West Bengal Electricity Regulatory Commission

Corrigendum to the Tariff Order dated 04.03.2015 of the Commission including the corrigendum dated 19.03.2015 in regard to the Tariff Application of the Durgapur Projects Limited (DPL) for the years 2014-2015 to 2016-2017 in Case No TP-55/13-14

Attention of the Commission has been drawn to a typographical error / apparent mistake in the tariff order dated 04.03.2015 passed by the Commission including the corrigendum dated 19.03.2015 in regard to the Tariff Application of the DPL for the years 2014-2015 to 2016-2017 in Case No: TP-55/13-14 .

The Commission is of the considered opinion that in the interest of all concerned such typographical error / apparent mistake which do not have any effect on tariff determination already made inadvertently in the said tariff order including the aforesaid corrigendum, be corrected and necessary corrigendum be issued. The Commission accordingly carries out such correction keeping in view the provisions of Section 94 of the Electricity Act, 2003 and directs the Secretary to issue the following corrigendum :-

Correction of the typographical error / apparent mistake in the Tariff Order dated 04.03.2015 including corrigendum dated 19.03.2015 in respect of DPL.

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Page No	***Nomenclature***	***Present Description***	***Corrected Description***
106	Some of the signs in first column with the column heading "Power Factor (PF) Range in %" of the Table "Power Factor Rebate & Surcharge on Energy Charge in Percentage" in the corrigendum.	Power Factor (PF) Range in %	Power Factor (PF) Range
		PF > 0.99%	PF > 0.99
		PF > 0.98% & PF ≤ 0.99%	PF > 0.98 & PF ≤ 0.99
		PF > 0.97% & PF ≤ 0.98%	PF > 0.97 & PF ≤ 0.98
		PF > 0.96% & PF ≤ 0.97%	PF > 0.96 & PF ≤ 0.97
		PF > 0.95% & PF ≤ 0. 96%	PF > 0.95 & PF ≤ 0. 96
		PF > 0.94% & PF ≤ 0.95%	PF > 0.94 & PF ≤ 0.95
		PF ≥ 0.93% & PF ≤ 0.94%	PF ≥ 0.93 & PF ≤ 0.94
		PF ≥ 0.92% & PF < 0.93%	PF ≥ 0.92 & PF < 0.93
		PF ≥ 0.86% & PF < 0.92%	***PF ≥ 0.86 & PF < 0.92***
		PF ≥ 0.85% & PF < 0. 86%	PF ≥ 0.85 & PF < 0. 86
		PF ≥ 0.84% & PF < 0. 85%	PF ≥ 0.84 & PF < 0. 85
		PF ≥ 0.83% & PF < 0.84%	PF ≥ 0.83 & PF < 0.84
		PF ≥ 0.82% & PF < 0. 83%	PF ≥ 0.82 & PF < 0. 83
		PF ≥ 0.81% & PF < 0.82%	PF ≥ 0.81 & PF < 0.82
		PF ≥ 0.80% & PF < 0. 81%	PF ≥ 0.80 & PF < 0. 81
		PF < 0.80%	PF < 0.80

Page No	***Nomenclature***	***Present Description***	***Corrected Description***
126	From 6th line to 9th line in clause (i) under paragraph 8.5 of the tariff order.	Such calculation sheet shall also specifically mention the received fuel bill which has not been considered or partly considered in the said MVCA in pursuance to note (g) under sub-paragraph (e) of paragraph A of Schedule – 7B of the Tariff Regulations.	Such calculation sheet shall also specifically mention the received fuel bill and/or power purchase bill which has not been considered or partly considered in the said MVCA in pursuance to note (g) under sub-paragraph (e) of paragraph A of Schedule – 7B of the Tariff Regulations.

Sd/-
(SUJIT DASGUPTA)
MEMBER

Dated: 25.05.2015

West Bengal Electricity Regulatory Commission
Corrigendum to the Order dated 04.03.2015 of the Commission in regard to the Tariff Application of the Durgapur Projects Limited (DPL), for the year 2014-2015 in Case No TP-55/13-14

Attention of the Commission has been drawn to a typographical error / apparent mistake in the tariff order dated 04.03.2015 passed by the Commission in regard to the Tariff Application of the DPL, for the year 2014-2015 in Case No: TP-55/13-14 .

The Commission is of the considered opinion that in the interest of all concerned such typographical error / apparent mistake which do not have any effect on tariff determination already made inadvertently in the said tariff order, be corrected and necessary corrigendum be issued. The Commission accordingly carries out such correction keeping in view the provisions of Section 94 of the Electricity Act, 2003 and directs the Secretary to issue the following corrigendum :-

Correction of the typographical error / apparent mistake in the Tariff Order dated 04.03.2015 in respect of DPL.

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Page No	Nomenclature	Present Description	Corrected Description
106	Some of the signs in first column with the column heading "Power Factor (PF) Range in %" of the Table "Power Factor Rebate & Surcharge on Energy Charge in Percentage" under sub-paragraph 7.3.7.1 are erroneously printed.	Power Factor (PF) Range in %	Power Factor (PF) Range in %
		PF > 0.99	PF > 0.99%
		PF > 0.98 & PF < 0.99	PF > 0.98% & PF ≤ 0.99%
		PF > 0.97 & PF < 0.98	PF > 0.97% & PF ≤ 0.98%
		PF > 0.96% & PF < 0.97%	PF > 0.96% & PF ≤ 0.97%
		PF > 0.95% & PF < 0. 96%	PF > 0.95% & PF ≤ 0. 96%
		PF > 0.94% & PF < 0.95%	PF > 0.94% & PF ≤ 0.95%
		PF > 0.93% & PF < 0.94%	PF ≥ 0.93% & PF ≤ 0.94%
		PF > 0.92% & PF < 0.93%	PF ≥ 0.92% & PF < 0.93%
		PF > 0.86% & PF < 0.92%	PF ≥ 0.86% & PF < 0.92%
		PF > 0.85% & PF < 0. 86%	PF ≥ 0.85% & PF < 0. 86%
		PF > 0.84% & PF < 0. 85%	PF ≥ 0.84% & PF < 0. 85%
		PF > 0.83% & PF < 0.84%	PF ≥ 0.83% & PF < 0.84%
		PF > 0.82% & PF < 0. 83%	PF ≥ 0.82% & PF < 0. 83%
		PF > 0.81% & PF < 0.82%	PF ≥ 0.81% & PF < 0.82%
		PF > 0.80% & PF < 0. 81%	PF ≥ 0.80% & PF < 0. 81%
		PF < 0.80%	PF < 0.80%

Sd/-
(SUJIT DASGUPTA)
MEMBER

Dated: 19.03.2015

ORDER

OF THE

WEST BENGAL ELECTRICITY REGULATORY COMMISSION

FOR THE YEAR 2014 – 2015

IN

CASE NO: TP – 55 / 13 – 14

IN RE THE TARIFF APPLICATION OF

THE DURGAPUR PROJECTS LIMITED

FOR THE YEARS 2014-15, 2015-16 AND 2016-17

UNDER SECTION 64(3)(a) READ WITH SECTION

62(1) AND SECTION 62(3) OF THE

ELECTRICITY ACT, 2003

DATE: 04.03.2015

CHAPTER - 1
INTRODUCTION

1.1 The West Bengal Electricity Regulatory Commission (hereinafter referred to as the "Commission"), a statutory body under the first proviso to section 82(1) of the Electricity Act, 2003 (hereinafter referred to as the "Act"), has been authorized in terms of the section 86 and section 62(1) of the Act to determine the tariff for a) supply of electricity by a generating company to a distribution licensee, b) transmission of electricity, c) wheeling of electricity and d) retail sale of electricity, as the case may be, within the State of West Bengal.

1.2 The Durgapur Projects Limited (hereinafter referred to as DPL) was a sanction holder under section 28 of the Indian Electricity Act, 1910 and has become a deemed licensee in terms of the first proviso to section 14 of the Act with effect from 10.06.2003 i.e. the date of coming into force of the Act, for distribution of electricity in Durgapur area of West Bengal.

1.3 The Commission, in the past, passed tariff orders for DPL for fourteen years from 2000 – 2001 to 2013 – 2014 (both years inclusive) in ten orders, - three joint orders covering the years (1) 2000 – 2001 and 2001 – 2002, (2) 2002 – 2003, 2003 – 2004 and 2004 – 2005 and (3) 2011-2012 and 2012-2013 and seven single orders for the years 2005-2006, 2006-2007, 2007-08, 2008 – 2009, 2009 – 2010, 2010 – 2011 and 2013 – 2014. DPL felt aggrieved by the tariff order dated 24.5.2004 determining its tariffs for the years 2000-2001 and 2001-2002 and filed a writ petition [W. P. No. 12108 (W) of 2004] and subsequent petition bearing No. AST 1019 / 2004 in the Hon'ble High Court at Calcutta challenging the order of the Commission dated 24.05.04. The matter lies pending before the Hon'ble High Court at Calcutta for final disposal. DPL felt aggrieved by the order of the Commission dated 9.6.2004 also and moved the Hon'ble High Court at Calcutta in an appeal against the said tariff order [No. AST 1134 of 2004 and WP No. 14128 (W) of 2004]. The Hon'ble High Court was pleased, by an order dated 15 July 2004, to stay the operation of one part of the tariff order of the

Commission dated 9.6.2004 involving a question of refund to the consumers of DPL while the rest of the tariff order was not interfered with. This matter is still sub-judice before the Hon'ble High Court at Calcutta.

