



West Bengal State Electricity Distribution Company Limited



WBSEDCL

Application seeking
Annual Performance Review for 2021-22

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



पश्चिम बंगाल WEST BENGAL

70AB



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

File No. _____

Case No. _____

IN THE MATTER OF:

Application seeking Annual Performance Review
for annual fixed charges for the year 2021-22 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

Sandipta Thakur
Chief Engineer (Regulation)
Regulation Department
WBSEDCL

24 NOV 2022

70486

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

NAME.....
ADD.....
Re.....
- 1 SEP 2022
SURANJAN MUKHERJEE
Licensed Stamp Vendor
C. G. Court
2 & 3, K. S. Road, Koor-1

- 1 SEP 2022

- 1 SEP 2022



WBSEDC
Regulation Department
(Chief Engineer (Regulation))

24 NOV 2022

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

BEFORE THE NOTARY PUBLIC

AFFIDAVIT



I, Sri Sudipta Mukhopadhyay, son of Late Deb Kumar Mukhopadhyay, aged 58 years by faith Hindu residing at 2 Kundan Bye Lane, Liluah Howrah – 711204 do hereby solemnly affirm and declare as follows:

1. That I am the Chief Engineer (Regulation) of the West Bengal State Electricity Distribution Company Limited and have been acquainted with the fact and circumstances narrated in the application in respect of which the affidavit is sworn.
2. I have been authorized to swear this affidavit on behalf of West Bengal State Electricity Distribution Company Limited as I am competent to do so.
3. The statements made in paragraphs 1 to 3 with Annexure - I to VI of Volume-I and Volume-II are true to my knowledge and belief and the statement made in other paragraphs of the application are matters of records made available to me and based on information received which I believe to be true and correct.
4. 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"

Place: Kolkata

Date:

Sudipta Mukhopadhyay
Deponent

Chief Engineer (Regulation)
Regulation Department
WBSEDCL

Solemnly Affirmed
&
Declared Before me
in Identification of Advocate

B. N. SAHA
Notary

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

IDENTIFIED BY ME
[Signature]
ADVOCATE

24 NOV 2022



Application seeking Annual Performance Review for 2021-22

A

**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 2021-22 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

3 | Page

Sudipta Thakur
Chief Engineer (Regulation)
Regulation Department
WBSEDCL



Table of Contents

1. Introduction	8
1.1. Preamble	8
1.2. Introduction	8
1.3. Submission by WBSEDCL to the Hon'ble Commission	8
2. Annual Performance Review for 2021-22	10
2.1 Introduction	10
2.2 Central Transmission Utility (CTU) charges	11
2.3 System operation charges payable to POSOCO (Power System Operation Corporation Limited)	12
2.4 Eastern Region Power Committee (ERPC) charge	13
2.5 State Transmission Utility (STU) charges	13
2.6 State Load Despatch Centre (SLDC) charges	15
2.7 Reactive Energy (VARH) charge	15
2.8 Interest on Bonds for creation of Pension Fund	17
2.9 Interest on consumers' security deposits	19
2.10 Expenditure for Rates and Taxes	21
2.11 Interest on capital borrowings	24
2.12 Other finance charges	25
2.13 Depreciation	27
2.14 Interest on Working Capital	29
2.15 Interest on COVID Loan and Loan for AAMPAN restoration work	29
2.16 Employee cost	30
2.17 Operation and Maintenance expenses for generation	31
2.18 Operation & Maintenance Expenses and Outsourcing Expenses for distribution	33
2.19 Expenditure for Complaint Management Mechanism	39
2.20 Expenditure for lease rental line	40
2.21 Expenditure for Insurance	41
2.24 Bad debt	42



2.25	Other expenses	43
2.26	Return on Equity	45
2.27	Minimum Alternate Tax	46
2.28	Deviation Settlement Mechanism (DSM) / Unscheduled Interchange (UI) charges payable	47
2.29	Income from non-tariff sources	48
2.30	Benefits from sale of power to persons other than the consumers and licensees	49
2.31	Interest credit on depreciation	50
2.32	Repayment of Bonds for Pension Fund	51
2.33	Carrying cost of regulatory assets	51
3.	Prayer	59

Sudipto Bhattacharya
Chief Engineer (Regulation)
Regulation Department
WBSEDCL



List of Tables

Table 1: CTU charges for 2021-22	11
Table 2: POSOCO charges for 2021-22	12
Table 3: ERPC charge for 2021-22	13
Table 4: STU charges for 2021-22	14
Table 5: SLDC charges for 2021-22	15
Table 6: VARH charges for 2021-22	16
Table 7: Interest on Bonds for creation of Pension Fund for 2021-22	17
Table 8: Interest on consumers' security deposits for 2021-22	20
Table 9: Rates and Taxes for 2021-22	21
Table 10: Rates and Taxes for 2021-22	21
Table 11: Interest on borrowings for 2021-22	24
Table 12: Other finance charges for 2021-22	25
Table 13: Total other finance charges for 2021-22	27
Table 14: Depreciation for 2021-22	28
Table 15: Depreciation for 2021-22 (As claimed by WBSEDEL)	28
Table 16: Employee cost for 2021-22	30
Table 17: Employee cost after adjustment of OCI for 2021-22	31
Table 18: O&M expenses for generation for 2021-22	32
Table 19: R&M, A&G, and Outsourcing expenses for distribution for 2021-22	33
Table 20: Comparison of outsourced manpower increased in 2021-22	36
Table 21: Complaint Management Mechanism expenditure for 2021-22	39
Table 22: Lease rental line expenditure for 2021-22	40
Table 23: Insurance expenditure for 2021-22	41
Table 24: Total Operation and Maintenance Expenses for 2021-22	42
Table 25: Total Other Expenses for 2021-22	43
Table 26: Return on Equity for 2021-22	46
Table 27: Income from non-tariff sources for FY 2021-22	48
Table 28: Other General receipts arising from and ancillary or incidental to the business of electricity for FY 2021-22	49
Table 29: Interest credit on depreciation for 2021-22	50
Table 30: Repayment of Bonds for Pension Fund for FY 2021-22	51
Table 31: Total Amount recoverable through APR Application for 2021-22 after adjustment of variable cost as per FPPCA Application for 2021-22	57



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
RGVY	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

Sudipto Chakrabarty
Chief Engineer (Regulation)
Regulation Department
WBSEDCL



A

Application seeking Annual Performance Review for 2021-22

1. Introduction

1.1. Preamble

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

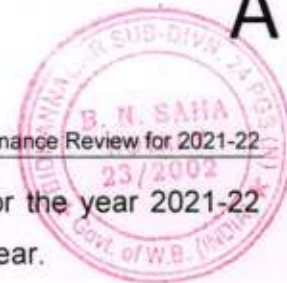
1.2. Introduction

- 1.2.1 WBSEDCL is deemed to be a licensee under the Act in terms of fifth provision to Section 14 of the Act. WBSEDCL is presently engaged in the business of Generation of solar and hydroelectricity 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

Sudipta Choudhury
Chief Engineer (Regulation)
Regulation Department
WBSEDCL



A

Performance Review for the annual fixed charges for the year 2021-22 and based on Audited Annual Accounts for the said year.

- 1.3.2 WBSEDCL has taken over distribution function of DPL w.e.f 01.01.2019 in pursuant to direction of commission vide case no. A-6/14 dated 31.12.2018 passed subsequent to the Govt. order dated 31.12.2018 U/S 108 of EA 2003 and subsequent order of WBERC dated 31.12.2018 The respective expenditure heads claimed in this application e.g., employee cost, reserve for unforeseen exigencies, O&M etc. includes expenditure of distribution business taken over from DPL.
- 1.3.3 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 VI
 - (iii) Volume-II - it consists of Compliance report having Annexure-1 to 40
 - (iv) Appendix-I - it consists of copy of the Audited Annual Report & Accounts of WBSEDCL for 2021-22.
 - (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 2021-22.
 - (vi) Appendix-III - it consists of copies of rate revision orders for different outsourcing contracts marked as Annexure-I to Annexure-V
 - (vii) Appendix-IV – Copies of Lease Rental Bills and LOAs, Cost Audit Report for 2021-22

Sudipto Chakraborty
Chief Engineer (Regulation)
Regulation Department
WBSEDCL



A

Application seeking Annual Performance Review for 2021-22

2.2 Central Transmission Utility (CTU) charges

2.2.1 Comparison of actual Central Transmission Utility charges (hereinafter referred to as "CTU charges") for 2021-22 against that admitted by the Hon'ble Commission for the same period vide the Tariff Order for 2021-22 is shown in the following table.

