



West Bengal Electricity Regulatory Commission
Corrigendum to the Order dated 01.12.2012 of the Commission
in regard to the Tariff Application of the West Bengal Power Development
Corporation Limited for the years 2011-2012, 2012-2013 and 2013-2014
in Case No TP-54/12-13

The attention of the Commission has been drawn to certain typographical errors / apparent mistakes in the tariff order dated 01.12.2012 passed by the Commission in regard to the Tariff Application of the West Bengal Power Development Corporation Limited, for the years 2011-2012, 2012-2013 and 2013-2014 in Case No: TP-54/12-13.

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

Correction of typographical errors/ apparent mistakes in the Tariff Order dated
01.12.2012 in respect of the West Bengal Power Development Corporation Limited.

Page No.	Nomenclature	Existing Description	Corrected Description
54	In table below paragraph 6.2.2 of Chapter 6, the entry in 5 th column relating to Bandel against sl. No. 5, i.e., Capacity charge allowed for the year 2011 – 2012	"16066.10"	"15666.10"
55	In table below paragraph 7.2(b) of Chapter 7, the entry in 3 rd column, 3 rd row relating to Annual capacity charge in Rs. lakh in respect of Bandel for the year 2011 - 2012.	"16066.10"	"15666.10"

Sd/-
(SUJIT DASGUPTA)
MEMBER

Sd/-
(PRASADRANJAN RAY)
CHAIRPERSON

Dated: 21.12.2012



ORDER

OF THE

WEST BENGAL ELECTRICITY REGULATORY COMMISSION

FOR THE YEAR 2011 – 2012 AND 2012 – 2013

IN

CASE NO: TP – 54 / 12 – 13

IN RE THE TARIFF APPLICATION OF THE WEST BENGAL

POWER DEVELOPMENT CORPORATION LIMITED FOR

THE YEARS 2011-2012, 2012-2013 AND 2013-2014

UNDER SECTION 64(3)(a) READ WITH

SECTION 62(1) OF THE ELECTRICITY ACT, 2003

DATE: 01.12.2012



CHAPTER - 1 INTRODUCTION

- 1.1 The West Bengal Electricity Regulatory Commission (hereinafter referred to as the Commission) was constituted by the Government of West Bengal in the year 1999 in terms of section 17 of the Electricity Regulatory Commissions Act, 1998, now repealed by section 185 of the Electricity Act, 2003 (hereinafter referred to as the Act) which came into force with effect from 10.06.2003. The first proviso to section 82(1) of the Act has ensured continuity of all the State Electricity Regulatory Commissions, which were established by the State Governments under section 17 of the 1998 Act (and some other enactments) and functioning as such immediately before coming into force of the Act, and shall be the State Commissions for the purpose of the Act.
- 1.2 The functions of a State Commission are laid down in section 86 of the Act. Of its many functions, a State Commission has to discharge the function of determination of tariff for generation, supply, transmission and wheeling of electricity, wholesale, bulk or retail, as the case may be, within the State. Further, section 62(1) of the Act also requires the Appropriate Commission to determine the tariff in accordance with the provisions of the Act for supply of electricity by a generating company to a distribution licensee, for transmission of electricity, for wheeling of electricity as well as for retail sale of electricity.
- 1.3 The Commission has, therefore, all the powers and authority under the Electricity Act, 2003 to determine the tariff, as laid down in the Act.
- 1.4 The West Bengal Power Development Corporation Ltd (hereinafter referred to as WBPDCCL), constituted in 1985 under the Companies Act, 1956, is a generating company in terms of section 2(28) of the Electricity Act, 2003 wholly owned by the State Government and is engaged in the business of generation of electricity within the State of West Bengal. Hence, the generation tariff of WBPDCCL shall be determined by the Commission.



Tariff Order of WBPDCCL for the year 2011 – 12 and 2012 – 13

- 1.5 West Bengal Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2011 has come into effect with effect from 29th April, 2011. The said Tariff Regulations, 2011 was further amended by notifying the West Bengal Electricity Regulatory Commission (Terms and Conditions of Tariff) (Amendment) Regulations, 2012 in the extra ordinary edition of The Kolkata Gazette dated 27th August, 2012.
- 1.6 A generating company or a licensee, whose tariff is to be determined by the Commission as per the provisions of the Act, is now required to submit their application for determination of tariff for the ensuing years of the third control period under the multi-year tariff framework complying with the provisions of the West Bengal Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2011 (hereinafter referred to as the Tariff Regulations). Though as per the Tariff Regulations the last date for submission of the application to the Commission by a generating company or a licensee for determination of tariff for the third control period comprising three years from 2011 – 2012 to 2013 – 2014 (hereinafter referred to as the third control period) was 28th May, 2011, the Commission, after considering the prayers of WBPDCCL and other distribution licensees for extension of date for submission of the aforesaid application to the Commission, extended the date for the purpose up to 15th July, 2011. Subsequently WBPDCCL submitted application for extension of date time to time, mentioning the fact that the order for determination of tariff for the new 5 units of WBPDCCL was yet to be issued by the Commission and in absence of tariff for the new units for the base year 2010 – 2011, which constitutes the major portion of WBPDCCL's generation, projection for the control period from 2011 – 2012 to 2012 – 2013 would not be appropriate. They further prayed to be condoned for the delay in submission of tariff application.
- 1.7 WBPDCCL, complying with the provisions of the Tariff Regulations, prepared the application for determination of its tariff for the third control period and submitted



Tariff Order of WBPDCCL for the year 2011 – 12 and 2012 – 13

the same to the Commission on 10th April, 2012 which was considered by the Commission and numbered as TP-54/12-13.

- 1.8 After admission of the application, WBPDCCL was directed to publish the gist of the tariff application, as approved by the Commission, in the newspapers and also in their website, as specified in the Tariff Regulations. The gist was, accordingly, published simultaneously on 27th April, 2012 in (i) The Times of India (English) (ii) Bartaman (Bengali) (iii) Pratidin (Bengali) and (iv) Sanmarg (Hindi) papers. The gist along with the tariff application was also posted in the website of WBPDCCL. 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 WBSEDCL for the third control period and requested for submission of suggestions, objections and comments, if any, on the tariff application to the Commission by 14th May, 2012 at the latest. Opportunities were also afforded to all to inspect the tariff application and take copies thereof.
- 1.9 The suggestions and objections on the aforementioned application of WBPDCCL for determination of tariff for the third control period were received only from All Bengal Electricity Consumers Association (ABECA) within the specified time limit and the same have been recorded in a summarized form in Chapter 3 of the instant order. An application dated 11th June, 2012 from Hooghly Chamber of Commerce and Industries seeking extension of time for submission of objection / suggestion was received by the Commission on 11.06.2012, i.e., well after the due date of 28.05.2012. Since the prayer for extension of time was submitted after the due date and the next process was already started, the prayer of HCCI for time extension could not be granted by the Commission. HCCI, however submitted their objections / suggestions on 2nd August, 2012, which has not been considered by the Commission, as it was submitted after 28.05.2012.



Tariff Order of WBPDCCL for the year 2011 – 12 and 2012 – 13

- 1.10 The petitioner, West Bengal Power Development Corporation Ltd. while submitting its application for determination of tariff, also sought for review of the norms specified by the Commission in the West Bengal Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2011 which was duly notified in the Kolkata Gazette Extraordinary, on 29.04.2011. We may put it on record that the aforesaid regulation was finalized through previous publication. Having received suggestions and comments the Commission in exercise of its delegated legislative power duly considered the matter in detail & framed such regulations which was notified in the Kolkata Gazette Extraordinary, on 29.04.2011. West Bengal Power Development Corporation Ltd. should not have sought for review which is practically seeking amendment to the tariff regulations, in tariff determination proceedings. Once the regulations are framed by the Commission, there is no scope to review or to challenge such statutory norms in tariff determination proceedings. Accordingly, the prayer for review seeking modification to the statutory norms in the West Bengal Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2011, is not considered.
- 1.11 The Commission shall determine the tariff in accordance with the Electricity Act, 2003 and the regulations framed thereunder.



CHAPTER - 2 PROPOSAL OF WBPDCCL

- 2.1. It has been stated that the instant petition for revision of Tariff for the financial years 2011 – 12 to 2013 – 14 under the Multi year tariff Frame Work has been submitted pursuant to the West Bengal Electricity Regulatory Commission (Terms and conditions of Tariff) Regulations, 2011, as amended by the West Bengal Electricity Regulatory Commission (Terms and conditions of Tariff) (Amendment) Regulation 2011 for determination of Tariff to be made effective from 1st April, 2011. The tariff application is in three volumes, each volume containing different parts of the total application.
- 2.2. WBPDCCL has submitted the plant wise tariff for the five existing generating stations at Kolaghat, Bakreswar, Bandel, Sagardighi and Santaldih for all the three years of the third control period.
- 2.3. WBPDCCL has submitted that it is of vital importance to safeguard the sustainability of the generator's operation in the interest of the consumers in general. Unless revenue is sufficient to meet costs and provide a reasonable return commensurate with the risk of investment steady production efficiency is bound to suffer. It therefore prays that there may not be any ad-hoc disallowance of cost resulting in non-recovery/under recovery of the fund actually utilized and impairing the utility's capacity to operate smoothly.
- 2.4 WBPDCCL has submitted that the information furnished in the prescribed formats for the period from 2006 – 07 to 2010 – 11 are, based on plant-wise Audited Annual Statement of Accounts and those for financial years 2011 – 12 to 2013 – 14 are based on reasonable estimation/ projection where the operating norms are not applicable.



Tariff Order of WBPDCCL for the year 2011 – 12 and 2012 – 13

2.4.1 Generation Targets from different power stations of WBPDCCL for 2011 – 12 to 2013 – 14:

WBPDCCL has submitted generation projection from different existing power plants, based on the norms set by the Commission in its Tariff Regulations, for the financial years 2011 – 12 to 2013 – 14.

2.4.2 Auxiliary Consumption, Station Heat Rate etc.

WBPDCCL has submitted that the proposed auxiliary consumption has been arrived at considering the normative auxiliary consumption as notified by the Commission through the Tariff Regulations.

WBPDCCL has considered the SHR norms as specified in the Tariff Regulations. WBPDCCL has also prayed for relaxation in SHR norms considering the difficulties in achieving the norms.

All other parameters viz. specific oil consumption, transit loss have been considered as per norms specified in the Tariff Regulations.

2.4.3 Cost of Fuel:

The primary fuel cost has been arrived at by estimating the coal consumption based on the technical parameters of each of the generating stations. The fuel mix are based on the estimated consumption pattern for 2011-12 for each station, considering the quality of coal and grade of coal purchased from various sources viz. ECL, BECML, BCCL, MCL and also from imported coal. The prices of coal and oil and railways freight have been considered by WBPDCCL based on the latest price notified and prevailing price of imported and other coals. An escalation at the rate of 6.6% per annum for the subsequent year as coal price



Tariff Order of WBPDCCL for the year 2011 – 12 and 2012 – 13

has been assumed in the basic price of coal to account for the increased coal price during the control period.

The price of secondary fuel oil is based on the estimated price incurred by the generating station during 2011-12. Further the secondary fuel oil cost has been escalated @ 5% per annum during the control period to account for the inflationary trend in crude oil over the recent year.

2.4.4 Employee Cost :

WBPDCCL has submitted that the components of employee cost including salaries and wages, bonus, contribution to employee funds and employees welfare expenses in line with Tariff Regulations. WBPDCCL has projected the employee cost during the control period for all generating stations on the basis of actual audited employee cost during 2010-11 which has been escalated each year by 5.72% for the years 2011-12 to 2013-14. Retirements and addition of employees during the period for each generating station have also been considered by WBPDCCL while projecting the employee expenses

2.4.5 Coal and Ash Handling Charges:

The petitioner has submitted the estimate of expenditure under Coal and Ash handling charges after considering 5% increase each year over the cost for 2010-11.

2.4.6 Operation and Maintenance Expenses (O&M) :

WBPDCCL has projected the Operation and Maintenance Expenses as per norms specified in part G of schedule - 9A of the Tariff Regulations. WBPDCCL has submitted that the actual O&M expense in the previous year for their generating



Tariff Order of WBPDCCL for the year 2011 – 12 and 2012 – 13

stations were however higher than the norms. It is further submitted that commercial operation of Unit no. VI of Santaldih Thermal Power Station (STPS) has been declared w.e.f. 30.09.2011 and for such reason the O&M expenses for that unit have been projected separately. WBPDCCL has also prayed to the Commission to consider relaxation in norms, due to difficulties in achieving the norms.

