



WEST BENGAL STATE ELECTRICITY DISTRIBUTION COMPANY LIMITED

(A Govt. of West Bengal Enterprise)

Regd. Office : Vidyut Bhavan, Block-DJ, Sector-II, Bidhannagar, Kolkata-700 091

CIN : U40109WB2007SGC113473, cecorpmont@gmail.com, www.wbsedcl.in

WBSEDCL

NOTICE

Gist of Application for Fuel and Power Purchase Cost Adjustment and Annual Performance Review for the year 2016-2017

1. West Bengal State Electricity Distribution Company Limited (WBSEDCL) has submitted applications before the West Bengal Electricity Regulatory Commission (Commission) for Fuel and Power Purchase Cost Adjustment (FPPCA) on 17.10.2017 and Annual Performance Review (APR) for the year 2016–2017 on 30.11.2017. The applications have been admitted by the Commission on 25.08.2021 in Case No. FPPCA - 87/17–18 and APR – 63/17–18.

2. The gist of the APR and FPPCA application is as follows:

The FPPCA application is for approval of net Fuel and Power Purchase Cost of Rs 1283117 lakh and the APR application is for approval of Rs 693394 lakh towards Net Fixed cost for the financial year 2016–2017. WBSEDCL seeks to recover revenue shortfall of Rs. 289199 lakh including adjustment of variable cost as per FPPCA application for 2016–17.

3. The FPPCA and APR applications may be inspected at the office of the West Bengal Electricity Regulatory Commission at Plot No: AH/5 (2nd Floor & 4th Floor) Premises No: MAR 16-1111, Action Area – 1A, Newtown, Rajarhat, Kolkata – 700163 [Telephone No. (033) 2962 3756 and FAX (033) 2962 3757, e-mail: cp-wberc@gov.in] and certified copies of the application or part thereof may also be obtained from the office of the Commission following the procedures as laid down in the West Bengal Electricity Regulatory Commission (Conduct of Business) Regulations, 2013 during office hours on all working days up to the last date of submitting suggestion and objections.

4. The FPPCA and APR applications submitted by WBSEDCL have been posted on the website of the applicant at www.wbsedcl.in.

5. The suggestions, objections and comments, if any, on the proposals contained in the FPPCA and APR applications shall be submitted separately at the office of the Commission mentioned above within 21 (twenty-one) days (inclusive of the date of publication) from the date of publication of the gist.

6. This gist has been published with the approval of the West Bengal Electricity Regulatory Commission.

Place: Salt Lake, Kolkata

Date: 06.09.2021

S.Mukhopadhyay
Chief Engineer (Regulation Cell)

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পশ্চিমবঙ্গ পশ্চিম বঙ্গাল WEST BENGAL

BEFORE THE NOTARY PUBLIC

22AA 287440

BEFORE THE HONOURABLE WEST BENGAL
ELECTRICITY REGULATORY COMMISSION



Filing No. _____

Case No. _____

IN THE MATTER OF: Fuel and Power Purchase cost Adjustment (FPPCA) of West Bengal State Electricity Distribution Company Limited (WBSEDCL) for the year 2016-17 as per regulations 2.8.7 and 5.8 and Schedule-7A of West Bengal Electricity Regulatory Commission (terms and Conditions of Tariff) Regulations, 2011 as amended.

And

IN THE MATTER OF: West Bengal State Electricity Distribution Company Limited, Vidyut Bhawan, Block DJ, Sector - II, Bidhannagar, Kolkata - 700 091.

B. N. SAHA
NOTARY
Bikash Bhavan
North Block, Gr. Floor
Bidhannagar, Kolkata
West Bengal

Sudipta Fluxkopadhyay

Chief Engineer (Reg.)(Offtg.)
Regulation Department
WBSEDCL

11 7 OCT 2017



I, Sri Sudipta Mukhopadhyay, son of Late Deb Kumar Mukhopadhyay, aged 53 years residing at 2 Kundan Bye Lane, Liluah Howrah – 711204 do solemnly affirm and say as follows:

1. I am the Chief Engineer (Regulation)(Officiating) of the West Bengal State Electricity Distribution Company Limited, petitioner in the above matter, and am duly authorized by the said petitioner to make this affidavit for and on its behalf.
2. The statements made in paragraphs 1 to 20 herein now shown to me and marked with the letter "A" are true to my knowledge and nothing material has been concealed from the statements so made.

Solemnly affirm at Kolkata on this 17th day of October'2017 that the contents of this affidavit are true to my knowledge, no part of it is false or nothing material has been concealed there from and misleading material included therein.

B. N. SAHA
NOTARY
Bikash Bhavan
North Block, Gr. Floor
Bidhannagar, Kolkata
West Bengal

Solemnly Affirmed
&
Declared Before me
on Identification of documents
B. N. SAHA
NOTARY

11 7 OCT 2017

Sudipta Mukhopadhyay

Chief Engineer (Reg.)(Offtg.)
Regulation Department
WBSEDCL

Identified by me

[Signature]
Advocate



BEFORE THE HON'BLE WEST BENGAL ELECTRICITY REGULATORY
COMMISSION



Filing No.

Case No.

In the matter of :

Fuel and Power Purchase Cost Adjustment (FPPCA) of West Bengal State Electricity Distribution Company Limited (WBSEDCL) for the year 2016-17 as per regulations 2.8.7 and 5.8 and Schedule-7A of West Bengal Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2011 as amended.

AND

In the matter of :

West Bengal State Electricity Distribution Company Limited,
Bidyut Bhawan, Block - DJ, Sector-II, Bidhannagar,
Kolkata - 700 091

Respectfully Sheweth:

1. That the petitioner herein the West Bengal State Electricity Distribution Company Limited (hereinafter to be referred as "WBSEDCL") is a Distribution Licensee under Electricity Act, 2003 and engaged in the business of generation, distribution and supply of electricity.
2. That this application is being filed in terms of regulations 2.8.7 and 5.8 of West Bengal Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2011 as amended (hereinafter to be referred as "Tariff Regulations 2011").
3. That Hon'ble West Bengal Electricity Regulatory Commission (hereinafter to be referred as "Commission") has passed Tariff Order of WBSEDCL for the year 2016-17 on 28.10.2016.
4. That The Annual Report and Annual Accounts for the year 2016-17 of WBSEDCL (in short "Annual Accounts") is finalized and duly audited by the statutory auditor which has been duly passed in the meeting of the Board of Directors on 17.07.2016. Comptroller and Audit General of India (in short "CAG") has also completed the audit of the Annual Accounts of WBSEDCL for 2016-17 on 18.09.2016.

(1)

Sudipta Ghoshgobari

Chief Engineer (Reg.)(Offtg.)
Regulation Department
WBSEDCL

These financial statements have been prepared to comply in all material aspects with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 (the Act) [Companies (Indian accounting Standards) Rules, 2015 and Companies (Indian accounting Standards) Amendment Rules, 2016] and other relevant provisions of the Act.

The financial statements upto year ended 31 March, 2016 were prepared in accordance with generally accepted accounting principles in India (Previous GAAP) to comply with the Accounting Standards specified under Section 133 of the Companies Act, 2013 ("the 2013 Act") as applicable.

An explanation of how the transition from previous GAAP to Ind AS has affected the Company's financial position, financial performance and cash flows has been included in the note no. 55 of Annual Accounts of WBSEDCL for the year 2016-17.

Based on the said Audited Annual Report and Annual Accounts of WBSEDCL for the year 2016-17, the FPPCA application is being submitted.

The Annual Accounts is enclosed as **Appendix-1**. Certificate of the Chartered Accountant is enclosed as **Annexure-1A** wherein break-up of power purchase cost (agency-wise) of Annual Accounts in respect of different sources / power stations are given segregating the Transmission charge / Open access charge. Transmission charge / Open access charge will be claimed in the APR application for 2016-17.

5. That to compute the Fuel and Power Purchase Cost (FPPC) for the year 2016-17, the power purchase cost, fuel cost and sale to person other than consumers and licensees are considered as per Annual Accounts of WBSEDCL for the year 2016-17.
6. That in terms of regulation, 2.8.7 of Tariff Regulations 2011, the FPPC admissible under the process of Fuel and Power Purchase Cost Adjustment in respect of WBSEDCL has been worked out for the year 2016-17 as per the relevant formula for Fuel and Power Purchase Cost Adjustment (FPPCA) for licensee specified in Schedule-7A of Tariff Regulations 2011 as amended.
7. That power purchase cost in respect of WBSEDCL for purchase of power from different power supply agencies during the year 2016-17 is discussed hereunder :

a) Purchase of power from Damodar Valley Corporation (DVC) :

WBSEDCL purchased power from DVC in radial mode in different off-take points at 132 KV & 33 KV for power supply to consumers during the year 2016-17. WBSEDCL had

also purchased power through grid from Mejia Thermal Power Station (Unit V) of DVC during the year 2016-17 at the rate determined by CERC.

Purchase of energy and associated costs from DVC during the year 2016-17 are given below:

Name of the Power Station	Energy (MKWH)	Cost (Rs. Lakhs)
Mejia TPS (V)	329.841	12280
DVC – Radial	373.851	16792
DVC Total	703.692	29072

Refer the Certificate of the Chartered Accountant enclosed as Annexure-IA for the above break up of power purchase cost of Annual Accounts in respect of DVC.

- b) **Purchase of power from DPSC Limited :** WBSEDCL purchased no power from DPSC Limited on radial mode during the year 2016-17.

- c) **Purchase of power from Durgapur Projects Limited (DPL):**

WBSEDCL purchased power from DPL during the year 2016-17 at 132/220 KV on interconnected mode at the rate as mutually agreed and subsequent agreement to be executed between WBSEDCL & DPL as per direction of Hon'ble WBERC vide letter dated 12.09.2016. WBSEDCL had also purchased power from DPL during the year 2016-17 at 33 KV and 11 KV on radial mode at the rate determined by WBERC to meet the demand of the consumers locally. Purchase of energy from DPL and the associated cost thereof during the year 2016-17 are given hereunder:

	Energy (MKWH)	Cost (Rs.Lakhs)
DPL - 132/220 KV	130.178	3408
DPL – Radial	97.354	4690
DPL Total	227.532	8098

Refer the Certificate of the Chartered Accountant enclosed as Annexure-IA for the above break up of power purchase cost of Annual Accounts in respect of DPL.

- d) **Purchase of power from West Bengal Power Development Corporation Ltd (WBPDC):**

- (i) **Energy Charge**

WBSEDCL had purchased power from all the Thermal Power Stations (TPS) of WBPDC at Bandel, Kolaghat, Sagardighi, Bakreswar and Santaldih during the year

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Chief Engineer (Reg.)(Offg.)
Regulation Department
WBSEDCL

2016-17 at the rate determined by WBERC. The energy purchased by WBSEDCL from different power stations of WBPDCCL during the year 2016-17 and the associated cost as per Annual Accounts of WBSEDCL for the year 2016-17 are given hereunder:

Name of the Power Station	Total Energy (MKWH)	Cost (Rs.Lakhs)
Kolaghat TPS (KTPS)	5347.950	160183
Bakreswar TPS (BKTPS) Stg-I (U-I, II & III)	3742.717	95409
Bakreswar TPS (BKTPS) Stg-II (U-IV & V)	2623.752	66874
Bandel TPS (BTPS)	1670.597	50875
Santalidih TPS (STPS) Stg-II	3357.165	75348
Sagardighi TPS (SgTPS) (Unit 1&2)	3318.032	82791
Sagardighi TPS (SgTPS) (Unit 3&4)	1001.359	21751
Total WBPDCCL	21061.572	553231

(ii) **Capacity Charge (included in Annual Accounts as Operating Lease Charges):**

Name of the Power Station	Cost (Rs.Lakhs)
Kolaghat TPS (KTPS)	40193
Bakreswar TPS (BKTPS) Stg-I (U-I, II & III)	42572
Bakreswar TPS (BKTPS) Stg-II (U-IV & V)	30687
Bandel TPS (BTPS)	12960
Santalidih TPS (STPS) Stg-II	47151
Sagardighi TPS (SgTPS) (Unit 1&2)	41836
Total WBPDCCL	215399

Refer the Certificate of the Chartered Accountant enclosed as Annexure-IA for the above break up of power purchase cost of Annual Accounts in respect of WBPDCCL.

e) **Purchase of power from NTPC Limited (NTPC):**

WBSEDCL purchased power from Farakka and Talcher Super Thermal Power Station (in short "STPS") of NTPC during the year 2016-17 at the rate determined by CERC. The purchase of energy by WBSEDCL from NTPC's different power stations during the year 2016-17 along with the associated costs are given hereunder:

Name of the Power Station	Energy (MKWH)	Cost (Rs.Lakhs)
Farakka STPS Stg I & II	2515.277	91953
Farakka STPS Stg III	912.196	40031

Talcher STPS	622.825	16145
Total NTPC	4050.298	148129

Refer the Certificate of the Chartered Accountant enclosed as Annexure-IA for the above break up of power purchase cost of Annual Accounts in respect of NTPC.



f) Purchase of power through PTC India Ltd.(PTC):

During the year 2016-17, WBSEDCL had purchased power from different Hydel Power Station (in short "HEP") viz Chukha HEP, Kurichhu HEP, Tala HEP, Baglihar HEP and Adhunik Power through PTC. The purchase of energy during the year 2016-17 by WBSEDCL through PTC from Chukha HEP, Kurichhu HEP, Tala HEP, Baglihar HEP and Adhunik Power and the associated costs are given hereunder:

Name of the Power Station	Energy (MKWH)	Cost (Rs.Lakhs)
Chukha HEP	655.096	13692
Kurichhu HEP	38.212	776
Tala HEP	1265.128	25629
Baglihar HEP, J & K (SPDC)	484.660	18043
Adhunik Power	662.393	20523
Total	3105.489	78663

Refer the Certificate of the Chartered Accountant enclosed as Annexure-IA for the above break up of power purchase cost of Annual Accounts in respect of PTC.

g) Purchase of power through Tata Power Trading Company Ltd (TPTCL):

During the year 2016-17, WBSEDCL had purchased power from Maithan Right Bank Thermal Power Station (in short "MRBTPS") through TPTCL. The purchase of energy during the year 2016-17 by WBSEDCL through TPTCL from MRBTPS and the associated costs are given hereunder:

Name of the Power Station	Energy (MKWH)	Cost (Rs.Lakhs)
Maithan Right TPS	2131.916	75830

Refer the Certificate of the Chartered Accountant enclosed as Annexure-IA for the above break up of power purchase cost of Annual Accounts in respect of TPTCL.

h) Purchase of power from NHPC Limited(NHPC):

During the year 2016-17, WBSEDCL had purchased power from NHPC (Rangeet HEP, Teesta-V HEP, TLDP III and TLDP IV). The purchase of energy by WBSEDCL from NHPC (Rangeet HEP, Teesta-V HEP, TLDP III and TLDP IV) during the year 2016-17 along with the associated costs are given hereunder:

Name of the Power Station	Energy (MKWH)	Cost (Rs.Lakhs)
Teesta V HEP	642.259	17034
Rangeet HEP	92.500	3670
TLDP III	538.020	35489
TLDP IV	581.490	16068
Total NHPC	1854.269	72261



Refer the Certificate of the Chartered Accountant enclosed as Annexure-1A for the above break up of power purchase cost of Annual Accounts in respect of NHPC.

- i) **Co-generation / Renewable Sources of Energy:** In the West Bengal Electricity Regulatory Commission (Co-generation & Generation of Electricity from Renewable Sources of Energy) Regulations, 2013, Hon'ble Commission stipulated that a minimum quantum of 5.5% of total consumption of electricity would be met by WBSEDCL from Co-generation / Renewable sources during the year 2016-17. To meet this requirement, the generation of the mini/micro hydel generating stations, treated as renewable sources of energy, of WBSEDCL for the year 2016-17 is as follows:

Name of the Mini/Micro generating station	Injection Voltage	Gross Generation in MU	Aux. Consumption in MU	Net Generation in MU
Jaldhaka Hydel PS Stg-II	EHV	25.954	0.260	25.694
Teesta Canal Fall, Hydel PS-I	EHV	16.820	0.168	16.652
Teesta Canal Fall, Hydel PS-II	EHV	16.204	0.162	16.042
Teesta Canal Fall, Hydel PS-III	EHV	13.672	0.137	13.536
Richington Hydel PS	HV	4.882	0.049	4.833
Little Rangit Hydel PS	HV	4.151	0.042	4.109
Mangpoo Kalikhola Hydel PS	HV	6.829	0.068	6.761
Sidrabong Hydel PS	HV	0.114	0.001	0.113
Messanjore Hydel PS	HV	8.028	0.080	7.948
Fazi Hydel PS	HV	3.956	0.040	3.916
Total Mini/Micro Hydel Generation:		100.609	1.006	99.603

Sudipta Hukhopadhyay

Besides own generation of WBSEDCL from the above stated mini hydel power stations, WBSEDCL has purchased following quantum of power from different co-generation / Renewable sources during the year 2016-17. The quantum of energy actually purchased by WBSEDCL from different co-generation / Renewable sources of energy during the year 2016-17 along with the associated cost are given hereunder:

Name of the Renewable & Non-conventional Agencies	Energy (MKWH)	Cost (Rs.Lakhs)
Tata Power Company Limited (Haldia)	124.485	2315
Electro Steel Casting Limited	59.246	1499
Neora Hydro Limited	9.560	344
Nippon Power Limited	10.717	386
Himadri Chemicals & Industries Ltd	53.131	1673
Shree Renuka Sugars Ltd.	55.529	1186
Reshmi Cements Ltd	2.938	70
Bengal Energy Limited	148.185	4090
Concast Bengal Ind. Ltd.	4.959	158
NVVN (Bundle power with 75.852 MU Solar Power)	413.501	20117
Total :	882.851	31838

Apart from above, WBSEDCL has also purchased energy to the tune of 186.031 MU from the co-generation power (TPTCL) sources following guidelines issued by Ministry of Power, Govt. of India for short term purchase of power with deviation as approved by Hon'ble Commission which is included in the short term power of TPTCL.

In this context, this is to state that some generators of non-conventional and renewable sources, such as WBREDA, Ennore Coke Ltd, Ramsarup Lohh Udyog Limited and Amrit Bio Energy & Industries Ltd could not supply any power from their power stations in the year 2016-17. Further, Tata Power Company Limited (Haldia) and Concast Bengal Ind. Ltd, Bengal Energy Ltd could not supply power from their generating stations as per contracted quantum.

j) Purchase of short term power through traders and power exchanges:

Following the regulatory process, WBSEDCL purchased power on short term basis through traders and through power exchanges during the year 2016-17, as and when basis, to remove shortage of power. Actual quantum of short term power purchased through traders and power exchanges during the year 2016-17 by WBSEDCL along with the associated cost are stated hereunder.

