



ORDER

OF THE

**WEST BENGAL ELECTRICITY REGULATORY
COMMISSION**

IN CASE NO.: APR – 27 / 11 – 12

**IN RE THE APPLICATION OF THE
WEST BENGAL POWER DEVELOPMENT
CORPORATION LIMITED FOR
ANNUAL PERFORMANCE REVIEW
OF THE FINANCIAL
YEAR 2010 – 2011**

DATE: 21.11.2012



CHAPTER – 1 INTRODUCTION

- 1.1 In terms of the provisions contained in regulation 2.6 of the West Bengal Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2011 (hereinafter referred to as the 'Tariff Regulations'), the generating companies or the licensees, as the case may be, are subject to an Annual Performance Review (in short 'APR'). The West Bengal Electricity Regulatory Commission (hereinafter referred to as the 'Commission') introduced Multi Year Tariff (in short 'MYT') procedure and as such, APR aims at carrying out adjustments arising out of difference between the actual performances and projected performances under different factors/heads of accounts. Such adjustments are to be done in the manner as specified in the Tariff Regulations. Accordingly, the West Bengal Power Development Corporation Limited (hereinafter referred to as the 'WBPDCCL') submitted its application for the same on 30 December, 2011 for the financial year 2010 – 2011. The application was numbered as APR-27/11-12. It provided the requisite data / information in the specified proforma along with the copy of its audited annual accounts for the concerned year. It also submitted separate generating station-wise audited data in respect of Kolaghat, Bakreswar, Bandel, Santaldih and Sagardighi Thermal Power Stations for the year 2010 – 2011.
- 1.2 The instant application of WBPDCCL is its third application for the APR of the second control period under Multi Year Tariff (MYT) approach covering the years 2008 – 2009, 2009 – 2010 and 2010 – 2011. The adjustments, as were found necessary on review of the performances of earlier years were effected while determining the amounts recoverable through tariff in respect of its different generating stations during the years following the years of such review. Similarly, the adjustments as may arise out of the review of the instant application for 2010 – 2011 will be considered for giving effect while determining the amount of revenue recoverable through tariff of concerned generating stations during the



Order on APR of WBPDCCL for the year 2010-11

- year 2012 – 2013 or any subsequent year or through a separate order as specified in regulation 2.6.6 of the Tariff Regulations.
- 1.3 WBPDCCL has submitted their application for Annual Performance Review for 2010 – 2011 in terms of the provision contained in the Tariff Regulations and the instant application needs to be dealt with as per provisions of regulation 2.1.15 of the Tariff Regulations.
- 1.4 APR is to cover the annual fixed costs and fixed charges that is to be allowed to the generating company along with incentive and gain sharing as allowable. For fixed cost determination under APR, the normative parameters, method of calculations and principles of calculation as had been followed in tariff order for the relevant year are considered.
- 1.5 The APR for the year 2010 – 2011 is, therefore, the review of the different factors, such as elements of fixed charges, categorized as controllable and uncontrollable allowed to WBPDCCL through the ARR for the year 2010 – 2011, vis-à-vis the actuals as per the audited accounts. The instant application of WBPDCCL for the year 2010 – 2011 is being viewed in the subsequent parts of this order.
- 1.6 In terms of regulation 2.6.12 of the Tariff Regulations, 2011, WBPDCCL submitted a draft gist of the APR application at the time of submission of application for APR for the year 2010 – 2011. The application of APR of 2010 – 2011 of WBPDCCL submitted by WBPDCCL on 30.12.2011 was admitted by the Commission in case no. APR-27/11-12. The Commission also approved the gist of the APR application submitted by WBPDCCL. After admission of the application WBPDCCL was directed to publish the approved gist of the application in newspapers and also in their website. Accordingly, the gist of the application was published simultaneously in 'Bartaman', 'Pratidin', 'The Times of India' and 'Sanmarg' on 19th May, 2012 inviting objections and suggestions from all interested parties and members of the public. The gist was also posted in the



Order on APR of WBPDCCL for the year 2010-11

website of WBPDCCL. A copy of the petition as mentioned above for the year 2010 – 2011 was also posted in the website of WBPDCCL.

- 1.7 The last date for submission of objections and suggestions by the interested parties at the office of the Commission was 18.06.2012, which was further extended upto 25.06.2012 through notice simultaneously published in all the above newspapers on 18th June, 2012.
- 1.8 Objections and suggestions on the application of WBPDCCL for APR in respect of the year 2010 – 2011 were received by the Commission from only one person, i.e., Hooghly Chamber of Commerce and Industries within the stipulated time i.e. 18.06.2012. The said Objections and suggestions on the application, in question, have been dealt with in Chapter – 2.
- 1.9 In its instant application for APR in respect of the financial year 2010 – 2011, WBPDCCL brought out the following issues for the consideration of the Commission.
 - 1.9.1 During the year under review, there has been substantial under recovery of capacity charges due to non-attainment of normative availability by almost all the units of WBPDCCL. The major reasons for such non-availability were ageing of the plants, forced outages due to tube-leakage / earth fault, low system demand and back down, inferior quality of coal supplied by M/s BCCL and M/s MCL. Besides, the units I, II, III and IV of Santaldih generating station were retired / decommissioned from active use during the year. WBPDCCL has requested the Commission to consider for allowing the capacity charge as incurred in order to avoid severe fund flow crisis which is directly related to debt-servicing of borrowings made for new projects.
 - 1.9.2 WBPDCCL highlighted the considerable increase in employees' costs over the amounts as were allowed by the Commission in its tariff order for different generating stations in operation mainly due to revision of pay and allowances with effect from April, 2007 and for giving mandatory effect of adopting



Order on APR of WBPDCCL for the year 2010-11

Accounting Standard (AS) – 15 (revised) issued by the Institute of Chartered Accountant of India (in short “AS-15”) in regard to provisions for accumulated benefits to employees.

- 1.9.3 In accordance with the transitional provisions of the AS-15, a total amount of Rs. 12952.10 lakh, being the additional liability towards employees’ benefits up to the period 31 March, 2011 was stated to have been charged in the Profit & Loss Account for the year 2010 – 2011. WBPDCCL requested to allow the recovery of this amount through tariffs of different generating stations in operation. The station-wise break-up of the total amount so adjusted had been shown as under:

| | Rs. in Lakh |
|--------------|--------------------|
| Kolaghat | 4520.68 |
| Bakreswar | 3767.23 |
| Bandel | 1614.53 |
| Santaldih | 896.96 |
| Sagardighi | 2152.70 |
| Total | 12952.10 |

- 1.9.4 WBPDCCL also highlighted the considerable increase in the cost of coal and ash handling as well as in other fuel related costs in all the generating stations in operation. Such increase over the amounts so considered in the tariff order, was stated to be mainly due to payments of high ash evacuation cost due to deterioration in the quality of coal, railway staff cost and other railway movement related charges etc.

- 1.9.5 The payments of water cess and water charges to the respective statutory authorities for all the generating stations at actuals had also been highlighted with the request for consideration of recovery through positive adjustments.

- 1.10 WBPDCCL also clarified the reasons of deviations of actual expenditure under all other different heads of accounts with the provisions considered in the tariff order



Order on APR of WBPDCCL for the year 2010-11

for the concerned year, i.e., 2010 – 2011. The effect of such deviations in the unit rate of fixed charges had been summarized as under:

| Generating Station | Fixed Charges per Unit (Paise / kWh) | |
|---------------------------------|---|------------------|
| | As per Tariff Order | As per Actual |
| Kolaghat | 57.85 | 74.85 |
| Bakreswar (Units I, II and III) | 71.67 | 91.58 |
| Bakreswar (Units IV and V) | 67.40 | 136.92 |
| Bandel | 57.07 | 77.45 |
| Santaldih (Unit V) | 67.40 | 218.84 |
| Sagardighi | 67.40 | 150.88 |

- 1.11 In addition to adjustments in fixed charges through APR, WBPDCCL also requested for appropriate provisions in the Aggregate Revenue Requirement (in short “ARR”) towards considerable hike in fuel cost over the same considered in the tariff order.
- 1.12 WBPDCCL provided the clarifications in regard to the compliance of different directives.
- 1.13 The Commission has taken careful note of the above representations made by WBPDCCL and the relevant issues will be addressed to and the views will be taken accordingly while examining the admissibility of expenses under different heads of accounts. It is, however, to clarify, at the out set, that the APR aims at examining the admissibility of fixed charges on different accounts and ascertaining the amounts of appropriate adjustments in terms of the Commission’s Tariff Regulations. Such examinations will be done with reference to the statements of ARR for the year 2012 – 2013 in respect of different generating stations. The issue relating to revising the amounts of fuel cost of



different generating stations / units in operation will be dealt with while ascertaining the amount recoverable through tariff for those generating stations / units.

- 1.14 The APR is to cover the annual fixed charges allowed to the generating company, incentives and the effect of gain sharing as per Schedule – 10 and Schedule – 9B to the Tariff Regulations. Element of gain sharing on account of achieving better operational norms, however, was not considered for WBPDCCL while determining its Aggregate Revenue Requirement (in short 'ARR') for its different generating stations for the year 2010 – 2011. Moreover, the incentives and the sharing of gains in terms of the referred schedules to the Tariff Regulations are made allowable for the year 2008 – 2009 onwards.
- 1.15 The APR for the year 2010 – 2011 is, therefore, the review of the different factor elements of fixed charges, categorized as controllable and uncontrollable, allowed to WBPDCCL for its operating units of Kolaghat, Bakreswar (Units I to V), Bandel, Santaldih (Unit V) and Sagardighi generating stations through the ARR for the year 2010 – 2011, vis-à-vis the actuals as per the audited accounts. The instant application of WBPDCCL for the year 2010 – 2011 is being viewed in the subsequent parts of this order.
- 1.16 The Commission has already ascertained the total amount of variable cost that could be allowed to WBPDCCL in the year 2010 – 2011 vide Commission's order dated 16.10.2012 in Case no. FPPCA – 55 / 11 – 12. The instant order is, therefore, exclusively for ascertaining the allowable total amount of fixed charges for the year 2010 – 2011. The matter is being taken up in the next chapters
- 1.17 This is made clear that the present APR is being determined of the above units in operation during 2010 – 2011 excluding Santaldih (Units I to IV) which have already been retired and decommissioned from active use during the entire year of 2010 – 2011 and there is no scope of ARR of these units.



CHAPTER – 2

Objections and suggestions against the application of APR for 2010-11 submitted by WBPDCCL

- 2.1 The stake holder from whom objections and suggestions on the application of APR for 2010 – 2011 of WBPDCCL has been received within the stipulated time are mentioned in Paragraph 1.8 of Chapter-1. The points of their objections and suggestions are summarized in subsequent paragraphs of this Chapter along with views of the Commission.
- 2.2 Hooghly Chamber of Commerce and Industries (HCCI) has submitted their objections and suggestions on the application of APR of WBPDCCL for 2010 – 2011. The objections submitted by HCCI are divided in two parts while in the first part some general issues have been raised by HCCI through an affidavit and in the second part they have submitted point wise objections and suggestions through explanation. Henceforth, while dealing in this order, the first part of the objections and suggestions will be referred to as ‘affidavit’ and the second part will be referred to as ‘explanation’.
- 2.3 In paragraph 7 of affidavit, HCCI submitted that the Commission is established to ensure transparency under section 86(3) of the Act while disclosing the tariff determination function in accordance with the mandatory procedure prevailed under section 64 of the Act. HCCI also submit that inherently Sections 64 and 86(3) warrants that the State Commission should grant hearing to any objector/ consumer before deciding upon the objections and determining tariff. According to HCCI, the principles of natural justice mandate that the hearing should be granted to the objector, who is one of the affected parties and that practice has been diligently and consistently followed by virtually every Appropriate Commission.