2.4.7 Interest and Finance Charge :

WBPDCCL has computed the interest charges, weighted average interest rate based on the actual interest period and outstanding average balance during the year 2010-11. WBPDCCL has submitted the principal and interest against all outstanding loans and scheduled re-payment of such loan for all the generating stations for all the years under the third control period for each generating station as per format specified in the Tariff Regulations.

2.4.8 Interest on Working Capital :

WBPDCCL has proposed the requirement of working capital for 2011-12 to 2013-14 on normative basis in terms of the Tariff Regulations of the Commission. Based on the working capital requirement on normative basis, interest on working capital is calculated at the existing State Bank of India prime lending rate of 13% per annum in line with the Tariff Regulations.

2.4.9 Depreciation :

Depreciation has been proposed on the basis of rates of Depreciation specified in the Commission's Tariff Regulations. The opening gross fixed asset for 2011-12 has been considered by WBPDCCL arriving at on the basis of closing gross fixed assets in their audited account for 2010-11. In their submission WBPDCCL has mentioned that the addition to the fixed asset during the years 2011-12 to



Tariff Order of WBPDCCL for the year 2011 – 12 and 2012 – 13

2013-14 has been considered based on the loans which are likely to be capitalized during the respective years. Depreciation for new units on asset addition during the year has been considered only for the period for which those assets are put in use.

2.5 Water Charges :

Water charges as proposed by WBPDCCL are on the basis of actual water charges incurred at their different generating stations during the year 2010-11 which has further been escalated @5.72% p.a. to account for the inflationary trend for the years under the control period.

2.6 Advance against Depreciation :

WBPDCCL has proposed Advance Against Depreciation for the year 2013-14 in respect of Bakreswar generating station and for all the three years 2011-12, 2012-13 and 2013-14 in respect of Santaldih and Sagardighi generating stations as per provision of the Tariff Regulations. Details computation as per prescribed format for each generating station in this regard has been submitted by WBPDCCL.

2.7 Reserve for unforeseen exigencies :

WBPDCCL has proposed reserve for unforeseen exigencies in terms of regulation 5.11.1 of the Tariff Regulations.

2.8 Cost of Outsourcing :

WBPDCCL has projected an expenditure under the head 'cost of outsourcing' for the control period for each generating station based on the estimation as per the contracts for outsourcing of works for each station as case to case basis.



2.9 Return on Equity :

The Return on Equity for the three years under the control period has been claimed by WBPDCCL as per provision of Tariff Regulations. WBPDCCL has considered the impact of Income Tax on such return.

2.10 Income from Other Sources/ Non-Tariff Income :

WBPDCCL has projected income from other sources which includes income from sale of scrap, interest on short term deposits with the banks etc. The interest on short term deposits etc. has been allocated on the basis of capacity of each power station. The non-tariff income has been projected by WBPDCCL at similar levels based on the actual non-tariff income during the year 2010-11.

2.11 Cash Flow Statement :

WBPDCCL has submitted power station wise cash flow statement in Form 6 of Annexure – 6 with their petition.

2.12 Annual Revenue Requirement :

WBPDCCL has submitted the summarized Annual Revenue Requirement for 2010-11 to 2011-12 and the proposed Tariff for each generating station in the Annexure to their petition.

WBPDCCL has submitted that the projected Aggregate Revenue requirement does not include recoverable fixed cost from WBSETCL for Bakreswar Transmission System.

2.13 Proposal for new units under construction:

WBPDCCL has stated in their application that they have planned capital expenditure related to renovation and modernization of unit – V of Bandel Power



Tariff Order of WBPDCCL for the year 2011 – 12 and 2012 – 13

Station which will help in extending the life of the unit by 15 to 20 years and will also help in improving the operational parameters of unit – V i.e. auxiliary consumption, SHR, specific oil consumption. It is submitted by WBPDCCL that the loan component of the project will be funded by the World Bank. The unit – V required to be shut down for a period of six months for carrying out the R&M activity. However, the time of execution of such scheme is subject to approval from the World Bank and also the investment approval from the Commission.

WBPDCCL has also proposed for setting up unit - III & unit – IV of capacity of 500 MW each at the existing Sagardighi station. The approval on investment proposals for those units has already given by the Commission and accordingly the order for main plant package has been placed with BHEL. The units are expected to commence operation in the financial year 2014-15. WBPDCCL will file separate petition for determination of tariff for the upcoming unit - III and unit – IV at Sagardighi prior to commissioning of those units.



CHAPTER - 3 OBJECTIONS AND SUGGESTIONS

- 3.1 As mentioned in paragraph 1.7, the gist of the tariff application was published by WBPDCCL on 27.04.2012 in the daily newspapers (i) Bartaman (ii) Pratidin (iii) Times of India and (iv) Sangmarg and also in their website, inviting the attention of the interested parties, stake holders and the members of the public to the tariff application of WBPDCCL and inviting suggestion and objections, if any to be submitted to the Commission within 28.05.2012. Opportunity were also afforded to all to inspect the tariff application and take copies there of.
- 3.2 ABECA have submitted their suggestions/ objections on the tariff application of WBPDCCL within the due date i.e. 28.05.2012 and the same are being considered by the Commission.
- 3.3 In their suggestions / objections ABECA, as a general issue, have mentioned that without public hearing and counter reply proper adjudication is not possible and for this reason hearing and submission of counter claim prevail in all the judicial proceedings and most of the Electricity Regulatory Commission have undergone public hearing in case of tariff determination. It is also mentioned by ABECA that Hon'ble Appellate Tribunal of Electricity and the Appex Court have upheld that view, but the Commission is not following the public hearing for last 7 years for which proper adjudications are not being done in tariff determination. ABECA have suggested to start public hearing in tariff determination as before.

In the above context Commission in its earlier orders on different tariff related orders has expressed its views time and again. Thus now Commission reiterates the views in short. Section 64 of the Act 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



Tariff Order of WBPDCCL for the years 2011 – 2012 and 2012 – 2013

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 and Tariff Regulations instead of considering other extraneous factors. Thus for inviting suggestions and objections as per Section 64 of the Act, there is no requirement to hold a public hearing.

- 3.4 In the general issues of their objections and suggestions referring the section 62(4) of the Electricity Act, 2003, ABECA has stated that no tariff or part of any tariff may ordinarily be amended more frequently than once in any financial year, except in respect of any changes expressly permitted under the terms of any fuel surcharges formula as may be specified and they have raised their objection on introduction of Monthly Variable Cost Adjustment (MVCA) and Monthly Fuel Cost Adjustment (MFCA) as provided in the Tariff Regulations. They are also of the opinion that with the introduction of MVCA and MFCA the unfettered power has been given to the licensee to recover tariff month by month without permission of the Commission and without giving any scope to the objectors to submit their objection. They have suggested to stop MVCA system which in their opinion is nothing but changes of tariff month by month.

In this context it may be mentioned that MVCA and MFCA are introduced as per provision of Tariff Regulations. The MVCA and MFCA are being computed by the licensee and the generating company, as the case may be, every month as per formula specified in the Tariff Regulations which has been published after inviting suggestion/ objections from the public on the draft Tariff Regulations published for the purpose. Moreover, such MVCA and MFCA are subject to truing up under FPPCA by the Commission at the end of the year. So the contentions of ABECA are not true and are not in accordance with the provision of the Act.



Tariff Order of WBPDCCL for the years 2011 – 2012 and 2012 – 2013

- 3.5 ABECA have also raised their objection against Multi Year Tariff (MYT) mechanism and suggested that the tariff should be determined once in a year on the basis of the last three years average cost and if any changes arise after the determination of tariff due to fuel cost then that may be taken into account in the immediately subsequent tariff determination.

In this context it is mentioned that MYT mechanism has been introduced as per provision of the Electricity Act, 2003 and accordingly the MYT framework has been introduced in the Tariff Regulations.

- 3.6 ABECA have also raised their objection on some elements of ARR like 'Reserve for Unforeseen Exigencies', 'Advance against Depreciation', 'Regulatory Assets' etc. and those elements in their opinion are not at all cost.

It is to be noted that regulatory asset is an amount which is withheld in the past by the Commission against its actual ARR and thus it is a part of the cost. Similarly advance against depreciation is normally passed through tariff for repayment of loan. Thus it is also a cost which is entitled for consideration in ARR determination. Reserve for Unforeseen Exigency is also a type of fund which is required to be built to face the contingency. Thus all the above three parameters are considered as a cost which are required to be recovered through tariff.

- 3.7 ABECA have also raised their objection regarding the PLF for different generating stations of WBPDCCL and suggested to follow the norms as per National Standard.

Commission has set norms in the Tariff Regulations after due previous publication. Thus the suggestion of ABECA is not being considered.

- 3.8 In the point wise objections and suggestions ABECA have stated the followings:



Tariff Order of WBPDCCL for the years 2011 – 2012 and 2012 – 2013

3.8.1 Regarding the increase in ARR for FY 2011-12, 2012-13 and 2013-14 @ 4.1%, 11.8% and 19.68% respectively ABECA have mentioned that the reasons as stated by the WBPDCCL of increasing coal price is not true as there is no further increase in coal price at present. They have also opposed the claim of increase in freight. Regarding the claim of hike in coal price ABECA have stated that the coal price as per Coal India Limited has changed from 01.01.2012 which is very negligible and there is no need of tariff hike for that increase. They have also mentioned that WBPDCCL can get good quality of coal at a 20% lesser rate from their captive coal block which has been transferred to Bengal Emta group who supply only 10% coal to WBPDCCL. ABECA have also raised their objection on the issue of increase in railway freight and stated that railway freight increase does not justify the tariff hike.

The Commission noted the point of ABECA. Projection of increase in coal price and railway freight is always taken into consideration normally. But in view of recent implementation of MVCA, Commission considers the fuel cost determination in a way as has been explained in Chapter – 4.

3.8.2 ABECA have mentioned that WBPDCCL has claimed Rs.3157 lakh under the head 'Reserve for Unforeseen Exigencies' for each year for the years 2011-12, 2012-13 and 2013-14 i.e. a total of Rs. 9476 lakh during the 3 years. They have opposed the claim of WBPDCCL under this head and mentioned that an amount of Rs. 3757.05 lakh had already been allowed to WBPDCCL under the head 'Reserve of Unforeseen Exigencies' for the period 2006-07, 2007-08 and 2008-09. They have also mentioned that the Commission directed WBPDCCL to submit the detail breakup of the amount of investment made against each fund including 'Reserve for Unforeseen Exigencies' as on 31.03.2009 within one month from the date of issue of APR order for 2008-09. They have also mentioned that inspite of that directive the Commission has allowed Reserve for Unforeseen Exigencies for 2010-11 also. ABECA have suggested not to allow any amount under the



Tariff Order of WBPDCCL for the years 2011 – 2012 and 2012 – 2013

head Reserve for Unforeseen Exigencies and also suggested to deduct the amount from the ARR claim of WBPDCCL for 2011-12, 2012-13 and 2013-14.

In APR order for 2008-09 on Reserve for Unforeseen Exigency, the Commission has directed WBPDCCL to give appropriate disclosure in the next Annual Account. In the Tariff Order of 2011-12, the Commission has directed WBPDCCL to submit the detail break up of the amount of investment made against each fund including Reserve for Unforeseen Exigency as on 31.03.2009 within one month from the date of issue of the order. Subsequently WBPDCCL vide letter no. WBPDCCL/WBERC-14/10/CS/83 dated 09.09.2010 submitted the compliance report.

- 3.8.3 ABECA have also raised their objection regarding increase in O&M expenditure due to inflation as claimed by WBPDCCL. They have also claimed that only actual expenditure may be allowed on O&M expenses. They have claimed that WBPDCCL has been increasing their O&M expenditure continuously.