1.4 West Bengal Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2011 has come into effect with effect from 29th April, 2011. The said Tariff Regulations, 2011 was further amended by notifying the West Bengal Electricity Regulatory Commission (Terms and Conditions of Tariff) (Amendment) Regulations, 2012 in the extra ordinary edition of The Kolkata Gazette dated 27th August, 2012 and was further amended by notification in The Kolkata Gazette dated 30th July, 2013..

1.5 In terms of West Bengal Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2011, as amended from time to time (hereinafter referred to as the 'Tariff Regulations'), the tariff applications for the fourth control period consisting of the years 2014 – 2015, 2015 – 2016 and 2016 – 2017 under the Multi Year Tariff (MYT) framework was required to be submitted by DPL 120 days in advance of the effective date of the said control period. The effective date of the fourth control period is 1st April, 2014. DPL submitted an application on 25.11.2013 for extension of date for submission of their MYT application for the forth control period upto 31.12.2013 on the plea that the Amendment Regulations, 2013 contain many changes for generating station and they had to study those amendments and to work out impact of such changes which required some time. The Commission, after considering the application of DPL and also the applications received from some distribution licensees and the transmission licensee for extension of time of submission of MYT application, decided to fix the last date of submission of MYT application for the fourth control period on 31.12.2013 and accordingly issued an order dated 02.12.2013.

1.6 DPL submitted their application for MYT for fourth control period on 30.12.2013 in an incomplete status. After a series of correspondence, DPL, however, submitted the requisite forms / documents on 06.03.2014. The petition was admitted by the Commission and numbered as TP-55/13-14.

1.7 After admission of the application DPL was directed to publish, the gist of the application, as approved by the Commission, in the newspapers and also in their website, as specified in the Tariff Regulations. The gist was, accordingly, published simultaneously on 11.04.2014 in Economic Times, Ekdin, Bartaman and Sanmarg. The publication invited the attention of all interested parties, stake holders and the members of the public to the application for determination of tariff of DPL for the fourth control period and requested for submission of objections, comments etc., if any, on the tariff application to the Commission by 16.05.2014 at the latest. In order to invite more suggestions / objections from the stake holders, interested parties and members of public, the Commission extended the date of submission upto 25.05.2014. Opportunities were also afforded to all to inspect the tariff application and take copies thereof.

1.8 The suggestions, objections and comments on the aforementioned application of DPL for determination of tariff for the fourth control period were received only from the following stake holders within the specified time limit and the same have been recorded in a summarized form in Chapter 3 of the instant order.

a) M/s Shyam Ferro Alloys Limited.

b) M/s Bamunara Industries Welfare Association

1.9 The petitioner, DPL, while submitting its application for determination of tariff, also sought for review of the norms specified by the Commission in the Tariff Regulations. We may put it on record that the aforesaid Tariff Regulations were finalized through previous publication. Having received suggestions, objections and comments the Commission in exercise of its delegated legislative power duly considered the matter in detail and framed such regulations and the regulations were notified in the Kolkata Gazette. DPL should not have sought for review which is practically seeking amendment to the tariff regulations. In tariff determination proceedings once the regulations are framed by the Commission, there is no scope to review or challenge such statutory norms in tariff determination proceedings. Accordingly, the prayer for review seeking modification to the statutory norms in the Tariff Regulations is not considered. Thus, such issue will not be dealt in subsequent chapter further.

1.10 The Commission determines the tariff in accordance with the Electricity Act, 2003 and the Tariff Regulations framed thereunder and for this purpose, the Commission has estimated the expenditure for 2013 – 2014 to arrive at the estimated expenditure / cost under different heads for the years 2014 – 2015 to 2016 – 2017.

1.11 The estimation made for 2013 – 2014 by the Commission shall not be construed by DPL as admission of at least such estimated amount in APR for 2013 – 2014. On the other hand, if in APR any deduction is made then as a conclusion from such decision one shall not expect that the impact of such deduction is to be continued in fourth control period as this will tantamount to imposing a penalty of infinite nature or double penalty for the same inefficiency.

CHAPTER - 2
THE CASE OF DPL

2.1 DPL has submitted the application containing its proposal for determination of Annual Revenue Requirement (ARR) and tariff for the fourth control period, covering the years 2014 – 2015 to 2016 – 2017, in accordance with the Tariff Regulations. The tariff applicant has proposed the ARR and tariff for each year of the fourth control period and has prayed for allowing the same. The licensee has also prayed for other dispensations which are mentioned in subsequent paragraphs.

2.2 DPL has stated that while proposing tariff for various categories of consumers, they have followed the principles laid down in the Tariff Regulations, attempted to reduce cross-subsidies and rationalize the tariff for various classes of consumers and have also proposed gradual reduction of T&D losses.

2.3 According to DPL, the total cost of its power plant operations has increased substantially during the current year and the same is expected to increase further in the three years of the fourth control period. In submitting figures showing revenue requirement and recoverable revenue from sale of power at existing tariff, DPL has shown that there will be gap of Rs. 53144.70 lakh during 2014 – 2015, Rs. 64076.26 lakh during 2015 – 2016 and Rs. 75800.75 lakh during 2016 – 2017. DPL has, therefore, submitted that these gaps are needed to be covered by increase in tariff and if the existing tariff is not increased for the fourth control period, DPL's financial position will be worsen impacting on its ability to serve its consumers.

2.4 To justify the need for tariff increase, DPL has furnished figures under different heads of actual expenditure of previous years from 2009 – 2010 to 2012 – 2013 and proposed expenditure for the ensuing years of the fourth control period *i.e.* for 2014 – 2015, 2015 – 2016 and 2016 – 2017. Taking into consideration the normative depreciation, normative return and non-tariff income, DPL has also calculated and furnished the figures for ARR for each ensuing year of the fourth control period and also the revenue recoverable through tariff during 2014 – 2015. Based on figures of sale of power DPL has proposed average tariff of 525.32 paise / kWh for 2014 – 2015, 538.83 paise / kWh for 2015 – 2016 and 566.99 paise / kWh for 2016 – 2017.

2.5 The Units III, IV & V (77 MW each) have been proposed for decommissioning and no projection for generation has been made from these three units from 2014 – 2015 onwards. DPL has now two units in its power station with a total capacity of 410 MW as against earlier four units with capacity of 641 MW. The unit VI has a capacity of 110 MW and the 7th unit is having capacity of 300 MW. DPL had taken up the construction of its 8th Unit for a capacity of 250 MW which is projected to be commissioned on 01.07.2014 as per their submission. DPL, however, submitted their application for prior approval of the Commission for synchronization of unit VIII in terms of regulation 6.15.2 of the Tariff Regulations only on 11.07.2014 order on which, have been passed by the Commission on 25.07.2014 giving go-ahead clearance for synchronization of the new 250 MW unit no. VIII on or after 26.07.2014. DPL vide their letter no. MD/DPL/F-148/2014/2400 dated 11.10.2014 have communicated that after successful completion of trial run operation of 1 x 250 MW unit no. VIII, commercial operation for the said unit has been declared from 00.00 hrs. of 01.10.2014. Both the copies of the order dated 25.07.2014 and the letter dated 11.10.2014 of DPL have been posted in the website of the Commission. Considering the fact, the Commission decides to consider the COD as 01.10.2014 and all components of generation, sales and cost have been determined accordingly. DPL has proposed Plant Load Factor (PLF) for its old unit VI (110 MW) at 60% in lieu of normative 64% for the year 2014 – 2015,2015-16 and 2016 – 2017 and that for Unit VII and Unit VIII at 80% as per the norms specified in the Tariff Regulations. Since, however, such high PLF could never be achieved in the past from this old unit, DPL has submitted to review the fixation of PLF for Unit VI.

Based on normative PLF, DPL has projected gross generation of power of the order of 3995.76 MU during the year 2014 – 2015 and 4432.56 MU during each of the two years 2015 – 2016 and 2016 – 2017.

2.6 The total sale of power of the licensee will be of the order of 3645.05 MU during 2014 – 2015, 4052.83 MU during 2015 – 2016 and 4052.83 MU during 2016 – 2017. The sales have been estimated based on the expected increase in number of consumers and also increase in contract demand of the existing consumers of DPL. DPL has shown the consumer category wise proposed sales for each year of the fourth control period.

