

**West Bengal State Electricity Distribution
Company Limited**



Application seeking
Annual Performance Review for 2018-19

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



पश्चिम बंगाल WEST BENGAL

60AB 631531



BEFORE THE HON'BLE WEST BENGAL ELECTRICITY
REGULATORY COMMISSION

Filing No. _____

Case No. _____

IN THE MATTER OF: Annual Performance Review (APR) of West Bengal State Electricity Distribution Company Limited (WBSEDCL) for the year 2018-19 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.

ATTESTED
S. CHAUDHURI
NOTARY
GOVT. OF INDIA
Regd. No.-6584/08
Bidhannagar Court
Dist.-North 24 P.S.

Sudip Chaudhuri
Chief Engineer (Regulation)
Regulation Department
WBSEDCL

24 NOV 2021

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W.B.S.E.D.C.L.
Vidyut Bhawan, Salt Lake
Kolkata - 700 091

NAME
ADD.
Rg.

10 AUG 2021

S. CHATTERJEE
Licensed Stamp Vendor
Court
1 & 3, K. S. Roy Road, Kol-1

10 AUG 2021

10 AUG 2021

I, Sri Sudipta Mukhopadhyay, son of Late Deb Kumar Mukhopadhyay, aged 67 years residing at 2 Kundan Bye Lane' Liluah Howrah -711204 do solemnly affirm and say as follows:



1. I am the Chief Engineer (Regulation) 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 chapters 1 to 3 herein now shown to me and Marked with the letter" A" with Annexure-I to III of Volume-I and Volume-II are true to my knowledge and nothing material has been concealed from the statements so made.
3. I hereby admitted "That no expenditure has been claimed by WBSEDCL through the APR petition on employee or infrastructure or any other support or O&M activity pertaining to any other business of WBSEDCL not in relation to their licensed business."

solemnly affirm at Kolkata on this 24th day of November 2021 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'

Sudipta Mukhopadhyay
Chief Engineer (Regulation)
Regulation Department
WBSEDCL

Identified By Me
Manoj Basu
ADVOCATE

MANOJ BASU
Advocate
Enrolment No.-F-247/2008
Bidhan Nagar Court
Kolkata-700091

[Signature]
ATTESTED
S. CHAUDHURI
NOTARY
GOVT. OF INDIA
Enrolment No.-6584/08
Bidhan Nagar Court
Kolkata-North 24 Pgs.

24 NOV 2021

A



Application seeking Annual Performance Review for 2018-19

**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 2018-19
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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Sudipto Mukhopadhyay
Chief Engineer (Regulation)
Regulation Department
WBSEDCL



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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

Sudip Chandra

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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 and necessary amendments issued by Hon'ble Commission from time to time.
- 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 (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").



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 2018-19 and based on Audited Annual Accounts for the said year.
- 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 Volume-I, Volume-II, Appendix-I-IV of submissions as follows.
- (i) APR Application;
 - (ii) Volume-I - it consists of Data Formats and other supporting documents having Annexure-I to III;
 - (iii) Volume-II - it consists of Compliance report having Annexure-1 to Annexure-40;
 - (iv) Appendix-I - it consists of copy of the Audited Annual Report & Accounts of WBSEDCL for 2018-19;
 - (v) Appendix-II - it consists of copies of the Audited Annual Accounts of Pension Fund, Gratuity Fund, Contributory Provident Fund and General Provident Fund Trustee Board of WBSEDCL for 2018-19;
 - (vi) Appendix-III - it consists of copies of rate revision orders for different outsourcing contracts marked as Annexure-I to Annexure-V;



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- (vii) Appendix-IV – Copies of Lease Rental Bills and LOAs, Cost Audit Report for 2018-19, and Income Tax Assessments for AY 2016-17 and AY 2017-18.



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2. Annual Performance Review for 2018-19

2.1 Introduction

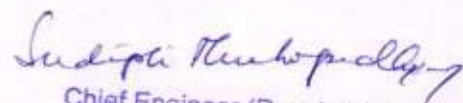
2.1.1 This section outlines the performance of WBSEDCL for the year 2018-19. In line with the provisions of the Tariff Regulations, WBSEDCL hereby submits the Application for APR for the year 2018-19, comparing the audited actual fixed costs for 2018-19 with those admitted by the Hon'ble Commission vide the Tariff Order for 2018-19.

2.1.2 The Board of Directors of WBSEDCL has approved the Annual Accounts of WBSEDCL for the period from April 2018 to March 2019 on 13th September'2019 after the Independent Statutory Auditors M/s J. Gupta & Co. LLP have audited the Accounts. The Comptroller and Auditor General of India, vide report dated 23.12.2019 has completed the Audit of WBSEDCL Annual Accounts. The Audited Annual Report & Accounts of WBSEDCL for 2018-19 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 In the Tariff Order 2018-19, directives no. 10.6 Hon'ble Commission directed as:

"Para 10.6 - WBSEDCL is also directed to submit their APR and FPPCA petition for the years 2018 - 19 and 2019-20 within three months from the date of issuance of this order....."

Accordingly, WBSEDCL are hereby submitted the APR Application 2018-19 within three months after issue of Tariff Oder.


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2.2 Central Transmission Utility (CTU) charges

2.2.1 Comparison of actual Central Transmission Utility charges (hereinafter referred to as "CTU charges") for 2018-19 against that admitted by the Hon'ble Commission for the same period vide the Tariff Order for 2018-19 is shown in the following table.

Table 1: CTU charges for 2018-19

Rs. Lakh

Particulars	2018-19	2018-19	Reference
	(Admitted)	(Actual)	
PGCIL charges	70,300	67,660	Note No. 34(B) of Annual Accounts
PGCIL arrear dues		2,640	
NVVN Ltd (Reimbursement for interstate transfer of solar power)		960	
<u>Less:</u> Rebate for timely payment		14	Note No. 34.3 of Annual Accounts
<u>Add:</u> Transmission Charge pertaining to purchase of short-term power		9679	Auditors Certificate in Annex-II of Vol-I
Total CTU charges	70,300	80,925	

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 2018-19, the CTU Charges includes PGCIL charges of Rs. 67,660 lakhs, PGCIL arrear dues of Rs. 2,640 lakhs, NVVN Ltd (reimbursement of interstate transfer of solar power) of Rs. 960 lakhs, less rebate of Rs. 14 lakhs for timely payment of central transmission charges.



2.2.4 In addition, Rs. 9,679 lakhs are paid by WBSEDCL in 2018-19 as 'Open Access Charge for Purchase' of short-term power through traders and power exchanges (refer Auditor Certificate in Annexure-II of Volume-I containing break-up of 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 2018-19 and such cost paid is now considered as part of the CTU charges in this APR Application for 2018-19 (refer para 7(k) of FPPCA Application of 2018-19).

2.2.5 So, Rs.80,925 lakhs incurred by WBSEDCL in 2018-19 may be considered by the Hon'ble Commission as CTU charges in the APR for 2018-19.

2.3 System operation charges payable to POSOCO (Power System Operation Corporation Limited)

2.3.1 Comparison of actual POSOCO charges for 2018-19 against that admitted by the Hon'ble Commission for the same period vide the Tariff Order for 2018-19 is shown in the following table.

Table 2: POSOCO charges for 2018-19

Particulars	2018-19	2018-19	Reference
	(Admitted)	(Actual)	
POSOCO charges	352	305	Note No. 32(B) of Annual Accounts and Auditor Certificate in Annex-II of Vol-I
Add: POSOCO (Arrear dues)		47	
Total POSOCO charges	352	352	

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

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across the central transmission grid. Such charges are payable as determined by CERC.

- 2.3.3 As per the Audited Annual Accounts of WBSEDCL for 2018-19, the POSOCO charges in 2018-19 is Rs. 352 lakhs, which has admitted by the Hon'ble Commission as the system operation charges payable/ (receivable) to POSOCO in the Tariff Order for 2018-19. Thus, WBSEDCL has no additional claim under this head.

2.4 Eastern Region Power Committee (ERPC) charge

- 2.4.1 Comparison of actual Eastern Region Power Committee charge (hereinafter referred to as "ERPC charge") for 2018-19 against that admitted by the Hon'ble Commission for the same period vide the Tariff Order for 2018-19 is shown in the following table.