On the aspect of ABECA's said claim, it is to be noted that while projecting the different tariff orders the actual expenditure cannot be taken into consideration as the projection is always done for future year which is yet to be passed. However, in this MYT application as the year 2011-12 has already passed the Commission has used the actual expenditure from its Annual Accounts to the extent it is possible and admit the amount which Commission feels appropriate. In this context Commission is of the opinion that as O&M expenditure being a controllable item and it is an expectation that licensee shall improve its operational efficiency to reduce the cost in one hand as well as to maintain the service at a normative level, the proposal of ABECA to entertain only the actual expenditure is against the interest of the consumers. Moreover, the Commission cannot deny the fact that, in a background of continuous inflationary trend uninterruptly for the last few years such inflationary trend is also to be taken into



Tariff Order of WBPDCCL for the years 2011 – 2012 and 2012 – 2013

consideration for O&M cost determination for a licensee to provide a reasonable amount.

Moreover, it is to be noted that O&M expenditure is being allowed as per norms as provided in the Tariff Regulations which are being determined after previous publication. Thus, any additional claim of WBPDCCL is not being entertained.

- 3.8.4 ABECA have raised their objection regarding the claim of 15.5% of Return on Equity (ROE) which in their opinion is too much and leads to increase in tariff. They have mentioned that in the old Act there was a provision of 3% surplus of Government owned companies. In their opinion the ROE cannot be allowed more than bank rate of interest.

The amount of Return on Equity has been decided as per Tariff Regulations which has gone through previous publication and thus the objection of ABECA cannot be entertained in this Tariff Order.

- 3.8.5 ABECA have mentioned that WBPDCCL have claimed Rs. 37192 lakh for 2011-12, Rs. 40039 lakh for 2012-13 and Rs. 43000 lakh for 2013-14 as Employee Cost. Moreover, WBPDCCL have claimed Rs. 6683.42 lakh as Regulatory Asset on Employee Cost to be realized from 2011-12 tariff. ABECA have mentioned that from page 8 of para 2.2.1.2 of the Tariff Order dated 29.02.2010 of the Commission in respect of WBPDCCL that WBPDCCL revised Pay and Allowances of all the categories of its employees w.e.f. 01.04.2007. Retirement benefits of the employees were also revised. Accordingly Commission had revised the Employee Cost for 2010-11 from Rs.12635.9 lakh to Rs. 23886.55 lakh i.e. more than Rs. 112 crore for 2010-11 and again WBPDCCL have projected the employee cost for 2011-12 at Rs. 37152 lakh i.e. the increase of Rs. 13265.45 lakh in 2011 – 2012 beside the claim of Regulatory Asset of Rs. 6683.42 lakh. So in their opinion on the plea of revision of Pay and Allowance w.e.f. 01.04.2007 the claim of WBPDCCL on account of pay and allowances has been increased by more than



Tariff Order of WBPDCCL for the years 2011 – 2012 and 2012 – 2013

132 crore in 2010-11 and again by more than 112 core in 2011-12 and ABECA have raised their objection on such hike in employee cost. They have suggested that WBPDCCL should furnish the existing grade wise staff strength and pay fixation order of each staff grade wise along with the chart showing pre-revised pay and allowance of the staffs and revised pay and allowance of the staff and increase in pay and allowances and paid amount of retirement benefit for 2010-11 and 2011-12 as the years were over and payment already made on this head and without such documents a lump sum amount cannot be entertained on the head of account.

Commission has noted the suggestion of ABECA and would like to mention that the pay structure of the employee is governed under the rules framed under Revision of Pay and Allowance (ROPA), 2009 of WBPDCCL and thus is to be taken into consideration as wage revision does not imply that increase in cost for such wage revision is for one time only and such cost will have no future increase with the inflationary trend. Objectors view of not allowing increased employee cost at this point of tariff determination stage with an ultimate intention to consider such increased cost on actually incurred basis at later stage, i.e, APR stage cannot be considered by the commission as this will affect the cash flow of the licensee, the consequence of which will be the extra financing cost resulting into further increase of tariff in future, which is avoidable by passing the extra employee cost in time.

- 3.8.6 ABECA have stated that the PLF and Plant Availability Factor (PAF) of different generating stations of WBPDCCL are set at reduced level from the standard norms. They have also stated that the parameters as set by the Commission are at reduced level in comparison with the highest achieved standard of WBPDCCL and also of all India standard norms, and thus the submission of WBPDCCL signifies the inefficiency and uneconomical use of resources and induces the



Tariff Order of WBPDCCL for the years 2011 – 2012 and 2012 – 2013

increased cost and tariff for which the Company is liable and the consumers are to pay for it and as such they have opposed the submission of WBPDCCL.

In this context it is to be mentioned that the operation norms for different power stations have been stipulated in the Tariff Regulations, which have been finalized through previous publication and there is no scope to review the operation norms as suggested by ABECA in tariff determination proceedings.

- 3.8.7 Regarding the Station Heat Rate of different generating stations of WBPDCCL, ABECA have raised their objection also. They have suggested that the increased level of Heat Rate considering the CERC norms except for Santaldih and Sagardighi for which WBERC norms are to be considered will reduce the requirement of coal of WBPDCCL which may ultimately reduce the tariff considerably.

In this context it is to be mentioned that the operation norms for different power stations have been stipulated in the Tariff Regulations, which have been finalized through previous publication and there is no scope to review the operation norms as suggested by ABECA in tariff determination proceedings.

- 3.8.8 ABECA have also raised their objection on the WBPDCCL's submission regarding additional fuel cost due to poor quality of coal received by WBPDCCL and suggested to strike down the plea of WBPDCCL on the specific oil consumption increase and any excess claim on this item should be deducted from the ARR.

The Commission has noted the points as stated by ABECA and dealt with while determining the fuel cost for different power stations in subsequent chapter.

- 3.8.9 Regarding Insurance Premium claimed by WBPDCCL after considering an annual inflation for each year, ABECA have stated that present insurance market is competitive in nature and each insurance company offer so many benefits to



Tariff Order of WBPDCCL for the years 2011 – 2012 and 2012 – 2013

attract the customer. They have also stated that WBPDCCL did not pay any heed to the guidelines of the Tariff Regulations and did not try to find out the minimization of cost and on the contrary they projected the insurance claimed on the much higher side. They have suggested to follow transparent process in selecting the insurance company and to consider maximum insurance coverage in order to minimize the cost.

The above point is being noted by the Commission.

- 3.8.10 ABECA have also opposed the claim of WBPDCCL for cost of out sourcing and suggested to deduct such claim from the ARR of WBPDCCL.

The Commission has noted the points as stated by ABECA. Same has been dealt with while determining the cost of outsourcing in subsequent chapter.

- 3.8.11 ABECA have also opposed the claim of depreciation as WBPDCCL did not furnish any asset wise value without which the claim cannot be justified. They have also suggested to maintain the depreciation claim as allowed by WBERC in its order dated 29.07.2010 so long the detailed item wise cost of assets, depreciation received so far, advance against depreciation taken by WBPDCCL so far and its adjustment are not submitted by WBPDCCL.

The Commission observed that WBPDCCL has submitted all the information in accordance with Tariff Regulations on the basis of which the Commission has dealt with the depreciation in Chapter – 5.

- 3.8.12 ABECA have also raised their objection on claim of advance against depreciation in respect of Bakreswar TPS and Santaldih TPS as the claim of advance against depreciation in their opinion is not a cost and the claim of WBPDCCL is not consistent with the condition specified in the tariff regulations. They have also suggested that specific item wise breakup of value of assets and life of such



Tariff Order of WBPDCCL for the years 2011 – 2012 and 2012 – 2013

asset and depreciation realized so far have not been furnished by WBPDCCL and as such no amount is to be allowed.

As already explained in paragraph 3.6.2, advance against depreciation is a legitimate claim of the licensee and generating company if such claim is in accordance with the Tariff Regulations. Accordingly on the basis of this principle, Commission dealt with the claim of WBPDCCL in Chapter – 5.

- 3.8.13 Regarding the claim on Working Capital Requirement, ABECA have suggested that Working Capital requirement should be considered only for fuel cost of 3 months requirement and nothing more. They have also suggested that the requirement of Working Capital should be considered only for 3 months requirement and the interest rate should not be more than the interest rate for short term loan for 3 months which is at present 6.5% per year.

Suggestion of the ABECA of working capital of 3 months fuel cost if accepted then the consumers have to carry the extra burden of Rs. 7574.00 lakh for 2011 – 2012, Rs. 8704.00 lakh for 2012 – 2013 and Rs. 8695.00 lakh for 2013 – 2014 than what will be allowed under the normative level of interest on Working Capital for the respective years. In such situation, Commission does not want to affect the interest of the consumers as suggested by ABECA. In this regard Commission will act in accordance with the Tariff Regulations which has been framed under Electricity Act, 2003 and which is justifiable whereas the requirement of working capital as per suggestion of ABECA will be much more. As working capital is required to be mobilized from financial institutions, thus the interest on it will be as per the Tariff Regulations.

- 3.8.14 ABECA have also suggested that Income Tax of WBPDCCL is to be met from the earnings in the form of ROE of WBPDCCL. ABECA have also mentioned that non tariff income should be changed but no specific observation is given by ABECA in this regard.



Tariff Order of WBPDCCL for the years 2011 – 2012 and 2012 – 2013

In this context, the Commission will act in accordance with the Tariff Regulations.

- 3.9 The Commission has taken careful note of the objections and suggestions made by the objectors on the contents of the tariff application under consideration and has given due attention to them. The views of the Commission in this regard will be reflected in the concerned part of the tariff order hereinafter.



CHAPTER – 4 VARIABLE COST & EXPENDITURE

Fuel Cost

- 4.1 An examination of the projected fuel cost claimed by WBPDCCL for the ensuing years 2011 – 2012, 2012 – 2013 and 2013 – 2014 of third control period under different heads for its power stations presently in operation has been taken up in this chapter.
- 4.2 Fuel cost for different power stations of WBPDCCL presently in operation as per its projection comes as under:

Fuel Cost in Rs. Lakh			
Generating Station	2011 – 2012	2012 – 2013	2013 – 2014
Kolaghat	151390.59	176785.76	188126.26
Bakreswar (I to V)	137694.53	142880.52	168825.80
Bandel	53854.93	61782.68	66381.69
Santaldih (v & vi)	47335.00	74831.00	79758.00
Sagardighi	73171.00	83258.00	88612.00

- 4.3 In the tariff application for the third control period, WBPDCCL has proposed fuel cost on the basis of norms of plant load factor, auxiliary consumption rate, oil consumption rate, station heat rate and transit and handling losses of coal as specified in Schedule 9A of the Tariff Regulations. However, while proposing fuel cost for three years under the third control period, WBPDCCL has projected the source wise coal consumption for the different generating stations for all the three years and considered the average price of coal for 2011 – 2012 at the prevailing price during the year as per the notified price of Coal India Limited w.e.f. 1.1.2012 considering escalation factor of 6.66% in line with the notification of CERC on escalation rate for domestic coal for the future years. For secondary oil an escalation of 5% per annum has been considered by WBPDCCL. As a result, after the application of norms as per the Tariff Regulations, the fuel cost has shown an increasing trend in the projections of WBPDCCL.



Tariff Order of WBPDCCL for the year 2011 – 2012 and 2012 - 2013

- 4.4 While commenting on such tariff application ABECA have asked to increase the target plant load factor to 80% for Kolaghat Thermal Power Station due to its low plant load factor. The Commission, however, has adopted the procedure for calculation of the fuel cost in accordance with regulation 5.8.1(ii) of the Tariff Regulations and normative parameters applicable to WBPDCCL as specified in the Tariff Regulations and allowed fuel cost to WBPDCCL as mentioned in subsequent paragraphs.
- 4.5 WBPDCCL has published the audited annual accounts for 2011 – 2012. The weighted average price of oil for different generating stations, as observed from the audited annual accounts for 2011 - 2012, has been considered for the year 2011 – 2012. Though weighted average price of coal for different generating stations for 2011 – 2012 is available in the audited accounts for 2011 – 2012 but the useful value of coal for different generating stations is not available in the audited accounts, the Commission cannot consider the average price of coal as per the audited accounts for 2011 – 2012. Since WBPDCCL submitted their application at the end of the year 2011 – 2012 considering the prevailing notified price of domestic coal, the Commission considers the station wise useful heat value of coal and corresponding average price of coal as projected by WBPDCCL.
- 4.6 WBPDCCL is computing the Monthly Fuel Cost Adjustment (MFCA) every month for each generating station as per provisions of Tariff Regulations. The details of the useful heat value and average price of coal and oil of each generating station are available in the work sheets prepared by WBPDCCL for the purpose. The Commission considers the weighted average price of coal and oil for each generating stations and weighted heat value of coal and oil as per the worksheets of MFCA for the months of April, 2012 to September, 2012 for computation of fuel cost for the year 2012 – 2013 for the respective generating station. The Commission also considers the same price of coal and oil and the



Tariff Order of WBPDCCL for the year 2011 – 2012 and 2012 - 2013

same heat value of coal and oil for 2013 - 2014 with the view that any difference in price and heat value will be taken care of in MFCA in future.