Table 1: CTU charges for 2021-22

Particulars	2021-22	2021-22	Reference
	(Admitted)	(Actual)	
PGCIL charges (A)	1,06,114	1,11,960	Note 34(B) and 34.4 of Audited Annual Accounts and Auditors Certificate in Annex-II of Vol-I
PGCIL arrear dues (B)		(3,152)	
NVVN Ltd (Reimbursement for interstate transfer of solar power) (C)		974	
<u>Less:</u> Rebate for timely payment (D)		40	
<u>Add:</u> Transmission Charge pertaining to purchase of short-term power (E)		4,057	
Total CTU charges (A+B+C-D+E)	1,06,114	1,13,799	

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 2021-22, the CTU Charges includes PGCIL charges of Rs. 1,11,960 lakhs, PGCIL arrear dues of Rs. (-) 3,152 lakhs, NVVN Ltd (reimbursement of interstate transfer of solar power) of Rs. 974 lakhs, less rebate of Rs. 40 lakhs for timely payment of central transmission charges.

2.2.4 In addition, Rs. 4,057 lakhs are paid by WBSEDCL in 2021-22 as 'Open Access Charge for Purchase of short-term power' through traders and

Sudipta Bhattacharya
 Chief Engineer (Regulation)
 Regulation Department
 WBSEDCL



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 2021-22 and such cost paid is now considered as part of the CTU charges in this APR Application for 2021-22

- 2.2.5 So, Rs. 1,13,799 lakhs incurred by WBSEDCL in 2021-22 may be considered by the Hon'ble Commission as CTU charges in the APR for 2021-22.

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

- 2.3.1 Comparison of actual POSOCO charges for 2021-22 against that admitted by the Hon'ble Commission for the same period vide the Tariff Order for 2021-22 is shown in the following table.

Table 2: POSOCO charges for 2021-22

Particulars	2021-22	2021-22	Reference
	(Admitted)	(Actual)	
POSOCO charges	501	323	Note 34.B of Audited Annual Accounts
Add: POSOCO (Arrear dues)		(65)	
Total POSOCO charges	501	258	

- 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.

Sudipto Chakraborty
 Chief Engineer (Regulation)
 Regulation Department
 WBSEDCL



2.3.3 As per the Audited Annual Accounts of WBSEDCL for 2021-22, the POSOCO charges in 2021-22 is Rs. 258 lakhs paid by WBSEDCL.

2.3.4 So, Rs. 258 lakhs incurred by WBSEDCL in 2021-22 may be considered by the Hon'ble Commission as POSOCO charges in the APR for 2021-22.

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 2021-22 against that admitted by the Hon'ble Commission for the same period vide the Tariff Order for 2021-22 is shown in the following table.

Table 3: ERPC charge for 2021-22

Particulars	2021-22	2021-22	Reference
	(Admitted)	(Actual)	
ERPC charge	16	16	Note 34.C of Audited Annual Accounts

Rs. Lakh

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 2021-22, the ERPC charge of Rs. 16 lakhs are paid in 2021-22, which was admitted by the Hon'ble Commission as the ERPC charge in the Tariff Order for 2021-22. Thus, WBSEDCL has no additional claim under this head.

2.5 State Transmission Utility (STU) charges

2.5.1 Comparison of actual State Transmission Utility charges (hereinafter referred to as "STU charges") for 2021-22 against that admitted by the Hon'ble Commission for the same period vide the Tariff Order for 2021-22 is shown in the following table.

**A**

Application seeking Annual Performance Review for 2021-22

Table 4: STU charges for 2021-22

Particulars	2021-22	2021-22	Reference
	(Admitted)	(Actual)	
WBSETCL charges	1,49,550	1,47,447	Note No. 34(B) of Annual Accounts and Auditor Certificate in Annex-II of Vol-I
Total WBSETCL charges	1,49,550	1,47,447	

Rs. Lakh

- 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. The WBSETCL charges are paid as per the rate determined by the Hon'ble Commission.
- 2.5.3 In this context, it has been noted that other state distribution licensees & open access customers are using state transmission network regularly taking short term open access to avoid payment of long-term STU charge, being relatively higher and effectively passing such burden 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 2021-22, transmission charges paid to WBSETCL in 2021-22 is Rs. 1,47,447 lakhs claimed as per order of Hon'ble Commission.
- 2.5.5 So, total STU charges of Rs. 1,47,447 lakhs, incurred by WBSEDCL in 2021-22 may be considered by the Hon'ble Commission as STU charges in the APR for 2021-22.

Sudip Kumar Ghosh
Chief Engineer (Regulation)
Regulation Department
WBSEDCL



2.6 State Load Despatch Centre (SLDC) charges

- 2.6.1 Comparison of actual SLDC charges for 2021-22 against that admitted by the Hon'ble Commission for the same period vide the Tariff Order for 2021-22 is shown in the following table.

Table 5: SLDC charges for 2021-22

Particulars	2021-22	2021-22	Reference
	(Admitted)	(Actual)	
SLDC charges	2,392	2,210	Note No. 34(D) of Annual Accounts and Auditor Certificate in Annex-II of Vol-I
Arrear		7	
Total	2,392	2,217	

Rs. Lakh

- 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 2021-22, the total SLDC charges in 2021-22 is Rs.2,217 lakhs.
- 2.6.4 So, total SLDC charges of Rs. 2,217 lakhs, incurred by WBSEDCL in 2021-22 may be considered by the Hon'ble Commission as SLDC charges in the APR for 2021-22.

2.7 Reactive Energy (VARH) charge

- 2.7.1 Comparison of actual VARH charges for 2021-22 against that admitted by the Hon'ble Commission for the same period vide the Tariff Order for 2021-22 is shown in the following table.



Table 6: VARH charges for 2021-22

Rs. Lakh

Particulars	2021-22	2021-22	Reference
	(Admitted)	(Actual)	
VARH charges	0	553	Note No. 34(E) of Annual Accounts

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,

'...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 due to the overall effect of VARH drawl and injection by different utilities & consumers.

However, WBSEDCL has taken initiative to reduce low voltage area by increasing substations and also to restrict VARH charge. In this regard

Sudipta Bhattacharya
Chief Engineer (Regulation)
Regulation Department
WBSEDCL



A

Application seeking Annual Performance Review for 2021-22

the compliance report submitted in Annexure -33 of Vol-1 of this APR application kindly be referred.

WBSEDCL has taken initiative to reduce low voltage area by increasing substations and also to restrict VARH charge, by this way VARH charges has reduced around 51% in FY 2021-22 compared to FY 2020-21.

2.7.3 As per the Audited Annual Accounts of WBSEDCL for 2021-22, the total VARH charges in 2021-22 is Rs. 553 which is lower than the VARH Charges of 2020-21 i.e., Rs.1,123 lakhs.

2.7.4 Such VARH charges of Rs. 553 lakhs, incurred by WBSEDCL in 2021-22 may be considered by the Hon'ble Commission as the VARH charges in the APR for 2021-22 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 2021-22 against that admitted by the Hon'ble Commission for the same period vide the Tariff Order for 2021-22 is shown in the following table.

Table 7: Interest on Bonds for creation of Pension Fund for 2021-22

Particulars	2021-22	2021-22	Reference
	(Admitted)	(Actual)	
Interest on Pension Trust Bond	2,601	9,971	Note No. 36 (III) of Annual Accounts

Rs. Lakh

2.8.2 Based on the direction of Hon'ble Commission in 6.8.3 of the Tariff Order for 7th Control Period, Interest due vis-à-vis actually paid by the WBSEDCL from 2017-18 to 2021-22 is presented below:

Soumitra Chatterjee
Chief Engineer (Regulation)
Regulation Department
WBSEDCL



Statement showing Interest due on 8.5% bonds for Terminal Benefits to Employee vis-s-vis Actual Interest paid (Rs. In lac)

Year	Type of Order	Admitted in APR/Tariff		Interest due on timely payment of Principal Amount	Actual Payment		Remarks
		Principal repayment of Bond	Interest on bond for pension fund		Principal repayment of bond	Interest on bond for pension fund amount	
2017-18	APR	30,600	10,404	10,404	30,600	10,404	
2018-19	TARIFF	15,300	10,020	9,104	5,100	10,020	Principal repayment amount claimed in APR 2018-19 against the actual payment.
2019-20	TARIFF	15,300	7,370	7,803	-	9,971	Principal repayment amount not claimed in APR 2019-20 as the same was not paid Claimed Interest as actual.
2020-21	TARIFF	30,600	5,202	5,202	-	9,971	Principal repayment amount not claimed in APR 2020-21 as the same was not paid Claimed Interest as actual.
2021-22	TARIFF	30,600	2,601	2,601	-	9,971	Principal repayment amount not to be claimed in APR 2021-22 as the same was not paid Claimed Interest as actual.
Total:		122400	35597	35114	35700	50337	



2.8.3 From the above table it reveals that since 2017-18 to 2021-22 the Hon'ble WBERC had allowed Rs 1,22,400 lakhs under the head principal repayment of 8.5% Bonds and based on such admissible amount, the cumulative interest on such Bond arrived at Rs 35114 lakh against which WBSEDCL had actually paid Rs 50337 lakh. Thus, there was a difference of Rs 15223 lakh between the interest due and the actual paid.

