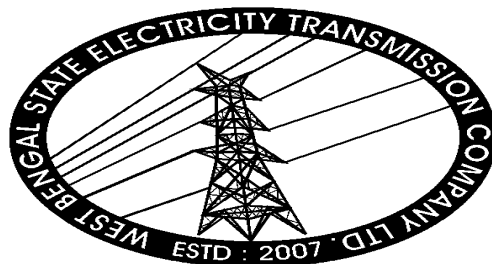


WEST BENGAL
STATE ELECTRICITY
TRANSMISSION COMPANY LIMITED



WBSETCL

VOLUME – I

TARIFF PETITION FOR THE YEAR
2008 – 09, 2009 - 10 & 2010 - 11

Submitted to the
HON'BLE WEST BENGAL ELECTRICITY
REGULATORY COMMISSION

**BEFORE THE HONOURABLE WEST BENGAL
ELECTRICITY REGULATORY COMMISSION**

Filing No. _____

Case No. _____

IN THE MATTER OF : Petition for determination of tariff/ charges for transmission of electricity during the year 2008-09, 2009-10 & 2010-11 sought by the West Bengal State Electricity Transmission Company Limited ["WBSETCL"] under Regulation 22(3) (a) of the West Bengal Electricity Regulatory Commission (Conduct of Business) Regulations, 2007

And
IN THE MATTER OF : West Bengal State Electricity Transmission Company Limited,
Block DJ, Sector – II,
Bidhannagar,
Kolkata – 700 091.

I, Sri Manojit Pal, son of Late Amar Krishna Pal, aged 59 years 10 months residing at 1/3/1/K/1, Ramlal Agarwala Lane, Kolkata - 700050 do solemnly affirm and say as follows:

1. I am the Chief Engineer, Central Planning & Engineering Department of the West Bengal State Electricity Transmission Company Limited, petitioner in the above matter, and am duly authorised by the said petitioner to make this affidavit for and on its behalf.
2. The Statements made in petition herein now shown to me and marked with the letter "A" are true to my knowledge and based on information received and are true to my belief and nothing material has been concealed from the statements so made, or documents or supporting data, etc., attached.

Solemnly affirmed at Kolkata on this _____ of May, 2008 that the contents of this affidavit are true to my knowledge, no part of it is false or nothing material has been concealed therefrom and misleading material included therein.

BEFORE THE HON'BLE WEST BENGAL ELECTRICITY REGULATORY COMMISSION

Filing No. _____

Case No. _____

In the matter of : Petition for determination of tariff/ charges for transmission of electricity during the year 2008-09, 2009-10 & 2010-11 sought by the West Bengal State Electricity Transmission Company Limited ["WBSETCL"] under Regulation 22(3) (a) of the West Bengal Electricity Regulatory Commission (Conduct of Business) Regulations, 2007

1. The West Bengal State Electricity Transmission Company Limited, hereinafter referred to as "WBSETCL" is a State Electricity Transmission Company constituted on 1st April, 2007 from erstwhile West Bengal State Electricity Board according to the "West Bengal Power Sector Reforms Transfer Scheme, 2007" of Government of West Bengal made under sub-section (4) of section 131 of the Electricity Act, 2003 and has now become a Licensee under the Electricity Act, 2003 engaged in the business of transmission and load despatch of electricity.
2. This application for determination of tariff / charges for transmission of electricity by WBSETCL is filed before the Hon'ble West Bengal Electricity Regulatory Commission, hereinafter referred to as Hon'ble Commission, in accordance with provisions stipulated in West Bengal Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2007, WBERC (Terms and Conditions of Tariff) (Amendment) Regulations, 2007 and West Bengal Electricity Regulatory Commission (Conduct of Business) Regulations, 2007 ['CBR'], The Electricity Act, 2003 and National Electricity Policy.



3. Revenue from transmission of energy for the year 2008-09, 2009-10, 2010-11 have been computed on the basis of total expenditure to be incurred by the WBSETCL in that year for transmission & load despatch of energy.
4. The filing, in pursuance of Section 2.7 of the West Bengal Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2007 and WBERC (Terms and Conditions of Tariff) (Amendment), 2007 is for the purpose of determination of transmission charges for FY 09,10,11 based on the revenue expenditure estimated for the said years.

BASIC PREMISE IN FRAMING THE PROPOSAL :

5. The aggregated assets and liabilities vested in West Bengal State Transmission Company Limited in terms of “West Bengal Power Sector Reforms Transfer Scheme, 2007” notified by the Government of West Bengal has been considered for estimating the expenditures under different heads. since the said assets and liabilities was prepared as per balance sheet of WBSEB as on 31/03/2006, the assets and liabilities added or deleted during the year 2006-07 relating to transmission functions of WBSEB has been considered towards the assessment of assets and liabilities at the beginning of FY09, 10, 11.
6. The WBSETCL has undertaken the construction of new EHV sub-station and lines besides augmentation of capacity of existing EHV lines & sub-stations under JBIC & other schemes for meeting the increased requirement of transmission of power in the state. In addition the modernization of existing infrastructure of State Load Despatch is already done along with proper metering of all intersection points with other licensees for smooth implementation of ABT.



