



**ORDER  
OF  
WEST BENGAL ELECTRICITY REGULATORY COMMISSION  
FOR THE YEARS 2020-21, 2021-22 AND 2022 – 2023**

**IN**

**CASE NO: TP – 91 / 20 – 21**

**IN REGARD TO THE MULTI YEAR TARIFF APPLICATION OF  
HALDIA ENERGY LIMITED FOR DEDICATED  
400 KV DOUBLE CIRCUIT LINE  
UNDER SEVENTH CONTROL PERIOD  
FOR THE YEARS 2020 – 2021, 2021-22 AND 2022 - 2023  
UNDER SECTION 64(3)(a) READ WITH SECTION  
62(1) AND SECTION 62(3) OF THE ELECTRICITY ACT, 2003**

**DATE: 07.07.2022**





## **CHAPTER - 1 INTRODUCTION**

- 1.1 The West Bengal Electricity Regulatory Commission (hereinafter referred to as the "Commission"), a statutory body under the first proviso to section 82(1) of the Electricity Act, 2003 (hereinafter referred to as the "Act"), has been authorized in terms of the section 86 and section 62(1) of the Act to determine the tariff for a) supply of electricity by a generating company to a distribution licensee, b) transmission of electricity, c) wheeling of electricity and d) retail sale of electricity, as the case may be, within the State of West Bengal.
- 1.2 Haldia Energy Limited (hereinafter referred to as HEL), constituted under the Companies Act, 1956, is a generating company in terms of section 2(28) of the Act and is engaged in the business of generation of electricity within the State of West Bengal. HEL has a 2 x 300 MW generating station at Haldia, West Bengal and owns & operates an 89 km 400 kV double circuit dedicated transmission line emanating from its generating station switchyard to 400 kV Subhasgram substation of Power Grid Corporation Limited (PGCIL). Under a long-term power purchase agreement, power generated from the generating station is procured by CESC Limited, a distribution licensee. Hence, the Commission determines the generation tariff of HEL along with the transmission tariff of dedicated transmission line.
- 1.3 In terms of definition contained in regulation 1.2.1 (xxx) of the West Bengal Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2011, as amended from time to time (hereinafter referred to as the 'Tariff Regulations'), each control period after third control period shall be normally for a period of five ensuing years or such other period of number of ensuing years as may be decided by the Commission from time to time. The Commission vide its order dated 28.05.2019 in Case No. SM-19/19-20 decided that the seventh control period shall be for three years consisting of 2020 - 21, 2021 - 22 and 2022 - 23. The Commission extended the last date of filing tariff petition for 7<sup>th</sup> control period up to 31.08.2020 considering repeated prayers of the utilities of the State in view of issuance of 3<sup>rd</sup> amendment of the Tariff Regulations and continuing lockdown conditions as per direction of the Government to contain spread of COVID 19. Further, considering the prayer of





***Tariff Order of Haldia Energy Limited (Transmission) for 2020-21, 2021-22 and 2022-23***

CESC and HEL for further 2 weeks' time for submission of MYT petition for seventh control period, Commission decided to further extend the last date of submission of MYT petition for seventh control period up to 14.09.2020 for CESC and HEL.

- 1.4 HEL submitted the petition for determination of tariff of its dedicated transmission line for the seventh control period consisting of the year 2020 – 21, 2021 - 22 and 2022 – 23 on 01.09.2020. The tariff petition submitted on 01.09.2020 was admitted by the Commission in case No.TP-91/20-21, HEL was directed to publish the gist of their tariff application, as approved by the Commission, in the newspapers and also in their website as per provisions of the Tariff Regulations. The gist was, accordingly, published simultaneously on 23.06.2021 in the newspapers – (1) Bartaman (Bengali), (2) Ei Samay (Bengali), (3) Sanmarg (Hindi) and (4) The Times of India (English). The gist along with the tariff application was also posted in the website of HEL. The publication invited the attention of all interested parties, stakeholders and the members of the public to the application for determination of tariff of HEL for the seventh control period and requested for submission of suggestions, objections and comments, if any, on the tariff application to the Commission within 21 days from the date of publication of the gist. Opportunities were also afforded to all to inspect the tariff petition and to take copies thereof.
- 1.5 No suggestions and objections on the aforementioned petition of HEL for determination of tariff of its dedicated transmission line for the seventh control period were received from any interested party, stakeholder and the member of the public till the last date of submission as above.