Order on APR of WBPDCCL for the year 2010-11

In the above context Commission in its earlier order on different tariff related orders has expressed the views time and again. Thus now Commission reiterates the views in short. The Commission feels that hearing for objections and suggestions is not mandated under Section 64 of the Act. The Section 64 speaks about hearing only in case of rejection of an application where it is stipulated that applicant of tariff application be given reasonable opportunity of being heard before rejection of his application. This is also mentioned as exceptional circumstances under provisions of Clause (b) of Sub-section 3 of Section 64. Accordingly, the Commission decides to consider only the suggestions/objections from the public as per Tariff Regulations. The Tariff Regulations framed under the provision of the Act has specifically provided receiving of such objections/suggestions from public in written form only. Thus on this issue Commission prefers to limit itself strictly within the provisions of the Act instead of considering other extraneous factors. Section 86 (3) of the Act in particular speaks of ensuring transparency while discharging its functions but not anything on point of hearing. Transparency in a process does not necessarily mean holding public hearing. It requires fairness and probity to be maintained in the decision making process. This objective is achieved once the objections and suggestions are duly considered and the decision of the Commission is indicated along with reasons. Thus for inviting suggestions and objections as per Section 64 of the Act, there is no requirement to hold a public hearing.

- 2.4 HCCI has raised their objection in Paragraph 9 of the affidavit that the claims made by WBPDCCL are contrary to the provisions of the Act and Regulations and past orders/practice of the Commission and allowing these claims would amount to rewarding the inefficiencies of WBPDCCL. It is also mentioned by HCCI that WBPDCCL have made wrong computations and relevant factors have not been considered while making computations/claims by WBPDCCL. These objections raised by HCCI are not being duly supported by any evidence or any documents or any specific issues in respect of the objection on the basis of which the



Commission can deal with such objection. In the said paragraph HCCI has not indicated which of the claims/computations of WBPDCCL are erroneous. Thus, the Commission finds no merit in dealing with this objection in the absence of details.

- 2.5 Issues raised by HCCI in the affidavit and its explanation under the Annexure – A along with the views of the Commission are dealt hereunder:

Capacity Charge:

- 2.5.1 HCCI has mentioned that the recovery of capacity charge would be linked with the achievement of target availability e.g. at target availability, 100% capacity charges would be recoverable and in-case of actual availability lesser than the target availability, pro-rata capacity charges would be recoverable. In paragraph 2.1 of explanation, HCCI elaborated the issues. It is further stated by HCCI that normative target availability as set by the Commission are at relaxed levels vis-à-vis the industry benchmarks for stations namely Kolaghat and Bandel TPS.

HCCI has also mentioned that WBPDCCL has attributed certain frivolous reasons for the under-achievement of plant availability factors in their various plants. According to HCCI, points raised above, are controllable factors and no relaxation in operating norms can be provided on the basis of the aforementioned reasons.

Regarding the suggestions for capacity charge to be allowed on the basis of achievement of target availability, the Commission will consider the same in the subsequent chapter in determination of allowable capacity charge as per provisions of Tariff Regulations. Regarding the comments of HCCI for setting norms in a relaxed way in the Tariff Regulations for different generating stations, it is stated that the Commission has framed the Tariff Regulations through previous publications and it cannot be an issue to be dealt with in this order. Normally, capacity charge is recovered on the basis of normative parameters by



applying different provisions of Tariff Regulations and 'under performance' is not normally allowed to pass through if there is no compelling condition. In this instant order, the Commission feels that no such compelling condition was prevailing during 2010 – 2011.

Fuel Charges/Truing up of Energy Charges:

2.5.2 HCCI has mentioned in paragraph 2.3.2 of explanation that truing up of both the components namely fixed costs(capacity charges) and variable costs (energy charges) are important since fuel costs constitute around 80-85% of the total ARR of WBPDCCL and WBPDCCL should submit the petition for fuel cost adjustment for the year 2010-11 instead of only submitting the petition for re-determining the capacity charges for the year 2010-11 and accordingly, HCCI may be allowed to have the opportunity to submit its comments and objections on such petition. On this issue, the Commission likes to draw attention to the fact that as the billed amount of power sale by a generator consist of two components of energy charge and capacity charge separately thus truing up is being done in FPPCA and APR of the generating stations separately. The mechanism of submission and processing of Fuel Cost Adjustment (FCA) is specifically provided in the Tariff Regulations and accordingly application of such FCA is being dealt separately as specified in the Tariff Regulations.

Fuel Related Expenses:

2.5.3 HCCI has raised their objection on the claim of WBPDCCL for other fuel related charges towards existing stations based on actuals and suggested to adopt the philosophy of restricting the other fuel related cost on the same principle as has been adopted in the APR for 2008 – 2009 order. The Commission in general is of the same view but where deviation is required it will be done on the basis of the merit of the case.



Water Charges:

2.5.4 HCCI has raised their objection on the claim of WBPDCCL for water charges towards existing stations based on actual and suggested to adopt the philosophy of restricting the water charges on the same principle as has been adopted in the APR for 2008 – 2009 order. The Commission in general is of the same view but where deviation is required it will be done on the basis of the merit of the case.

Employee Expenses:

2.5.5 HCCI under paragraph 2.5.2, 2.5.3 and 2.5.5 of the explanation submitted that, as per the Schedule – 9 of the Tariff Regulations, the employee costs are uncontrollable, subject to Man/MW ratio to the extent considered by the Commission as per its discretion for units commissioned before 31.03.2004. According to HCCI, that for new units commissioned after 31.03.2004, Man/MW ratio adopted by the Commission is as per Schedule – 9A of the Tariff Regulations need be followed. HCCI also says that WBPDCCL has failed to establish the eligibility of employee expenses since WBPDCCL has failed to provide any calculations, details in respect of number of employee, Man/MW ratio, etc. for employee cost. HCCI further submitted that WBPDCCL has made a provision for contribution to terminal benefits in their APR application for which no report of actuarial valuation has been provided and in absence of the same HCCI is unable to substantiate the same.

The Commission gives its views in the subsequent chapter while determining the allowable fixed cost under different heads. . .

Operation and Maintenance:

2.5.6 HCCI submitted that as per the norms of the Tariff Regulations the total operation and maintenance expenses allowed in the tariff order for 2010 – 2011 are admissible disregarding the actual expenses.



Depreciation:

2.5.7 HCCI states that WBPDCCL has submitted in Form B that the amount to be added to the gross fixed cost in the financial year 2010 – 2011 is Rs. 419.49 lakh regarding which, nothing has been recorded in forms 1.19 and 1.20(a) pertaining to capital expenditure and ROE respectively. In this context, HCCI under paragraph 2.7.3 of the explanation states that the additional capitalization is allowable only in certain cases as per regulation 4.2 of Tariff Regulations and in this case approval of the Commission under the regulation was not obtained. It is further said that the prudent check and due diligence need to be undertaken to ascertain the admissibility of the additional capitalization and consequent depreciation.

The Commission has noted the comments of HCCI and gives its views while determining the allowable depreciation for 2010 – 2011 in subsequent chapter.

Reserve for unforeseen exigencies:

2.5.8 In the matter of reserve for unforeseen exigencies of Rs. 2905.85 lakh in the APR petition for the year 2010-11, HCCI in paragraph 2.8.1 of the explanation has submitted that after perusal of Schedule-2, Reserves and Surplus of the audited accounts for the year 2010-11 of WBPDCCL, it is seen that against the claim towards reserve for unforeseen exigencies, the actual reserve created in 2010-11 is merely Rs.1605.81 lakh. Further paragraph 13 of the notes to Audited Accounts reveals that only Rs.1256.45 lakh has been appropriated out of the current year's profit towards reserve for unforeseen exigencies. Under the above situation HCCI in paragraph 2.8.3 of the explanation states that the situation above entails that the balance amount has been contributed by plough-back of interest earned on the term deposits earmarked as Investment against reserve for unforeseen exigencies which is also corroborated by paragraph 8 of the notes



to audited accounts. In same issue, HCCI under paragraph 2.8.4 of the explanation has stated that interests earned on term deposits earmarked as investment against reserve for unforeseen exigencies has not been added to the “Misc. other Income” head claimed in the ARR which are subtracted component of ARR and hence, the amount recoverable under reserve for unforeseen exigencies should be reduced by such aforementioned interest income since it is being ploughed back in the reserve itself.

In subsequent chapter, the Commission compares the amounts allowed to WBPDCCL under the head ‘reserve for unforeseen exigencies’ from 2006 – 2007 to 2010 – 2011 and the reserve created by WBPDCCL for the purpose while determining the admissible fixed cost under different heads and issues appropriate direction in this order.

Centrally maintained Expenses:

2.5.9 In para 2.10 of their objection, HCC has observed that such expenses are beyond tariff regulations and hence not allowable. The Commission does not agree to such objection as the same is in accordance with the Tariff Regulations.

Return on Equity (ROE):

2.5.10 From paragraphs 2.9.1 to 2.9.21 of the explanation, HCCI elaborated their stand on different issues related to ROE. Summing up all the points of HCCI, the issues raised are as follows:

- a) According to HCCI, allowable equity is Rs. 28840.54 lakh instead of Rs. 29200.83 lakh as claimed by WBPDCCL against newly commissioned generating stations.



Order on APR of WBPDCCL for the year 2010-11

- b) Regulation 5.4.2 of the Tariff Regulations of the Commission does not mention free reserve as an element for allowing returns. In this respect, HCCI also referred tariff order dated 25.03.2005 in the matter of cases no. TTP-5/05-06 and TP-19/05-06.
- c) Return has been claimed by WBPDCCL on free reserves even though such amounts have not been expensed in any capital investment schemes.

In the context of above, the Commission's views are as follows:

- i) The Commission computed the admissible equity for all the generating stations including new units separately in the subsequent chapter.
- ii) In this context it is mentioned that the referred portion of the referred tariff order dated 25.03.2005 was based on the-then regulations which have now been repealed. Thus the referred portion of the comments is not applicable here.
- iii) In the context of the suggestion of HCCI as mentioned in paragraph (b) and (c) above, it is to be mentioned that the Commission allowed ROE to WBPDCCL in the APR for 2007 – 2008 and 2008 – 2009 as per provisions of the Tariff Regulations, 2007, as amended. Accordingly, the Commission considered Rs. 12.52 crore in equity base from free reserve @ 30% of the capital expenses transferred to asset during the year 2007 – 2008 and allowed ROE on that amount in the APR for the concerned year. In the APR for 2008 – 2009, the Commission did not consider any amount in the equity base from the free reserve as no asset was transferred from capital expenditure during the year.



Miscellaneous Other Income:

2.5.11 HCC, under para 2.11.2 of the explanation, have observed that WBPDCCL did not consider the interest income of 2664.38 lakh earned from the fixed deposits against terminal benefit fund allowed in the tariff order. They have contended that the interest income out of investment of terminal benefit funds should either be netted of the terminal benefit provision or should be deducted from ARR as a part of miscellaneous other income.