Name of the Traders / power exchanges from which short term power purchased	Energy purchased	Cost
	MU	(Rs.Lakhs)
NTPC Vidyut Vyapar Nigam Ltd. (NVVN)	14.509	406
Tata Power Trading Co. Ltd. (TPTCL)	730.804	21043
PTC India Ltd. (PTC)	625.731	17521
DVC	143.176	4069
AEL	458.401	12917
JSW	13.350	331
MSEDCL	10.686	245
DB Power	102.834	2736
Power Exchange India Ltd. (PXIL)	45.842	1405
Indian Energy Exchange Ltd. (IEX)	798.150	20625
Total :	2943.483	81298

Refer the Certificate of the Chartered Accountant enclosed as Annexure-IA for the above break up of short term power purchase cost of Annual Accounts.

To keep un-interrupted power, short term power was purchased time to time during the period of outage of generating unit or increase of system demand with respect to generation availability during pre-examination period, at the time of Madhyamik, Higher Secondary/ ISC/ CBSE examination, festival period or any other time during the year 2016-17.

Further, Rs 4705.00 lakh were paid as Short term Open Access charge for purchase of above stated short term power in 2016-17. This amount has not been considered in this application for FPPCA for the year 2016-17 as such cost / charge will be considered in the application for Annual Performance Review (in short "APR") for the year 2016-17 as it is transmission charge in nature and a fixed cost item as per Tariff Regulations 2011 as amended.

j) Purchase of power from CESC Ltd. :

During the year 2016-17 the quantum of energy drawn by WBSEDCL from CESC Ltd. on radial mode along with associated cost are given hereunder;

Energy (MKWH)	Cost (Rs.Lakhs)
39.764	2545

Sudipta Chakraborty

Chief Engineer (Reg.)(Offg.)
Regulation Department
WBSEDCL

k) Purchase of power from Govt. of Sikkim :

During the year 2016-17 the quantum of energy drawn by WBSEDCL from Govt. of Sikkim on radial mode along with associated cost are given hereunder:

Energy (MKWH)	Cost (Rs.Lakhs)
0.182	12




8. **Deviation Settlement Mechanism (DSM):** During the year 2016-17 WBSEDCL has drawn more power in some periods than the scheduled drawal due to variation of demand and generation availability. The quantum of power drawn under Deviation Settlement mechanism along-with associated cost are given hereunder:

Energy (MKWH)	Cost (Rs.Lakhs)
575.903	9550

9. WBSEDCL's liability on account of purchase of power from different power supply agencies during the year 2016-17 have been indicated in **Annexure-I**.

10. For computation of actual energy available, energy surrendered (out) under Deviation Settlement mechanism, grid loss in Central Transmission Utility (in short "CTU") system and State Transmission Utility (in short "STU") system for import of power from the above generating stations have also been deducted from scheduled drawal. The grid loss in CTU system for purchase of power from central sector generating stations for the year 2016-17 was 248.338 MU as per % loss declared for CTU system by National Load Despatch Centre (in short "NLDC"). Energy surrendered (out) under Deviation Settlement mechanisms computed by SLDC for the year 2016-17 was 188.012 MU whereas STU loss in the system is considered at normative level of 3.4% on grid power.

11. During the year 2016-17 actual sent-out generation from own generation stations of WBSEDCL has become 1620.232 MU which has been considered in the computation of FPPCA for the year 2016-17. The station-wise generation of WBSEDCL is given below:



Name of the generating station	Injection Voltage	Gross Generation in MU	Aux. Consumption in MU	Net Generation in MU	Remarks
Rammam Hydel PS	EHV	248.068	2.481	245.587	
Jaldhaka Hydel PS Stg-I	EHV	179.545	1.795	177.750	
Total Mini/Micro Hydel Generation:	EHV /HV	100.609	1.006	99.603	Refer para. 7 (f)
Total Hydel Generation:		528.222	5.282	522.940	
Purulia Pumped Storage Project (PPSP)	EHV	1106.978	18.819	1088.159	
Rudranagar Diesel PS	HV	0	0	0	
Teesta Canel Bank Solar Project	HV	9.133	0.00	9.133	
Total :		1644.333	24.101	1620.232	

12. Pumping energy for Purulia Pumped Storage Project (in short "PPSP"): The gross generation of PPSP in the year 2016-17 was 1106.978MU. Considering the normative cycle efficiency of PPSP at 74%, the energy required for pumping at PPSP during the year 2016-17 was 1495.916MU $[1106.978/0.74]$.

Considering normative transmission loss @ 3.4% as per Tariff Regulations 2011, as amended, the input energy for pumping power of PPSP for the year 2016-17 becomes 1548.568 MU and the same is considered in this FPPCA application for energy balance for the year 2016-17.

13. The energy balance based on actual power purchase, own sent out generation and sale of energy in respect of WBSEDCL for the year 2016-17 is given below which has been considered in the computation of FPPCA for the year 2016-17.

Energy Balance			
Sl. No	Particulars	2016-17	Remarks
		Energy in MU	
1	Own sent out at EHV	1583.419	
2	Gross purchase at EHV	36489.297	
3	Power Swap in at EHV	0	
4	Power drawl under UI	575.903	
5	CTU Grid loss	-248.338	
6	Energy Available at EHV (1+2+3+4-5)	38400.281	
7	Normative STU Transmission Loss	1305.609	
8	Sale to licensee inclusive transmission loss (EHV)	248.606	
9	PPSP pumping power from EHV inclusive transmission loss	1548.568	Refer para 12 on pumping energy for PPSP
10	Energy sale to other than licensee and consumer in MU inclusive transmission loss	2049.568	
11	Swap Power out inclusive transmission loss	0	
12	Power Out under UI inclusive transmission loss	188.012	
13	Own sent out at 33 KV and Below	36.813	Net own sent out (1583.419+36.813) =1620.232 MU
14	Gross purchase at 33 KV and Below	511.321	
15	Energy Received for wheeling at 33 KV	22.470	
16	Energy available at WBSEDCL System 16=6-7-8-9-10-11-12+13+14+15)	33630.522	
17	Unit wheeled in MU (including addl. Unit allowed)	22.470	
18	Energy sale to own consumer & DPSC in MU	24320.504	Including 30.217 MU sale to DPSC from Distribution system
19	Own consumption by WBSEDCL	50	
20	Un-utilized Units	9237.548	

14. Actual purchase of power by WBSEDCL for sale to own consumer and licensee during the year 2016-17 has been given in the **Annexure-II**.

15. Power Purchase bill related to Prior Period:

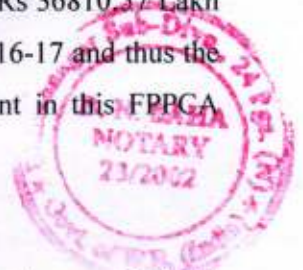
- DVC has raised bills on account of revision of Annual Fuel Cost (FCA) of grid power related to prior period, revision of capacity charge and POSOCO charges reimbursement, Interest on AFC, excess claim due to system loss of prior period. Finally Rs.1931 Lakhs becomes payable/paid during the year 2016-17 by WBSEDCL to DVC on account of prior period.
- NTPC Limited has raised bills and credit notes on account of revision of tariff, ED, incentive, RLDC charges in the year 2016-17 for prior period. Finally Rs. 700 Lakhs

becomes payable/paid during the year 2016-17 by WBSEDCL to NTPC on account of prior period.

- c) NHPC Limited has raised bills related to (-) adjustment of prior period amounting to Rs.947 Lakhs on account of revision of capacity charge, energy charge, deferred tax, RLDC charges, filling fee, adjustment of interest and TDS , Excess Provision written off. The same has been receivable/received by WBSEDCL during the year 2016-17.
- d) PTC India Limited has raised bills and credit notes on account of prior period expenses due to ERLDC fees, Excess Provision written off, STOA, energy revision. Finally Rs.11 Lakhs becomes receivable/received by WBSEDCL from PTC India Ltd during the year 2016-17 on account of prior period.
- e) DPL has raised bills amounting to Rs 496 Lakhs on account of revision on rate, short-term purchase related to prior period which was paid during the year 2016-17 by WBSEDCL to DPL.
- f) Income receivable by WBSEDCL of Rs 300 Lakhs on account of prior period as per Order of Hon'ble Arbitrator appointed by Hon'ble Supreme court against Kamarhatty Power Limited (KPL) during the year 2016-17.
- g) Jharkhand Bijli Vitaran Nigam Limited has raised bills of Rs 7 Lakhs on account of energy charge related to Prior period which has been paid by WBSEDCL during the year 2016-17.
- h) As per Tariff Order dated 30.12.2011 passed by Hon'ble Commission in respect of Bakreswar (Unit No. IV & V), Santaldih (Unit No. V) & Santaldih (Unit No. VI) & Sagardighi (Unit No. I & II) Thermal Power Stations of WBPDC, arrear Capacity charges and Energy Charges amounting to Rs 176690 lakhs for the financial years from 2008-09 to 2010-11 which is payable by WBSEDCL to WBPDC in 72 installments has been accounted in the Annual Accounts of WBSEDCL for the year 2011-12 as Prior period expense and claimed in the FPPCA application for 2011-12.

Hon'ble Commission in its FPPCA order for the year 2011-12 and 2012-13 has allowed Rs 4856 lakh and Rs 31902 Lakh based on actual payment made by WBSEDCL during the year 2011-12 and 2012-13. During 2013-14 and 2014-15, WBSEDCL has paid Rs26994.42 Lakh in each year 11 installments on above account and during 2015-16 Rs 22086.431 lakh was paid in 9 installments which was claimed in the FPPCA application for 2013-14 , 2014-15 and 2015-16.

Out of the balance of [Rs 176690 lakh – Rs 4856 Lakh - Rs 31902 Lakh – Rs 26994.42 Lakh – Rs 26994.42 Lakh- Rs 22086.431 lakh] Rs 63857.82 Lakh , Rs 36810.57 Lakh has been paid in 15 installments on above account during the year 2016-17 and thus the said Rs 36810.57 lakh has been considered as prior period payment in this FPPCA application.



Apart from above,

- i) As per Fuel Cost Adjustments (FCA) Order dated 16.10.2012 for the year 2010-11 passed by Hon'ble Commission in respect of WBPDC, WBSEDCL has to pay Rs 49025.01 lakh to WBPDC in 24 (twenty four) equal monthly installments after completion of realization of arrear fuel costs of Kolaghat, Bakreswar, Bandel, Sagardighi and Santaldih thermal power stations for the year 2009-10. As per accounting principles, the above amount has been accounted in the Annual Accounts of WBSEDCL for the year 2011-12 as Prior period expense. As Rs 8170.85 lakh has been paid in 04 installments during the year 2016-17 which has been considered in the FPPCA application for the year 2016-17 against FCA order dated 16.10.2012 for 2010-11 of WBPDC.
- ii) Similarly as per Tariff Order dated 01.12.2012 in respect of WBPDC for the year 2011-12 and 2012-13. WBSEDCL has to pay Rs 54616.58 lakh as arrear amount due to tariff deference for the year 2011-12 in respect of Kolaghat, Bakreswar, Bandel, Sagardighi and Santaldih thermal power stations. Considering clarification given by Hon'ble Commission vide letter WBERC/B-2/4/1216 dated 13.09.2013, WBSEDCL has to pay another Rs 10728.528 lakh due to tariff deference for the year 2011-12 for Santaldih thermal power station. As per accounting principles, arrear Rs 54616.58 lakh and arrear Rs 10728.528 lakh have been accounted in the Annual Accounts of WBSEDCL for the year 2012-13 and 2013-14 as Prior period expense which is payable to WBPDC due to tariff deference for the year 2011-12 on account of Tariff Order dated 01.12.2012 in monthly installments commencing from the months of April, 2013.

As per Tariff Order dated 01.12.2012 in respect of WBPDC, arrear Rs 5790.266 lakh for the year 2012-13 was accounted as current year power purchase cost in the Annual Accounts for the year 2012-13 and such amount was claimed in the FPPCA application for 2012-13 and Hon'ble Commission passed the said amount in the FPPCA order for the 2012-13 vide order dated 04.03.2014. During the year 2013-14

and 2014-15 Rs 16301.86 lakh has been paid in each year as per Tariff Order and the said amount has been considered as prior period payment for 2011-12 in the FPPCA application for 2013-14 and 2014-15. Rs.13337.88 lakh has been paid during the year 2015-16 and the same amount has been considered as prior period payment in the FPPCA application for the year 2015-16.

Further Rs19404 lakh has been paid during the year 2016-17 and the same amount has been considered as prior period payment in this FPPCA application.

- iii) As per Fuel Cost Adjustments (FCA) Order dated 06.06.2014 for the year 2012-13 passed by Hon'ble Commission in respect of WBPDC, WBSEDCL has to pay Rs 95288.57 lakh to WBPDC. As per Order dated 11.12.2014 of Hon'ble Commission, the above FCA amount of Rs 95288.57 lakh is to be paid in 38 (Thirty eight) equal monthly installments after completion of installment payment against FCA order for the year 2011-12. As per accounting principles, the above amount has been accounted in the Annual Accounts of WBSEDCL for the year 2015-16 as Prior period expense. As Rs.5015.187 lakh has been paid in the year 2015-16 on the above head which has been considered in the FPPCA application for the year 2015-16 against FCA order for 2012-13 of WBPDC.

Further, Rs.37613.91 lakh has been paid in the year 2016-17 in 15 equal installments on the above head which has been considered in this FPPCA application against FCA order for 2012-13 of WBPDC.

A statement with details of arrear amount paid against Tariff Order & FCA Order of WBPDC is enclosed as **Annexure-IB**.

16. The computation of Fuel & Power Purchase Cost for the year 2016-17 has been given in **Annexure-III**.
17. The Fuel and Power Purchase Cost thus computed as per the relevant formula as specified in Schedule-7A and Regulation 2.8.6.1 of Tariff Regulations, 2011 comes to Rs. 12831.17Crore.
18. In regards to change in treatment of N_U_I_R as Zero for applying the regulation 2.6.10 of Tariff Regulations 2011 made by Hon'ble Commission vide paragraph 8.23 of Tariff Order for the year 2016-17 of WBSEDCL stating that UI charge has been repealed and deviation charge is being introduced, this is to state that Hon'ble CERC in the clause 14 named "Save and Repeal" of Central Electricity Regulatory Commission (Deviation Settlement Mechanism and related matters) Regulations, 2014 has stated that "On commencement of these

Regulations, any reference to the Central Electricity Regulatory Commission (Unscheduled Interchange charges and related matters) Regulations, 2009 in any of the Regulations, Standards, Codes or Procedures of the Central Electricity Regulatory Commission shall deemed to be replaced by Central Electricity Regulatory Commission (Deviation Settlement Mechanism and related matters) Regulations, 2013". Based on the above CERC regulation, "Unscheduled Interchange" (UI) is now called/ renamed as "Deviation" and WBSLDC is also following the above stated CERC regulation for grid discipline and UI /deviation settlement. In such circumstances, the above change in Regulation 2.6.10 on the ground that UI has been repealed shall not be made effective because UI has been renamed as Deviation by The above stated new CERC regulation 2014 is now being followed in West Bengal.

19. As per Annual Accounts, there is no net UI receivable during the year 2016-17 as UI receivables and UI payable during the year 2016-17 are Rs 293 lakhs and Rs 9550 lakhs respectively. As per Tariff Regulations 2011, Return on Equity (ROE) based on Annual Accounts is computed and ROE becomes Rs 44854 lakhs during the year 2016-17. The computation of ROE is enclosed as **Annexure-III A**.

In terms of Regulation 2.8.6.1 of Tariff Regulations 2011, disallowance of excess power purchase cost is limited to an amount equal to summation of ROE and net UI receivables where net UI receivables amount over the year ≥ 0 . Accordingly disallowance of excess power purchase cost of this FPPCA application for the year 2016-17 may now be limited to the amount of ROE, i.e. Rs. 44854 lakhs. Further in case of change of ROE amount in the application of Annual Performance Review (APR), such amount may be considered for disallowance of excess power purchase cost of this FPPCA application for the year 2016-17.

20. List of power purchase bill which could not be claimed under MVCA calculation during 2016-17 is enclosed as **Annexure -IV** as per direction given in para 8.5 of the Tariff Order dated 04.03.15.

PRAYER TO THE HON'BLE COMMISSION:

The Petitioner humbly prays to the Hon'ble Commission to:

1. Approve Fuel and Power Purchase Cost (FPPC) of Rs 12831.17 Crore for the year 2016-17 in respect of WBSEDCL.
2. Pass the FPPC amount of Rs 12831.17 Crore in the Annual Performance Review (APR) of the year 2016-17 for finalizing the amount to be recoverable by the licensee from the consumers and other licensees.
3. Pass an order as the Hon'ble Commission may deem fit.

Computation of cost of power purchase during the year 2016-17 [PPC]			Annexure-I
Name of Power Supply Agency	Energy Purchase		
	Actual Power Purchase cost (PPC)	Power purchase cost as approved by the Commission in the Tariff order for 2016-17 (ppc)	Remarks
	(Rs)	(Rs)	
NTPC Limited (FSTPS)	13,198,400,000	16,542,154,000	
NTPC Limited (TSTPS)	1,614,500,000	1,441,971,000	
NTPC Limited (Barh Stg II)			
PTC (India) Limited (Chukha)	1,369,200,000	883,200,000	
PTC (India) Limited (Kunchhu)	77,600,000	124,788,000	
PTC (India) Limited (Tala)	2,562,800,000	2,461,245,000	
Damodar Valley Corporation - Grid	1,228,000,000	583,894,000	
Damodar Valley Corporation -Radial	1,679,200,000	825,219,000	
DVC short term	406,900,000		
Durgapur Projects Limited at 220 KV	340,800,000	342,000,000	
Durgapur Projects Limited at 33 KV and 11 KV (Radial)	469,000,000	331,800,000	
NHPC Limited (Rangeet)	367,000,000	243,880,000	
NHPC Limited (Teesta V)	1,703,400,000	1,209,470,000	
NHPC Limited (TLDP III)	3,548,900,000	2,811,021,000	
NHPC Limited (TLDP IV)	1,606,800,000	2,562,435,000	
Govt. of Sikkim	1,200,000,0	437,000	
West Bengal Power Development Corporation Limited (lease rental)	21,539,900,000,000	92,183,012,420	
West Bengal Power Development Corporation Limited	55,323,100,000		
West Bengal Renewable Energy Development Agency	0	4,800,000	
DPSC Limited	0	394,016,000	
CESC Limited	254,500,000	300,000,000	
Tata Power Company Limited (Hakda)	231,500,000	297,600,000	
Electro Steel Casting Limited	149,900,000	106,260,000	
Neora Hydro Limited	34,400,000	24,131,000	
Nippon Power Limited	38,600,000	39,600,000	
Himadri Chemicals & Industries Ltd	167,300,000	76,720,000	
Shree Renuka Sugars Ltd.	118,600,000	138,000,000	
Reshmi Cements Ltd	7,000,000	8,520,000	
ENNORE Coke Ltd	0	27,300,000	
Bengal Energy Limited	409,000,000	590,720,000	
Concast Bengal Ind. Ltd	15,800,000	146,960,000	
KAMARHATTY POWER	0		
NVVN (Solar Bundle Power)	2,011,700,000	2,369,728,000	
NTPC Vidyut Vyapar Nigam Limited (Short term)	40,600,000		
TPTCL (Withon Right Bank)	7,583,000,000	6,606,971,000	
Tata Power Trading Co. Ltd. (Short term)	2,104,300,000		
AEL	1,291,700,000		
GMR	0		0
SCL	0		
JSW	33,100,000		
PTC (India) Limited	1,752,100,000		
PTC (India) Limited (Bagihar HEP, J & K)	1,804,300,000	2,259,861,000	
PTC (India) Limited (Adhunik)	2,052,300,000	2,232,737,000	
Monnet Power	0	8,275,874,000	
Bhasmay	0	529,690,000	
DB Power	273,600,000		
MSEDCL	24,500,000		
JHARKHAND BULI	1,000,000		
Power Exchange India Limited	140,500,000		0
Indian Energy Exchange Limited	2,062,500,000		
SWAP IN during the year 2015-16 out of SWAP OUT during 2015-16	0		0
SWAP IN during the year 2015-16 out of SWAP OUT during 2014-15	0		
Adjustment in Tariff Order 2016-17 due to revised power purchase cost		26976134420.00	
SUB Total	129,630,690,000	121,219,760,000	
Less Rebate for timely Payment	-357,600,000		
	129,281,090,000		
Average Power Purchase rate (paisa/Kwh)	348.4023		
Less: Power purchase cost attributable to sale to other than consumer & licensee @ average cost of power purchase	-7,161,237,183		
Less: Power purchase cost of swap out	0		
Net Import cost for Own Consumer and Licensee	122119762817		
TOTAL POWER PURCHASE COST FOR SALE TO CONSUMERS AND LICENSEE UNDER PURVIEW OF WBERC	122119762817		

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TO WHOM IT MAY CONCERN

This is to certify that expenditure incurred by West Bengal State Electricity Distribution Company Limited during the financial year 2016-17 on Purchase of Power, Transmission Charges and Operating Lease Charges (read with note no-34 and 34.6 of the annual audited accounts of 2016-17) of Rs 1501642 (fifteen lakhs one thousand six hundred forty two) lakhs as per details attached in Annexure-A have been verified by us from the available records maintained at Corporate office and found correct.

