERPC):**

3.12.1 WBSETCL has projected an amount of Rs. 28.66 lakh, Rs. 30.17 lakh and Rs. 31.76 lakh respectively for the years 2011 – 2012, 2012 – 2013 and 2013 – 2014 towards ERPC considering increase of 5% over the audited expenditure during 2011 - 2012.

3.12.2 It is observed from the annual reports and accounts, 2011 – 2012 of WBSETCL that such charges for 2011 – 2012 was Rs. 15.00 lakh for the year 2011 – 2012 against Rs. 27.23 lakh for 2010 – 2011. Thus the Commission admits the amount of Rs. 15.00 lakh for each year of 2011 – 2012, 2012 – 2013 and 2013 – 2014 as charges to ERPC.

**3.13 Tax payable under Income Tax Act:**

3.13.1 The taxes payable under the provisions of Income Tax Act claimed by WBSETCL are as under:

Particulars	Rs in lakh		
	2011 – 2012	2012 – 2013	2013 – 2014
(i) Income Tax	7789.27	5409.90	6351.65



**Tariff Order of WBSETCL for the year 2011 – 2012 and 2012 – 2013**

3.13.2 If the book profits of WBSETCL remain at the level of returns being allowed by the Commission, it will require to pay Minimum Alternative Tax (MAT). Accordingly, the provisions for taxes payable under the provision of Income Tax Act are being allowed as under, subject to adjustment on assessment of tax and payments made on the basis of actual tax liability in the APR for the concerned years:

Particulars	Rs in lakh		
	2011 – 2012	2012 – 2013	2013 – 2014
Allowable Returns	21446.61	23452.00	27153.32
MAT @ 20.01%	4291.47	4692.75	5433.38

3.13.3 WBSETCL is directed to submit a comprehensive statement incorporating the amounts of (i) income tax provided in the annual reports and accounts, (ii) income tax assessed, (iii) income tax paid and (iv) income tax refunded, if any, supported by documentary evidences vide assessment orders, copies of challans, copies of refund orders year wise from the year 2007 – 2008 till date with their APR application for the year 2011 – 2012, 2012 – 2013 and 2013 – 2014. In this respect, the provisions in the regulations 5.13.1 and 5.13.2 may be referred to.

**3.14 Return on Equity:**

3.14.1 The equity capital of WBSETCL stands at Rs. 110552.00 lakh and the same has been projected for all the years of the third control period without any further proposal of equity infusion by the Govt. of West Bengal for the respective years. However, WBSETCL has projected a surplus balance of Rs. 21545.29 lakh, Rs. 24645.13 lakh and Rs. 29306.28 lakh for the years 2011 – 2012, 2012 – 2013 and 2013 – 2014 respectively which are available for appropriation to general reserve and the same have been considered by them as induction of equity



**Tariff Order of WBSETCL for the year 2011 – 2012 and 2012 – 2013**

during the respective years. WBSETCL has proposed a sizeable amount as addition to the value of fixed assets, the creation of which are to be financed by capital borrowing as indicated below:

Year	Addition to the value of Fixed Assets	Amount of Capital Borrowing
2011 – 2012	74306.37	48121.00
2012 – 2013	61508.83	64784.00
2013 – 2014	112456.55	86323.00

3.14.2 To arrive at the allowable return on equity for the year 2011 – 2012, the Commission considers the share capital, reserve and surplus as per annual accounts for 2011 – 2012. The net addition to fixed assets during the year has also been considered as per annual accounts for 2011 – 2012. However, for the years 2012 – 2013 and 2013 – 2014 information provided by WBSETCL in specified form has been considered. The return allowable to it during the third control period work out to Rs. 21446.61 lakh, Rs. 23452.00 lakh and Rs. 27153.32 lakh for the years 2011 – 2012, 2012 – 2013 and 2013 – 2014 respectively. The detailed computations of the amounts so arrived are shown in Annexure – 3A.

