



ORDER

OF THE

WEST BENGAL ELECTRICITY REGULATORY COMMISSION

FOR THE YEAR 2013 – 2014

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) AND SECTION 62(3) OF THE ELECTRICITY ACT, 2003

DATE: 26.12.2013



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of West Bengal in the year 1999 in terms of section 17 of the Electricity Regulatory Commissions Act, 1998, now repealed by section 185 of the Electricity Act, 2003 (hereinafter referred to as the Act) which came into force with effect from 10.06.2003.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 a State government under section 17 of the 1998 Act (and some other enactments) and functioning as such immediately before coming into force of the Act and shall be the State Commission for the purpose of the Act.
- 1.2 The functions of a State Commission have been specified in Section 86 of the Electricity Act, 2003. One of the main functions of a State Commission relates to determination of tariff for generation, supply, transmission and wheeling of electricity, wholesale, bulk or retail, as the case may be, within a 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, for wheeling as also 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. The Commission determined the tariff of WBPDCCL for the first control period (2007 – 2008) and the second control period (2008 – 2009, 2009 – 2010 and 2010 – 2011) under the then regulations related



to tariff. The last tariff order that determined the tariffs of WBPDCCL is for the years 2011 – 2012 and 2012 – 2013 under third control period.

- 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 date of publication in the official gazette. 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 following a further amendment notifying the West Bengal Electricity Regulatory Commission (Terms and Conditions of Tariff) (Amendment) Regulations, 2013 in the extra ordinary edition of The Kolkata Gazette dated 30th July, 2013 and subsequent corrigendum thereof.
- 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, as amended (hereinafter to be referred as '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 28.5.2011, the Commission, after considering the prayers of WBPDCCL for extension of date for submission of the aforesaid application to the Commission, extended the date for the purpose upto 15th July, 2011. Subsequently WBPDCCL submitted application for extension of date from 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



Tariff Order of WBPDCCL for the year 2013 – 2014

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 the same to the Commission on 10th April, 2012 which was admitted 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 28th 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. 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 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



Tariff Order of WBPDCCL for the year 2013 – 2014

their objections / suggestions on 2nd August, 2012, which has not been considered by the Commission, as it was submitted after 28.05.2012.

- 1.10 The Commission thereafter, in accordance with the provisions of the Act and Tariff Regulations, passed the tariff order dated 01.12.2012 of WBPDCCL in case no. TP-54/12-13 for 2011 – 2012 and 2012 - 2013 determining separately for each of the generating stations of WBSDECL the Aggregate Revenue Requirement (in short 'ARR') for each year of the third control period and revenue recoverable through tariffs during 2011 – 2012 and 2012 – 2013. The objections and suggestions on the tariff petition of WBPDCCL for the third control period was dealt with separately in the tariff order dated 01.12.2012. The analyses and findings for determination of the aforesaid ARR and tariffs of each of the generating stations of WBPDCCL were recorded in the tariff order of WBPDCCL for 2011 – 2012 and 2012 – 2013 in case no. TP-54/12-13.
- 1.11 In the meanwhile Hon'ble Appellate Tribunal for Electricity (in short 'Tribunal') in their order dated 2nd December, 2013 on matters under case no. OP No. 1 of 2011 directed the Commission to follow the time limit given in section 64(3) of the Electricity Act, 2003 in connection with issuance of tariff orders for the year 2013 – 2014 and to file a status report in this respect to the Forum of Regulators as well as the Tribunal on or before 31.12.2013.
- 1.12 The Commission now proceeds to determine for each of the generating stations of WBPDCCL the revenue recoverable through tariff by WBPDCCL during the year 2013 – 2014 as also the tariffs of WBPDCCL for 2013 – 2014 on the basis of ARR determined for 2013 – 2014 in the tariff order for 2011 – 2012 and 2012 – 2013. Those may be found in subsequent chapters.



