



**ORDER**

**OF THE**

**WEST BENGAL ELECTRICITY REGULATORY COMMISSION**

**FOR THE YEAR 2010 - 2011**

**IN**

**CASE NO: TP – 40/ 08 – 09**

**IN RE THE DETERMINATION OF WHEELING  
CHARGES PAYABLE TO DPSC LIMITED FOR THE USE OF ITS  
DISTRIBUTION SYSTEM FOR CONVEYANCE OF ELECTRICITY BY OPEN  
ACCESS CUSTOMERS INCLUDING CAPTIVE GENERATING PLANTS  
DURING THE FINANCIAL YEAR 2010 - 2011 UNDER SECTION 62(1)(C) OF  
THE ELECTRICITY ACT, 2003 READ WITH SCHEDULE – 4 TO THE WEST  
BENGAL ELECTRICITY REGULATORY COMMISSION (TERMS AND  
CONDITIONS OF TARIFF) REGULATIONS, 2007, AS AMENDED AND THE  
WEST BENGAL ELECTRICITY REGULATORY COMMISSION (OPEN  
ACCESS) REGULATIONS, 2007, AS MENDED.**

**DATED: 01.10.2010**



## **CHAPTER – 1 INTRODUCTION**

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- 1.1 In terms of regulation 2.1.1(iv) of the West Bengal Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2007, as amended (hereinafter referred to as the “Tariff Regulations”), the West Bengal Electricity Regulatory Commission (hereinafter referred to as the “Commission”) is required to determine the wheeling charges payable to the distribution licensees for the use of their distribution system and associated facilities for conveyance of electricity by all open access customers including the captive generating plants. Accordingly, the Commission proceeds to determine such wheeling charges payable to DPSC Limited (in short “DPSC”) by such customers / system users during the year 2010 - 2011.
- 1.2 On prudent analyses and viewing the tariff application made by DPSC, the Commission earlier determined the Aggregate Revenue Requirement (in short “ARR”) of DPSC separately for each year of the second control period comprising the financial years 2008 – 2009, 2009 – 2010 and 2010 – 2011 under the Multi Year Tariff (in short “MYT”) approach. ARR for the year 2010 – 2011, however, needed to be revised under the provisions of regulation 2.5.1 of the Tariff Regulations to account for the estimated increase in fuel, power purchase and employee cost. The revised ARR for the year 2010 – 2011 may be referred to at Annexure – 2B to the Commission’s tariff order dated 29 July, 2010 in Case No.TP-40/08-09.
- 1.3 The Commission now takes up the matter relating to determination of the rate of distribution wheeling charges in accordance with the principles, terms and conditions laid down in Schedule – 4 to the Tariff Regulations.



## **CHAPTER – 2**

### **DETERMINATION OF FIXED CHARGES RELATING TO DISTRIBUTION FUNCTION**

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- 2.1 DPSC is a distribution licensee having two generating stations with de-rated total installed capacity of 42.2 MW in operation during 2010 – 2011. The admissible charges of DPSC under certain heads of accounts are, therefore, required to be segregated / allocated to generation and distribution functions on some rational basis. Annexure – 2B to the Commission's order dated 29.07.2010 in Case No. TP – 40 / 08 – 09, determining the tariff for DPSC, may be referred to in this regard. After prudent analyses of the amounts of ARR for the year 2010 – 2011, the gross amount of total fixed charges attributable to the distribution function of DPSC is found to be Rs. 4527.83 lakh. In this regard, the expenditure on account of interest on security deposit, however, has not been considered in the computation of gross fixed charges attributable to distribution function. The detailed head-wise break-up of the referred amount is given in Annexure – 2A.
- 2.2 The gross amount of fixed charges i.e. Rs. 4527.83 lakh as shown in Annexure – 2A requires to be adjusted on following accounts.
- (a) The gross amount of Rs. 4527.83 lakh is inclusive of expenses relating to retail sales. Paragraph 2.1 of Schedule – 4 to the Tariff Regulations provides for deduction of expenses incidental to selling and distribution of energy, non-tariff income and income from other business from the gross amount of fixed charges attributable to distribution function of DPSC for ascertaining the wheeling charges payable by the open access customers. The total of such deductible amounts on this account come as under:

	<b>Rs. in Lakh</b>
i) Employees Cost	65.01
ii) Operation & Maintenance Expenses	3.02



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iii)	Depreciation	25.08
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<b>Total:</b>	<b>93.11</b>
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- (b) The amount of interest on working capital, included in the amount of gross fixed charges relating to distribution function is Rs. 492.24 lakh. As per analyses, 87.28% of the working capital need pertains to purchase of energy and hence 87.28% of the amount of Rs. 492.24 lakh, i.e. Rs. 429.63 lakh is not being considered for computation of wheeling charges.

- 2.3 Based on the foregoing analyses, the amount of fixed charges attributable to the distribution function of DPSC Limited for the determination of wheeling charges payable by the open access customers including the captive generating plants come as under:

	Rs. in Lakh
(a) Gross amount of fixed charges relating to distribution function	4527.83
(b) Less:	
i) Expenses relating to and incidental to retail sales	93.11
ii) Interest on working capital related to power purchase	429.63
(c) Net admissible amount of fixed charges	4005.09

- 2.4 The average rate of wheeling charges comes to **46.88 paise per unit (kWh)** taking estimated sales of 854.294 MU including supply of 50.00 MU to West Bengal State Electricity Distribution Company Limited.