Table 3: ERPC charge for 2018-19

Particulars	2018-19	2018-19	Reference
	(Admitted)	(Actual)	
ERPC charge		16	Note No. 32(B) of Annual Accounts and Auditor Certificate in Annex-II of Vol-I
Add: ERPC charge (Arrear Dues)	16	151	
Total ERPC Charges:	16	167	

- 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 2018-19, the ERPC charge in 2018-19 is Rs. 167 lakhs including Arrear dues 151 lakhs which may be considered by the Hon'ble Commission as the ERPC charge in the APR for 2018-19.

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WBSEDCL



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2.5 State Transmission Utility (STU) charges

2.5.1 Comparison of actual State Transmission Utility charges (hereinafter referred to as "STU charges") for 2018-19 against that admitted by the Hon'ble Commission for the same period vide the Tariff Order for 2018-19 is shown in the following table.

Table 4: STU charges for 2018-19

Rs. Lakh

Particulars	2018-19	2018-19	Reference
	(Admitted)	(Actual)	
WBSETCL charges	1,23,413	1,22,064	Note No. 32(B) of Annual Accounts and Auditor Certificate in Annex-II of Vol-I
WBSETCL (Arrear dues)		7,226	
Total STU Charges:	1,23,413	1,29,290	

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.

2.5.3 In this context, it has been noted that other state distribution licensees are using state transmission network regularly taking short term open access to avoid payment of long-term STU charge, being relatively higher and effectively such burden is passed on to the consumers of WBSEDCL. 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 2018-19, transmission charges paid to WBSETCL in 2018-19 is Rs. 1,22,064 lakh, and arrear dues Rs. 7,226 lakhs.


Chief Engineer (Regulation)
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2.5.5 The Hon'ble Commission in WBSETCL's Tariff Order for 2017-18 has determined WBSEDCL's STU charges for 2017-18 to be payable in eight (8) equal monthly installments from July 2018 onwards. (Refer para 5.5 of WBSETCL Tariff Order 2017-18). Hence, such installment payments made by WBSEDCL has been accounted as 'arrear' in WBSEDCL's books of account for 2018-19 as Rs. 7.226 Lakhs. Accordingly, WBSEDCL is claiming such charges in this APR Application.

2.5.6 Such total STU charges of Rs. 1,29,290 lakhs, incurred by WBSEDCL in 2018-19 may be considered by the Hon'ble Commission as STU charges in the APR for 2018-19.

2.6 State Load Despatch Centre (SLDC) charges

2.6.1 Comparison of actual SLDC charges for 2018-19 against that admitted by the Hon'ble Commission for the same period vide the Tariff Order for 2018-19 is shown in the following table.

Table 5: SLDC charges for 2018-19

Particulars	2018-19	2018-19	Reference
	(Admitted)	(Actual)	
SLDC charges		1,678	Note No. 34(D) of Annual Accounts and Auditor Certificate in Annex-II of Vol-I
SLDC charges (arrear dues)	1,678	0	
Total	1,678	1,678	

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.



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2.6.3 As per the Audited Annual Accounts of WBSEDCL for 2018-19, the total SLDC charges in 2018-19 is Rs. 1,678 lakhs.

2.6.4 Such SLDC charges of Rs. 1,678 lakhs, incurred by WBSEDCL in 2018-19 has admitted by the Hon'ble Commission as the SLDC charges in the Tariff Order 2018-19.

2.7 Reactive Energy (VARH) charge

2.7.1 Comparison of actual VARH charges for 2018-19 against that admitted by the Hon'ble Commission for the same period vide the Tariff Order for 2018-19 is shown in the following table.

Table 6: VARH charges for 2018-19

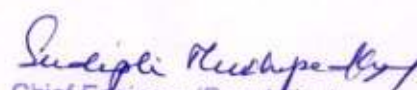
Particulars	2018-19	2018-19	Reference
	(Admitted)	(Actual)	
VARH charges	0	1,209	Note No. 34(E) of Annual Accounts

Rs. Lakh

2.7.2 ERLDC claims VARH charges from West Bengal SLDC on weekly basis as per VARH draws at various Inter State Transmission Services (ISTS) inter connection points at high and low voltage as per CERC Indian Electricity Grid Code (IEGC) Regulations, 2010. West Bengal SLDC in turn raises invoices. Such VARH charges are paid by WBSEDCL to West Bengal SLDC.

However, as per regulation no. 4.6.1(a) of IEGC, 2010 regulations '*Reactive Power Compensation and/or other facilities shall be provided by STUs and users connected to ISTS as far as possible in the low voltage systems close to the load points thereby avoiding the need for exchange of Reactive Power to/ from ISTS and to maintain ISTS voltage within the specified range*'.

Further as per 4.6.1 (b) of IEGC, 2010 regulations,


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'...The users and STUs shall provide information to RPC and RLDC regarding the installation and healthiness of the reactive compensation equipment on regular basis. RPC shall regularly monitor the status in this regard.'

Hence, it must be noted that VARH charges being incurred by WBSEDCL is not a case of inefficiency from the end of WBSEDCL.

However, WBSEDCL has taken initiative to reduce low voltage area by increasing substations and also to restrict VARH charge. In this regard the compliance report submitted in Annexure -39 of Vol-1 of this APR application kindly be referred.

2.7.3 As per the Audited Annual Accounts of WBSEDCL for 2018-19, the total VARH charges in 2018-19 is Rs. 1,209 lakhs

2.7.4 Such VARH charges of Rs. 1,209 lakhs, incurred by WBSEDCL in 2018-19 may be considered by the Hon'ble Commission as the VARH charges in the APR for 2018-19 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 2018-19 against that admitted by the Hon'ble Commission for the same period vide the Tariff Order for 2018-19 is shown in the following table.

Table 7: Interest on Bonds for creation of Pension Fund for 2018-19

Rs. Lakh

Particulars	2018-19	2018-19	Reference
	(Admitted)	(Actual)	
Interest on Pension Trust Bond	10,020	10,020	Note No. 36 (IV) of Annual Accounts

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2.8.2 As per the Audited Annual Accounts of 2018-19, Rs. 10,020 lakh is paid by WBSEDCL to the Pension Trust fund as interest on bond for creation of Pension Fund in 2018-19. Copy of the audited accounts of the Pension Trust Fund for 2018-19 is enclosed as Appendix-II of this APR Application.

2.8.3 Interest on pension trust bond of Rs. 10,020 lakhs incurred by WBSEDCL in 2018-19 has been admitted by the Hon'ble Commission in the Tariff Order 2018-19 as the interest on pension trust bond in the APR for 2018-19. Thus, WBSEDCL has no additional claim in this respect.

2.9 Interest on consumers' security deposits

2.9.1 Comparison of actual amount of interest on consumers' security deposits for 2018-19 against that admitted by the Hon'ble Commission for the same period vide the Tariff Order for 2018-19 is shown in the following table.

Table 8: Interest on consumers' security deposits for 2018-19

Particulars	2018-19	2018-19	Reference
	(Admitted)	(Actual)	
Interest on consumers' security deposits	17,389	17,839	Note No. 36 (V) of Annual Accounts

2.9.2 As per the Audited Annual Accounts of 2018-19, actual interest incurred in 2018-19 on security deposits from consumers is Rs. 17,839 lakhs.

2.9.3 WBSEDCL in its Tariff Petition for 2018-19 projected the Interest on consumers' security deposits as Rs. 17,839 lakhs based on the following justification:



Quote from WBSEDCL Tariff Petition for 2018-19:

"Para 6.10 As per Regulation 4.1 of the WBERC (Miscellaneous Provisions) Regulations, 2013, the amount of security deposit to be submitted by a consumer depends on the prevailing tariff for the concerned consumer category... Since the category wise tariff for the year FY 19 is not known, WBSEDCL has considered the interest on security deposit's Year-on-Year growth rate of 6% in FY 16 over FY 15 for projecting for FY19. However, actual interest on consumer security deposit will be claimed at actuals in the APR Petition for the respective ensuing year."

Accordingly, the Hon'ble Commission in the Tariff Order for 2018-19 admitted the amount of Rs. 17,389 lakhs against the claim of WBSEDCL Rs. 17,839 lakhs as interest on consumers' security deposits for 2018-19.

- 2.9.4 In compliance to the directives of the Hon'ble Commission in para 6.14.4 of the Tariff Order for 2018-19, an auditor certificate, certifying the break-up of security deposit from consumers, interest incurred on consumer security deposits, and utilization of security deposit for 2018-19, is enclosed as Annexure-32A of Volume-II of this APR Application.
- 2.9.5 The interest on consumers' security deposits of Rs. 17,839 lakhs accounted for by WBSEDCL in 2018-19 may be considered by the Hon'ble Commission as the interest on consumers' security deposits in the APR for 2018-19.