The issue raised by HCCI is not in line with Tariff regulations since the interest earned from such fund will be reinvested again to the same fund in accordance to the Tariff regulations. The free reserve is generated from the profit of the company and thus it cannot be used as other income. For the same reason this free reserve does not accrue any ROE unless it is capitalized. Thus the suggestions of HCCI in this regard are not accepted.

Revenue truing up:

2.5.12 While referring to revenue truing up in para 2.12 of the explanation, HCCI pointed out that WBPDCCL did not provide any computations in this regard. They have contended that the Commission may conduct a revenue side truing up as the same is an integral part of APR and has been carried out regularly by several other regulators across the country.

In this regard, the Commission states that as per Tariff Regulations revenue side truing up is done as because the gap between the revenue recovered as per audited accounts and the corresponding admissible amount of fixed costs as determined in APR and variable cost as admitted in the FPPCA order, if any, are recovered or refunded as per regulation 2.6.6 of the Tariff Regulations. Here the revenue recovered stands for revenue realized in terms of billed amount in accordance with the tariff order and as per the order for any Adhoc Power



Order on APR of WBPDCCL for the year 2010-11

Purchase Cost/ Adhoc Fuel Cost/Adhoc Generation Cost/ Adhoc Variable Cost/Monthly Fuel Cost/Monthly Variable Cost of the year for which APR is undertaken. Thus revenue side truing up has been done based on revenue recovered as per Audited Accounts for capacity charge and energy charge separately through FPPCA and APR and thus it has satisfied the requirement of the Tariff Regulations.

2.5.13 In para 2.13, HCCI has strongly objected to WBPDCCL's proposal for recovery of fixed charges relating to earlier years as a separate item without linking the same with the tariff of subsequent year so that tariff of any particular year is not affected by the impact of earlier year. They have suggested that APR petition for 2010 – 2011 should be considered by the Hon'ble Commission strictly in accordance with the Tariff Regulations, 2007, as amended and effect of which may be given in the tariff order for 2012 – 2013 thereafter. In this context, the Commission will proceed as per provisions of the Tariff Regulations.



CHAPTER – 3 FIXED CHARGES

3.1 The uncontrollable elements of fixed charges are those elements where variations of actual expenditure with the expenditure allowed by the Commission in the tariff order for the concerned year are caused by the factors beyond the control of the generating company or the licensee. The amounts of actual expenses / charges under such different heads of accounts are, therefore, to be considered on prudent check for carrying out positive or negative adjustments, as the case may be. On the contrary, in case of controllable head of expenses, the applicant is supposed to contain the expenditure within the total amount so allowed and in case of any savings located under controllable head it will go to their account. The review of each of such controllable and uncontrollable heads of fixed charges with reference to the amounts allowed through tariff and the actuals based on audited accounts of WBPDCCL is being taken up hereunder one by one.

3.2 **Employee Cost:**

3.2.1 The employees' cost is an element of uncontrollable fixed charges subject to the norms of Man/MW ratio specified by the Commission in Schedule – 9A of the Tariff Regulations. As per information provided by WBPDCCL in the unit wise audited accounts for 2010 - 2011, the total number of employees in each operating generating station under review is found within the specified Man/MW ratio and, therefore, cost incurred thereon is considered uncontrollable. Employees cost includes mainly salary and wages, contribution to funds for welfare expenses viz. medical expenses and centrally maintained employees cost apportioned to the generating stations. The total employees' cost considered in the Tariff Order for each of the generating stations for the year 2010 – 2011 and the same as per audited accounts with reason thereof based upon the data submitted by WBPDCCL are found as under:



Order on APR of WBPDCCL for the year 2010-11

Rs. in Lakh

| Sl. No. | Generating Station | As per Tariff Order | Actual |
|---------|--------------------------|------------------------|----------------------|
| 1 | Kolaghat | 11370.22 | 11607.95 |
| 2 | Bakreswar (Units I to V) | 4896.69 | 7040.25 |
| 3 | Bandel | 6485.25 | 5898.24 |
| 4 | Santaldih (Unit V) | 2007.52 | 4853.36 |
| 5 | Sagardighi | 1752.19 | 4225.08 |
| | Total | 26511.87 | 33624.88 |
| | | Actual increase | 7113.01 (27%) |

3.2.2 As seen from above, there had been an overall increase of Rs. 7113.01 lakh (27%) in the employees' cost in the generating stations over the amounts considered in the Tariff Order. On scrutiny, it is found that WBPDCCL has revised its pay structure with effect from 1 April, 2007 and considered the same and also recognized "employees benefits" under the requirement of AS – 15 for an amount of Rs. 12952.10 lakh in the Profit and Loss Accounts for the year 2010 - 2011.

3.2.3 On the basis of information / data submitted by WBPDCCL, an analysis is made hereunder with a view to ascertain the actual increase in employee cost with respect to the amount provided in the tariff order for 2010 – 2011, before considering the employee cost by the Commission.

Rs. in Lakh

| Particulars | Kolaghat | Bakreswar (Units I to V) | Bandel | Santaldih (Unit V) | Sagardighi | Total |
|--|----------|--------------------------|---------|--------------------|------------|----------|
| As per Tariff Order for 2010 – 2011 | | | | | | |
| Employee Cost | 11370.22 | 4896.69 | 6485.25 | 2007.52 | 1752.19 | 26511.87 |
| Less: Liability of AS-15 included above | 3264.45 | 1631.70 | 1165.50 | - | - | 6061.65 |
| Employee cost excluding liability of AS-15 | 8105.77 | 3264.99 | 5319.75 | 2007.52 | 1752.19 | 20450.22 |
| At actuals for 2010 – 2011 | | | | | | |
| Employee Cost | 11607.95 | 7040.25 | 5898.24 | 4853.36 | 4225.08 | 33624.88 |
| Less: Liability of AS-15 included above | 4520.68 | 3767.23 | 1614.53 | 896.96 | 2152.70 | 12952.10 |
| Employee cost excluding liability of AS-15 | 7087.27 | 3273.02 | 4283.71 | 3956.40 | 2072.38 | 20672.78 |



Order on APR of WBPDCCL for the year 2010-11

3.2.4 From the above analysis, it is observed that besides the impact of mandatory requirement of AS-15 as a major factor, employee cost of WBPDCCL for its generating stations come to Rs. 20672.78 lakh at actual as against Rs. 20450.22 lakh as provided in the tariff order for 2010 – 2011. Such increase being very marginal and since the employees' cost is uncontrollable in nature, the Commission decides to admit the actual expenditure of employee cost of Rs. 33624.88 lakh in APR for 2010 – 2011 with the direction that the amount admitted towards “employees benefits” under the requirement of AS – 15 is to be invested in creating planned asset to take care of the above and is to be disclosed in the annual accounts. WBPDCCL is directed to create a separate fund for this purpose. Any income from investment from such fund shall be reinvested in the same fund. Any amount allowed by the Commission on account of terminal benefit in future shall be invested in the said fund only. Whatsoever, any deviation in this regard will not be allowed by the Commission.

3.2.5 The station wise allocation of the employees' cost is as below:

Rs. in Lakh

| Sl.No. | Generating Station | Actual cost for 2010 – 2011 | Amount admitted in APR for 2010 – 2011 |
|--------|--------------------------|-----------------------------|--|
| 1 | Kolaghat | 11607.95 | 11607.95 |
| 2 | Bakreswar (Units I to V) | 7040.25 | 7040.25 |
| 3 | Bandel | 5898.24 | 5898.24 |
| 4 | Santalalih (Unit V) | 4853.36 | 4853.36 |
| 5 | Sagardighi | 4225.08 | 4225.08 |
| | Total | 33624.88 | 33624.88 |

3.3 Water Charges:

3.3.1 The actual amount of total expenditure incurred by WBPDCCL under this uncontrollable head of accounts was found Rs. 254.50 lakh as per audited accounts as against Rs. 298.65 lakh allowed in the tariff for the concerned year as per table given below:



Order on APR of WBPDC for the year 2010-11

| Sl. No. | Generating Station | As per Tariff Order | Actual |
|---------|--------------------------|---------------------|---------------|
| 1 | Kolaghat | 30.00 | 24.53 |
| 2 | Bakreswar (Units I to V) | 17.01 | 25.22 |
| 3 | Bandel | 172.00 | 143.71 |
| 4 | Santaldih (Unit V) | 79.64 | 47.48 |
| 5 | Sagardighi | - | 13.56 |
| | Total | 298.65 | 254.50 |

3.3.2 The water charges are categorized as uncontrollable. The Commission observed that during 2010 – 2011, the actual generation fell short of target generation in respect of all other generating stations, excepting Bakreswar. The Commission decides to view the amount claimed with reference to the targets set for generation and actual generation as highlighted hereunder.

Rs. in Lakh

| Generating Station | Target Generation (MU) | Exp. as per tariff order | Actual Generation (MU) | Expenses Proportionate to Actual Generation | Actual Expenses | Expenses admitted in APR for 2010 – 2011 |
|--------------------------|------------------------|--------------------------|------------------------|---|-----------------|--|
| Kolaghat | 8057.448 | 30.00 | 7510.560 | 27.96 | 24.53 | 24.53 |
| Bakreswar (Units I to V) | 7358.40 | 17.01 | 7726.790 | 17.86 | 25.22 | 17.86 |
| Bandel | 2522.880 | 172.00 | 1817.520 | 123.91 | 143.71 | 123.91 |
| Santaldih (Unit V) | 1650.000 | 79.64 | 1546.036 | 74.62 | 47.48 | 47.48 |
| Sagardighi | 4210.000 | - | 3799.567 | - | 13.56 | 13.56 |
| Total | 23798.728 | 298.65 | 22400.473 | 244.35 | 254.50 | 227.34 |

3.3.3 The Commission decides to admit the actual expenses incurred in respect of Kolaghat, Santaldih and Sagardighi generating stations and the expenses proportionate to actual generation in respect of Bakreswar and Bandel generating stations, since their actual expenses are even much higher than the proportionate expenditure with reference to the actual generation. The aggregate amount of Rs. 227.34 lakh is thus admitted by the Commission towards water charges in APR for 2010 – 2011.



3.4 Coal, Ash Handling and Fuel Related Cost:

3.4.1 WBPDCCL has asked for adjustments, on other fuel related cost viz. ash evacuation cost, railway staff cost posted at generating stations and demurrage paid, through the instant application of APR. The amounts of such costs, as were considered in the relevant tariff order and the actual expenditures for different generating stations are found as under:

Rs. in Lakh

| Sl. No. | Generating Station | As per Tariff Order | Actual |
|---------|--------------------------|---------------------|---------|
| 1 | Kolaghat | 1389.00 | 2072.99 |
| 2 | Bakreswar (Units I to V) | 345.30 | 479.84 |
| 3 | Bandel | 634.00 | 731.70 |
| 4 | Santaldih (Unit V) | 81.75 | 69.19 |
| 5 | Sagardighi | 525.00 | 150.35 |
| | Total | 2975.05 | 3504.07 |

3.4.2 The considerable increase in the actual expenditures in respect of Kolaghat, Bakreswar and Bandel, due to payments towards high evacuation cost because of deterioration of coal quality with high ash content where volume of ash to be evacuated increases disproportionately to the quantity of generation.