2.8.4 In this context it is worthwhile to mention that though the Commission has admitted Rs 1,22,400 lakh since from 2017-18 to 2021-22 but WBSEDCL has made a payment to the tune of Rs 35700 lakh towards principal repayment of 8.5% Bonds. Thus there was a shortfall in actual repayment of principal of Rs 86700 (122400-35700) Lakh against the admitted amount by the WBERC. Nevertheless, WBSEDCL has scarified the benefits of Rs 86700 lakh which would have been claim through the APR of the respective financial year if the same had it been repaid in line with the admitted amount of the commission.

2.8.5 Thus, excess quantum of interest to the extent of Rs 15223 lakh due to delayed/non-payment of principal is much lesser than the quantum of benefits of Rs 86700 lakh which WBSEDCL had scarified. Accordingly, the same will have a lesser burden on the consumers due to the reason that the consumers will be ultimate benefitted by Rs 71477 lakh (86700-15223) plus Interest on such amount.

2.8.6 Thus, considering the aforesaid clarification, Hon'ble commission may allow such extra cost of Rs 15223 lakh incurred by the WBSEDCL while determining the future APR order of the respective financial years.

2.9 Interest on consumers' security deposits

2.9.1 Comparison of actual amount of interest on consumers' security deposits for 2021-22 against that admitted by the Hon'ble Commission



for the same period vide the Tariff Order for 2021-22 is shown in the following table.

Table 8: Interest on consumers' security deposits for 2021-22

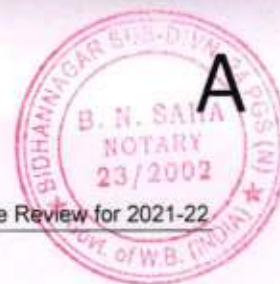
Particulars	2021-22	2021-22	Reference
	(Admitted)	(Actual)	
Interest on consumers' security deposits	24,412	25,513	Note No. 36 (IV) of Annual Accounts

Rs. Lakh

- 2.9.2 As per the Audited Annual Accounts of 2021-22, actual interest incurred in 2021-22 on security deposits from consumers is Rs. 25,513 lakhs.

WBSEDCL in its Tariff Petition for 2021-22 projected the Interest on consumers' security deposits as Rs. 26,245 lakhs. Hon'ble Commission in the Tariff Order for 2021-22 admitted the amount of Rs. 24,412 lakhs against the claim of WBSEDCL.

- 2.9.3 In compliance to the directives of the Hon'ble Commission in para 6.16.4 of the Tariff Order for 2020-21, 2021-22 & 2022-23, an auditor certificate, certifying the break-up of security deposit from consumers, interest incurred on consumer security deposits, and utilization of security deposit for 2021-22, is enclosed as Annexure-27A of Volume-II of this APR Application.
- 2.9.4 The interest on consumers' security deposits of Rs. 25,513 lakhs accounted for by WBSEDCL in 2021-22 may be considered by the Hon'ble Commission as the interest on consumers' security deposits in the APR for 2021-22.



2.10 Expenditure for Rates and Taxes

- 2.10.1 Comparison of actual expenditure for Rates and Taxes for 2021-22 against that admitted by the Hon'ble Commission for the same period vide the Tariff Order for 2021-22 is shown in the following table.

Table 9: Rates and Taxes for 2021-22

Particulars	2021-22	2021-22	Reference
	(Admitted)	(Actual)	
Rates and Taxes for Generation	729.00	525.00	Note 38 'Other Expenses' of the Audited Annual Accounts of 2021-22 and Form E of Vol-I in the APR Application
Rates and Taxes for Distribution	10,453.93	18,935.00	
Total	11,182.93	19,460.00	

Rs. Lakh

- 2.10.2 As per the Audited Annual Accounts of 2021-22, the expenditure for Rates and Taxes in 2021-22 is Rs. 19,460.00 lakhs. Such expenditure includes GST paid on outsourcing employee expenses and O&M expenses as shown below in the head wise GST and Other Statutory Tax break-up. Such GST/ Other Statutory 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.

Table 10: Rates and Taxes for 2021-22

Rs. Lakh		
Expenditure & GST		
A) Outsourced Jobs: Manpower Related	2021-22	
	Expenditure (Excluding GST)	GST/Municipal & Other Taxes.
Meter Reading & Bill Distribution	14,957	2,692
Sub-Station Maintenance	4,231	762
Generating Station Maintenance	1,964	354
Line Maintenance (includes expenses for Vehicle)	18,643	3,356

Rs. Lakh

Sudip K. Chakraborty
Chief Engineer (Regulation)
 Regulation Department
 WBSEDCL



Expenditure & GST		
A) Outsourced Jobs: Manpower Related	2021-22	
	Expenditure (Excluding GST)	GST/Municipal & Other Taxes.
Collection Franchisee	1,186	213
Security Expenses	4,222	760
Call Center Expenses in line with ZRC & CRC as per SOP regulation	2,793	503
Back-office Job	214	39
Communication Systems (Lease Rental)	2022	364
Mobile Maintenance Service (includes expenses for Vehicle)	19,231	3,462
Complain Management Mechanism	298	54
Outsourced Cost for Manpower Recruitment	320	58
Total Outsourced Jobs	70,081	12,617
B) Repair & Maintenance Expenses	27,034	4,866
C) Administrative & General Expenses:		
Rent	1,549	279
Insurance	1557	280
Other Administrative & General Expenses:	12,191	1,258
Total	15,297	1,817
D) Employee Cost	362	53
Total GST (A+B+C+D)	1,12,774	19,353
E) Other Taxes Paid (Municipal Tax, Panchayat Tax, Water Tax, Property Tax etc.)		107
Grand Total (A+B+C+D+E)	1,12,774	19,460

GST – Rs.19,353 lakhs + Other Taxes Rs. 107 lakhs = 19,460 lakhs

2.10.3 WBSEDCL in its Tariff Petition for 2021-22 projected Rates and Taxes as Rs. 22,158 lakhs based on the following approach:

Quote from WBSEDCL MYT Tariff Petition for 7th Control Period, para-no. 6.2:

“To provide services for keeping 24x7 power supply to large number of the consumers located in vast network area of WBSEDCL, the number of office establishments, i.e., Customer Care Centre and Divisional Manager

Sudipta Ghosh

Chief Engineer (Regulation)
Regulation Department
WBSEDCL




A

Office have been accordingly increased. Tax on the existing establishments has also been revised / increased by civic bodies from time to time."

"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. Such expense on account of rates and taxes is uncontrollable in the hands of WBSEDCL"

2.10.4 The Hon'ble Commission in the Tariff Order for 7th control Period inappropriately projected the Rates and Taxes for 2021-22 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 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


Chief Engineer (Regulation)
Regulation Department
WBSEDCL



Hon'ble Commission to allow the entire claimed amount of Rates and Taxes for 2021-22, as this is an uncontrollable expense.

- 2.10.5 In view of the above, Rates and Taxes of Rs. 19,460.00 lakhs paid by WBSEDCL in 2021-22 may be considered by the Hon'ble Commission as the expenditure for Rates and Taxes in the APR for 2021-22, the expenditure being uncontrollable in nature.

2.11 Interest on capital borrowings

- 2.11.1 Comparison of actual interest on capital borrowings (net of capitalization) for 2021-22 against that admitted by the Hon'ble Commission for the same period vide the Tariff Order for 2021-22 is shown in the following table.

Table 11: Interest on borrowings for 2021-22

Particulars	2021-22	2021-22	Reference
	(Admitted)	(Actual)	
Interest on capital borrowing	57,810.80	57,029	Note No. 36(A)(I) of Annual Accounts

- 2.11.2 WBSEDCL has borrowed from REC Ltd., PFC Ltd., and other financial institutions to carry out capital works that include upgradation and strengthening works of the sub-transmission and distribution systems 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. Relevant documents of outstanding Govt. loan as on 31.03.2022 has enclosed with Annexure-VI of Volume-I.