## **CHAPTER – 2**

### **THE CASE OF THE HALDIA ENERGY LIMITED (TRANSMISSION)**

- 2.1 HEL has constructed 2 x 300 MW Thermal Power Plant (Haldia Generating Station) at Baneswar Chak, Jhikurkhali, Haldia, Midnapore (East) along with the 400 KV Evacuation line for evacuation of power from Haldia Generating Station to the 400 KV Bus-bar of Power Grid Corporation Limited at Subhasgram substation. The length of the evacuation line is 89 kilometers out of which 3 km is river crossing. This line is a dedicated transmission line within the meaning of the Electricity Act, 2003. The whole power is proposed to be made available to the sole buyer, CESC Limited at the 400 KV Bus-bar of Power Grid's Subhasgram substation.
- 2.2 It has been stated that the instant application for Tariff for the financial year 2020 – 2021, 2021 - 2022 and 2022 – 2023 under the seventh control period has been submitted for determination of transmission charges of the dedicated transmission system pursuant to the regulation 2.5.1 of the Tariff Regulations for determination of tariff.
- 2.3 HEL stated that the Commission has determined the final project cost for the evacuation system in its order dated 08.01.2020 against which HEL has preferred an appeal before the Hon'ble Appellate Tribunal for Electricity (APTEL). HEL further submitted that the tariff petition has been submitted based on the project cost of Rs. 586.04 Crore as submitted by them before the APTEL instead of Rs. 540.36 Crore that has been approved by the Commission. HEL submitted that the capital cost considered for the evacuation system in the instant tariff petition is, therefore, without prejudice to and subject to the decision of said appeal.
- 2.4 In view of the above, HEL has proposed proportionate adjustment considering the project cost as Rs. 586.04 crores ( as submitted in its appeal before APTEL) in respect of interest on loans , Return on Equity, Depreciation, Advance against Depreciation and Reserve for Unforeseen Exigencies, while computing the Aggregate Revenue Requirement (ARR) for the seventh(7<sup>th</sup>) control period.



***Tariff Order of Haldia Energy Limited (Transmission) for 2020-21, 2021-22 and 2022-23***

- 2.5 HEL has claimed the Aggregate Revenue Requirement for the years 2020 – 21, 2021 – 2022 and 2022 – 23 for Rs. 10532.2 lakhs, 10800.60 lakhs and Rs. 11295.80 lakhs respectively.
- 2.6 The element wise claim and its analysis has been given in subsequent chapters.





**Tariff Order of Haldia Energy Limited (Transmission) for 2020-21, 2021-22 and 2022-23**

## CHAPTER- 3 FIXED CHARGES

- 3.1 The Commission vide its order dated 08.01.2020 in Case No. OA-267/17 – 18 has approved the final project cost of construction of 400 kV Double Circuit (D/c) dedicated transmission line for evacuation of power from the generating station of HEL at Haldia to 400 kV Substation (S/s) at Subhasgram (PGCIL) [hereinafter referred as 'HEL Transmission System'] as Rs. 540.36 Crores against the claim of HEL of Rs. 594.80 Crores in terms of regulation 2.8.5.1 of the Tariff Regulations.
- 3.2 The Commission decides to determine admissible expenses for different ARR elements of HEL Transmission system for the years 2020 – 21, 2021 - 22 and 2022 – 23 based on the approved final project cost considering the provisions of Tariff Regulations vis-à-vis their claim.
- 3.3 **Employee Cost:**
- 3.3.1 HEL has claimed Rs. 66.40 lakhs, Rs. 71.60 lakhs and Rs. 77.40 lakhs on employee cost for 6 number of employees engaged in HEL Transmission System. The Commission observed that the employee number is well within the limit of Man/ CKM (0.35) specified in the Tariff Regulations. The Commission has admitted an amount of Rs. 61.40 lakh as employee cost for 6 numbers of employees in the Tariff Order of 2019 – 20. Accordingly, the Commission decides to allow employee cost for 2020 – 21, 2021 - 22 and 2022 – 23 by giving annual escalation at 7.54%, as per the Consumer Price Index (CPI) of the base year, over the employee cost admitted for 2019 – 20 vis-à-vis their claim on the employee cost. Thus, the employee cost has been admitted as below:

**Table – 3.1**

Employee Cost as Admitted in 2019 – 20 (in Rs Lakhs)	Inflation Rate of 2019-20 (CPI)	Admissible Employee Cost			Claimed Employee Cost			Admitted Employee Cost		
		2020 - 21	2021 - 22	2022-23	2020 - 21	2021 - 22	2022-23	2020 - 21	2021 - 22	2022-23
(1)	(2)	(3) = (1) x (2)	(4) = (3) x (2)	(5) = (4) x (2)	(6)	(7)	(8)	MIN (3),(6)	MIN (4), (7)	MIN(5), (8)
61.40	7.54%	66.03	71.01	76.36	66.40	71.60	77.40	66.03	71.01	76.36





