

WBSEB PETITION FOR 2003**PRAYER****BEFORE THE HONOURABLE WEST BENGAL
ELECTRICITY REGULATORY COMMISSION****Filing No.** _____**Case No.** _____

In the matter of: Application for tariff revision for 2002-03 sought by The West Bengal State Electricity Board ['The Board'] under Section 29 of the ERC Act, and Section 42 of the CBR read along with other guidelines and directions issued by the West Bengal Electricity Regulatory Commission ['Hon'ble Commission'] from time to time.

1. West Bengal State Electricity Board, hereinafter referred to as WBSEB is a State Electricity Board constituted under Section 5 of the Electricity (Supply) Act, 1948 and is in the business of Generation, Transmission and Distribution of electricity.

2. This application for revision of tariffs has been filed before the Honourable, West Bengal Electricity Regulatory Commission, hereinafter referred to as Hon. Commission, in accordance with Section 43(1) and 43(2) of the Conduct of Business Regulations ['CBR'], The Electricity Regulatory Commission Act, 1998 ['ERG'] and the Electricity (Supply) Act, 1948.

3. Since the Honourable Commission has not prescribed separate Tariff Regulations, the determination of the costs, revenue and tariffs has been done in accordance with Section 29 of the Electricity Regulatory " Commission Act, 1998 and direction given by the Honourable Commission Act, 1998 and direction given by the Honourable Commission in Its tariff order dated 7th December, 2001 against WBSEB's tariff petition for the year 2000-01 and 2001-02.

4. The WBSEB has however kept in view the directions of the Honourable Commission as provided in Section 42 of the CBR while determining the tariffs for its consumers.

5. Section 43 of the Conduct of Business Regulations framed by the, Honourable Commission, requires utilities to provide to the Honourable Commission between 15th December to 31st December every year the details of its calculation for the ensuing financial year of the expected aggregated revenue from charges based current approved tariffs by the Honourable Commission. The Honourable Commission, however extended the period of filing the tariff petition for 2002-03 for a period of three months to be counted from the date of recording of order by the Commission on tariff petition for 2000-01 and 2001-02 i.e. upto 6th March, 2002.

6. The filing, in pursuance of Section 43 of the CBR, is for the purpose of revising tariffs for FY03 based on the revenue calculations for the said year.

NEED FOR TARIFF REVISION BY THE HONOURABLE COMMISSION

7. The last tariff revision was effective from April, 2001 and this proposal seeks to recover the increased costs, which amounts to Rs.3699.25 crores in FY03 through a tariff revision.

BASIC PREMISE 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.50.22 crores as the surplus for FY03 as specified in Section 29 (2) of the ERC Act.

The Board 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.

The Board recognises the need to measure the loss accurately and is taking steps to reduce the margin of error in loss determination. These steps are expected to help reduce the overall T&D loss by 2% in 2002-03 to 34%.

The proposal presumes a subsidy support from the Government of West Bengal of Rs. 100 crores in FY03. This is equivalent to subsidy granted by the State Government in FY02.

OUTLINE OF THE TARIFF PROPOSAL

The costs under various heads are as follows:

All Figures in Rs Crores

	FY01
Purchase of power	2,528.89
Generation Charges	0.32
O&M	80.21
Employee Costs	471.49
Provision for doubtful debts	8.22
Admin & other expenses	56.27
Less: Capitalized expenses	83.51
Interest on State government loans	583.45
Interest and finance charges on others	188.41
Lease Rentals	0.00
Less: Interest Capitalised	399.44
Total of interest and finance charges	372.42
Depreciation & Related Debits	214.72
Surplus Required	50.22
TOTAL REVENUE REQUIRED	3,699.25

The expected revenue from the current tariff charges and the proposed tariffs are as follows:

All Figures in Rs Crores

	Based on FY02 Tariffs
Total Revenue Required	3699.25
Non-Tariff Income	80.79
Revenue required from sale of power	3618.46
Revenue from the existing tariffs	2638.62
Government Subsidy	100
Deficit	879.84
Revenue from Proposed Tariff Increase	864.84
Revenue from proposed increase in meter rentals, testing charges, disconnection and reconnection.	83.51
Net Deficit after proposed tariffs are implemented	0.00

The tariff proposal for FYO3 has introduced the concept of fixed and variable charges in respect of certain categories of consumers.

REPRESENTATIONS

9. The Tariff Proposal is in nine (9) volumes, as listed below.

Volume	Description
I	Detailed Tariff Proposal
II	Filing formats as prescribed by the Hon'ble Commission
III	Copies of Annual Accounts of the Board
IV	Copies of the Tariff Schedule and conditions of Supply
V	Copy of Power Purchase Agreements & Bills
VI	Energy Audit Report
VII	List of defaulting consumers
VIII	Techno-economic benefit analysis of the capital addition / expenditure on major assets / works.
IX	Details of connected load for Low & Medium Voltage consumers.

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'ble 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'ble Commission to grant a waiver for not conforming to the prescribed data formats. The Board however agrees to make available all such data, available with the Board, as the Hon'ble Commission may require notwithstanding any waiver given by the Hon'ble Commission.

12. The cost estimates for the power purchases are based on existing tariffs. As the Hon'ble Commission Will also be regulating the tariffs for WBPDC, DPL and DPSCL, 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'ble Commission to consider these revised power purchase prices, if any, while deciding the revised tariffs of WBSEB.

13. In light of the fact that final tariffs are unlikely to be approved before April 1, 2002, the Board requests the Hon'ble Commission to sanction some relief by passing an interim order using its powers under the Section 46 of the CBR. As the proposed average tariff increase is about 33%, the Board requests the Hon'ble Commission to grant an interim increase of 15%.

14. The Board requests the Hon'ble Commission to

(a) Accept the accompanying tariff proposal;

(b) Pass an interim order as it may deem appropriate allowing the Board to recover a part of the increase costs at the earliest; and

(c) Pass final orders as the Hon'ble Commission may deem fit and proper keeping in mind the facts and circumstances of the case .

[Back to list of Petitions](#)