



ORDER

OF

WEST BENGAL ELECTRICITY REGULATORY COMMISSION

FOR THE YEAR 2022 – 2023

IN

CASE NO: TP – 93 / 20 – 21

IN REGARD TO THE MULTI YEAR TARIFF APPLICATION UNDER THE SEVENTH CONTROL PERIOD OF THE DURGAPUR PROJECTS LIMITED FOR THE YEAR 2022 – 2023 UNDER SECTION 64(3)(a) READ WITH SECTION 62(1) AND SECTION 62(3) OF THE ELECTRICITY ACT, 2003

PRESENT:

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

DATE: 23.02.2024



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Tariff Order of DPL for the year 2022-23

CHAPTER-1 INTRODUCTION

1.1 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 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 The Durgapur Projects Limited (hereinafter referred to as 'DPL'), was a sanction holder under section 28 of the Indian Electricity Act, 1910 and had become a deemed licensee in terms of the first proviso to section 14 of the Act with effect from 10.06.2003 ie. the date of coming into force of the Act, for distribution of the electricity in Durgapur area in West Bengal. Subsequently, in terms of Government of West Bengal Notification No. 328/PO/O/C-IV/1E-60/13 (Part-VA) dated 26.12.2018 and order of this Commission in case No. A-6/14 dated 31.12.2018, with effect from 01.01.2019 the entire distribution and transmission business activities under DPL along with all associated assets and liabilities were transferred to the West Bengal State Electricity Distribution Company Limited (WBSEDCL) and the West Bengal State Electricity Transmission Company Limited (WBSETCL) respectively. In view of the above notification of the Government of West Bengal and order of this Commission, DPL, a distribution licensee with embedded thermal generating station, became generating company since 01.01.2019.

1.3 DPL submitted the tariff application for three years of 7th control period under the Multi Year Tariff (MYT) framework consisting of the years 2020-21, 2021-22 and 2022-23 on 29.08.2020 and the same was admitted by this Commission in case no. TP-93/20-21. DPL was accordingly, directed to publish gist of its tariff application in the newspapers. The gist was published on 16.11.2020 simultaneously in newspapers namely - (i) 'The Times of India' (English), (ii) 'Anandabazar Patrika' (Bengali) (iii) 'Bartaman' (Bengali), (iv) 'Ei Samay' (Bengali) and (v) 'Aajkal' (Bengali).



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Tariff Order of DPL for the year 2022-23

The gist along with the tariff application were also posted on the website of DPL. 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 DPL for the 7th control period and requested for submission of suggestions, objections and comments, if any, on the tariff application to this Commission latest by 04.12.2020. Opportunities were also offered to all to inspect the tariff application and to take copies thereof.

1.4 No suggestions, objections to / comments on the aforementioned tariff petition of DPL for the 7th control period was received by this Commission within the stipulated time period.

1.5 This Commission, thereafter, in accordance with the provisions of the Act and Tariff Regulations, passed the tariff order dated 16.07.2021 (hereinafter referred as '7th MYT Order') in respect of DPL in Case no. TP- 93/20-21 determining the Aggregate Revenue Requirement (in short 'ARR') of DPL for each year of the 7th control period, along with the tariffs of DPL for the years 2020-21 and 2021-22. This Commission, further, passed corrigendum to the tariff order dated 16.07.2021 on 17.08.2021. DPL on receipt of the aforesaid tariff order dated 16.07.2021 with Corrigendum dated 17.08.2021 for the years 2020-21 and 2021-22 submitted its gist for approval and the same was approved by this Commission. Accordingly, the approved gist of the tariff order read with corrigendum dated 17.08.2021 for 2020-21 and 2021-22 was published in newspapers and on the website of DPL on 10.09.2021.

1.6 DPL submitted a petition for review of the order dated 16.07.2021 in case no. TP-93/20-21 on the five issues ie. 'Station Heat Rate, Heat Value of Coal for Financial year 2020-21, Non-consideration of re-deployed employee during computation of Employee cost, Allocation of expenses for Service Department and Central Workshop and Stay on recovery / adjustment of variable charges'. This Commission passed an review order dated 22.08.2023 in case no. TP(R)-35/21-22 maintaining the decision already taken in the tariff order dated 16.07.2021 in case no. TP-93/20-21.