2.11.3 As per the Audited Annual Accounts of 2021-22, the interest on capital borrowings (net of capitalization) in 2021-22 is Rs. 57,029 lakhs, the detail of respective loans and interest on capital borrowing there on has been submitted in Form-C in Vol-I with the APR Application.

2.11.4 In the light of above, such amount of Rs. 57,029 lakhs paid by WBSEDCL in 2021-22 as the interest on capital borrowings may be admitted by the Hon'ble Commission in the APR for 2021-22, the expenditure being uncontrollable in nature.

2.12 Other finance charges

Comparison of actual expenses under head 'Other finance charges' for 2021-22 against that admitted by the Hon'ble Commission for the same period vide the Tariff Order for 2021-22 is shown in the following table.

Table 12: Other finance charges for 2021-22

Particulars	2021-22	2021-22	Reference
	(Admitted)	(Actual)	
Other finance charges	1,486	10,172	Note No. 36 & 36(B) of Annual Accounts

2.12.1 As per the Audited Annual Accounts of 2021-22, other finance charges in 2021-22 Rs. 1,831 Lakh for Bank charges. The bank charges include collection charges borne by WBSEDCL in the events of payments made by the consumers and contractors through e-payment viz. 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.

Sudipta Chakrabarty
Chief Engineer (Regulation)
Regulation Department
WBSEDCL



A

2.12.2 Bank Charges for Temporary Accommodation (NHPC Bill Discounting):

Bank Charges for temporary accommodation i.r.o NHPC bill discounting amounting to Rs. 1656.00 Lakh has been claimed under the major head of Other Finance Charges as per para 8.0(ii) of Hon'ble Commission's order dated 21.09.2022.

Therefore, the claim of WBSEDCL amounting to Rs. 1656.00 Lakh may be allowed against cost of Bill Discounting i.e. Bank Charges for temporary accommodation.

2.12.3 Interest on REC Loan (Pre-payment Interest)

In accordance with direction passed in Order No. OA 419/22-23 dated 23.09.2022 of Hon'ble Commission, WBSEDCL has submitted its claim of Rs. 3034.00 Lakh under interest on REC Loan (pre-payment interest) and the same is considered under major head in Other Finance Charges head of account as per para 6.0 of Hon'ble Commission's order dated 23.09.2022.

Therefore, the claim of WBSEDCL amounting to Rs. 3034.00 Lakh may be allowed against interest on REC Loan (pre-payment interest).

2.12.4 Other finance charges for Working Capital Loan

To maintain un-interrupted power supply throughout the licensing area, WBSEDCL has to take maintain adequate working capital and also fund the unrealized regulatory assets. For this WBSEDCL had to resort to working capital loan from time-to-time as and when required. Accordingly, WBSEDCL submitted its claim of Rs. 3652.00 Lakh under finance charges of working capital loan with this APR application and the same is considered under major head in Other Finance Charges head.

Sudipta Choudhury
Chief Engineer (Regulation)
Regulation Department
WBSEDCL



Therefore, the claim of WBSEDCL amounting to Rs. 3652.00 Lakh may be allowed against other finance charges for working capital loan.

2.12.4.1 As per the Audited Annual Accounts for 2021-22, the net impact of 'Ind AS', as considered in this APR Application for 2021-22 is 17 Lakh (refer note No. 33 of Annual Accounts 2021-22). Hence, Rs. 17 lakhs are 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 years.

2.12.5 Hence, total 'Other finance charges' post adoption of Ind AS is Rs. 6538 lakhs (=Rs. 10,172 lakhs + Rs. 17 lakhs) as follows:

Table 13: Total other finance charges for 2021-22

Particulars	Rs. Lakh	
	2021-22 (Admitted)	2021-22 (Actual)
Other finance charges (excluding impact of Ind AS)	1,486	10,172
Impact of Ind AS on Other finance charges	0	17
Total other finance charges (including effects of adoption of Ind AS)	1,486	10,189

2.12.6 Considering the above submission and due to the fact, that 'Other finance charges' are uncontrollable in nature, the other finance charges of Rs. 10,189 lakhs incurred by WBSEDCL in 2021-22 claimed as the other finance charges in the APR for 2021-22.

2.13 Depreciation

2.13.1 Comparison of actual depreciation for 2021-22 against that admitted by the Hon'ble Commission for the same period vide the Tariff Order for 2021-22 is shown in the following table.

Sudipta Chatterjee
Chief Engineer (Regulation)
 Regulation Department
 WBSEDCL

**Table 14: Depreciation for 2021-22****Rs. Lakh**

Particulars	2021-22	2021-22	Reference
	(Admitted)	(Actual)	
Depreciation for Generation	5,558.64	9,406	Form (B) of Vol-I in the APR Application
Depreciation for Distribution	38,809.98	41,975	
Total Depreciation	44,368.62	51,381	

- 2.13.2 As per the Audited Annual Accounts of 2021-22, depreciation in 2021-22 is Rs. 1,20,735 lakhs.
- 2.13.3 As per methodology adopted in the Tariff Order issued by Hon'ble Commission for 7th Control Period in 6.7.3 & 6.7.4 and directed as "6.7.5 WBSEDCL is directed to submit APR Petition in accordance with consideration of depreciable asset as admitted in this Tariff Order....", depreciation has computed after adjustment of depreciation for the Retirements of Original Cost of Assets during the year Rs. 134 Lakhs (refer Form B of Vo-I) and Government grants amounting to Rs. 69,220 lakhs with adjustment of additional loss on Retirement of Generation Assets (Refer Note 33.1of Annual Accounts, Form B of Vol-I in the APR Application)
- 2.13.4 After removing the impact as directed by Commission in the tariff order, net depreciation amounts to Rs.51,381 lakhs.

Table 15: Depreciation for 2021-22 (As claimed by WBSEDEL)**Rs. Lakh**

Particulars	2021-22	2021-22	Reference
	(Admitted)	(Claimed)	
Actual Depreciation		1,20,735	Note 37of Audited Annual Accounts
Less: Retirements of Original Cost of Assets during the year	44368.62	134	Form B of Vol-I in the APR Application

Sudipto Kumar Ghosh
 Chief Engineer (Regulation)
 Regulation Department
 WBSEDCL



Particulars	2021-22	2021-22	Reference
Less: Government Grant		69,220	Note 33.1 of Annual Accounts and Form B of Vol-I in the APR Application
Depreciation (claimed by WBSEDCL)	44368.62	51,381	

2.13.5 In consideration of the above, depreciation of Rs. 51,381 lakhs in 2021-22 may be considered by the Hon'ble Commission as Depreciation in the APR for 2021-22. Detailed calculation of gross depreciation is provided in Form B of Annexure-I in Volume-I this APR Application.

2.14 Interest on Working Capital

2.14.1 As per the Tariff Regulations, Working Capital of WBSEDCL for the year 2021-22 has been computed in the Form 1.17(b) of Annexure-I of Volume-I of this APR Application. After adjustment of security deposit from consumer utilized as working capital there are no claim on account of Interest of Working Capital for the APR for 2021-22.

2.15 Interest on COVID Loan and Loan for AAMPCHAN restoration work

2.15.1 During AAMPCHAN, distribution infrastructure spread over wide area of West Bengal has been seriously damaged. To overcome the situation and restoration of power supply across the network, WBSEDCL had to proceed for additional loan for AAMPCHAN restoration works. Details of availing such loan was submitted before Hon'ble Commission in para 2.16 during APR application for FY 2020-21.

2.15.2 Also, in the circumstances, further to state that WBSEDCL like other power companies have faced severe challenge to keep power supply un-affected during the prolong Lock-Down period due to COVID 19.



Details of availing such loan was submitted before Hon'ble Commission in para 2.16 during APR application for FY 2020-21.

- 2.15.3 Accordingly, additional interest on account of COVID loan and AMPHAN loan has computed as Rs. 8,163 lakhs (Covid Loan Rs. 7,733 lakhs + AMPHAN loan Rs. 430 lakhs) (refer note 36.2 of audited annual accounts) for the year 2021-22 incurred by WBSEDCL may be considered by the Hon'ble Commission as the Interest on COVID loan and AMPHAN restoration work in the APR for 2021-22.

2.16 Employee cost

- 2.16.1 Comparison of actual employee cost for 2021-22 against that admitted by the Hon'ble Commission for the same period vide the Tariff Order for 2021-22 is shown in the following table.

