



**ORDER
OF THE
WEST BENGAL ELECTRICITY REGULATORY COMMISSION**

FOR THE YEAR 2015 – 2016

IN

CASE NO: TP – 60 / 13 - 14

**IN RE THE TARIFF APPLICATION OF
WEST BENGAL STATE ELECTRICITY
TRANSMISSION COMPANY 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: 22.06.2015



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 State Electricity Transmission Company Limited (in short ‘WBSETCL’) is deemed to be a licensee under the jurisdiction of the Commission in terms of fifth proviso to Section 14 of the Act. The area of operation for WBSETCL covers the whole of the State of West Bengal. In exercise of powers conferred under Sub-section 1 of Section 39 of the Act, the Govt. of West Bengal has notified and authorized vide No.89-PO/O/III/3R-5/2007 dated 26.3.2007 West Bengal State Electricity Transmission Company Limited to function as State Transmission Utility w.e.f 1.4.2007.
- 1.3 West Bengal Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2011 has come into 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 application for the fourth control period consisting of the years 2014 – 2015, 2015 – 2016 and 2016



Tariff Order of WBSETCL for the year 2015 – 2016

– 2017 under Multi Year Tariff (MYT) framework was required to be submitted by WBSETCL 120 days in advance of the effective date of the said control period. The effective date of the fourth control period is 1st April, 2014. WBSETCL submitted an application on 29.11.2013 for extension of date for submission of their MYT application for the fourth control period upto 31.12.2013 on the plea that the finalization of the perspective plan undertaken in consultation with other utilities in the State took some time. The Commission, after considering the application of WBSETCL and also the applications received from the distribution licensees and the generating company in the State 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. WBSETCL, however, submitted another application on 30.12.2013 for further extension of time upto 15.01.2014 on the plea that the implication of the tariff order for 2013 – 2014 issued by the Commission on 26.12.2013 on the tariff projection for the fourth control period was required to be examined. 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. WBSETCL submitted another application on 15.01.2014 for further extension of time upto 15.02.2014 without any specific reasons but with the submission that due to unavoidable circumstances, a little more time was required by them to finalize their tariff petition, which was not accepted by the Commission and the same was communicated to them vide letter dated 15.01.2014. WBSETCL had failed to submit their MYT application within 15.01.2014. WBSETCL further prayed for extension of time upto 15.02.2014 vide their petition dated 24.01.2014 with the submission that it became necessary for them to scrutinize the tariff petition before submitting it to the Commission in view of the suggested modification of some elements of budget in the Budget Committee meeting of the company held on 22.01.2014, which was also not accepted by the Commission. The Commission vide letter dated 24.01.2014



Tariff Order of WBSETCL for the year 2015 – 2016

communicated WBSETCL that no further time was allowed to them as communicated vide letter dated 15.01.2014 to submit their MYT application for the fourth control period. WBSETCL submitted their MYT application for the fourth control period on 30.01.2014. The application is for determining the revenue requirements for transmission charges for three ensuing years 2014 – 2015, 2015 – 2016 and 2016 – 2017 of fourth control period under MYT framework. On scrutiny, it was found that some of the data forms and documents were required to be submitted by WBSETCL which were submitted by WBSETCL on 17.02.2014 and 21.02.2014. WBSETCL, however, submitted a supplementary petition on 24.02.2014 with revised revenue requirement of WBSETCL for all the three years i.e., 2014 – 2015, 2015 – 2016 and 2016 – 2017 under the fourth control period. WBSETCL also submitted further information on 05.03.2014 and 13.03.2014.