For De & Bose
Chartered Accountants
FRN. 302175 E

Subrata De

(Subrata De)
Partner
Membership No. 054962
Place: Kolkata
Date: 11th August, 2017



Branch at Mumbai

Sudipto Chakraborty

Chief Engineer (Reg.)(Offtg.)
Regulation Department
WBSEDCL

Statement of Purchase of Power cost, Transmission Charges, Other Charges & Operating Lease Charges during the period April 2016 to March 2017

Sl. No.	Particulars	Current Cost	Arrear Cost
		(in lakhs)	
(A)	Purchase of Power from Different Sources		
1	Damodar Valley Corporation - Grid	12280	1931
	Meija TPS (V)	18792	
	Damodar Valley Corporation -Radial	4069	
	Damodar Valley Corporation -Short Term		
2	National Thermal Power Corporation Limited	91953	321
	Farakka STPS Stg I	40031	(748)
	Farakka STPS Stg III	18145	1127
	Talcher STPS	12	
3	Govt. of Sikkim		
4	National Hydro Power Corporation Limited	17034	(379)
	Teesta V HEP	3870	129
	Rangit HEP	35489	
	TLDP III	18068	(897)
	TLDP IV		
5	PTC India Ltd	13692	
	Chukha HEP	776	
	Kurichhu HEP	25629	
	Tala HEP	18043	1
	SPDC	20523	54
	Adhunik Power	17521	(86)
	PTC India Ltd (Short term)		
6	Durgapur Projects Limited		
	DPL - 132/220 KV	3408	110
	DPL - Radial	4690	386
7	West Bengal Power Development Corporation Limited		
	Kolaghat TPS (KTPS)	160183	
	Bakreswar TPS (Stage I)	95409	
	Bakreswar TPS (Stage II)	66874	
	Bandel TPS (BTPS)	50875	
	Santalidih TPS (STPS)	75348	
	Sagardighi TPS (Stage-I)	82791	
	Sagardighi TPS (Stage-II)	21751	
8	CESC Limited	2545	
9	Tata Power Company Limited	2315	
10	Electro Steel Casting Limited	1499	
11	Neora Hydro Limited	344	
12	Nippon Power	386	
13	Kamarhatti Power Ltd	0	(300)
14	Shree Renuka Sugars Ltd	1186	
15	JSW Power Trading	331	
16	Himadri Chemicals & Industries Ltd	1673	
17	Rashmi Cement Ltd	70	
18	D B Power	2738	
19	Bengal Energy Limited	4090	2898
20	Maharashtra State Electricity Distribution Company Ltd	245	
21	Concast Bengal Industries Ltd.	158	



Sudipto Choudhury
Chief Engineer (Reg.)(Offtg.)
Regulation Department
WBSEDCL

Sl. No.	Particulars	Current Cost	Arrear Cost
		(in lakhs)	
		10	7
22	Jharkhand Bijli Vitaran Nigam Ltd	12917	
23	Adani Exports		
	NTPC Vidyut Vyapar Nigam Ltd. (NVVN)	20117	
24	Bundle Power	408	
	NTPC Vidyut Vyapar Nigam Ltd. (NVVN)(Short term)		
	Tata Power Trading Company Ltd	75830	
25	Maithan Right TPS	21043	
	Tata Power Trading Company Ltd(Short term)		
	Power Exchange	1405	
26	Power Exchange India Ltd. (PXIL)	20625	
	Indian Energy Exchange Ltd. (IEX)	9550	
27	Deviation Settlement payable		
	Sub-total - (A)	1090537	4774
(B)	Transmission Charges :		
		58027	8754
28	Power Grid Corporation India Limited	115150	
29	West Bengal State Electricity Transmission Company Limited	437	
30	Power System operation corporation Ltd	4706	
	Open Access Charge on Power Purchase	121	
	DVC	103	
	D B Power	38	
	NTPC Vidyut Vyapar Nigam Ltd. (NVVN)	693	
	Tata Power Trading Company Ltd	142	
31	Power Exchange India Ltd. (PXIL)	2417	
	Indian Energy Exchange Ltd. (IEX)	521	
	Adani Exports	11	
	JSW Power Trading	9	
	Maharashtra State Electricity Distribution Company Ltd	650	
	PTC India Ltd		
	Sub-total - (B)	178319	8754
(C)	Other Charges		
		18	
32	ERPC Charges	1847	14
33	SLDC Charges	1834	348
34	ERPC Reactive Energy Charges		
	Sub-total - (C)	3497	362
(D)	Operating Lease Charges		
35	West Bengal Power Development Corporation Limited		
	Kolaghat TPS (KTPS)	40193	
	Bakreswar TPS (BKTPS-1)	42572	
	Bakreswar TPS (BKTPS)	30687	
	Bandel TPS (BTPS)	12960	
	Santalidih TPS (STPS)	47151	
	Sagardighi TPS (SgTPS-1)	41836	
	Sub-total - (D)	215399	
	TOTAL (A+B+C+D)	1487752	13890
	Total Expenditure [Current Power Purchased Cost + Arrear Cost+ Operating Lease Charges]		1501642



Sudipto Mukhopadhyay
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Regulation Department
WBSEDCL

STATEMENT OF PRIOR PERIOD PAYMENT BY WBSEDCL TO WBPCL IN 2016-17								
Head	Order Reference	Amount payable as per Order	Amount claimed in FPPCA application for 2012-13	Amount claimed in FPPCA application for 2013-14	Amount claimed in FPPCA application for 2014-15	Amount claimed in FPPCA application for 2015-16	Arrear installment payment paid in 2016-17	Amount claimed in FPPCA application for 2016-17
		Rs Lakhs	Rs Lakhs	Rs Lakhs	Rs Lakhs	Rs Lakhs	Rs Lakhs	Rs Lakhs
Arrear Capacity charges and Energy Charges	As per Tariff Order dated 30.12.2011	176690	31902	26994	26994	22086	36811	36811
Fuel Cost Adjustments (FCA) for the year 2010-11	Fuel Cost Adjustments (FCA) Order dated 16.10.2012	49025	0	0	22470	18384	8171	8171
Arrear amount due to tariff deference for the year 2011-12	As per Tariff Order dated 01.12.2012	65346	0	16302	16302	13338	19404	19404
Fuel Cost Adjustments (FCA) for the year 2012-13 dated 06.06.2014	Fuel Cost Adjustments (FCA) Order dated 06.06.2014	95289			0	5015	37614	37614
Total							101999	101999

Sudipta Kanchan

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WBSEDCL



Net Energy purchased during the year 2016-17 [E_{imp}]
Annexure - II

Name of Power Supply Agency	Energy Purchased		
	Actual Energy Purchased (E _{imp})	Energy purchase as approved by the Commission in the Tariff order for 2016-17 (E _{imp})	Remarks
	(MKwh)	(MKwh)	
CONSUMERS AND LICENSEE UNDER PURVIEW OF WBERC			
NTPC Limited (FSTPS)	3,427.473	3,730.00	
NTPC Limited (TSTPS)	822.825	588.00	
NTPC Limited (Barh Stg II)			
PTC (India) Limited (Chukha)	855.096	480.00	
PTC (India) Limited (Kunchha)	38.212	60.00	
PTC (India) Limited (Tala)	1,265.128	1,185.00	
Damodar Valley Corporation - Grid	329.841	141.25	
Damodar Valley Corporation - Radial	373.851	182.91	
DVC short term	143.178		
Durgapur Projects Limited at 220 KV	130.178	90.00	
Durgapur Projects Limited at 33 KV and 11 KV (Radial)	97.364	84.00	
NHPC Limited (Rangeet)	92.500	95.00	
NHPC Limited (Teesta V)	642.259	535.00	
NHPC Limited (TLDP III)	538.020	458.00	
NHPC Limited (TLDP IV)	581.490	555.00	
Govt. of Sikkim	0.182	0.10	
West Bengal Power Development Corporation Limited	21,061.572	27,910.00	
West Bengal Renewable Energy Development Agency	-	1.20	
DPSC Limited	-	72.97	
CESC Limited	39.764	48.00	
Tata Power Company Limited (Haldia)	124.485	160.00	
Electro Steel Casting Limited	59.246	42.00	
Nobra Hydro Limited	9.580	6.70	
Nippon Power Limited	10.717	11.00	
Himadri Chemicals & Industries Ltd	53.131	28.00	
Shree Renuka Sugars Ltd	55.529	50.00	
Reshmi Cements Ltd	2.938	3.00	
ENNORE Coke Ltd	-	13.00	
Bengal Energy Limited	148.185	208.00	
Concast Bengal Ind. Ltd	4.959	44.00	
Kamarhati	-	-	
NVFN (Solar Bundle Power)	413.501	-	
NTPC Vidyut Vyapar Nigam Limited (Short term)	14.509	438.00	
TPTCL (Mithon Right Bank)	2,131.916	1,722.00	
Tata Power Trading Co. Ltd. (Short term)	730.804	-	
AEL	458.401	-	
GMR	-	-	
SCL	-	-	
JSW	13.350	-	
PTC (India) Limited (Short term)	825.731	-	
PTC (India) Limited (Bagihar HEP, J & K)	484.860	607.00	
PTC (India) Limited (Adhunk)	862.393	710.00	
Monnet Power	-	2,606.00	
Bhasmay	-	100.00	
DB Power	102.834	-	
MSEDCL	10.686	-	
BIHARHAND SBU	0.170	-	
Power Exchange India Limited	45.842	-	
Indian Energy Exchange Limited	798.150	-	
SWAP IN during the year 2016-17 out of SWAP OUT during 2016-17	-	-	
SWAP IN during the year 2016-17 out of SWAP OUT during 2015-16	-	-	
Adjustment in Tariff Order 2016-17 due to revised power purchase MU	-	-7600.95	
TOTAL	37,000.618	35364.18	
UI (in)	575.903	-	
Energy Received for wheeling at 33 KV	22.470	17.00	
Loss			
Grid (CTU) loss	248.338	282.65	
STU Transmission Loss	1,305.60900	1225.89	
UI (Out)	188.012	0.00	
Sale to persons other than consumer & licensee	2,049.568	3842.17	
Power Swap out	-	0.00	
PPSP Pumping Power	1,548.568	1158.39	
Energy wheeled (including loss)	22.470	-	
NET IMPORT BY WBSEDCL FOR SALE TO CONSUMERS AND LICENSEE UNDER PURVIEW OF WBERC	32,236.43	29,172.28	

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WBSEDCL

Actual fuel and powerpurchase cost admitted against energy sold to own consumer and other licensee has been computed as per the formula given in schedule-7A of the tariff regulations 2011 :

COMPUTATION OF FPPCA FOR THE YEAR 2016-17

Annexure - III

			Value	Remarks
t	Norms of Transmission and Distribution loss in % considered for sale of power from licensee to licensee		3.40	
d	Norms of distribution loss in %		17.50	
E _O	Admitted Energy for own consumption by licensee		50.00	
E _{SL}	Energy sale to other licensee in MU		248.61	
E _{SC}	Energy sale to consumer in MU		24342.974	Own Consumer :24290.287 MU , DPSCL : 30.217 MU, Wheeled : 22.470MU
Fuel-cost (in Rs)	Fuel cost at generation bus of own generating stations = Cost determined on the basis of normative parameters of SHR and oil consumption rate against actual level of energy sent out plus normative auxiliary energy consumption		0	
F _{IUC}	Per unit of Fuel Cost at distribution input (in paise) = Fuel-Cost ÷ Actual overall energy available at input of the distribution system which includes power purchase from different services.		0.000	
FC _{Adm_d}	Admitted Fuel Cost for sale to licensee	$= \frac{E_{SL}}{(1 - t \times 0.01)} \times F_{IUC}$	0	
FC _{Adm_C} (in Rs)	Admitted Fuel Cost for sale to consumer	$= \frac{E_{SC} + E_O}{(1 - d \times 0.01)} \times F_{IUC}$	0	
FC (in Rs)	Fuel cost of own generation as per normative parameters fixed by the Commission or on actual basis in absence of any norm and UHV range as ay be allowed under regulation 4.8, commensurate with actual level of energy sales to own consumers and / or licens	FC _{Adm_d} + FC _{Adm_C}	0	
PPC (Rs)	Total cost incurred including the cost for fuel for power purchase from different sources commensurate with actual level of energy sales during the adjustment period		122119762817	Refer Annexure - I



Sudipta Mukhopadhyay
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Regulation Department
WBSEDCL

(22)

d	Norms of distribution loss in %		17.50	
t	Norms of Transmission and Distribution loss in % considered for sale of power from licensee to licensee		3.40	
E _g	Actual energy sent out in MU from own generating station		1620.232	
E	excess amount of auxiliary energy consumption in MU		0.00	
E _p	Total energy purchased in MU	Schedule purchase + Swap in power + UI(in) + Power received for wheeling - UI(out) - CTU loss - STU loss - swap out-sale to persons other than consumer & licensee - PPSP pumping power (normative)	32,236.43	
E _o	Admitted Energy for own consumption by licensee		50.00	
E _{sc}	Energy sale to consumer in MU		24342.974	
E _{sl}	Energy sale to other licensee in MU		248.61	
E _{adm}	Admitted Amount of Energy entitled for purchase	$= \frac{E_{sc} + E_o}{(1 - d \times 0.01)} + \frac{E_{sl}}{(1 - t \times 0.01)} - E - E_p$	28204.37	
E _e	Excess energy purchased	$E_p - E_{adm}$	4032.06	
EP _{avg}	Average cost of power purchase (paise/Kwh)		349.40	
C _D (in Rs.)	Cost disallowable by the Commission in terms of Regulation 2.8.6.1 of Tariff Regulations 2011:	ROE+ net UI receivables	4485400000	Refer para 19 of the application

A (in Rs.)	Adjustment, if any, to be made in the current period to account for any excess / shortfall in recovery of fuel and power purchase cost in the past adjustment period based on directions / orders of the Commission.		10677300000	Prior period adjustment considered: (Refer para 17 of the application) DVC - Rs 1931 lakh, NTPC - Rs 700 lakh, NHPC - Rs (-) 947 lakh, PTC - Rs (-) 11 lakh, DPL - Rs 496 lakh, Bengal Energy- Rs 2899 lakh Jharkhand Viji Vitaran Nigam Limited - Rs 7 lakh Kamarhatti - Rs (-) 300 lakh, WBPDC - Rs 101999 lakh
FPPC (in Rs.)	Actual fuel and power purchase cost admitted against energy sold to own consumers and other licensee during adjustment period	$(FC + (PPC - C_D) + (\pm A))$	128311662817	



Sudipta Mukhopadhyay
Chief Engineer (Reg.)(Offg.)
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Form 1.20(a) : Equity Base

Annexure-III A (1/3)

Ref.	Particulars	Basis	Rs. In Lakhs 2016-17
			Actual
(1)	Equity Base		
1	Actual equity base at the beginning of the year		213094
2	Admissible equitybase at the beginning of the year		213094
3	Actual addition/deletion to Equity Base for the year		1466
4	Actual equity base at the end of the year	1+3	214560
5	Net addition to the original cost of Fixed Assets during the year	Note 1 of Annual Accounts 2016-17	225606
6	Less: Asset of created in terms of regulation 5.15.1(v), if any		0
7	Net addition to the original cost of fixed assets during the year other than assets cted in terms of regulation 5.15.1(iv)		225606
8	Normative Equity %		30%
9	Normative addition to equity base	30% of (7)	67682
10	Addition to Equity base considered for the year	lower of 3 and 9	1466
11	Add:Asset created in terms of regulation 5.15.1(iv)		0
12	Addition in equity base during the year for the purpose of computation of return	(10+11)	1466
13	Admissible equity base at the closing of the year	(2+12)	214560
14	Average admissible equity base for allowing return	(2+13)/2	213827

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Form 1.20 (b) Normative Debt (Equity Part converted to Debt)

Annexure IIIA(2/3)

Ref.	Particulars	Basis	Actual
	Debt		2016-17
1	Opening gross normative debt	A1	
2	Less: Cumulative repayment of normative debt upto previous year	A2	
3	opening net normative debt	$a = A1 - A2$	
4	Actual addition to debt for the year	b Form C	
5	Addition to the fixed assets during the year	c	
6	Normative Debt	$d = 70\%$	
7	Normative addition to Debt for the year	$e = c * d$	
8	Addition to Debt considered for the year in ARR	$f = \text{higher of b and e}$	
9	Additional Gross Normative Debt during the year	$G1 = f - b$	
10	Repayment of normative debt	G2	
11	Net additional gross normative debt during the year	$g = G1 - G2$	
12	Closing balance of net normative debt	$h = a + g$	
13	Average balance of net normative debt	$i = (a + h) / 2$	
14	Weighted average rate of interest	j in %	
15	Allowable interest on normative debt	$k = i * j$	
16	Closing gross normative debt	$B1 = A1 + G1$	
17	Cumulative repayment of normative debt up to the end of the year	$B2 = A2 + G2$	



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Form 1.22 : Return on Equity

			Rs. In Lakhs
Ref.	Particulars	Basis	2016-17
			Actual
(1)	Average Equity Base	Form 1.20 (a)	213827
(2)	Rate of Return	$16.5\% \div (1-21.3416\%)$	20.98%
(3)	Return on equity considered as normative loan(@8.5%)		0
(3)	Return on equity		44854

NB: 20.98 % is effective tax rate of WBSEDCL for 2016-17

Sudipto Hekhopadhyay
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List of Power Purchase Bill not claimed under MVCA calculation

SL NO	Plant /Agency/Licensee	MU	Rs in Lakhs	Reason
1	DPL (132/220)	22.783	419.00	Bill received after MVCA computation period
2	WBPDCI-Sagardighi Stg-2	122.961	2670.00	
3	CESC	3.16	172.00	
4	TPTCL	0.494	471.74	
5	DPL (132/220)	11.498	334.00	
6	BKTPS		547.39	
7	BTPS		762.56	

Sudipta Ghoshgobor
 Chief Engineer (Reg.)(Offtg.)
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**West Bengal State Electricity Distribution
Company Limited**



Volume-I

**Application seeking
Annual Performance Review for 2016-17**

**Submitted to the
HON'BLE WEST BENGAL ELECTRICITY REGULATORY
COMMISSION**



BEFORE THE NOTARY PUBLIC
पश्चिम बंगाल WEST BENGAL

22AA 287443

BEFORE THE HONOURABLE WEST BENGAL
ELECTRICITY REGULATORY COMMISSION

Filing No. _____

Case No. _____

IN THE MATTER OF: Application seeking Annual Performance Review
for annual fixed charges for the year 2016-17 under
regulation 2.6 of the West Bengal Electricity
Regulatory Commission (Terms and Conditions of
Tariff) Regulations, 2011 as amended.

