



ORDER
OF
WEST BENGAL ELECTRICITY REGULATORY COMMISSION
FOR THE YEAR 2016 – 2017
IN
CASE NO: TP – 59 / 13 – 14

IN RE THE TARIFF APPLICATION OF THE WEST BENGAL
POWER DEVELOPMENT CORPORATION LIMITED
FOR THE YEARS 2014-2015, 2015-2016 AND 2016-2017
UNDER SECTION 64(3)(a) READ WITH SECTION
62(1) AND SECTION 62(3) OF THE ELECTRICITY ACT, 2003

DATE: 28.10.2016



CHAPTER - 1 INTRODUCTION

- 1.1 The West Bengal Electricity Regulatory Commission (hereinafter referred to as the “Commission”), a statutory body under the first proviso to section 82(1) of the Electricity Act, 2003 (hereinafter referred to as the “Act”), has been authorized in terms of section 86 and section 62(1) of the Act to determine the tariff for a) supply of electricity by a generating company to a distribution licensee, b) transmission of electricity, c) wheeling of electricity and d) retail sale of electricity, as the case may be, within the State of West Bengal.
- 1.2 The West Bengal Power Development Corporation Limited (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 Act wholly owned by the State Government and is engaged in the business of generation of electricity within the State of West Bengal and the generation tariff of WBPDCCL shall be determined by the Commission.
- 1.3 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 and 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.
- 1.4 In terms of West Bengal Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2011, as amended from time to time (hereinafter referred to as the ‘Tariff Regulations’), the tariff applications for the fourth control period consisting of the years 2014 – 2015, 2015 – 2016 and 2016 – 2017 under the Multi Year Tariff (MYT) framework was required to be submitted by WBPDCCL 120 days in advance of the effective date of the said



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control period. The effective date of the fourth control period is 1st April, 2014. WBPDCCL submitted an application on 25.11.2013 for extension of date for submission of their MYT application for the fourth control period upto 31.12.2013 on the plea that the Amendment Regulations, 2013 contain many changes for generating station and they had to study those amendments and to work out impact of such changes which would require some time. The Commission, after considering the application of WBPDCCL and also the applications received from some distribution licensees and the transmission licensee for extension of time of submission of MYT application, decided to fix the last date of submission of MYT application for the fourth control period on 31.12.2013 and accordingly issued an order dated 02.12.2013. WBPDCCL, however, submitted another application on 27.12.2013 for further extension of time upto 15.01.2014 stating the reason that the tariff order dated 26.12.2013 for the year 2013 – 2014 contained certain direction which would have impact on the MYT petition for the years 2014 – 2015, 2015 – 2016 and 2016 – 2017 details of which were required to be worked out. The Commission vide order dated 31.12.2013 further extended the date of submission of MYT application for the fourth control period upto 15.01.2014. WBPDCCL submitted another application on 10.01.2014 for further extension of time upto 15.02.2014 on the plea that they had not been able to complete the preparation of the petition within the extended period inspite of best efforts which was not considered by the Commission. WBPDCCL had failed to submit their MYT application within 15.01.2014. WBPDCCL further prayed for extension of time upto 31.01.2014 vide their letter dated 22.01.2014 on the plea that the required information for computations of the proposed tariff in respect of the forthcoming new units III & IV of Sagardighi Thermal Power Projects expected to be commissioned during the last quarter of the financial year 2014 – 2015 which was also not considered by the Commission. The Commission vide letter dated 24.01.2014 directed WBPDCCL to submit their MYT application for the fourth control period without further loss of time. WBPDCCL submitted their MYT application for the fourth control period on 28.01.2014. The application is for