- 1.5 The tariff application submitted on 30.01.2014 along with the information / data documents submitted on 17.02.2014 and 21.02.2014, the supplementary application submitted on 24.02.2014 and further information submitted on 05.03.2014 and 13.03.2014 (collectively called as 'tariff application') were admitted by the Commission in case No.TP-60/ 13-14. After admission of the same, WBSETCL was directed to publish the gist of the tariff application as approved by the Commission in newspapers and also in the website of WBSETCL in terms of the provisions of the regulation 2.7.3 of the Tariff Regulations. The gist of the tariff application was published in 'Ei Samay', 'Bartaman', 'The Financial Express' and 'The Times of India; on 23rd April, 2014. The gist along with the tariff application was also posted in the website of WBSETCL.
- 1.6 The publication invited the attention of all interested parties, stake holders and members of the public to the tariff application of WBSETCL and requested for submission of suggestions, objections and comments, if any, on the tariff



Tariff Order of WBSETCL for the year 2015 – 2016

- application to the office of the Commission by 16.05.2014. Opportunities were also offered to all for inspection of the application and take copies thereof. Some correspondences were also made with WBSETCL which were also published in the website of the Commission from time to time. The last date of submission of suggestions and objections were, however, extended upto 26.05.2014 considering the prayer of Hooghly Chamber of Commerce and Industries for extension of time.
- 1.7 The suggestions and objections on the tariff application of WBSETCL were received only from Hooghly Chamber of Commerce and Industries (in short 'HCCI') at the office of the Commission within the stipulated date.
- 1.8 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 WBSETCL in case no. TP-60/13-14 for the year 2014 – 2015 determining the Aggregate Revenue Requirement (in short 'ARR') of WBSETCL for each year of the fourth control period, along with the tariffs of WBSETCL for the years 2014 – 2015. The objections and suggestions on the tariff application of WBSETCL for the fourth control period was dealt with separately in the tariff order dated 04.03.2015. The analyses and findings for determination of the aforesaid ARR and tariffs of WBSETCL were recorded in the tariff order dated 04.03.2015 in respect of WBSETCL for 2014 – 2015. WBSETCL on receipt of the aforesaid tariff order of 2014 – 2015 submitted its gist for approval and the gist was approved by the Commission on 12.03.2015. Accordingly the gist was published in newspapers and in website of WBSETCL 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.



Tariff Order of WBSETCL for the year 2015 – 2016

- 1.9 The Commission now proceeds to determine the revenue recoverable through tariff by WBSETCL during the year 2015 – 2016 as also the tariffs of WBSETCL for 2015 – 2016 on the basis of ARR determined for 2015 – 2016 in the tariff order for 2014 – 2015 and adjustments, if any, in subsequent chapters in accordance with the Tariff Regulations.



CHAPTER – 2 SUMMARISED STATEMENT OF AGGREGATE REVENUE REQUIREMENT & REVENUE RECOVERABLE THROUGH TARIFF FOR THE YEAR 2015 – 2016

- 2.1 As stated in the preceding chapter, the Commission determined the ARR of WBSETCL 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 2015 – 2016 is given in Annexure-2A.
- 2.2 The Commission in the tariff order dated 04.03.2015 in case no. TP-60/13-14 considered for adjustment of a total amount of Rs. 6760.39 lakh being the part release of regulatory assets created in the APR orders for different years upto 2012 – 2013 as detailed in paragraphs 4.12.7 of the order dated 04.03.2015 in respect of WBSETCL in connection with determination of the revenue recoverable through tariff for the year 2015 – 2016. The Commission decides to continue with the adjustment of the said amount in determination of revenue recoverable through tariff for 2015 – 2016 in this order. APR order of WBSETCL for the year 2013 – 2014 has not yet been finalized and as such no adjustments have been considered for the same.
- 2.3 Accordingly, the revenue recoverable through tariff of WBSETCL for the year 2015 – 2016 works out as under:-

Amount in Rupees in Lakh

REVENUE RECOVERABLE THROUGH TARIFF, CAPACITY CHARGE AND FIXED CHARGE IN 2015-16		
Sl. No.	Particulars	Total
1	Net Aggregate Revenue Requirement for 2015-16 as per Annexure – 2A	107119.30
2	Adjustment as per paragraph 2.2 above	6760.39
3	Revenue Recoverable (1 + 2)	113879.69