Table 16: Employee cost for 2021-22

Particulars	2021-22	2021-22	Reference
	(Admitted)	(Actual)	
Total employee cost	1,25,752	1,99,849	Note No. 35 of the Audited Annual Accounts and Form 1.17h of Annexure-I in Volume-I

Rs. Lakh

- 2.16.2 As per the Audited Annual Accounts of 2021-22, 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 2021-22 is Rs. 1,99,849 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 Employee cost capitalization of Rs. 5,365 lakhs have been reduced during the computation of employee cost for the year 2021-22 on employee cost capitalization.
- 2.16.4 The "Other Comprehensive Income (OCI)" related to employee cost for 2021-22 as per Note 41 of the Audited Annual Accounts is Rs.29,799 lakhs. Such OCI have 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. 1,70,050 lakhs as shown below:

Table 17: Employee cost after adjustment of OCI for 2021-22

Rs. Lakh

Particulars	Generation	Distribution	Total
Employee Cost as per 1.17h	6,366	1,93,483	1,99,849
Less Allocated OCI	949	28,850	29,799
Net Claim under Employee Cost	5,417	1,64,633	1,70,050

- 2.16.5 So, considering the above impact the actual employee cost of Rs.1,70,050 lakhs incurred by WBSEDCL in 2021-22 may be considered by the Hon'ble Commission as employee cost in the APR for 2021-22.

2.17 Operation and Maintenance expenses for generation

- 2.17.1 Operation and Maintenance expenses (hereinafter referred to as "O&M expenses") for generation business for 2021-22 has been claimed for Hydro Power Stations & PPSP (Excepting solar power plant where norms not fixed) as per norms fixed by Hon'ble Commission in terms of regulation 2.8.6.1 of Tariff Regulations in Tariff Order for the 2021-22 since Regulation 2.5.5 (ii) of the MYT Regulations, 2011 speaks that:

"Any variation arising out of controllable factors during Annual Performance Review using operating norms, wherever applicable, for determinations of allowable normative expenditure on that factor, shall be on the account of licensee or generating company, as the case may be subject to other terms and conditions under these regulations;" (Emphasis supplied)

- 2.17.2 Hence claim against the admitted amount of the Hon'ble Commission for the period 2021-22 is shown in the following table.

**Table 18: O&M expenses for generation for 2021-22****Rs. Lakh**

Particulars	2021-22	2021-22
	(Admitted as per Norms)	(Claimed)
O&M expenses for Generation	5,682.06	5,655.61

Details of station wise claim as follows:

O&M expense for Generation - 2021-22						
Generating Stations	Capacity	Norms for 2019-20	Norms for 2020-21 with 4.02% inflation	Norms for 2021-22 with 4.02% inflation	Total Claim in 2021-22	Admitted in 2020-21
	MW	Lakh/MW			Rs.in Lac	Rs.in Lac
Rammam	51	12.21	12.70	13.21	673.78	673.71
Jaldhaka I&II	36	17.58	18.29	19.03	685.08	685.08
PPSP	900	2.71	2.82	2.93	2,639.04	2,637.00
Small Hydro	88.1	17.39	18.09	18.82	1,657.71	1,686.27
Total					5,655.61	5,682.06

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. Subsequently other 10 MW solar plants have also been set up in different part of the State by WBSEDCL following same principle. **Since Teesta Canal Bank Solar PV Plant has already completed its five (5) years of operation,**

Sudipta Chakrabarty
 Chief Engineer (Regulation)
 Regulation Department
 WBSEDCL



WBSEDCL has already applied for fixation of norms for solar power plant which will be claimed in subsequent APR application.

- 2.17.3 The Hon'ble Commission in the Tariff Order for 2021-22 has admitted Rs. 5,655.61 lakhs as norms for O&M expenses for Rammam, Jaldhaka, Small Hydro, and PPSP power plants which has been claimed as generation O&M expenses in the APR for 2021-22.

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 2021-22 against that admitted by the Hon'ble Commission for the same period vide the Tariff Order for 2021-22 is shown in the following table.

Table 19: R&M, A&G, and Outsourcing expenses for distribution for 2021-22

Rs. Lakh

Particulars	2021-22	2021-22	Reference
	(Admitted)	(Actual)	
R&M Expenses for distribution	33,942.19	26,051	Note 38A, 38B and 38C of Annual Accounts and Auditor Certificate in Annex-5 of Vol-II
A&G Expenses for distribution	15,415.00	11,336	
Outsourcing Expenses for distribution	67,012.96	65,257	
Total	1,16,370.15	1,02,644	

- 2.18.2 The actual R&M expense, A&G expense, and Outsourcing expense for WBSEDCL's distribution business in 2021-22 is Rs. 1,02,644 lakhs



including R&M expenses for distribution Rs. 26,051 lakhs, A&G expenses excluding Rate & Taxes and Insurance Rs. 11,336 lakhs and Outsourced jobs – Manpower related excluding lease rental and complaint management expenses Rs. 65,257 lakhs (as per segment break-up of auditor's certificate for Note 38 and Form E in Annexure-I of Vol-I in the APR application).

- 2.18.3 WBSEDCL supplies electricity to around 2.14 crore consumers spread across almost the entire area of the state of West Bengal during prolong Lock down period of COVID 19 when the operation of commercial & industrial establishments faced severe restriction. In such adverse situation due to Lock down, the employees of WBSEDCL served the consumers providing all sorts of consumer services.
- 2.18.4 WBSEDCL undertakes repair and maintenance activities to maintain its ever-growing network and to ensure network reliability and 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 characteristics results in challenges in carrying out repair and maintenance works.
- 2.18.5 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.
- 2.18.6 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.



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 2021-22 is Rs. 1,02,644 lakhs Total O&M and outsourcing expenditure for distribution activities has decreased from admitted amount for the year 2021-22.

- 2.18.7 Hon'ble Commission has admitted the amount of R&M expenses and A&G expenses for 2021-22 as claimed by WBSEDCL in the MYT petition for 7th control period.
- 2.18.8 In spite of adverse situation faced during 2021-22 as stated above overall R&M expenses for distribution has reduced during 2021-22 comparison to amount admitted in Tariff order for 2021-22 by Hon'ble Commission though network & consumer has increased.
- 2.18.9 Actual outsourcing expenses have decreased around 3% compared to the admitted expenditure in the tariff order 2021-22. Although
- WBSEDCL has created 1 No. additional customer care center (CCC) in 2021-22 to improve the quality service to the consumers. (Refer Auditor's Certificate in Annexure 16A of Vol-II in this APR application). WBSEDCL has introduced new services engaged by outsourced agencies in newly created 1 No. 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 26 numbers of additional vehicles in 2021-22 for HT and LT mobile maintenance services throughout the network to ensure the services towards consumers (Refer Auditor's Certificate in Annexure 16A of Vol-II in this tariff application).
- WBSEDCL has commissioned 17 numbers additional 33/11 KV substation in 2021-22 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 1 new CCC and 17 Nos. 33 KV Sub-station during 2021-22.

- Following are the comparison of outsourced manpower for 2020-21 & 2021-22:

Table 20: Comparison of outsourced manpower increased in 2021-22

Area of Operation	Outsourced Manpower		
	2020-21	2021-22	Increase in 2021-22
LT (Mobile Maintenance) (including Supervisor)	8459	8562	103
HT (Mobile Maintenance) (including Supervisor)	9551	9736	185
Sub Station (O&M)	1876	1981	105
Security Personnel	3022	3035	13
Call Centre (ZCC & CFO)	1576	1576	0
Meter Reading & Bill Distribution (Spot Billing)	5700	5700	0
Collection Franchisee (Kiosk Operation)	759	759	0
Total	30943	31349	406

Sudipto Choudhury
 Chief Engineer (Regulation)
 Regulation Department
 WBSEDCL



Overall increase of outsourced manpower in 2021-22 with respect to 2020-21 is 1.31%

- From the above table it has shown that WBSEDCL has engaged additional 406 manpower under different categories to ensure quality services towards consumers. (Refer Auditor's Certificate in Annexure 13A 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, spot billing, and bill collection, contractual rates for which are fixed through competitive bidding. Form the revised rate contracts, it has shown that daily wages have increased from time-to-time as per Government notification, causing increase of outsourced manpower cost.

2.18.10 The Hon'ble Commission in the Tariff Order for 2021-22 projected the O&M expense and Outsourcing expenses for 2021-22 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.