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- determining the revenue requirements and tariff of WBPDCCL for the fourth control period comprising three ensuing years 2014 – 2015, 2015 – 2016 and 2016 – 2017 under MYT framework. On scrutiny, it had been found that some of the data forms and documents were required to be submitted by WBPDCCL and the same under the letter dated 12.2.2014 were submitted by WBPDCCL on 13.02.2014 at the instance of the communication sent to WBPDCCL vide letter dated 05.02.2014 of the Commission.
- 1.5 The tariff application submitted on 28.01.2014 along with the information / data, documents submitted on 13.02.2014, was admitted by the Commission in case No.TP-59/ 13-14, which was communicated to WBPDCCL on 19.02.2014 with the direction to publish the gist of their tariff application as per provisions of the Tariff Regulations. WBPDCCL, instead of publishing the gist, have, however, submitted a supplementary petition on 24.02.2014 with revised revenue requirement of WBPDCCL for all the three years i.e., 2014 – 2015, 2015 – 2016 and 2016 – 2017 under the fourth control period. The supplementary application of WBPDCCL along with the tariff application submitted on 28.01.2014 and further information / data and documents submitted on 13.02.2014 (collectively called as “tariff application”) had been admitted by the Commission and directed WBPDCCL further to publish the gist of the tariff application as approved by the Commission in the news papers and also in their website, as specified in the Tariff Regulations. The gist was, accordingly, published simultaneously on 13th May, 2014 in the news papers - (i) ‘The Times of India’ (English), (ii) ‘The Telegraph’ (English), (iii) ‘Anandabazar Patrika’ (Bengali) and (iv) ‘Ei Samay’ (Bengali). 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 WBPDCCL for the fourth control period and requested for submission of suggestions, objections and comments, if any, on the tariff application to the Commission by 18th June, 2014 at the latest. Opportunities were also afforded to all to inspect the tariff application and to take copies thereof. Some



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correspondences were also made with WBPDCCL which were also published in the website of the Commission from time to time.

- 1.6 The suggestions and objections on the aforementioned application of WBPDCCL for determination of tariff for the fourth control period were received only from Hooghly Chamber of Commerce & Industry (HCCI) within the specified time limit i.e., 18th June, 2014.
- 1.7 The Commission thereafter, in accordance with the provisions of the Act and Tariff Regulations, passed the tariff order dated 04.03.2015 in respect of WBPDCCL in case no. TP-59/13-14 for 2014 – 2015 determining the Aggregate Revenue Requirement (in short 'ARR') of WBPDCCL for each year of the fourth control period, along with the tariffs of WBPDCCL for 2014 – 2015. The objections and suggestions on the tariff petition of WBPDCCL for the fourth control period was dealt with separately in the tariff order dated 04.03.2015. The analysis and findings for determination of the aforesaid ARR and tariffs of WBPDCCL was recorded in the tariff order dated 04.03.2015 in respect of WBPDCCL for 2014 – 2015. WBPDCCL on receipt of the aforesaid tariff order of 2014 – 2015 submitted its gist for approval and the gist was approved by the Commission on 11.03.2015. Accordingly the gist was published in newspapers and in website of WBSEDCL on 14.03.2015. Till the date of signing of this order no notice has been served to the Commission by any stakeholder indicating any filing of case in the court of law against the tariff order of 2014 – 2015 including the ARR of 2015 – 2016 and 2016 – 2017 or against any other statutory provisions related to tariff in the context of the said order.
- 1.8 The Commission subsequently passed the tariff order dated 19.06.2015 in respect of WBPDCCL for the year 2015 – 2016 determining the revenue recoverable through tariff by WBPDCCL during the year 2015 – 2016 and the tariff of WBPDCCL for the year 2015 – 2016 on the basis of ARR determined for 2015 – 2016 in the tariff order dated 04.03.2015 and necessary adjustments as per



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provisions of the Tariff Regulations. The gist of the tariff order dated 19.06.2015 was published in the newspapers and in the website of WBPDCCL on 04.07.2015.

- 1.9 The Commission now proceeds to determine for each of the generating stations of WBPDCCL the revenue recoverable through tariff by WBPDCCL during the year 2016 – 2017 as also the tariffs of WBPDCCL for 2016 – 2017 on the basis of ARR determined for 2016 – 2017 in the tariff order dated 04.03.2015 for 2014 – 2015 in respect of WBPDCCL after necessary adjustments in accordance with the Tariff Regulations in subsequent chapter.