**Tariff Order of Haldia Energy Limited (Transmission) for 2020-21, 2021-22 and 2022-23**

3.3.2 It is pertinent to mention that the employee costs are uncontrollable and therefore, are subject to adjustments in Annual Performance Review for the years 2020 – 21, 2021 – 2022 and 2022 – 23. HEL is also directed to intimate the total CKM of transmission line vis-à-vis number of employees in their APR applications in order to ascertain the allowable man power for determination of employee cost as per schedule 9A of the Tariff Regulations.

**3.4 Operation and Maintenance (O&M) Expenses:**

3.4.1 In their application, HEL has submitted that the operation and maintenance of 89 Kms line including the river crossing segment of 3 kms, at significant height, poses several challenges and require advanced technology and deployment of skilled workforce for ensuring proper maintenance activities. HEL has claimed an amount of Rs. 1573.60 lakhs, Rs. 1960.40 lakhs and Rs. 2063.40 lakhs as Operation and Maintenance Expenses which includes expenses related to Repair and Maintenance, Administrative and General Expenses, Rates and Taxes, Insurance, Statutory Charges, Corporate Social Responsibility Charges and some non-recurring expenses for 2020 – 21, 2021 – 22 and 2022 -23 respectively as tabulated below:

**Table - 3.2**

Sl No	Particulars	Claimed (in Rs lakhs)		
		2020 – 21	2021 – 22	2022-23
1	Repair and Maintenance Charges	1117.80	1184.90	1256.00
2	Administrative and General Expenses			
a	Other Administrative and General Expenses	131.00	138.80	147.20
b	Rent	-	-	-
c	Legal Charges	5.90	6.30	6.70
d	Auditors Fees	1.30	1.40	1.50
	Sub Total (Sum a to d)	138.20	146.50	155.40
3	Rates and Taxes	6.60	7.10	7.60
4	Insurance	133.50	144.20	155.70
5	Statutory Charges	27.00	29.20	31.50
6	CSR	100.50	108.50	117.20
7	Non-recurring expenses	50.00	340.00	340.00
8	<b>Total Operation and Maintenance Expenses (1+2+3+4+5+6+7)</b>	<b>1573.60</b>	<b>1960.40</b>	<b>2063.40</b>

3.4.2 HEL has claimed an amount of Rs. 100.50 lakhs, 108.50 lakhs and Rs. 117.20 lakh as CSR for the years 2020 – 21, 2021 - 22 and 2022 – 23. The Commission considers





**Tariff Order of Haldia Energy Limited (Transmission) for 2020-21, 2021-22 and 2022-23**

that, the cost on account of Corporate Social Responsibility cannot be a pass through in ARR and such cost should be appropriated out of profit of the company and the Commission, therefore, does not admit any amount under CSR.

3.4.3 HEL has also claimed Rs. 50.00 lakhs, 340.00 lakhs and 340.00 lakhs as non-recurring expenses for the years 2020-21, 2021-22 and 2022-23. The Commission decides not to allow any such expense in the tariff determination stage as O&M is a controllable expense. However, HEL has liberty to claim the amount with relevant documents at truing up stage for consideration of the Commission within the purview of the Tariff Regulations.

3.4.4 The Commission in the Tariff Order of 2017-18 has already determined the admissible Operation and Maintenance expenses for HEL Transmission system, for the first time, with prudent analysis. The same has been considered as benchmark cost and in the tariff order of sixth control period where the Commission admitted the O&M expenses for 2018-19 and 2019-20 by applying hybrid inflation rate (giving 60:40 weightages to WPI:CPI) over the admitted figures of 2017-18. Similarly, as there is no change in the line length, the Commission admits the O&M expenses for the years 2020-21, 2021-22 and 2022-23 with annual escalation considering the hybrid inflation rate of the base year (i.e 2019-20) over the admitted figures for 2019-20 as detailed below:

**Table – 3.3**

<b>TREND OF INFLATION RATE</b>	<b>Base Year (2019-20)</b>
Average inflation rate as per WPI	1.67%
Average inflation rate as per CPI	7.54%
Average inflation rate as per WPI + CPI (60:40)	4.02%