2.7 Though the generation of DPL is normally sufficient to meet the local demand and allows it to sell the surplus power to WBSEDCL. In case of emergency or whenever own generation of DPL is inadequate, power is sourced from WBSEDCL to meet the local demand. DPL has proposed sale of power to WBSEDCL and others of the order of 1177.860 MU during 2014 – 2015, 1112.420 MU during 2015 – 2016 and 1112.420 MU during 2016 – 2017. DPL currently does not sell / purchase power to / from any other utility apart from WBSEDCL.

2.8 The tariff applicant will purchase power from non-conventional sources of energy as per the guidelines of the Commission depending on availability of the same from M/s. Corporate Ispat and M/s Solitaire Industrial Infrastructure Pvt. Ltd.

2.9 DPL has proposed to maintain its T & D losses at 5.20% for each of all the three years under fourth control period despite increased technical losses due to increase in system loading and extension of T & D net work. DPL has undertaken several measures for reduction of T & D losses. Such measures include augmentation and renovation of T&D system, replacement of single phase and three phase electro mechanical meters by static meters, wide use of plastic anti tamper & security seals, replacement of CTs of consumers, as required, for recording energy accurately, surprise checking and regular raids to curb theft of power etc.

2.10 The station heat rates as proposed by the licensee are as per norms specified in the Tariff Regulations. As per norms, the heat rate of the old unit VI of DPL's power station is 3100 Kcal / kWh for all three years of the fourth control period and the same for its new Units VII & VIII is 2345 Kcal / kWh for each year of the fourth control period. Since, however, the average heat rate of the old unit VI is around 3418 Kcal / kWh for various reasons like smaller size, vintage, non-availability of H.P. heaters, presence of foreign materials in coal, boiler without re-heater etc., DPL has submitted to allow the heat rate of 3418 Kcal / kWh for unit VI.

2.11 DPL has proposed the average landed cost of coal considering the average hike of 10% in coal price over the actual average coal price for 2012 – 2013.

2.12 The proposed transit and handling losses of coal are as per norm specified in the Tariff Regulation**s.** DPL, however, is of the opinion that it will not be able to maintain such too low rate of transit and handling losses for various reasons and since in reality the transit and handling losses are of the order 2% to 3%.

2.13 The proposed specific oil consumption rates are as specified for the units of DPL in the Tariff Regulations.

2.14 The generating station of DPL had five existing units comprising 3X77 MW + 1x110 MW and a new unit of 1X300 MW. Another unit of 1X250 MW (Unit VIII) was scheduled to be commissioned on 01.07.2014 as per submission of DPL. DPL, however, have declared the COD of 1x250 MW unit no. VIII from 00.00

hrs of 01.10.2014 as already mentioned in paragraph 2.5 in this chapter and the Commission considers the same for the purpose of tariff determination**.** DPL has proposed for decommissioning of Units III, IV & V (3X77 MW) with effect from the beginning of the financial year of 2014 – 2015. It has submitted that necessary process for decommissioning of the above three units has already been taken up with the appropriate authority. DPL, therefore, is presently operating with only two units i.e., units VI & VII (1X110 MW + 1X300 MW). Employees engaged in the concerned three units will be redeployed in the above said existing two units and also in the forthcoming unit VIII. As per Man / MW ratio of unit VIII, the number of employees comes to 300. In the financial year 2014 – 2015, DPL projected fresh induction of 50% of recommended employees against unit VIII and the rest 50% will be dealt suitably with assessment of employees' strength and agronomics thereon or for further fresh induction after the decommissioning of the aforesaid units. However, DPL projected employee cost against unit VIII as per existing average salary for the ensuing years based on 150 employees.

2.15 Regarding expenses on Operation & Maintenance (O&M), DPL has stated that they have proposed expenditure on this head of account as per norm specified in the Tariff Regulations and proposed expenses for the years are as below:

- Rs. 11237.36 lakh for 2014 – 2015;
- Rs. 12578.47 lakh for 2015 – 2016;
- Rs. 13504.13 lakh for 2016 – 2017.

The reasons for such huge expenditure as stated by DPL are –

- frequent tube leakage for poor grade of coal,
- high up-keeping expenses for the old units,
- sixth unit was commissioned in the year 1985 and frequent outage invites high maintenance expenses,

- the normative expenditure is for generation only and does not include expenses for T & D wing,
- almost no inflation factor has been considered for fixing the norm. Current inflation rate is around 9%.

In this regard, the Commission states that the contention of DPL that no inflation is considered in fixing the norms is not correct. During norms fixation, all the above aspects have been considered on the basis of suggestions and objections of the stakeholders.

2.16 DPL has also prayed for allowing projected coal and ash handling charges and water charges over and above the O&M expenses since these are not part of the O&M expenditure in terms of the Tariff Regulations.

2.17 The licensee has doubtful debt of the order of Rs.89.07 crore of which certain amount is almost not possible to be recovered since these dues are from sick companies which are either referred to BIFR or closed or under liquidation. DPL has, therefore, prayed to allow some more amounts in addition to normative amount under this head of account.

2.18 DPL has proposed its other fixed costs for each ensuing year of the fourth control period and adduced justifications for increase, wherever required.

2.19 DPL has stated that it has made every effort to meet the information requirements as specified by the Commission. DPL has requested the Commission to look at any omission or shortcoming sympathetically, in case there is any gap in data submission. DPL agrees to make available all such data as the Commission may require notwithstanding any waiver given by the Commission, it has been stated.

2.20 DPL has requested the Commission to (1) accept the Aggregate Revenue Required and the Tariff Proposal for the fourth control period covering the years 2014 – 2015 to 2016 – 2017 and (2) pass orders as the Commission may deem fit and proper keeping in view the facts and circumstances of the case.

CHAPTER - 3
Objections, Suggestions Etc.

3.1 Shyam Ferro Alloys Limited and Bamunara Industries Welfare Association have submitted their objections, suggestions and comments on the MYT application of DPL for the fourth control period within the scheduled date i.e. 25.05.2014. The main points of the objections, suggestions and comments are summarized in subsequent paragraphs. The Commission's observations on some of the objections, suggestions and comments are also recorded in this chapter.

3.2 Objections, suggestions and comments of Shyam Ferro Alloys Limited

3.2.1 Shyam Ferro Alloys Limited (SFAL) in their objections at first submits the background of DPL and its consumers and the impact of proposed tariff if implemented. They submit that from the figure indicated in the application and other available documents, annual accounts etc., it appears that lower utilization of generating units and other infrastructures, excessive cost on fuel, O&M expenses and financial charges have resulted in increase in cost.

The Commission have noted the comments of SFAL and dealt with the same while determining the cost under different heads in subsequent chapters.

3.2.1.1 SFAL says that power generated by DPL is supplied to its consumers in Durgapur out of which about 90% constitute bulk industrial consumers. DPL supplies power in an area covering a very small segment of say around 100 square kilo meters. Hence, from both consumer mix and distribution network point of view, DPL enjoys substantial benefit compared to other distribution licensees. Hence, the maximum ATC loss of 5.5% allowed to DPL by the Hon'ble Commission is claimed by DPL for tariff. But the loss is incurred by DPL mainly for about 10% of the power sold. If the said loss is properly analyzed, it may be seen that the said loss for LT sector of consumer is either substantially more or the said loss claimed to be actual may be inflated. This is an area we believe reduction of tariff by a few paise exist.

This Commission has noted the point and dealt with in the subsequent chapter for determination of energy balance as per the Tariff Regulations.

3.2.2 SFAL in their summarized objections have also stated, inter-alia, the following item wise objections for consideration of the Commission:

3.2.2.1 Manpower allowed by Regulation and considered by DPL in MYT:

The Regulation provides the Man/MW ratio for DPL presuming combination of different units in the following manner:

Unit No.	Installed Capacity	Man/MW Ratio
3, 4, 5 & 6	3x77+1x110 MW	3.5
3, 4, 5, 6 & 7	3x77+1x110+1x300 MW	2.42
3, 4, 5, 6, 7 & 8	3x77+1x110+1x300+1x250 MW	2.08
7 & 8	1X300+1X250 MW	1.20

DPL in its MYT application has indicated generation from Units 6, 7 & 8 only. No generation from Unit 3, 4 & 5 has been considered. There is no Man/MW ratio prescribed for Units 6, 7 & 8 only. Since the same for Units 3, 4, 5, 6, 7 & 8 have been stated as 2.08 men per MW and that for 3, 4, 5 & 6 is 3.5 men per MW, the Man/MW ratio for Units 6, 7 & 8 only should in our opinion be less than 1.5 men per MW. In that case the Man power for the power station of DPL should be less than 990 persons.

The Commission has noted the above points but will follow the employee cost determination by following Tariff Regulations and specifically paragraph (xii) and (xv) of the note under Schedule – 9A of the Tariff Regulations.