Tariff Order of DPL for the year 2022-23

1.7 This Commission now proceeds to determine the revenue recoverable through tariff by DPL during the year 2022-23 and also the tariff of DPL for 2022-23 on the basis of ARR determined for 2022-23 in the tariff order dated 16.07.2021 and subsequent corrigendum order dated 17.08.2021 in case no TP-93/20-21 and review order dated 22.08.2023 after necessary adjustments in accordance with the Tariff Regulations as detailed in the subsequent chapter.



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Tariff Order of DPL for the year 2022-23

CHAPTER-2

SUMMARISED STATEMENT OF AGGREGATE REVENUE REQUIREMENT & REVENUE RECOVERABLE THROUGH TARIFF FOR 2022-23

2.1 As stated in the preceding chapter, this Commission determined the ARR of DPL separately for each of the three years of the 7th control period 2020-21, 2021-22 and 2022-23 in the tariff order dated 16.07.2021 and subsequently issued corrigendum dated 17.08.2021 in case no TP-93/20-21 based on the analysis and findings recorded in that order. This Commission stuck to its earlier decision in the review order dated 22.08.2023 in case no. TP(R)-35/21-22. This Commission, in the 7th MYT Order, has determined the ARR amounting to **Rs. 120119.40 lakh** for the year 2022-23. Summarized statement of ARR for 2022-23 was given in Annexure-5C to the 7th MYT Order dated 16.07.2021.

2.2 In terms of the Tariff Regulations, this Commission also ascertained the amount of revenue recoverable through tariff for the generating station of DPL for the year 2022-23 in the subsequent paragraphs.

2.3 Commission in paragraph 3.5 of the 7th MYT Order assessed the energy charge for the generating stations of DPL for 2022-23 as follows:

Generating Station	Energy Charge (Paisa/kWh)
Unit No. 7	154.78
Unit No. 8	160.77
Overall	157.50

2.4 The amount of revenue in respect of capacity charges to be recovered through tariff for the year 2022-23 separately for each of the generating units of DPL worked out as under:

Sl No	Particulars	Unit- 7	Unit- 8	Total
1	Aggregate Revenue Requirement	56692.06	63427.34	120119.40
2	Fuel Cost	29775.28	25632.30	55407.58
3	Capacity charges (3) = (1) – (2)	26916.78	37795.04	64711.82



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Tariff Order of DPL for the year 2022-23

CHAPTER-3 TARIFF ORDER FOR 2022-23

3.1 Based on the analyses and the decisions recorded in earlier chapters this Commission, in accordance with the Tariff Regulations, has determined the capacity charge and energy charge for 2022-23 in respect of generating station of DPL as shown in Chapter-2. This Commission now issues orders as shown in the following paragraphs.

3.2 The annual capacity charge recoverable by DPL shall be on the following basis:

3.2.1 The annual capacity charge recoverable by DPL shall be on monthly basis depending on actual availability during the month with reference to the target normative annual availability subject to the conditions as laid down in regulation 6.11.4 of the Tariff Regulations.

3.2.2 The annual capacity charge is recoverable at the target normative annual availability as provided in following table:

Generating Station	Target Normative Availability Factor	Capacity Charge (Rs. Lakh)
Unit 7	85%	26916.78
Unit 8	85%	37795.04

3.3 The energy charge recoverable during the year 2022-23 against each unit of injection of energy under implemented schedule on injection shall be as follows:

Generating Station	Energy Charge (Paisa/kWh)
Unit No. 7	154.78
Unit No. 8	160.77
Overall	157.50



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Tariff Order of DPL for the year 2022-23

3.4 DPL shall raise the energy charge bill and capacity charge bill as per the energy accounting and availability declared by State Load Despatch Centre (in short 'SLDC') in its monthly energy accounting schedule.

3.5 The tariff for 2022-23 shall be applicable from 1st April 2022 to 31st March 2023 and onwards till further order of this Commission. The tariff applicable for 2022-23 excludes Monthly Fuel Cost Adjustment (MFCA), if any, realized by DPL during the period from 01.04.2022 till issue of this order. Adjustments, if any, for over recovery / under recovery for the period from 01.04.2022 till the month of issue of this order, shall be made in the monthly bills in 12 (twelve) equal instalments commencing from the month succeeding the month of issue of this order.