- 2.18.11 The Hon'ble Commission issued the Tariff Order for 2021-22 on 28.03.22, so there is no scope for WBSEDCL to control the additional expenses because actual control period was already over at that time.
- 2.18.12 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 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 Outsourcing expenses for 2021-22.
- 2.18.13 In view of the above, the R&M, A&G and Outsourcing expenses of Rs. 26,051 lakhs, Rs.11,336 lakhs, and Rs. 65,257 lakhs incurred by WBSEDCL in 2021-22 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 2021-22.

2.19 Expenditure for Complaint Management Mechanism

2.19.1 Comparison of actual expenditure for Complaint Management Mechanism for 2021-22 against that admitted by the Hon'ble Commission for the same period vide the Tariff Order for 2021-22 is shown in the following table.

Table 21: Complaint Management Mechanism expenditure for 2021-22

Rs. Lakh

Particulars	2021-22	2021-22	Reference
	(Admitted)	(Actual)	
Complaint Management Mechanism expenditure	353.00	298.00	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.

As per Audited Annual Accounts of WBSEDCL for 2021-22, the expenditure for Complaint Management Mechanism in 2021-22 is Rs. 298.00 lakhs.

2.19.3 Thus, the actual expenditure for Complaint Management Mechanism of Rs. 298.00 lakhs incurred by WBSEDCL in 2021-22 may be considered by the Hon'ble Commission as the expenditure for Complaint Management Mechanism in the APR for 2021-22.

Chief Engineer (Regulation)
Regulation Department
WBSEDCL



2.20 Expenditure for lease rental line

- 2.20.1 Comparison of actual expenditure for lease rental line for 2021-22 against that admitted by the Hon'ble Commission for the same period vide the Tariff Order for 2021-22 is shown in the following table.

Table 22: Lease rental line expenditure for 2021-22

Rs. Lakh

Particulars	2021-22	2021-22	Reference
	(Admitted)	(Actual)	
Lease rental line	1,684	2022	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 general practice since inception of ERP system the service was being accepted at the end of financial year after downtime calculation which is a time-consuming process. The downtime calculation and service verification took additional efforts along with the requirement for compliance and resultant in overlapping of service verification during the year 2020-21 and 2021-22.

During prolong Lock down period during COVID 19 & restriction imposed on manpower attending other than emergency services, the adjustment of lease line bill after down time reconciliation could be completed in 2021-22. Thus, lease line expenditure has reduced sharply in 2020-21 & the same expenditure has increased in 2021-22. Hence



A

this expenditure may be considered for both years 2020-21 & 2021-22 overall w.r.t admitted value.

- 2.20.4 Accordingly, as per Audited Annual Accounts of WBSEDCL for 2021-22, the expenditure for lease rental line in 2021-22 is Rs. 2022 lakhs
- 2.20.5 In view of above, the actual lease rental line expenditure for maintaining the MPLS VPN connectivity belongs to Rs. 2022 lakhs incurred by WBSEDCL in 2021-22 as the expenditure for lease rental line claimed by WBSEDCL in the APR for 2021-22.

2.21 Expenditure for Insurance

- 2.21.1 Comparison of actual expenditure for Insurance for 2021-22 against that admitted by the Hon'ble Commission for the same period vide the Tariff Order for 2021-22 is shown in the following table.

Table 23: Insurance expenditure for 2021-22

Particulars	2021-22	2021-22	Reference
	(Admitted)	(Actual)	
Insurance expenditure	1,257.12	1,557	Note No. 38(C) of the Audited Annual Accounts

Rs. Lakh

- 2.21.2 As per the Audited Annual Accounts of 2021-22, the expenditure for insurance in 2021-22 is Rs. 1,557 lakhs.
- 2.21.3 In view of above, the actual Insurance expenditure of Rs. 1,557 lakhs incurred by WBSEDCL in 2021-22 may be considered by the Hon'ble Commission as the expenditure for Insurance expenses in the APR for 2021-22.
- 2.22 Comparison of total Operation and Maintenance Expenses as admitted by the Hon'ble Commission in Para 6.4.1, 6.4.2, 6.4.3, 6.4.4, 6.5, 6.6 of Tariff Order for 2021-22 against the actual expenses for the

Sudipto Thakur
Chief Engineer (Regulation)
Regulation Department
WBSEDCL



corresponding heads as incurred by WBSEDCL in 2021-22 is shown in the following table.

Table 24: Total Operation and Maintenance Expenses for 2021-22

Rs. Lakh

Particulars	2021-22	2021-22	Reference
	(Admitted)	(Actual)	
Operation & Maintenance for Generation	5,682.06	5,682.06	Note 38 (A), 38 (B) & 38 (C) of the Audited Annual Accounts auditor's certificate for Note 38 and Form E in Annexure-II of Vol-I in the APR application
Operation & Maintenance for Distribution	47294.19	37,387	
Outsourcing expenses for Distribution	67,013	65,257	
Lease Rental Line	1,684	2022	
Complaint Management Mechanism	353	298	
Insurance	1,257.12	1557	
Rates & Taxes for Generation	729	525	
Rates & Taxes for Distribution	10,453.93	18,935	
Total	1,34,466.30	1,31,663.06	

2.23 From the above table it can be seen that the actual total Operation and Maintenance Expense of Rs. 1,31,663.06 lakhs are lower than Rs. 1,34,466.30 lakhs as admitted by the Hon'ble Commission in the Tariff Order for 2021-22. In view of this, the said actual expense of Rs. 1,31,663.06 lakhs may be considered by the Hon'ble Commission in the APR for 2021-22.

2.24 Bad debt

2.24.1 The Hon'ble Commission in the Tariff Order for 7th control period did not consider any amount under the head bad debt for 2021-22. Bad debt actually has been written off during 2021-22 is Rs. 10,723 lakhs as per the Audited Annual Accounts 2021-22. (Refer Note 38(D)).



- 2.24.2 In view of above, the actual expenditure of Rs. 10,723 lakhs incurred by WBSEDCL in 2021-22 may be considered by the Hon'ble Commission as Bad Debt expenses in the APR for 2021-22.

2.25 Other expenses

- 2.25.1 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 2021-22 did not consider any amount under the head 'Other expenses' for 2021-22. 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.
- 2.25.2 As per the Audited Annual Accounts of 2021-22, the other expenses in 2021-22 is Rs. 7805 lakhs (Rs. 466 lakhs on account of loss on obsolescence of inventory after adjustment of scrap sale, Rs. 299 lakhs on account of solatium on death/damages – outsiders **and Rs. 7,040 lakhs on account of Loss of receivable for sale of land**).

Table 25: Total Other Expenses for 2021-22

Particulars	2021-22	2021-22	Reference
	(Admitted)	(Actual)	
Other Items - for contingent expenses like compensation to outsiders, staff of death/ damage/ injuries and safety awareness programme including and loss on obsolescence of inventory	0.00	7,805	Note No. 38(D) and 33 of the Audited Annual Accounts

- 2.25.3 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



A

WBSEDCL with overhead bare conductors is widespread throughout the state, including difficult terrain and remote rural areas.

As per directive given in APR Order for the year 2015-16, details break up of above expenditure with reason is furnished through Annexure- III of Volume-I for consideration of Hon'ble Commission.

- 2.25.4 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.
- 2.25.5 In view of the above, expenses of Rs. 466 lakhs on account of loss on obsolescence of inventory after adjustment of scrap sale (as per Note 38-D and 33 of Annual Accounts) and Rs. 299 lakhs on account of solatium on death/damages – outsiders Rs. 7,040 lakhs on account of Loss of receivable for sale of land) (as per Note 38-D of Annual Accounts) incurred by WBSEDCL in 2021-22 may be considered by the Hon'ble Commission as other expenses in the APR for 2021-22. Break-up data on loss on obsolescence of inventory is furnished through Annexure- IV of Volume-I for consideration of Hon'ble Commission.
- 2.25.6 In FY 19-20, WBSEDCL transferred some parcel of lands to WBSETCL for construction of sub-station and other allied activities. The income for the same has already passed on to consumers in the APR FY 19-20. Later on, WBSEDCL got the information that the said land was a vested


Chief Engineer (Regulation)
Regulation Department
WBSEDCL



land, and any surplus land shall be relinquished and after resumption L&LR and R&RR department will settle the land in favor of WBSETCL by taking lease premium and rent at market price. So, WBSEDCL has considered a loss of account of receivable for sale of land amounting Rs. 7,040 lakhs with this APR application 2021-22.

- 2.25.7 Therefore, net claim of Rs.7805.00 Lakh is prayed before Hon'ble Commission on account of "Other Expenses" head of account adjusting Income from sale of Scrap as per Note 33 Other Expense (Table 26 of this APR Application) of Rs. 7805.00 Lakh.