7. Technical Loss in transmission system of WBSETCL has been considered as 3.9%, 3.8%, 3.7% in line with the provisions made for FY09, FY10 & FY11 in the West Bengal Electricity Regulatory Commission (Open Access) Regulations, 2007 and West Bengal Electricity Regulatory Commission (Terms and Conditions of Tariff) (Amendment) Regulations, 2007.

SUMMARISED REVENUE REQUIREMENT :

8. Total summaries revenue requirement of WBSETCL for the year 2008-09, 2009-10, 2010-11 has been estimated at Rs. 61163 Lakhs, Rs. 62451 Lakhs and Rs. 65827 Lakhs respectively. The allocated transmission capacity during the year 2008-09, 2009-10, 2010-11 have been estimated as 3475.83 MW, 3823.17 MW & 4205.42 MW respectively. The transmission charge in Rupees per MW per Month has been computed at Rs. 1,46,639/-, Rs.1,36,124/- & Rs. 1,30,441/- for 2008-09, 2009-10 & 2010-11 respectively.

The detailed cost estimates under different heads and summarised revenue requirement forms are furnished in the data forms annexed hereto.

REPRESENTATIONS :

9. The Proposal is in three (3) volumes, as listed below :

<i>Vol.</i>	<i>Description</i>
<i>I</i>	Detailed Tariff Proposal
<i>II</i>	Filing formats as prescribed by the Hon'ble Commission
<i>III</i>	Copies of Annual Accounts of WBSEB

10. The WBSETCL confirms that the present filing has been discussed and approved by the Directors of the WBSETCL .
11. The WBSETCL has made every effort to meet the information requirements prescribed by the Hon'ble Commission. Notwithstanding the same, the WBSETCL however agrees to make available any further information, as and when asked for by the Hon'ble Commission.



PRAYER TO THE HON'BLE COMMISSION :

12. The WBSETCL humbly prays to the Hon'ble Commission to :
- (a) Accept the accompanying proposal for determination of tariff/charges for transmission of electricity by WBSETCL.
 - (b) Pass orders as the Hon'ble Commission may deem fit and proper keeping in mind the facts and circumstances of the case.



: TABLE OF CONTENTS :

Sl. No.	Description of Items	Page No.
1.0	Introduction	8
2.0	Assessment of Energy Transmitted By WBSETCL in MU	8 & 9
3.0	Estimates of Costs	10 to 12
	3.1 Employee Expenses	10
	3.2 Repair and Maintenance Expenses	10
	3.3 Administration and General Expenses	11
	3.4 Depreciation	11
	3.5 Interest and Finance Charges	11
	3.6 Reserve for Unforeseen Exigencies	11 & 12
	3.7 Return on Equity	12



**PROPOSAL TO THE HON'BLE COMMISSION FOR DETERMINATION OF
TARIFF / CHARGES FOR TRANSMISSION OF ELECTRICITY**

1.0 INTRODUCTION

The West Bengal State Electricity Transmission Company Limited [WBSETCL] started functioning with effect from 1st April, 2007 with restructuring of erstwhile West Bengal State Electricity Board in terms of "West Bengal Power Sector Reforms Transfer Scheme, 2007" notified by the Government of West Bengal in the Department of Power and Non-Conventional Energy Sources in exercise of the power under sub-section (4) of section 131 of the Electricity Act, 2003 vide Notification No. 12-PO/O/III/3R-29/2006 Dated 25th January, 2007. The Transmission and State Load Despatch unit of WBSEB is transferred to WBSETCL as per above Transfer Scheme. The duties of WBSETCL is to transmit power of all power agencies within the state of West Bengal in an efficient and economic manner in coordination with generating companies, if any, operating in the state.

2.0 ASSESSMENT OF ENERGY TRANSMITTED BY WBSETCL

2.1 At present WBSEDCL is the sole long term user of the transmission network of WBSETCL and other agencies use the said transmission system on short-term basis as per their requirement. So the total transmission of energy during the control period of 2008-09, 2009-10, 2010-11 by WBSETCL has been projected based on the energy to be purchased by WBSEDCL at 400/220/132 KV to meet their energy requirement for the said control periods.

2.2 Power purchased from all the State and Central Sector Generating Stations by WBSEDCL are to be transmitted through Transmission System of WBSETCL. Evacuation system of power Generated at the Hydel Power Stations and Purulia Pumped Storage Projects (PPSP) of WBSEDCL are also connected with the said transmission system.