2.10 Carrying cost of regulatory assets

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.
- 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

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 WBSEDCL



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;
- (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

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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.
- 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. 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

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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 2018-19 so that WBSEDCL may carry out its business in a reasonable and efficient 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 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 2017, i.e., 13.85% has been considered for computation of carrying cost of the regulatory assets for 2018-19 which may be considered in the APR for 2018-19. The details of carrying cost calculation are given below:

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Table 9: Computation of Carrying Cost for 2018-19

Rs. Lakh

Computation of Carrying Cost of Regulatory Asset/ Regulatory Receivable for 2018-19 (Rs. lakh) @13.85% Int Rate								
Sl. No.	Particulars	Regulatory Asset amount admitted in APR /review order	Amount released in tariff	Carrying Cost Amount claimed in respective APR application	Regulatory Asset balance at the end of 2018-19	Recoverable amount claimed in APR application on 2018-19 on APR not yet settled	Claim Period	Carrying Cost
	1	2	3	4	5	6 = 4-5	7	8
1	Review order of APR 2012-13 dated: 21.5.21	13,543	Not yet released		13,543		01-04-18 to 31-03-19	1,876
2	APR Order 2013-14 dated: 14.7.21	1,52,482	44,699		1,07,783		01-04-18 to 31-03-19	14,928
3	APR Order 2014-15 dated: 3.1.21	9,295	Not yet released		9,295		01-04-18 to 31-03-19	1,287
4	APR Application for 2015-16			1,15,939	4,27,098	3,11,159	01-04-18 to 31-03-19	43,096
5	APR Application for 2016-17			96,419	2,89,199	1,92,780	01-04-18 to 31-03-19	26,700
6	APR Application for 2017-18			84,873	## 16,910 (304018 - 287108)	(67,963)	01-04-18 to 31-03-19	(9,413)
	Total Carrying Cost							78,474

Rs. 3,04,018 lakhs as per claim for APR 2017-18 & Rs. 2,87,108 lakhs as per utilization of security deposit in the year 2017-18. (Refer para 2.10.11 below)

2.10.10 WBSEDCL has considered Rs. 13,542.74 lakhs and 9,294.98 lakhs during computation of carrying cost for FY 2012-13 and FY 2014-15 according to Hon'ble Commission APR Order No. APR (R) - 8/18-

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19(II) and APR 52/15-16 dated 21.05.2021 and 03.11.2021 respectively. During computation of carrying cost for FY 2013-14 Rs. 1,07,783 lakhs have considered after adjustment of Rs. 44,699 as per tariff order 2018-19. The said quantum of carrying cost may vary after issue of order by APTEL on the Appeal filed by WBSEDCL against the relevant orders of WBERC or on the basis of order of any other competent court/forum subsequent to the order of APTEL. WBSEDCL will claim the carrying cost for additional amount, if any, in future APR applications after getting the judgement of APTEL/ WBERC against the appeal of WBSEDCL in this respect for the consideration of Hon'ble Commission in future.

2.10.11 During computation of carrying cost for APR application 2017-18, WBSEDCL has considered Rs. 16,910 lakhs after reducing Rs. 2,87,108 lakhs in line with the observation made in para 3.13.3.6 of APR Order 2014-15 (refer Auditor's Certificate for Utilization of Security Deposit of 2017-18 & 2018-19 in Vol-1 of this APR application). It may be respectfully submitted that release the admitted amount in APR and determination of APR order has been pending for a long time and as such there is no scope for WBSEDCL to replenish the security deposit amount. Hence, the utilized Security Deposit could not be reused against the Working Capital requirement in 2018-19.

2.10.12 WBSEDCL has considered the actual claim of APR application submitted before Hon'ble Commission for which orders are still pending, during computation of carrying cost. For the year FY 2015-16 to FY 2017-18, WBSEDCL has reduced the relevant amount of carrying cost for 2012-13 to 2014-15 as claimed for the respective APR Applications submitted earlier considering the revised amount as per para 2.10.10 above.

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2.10.13 Total carrying cost against regulatory asset and arrear amount becomes Rs. 78,474 lakhs. The computation of such carrying cost has been done for the year 2018-19 is enclosed as Annexure-IV of Volume-I of this APR Application

2.10.14 Thus, WBSEDCL requested Hon'ble Commission to consider such carrying cost amounting to Rs. 78,474 lakhs in 2018-19 in the APR for 2018-19 as these are uncontrollable in nature.

2.11 Expenditure for Rates and Taxes

2.11.1 Comparison of actual expenditure for Rates and Taxes for 2018-19 against that admitted by the Hon'ble Commission for the same period vide the Tariff Order for 2018-19 is shown in the following table.

Table 10: Rates and Taxes for 2018-19

Particulars	2018-19	2018-19	Reference
	(Admitted)	(Actual)	
Rates and Taxes for Generation	1,100.00	829	Note No. 38.2 of Annual Accounts and Form E of Vol-II
Rates and Taxes for Distribution	8,272.27	16,155	
Total	9,372.27	16,984	

2.11.2 As per the Audited Annual Accounts of 2018-19, the expenditure for Rates and Taxes in 2018-19 is Rs. 16,984 lakhs. The expenditure for Rates and Taxes includes Good & Services Tax (GST)/ Service Tax amounting Rs. 16,984 lakhs. Such expenditure includes GST paid on outsourcing employee expenses and O&M expenses as shown below in the head wise GST break-up. Such GST/ Service tax is paid by WBSEDCL to the Government as per rates notified by the Government. Hence, Rates and Taxes is an uncontrollable expense for WBSEDCL.

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Table 11: Computation of GST for 2018-19

Rs. Lakh

Expenditure & GST		
A) Outsourced Jobs: Manpower Related	2018-19	
	Expenditure (Excluding GST)	GST
Meter Reading & Bill Distribution	13,184	2,372
Sub-Station Maintenance	2,120	382
Generating Station Maintenance	1,527	275
Franchisee	684	123
Line Maintenance (includes expenses for Vehicle)	15,703	2,820
Collection Franchisee	2,298	414
Security Expenses	4,092	736
Call Center Expenses in line with ZRC & CRC as per SOP regulation	2,539	457
Back-office Job	261	47
Communication Systems (Lease Rental)	1,905	343
Mobile Maintenance Service (includes expenses for Vehicle)	16,135	2,897
Complain Management Mechanism	307	55
Total Outsourced Jobs	60,755	10,921
B) Repair & Maintenance Expenses	26,744	3,482
C) Administrative & General Expenses:		
Rent	1,367	246
Insurance	936	168
Other Administrative & General Expenses:	13,198	2,158
Total	15,501	2,572
D) Employee Cost	54	8
Total GST (A+B+C+D)	1,03,054	16,984

2.11.3 WBSEDCL in its Tariff Petition for 2018-19 projected Rates and Taxes as Rs. 16,984 lakhs based on the following approach:

Quote from WBSEDCL Tariff Petition for 2018-19, para-no. 6.2:

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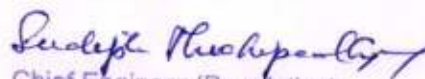
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"To provide all services for keeping 24x7 power supply to large number of the consumers located in vast operational area of WBSEDCL' the number of office establishments, i.e., customer care center (in short "CCC") and Divisional Manager Office have been accordingly increased by bifurcating the existing offices. Tax on those establishments has also been revised / increased by civic bodies from time to time. Effect of such hike in rate and taxes are taken into consideration."

"Rates and Taxes also include tax which is paid on different goods and services like staff welfare expenses, outsourced activity, repair and maintenance expenses, administrative and general expenses etc. and tax is paid as per rate notified by the Government of India. The rates and taxes for FY18-19 is claimed at actual (based on unaudited accounts)."

2.11.4 The Hon'ble Commission in the Tariff Order for 2018-19 inappropriately projected the Rates and Taxes for 2018-19 by considering such Rates and Taxes 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 year was applied based on an empirical formula. 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 applying empirical formulas that do not reflect the true / actual scenario, the Hon'ble Commission should evaluate merit of the case keeping in consideration the uncontrollable nature of Rates and Taxes. WBSEDCL has filed an Appeal before Hon'ble WBERC on 27.03.2019 in terms of Order


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dated 18.02.2019 of APTEL judgement in Appeal No. 215 of 2015 against the order issued by WBERC dated 04.03.2015 passed in TP-61/ 13-14. In the said Appeal, WBSEDCL has made submission against WBERC's adoption of arbitrary methodology for expense projection. The above matter is still sub judice under the WBERC. Hence, WBSEDCL now maintains its stand against Hon'ble Commission's empirical projection methodology and requests the Hon'ble Commission to allow the entire claimed amount of Rates and Taxes for 2018-19, as this is an uncontrollable expense.