3.14.3 It is to be clarified that the equity bases admitted for allowing returns as shown in the referred annexure are computed for the prospective years and therefore they need adjustments subsequently on the basis of the audited accounts. Such adjustments will be carried out at the time of APR for the concerned years.

**3.15 Write off of Deferred Revenue Expenditure:**

3.15.1 WBSETCL has proposed to write-off the preliminary formation expenses of the company including the fees paid to the company Law Board and consultancy



### ***Tariff Order of WBSETCL for the year 2011 – 2012 and 2012 – 2013***

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fees. Accordingly, WBSETCL has proposed the expenditure of Rs. 40.23 lakh for 2011 – 2012, which is admitted by the Commission.

#### **3.16 Reserve for Unforeseen Exigencies:**

3.16.1 The amount towards Reserve for Unforeseen Exigencies, as has been claimed by WBSETCL @ 0.25% of the estimated gross value of fixed assets at the beginning of the year is admitted. In terms of regulation 5.11 of the Tariff Regulations, the sums appropriated to the reserve for unforeseen exigencies shall be invested prudently in securities in the manner specified in regulation 5.11.2 *ibid*. In terms of above referred regulation, the Commission has already allowed Rs. 3848.65 lakh under this score upto the financial year 2010 – 2011. The Commission, therefore, decides not to allow any amount under this head for the years 2011 – 2012, 2012 – 2013 and 2013 – 2014 to avoid future hike in transmission charge which will ultimately affect the consumers' tariff of the distribution licensees.

#### **3.17 Special Allocation:**

3.17.1 While the expenses under the head include the projected expenditures on account of reserve for unforeseen expenses which has been dealt with separately, WBSETCL has asked for an amount of Rs 4094.39 lakh during 2011 – 2012 towards pending APR adjustment of 2008 – 2009. It has also claimed Rs. 4839.10 lakh in each of the year 2012 – 2013 and 2013 – 2014 towards APR adjustment for the year 2009 – 2010. As stated in the order dated 26.07.2010 of the Commission, the adjustment relating to the year 2008 – 2009 will be carried out in due course to be decided by the Commission. As regards APR for the year 2009 – 2010, an order has already been issued on 30.08.2012 in the case no. APR-21/10-11 by the Commission with its decision *inter-alia*.



**Tariff Order of WBSETCL for the year 2011 – 2012 and 2012 – 2013**

**3.18 Income from Non-tariff sources:**

3.18.1 Incomes from other non-tariff sources, including interest from fixed deposits and bank balances, as projected by WBSETCL are as under:

**Rs in lakh**

<b>Year</b>	<b>As claimed by WBSETCL</b>
2011 – 2012	800.00
2012 – 2013	900.00
2013 – 2014	900.00

3.18.2 Besides income from profit of sale of tender papers, sale of scrapped assets and other miscellaneous income, the above amount includes income from investments and bank balances for Rs. 300.00 lakh, Rs. 400.00 lakh and Rs. 400.00 lakh for the years 2011 – 2012, 2012 – 2013 and 2013 – 2014 respectively. However, WBSETCL has submitted that such income excludes interest on investment on reserve for unforeseen exigencies. As per Tariff Regulations, the income against reserve for unforeseen exigencies should be reinvested to the fund. As per annual report and accounts for 2011 – 2012, the income from non-tariff sources comes at Rs. 1912.99 lakh and the same is admitted by the Commission for 2011 – 2012. However, the claim of WBSETCL for 2012 – 2013 and 2013 – 2014 has been admitted for the concerned years. WBSETCL should furnish the details of income from non-tariff sources during annual performance review of the concerned years along with audited data. The Commission admits the claim under the head during the years under third control period for the present.

