



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

**FOR THE YEAR 2013 – 2014**

**IN**

**CASE NO: TP – 50 / 11 - 12**

**IN RE THE TARIFF APPLICATION OF  
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) AND SECTION 62(3)  
OF THE ELECTRICITY ACT, 2003**

**DATE: 26.12.2013**



## CHAPTER - 1 INTRODUCTION

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- 1.1 The West Bengal Electricity Regulatory Commission (hereinafter referred to as the 'Commission') was constituted by the Government of West Bengal in the year 1999 in terms of section 17 of the Electricity Regulatory Commissions Act, 1998 (hereinafter referred to as the '1998 Act'). The 1998 Act, along with some other Acts, was repealed by section 185 of the Electricity Act, 2003 (hereinafter referred to as the 'Act') which came into force with effect from 10.06.2003. The first proviso to section 82(1) of the Act has ensured continuity of all the State Electricity Regulatory Commissions, which were established by a State Government under section 17 of the 1998 Act (and some other enactments) and functioning as such immediately before coming into force of the Act, as the State Commission for the purpose of the Act.
- 1.2 The functions of a State Commission are laid down in section 86 of the Act. Of its many functions, a State Commission has to discharge the function of determination of tariff for generation, supply, transmission and wheeling of electricity, wholesale, bulk or retail, as the case may be, within the 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 of electricity, for wheeling of electricity as also for retail sale of electricity.
- 1.3 The Commission, therefore, has all the powers and authority under the Act to determine the tariff as laid down in the Act.
- 1.4 West Bengal State Electricity Transmission Company Limited (in short '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



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has notified and authorized vide No.89-PO/O/III/3R-5/2007 dated 26.3.2007 WBSETCL to function as State Transmission Utility w.e.f 1.4.2007.

- 1.5 In terms of the provisions of the Act, therefore, the Commission is fully empowered to determine the tariff of WBSETCL.
- 1.6 The Commission determined the tariff of WBSETCL for the first control period (2007 – 2008) and the second control period (2008 – 2009, 2009 – 2010 and 2010 – 2011) under the then regulations related to tariff. The last tariff order that determined the tariffs of WBSETCL is for the years 2011 – 2012 and 2012 – 2013 under third control period.
- 1.7 A licensee, whose tariff is to be determined by the Commission as per the provisions of the Act, is required to prepare the application for determination of tariffs for each year of a control period under the multi-year tariff framework complying with the provisions of the West Bengal Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, as amended (hereinafter referred to as 'Tariff Regulations') and submit the same to the Commission within the specified date. Though as per the Tariff Regulations the last date for submission of the application to the Commission by a generating company or a licensee for determination of tariffs for each year of the control period comprising three years from 2011 – 2012 to 2013 – 2014 (hereinafter referred to as the 'third control period') was 28<sup>th</sup> May, 2011, the Commission, after considering the prayers of the licensees and the generating company, whose tariffs are determined by the Commission, for extension of last date for submission of the aforesaid application to the Commission, extended the last date for the purpose upto 15<sup>th</sup> July, 2011.
- 1.8 Accordingly, WBSETCL, complying with the provisions of the Tariff Regulations, prepared the application for determination of its tariff for the third control period



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and submitted the same to the Commission on 15<sup>th</sup> July, 2011. This tariff application was admitted by the Commission and was numbered as TP-50/11-12.

- 1.9 WBSETCL was thereafter directed to publish, as required under section 64(2) of the Act, the gist of the tariff application, as approved by the Commission, in the website and newspapers as specified in the Tariff Regulations. The gist was, accordingly, published in 'Ekdin', 'Pratidin', 'The Hindu. Business Line' and 'Times of India' on 12<sup>th</sup> April, 2012. The gist along with the tariff petition was also posted in the website of WBSETCL. The publication invited the attention of all interested parties, stake holders and the members of the public to the application for determination of tariff of WBSETCL for the third control period and requested for submission of suggestions, objections and comments, if any, on the tariff application to the Commission 11<sup>th</sup> May, 2012 at the latest. Opportunities were also afforded to all to inspect the tariff application and take copies thereof so that they can provide their objections and suggestions if they desire so.
- 1.10 No objections / comments / suggestions etc. were received from the stake holders etc. within the stipulated date i.e., 11<sup>th</sup> May, 2012.
- 1.11 The Commission thereafter, in accordance with the provisions of the Act and Tariff Regulations, passed the tariff order dated 01.12.2012 of WBSETCL in case no. TP-50/11-12 for the years 2011 – 2012 and 2012 – 2013 determining the Aggregate Revenue Requirement (in short 'ARR') of WBSETCL for each year of the third control period, along with the tariffs of WBSETCL for the years 2011 – 2012 and 2012 – 2013. The analyses and findings for determination of the aforesaid ARR and tariffs of WBSETCL were recorded in the tariff order of WBSETCL for 2011 – 2012 and 2012 – 2013.