3.2.2.2 Escalation in Wages and Salary :

It has been a practice to claim ad-hoc escalation in expenditure on account of salary. As we know, the Pay structure of DPL is similar to that of other state owned power utilities. The pay scales are revised usually once in every 10 years. Since no such revision is due during the intervening period, the escalation should remain limited to annual increment and increased DA. But on the other hand there should be reduction in employees cost due to reduction in work force on account of superannuation. Since, the average gross remuneration of outgoing employees is substantially more than new recruits, if any, the net impact should be nominal. But DPL has claimed a very high rate of escalation for DA. While the increase in Basic Pay is from Rs. 2607.18 lakh in 2013-14 to Rs. 2932.67 lakh in 2016-17, said increase in case of DA is from Rs. 2392.79 lakh in 2013-14 to 3630.14 lakh in 2016-17 which in our opinion much more than the rate of inflation relevant index. Similar escalation has been claimed for elements of employees cost also. No consideration for reduced man power requirement with proposed mix of units available for generation, as mentioned in previous Para, has been made. Hence the amount claimed on this account may kindly be examined with regard to escalation claimed.

The Commission has noted the above point.

3.2.2.3 Ash Handling Expenses :

DPL has its main generating units, whose generation has been projected in MYT, are new and larger units. As we know, these units have adopted Dry Ash disposal technology involving additional project cost associated with O&M expenses and involvement of interest and depreciation. But, as it is known to us DPL has a limited quantum of dry ash for disposal and as a result expenditure incurred on this account appeared to be more than what it should have been and thus the inefficiency or avoidable expenditure is passed on to consumers.

The Commission has noted the above points;

3.2.2.4 Sub stations with under-utilized capacity :

DPL has expanded its distribution network investing a substantial amount and as per petition it has borrowed money for the investment made for construction of the sub-stations. Clause 2.3.9 of the MYT provides that there are five 132/11 KV Grid sub-stations, 1 No. 132/33 KV sub-station and one no. 33/11 KV sub-station. But the sale of power to local consumers does not indicate that the investment is giving return out of increase in sale of power. Hence, the consumers are compelled to bear the cost of idle investment.

The point raised is an issue related to the stage of investment approval for which objections and suggestions had already been invited and investment approval was accorded by the Commission.

3.2.2.5 Purchase of power from non-conventional sources :

In clause 2.3.7 of the MYT it has been stated that DPL has agreed to purchase power from non-conventional sources at a high price. The weighted average impact of such high rate for non-conventional power has an adverse impact when the actual generation goes down. As the projected generation and actual generation of DPL varies very widely almost every year, the consumers may have to pay more which the Hon'ble Commission may kindly see.

Purchase of power from non-conventional energy sources is done as per obligation of National Tariff Policy and such purchase is as per procedure of *the concerned Regulations of the Commission. Considering larger aspects of promotion of renewable energy, the objection cannot be considered.*

3.2.2.6 Own consumption of Power :

The clause 2.3.7 of the MYT provides that own consumption of power shall be 15 MU in a year. This is apart from the auxiliary consumption of power and consumption of other Plant which the applicant has stated as Inter Plant Transfer. The reasonability of the quantum of own consumption may kindly be looked into.

The point has been noted. The own consumption as projected by DPL at 15.00 MU for each ensuing years are the consumption which are used for administrative buildings, guest houses, hospitals, sub-stations and switch yard lighting etc. Consumption at other plants of DPL are considered as interplant transfer and treated as sale of energy at the rate specified in the tariff structure and the cost is borne by the other business of DPL.

3.2.2.7 Reduction in O&M Cost for new Unit :

The 250 MW Unit No. 8, generation of which has been considered for part of the year 2014-15 and thereafter, is a new Unit. The Unit should have warranty period for replacement of damaged parts. The old Units 3, 4, 5 have not been considered for projecting generation. Therefore, the expenditure on account of Repair & Maintenance should be much less than previous years. The Hon'ble Commission may kindly look into this aspect while determining tariff based on the proposed MYT.

The norms set for O&M expenses for generating units specified under the Tariff Regulations itself take care of the issue raised by the objector.

3.2.2.8 Interest on working capital :

It appears from the Annual Accounts of DPL that it maintains a good amount outstanding to its creditors. On the other hand its loan for working capital and interest implications are increasing. It had often been heard that DPL had to restrict supply of power due to low generation for want of coal. Hence, the reasonability of the claim on this account may be examined please.

The point is noted. The apprehension of the objector has no merit as working capital requirement is restricted through norms.

3.2.2.9 Water Consumption :

Water consumption expense is a major item of expenditure claimed by DPL. There is substantial increase in rate of water which is a captive plant of DPL. The quantum of consumption of water in future years should also reduce due to commissioning of new plants with new technologies. We would accordingly draw the attention of the Commission on this point so that the interests of the Consumers are protected.

The point is noted.

3.2.3 Discrepancy in Tariff Rationalization:

3.2.3.1 SFAL has referred the provision of the section 61 and 62(3) of the Act on the issue of Tariff Rationalization. SFAL have also submitted that the increase solicited by DPL in their petition is ranging from about 10% to 19% in three years inspite of elimination on un-economic old small size units and addition of new efficient large size units having the benefits of low heat rate of the units, less fuel consumption, low man-megawatt ratio, less R&M expenses in initial year. SFAL have also compared the hike in average tariff in percentage of the utilities under this Commission during last two years and pray to the

Commission to due diligently verify the need for tariff increase and to set the industrial tariff as per provisions of the Act.

SFAL have also objected the proposed rate of demand charge comparing the same with the rate approved in the tariff orders for 2012 – 2013 in some of the other States.

SFAL have also proposed for introduction of load factor rebate in percentage instead of absolute term in paise / kWh prevailing at present. They also propose to consider for bringing a parity in the LF rebate with other utilities in the State. SFAL have also proposed for introduction of timely payment rebate for two folds effect, namely, make consumer interested in timely payment and getting payment early by DPL which in turn reduce the impact of interest on working capital.

SFAL have also suggested to look in to the tariff application of DPL in line with the relevant Regulations with least possible differential effect on account of arrear so that no consumer is required to pay large amount of arrears at a subsequent date.

The Commission has noted all the above points raised by the objector. The Commission will decide on all the issues as per provisions of the Act and Regulations made thereunder while determining the cost under different heads and tariff of DPL in subsequent chapters.

3.3 **Objections of Bamunara Industries Welfare Association**:

3.3.1 Bamunara Industries Welfare Association (BIWA), has stated, inter alia, the following points for consideration of the Commission:

3.3.1.1 Fuel Cost **:**

The major objections in respect of proposed fuel cost are listed in the matrix below:

- No documentary evidence in the form of fuel invoices for the said month i.e., October 2013 have been enclosed with the MYT Petition, without which, prudence check is not possible.

- The weighted average coal prices in 2013-14 (Rs. 2,478.08/Ton) are exactly 10% higher than the coal prices in FY 2012-13 (Rs. 2,252.80/Ton).

- Similarly, in case of oil, the prices in 2013-14 (Rs. 56,511.99/KL) are exactly 10% higher than the oil prices in FY 2012-13 (Rs. 51,374.54/KL)

- Presumably, the prices in FY 2013-14 have been simply projected to be 10% higher over previous year without any reference to actual fuel invoices as purportedly by DPL.

- A strict prudence check is required by the Hon'ble Commission and the copies of the fuel invoices for FY 2013-14 should be placed before the Objector as well to reassure the Objector and general public at large of fairness in determination of energy charges.

- As per the terms of the Tariff Regulations, no escalation in fuel prices has to be considered while projecting the tariff for the ensuing years as the variation in the fuel prices are to be covered through the mechanism of Monthly Variable Cost Adjustment (MVCA).

- This was reaffirmed by the Hon'ble Commission in the Tariff Order for FY 2011-12 and 2012-13 dated 17.12.2012, wherein it has disallowed the hike projected by the DPL in the fuel prices.

The points are noted. The Tariff Regulations have never restricted in giving escalation in price of fuel from year to year. In such case MVCA will be computed accordingly. The Commission will consider the present notified price of coal of CIL vide notification No. CIL:S&M:GM(S&M):Pricing:234 dated 27.05.2013 effective from 28.05.2013, while determining the fuel cost in accordance with the provisions of the Tariff Regulations.

3.3.1.2 Relaxation in norms of Plant Load Factor (PLF), Station Heat Rate (SHR), Secondary Fuel Oil consumption, Transit loss etc.