And

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

B. N. SAHA
- NOTARY
Bikash Bhawan
North Block, Gr. Floor
Bidhannagar, Kolkata
West Bengal

29 NOV 2017

Sudipte Chakraborty
Chief Engineer (Reg.)(Offg.)
Regulation Department
WBSEDCL

I, Sri Sudipta Mukhopadhyay, son of Late Deb Kumar Mukhopadhyay, aged 53 years residing at 2 Kundan Bye Lane, Liluah Howrah – 711204 do solemnly affirm and say as follows:



1. I am the Chief Engineer (Regulation)(Officiating) of the West Bengal State Electricity Distribution Company Limited, petitioner in the above matter, and am duly authorized by the said petitioner to make this affidavit for and on its behalf.
2. The statements made in paragraphs 1 to 3 herein now shown to me and marked with the letter "A" with Annexure-I to VI of Volume-I and Volume-II are true to my knowledge and nothing material has been concealed from the statements so made.

Solemnly affirm at Kolkata on this 29th day of November'2017 that the contents of this affidavit are true to my knowledge, no part of it is false or nothing material has been concealed there from and misleading material included therein.

B. N. SAHA
NOTARY
Bikash Bhavan
North Block, Gr. Floor
Bidhannagar, Kolkata
West Bengal

**Solemnly Affirmed
&
Declared Before me
in Identification of Advocate**

B. N. SAHA
NOTARY

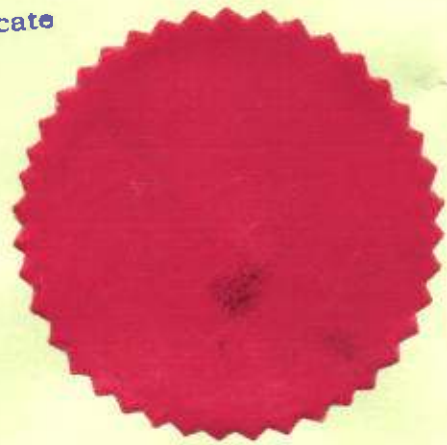
Identified by me

Advocate

Sudipta Mukhopadhyay

**Chief Engineer (Reg.)(Offg.)
Regulation Department
WBSEDCL**

29 NOV 2017





**West Bengal State Electricity Distribution
Company Limited**



**Application seeking
Annual Performance Review for 2016-17**

**Submitted to the
HON'BLE WEST BENGAL ELECTRICITY REGULATORY
COMMISSION**



Application seeking Annual Performance Review for 2016-17

**BEFORE THE HON'BLE WEST BENGAL ELECTRICITY
REGULATORY COMMISSION**

Filing No. _____

Case No. _____

IN THE MATTER OF: Application seeking Annual Performance Review for annual fixed charges for the year 2016-17 under regulation 2.6 of the West Bengal Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2011 as amended.

AND

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

THE APPLICANT ABOVE NAMED RESPECTFULLY SUBMITS

West Bengal State Electricity Distribution Company Limited

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Sunil Kumar Choudhary
Chief Engineer (Reg.)(Offg.)
Regulation Department
WBSEDCL



Application seeking Annual Performance Review for 2016-17

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Application seeking Annual Performance Review for 2016-17

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Application seeking Annual Performance Review for 2016-17

Abbreviations

A&G	Administrative and General
APR	Annual Performance Review
APTEL	Appellate Tribunal for Electricity
BRGF	Backward Region Grant Fund
CCC	Customer Care Center
CTU	Central Transmission Utility
ERPC	Eastern Region Power Committee
FPPCA	Fuel and Power Purchase Cost Adjustment
IVRS	Interactive Voice Response System
MCSU	Mobile Consumer Service Unit
MPLS	Multiprotocol Label Switching
MYT	Multi Year Tariff
NTESC	M/s New Town Electric Supply Co.
O&M	Operation and Maintenance
R&M	Repair and Maintenance
R-APDRP	Restructured Accelerated Power Development and Reform Programme
RGGVY	Rajiv Gandhi Grameen Vidyutikaran Yojana
SOP	Standards of Performance
STU	State Transmission Utility
VPN	Virtual Private Network
WBERC	West Bengal Electricity Regulatory Commission
WBSEB	West Bengal State Electricity Board
WBSEDCL	West Bengal State Electricity Distribution Company Limited
WBSETCL	West Bengal State Electricity Transmission Company Limited
ZCC	Zonal Call Center

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1. Introduction

1.1. Preamble

- 1.1.1 This section presents the background and reasons for filing this Application.

1.2. Introduction

- 1.2.1 WBSEDCL is deemed to be a licensee under the Act in terms of fifth proviso to Section 14 of the Act. WBSEDCL is presently engaged in the business of Generation of solar and hydro-electricity, and Distribution of Electricity within the area of supply of WBSEDCL in the state of West Bengal.
- 1.2.2 The Hon'ble West Bengal Electricity Regulatory Commission has issued the West Bengal Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2011 (hereinafter referred as tariff Regulation) which has come into effect from 29th April, 2011. The said Tariff Regulations, 2011 were 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.
- 1.2.3 As per the provisions stipulated in Regulation 2.6 of the Tariff Regulations, the licensee shall be subjected to an Annual Performance Review

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(hereinafter referred to as "APR") covering annual fixed costs, which are not covered under the process of Fuel and Power Purchase Cost Adjustment (hereinafter referred to as "FPPCA"). The relevant provisions of the Tariff Regulations are reproduced below for reference.

"2.6.1 The generating company / licensee shall make an application seeking an annual performance review for fixed cost, incentives as per Schedule-10 and effects of gain sharing for the concerned period as per Schedule - 9B for an ensuing year or the base year with statutory audited data and a copy of the audited Annual Accounts for that year by November of the immediate next ensuing year of each such ensuing year or base year, as the case may be. The generating company or licensee shall provide such related information for APR as per the format for tariff application limited to the year under review for the purpose of assessing the reasons and extent of any variation in the performance from the approved projection. A comparative statement showing the different elements of fixed cost as approved in the tariff order of the concerned ensuing year as well as the actual audited figure against such element shall be given."

1.3. Submission by WBSEDCL to the Hon'ble Commission

- 1.3.1 WBSEDCL hereby submits the Application as per provisions of the Tariff Regulations framed under section 62 of the Act seeking an Annual Performance Review for the annual fixed charges for the year 2016-17 and based on Audited Annual Accounts for the said year.

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1.3.2 Such APR Application has been furnished with necessary related information as per format for tariff application for the purpose of assessing the reasons and extent of variation in the performance from the approved projection. This APR Application consists of six (6) volumes of submissions as follows.

- (i) APR Application;
- (ii) Volume-I - it consists of Data Formats and other supporting documents having Annexure-I to VI;
- (iii) Volume-II - it consists of Compliance report having Annexure-1 to Annexure-60;
- (iv) Appendix-I - it consists of copy of the Audited Annual Report & Accounts of WBSEDCL for FY 2016-17;
- (v) Appendix-II - it consists of copies of the Audited Annual Accounts of Pension Fund, Gratuity Fund and Contributory Provident Fund of WBSEDCL for FY 2016-17;
- (vi) Appendix-III - it consists of rate revision orders pertaining to different outsourcing contracts marked as Annexure-I to Annexure-IV;
- (vii) Appendix-IV – Copies of invoice and LOAs issued for lease rental expenditure for FY 2016-17.



2. Annual Performance Review for 2016-17

2.1 Introduction

2.1.1 This section outlines the performance of WBSEDCL for the year 2016-17. In line with the provisions of the Tariff Regulations, WBSEDCL hereby submits the Application for APR for the year 2016-17, comparing the audited actual fixed costs for 2016-17 with those admitted by the Hon'ble Commission vide the Tariff Order for 2016-17.

2.1.2 The Board of Directors of WBSEDCL has approved the Annual Accounts of WBSEDCL for the period from April 2016 to March 2017 on 18.09.2017, after the Independent Statutory Auditors M/s De & Bose have audited the Accounts. The Comptroller and Auditor General of India, vide report dated 18.09.2017 has completed the Audit of WBSEDCL Annual Accounts. The Audited Annual Report & Accounts of WBSEDCL for 2016-17 is enclosed as Appendix-I of this APR Application. WBSEDCL hereby proposes to review its fixed costs based on the Audited Annual Accounts.

2.1.3 As per para 1.2.1.(iii) of WBERC MYT regulations, 2011:

'...“Accounts” means regulatory accounts as may be specified by the Commission and till such time these are specified by the Commission, the said accounts shall be the accounts as maintained in accordance with the Companies Act, 1956 (1 of 1956) or the relevant statutes or repealed statutes under which the licensee or the generating company is incorporated or created but subject to such deviations as specified in these regulations and / or prescribed in the rules made under sub-section (1) of section 69 of the Electricity Supply Act, 1948;'

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The Companies Act 2013, has replaced the Companies Act, 1956 after receiving the assent of the President of India on 29 August 2013.

Hence, as per Rule 4, of Section 133 of Companies Act 2013:

"The following companies shall comply with the Indian Accounting Standards (Ind AS) for the accounting periods beginning on or after 1st April, 2016, with the comparatives for the periods ending on 31st March, 2016, or thereafter, namely:

- a) Companies whose equity or debt securities are listed or are in the process of being listed on any stock exchange in India or outside India and having net worth of rupees five hundred crore or more;*
- b) Companies other than those covered by sub-clause (a) of clause (ii) of sub-rule (1) and having net worth of rupees five hundred crore or more;*
- c) Holding, subsidiary, joint venture or associate companies of companies covered by sub-clause (a) of clause (ii) of sub-rule (1) and sub-clause (b) of clause (ii) of sub-rule (1) as the case may be;..."*

2.1.4 In the light of above, the financial statements of WBSEDCL have been prepared to comply in all material aspects with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 (the Act) (Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016 and other relevant provisions of the Act.

2.1.5 The financial statements up to year ended 31 March, 2016 were prepared in accordance with generally accepted accounting principles in India (Previous GAAP) to comply with the Accounting Standards specified

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under Section 133 of the Companies Act, 2013 ("the 2013 Act") as applicable.

2.1.6 The financial statements for the year ending 31st March, 2017 are the first financial statements of the Company under Ind AS. In note 55 of the Audited Annual Accounts of 2016-17- "First-time adoption of Ind AS", an explanation of how the transition from previous GAAP to Ind AS has affected the Company's financial position, financial performance and cash flows has been provided.

2.1.7 The accounting policies set out as per Ind AS, have been applied in :

- a. Preparation of an opening Ind AS balance sheet at 1 April 2015 (the Company's date of transition).
- b. The comparative information presented in these financial statements for the year ended 31 March 2016, with recasting profit and loss account & balance sheet for the year 2015-16.
- c. Preparing the financial statements from the year ended 31 March 2017.

2.1.8 In preparing its opening Ind AS balance sheet, the Company has adjusted the amounts reported previously in financial statements prepared in accordance with the accounting standards notified under Companies (Accounting Standards) Rules, 2006 (as amended) and other relevant provisions of the Act (previous GAAP or Indian GAAP) and reduced the amount from the net revenue recoverable for FY 2016-17. An explanation of how the transition from previous GAAP to Ind AS has affected the Company's financial position, financial performance and cash flows is set out in the notes to the accounts.

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2.1.9 In the light of above, adoption of Ind AS (as against GAAP) has impacted the annual accounts, notes and explanations thereof, in the following ways:

- a. Difference in presentation of certain account balances;
- b. Difference in valuation of assets and liabilities, and recognition of income and expenditures; and
- c. Difference in opening balances as compared to their closing balances in the previous financial year.

2.1.10 Due to b and c above, net financial impact, in the opening balances and current financial statements, will be amortized in the future financial statements of WBSEDCL. Impact of the transition to Ind AS on the opening balance sheet as on 01.04.2015 and the P&L account of 2015-16 has been considered in this application and hence, in the application to be filed before WBERC in the relevant future years, the above adjustments due to amortization will be made as per provisions of Ind AS.

2.2 Central Transmission Utility charges

2.2.1 Comparison of actual Central Transmission Utility charges (hereinafter referred to as "CTU charges") for 2016-17 against that admitted by the Hon'ble Commission for the same period vide the Tariff Order for 2016-17 is shown in the following table.



A

Application seeking Annual Performance Review for 2016-17

Table 1: CTU charges for 2016-17

Particulars	Rs. Lakh	
	2016-17 (Admitted)	2016-17 (Actual)
PGCIL charges	50963	58027
PGCIL arrear dues		8754
Less: Rebate for timely payment		-8
Sub-total		66773
Add: Transmission Charge pertaining to purchase of short-term power		4705
Total CTU charges	50963	71478

- 2.2.2 Such CTU charges are paid to the Central Transmission Utility (i.e. PGCIL in this case) by WBSEDCL for using the transmission network of PGCIL for wheeling of power purchased by WBSEDCL from various entities. Such CTU charges are as per charges approved by the Central Electricity Regulatory Commission (hereinafter referred to as "CERC").
- 2.2.3 As per the Audited Annual Accounts of WBSEDCL for 2016-17, the net transmission charges payable to PGCIL in 2016-17 is Rs. 66781 lakh, which includes PGCIL charges of Rs. 58027 lakh, PGCIL arrear dues of Rs. 8754 lakh (refer Note No. 34 of the Audited Annual Accounts of 2016-17), less rebate of Rs. 8 lakh for timely payment of central transmission charges (refer Note No. 34.3 of the Audited Annual Accounts of 2016-17).
- 2.2.4 In addition, Rs. 4705 lakh is paid by WBSEDCL in 2016-17 as Open Access charge, pertaining to purchase of short-term power through traders and power exchanges (refer certificate of the Chartered Accountant enclosed as Annexure-II of Volume-I containing break-up of

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WBSEDCL



power purchase cost mentioned in the Audited Annual Accounts). Such Open Access charge is transmission charge in nature and a fixed cost item as per the Tariff Regulations. Hence it has not been considered in the Application for FPPCA for 2016-17 and such cost paid is now considered as part of the CTU charges in this APR Application for 2016-17 (refer para 7(a) & 7(g) of FPPCA Application of 2016-17).

- 2.2.5 So, Rs. 71478 lakh, i.e. (Rs. 66773 lakh + Rs. 4705 lakh) incurred by WBSEDCL in 2016-17 may be considered by the Hon'ble Commission as CTU charges in the APR for 2016-17.

2.3 System operation charges payable to POSOCO

- 2.3.1 Comparison of actual POSOCO charges for 2016-17 against that admitted by the Hon'ble Commission for the same period vide the Tariff Order for 2016-17 is shown in the following table.

Table 2: POSOCO charges for 2016-17

Particulars	Rs. Lakh	
	2016-17 (Admitted)	2016-17 (Actual)
POSOCO charges	410	437

- 2.3.2 Such POSOCO charges are paid by WBSEDCL to POSOCO on account of integrated operation of the national power grid while the power purchased by WBSEDCL from various entities is wheeled across the central transmission grid. Such charges are payable as determined by CERC.

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WBSEDCL



2.3.3 As per the Audited Annual Accounts of WBSEDCL for 2016-17, the POSOCO charges in 2016-17 is Rs. 437 lakh (refer Note No. 34 of the Audited Annual Accounts of 2016-17), which may be considered by the Hon'ble Commission as the system operation charges payable to POSOCO in the APR for 2016-17.

2.4 Eastern Region Power Committee charge

2.4.1 Comparison of actual Eastern Region Power Committee charge (hereinafter referred to as "ERPC charge") for 2016-17 against that admitted by the Hon'ble Commission for the same period vide the Tariff Order for 2016-17 is shown in the following table.

Table 3: ERPC charge for 2016-17

Particulars	Rs. Lakh	
	2016-17 (Admitted)	2016-17 (Actual)
ERPC charge	15	16

2.4.2 Such ERPC charge is paid by WBSEDCL, it being a member of ERPC for safe and secure operation of the Eastern Regional power grid.

2.4.3 As per the Audited Annual Accounts of WBSEDCL for 2016-17, the ERPC charge in 2016-17 is Rs. 16 lakh (refer Note No. 34 of the Audited Annual Accounts of 2016-17), which may be considered by the Hon'ble Commission as the ERPC charge in the APR for 2016-17.

2.5 State Transmission Utility charges

2.5.1 Comparison of actual State Transmission Utility charges (hereinafter referred to as "STU charges") for 2016-17 against that admitted by the

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Regulation Department
WBSEDCL



Hon'ble Commission for the same period vide the Tariff Order for 2016-17 is shown in the following table.

Table 4: STU charges for 2016-17

Particulars	Rs. Lakh	
	2016-17 (Admitted)	2016-17 (Actual)
WBSETCL charges	117845.19	115150

- 2.5.2 Such STU charges are paid to the State Transmission Utility (i.e. WBSETCL in this case) by WBSEDCL for using the transmission network of WBSETCL for transmitting power purchased/generated by WBSEDCL. Such STU charges are as per tariff order for WBSETCL for 2016-17 as approved by the Hon'ble Commission.
- 2.5.3 In this context, it has been noted that other state transmission distribution licensees on regular basis are using state transmission network without any long term agreement to avoid payment of STU charge on such usage. The reference for the same is attached as Annexure-III of Volume-I of this petition. Instead, these distribution licensees are making short term booking of STU. Thus, paying $\frac{1}{4}$ th of such STU charge as per regulation. Hence, the above matter is brought to the knowledge of the Hon'ble Commission so that necessary amendment of regulations can be taken up to avoid incidence as stated above.
- 2.5.4 As per the Audited Annual Accounts of WBSEDCL for 2016-17, transmission charges paid to WBSETCL in 2016-17 is Rs. 115150 lakh, (refer Note No. 34 of the Audited Annual Accounts of 2016-17).