- 4.7 Accordingly, the average oil price and the average coal price considered for the power station of WBPDCCL for the three years of the third control period are shown below:

Generating Station	Average Coal Price in Rs./MT			Average Oil Price in Rs./KL		
	2011-2012	2012-2013	2013-2014	2011-2012	2012-2013	2013-2014
Kolaghat	2260.00	2506.83	2506.83	45532.13	54845.44	54845.00
Bakreswar	2730.56	2935.63	2935.63	42848.91	46667.03	46667.00
Bandel	2261.00	2606.88	2606.88	46921.69	50872.34	50872.00
Santaldih	2811.00	2932.60	2932.60	45609.09	51808.73	51808.73
Sagardighi	2673.00	2963.30	2963.30	46699.27	56592.12	56592.00

- 4.8 Heat value of oil and coal as considered for the years under the third control period are shown below:

Generating Station	Heat Value of Coal in Kcal/Kg			Heat Value of Oil in Kcal/Lit		
	2011-2012	2012-2013	2013-2014	2011-2012	2012-2013	2013-2014
Kolaghat	3447.03	3443.44	3443.44	9548.00	9146.27	9146.27
Bakreswar	3779.44	3939.48	3939.48	9513.00	9415.69	9415.69
Bandel	3402.76	3193.79	3193.79	9277.00	9304.93	6304.93
Santaldih	3928.84	3754.92	3754.92	9229.00	9367.04	9367.04
Sagardighi	3732.53	3917.69	3917.69	9421.00	9273.43	9273.43

- 4.9 On the basis of above average price of coal and average price of oil and as per above heat value of fuel and normative parameters as specified in Schedule 9A of the Tariff Regulations, the allowable fuel costs are shown by detail computations in the tables at Annexure 4A to 4C as enclosed to this chapter.

- 4.10 The summarized statement of projected and admitted fuel cost for the power stations of WBPDCCL for the third control period is given hereunder:



Tariff Order of WBPDCCL for the year 2011 – 2012 and 2012 - 2013

Generating Stations	Total fuel cost as admitted by the Commission (Rs. Lakh)		
	2011-2012	2012-2013	2013-2014
Kolaghat	150522.10	167402.10	167402.03
Bakreswar	137378.27	140727.85	139901.26
Bandel	53595.55	66869.72	67548.58
Santaldih	47214.47	68455.46	68455.46
Sagardighi	73062.36	77269.36	77269.36

4.11 Energy charges for 2011 – 2012 and 2012 – 2013 of the generating stations of WBPDCCL now stand as follows:

Particulars	For the Year 2011 – 2012 (Rs. in lakh)				
	Kolaghat	Bakreswar	Bandel	Santaldih	Sagardighi
Fuel Cost (Rs. in lakh)	150522.10	137378.27	53595.55	47214.47	73062.36
Ex-bus Generation	7288.00	6714.00	2344.00	2403.00	3837.00
Energy Charge (Paise/kWh)	206.53	204.61	228.65	196.48	190.42

Particulars	For the Year 2012 – 2013 (Rs. in lakh)				
	Kolaghat	Bakreswar	Bandel	Santaldih	Sagardighi
Fuel Cost (Rs. in lakh)	167402.10	140727.85	66869.72	68455.46	77269.36
Ex-bus Generation	7275.47	6695.78	2411.56	3188.64	3826.55
Energy Charge (Paise/kWh)	230.09	210.17	277.29	214.69	201.93



ANNEXURE – 4A

COMPUTATION OF FUEL COST OF DIFFERENT GENERATING STATIONS OF WBPDC FOR THE YEAR 2011 - 2012

Sl. No	Particulars	Unit	Stations				
			Kolaghat	Bakreswar	Bandel	Santal dih	Sagardighi
1	Generation	MU	8079.82	7378.02	2608.79	2640.66	4216.48
2	Rate of Auxiliary Consumption (normative)	%	9.80%	9.00%	10.15%	9.00%	9.00%
3	Auxiliary consumption	MU	791.82	664.02	264.79	237.66	379.48
4	Ex-bus generation (4=1-3)	MU	7288.00	6714.00	2344.00	2403.00	3837.00
5	Station Heat Rate (Normative)	Kcal/kWh	2700.00	2500.00	2900.00	2425.00	2345.00
6	Total Heat Required (1×5)	M.Kcal	21815514.00	18445050.00	7565491.00	6403600.50	9887645.60
7	Heat value of Oil	Kcal/lit	9548.00	9513.00	9277.00	9229.00	9421.00
8	Specific Oil consumption	ml/kWh	2.00	1.30	2.75	1.00	1.00
9	Oil consumption (9=1×8)	KL	16159.64	9591.43	7174.17	2640.66	4216.48
10	Heat from oil [10=(7×9)/1000]	M.Kcal	154292.24	91243.27	66554.78	24370.65	39723.46
11	Heat from coal (11=6-10)	M.Kcal	21661221.76	18353806.73	7498936.22	6379229.85	9847922.14
12	Heat value of coal	K.cal/Kg	3447.03	3779.44	3402.76	3928.84	3732.53
13	Coal consumption [13=(11/12) ×1000]	MT	6284024.73	4856223.87	2203780.53	1623692.96	2638404.02
14	Coal requirement with permissible transit loss	MT	6334702.35	4880627.00	2221552.95	1636787.26	2659681.47
15	Average cost of Oil	Rs./KL	45532.13	42848.91	46921.69	45609.09	46699.27
16	Average price of coal	Rs./MT	2260.00	2730.56	2261.00	2811.00	2673.00
17	Cost of oil [17=(9×15)/100000]	Rs. lakh	7357.83	4109.82	3366.24	1204.38	1969.07
18	Cost of coal [18=(14×16)/100000]	Rs. lakh	143164.27	133268.45	50229.31	46010.09	71093.29
19	Cost of Fuel (17+18)	Rs. lakh	150522.10	137378.27	53595.55	47214.47	73062.36
20	Average Fuel Cost per unit of Generation (19/4x10)	Paise/kwh	206.53	204.61	228.65	196.48	190.42



ANNEXURE – 4B

COMPUTATION OF FUEL COST OF DIFFERENT GENERATING STATIONS OF WBPDC FOR THE YEAR 2012 - 2013

Sl No	Particulars	Unit	Stations				
			Kolaghat	Bakreswar	Bandel	Santalidih	Sagardighi
1	Generation	MU	8057.00	7358.00	2681	3504.00	4205.00
2	Rate of Auxiliary Consumption (normative)	%	9.70%	9.00%	10.05%	0.09	9.00%
3	Auxiliary consumption	MU	781.53	662.22	269.44	315.36	378.45
4	Ex-bus generation (4=1-3)	MU	7275.47	6695.78	2411.56	3188.64	3826.55
5	Station Heat Rate (Normative)	Kcal/kWh	2700.00	2485.00	2900.00	2425.00	2345.00
6	Total Heat Required (6=1×5)	M.Kcal	21753900.00	18284630.00	7774900.00	8497200.00	9860725.00
7	Heat value of Oil	Kcal/lit	9146.27	9415.69	9304.93	9367.04	9273.43
8	Specific Oil consumption	ml/kWh	2.00	1.30	2.50	1.00	1.00
9	Oil consumption (9=1×8)	KL	16114.00	9565.40	6702.50	3504.00	4205.00
10	Heat from oil [10=(7×9)/1000]	M.Kcal	147382.99	90064.84	62366.29	32822.11	38994.77
11	Heat from coal (11=6-10)	M.Kcal	21606517.01	18194565.16	7712533.71	8464377.89	9821730.23
12	Heat value of coal	K.cal/Kg	3443.44	3939.48	3193.79	3754.92	3917.69
13	Coal consumption [13=(11/12) ×1000]	MT	6274689.56	4618519.49	2414853.11	2254209.91	2507020.78
14	Coal requirement with permissible transit loss	MT	6325291.89	4641728.13	2434327.73	2272389.03	2527238.69
15	Average cost of Oil	Rs./KL	54845.44	46667.03	50872.34	51808.73	56592.12
16	Average price of coal	Rs./MT	2506.83	2935.63	2606.88	2932.60	2963.30
17	Cost of oil [17=(9×15)/100000]	Rs. lakh	8837.79	4463.89	3409.72	1815.38	2379.70
18	Cost of coal [18=(14×16)/100000]	Rs. lakh	158564.31	136263.96	63460.00	66640.08	74889.66
19	Cost of Fuel (19=17+18)	Rs. lakh	167402.10	140727.85	66869.72	68455.46	77269.36
20	Average Fuel Cost per unit of Generation (19/4x10)	Paise/kwh	230.09	210.17	277.29	214.69	201.93



ANNEXURE – 4C

COMPUTATION OF FUEL COST OF DIFFERENT GENERATING STATIONS OF WBPDC FOR THE YEAR 2013 - 2014

Sl No	Particulars	Unit	Stations				
			Kolaghat	Bakreswar	Bandel	Santal dih	Sagardighi
1	Generation	MU	8057.00	7358.00	2720.00	3504.00	4205.00
2	Rate of Auxiliary Consumption (normative)	%	9.60%	9.00%	9.95%	9.00%	9.00%
3	Auxiliary consumption	MU	773.47	662.22	270.64	315.36	378.45
4	Ex-bus generation (4=1-3)	MU	7283.53	6695.78	2449.36	3188.64	3826.55
5	Station Heat Rate (Normative)	Kcal/kWh	2700.00	2470.00	2900.00	2425.00	2345.00
6	Total Heat Required (6=1×5)	M.Kcal	21753900.00	18174260.00	7888000.00	8497200.00	9860725.00
7	Heat value of Oil	Kcal/lit	9146.27	9415.69	9304.93	9367.04	9273.43
8	Specific Oil consumption	ml/kWh	2.00	1.30	2.25	1.00	1.00
9	Oil consumption (9=1×8)	KL	16114.00	9565.40	6120.00	3504.00	4205.00
10	Heat from oil [10=(7×9)/1000]	M.Kcal	147382.99	90064.84	56946.17	32822.11	38994.77
11	Heat from coal (11=6-10)	M.Kcal	21606517.01	18084195.16	7831053.83	8464377.89	9821730.23
12	Heat value of coal	K.cal/Kg	3443.44	3939.48	3193.79	3754.92	3917.69
13	Coal consumption [13=(11/12) ×1000]	MT	6274689.56	4590503.10	2451962.66	2254209.91	2507020.78
14	Coal requirement with permissible transit loss	MT	6325291.89	4613570.96	2471736.55	2272389.03	2527238.69
15	Average cost of Oil	Rs./KL	54845.00	46667.00	50872.00	51808.73	56592.12
16	Average price of coal	Rs./MT	2506.83	2935.63	2606.88	2932.60	2963.30
17	Cost of oil [17=(9×156)/100000]	Rs. lakh	8837.72	4463.89	3113.37	1815.38	2379.70
18	Cost of coal [18=(14×16)/100000]	Rs. lakh	158564.31	135437.37	64435.21	66640.08	74889.66
19	Cost of Fuel (19=17+18)	Rs. lakh	167402.03	139901.26	67548.58	68455.46	77269.36
20	Average Fuel Cost per unit of Generation (19/4x10)	Paise/kwh	229.84	208.94	275.78	214.69	201.93