CHAPTER – 2

SUMMARISED STATEMENT OF AGGREGATE REVENUE REQUIREMENT & REVENUE RECOVERABLE THROUGH TARIFF FOR THE YEAR 2016 – 2017

- 2.1 As stated in the preceding chapter, the Commission determined the ARR of WBPDCCL separately for each of the three years of the fourth control period covering the years 2014 – 2015, 2015 – 2016 and 2016 – 2017 in the tariff order dated 04.03.2015 for 2014 – 2015 based on the analysis and findings recorded in that order. Such summarized statement of ARR for 2016 – 2017 for each generating station of WBPDCCL is given in Annexure-2A.
- 2.2 The Commission in the tariff order dated 04.03.2015 in case no. TP-59/13-14 made negative adjustment of Rs. 8565.39 lakh and Rs. 4510.21 lakh being the refundable amounts found in the APR for the years 2011 – 2012 and 2012 – 2013 respectively as detailed in paragraphs 6.2.2 and 6.2.3 of the order dated 04.03.2015 while determining the revenue recoverable through tariff for the year 2014 – 2015. No adjustments against APR order for any subsequent year was made with the ARR for the years 2015 – 2016 and 2016 – 2017 to determine the revenue recoverable through tariff for the respective years in the tariff order dated 04.03.2015 as the APR order for 2013 – 2014 was not finalized at that point of time. APR order of WBPDCCL for the year 2013 – 2014 is yet to be finalized and as such no adjustments is required to be considered in this tariff order for 2016 – 2017. The Commission, thus, finds no further adjustment required on account of APR orders for previous years in determination of revenue recoverable through tariff for 2016 – 2017 in this order.
- 2.3 The Additional Secretary to the Government of West Bengal in the Department of Power & NES vide letter no. 148-PO/O/VS/55-30/2016 dated 5th September, 2016 has communicated that in exercise of the power conferred by section 108 read with section 65 of the Electricity Act, 2003, the State Government has agreed for extension of grant equivalent to outstanding loan and interest for an



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amount of Rs. 456316.00 lakh to WBSEDCL and WBPDCCL in the following manner:

WBSEDCL	Rs. 264709.00 lakh
WBPDCCL	Rs. 191607.00 lakh

It is also mentioned in the aforesaid letter of Additional Secretary to the Government of West Bengal, Department of Power & NES that the grant may be adjusted with the balance regulatory assets upto 2012 – 2013 and realizable amount through APR and FCA / FPPCA claim of the two utilities from 2013 – 2014 onwards. There is no balance regulatory asset in respect of WBPDCCL upto 2012 – 2013 which is to be adjusted with the ARR of WBPDCCL for the year 2016 – 2017. The FCA/APR of WBPDCCL for the year 2013 – 2014 and onwards has not yet been finalized. Thus, the amount of Rs. 191607.00 lakh will be considered for adjustment subsequently against any recoverable amount through APR and FCA claim of WBPDCCL for the year 2013 – 2014 onwards.

- 2.4 In the tariff order dated 04.03.2015 while determining the fixed cost under different heads and ARR for all the three years of 2014 – 2015, 2015 – 2016 and 2016 – 2017 the Commission inadvertently considered the (O&M) expenses for Bandel TPS @ 12.71 lakh/MW, Rs. 13.85 lakh/MW and Rs. 15.10 lakh/MW respectively for the years 2014 – 2015, 2015 – 2016 and 2016 – 2017. The normative (O&M) expenses for Bandel TPS as per the Tariff Regulations for the years 2014 – 2015, 2015 – 2016 and 2016 – 2017 are Rs. 13.79 lakh/MW, Rs. 15.03 lakh/MW and Rs. 16.38 lakh/MW respectively. The Commission has already rectified such error in (O&M) expenses in the ARR for 2015 – 2016 in the tariff order dated 19.06.2015 in respect of WBPDCCL for the year 2015 – 2016. The Commission will consider to rectify such error in (O&M) expenses for the year 2014 – 2015 in the APR order for 2014 – 2015 as decided in the said tariff order dated 19.06.2015.



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- 2.5 The Commission now considers to make corrections for (O&M) expenses of Bandel TPS for the year 2016 – 2017 and the ARR thereon in this order in terms of clause (v) of regulation 2.5.3 of the Tariff Regulations.
- 2.6 The capacity of Bandel TPS after renovation of unit – V is 455 MW (4X60 MW + 215 MW). Thus, the (O&M) expenses of Bandel TPS (455 MW) for the year 2016 – 2017 will be Rs. 7452.90 lakh (Rs. 16.38 lakh/MW x 455 MW). The (O&M) expenses for the year 2016 – 2017 admitted in the tariff order dated 04.03.2015 is Rs. 6795.00 lakh. Thus, the balance amount of Rs. 657.90 lakh (Rs. 7452.90 lakh – Rs. 6795.00 lakh) is being adjusted in subsequent paragraph in this chapter.
- 2.7 Accordingly, the revenue recoverable by WBPDCCL through tariff and capacity charges for the year 2016 – 2017 will be as under:-