2.5.5 Such STU charges of Rs. 115150 lakh, incurred by WBSEDCL in 2016-17 may be considered by the Hon'ble Commission as STU charges in the APR for 2016-17.

2.6 SLDC charges

2.6.1 Comparison of actual SLDC charges for 2016-17 against that admitted by the Hon'ble Commission for the same period vide the Tariff Order for 2016-17 is shown in the following table.

Table 5: SLDC charges for 2016-17

Particulars	Rs. Lakh	
	2016-17 (Admitted)	2016-17 (Actual)
SLDC charges	2619	1647
SLDC charges (arrear dues)		14
Total	2619	1661

2.6.2 Such SLDC charges are paid by WBSEDCL to West Bengal SLDC on account of safe and secure operation of the state power grid. The state grid is utilized for wheeling of the power purchased by WBSEDCL from various entities. The SLDC charges are paid as per the rate determined by the Hon'ble Commission.

2.6.3 As per the Audited Annual Accounts of WBSEDCL for 2016-17, the total SLDC charges in 2016-17 is Rs. 1661 lakh, which includes SLDC charges of Rs. 1647 lakh and SLDC arrear dues of Rs. 14 lakh (refer Note No. 34 of the Audited Annual Accounts of 2016-17).

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- 2.6.4 Such SLDC charges of Rs. 1661 lakh, incurred by WBSEDCL in 2016-17 may be considered by the Hon'ble Commission as the SLDC charges in the APR for 2016-17.

2.7 VARH charge

- 2.7.1 Comparison of actual VARH charges for 2016-17 against that admitted by the Hon'ble Commission for the same period vide the Tariff Order for 2016-17 is shown in the following table.

Table 6: VARH charges for 2016-17

Particulars	Rs. Lakh	
	2016-17 (Admitted)	2016-17 (Actual)
VARH charges	0	1834
VARH charges (arrear dues)		348
Total	0	2182

- 2.7.2 The invoice for VARH charges is claimed to West Bengal SLDC by ERLDC as per CERC Indian Electricity Grid Code (IEGC) Regulations, 2010. West Bengal SLDC in turn raises invoices to all the distribution licensees of the state including WBSEDCL. Such VARH charges are paid by WBSEDCL to West Bengal SLDC.
- 2.7.3 As per the Audited Annual Accounts of WBSEDCL for 2016-17, the total VARH charges in 2016-17 is Rs. 2182 lakh, which includes VARH charges of Rs. 1834 lakh and VARH arrear dues of Rs. 348 lakh (refer Note No. 34H of the Audited Annual Accounts of 2016-17).

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- 2.7.4 Such VARH charges of Rs. 2182 lakh, incurred by WBSEDCL in 2016-17 may be considered by the Hon'ble Commission as the VARH charges in the APR for 2016-17 as these are uncontrollable in nature.

2.8 Interest on Bonds for creation of Pension Fund

- 2.8.1 Comparison of actual interest on Bonds for creation of Pension Fund for 2016-17 against that admitted by the Hon'ble Commission for the same period vide the Tariff Order for 2016-17 is shown in the following table.

Table 7: Interest on Bonds for creation of Pension Fund for 2016-17

Particulars	Rs. Lakh	
	2016-17 (Admitted)	2016-17 (Actual)
Interest on Pension Trust Bond	13005	13005

- 2.8.2 As per the Audited Annual Accounts of 2016-17, Rs. 13005 lakh is paid by WBSEDCL to the Pension Trust fund as interest on bond for creation of Pension Fund in 2016-17 (refer Note No. 37 of the Audited Annual Accounts of 2016-17). Copy of the audited accounts of the Pension Trust Fund for 2016-17 is enclosed as Appendix-II of this APR Application.
- 2.8.3 The interest on pension trust bond of Rs. 13005 lakh incurred by WBSEDCL in 2016-17 may be considered by the Hon'ble Commission as the interest on pension trust bond in the APR for 2016-17.

2.9 Interest on consumers' security deposits

- 2.9.1 Comparison of actual amount of interest on consumers' security deposits for 2016-17 against that admitted by the Hon'ble Commission for the same period vide the Tariff Order for 2016-17 is shown in the following table.

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Table 8: Interest on consumers' security deposits for 2016-17

Particulars	Rs. Lakh	
	2016-17 (Admitted)	2016-17 (Actual)
Interest on consumers' security deposits	8845	14367

- 2.9.2 As per the Audited Annual Accounts of 2016-17, actual interest incurred in 2016-17 on security deposits from consumers is Rs. 14367 lakh (refer Note No. 37 of the Audited Annual Accounts of 2016-17).
- 2.9.3 The Hon'ble Commission in the Tariff Order for 2016-17 admitted the amount of Rs. 8845 lakh as claimed by WBSEDCL as interest on consumers' security deposits for 2016-17.
- 2.9.4 It has been observed that the growth of consumers is mainly in L&MV category in WBSEDCL where cash deposit is kept as security, this has resulted in higher number of consumers in 2016-17 than projected. Hence the amount of security deposits from the consumers have been higher than projected, leading to increased interest payable on such higher security deposits by consumers.
- 2.9.5 In compliance to the directives of the Hon'ble Commission in para 10.08 of the Tariff Order of 2011-12 and 2012-13 dated 1st Dec, 2012, and para 2.15.3 of the APR Order of 2012-13 dated 12th June, 2014, an auditor certificate, certifying the break-up of security deposit or advance from consumers and interest incurred on consumer security deposits for 2016-17, is enclosed as Annexure-58A of Volume-II of this APR Application.

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- 2.9.6 The interest on consumers' security deposits of Rs. 14367 lakh paid by WBSEDCL in 2016-17 may be considered by the Hon'ble Commission as the interest on consumers' security deposits in the APR for 2016-17.

2.10 Carrying cost of regulatory asset

- 2.10.1 In paragraph 8.2.2 (b) of the Tariff Policy, the carrying cost of regulatory asset has been recommended. Relevant portion of Tariff Policy is reproduced below:

"Tariff Policy

8.2.2. The facility of a regulatory asset has been adopted by some Regulatory Commissions in the past to limit tariff impact in a particular year. This should be done only as exception, and subject to the following guidelines:

- a. The circumstances should be clearly defined through regulations, and should only include natural causes or force majeure conditions. Under business as usual conditions, the opening balances of uncovered gap must be covered through transition financing arrangement or capital restructuring;
- b. Carrying cost of Regulatory Asset should be allowed to the utilities;
- c. Recovery of Regulatory Asset should be time-bound and within a period not exceeding three years at the most and preferably within the control period;
- d. The use of the facility of Regulatory Asset should not be repetitive.



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e. *In cases where regulatory asset is proposed to be adopted, it should be ensured that the return on equity should not become unreasonably low in any year so that the capability of the licensee to borrow is not adversely affected."*

2.10.2 This provision is consistent to the Electricity Act 2003 on the ground that such cost is an entitled amount to WBSEDCL as a reasonable and recoverable cost. The relevant part of the Section 61 of the Electricity Act 2003 is reproduced herein below:

"61. The Appropriate Commission shall, subject to the provisions of this Act, specify the terms and conditions for the determination of tariff, and in doing so, shall be guided by the following namely:-

- (a) The principles and methodologies specified by the Central Commission for determination of the tariff applicable to generation companies and transmission licensees;*
- (b) The generation, transmission, distribution and supply of electricity are conducted on commercial principles;*
- (c) The factors which would encourage competition, efficiency, economical use of the resources, good performance and optimum investments;*
- (d) Safeguarding of consumers interest and at the same time, recovery of the cost of electricity in a reasonable manner;*
- (e) The principles rewarding efficiency in performance;*
- (f) Multi year tariff principles;*

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(g) *That the tariff progressively reflects the cost of supply of electricity and also, reduces and eliminates cross-subsidies within the period to be specified by the Appropriate Commission;*

(h) *The promotion of co-generation and generation of electricity from renewable sources of energy;*

(i) *The National Electricity Policy and tariff policy;*

Provided that the terms and conditions for determination of tariff under the Electricity (Supply) Act, 1948, the Electricity Regulatory Commission Act, 1998 and the enactments specified in the Schedule as they stood immediately before the appointed date, shall continue to apply for a period of one year or until the terms and conditions for tariff are specified under this section, whichever is earlier."

2.10.3 Such provision of tariff policy is also recognizable under Tariff Regulations framed by Hon'ble WBERC and it is obligatory to follow the National Electricity Policy and the Tariff Policy under Section 61(i) of the Act. In fact.

2.10.4 While considering the APR Application of WBSEDCL, Hon'ble Commission is under obligation to allow the carrying cost of the regulatory asset created and the licensee cannot be burdened with the cost of financing the regulatory asset created by the Hon'ble WBERC.

2.10.5 For that the huge regulatory asset and the cost of financing such revenue shortfall in WBSEDCL's business also severely affects its credibility and thereby affects its ability to raise loans from financial institutions. WBSEDCL respectfully submits that the expenses incurred by it for the purpose of distribution of electricity are in the nature of pass through costs.



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Such costs are required to be borne by the consumer as the cost for availing supply of electricity. The same cannot be allowed to be under-charged every year, in contrast to the spirit of cost reflective tariffs to be implemented as stipulated by Tariff Policy.

- 2.10.6 Moreover in case no. OP NO. 1 of 2011 dated 11th Nov 2011, the Hon'ble Appellate Tribunal for Electricity (hereinafter referred to as the "Hon'ble APTEL") has also directed to pass the carrying cost of regulatory asset and such order has been accepted by all quarters. The relevant para of the OP No. 1 of 2011 is reproduced herein below:

"65 (iv) In determination of ARR/tariff, the revenue gaps ought not to be left and Regulatory Asset should not be created as a matter of course except where it is justifiable, in accordance with the Tariff Policy and its Regulations. The recovery of the Regulatory Asset should be time bound and within a period not exceeding three years at the most and preferably within the Control Period. Carrying cost of Regulatory Asset should be allowed to the utilities in the ARR of the year in which the Regulatory Assets are created to avoid problem of cash flow to the distribution licensee."

- 2.10.7 Thus in line with the Tariff Policy, Electricity Act 2003 and above referred order of the Hon'ble APTEL, the carrying cost is being claimed hereunder which shall be considered in the APR for the year 2016-17 so that WBSEDCL may carry out its business in a reasonable, efficient and profitable manner.
- 2.10.8 Further it is submitted that Tariff Regulation provides that interest on working capital shall be based in the Short term Prime Lending Rate (PLR) of SBI as on the 1st April of the year preceding the ensuing year. It may

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also be noted that this Hon'ble APTEL in Appeal no. 173 of 2012 dated 18th December 2013 held that:

"Para 4(iii) Rate of interest on working capital for FY 2011-12 and 2012-13. The State commission has erroneously allowed rate of interest on working capital at 11.75% for FY 2011-12 and 2012-13. The State commission should have allowed the interest rate of 13% for FY 2011-12 and 14.75% for FY2012-13, based on SBI Prime Lending Rate as on 1st April of the respective year in accordance with its MYT Tariff Regulations."

2.10.9 Accordingly the SBI PLR of 1st April 2015, i.e. 14.75% has been considered during computation of carrying cost of the regulatory assets for 2016-17 which may be considered in the APR for 2016-17, the details is given below:

a) As per the APR Application of WBSEDCL for 2013-14 submitted on 30th November 2014, the Hon'ble Commission is yet to publish the order. As per the APR Application, the net amount of Rs. 366267 lakh is recoverable from the consumers after taking into consideration both the Fuel and Power Purchase Cost Adjustment (in short "FPCCA") and APR for 2013-14 as claimed in the APR application. As a result WBSEDCL had to bear the carrying cost on the above amount for 2016-17. The computation of such carrying cost has been done for 2016-17 and is enclosed as Annexure-IV of Volume-I of this APR Application.

So the carrying cost for the above stated amount to be claimed in this APR application is Rs. 54024 lakh during 2016-17.

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- b) As per the APR Application of WBSEDCL for 2014-15 submitted on 30th November 2015, the Hon'ble Commission is yet to publish the order. As per the APR Application, the net amount of Rs. 287421 lakh is recoverable from the consumers after taking into consideration both the Fuel and Power Purchase Cost Adjustment (in short "FPCCA") and APR for 2014-15 as claimed in the APR application. As a result WBSEDCL had to bear the carrying cost on the above amount for 2016-17. The computation of such carrying cost has been done for 2016-17 and is enclosed as Annexure-IV of Volume-I of this APR Application.

So the carrying cost for the above stated amount to be claimed in this APR application is Rs. 42395 lakh during 2016-17.

- c) As per the APR Application of WBSEDCL for 2015-16 submitted on 30th November 2016, the Hon'ble Commission is yet to publish the order. As per the APR Application, the net amount of Rs. 427098 lakh is recoverable from the consumers after taking into consideration both the Fuel and Power Purchase Cost Adjustment (in short "FPCCA") and APR for 2015-16 as claimed in the APR application. As a result WBSEDCL had to bear the carrying cost on the above amount for 2016-17. The computation of such carrying cost has been done for 2016-17 and is enclosed as Annexure-IV of Volume-I of this APR Application.

So the carrying cost for the above stated amount to be claimed in this APR application is Rs. 62997 lakh during 2016-17.

- d) In the APR order for 2012-13 the Hon'ble Commission disallowed Rs. 70682.76 lakh and withheld Rs. 8091.08 lakh for non-compliance of

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the directive. The above disallowed amount consists of carrying cost of Rs. 14850 lakh. WBSEDCL further submits that it has filed an Appeal before the Hon'ble APTEL against such disallowance and withholding of such amount in the APR Order of the Hon'ble Commission for 2012-13. WBSEDCL had to bear the carrying cost on the total amount excluding the claimed carrying cost i.e. 63924 lakh, during 2016-17. The computation of such carrying cost has been done for 2016-17 and is enclosed as Annexure-IV of Volume-I of this APR Application. Depending upon the final decision of the Hon'ble APTEL the carrying cost may be adjusted by the Hon'ble Commission in the subsequent Tariff Orders.

So, the carrying cost for the above stated balance regulatory asset is Rs. 9429 lakh during 2016-17.

- e) As per this APR Application for 2016-17, the net amount of Rs. 289199 lakh is recoverable from the consumers after taking into consideration both the Fuel and Power Purchase Cost Adjustment (in short "FPCCA") and the APR of 2016-17 before release of regulatory asset of the earlier orders and carrying cost as claimed in this APR Application. As a result, WBSEDCL had to bear the carrying cost on the above amount of APR application for 2016-17. The computation of such carrying cost has been done for the year 2016-17 and is enclosed as Annexure-IV of Volume-I of this APR Application.

So, the carrying cost for the above stated amount to be claimed in this APR Application is Rs. 21123 lakh during 2016-17.

- f) As per the Hon'ble Commission's Tariff order for FY 2016-17 the carrying cost on tariff arrears was to be recovered from consumers in

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15 equal installments from November 2016. In view of the above, the carrying cost on Tariff arrears for FY 2016-17 as calculated is Rs. 2023 lakh for FY 2016-17. The computation of such carrying cost has been done for 2016-17 and is enclosed as Annexure-IV of Volume-I of this APR Application.

- g) Thus total carrying cost against regulatory asset and arrear amount as stated from (a) to (e) above becomes Rs. 191,991 lakh which may be considered for release in the APR for 2016-17.

2.11 Expenditure for Rates and Taxes

- 2.11.1 Comparison of actual expenditure for Rates and Taxes for 2016-17 against that admitted by the Hon'ble Commission for the same period vide the Tariff Order for 2016-17 is shown in the following table.

Table 9: Rates and Taxes for 2016-17

Particulars	Rs. Lakh	
	2016-17 (Admitted)	2016-17 (Actual)
Rates and Taxes	1,484	10,450

- 2.11.2 As per the Audited Annual Accounts of 2016-17, the expenditure for Rates and Taxes in 2016-17 is Rs. 10,450 lakh (refer Note No. 39 of the Audited Annual Accounts of 2016-17). The expenditure for Rates and Taxes includes service tax on staff welfare expenses, service tax on outsourced activity, service tax on repair and maintenance expenses, service tax on administrative and general expenses, and rates and taxes paid to the civic authorities. Such service taxes are paid as per rates notified by the



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Government of India. Taxes to civic authorities as paid as per rates notified by such authorities.

- 2.11.3 WBSEDCL hereby submits that the payment of service tax has direct relationship with the expenditure on which service tax is applicable. Expenditures on which service tax is applicable namely, repair and maintenance of building, civil works, office equipment, plant and machinery, employee expenses and administrative and general expenses have gone up by around 15% from 2015-16 to 2016-17. Further, the effective rate of service tax was escalated in 2016-17, from 14.5% to 15% by levying Krishi Kalyan Cess at 0.5% with effect from 1st June 2016. Considering this change of rate along with the increased expenditure base, WBSEDCL's expenditure on service tax in 2016-17 is apt and justified.
- 2.11.4 The Hon'ble Commission in the Tariff Order for 2014-15 dated 4th March 2015 projected the Rates and Taxes expenditure for 2016-17 by considering such Rates and Taxes expenditure to be dependent on distribution line length, and applying a degree of sensitivity of Rates and Taxes expenditure to distribution line length. Further, an annual escalation rate for the ensuing years was applied based on an empirical formula provided by the Hon'ble Commission in the Tariff Order for 2014-15 dated 4th March 2015.
- 2.11.5 WBSEDCL submits that such Rates and Taxes are actually determined as per rates fixed by the government based on the nature of the services provided, and cannot be assumed to be sensitive only to distribution line length. Instead of application of empirical formulas that do not reflect the true market scenario, the Hon'ble Commission may adopt a prudence

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check exercise and evaluate merit of the case in true spirit of the extant regulatory framework.

In view of this, WBSEDCL submits that such expenditure on Rates and Taxes, being dependent on external factors like government tax fixation policy, is uncontrollable in nature, and the Hon'ble Commission may accordingly consider allowance of such expenditure.

- 2.11.6 WBSEDCL further submits that the Hon'ble Commission has recognized the expenditure items like rates & taxes and service tax as uncontrollable expenses in the Tariff Order for 2014-15 dated 4th March 2015 for other licensee of the State. Relevant excerpts of the Tariff Order is reproduced below:

"Some of the small items viz. rates & taxes, service taxes for distribution work and entry tax, insurance and lease rental are uncontrollable in nature till the third control period..."