**Tariff Order of Haldia Energy Limited (Transmission) for 2020-21, 2021-22 and 2022-23**

3.4.5 Based on the above, the admitted Operation and Maintenance Expenses for the years 2020-21, 2021-22 and 2022-23 are tabulated below:

**Table – 3.4**

Figures in Rs lakh

Sl No	Particulars	Admitted in 2019 – 20	Admissible with 4.02% inflation			Admitted		
			2020 – 21	2021 - 22	2022-23	2020 – 21	2021 - 22	2022-23
1	Repair and Maintenance Charges	139.44	145.05	150.88	156.95	145.05	150.88	156.95
2	A & G Expenses	125.68	130.73	135.99	141.46	130.73	135.99	141.46
A	Other A&G Expenses							
B	Rent							
C	Legal Charges							
D	Auditors Fees							
3	Rates and Taxes	3.29	3.42	3.56	3.70	3.42	3.56	3.70
4	Insurance	36.04	37.49	39.00	40.57	37.49	39.00	40.57
5	<b>Total admitted O&amp;M Expenses</b>	<b>304.45</b>	<b>316.69</b>	<b>329.43</b>	<b>342.68</b>	<b>316.69</b>	<b>329.43</b>	<b>342.68</b>

3.4.6 The admitted Operation and Maintenance Expenses as given in paragraph 3.4.4 above consists of 'Repair and Maintenance Expenses' including consumables, 'Administrative and General Expenses' which includes rent and lease charges, legal charges, auditors' expenses, consultancy charges, other expenses and 'Insurance' and 'Rates and Taxes'. The Insurance and Rates & Taxes being uncontrollable elements, are subject to truing up during Annual Performance Review following the provisions of WBERC Tariff Regulations. Actual expenses, if any, towards statutory charges will be allowed during truing up following the provisions of the Tariff Regulations.

### 3.5 Return on Equity:

3.5.1 The Commission in its order dated 08.01.2020 in Case No. OA-267/17 – 18 approved the final project of HEL Transmission system as Rs. 540.36 Crores against their claim of Rs. 594.80 Crores. HEL in its petition has claimed return on equity considering proportionate equity with a project cost of Rs. 586.04 crores as claimed by them before the APTEL. HEL has also proposed for additional capital expenditure of Rs. 1220.00 lakh during the seventh control period. The Commission observes that, in terms of regulation 2.8.4.1 of the Tariff Regulations, HEL may undertake capital expenditure upto Rs. 27.02 crore (i.e 5% of its GFA) under small schemes without any prior approval. The Commission is of considered opinion that, HEL shall





**Tariff Order of Haldia Energy Limited (Transmission) for 2020-21, 2021-22 and 2022-23**

submit the CAPEX details, date of capitalization of the assets along with loan-equity details of these assets at the time of Annual Performance Review for consideration of the Commission. Accordingly, the Commission finds it prudent to allow the actual equity employed limited to 30% of the approved project cost in terms of the first proviso of regulation 5.4.2 of the Tariff Regulations at this tariff determination stage. The admitted debt and equity vis-à-vis the claimed actuals are as below:

**Table 3.5**

SI No	Particulars	Unit	Actual	Approved		
				2020-21	2021-22	2022-23
1	Project Cost	Rs. Lakh	59480	54036	54036	54036
2	Equity contribution	Rs. Lakh	15017	15017	15017	15017
3	Capital borrowings	Rs. Lakh	44463	39019	39019	39019
A	Equity %			27.79%	27.79%	27.79%
B	Debt %			72.21%	72.21%	72.21%

3.5.2 In view of the above, the admitted return on equity as per the provisions of the Tariff Regulations comes out as Rs. 15017 x 15.50% = Rs. **2327.64** Lakhs for each of the FY 2020 – 21, 2021-22 and 2022 - 23.

### 3.6 Interest on Borrowed Capital:

3.6.1 HEL has claimed an amount of Rs. 3133.70 lakhs, 3008.50 lakhs and Rs. 2839.00 lakhs on interest on Borrowed Capital in the tariff petition for the years 2020 – 21, 2021-22 and 2022 – 23 respectively considering proportionate adjustment to the project cost claimed before APTEL. HEL has submitted the proposed loan position in Form -C. HEL has claimed Rs. 22.5 lakh, Rs. 63.80 lakh and Rs. 88.60 lakh as interest on fresh drawal during 2020-21, 2021-22 and 2022-23 respectively on account of proposed asset addition. In line with the decision taken in paragraph 3.5.1 above, such fresh drawal is not considered at this stage. Accordingly, the interest amount is recomputed excluding the fresh drawal as below:

**Table – 3.6**

SI No	Loan details (as per FORM C)	Units	2019-20	2020-21	2021-22	2022-23
1	Opening loan	In Rs. Lakhs	37787.40	35967.10	34116.80	32266.50
2	Effective loan repayment		1820.30	1850.30	1850.30	2352.20
3	Fresh Drawal			0.00	0.00	0.00
4	Closing loan		35967.10	34116.80	32266.50	29914.30
6	Interest		3435.20	3158.30	2989.30	2792.00





**Tariff Order of Haldia Energy Limited (Transmission) for 2020-21, 2021-22 and 2022-23**

3.6.2 The Commission accordingly finds it prudent to allow the interest on capital borrowing for the years 2020-21, 21-22 and 2022-23 for the admissible loan amount as below:

**Table – 3.7**

Figures in Rs lakh

SI No	Particulars	Admitted		
		2020-21	2021-22	2022-23
1	Actual Interest recomputed in para 3.6.1	3158.30	2989.30	2792.00
2	Actual Capital borrowing (as in table 3.5)	44463	44463	44463
3	Admitted Capital borrowing (as in table 3.5)	39019	39019	39019
4	<b>Admissible Interest on loan (1) x (3) / (2)</b>	<b>2771.60</b>	<b>2623.29</b>	<b>2450.15</b>

3.6.3 The admissible interest payable on capital borrowing for the year 2020-21, 2021-22 and 2022-23 are subject to truing up in view of actual interest rate and repayments during APRs.

### **3.7 Other Finance Charges:**

3.7.1 HEL has claimed an amount of Rs. 68.10 lakhs, Rs. 73.50 lakhs and Rs. 79.40 lakhs as 'Other Financing Charges' for the years 2020 – 21, 2021 - 22 and 2022 – 23. The Commission admits the proposed amount of 'Other Financing Charges' for the years. However, HEL is directed to submit the specific details of their claim in APR petition for 2020 – 21, 2021 - 22 and 2022 – 23 for review of the expenses.

### **3.8 Depreciation:**

3.8.1 HEL has claimed Depreciation of Rs. 1522.90 lakhs, Rs. 1535.40 lakhs and Rs. 1544.20 lakhs for the FY 2020 – 21, 2021 - 22 and 2022 – 23 respectively at an average depreciation rate of 2.58% on proposed asset value of Rs. 59134.00 lakh, 59574.00 lakh and 59824 lakh for the years 2020-21, 2021-22 and 2022-23 respectively considering proportionate adjustment to the project cost claimed before APTEL and proposed addition of new CAPEX. HEL has submitted asset fully depreciated and retirement of any asset during the years as nil. It is observed that the depreciation rate considered by HEL is within the range of rates specified in Annexure -A of the Tariff Regulations. In view of the decision taken in paragraph 3.5.1 above, the Commission decides to consider the addition of new assets during truing up based on actual date of such asset addition. Accordingly, for determination





**Tariff Order of Haldia Energy Limited (Transmission) for 2020-21, 2021-22 and 2022-23**

of depreciation of 2020 – 21, 2021 - 22 and 2022 – 23, the Commission considers the average depreciation rate of 2.59% over the approved project cost as below:

**Table – 3.8**

SI No	Particulars	Unit	2020 – 21	2021 - 22	2022-23
1	Approved project cost	Rs. lakh	54036.00	54036.00	54036.00
2	Average depreciation rate	%	2.59	2.59	2.59
3	Admissible depreciation for the year	Rs. lakh	1399.53	1399.53	1399.53

### 3.9 Advance Against Depreciation:

- 3.9.1 In terms of regulation 5.2.2 of the Tariff Regulations Advance Against Depreciation is payable where the allowable depreciation falls short of admissible loan repayment. Accordingly, the Commission determines the admissible Advance Against Depreciation for the year 2020-21, 2021-22 and 2022 – 23 as Rs.224.22 lakhs, Rs. 224.22 lakhs and Rs. 664.67 lakhs as detailed below:

**Table – 3.9**

SI No	Particulars	Unit	2020-21	2021-22	2022-23
1	Repayment based on actual loan [sl '2' of table 3.6]	Rs. lakh	1850.30	1850.30	2352.20
2	Allowable repayment on admitted loan (prorated with admissible vis-à-vis actual loan)	Rs. lakh	1623.75	1623.75	2064.20
3	1/10th of admitted loan in table-3.7	Rs. lakh	3901.90	3901.90	3901.90
4	Permissible loan repayment [min of '2' and '3']	Rs. lakh	1623.75	1623.75	2064.20
5	Admitted depreciation [sl no 3 of table -3.8]	Rs. lakh	1399.53	1399.53	1399.53
6	Advance against Depreciation [ '4' - '5']	Rs. lakh	224.22	224.22	664.67