ANNEXURE - 2A SUMMARISED STATEMENT OF AGGREGATE REVENUE REQUIREMENT FOR 2015 – 2016

Sl. No.	PARTICULARS	2015 - 2016
1	Employee Cost including terminal benefit	19304.59
2	Operation & Maintenance (O&M) Charges	
	(a) Repairs and Maintenance	4091.84
	(b) Administrative & General Charges	
	(i) Rent	97.23
	(ii) Legal charges	2.89
	(iii) Audit fees / Expenses	71.36
	(iv) Other Administrative & General Expenses	1022.17
	(c) Cost of Outsourcing	2567.99
	Total (2)	7853.48
3	Insurance Premium	0.00
4	Rates & Taxes	128.55
5	SLDC Expenses	0.00
6	Interest and Finance Charges	
	(a) On capital borrowings	23942.07
	(b) On bonds for terminal benefits to employee	2295.00
	(c) On working capital	523.95
	(d) Other Finance charges	34.00
	Total (6)	26795.02
7	Depreciation	22431.49
8	Advance against Depreciation	0.00
9	Taxes payable under Income Tax Act	6911.56
10	Returns on equity	30022.41
11	Fixed charges payable to WBPDCCL on account of Bakreswar Transmission system	5343.48
12	Charges payable to ERPC	15.00
13	Gross Revenue Requirement (sum 1:12)	118805.58
14	Less: Deduction for -	
	Income from other non-tariff sources	1979.19
	STOA Charges	7277.00
	Interest Credit	476.52
	SLDC (Handling Charges)	1953.57
	Total (14)	11686.28
15	Aggregate Revenue Requirement for the year (13-14)	107119.30



CHAPTER - 3 TARIFF ORDER

DETERMINATION OF THE RATE FOR RECOVERY OF TRANSMISSION CHARGES FOR THE YEAR 2015 – 2016

- 3.1 In the previous chapter the Commission has determined the revenue recoverable through tariff during the year 2015 – 2016 under the fourth control period. The Commission is now to fix the rate for recovery of the same from the transmission system users during the year 2015 – 2016 in accordance with the provisions of paragraph 6 in the Schedule-3 of the Tariff Regulations, 2011, as amended. The rate at which the amount of Aggregate Revenue will be recovered by WBSETCL from its system users will include all the three components of the transmission tariff i.e. charges for use of the transmission network, system operation charges and reactive power charges. It is, however, to mention here that WBSETCL has got no variable cost to recover from its system users besides the fixed charges as admitted by the Commission in the Statement of Aggregate Revenue Requirement.
- 3.2 As per the submissions of WBSETCL, at present WBSEDCL is the sole long-term user of its transmission network and some other agencies use the same on short term basis on casual requirements.
- 3.3 In regard to the transmission charges payable by the licensees or the open access customers, the computations are to be based on the capacity allocated to each beneficiary based on average of daily peak demand on annual basis. The allocated transmission capacity during the year 2015 – 2016 has been estimated as 5690 MW. The Commission considers to arrive at the unit rate of recovery of transmission charges taking into account the figure of 5690 MW for 2015 – 2016, as projected by WBSETCL. Such recoverable charges are to be expressed in



Tariff Order of WBSETCL for the year 2015 - 2016

Rs./MW/month for the long-term customers and in Rs./MW/day for short-term customers on the basis of MW to be served by the system. The unit rate of recovery of transmission charges during 2015 – 2016 from the transmission system users, thus, works out as under:

i)	Recoverable ARR	Rs. 113879.69 lakh
ii)	Average System Demand on the basis of average of the daily peak	5690 MW
iii)	Rate for long-term users	Rs. 113879.69 lakh/(5690 MW x12) = Rs. 1,66,783.00 / MW / month subject to adjustment as per regulation 9.2 of Schedule 3 of the Tariff Regulations.
iv)	Rate for short-term users	Rs. 1,66,783.00 x0.25/30 = Rs 1389.86/MW/day.
v)	Rate payable by short-term users in case of uncongested transmission network, shall be as under:-	
	(a) Upto 6 Hours in a day in one block	1/4 th of the rate for short-term customers.
	(b) More than 6 Hours and upto 12 Hours in a day in one block	1/2 of the rate for short-term customers.
	(c) More than 12 Hours and upto 24 Hours in a day in one block	at full rate for short-term customers

Provided that the rates as mentioned under (v) in each of the above table will not be applicable to those short-term customers who have their drawal point within the State of West Bengal and injection point outside the State.