REVENUE RECOVERABLE THROUGH TARIFF AND CAPACITY CHARGE IN 2016 – 2017 (Rs. in lakh)						
Sl. No.	Particulars	Name of the Generating Stations				
		Kolaghat	Bakreswar	Bandel	Santaldih	Sagardighi
1	Aggregate Revenue Requirement (Vide Annexure 2A)	224256.87	219701.23	86768.04	114022.83	126899.69
2	Adjustment as detailed in paragraph 2.5 above	0.00	0.00	657.90	0.00	0.00
3	Aggregate Revenue Requirement [(3) = (1)+(2)]	224256.87	219701.23	87425.94	114022.83	126899.69
4	Admitted fuel cost (Vide Annexure – 2A)	171452.70	144849.77	70042.95	69209.91	83121.65
5	Admitted Capacity Charges [(5)=(3)-(4)]	52804.17	74851.46	17382.99	44812.92	43778.04

- 2.8 The Commission also admitted the sent out generation from the five generating stations of WBPDCCL in the tariff order dated 04.03.2015. The admitted sent out energy from the Kolaghat, Bakreswar, Bandel, Santaldih and Sagardighi generating stations are 6984.59 MU, 6695.78 MU, 2591.61 MU, 3188.64 MU and 3826.37 MU respectively.



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2.9 The Commission now works out the energy charge of each of the generating stations of WBPDC for 2016 – 2017 and the same is shown in the table below:

ENERGY CHARGE OF EACH OF THE GENERATING STATIONS OF WBPDC FOR 2016 - 2017						
Sl. No.	Particulars	Name of the Generating Stations				
		Kolaghat	Bakreswar	Bandel	Santaldih	Sagardighi
1	Admitted Fuel Cost (Rs. in Lakh)	171452.70	144849.77	70042.95	69209.91	83121.65
2	Admitted Energy Sent Out (MU)	6984.59	6695.78	2591.61	3188.64	3826.37
3	Energy Charge (paise / kWh)	245.47	216.33	270.27	217.05	217.23



ANNEXURE - 2A
STATEMENT OF AGGREGATE
REVENUE REQUIREMENT FOR 2016 – 2017

Sl. NO.	PARTICULARS	Amounts (Rs. in Lakh)				
		Kolaghat	Bakreswar	Bandel	Santalalih	Sagardighi
1	Fuel	171452.70	144849.77	70042.95	69209.91	83121.65
2	Coal and Ash Handling Charge	3340.17	1032.03	845.91	379.87	295.51
3	Employee Cost	17161.55	12084.05	7762.43	8050.87	6926.14
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	18824.00	12632.00	6795.00	4655.00	4752.00
9	Insurances	29.93	108.35	4.33	61.30	200.33
10	Financing Charges	0.00	60.00	14.00	18.00	29.00
11	Interest on borrowed capital	0.00	12892.19	0.00	10239.15	11246.33
12	Interest on Working Capital	3046.72	2654.41	1237.69	1361.52	1540.11
13	Depreciation	535.80	17065.96	104.43	9559.55	9369.77
14	Water Charges	37.24	37.79	188.77	1608.60	10.94
15	Reserve for Unforeseen Exigencies	0.00	0.00	0.00	0.00	0.00
16	Total Expenditure (16 = sum 1 to 15)	214428.11	203416.55	86995.51	105143.77	117491.78
17	Return on Equity	13249.52	19863.75	878.08	9893.14	11164.91
18	Gross Aggregate Revenue Requirement	227677.63	223280.30	87873.59	115036.91	128656.69
19	Less Misc. other income	3420.76	3579.07	1105.55	1014.08	1757.00
20	Aggregate Revenue Requirement (Annual) (20 = 18 - 19)	224256.87	219701.23	86768.04	114022.83	126899.69



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 2016 – 2017 in respect of Kolaghat, Bakreswar, Bandel, Santaldih and Sagardighi generating stations of WBPDCCL as shown in chapter 2 of this order. The Commission now orders as stated in the following paragraphs.

3.2 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 2016 – 2017.