- 2.11.5 In view of the above, Rates and Taxes of Rs. 16,984 lakhs paid by WBSEDCL in 2018-19 may be considered by the Hon'ble Commission as the expenditure for Rates and Taxes in the APR for 2018-19, the expenditure being uncontrollable in nature.

2.12 Interest on capital borrowings

- 2.12.1 Comparison of actual interest on capital borrowings (net of capitalization) for 2018-19 against that admitted by the Hon'ble Commission for the same period vide the Tariff Order for 2018-19 is shown in the following table.

Table 12: Interest on borrowings for 2018-19

Particulars	2018-19	2018-19	Reference
	(Admitted)	(Actual)	
Interest on capital borrowing	37,739	38,204	Note No. 36(A)(I) of Annual Accounts

- 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 un-electrified areas, upgradation and strengthening works of the sub-transmission and distribution systems

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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 2018-19, the interest on capital borrowings (net of capitalization) in 2018-19 is Rs. 38,204 lakhs, also the detail of respective loans and interest on capital borrowing there on has been submitted in Form-C in Vol-II with the APR Application.

2.12.4 In the light of above, such amount of Rs. 38,204 lakhs paid by WBSEDCL in 2018-19 as the interest on capital borrowings may be admitted by the Hon'ble Commission in the APR for 2018-19, the expenditure being uncontrollable in nature.

2.13 Other finance charges

2.13.1 Comparison of actual expenses under head 'Other finance charges' for 2018-19 against that admitted by the Hon'ble Commission for the same period vide the Tariff Order for 2018-19 is shown in the following table.

Table 13: Other finance charges for 2018-19

Particulars	2018-19	2018-19	Reference
	(Admitted)	(Actual)	
Other finance charges	1,511	1,494	Note No. 36(B) of Annual Accounts

Rs. Lakh



2.13.2 As per the Audited Annual Accounts of 2018-19, Other finance charges in 2018-19 Rs. 1,494 lakhs for Bank charges. The bank charges include collection charges borne by WBSEDCL 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 also include bank commission, brokerage, guarantee fees, LC charges, commitment charges, service fee, stamp duty fee etc. Hence, such bank charges are uncontrollable in nature.

2.13.3 Impact of Ind AS

2.13.3.1 The financial statements for the year 2016-17 are the first financial statements of WBSEDCL under Ind AS. Also, in the Annual Accounts of 2016-17, an opening Ind AS balance sheet at 01.04.2015 (the Company's date of transition) was provided, and financial statements for 2015-16 were recast as per Ind AS.

2.13.3.2 In accordance to Impact of Ind AS, WBSEDCL's has mentioned in APR Application 2017-18 in Para 2.13.8 that *"the relevant balance portions of the net financial impact will be amortized in the future financial statements of WBSEDCL as per provisions of Ind AS. Accordingly, adjustments will be considered in the APR Applications for the respective future years."*

2.13.3.3 In accordance to Impact of Ind AS, WBSEDCL's has mentioned in MYT petition 2018-19 as:

Quote from WBSEDCL's Tariff Petition for 2018-19:

"Para 6 of MYT petition 2018-19 as: While approving Fixed costs of WBSEDCL, the Hon'ble Commission may also consider the impact of implementation of Ind AS"



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.

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 IndAS....."

"In Para 6.9 of MYT petition 2018-19: As per requirement of Ind AS, all financial liabilities are required to be recognized at fair value. Accordingly, the company has remgnized liability for purchase of power, and liability for capital supplies/ works at their fair value using amortized cost or effective interest rate. The resultant interest expense/ income is recognized in profit or loss account under Other Finance Charge".

"Para 10.1.....Further, due to adoption of Ind AS, there have also been changes in the recognition of incomes and expenses from the earlier recognition principles under GAAP Net financial impact, in the opening balances and historical financial statements, will be amortized in the future financial statements of WBSEDCL (control period), as per provisions of Ind AS. Hence, in the application filed



before WBERC, the above impact is be considered admissible amount, caused by the implementation of the Ind AS, in the APR Application for the respective ensuing year."

- 2.13.3.4 In view of the above and as per the Audited Annual Accounts for 2018-19, the net impact of 'Ind AS', as considered in this APR Application for 2018-19 is shown in the following table. As can be seen in the following table, additional notional interest incomes of Rs. 1,989 lakhs and Rs. 1,744 lakhs have been recognized in WBSEDCL's Audited Accounts for 2018-19 as a result of fair valuation of additional liability for purchase of power and liability for capital supplies/ works respectively using amortized cost or effective interest rate and Rs. 17 Lakhs, Rs. 2,692 lakhs and Rs. 3,465 lakhs have been considered as Transaction Cost on capital bonds, Interest expense on liability for Purchase of Power and Interest expense on liability for Capital supplies/ works respectively.

Table 14: Impact of Ind AS on 2018-19(considered in this APR Application for 2018-19)

Rs. Lakh			
Sl. No.	Particulars	Impact	Reference
		2018-19	
1	Transaction Cost on capital bonds	17	Note No. 36(C) of Annual Accounts
2	Interest expense on liability for Purchase of Power	2692	
3	Interest expense on liability for Capital supplies/ works	3465	
4	Less: Interest accrued on non-current Power Purchase liability	-1989	Note No. 33 of Annual Accounts
5	Less: Interest accrued on non-current Capital Liability	-1744	
	Total impact	2,441	

- 2.13.3.5 Hence, Rs. 2,441 lakh is also considered as 'Other finance charges' in this APR Application. Relevant balance portions of the net financial impact will be amortized in the future financial



statements of WBSEDCL as per provisions of Ind AS. Accordingly, adjustments will be considered in the APR Applications for the respective future years.

- 2.13.4 Hence, total 'Other finance charges' post adoption of Ind AS is Rs. 3,935 lakhs (=Rs. 1,494 lakhs + Rs. 2,441 lakhs) as depicted in the following table:

Table 15: Total other finance charges for 2018-19

Particulars	Rs. Lakh	
	2018-19 (Admitted)	2018-19 (Actual)
Other finance charges (excluding impact of Ind AS)	1,511	1,494
Impact of Ind AS on Other finance charges	0	2,441
Total other finance charges (including effects of adoption of Ind AS)	1,511	3,935

- 2.13.5 In light of the above submission and due to the fact, that 'Other finance charges' are uncontrollable in nature, the other finance charges of Rs. 3,935 lakhs incurred by WBSEDCL in 2018-19 may be considered by the Hon'ble Commission as the other finance charges in the APR for 2018-19.

2.14 Depreciation

- 2.14.1 Comparison of actual depreciation for 2018-19 against that admitted by the Hon'ble Commission for the same period vide the Tariff Order for 2018-19 is shown in the following table.

Table 16: Depreciation for 2018-19

Particulars	Rs. Lakh		Reference
	2018-19 (Admitted)	2018-19 (Actual)	
Depreciation for Generation	7,513.05	8,213	Note No. 37 of the Audited



Depreciation for Distribution	42,570.95	84,428	Annual Accounts of 2018-19 and Form (B) of Vol-I in the APR Application
Total Depreciation	50,084	92,641	

2.14.2 As per the Audited Annual Accounts of 2018-19, depreciation in 2018-19 is Rs. 92,641 lakhs.

2.14.3 As per requirement of Ind AS, the amortization value on Government grants (Rs. 41,450 lakhs) and Consumers' contributions towards Capital Assets (Rs. 7,510 lakhs), earlier recognized as deductions from depreciation (under GAAP), has been recognized as income under the head 'Other income' in audited accounts of 2018-19. This amount has been reduced from total depreciation of the year (Refer Note No. 33.1 of Audited Annual Accounts for 2018-19).

2.14.4 After removing the impact of Ind AS (i.e., deducting the amount recognized under the head 'Other income'), net depreciation amounts to Rs.43,681 lakhs.

