



**ORDER
OF
WEST BENGAL ELECTRICITY REGULATORY COMMISSION
FOR THE YEAR 2023 – 2024
IN
CASE NO: TP – 98 / 22 - 23
IN REGARD TO THE TARIFF APPLICATION OF THE
WEST BENGAL STATE ELECTRICITY DISTRIBUTION
COMPANY LIMITED FOR THE YEARS 2023 – 2024, 2024 –
2025 AND 2025 – 2026 UNDER SECTION 64(3)(a) READ
WITH SECTION 62(1) AND SECTION 62(3) OF THE
ELECTRICITY ACT, 2003**

DATE: 30.03.2023



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 the 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 Distribution Company Limited (hereinafter referred to as WBSEDCL), is deemed to be a licensee under the Electricity Act, 2003 in terms of fifth proviso to Section 14 of the Act wholly owned by the State Government and has been engaged in the business of distribution of electricity within the area of supply of WBSEDCL in the State of West Bengal and the distribution tariff of WBSEDCL shall be determined by the Commission.
- 1.3 In terms of definition contained in regulation 1.2.1 (xxx) of the 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'), each control period after third control period shall be normally for a period of five ensuing years or such other period of number of ensuing years as may be decided by the Commission from time to time. The Commission vide its order dated 31.08.2022 in case no. SM-31/22-23 decided that the eighth control period shall be for three years consisting of 2023 – 24, 2024 – 25 and 2025 – 26. In terms of regulation 2.7.1 of the Tariff Regulations, application for determination of tariff under Multiyear Tariff framework has to be submitted 120 days in advance from the effective date of the start of the control period.
- 1.4 WBSEDCL has submitted the petition for determination of tariff for the eighth control period consisting of the years 2023 – 24, 2024 – 25 and 2025 – 26 on 30th November, 2022. Subsequently, on 20.01.2023 WBSEDCL submitted a supplementary to their petition for determination of tariff for eighth control period. The tariff petition along with



supplementary petition (together termed as 'tariff application') was scrutinized with reference to requirements of tariff regulations and the same was admitted by the Commission in case No.TP-98/22 – 23. WBSEDCL was accordingly directed to publish the gist of their tariff application in the newspapers and also in their website as per provisions of the Tariff Regulations. The gist was published on 11.02.2023 simultaneously in newspapers namely- (i) 'The Telegraph' (English), (ii)'The Aajkaal' (Bengali), (iii) 'Bartaman' (Bengali) and (iv) 'Sanmarg' (Hindi). The gist along with the tariff application were also posted in the website of WBSEDCL. The publication invited the attention of all interested parties, stake holders and the members of the public to the application for determination of tariff of WBSEDCL for the eighth control period and requested for submission of suggestions, objections and comments, if any, on the tariff application to the Commission latest by 06.03.2023. Opportunities were also afforded to all to inspect the tariff application and to take copies thereof.

- 1.5 Objections to / comments on the aforementioned tariff application of WBSEDCL for the eighth control period were received by the Commission from the following stakeholders within the stipulated time i.e., 06.03.2023 and the same have been recorded in a summarized form in Chapter 3 of the instant order.

- I. All Bengal Electricity Consumers' Association (ABECA),
- II. West Bengal Power Development Corporation Limited (WBPDC),
- III. Wacker Metroark Chemicals Pvt. Ltd. And (WMCPL)
- IV. Forum of Scientists, Engineers & Technologists (FOSET)

- 1.6 The Commission has determined the tariff in accordance with the Electricity Act, 2003 and the Tariff Regulations framed thereunder in the subsequent chapters of this order duly considering the suggestions / objections raised by the stakeholders. The Commission has also provided some directives to WBSEDCL in Chapter - 10 to comply with. Any estimate made by the Commission in this order for 2022 – 23 (base year of the eighth control period), in order to arrive at the projected expenditure during the ensuing years of eighth control period (i.e., 2023 – 24, 2024 – 25 and 2025 – 26), shall not be construed as allowable expenditure for 2022 - 23.



CHAPTER – 2 THE CASE OF WBSEDCL

- 2.1 WBSEDCL has submitted the application for determination of Aggregate Revenue Requirement (ARR) and tariffs for the eighth control period covering the years 2023 – 24, 2024 – 25 and 2025 – 26 under MYT framework in accordance with the Tariff Regulations. The applicant has projected the ARR and the tariffs for the eighth control period and has prayed for allowing the same.
- 2.2 WBSEDCL submitted that they have taken over the entire business of distribution of electricity of the Durgapur Projects Limited (hereinafter referred to as DPL) along with all associated assets and liabilities with effect from 01.01.2019 as per notification no. 319-PO/O/C-IV/1E-60/13 (Part- VA) dated 08.12.2017 & 328/PO/O/C-IV/1E-60/13 (Pt- VA) dated 26.12.2018 of the Government of West Bengal and subsequent order dated 31.12.2018 of the Commission. Accordingly, MYT for eighth control period has been projected considering the requirement of added area due to takeover of DPL along with that of other areas of WBSEDCL.
- 2.3 WBSEDCL has projected the ARR of Rs 25,47,886 lakh, Rs. 26,61,176 lakh and Rs. 27,77,789 Lakh for the years 2023 – 24, 2024 – 25 and 2025 – 26 respectively at an average tariff of 731.74 paisa/kWh, 732.27 paisa/ kWh and 731.77 paisa/kWh for the respective years of the control period.
- 2.4 The major reasons for proposed tariff increase from the base year (i.e. 697.42 paisa / kWh) are submitted as below:
- i) Increase in power purchase cost due to increase in coal price. WBSEDCL has considered power purchase cost from NTPC Ltd. (NTPC), NHPC Ltd. (NHPC) and DVC Ltd. (DVC) based on average rate arrived from energy bills from April'22 to September'22. For intra-state generating stations like WBPDC, DPL, HMEL they have considered energy charge along with average MFCA during April'22 to September'22.



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- ii) To meet the load growth, WBSEDCL has considered purchase of power from some new generating stations during the eighth control period. Cost of purchase of power from such new power plant has been considered as per the respective agreement with the entities or recently commissioned similar power plant from where WBSEDCL is receiving power. The actual in the latter case, shall be considered during truing up.
- iii) Considering increase in network across the state to cater growing consumer base, improved customer service facilities and rise in price index, WBSEDCL has proposed increase in expenses towards Repair & Maintenance (R&M), outsourcing cost due to maintenance & operation of new line and substations, spot billing service, mobile maintenance service and zonal call center, etc.

Besides, monthly meter reading & FMS (Facility Management Service) charge along with GST components for installation of smart meter under OPEX model in WBSEDCL area has been considered in O&M cost, outsourcing cost and tax head.

- iv) Employee cost has been estimated taking into account considering increment of basic, DA and other allowances.
- v) Probable enhancement of transmission charges payable to WBSETCL and Central Transmission Utility (CTU).

2.5 WBSEDCL submitted that the following set of premises have been considered while proposing the tariff during eighth control period:

- (a) All infrastructure investment and power procurement plan during eighth control period have been made assuming that all consumers under WBSEDCL area will continue to avail power supply from WBSEDCL along with the trend of increase of consumers of last five years. Since consumption for traction category & some railways establishments has been converted to Deemed Licensee Mode from Consumer Mode w.e.f. 01.07.2022, sales for those traction categories has not been considered. Sale to licensees viz. CESC, IPCL has been considered as per recent trend.