Generating Station	2016 – 2017	
	Target normative availability factor	Annual capacity charge in Rs. lakh
Kolaghat	75%	52804.17
Bakreswar (Units I to V)	85%	74851.46
Bandel	74%	17382.99
Santaldih (Units V & VI)	85%	44812.92
Sagardighi	85%	43778.04

3.3 The energy charge recoverable in 2016 – 2017 against each unit of injection of energy under implemented schedule on injection shall be as follows:



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Generating Station	Energy Charge (Paisa/kWh)
	2016 – 2017
Kolaghat	245.47
Bakreswar	216.33
Bandel	270.27
Santal dih	217.05
Sagardighi	217.23

- 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 capacity charge as indicated in paragraph 3.2 above in respect of Bakreswar TPS is the admitted annual capacity charge for all the five units of the generating station. But for the purpose of computation of capacity charge in each month for Stage – I (Units I to III) and Stage – II (Units IV & V) separately giving weightage of ageing the total annual capacity charges admitted in this order shall be appropriated as per the number of units in Stage – I (3 units) and Stage II (2 units) as the capacity of all the units are same (210 MW each). WBPDCCL shall submit the generation schedule separately for Stage – I and Stage – II of Bakreswar TPS.
- 3.6 The tariff for 2016 – 2017 shall be applicable from 1st April, 2016 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 01.04.2016 to 31.10.2016 shall be made in 5 (five) equal monthly instalments through the monthly bills raised for the month of November, 2016 and onwards.
- 3.7 In addition to the tariff determined under this tariff order, WBPDCCL would further be entitled to additional sums towards enhanced cost of fuel and power



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purchase, if any, after the date from which this tariff order takes effect. Thus WBPDCCL shall also be entitled to realize MFCA for any subsequent period after the date of effect of this order as per provisions of the Tariff Regulations based on the tariff of this order. While computing MFCA the direction in paragraph 4.2 of the order dated 19.06.2015 shall be complied with.

- 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 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.
- 3.10 The Commission has already passed an order dated 11.12.2014 in cases no. WBERC/FPPCA-61/12-13 and WBERC/FPPCA-67/13-14 allowing WBPDCCL to recover from WBSEDCL a sum of Rs. 21664.65 lakh as additional fuel cost, determined in Fuel Cost Adjustment vide Commission's order dated 04.07.2013, for the year 2011 – 2012 in 9 (nine) equal monthly instalments commencing from the month of January, 2015. The Commission, in the said order dated 11.12.2014, also allowed WBPDCCL to recover a further sum of Rs. 95288.57 lakh as additional fuel cost, determined in Fuel Cost Adjustment vide Commission's order dated 06.06.2014, for the year 2012 – 2013 in 38 (thirty eight) equal monthly instalments commencing from the month after the month of completion of recovery of Rs. 21664.65 lakh in instalments. WBPDCCL shall continue with the recoveries of the aforesaid amounts through monthly installments as mentioned in the aforesaid order.



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- 3.11 WBSEDCL may pay additional instalment on account of any arrear of WBPDCCL in any month and such payment will then be considered as payable in that month.
- 3.12 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.
- 3.13 Regarding annual cost recovery for Bakreswar transmission system, the tariff order of West Bengal State Electricity Transmission Company Limited (WBSETCL) for the year 2016 – 2017 in case no. TP – 60 / 13 – 14 is to be followed.
- 3.14 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.
- 3.15 For merit order despatch, SLDC / ALDC shall consider the energy charge of the generating stations of WBPDCCL as determined in this tariff order as per the following table prospectively. The merit order despatch as per the table below will be applicable from the date of issue of this order. However, the MFCA declared after this tariff order will be added to the energy charge for consideration of merit order despatch from the date of issue of the MFCA notification respectively.



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Generating Station	Energy Charge for Merit Order Despatch (Paise/kWh)
Kolaghat	245.47
Bakreswar	216.33
Bandel	270.27
Santaldih	217.05
Sagardighi	217.23

- 3.16 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 – 4 DIRECTIVES

- 4.1 The Commission has given some direction in different paragraphs in Chapter-4 of the order dated 04.03.2015 while determining the fixed cost of WBPDCCL. WBPDCCL shall comply with those directions. The Commission also gave directions under chapter 8 of the tariff order for 2014-2015 and under chapter-4 of the tariff order for the year 2015-16 in respect of WBPDCCL. The Commission also gave directions from time to time for compliance with by WBPDCCL. Some of those directions which will also continue for the year 2016 – 2017 are given below. WBPDCCL shall comply with those directions
- 4.2 The Commission has decided that in future any delay in submission of tariff application by any generating company for any control period beyond the 4th control period or any year as applicable will result in not providing any increase in tariff for equal number of days and thus the under recovery due to such measure will not be allowed to be passed through any tariff mechanism or during truing up in Annual Performance Review (APR) or Fuel Cost Adjustment (FCA). Moreover henceforth any delay in submission in APR or FCA application shall not be considered as ground for delay by the generating company for submission of tariff application.