Table 17: Depreciation for 2018-19 (including and excluding impact of Ind AS)

Rs. Lakh			
Particulars	2018-19 (Admitted)	2018-19 (Actual)	Reference
Depreciation (including impact of Ind AS)	50,084	92,641	Note No. 33(B) of Audited Annual Accounts
Less: Government Grants		41,450	
Less: Contribution towards Capital Assets		7,510	
Depreciation (excluding impact of Ind AS)	50,084	43,681	

2.14.5 It can be seen from the above table that the depreciation for 2018-19 (excluding the impact of Ind AS) is below the amount admitted by the Hon'ble Commission. In consideration of the aforementioned fact, the

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Hon'ble Commission is humbly requested to consider the adjustment, if any, of the admissible amount, caused by the implementation of the Ind AS, in the APR Application for the respective ensuing year.

- 2.14.6 In consideration of the above, depreciation of Rs. 43,681 lakhs in 2018-19 may be considered by the Hon'ble Commission as Depreciation in the APR for 2018-19. Detailed calculation of gross depreciation is provided in Form B of Annexure-I in Volume-I this APR Application.

2.15 Interest on Working Capital

- 2.15.1 As per the Tariff Regulations, Working Capital of WBSEDCL for the year 2018-19 has been computed in the Form 1.17(b) of Annexure-I of Volume-I of this APR Application and such Working Capital for 2018-19 is Rs. 1,64,041 lakhs. Part of this Working Capital requirement of WBSEDCL met from the security deposit of permanent consumers as per directive of the Hon'ble Commission (refer Auditors Certificate 32A in Vo-I of this APR application). It may be respectfully submitted that release the admitted amount in APR and determination of APR order has been pending for a long time and as such there is no scope for WBSEDCL to replenish the security deposit amount. Hence, the utilized Security Deposit could not be reused against the Working Capital requirement in 2018-19. Interest on Working Capital Rs. 14,501 lakhs for the year 2018-19 incurred by WBSEDCL may be considered by the Hon'ble Commission as the Interest on Working Capital in the APR for 2018-19.

**A****2.16 Employee cost**

- 2.16.1 Comparison of actual employee cost for 2018-19 against that admitted by the Hon'ble Commission for the same period vide the Tariff Order for 2018-19 is shown in the following table.

Table 18: Employee cost for 2018-19

Particulars	2018-19	2018-19	Reference
	(Admitted)	(Actual)	
Total employee cost including director's sitting fees and compensation injuries on death/damages for staffs	1,00,356	1,01,564	Note No. 35, 35.3 and 38D of the Audited Annual Accounts for 2018-19

- 2.16.2 As per the Audited Annual Accounts of 2018-19, the actual employee cost (net of capitalization, excluding service tax/ GST on staff welfare expenses, including 'Director's Sitting Fees' and 'Compensation injuries on death/damages – staff) incurred by WBSEDCL in 2018-19 is Rs. 1,01,564 lakhs. 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 Total employee cost includes cost of employees deputed in WBSEDCL from DPL during January 2019 to March 2019 of Rs.415 lakhs.
- 2.16.4 The employee cost for 2018-19 has decreased from that of 2017-18 mainly due to the following reasons:
- a) The employee strength of WBSEDCL has reduced from 13596 as on 31st March, 2018 to 13460 as on 31st March, 2019 (refer Auditor's Certificate of Annexure 18A in Vol-II of the APR application 2018-19). The numbers exclude the employees of WBSEDCL under deputation to WBSETCL.

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- b) Employee terminal benefit expenses have decreased to Rs. 40,525 lakhs in 2018-19 from Rs. 45,747 lakhs in 2017-18 on the basis of actuarial valuation

2.16.5 The Other Comprehensive Income (OCI) related to employee cost for 2018-19 as per Note 42 of the Audited Annual Accounts is Rs. 11294 lakhs. Such OCI has not been considered in the "Income other than sale of Energy" head in Form 1.26 of Data Sheet. On adjustment of such OCI in the ratio of employee cost as per para 2.16.1 above the net claim under employee cost head comes to Rs. 90270.21 lakhs as shown below.

Employee Cost after adjustment of OCI (Rs. In Lakhs)			
Particulars	Total Generation	Total Distribution	Grand Total
Employee Cost as per 1.17h	3387	98177	101564
Less Allocated OCI	377	10917	11294
Net Claim under Employee Cost	3010	87260	90270

2.16.6 The actual employee cost of Rs. 90,270.21 lakhs incurred by WBSEDCL in 2018-19 may be considered by the Hon'ble Commission as employee cost in the APR for 2018-19.

2.17 Operation and Maintenance expenses for generation

2.17.1 Comparison of claimed Operation and Maintenance expenses (hereinafter referred to as "O&M expenses") for generation business for 2018-19 against that admitted by the Hon'ble Commission for the same period vide the Tariff Order for 2018-19 is shown in the following table.



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Table 19: O&M expenses for generation for 2018-19

Particulars	Rs. Lakh	
	2018-19 (Admitted)	2018-19 (Actual)
O&M expenses for generation	5,054.25	5,054.25

2.17.2 WBSEDCL has appointed contractor for Design & Engineering, Manufacturing / Procurement, Supply, Installation, Testing & Commissioning and five (5) years' Comprehensive O&M of the 10 MW Teesta Canal Bank Solar PV Plant. After final commissioning of the above plant, WBSEDCL as per LOA terms has first taken over the plant from the appointed contractor and then handed over the plant to the contractor on 11.03.2017 for comprehensive O&M for five (5) years. WBSEDCL pays O&M fee to the contractor for such comprehensive O&M as per the contractual price schedule. However, such O&M payment made by WBSEDCL for 2018-19 is not claimed in this APR Application, as the expense is not borne by WBSEDCL and the O&M payment is made from the grant fund dedicated for this solar plant. The grant fund covers comprehensive O&M expenses for five (5) years from the date of handover of the plant. After completion of five (5) years, i.e., after 10.03.2022, WBSEDCL will have to incur O&M expense for the Teesta Canal Bank Solar PV Plant.

2.17.3 The Hon'ble Commission in the Tariff Order for 2018-19 has admitted Rs. 5,054.25 lakh as the total O&M expenses for Rammam, Jaldhaka, Small Hydro, and PPSP power plants. So, WBSEDCL has no further claim as generation O&M expenses in the APR for 2018-19.

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2.18 Operation & Maintenance expenses 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 2018-19 against that admitted by the Hon'ble Commission for the same period vide the Tariff Order for 2018-19 is shown in the following table.

Table 20: R&M, A&G, and Outsourcing expenses for distribution for 2018-19

Rs. Lakh

Particulars	2018-19	2018-19	Reference
	(Admitted)	(Actual)	
R&M expenses for distribution	25,636.00	25,428	Note 38A, 38B and 38C of Annual Accounts and Auditor Certificate in Annex-II of Vol-I
A&G expenses for distribution	13,779.00	13,848	
Outsourcing expenses for distribution	53,309.11	56,393	
Total	92,724.11	95,669	

2.18.2 The actual R&M expense, A&G expense, and Outsourcing expense for WBSEDCL's distribution business in 2018-19 is Rs. 95,669 lakhs including R&M expenses for distribution Rs. 25,428 lakhs, A&G expenses excluding Rate & Taxes, Insurance i.e., Rs. 13,848 lakhs and Outsourced jobs – Manpower related excluding lease rental and complaint management expenses Rs. 56,393 lakhs (as per segment break-up of auditor's certificate for Note 38 and Form E in Annexure-II of Vol-I in the APR application).



- 2.18.3 WBSEDCL supplies electricity to around 1.91 crore consumers spread across almost the entire area of the state of West Bengal. With the economic growth of the state and growing demand for electricity, WBSEDCL has to augment and strengthen its distribution network to increase the spread of its supply as well as to ensure quality supply of electricity and also to comply with the standards of the SOP Regulations. For the purpose, various network expansion and strengthening works programs like the Restructured Accelerated Power Development and Reform Programme (R-APDRP), Integrated Power Development Scheme (IPDS), Strengthening and Extending Electricity Distribution Network (SEEDN), National Electricity Fund (interest subsidy) Scheme, Deendayal Upadhyaya Gram Jyoti Yojana (DDUGJY), Backward Region Grant Fund (BRGF), Rajiv Gandhi Grameen Vidyutikaran Yojana (RGGVY), West Bengal Rural Household Electrification Programme (WBREP), etc. are undertaken.
- 2.18.4 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.