The Tariff Regulations prescribe the norms for all the operating parameters viz., PLF, SHR, secondary fuel oil consumption and transit loss etc. for each generating station. DPL have requested for relaxation in norms presumably considering the age and rating of unit VI. The objector's view is that there are many generating stations in the country with similar age / rating which are operating at much better efficiency. In this context they have given the example of Badapur TPS, Tand TPS, Panipath TPS, GND TPS (Bhatinda), Ukai TPS, Korba TPS, Sabarmali TPS, Kothaguden TPS, Talcher (old) TPS, Jojober TPS. In their opinion operational norms prescribed in Tariff Regulations for unit VI are significantly lower than the industry benchmark and any further relaxation would be detrimental to the interest of the consumer and would tantamount to rewarding the inefficiencies of DPL.

The Commission has noted the points stated by the objector and finds no reason to consider the prayer of DPL as explained in paragraph 1.9 of this order and considers the operating norms as specified in the Tariff Regulations while determining the fuel cost in subsequent chapter, as the Tariff Regulations are finalized after inviting suggestions and objections.

3.3.1.3 Power Purchase :

DPL should have avoided the short term power purchase from WBSEDCL which was done at around Rs. 5.06/kWh in FY 2012-13 when power was available on the exchange at half the price at around Rs. 2.88/ kWh.

Considering the above, it is humbly prayed that exorbitant and unnecessary short term power purchase should be disallowed. Further, it is understood, that subsequent to commissioning of the unit VIII, DPL would not require any short term purchases. In case there is any short term requirement, then DPL should purchase cost effective power from exchanges rather than purchase of costly power from WBSEDCL.

In the light of the above submissions, it is humbly prayed that the short term power purchase be disallowed in the MYT order. In the unlikely case of short term power purchase in the fourth control period, the same can be allowed based on actuals through the FPPCA, MVCA and APR mechanisms.

The Commission agrees with the objector's view. DPL shall procure short-term requirement of power from the sources wherever it is cheaper.

3.3.1.4 Employee Cost:

Bamunara Industries Welfare Association objects the following in regard to employee cost.

- The employee costs are allowable only up to the recommended Man/MW ratio. Based on the objector's assessment, the employee expenses of 1345 employees only are admissible.

- The proportionate cost of centralized service department and central workshop may be capped at 8.33% of the employee costs directly attributable to generation function and 10% of the distribution function.

- Proposal for inclusion of employee expenses of new recruitments are not admissible as DPL has already breached the recommended Man/MW ratio.

- Notwithstanding the above, new recruitments (thereby replacing superannuated employees) would optimize the employee costs rather than increase it.

The Commission has already provided its view in the same context in paragraph 3.2.2.1.

3.3.1.5 Operation and Maintenance Expenses:

DPL has claimed repair and maintenance expenses, other administrative and general expenses, rent, rates and taxes and audit fees under the head Operation and Maintenance (O&M) expenses. According to BIWA, DPL have claimed Rs. 11237.04 lakh in financial year 2014 – 2015 which is an increase of around 18.25% over the value submitted for financial year 2013 – 2014 and the increase claimed for financial year 2015 – 2016 and 2016 – 2017 is around 11.94% and 7.36% respectively for which DPL have not assigned any reason for such exorbitant expenditure. The objector’s view is that in the tariff order for financial year 2011 – 2012 and 2012 – 2013 dated 17.12.2012, the Commission had allowed a year-on-year increase of 5% during the third control period and the operation and maintenance expenses during the fourth control period be allowed by the Commission to DPL considering a year-on-year increase of 5% over the financial year 2013 – 2014 level.

The Commission has noted the suggestion of BIWA and give their views while determining the (O&M) expenses in subsequent chapter.

3.3.1.6 Coal and Ash Handling Expenses:

The DPL has claimed Rs. 1,826.30 Lakh, Rs. 2,108.86 lakh and Rs. 2,214.31 lakh for FY 2014-15, 2015-16 and 2016-17 respectively towards coal and ash handling expenses.

Such amounts are significantly higher than the amounts admitted in the APR Order for FY 2011-12 dated 09.09.2013 and the amounts incurred by the DPL in FY 2012-13 as per audited accounts.

In the earlier Tariff Orders, the Hon'ble Commission had approved coal and ash handling expenses based on the amounts proposed by the DPL and considering normative generation levels. But in the APR orders, such expenses were significantly scaled downwards as actual generation was significantly below the normative levels.

Approving higher amounts in a Tariff Order and subsequently scaling it downwards in the APR, leads to artificial tariff hike and front loading of tariff.

It is humbly prayed that the coal and ash handling expenses be allowed considering actual generation in historical years and not normative generation as in the past, DPL has never been able to achieve normative generation levels.

The Commission will decide the tariff on normative basis and in case DPL fails to maintain norm then required recovery is done through APR which is used to reduce the tariff of subsequent year. This cyclic process automatically keeps the tariff under control and the question of inflation does not arise.

3.3.1.7 Water Charges:

The DPL has claimed Rs. 6,101.56 lakh in FY 2014-15 and Rs. 6,724.00 lakh in FY 2015-16 and 2016-17 respectively towards water charges.

It is humbly prayed that the water charges be allowed considering actual generation in historical years and not normative generation as in the past, DPL has never been above to achieve normative generation levels.

The Commission will decide the tariff on normative basis and in case DPL fails to maintain norm then required recovery is done through APR which is used to reduce the tariff of subsequent year. This cyclic process automatically keeps the tariff under control and the question of inflation does not arise.

3.3.1.8 Interest on Borrowed Capital and Advance against Depreciation:

BIWA has stated in their submission that in the APR order for FY 2009-10 there was no loan balance attributable to PFC Loan No. 50403001. However, the APR Order for 2010-11 depicted an opening balance of Rs. 3,544.37 lakh attributable to PFC Loan No. 50403001. It is further stated that there were no loan additions and no loan repayments in the said loan in the FY 2010-11 and hence, the closing loan balance was depicted as Rs. 3,544.37 lakh. Subsequently, the APR Order for 2011-12 depicted an opening balance of Rs. 8,891.53 lakh. There is no explanation in the APR Order dated 09.09.2013 as to how the closing balance and the opening balance contained a difference of Rs. 5,347.16 lakh, when there were no loan additions in FY 2011-12.

Further, in the APR Petition for FY 2012-13, nil (Zero) opening balance has been provided on PFC Loan No. 50403001. However, in the APR Petition for

FY 2012-13, the DPL has claimed Rs. 1,553.63 lakh towards such loan, even though there are no loan balances attributable to such loan.

Subsequently, in the MYT Petition, in the year 2014-15, there is an opening balance of Rs. 12,499.41 lakh.

The Objector states that the capex-wise identification of the loan has not been done by the DPL in the APR & MYT Petitions and pray that the Commission may conduct a strict prudence check towards matching of loan balances since the first tariff order for DPL and provide a detailed chart in the MYT Order so that the Objector and consumers at large are reassured of fairness in allowing amounts towards interest on borrowed capital.

The objector has illustrated the excessive claim towards interest on borrowed capital which had been allowed in the past orders and the same have direct implication on the allowable advance against depreciation. The objector prays that the Commission may provide a detailed chart since inception i.e., first tariff order of DPL indicating thereby the capex wise identification of the loans, interest on borrowed capital, depreciation and advance against depreciation computation.

The objections of Bamunara Industries Welfare Association in regard to interest on borrowed capital are summarized below:

- Expenses towards interest on PFC loans be allowed after a strict prudence check and after matching the loan balance w.r.t. past years.

- The Hon'ble Commission may provide a chart mapping the loans with the capex schemes since the first tariff order for DPL and provide a detailed chart in the MYT order so that the objector and consumers at large are reassured of fairness in allowing amounts towards interest on borrowed capital.

- Disallow the interest on GoWB loan and CEA loan as they are enjoying perpetual moratorium.

As pointed out by M/s Bamunara Industries Welfare Association, the Commission has examined the loan balances of different years starting from 2009 – 2010 with reference to actual audited accounts of DPL. The opening balance of PFC loan no. 50433001 of the year 2013-14 as submitted by DPL in their MYT petition is found to be correct. The actual status is given in the table below. For details, Form – C to Annexure – 1 submitted by DPL with the MYT application may be referred to. The point raises is an issue related to the stage of investment approval for which objections and suggestions had already been invited and after considering the same, if any, investment approval was accorded by the Commission.

PFC Loan No. 50403001				
Year	*Opening balance*	*Fresh drawal*	*Repayment*	*Closing balance*
2008-09	*0*	*4213.01*	*0*	*4213.01*
2009-10	*4213.01*	*2772.68*	*0*	*6985.69*
2010-11	*6985.69*	*1905.84*	*0*	*8891.53*
2011-12	*8891.53*	*4078.82*	*378.51*	*12591.84*
2012-13	*12591.84*	*1861.74*	*954.22*	*13499.36*

3.3.1.9 Income Tax:

BIWA has submitted that the power business of DPL is not a separate business entity for the assessment of income tax. Its tax liability would depend on the overall taxable income of the company as a whole and the Tariff Regulations provide only for reimbursement of income tax which is actually paid and upon production of documentary evidence and thus no amount towards income tax is allowable based on projection.