CHAPTER – 2

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

- 2.1 As stated in the preceding chapter, the Commission determined the ARR separately for each of the generating stations of WBPDCCL for each of the three years of the third control period covering the years 2011 – 2012, 2012 – 2013 and 2013 – 2014 in the tariff order dated 01.12.2012 for 2011 – 2012 and 2012 – 2013 based on the analyses and findings recorded in that order. Such summarized statements of ARR for 2013 – 2014 are given in Annexure-2A.
- 2.2 In terms of the Tariff Regulations, the Commission is to ascertain the amount of revenue recoverable through tariff separately for each of the generating stations by WBPDCCL for the year 2013 – 2014 after carrying out, at its discretion, any positive or negative adjustment of the recoverable or refundable amount of each generating station determined in Annual Performance Review (in short 'APR') for the year 2011 – 2012 with the ARR of respective generating stations for the year 2013 - 2014. The Commission in its order dated 05.09.2013 of APR for 2011 - 2012 in Case No. APR-31/12-13 has determined separately for each of the generating stations of WBPDCCL the positive or negative adjustment to be made in capacity charges of the respective generating stations for the year and found that a total amount of Rs. 8565.39 lakh stands recoverable by WBPDCCL for the year 2011 – 2012. WBPDCCL has filed an application on 4th November, 2013 in case no. APR(R)-3/13-14 for review of the order dated 5th September, 2013 in case no. APR-31/12-13. Decision of the Commission on the application of WBPDCCL for review of the order dated 05.09.2013 is yet to be finalized. In view of above, the Commission is not in a position to make any adjustment on account of APR for 2011 - 2012 with the ARR of WBPDCCL for 2013 – 2014 to determine the revenue recoverable through tariff by WBPDCCL for the year 2013 – 2014.



Tariff Order of WBPDCCL for the year 2013 – 2014

2.3 The Commission has already passed an order dated 04.07.2013 in case no. FPPCA-61/12-13 allowing a recoverable amount of Rs. 21664.65 lakh as determined in Fuel Cost Adjustment, for the year 2011 – 2012 and to be recovered by WBPDCCL from their energy recipient i.e., WBSEDCL. The Commission shall give their decision regarding recovery of the said amount of Rs. 21664.65 lakh from WBSEDCL by WBPDCCL in the tariff order for 2014 – 2015 or any subsequent tariff order(s).

2.4 Accordingly, the revenue recoverable by WBPDCCL through tariff and capacity charges for the year 2013 – 2014 will be as under:-

REVENUE RECOVERABLE THROUGH TARIFF AND CAPACITY CHARGE IN 2013 – 2014 (Rs. in lakh)						
Sl. No.	Particulars	Name of the Generating Stations				
		Kolaghat	Bakreswar	Bandel	Santaldih	Sagardighi
1	Aggregate Revenue Requirement for 2013 – 2014(Vide Annexure 2A)	221048.92	214726.63	82841.71	114224.85	122888.41
2	Admitted fuel cost for 2013 – 2014	167402.03	139901.26	67548.58	68455.46	77269.36
3	Admitted Capacity Charges for 2013 – 2014 [(3)=(1)-(2)]	53646.89	74825.37	15293.13	45769.39	45619.05

2.5 The Commission has also worked out the energy charge of each of the generating stations of WBPDCCL for 2013 – 2014 and the same is shown in the table below:

ENERGY CHARGE OF EACH OF THE GENERATING STATIONS OF WBPDCCL FOR 2013 - 2014						
Sl. No.	Particulars	Name of the Generating Stations				
		Kolaghat	Bakreswar	Bandel	Santaldih	Sagardighi
1	Admitted Fuel Cost (Rs. in Lakh)	167402.03	139901.26	67548.58	68455.46	77269.36
2	Admitted Energy Sent Out (MU)	7283.53	6695.78	2449.36	3188.64	3826.55
3	Energy Charge (paise / kWh)	229.84	208.94	275.78	214.69	201.93



ANNEXURE - 2A

**STATEMENT OF AGGREGATE REVENUE REQUIREMENT
FOR 2013 – 2014 (DETERMINED EARLIER UNDER MYT APPROACH)**

SI. NO.	PARTICULARS	Amounts (Rs. in Lakh)				
		Kolaghat	Bakreswar	Bandel	Santaldih	Sagardighi
1	Fuel	167402.03	139901.26	67548.58	68455.46	77269.36
2	Coal and Ash Handling Charge	2368.34	503.98	847.03	160.19	174.05
3	Employee Cost	11341.09	7332.65	5788.00	4781.51	4941.93
4	Others under salary					
5	Cost of Outsourcing	0.00	0.00	0.00	0.00	0.00
6	Special Allocations	0.00	0.00	0.00	0.00	0.00
7	Operation and Maintenance Expenses	14540.40	9754.50	5692.50	3905.00	3990.00
9	Insurances	22.34	95.01	10.97	55.00	51.48
10	Financing Charges	0.00	0.00	0.00	0.00	0.00
11	Interest on borrowed capital	0.00	12822.86	0.00	13328.37	11593.38
12	Interest on Working Capital	2518.58	2212.73	1038.69	1178.47	1273.43
13	Depreciation	1246.75	17041.36	158.45	8912.07	9301.99
14	Water Charges	28.40	29.20	166.36	109.93	15.70
15	Reserve for Unforeseen Exigencies	0.00	0.00	0.00	0.00	0.00
16	Total Expenditure (16 = sum 1 to 15)	199467.93	189693.55	81250.58	100886.00	108611.32
17	Return on Equity	23546.46	25262.30	1745.52	13482.48	14357.09
18	Gross Aggregate Revenue Requirement	223014.39	214955.85	82996.10	114368.48	122968.41
19	Less Misc. other income	1965.47	229.22	154.39	143.63	80.00
20	Aggregate Revenue Requirement (Annual) (20 = 18 - 19)	221048.92	214726.63	82841.71	114224.85	122888.41