CHAPTER – 5 FIXED CHARGES

- 5.1 An examination of the projected fixed charges claimed by WBPDCCL for the years 2011 – 2012, 2012 – 2013 and 2013 – 2014 of the third control period under different heads for its generating stations has been taken up in this chapter.
- 5.2 The Commission has taken prudent analyses of the charges claimed under different heads with reference to reasonableness. The annual report and accounts for the year 2011 – 2012 of WBPDCCL has been published. The Commission also compares the claim of WBPDCCL for 2011 – 2012 with the expenses shown under the respective head in the annual report and accounts, 2011 – 2012 of WBPDCCL.
- 5.3 **Employee Cost**
- 5.3.1 WBPDCCL has projected the employee cost on the basis of their actual audited employee cost during the year 2010 – 2011 which has further been increased by 5.72% each year for 2011 – 2012 to 2013 – 2014. They have also considered the retirement and addition of employees in their employee cost.
- 5.3.2 WBPDCCL has projected the station wise number of employee. The number of employee as projected and the Man / MW ratio for each generating station are as follows:

Generating station	Capacity (MW)	2011 – 2012		2012 – 2013		2013 – 2014	
		No. of employee	Man/MW	No. of employee	Man/MW	No. of employee	Man/MW
Kolaghat	1260	1603	1.27	1561	1.24	1516	1.20
Bakreswar	1050	878	0.84	921	0.87	962	0.92
Bandel	450	884	1.96	870	1.93	854	1.90
Santaldih	500	882	1.76	866	1.73	848	1.70
Sagardighi	600	736	1.23	915	1.53	1092	1.82



Tariff Order of WBPDCCL for the year 2011 - 2012 and 2012 – 2013

- 5.3.3 It is observed from the above that the number of employee for each generating stations excepting Sagardighi generating station are within the limit of Man / MW ratio as stipulated in the Tariff Regulations. Though the Man / MW ratio of Sagardighi generating station for the year 2011 – 2012 is within the norms, but for 2012 – 2013 and 2013 – 2014, such ratio exceeds the norms as there is a considerable increase in number of employees as projected by WBPDCCL for 2012 – 2013 and 2013 – 2014 over that of the employee projected for 2011 – 2012. However, WBPDCCL has not considered the impact of such increase in number of employee in their projection for employee cost for the years 2012 2013 and 2013 – 2014 as they simply projected the employee cost giving 5.72% hike each year over the employee cost for 2010 – 2011. WBPDCCL is directed to clarify such increase in projected number of employees at Sagardighi generating station in their APR for 2011 – 2012.
- 5.3.4 In their station wise projection, WBPDCCL has estimated the employee cost in two parts – i) salaries and ii) others. In regard to others, WBPDCCL has not given any explanation. It is not clear from their submission what expenses they have estimated under 'others'. The Commission decides to deduct 10% of such estimated cost for each year from the employee cost while admitting the employee cost for each generating station.
- 5.3.5 WBPDCCL has projected the employee cost on the basis of actual audited employee cost for 2010 – 2011 with some escalation for the future years. Since WBPDCCL provided the liability of AS-15 in the employee cost for 2010 – 2011, the Commission feels it prudent not to consider the employee cost for 2011 – 2012, 2012 – 2013 and 2013 – 2014, as projected by WBPDCCL, on the basis of employee cost for 2010 – 2011 because this will provide an unnecessary inflated cost. Moreover, the employee cost related to Unit – VI of Santaldih generating station during the year 2010 – 2011 was not charged in the revenue account as the unit was under construction during that year. The unit - VI at Santaldih



Tariff Order of WBPDCCL for the year 2011 - 2012 and 2012 – 2013

generating station has been commissioned on 30.09.2011 and employee costs for that unit are to be considered in the revenue account from 2011 – 2012 onwards. However, the audited annual report and accounts of WBPDCCL for 2011 – 2012 has been published and the Commission has taken a look into the employee cost as shown in the audited accounts for 2011 – 2012.

5.3.6 It is seen from the audited annual report and accounts, 2011 – 2012 of WBPDCCL that the employee cost 2011 – 2012 as booked in their accounts is less than the total employee cost as projected by WBPDCCL for the year 2011 – 2012. Thus, the Commission considers the station wise employee cost after making station wise appropriation of the total employee cost of Rs. 31041.14 lakh, as shown in the annual report and accounts for 2011 – 2012 in the same ratio of their station wise projection and deduct a part of the employee cost, as stated in paragraph 5.2.4, from the employee cost so appropriated and admits the employee cost for 2011 – 2012 accordingly. The Commission admits the employee cost for 2012 – 2013 and 2013 – 2014 giving a hike of 6% annually over the amount so admitted for 2011 – 2012 for each generating station.

5.3.7 The employee costs, thus admitted by the Commission, are as follows:

Generating station	Employee cost as admitted by the Commission (Rs. in lakh)		
	2011 – 2012	2012 – 2013	2013 – 2014
Kolaghat	10093.53	10699.15	11341.09
Bakreswar	6526.03	6917.60	7332.65
Bandel	5151.30	5460.38	5788.00
Santaldih	4255.53	4510.86	4781.51
Sagardighi	4398.30	4662.20	4941.93

5.4 Coal & Ash Handling Expenses:

5.4.1 WBPDCCL has projected the Coal & Ash handling expenses for its power stations presently in operation.



Tariff Order of WBPDC for the year 2011 - 2012 and 2012 – 2013

5.4.2 The coal and ash handling charges have been admitted on the basis of actual charges incurred during 2010 – 2011 which have further been escalated @ 5% each year for 2011 – 2012 to 2013 – 2014. The coal and ash handling charges thus admitted by the Commission are as follows:

Power station	Rupees in Lakh		
	2011 – 2012	2012 – 2013	2013 – 2014
Kolaghat	2148.15	2255.50	2368.34
Bakreswar	458.02	479.98	503.98
Bandel	768.29	806.70	847.03
Santaldih	108.97	152.56	160.19
Sagardighi	157.87	165.76	174.05

5.5 Water Charges / Cess:

5.5.1 The water charges for each generating station have been projected by WBPDC on the basis of actual expenditure incurred in 2010 – 2011 with an escalation of 5.72% each year as inflationary trend to arrive at the estimated value for the years 2011 – 2012 to 2013 – 2014.

5.5.2 The Commission admits the water charges on the basis of actual charge incurred during 2010 – 2011 which are further escalated by 5% each year for 2011 – 2012, 2012 – 2013 and 2013 – 2014.

5.5.3 The water charges, thus, admitted for the different generating stations are as under:

Power station	Rupees in Lakh		
	2011 – 2012	2012 – 2013	2013 – 2014
Kolaghat	25.76	27.04	28.40
Bakreswar	26.48	27.81	29.20
Bandel	150.90	158.44	166.36
Santaldih	74.78	104.69	109.93
Sagardighi	14.24	14.95	15.70

5.6 Operation & Maintenance Expenses:

5.6.1 As per regulation 4.7 of the Tariff Regulation the component of Operation and Maintenance (O&M) expenses are as follows:



Tariff Order of WBPDCCL for the year 2011 - 2012 and 2012 – 2013

- i) Repair & Maintenance Expenses (R & M).
- ii) Administrative and General Expenses which are composed of followings
 - Rent and lease charges.
 - Legal charges.
 - Auditor's expenses, which include auditor's fees, auditor's expenses and payment to auditors in any other capacity or for any work which is necessary to be got done from them and audited.
 - Consultancy charges for work which cannot be done in-house or is uneconomical in doing in-house or is essential to be done from outside sources except payment to Auditors.
 - Other expenses necessary and arising from and ancillary or incidental to the business of electricity except penalty etc. levied under this Act or any other Act.

Considering these heads, the Commission has set the norms in the Tariff Regulations.

5.6.2 WBPDCCL has projected the (O&M) expenses for each generating station for the three years i.e., 2011 – 2012, 2012 – 2013 and 2013 – 2014 as per norms set out in schedule – 9A of the Tariff Regulations. The unit - VI of Santaldih generating station has come into commercial operation w.e.f. 30.09.2011 and the (O&M) expenses for units V and VI of Santaldih generating station have been projected by WBPDCCL accordingly. WBPDCCL has stated that the actual (O&M) expenses during the year 2010 – 2011 was higher than the amount admitted for the year as per norms and they have prayed to the Commission to consider the difficulties in achieving the norms.

5.6.3 In terms of the recommended annual norms of operation and maintenance expenses, vide part G of Schedule 9A of the Tariff Regulations, the amounts that can be allowed for each of the power stations in operation work out as under:



Tariff Order of WBPDCCL for the year 2011 - 2012 and 2012 – 2013

(Rs. in lakh)

Power station	2011 – 2012	2012 – 2013	2013 – 2014
Kolaghat	13444.20	13986.00	14540.40
Bakreswar	8851.50	9292.50	9754.50
Bandel	5166.00	5422.50	5692.50
Santaldih	2659.50	3720.00	3905.00
Sagardighi	3618.00	3798.00	3990.00

5.6.4 In the above computations, (O&M) expenses for Unit V of Santaldih generating station have been computed considering full year in operation and the (O&M) expenses for Unit VI have been computed considering 6 months in operation to arrive at the (O&M) expenses for Santaldih generating station for the year 2011 – 2012. Going by the aforesaid norms, the Commission decides to admit the amounts as worked out above towards operation and maintenance expenses.

5.7 Insurance Premium:

5.7.1 WBPDCCL has projected the station wise insurance premium for each year of 2011 – 2012, 2012 – 2013 and 2013 – 2014 based on the actual insurance premium paid by WBPDCCL during 2010 – 2011 after considering an annual inflation for each year. The Commission admits the amount as projected by WBPDCCL for the year 2011 – 2012, 2012 – 2013 and 2013 – 2014 as insurance premium being an uncontrollable element. The admitted amount of insurance premium for the three years under the third control period are as follows:

Rs. in lakh

Power station	2011 – 2012	2012 – 2013	2013 – 2014
Kolaghat	19.99	21.14	22.34
Bakreswar	85.01	89.87	95.01
Bandel	9.81	10.37	10.97
Santaldih	37.00	52.02	55.00
Sagardighi	46.08	48.70	51.48



5.8 Depreciation:

- 5.8.1 In their projection the gross fixed asset for 2011 – 2012 in respect of the existing units has been considered by WBPDCCL on the basis of closing gross fixed assets in the audited accounts for 2010 – 2011. No capital addition to the fixed assets during the years 2011 – 2012, 2012 – 2013 and 2013 – 2014 has been considered to be capitalized into asset. For the new units (Bakreswar IV & V, Sagardighi I & II, Santaldih V & VI), the project cost of the respective unit has been considered for fixed assets.
- 5.8.2 As stated in their application, the depreciation rates and useful life of assets has been considered by WBPDCCL as per Schedule – A of the Tariff Regulations and for new unit (unit VI of Santaldih generating station) asset addition during the year has been considered only for the period for which these assets have been put in use.
- 5.8.3 It is seen from the audited annual accounts of WBPDCCL for the year 2011 – 2012 that the overall original cost of assets at the beginning of the year 2011 – 2012 is higher than the total of original fixed assets at the beginning of the year 2011 – 2012 computed from the data projected in their MYT application for each generating station. The addition of assets as shown against STPS Unit VI in the annual accounts is also higher than the addition of assets projected for the said station. The overall depreciation charged in the annual accounts for the year 2011 – 2012 is Rs. 39690.60 lakh whereas the total depreciation claimed by WBPDCCL for the year 2011 – 2012 is Rs. 39149.94 lakh.
- 5.8.4 The Commission thus, considers the submission of WBPDCCL and admits the depreciation of each generating station for the years 2011 – 2012, 2012 – 2013 and 2013 – 2014 as claimed by WBPDCCL, as follows.



Tariff Order of WBPDCCL for the year 2011 - 2012 and 2012 – 2013

Power station	Rupees in Lakh		
	2011 – 2012	2012 – 2013	2013 – 2014
Kolaghat	1246.75	1246.75	1246.75
Bakreswar	17041.36	17041.36	17041.36
Bandel	158.45	158.45	158.45
Santaldih	7134.44	8912.07	8912.07
Sagardighi	9237.59	9202.38	9301.99

5.8.5 WBPDCCL is directed to clarify in the application for APR for 2011 -2012 the difference between the overall original fixed assets at the beginning year 2011 – 2012 as shown in their annual accounts and as projected in their MYT application.

5.8.6 The chargeable amounts on depreciation in respect of Bakreswar transmission system, Sagardighi transmission system and Santaldih transmission system are, however, excluded in the above admitted amount of depreciation.