The Commission has noted the points and dealt with in subsequent chapter appropriately.

3.3.1.10 Demurrage:

BIWA has submitted that DPL has not advanced any reason for the need of demurrage charges, nor has it submitted any document in support of the claim. In terms of regulation 5.8.1(vi) of the Tariff Regulations, the demurrage charge of a railway rake is an indicator of efficiency of rake unloading capability of the generation station.

There was a specific direction issued to DPL by the Hon'ble Commission in the APR order for FY 2011 – 2012, dated 09.09.2013, that from FY 2012 – 2013 onwards, the DPL should include the expenditure on account of demurrage in fuel related costs in terms of regulation 5.8.1 (vi) of the Tariff Regulations. Therefore, BIWAI feel that based on the Commission's directive, demurrage expenses are not permissible to be claimed separately and are to be included as part of fuel related costs.

The Commission is of the opinion that demurrage charge is not a normal business process and cannot be assessed in tariff determination stage. It is applicable at the stage of FPPCA determination.

3.3.1.11 Development Fund:

The Objector submits that the DPL has neither mentioned the purpose of such fund for a particular function nor have they segregated it function wise. DPL has also not mentioned whether they will be able to comply with all the provisions of the Regulations to maintain such fund. It is humbly prayed that no amount under the head 'development fund' may be allowed in the MYT order.

The Commission has noted the points and dealt with in subsequent chapter appropriately.

3.3.1.12 Income from other sources / Non Tariff Income:

BIWA submits that DPL has projected Rs. 816.84 lakh, Rs. 825.60 lakh and Rs. 833.14 lakh during the year 2014 – 2015, 2015 – 2016 and 2016 – 2017 respectively towards non-tariff income. The year-on-year increase in non-tariff income over the control period has been considered at a meager rate of 1%.

A close scrutiny of the audited accounts reveals that the actual incomes from other sources / non-tariff income of DPL have been to the tune of Rs. 1037.47 lakh and Rs. 1768.46 lakh for FY 2011 – 2012 and 2012 – 2013 respectively.

It is thus seen that the non-tariff income have been projected on the lower side in the MYT petition. Moreover, the year-on-year increase of mere 1% considered by DPL is very unreasonable as the actual increase was 70% in FY 2012 – 2013 over FY 2011 – 2012 levels.

BIWA pray that the Commission may approve non-tariff incomes based on past trends and considering a year-on-year escalation of atleast 10% over the control period.

The Commission agrees with the point and considers non-tariff income after applying a growth rate on last audited value available on this head where the growth rate is considered at 1% less rate of the average growth rate on this head for last five years.

3.3.1.13 Income from Unscheduled Interchange (UI) of power:

DPL had earned an amount of Rs. 1941.41 lakh and Rs. 694.10 lakh from the UI of power during FY 2011 – 2012 and 2012 – 2013 respectively. But in the

MYT petition, DPL have not projected any such income during the fourth control period. BIWA prays that considering past trends and the energy surplus position which DPL aims at to attain after commissioning of unit VIII, the Commission considers an appropriate amount of UI earnings during the fourth control period and allow it as a deduction from the ARR being determined in terms of regulation 5.17.3.

The Commission is of the opinion that UI is not a normal business process and cannot be assessed in tariff determination stage. UI occurs during real time operation and thus it is applicable at the stage of FPPCA / APR determination as per Tariff Regulations.

3.3.1.14 Violation of Regulations in computing Provisional Tariff of Unit No. VII:

It is stated that the project cost of unit VII could not be finalized in the APR order dated 09.09.2013 by the Commission since DPL failed to fulfill certain directives given by the Commission starting from the tariff orders for the FY 2007 – 2008 and thereafter. The same was recorded by the Commission in paragraph 2.2.1 of the APR order dated 09.09.2013. The objector submits that the in the said order, the Commission directed DPL to fulfill the conditions laid down in the relevant Tariff Regulations in respect of determination of final capital cost.

The objector submits that in the absence of furnishing of information / documents' relating to approval of final capital cost / investment approval, the Commission, as per the provision of the relevant Tariff Regulations, has power to grant a provisional tariff up to a maximum of 95% of the submitted project cost prayed by DPL.

The objector also submits that pending the approval of the final project cost of unit VII of DPL, the Commission, during determination of Aggregate Revenue Requirements (ARR) for the years 2011 – 2012, 2012 – 2013 and 2013 –

2014 considered provisionally the project cost of unit VII, after deduction of 5% of the project cost, as indicated by the DPL in its tariff application. Hence, the Commission, after deducting 5% of the provisional project cost amounting to Rs. 6750.00 lakh allowed 95% of the project cost furnished by DPL.

The Commission has noted the points and in this context has given direction in direction chapter. However, on the point of allowing excessive amount towards advance against depreciation, it is to be noted that the amount released is limited by the restriction as per the regulations but not more than the amount to meet the repayment of the principal amount of loan.

3.3.1.15 Project cost of Unit VIII:

BIWA has stated that project capital cost of Rs. 6.80 crore/MW is enormously high considering the unit VIII is a brown-field unit and taking into account the market scenario when the project was envisaged and implemented. The Hon'ble Commission and the consumers need to know the capital cost envisaged, when the Detailed Project Report (DPR) was prepared and what has been the variation in the actual costs vis-à-vis original cost. Any delay which could have been avoided and is due to controllable reasons, should be disallowed and its associated costs in terms of interest during construction and over heads need to be disallowed.

The Commission has noted the points and dealt with the same in subsequent chapter.

3.3.1.16 Units proposed to be decommissioned:

BIWA submits that since the units no. III, IV and V are proposed to be decommissioned, hence any ARR (i.e., return on equity, depreciation, interest on loan and operation and maintenance expenses) towards such units may not be allowed in the fourth control period.

The Commission has noted the points and dealt with the same in subsequent chapter.

3.3.1.17 Consequential impact on interest on working capital:

BIWA submits that there is significant potential disallowance in the claims made by DPL, which if approved by the Hon'ble Commission, would result in reworking of the interest on working capital. In the light of the same, it is stated that the working capital and interest thereon will have to be recomputed as per the regulations 5.6.5.1 and 5.6.5.2 of the Tariff Regulations.

The Commission will deal with the matter as per provisions of the Tariff Regulations.

3.3.1.18 Revenue at current Tariff:

BIWA has submitted that the MYT application of DPL was filed on or around 28.12.2013. Around the same time, the Hon'ble Commission issued the tariff order for the financial year 2013 – 2014 on 26.12.2013 in which the retail tariffs were substantially increased. However, for the purpose of estimating the revenue at current tariffs, DPL has considered the retail tariffs approved by the Hon'ble Commission in the tariff order for the financial year 2012 – 2013 dated 17.12.2013 which on the current date is no longer applicable. This resulted in under estimation of the revenue projections at current tariff over the fourth control period. BIWA also states that the current tariff proposals for the financial years 2014 – 2015, 2015 – 2016 and 2016 – 2017 made in the MYT petition have become infractuous as they are based on the old applicable tariffs. BIWA urges the Hon'ble Commission to direct the DPL to file fresh tariff proposal and allow the consumers to file comments on such revised tariff proposal.

The Commission will determine the tariffs of DPL for the ensuing years based on the admissible ARR. The Commission will also view the current tariff as per the tariff order for 2013 – 2014 while determining the tariff for the ensuing years.

3.3.1.19 Demand Charges:

BIWA submits that DPL has not provided the details in respect of existing connected load and the projected load growth in the fourth control period. Further, in the revenue projections, DPL has shown nil (0) figures towards same categories of consumers even though demand charges have been prescribed.

DPL has proposed the demand charge for some categories for which no revenue is projected. The Commission observes that this may be due to the fact that there is no consumer under those categories of consumers. The Commission is of the view that the tariff for those categories under which the present consumer is nil is required to be determined so that the same may be applied when any new consumer come under these categories.