**3.19 Income from Short Term Open Access Charges (STOA):**

3.19.1 WBSETCL in their MYT petition has projected the following amounts towards income from STOA charges:



**Tariff Order of WBSETCL for the year 2011 – 2012 and 2012 – 2013**

<b>Particulars</b>	Rs in lakh		
	<b>2011 – 2012</b>	<b>2012 – 2013</b>	<b>2013 – 2014</b>
Income from STOA charges	3500.00	3500.00	3500.00

3.19.2 It is seen from the annual reports and accounts for the year 2011 – 2012 submitted by WBSETCL, that a sum of Rs. 4468.52 lakh has been earned by WBSETCL under this score, which is admitted by the Commission for consideration as income under the head 'short term open access charges' for the year 2011 – 2012. However, for the years 2012 – 2013 and 2013 – 2014, the Commission admitted the amounts as claimed by WBSETCL.

**3.20 Interest Credit:**

3.20.1 In terms regulation 5.5.3 of the Tariff Regulations, where the actual amount of loan repayment in any year is less than the amount of depreciation admitted by the Commission, an interest credit at the rate of weighted average cost of debt is provided on such excess depreciation charged. The calculation in this regard is as below:

Sl. No	Particular	Rupees in Lakh		
		As admitted by the Commission		
		2011-12	2012-13	2013-14
1	Depreciation allowed under paragraph 3.9	12512.90	15673.89	18936.95
2	Repayment of loan vide paragraph 3.10.2	14738.00	11532.00	13265.00
3	Excess depreciation admitted	0.00	4141.89	5671.95
4	Weighted average cost of debt as projected	0.00	10.05%	10.21%
	Interest credit admitted by the Commission	0.00	416.26	579.11



## ANNEXURE – 3A

**DETERMINATION OF EQUITY BASE FOR THE YEAR 2011-12, 2012-13 AND 2013-14  
ON PROJECTION BASIS IN RESPECT OF WBSETCL**

Sl. No.	Particulars	(Rs. in lakh)		
		2011 – 2012	2012 – 2013	2013 – 2014
1	Actual equity base at the beginning of the year			
	Share Capital	110552.00	110552.00	110552.00
	Free Reserve	45839.15	63006.42	87651.55
	<b>Total</b>	<b>156391.15</b>	<b>173558.42</b>	<b>198203.55</b>
2	Admissible equity base at the beginning of the year	134653.47	142076.92	160529.57
3	Addition/deletion to equity base during the year	17167.27	24645.13	29306.28
4	Equity Base at the end of the year (1+3)			
	Share Capital	110552.00	110552.00	110552.00
	Free Reserve	63006.42	87651.55	116957.83
	<b>Total</b>	<b>173558.42</b>	<b>198203.55</b>	<b>227509.83</b>
5	Net Addition to the original cost of fixed assets during the year	24744.80	61508.83	112456.55
6	Normative addition to equity base (30% of 5)	7423.45	18452.65	33736.97
7	Addition to equity base considered for the year (lower of 3 and 6)	7423.45	18452.65	29306.28
8	Admissible equity base at the closing of the year (2+7)	142076.92	160529.57	189835.85
9	Average admissible equity base for allowing returns (2+8)/2	138365.20	151303.25	175182.71
10	<b>Allowable Return @ 15.5% on Sl. No. 9 above</b>	<b>21446.61</b>	<b>23452.00</b>	<b>27153.32</b>





## CHAPTER - 4

### SUMMARISED STATEMENT OF AGGREGATE REVENUE REQUIREMENT AND REVENUE RECOVERABLE THROUGH TARIFF

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- 4.1. The Commission in order dated 30.08.2012 in case no. APR–21/10–11 admitted the recoverable amount of Rs. 7271.73 lakh on the Annual Performance Review (APR) of WBSETCL for 2009 – 2010.
- 4.2. In the order dated 19.10.2012 in case no. APR-26/11-12, the Commission also admitted the recoverable amount of Rs. 2785.17 lakh on APR of WBSETCL for 2010 – 2011.
- 4.3. The Commission now decides to adjust the recoverable amount as mentioned in paragraph 4.1 and 4.2 above in 3 (three) equal instalments in the ARR for 2013-2014, 2014 – 2015 and 2015 – 2016 and accordingly adjusts Rs. 2423.91 lakh and Rs. 928.39 lakh respectively being 1/3<sup>rd</sup> of such recoverable amount as mentioned in paragraphs 4.1 and 4.2 above in the ARR for 2013 – 2014 in terms of regulation 2.6.6 of the Tariff Regulations, as amended. The balance amounts will be adjusted through tariff orders for 2014 – 2015 and 2015 - 2016.
- 4.4. Based on the analyses and findings recorded in the forgoing chapters and also in the paragraph 4.3 above, the statements of Aggregate Revenue Requirements are drawn separately for each of the three years of the concerned control period. Such summarized statements are given in Annexure 4A to this chapter.
- 4.5. As may be seen in the aforesaid Annexure, the amounts of Aggregate Revenue Requirement for the years of concerned control period are as under:

	Rupees in lakh
2011 – 2012	72591.51
2012 – 2013	83757.38
2013 – 2014	96182.54

- 4.6. The Commission is now to determine the rates for recovery of transmission charges from the different categories of system users for the year 2011 – 2012 and that is being done in the next chapter.



## ANNEXURE – 4A

AGGREGATE REVENUE REQUIREMENT FOR THE YEARS UNDER THIRD CONTROL PERIOD				
Figures in Rs. Lakh				
Sl. No.	PARTICULARS	AS ADMITTED BY THE COMMISSION		
		2011 - 2012	2012 - 2013	2013 - 2014
1	Employee Cost including terminal benefit	11976.98	13054.91	14229.85
2	Operation & Maintenance (O&M) Charges			
	(a) Repairs and Maintenance	2774.74	3024.47	3296.67
	(b) Administrative & General Charges			
	(i) Rent	66.40	72.38	78.89
	(ii) Legal charges	0.00	0.00	0.00
	(iii) Audit fees / Expenses	6.45	7.03	7.66
	(iv) Consultancy Fees	58.28	63.53	69.24
	(v) Other Administrative & General Expenses	2206.91	2405.53	2622.03
	Total (2)	5112.78	5572.94	6074.49
3	Insurance Premium	0.00	0.00	0.00
4	Rates & Taxes	403.25	369.49	385.35
5	SLDC (Handling Charges)	0.00	0.00	0.00
6	Interest and Finance Charges			
	(a) On capital borrowings	15524.82	16922.05	18445.03
	(b) On bonds for terminal benefits to employee	2295.00	2295.00	2295.00
	(c) On working capital	0.00	0.00	0.00
	(d) Other Finance charges	202.11	171.04	13.59
	Total (6)	18021.93	19388.09	20753.62
7	Depreciation	12512.90	15673.89	18936.95
8	Advance against Depreciation	2140.47	0.00	0.00



*Tariff Order of WBSETCL for the year 2011 – 2012 and 2012 – 2013*

Annexure – 4A (Contd.)

9	Cost of Capital payable to other agencies	<b>5015.59</b>	<b>7770.06</b>	<b>6242.88</b>
10	Taxes payable under Income Tax Act	<b>4291.47</b>	<b>4692.75</b>	<b>5433.38</b>
11	Written off of Deferred revenue Expenditure.	40.23	0.00	0.00
12	Special Allocation	0.00	0.00	0.00
13	Reserve for unforeseen exigencies	0.00	0.00	0.00
14	Returns	21446.61	23452.00	27153.32
15	Charges payable to ERPC	15.00	15.00	15.00
16	<b>Gross Revenue Requirement</b>	<b>80977.21</b>	<b>89989.13</b>	<b>99224.84</b>
17	Income from other non-tariff sources	1912.99	900.00	900.00
18	Interest Credit	0.00	416.26	579.11
19	SLDC (Handling Charges)	2004.19	1415.49	1415.49
20	STOA Charges	4468.52	3500.00	3500.00
21	Aggregate Revenue Requirement for the year	72591.51	83757.38	92830.24
22	APR adjustment for 2009 - 2010	0.00	0.00	2423.91
23	APR adjustment for 2010 - 2011	0.00	0.00	928.39
24	Total ARR after adjustment of APR	72591.51	83757.38	96182.54