5.8.7 The chargeable amounts of depreciation in respect of Bakreswar transmission system, Sagardighi transmission system and Santaldih transmission system are as follows:

Year	Amount in Rs. lakh		
	Bakreswar	Santaldih	Sagardighi
2011 – 2012	1966.66	606.82	1693.48
2012 – 2013	1966.66	606.82	1693.48
2013 – 2014	1966.66	606.82	1693.48

5.9 Advance against Depreciation:

5.9.1 WBPDCCL has projected the requirement of advance against depreciation for all the three years 2011 – 2012, 2012 – 2013 and 2013 – 2014 in respect of Santaldih and Sagardighi generating stations. WBPDCCL has not claimed advance against depreciation in respect of Bakreswar generating station for the



Tariff Order of WBPDCCL for the year 2011 - 2012 and 2012 – 2013

year 2013 – 2014. The Commission decides not to admit any expenditure under the head advance against depreciation at this stage.

5.9.2 WBPDCCL shall come up with their proposal for advance against depreciation as per provision of Tariff Regulations along with the statement of repayment of loan during the year and depreciation allowed for the year, in their APR application for the concerned years.

5.10 Interest on borrowed Capital:

5.10.1 WBPDCCL has projected the interest payable on the borrowed capital during the years 2011 – 2012, 2012 – 2013 and 2013 – 2014. The Commission has taken up the examination of such projections separately for generating stations at Bakreswar, Santaldih and Sagardighi. No term loan has been received by WBPDCCL in capital accounts for Bandel and Kolaghat generating stations and hence no interest has been claimed by WBPDCCL for those generating stations. WBPDCCL has given the details of the calculation of interest on borrowed capital as per the format given in the Tariff Regulations. The Commission has examined those computations and compared the same with the interest paid during the year 2011 – 2012 as per the audited annual accounts of WBPDCCL for 2011 – 2012 and observed that the total interest on borrowed capital claimed for the year 2011 – 2012 is something less than the interest booked in the revenue expenditure in the annual accounts for 2011 – 2012. The Commission, thus, admits the interest claimed by WBPDCCL, as follows:

Power station	Rupees in Lakh		
	2011 – 2012	2012 – 2013	2013 – 2014
Bakreswar	14138.51	13655.37	12822.86
Santaldih	16305.38	14875.93	13328.37
Sagardighi	13911.59	12752.49	11593.38



Tariff Order of WBPDCCL for the year 2011 - 2012 and 2012 – 2013

5.10.2 It is mentioned that the chargeable interests on borrowed capital in respect of Bakreswar transmission system, Sagardighi transmission system and Santaldih transmission system are, however, excluded in the above admitted amount of such chargeable interest on borrowed capital.

5.10.3 The chargeable interests on borrowed capital in respect of Bakreswar transmission system, Sagardighi transmission system and Santaldih transmission system are as follows:

Year	Amount in Rs. lakh		
	Bakreswar	Santaldih	Sagardighi
2011 – 2012	859.17	803.34	1578.24
2012 – 2013	759.20	740.39	1446.74
2013 – 2014	659.24	677.44	1315.25

5.11 Finance Charges:

5.11.1 WBPDCCL has not claimed other finance charges for any generating station for any year under the third control period. Thus, the Commission does not admit finance charge against any of the generating stations for all the three years under the third control period.

5.12 Reserve for unforeseen Exigencies:

5.12.1 WBPDCCL has proposed provision towards Reserve for unforeseen exigencies for all its generating stations in operation @ 0.25% of the value of gross fixed assets at the beginning of the year annually in terms of regulation 5.11.1 of the Tariff Regulations.

5.12.2 The Commission has already allowed WBPDCCL Rs. 2905.84 lakh as reserve for unforeseen exigencies upto the year 2010 – 2011. The Commission now decides not to allow any amount under this head for the years 2011 – 2012, 2012 – 2013 and 2013 – 2014 to avoid future hike in tariff which will ultimately affect the tariff of the consumers of the licensee.



Tariff Order of WBPDCCL for the year 2011 - 2012 and 2012 – 2013

5.13 Interest on Working Capital:

5.13.1 WBPDCCL has claimed for interest on working capital for all the generating stations for the years 2011 – 2012, 2012 – 2013 and 2013 – 2014 on normative basis in terms of regulation 5.6.5.1 of the Tariff Regulations.

5.13.2 The claims for the amounts of interest on working capital are in terms of Tariff Regulations. WBPDCCL has also projected the amount of borrowing towards working capital for each of the operating generating stations in their details of borrowings but does not mention the interest to be paid on such borrowings. The Commission, therefore, considers to allow interest in this regard on normative basis in terms of regulation 5.6.5.1 of the Tariff Regulations.

5.13.3 The normative requirement of working capital has been computed as per provisions of the Tariff Regulations and computed the interest on working capital at the Prime Lending Rate of State Bank of India as on 1.4.2011 i.e., 13%. for each generating station as given in Annexure – 5F.

5.13.4 However, the actual interest payable on such borrowing for working capital for each generating station will be viewed as per provisions of the Tariff Regulations during annual performance review for the concerned year. The Commission admits the interest on working capital as follows:

Power station	Rupees in Lakh		
	2011 – 2012	2012 – 2013	2013 – 2014
Kolaghat	2265.68	2501.53	2518.58
Bakreswar	2174.05	2222.50	2212.73
Bandel	840.94	1021.46	1038.69
Santalalih	916.59	1192.40	1178.41
Sagardighi	1236.67	1282.21	1273.43



5.14 Cost of Outsourcing:

5.14.1 WBPDCCL has claimed cost of outsourcing for all the three years of the control period for each of the generating stations based on estimation for station wise contract. The Commission observed that the cost of outsourcing as claimed by WBPDCCL for different generating stations are for security service, office transportation services, spares and consumables and manpower, which are either related to administrative general expenses or repair and maintenance job and are part of operation while fixing the norms for operation and maintenance expenses expenditure and all such heads were considered for O&M expenses. Since the operation and maintenances are allowed for each generating station on normative basis, the Commission decides not to allow any expenses under the head 'cost of outsourcing' separately as claimed by WBPDCCL.

5.15 Return on Equity:

5.15.1 WBPDCCL has claimed the return on equity for each generating station on the paid up equity capital and the admissible share of free reserve as per provisions of the Tariff Regulations. No addition or withdrawal for equity has been considered by WBPDCCL during the years of the control period and hence the amount of return as computed above will remain uniform for all the three years of the third control period except Santaldih generating station. The unit VI at Santaldih generating station has come into commercial operation w.e.f. 30.09.2011 and the return on equity related to unit VI of Santaldih generating station has been computed for the period for which the unit is in operation during the year 2011 – 2012. The Commission admits the return on equity for all the generating stations as follows:



Tariff Order of WBPDCCL for the year 2011 - 2012 and 2012 – 2013

Power station	Rupees in Lakh		
	2011 – 2012	2012 – 2013	2013 – 2014
Kolaghat	23546.46	23546.46	23546.46
Bakreswar	25262.30	25262.30	25262.30
Bandel	1745.52	1745.52	1745.52
Santaldih	10591.85	13482.48	13482.48
Sagardighi	14357.09	14357.09	14357.09

5.15.2 The chargeable amounts of return on equity in respect of Bakreswar transmission system, Sagardighi transmission system and Santaldih transmission system are, however, excluded in the above admitted amount of such return on equity.

5.15.3 The chargeable amounts of return on equity in respect of Bakreswar transmission system, Sagardighi transmission system and Santaldih transmission system are as follows:

Year	Amount in Rs. lakh		
	Bakreswar	Santaldih	Sagardighi
2011 – 2012	1847.83	643.22	1628.78
2012 – 2013	1847.83	643.22	1628.78
2013 – 2014	1847.83	643.22	1628.78

5.16 Income Tax:

5.16.1 It is submitted by WBPDCCL in their application that they have been paying Minimum Alternate Tax (MAT) in past years. A return on equity (ROE) for the years 2011 – 2012 to 2013 – 2014 has been grossed up for the applicable MAT rate to arrive at pre-tax ROE for the third control period. No claim on account of income tax for the years from 2011 – 2012 to 2013 – 2014 has been projected by WBPDCCL in their MYT application. Any variation on actual tax payment and the tax allowed in ROE on pre-tax basis will be taken care of during APR for the respective years.



Tariff Order of WBPDCCL for the year 2011 - 2012 and 2012 – 2013

5.16.2 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 years 2011 – 2012, 2012 – 2013 and 2013 – 2014. In this respect, the provisions in the regulations 5.13.1 and 5.13.2 of the Tariff Regulations may be referred to.

5.17 Income from other sources / Non-Tariff Income:

5.17.1 The incomes to be derived from other non-tariff sources, as projected by WBPDCCL are as under:

Power station	Rupees in Lakh		
	2011 – 2012	2012 – 2013	2013 – 2014
Kolaghat	1965.47	1965.47	1965.47
Bakreswar (Units 1 to 6)	229.22	229.22	229.22
Bandel	154.39	154.39	154.39
Santaldih	143.63	143.63	143.63
Sagardighi	80.00	80.00	80.00

5.17.2 The projected incomes are to be generated by sale of scrap, interest earnings from the short term deposits with banks, investments and rental charges on the Wagon (in case of Bakreswar) etc. The non-tariff income for the three years under third control period has been projected at the similar levels based on the actual non-tariff income during the year 2010 – 2011 for each generating station. The Commission admits the projected amount. The Commission, however, observes that the incomes to be derived from leasing of wagon and from simulation package as well as from hydrogen gas plants should have been shown separately as the carrying cost of those have been allowed in the fixed



Tariff Order of WBPDCCL for the year 2011 - 2012 and 2012 – 2013

charges of Bakreswar generating station. The needful in this regard should be done at the time of submitting application for APR for the concerned years.

5.18 Regulatory Assets – Employee Cost:

5.18.1 WBPDCCL in their petition has prayed to release the regulatory asset of 6683.42 lakh created in the Tariff order dated 29.07.2010 in case no. TP-39/08-09 for the year 2010 – 2011 regarding liabilities for retirement benefit to the employees as per Accounting Standard – 15 (AS – 15) included in the employee cost. The regulatory assets of Rs. 6683.42 lakh as referred by WBPDCCL have been released in the APR for WBPDCCL for the year 2010 – 2011 vide Commission’s order dated 21.11.2012 in case no. APR-27/11-12. Hence, no adjustments are being done in this order.

5.19 Fixed cost related to Transmission Systems at Bakreswar, Santaldih and Sagardighi:

5.19.1 The fixed costs related to transmission systems at Bakreswar, Santaldih and Sagardighi will not form part of the fixed charges for Bakreswar, Sagardighi and Santaldih generating stations and are not considered in the computation of fixed charges for those generating stations. The total amounts in respect of the transmission systems at Bakreswar, Santaldih and Sagardighi, as projected by WBPDCCL are given below.

Generating station	2011 – 2012				2012 – 2013				2013 – 2014			
	Int.	Dep	Return	Total	Int.	Dep	Return	Total	Int.	Dep	Return	Total
Bakreswar	859.17	1966.66	1847.83	4673.66	759.20	1966.66	1847.83	4573.70	659.24	1966.66	1847.83	4473.73
Santaldih	803.34	606.82	643.22	2053.38	740.39	606.82	643.22	1990.42	677.44	606.82	643.22	1927.47
Sagardighi	1578.24	1693.48	1628.78	4900.50	1446.74	1693.48	1628.78	4769.01	1315.25	1693.48	1628.78	4637.51

Rupees in Lakh



Tariff Order of WBPDCCL for the year 2011 - 2012 and 2012 – 2013

- 5.19.2 Regarding recovery of fixed charges related to Bakreswar transmission systems for the year 2011 – 2012 and 2012 – 2013, the paragraphs 5.6 and 5.7 of the tariff order of WBSETCL in case no. TP-50/11-12 may be referred to.
- 5.19.3 The fixed charges in respect of Santaldih transmission systems shall be recovered by WBPDCCL from WBSETCL after handing over the asset to WBSETCL, as referred in paragraph 3.20.4 of APR order dated 21.11.2012 in case no APR-27/11-12. WBPDCCL is directed to furnish the documents in this regard.
- 5.19.4 As far as the recovery of fixed charges of Sagardighi transmission system is concerned, it is to mention that since the matter relating to transfer / maintenance arrangement of the concerned assets to PGCIL or to any other agency has not yet been settled, recovery of fixed charges is not considered. The matter will be viewed afresh on settlement of the transfer of the concerned assets to PGCIL or any other agency.