The Hon'ble Commission in the APR Order for 2012-13 dated 21st May 2014 for other licensee of the State allowed the entire amount claimed by the other licensee under the head 'Rates & Taxes' upon recognizing such expenditure item as separate item and categorizing the same as uncontrollable.

- 2.11.7 WBSEDCL in its MYT Petition claimed that service tax has increased due to reverse charge and inclusion of more activities in the service tax bracket. The Hon'ble Commission in para 5.3.1(d)(iii) of the Tariff Order for 2014-15 directed WBSEDCL to come with detail to establish such claim. Relevant excerpt from the Tariff Order for 2014-15 dated 4th March 2015 is reproduced below:


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"5.3.1 d) iii) WBSEDCL's claim that service tax has increased presently due to reverse charge and inclusion of more activities is not convincing to the Commission at this stage as WBSEDCL cannot justify such claim by providing detail of such activities and quantification of amount of reverse charging for 2013-14. However during APR of WBSEDCL for 2013-14 and also for the years under fourth control period WBSEDCL shall come with detail to establish their such claim."

2.11.8 The compliance of the above directive, are given as Annexure-45 of Volume-II of this APR Application.

2.11.9 In view of the above, Rates and Taxes of Rs. 10,450 lakh paid by WBSEDCL in 2016-17 may be considered by the Hon'ble Commission as the expenditure for Rates and Taxes in the APR for 2016-17.

2.12 Interest on capital borrowings

2.12.1 Comparison of actual interest on capital borrowings (net of capitalization) for 2016-17 against that admitted by the Hon'ble Commission for the same period vide the Tariff Order for 2016-17 is shown in the following table.

Table 10: Interest on borrowings for 2016-17

Particulars	Rs. Lakh	
	2016-17 (Admitted)	2016-17 (Actual)
Interest on borrowing	76,280	49,852

2.12.2 WBSEDCL has borrowed from REC Ltd., PFC Ltd., and other financial institutions to carry out capital works that include electrification works of

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un-electrified areas, upgradation and strengthening works of the sub-transmission and distribution systems of WBSEDCL, expansion, renovation & modernization of the generating units of WBSEDCL, and purchase of equipment for the generation and distribution businesses of WBSEDCL. Such capital borrowings have been made for system improvement and network expansion for the purpose of meeting the needs of the ever-increasing consumer base. WBSEDCL has paid interest to the lenders on account of such borrowings as per different applicable interest rates for different loans. Such interest rates are fixed by the lenders, and WBSEDCL does not have any control on the same.

- 2.12.3 As per the Audited Annual Accounts of 2016-17, the interest on capital borrowings (net of capitalization) in 2016-17 is Rs. 49,852 lakh, (refer Note No. 37(A)(I) of the Audited Annual Accounts of 2016-17).
- 2.12.4 During the year 2016-17, there has been a premature repayment of Rs. 203,336 Lakhs, of government unsecured loans (refer note 17 (B) (i) of the books of accounts 2016-17 and Form C- Loan from State Government), thereby reducing the borrowing base of WBSEDCL. This repayment was not considered in the interest on loan projections made in 4th control period MYT petition for the year 2016-17.
- 2.12.5 The rate of interest on term loan from banks considered at the time of 4th control period MYT petition for the year 2016-17 was 12%. This too has come down to 9.30% in 2016-17.
- 2.12.6 In the light of above, such amount of Rs. 49,852 lakh paid by WBSEDCL in 2016-17 as the interest on capital borrowings may be admitted by the Hon'ble Commission in the APR for 2016-17, the expenditure being uncontrollable in nature.

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2.13 Other finance charges

2.13.1 Comparison of actual expenses under head 'Other finance charges' for 2016-17 against that admitted by the Hon'ble Commission for the same period vide the Tariff Order for 2016-17 is shown in the following table.

Table 11: Other finance charges for 2016-17

Particulars	Rs. Lakh	
	2016-17 (Admitted)	2016-17 (Actual)
Other finance charges	786	1,486

2.13.2 As per requirement of Ind AS, all financial liabilities are required to be recognized at fair value. Accordingly, the company has recognized liability for purchase of power, and liability for capital supplies/ works at their fair value using amortised cost or effective interest rate. The resultant interest expense/ income has been recognized in profit or loss account. In the light of above, other finance charges include Interest expense on liability for Purchase of Power of Rs. 15,268 Lakhs and Interest expense on liability for Capital supplies/ works of Rs. 1,235 Lakhs (refer Note No. 37 of Audited Annual Accounts for 2016-17 and notes 2.1.9 and 2.29 of the APR Petition).



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Table 12: Increase in finance cost due to adoption of Ind AS

Particulars	Rs. Lakh	
	2016-17 (Admitted)	2016-17 (Actual)
Increase in finance cost due to adoption of Ind AS		
Interest expense on liability for Purchase of Power		15,268
Interest expense on liability for Capital supplies/works		1,235
Transaction Cost on capital bonds		16
Other finance charges due to adoption of Ind AS		16,519

2.13.3 Hence, total finance cost post adoption of Ind AS is as depicted in the following table:

Table 13: Total other finance charges for 2016-17

Particulars	Rs. Lakh	
	2016-17 (Admitted)	2016-17 (Actual)
Total other finance charges including effects on adoption of Ind AS	786	18,005

2.13.4 Further, under previous GAAP, transaction costs incurred towards origination of borrowings were charged to profit or loss as and when incurred. Under Ind AS 109, transaction costs incurred towards origination of borrowings are required to be deducted from the carrying amount of borrowings on initial recognition. These costs are recognized in the profit or loss over the tenure of the borrowing as part of the interest expense by applying the effective interest rate method. Hence, other finance charges also include transaction Cost on capital bonds of Rs. 16 Lakhs (refer Note



No. 37 and 55(V) of Audited Annual Accounts for 2016-17 and notes 2.1.9 and 2.29 of the APR Petition).

2.13.5 Other finance charges of Rs. 1,486 lakh, includes Government Guarantee Fees of Rs. 17 lakh, and bank charges of Rs. 1469 lakh (refer Note No. 37 of Audited Annual Accounts for 2016-17).

2.13.6 In the MYT Tariff Application for the 4th Control Period, WBSEDCL considered past trends for projecting the other finance charges for 2016-17. However, WBSEDCL has to pay collection charges in the events of payments made by the contractors and consumers through RTGS and NEFT mode, and cash deposits by the Customer Care Centers (CCC) at non-home branches. The bank charges include bank commission, brokerage, guarantee fees, LC charges, commitment charges, service fee, stamp duty fee etc. Such finance charges also include Government Guarantee Fees charged by the State Government for giving guarantee in favor of WBSEDCL for capital borrowings on account of various capital works. Clearly, the factors leading to variation in the charges are outside the control of WBSEDCL.

2.13.7 Further, due to adoption of Ind AS, previous year balance of other finance charges has been recast (Refer note 2.1.9 of the APR petition) as follows:

Table 14: Adjustments done due to Ind AS in the opening balance of other finance charges

Rs. Lakh	
Particulars	2015-16
Other finance charges as per Indian GAAP (as claimed in the APR 2015-16)	2,192
Adjustments done due to Ind AS in the opening balances:	

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Particulars	2015-16
Transaction Cost on capital bonds	16
Interest expense on liability for Purchase of Power	14,039
Interest expense on liability for Capital supplies/works	1,115
Other finance charges as per Ind AS	17,363

- 2.13.8 Net financial impact, in the opening balances and current financial statements, has been adjusted in Special Allocation (refer para 2.24) for the year 2016-17. Relevant balance portions will be amortized in the future financial statements of WBSEDCL, hence in the application to be filed before WBERC in the relevant future years, the above adjustments will be considered, as per provisions of Ind AS.
- 2.13.9 As per the Audited Annual Accounts of 2016-17 after adoption of Ind AS, total other finance charges are Rs. 18,005 lakh. Other finance charges for 2015-16, recasted as per Ind AS are Rs. 17,363 lakh. Detailed calculation of other charges is provided in Form 1.17C of Annexure-I in Volume-I this APR Application.
- 2.13.10 In the light of above, the other finance charges of Rs. 18,005 lakh incurred by WBSEDCL in 2016-17 may be considered by the Hon'ble Commission as the other finance charges in the APR for 2016-17, the expenditure being uncontrollable in nature.

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2.14 Depreciation

- 2.14.1 Comparison of actual depreciation for 2016-17 against that admitted by the Hon'ble Commission for the same period vide the Tariff Order for 2016-17 is shown in the following table.

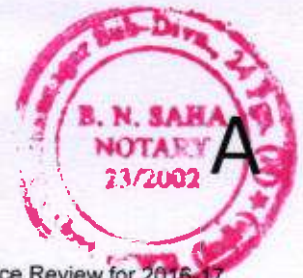
Table 15: Depreciation for 2016-17

Particulars	Rs. Lakh	
	2016-17 (Admitted)	2016-17 (Actual)
Gross Depreciation	69,042	88,378
Less: Interest credit	(3,924)	0
Net depreciation as per Ind AS	65,118	88,378

- 2.14.2 As per requirement of Ind AS, the amortization value on Capital Grant and Subsidies (Rs. 19,062 lakhs) and Consumers' contributions towards Capital Assets (Rs. 7,864 lakhs), earlier recognized as a deduction from depreciation (under GAAP), has been recognized as income under the head 'other income' in audited accounts of 2016-17 (refer Note No. 33 of Audited Annual Accounts for 2016-17 and notes 2.1.9 and 2.29 of the APR Petition). Such amortization will be passed on to consumer through 'other income', this amount has not been reduced from total depreciation of the year (Refer Note No. 38 of Audited Annual Accounts for 2016-17).
- 2.14.3 Due to adoption of Ind AS, opening balance of Depreciation has been recast (Refer note 2.1.9 of the APR petition). As per Ind AS requirement, depreciation has been claimed for assets received as consumer contribution and recognized over the useful life of the asset; and on

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inventory items used for job whose life is more than a year. Accordingly, depreciation for 2015-16, has been recast as follows:

Table 16: Adjustments done due to Ind AS in the opening balance of Depreciation

Rs. Lakh	
Particulars	2015-16
Depreciation as per Indian GAAP (as claimed in the APR 2015-16)	65,791
Adjustments done due to Ind AS in the opening balances:	
Depreciation on asset received as consumer contribution recognized over the useful life of the asset	4,718
Depreciation on asset received as grant recognized over the useful life of the asset	11,265
Depreciation charged on plants and machineries created out of inventory items whose life is more than a year	47
Depreciation as per Ind AS	81,821

2.14.4 Net financial impact, in the opening balances and current financial statements, has been adjusted in Special Allocation (refer para 2.24) for the year 2016-17. Relevant balance portions will be amortized in the future financial statements of WBSEDCL, as per provisions of Ind AS. Hence, in the application to be filed before WBERC in the relevant future years, the above impact is required to be considered.

2.14.5 As per the Audited Annual Accounts of 2016-17 after adoption of Ind AS, total depreciation is Rs. 88,378 lakh. Depreciation for 2015-16, recasted as per Ind AS is Rs. 81,821 lakh. Detailed calculation of depreciation is provided in Form B of Annexure-I in Volume-I this APR Application.

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2.14.6 The above increase in depreciation, during 2016-17 over 2015-16, is due to the fact that WBSEDCL is executing various capital works to strengthen and improve the performance of its generation and distribution businesses in order to provide better service delivery to the consumers, various new fixed assets are getting added to the existing fixed asset base of WBSEDCL. Depreciation of all fixed assets of WBSEDCL are accounted for as per regulations, till those fixed assets are fully depreciated.

2.14.7 Therefore, depreciation of Rs. 88,378 lakh in 2016-17 may be considered by the Hon'ble Commission as Depreciation in the APR for 2016-17.

2.15 Interest on Working Capital

2.15.1 As per the Tariff Regulations, Working Capital of WBSEDCL for the year 2016-17 has been computed in the Form 1.17(b) of Annexure-I of Volume-I of this APR Application and such Working Capital for 2016-17 is Rs. 172,507 lakh. This Working Capital requirement of WBSEDCL is fully met from the security deposit of permanent consumers as per directive of the Hon'ble Commission. Hence interest on Working Capital has not been claimed in the APR for 2016-17.

2.16 Employee cost

2.16.1 Comparison of actual employee cost for 2016-17 against that admitted by the Hon'ble Commission for the same period vide the Tariff Order for 2016-17 is shown in the following table.

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Table 17: Employee cost for 2016-17

Particulars	Rs. Lakh	
	2016-17 (Admitted)	2016-17 (Actual)
Total employee cost	149,159	133,234

2.16.2 As per the Audited Annual Accounts of 2016-17, the actual employee cost (net of capitalization and excluding service tax on staff welfare expenses) incurred by WBSEDCL in 2016-17 is Rs. 133,234 lakh (refer Note No. 36 of the Audited Annual Accounts for 2016-17). Break-up of the employee cost is provided in Form 1.17h of Annexure-I in Volume-I of this APR Application.

2.16.3 In this respect, this is to state that the employee cost for 2015-16 was Rs. 117,201 lakh. Under Ind AS, remeasurements of actuarial gains and losses and the return on plan assets, (excluding amounts included in the net interest expense on the net defined benefit liability) are recognized in other comprehensive income instead of profit or loss (Refer note 55 of annual accounts 2016-17). Hence, due to adoption of Ind AS, employee expenses of 2015-16 has been recast (Refer note 2.1.9 of the APR petition) as follows:

Table 18: Recasting of employee expenses of 2015-16 due to Ind AS

Particulars	Rs. Lakh		
	2015-16 (Indian GAAP)	2015-16 (Ind AS)	Net impact
Total employee cost	117,201	120,571	3,370

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- 2.16.4 Net financial impact, in the opening balances and current financial statements, has been adjusted in Special Allocation (refer para 2.24) for the year 2016-17. Relevant balance portions will be amortized in the future financial statements of WBSEDCL, as per provisions of Ind AS. Hence, in the application to be filed before WBERC in the relevant future years, the above impact is required to be considered.
- 2.16.5 The employee cost for 2016-17 has increased from that of 2015-16 mainly due to the following reasons:
- a) The employee strength of WBSEDCL has reduced from 14,991 as on 31st March, 2016 to 14,171 as on 31st March, 2017 as per MIS data. The numbers exclude the employees of WBSEDCL under deputation to WBSETCL. Such reduction in the employee strength has resulted in reduction in all the components of salary cost except the Dearness Allowance, which has increased consequent upon government orders for DA hike from time to time.
 - b) Employee terminal benefit expenses have increased to Rs. 73,867 lakh in 2016-17 on the basis of actuarial valuation (refer Note No. 36 of the Audited Annual Accounts for 2016-17).
- 2.16.6 The Hon'ble Commission in the Tariff Order for 2014-15 dated 4th March 2015 projected the employee expenses for 2016-17 by considering such employee expenses to be dependent on consumer strength, and applying a degree of sensitivity of employee expenses to consumer strength.
- 2.16.7 WBSEDCL submits that contrary to the methodology adopted by the Hon'ble Commission for projection of employee expenses. Growth in employee expenses depends upon yearly salary increment as per



Revision of Pay and Allowance (ROPA) and DA hike as per government notifications. Hence such employee expenses cannot be assumed to be sensitive only to consumer strength.

2.16.8 Since the Tariff Regulations does not provide for any such methodology of adopting sensitivity indices for expenditure items. Instead of being limited to application of sensitivity methodology that does not reflect the true market scenario, the Hon'ble Commission may adopt a prudence check exercise and evaluate merit of the case in true spirit of the extant regulatory framework. As per the Tariff Regulations, employee expenses are recognized as an uncontrollable item, in view of which, the Hon'ble Commission may consider to admit such expenditure at actuals.

2.16.9 In view of the above, actual employee cost of Rs. 1,33,234 lakh incurred by WBSEDCL in 2016-17 may be considered by the Hon'ble Commission as employee cost in the APR for 2016-17.

2.17 Operation and Maintenance expenses for generation

2.17.1 The Operation and Maintenance expenses (hereinafter referred to as "O&M expenses") of hydro generating stations of Rs. 4707.65 lakh as admitted by the Hon'ble Commission in the Tariff Order for 2016-17 in accordance with the norms specified in Schedule 9A of the Tariff Regulations may be considered by the Hon'ble Commission as the Operation and Maintenance expenses for generation in the APR for 2016-17.

2.17.2 Comparison of claimed Operation and Maintenance expenses (hereinafter referred to as "O&M expenses") for generation business for

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2016-17 against that admitted by the Hon'ble Commission for the same period vide the Tariff Order for 2016-17 is shown in the following table.

Table 19: O&M expenses for generation for 2016-17

Particulars	Rs. Lakh	
	2016-17 (Admitted)	2016-17 (Claimed)
O&M expenses for generation	4707.65	5082

- 2.17.3 The Hon'ble Commission in the Tariff Order for 2016-17 admitted Rs. 4707.65 lakh as the O&M expenses for generation for 2016-17 based on plant-wise normative O&M cost per MW, specified by the Hon'ble Commission in Schedule-9A of the Tariff Regulations, 2011. According to Schedule-9A of the Tariff Regulations, 2011 the normative O&M cost per MW for PPSP for 2016-17 is Rs. 2.37 lakh. During 2014-15 to 2016-17 annual escalation of 5% over the value of 2014-15 has been allowed.
- 2.17.4 Whereas, the overall O&M cost of PPSP has increased as PPSP has completed its 10 years of operation. It may be noted that pumped storage plants are complex in terms of technology and economics as compared to conventional hydro power plants. Also, PPSP is facing different type of problems in operation and maintenance of its units. . Further, above pump storage plant is established with imported equipment from different countries such as Japan, Switzerland etc. As there is no indigenous technology / solution available, support from original equipment manufacturer (OEM) is requested due to which cost involvement becomes higher. WBSEDCL has also submitted similar views in the comments submitted against draft WBERC (Terms and

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Conditions of Tariff) (Third Amendment) Regulations, 2017 regarding the norms of PPSP.

- 2.17.5 Due to the above reasons, the actual O&M expenses for generation in 2016-17 have become higher than the normative values. Therefore, the actual O&M expenses for generation is claimed in this APR application for 2016-17.
- 2.17.6 The detailed O&M expenses for generation totaling Rs. 5082 lakh has been given in Data Form 1.12 of Volume-I Annexure-I of this APR application of 2016-17.
- 2.17.7 In view of the above, it is submitted before the Hon'ble Commission to allow Rs. 5082 lakh as generation O&M costs in the APR for 2016-17.

2.18 Operation & Maintenance and Outsourcing expenses for distribution

- 2.18.1 Operation & Maintenance (O&M) expenses for distribution consists of Repair and Maintenance expenses (hereinafter referred to as "R&M expenses") for distribution and Administrative and General expenses (hereinafter referred to as "A&G expenses") for distribution. Comparison of actual R&M expenses, A&G expenses, and Outsourcing expenses for distribution business for 2016-17 against that admitted by the Hon'ble Commission for the same period vide the Tariff Order for 2016-17 is shown in the following table.

