

WBSEB PETITION FOR 2001**PRAYER****BEFORE THE WEST BENGAL ELECTRICITY REGULATORY COMMISSION
CALCUTTA**

Filing No.....

Case No.....

**IN THE MATTER OF: An Application for
determination of tariff u/s 29
of the ERC Act, 1998****AND****IN THE MATTER OF: WEST BENGAL STATE ELECTRICITY BOARD ,
"Vidyut Bhavan ",
Block-DJ, Sector-II,
Bidhannagar, Calcutta-700091****THE ABOVE APPLICANT ABOVE NAMED MOST RESPECTFULLY
SHOWETH :**

Regulations and invited WBSEB to submit its proposal for tariff between the 20th November, 2000 and 15th December, 2000.

NEED FOR TARIFF REVISION BY THE HONOURABLE COMMISSION

7. The last tariff revision was effective from January 1999 and the tariff have remained changed since then while costs have increased substantially. This proposal seeks to recover the increased costs, which amounts to Rs. 3272.56 crores through a tariff revision.

BASIC PREMISES IN FRAMING THE PROPOSAL

8. WBSEB has adopted the following norms while proposing tariffs for the various categories.

- Section 59 of the Electricity (Supply) Act, 1948 requires the Board to earn a rate of return of 3% on the Net Fixed Assets less consumers contribution at the beginning of the year after accounting for all expenses properly chargeable to revenues. Accordingly, the Board requests the Hon. Commission to take into account a surplus of Rs. 41.44 crores as the surplus for FY01 as specified in Section 29(2) of the ERG.

- The Board has attempted to reduce the cross-subsidies and rationalise the tariffs for the various classes of consumers in line with Section 29(2)(c) and 29(3) of the ERC and 42(b) of the CBR.

- WBSEB has been revising its estimates of T&D loss as the results of a study to assess the losses have been made available. In the current tariff filing, the Board has revised the loss estimates to 39%, for 1999-2000 based on the most recently available studies.

- The Board recognises the need to measure the loss accurately and is taking steps to reduce the error margins in loss determination. These steps are expected to help reduce the overall T&D loss by 1% in 2000-01" and by 2% at the LV and MV levels where the bulk of the losses occur. This effort to reduce losses is in line with Section 29(2)(d) of the ERG and 42(a) of the CBR. WBSEB requests the Hon. Commission to consider the loss reduction targets keeping in

mind the resource requirements for strengthening the loss assessment and reduction machinery.

The proposal presumes a subsidy support from the Government of West Bengal of Rs. 350. crores in FY01. The Board has been discussing the issue with the Government and expects a favourable decision on this issue. The Board therefore requests the Hon. Commission to examine the proposal pending the issue of a formal communication from the Government of West Bengal

OUTLINE OF THE TARIFF PROPOSAL

The costs under various heads are as follows: Figures in Rs. Crores

| | FY01 |
|--|----------------|
| Purchase of power | 1851.69 |
| Generation charges | 379.56 |
| O & M | 97.61 |
| Employee Costs | 427.75 |
| Provision for double debts | 9.34 |
| Admin & other expenses | 53.65 |
| Less Capitalised expenses | 55.49 |
| | |
| Interest on state government loans | 243.82 |
| Interest and finance charges on others | 233.92 |
| Lease Rentals | 0.00 |
| Less Interest Capitalised | 174.55 |
| Total of interest and finance charges | 303.18 |
| | |
| Depreciation & Related Debits | 185.25 |
| | |
| Surplus Required | 41.44 |
| TOTAL REVENUE REQUIRED | 3294.00 |

The expected revenue from the current tariff charges and the proposed tariffs are as follows: Figures in Rs. Crores

| | FY01 |
|--|----------|
| Total Revenue Required | 3,294.00 |
| Non-Operating Income | 3,294.00 |
| Non-Operating Income | 113.24 |
| Revenue required from Sale of Power | 3,150.76 |
| Revenue from the existing tariffs | 2,315.36 |
| Government Subsidy | 350.00 |
| Deficit | 515.40 |
| Revenue from Proposed Tariff Increase | 505.21 |
| Revenue from Other Charges | 9.00 |
| Net Deficit after proposed tariffs are implemented | 0.00 |

The current tariff proposal has introduced the concept of fixed and variable charges in respect of certain categories of consumers. As the concept is being introduced for the first time, the proposed fixed charge in respect of certain categories of consumers is a nominal amount, which can be increased gradually.

All concessions for new industries, expansion of existing units and sick industrial units including additional rebate for backward districts shall stand withdrawn.

REPRESENTATIONS

9. The Tariff Proposal is in eight volumes, as listed below, which are annexed to this affidavit.

| Volume | Description |
|--------|---|
| I | Executive summary of the Tariff Proposal. |
| II | Detailed Tariff Proposal along with tariff formats prescribed by the Hon. Commission. |
| III-A | Copies of Annual Accounts of the Board. |
| III-B | Copies of Annual Accounts of the Board. |
| IV | Copies of the Tariff Schedule and Conditions of Supply for the last three revisions |
| V | Copies of all Power Purchase Agreements |
| VI-A | Sample copies of all bills for power purchases from NTPC |
| VI-B | Sample copies of all bills for power purchases from PGCIL and WBPDC |
| VI-C | Sample copies of all bills for power purchases from Other Agencies |
| VII | Unit Wise cost details of generation stations |
| VIII-A | Energy Audit Reports |
| VIII-B | Metering Study Report |
| VIII-C | Pay Commission Report. |

10. WBSEB confirms that the present tariff filing has been discussed and approved by the Board.

PRAYER TO THE HONOURABLE COMMISSION

11. WBSEB has made every effort to meet the information requirements prescribed by the Hon. Commission. However, in the absence of complete metering and full computerisation, there are gaps in the data submissions made by the Board. The Board is in the process of strengthening its Management Information Systems and is making considerable efforts to meter all consumers. The Board would therefore request the Hon. Commission to grant a waiver for not conforming to the prescribed data formats. The Board however agrees to make available all such data as the Hon. Commission may require notwithstanding any waiver given by the Hon. Commission.

12. The cost estimates for power purchases are based on existing tariffs. As the Hon. Commission will now be regulating the tariffs for WBPDC, DPL and DPSC, who are supplying power to WBSEB, these tariffs may, be revised upwards as a consequence of the tariff determination process for the said entities. WBSEB therefore requests the Hon. Commission to consider the revised power purchase prices, if any, while deciding the revised tariffs of WBSEB.

13. In light of the fact that tariffs have not been revised for more than 20 months, the Board requests the Hon. Commission to sanction some relief by passing an interim order using its powers under Section 46 of the CBR. As the proposed average tariff increase for nearly all consumers is at least 15%, the Board requests the Hon. Commission to grant an interim increase of 15%.

14. The Board requests the Hon. Commission to

- Accept the accompanying tariff proposal
- Pass an interim order as it may deem appropriate following the Board to recover a part of the increase costs at the earliest
- Pass final orders as the Hon Commission may deem fit and proper keeping in mind the facts and circumstances of the case.

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