**ANNEXURE – 5A**

Rupees in Lakh

KOLAGHAT THERMAL POWER STATION				
SI. NO.	PARTICULARS	2011-12	2012-13	2013-14
		ADMITTED	ADMITTED	ADMITTED
1	Fuel	150522.10	167402.10	167402.03
2	Coal and Ash Handling charge	2148.15	2255.50	2368.34
3	Employee Cost	10093.53	10699.15	11341.09
4	Others under salary			
5	Cost of Outsourcing	0.00	0.00	0.00
6	Special Allocations	0.00	0.00	0.00
7	Operation and Maintenance Expenses	13444.20	13986.00	14540.40
9	Insurances	19.99	21.14	22.34
10	Financing Charges	0.00	0.00	0.00
11	Interest on borrowed capital	0.00	0.00	0.00
12	Interest on Working Capital	2265.75	2501.53	2518.58
13	Depreciation	1246.75	1246.75	1246.75
14	Water Charges	25.76	27.04	28.40
15	Reserve for Unforeseen Exigencies	0.00	0.00	0.00
16	Total Expenditure (16 = sum 1 to 15)	179766.23	198139.21	199467.93
17	Return on Equity	23546.46	23546.46	23546.46
18	Gross Aggregate Revenue Requirement	203312.69	221685.67	223014.39
19	Less Misc. other income	1965.47	1965.47	1965.47
20	Aggregate Revenue Requirement (Annual) (20 = 18 - 19)	201347.22	219720.20	221048.92

**ANNEXURE – 5B**

Rupees in Lakh				
BAKRESWAR THERMAL POWER STATION				
SI. NO.	PARTICULARS	2011-12	2012-13	2013-14
		ADMITTED	ADMITTED	ADMITTED
1	Fuel	137378.27	140727.85	139901.26
2	Coal and Ash Handling charge	458.02	479.98	503.98
3	Employee Cost	6526.03	6917.60	7332.65
4	Others under salary			
5	Cost of Outsourcing	0.00	0.00	0.00
6	Special Allocations	0.00	0.00	0.00
7	Operation and Maintenance Expenses	8851.50	9292.50	9754.50
9	Insurances	85.01	89.87	95.01
10	Financing Charges	0.00	0.00	0.00
11	Interest on borrowed capital	14138.51	13655.37	12822.86
12	Interest on Working Capital	2174.05	2222.50	2212.73
13	Depreciation	17041.36	17041.36	17041.36
14	Water Charges	26.48	27.81	29.20
15	Reserve for Unforeseen Exigencies	0.00	0.00	0.00
16	Total Expenditure (16 = sum 1 to 15)	186679.23	190454.84	189693.55
17	Return on Equity	25262.30	25262.30	25262.30
18	Gross Aggregate Revenue Requirement	211941.53	215717.14	214955.85
19	Less Misc. other income	229.22	229.22	229.22
20	Aggregate Revenue Requirement (Annual) (20 = 18 - 19)	211712.31	215487.92	214726.63

**ANNEXURE – 5C**

Rupees in Lakh				
BANDEL THERMAL POWER STATION				
SI. NO.	PARTICULARS	2011-12	2012-13	2013-14
		ADMITTED	ADMITTED	ADMITTED
1	Fuel	53595.55	66869.72	67548.58
2	Coal and Ash Handling Charge	768.29	806.70	847.03
3	Employee Cost	5151.30	5460.38	5788.00
4	Others under salary			
5	Cost of Outsourcing	0.00	0.00	0.00
6	Special Allocations	0.00	0.00	0.00
7	Operation and Maintenance Expenses	5166.00	5422.50	5692.50
9	Insurances	9.81	10.37	10.97
10	Financing Charges	0.00	0.00	0.00
11	Interest on borrowed capital	0.00	0.00	0.00
12	Interest on Working Capital	840.94	1021.46	1038.69
13	Depreciation	158.45	158.45	158.45
14	Water Charges	150.90	158.44	166.36
15	Reserve for Unforeseen Exigencies	0.00	0.00	0.00
16	Total Expenditure (16 = sum 1 to 15)	65841.24	79908.02	81250.58
17	Return on Equity	1745.52	1745.52	1745.52
18	Gross Aggregate Revenue Requirement	67586.76	81653.54	82996.10
19	Less Misc. other income	154.39	154.39	154.39
20	Aggregate Revenue Requirement (Annual) (20 = 18 - 19)	67432.37	81499.15	82841.71

**ANNEXURE – 5D**

Rupees in Lakh				
SANTALDIH THERMAL POWER STATION (V & VI)				
SI. NO.	PARTICULARS	2011-12	2012-13	2013-14
		ADMITTED	ADMITTED	ADMITTED
1	Fuel	47214.47	68455.46	68455.46
2	Coal and Ash Handling Charge	108.97	152.56	160.19
3	Employee Cost	4255.53	4510.86	4781.51
4	Others under salary			
5	Cost of Outsourcing	0.00	0.00	0.00
6	Special Allocations	0.00	0.00	0.00
7	Operation and Maintenance Expenses	2659.50	3720.00	3905.00
9	Insurances	37.00	52.02	55.00
10	Financing Charges	0.00	0.00	0.00
11	Interest on borrowed capital	16305.38	14875.93	13328.37
12	Interest on Working Capital	916.66	1192.46	1178.47
13	Depreciation	7134.44	8912.07	8912.07
14	Water Charges	74.78	104.69	109.93
15	Reserve for Unforeseen Exigencies	0.00	0.00	0.00
16	Total Expenditure (16 = sum 1 to 15)	78706.73	101976.05	100886.00
17	Return on Equity	10591.85	13482.48	13482.48
18	Gross Aggregate Revenue Requirement	89298.58	115458.53	114368.48
19	Less Misc. other income	143.63	143.63	143.63
20	Aggregate Revenue Requirement (Annual) (20 = 18 - 19)	89154.95	115314.90	114224.85

**ANNEXURE – 5E**

Rupees in Lakh				
SAGARDIGHI THERMAL POWER STATION				
SI. NO.	PARTICULARS	2011-12	2012-13	2013-14
		ADMITTED	ADMITTED	ADMITTED
1	Fuel	73062.36	77269.36	77269.36
2	Coal and Ash Handling Charge	157.87	165.76	174.05
3	Employee Cost	4398.30	4662.20	4941.93
4	Others under salary			
5	Cost of Outsourcing	0.00	0.00	0.00
6	Special Allocations	0.00	0.00	0.00
7	Operation and Maintenance Expenses	3618.00	3798.00	3990.00
9	Insurances	46.08	48.70	51.48
10	Financing Charges	0.00	0.00	0.00
11	Interest on borrowed capital	13911.59	12752.49	11593.38
12	Interest on Working Capital	1236.67	1282.21	1273.43
13	Depreciation	9237.59	9202.38	9301.99
14	Water Charges	14.24	14.95	15.70
15	Reserve for Unforeseen Exigencies	0.00	0.00	0.00
16	Total Expenditure (16 = sum 1 to 15)	105682.70	109196.05	108611.32
17	Return on Equity	14357.09	14357.09	14357.09
18	Gross Aggregate Revenue Requirement	120039.79	123553.14	122968.41
19	Less Misc. other income	80.00	80.00	80.00
20	Aggregate Revenue Requirement (Annual) (20 = 18 - 19)	119959.79	123473.14	122888.41



ANNEXURE – 5F WORKING CAPITAL

Particulars	2011-12 (Rs. in lakh)					2012-13 (Rs. in lakh)					2013-14 (Rs. in lakh)				
	KTPS	BkTPS	BTPS	STPS	SgTPS	KTPS	BkTPS	BTPS	STPS	SgTPS	KTPS	BkTPS	BTPS	STPS	SgTPS
Annual fixed cost	48559.44	72159.99	12995.88	41023.89	45660.76	49816.57	72537.57	13607.97	45667.04	44921.57	51128.31	72612.64	14254.44	44590.98	44345.62
Fuel cost	150522.10	137378.27	53595.55	47214.47	73062.36	167402.10	140727.85	66869.72	68455.46	77269.36	167402.03	139901.26	67548.58	68455.46	77269.36
Total	199081.54	209538.26	66591.43	88238.36	118723.12	217218.67	213265.42	80477.69	114122.50	122190.93	218530.34	212513.90	81803.02	113046.44	121614.98
Less:															
Depreciation	1246.75	17041.36	158.45	7134.45	9237.59	1246.75	17041.36	158.45	8912.07	9202.38	1246.75	17041.36	158.45	8912.07	9301.99
Advance against depreciation															
Deffered rev. expenditure															
Return on Equity	23546.46	25262.30	1745.52	10591.85	14357.09	23546.46	25262.30	1745.52	13482.48	14357.09	23546.46	25262.30	1745.52	13482.48	14357.09
Bad Debts															
Reserve for unforeseen exigencies	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Sub total	24793.21	42303.66	1903.97	17726.30	23594.68	24793.21	42303.66	1903.97	22394.55	23559.47	24793.21	42303.66	1903.97	22394.55	23659.08
Allowable Fixed Charge for W.C	174288.33	167234.60	64687.46	70512.06	95128.44	192425.46	170961.76	78573.72	91727.95	98631.46	193737.13	170210.24	79899.05	90651.89	97955.90
Normative W.C	10%	17428.83	16723.46	6468.75	7051.21	9512.84	19242.55	17096.18	7857.37	9172.80	9863.15	19373.71	17021.02	7989.91	9065.19
Interest on W.C	13%	2265.75	2174.05	840.94	916.66	1236.67	2501.53	2222.50	1021.46	1192.46	1282.21	2518.58	2212.73	1038.69	1178.47



CHAPTER – 6 SUMMARISED STATEMENT OF AGGREGATE REVENUE REQUIREMENT FOR 2011 – 2012, 2012 – 2013 AND 2013 – 2014 AND REVENUE RECOVERABLE THROUGH TARIFF FOR THE YEAR 2011 – 2012 AND 2012 – 2013

- 6.1 Based on the analyses and findings recorded in the foregoing chapters we are now drawing the statement of Aggregate Revenue Requirements (ARR) separately for each of the power stations of WBPDCCL and for each of the three years of the third control period. Such summarized statements are given in Annexure 5A to 5E to this chapter.
- 6.2.1 In terms of the Tariff Regulations, we are also to ascertain the amount of revenue recoverable through tariff for each of the generating stations of WBPDCCL for the years 2011 – 2012 and 2012 – 2013 after carrying out adjustments of the ARR for those years with the recoverable or refundable amount as applicable for each generating station determined in Annual Performance Review (APR) for the years 2009 – 2010 and 2010 – 2011, respectively.
- 6.2.2 The amount recoverable from / refundable to the WBSEDCL has been determined in APR for 2009 – 2010 in respect of the fixed charges for each of the generating stations of WBPDCCL vide order of the Commission dated 21.11.2012 in Case No. APR–23/10–11. Accordingly, the amount of revenue to be recovered through tariff for the year 2011 – 2012 separately for each of the generating stations of WBPDCCL works out as under:



Tariff Order of WBPDCCL for the years 2011-2012 and 2012-2013

Rupees in Lakh						
Sl No.	Particulars	Kolaghat	Bakreswar	Bandel	Santaldih	Sagardighi
1	Aggregate Revenue Requirement for the year 2011 – 2012	201347.22	211712.31	67432.37	89154.95	119959.79
2	Amounts determined in APR in regard to Fixed Charges for 2009 – 2010	8888.07	1220.94	1829.28	2516.36	-
3	Total Revenue to be recovered through tariff (1+ 2) during 2011-2012	210235.29	212933.25	69261.65	91671.31	119959.79
4	Fuel cost admitted for the year 2011 - 2012	150522.10	137378.27	53595.55	47214.47	73062.36
5	Capacity charge allowed for the year 2011 – 2012	59713.19	75554.98	16066.10	44456.84	46897.43

6.2.3 The amount recoverable from / refundable to the WBERC has been determined in APR for 2010 – 2011 in respect of the fixed charges for each of the generating stations of WBPDCCL vide order of the Commission dated 21.11.2012 in Case No. APR–27/11–12. Accordingly, the amount of revenue to be recovered through tariff for the year 2012 – 2013 separately for each of the generating stations of WBPDCCL works out as under:

Rupees in Lakh						
Sl No.	Particulars	Kolaghat	Bakreswar	Bandel	Santaldih	Sagardighi
1	Aggregate Revenue Requirement for the year 2012 – 2013	219720.20	215487.92	81499.15	115314.90	123473.14
2	Amounts determined in APR in regard to Fixed Charges for 2010 – 2011	5301.51	11464.64	(-) 764.82	3028.45	(-) 3459.64
3	Total Revenue to be recovered through tariff (1+ 2) during 2012-2013	225021.71	226952.56	80734.33	118343.35	120013.50
4	Fuel cost admitted for the year 2012 - 2013	167402.10	140727.85	66869.72	68455.46	77269.36
5	Capacity charge allowed for the year 2012 – 2013	57619.61	86224.71	13864.61	49887.89	42744.14



CHAPTER – 7 TARIFF ORDER

- 7.1 Based on the analyses and the decisions recorded in earlier chapters the Commission has determined the capacity charge and energy charge for 2011 – 2012 and 2012 – 2013 in respect of Kolaghat, Bakreswar, Bandel, Santaldih and Sagardighi generating stations of WBPDCCL as shown in chapter 6. The Commission now orders as shown in the following paragraphs.
- 7.2 The annual capacity charge recoverable by WBPDCCL from WBSEDCL shall be on the following basis:
- (a) The annual capacity charge recoverable by WBPDCCL from WBSEDCL 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.
- (b) The annual capacity charge is recoverable at the target normative annual availability as provided in following table for 2011 – 2012 and 2012 – 2013.