**Table 20: R&M, A&G, and Outsourcing expenses for distribution for 2016-17**

Rs. Lakh		
Particulars	2016-17 (Admitted)	2016-17 (Actual)
R&M expenses for distribution	35133	17557
A&G expenses for distribution	13753	13508
Outsourcing expenses for distribution	33075	48277
Total	81961	79342

2.18.2 The actual R&M expense, A&G expense, and Outsourcing expense pertaining to distribution business in 2016-17 are Rs. 17557 lakh, Rs. 13508 lakh, and Rs. 48277 lakh respectively. Details of such expenses have been provided in Form 1.15 and Form 1.17 of Annexure-I in Volume-I of this APR Application.

2.18.3 A comparison of the actual R&M expenses, A&G expenses and Outsourcing expenses for the distribution business for 2015-16 and 2016-17 is provided in the following table.

Table 21: Comparison of distribution O&M and outsourcing expenses for 2015-16 and 2016-17

Particulars	2015-16 (Rs. lakh)	2016-17 (Rs. lakh)
R&M expenses for distribution	29340	17557
A&G expenses for distribution	12980	13508
Outsourcing expenses for distribution	45167	48277
Total O&M and outsourcing expenses for distribution	87487	79342

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2.18.4 The R&M expense for 2016-17 has reduced considerably from 2015-16, and the Outsourcing expense has increased.

2.18.5 Reason behind decrease in the distribution R&M expense:

The main reason behind the reduction of the distribution R&M expense is the reduction of the expense corresponding to 'Lines, Cables, Network etc.' from Rs. 19,008 lakh in 2015-16 to Rs. 5828 lakh in 2016-17. This reduction is because of change in accounting policy due to Ind AS.

2.18.6 Reason behind increase in distribution Outsourcing expense:

- In order to ensure quality electricity supply to all consumers across the state of West Bengal and in order to comply to the standards of the WBERC (Standards of Performance of Licensees Relating to Consumer Services) Regulations, 2010, WBSEDCL undertakes network expansion and strengthening works under various programs like the Restructured Accelerated Power Development and Reform Programme (R-APDRP), National Electricity Fund (interest subsidy) Scheme, Deendayal Upadhyaya Gram Jyoti Yojana (DDUGJY), Integrated Power Development Scheme (IPDS) etc.
- Such project works have resulted in increase in the consumer base and distribution line length of WBSEDCL. The same is summarized in the following table.

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Table 22: Growth in the distribution network and consumer strength in 2016-17

Particulars	Unit	As on 31 st Mar, 2016	As on 31 st Mar, 2017	Growth
Distribution line length	ckm	547653	563826	16173
Consumer strength	no.	16364129	17424638	1060509

- WBSEDCL undertakes repair and maintenance activities to maintain its ever-growing network and to meet the ever-increasing requirements of its growing consumer base. Further, the areas served by WBSEDCL includes remote areas such as the island of Sundarban in South 24 Parganas, jungle areas of Paschim Midnapore / Purulia / Bankura, hilly areas of Darjeeling, etc., where the geographical characteristics result in challenges in carrying out repair and maintenance works.
- In the backdrop of reducing employee strength, WBSEDCL has outsourced activities in areas like HT & LT line maintenance, operation & maintenance of 33/11 KV substations, meter reading, bill distribution & collection, call center, security, etc. with respect to the distribution business to ensure quality power supply and customer service. Outsourced manpower are engaged in these areas as the number of own staffs of WBSEDCL engaged in these areas have reduced.
- Expenses related to such outsourcing activities have increased due to increased O&M activities owing to growth in the distribution network and increased consumer base.

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2.18.7 WBSEDCL hereby submits that the appointment of outsourced manpower as replacement of its own staffs has resulted in cost saving, leading to reduced cost burden on the consumers. The following table validates the same.

Table 23: Indicative annual average cost per manpower for WBSEDCL staffs vis-à-vis outsourced manpower in 2016-17

Particulars	Average annual salary cost per manpower (Rs.)
WBSEDCL staffs in the fields of outsourced activities ¹	410039
Outsourced manpower ²	194360
Annual cost saving per manpower	215679

2.18.8 All the expenses related to the outsourced activities are manpower oriented, as the main aim of such outsourcing is to meet requirements of the ever-increasing consumer base by carrying out requisite operation, maintenance and allied activities in respect of the distribution business by appointing outsourced manpower in place of the reducing employee strength. In this respect, WBSEDCL submits that in this APR Application, WBSEDCL considers all outsourcing costs under the category of manpower and vehicle hiring costs.

2.18.9 WBSEDCL hereby submits that all the aforementioned types of expenses are linked to the core distribution activities of WBSEDCL. The outsourcing

¹ The indicative annual average cost for WBSEDCL staff engaged in the fields of outsourced activities (Class-3 & Class-4 staffs of WBSEDCL are engaged in such activities) is obtained by dividing the total actual salary cost of Class-3 & 4 (Technical & Non-technical) manpower of WBSEDCL in 2016-17 by total number of such manpower at the end of 2016-17

² The indicative annual average cost for outsourced manpower is obtained by dividing the total actual outsourcing cost in 2016-17 by the total number of outsourced manpower at the end of 2016-17

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activities are done through outsourced manpower to perform duties of the same nature as the R&M and A&G activities. Hence the outsourcing expenditure is considered along-with the distribution O&M expenses for justification purpose in this APR Application. WBSEDCL submits that the total O&M and outsourcing expenditure for 2016-17 has reduced from 2015-16. Further, the total O&M and outsourcing expenditure for 2016-17 is less than the amount admitted by the Hon'ble Commission in its Tariff Order for 2016-17.

2.18.10 The Hon'ble Commission in the Tariff Order for 2014-15 dated 4th March 2015 projected the R&M, A&G, and Outsourcing expenses for 2016-17 by considering such expenses to be dependent on distribution line length and consumer strength, and applying a degree of sensitivity of those expenses to distribution line length and consumer strength. Further, an annual escalation rate for the ensuing years was applied based on an empirical formula provided by the Hon'ble Commission in the Tariff Order for 2014-15 dated 4th March 2015.

2.18.11 WBSEDCL submits that the R&M, A&G and Outsourcing expenses cannot be assumed to be sensitive only to distribution line length and consumer strength, as these expenses depend upon a lot of other factors like geographic profile & spread of the area of supply, consumer base, age of assets, market demand-supply conditions, damages caused by natural disaster, government policies and orders, etc. The Tariff Regulations does not provide for any such methodology of adopting sensitivity indices for expenditure items. Instead of being limited to mechanical application of empirical formulas that do not reflect the true market scenario, the Hon'ble Commission may adopt a prudence check

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exercise and evaluate merit of the case in true spirit of the extant regulatory framework. In view of this, WBSEDCL submits that such expenses, being dependent on other factors apart from distribution line length and consumer strength, be accordingly considered by the Hon'ble Commission for allowance in this APR Application at actuals.

- 2.18.12 In view of the above, the R&M, A&G and Outsourcing expenses of Rs. 17557 lakh, Rs. 13508 lakh, and Rs. 48277 lakh incurred by WBSEDCL in 2016-17 may be considered by the Hon'ble Commission as the R&M expenses, A&G expenses, and Outsourcing expenses for distribution in the APR for 2016-17.

2.19 Expenditure for Complaint Management Mechanism

- 2.19.1 Comparison of actual expenditure for Complaint Management Mechanism for 2016-17 against that admitted by the Hon'ble Commission for the same period vide the Tariff Order for 2016-17 is shown in the following table.

Table 24: Complaint Management Mechanism expenditure for 2016-17

Particulars	Rs. Lakh	
	2016-17 (Admitted)	2016-17 (Actual)
Complaint Management Mechanism expenditure	407	360

- 2.19.2 Expenditure for complaint management mechanism includes expenses associated with toll free telephone for registering grievances at ZCC-s, SMS charges for forwarding grievances to mobile vans, rental charges of Interactive Voice Response System (hereinafter referred to as "IVRS"),

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separate telephone facility at each CCC, and anti-theft toll free telephone facility.

2.19.3 As per Audited Annual Accounts of WBSEDCL for 2016-17, the expenditure for Complaint Management Mechanism in 2016-17 is Rs. 360 lakh (refer Note No. 39 of the Audited Annual Accounts of 2016-17).

2.19.4 The Hon'ble Commission in the Tariff Order for 2014-15 dated 4th March 2015 projected the expenditure for Complaint Management Mechanism for 2016-17 by considering such expenses to be dependent on consumer strength only, and applying a degree of sensitivity of such expenses to consumer strength. Further, an annual escalation rate for the ensuing years was applied based on an empirical formula provided by the Hon'ble Commission in the Tariff Order for 2014-15 dated 4th March 2015.

WBSEDCL submits that such expenses are governed by the rates charged by telecom operators, and cannot be assumed to be sensitive only to consumer strength for a random degree of sensitivity value. The Tariff Regulations does not provide for any such methodology of adopting sensitivity indices for expenditure items. Instead of application of empirical formulas that do not reflect the true market scenario, the Hon'ble Commission may adopt a prudence check exercise and evaluate merit of the case in true spirit of the extant regulatory framework.

In view of this, WBSEDCL submits that such expenditure for Complaint Management Mechanism, being dependent on external factors, be accordingly considered uncontrollable and be considered by the Hon'ble Commission for allowance in this APR Application.

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- 2.19.5 The actual expenditure for Complaint Management Mechanism of Rs. 360 lakh incurred by WBSEDCL in 2016-17 may be considered by the Hon'ble Commission as the expenditure for Complaint Management Mechanism in the APR for 2016-17.

2.20 Expenditure for lease rental line

- 2.20.1 Comparison of actual expenditure for lease rental line for 2016-17 against that admitted by the Hon'ble Commission for the same period vide the Tariff Order for 2016-17 is shown in the following table.

Table 25: Lease rental line expenditure for 2016-17

Particulars	Rs. Lakh	
	2016-17 (Admitted)	2016-17 (Actual)
Lease rental line expenditure	3153	2342

- 2.20.2 As part of setting up the Complaint Management Mechanism as per requirement of the SOP Regulations, WBSEDCL has been utilizing the Multiprotocol Label Switching (MPLS) Virtual Private Network (VPN) connectivity for establishing and maintaining the communication network. Telecom operators receive charges from WBSEDCL for providing the connectivity, and these charges are recognized under the head 'Lease rental line expenditure'.
- 2.20.3 As per Audited Annual Accounts of WBSEDCL for 2016-17, the expenditure for lease rental line in 2016-17 is Rs. 2,342 lakh (refer Note No. 39 of the Audited Annual Accounts of 2016-17).

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2.20.4 The Hon'ble Commission in the Tariff Order for 2014-15 dated 4th March 2015 projected the expenditure for lease rental line for 2016-17 by considering such expenses to be dependent on distribution line length only, and applying a degree of sensitivity of such expenses to distribution line length. Further, an annual escalation rate for the ensuing years was applied based on an empirical formula provided by the Hon'ble Commission in the Tariff Order for 2014-15 dated 4th March 2015.

WBSEDCL submits that such expenses are governed by the rates charged by telecom operators, and cannot be assumed to be sensitive only to distribution line length for a random degree of sensitivity value. The Tariff Regulations does not provide for any such methodology of adopting sensitivity indices for expenditure items. Instead application of empirical formulas that do not reflect the true market scenario, the Hon'ble Commission may adopt a prudence check exercise and evaluate merit of the case in true spirit of the extant regulatory framework.

In view of this, WBSEDCL submits that such expenditure for lease rental line, being dependent on external factors such as rates charges charged by the telecom operators, be accordingly considered uncontrollable and be considered by the Hon'ble Commission for allowance in this APR Application.

2.20.5 The actual lease rental expenditure for maintaining the MPLS VPN connectivity of Rs. 2,342 lakh incurred by WBSEDCL in 2016-17 may be considered by the Hon'ble Commission as the lease rental expenditure in the APR for 2016-17.

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2.21 Expenditure for Insurance

Comparison of actual expenditure for Insurance for 2016-17 against that admitted by the Hon'ble Commission for the same period vide the Tariff Order for 2016-17 is shown in the following table.

Table 26: Insurance expenditure for 2016-17

Particulars	Rs. Lakh	
	2016-17 (Admitted)	2016-17 (Actual)
Insurance expenditure	832	788

2.21.1 As per the Audited Annual Accounts of 2016-17, the expenditure for insurance in 2016-17 is Rs. 788 lakh (refer Note No. 39 of the Audited Annual Accounts of 2016-17).

2.21.2 The Hon'ble Commission in the Tariff Order for 2016-17 projected the expenditure for insurance for 2014-15 dated 4th March 2015 by considering such expense to be dependent on distribution line length only, and applying a degree of sensitivity of such expense to distribution line length. Further, an annual escalation rate for the ensuing years was applied based on an empirical formula provided by the Hon'ble Commission in the Tariff Order for 2014-15. dated 4th March 2015

WBSEDCL submits that such expense is governed by the policies and premiums charged by the insurance service providers, and types and valuations of the items being insured, and cannot be assumed to be sensitive only to distribution line length or an random degree of sensitivity for computation of annual escalation rate is. The Tariff Regulations also does not provide for any such methodology of adopting sensitivity indices

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for expenditure items. Instead of application of empirical formulas that do not reflect the true market scenario, the Hon'ble Commission may adopt a prudence check exercise and evaluate merit of the case in true spirit of the extant regulatory framework.

In view of this, WBSEDCL submits that such expenditure for insurance, being dependent on external factors such as insurance policies, premium's charged by the insurance providers as per the prevailing market rates, be accordingly considered uncontrollable and be considered by the Hon'ble Commission for allowance in this APR Application.

- 2.21.3 Insurance expenses of Rs. 788 lakh incurred by WBSEDCL in 2016-17 may be considered by the Hon'ble Commission as the expenditure for Insurance in the APR for 2016-17.

2.22 Bad debt

- 2.22.1 The Hon'ble Commission in the Tariff Order for 2016-17 did not consider any amount under the head bad debt for 2016-17. No Bad debt actually has been written off during 2016-17 as per the Audited Annual Accounts.

2.23 Other expenses

- 2.23.1 WBSEDCL submits that such expenditure related to death / damage / injuries is contingent in nature and can never be predicted by WBSEDCL in its application. The Hon'ble Commission in the Tariff Order for 2016-17 did not consider any amount under the head 'Other expenses' for 2016-17. Also such expense is not incidental to the normal course of distribution business and cannot be held as part of the O&M expenses in any way.

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- 2.23.2 As per the Audited Annual Accounts of 2016-17, the other expenses in 2016-17 is Rs. 154 lakh on the account of compensation paid to outsiders on death / damage / injuries (refer Note No. 39(D) of the Audited Annual Accounts of 2016-17). For the safety of outsiders, awareness programs are organized at regular intervals. Even after such safety program, complete removal of cases of accident is very difficult as the distribution network of WBSEDCL with over-head bare conductors is wide-spread throughout the state, including difficult terrain and remote rural areas.
- 2.23.3 Other expenses also include Rs. 3,605 Lakhs on the account of loss on demolition/ retirement of Fixed Assets (refer Note No. 39(D) of the Audited Accounts of 2016-17. This expenditure occurs when a depreciable asset is taken out of service and net of salvage value is received for the asset.
- 2.23.4 WBSEDCL hereby submits that regulators like AERC have been approving such expense under head "Other debits" as per actuals, as a separate line item at the time of truing up. WBSEDCL states the relevant experts from the orders as below:

AERC (Tariff order Truing up of FY 2013-14 Apr of FY 2016-17, ARR And Tariff For FY 2016-17 dated 24th July 2015)

Order Excerpts:

"APDCL submitted that the Commission has not approved any amount as other debits.

The Commission verified the expense item as submitted by APDCL and has found expense incurred due to flood, Cyclone and fire are justified and asked APDCL to submit related supporting documents for this expense. APDCL has submitted order copies for disaster management in

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support of its claim. The Commission also considers Compensations for injuries, deaths, and damage of outsiders are also justified. Accordingly, after prudent check and analysis, the Commission approves Rs 1.59 Crore for loss on Flood, cyclone and Fire and compensation for injuries."

- 2.23.5 In view of the above, expenses of Rs. 3,759 lakh incurred by WBSEDCL in 2016-17 may be considered by the Hon'ble Commission as other expenses in the APR for 2016-17.

2.24 Special allocation

- 2.24.1 The Hon'ble Commission in the Tariff Order for 2016-17 did not consider any amount under the head 'Special allocation' for 2016-17. WBSEDCL hereby submits that the expenses claimed under the head 'Special allocation' in this APR Application for FY 2016-17 under the following heads –

- 2.24.2 In preparing opening Ind AS balance sheet for 2014-15, the assets and liabilities has been recast as per provision of Ind AS. The net financial impact of such changes in assets and liabilities have been considered in this application as pointed in our submission in para no 2.1.6 and such net financial impact is being reduced from the net revenue recoverable for FY 2016-17. The net financial impact that has been considered in this application is shown in the table below (refer Note 55B of the Annual accounts for FY 2016-17). Due to the adoption of Ind AS, net financial impact, in the opening balances and current financial statements, will be amortized in the future financial statements of WBSEDCL.



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Table 27: Impact of Ind AS on 2014-15

Rs. Lakhs

Sr. No.	Particulars	Impact
1.	Fair valuation of Bonds	(320)
2.	Liability of Purchase of Power A/C	(42,513)
3.	Liability for Capital supplies / works	(5,231)
4.	Government grant recognized	(19,844)
5.	Impact of rebate, discount, LPSC for which benefit is yet to be received / allowed	(1,400)
	Total impact	(69,308)

2.24.3 In preparing opening Ind AS balance sheet for 2016-17, WBSEDCL has adjusted the amounts reported previously in financial statements prepared in accordance with the accounting standards notified under Companies (Accounting Standards) Rules, 2006 (as amended) and other relevant provisions of the Act (previous GAAP or Indian GAAP). An explanation of how the transition from previous GAAP to Ind AS has affected the Company's financial position, financial performance and cash flows is set out in the notes below. In the light of above, adoption of Ind AS (as against GAAP) for the year 2016-17, has also impacted the annual accounts, notes and explanations thereof of 2015-16.

2.24.4 Due to the adoption of Ind AS, net financial impact, in the opening balances and current financial statements, will be amortized in the future financial statements of WBSEDCL. In the application to be filed before WBERC in the relevant future years, the adjustment on account of following changes in opening Ind AS financial statement of WBSEDCL will be made as per provisions of Ind AS.