- 2.3 So for availability of these Power at WBSEDCL system the Technical Loss in the transmission system of WBSETCL has been considered as 3.90%. 3.80% & 3.70% for the year 2008-09, 2009-10 & 2010-11 respectively as per provision made in the West Bengal Electricity Regulatory Commission (Open Access) Regulations, 2007 and WBERC (Terms and Conditions of Tariff) (Amendment), 2007.



3.0 ESTIMATES OF COSTS

3.1 Employee Expenses :

The staff strength of WBSETCL as on 01/04/2007 has been assessed as per “West Bengal Power Sector Reforms Transfer Scheme, 2007”.

In the instant Tariff proposal, the element of DA has been considered as per order of Govt. of West Bengal issued time to time in the year 2007-08. As per recent Govt. order, DA element in line with the Govt. Order as declared has also been considered. Employees cost has been estimated considering average rate of D.A. as 28.42% for RE 2007-08 and 39.75% for BE 2008-09 and new recruitment of around 100 persons in 2007-08 and 370 persons in 2008-09 at different cadres. However any further increase in DA during the year 2008-09, 2009-10, 2010-11 by the likely announcement of the State Government will come as additional expenditure.

With regard to Overtime payments, the Petitioner states that overtime is allowed only to technical staffs who are engaged to attend emergency breakdown beyond normal hours particularly to minimise the period of interruption and that too is done in public interest. Disallowance of such payments would severely affect the quality of supply and hence it is petitioned that Overtime expenses may be allowed as estimated.

3.2 Repair and Maintenance (R&M) Expenses :

In order to deliver reasonably uninterrupted quality power, WBSETCL has commissioned many transmission sub-stations and lines under JBIC and other funding. This requires additional R&M expenses during the year 2008-09, 2009-10, 2010-11. Considering this WBSETCL will require Rs.1655 Lakhs in FY09, Rs. 1651 Lakhs in FY10 and Rs. 1717 Lakhs in FY11 to meet its R&M requirements which is very much reasonable compared to total transmission system.



3.3 Administration and General Expenses :

It is estimated that Rs.1565 Lakhs, Rs. 2086 Lakhs & Rs. 2297 Lakhs will be required during 2008-09, 2009-10, 2010-11 to meet the Administration and General Expenses, rent & taxes, legal charges & auditor fee. After capitalization of expenditure the above cost becomes Rs. 1202 Lakhs Rs. 1506 Lakhs and Rs. 1717 Lakhs respectively.

3.4 Depreciation :

In the WBERC (Terms & Conditions of Tariff) Regulations, 2007 & WBERC (Terms & Conditions of Tariff) (Amendment) Regulations, 2007, Hon'ble Commission has stipulated that depreciation would be calculated annually based on straight-line method at the prescribed rates. Depreciation shall be allowed up to maximum of 90% of the original cost of the assets. Revenue requirement of WBSETCL for 2008-09, 2009-10, and 2010-11 has been computed at Rs.10571 Lakhs, Rs. 12302 Lakhs and Rs. 14033 Lakhs respectively on the basis of above methodology.

3.5 Interest and Finance Charges :

Total Interest payable on loan from Government and other Financial Institution in the year 2008-09, 2009-10, 2010-11 has been worked out at Rs.261.04 Crore, Rs. 300.82 Crore, Rs. 347.35 Crore. After capitalization net interest of Rs. 173.42 Crore, Rs. 160.67 Crore & Rs. 156.15 Crore for 2008-09, 2009-10 & 2010-11 has been considered in the revenue expenditure.

3.6 Reserve for Unforeseen Exigencies :

In the WBERC (Terms & Conditions of Tariff) Regulations, 2007 & WBERC (Terms & Condition of Tariff) (Amendment) Regulations, 2007 Hon'ble Commission has kept provision for allowing a reserve for dealing with Unforeseen Exigencies up to 0.25% of the value of Gross Fixed Assets at the beginning of the year. Accordingly,



a sum of Rs. 779 Lakhs, Rs. 926 Lakhs, Rs. 1061 Lakhs have been included in the revenue requirement for the year 2008-09, 2009-10, 2010-11 respectively.

3.7 Return on Equity :

In terms of “West Bengal Power Sector Reforms Transfer Scheme, 2007” notified by the Government of West Bengal, the equity allocated to WBSETCL is 720 Crore. This allocation of assets has been considered as per balance sheet as on 31.03.2006. Further amount of Rs.33 Crore has already been invested from it's own fund in transmission projects during 2007-08 . Another amount of Rs. 104.64 Crore, Rs. 112.74 Crore and Rs. 127.96 Crore are likely to be invested from it's own fund in execution of transmission projects for the year 2008-09, 2009-10 and 2010-11 respectively. This investment has been considered as equity participation of WBSETCL and permitted return on this score has been considered in the revenue requirement.