### 3.10 Income Tax:

- 3.10.1 HEL has claimed Income Tax of Rs. 1238.50 lakhs, Rs. 1250.60 lakhs and Rs. 1259.20 lakhs for the years 2020 – 21, 2021 - 22 and 2022 – 23 respectively. The Commission finds it prudent to compute the income tax payable on pre-tax basis over the admitted Return on Equity. For this purpose, the applicable Minimum Alternative Tax (MAT) rate inclusive of applicable surcharges and cess is considered, subject to adjustment on assessment of tax and payments made on the basis of actual tax liability in the APR for 2020 – 21, 2021 - 22 and 2022 – 23. Accordingly, the Commission admits Rs. 406.69 lakh as admissible income tax for the years 2020 – 21, 2021 - 22 and 2022 – 23 respectively.





**Tariff Order of Haldia Energy Limited (Transmission) for 2020-21, 2021-22 and 2022-23**

**Table – 3.10**

Particulars	Unit	2020-21	2021 – 22	2022-23
Allowable Returns	Rs. Lakh	2327.64	2327.64	2327.64
MAT (including Surcharge + cess)	%	17.472	17.472	17.472
Admissible Income Tax payable	Rs. lakh	406.69	406.69	406.69

3.10.2 HEL 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 2014-2015 till date with their APR application for the years 2020-21, 2021-22 and 2022 - 2023. In this respect, the provisions in the regulations 5.13.1 and 5.13.2 may be referred to.

**3.11 Interest on Working Capital:**

3.11.1 In terms of regulations 5.6.5.1 of the Tariff Regulations, as amended, working capital requirement of HEL shall be assessed on normative basis @ 18% on the base amount derived from the annual fixed charges reduced by the elements viz., depreciation, return on equity etc. as determined in the ARR. In line with the observation made by this Commission in Case No SM-3/21-22, the rate of interest is considered as the one-year Marginal Cost of Fund based Lending Rate (MCLR) of the State Bank of India as on 1<sup>st</sup> April of the year, preceding the year for which the tariff is proposed to be determined plus 350 basis point. Accordingly, the rate of interest comes to 12.05% (MCLR @ 8.55% as on 01.04.2019 plus 350 basis points). The amount of admissible interest on working capital for the year 2020 – 21, 2021 - 22 and 2022 – 23 are worked on normative basis as below:

**Table 3.11**

Sl No	Particulars	2020-21	2021-22	2022-23
	Working Capital:			
A	Annual Fixed charges (excluding Interest on Working Capital)	7,715.59	7,590.40	7882.21
B1	Less: Depreciation and AAD	1,623.75	1623.75	2064.20
B2	Less: Deferred Revenue Expenditure			
B3	Less: Return on Equity	2,327.64	2,327.64	2,327.64
B4	Less: Reserve for Unforeseen Exigencies	135.09	135.09	135.09
B	Total deductions: (sum B1:B4)	4086.48	4086.48	4526.93





**Tariff Order of Haldia Energy Limited (Transmission) for 2020-21, 2021-22 and 2022-23**

SI No	Particulars	2020-21	2021-22	2022-23
C	Allowable Gross Sales for Working Capital (A-B)	3,629.11	3,503.92	3,355.28
D	Allowable Working Capital @18% on C	653.24	630.71	603.95
E	Interest at SBI MCLR as on 1 <sup>st</sup> April, 2019 plus 350 basis points (in line with Suo-moto order dt 06.04.2022)	12.05%	12.05%	12.05%
F	Interest on Working Capital (D*E)	78.72	76.00	72.78

3.11.2 The Commission admits Rs 78.72 lakhs, Rs. 76.00 lakhs and Rs. 72.78 lakhs as Interest on Working Capital for the years 2020-21, 2021-22 and 2022-23 respectively.

### 3.12 Interest on Temporary Accommodation:

3.12.1 HEL has claimed an amount of Rs. 80.90 lakh as Interest on Temporary Accommodation for the year 2020– 21 citing that HEL is realizing tariff that was determined for the year 2016 – 17 vide the Tariff Order dated 29.01.2016. In view of actual project cost, HEL submitted that they are in requirement of temporary accommodation as applicable.