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Table 28: Impact of Ind AS on 2015-16

Rs. Lakhs

Sr. No.	Particulars	Impact	Reference
1	Transaction cost on Capital bond	16	Note 2.13 of the APR petition 2016-17
2	Notional interest expense on liability for Purchase of Power	14,039	Note 2.13 of the APR petition 2016-17
3	Interest expense on liability for Capital Supplies/ Works	1,115	Note 2.13 of the APR petition 2016-17
4	Other comprehensive income - Remeasurement (gain)/losses on defined benefit plans	3,378	Note 2.16 of the APR petition 2016-17
5	Other comprehensive income - removed from employee expense	(3,378)	Note 2.29 of the APR petition 2016-17
6	Consumer contribution recognised as income over the period of the asset	(4,718)	Note 2.29 of the APR petition 2016-17
7	Depreciation on asset received as consumer contribution recognised over the useful life of the asset	4,718	Note 2.14 of the APR petition 2016-17
8	Grant recognised as income over the period of asset	(16,519)	Note 2.29 of the APR petition 2016-17
9	Depreciation on asset received as grant recognized over the useful life of the asset	11,265	Note 2.14 of the APR petition 2016-17
10	Depreciation charged on plants and machineries created out of inventory items whose life is more than a year	47	Note 2.14 of the APR petition 2016-17
11	Inventory used for job whose life is more than a year	(1,295)	Note 55 B of Annual Accounts 2016-17
12	Estimated rebate, discount & LPSC for which benefit yet to be received/ allowed	(832)	Note 55 B of Annual Accounts 2016-17
	Total impact	7,836	

2.24.5 WBSEDCL has incurred Rs. 1677 lakhs, on major repair expenses due to the unforeseen breakdown of unit 3 and unit 4 of PPSP. This special allocation is being claimed as Form 1.21 (B) - 'Special Allocation – Others, if any, to be specified' of the WBERC (Terms and Conditions of Tariff)

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Regulations, 2011. The values of Form 1.21 are included in Form E (B) under 'Ref. B (23) Special Allocations [Form 1.21]' of the Regulations.

2.24.6 WBSEDCL has incurred expenses of Rs. 1083 lakh and Rs. 594 lakh in FY 2016-17 on account of unforeseen breakdown of unit 3 and unit 4 of PPSP respectively. The extra expenditure for PPSP in FY 2016-17 has been incurred to repair and overhauling due to the above stated breakdown units in FY 2016-17. Such major repair is undertaken when major break down occurs and is beyond the regular O&M undertaken. As such, the expenditure was due to an unforeseen breakdown, the R&M expenditure is a one-time expense and hence has been claimed under the head of 'Special allocation' and not under the head of Operation and Maintenance (O&M).

2.24.7 In view of the above, expenses of Rs. (59,795) lakh [Rs. (69,308) lakh + 7836 lakh + Rs. 1677 lakh] incurred by WBSEDCL in 2016-17 may be considered by the Hon'ble Commission as 'Special allocation' in the APR for 2016-17, the expenditure being uncontrollable in nature.

2.25 Return on Equity

2.25.1 The Hon'ble Commission in the Tariff Order for 2016-17 admitted post-tax Return on Equity (hereinafter referred to as "ROE") of Rs. 37,236.21 lakh for the year 2016-17.

2.25.2 The pre tax grossed up ROE has been computed for 2016-17 in Form 1.22 of Annexure-I in Volume-I of this APR Application, as per provisions of the Tariff Regulations. Such ROE for 2016-17 becomes Rs. 44,854 lakh, and may be considered by the Hon'ble Commission as ROE in the APR for 2016-17.

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2.25.3 As per provisions of the Tariff Regulations, ROE for 2016-17 is computed as Rs. 44854 lakh. In terms of Regulation 2.8.6.1 of the Tariff Regulations, disallowance of excess power purchase cost is limited to an amount equal to the summation of ROE and net UI charges (i.e. Deviation Settlement Mechanism charges) receivables where net UI charges receivables amount over the year ≥ 0 . Accordingly disallowance of excess power purchase cost of the FPPCA application for 2016-17 may now be limited to the amount of ROE, i.e. Rs. 44854 lakh. In case of change of ROE amount in the application of APR, such amount may be considered for disallowance of excess power purchase cost of the FPPCA application for 2016-17.

2.26 Minimum Alternate Tax

2.26.1 The Hon'ble Commission in the Tariff Order for 2016-17 admitted Minimum Alternate Tax (MAT) of Rs. 996.92 lakh for the year 2016-17. WBSEDCL submits that in this APR Application, ROE is claimed on pre-tax grossed up basis, and hence MAT is not claimed separately by WBSEDCL in this APR Application.

2.26.2 Further, the Income Tax assessment for the Assessment Year 2013-14 and 2014-15 are attached as annexures V and VI respectively, of Volume I of this application.

2.27 Deviation Settlement Mechanism / UI charges payable

2.27.1 The Hon'ble Commission in the Tariff Order for 2016-17 did not consider any net Unscheduled Interchange (hereinafter referred to as "UI") charges receivable or payable for FY 2016-17.

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- 2.27.2 UI is presently termed as Deviation as per provisions of the CERC Deviation Settlement Mechanism Regulations, 2014. The said regulations have come into force on 17th February, 2014. According to Regulation 14(1) of the CERC Deviation Settlement Mechanism Regulations, 2014, the CERC Unscheduled Interchange Charges Regulations will stand repealed once the CERC Deviation Settlement Mechanism Regulations come into force. Deviation as per the CERC Deviation Settlement Mechanism Regulations, 2014 is defined as:
- 'Deviation' in a time-block for a seller means its total actual injection minus its total scheduled generation and for a buyer means its total actual drawal minus its total scheduled drawal.*
- 2.27.3 In order to bridge the demand-supply gap during real time operation and in order to ensure uninterrupted supply of electricity to its consumers, a total of 575.903 MU of energy has been drawn from the grid and 188.012 MU of energy has been injected into the grid as Deviation / UI during the year 2016-17. Such injection and drawal of Deviation / UI has been done in accordance to the prevailing regulations without violating the grid discipline. As per Note 34A of the Audited Annual Accounts of WBSEDCL for 2016-17, the net Deviation Settlement Mechanism / UI charges payable is Rs. 9,257 lakh, which includes Deviation Settlement Mechanism / UI charges payable of Rs. 9,550 lakh (refer Note No. 34 (A) of the Audited Annual Accounts of 2016-17) less Deviation Settlement Mechanism / UI charges receivable of Rs. 293 lakh (refer Note No. 32 of the Audited Annual Accounts of 2016-17).
- 2.27.4 In view of the above, expenses of Rs. 9,257 lakh incurred by WBSEDCL in FY 2016-17 may be considered by the Hon'ble Commission as

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Deviation Settlement Mechanism / UI charges payable or cost of energy drawn as Deviation / UI in the APR for FY 2016-17.

2.28 Income from non-tariff sources

2.28.1 Comparison of actual income from non-tariff sources for FY 2016-17 against that admitted by the Hon'ble Commission for the same period vide the Tariff Order for FY 2016-17 is shown in the following table.

Table 29: Income from non-tariff sources for FY 2016-17

Particulars	Rs. Lakh	
	2016-17 (Admitted)	2016-17 (Actual)
Income from non-tariff sources	37,036	87,103

2.28.2 As per requirement of Ind AS, the amortization value on Capital Grant and Subsidies (Rs. 19,062 lakhs) earlier recognized as a deduction from depreciation (under GAAP), has been recognized as income under the head 'other income' in audited accounts of 2016-17 (refer Note No. 33 of Audited Annual Accounts for 2016-17 and notes 2.1.9 and 2.29 of the APR Petition). Such amortization will be passed on to consumer through 'other income', this amount has not been reduced from total depreciation of the year (Refer Note No. 38 of Audited Annual Accounts for 2016-17).

2.28.3 Similarly, Re-measurement of post-employment benefit obligations of Rs. 7,198 earlier recognized as a deduction from Employee expense (under GAAP), has been recognized as income under the head 'Other comprehensive income' in audited accounts of 2016-17 (refer Note No. 42 of Audited Annual Accounts for 2016-17 and notes 2.1.9 and 2.29 of the APR Petition). Under Ind AS, remeasurements of actuarial gains and



losses and the return on plan assets, (excluding amounts included in the net interest expense on the net defined benefit liability) are recognized in other comprehensive income instead of profit or loss (Refer note 55 of annual accounts 2016-17).

- 2.28.4 Further, due to adoption of Ind AS, there have also been changes in the recognition of incomes and expenses (Refer Note No. 32.1 of Audited Annual Accounts for 2016-17 and note 2.1.9 of the APR petition).
- 2.28.5 Due to adoption of Ind AS, opening balance of other income has been recast (Refer note 2.1.9 of the APR petition) as follows:

Table 30: Adjustments done due to Ind AS in the opening balance of Other income

Particulars	Rs. Lakh
	2015-16
a. Other operating revenue (as per Indian GAAP)	44,666
b. Other income (as per Indian GAAP)	6,337
c. Total other income as per Indian GAAP	51,003
Adjustments done due to Ind AS:	
d. Delayed payment charges from Customers	1190
e. Interest from Licensees, suppliers/contractors, consumers	62
f. Other miscellaneous income	(62)
g. Incentive for timely payment of loan	(422)
h. Consumers contribution towards capital assets	4,718
i. Government Grants	16,519
j. Rebate	(4,106)
k. Other income as per Ind AS	68,902

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- 2.28.6 Net financial impact, in the opening balances and current financial statements, will be amortized in the future financial statements of WBSEDCL, as per provisions of Ind AS. Hence, in the application to be filed before WBERC in the relevant future years, the above impact is required to be considered.
- 2.28.7 As per the Audited Annual Accounts of 2016-17 after adoption of Ind AS, other income is Rs. 87,103 lakh. Other income for 2015-16, recasted as per Ind AS is Rs. 68,902 lakh.
- 2.28.8 For 2016-17, the total income from non-tariff sources is Rs. 87103 lakh as computed in Form 1.26 of Annexure-I in Volume-I of this APR Application, includes the following:
- (a) Rs. 16,506 lakh as delayed payment charges from consumers (refer Note No. 32 of the Audited Annual Accounts of 2016-17);
 - (b) Rs. 26,250 as meter rent (refer Note No. 32 of the Audited Annual Accounts of 2016-17);
 - (c) Rs. 3,850 lakh as Reconnection / Disconnection fees (refer Note No. 32 of the Audited Annual Accounts of 2016-17);
 - (d) Rs. 233 lakh as income from wheeling charges (refer Note No. 32 of the Audited Annual Accounts of 2016-17);
 - (e) Rs. 144 lakh as other miscellaneous charges from service to consumers premises (refer Note No. 32 of the Audited Annual Accounts of 2016-17);
 - (f) Rs. 31,790 as other income (refer Note No. 33 of the Audited Annual Accounts of 2016-17).

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- (g) Rs. 7198 lakhs as other comprehensive income – remeasurement of post-employment benefit obligation (refer Note No. 42 of the Audited Annual Accounts of 2016-17).
- (h) Rs. 1132 lakhs as interest received on account of tariff revision (refer Note No. 34H of the Audited Annual Accounts of 2016-17).
- (i) Interest income of Rs. 1834 lakh (refer note 33 of Audited Annual Accounts of 2016-17) has not been included as these relate to interest on deposits of unutilized capital fund received from government under different capital project scheme (refer note 9.4 and 10.2 of Audited Annual Accounts of 2016-17).

2.28.9 In view of the above, the total income from non-tariff sources of Rs. 87103 lakh earned by WBSEDCL in 2016-17 may be considered by the Hon'ble Commission as income from non-tariff sources in the APR for 2016-17.

2.29 Benefits from sale of power to persons other than the consumers and licensees

2.29.1 The Hon'ble Commission in the Tariff Order for 2016-17 stated that the benefits from sale of power to person other than the consumers and licensee of the Hon'ble Commission will be passed on to the consumers / licensees on actual basis through APR of the concerned year only instead of tariff order on projection basis.

2.29.2 Accordingly, the net benefits from sale of power to person other than the consumers and licensee during 2016-17 has been computed in the Data Form 1.24 of Annexure-I in Volume-I of this APR Application. As per the computations, such benefits for 2016-17 is Rs. 28962.98 lakh.

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- 2.29.3 Actual expenditure pertaining to sale of energy to persons other than consumers and licensees of the Hon'ble Commission, as computed in the Data Form 1.24 of Annexure-I in Volume-I, becomes Rs. 73780.32 lakh against Rs. 121188.13 lakh admitted by the Hon'ble Commission in the Tariff Order for 2016-17.
- 2.29.4 Total benefits from sale of power to person other than the consumers and licensee of the Hon'ble Commission of Rs. 28962.68 lakh earned by WBSEDCL in 2016-17 may be shared by the Hon'ble Commission as per provisions of Regulation 5.15.2 (iv) of the Tariff Regulations. Accordingly, the Hon'ble Commission may consider to allow a benefit of Rs. 14481.34 lakh (being 50% of the total benefits from sale of power to person other than the consumers and licensee of the Hon'ble Commission of Rs. 28962.68 lakh) to be shared to WBSEDCL.

2.30 Interest credit on depreciation

- 2.30.1 Comparison of actual computed interest credit on depreciation for 2016-17 against that admitted by the Hon'ble Commission for the same period vide the Tariff Order for 2016-17 is shown in the following table.

Table 31: Interest credit on depreciation for 2016-17

Particulars	Rs. Lakh	
	2016-17 (Admitted)	2016-17 (Actual)
Interest credit on depreciation	3923.52	0

- 2.30.2 WBSEDCL has computed the interest credit on depreciation for 2016-17 in Form 1.17(g) of Annexure-I in Volume-I of this APR Application, and

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there is no interest credit on depreciation. This may be considered by the Hon'ble Commission in the APR for 2016-17.

- 2.30.3 The reason for no interest credit on depreciation during FY 2016-17 is that there has been a premature repayment of Rs. 203,336 Lakhs, of government unsecured loans (refer note 17 (B) (i) of the books of accounts 2016-17 and Form C- Loan from State Government), thereby reducing the borrowing base of WBSEDCL. This repayment was not considered in the interest on loan projections made in 4th control period MYT petition for the year 2016-17.

2.31 Release of regulatory asset

- 2.31.1 In the Tariff Order for 2016-17, the Hon'ble Commission has admitted the release of Rs. 132338 lakh in the ARR of WBSEDCL for 2016-17 out of the amount of Rs. 186188 lakh recoverable by WBSEDCL from its consumers as per the APR order of WBSEDCL for 2012-13. In the same Tariff Order for 2016-17, the Hon'ble Commission has also admitted the release of Rs. 33150 lakh from the balance regulatory asset of Rs. 71703.86 lakh against APR order of WBSEDCL for 2008-09 in relation to the terminal benefit funds being allowed to be recovered by WBSEDCL through tariff.
- 2.31.2 The aforementioned regulatory asset totaling Rs. 1,65,488 Lakhs as admitted in ARR of 2016-17, has been adjusted against government grant as approved by the Hon'ble Commission via order for 2016-17 in case No. TP-61/13-14 dated 28.10.2016

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2.31.3 From the Form E of Annexure-I of Volume-I of this APR Application, net admissible fixed cost for 2016-17 comes to Rs. 693394 lakh as per the Tariff Regulations.

2.31.4 WBSEDCL submits that the amount recoverable through APR Application for 2016-17 after adjustment of variable cost as per FPPCA Application for 2016-17 becomes Rs. 289199 lakh. The break-up of such recoverable amount is given in the following table.

Table 32: Total Amount recoverable through APR Application for 2016-17 after adjustment of variable cost as per FPPCA Application for 2016-17

Sl. No.	Item	Unit	Amount	
1	Variable cost as per FPPCA application for 2016-17	Rs. lakh		1283117
2	Net fixed cost as per APR application for 2016-17	Rs. lakh		693394
3	Total realisable sales revenue for 2016-17 [(1) +(2)]	Rs. lakh		1976511
4	a1) Revenue from sale of power as per Annual Accounts 2016-17	Rs. lakh	1790055	
	a2) Less: Revenue from sale of power to persons other than licensees or any consumers and power swap out as per Annual Accounts 2016-17	Rs. lakh	(102743)	
5	Net sales revenue for 2016-17 [4(a1)+4(a2)]	Rs. lakh		1687312
6	Net revenue recoverable for 2016-17 [(3) - (5)]	Rs. lakh		289199

2.31.5 Hence Rs. 289199 lakh may now be considered for release during the issuance of APR Order for 2016-17.

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- 2.31.6 The Hon'ble Commission is humbly requested to allow the consequential impact of APR in respect of WBPDC, WBSEDCL, CESC, DPL, DPSC and impact of FCA in respect of CESC, DPL, DPSC for 2016-17.
- 2.31.7 While WBSEDCL has submitted necessary details in the APR Application, it seeks the opportunity to file supplemental information, if so required, at a later date. WBSEDCL has incurred legitimate expenditure, which is reflected in the Audited Annual Accounts of 2016-17. So such expenditure may be allowed by the Hon'ble Commission as per the APR Application for 2016-17.
- 2.31.8 The Hon'ble Commission is humbly requested not to reject or disallow any part of the APR Application made by WBSEDCL or any claims arising there from without allowing WBSEDCL to prove prudence of such expenditure.
- 2.31.9 WBSEDCL has made every effort to meet the information requirements prescribed by the Hon'ble Commission. Notwithstanding the same, WBSEDCL, however, agrees to make available any further information, as and when asked for by the Hon'ble Commission.
- 2.31.10 Impact of APR of 2016-17 may preferably be distributed between energy charge and fixed / demand charge for recovery from sale to consumers and licensees subject to other conditions of the Tariff Regulations in the Tariff Orders for subsequent years.
- 2.31.11 The Hon'ble Commission in the Tariff Order for 2014-15 introduced new methodology for estimation of expenditure, and provided directives for future admittance. WBSEDCL submits that it has filed an Appeal before the Hon'ble APTEL aggrieved by such directives of the Hon'ble

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Commission in the Tariff Order for 2014-15, which is affecting the liquidity position of WBSEDCL and in future may result in disallowance of legitimate expenditure during truing up. Depending upon the final decision of the Hon'ble APTEL in the said Appeal, WBSEDCL reserves its right to again approach the Hon'ble Commission.

2.31.12 Due to significant disallowances in the APR Orders for 2011-12 and 2012-13 by the Hon'ble Commission, the financial net worth of WBSEDCL has been significantly eroded. This is hampering WBSEDCL's ability to provide quality service to its consumers. In this regard, WBSEDCL submits that it has filed Appeals before the Hon'ble APTEL aggrieved by and contesting such disallowances by the Hon'ble Commission in the APR Orders for 2011-12 and 2012-13. Depending upon the final decision of the Hon'ble APTEL in the said Appeals, WBSEDCL reserves its right to again approach the Hon'ble Commission.

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3. Prayer

WBSEDCL respectfully prays to the Hon'ble Commission:

- (a) To admit this Application seeking Annual Performance Review of 2016-17.
- (b) To approve net fixed cost of Rs. 693394 lakh for 2016-17 in respect of WBSEDCL.
- (c) To approve an amount of Rs. 289199 lakh as recoverable after adjustment of variable cost as per FPPCA application for 2016-17 in respect of WBSEDCL.
- (d) To pass an order as the Hon'ble Commission may deem fit and proper keeping in mind the facts and circumstances of the case.
- (e) With an ultimate aim to achieve the Central Government's goal of 24x7 power for all, the Hon'ble Commission may consider to allow the legitimate expenditure items as claimed by WBSEDCL in this APR Application.

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