Further, the generating company is required to note that any delay with or without the approval of the Commission in submission of either of the applications of APR or FCA of any year (Y) within the target date as specified in the Tariff Regulations of the following year may result into non-inclusion of the impact of APR and/or FCA order in the concerned tariff order of the year Y+2. In such case, the impact will be considered in any future year beyond (Y+2) year as applicable without any allowance for carrying cost, if otherwise applicable. Thus,



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in filing of application(s) / petition(s), the generating company is required to maintain the relevant time schedule(s) as specified in the Tariff Regulations.

It may further be noted that the arrear amount that is to be recovered in a single or number of installments as will be determined by the commission for any financial year due to issuance of delayed tariff order as consequence to delayed submission of tariff application the generating company will not be provided with any carrying cost. The letter no WBERC/B-11/17/1736 dated 24.01.2014 of this Commission may be referred to in this respect.

4.3 WBPDCCL shall note that as already MFCA has been introduced, the amount that may be claimed in FCA at the end of any year is not expected to be higher than the summated value of following factors:

- i) impact due to rounding off as per note (f) under the sub-paragraph (d) of paragraph (B) of Schedule-7B of the Tariff Regulations against the applicable MFCA for the months of February and March of that year;
- ii) impact due to non-recovery of any additional fuel cost of March of any year over and above what is recovered on the basis of MFCA as calculated from data of February due to the fact that MFCA calculated on the basis of data of March is become applicable for next financial year only,
- iii) impact due to application of disallowance of cost as per FCA formula at FCA determination stage.

Thus in such case if recoverable amount under FCA of any year is found to be higher than the above referred summated value then such excess amount will be dealt as per direction already issued by the Commission vide its order in case no. SM-10/14-15 dated 18.07.2014. In this context it is to be noted that such excess amount represent the amount that would have been collected through



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MFCA and thus “not raising of such bill” resulted into distorted merit order dispatch in the system. In fact by virtue of this type of practice there is high possibility of vitiating the environment of merit order dispatch in the whole supply chain in West Bengal power sector and thereby affecting the economic load dispatch in the systems. As a result ultimate sufferer will be the retail consumers of West Bengal. In view of the above, no carrying cost will be allowed by the Commission in case of creation of such excess amount as regulatory asset through FCA. Whenever such excess amount is released in number of installments then also it will not be entitled to any carrying cost. However, this direction shall not be construed as an approval of such delayed claim of excess fuel cost through FCA instead of MFCA and such matter will be dealt as per direction already issued by the Commission vide its order in case no. SM-10/14-15 dated 18.07.2014.

4.4 While declaring MFCA for any month henceforth WBPDCCL shall follow the following directions:

- i) Irrespective of change in MFCA in any month from the previous month, the detail calculation sheet of MFCA prepared for the purpose of determination of MFCA for that month as per regulation no.5.8.9 of the Tariff regulations shall be submitted to the Commission within seven days of notification of the MFCA. If there be no change in MFCA for any month WBPDCCL shall intimate the same to the Commission by the last working day of the month. Such calculation sheet shall also specifically mention the received fuel bill which has not been considered or partly considered in the said MFCA in pursuance to note (g) under sub- paragraph (e) of paragraph B of Schedule – 7B of the Tariff Regulations. WBPDCCL shall ensure the uploading of such calculation sheet in their web-site for each month.



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- ii) In continuation of earlier order vide case file no: WBERC/A-35/2 dated 19-02-2014 Commission again reiterates that WBPDCCL will publish the notification of change of MFCA in terms of 4th para of regulation 5.8.9 of Tariff Regulations in such daily newspapers which are widely circulated in West Bengal .Any deviation in this regard will be seriously viewed.
- 4.5 While submitting the Fuel Cost Adjustment (FCA) application for any year WBPDCCL shall give a list of fuel bill which has not been claimed under MFCA calculation along with the provisions of the Tariff Regulations under which such claim has not been done. A further reconciliation statement shall be given to establish that WBPDCCL has followed the direction of paragraph 4.3 and 4.4 above effectively. If that reconciliation statements are not enclosed the FCA petition will not be admitted.
- 4.6 In the notes of Financial statement of Annual Accounts of 2016-17 and onward or through Auditor's Certificate, the following information are to be provided in a manner as described below:
- i) The penalty, fine and compensation under Electricity Act 2003, if any shall be shown separately.
- ii) Any fine, penalty or compensation in any other statute other than Electricity Act 2003 shall be mentioned separately along with the reference of the statute.