- 2.5 The avoidable cost as computed in terms of the formula provided in regulation 14.3.10 of the West Bengal Electricity Regulatory Commission (Open Access) Regulations, 2007, as amended in case of DPSC Limited works out as under:



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(a) Total Fuel and Power Purchase Variable Cost.		Rs. 30992.15 Lakh
(b) Pooled energy in the distribution system		
(i) Sent-out energy from own generation	237.028 MU	
(ii) Purchase of Energy	667.768 MU	904.796
(c) Weighted average unit cost of pooled energy [(a) / (b)]		342.53
(d) Distribution Loss		5.25%
(e) Avoidable cost will be -		
	$\frac{342.53 \text{ paise / kWh}}{(100-5.25) \times 0.01} +$	Wheeling charges per unit applicable to the relevant open access case.
<b>= 361.51 paise / kWh + Wheeling charges per unit as applicable</b>		



**ANNEXURE – 2A**  
**HEAD WISE BREAKUP OF THE AMOUNT OF**  
**NET FIXED CHARGES ATTRIBUTABLE TO**  
**DISTRIBUTION FUNCTION**

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Sl. No.	Head of Charges	Amount (Rs. in Lakh)	Amount (Rs. in Lakh)
1	Employee Cost (including Terminal Benefits)		1530.01
2	R & M including Consumables		272.03
3	Rent Rates & Taxes		22.50
4	Legal & Professional Charges		18.53
5	Audit Fees		13.68
6	Insurance		11.46
7	Other Admn. & General Charges		366.83
8	Interest on Capital Loan		300.83
9	Interest on Working Capital		492.24
10	Financing Charges		14.18
11	Depreciation		425.63
12	Reserve for Unforeseen Exigencies		30.04
13	Taxes on Income and Profit		35.87
14	Return		994.00
15	<b>Amount of Fixed Charges</b>		<b>4527.83</b>



## **CHAPTER – 3 ORDER**

- 3.1 The average rate of distribution wheeling charges of DPSC Limited for the year 2010 – 2011 comes to 46.88 paise per unit (kWh) as shown in the preceding chapter and the same is recoverable from the long term open access customers. In terms of the provisions contained in regulation 14.3.2 of the West Bengal Electricity Regulatory Commission (Open Access) Regulations, 2007, as amended (hereinafter referred to as the “Open Access Regulations”), the Commission is fixing the above rate of wheeling charges and the same is to be recovered by DPSC Limited during the year 2010 – 2011 from the different categories of open access customers as mentioned in the said regulation including captive generators for conveyance of electricity through its distribution system for long term open access. For short term open access, the wheeling charge shall be realized as per Open Access Regulations. However, for conveyance of electricity from cogeneration and renewable energy sources, the wheeling charge shall be realized by DPSC Limited for such open access customers in terms of Regulation 9.3 of the West Bengal Electricity Regulatory Commission (Cogeneration and Generation of Electricity from Renewable Sources of Energy) Regulations, 2010.
- 3.2 In terms of the provisions contained in regulation 14.3.10 of the Open Access Regulations, the open access customers, other than those carrying the electricity produced in captive generating plant to the destination and for the extent of their own use, are to pay cross-subsidy surcharge in addition to the charges for using the distribution system of the licensees. Such cross-subsidy surcharge will be the difference between the tariff applicable for the category of the customers being allowed open access and the cost avoided (per unit) by the licensee in this regard.



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- 3.3 DPSC will determine the avoidable cost for the concerned open access customers at the rate of 361.51 paise per kWh plus wheeling charges per unit as applicable to the relevant open access case as shown in chapter 2 of this order and will recover cross-subsidy surcharge with reference to the tariff applicable for that category of consumers.
- 3.4 The rate of wheeling charge and cross subsidy surcharge as per this order shall be effective from 1 April, 2010. The adjustments, if any, for over-recovery / under recovery for the period from 01. 04. 2010 to 30.09.2010 shall be in 3 (three) equal monthly instalments starting from the billing month of October, 2010.
- 3.5 To discourage VAr drawals by the Open Access Customers, the Open Access Customer shall pay to the concerned licensee for drawal of reactive energy at the drawal point if the voltage at the point of drawal is below 97% of normal voltage and injection of reactive energy at injection point when the voltage is higher than 103% of normal voltage at the rate of 10 paise per KVARh. This is effective from 01.04.2010.
- 3.6 DPSC shall submit to the Commission a gist of this order 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 those newspapers in which the gist of the tariff order for 2010 – 2011 was published, within four working days from the date of receipt of the approval of the Commission.

**Sd/-  
(R.P.SAMADDAR)  
MEMBER**

**Sd/-  
(PURNENDU GUPTA)  
MEMBER**

**Sd/-  
(PRASADRANJAN RAY)  
CHAIRPERSON**

**DATE: 01.10.2010**