Table 21: Growth in the distribution network and consumer strength in 2018-19

Particulars	Unit	As on 31 st Mar, 2017	As on 31 st Mar, 2018	Growth
Distribution line length	ckm	5,78,217	6,03,535	4.38%
Consumer strength	no.	1,81,12,995	19137802	5.66%

- 2.18.5 WBSEDCL undertakes repair and maintenance activities to maintain its ever-growing network and to ensure network reliability and also to comply with the SOP Regulations. 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



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characteristics results in challenges in carrying out repair and maintenance works.

2.18.6 WBSEDCL has outsourced activities in areas like HT & LT line maintenance, O&M of 33/11 KV substations, meter reading and bill distribution, collection, call center, security, etc. with respect to the distribution business to ensure quality power supply and customer service in cost effective manner.

2.18.7 In addition, WBSEDCL incurs A&G expenses to provide necessary administrative support that are needed to facilitate execution of repair and maintenance works across the entire command areas of WBSEDCL.

2.18.8 All the aforementioned types of expenses are linked to the core distribution activities of WBSEDCL. The outsourced activities are 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. Sum of the actual O&M and Outsourcing expenses for distribution function of WBSEDCL for 2018-19 is Rs. 95,669 lakhs.

2.18.9 The total O&M and outsourcing expenditure for distribution activities has increased from 2017-18 to 2018-19. A comparison is shown in the table below.

Table 22: Comparison of distribution O&M and outsourcing expenses for 2017-18 and 2018-19

Particulars	2017-18	2018-19
	(Rs. In Lac)	(Rs. In Lac)
R&M expenses for distribution	27,313	25,428
A&G expenses for distribution	11,849	13,848
Outsourcing expenses for distribution	54,392	56,393
Total O&M and outsourcing expenses for distribution	93,554	95,669

Overall increase in 2018-19 with respect to 2017-18 is 2.3%

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2.18.10 In spite of increase of network, it may be observed that overall R&M expenses for distribution has reduced during 2018-19 comparison to 2017-18.

2.18.11 A&G expenses for 2018-19 has almost in the same level as admitted by Hon'ble Commission in the tariff order. During filing of tariff petition for 2018-19, WBSEDCL has considered the 'Conveyance & Travel' expenses based on the fuel price of 2017, which has increased around 14% from time-to time in 2018-19. WBSEDCL has created additional 2 Nos. Division and 14 Nos. customer care center (CCC) in 2018-19 bifurcating existing Division & CCC to improve the quality service to the consumers. (Refer Auditor's Certificate in Annexure 17A of Vol-II in this tariff application). These additional Division & CCC has required additional administrative set-up and expenditure such as house rent, telephone, vehicle, stationary etc. which involves additional A&G expenses.

WBSEDCL has provided different trainings to 11677 heads in 2018-19 compare to 6891 heads in 2017-18 i.e., additional 4957 number of employees in 2018-19, which is around 72% higher compare to 2017-18. In view of above, overall A&G expenses for distribution has increased marginally by 2.3%.

2.18.11.1 Actual outsourcing expenses has increased around 6% compare to the admitted expenditure in the tariff order 2018-19. Reason behind increase in Outsourcing expenses:

- WBSEDCL has created 14 numbers additional customer care center (CCC) in 2018-19 to improve the quality service to the consumers. (Refer Auditor's Certificate in Annexure 17A of Vol-II in this tariff application). WBSEDCL has introduced new services engaged by outsourced agencies in newly created 14



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Nos. CCC, such as HT & LT mobile maintenance services, security services, O&M of system, back-office support for customer service etc. in order to service the increased activities of the consumers following SOP Regulations issued by the Hon'ble Commission. Besides WBSEDCL has also strengthened the existing services in order to fulfill requirement of large consumer strength and improve consumer services under the circumstances of large increase in distribution network and consumer strength.

- WBSEDCL has introduced 40 numbers of additional vehicles for HT and LT mobile maintenance services throughout the network to ensure the services towards consumers (Refer Auditor's Certificate in Annexure 17A of Vol-II in this tariff application).
- WBSEDCL has commissioned 49 numbers additional 33/11 KV sub-station in 2018-19 operated through outsourced manpower to improve the quality service to the consumers. (Refer Auditor Certificate 10A in Vol-II of this APR Application)

Additional outsourced manpower for operation and security personnel are engaged for these new CCC and 33 KV Sub-station during 2018-19

- WBSEDCL has introduced 2 nos. new division in the network, causing additional outsourced manpower engagement for security and back-office support purpose with additional cost involvement.
- Average cost of spot billing has enhanced from Rs. 15.23/ bill to Rs. 16.05/bill, which is around 5.42% hike in 2018-19


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compare to 2017-18. (Relevant contracts has enclosed in Appendix-III in this APR application)

- Following are the comparison of outsourced manpower for 2017-18 & 2018-19:

Table 23: Comparison of outsourced manpower increased in 2018-19

Area of Operation	Outsourced Manpower		
	2017-18	2018-19	Increased in 2018-19
LT (Mobile Maintenance)(including Supervisor)	7426	7756	330
HT (Mobile Maintenance)(including Supervisor)	8383	8580	197
Sub Station (O&M)	1198	1484	286
Security Personnel	2138	2349	211
Call Centre (ZCC & CFO)	1547	1547	0
Meter Reading & Bill Distribution (Spot Billing)	4697	4953	256
Collection Franchisee(Kiosk Operation)	629	629	0
Total	26018	27298	1280

Overall increase of outsourced manpower in 2018-19 with respect to 2017-18 is 5%

- From the above table it has shown that WBSEDCL has engaged additional 1280 manpower under different categories to ensure quality services towards consumers. (Refer Auditor's Certificate in Annexure 14A of Vol-II in this APR application).
- To execute the services, WBSEDCL has engaged manpower through outsourced agencies as a cost-efficient alternative. Contractual rates of outsourced manpower for HT and LT line maintenance, Substation O&M, and Call Centre are determined based on the minimum wages as notified by the Government of West Bengal from time to time (please refer Appendix-III: Copies of Rate Revision Orders for Outsourcing Contracts). Outsourced manpower is deployed for security,

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spot billing, and bill collection, contractual rates for which are fixed through competitive bidding. From the revised rate contracts, it has shown that daily wages have increased from time-to-time as per Government notification from 5%- 11% throughout the year, causing increase of outsourced manpower cost.

2.18.12 The Hon'ble Commission in the Tariff Order for 2018-19 projected the O&M expense and Outsourcing expenses for 2018-19 considering such expenses to be dependent on distribution line length and consumer strength and applying a degree of sensitivity of these expenses to distribution line length and consumer strength applying empirical projection methodology adopted by WBERC in its Tariff Order for 2014-15 to 2016-17 dated 4.3.2015 which has challenged by WBSEDCL in APTEL. Further, an annual escalation rate for the ensuing year was applied based on an empirical formula.

WBSEDCL submits that such expenses depend upon many 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., and cannot be assumed sensitive only to distribution line length and consumer strength. Instead of applying empirical formulas that do not reflect the true / actual scenario, the Hon'ble Commission should evaluate merit of the case keeping in consideration the uncontrollable factors that influence these expenses.

In Order dated 18.02.2019 of APTEL judgement in Appeal No. 215 of 2015 against the order issued by WBERC dated 04.03.2015 passed in TP-61/ 13-14, Ld. Senior counsel of Hon'ble WBERC submitted before Hon'ble APTEL that the appeal may be disposed of reserving


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liberty to appellant (WBSEDCL) to file necessary petition for redressing their grievances. Accordingly, WBSEDCL has filed an Appeal before Hon'ble WBERC on 27.03.2019. In the said Appeal, WBSEDCL has made submission against WBERC's adoption of arbitrary methodology for expense projection. The above matter is still sub judice under the WBERC. Hence, WBSEDCL now maintains its stand against Hon'ble Commission's empirical projection methodology and requests the Hon'ble Commission to allow the entire claimed amount of O&M expenses and Outsourcing expenses for 2018-19.

2.18.13 In view of the above, the R&M, A&G and Outsourcing expenses of Rs. 25,428 lakhs, Rs.13,848 lakhs, and Rs. 56,393 lakhs incurred by WBSEDCL in 2018-19 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 2018-19.

2.19 Expenditure for Complaint Management Mechanism

2.19.1 Comparison of actual expenditure for Complaint Management Mechanism for 2018-19 against that admitted by the Hon'ble Commission for the same period vide the Tariff Order for 2018-19 is shown in the following table.