3.4.3 The Commission carefully considered this aspect. The Commission also considered the actual generation with respect to target generation and decides to view the amount claimed with reference to the target set for generation and actual generation. The quantum of actual generation achieved during 2010 – 2011 at the stated generating stations of WBPDCCL is compared with the target generation based on normative PLF specified in the tariff regulations to arrive at proportionate expenses allowable.



Order on APR of WBPDCCL for the year 2010-11

Rs. in Lakh

| Generating Station | Target Generation (MU) | Exp. as per tariff order | Actual Generation (MU) | Expenses Proportionate to Actual Generation | Actual Expenses | Expenses admitted in APR for 2010 – 2011 |
|--------------------------|------------------------|--------------------------|------------------------|---|-----------------|--|
| Kolaghat | 8057.448 | 1389.00 | 7510.560 | 1294.72 | 2072.99 | 1294.72 |
| Bakreswar (Units I to V) | 7358.40 | 345.30 | 7726.790 | 362.59 | 479.84 | 362.59 |
| Bandel | 2522.880 | 634.00 | 1817.520 | 456.74 | 731.70 | 456.74 |
| Santaldih (Unit V) | 1650.000 | 81.75 | 1546.036 | 76.60 | 69.19 | 69.19 |
| Sagardighi | 4210.000 | 525.00 | 3799.567 | 473.82 | 150.35 | 150.35 |
| Total | 23798.728 | 2975.05 | 22400.473 | 2664.47 | 3504.07 | 2333.59 |

3.4.4 As observed from above table, the actual quantum of generation considerably fell short of the target generation set for Kolaghat and Bandel stations, whereas, actual expenses under the head exceeded the amounts as allowed in the tariff order. WBPDCCL justified in their petition such excess expenditure towards exorbitant amounts paid as ash evacuation cost due to poor quality of coal with high ash content received from the supplier as well as railway staff cost posted at generating stations and other railway movement related charges, etc. However, they did not submit their claim separately with specific quantification as required at Form 1.12 in the Tariff Regulations and the related documents justifying their claim, in absence of which, the Commission decides to restrict the expenditures made under the head of expenses to the amounts proportionate to the actual generation irrespective of the amount of actual expenses. As far as Santaldih and Sagardighi generating stations are concerned, though actual generation fell short of target generation the Commission decides to admit the amount of actual expenses for obvious reason. As regards Bakreswar generating station, since the actual generation made in excess of the target generation, the Commission decides to admit the expenses proportionate to such actual generation irrespective of the amount of actual expenses.



3.5 Interest on Borrowed Capital:

3.5.1 The amount of interest on borrowed capital for Kolaghat and Bakreswar (Units I to V), Santaldih (Unit V) and Sagardighi generating stations as allowed to WBPDCCL through tariff for the concerned year vis-à-vis actuals during the year 2010 – 2011 are as under:

Rs. in Lakh

| Generating Station | Amount allowed in Tariff Order | Amount at actual |
|--------------------------|--------------------------------|------------------|
| Kolaghat | 14.64 | 8.05 |
| Bakreswar (Units I to V) | 14302.51 | 15217.98 |
| Santaldih (Unit V) | 11022.91 | 10244.06 |
| Sagardighi | 19548.40 | 16560.34 |
| Total | 44888.46 | 42030.43 |

3.5.2 There was no capital borrowing for Bandel generating station. WBPDCCL submitted the computations in prescribed proforma for the amounts of interest actually paid and the same has been charged in the Profit & Loss Account for the year 2010 – 2011. The Commission found the same in order and admits their claim.

3.5.3 The amount of interest on borrowed capital for Bakreswar (Units I to V), i.e., Rs. 15217.98 lakh, is inclusive of an amount of Rs. 909.15 lakh pertaining to the construction of associated transmission system. As the transmission system is being operated by West Bengal State Electricity Transmission Company Limited (in short “WBSETCL”), WBPDCCL was ordered to recover the said amount from that company, vide paragraph 6.8.2 of the order dated 26 September, 2008 of the Commission in Case No. TP-39/08-09. The amount stands recoverable from WBSETCL. Similarly, an amount of Rs. 263.34 lakh included in the amount of interest admitted in respect of Santaldih generating station is recoverable from WBSETCL towards associated transmission system.



Order on APR of WBDCL for the year 2010-11

3.5.4 The Commission, thus, decides to allow the actual interest towards borrowed capital for the respective generating stations in the APR for 2010 – 2010 as below:

Rs. in Lakh

| Sl. No. | Generating Station | Amount admitted in APR for 2010 – 11 |
|---------|--------------------------|--------------------------------------|
| 1 | Kolaghat | 8.05 |
| 2 | Bakreswar (Units I to V) | 15217.98 |
| 3 | Santaldih (Unit V) | 10244.06 |
| 4 | Sagardighi | 16560.34 |
| | Total | 42030.43 |

3.6 Interest on Working Capital:

3.6.1 The Commission did not allow in its tariff order for the year 2010 – 2011 any amounts towards interest on working capital for any of the generating stations of WBDCL. In actual, WBDCL needed to take working capital loans from the nationalized banks on payment of interest rates varying from 9.50% to 11.00% per annum. This rate is lower than the Prime Lending Rate (PLR) of the State Bank of India as on 1 April, 2009 (12.25%). However, WBDCL did not furnish date wise details of working capital drawn, vis-à-vis rate of interest, in the absence of which the weighted average rate of interest could not be determined. The Commission considers to take a conservative view and allow the rate of interest at minimum of the above range of interest rate, as disclosed in their submission, and availed by WBDCL, i.e. 9.50% per annum. Now, in terms of regulation 4.6.5.1 of the Tariff Regulations, the Commission proceeds to determine the normative amount of interest on working capital as under:

Rs. in Lakh

| Particulars | Kolaghat | Bakreswar (I to V) | Bandel | Santaldih (V) | Sagardighi |
|----------------------------------|-----------|--------------------|----------|---------------|------------|
| Annual Fixed Charges for 2010-11 | 45391.22 | 73646.53 | 10343.21 | 27011.89 | 47482.90 |
| Fuel Cost for 2010 - 2011 | 136581.60 | 120824.62 | 37313.45 | 33680.33 | 60122.55 |
| Total | 181972.82 | 194471.15 | 47656.66 | 60692.22 | 107605.45 |



Order on APR of WBPDCCL for the year 2010-11

| | | | | | |
|---|----------------|----------------|---------------|---------------|---------------|
| Less: | | | | | |
| Depreciation | 1248.98 | 19008.02 | 160.02 | 6416.22 | 10998.78 |
| Advance against Depreciation | - | - | - | 289.45 | 462.71 |
| Deferred Rev. Expenditure | - | - | - | - | - |
| Return on Equity | 16831.88 | 18332.65 | 443.22 | 4038.51 | 10821.76 |
| Bad Debt | - | - | - | - | - |
| Reserve for Unforeseen Expenses | 441.82 | 1307.39 | 56.37 | 390.48 | 709.78 |
| Special appropriation against withheld amount | - | - | - | - | - |
| Allowable fixed charges for working capital | 163450.14 | 155823.09 | 46997.05 | 49557.56 | 84612.42 |
| Allowable Working Capital (18% of above) | 29421.03 | 28048.16 | 8459.47 | 8920.36 | 15230.24 |
| Interest on Working Capital @ 9.50% | 2795.00 | 2664.57 | 803.65 | 847.43 | 1446.87 |
| Actual interest paid | 1776.03 | 1480.02 | 634.60 | 352.39 | 845.73 |
| Interest on Working Capital admitted | 1776.03 | 1480.02 | 634.60 | 352.39 | 845.73 |

3.6.2 It is seen from the above that the actual interest on working capital paid by WBPDCCL during the year is less than the normative interest on working capital and the Commission admits the actual interest paid by WBPDCCL.

3.6.3 WBPDCCL is directed that henceforth they should furnish the details of working capital loan drawn from the banks, period of loan vis-à-vis rate and amount of interest paid, etc. in order to take a reasonable/justified view by the Commission so far as the weighted average rate of actual interest is concerned.

3.7 Other Finance Charges:

3.7.1 As per the audited annual accounts of WBPDCCL for the year 2010 – 2011, an amount of Rs. 181.18 lakh was paid towards guarantee fees.

3.7.2 In the tariff order for the year 2010 – 2011, other finance charges were allowed to the tune of Rs. 70.00 lakh only for Kolaghat generating station. Such charges were towards Guarantee Fees payable to the Government of West Bengal against the earlier borrowings made from the Power Finance Corporation. As the



Order on APR of WBPDC for the year 2010-11

amount of borrowings is gradually repaid, the payment of Guarantee Fees during the year came to Rs. 1.18 lakh only for this unit. Further an amount of Rs. 180.00 lakh was paid by the Bakreswar generating station towards guarantee fees during 2010 – 2011. The Commission decides to admit the total amount of Rs. 181.18 lakh towards guarantee fees as under:

| Generating Station | Amount allowed in Tariff Order | Amount admitted in APR for 2010 – 2011 |
|--------------------------|--------------------------------|--|
| Kolaghat | 70.00 | 1.18 |
| Bakreswar (Units I to V) | - | 180.00 |
| Total | 70.00 | 181.18 |

3.8 Depreciation:

3.8.1 The amounts of depreciation allowed for its different generating stations in the Tariff Order and as charged to the books of accounts, are shown as under:

Rs. in Lakh

| Generating Station | Amount allowed in Tariff Order | Actual amount charged in P&L A/c |
|--------------------------|--------------------------------|----------------------------------|
| Kolaghat | 1041.00 | 1248.98 |
| Bakreswar (Units I to V) | 17287.67 | 19008.02 |
| Bandel | 179.00 | 160.02 |
| Santaldih (Unit V) | 5622.94 | 6416.22 |
| Sagardighi | 10983.93 | 10998.78 |
| Total | 35114.54 | 37832.02 |

3.8.2 WBPDC was directed to provide depreciation taking into consideration any addition / deduction of fixed assets during the year in terms of regulation 4.6.2 (vi) of the Tariff Regulations instead of providing depreciation only on the value of fixed assets in existence at the beginning of the year.

3.8.3 It has been observed that the cost of fixed assets of corporate office has been allocated to Kolaghat generating station only since the fixed assets of corporate office are merged with the above generating station and segregation of the same is not possible at this point of time. However, the Commission directs that



Order on APR of WBPDCCL for the year 2010-11

henceforth any cost of fixed assets created / added in respect of corporate office be allocated amongst all the generating stations justifiably and depreciation be charged accordingly.

- 3.8.4 The Commission decides to go by the amounts of depreciation as charged in the books of accounts of WBPDCCL in respect of all the generating stations for the year 2010 – 2011 as given below. This does not, however, include the amount of depreciation charged in respect of decommissioned units (I to IV) of Santaldih generating station.

Rs. in Lakh

| Sl. No. | Generating Station | Amount of Depreciation admitted in APR for 2010 – 2011 |
|---------|--------------------------|--|
| 1 | Kolaghat | 1248.98 |
| 2 | Bakreswar (Units I to V) | 19008.02 |
| 3 | Bandel | 160.02 |
| 4 | Santaldih (Unit V) | 6416.22 |
| 5 | Sagardighi | 10998.78 |
| | Total | 37832.02 |

- 3.8.5 The amount of depreciation so admitted for the Bakreswar Thermal Power Stations includes an amount of Rs. 1679.64 lakh pertaining to the transmission system associated to that station. As that system is being operated by WBSETCL, the amount of depreciation was ordered to be recovered from that company. The amount recoverable from WBSETCL remained unchanged and no adjustments in that regard is found required. Similarly, the depreciation admitted for Santaldih thermal power station includes an amount of Rs. 134.33 lakh pertaining to transmission system related to Santaldih thermal station to be realized from WBSETCL after handing over the asset to WBSETCL.