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- 1.12 In the meanwhile Hon'ble Appellate Tribunal for Electricity (in short 'Tribunal') in their order dated 2<sup>nd</sup> December, 2013 on matters under case no. OP No. 1 of 2011 directed the Commission to follow the time limit given in section 64(3) of the Electricity Act, 2003 in connection with issuance of tariff orders for the year 2013 – 2014 and to file a status report in this respect to the Forum of Regulators as well as the Tribunal on or before 31.12.2013.
- 1.13 The Commission now proceeds to determine the revenue recoverable through tariff by WBSETCL during the year 2013 – 2014 as also the tariffs of WBSETCL for 2013 – 2014 on the basis of ARR determined for 2013 – 2014 in the tariff order for 2011 – 2012 and those amounts that may be found in subsequent chapters in accordance with the Tariff Regulations.



## **CHAPTER – 2**

### **SUMMARISED STATEMENT OF AGGREGATE REVENUE REQUIREMENT & REVENUE RECOVERABLE THROUGH TARIFF FOR THE YEAR 2013 – 2014**

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- 2.1 As stated in the preceding chapter, the Commission determined the ARR of WBSETCL separately for each of the three years of the third control period covering the years 2011 – 2012, 2012 – 2013 and 2013 – 2014 in the tariff order for 2011 – 2012 and 2012 – 2013 based on the analyses and findings recorded in that order. Such summarized statement of ARR for 2013 – 2014 is given in Annexure 2A.
- 2.2 In terms of the Tariff Regulations, the Commission is to ascertain the amount of revenue recoverable through tariff by WBSETCL for the year 2013 – 2014 after carrying out, at its discretion, any positive or negative adjustment of the recoverable or refundable amount determined on Annual Performance Review (in short 'APR') for the year 2011 – 2012 taking into consideration the admissible fixed costs determined in APR and the revenue realized by WBSETCL from its system users during that year with the ARR of WBSETCL already determined for 2013 – 2014 as already mentioned in paragraph 2.1 above. The Commission in its order dated 09.09.2013 in Case No. APR-32/12-13 on APR for the year 2011 – 2012 has determined the net amount of Rs. 4471.26 lakh recoverable by WBSETCL from its system users. WBSETCL has filed an application on 7<sup>th</sup> November, 2013 in case no. APR(R)-4/13-14 for review of the order dated 09.09.2013 in case no. APR-32/12-13. Decision of the Commission on the application of WBSETCL for review of the order dated 09.09.2013 is yet to be finalized. In view of above, the Commission is not in a position to make any adjustment of the aforesaid net recoverable amount of Rs. 4471.26 lakh, determined on APR for 2011 – 2012, with the ARR of WBSETCL for 2013 – 2014 to determine the revenue recoverable through tariff by WBSETCL during 2013 – 2014.
- 2.3 In the tariff order for 2011 – 2012 and 2012 – 2013, the Commission decided to adjust the recoverable amount of Rs. 2423.91 lakh and Rs. 928.39 lakh on



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account of APR for 2009 – 2010 and 2010 – 2011 respectively with the ARR of WBSETCL for 2013 – 2014. The Commission decides to consider those adjustments to determine the revenue recoverable through tariff by WBSETCL during the year 2013 – 2014.

- 2.4 Accordingly, the total amount of revenue recoverable through tariff by WBSETCL during 2013 – 2014 works out as under:

<b>REVENUE RECOVERABLE THROUGH TARIFF IN 2013 - 2014</b>		
<b>Sl. No.</b>	<b>Particulars</b>	<b>Amount in Rs. in Lakh</b>
1	Aggregate Revenue Requirement for 2013 – 2014 (as shown in Annexure 2A)	92830.24
2	Positive adjustment on account of APR for 2009 – 2010 (as per paragraph 2.3 above)	2423.91
3	Positive adjustment on account of APR for 2010 – 2011 (as per paragraph 2.3 above)	928.39
4	Total revenue recoverable through tariff [4 = (1) + (2) + (3)]	96182.54







**ANNEXURE - 2A**  
**SUMMARISED STATEMENT OF AGGREGATE**  
**REVENUE REQUIREMENT FOR 2013 – 2014**  
**(DETERMINED EARLIER UNDER MYT APPROACH)**