Table 24: Complaint Management Mechanism expenditure for 2018-19

Particulars	2018-19	2018-19	Reference
	(Admitted)	(Actual)	
Complaint Management Mechanism expenditure	307	307	Note No. 38(A) of the Audited Annual Accounts

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

2.19.3 As per Audited Annual Accounts of WBSEDCL for 2018-19, the expenditure for Complaint Management Mechanism in 2018-19 is Rs. 307 lakhs.

2.19.4 The actual expenditure for Complaint Management Mechanism of Rs. 307 lakhs incurred by WBSEDCL in 2018-19 has admitted the Hon'ble Commission as the expenditure for Complaint Management Mechanism in the APR for 2018-19. Thus, WBSEDCL has no additional claim in this respect.

2.20 Expenditure for lease rental line

2.20.1 Comparison of actual expenditure for lease rental line for 2018-19 against that admitted by the Hon'ble Commission for the same period vide the Tariff Order for 2018-19 is shown in the following table.

Table 25: Lease rental line expenditure for 2018-19

Particulars	2018-19	2018-19	Reference
	(Admitted)	(Actual)	
Lease rental line expenditure	1,905	1,905	Note No. 38(A) of the Audited Annual Accounts

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 2018-19, the expenditure for lease rental line in 2018-19 is Rs. 1,905 lakhs.

2.20.4 In view of above, the actual lease rental line expenditure for maintaining the MPLS VPN connectivity of Rs. 1,905 lakhs incurred by WBSEDCL in 2018-19 has admitted the Hon'ble Commission as the expenditure for lease rental line expenditure in the APR for 2018-19. Thus, WBSEDCL has no additional claim in this respect.

2.21 Expenditure for Insurance

2.21.1 Comparison of actual expenditure for Insurance for 2018-19 against that admitted by the Hon'ble Commission for the same period vide the Tariff Order for 2018-19 is shown in the following table.

Table 26: Insurance expenditure for 2018-19

Particulars	2018-19	2018-19	Reference
	(Admitted)	(Actual)	
Insurance expenditure	936	936	Note No. 38(C) of the Audited Annual Accounts

Rs. Lakh

2.21.2 As per the Audited Annual Accounts of 2018-19, the expenditure for insurance in 2018-19 is Rs. 936 lakhs.

2.21.3 In view of above, the actual Insurance expenditure of Rs. 936 lakhs incurred by WBSEDCL in 2018-19 has admitted the Hon'ble Commission in the APR for 2018-19. Thus, WBSEDCL has no additional claim in this respect.

2.22 Comparison of total Operation and Maintenance Expenses as admitted by the Hon'ble Commission in Para 6.4.2, 6.4.3, 6.4.4, 6.5,



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6.6 of Tariff Order for 2018-19 against the actual expenses for the corresponding heads as incurred by WBSEDCL in 2018-19 is shown in the following table.

Table 27: Total Operation and Maintenance Expenses for 2018-19

Particulars	2018-19	2018-19	Reference
	(Admitted)	(Actual)	
Operation & Maintenance for Generation	5,054.25	5,054	Rs. Lakh Note 38 (A), 38 (B) & 38 (C) of the Audited Annual Accounts and Data Form 1.12 of Volume-I Annexure-I of APR application
Operation & Maintenance for Distribution	39,415.00	39,275	
Outsourcing expenses for Distribution	53,309.11	56,393	
Lease Rental Line	1,905.00	1,905	
Complaint Management Mechanism	307	307	
Insurance	936.00	936	
Rates & Taxes for Generation	1,100.00	16,984	
Rates & Taxes for Distribution	8,272.27		
Total	1,10,298.63	1,20,854	

2.23 From the above table it can be seen that the actual total Operation and Maintenance Expense of Rs. 1,20,854 lakhs is higher than Rs. 1,10,298.63 lakhs as admitted by the Hon'ble Commission in the Tariff Order for 2018-19. In view of this, the said actual expense of Rs. 1,20,854 lakhs may be considered by the Hon'ble Commission in the APR for 2018-19.

2.24 Bad debt

2.25 The Hon'ble Commission in the Tariff Order for 2018-19 has admitted amount of Rs. 129 lakhs under the head bad debt for 2018-19. Bad debt actually has been written off during 2018-19 Rs. 129 lakhs as per the Audited Annual Accounts. (Refer Note 38(D)). In view of this, the said actual expense of Rs. 129 lakhs may be considered by the Hon'ble Commission in the APR for 2018-19.

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2.26 Other expenses

2.26.1 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 2018-19 did not consider any amount under the head 'Other expenses' for 2018-19. 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.

2.26.2 As per the Audited Annual Accounts of 2018-19, the other expenses in 2018-19 is Rs. 1,497 lakhs (Rs. 1,032 lakhs on the account of Loss on Demolition or Retirement of Fixed Assets, Rs. 56lakhs on account of loss on obsolescence of inventory, Rs. 408 lakhs on account of compensation injuries on death/ damages to outsiders).

Table 28: Total Other Expenses for 2018-19

Particulars	2018-19	2018-19	Reference
	(Admitted)	(Actual)	
Other Items - for contingent expenses like compensation to outsiders, staff of death/ damage/ injuries and safety awareness programme etc.	0.00	1,497	Note No. 38(D) of the Audited Annual Accounts

2.26.3 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 overhead bare conductors is wide-spread throughout the state, including difficult terrain and remote rural areas.

2.26.4 Other expenses also include Rs. 1,032 Lakhs on the account of loss on demolition/ retirement of Fixed Assets. This expenditure occurs



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when a depreciable asset is taken out of service prior to expiring of its life. Details of the same are shown below:

2018-19			
Sl. No	Type of Asset	Amount	Purpose
1	Meter	49	Meter installed in different year now replaced due to installation of new meter.
2	Line, Cable, Network	983	Asset retired/replaced due to installation of new electrical Infrastructure under various projects(i.e., IPDS, DDUGJY etc.) funded by Govt.
	Total	1032	

2.26.5 WBSEDCL hereby submits that regulators like MERC and GERC have been approving such 'Other Expenses' as a separate line item at the time of truing up of distribution licensees. MERC while truing up of MSEDCL for 2014-15 approved the entire claimed amount of 'Compensation for injuries, death to others' of Rs. 6 crore and 'Loss on obsolescence of Fixed Assets' of Rs. 10 crores. GERC while truing up of UGVCL for 2016-17 approved the entire claimed amount of 'Miscellaneous Losses (Includes compensation for Injury, death damage – Outsiders, Loss on sale of scrap, HBA written off etc.)' of Rs. 2.37 crore.

2.26.6 In view of the above, expenses of Rs. 1,497 lakhs incurred by WBSEDCL in 2018-19 may be considered by the Hon'ble Commission as other expenses in the APR for 2018-19.

2.27 Return on Equity

2.27.1 The Hon'ble Commission in the Tariff Order for 2018-19 admitted post-tax Return on Equity (hereinafter referred to as "ROE") of Rs. 36,931.45 lakh for the year 2018-19.

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2.27.2 The Hon'ble Commission in the Tariff Regulations has directed to compute ROE on pre-tax basis, and the actual income tax will be allowed separately subject to final assessment. Relevant extracts of the Tariff Regulations are provided below:

Quote from WBERC Tariff Regulations 2011:

"Regulation 5.6.1.1 ... Such return on equity shall be calculated on the pre-tax basis and actual income tax liability related to the core business only will be allowed separately on actual payment basis subject to final assessment."

2.27.3 In accordance with the above regulatory provision, the pre-tax grossed up ROE has been computed for 2018-19 in Form 1.22 of Annexure-I in Volume-I of this APR Application, as per provisions of the Tariff Regulations. Such ROE for 2018-19 becomes Rs. 47,229 lakhs, and may be considered by the Hon'ble Commission as ROE in the APR for 2018-19.

Table 29: Return on Equity for 2018-19

Particulars	Rs. Lakh	
	2018-19 (Admitted)	2018-19 (Actual)
ROE for Generation	4,723.78	1,126
ROE for Distribution	32,207.67	46,103
Total	36,931.45	47,229

2.27.4 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 2018-19 may now be limited to this amount of ROE, i.e., Rs. 47,229 lakhs.

- 2.27.5 In view of the above Rs. 47,229 lakhs on account of ROE for generation and distribution function of WBSEDCL in 2018-19 may be considered by the Hon'ble Commission in the APR for 2018-19.