- 3.8.6 WBPDCCL has not given the particulars of capital expenditure as per format specified in the Tariff Regulations. WBPDCCL is directed to henceforth submit all the relevant information as per format specified in the Tariff Regulations along with their APR application in future.



3.9 Advance against Depreciation:

3.9.1 WBPDCCL in their submission of APR 2010 – 2011 did not claim any amount towards Advance Against Depreciation (in short “AAD”), although in the tariff order for 2010 – 2011 the Commission admitted the same in respect of Santaldih and Sagardighi generating stations, as under:

Rs. in Lakh

| Sl. No. | Generating station | AAD as per Tariff Order for 2010 - 2011 |
|---------|--------------------|---|
| 1 | Santaldih | 377.06 |
| 2 | Sagardighi | 3296.07 |
| | Total | 3673.13 |

3.9.2 Regulation provides for advance against depreciation to a generating company or a licensee when the amount of repayment on borrowed capital falls short of the amount of depreciation allowable during the year. Further, regulation provides that such advance against depreciation shall be restricted to 1/10th of the principal amount of original approved loans minus the amount of depreciation allowable under these regulations with the proviso that once the repayment of entire loan amount is completed, the original cost of fixed asset shall be reduced by the aggregate of accumulated depreciation and advance against depreciation availed by the generating company or the licensee and resulting depreciable value shall be spread over the balance useful life of the fixed asset.

3.9.3 In the table below the Commission now proceeds to determine the allowable amount of advance against depreciation in respect of WBPDCCL during the year 2010 – 2011.

Rs. in Lakh

| Sl. No. | Generating Station | Principal amount of original capital borrowing | Amount of Loan Repayment during 2010 – 2011 | Admitted amount of depreciation for 2010 – 2011 | Amount of Loan repayment in excess of Depreciation | 1/10 th of original capital borrowing | Admitted amount of Advance against Depreciation during 2010 – 2011 |
|---------|-------------------------------|--|---|---|--|--|--|
| 1 | Kolaghat | 2729.00 | 409.37 | 1248.98 | - | 272.90 | - |
| 2 | Bakreswar (Units I, II & III) | 184845.00 | - | 11839.68 | - | 18484.50 | - |
| 3 | Bakreswar (Units IV & V) | 142125.25 | 256.98 | 7168.34 | - | 14212.53 | - |



Order on APR of WBPDCCL for the year 2010-11

| | | | | | | | |
|---|--------------|-----------|----------|----------|--------|----------|---------------|
| 4 | Bandel | - | - | 160.02 | - | - | - |
| 5 | Santaldih | 103257.23 | 6705.67 | 6416.22 | 289.45 | 10325.72 | 289.45 |
| 6 | Sagardighi | 176306.94 | 11461.49 | 10998.78 | 462.71 | 17630.69 | 462.71 |
| | Total | | | | | | 752.16 |

3.9.4 The Commission admits the amount of Rs. 752.16 lakh towards advance against depreciation against the aforesaid generating stations of WBPDCCL in the APR 2010 – 2011.

3.10 Reserve for Unforeseen Exigencies:

3.10.1 In terms of regulation, an appropriation towards Reserve for Unforeseen Exigencies is allowable @ 0.25% of the gross value of fixed assets at the beginning of the year. Accordingly, the amount already allowed in the tariff order for the year 2010 – 2011 vis-à-vis the admissible amount in APR 2010 – 2011 work out as under:

Rs. in Lakh

| Generating Station | Actual cost of gross block as on 1.4.2010 | Amount provided in Tariff Order | Amount admitted in APR for 2010 – 2011 |
|-----------------------|---|---------------------------------|--|
| Kolaghat | 176726.59 | 418.45 | 441.82 |
| Bakreswar (Units I V) | 522957.73 | 1235.25 | 1307.39 |
| Bandel | 22547.97 | 56.00 | 56.37 |
| Santaldih (Unit V) | 156192.74 | 390.48 | 390.48 |
| Sagardighi | 283913.76 | 708.29 | 709.78 |
| Total | 1162338.79 | 2808.47 | 2905.84 |

3.10.2 WBPDCCL was admitted the following amounts towards reserve for unforeseen exigencies in the APR order of the following years for its generating stations as per the table below:

Rs. in Lakh

| Admitted in APR for the year | Generating Station | | | | | Total |
|------------------------------|--------------------|--------------------------|--------|--------------------|------------|---------|
| | Kolaghat | Bakreswar (Units I to V) | Bandel | Santaldih (Unit V) | Sagardighi | |
| 2006 – 2007 | 415.77 | 729.03 | 54.38 | - | - | 1199.18 |
| 2007 – 2008 | 418.45 | 730.02 | 55.95 | - | - | 1204.42 |
| 2008 – 2009 | 428.24 | 730.28 | 56.02 | - | - | 1214.54 |



Order on APR of WBPDCCL for the year 2010-11

| | | | | | | |
|-------------|---------|---------|--------|--------|---------|---------|
| 2009 – 2010 | 429.52 | 1112.76 | 56.32 | - | 708.29 | 2306.89 |
| 2010 – 2011 | 441.82 | 1307.39 | 56.37 | 390.48 | 709.78 | 2905.84 |
| Total | 2133.80 | 4609.48 | 279.04 | 390.48 | 1418.07 | 8830.87 |

- 3.10.3 It is evident from schedule 2 – Reserve & Surplus – that WBPDCCL has created a reserve for unforeseen exigencies amounting to Rs. 6979.78 lakh upto the end of 2010 – 2011. WBPDCCL has confirmed in their application for APR 2010 – 2011 that term deposits have been opened with IDBI Bank Limited and the Canara Bank for Rs. 4587.23 lakh.
- 3.10.4 In terms of regulation 4.24.1 of the Tariff Regulations, the sum appropriated to the reserve for unforeseen exigencies shall be invested separately in the manner as specified therein. The interest accrued from such investment shall be reinvested under the same reserve and shall be maintained separately under separate head of accounts. WBPDCCL is directed to invest the amount of Rs. 2905.84 lakh admitted in the APR for 2010 – 2011 along with amount admitted in APR for 2006 – 2006, 2007 – 2008, 2008 – 2009 and 2009 – 2010 in this reserve in terms of regulation 4.24.1 of the Tariff Regulations and a separate disclosure of its investment shall be made in its audited accounts. An audited certificate to the effect that the entire amount accumulated under this head till date has been invested in the manner as per regulation 4.24.1 showing therein details of such investment along with the investment of the interest accrued so far may be submitted along with the claim of reserve for unforeseen exigencies henceforth. For failure to comply with the provisions of regulation 4.11.1 and 4.24.1, double the amount allowed under the head reserve for unforeseen exigencies in any tariff order of a year shall be withheld from the re-determined ARR during APR for any year and such amount shall be put into the fund of unforeseen exigencies or passed on to the consumer through order of any APR. Failure to comply with the direction, an amount equivalent to the short fall amount may be deducted from the ROE of WBPDCCL in the APR for the concerned year. WBPDCCL shall



Order on APR of WBPDCCL for the year 2010-11

mention in their audited accounts the investment made by them from the reserves and from the surplus generated out of ROE separately.

3.11 Return on Equity Base:

3.11.1 The returns on Equity for different operating generating stations of WBPDCCL, as were considered in the tariff order for the year 2010 – 2011 and as now being claimed by it are as under:

Rs. in Lakh

| Sl. No. | Generating Station | As per Tariff Order | As claimed |
|---------|--------------------------|---------------------|------------|
| 1 | Kolaghat | 17013.00 | 18835.89 |
| 2 | Bakreswar (Units I to V) | 20150.31 | 21686.63 |
| 3 | Bandel | 1261.00 | 1396.32 |
| 4 | Santaldih (Unit V) | 5917.13 | 6649.67 |
| 5 | Sagardighi | 12426.04 | 12787.91 |
| | Total | 56767.48 | 61356.42 |

3.11.2 Paid-up Equity Shares:

The paid-up equity shares in respect of different generating stations at the beginning of 2010 – 2011 as per audited accounts are –

Rs. in Lakh

| Sl. No. | Generating Station | Amount |
|---------|--------------------------|-----------|
| 1 | Kolaghat | 87329.41 |
| 2 | Bakreswar (Units I to V) | 139910.14 |
| 3 | Bandel | 5665.00 |
| 4 | Santaldih (Unit V) | 72900.01 |
| 5 | Sagardighi | 82500.00 |
| | Total | 388304.56 |

3.11.3 Reserves and Surplus:

3.11.3.1 WBPDCCL was having a net balance of Rs. 58843.62 lakh at beginning of the year 2010 – 2011 as free reserve as per audited accounts as well as amount of free reserve at actual equity base (closing) during 2009 – 2010. However, it includes Rs. 31909.62 lakh as negative surplus of Santaldih (Units I to IV)



Order on APR of WBPDCCL for the year 2010-11

generating station. Since present APR is the determination of fixed charges excluding Santaldih (Units I to IV) as stated in paragraph 1.10, the above amount of Rs. 31909.62 lakh is adjusted with the net balance of Rs. 58843.62 lakh and the net balance in respect of Kolaghat, Bakreswar (I to V), Bandel, Santaldih (Unit V) and Sagardighi as on 01.04.2010 is arrived at Rs. 90753.24 lakh. Now after adjustment of the negative balances of Santaldih (Unit V) generating station for Rs. 10015.73 lakh and that of Sagardighi generating station for Rs. 21813.17 lakh are made by allocating the same in the ratio of positive balances available against other generating stations, the position of free reserve at the beginning of 2010 – 2011 have been determined as below:

Rs. in Lakh

| Particulars | Generating Station | | | | | Total |
|--|--------------------|--------------------------|---------|--------------------|--------------|----------|
| | Kolaghat | Bakreswar (Units I to V) | Bandel | Santaldih (Unit V) | Sagardighi | |
| Free Reserve as on 01.04.2010 | 95977.40 | 20849.54 | 5755.20 | (-) 10015.73 | (-) 21813.17 | 90753.24 |
| Free Reserve as on 01.04.2009 after absorbing the negative balance of Santaldih and Sagardighi | 71056.52 | 15435.88 | 4260.84 | - | - | 90753.24 |

3.11.3.2 In view of what has been explained in the foregoing paragraphs, the admitted return on equity for the year 2010 – 2011 is thus arrived, following the methodology specified in Form 1.20(a) of Annexure 1 of the Tariff Regulations and are shown hereunder. The Commission decides to admit the same in APR for 2010 – 2011:

Rs. in Lakh

| SI No | Particulars | Generating Station | | | | | Total |
|-------|---|--------------------|--------------------------|---------|--------------------|------------|-----------|
| | | Kolaghat | Bakreswar (Units I to V) | Bandel | Santaldih (Unit V) | Sagardighi | |
| 1 | Actual Equity Base (Opening) | | | | | | |
| | (a) Share Capital | 83329.40 | 137441.14 | 5665.00 | 38175.00 | 80168.00 | 344778.54 |
| | (b) Free Reserve (revised) | 71056.52 | 15435.88 | 4260.84 | - | - | 90753.24 |
| | Actual equity base at the beginning of the year [(a)+(b)] | 154385.92 | 152877.02 | 9925.84 | 38175.00 | 80168.00 | 435531.78 |



Order on APR of WBPDCCL for the year 2010-11

| | | | | | | | |
|----|---|-----------|------------|-----------|------------|------------|------------|
| | Admissible Equity Base (Opening) | | | | | | |
| 2 | (a) Share Capital | 83329.40 | 137441.14 | 5665.00 | 38175.00 | 80168.00 | 344778.54 |
| | (b) Free Reserve | 25263.35 | (19166.00) | 727.75 | (10015.73) | (10339.41) | (13530.04) |
| | Admissible equity base at the beginning of the year 2010 – 2011 [(a)+(b)] | 108592.75 | 118275.14 | 6392.75 | 28159.27 | 69828.59 | 331248.50 |
| 3 | Actual addition to equity base during the year (Free Reserve) | 3806.71 | 14448.45 | (7066.14) | (4208.79) | (21.63) | 6958.60 |
| | Actual Equity Base (Closing) (1+3) | | | | | | |
| 4 | (a) Share Capital | 83329.40 | 137441.14 | 5665.00 | 38175.00 | 80168.00 | 344778.54 |
| | (b) Free Reserve | 74863.23 | 29884.33 | (2805.30) | (4208.79) | (21.63) | 97711.84 |
| | Actual equity base at the end of the year [(a)+(b)] | 158192.63 | 167325.47 | 2859.70 | 33966.21 | 80146.37 | 442490.38 |
| 5 | Net Addition to the original cost of fixed assets during the year | - | - | - | - | - | - |
| 6 | Normative addition to equity base (30% of 5) | - | - | - | - | - | - |
| 7 | Addition to equity base considered for the year (lower of 3 and 6) | - | - | (7066.14) | (4208.79) | (21.63) | (11296.56) |
| | Admissible Equity Base (Closing) (2+7) | | | | | | |
| 8 | (a) Share Capital | 83329.40 | 137441.14 | 5665.00 | 38175.00 | 80168.00 | 344778.54 |
| | (b) Free Reserve | 25263.35 | (19166.00) | (6338.39) | (14224.52) | (10361.04) | (24826.60) |
| | Equity base considered at the end of the year [(a)+(b)] | 108592.75 | 118275.14 | (673.39) | 23950.48 | 69806.96 | 319951.94 |
| 9 | Average equity base for allowing returns (2+8)/2 | 108592.75 | 118275.14 | 2859.68 | 26054.88 | 69817.77 | 325600.22 |
| 12 | Return on Equity in % | 15.50 | 15.50 | 15.50 | 15.50 | 15.50 | - |
| 13 | Return on Equity admitted in APR for 2010 – 2011 | 16831.88 | 18332.65 | 443.25 | 4038.51 | 10821.75 | 50468.04 |

3.11.3.3 The amount of return for Bakreswar (Units I to V) and Santaldih (Unit V) Thermal Power Stations, as computed above includes Rs. 928.65 lakh and Rs. 141.36 lakh respectively for each year pertaining to Transmission system. This amount will not form part of the fixed charges for Bakreswar and Santaldih Power Stations and will separately be recoverable from WBSETCL.

3.12 Taxes payable under Income Tax Act:

3.22.2 It is evident from the audited accounts that the incidence of income tax of WBPDCCL for the year 2010 – 2011 was for Rs. 1940.60 lakh.

3.22.3 WBPDCCL incurred losses in the books of accounts of Bandel and Santaldih and as such, taxes payable towards profits and incomes were arrived at after netting



Order on APR of WBPDCCL for the year 2010-11

of the amounts of losses in the aforesaid generating stations. The station-wise break-ups of the amount of Rs. 1940.60 lakh in this regard were arrived at as under:

Rs. in Lakh

| Generating Station | Incidence of Tax for 2010-11 |
|-------------------------------|------------------------------|
| Kolaghat | 980.06 |
| Bakreswar (Units I, II & III) | 1573.15 |
| Bakreswar (Units IV & V) | 2214.87 |
| Bandel | (-)1754.72 |
| Santaldih (Units I to IV) | (-) 71.99 |
| Santaldih (Unit V) | (-)1047.63 |
| Sagardighi | 46.86 |
| Total | 1940.60 |

3.22.4 As already clarified in paragraph 1.9, the Commission now decides to admit the income tax in regard to Kolaghat, Bakreswar, Bandel, Santaldih and Sagardighi Thermal Power Stations in APR 2010 – 2011 as below:

Rs. in Lakh

| Generating Station | Amount admitted for 2010-11 |
|--------------------------|-----------------------------|
| Kolaghat | 980.06 |
| Bakreswar (Units I to V) | 3788.02 |
| Bandel | (-)1754.72 |
| Santaldih (Unit V) | (-)1047.63 |
| Sagardighi | 46.86 |
| Total | 2012.59 |

3.22.5 WBPDCCL 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.

3.13 Performance Incentives:

3.13.1 The target ex-bus generation vis-à-vis actual so achieved during 2010 – 2011 at different generating stations of WBPDCCL are as under:

In Million Unit

| Generating station | Target ex-bus generation | Actual ex-bus generation |
|---------------------------|---------------------------------|---------------------------------|
| 1 | 2 | 3 |
| Kolaghat | 8057.448 | 7510.570 |
| Bakreswar (Units I to V) | 7358.40 | 7726.790 |
| Bandel | 2522.880 | 1817.520 |
| Santaldih (Unit V) | 1650.000 | 1546.036 |
| Sagardighi | 4210.000 | 3799.567 |
| Total | 23798.728 | 22400.483 |

3.13.2 As observed from the above, there was considerable shortfall in the quantum of overall actual ex-bus generation with the target ex-bus generations. WBPDCCL was, therefore, found not entitled for any performance incentive.

3.14 Interest Credit:

3.14.1 In terms of regulation 4.5.3 of the Tariff Regulations, the actual amount of loan repayment during 2010 – 2011 being less than the amount allowed as depreciation, an interest credit at the rate of weighted average cost of debt is provided on such excess depreciation charged in respect of Bakreswar (Units IV & V) generating station. An amount of Rs. 587.47 lakh, as computed hereunder, in respect of Bakreswar (Units IV & V) generating station of WBPDCCL is deductible from the gross amount of fixed charges.



Order on APR of WBPDCCL for the year 2010-11

| Sl. No. | Particulars | Amount (Rs. in Lakh) | |
|---------|--|----------------------|----------------------------|
| | | As per Tariff Order | As admitted in APR 2010-11 |
| 1 | Amount of Depreciation | 6506.67 | 7168.34 |
| 2 | Loan repayment | 2223.86 | 256.98 |
| 3 | Excess of depreciation over loan repayment (1 – 2) | 4282.81 | 6911.36 |
| 4 | Weighted average rate of interest | 8.5% | 8.5% |
| 5 | Interest credit | 364.04 | 587.47 |

3.15 Income from Other Sources / Non-Tariff Income:

3.15.1 In terms of regulation 5.20 of the Tariff Regulations and as per Schedule – 10 to the audited accounts, income generated by WBPDCCL from the sources other than sale of electricity during the year 2010 – 2011 were as under:

Rs. in Lakh

| Admitted in APR for the year | Generating Station | | | | | Total |
|---|--------------------|--------------------------|---------------|--------------------|---------------|----------------|
| | Kolaghat | Bakreswar (Units I to V) | Bandel | Santaldih (Unit V) | Sagardighi | |
| Sale and repair of lamp and other apparatus | 724.97 | 3.83 | 74.63 | 1.47 | - | 804.90 |
| Income from Investments | 929.95 | 774.96 | 332.12 | 184.51 | 442.83 | 2664.37 |
| Other General Receipts | 1229.71 | 682.41 | 93.75 | 142.78 | 82.22 | 2230.87 |
| Total | 2884.63 | 1461.20 | 500.50 | 328.76 | 525.05 | 5700.14 |

3.15.2 It is observed from Notes on Accounts to Schedule 13 of the audited annual accounts for 2010 – 2011 of WBPDCCL that the miscellaneous income includes rent on BOBR wagon leased to Eastern Railway amounting to Rs. 451.87 lakh. In this context, vide paragraph 6.13 of the Commission's order dated 26.09.2008 in the case no TP-39/08-09, it was directed to show the income derived from leasing of wagons and simulation package as well as from hydrogen gas plants separately, since the carrying cost of those elements have been allowed in the fixed charge of Bakreswar Unit. The Commission directs WBPDCCL for compliance of the clarification sought for in the paragraph 6.13 referred above.



Order on APR of WBPDCCL for the year 2010-11

3.15.3 Total amount of such receipts is required to be adjusted from the gross amount of fixed charges allowable and the Commission admits the same.

3.16 Insurance Premium:

3.16.1 The expenditures towards taking appropriate insurance coverage have been categorized as uncontrollable. The actual expenditures on this account as per schedule 11 to the audited accounts of WBPDCCL for the year 2010 – 2011 totaling to Rs. 175.44 lakh has been admitted by the Commission. The generating stations wise allocation of the admitted amount is given below:

Rs. in Lakh

| Generating station 1 | Amount of actual expenditure 2 | Amount as admitted for 2010 – 2011 3 |
|--------------------------|-----------------------------------|---|
| Kolaghat | 18.91 | 18.91 |
| Bakreswar (Units I to V) | 80.41 | 80.41 |
| Bandel | 9.28 | 9.28 |
| Santaldih (Unit V) | 23.27 | 23.27 |
| Sagardighi | 43.57 | 43.57 |
| Total | 175.44 | 175.44 |

3.17 Operation & Maintenance Expenses:

3.17.1 The operation and maintenance expense, including general administrative expenses, repairs and cost of consumables therefor are categorized as controllable.

3.17.2 In view of above, the amounts of the total provisions of operation and maintenance expenses allowed in the tariff as per norms are admitted in APR 2010 – 2011 disregarding actual expenditure on this score as in terms of the Tariff Regulations, the savings / excess in expenditures under the controllable heads are to be in the accounts of the generating company.



Order on APR of WBPDCCL for the year 2010-11

| Rs. in Lakh | | |
|--------------------------|--|--|
| Generating station | Amount allowed in Tariff Order for 2010 – 2011 | Amount admitted in APR for 2010 – 2011 |
| 1 | 2 | 3 |
| Kolaghat | 12927.60 | 12927.60 |
| Bakreswar (Units I to V) | 8347.50 | 8347.50 |
| Bandel | 4918.50 | 4918.50 |
| Santaldih (Unit V) | 1687.50 | 1687.50 |
| Sagardighi | 3444.00 | 3444.00 |
| Total | 31325.10 | 31325.10 |

3.18 Release of Regulatory Asset:

3.18.1 The Commission in its order dated 29.07.2010 while issuing the tariff order of WBPDCCL for 2010 – 2011 retained an amount of Rs. 6683.42 lakh as regulatory asset relating to withholding of employee cost in respect of Kolaghat (Rs. 3264.45 lakh), Bakreswar (Units I, II & III) (Rs. 1631.70 lakh), Bandel (Rs. 1165.50 lakh) and Santaldih (Units I to IV) (Rs. 621.77 lakh). The Commission now decides to release the same through APR 2010 – 2011.