## **CHAPTER - 5 TARIFF ORDER**

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### **DETERMINATION OF THE RATE FOR RECOVERY OF TRANSMISSION CHARGES FOR THE YEAR 2011 – 2012 AND 2012 – 2013.**

- 5.1 In the previous chapter the Commission has determined the Aggregate Revenue Requirement (ARR) for all the three years under the third control period. The commission is now to fix the rate for recovery of the same from the transmission system users during the year 2011 – 2012 and 2012 – 2013 in accordance with the provisions of paragraph 6 in the Schedule-3 of the Tariff Regulations, 2011, as amended. The rate at which the amount of Aggregate Revenue will be recovered by WBSETCL from its system users will include all the three components of the transmission tariff i.e., charges for use of the transmission network, system operation charges and reactive power charges. It is, however, to mention here that WBSETCL has got no variable cost to recover from its system users besides the fixed charges as admitted by the Commission in the Statement of Aggregate Revenue Requirement.
- 5.2 As per the submissions of WBSETCL, at present WBSEDCL is the sole long-term user of its transmission network and some other agencies use the same on short term basis on casual requirements.
- 5.3 In regard to the transmission charges payable by the licensees or the open access customers, the computations are to be based on the capacity allocated to each beneficiary based on average of daily peak demand on annual basis. The allocated transmission capacity during the year 2011 – 2012 and 2012 – 2013 has been estimated as 4421 MW and 4806 MW respectively. The Commission considers to arrive at the unit rate of recovery of transmission charges taking into



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account the figure of 4421 MW for 2011 – 2012 and 4806 MW for 2012 – 2013, as projected by WBSETCL. Such recoverable charges are to be expressed in Rs./MW/month for the long-term customers and in Rs./MW/day for short-term customers on the basis of MW to be served by the system. The unit rate of recovery of transmission charges during 2011 – 2012 and 2012 – 2013 from the transmission system users, thus, work out as under:

**For 2011 – 2012**

i)	Recoverable ARR	Rs. 72591.51 lakh
ii)	Average System Demand on the basis of average of the daily peak	4421 MW
iii)	Rate for long-term users	Rs. 72591.51 lakh/(4421 MW x12) = Rs. 1,36,831.00 / MW/ month subject to adjustment as per regulation 9.2 of Schedule 3 of the Tariff Regulations, 2011 as amended.
iv)	Rate for short-term users	Rs. 1,36,831.00 x0.25/30 = Rs 1140.26/MW/day.
v)	Rate payable by short-term users in case of uncongested transmission network, shall be as under:-	
	(a) Upto 6 Hours in a day in one block	1/4 <sup>th</sup> of the rate for short-term customers.
	(b) More than 6 Hours and upto 12 Hours in a day in one block	½ of the rate for short-term customers.
	(c) More than 12 Hours and upto 24 Hours in a day in one block	at full rate for short-term customers

**For 2012 – 2013**

i)	Recoverable ARR	Rs. 83757.38 lakh
ii)	Average System Demand on the basis of average of the daily peak	4806 MW
iii)	Rate for long-term users	Rs. 83757.38 lakh/(4806 MW x12) = Rs. 1,45,231.00 / MW/ month subject to adjustment as per regulation 9.2 of Schedule 3 of the Tariff Regulations, 2011 as amended.



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iv)	Rate for short-term users	Rs. 1,45,231.00 x0.25/30 = Rs 1210.26/MW/day.
v)	Rate payable by short-term users in case of uncongested transmission network, shall be as under:-	
	(a) Upto 6 Hours in a day in one block	1/4 <sup>th</sup> of the rate for short-term customers.
	(b) More than 6 Hours and upto 12 Hours in a day in one block	½ of the rate for short-term customers.
	(c) More than 12 Hours and upto 24 Hours in a day in one block	at full rate for short-term customers

Provided that the rates as mentioned under (v) in each of the above tables will not be applicable to those short-term customers who have their drawal point within the State of West Bengal and injection point outside the State.