Provided also that the rate for payment of transmission charges payable by a short-term customer, where capacity has been reserved through bidding process, shall be in terms of Commission's Open Access Regulations, 2007, as amended.

3.4 The amount payable by WBSETCL to West Bengal Power Development Corporation Limited (WBPDC) for the year 2015 – 2016 on account of Bakreswar transmission system as determined in the tariff order dated



- 04.03.2015 in respect of WBPDCCL is Rs. 5343.48 lakh. Any adjustment between the payable amount of Rs. 5343.48 lakh for the year 2015 – 2016 and the amount paid by WBSETCL for the year 2015 – 2016 upto June, 2015 on account of Bakreswar transmission system shall be made by WBPDCCL to WBSETCL during July, 2015 to September, 2015 in equal monthly instalments.
- 3.5 SLDC shall, in terms of sub-section (3) of section 32 of the Electricity Act, 2003 and the provisions of the West Bengal Electricity Regulatory Commission (Miscellaneous Provisions) Regulation, 2005, as amended, levy every month the SLDC charges at the existing rate @ 0.5 paise/kWh from the licensees using intra-state transmission system in the State of West Bengal on their implemented schedule(s) of injection of power into the grid or on the quanta of electricity transmitted, as the case may be, from the month of April, 2015 onwards. Arrear SLDC charges upto the month of June, 2015, if any, shall be realized by SLDC from the licensees in the billing month of / pertaining to July, 2015.
- 3.6 The tariff for 2015 – 2016 shall be applicable from the billing month of / pertaining to April, 2015 to March, 2016 and shall continue for the year 2016 – 2017 till tariff order for the year 2016 – 2017 is issued. Adjustments, if any, for over recovery / under recovery for the period from 01.04.2015 to 30.06.2015 from the system users shall be made in 3 (three) equal monthly instalments through the bills for the month of / pertaining to July, 2015 and onwards.
- 3.7 The realizations of the revenue from its transmission system users are supposed to meet the Aggregate Revenue Requirement (ARR) of WBSETCL. The recovery of such revenue over the concerned year on piecemeal basis may result in under or over recovery of the total amount of fixed charges. It is, therefore, stipulated that the amount of any such under or over recovery will be dealt with suitably in the APR for the concerned year.



Tariff Order of WBSETCL for the year 2015 - 2016

- 3.8 WBSETCL is directed to submit the audited annual accounts of SLDC for all the years under the control period clubbed with a statement showing item wise and head wise actual expenses along with their application of APR for the concerned year.
- 3.9 WBSETCL shall present to the Commission a gist of this order in accordance with the 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 the aforesaid regulation within four working days from the date of receipt of the approval of the Commission.



CHAPTER – 4 DIRECTIVES

- 4.1 The Commission in the tariff order of WBSETCL for 2014 – 2015, issued on 04.03.2015 had given certain directives to WBSETCL which are required to be complied with by WBSETCL. WBSETCL shall submit compliance report to the Commission accordingly. The Commission now gives further directions in this chapter which are also required to be complied with by WBSETCL.
- 4.2 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 WBSETCL has to justify such higher expenditure in detail with supporting document and evidence on the basis of which the Commission will take its 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 (transmission line length or number of sub-stations) 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.
- 4.3 WBSETCL along with their application of APR for 2014 – 2015 shall submit the followings:



Tariff Order of WBSETCL for the year 2015 – 2016

- a) Plan to improve efficiency level within specific time line.
 - b) Plan to use the assets during idle hours to increase the revenue.
- 4.4 Henceforth, while submitting application of APR for the year 2014 – 2015 and onwards, WBSETCL shall have to submit the followings through affidavit:
- a) That no expenditure has been claimed by WBSETCL through the APR petition on employee or infrastructure or any other support or O&M activity pertaining to any other business of WBSETCL not in relation to their licensed business.
 - b) The list of cases related to Tariff and Annual Performance Review (APR) filed or applied for filing in Court of Law but the notices have not yet been served to the Commission.

**Sd/-
(SUJIT DASGUPTA)
MEMBER**

**Sd/-
(R. N. SEN)
CHAIRPERSON**

DATE: 22.06.2015