3.12.2 In terms of regulation 5.6.5.4 of the Tariff Regulations, the Commission may allow, if considered necessary, interest on temporary financial accommodation taken by a generating company or a licensee from any source to a reasonable extent due to unrealized arrears from the consumers/ beneficiaries.

3.12.3 Thus, the Commission does not consider any interest on temporary accommodation at the tariff determination stage and directs HEL to submit details of drawal of temporary accommodations, if any, in the APR petitions for the years 2018 – 19 and 2019 – 20. The Commission will examine necessity of such loan based on tariff gap during the years and will decide accordingly.

### 3.13 Reserve for Unforeseen Exigencies:

HEL has prayed for allowing Rs.146.50 lakhs, Rs. 147.80 lakhs and Rs. 148.90 lakhs as appropriation to Reserve for Unforeseen Exigencies for the years 2020 – 21, 2021-22 and 2022 – 23 respectively, which HEL will invest in permitted securities in terms of the Tariff Regulations. HEL also submitted that, the dedicated transmission line





***Tariff Order of Haldia Energy Limited (Transmission) for 2020-21, 2021-22 and 2022-23***

has a river crossing segment of approximately 3 kms, with two river crossing tower passing through the cyclone prone coastal area. It is also submitted that, in view of rise in salinity level of water steel wrecker piles are required to be protected from further corrosion in the foundations. In view of the above, the Commission decides to allow Rs. 135.09 lakh for each year as reserve for unforeseen exigencies @ 0.25% of the admitted gross fixed asset, in terms of regulation 5.11.1 of the Tariff Regulations. HEL has to invest the amount in terms of Regulation 5.24 of the Tariff Regulations. The reserve or fund shall be drawn upon only to meet such charges as the Commission may approve.

**3.14 Other Income:**

HEL has not submitted any amount for other income and therefore, the Commission has not considered any amount in this regard. It is to mention that Other Incomes arising during the period are subject to truing up in Annual Performance Review for the year 2020-21, 2021-22 and 2022-23.





**Tariff Order of Haldia Energy Limited (Transmission) for 2020-21, 2021-22 and 2022-23**

## CHAPTER - 4

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

4.1 Based on the analysis and findings recorded in the foregoing chapters, the statements of Aggregate Revenue Requirements are drawn separately for the years 2020-21, 2021-22 and 2022-23. Such summarized statements are given in the table below.

Sl No.	Particulars	Claimed			Admitted		
		2020-21	2021-22	2022-23	2020-21	2021-22	2022-23
1	Employee Cost						
A	Salaries	57.80	62.40	67.40	66.03	71.01	76.36
B	Others	8.60	9.20	10.00			
2	O&M Expenses (Repair & Maintenance and A&G)	1256	1331.40	1411.40	275.78	286.87	298.41
3	Rates and Taxes	6.60	7.10	7.60	3.42	3.56	3.70
4	Insurance	133.50	144.20	155.70	37.49	39.00	40.57
5	Statutory Charges	27.00	29.20	31.50	-	-	-
6	CSR	100.50	108.50	117.20	-	-	-
7	Non-recurring Expenses	50.00	340.00	340.00	-	-	-
8	Interest on Borrowed Capital	3,133.70	3,008.50	2,839.00	2,771.60	2,623.29	2,450.15
9	Interest on Temporary Accommodation	80.90	-	-	-	-	-
10	Other Financing Charges	68.10	73.50	79.40	68.10	73.50	79.40
11	Depreciation	1,522.90	1,535.40	1,544.20	1,399.53	1,399.53	1,399.53
12	Advance Against Depreciation	277.30	301.90	818.30	224.22	224.22	664.67
13	Income Tax	1,238.50	1,250.60	1,259.20	406.69	406.69	406.69
14	Return on Equity	2,305.70	2,328.20	2,344.30	2,327.64	2,327.64	2,327.64
15	Reserve for Unforeseen Exigencies	146.50	147.80	148.90	135.09	135.09	135.09
16	Interest on Working Capital	118.70	122.60	121.70	78.72	76.00	72.78
17	<b>Gross Aggregate Revenue Required (Sum 1 to 16)</b>	<b>10,532.30</b>	<b>10,800.50</b>	<b>11,295.80</b>	<b>7,794.31</b>	<b>7666.40</b>	<b>7,954.99</b>
18	Less: Non-tariff income	-	-	-	-	-	-
19	<b>Net Aggregate Revenue Required (19=17 - 18)</b>	<b>10,532.30</b>	<b>10,800.50</b>	<b>11,295.80</b>	<b>7,794.31</b>	<b>7666.40</b>	<b>7,954.99</b>

4.2 The Commission is now to determine the rates for recovery of transmission charges from beneficiary(ies) of HEL Transmission system for the year 2020-21, 2021-22 and 2022-23 in the next chapter.