CHAPTER - 3 TARIFF ORDER

- 3.1 Based on the analyses and the decisions recorded in earlier chapters the Commission has determined the capacity charge and energy charge for 2013 – 2014 in respect of Kolaghat, Bakreswar, Bandel, Santaldih and Sagardighi generating stations of WBPDC as shown in chapter 2. The Commission now orders as stated in the following paragraphs.
- 3.2 The annual capacity charge recoverable by WBPDC from their energy recipient i.e., West Bengal State Electricity Distribution Company Limited (in short 'WBSEDCL') shall be on the following basis:
- a) The annual capacity charge recoverable by WBPDC 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 2013 – 2014:

Generating Station	2013 – 2014	
	Target normative availability factor	Annual capacity charge in Rs. lakh
Kolaghat	78%	53646.89
Bakreswar (Units I to V)	85%	74825.37
Bandel	74%	15293.13
Santaldih (Units V & VI)	85%	45769.39
Sagardighi	85%	45619.05

- 3.3 The energy charge recoverable in 2013 – 2014 against each unit of injection of energy under implemented schedule on injection shall be as follows:

Generating Station	Energy Charge (Paisa/kWh)
Kolaghat	229.84
Bakreswar	208.94
Bandel	275.78
Santaldih	214.69
Sagardighi	201.93



- 3.4 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.
- 3.5 The tariff for 2013 – 2014 shall be applicable onwards from the billing month of / pertaining to April, 2013 and this rate will continue till further order of the Commission. Adjustments, if any, for over recovery / under recovery from WBSEDCL for the period from 01.04.2013 to 31.12.2013 shall be made in the monthly bills in 9 (nine) equal instalments commencing from the month of January, 2014. WBPDCCL shall continue with the recovery of arrear in instalments on account of revision of tariff for the years 2011 – 2012 and 2012 – 2013 as mentioned in the tariff order dated 01.12.2012. 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.
- 3.6 The rate of energy charges as mentioned in the table under paragraph 3.3 above exclude the Monthly Fuel Cost Adjustment (in short 'MFCA') as realized / to be realized by WBPDCCL. The MFCA realized by WBPDCCL during the year 2013 – 2014 till December, 2013 shall not be considered for adjustment in computation of over recovery / under recovery for the year 2013 – 2014 as mentioned in paragraph 3.5 above. WBPDCCL shall also realize MFCA for any subsequent period after December, 2013 as per provisions of the Tariff Regulations.
- 3.7 In addition to the tariff determined under this tariff order, WBPDCCL would be further entitled to additional sums towards enhanced fuel cost, if any, after the date from which this tariff order takes effect. The fuel cost shall be subject to adjustment in accordance with the Tariff Regulations through MFCA and / or FCA.
- 3.8 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.



- 3.9 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.
- 3.10 Regarding annual cost recovery for Bakreswar transmission system, the tariff order of West Bengal State Electricity Transmission Company Limited for the year 2013 – 2014 in case no. TP – 50 / 11 – 12 is to be followed.
- 3.11 Any matter, which has not been explicitly mentioned in this order, shall be guided by regulations 2.9.8 and 2.9.9 of the Tariff Regulations.
- 3.12 For merit order despatch, SLDC / ALDC shall consider the energy charge of the generating stations of WBPDCCL as determined in the tariff for 2013 – 2014 as per the following table:

Generating Station	Energy Charge for Merit Order Despatch (Paise/kWh)
Kolaghat	229.84
Bakreswar	208.94
Bandel	275.78
Santaldih	214.69
Sagardighi	201.93

- 3.13 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.

**Sd/-
(SUJIT DASGUPTA)
MEMBER**

Date: 26.12.2013