2.26 Return on Equity

- 2.26.1 The Hon'ble Commission in the Tariff Order for 7th Control Period admitted pre-tax Return on Equity (hereinafter referred to as "ROE") for FY 2021-22 of Rs. 36,931.45 lakh for the year 2021-22 (ROE for Generation Rs. 4,723.78 lakhs and ROE for Distribution Rs. 32,207.67 lakhs).

- 2.26.2 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."

- 2.26.3 In accordance with the above regulatory provision, the pre-tax ROE has been computed for 2021-22 in Form 1.22 of Annexure-I in Volume-I of this APR Application, as per provisions of the Tariff Regulations. Such



ROE for 2021-22 becomes Rs. 38,574 lakhs. No equity addition has been considered for generation assets but actual addition of equity base for distribution assets Rs. 9353 lakhs have been considered during 2021-22 for computation of actual ROE. Thus, it may be considered by the Hon'ble Commission as ROE in the APR for 2021-22.

Table 26: Return on Equity for 2021-22

Particulars	Rs. Lakh	
	2021-22 (Admitted)	2021-22 (Actual)
ROE for Generation	4,723.78	0
ROE for Distribution	32,207.67	38,574
Total	36,931.45	38,574

2.26.4 Equity addition by WBSEDCL for Turga Generation project Rs. 7,050 lakhs. Since, this project is not 'put in use' in 2021-22, so WBSEDCL hereby not claiming any ROE on this equity addition with this APR 2021-22.

2.26.5 In view of the above Rs.38,574 lakhs on account of ROE for generation and distribution function of WBSEDCL in 2021-22 may be considered by the Hon'ble Commission in the APR for 2021-22.

2.27 Minimum Alternate Tax

2.27.1 WBSEDCL submits that in this APR Application, ROE is claimed on pre-tax basis, and hence MAT is claimed separately by WBSEDCL in this APR Application amounting to Rs. 2,425 Lakh (Refer Note no 42: Taxation of annual accounts for 2021-22). Relevant IT assessment for 2018-19 & 19-20 have submitted to Hon'ble Commission with the APR application 2019-20.

2.27.2 In view of the above Rs. 2,425 lakhs on account of MAT of WBSEDCL in 2021-22 may be considered by the Hon'ble Commission in the APR for 2021-22.

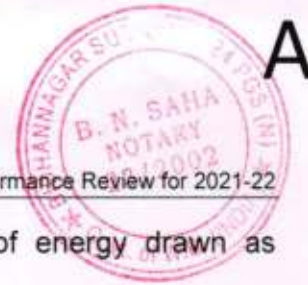


A

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

- 2.28.1 The Hon'ble Commission in the Tariff Order for 7th Control Period did not consider any net Deviation Settlement Mechanism (hereinafter referred to as "DSM") charges receivable or payable for FY 2021-22.
- 2.28.2 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.
- 2.28.3 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 429.679 MU of energy has been drawn from the grid and 324.516 MU of energy has been injected into the grid as Deviation / UI during the year 2021-22. Such injection and drawal of Deviation have been done in accordance with the prevailing regulations without violating the grid discipline. As per Note 32 and 34 (A) of the Audited Annual Accounts of WBSEDCL for 2021-22, the net DSM charges is Rs. 14,497 lakhs (DSM charges payable Rs. 14,905 lakhs and DSM charges receivables is Rs.408 lakhs).
- 2.28.4 WBSEDCL in its Tariff Petition for 2021-22 did not consider any net DSM charges payable for 2021-22 and stated that the same will be considered on actual basis in the APR Application
- 2.28.5 In view of the above, expenses of Rs. 14,497 lakhs incurred by WBSEDCL in FY 2021-22 may be considered by the Hon'ble

Subhojit Chatterjee
Chief Engineer (Regulation)
Regulation Department
WBSEDCL



Commission as DSM charges payable or cost of energy drawn as deviation in the APR for FY 2021-22.

2.29 Income from non-tariff sources

2.29.1 Comparison of actual income from non-tariff sources for FY 2021-22 against that admitted by the Hon'ble Commission for the same period vide the Tariff Order for FY 2021-22 is shown in the following table.

Table 27: Income from non-tariff sources for FY 2021-22

Particulars	2021-22	2021-22	Reference
	(Admitted)	(Actual)	
Income from non-tariff sources	83,789	73,386	Note No. 32, 33, and 33A of Audited Annual Accounts and Form 1.26 of Annexure-I in Volume-I of this APR Application.

Rs. Lakh

2.29.2 For 2021-22, the total income from non-tariff sources is Rs.73,386 lakhs as computed in Form 1.26 of Annexure-I in Volume-I of this APR Application, includes the following:

- (a) Rs. 29,482 lakhs as Rental of meters and other apparatus hired out.
- (b) Rs. 2357 lakhs as Dis-connection & Re-connection Charges.
- (c) Rs. 892 lakhs as Income from Investments and Bank Balances (Rs. 880 lakhs as Interest Income from banks on Fixed Deposits & Other Deposits, Interest on Staff Loan & Advances Rs. 9 lakhs and Interest from Licensees, Suppliers/Contractors, Consumers Rs. 3 lakhs = Rs. 892 lakhs).
- (d) Rs. 32,315 lakhs as Surcharge for Late Payments.
- (e) Rs. 38 lakhs as other miscellaneous charges from service to consumers premises.



A

Application seeking Annual Performance Review for 2021-22

- (f) Rs. 3452 lakhs as Transmission/Wheeling charges
- (g) Rs.4850 lakhs as other income (Refer Note 33 of Audited Annual Accounts of 2021-22 and Form 1.26 of Annexure-I in Vol-I of this APR application). Details of the same as below:

Table 28: Other General receipts arising from and ancillary or incidental to the business of electricity for FY 2021-22

Rs. Lakh

Other non-operating Income	
Particulars	2021-22 (Actual)
Consulting Income	61
Recovery of Cost of Collection-Electricity Duty	1,531
Tender Paper	39
Rental from Staff Quarters	435
Rental from Contractors	16
Rental from Others	283
Penalty deducted from Contractor/Supplier	361
Other misc. income	2,065
Insurance Claim settlement	81
Less: Insurance Claim receivables write-off	22
Total:	4850

- 2.29.3 Considering (a) to (g), total income from non-tariff sources becomes Rs. 73,386 lakhs for the year 2021-22 which may be considered by the Hon'ble Commission as income from non-tariff sources in the APR for 2021-22.

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

- 2.30.1 The Hon'ble Commission in the Tariff Order for 7th Control Period stated that ".....in general the benefits from sale of power to persons other than the consumers and licensee of the commission will be passed on to the consumers/licensees on actual basis through APR of the concerned

Sudipta Newkhopadhyay
 Chief Engineer (Regulation)
 Regulation Department
 WBSEDCL



year only instead of tariff order on projection basis. Commission accordingly does not admit any amount under this head for 2020-21, 2021-22 & 2022-23."

- 2.30.2 Accordingly, the net benefits from sale of power to person other than the consumers and licensee during 2021-22 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 2021-22 is Rs. 108,647 lakhs.
- 2.30.3 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 allowing a benefit of Rs.54,324 lakhs (being 50% of the total benefits from sale of power to person other than the consumers and licensee) to be shared by WBSEDCL. Entity-wise quantum of power sold during the year 2021-22 is enclosed as Annexure-V in Volume-I.

2.31 Interest credit on depreciation

- 2.31.1 Comparison of actual computed interest credit on depreciation for 2021-22 against that admitted by the Hon'ble Commission for the same period vide the Tariff Order of 7th Control Period for 2021-22 is shown in the following table.

Table 29: Interest credit on depreciation for 2021-22

Particulars	Rs. Lakh	
	2021-22 (Admitted)	2021-22 (Actual)
Interest credit on depreciation	918.24	0

- 2.31.2 WBSEDCL has computed the interest credit on depreciation for 2021-22 in Form 1.17(g) of Annexure-I in Volume-I of this APR Application, and



value for the same become zero, so there is no claim on account of interest credit on depreciation in the APR for 2021-22.

2.32 Repayment of Bonds for Pension Fund

2.32.1 Comparison of actual repayment Bonds for Pension Fund for FY 2021-22 against that admitted by the Hon'ble Commission for the same period vide the Tariff Order of 7th Control Period for FY 2021-22 is shown in the following table.