3.6 In addition to the energy charge as mentioned in paragraph 3.3 above, DPL shall further be entitled to additional sum towards enhanced cost of fuel as per provision of the Tariff Regulations subject to truing up under Fuel Cost Adjustment (FCA) for the respective year.

3.7 Availability of installed capacity for any of the units of DPL may be adjusted downward against enhanced performance of any of the other Units of DPL, which may register capacity availability over the targeted availability. In such event, recovery of capacity charge and energy charge and also the manner of adjustment of such charges shall be such as specified in regulation 2.8.6.7 of the Tariff Regulations.

3.8 Any matter, which has not been explicitly mentioned in this order, shall be guided by regulations 2.9.8 and 2.9.9 of the Tariff Regulations.

3.9 For merit order despatch, SLDC / ALDC shall consider the energy charge of the generating units of DPL as determined in this tariff order as per the following table prospectively. The merit order despatch as per the table below will be applicable from the date of issue of this order. However, the MFCA declared by DPL will be added to the energy charge for consideration of merit order despatch from the date of issue of the MFCA notification respectively.



सत्यमेव जयते



Tariff Order of DPL for the year 2022-23

Generating Station	Energy Charge (Paisa/kWh)
Unit No. 7	154.78
Unit No. 8	160.77

3.10 DPL shall present to this Commission a gist of this order in accordance with regulation 2.9.6 of the Tariff Regulations within five working days from the date of receipt of this order for approval of this Commission and on receipt of the approval shall publish the approved gist in terms of aforesaid regulation within four (4) working days from the date of receipt of the approval of this Commission.



सत्यमेव जयते



Tariff Order of DPL for the year 2022-23

CHAPTER-4 DIRECTIONS

4.1 This Commission has given some directions in different paragraphs in Chapter-3 and Chapter-4 of the tariff order dated 16.07.2021 for 2020-21 & 2021-22 in the in case no TP-93/20-21 and also there are some directions under Chapter-8 of the Tariff order for 2018-19 (01.01.2019 – 31.03.2019) and 2019-20 (Part – II) in respect of DPL All those directions by this Commission are required to be complied with by DPL as follows:

4.1.1 While submitting APR application of any year, DPL shall submit the certificates of the annual accounts of the said year from the statutory auditor for the following parameters:

- a) List of expenditure arising on account of penalty, fine and compensation due to non-compliance of any statute or statutory order along with the reasons for each such type of penalty, fine and compensation separately.
- b) Copies of the audited accounts of all the terminal benefit funds.
- c) A statement showing monthly deposit in different terminal benefit funds for the year for which APR is submitted.
- d) Detail of manpower against unit-VII and unit-VIII after decommissioning of unit-VI.
- e) A reconciliation statement along with the APR petition showing the head-wise expenditure claimed in APR petition vis-à-vis amount booked in the Audited account.

4.1.2 DPL was required to submit the project cost in respect of Unit VII within 30.06.2015 but the same is yet to be submitted. The COD of unit VIII of DPL has been declared as 01.10.2014. Submission of final project cost in respect of Unit VIII before this Commission in terms of regulation 2.8.1.4.13 read with regulation 2.8.5 of the Tariff Regulations is also pending. It is to be noted that the deductible amounts due to non-submission of project cost for last few years are cumulatively piling up.

4.1.3 In Chapter-8 of Tariff order 2018-19 and 2019-20 (Part II), DPL has been directed to submit the proposals before this Commission for approval of original project cost with all required documents as per provisions of Tariff Regulations immediately.. DPL is again



सत्यमेव जयते



Tariff Order of DPL for the year 2022-23

directed to submit the proposals for approval of original project cost in respect of Unit-VII and VIII with all required documents before this Commission without any further delay.

4.1.4 DPL shall take up the matter of nil rating of GST with appropriate authority in light of captive mine being located also in the state of West Bengal and shall intimate the outcome to this Commission before filing of the trueing up APR petition for this period.

4.1.5 This Tariff Order is subject to the final outcome of the writ petition pending at the Hon'ble High Court of Calcutta.

Sd/-
(PULAK KUMAR TEWARI)
MEMBER

Sd/-
(MALLELA VENKATESWARA RAO)
CHAIRPERSON

Dated: 23.02.2024

Sd/-
SECRETARY