Generating Station	2011 – 2012		2012 – 2013	
	Target normative availability factor	Annual capacity charge in Rs. lakh	Target normative availability factor	Annual capacity charge in Rs. lakh
Kolaghat	78%	59713.19	78%	57619.61
Bakreswar (Units I to V)	85%	75554.98	85%	86224.71
Bandel	71%	16066.10	73%	13864.61
Santaldih (Units V & VI)	85%	44456.84	85%	49887.89
Sagardighi	85%	46897.43	85%	42744.14

- 7.3 The energy charge recoverable in 2011 – 2012 and 2012 – 2013 against each unit of injection of energy under implemented schedule on injection shall be as follows:



Tariff Order of WBPDCCL for the year 2011 – 2012 and 2012 – 2013

Generating Station	Energy Charge (Paisa/kWh)	
	2011 – 2012	2012 – 2013
Kolaghat	206.53	230.09
Bakreswar	204.61	210.17
Bandel	228.65	277.29
Santaldih	196.48	214.69
Sagardighi	190.42	201.93

- 7.4 WBPDCCL 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.
- 7.5 The tariff for 2011 – 2012 shall be applicable from the billing month of / pertaining to April, 2011 to March, 2012. Adjustments, if any, for over recovery / under recovery from WBSEDCL for the period from 01.04.2011 to 31.03.2012 shall be made in the monthly bills in 48 equal instalments commencing from the months of April, 2013. The tariff for 2011 – 2012 shall, however, be applicable for Unit – VI of Santaldih generating station for the firm power from the date of commercial operation. WBSEDCL may pay additional instalment on account of arrear of WBPDCCL in any month and such payment will then be considered as payable in that month.
- 7.6 The tariff for 2012 – 2013 shall be applicable from the billing month of / pertaining to April, 2012 onwards. Adjustments, if any, for over recovery / under recovery from WBSEDCL for the period from 01.04.2012 to 31.10.2012 shall be made in the monthly bills in 48 equal instalments commencing from the months of April, 2013.
- 7.7 There will be no separate Monthly Fuel Cost Adjustment (MFCA) for WBPDCCL on and from 01.04.2011 till November, 2012. The MFCA realized by WBPDCCL during the years 2011 – 2012 and 2012 – 2013 (upto November, 2012) will be adjusted in computation of any adjustments for over – recovery / under recovery from the energy recipients as mentioned above. WBPDCCL may, however, realize



Tariff Order of WBPDCCL for the year 2011 – 2012 and 2012 – 2013

- / refund MFCA for any subsequent period after November, 2012 as per provision of the Tariff Regulations, subject to the adjustment in Fuel and Power Purchase Cost Adjustment (FPPCA) of the concerned year.
- 7.8 The Commission has already passed an order dated 30.08.2012 in case no. FPPCA-48/10 – 11 allowing WBPDCCL to recover from WBSEDCL a sum of Rs. 41708.72 lakh as additional fuel cost, determined in Fuel Cost Adjustment, for the year 2009 – 2010. WBPDCCL shall continue with the recoveries of the aforesaid amount of Rs. 41708.72 lakh from WBSEDCL in 18 equal monthly installments as mentioned in the aforesaid order.
- 7.9 The Commission has already passed an order dated 16.10.2012 in case no. FPPCA-55/11 – 12 allowing WBPDCCL to recover from WBSEDCL a sum of Rs. 49024.99 lakh as additional fuel cost determined in Fuel Cost Adjustment, for the year 2010 – 2011. WBPDCCL shall continue with the recoveries of the aforesaid amount of Rs. 49024.99 lakh from WBSEDCL in 24 equal monthly installments as mentioned in the aforesaid order.
- 7.10 WBPDCCL shall continue with the recovery of arrears in instalments in terms of order dated 30.12.2011 in cases no. TP – 42 / 09 – 10, TP – 45 / 09 – 10 and TP – 46 / 09 – 10 determining the tariff for new units of WBPDCCL for the years 2008 – 2009, 2009 – 2010 and 2010 – 2011.
- 7.11 Availability of installed capacity for any of the generating stations of WBPDCCL may be adjusted downward against enhanced performance of any of the other generating stations of WBPDCCL, which may register capacity availability over the target 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.
- 7.12 Regarding annual cost recovery for Bakreswar transmission system, the tariff order of West Bengal State Electricity Transmission Company Limited for the



Tariff Order of WBPDCCL for the year 2011 – 2012 and 2012 – 2013

year 2011 – 2012 and 2012 – 2013 in case no. TP – 50 / 11 – 12 is to be followed.

- 7.13 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.
- 7.14 For merit order despatch, SLDC / ALDC shall consider the energy charge of the generating stations of WBPDCCL as determined in the tariff for 2012 – 2013 as per the following table.

Generating Station	Energy Charge for Merit Order Despatch (Paise/kWh)
Kolaghat	230.09
Bakreswar	210.17
Bandel	277.29
Santaldih	214.69
Sagardighi	201.93

- 7.15 In the tariff order of WBPDCCL for 2010 – 2011, issued on 29.07.2010, the Commission had given certain directives to WBPDCCL. WBPDCCL submitted report on compliance of the directives given by the Commission. The Commission has reviewed the report submitted by WBPDCCL and has given further directives in Chapter – 8.
- 7.16 WBPDCCL shall present to the Commission a gist of this order in accordance with regulation 2.9.6 of the Tariff Regulations within three working days from the date of receipt of this order for approval of the Commission and on receipt of the approval shall publish the approved gist in terms of aforesaid regulation within four working days from the date of receipt of the approval of the Commission.



CHAPTER – 8 DIRECTION

- 8.1 WBPDCCL shall comply with the following directions:
- 8.2 During submission of application of APR, WBPDCCL shall give the list of the assets that has been added/ deleted. In case of asset addition WBPDCCL shall also show relation of such assets with different schemes or projects which have been already approved by the Commission or Government of India or Government of West Bengal. In case asset addition has taken from own funding item that shall also be given in detail. These are required in order to have proper reflection in depreciation and return on equity.
- 8.3 In APR application the expenditure on the head of rent and on the head of rates and taxes should be shown separately and distinctly.
- 8.4 Henceforth, whenever any new item is introduced in the application related to tariff, APR or FPPCA, which is not covered by the Tariff Regulations appropriately and has impact on the determination of ARR or fuel / power purchase cost, then WBPDCCL shall provide the reasons of introduction of such item along with necessary justification. It is also to be noted that in such case, the said item should be reflected in the annual accounts of the concerned year respectively.
- 8.5 WBPDCCL is directed to create separate funds related to terminal benefits for the employees. WBPDCCL shall deposit the proportionate amounts related to terminal benefit in the employee cost every month.

While submitting application for APR of 2011 – 2012 and 2012-13 WBPDCCL shall show through audited accounts of different terminal benefit funds that the contribution to the different terminal benefit funds during the concerned year admitted in this order is deposited in the respective terminal benefit funds to the extent it is admitted in the employee cost.



Tariff Order of WBPDCCL for the year 2011 – 2012 and 2012 – 2013

- In case of non-deposition of amount admitted for terminal benefit fund in the respective fund as directed above, Commission may withhold or deduct same amount equivalent to amount of non-deposition from Return on equity and / or depreciation as per discretion of the Commission.
- 8.6 List of loans that accrued interest and payable at the same ensuing year of the control period may be provided during APR of each ensuing year showing the loan amount, interest amount, interest rate and purpose of such loan.
- 8.7 In the matter of reserve for unforeseen exigencies, the Commission directs that WBPDCCL shall ensure that the amount allowed each year under the head reserve for unforeseen exigencies is deposited in the fund within the year.
- 8.8 WBPDCCL is directed to invest immediately the balance fund of reserve for unforeseen exigencies so far allowed following the provisions of the regulation 5.24.1 of the Tariff Regulations, if not yet invested and submit a report on the investment of reserve for unforeseen exigencies and the return from such investment duly audited along with APR application for 2011-2012.
- 8.9 Commission also directs WBPDCCL to follow regulations 5.24.3, 5.24.4 and 5.24.10 of the Tariff Regulations and submit the audited amount of the interest income from investment of each type of reserve funds covered under regulation of 5.24 of the Tariff Regulations with APR of each year starting from the year 2012-13. Commission also directs that the interest accrued from investment of power purchase fund, development fund and reserve for unforeseen exigencies fund shall be deposited in the respective fund as per provision of the regulations.
- 8.10 Failure to comply with the directions given in para 8.7, 8.8 and 8.9 above an amount equivalent to the short fall amount may be deducted from the return on equity of WBPDCCL in the APR for the concerned year.



Tariff Order of WBPDCCL for the year 2011 – 2012 and 2012 – 2013

- 8.11 The Commission directed WBPDCCL to submit a report on their efforts to improve the local environment along with appropriate details of the improvements of environment brought about by the generating company.
- 8.12 WBPDCCL has submitted that to follow the stipulation of WBPCB regarding emission norms for reduction of SPM, SO_x, and NO_x, Ammonia based Flue gas condition system has been introduced at Kolaghat generating station and Bandel Vth Unit. Plant Authorities of all the power stations regularly monitor the emission levels. It has submitted that emission levels in all the power stations is within the safe and permissible limit. It has incorporated Dry Fly Ash Handling Systems in all the power stations except STPS as STPS is located far off from the consumption centre and quality of ash is not good. It expects with the commissioning of new 250 MW units at STPS, it will be possible to blend the good quality of ash of new units and utilize them. It has submitted that the programme of installation of Effluent Treatment Plant and Waste Water Treatment Plant is going on in older plants. WBPDCCL has also submitted that it has engaged a private agency to get improved coal by washing, from the washery, the low grade coal supplied from collieries of MCL at IB Valley in Orissa to minimize the Ash Production.
- 8.13 WBPDCCL shall provide the details regarding insurance expenses as per provisions of the Tariff Regulations in the APR application for the respective years.
- 8.14 WBPDCCL was directed to try to utilize its own resources including balance in its banks for meeting its fresh capital expenditures instead of resorting to more and more borrowings. The WBPDCCL was further directed to try its very best to improve its operational efficiency on all fronts.



Tariff Order of WBPDCCL for the year 2011 – 2012 and 2012 – 2013

- 8.15 WBPDCCL is directed to follow the above direction while meeting its fresh capital expenditures.
- 8.16 All the reports called for in this chapter are in addition to what are statutorily required to be submitted, either by the Act, or by any of the Regulations made thereunder, or by both, for the purpose of submission in the Annual Performance Review of 2011 – 2012.
- 8.17 WBPDCCL shall comply with all the provision of Electricity Act 2003 and rules and regulations made thereafter.

Sd/-

**SUJIT DASGUPTA
MEMBER**

Sd/-

**PRASADRANJAN RAY
CHAIRPERSON**

DATE: 01.12.2012