3.19 Release of amount withheld for Safety Audit:

3.19.1 An amount of Rs. 5.00 lakh for each of Kolaghat, Bakreswar (Units I, II & III), Bandel and Santaldih (Units I to IV) generating stations of WBPDCCL was withheld for not submitting the safety audit reports. Since the copies of such reports have now been submitted, the Commission considers not to make any deduction in this regard from the allowable fixed charges.

3.20 Cost of Capital recoverable from West Bengal State Electricity Transmission Company Limited (WBSETCL):

3.20.1 The transmission systems constructed by WBPDCCL for Bakreswar and Santaldih is an integral part of the transmission system being operated by WBSETCL. This annual carrying charges of the assets are found as under:



Order on APR of WBPDC for the year 2010-11

| Sl. No. | Particulars | Amount in Rs. in Lakh | |
|---------|--|--------------------------|--------------------|
| | | Bakreswar (Units I to V) | Santaldih (Unit V) |
| (i) | Interest on loan from Govt. of West Bengal | 909.15 | 263.34 |
| (ii) | Depreciation | 1679.64 | 134.33 |
| (ii) | Return on equity | 928.65 | 141.36 |
| | Total: | 3517.44 | 539.03 |

3.20.2 Rs. 3517.44 lakh and Rs. 539.03 lakh comprising interest, depreciation and return on equity relating to Bakreswar transmission system and Santaldih transmission system, considered under the respective cost heads of Bakreswar (Units I to V) and Santaldih (Unit V) Thermal Power Stations respectively are deducted from the ARR of Bakreswar (Units I to V) and Santaldih (Unit V) Thermal Power Station as the same amount stands recoverable from WBSETCL.

3.20.3 In the tariff order for 2010 – 2011 WBPDC was allowed to recover the cost of Bakreswar transmission system from WBSETCL. Any difference in realization of cost of Bakreswar transmission system and the amount admitted in this APR order for 2010 – 2011 shall be claimed from WBSETCL by WBPDC in their APR application for 2011 – 2012 with audited data.

3.20.4 As already mentioned in paragraph 3.8.5, the recovery of fixed cost relating to Santaldih transmission system shall be recoverable by WBPDC from WBSETCL after handing over the asset to WBSETCL. WBPDC is directed to furnish the documents in this regard.

3.20.5 In tariff order dated 30.12.2011 for the years 2008 – 2009 and 2009 – 2010, the following amounts were included in the fixed cost of Sagardighi Thermal Power Station of WBPDC:

| Sl. No. | Particulars | Amount in Rs. in Lakh | |
|---------|--|------------------------|----------------|
| | | 2008 – 2009 (176 days) | 2009 – 2010 |
| (i) | Interest on loan from Govt. of West Bengal | 650.76 | 1273.26 |
| (ii) | Depreciation | 373.82 | 775.26 |
| (ii) | Return on equity | 381.98 | 877.04 |
| | Total: | 1406.56 | 2925.56 |



Order on APR of WBPDCCL for the year 2010-11

3.20.6 In paragraph 5.5.1.12 of the above tariff order, it was stated that since the matter relating to transfer / maintenance arrangement of concerned assets to the PGCIL or to any other agency has not yet been settled, no negative adjustment from fixed cost of WBPDCCL was considered. The matter will be viewed afresh on settlement of the transfer of the concerned assets to PGCIL or any other agency on finalization of project cost.

3.20.7 Similarly, in the said tariff order dated 30.12.2011, the following amounts were included in the fixed cost of Sagardighi Thermal Power Project for the year 2010 – 2011.

| Sl. No. | Particulars | Amount in Rs. in Lakh |
|---------|--|-----------------------|
| | | 2010 – 2011 |
| (i) | Interest on loan from Govt. of West Bengal | 1379.75 |
| (ii) | Depreciation | 775.26 |
| (ii) | Return on equity | 877.04 |
| | Total: | 3032.05 |

3.20.8 No negative adjustment on this score was made in the allowable fixed cost of Sagardighi Thermal Power Project on similar grounds as in case of 2008 – 2009 and 2009 – 2010, as stated in earlier paragraph.

3.20.9 In APR application for 2010 – 2011, WBPDCCL did not claim any amount separately for transmission project. In other words, it may be presumed that there is no change in the ARR of 2010 – 2011.

3.21 Based on the foregoing analyses, the amounts of fixed charges allowable under different heads in respect of the concerned generating stations have been shown in Annexure “3A” to “3E”. As shown in the referred annexure, the total amounts of fixed charges for the concerned generating stations come as under:



Order on APR of WBPDC for the year 2010-11

Rs. in Lakh

| Generating Station | As admitted in APR for 2010 – 2011 |
|--------------------|------------------------------------|
| Kolaghat | 44277.08 |
| Bakreswar | 69596.58 |
| Bandel | 10445.69 |
| Santaldih | 26496.49 |
| Sagardighi | 47797.46 |
| Total | 198613.30 |

3.22.1 The amounts of total fixed charge in APR for 2010 – 2011 for different generating stations as mentioned in para 3.21 above require to be adjusted with the amounts determined on APR in regard to fixed charges for the year 2008 – 2009 for arriving at the amounts of capacity charges recoverable through tariff. Such adjustable amounts, vide paragraph 3.2 of Commission's order dated 26 July, 2010 in Case No. APR-17/09-10, are as under:

| | Rs. in Lakh |
|------------------------------|--------------------|
| Kolaghat | 8140.77 |
| Bakreswar (Units I,II & III) | 5380.15 |
| Bandel | 3590.28 |
| Santaldih (Units I to IV) | 3110.37 |
| Total | 20221.57 |

3.22.2 The following adjustments of Santaldih (Units I to IV) generating station as per tariff order for 2010 – 2011 are also admitted by the Commission along with APR for 2010 – 2011 in view of the reasons explained in paragraph 1.17.

| | Rs. in Lakh |
|---|--------------------|
| i) Safety Audit | 5.00 |
| ii) Regulatory Asset relating to withholding of employee cost (Refer para 3.18.1) | 621.77 |
| iii) Positive adjustment of APR 2008 – 2009 (Ref. para 3.22.1) | 3110.37 |
| Total | 3737.14 |



Order on APR of WBPDCCL for the year 2010-11

3.22.3 The amount of re-determined fixed charges for different generating stations in APR for the year 2010 – 2011, after carrying out the adjustments in regard to fixed charges for 2008 – 2009 come as under:

| Admitted in APR for the year | Generating Station | | | | |
|---|--------------------|--------------------------|----------|--------------------|------------|
| | Kolaghat | Bakreswar (Units I to V) | Bandel | Santaldih (Unit V) | Sagardighi |
| Fixed cost of 2010 – 2011 allowed to recover through capacity charges | 44277.08 | 69596.58 | 10445.69 | 26496.49 | 47797.46 |
| Adjustment of fixed charges relating to 2008 – 2009 | 8140.77 | 5380.15 | 3590.28 | 3737.14* | - |
| Re-determined capacity charges | 52417.85 | 74976.73 | 14035.97 | 30233.63 | 47797.46 |

*Vide paragraph 3.22.2, the required adjustments have been made in respect of Santaldih (Units I to IV).

The above capacity charge is, however, recoverable at the level of PAF achieved by the respective generating stations indicated in paragraph 3.23.1.

3.23.1 As it comes out from the submission of WBPDCCL, the actual Plant Availability Factor (PAF) achieved during 2010 – 2011 at different generating stations were far below in comparison to norms set for the year, as shown below, resulting in under recovery of capacity charges.

| Sl. No. | Generating Station | Normative PAF (%) | PAF achieved (%) |
|---------|--------------------------|-------------------|------------------|
| 1 | Kolaghat | 78 | 69.55 |
| 2 | Bakreswar (Units I to V) | 85 | 83.80 |
| 3 | Bandel | 69 | 45.55 |
| 4 | Santaldih (Unit V) | 85 | 70.40 |
| 5 | Sagardighi | 85 | 72.13 |

3.23.2 The redetermined capacity charges now required to be adjusted as per PAF factor achieved during the year 2010 – 2011. The computations in this regard are given below:



Order on APR of WBPDC for the year 2010-11

| Particulars | Generating Stations | | | | |
|--|---------------------|-----------|----------|-----------|------------|
| | Kolaghat | Bakreswar | Bandel | Santaldih | Sagardighi |
| Target PAF (%) | 78.00 | 85.00 | 69.00 | 85.00 | 85.00 |
| PAF achieved (%) | 69.55 | 83.80 | 45.55 | 70.40 | 72.13 |
| Re-determined capacity charge (Rs. lakh) | 52417.85 | 74976.73 | 14035.97 | 30233.63 | 47797.46 |
| Capacity charge allowable (Rs. lakh) | 46739.25 | 73918.24 | 9265.77 | 25040.56 | 40560.36 |

3.24.1 As seen from the statement of energy accounting for the month of March, 2011 submitted by WBPDC, the cumulative capacity charges upto March, 2011, i.e., for the year 2010 – 2011 were computed by SLDC for each generating stations which were to be recovered by WBPDC during the year 2010 – 2011. Such computations were made based on the tariff order for 2010 – 2011 issued by the Commission on 29.07.2010. The Commission considered such amount for the existing units only. Tariff order for the new units was issued by the Commission on 30.12.2011 in case no. TP-42/09-10, TP-45/09-10, TP-46/09-10 allowing WBPDC to recover the balance capacity charges in instalments. So for the purpose of computing capacity charges recovered by WBPDC in respect of new units, the Commission computed the same based on the cumulative PAF for the year 2010 – 2011 as certified by SLDC in the statement of energy accounting for the month of March, 2011 and the capacity charge in the tariff order dated 30.12.2011. The detailed computations are given below:

| Particulars | Generating Stations | | | | | | |
|---|---------------------|----------------|--------------|----------|----------|--------------------|------------|
| | Kolaghat | Bakreswar | | | Bandel | Santaldih (Unit V) | Sagardighi |
| | | Units I to III | Units IV & V | Total | | | |
| Capacity charge allowed in respective Tariff Order (Rs. lakh) | 46472.23 | 32439.74 | 31784.69 | 64224.43 | 15194.53 | 26577.12 | 51874.40 |
| Normative PAF (%) | 78.00 | 85.00 | 85.00 | - | 69.00 | 85.00 | 85.00 |
| PAF achieved (%) | 69.55 | 80.36 | 88.97 | - | 45.55 | 70.40 | 72.13 |
| Proportionate capacity charge recovered (Rs. lakh) | 41437.74 | 30668.91 | 31784.69 | 62453.60 | 10030.59 | 22012.11 | 44020.00 |



Order on APR of WBPDCCL for the year 2010-11

3.25 Summing up the analyses and findings as stated in the preceding paragraphs, the Commission now takes up to ascertain the amount adjustable on APR separately for each of the concerned generating stations of WBPDCCL for the year 2010 – 2011. Such adjustable amounts work out as under:

Rs. in Lakh

| Admitted in APR for the year | Generating Station | | | | |
|---|--------------------|-----------------------------|------------|-----------------------|-------------|
| | Kolaghat | Bakreswar (Units I to V) | Bandel | Santaldih (Unit V) | Sagardighi |
| Admitted capacity charges in APR for 2010 – 2011 (vide paragraph 3.23.2) | 46739.25 | 73918.24 | 9265.77 | 25040.56 | 40560.36 |
| Actual capacity charge recovered during 2010 - 2011 (vide paragraph 3.24.1) | 41437.74 | 62453.60 | 10030.59 | 22012.11 | 44020.00 |
| Adjustment of capacity charge for 2010 – 2011 | 5301.51 | 11464.64 | (-) 764.82 | 3028.45 | (-) 3459.64 |

**ANNEXURE - 3A****KOLAGHAT THERMAL POWER STATION**

| Sl. No. | Head of Fixed Charges | | Amounts (Rs. in Lakh) | | |
|--------------|---|---------|----------------------------|---------------------------------------|---------|
| | | | As per the Tariff Order | As admitted in APR for 2010 – 2011 | |
| 1 | Employee cost | | 11370.22 | 11607.95 | |
| 2 | Coal, Ash Handling & Fuel Related Cost | | 1389.00 | 1294.72 | |
| 3. | Water Charges / Cess | | 30.00 | 24.53 | |
| 4. | Operation & Maintenance Expenses | | 12927.60 | 12927.60 | |
| | (a) Repairs & Maintenance (Including cost of Consumables) | | | | |
| | (b) Admn. & General Charges | | | | |
| 5 | Insurance Premium | | 0.00 | 18.91 | |
| 6 | Interest | | 14.64 | 8.05 | |
| 7 | Finance charges | | 70.00 | 1.18 | |
| 8 | Interest on working capital | | 0.00 | 1776.03 | |
| 9 | Depreciation | | 1041.00 | 1248.98 | |
| 10 | Advance against Depreciation | | 0.00 | 0.00 | |
| 11 | Reserve for unforeseen exigencies | | 418.45 | 441.82 | |
| 12 | Taxes under Income Tax Act | | 0.00 | 980.06 | |
| 13 | Returns | | 17013.00 | 16831.88 | |
| 14 | Performance Incentives | | 0.00 | 0.00 | |
| 15 | Fixed charges for the year (1 to 14) | | 44273.91 | 47161.71 | |
| Less: | | | | | |
| 16 | Income from other sources / non-tariff income | 2673.00 | 5942.45 | 2884.63 | 2884.63 |
| | Amount withheld for not conducting safety audit | 5.00 | | 0.00 | |
| | Regulatory Asset relating to withholding of employee cost (refer para 3.18.1) | 3264.45 | | 0.00 | |
| 17 | Total Fixed Charges (16 - 17) | | 38331.46 | 44277.08 | |

**ANNEXURE - 3B****BAKRESWAR THERMAL POWER STATION**

| Sl. No. | Head of Fixed Charges | Amounts (Rs. in Lakh) | |
|--------------|--|-------------------------|------------------------------------|
| | | As per the Tariff Order | As admitted in APR for 2010 – 2011 |
| 1 | Employee cost | 4896.69 | 7040.25 |
| 2 | Coal, Ash Handling & Fuel Related Cost | 345.30 | 362.59 |
| 3. | Water Charges / Cess | 17.01 | 17.86 |
| 4. | Operation & Maintenance Expenses | | |
| | (a) Repairs & Maintenance (Including cost of Consumables) | 8347.50 | 8347.50 |
| | (b) Admn. & General Charges | | |
| 5 | Insurance Premium | 0.00 | 80.41 |
| 6 | Interest | 14302.51 | 15217.98 |
| 7 | Finance charges | 0.00 | 180.00 |
| 8 | Interest on working capital | 0.00 | 1480.02 |
| 9 | Depreciation | 17287.67 | 19008.02 |
| 10 | Advance against Depreciation | 0.00 | 0.00 |
| 11 | Reserve for unforeseen exigencies | 1235.25 | 1307.39 |
| 12 | Taxes under Income Tax Act | 0.00 | 3788.02 |
| 13 | Returns | 20150.31 | 18332.65 |
| 14 | Performance Incentives | 0.00 | 0.00 |
| 15 | Fixed charges for the year (1 to 15) | 66582.24 | 75162.69 |
| Less: | | | |
| 16 | Income from other sources / non-tariff income | 2490.77 | 1461.20 |
| | Amount withheld for not conducting safety audit | 5.00 | 0.00 |
| | Interest Credit | 364.04 | 587.47 |
| | Fixed charge recoverable from WBSETCL towards cost of capital employed in Transmission system. | 3246.45 | 3517.44 |
| | Regulatory Asset relating to withholding of employee cost | 1631.70 | 0.00 |
| 17 | Total Fixed Charges (16 - 17) | 58844.28 | 69596.58 |

**ANNEXURE – 3C****BANDEL THERMAL POWER STATION**

| Sl. No. | Head of Fixed Charges | Amounts (Rs. in Lakh) | |
|--------------|---|-----------------------|------------------------------------|
| | | As per Tariff Order | As admitted in APR for 2010 - 2011 |
| 1 | Employee cost | 6485.25 | 5898.24 |
| 2 | Coal & Ash Handling Charges | 634.00 | 456.74 |
| 3. | Water Charges / Cess | 172.00 | 123.91 |
| 4. | Operation & Maintenance Expenses | | |
| | (a) Repairs & Maintenance (Including cost of Consumables) | 4918.50 | 4918.50 |
| | (b) Admn. & General Charges | | |
| 5 | Insurance Premium | 0.00 | 9.28 |
| 6 | Interest | 0.00 | 0.00 |
| 7 | Finance charges | 0.00 | 0.00 |
| 8 | Interest on working capital | 0.00 | 634.60 |
| 9 | Depreciation | 179.00 | 160.02 |
| 10 | Advance against Depreciation | 0.00 | 0.00 |
| 11 | Reserve for unforeseen exigencies | 56.00 | 56.37 |
| 12 | Taxes under Income Tax Act | 0.00 | (-)1754.72 |
| 13 | Returns | 1261.00 | 443.25 |
| 14 | Performance Incentives | 0.00 | 0.00 |
| 15 | Fixed charges for the year (1 to 14) | 13705.75 | 10946.19 |
| Less: | | | |
| 16 | Income from other sources / non-tariff income | 931.00 | 500.50 |
| | Amount withheld for not conducting safety audit | 5.00 | 0.00 |
| | Regulatory Asset relating to withholding of employee cost | 1165.50 | 0.00 |
| 17 | Total Fixed Charges (16 - 17) | 11604.25 | 10445.69 |



ANNEXURE – 3D

SANTALDIH THERMAL POWER STATION (UNIT V)

| Sl. No. | Head of Fixed Charges | Amounts (Rs. in Lakh) | | | |
|---------|--|-----------------------|-------------------------------------|--------|--------|
| | | As per Tariff Order | As admitted in APR for 2010 - 2011. | | |
| 1 | Employee cost | 2007.52 | 4853.36 | | |
| 2 | Coal & Ash Handling Charges | 81.75 | 69.19 | | |
| 3. | Water Charges / Cess | 79.64 | 47.48 | | |
| | Operation & Maintenance Expenses | | | | |
| 4. | (a) Repairs & Maintenance (Including cost of Consumables) | 1687.50 | 1687.50 | | |
| | (b) Admn. & General Charges | | | | |
| 5 | Insurance Premium | 0.00 | 23.27 | | |
| 6 | Interest | 11022.91 | 10244.06 | | |
| 7 | Finance charges | 0.00 | 0.00 | | |
| 8 | Interest on working capital | 0.00 | 352.39 | | |
| 9 | Depreciation | 5622.94 | 6416.22 | | |
| 10 | Advance against Depreciation | 377.06 | 289.45 | | |
| 11 | Reserve for unforeseen exigencies | 390.48 | 390.48 | | |
| 12 | Taxes under Income Tax Act | 0.00 | (-)1047.63 | | |
| 13 | Returns | 5917.13 | 4038.51 | | |
| 14 | Performance Incentives | 0.00 | 0.00 | | |
| 15 | Fixed charges for the year (1 to 14) | 27186.93 | 27364.28 | | |
| | Less: | | | | |
| 16 | Income from other sources / non-tariff income | 70.74 | 609.81 | 328.76 | 867.79 |
| | Fixed Charge related to Santaldih Transmission System | 539.07 | | 539.03 | |
| 17 | Total Fixed Charges (16 - 17) | 26577.12 | 26496.49 | | |

**ANNEXURE – 3E****SAGARDIGHI THERMAL POWER STATION (UNITS I & II)**

| Sl. No. | Head of Fixed Charges | Amounts (Rs. in Lakh) | |
|---------|--|-----------------------|-------------------------------------|
| | | As per Tariff Order | As admitted in APR for 2010 - 2011. |
| 1 | Employee cost | 1752.19 | 4225.08 |
| 2 | Coal & Ash Handling Charges | 525.00 | 150.35 |
| 3. | Water Charges / Cess | 0.00 | 13.56 |
| | Operation & Maintenance Expenses | | |
| 4. | (a) Repairs & Maintenance (Including cost of Consumables) | 3444.00 | 3444.00 |
| | (b) Admn. & General Charges | | |
| 5 | Insurance Premium | 0.00 | 43.57 |
| 6 | Interest | 19548.40 | 16560.34 |
| 7 | Finance charges | 0.00 | 0.00 |
| 8 | Interest on working capital | 0.00 | 845.73 |
| 9 | Depreciation | 10983.93 | 10998.78 |
| 10 | Advance against Depreciation | 3296.07 | 462.71 |
| 11 | Reserve for unforeseen exigencies | 708.29 | 709.78 |
| 12 | Taxes under Income Tax Act | 0.00 | 46.86 |
| 13 | Returns | 12426.04 | 10821.75 |
| 14 | Performance Incentives | 0.00 | 0.00 |
| 15 | Fixed charges for the year (1 to 14) | 52683.92 | 48322.51 |
| | Less: | | |
| 16 | Income from other sources / non-tariff income | 808.52 | 525.05 |
| 17 | Total Fixed Charges (16 - 17) | 51875.40 | 47797.46 |



CHAPTER – 4 AMOUNT ADJUSTABLE ON ANNUAL PERFORMANCE REVIEW

- 4.1 Based on the foregoing analyses and admissions thereof, the positive adjustments of capacity charges in respect of the concerned generating stations of WBPDCCL for the year 2010 – 2011 as shown in paragraph 3.25 of the preceding chapter, are as below:

| Generating Station | Amount (Rs. in Lakh) |
|--------------------------|-------------------------|
| Kolaghat | 5301.51 |
| Bakreswar (Unit I to V)) | 11464.64 |
| Bandel | (-) 764.82 |
| Santaldih (Units V) | 3028.45 |
| Sagardighi | (-) 3459.64 |
| Total | 15570.14 |

- 4.2 In terms of the Tariff Regulations, the entire amount of such positive adjustment or part thereof in respect of any of the generating stations of WBPDCCL may be adjusted with the Aggregate Revenue Requirement of that generating station of WBPDCCL for the year 2012 – 2013 or that of any other ensuing year, as may be decided upon by the Commission. The decision of the Commission in this regard will be given in the tariff order of WBPDCCL for the year 2012 – 2013.
- 4.3 WBPDCCL is to take a note of this order.

Sd/-
(SUJIT DASGUPTA)
MEMBER

Sd/-
(PRASADRANJAN RAY)
CHAIRPERSON

DATE: 21.11.2012