In case of non submission of the above documents the application of APR will not be admitted.



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- 4.7 While submitting APR application of any ensuing year WBPDCCL shall submit the certificate from the statutory auditor of the annual accounts of the said year for the following parameters:
- i) Giving a list of expenditure that arises on account of penalty, fine and compensation due to non-compliance of any statute or statutory order along with the reasons for each such type of penalty, fine and compensation.
 - ii) Copies of the audited accounts of all the funds related to different type of terminal benefit for the year for which APR is under consideration, in a complete shape and not by any selective pages.
 - iii) A statement showing monthly deposition in different terminal funds for the year for which APR is under consideration.
 - iv) A detail breakup showing total expenditure and employee strength against each level of all categories of employees including the whole time directors of the board. If any director or employee discharges any function of other companies also, then the allocation of cost among the companies shall be shown separately and distinctly against each level.
 - v) In pursuance to regulation 5.8.1(vi) of the Tariff Regulations the total demurrage hour of rakes and related demurrage charges paid against total number of rakes for each generating station for the year concerned under the APR / FCA application of every ensuing year.

In case of non submission of the above documents the application of APR will not be admitted.



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- 4.8 In case of expenditure at a level higher than the admitted amount under any uncontrollable factor in this tariff order on account of fixed charges, while submitting APR application of any ensuing year, WBPDCCL shall justify such higher expenditure in detail with supporting document and evidence on the basis of which the Commission will take decision during truing up exercise and it may be noted that without sufficient justification the excess expenditure may not be admitted in the APR fully or partly. Similarly for controllable factors, wherever applicable as per Tariff Regulations, for the same reasons supporting documents and evidence are to be submitted to justify their claim. While truing up any uncontrollable factor on account of fixed charges, the actual business volume parameter and actual inflation rate to which such uncontrollable item is sensitive will be considered in the same manner and principle as determined under the tariff order issued on 04.03.2015 subject to the limitation as per the Tariff Regulations. However, wherever applicable as per this tariff order the ratio of expenses increase in percentage (%) of any item and the sensitivity parameter increase will remain the same as that of the tariff order dated 04.03.2015. This is applicable for APR of every year.
- 4.9 WBPDCCL shall approach CEA for conducting a study regarding the targeted mix of different coal grades under the present condition of coal supply scenario for providing an optimum solution so that the disadvantage of “least cost input principle” as apprehended by HCCI mentioned in Chapter-3 of the tariff order dated 04.03.2015 can be duly taken care of. On the basis of such report Commission will decide on this matter.
- 4.10 While submitting application for APR or FCA of 2016-17 by WBPDCCL, if such applications show any net claim for that year against those applications, then in such case WBPDCCL shall suggest in specific terms the ensuing year(s) in which they intend to recover such claim and by what amount. They shall also show the



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consequential impact of such recovery in the expected average cost of supply in those ensuing years after considering the total revenue recoverable through the tariff. The total revenue recoverable through the tariff means the summated amount of the Net Aggregate Revenue Requirement plus all other amount on account of any release of regulatory asset, FCA and APR for any year which is being already decided by the Commission in earlier orders. They shall also mention the carrying cost if necessary where it is applicable in terms of the Tariff Regulations and different orders and direction in this respect.

This consequential impact on tariff shall also be provided in the gist of the APR application. In case of non submission of the above information the application of APR will not be admitted.

4.11 In order to ensure that in future actuarial valuation of terminal benefit fund can be kept in control in a better way by avoiding carrying cost of such liability in future following is to be adhered.