Provided also that the rate for payment of transmission charges payable by a short-term customer, where capacity has been reserved through bidding process, shall be in terms of Commission's Open Access Regulations, 2007, as amended.

5.5 In terms of Regulation 9.2 of the Commission's Co-generation and Generation of Electricity from Renewable Sources of Energy Regulations, 2010, as amended, the transmission charges payable for open access to be availed of by such generators, shall be two-third of the rate of such charges applicable for long-term and short-term users as the case may be.

5.6 For Bakreswar transmission system of WBPDC, the payable amount during 2011 – 2012 is Rs. 6442.81 lakh. Any adjustment between the payable amount of Rs. 6442.81 lakh for the year 2011 – 2012 and the amount paid by WBSETCL for the year 2011 – 2012 on account of Bakreswar transmission system has been carried out and the balance amount has been adjusted in the ARR for 2012 – 2013. So, no further adjustment on this account for 2011 – 2012 is required to be made.



***Tariff Order of WBSETCL for the year 2011 – 2012 and 2012 – 2013***

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- 5.7 For Bakreswar transmission system of WBPDC, WBSETCL shall pay Rs. 7770.06 lakh during the year 2012 – 2013. The balance amount, if any, arising out of the amount already paid upto November, 2012 and the above payable amount shall be paid in 4 (four) equal instalments during December, 2012 to March, 2013.
- 5.8 SLDC shall, in terms of sub-section (3) of section 32 of the Electricity Act, 2003 and the provisions of the West Bengal Electricity Regulatory Commission (Miscellaneous Provisions) Regulation, 2005, as amended, levy every month the SLDC charges @ 0.5 paise/kWh from the licensees using intra-state transmission system in the State of West Bengal, on their implemented schedule(s) of injection of power into the grid or on the quanta of electricity transmitted, as the case may be, from the month of April, 2011 onwards. Arrear SLDC charges for the months from April, 2011 to November, 2012 shall be realized by SLDC from the licensees in 16 (sixteen) equal monthly installments from the billing month of / pertaining to December, 2012.
- 5.9 The tariff for 2011 – 2012 shall be applicable from the billing month of / pertaining to April, 2011 to March, 2012. Adjustments, if any, for over recovery / under recovery for the period from 01.04.2011 to 31.03.2012 from the system users shall be made in the bills for the months of / pertaining to December, 2012 to March, 2013 in 4 (four) equal installments.
- 5.10 The tariff for 2012 – 2013 shall be applicable from the billing month of / pertaining to April, 2012 and onwards. Adjustments, if any, for over recovery / under recovery for the period from 01.04.2012 to 30.11.2012 from the system users shall be made in the bills for the months of / pertaining to December, 2012 to March, 2013 in 4 (four) equal installments.



***Tariff Order of WBSETCL for the year 2011 – 2012 and 2012 – 2013***

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- 5.11 The realizations of the revenue from its transmission system users are supposed to meet the Aggregate Revenue Requirement (ARR) of WBSETCL. The recovery of such revenue over the concerned year on piecemeal basis may result in under or over recovery of the total amount of fixed charges. It is, therefore, stipulated that the amount of any such under or over recovery will be dealt with suitably in the APR for the concerned year.
- 5.12 WBSETCL is directed to submit the audited annual accounts of SLDC for all the years under the control period clubbed with a statement showing item wise and head wise actual expenses along with their application of APR for the concerned year.
- 5.13 WBSETCL shall present to the Commission a gist of this order in accordance with the regulation 2.9.6 of the Tariff Regulations within three working days from the date of receipt of this order for approval of the Commission and on receipt of the approval shall publish the approved gist in terms of the aforesaid regulation within four working days from the date of receipt of the approval of the Commission.

**Sd/-  
SUJIT DASGUPTA  
MEMBER**

**Sd/-  
PRASADRANJAN RAY  
CHAIRPERSON**

**DATE: 01.12.2012**