3.3.1.20 Voltage wise cost of service and roadmap for reduction of cross subsidy:

BIWA submits that according to the Regulations of the State Commission, it is bound to determine tariff in a manner such that it reflects the cost of supply of electricity and also reduces cross subsidies within three years and is consistent with the National Electricity Policy and Tariff Policy. Section 61(g) of the Electricity Act, 2003 mandates that the State Commission while determining the tariff, shall be guided by the objective that the tariff progressively reflects the cost of supply of electricity and also the cross-subsidies are reduced. However, the State Commission has not determined the cost of supplying electricity to the industrial consumers at different voltage levels and more particularly at higher voltage levels, which would involve minimal technical losses and distribution expenses. The cross subsidy surcharge according to Tariff Policy for open access consumer has to be the difference between the applicable tariff and the cost of the distribution licensee to supply electricity for the applicable class of consumers. Section 62(2) provides for the factors on which the tariffs of the various consumers can be differentiated. Some of these factors like load factor, power factor, voltage, total electricity consumption during any specified period or time or geographical position also affects the cost of supply to the consumer. Due weightage can be given in the tariffs to these factors to differentiate the tariffs. However, BIWA infer the following conclusion after reading the provisions of the Act, the Policy, Regulations and related judgements:

i) The cross subsidy for a consumer category is the difference between cost to serve of that category of consumers and average tariff realization of that category of consumers. While the cross-subsidies have to be reduced progressively and gradually to avoid tariff shock to the subsidized categories, the cross subsidies may not be eliminated.

ii) The tariff for different categories of consumer may progressively reflect the cost of electricity to the consumer category but may not be a mirror image of cost to supply to the respective consumer categories.

iii) The tariffs should be within + 20% of the average cost of supply by the end of 2010 – 2011 to achieve the objective that the tariff progressively reflects the cost of supply of electricity.

iv) The cross subsidies may gradually be reduced but should not be increased for a category of subsidizing consumer.

v) The tariffs can be differentiated according to the consumer's load factor, power factor, voltage, total consumption of electricity during specified period or the time or the geographical location, the nature of supply and the purpose for which electricity is required.

In view of above, BIWA urged the Commission to approve the tariffs considering the voltage wise cost of service and prescribe a roadmap for reduction of cross subsidy.

The Commission has noted the points and will act according to Tariff Regulations.

3.4 *The Commission has taken note of the objections, suggestions and comments offered. Some of the objections, suggestions and comments have been dealt with in the paragraphs above. The objections, suggestions and comments which have not been dealt with in earlier paragraphs and are directly concerned with the instant petition, have been considered in the subsequent chapters of this order in which various components of fixed costs have been analyzed and discussed.*

CHAPTER – 4
SALES, ENERGY BALANCE AND VARIABLE COST

4.1 While determining the Aggregate Revenue Requirement (in short 'ARR') for the years 2014 – 2015, 2015 – 2016 and 2016 – 2017 under the fourth control period for DPL, the following considerations have been made:

i) As per submission of DPL, the units III, IV and V of 77 MW each are not in operation and to be decommissioned during 2013 – 2014 in stages and their related generation, costs, etc. have been omitted from the tariff determination process.

ii) As per submission of DPL, the date of commercial operation (COD) of Unit VIII was scheduled on 1st July, 2014. However, DPL could submit their completed application for prior approval of the Commission for synchronization as required under the Regulations for trial run operation of the unit only on 11.07.2014 and necessary clearance from the Commission was given on 25.07.2014 for trial run operation on or after 26.07.2014. DPL, however, communicated vide their letter no. MD/DPL/F-148/2014/100 dated 09.10.2014 the COD of the unit VIII w.e.f. 01.10.2014. The Commission, thus, does not consider the date of COD of unit VIII as 01.07.2014 as proposed by DPL, but considers to estimate generation from the unit for a period of six months during the year 2014 – 2015 and all related elements of costs etc. have been considered accordingly.

Therefore, the following chapters for determination of tariff are related to unit VI (110 MW), Unit VII (300 MW) and Unit VIII (250 MW) of DPL.

4.2 **Projected Sales**:

4.2.1 DPL is a multi-disciplinary company. Besides being in the business of power as a distribution licensee, DPL is having a coke oven plant, a coal washery and a water treatment plant. The energy requirements of coke oven plant, coal washery and water treatment plant are met from the power business of DPL and are treated as inter-plant transfer on cost recoverable basis. In addition to meet its local demand, DPL will need to supply WBSEDCL at 11 KV and 33 KV at radial mode. DPL shall supply the surplus energy, if any, to WBSEDCL at 132/ 220 KV in 2014 – 2015, 2015 – 2016 and 2016 – 2017 as per the projections made by them. DPL in their application has considered 50 MU as units utilized in own premises including own consumption / other auxiliary consumption. The Commission considers 15 MU as consumption in own premises and 35 MU as inter plant transfer for all the three years viz., 2014 – 2015, 2015 – 2016 and 2016 – 2017. The sale of energy to the consumers in its licensed area, inter-plant consumptions and sale to WBSEDCL at 11 KV / 33 KV / 132 KV / 220 KV in radial mode and from Bus in different years of the fourth control period has been shown as under as projected by DPL:

Figures in Million Units

Sl. No.	Category of Supply	2014 – 2015	2015 – 2016	2016 – 2017
1	Consumer	2432.190	2905.110	2923.410
2	Inter Plant Transfer	35.000	35.000	35.000
3	Consumption at own premises	15.000	15.000	15.000
4	Sale to WBSEDCL and other licensees	1177.860	1112.420	1112.425
5	Total (1 + 2 + 3)	3660.050	4067.530	4085.835

4.3 **Sourcing of Energy for Distribution**:

4.3.1 The entire energy requirement of DPL for distribution including inter-plant transfer generally comes from its own generating units. Part of the ex-bus generation, remaining surplus after meeting the demand of its licensed area and inter-plant transfer, is to be sold to WBSEDCL. However, if own generation of DPL during a period is found inadequate, energy is to be sourced from WBSEDCL or elsewhere. The quantum of power purchase requirement for DPL from WBSEDCL can be assessed after considering the projected generation of DPL as well as the periodicity of such generation.

4.4 **Gross Generation**:

4.4.1 DPL has projected gross generation of 3995.760 MU, 4432.560 MU and 4432.560 MU during the years 2014 – 2015, 2015 – 2016 and 2016 – 2017 respectively in their MYT petition for the fourth control period considering generation in full capacity of its units VI & VII and generation of unit VIII after its COD (01.07.2014). No generation has been projected in respect of units III to V which were stated to be decommissioned during 2013 – 2014. Gross energy generation has been projected by DPL for the years 2014 – 2015, 2015 – 2016 and 2016 – 2017 considering the normative PLF of Unit VI to Unit VIII separately. The Commission admits the projection of generation of DPL for energy balancing for the years 2014 – 2015, 2015 – 2016 and 2016 – 2017 for Units VI & VII. For unit VIII, proportionate generation for six months period, as stated in para 4.1 above, has been admitted by the Commission for 2014 - 2015. The Commission, however, considers gross generation from unit VIII, as projected by DPL, on normative PLF basis for the year 2015 – 2016 and 2016 – 2017.Accordingly, the gross generations from these units of DPL for all the three years of the fourth control period stand as follows:

Year	Gross Generation (in MU)			
	Unit VI	Unit VII	Unit VIII	Total
2014 – 2015	578.160	2102.400	876.666	3557.226
2015 – 2016	578.160	2102.400	1752.000	4432.560
2016 – 2017	578.160	2102.400	1752.000	4432.560

4.5 **Auxiliary Consumption**:

4.5.1 DPL has claimed auxiliary consumption for the Units at 354.89 MU for 2014-15, 394.200 MU for 2015 – 2016 and 394.200 MU for 2016 – 2017. The Commission has considered auxiliary consumption on the basis of the norms as specified in the Tariff Regulations and accordingly the auxiliary consumption stands as per the table below:

Auxiliary Consumption and Ex-Bus Generation (MU)					
Year	Unit	Gross Generation	Rate of Aux. Consumption (%)	Aux. Consumption	Ex-bus Generation
2014 – 2015	VI	578.160	10.00	57.816	520.344
	VII	2102.400	8.50	178.704	1923.696
	VIII	876.666	9.00	78.900	797.766
	Total Ex-bus Generation				3241.806
2015 – 2016	VI	578.160	10.00	57.816	520.344
	VII	2102.400	8.50	178.704	1923.696
	VIII	1752.000	9.00	157.680	1594.320
	Total Ex-bus Generation				4038.360
2016 – 2017	VI	578.160	10.00	57.816	520.344
	VII	2102.400	8.50	178.704	1923.696
	VIII	1752.000	9.00	157.680	1594.320
	Total Ex-bus Generation				4038.360

4.6 **Distribution Loss**:

4.6.1 DPL has projected distribution loss of 136.14 MU for 2014 – 2015, 162.248 MU for 2015 – 2016 and 163.09 MU for 2016 – 2017. The Commission has allowed distribution loss as per norms as specified in the Tariff Regulations against projected sale of energy to the consumers and consumption at own premises. The inter-plant transfer has not been considered as it does not involve distribution network. Accordingly, the distribution loss as admitted by the Commission is shown in the following table:

Distribution Loss			
Year	As Admitted by the Commission		
	Sale of Energy to Consumer and consumption at own premises in MU	Distribution Loss in %	Distribution loss in MU
2014 – 2015	2447.190	5.20	134.234
2015 – 2016	2920.110	5.20	160.175
2016 – 2017	2938.410	5.20	161.179

4.7 **Purchase of Power**:

4.7.1 Normally, DPL will not need to purchase any power. But to meet the gap between demand and available generation, DPL has to purchase some quantum of power as and when required. Thus purchase of some quantum of power has been considered.