- a) WBPDCCL shall ensure that henceforth the amount that is statutorily required to be deposited in a month in different funds on account of terminal benefit as a part of employee cost admitted in the tariff order. is to be deposited in different terminal benefit funds every month as a first charge item.
- b) On the head of terminal benefit fund, if there is shortage in the deposit amount in the terminal benefit fund admitted in employee cost through this order, the balance amount of contribution to terminal benefit fund is required to be deposited as first charge item over and above what had already been deposited for the year 2016-17 and subsequent years, from the effective date of recovery of the recoverable amount against this order from the very first day. So, it is directed that the balance amount of



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contribution as discussed above to terminal benefit fund for the year 2016-17 and subsequent years, i.e., the difference between the amount of contribution to terminal benefit funds as allowed in this order as a part of employee cost and that has already been deposited including that to be deposited in the fund for the year 2016-17 and subsequent years, is to be deposited in the respective different terminal benefit funds. Such balance amount is to be deposited in different terminal benefit funds in 12 monthly equal installments from the date on which the recovery through tariff against this order will start.

- c) While submitting application for APR of 2016-17, WBPDCCL shall show through audited accounts of different terminal benefit funds that the contribution to the different terminal benefit funds during the concerned year as a part of employee cost is deposited in the terminal benefit funds.

In case of non-deposition of amount admitted for terminal benefit fund as provided in (a) to (c) above in the respective fund as directed above, Commission may withhold or deduct same amount equivalent to that non-deposition amount.

- 4.12 The claim of WBPDCCL on account of demurrage is nil for each generating station for all the years under the fourth control period. In case of any claim by WBPDCCL on demurrage in their FCA/APR application for any ensuing year, that shall be dealt with as per directions already given in the tariff order for 2015-2016.
- 4.13 While submitting FCA application WBPDCCL shall submit a report showing to what extent WBPDCCL has been able to achieve the proposed coal mix for each power station as proposed in the supplementary petition to the MYT vis-à-vis in the original MYT petition. In relation to supplementary petition WBPDCCL shall also mention the reasons after due analysis for the deviations in achieving the



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- proposed mix, if any, in view of their supplementary petition and subsequent submissions.
- 4.14 WBPDCCL shall provide the details regarding insurance expenses as per provisions of the Tariff Regulations in the APR application for the respective years.
- 4.15 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. An action taken report on this shall be submitted in the APR application for 2016-2017.
- 4.16 The Commission has admitted the expenses as projected by WBPDCCL under some heads which are uncontrollable as per Tariff Regulations. In any year, if actual expenses under any of those heads exceed the amount admitted by the Commission and WBPDCCL claiming the same in their APR for that year, such claim shall not be considered by the Commission for admission unless WBPDCCL furnishes proper and justifiable reasons in support of their claim. But in no case any carrying cost against such claim shall be allowed to WBPDCCL.
- 4.17 All the reports called for in this chapter are in addition to what are statutorily required to be submitted, either in terms of the Act, any of the Regulations made thereunder, or both, for the purpose of submission in the Annual Performance Review of 2016-2017.
- 4.18 WBPDCCL shall comply with all the provision of Electricity Act 2003 and rules and regulations made thereafter.



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- 4.19 WBPDCCL along with their application of APR for 2016-17 shall submit the followings:
- Comprehensive plan for raising coal from allocated mines for reducing fuel cost further.
 - Plan for switching over to GCV for all purpose so that same can be incorporated in the next opportunity.
 - Plan to improve efficiency level within specific time line.
 - Source of the quantity over and above own mine e-linkage from the most cost effective way.
- 4.20 While submitting application of APR for the year 2016 – 2017 and onwards, WBPDCCL shall have to submit the followings through affidavit:
- That no expenditure has been claimed by WBPDCCL through the APR petition on employee or infrastructure or any other support or O&M activity pertaining to any other business of WBPDCCL not related to their generation business.
 - The list of cases along with the then position related to Tariff, Annual Performance Review (APR) and Fuel Cost Adjustment (FCA) filed or applied for filing in Court of Law but the notices have not yet been served to the Commission
- 4.21 WBPDCCL shall submit within one month from the date of this order the mining plan of the captive mine and its cost per metric tonne as calculated based on recent GOI guidelines and terms and conditions of reverse auction.



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- 4.22 Monthly production from allocated mines should be submitted quarterly both planned and actual achieved.
- 4.23 Failure in compliance of any of the above directions within 31st March, 2017 will attract a substantial penalty to be decided and adjusted in their ROE during Annual Performance Review (APR).

Sd/-
(AMITAVA BISWAS)
MEMBER

Sd/-
(R. N. SEN)
CHAIRPERSON

DATE: 28.102016