Sl. No.	PARTICULARS	2013 - 2014
1	Employee Cost including terminal benefit	14229.85
2	Operation & Maintenance (O&M) Charges	
	(a) Repairs and Maintenance	3296.67
	(b) Administrative & General Charges	
	(i) Rent	78.89
	(ii) Legal charges	0.00
	(iii) Audit fees / Expenses	7.66
	(iv) Consultancy Fees	69.24
	(v) Other Administrative & General Expenses	2622.03
	Total (2)	6074.49
3	Insurance Premium	0.00
4	Rates & Taxes	385.35
5	SLDC (Handling Charges)	0.00
6	Interest and Finance Charges	
	(a) On capital borrowings	18445.03
	(b) On bonds for terminal benefits to employee	2295.00
	(c) On working capital	0.00
	(d) Other Finance charges	13.59
	Total (6)	20753.62
7	Depreciation	18936.95
8	Advance against Depreciation	0.00
9	Cost of Capital payable to other agencies	6242.88
10	Taxes payable under Income Tax Act	5433.38
11	Written off of Deferred revenue Expenditure.	0.00
12	Special Allocation	0.00
13	Reserve for unforeseen exigencies	0.00
14	Returns	27153.32
15	Charges payable to ERPC	15.00
16	<b>Gross Revenue Requirement (sum 1:15)</b>	<b>99224.84</b>
17	Less: Income from other non-tariff sources	900.00
18	Less: Interest Credit	579.11
19	Less: SLDC (Handling Charges)	1415.49
20	Less: STOA Charges	3500.00
21	Aggregate Revenue Requirement for the year[(16)-(17)-(18)-(19)-(20)]	92830.24



## CHAPTER - 3 TARIFF ORDER

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### DETERMINATION OF THE RATE FOR RECOVERY OF TRANSMISSION CHARGES FOR THE YEAR 2013 – 2014.

- 3.1 In the previous chapter, the Commission has determined the revenue recoverable through tariff by WBSETCL during 2013 – 2014 from the users of its transmission system. The commission is now to fix the rate for recovery of the transmission charges from the transmission system users of WBSETCL during the year 2013 – 2014 in accordance with the provisions of paragraph 6 of the Schedule-3 of the Tariff Regulations. The rate at which the transmission charges 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 energy 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 ARR for 2013 – 2014.
- 3.2 As per the submissions of WBSETCL in its tariff application for the third control period, 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.
- 3.3 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 2013 – 2014 has been projected by WBSETCL as 5226.00 MW. The Commission considers to arrive at the unit rate of recovery of transmission charges taking into account the figure of 5226.00 MW, as projected by WBSETCL. Such recoverable transmission charges are to be expressed in Rs./MW/month for the long-term customers and



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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 2013 – 2014 from the transmission system users, thus, works out as under:

i)	Revenue Recoverable through Tariff	Rs. 96182.54 lakh
ii)	Average System Demand on the basis of average of the daily peak	5226.00 MW
iii)	Rate for long-term users	Rs. 96182.54 lakh / (5226.00x12) = Rs. 1,53,372/MW/month, subject to adjustment as per clause 9.2 of schedule – 3 to West Bengal Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2011, as amended.
iv)	Rate for short-term users	Rs. (1,53,372 x 0.25)/30 = Rs. 1278.10/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	1/2 of the rate for short-term customers.
	(c) More than 12 Hours and upto 24 Hours in a day in one block	Full rate for short-term customers:

Provided that the rates as mentioned in (v) above 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.



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- 3.4 SLDC, 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, 2013, shall continue to 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.
- 3.5 For Bakreswar Transmission System, WBSETCL shall pay Rs. 6242.88 lakh to WBPDC during the year 2013 – 2014. The balance amount, if any, arising out of the amount already paid upto December, 2013 and the above amount shall be paid in 3 (three) equal monthly instalments during January, 2014 to March 2014 for 2013 – 2014.
- 3.6 This tariff for 2013 – 2014 shall be applicable from 01.04.2013 and shall continue till further order. Adjustments, if any, for over-recovery / under recovery for the period from 01.04.2013 to 31.12.2013 shall be made in the bills for the month of / pertaining to January, 2014 to March, 2014 in 3 (three) equal instalments.
- 3.7 The realizations of the revenue from its transmission system users are supposed to meet the revenue recoverable through tariff of WBSETCL during the year 2013 – 2014. 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 APR for the concerned year.
- 3.8 It is directed that where there is any difference between the amounts appearing in the audited annual accounts and the amounts appearing in the application for determination of tariff or in the application for APR under any head, due to adjustments, for any reason whatsoever, a reconciliation statement is to be



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furnished along with such application for determination of tariff or APR, as the case may be, in respect of each of such heads.

- 3.9 It is directed to submit the audited annual accounts of SLDC for the year 2013 – 2014 along with a statement showing item wise and head wise actual expenses during the year 2013 – 2014 along with their application for APR for 2013 – 2014.
- 3.10 WBSETCL shall present to the Commission a gist of this 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**

**Date: 26.12.2013**