Table 30: Repayment of Bonds for Pension Fund for FY 2021-22

Particulars	Rs. Lakh	
	2021-22 (Admitted)	2021-22 (Actual)
Repayment of Bonds for Pension Fund	30,600	0

2.32.2 WBSEDCL in its MYT petition for 7th Control period for FY 2021-22 projected principal repayment of Rs. 45,900 lakhs for the Pension Trust Bond. Repayment of Pension Trust Bond has been taken up with GoWB, being Govt. Guaranteed Bonds, to provide fund to avoid financial burden of the company. But WBSEDCL has not paid any amount under principal repayment for 2021-22 (refer Note 18 (A) (iii) of WBSEDCL's Audited Annual Accounts for 2021-22).

2.33 Carrying cost of regulatory assets

2.33.1 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."

2.33.2 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: -

- (d) Safeguarding of consumers interest and at the same time, recovery of the cost of electricity in a reasonable manner.
- (i) The National Electricity Policy and tariff policy.



2.33.3 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.

2.33.4 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."

2.33.5 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 2021-22 so that WBSEDCL may carry out its business in a reasonable and efficient manner.



2.33.6 Temporary accommodation:

In APR Order for the year 2018-19 & 2019-20, Hon'ble Commission has disallowed carrying cost on account of the Appellant neither having resorted to any additional borrowings to meet up the gap in the absence of release of regulatory assets so claimed, nor having claimed interest on temporary accommodation in terms of Regulation 5.6.5.4 of the Tariff Regulations.

In this regard, please take note of the fact that Note 18 & 24 of Annual Accounts for FY 2021-22 submitted by WBSEDCL along with APR Application depicts the status of working capital loans availed by WBSEDCL. Moreover, specifically Note 24.5 C (iii) provides loan-wise details and Note 24.3 states that the loans were availed considering the regulatory asset of WBSEDCL.

In this regard, it is relevant to set out Regulation 5.6.5.4 of the MYT Regulations, 2011 hereinbelow:

"5.6.5.4 The Commission may allow, if considered necessary, interest on temporary financial accommodation taken by the generating company / licensee from any source to a reasonable extent of unrealized arrears from the consumers / beneficiaries.

(Emphasis Supplied)

It is submitted that the aforesaid regulatory provision for availing temporary accommodation clearly specifies that such loan may be allowed for "unrealized arrears". It is to be noted that arrear amount crystallizes after the Ld. Commission determines the quantum of claim in APR order(s) and thereafter, specifies the manner of realization of such claim. Till such time, the claim amount is treated as regulatory asset as a whole and only after the arrears are determined by Ld. Commission, but realization is delayed, temporary accommodation may be considered. Thus, before determination of arrear through APR order(s),



the same cannot come under the category of temporary accommodation.

However, WBSEDCL is claiming carrying cost overall, not as interest on temporary accommodation in terms of Regulation 5.6.5.4 of the MYT Regulations, 2011.

- 2.33.7 Hon'ble Commission vide Order against Case No. SM/-30/21-22 dated 06.04.2022 provides that interest on working capital assessed on normative basis at the rate one-year MCLR of SBI as on the 1st April of the year concerned year plus 350 basis points. Relevant portion of Tariff Policy is reproduced below:

"Para 6.0 :.....tariff determination process the rate of interest for computation of interest of working capital, assessed on normative basis, shall be based on the One-Year Marginal Cost of Lending rate (MCLR) of the State Bank of India as on 1st April of the Year, proceeding for which the tariff proposed to be determined, plus 350 basis points, to be effective on and from 1st April 2016.....During APR for the concerned year interest on working capital will be allowed on the amount so assessed on normative basis, or the actual amount of interest paid, whichever is lower ."

- 2.33.8 Carrying cost of Regulatory asset portion claimable from Railway for the points taking power under deemed Licensee mode:

It is submitted that carrying cost on Regulatory asset portion claimable from Railway for the points taking power under deemed Licensee mode may please be determined separately along-with its portion of Regulatory asset.

- 2.33.9 During computation of carrying cost WBSEDCL has considered the admitted amount as mentioned by Hon'ble Commission in different APR and Tariff Orders from time to time. APR claim derived after consideration of 2nd supplementary FPPCA and supplementary of APR



application for 2020-21 and adjustment of balance amount of security deposit after utilization in Working capital requirement. Accordingly,

Computation of Carrying Cost for 2121-22 (Amount in Rs. lakh)							
Year	Carrying Cost		APR Order 2017-18	APR Order 2018-19	APR Order 2019-20	APR application for 2020-21	Total
	Admitted/Applicati on Amount		57112.26	125618.84	190135.34	484214.71	857081.155
2021-22	Rate	7.44%					
	Amount	In Lakh	4,249.15	9,346.04	14,146.07	36,025.57	63,766.84

2.33.10 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 judgment of APTEL/ WBERC against the appeal of WBSEDCL in this respect for the consideration of Hon'ble Commission in future.

2.33.11 Total carrying cost against regulatory asset and arrear amount becomes Rs. 63,766.84 lakhs. The computation of such carrying cost has been done for the year 2021-22 is enclosed as Annexure-IV of Volume-I of this APR Application

2.33.12 Thus, WBSEDCL requested Hon'ble Commission to consider such carrying cost amounting to Rs. 63,766.84 lakhs. in 2021-22 in the APR for 2021-22 as these are uncontrollable in nature.

2.34 According to the approved Tariff Order by Hon'ble Commission for 7th Control Period, total adjustment of Regulatory Assets allowed for 2021-22 as Rs. 9,72,420 lakhs which has now claimed by WBSEDCL with this



A

APR Application with net admissible fixed cost. (Refer E(B) of data sheet Volume-I of APR application)

- 2.35 From the 'Form E' of Annexure-I of Volume-I of this APR Application, net admissible fixed cost for 2021-22 comes to Rs. 9,72,420 lakhs as per the Tariff Regulations.
- 2.36 WBSEDCL submits that the amount recoverable through APR Application for 2021-22 after adjustment of variable cost as per FPPCA Application for 2021-22 becomes Rs. 2,73,765 lakhs. The break-up of such recoverable amount is given in the following table.

Table 31: Total Amount recoverable through APR Application for 2021-22 after adjustment of variable cost as per FPPCA Application for 2021-22

Rs. Lakh

Sl. No.	Item	Unit	Amount	
1	Variable cost as per FPPCA application for 2021-22	Rs. lakh		16,18,439
2	Net fixed cost as per APR application for 2021-22	Rs. lakh		9,72,420
3	Total realisable sales revenue for 2021-22 [(1) +(2)]	Rs. lakh		25,90,859
4	a1) Revenue from sale of power as per Annual Accounts 2021-22	Rs. lakh	26,19,210	
	a2) Less: Revenue from sale of power to persons other than licensees or any consumers and power swap out as per Annual Accounts 2021-22	Rs. lakh	(3,02,116)	
5	Net sales revenue for 2021-22 [4(a1)+4(a2)]	Rs. lakh		23,17,094
6	Net revenue recoverable for 2021-22 [(3) - (5)]	Rs. lakh		2,73,765

Hence Rs. 2,73,765 lakhs may now be considered for release during the issuance of APR Order for 2021-22.

- 2.37 During the year the sale quantum of Railways included in the total sale quantum of WBSEDCL is 1275.695 MU against total sale of 33,222.554 MU. Hon'ble Commission may determine the proportionate revenue recoverable from Railways for the year 2021-22 in line with the order of the commission OA/432/22-23 dated 16.22.2022.

Sudipta Chakrabarty
 Chief Engineer (Regulation)
 Regulation Department
 WBSEDCL



- 2.38 In addition to the above Hon'ble Commission may consider release of Rs. 1,07,283 lakhs equivalent to excess payment on account of trust liability which has withheld in different APR Orders from 2013-14 to 2017-18 (refer Annexure – 21 of Vol-II of APR application 2021-22)
- 2.39 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 2021-22.
- 2.40 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 2021-22. So, such expenditure may be allowed by the Hon'ble Commission as per the APR Application for 2021-22.
- 2.41 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.
- 2.42 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.
- 2.43 Impact of APR of 2021-22 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.



3. Prayer

WBSEDCL respectfully prays to the Hon'ble Commission:

- (a) To admit this Application seeking Annual Performance Review of 2021-22
- (b) To approve net fixed cost of Rs. 2,73,765 lakhs for 2021-22 in respect of WBSEDCL.
- (c) To approve an amount of Rs. 16,18,439 lakhs as recoverable after adjustment of variable cost as per FPPCA application for 2021-22 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.

Sudip Choudhury
Chief Engineer (Regulation)
Regulation Department
WBSEDCL