2.28 Minimum Alternate Tax

- 2.28.1 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.
- 2.28.2 Further, the Income Tax assessments for the Assessment Year 2018-19 are attached as Appendix-V of this application.

2.29 Deviation Settlement Mechanism (DSM) / Unscheduled Interchange (UI) charges payable

- 2.29.1 The Hon'ble Commission in the Tariff Order for 2018-19 did not consider any net Deviation Settlement Mechanism (hereinafter referred to as "DSM") charges receivable or payable for FY 2018-19.
- 2.29.2 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.
- 2.29.3 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 233.51 MU of energy has been drawn from the

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grid and 212.647 MU of energy has been injected into the grid as Deviation / UI during the year 2018-19. Such injection and drawal of Deviation have been done in accordance to the prevailing regulations without violating the grid discipline. As per Note 32 and 34 (A) of the Audited Annual Accounts of WBSEDCL for 2018-19, the net DSM charges is Rs. 19,864 lakhs (DSM charges payable Rs. 20,027 lakhs and DSM charges receivables is Rs. 163 lakhs).

2.29.4 WBSEDCL in its Tariff Petition for 2018-19 did not consider any net DSM charges payable for 2018-19 and stated that the same will be considered on actual basis in the APR Application.

2.29.5 In view of the above, expenses of Rs. 19,864 lakhs incurred by WBSEDCL in FY 2018-19 may be considered by the Hon'ble Commission as DSM charges payable or cost of energy drawn as deviation in the APR for FY 2018-19.

2.30 Income from non-tariff sources

2.30.1 Comparison of actual income from non-tariff sources for FY 2018-19 against that admitted by the Hon'ble Commission for the same period vide the Tariff Order for FY 2018-19 is shown in the following table.

Table 30: Income from non-tariff sources for FY 2018-19

Rs. Lakh

Particulars	2018-19	2018-19	Reference
	(Admitted)	(Actual)	
Income from non-tariff sources	74,470	57,496	Note No. 32, 33, and 42 of Audited Annual Accounts and Form 1.26 of Annexure-I in Volume-I of this APR Application



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2.30.2 For 2018-19, the total income from non-tariff sources is Rs. 57,496 lakhs as computed in Form 1.26 of Annexure-I in Volume-I of this APR Application, includes the following:

- (a) Rs. 20,555 lakhs as delayed payment charges from consumers;
- (b) Rs. 25,445 lakhs as meter rent;
- (c) Rs. 2,974 lakhs as Reconnection / Disconnection fees;
- (d) Rs. 253 lakhs as income from wheeling charges;
- (e) Rs. 87 lakhs as other miscellaneous charges from service to consumers premises,
- (f) Rs. 1,735 lakhs as Interest Income (Rs. 1,555 lakhs as Interest Income from banks on Fixed Deposits & Other Deposits, Interest on Staff Loan & Advances Rs. 53 lakhs and Interest from Licensees, Suppliers/ Contractors, Consumers Rs. 127 lakhs = Rs. 1,735 lakhs;
- (g) Rs. 6,447 lakhs as other income (Refer Note 33 of Audited Annual Accounts of 2018-19 and Form 1.26 of Annexure-I in Vol-I of this APR application). Details of the same as below:

Table 31: Income from non-tariff sources for FY 2018-19

Other non-operating Income	
Particulars	2018-19 (Amount Rs. In lakhs)
Income from Sale of Scrap	3,462
Consulting Income	112
Recovery of Cost of Collection-Electricity Duty	1,276
Tender Paper	209
Rental from Staff Quarters	225
Rental from Contractors	15

Rs. Lakh

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Rental from Others	81
Penalty deducted from Contractor/Supplier	95
Other misc. income	295
Insurance Claim settlement	557
Other Provision Written Back	120
Total:	6,447


2.30.3 In view of the above, the total income from non-tariff sources of Rs. 57,496 lakhs earned by WBSEDCL in 2018-19 may be considered by the Hon'ble Commission as income from non-tariff sources in the APR for 2018-19.

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

2.31.1 The Hon'ble Commission in the Tariff Order for 2018-19 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.

2.31.2 Accordingly, the net benefits from sale of power to person other than the consumers and licensee during 2018-19 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 2018-19 is Rs. 18,808 lakhs.

2.31.3 This benefit 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.18,808 lakhs (being 50% of the total benefits from sale of power to person other than the consumers and licensee) to be shared by WBSEDCL.


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2.32 Interest credit on depreciation

- 2.32.1 Comparison of actual computed interest credit on depreciation for 2018-19 against that admitted by the Hon'ble Commission for the same period vide the Tariff Order for 2018-19 is shown in the following table.

Table 32: Interest credit on depreciation for 2018-19

Particulars	2018-19	2018-19
	(Admitted)	(Actual)
Interest credit on depreciation	1,426.73	768

Rs. Lakh

- 2.32.2 WBSEDCL has computed the interest credit on depreciation for 2018-19 in Form 1.17(g) of Annexure-I in Volume-I of this APR Application, and value for the same is Rs. 768 lakhs, which may be considered by the Hon'ble Commission as interest credit on depreciation in the APR for 2018-19.

2.33 Repayment of Bonds for Pension Fund

- 2.33.1 Comparison of actual repayment Bonds for Pension Fund for FY 2018-19 against that admitted by the Hon'ble Commission for the same period vide the Tariff Order for FY 2018-19 is shown in the following table.

Table 33: Repayment of Bonds for Pension Fund for FY 2018-19

Particulars	2018-19	2018-19	Reference
	(Admitted)	(Actual)	
Repayment of Bonds for Pension Fund	15,300	5,100	Note 18 (A) (iii) of WBSEDCL's Audited Annual Accounts

Rs. Lakh



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- 2.33.2 WBSEDCL in its Tariff Petition for 2018-19 projected principal repayment of Rs. 5,100 lakhs for the Pension Trust Bond. The actual principal repayment for 2018-19 has been Rs. 5,100 lakhs.
- 2.34 From the Form E of Annexure-I of Volume-I of this APR Application, net admissible fixed cost for 2018-19 comes to Rs. 6,28,147 lakhs as per the Tariff Regulations.
- 2.35 WBSEDCL submits that the amount recoverable through APR Application for 2018-19 after adjustment of variable cost as per FPPCA Application for 2018-19 becomes Rs. 1,91,916 lakhs. The break-up of such recoverable amount is given in the following table.

Table 34: Total Amount recoverable through APR Application for 2018-19 after adjustment of variable cost as per FPPCA Application for 2018-19

Sl. No.	Item	Unit	Amount	
1	Variable cost as per FPPCA application for 2018-19	Rs. lakh		15,22,229
2	Net fixed cost as per APR application for 2018-19	Rs. lakh		6,28,147
3	Total realisable sales revenue for 2018-19 [(1) + (2)]	Rs. lakh		21,50,376
4	a1) Revenue from sale of power as per Annual Accounts 2018-19	Rs. lakh	20,52,021	
	a2) Less: Revenue from sale of power to persons other than licensees or any consumers and power swap out as per Annual Accounts 2018-19	Rs. lakh	(93,561)	
5	Net sales revenue for 2018-19 [4(a1) + 4(a2)]	Rs. lakh		19,58,460
6	Net revenue recoverable for 2018-19 [(3) - (5)]	Rs. lakh		1,91,916

- 2.36 Hence Rs. 1,91,916 lakhs may now be considered for release during the issuance of APR Order for 2018-19.

Sudip Chakrabarty
 Chief Engineer (Regulation)
 Regulation Department
 WBSEDCL



- 2.37 The Hon'ble Commission is humbly requested to allow the consequential impact of APR in respect of WBPDC, WBSEDCL, CESC, DPL, DPSC/IPCL and impact of FCA in respect of CESC, DPL, DPSC/IPCL and WBPDC for 2018-19.
- 2.38 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 2018-19. So, such expenditure may be allowed by the Hon'ble Commission as per the APR Application for 2018-19.
- 2.39 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.
- 2.40 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.
- 2.41 Impact of APR of 2018-19 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.



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3. Prayer

WBSEDCL respectfully prays to the Hon'ble Commission:

- (a) To admit this Application seeking Annual Performance Review of 2018-19
- (b) To approve net fixed cost of Rs. 6,28,147 lakhs for 2018-19 in respect of WBSEDCL.
- (c) To approve an amount of Rs. 1,91,916 lakhs as recoverable after adjustment of variable cost as per FPPCA application for 2018-19 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.

Chief Engineer (Regulation)
Regulation Department
WBSEDCL