**Tariff Order of Haldia Energy Limited (Transmission) for 2020-21, 2021-22 and 2022-23**

**CHAPTER - 5  
TARIFF ORDER  
DETERMINATION OF THE RATE FOR RECOVERY OF TRANSMISSION  
CHARGES FOR THE YEARS 2020-21, 2021-22 AND 2022 - 23**

- 5.1 In the previous chapter, the Commission has determined the Aggregate Revenue Requirement (ARR) for the years 2020-21, 2021-22 and 2022-23 for HEL Transmission System. The Commission is now to fix the rate for recovery of the same during the years 2020-21, 2021-22 and 2022-23 in accordance with the provisions of regulation 6.16 of the Tariff Regulations. It is, pertinent to mention here that HEL Transmission System has no variable cost to recover. Only fixed charges of Rs. 7794.31 lakhs for 2020 – 21, Rs. 7666.40 lakhs for 2021-22 and Rs. 7954.994 lakhs for 2022 - 23, as admitted by the Commission in the Statement of Aggregate Revenue Requirement in chapter - 4 is recoverable.
- 5.2 HEL Transmission system comprises 400 kV D/C transmission lines between HEL generating station and PGCIL Subhasgram 400 kV sub-station and associated bays, etc. The above lines are dedicated transmission lines to evacuate generation of HEL 2 x 300 MW power plant. Considering the normative auxiliary consumption of 9% for HEL generating station, the ex-bus generation contracted for dispatch by the dedicated transmission line comes to 546 MW.
- 5.3 The Commission now determines the unit rate of recovery of transmission charges in Rs. /MW/ month from the beneficiary (ies) considering the contracted capacity of 546 MW for 2020 – 21, 2021-22 and 2022 – 23 as below:

<b>Transmission Charges for 2020 – 21</b>		
i)	Recoverable ARR	Rs. 7794.31 lakh
ii)	Total contracted capacity	546 MW
iii)	Rate in Rs. /MW/month	Rs. 7794.31 lakh * 10 <sup>5</sup> / (546 MW x 12) = Rs. 118961/ MW/ month subject to adjustment as per regulation 6.16.5 of the Tariff Regulations.

<b>Transmission Charges for 2021 – 22</b>		
i)	Recoverable ARR	Rs. 7666.40 lakh
ii)	Total contracted capacity	546 MW
iii)	Rate in Rs. /MW/month	Rs. 7666.40 lakh * 10 <sup>5</sup> / (546 MW x 12) = Rs. 117009/ MW/ month subject to adjustment as per regulation 6.16.5 of the Tariff Regulations.





**Tariff Order of Haldia Energy Limited (Transmission) for 2020-21, 2021-22 and 2022-23**

<b>Transmission Charges for 2022 – 23</b>		
i)	Recoverable ARR	Rs. 7954.99 lakh
ii)	Total contracted capacity	546 MW
iii)	Rate in Rs. /MW/month	Rs. 7954.99 lakh * 10 <sup>5</sup> / (546 MW x 12) = Rs. 121413/ MW/ month subject to adjustment as per regulation 6.16.5 of the Tariff Regulations.

HEL shall recover the transmission charges at the above rates from its beneficiary(ies) at the ratio of their contracted capacity (in MW) with the power plant.

- 5.4 The tariff for 2020-21, 2021-22 and 2022 – 23 shall be applicable from the billing month pertaining to 1<sup>st</sup> April, 2020, 1<sup>st</sup> April, 2021 and 1<sup>st</sup> April, 2022 respectively and shall continue till further tariff order is issued. Adjustments, if any, for over recovery / under recovery for the period from 01.04.2020 to the month of issuance of this order from the system users shall be made in twelve (12) equal monthly installments. Such adjustment shall start from the succeeding month of the month of issuance of this order.
- 5.5 HEL shall present to the Commission a gist of this order in accordance with the regulation 2.9.6 of the Tariff Regulations within three (3) 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 (4) working days from the date of receipt of the approval of the Commission.

**Sd/-**  
**(PULAK KUMAR TEWARI)**  
**MEMBER**

**Sd/-**  
**(SUTIRTA BHATTACHARYA)**  
**CHAIRPERSON**

**Dated: 07.07.2022**

**Sd/-**  
**SECRETARY**