4.7.2 As per energy balance in paragraph 4.8, the following amounts are admitted as power purchase cost of DPL for the years 2014 – 2015, 2015 – 2016 and 2016 – 2017 considering the average rate of purchase by DPL from WBSEDCL as given below:

Sl. No.	Particulars	2014 – 2015	2015 – 2016	2016 – 2017
1	Quantum of Purchase (MU)	155.330	191.418	210.560
2	Average rate of Purchase (Paise/kWh)	563.00	619.00	681.00
3	Power Purchase Cost (Rs. in lakh)	8745.08	11848.77	14339.14

4.8 **Energy Balance**:

4.8.1 On the basis of the analysis done in the foregoing paragraphs, the Commission admits the following Energy Balance for DPL for the years 2014 – 2015, 2015 – 2016 and 2016 – 2017.

Figures in Million Units

Sl. No.	Particulars	2014 – 2015	2015 – 2016	2016 – 2017
Sources of Supply				
1	Net Ex-Bus Generation	3241.806	4038.360	4038.360
2	Purchase	155.330	191.418	210.560
3	Total Supply (1 + 2)	3397.136	4229.778	4248.920
4	Sale to Consumers	2432.190	2905.110	2923.410
5	Inter-unit Transfer	35.000	35.000	35.000
6	Consumption at own premises	15.000	15.000	15.000
7	Distribution Loss (as per para 4.6)	134.234	160.175	161.179
8	Supply to WBSEDCL and others	780.712	1114.493	1114.331
9	Total (8= sum of 4 to 8)	3397.136	4229.778	4248.920

4.9 **Fuel Cost**:

4.9.1 An examination of the projected fuel cost claimed by DPL for the ensuing years 2014 – 2015, 2015 – 2016 and 2016 – 2017 of the fourth control period under different heads for its power station has been taken up hereunder.

4.9.2 Fuel cost for the power station of DPL as per its projection comes as under:

Fuel Cost in Rupees in Lakh			
Power Station	2014 – 2015	2015 – 2016	2016 – 2017
DPL VI - VIII	84677.64	100785.72	110864.37

4.9.3 In the tariff application for the fourth control period, DPL has proposed fuel cost separately for units VI to unit VIII on the basis of norms of plant load factor, auxiliary consumption rate, oil consumption rate, station heat rate and transit and handling losses of coal as specified in Schedule 9A of the Tariff Regulations.

4.9.4 The Commission, however, has adopted the procedure for calculation of the fuel cost in accordance with regulation 5.8.1(ii) of the Tariff Regulations and normative parameters applicable to DPL as specified in the Tariff Regulations and allowed fuel cost to DPL as mentioned in subsequent paragraphs.

4.9.4.1 While determining the average price of coal and average price of oil for the years 2014 – 2015, 2015 – 2016 and 2016 – 2017 of the fourth control period, the Commission has noted that DPL has projected cost of coal based on the notification no. CIL:S&M:GM(F):Pricing 1965 dated 31 January, 2012 of Coal India Limited for indigenous coal. Related charges are also factored in terms of present fuel supply agreement. A number of statutory levies e.g., excise duty at 5.15% and clean energy cess i.e., Rs. 50/- per tonne have also been made applicable.

4.9.4.2 The Commission, however, goes by the latest price notification No. CIL:S&M:GM(F):Pricing:235 dated 27 May, 2013, CIL:S&M:GM(F):Pricing:2340 dated 13 November, 2013 and CIL:S&M:GM(F):Pricing:2784 dated 16 December, 2013 issued by Coal India Limited for determining the average price of coal of 2014 – 2015, 2015 – 2016 and 2016 – 2017 of the fourth control period. Related charges and the statutory levies are also considered as per the latest price notifications.

4.9.4.3 The Commission considers the grade wise coal mix as projected by DPL for the year 2014 – 2015. The Commission does not consider any hike in coal price for the years 2015 – 2016 and 2016 – 2017. However, any major variation in coal price in subsequent period will be adjusted through Monthly Variable Cost Adjustment (MVCA) as per provision of the Tariff Regulations.

4.9.4.4 The average oil price has been considered at the actual price of oil for Rs. 51374.54 per KL during 2012 – 2013 as per audited annual accounts and enhanced the same by 5% to arrive at the estimated price of Rs. 53943.27 per

KL for the year 2013 – 2014. The Commission observes that the oil prices decreased to a great extent during the year 2014 – 2015. The Commission, thus, does not consider any hike in the estimated price of 2013 – 2014 for the ensuing years. Any difference in actual oil price during the ensuing years will be adjusted through MVCA as per provision of the Tariff Regulations. The average coal and oil price based on the proposal of DPL for grade mixing of coal from different sources and the price of oil for the three ensuing years of the fourth control period are shown below:

Average Coal Price in Rs./MT			Average Oil Price in Rs./KL		
2014 – 2015	2015 – 2016	2016 – 2017	2014 – 2015	2015 – 2016	2016 – 2017
2467.53	2467.53	2467.53	53943.27	53943.27	53943.27

Detailed computation of coal price for 2014 – 2015 has been given in Annexure – 4A to this chapter.

4.9.4.5 Heat value of oil for all the three years of the fourth control period has been considered as per actual heat value of 2012 – 2013 which is 9200 Kcal/lit. Heat value of coal has been considered as per the Tariff Regulations and the detailed computations are shown in Annexure 4A to this chapter. However, it is to be finalized during Fuel and Power Purchase Cost Adjustment (FPPCA) at the end of the respective year.

4.9.4.6 On the basis of above average price of coal and average price of oil and as per above heat value of fuel and normative parameters as specified in Schedule 9A of the Tariff Regulations, the allowable fuel cost is shown by detailed computation in the table at Annexure-4B to this chapter.

4.9.4.7 The summarized statement of the admitted fuel cost for the power station of DPL for the fourth control period as per admitted generation in paragraph 4.4.1 above is given hereunder:

Power Station	As admitted Total fuel cost (Rs. in Lakh)		
	2014 – 2015	2015 – 2016	2016 – 2017
DPL Unit - VI	13757.51	13757.51	13757.51
DPL Unit - VII	36769.73	36769.73	36769.73
DPL Units - VIII	15841.30	31658.53	31658.53
Total	66368.54	82185.77	82185.77

4.9.4.8 The admitted cost of power purchase from WBSEDCL is Rs. 11260.00 lakh for 2014 – 2015. The admitted costs of power purchase of Rs. 12380.00 lakh for 2015 – 2016 and Rs. 13620.00 lakh for 2016 - 2017 are as per the rate projected by WBSEDCL. Energy purchase rates from WBSEDCL are 563 paise / unit, 619 paise / unit and 681 paise / unit for 2014 – 2015, 2015 – 2016 and 2016 – 2017 respectively.

4.10 Energy charge for 2014 – 2015 of the power station of DPL now stands as follows:

Year	Fuel Cost (Rs. in Lakh)	Ex-bus Generation MU	Energy Charge Paise/ kWh
2014 – 15	66368.54	3241.806	205

4.11 However, if the total generation in any year is less than the gross generation shown in this order, the matter will be given due consideration by the Commission in the APR and/or FPPCA for the concerned year. In case of any major breakdown of any unit resulting in forced shut down of that unit over one month, the targeted generation will be revised in APR and/or FPPCA after taking normative PLF and other norms of different operational parameters as specified in the Tariff Regulations for that unit into consideration.

ANNEXURE 4A

Projected Coal Price and Heat Value of DPL for the year 2014 - 2015					
SOURCE / GRADE OF COAL	QUANTITY (%)	UNIT PRICE IN RS / TONNE	PRICE X QUANTITY IN RS	HEAT VALUE IN KCAL/KG	QUANTITY X HEAT VALUE
ECL - G3	0.009	5685.80	51.17	6200.00	55.80
ECL - G4	0.035	5121.72	179.26	5600.00	196.00
ECL - G5	0.049	4044.27	198.17	4940.00	242.06
ECL - G6	0.028	2352.03	65.86	4940.00	138.32
ECL - G7	0.016	2081.80	33.31	4200.00	67.20
BCCL - G3	0.001	5685.80	5.69	6200.00	6.20
BCCL - G4	0.001	5121.72	5.12	5600.00	5.60
BCCL - G5	0.001	4044.27	4.04	4940.00	4.94
BCCL - G7	0.027	2081.80	56.21	4200.00	113.40
BCCL - G8	0.031	1879.19	58.25	3360.00	104.16
BCCL - G9	0.028	1498.77	41.97	3360.00	94.08
BECML - G6	0.270	2352.03	635.05	4940.00	1333.80
MCL - G9	0.037	1610.26	59.58	3360.00	124.32
MCL - G11	0.048	1210.90	58.12	2400.00	115.20
MCL - G11	0.247	1210.90	299.09	2400.00	592.80
MCL - G13	0.172	1075.79	185.04	1300.00	223.60
TOTAL	1.000		1935.93		3417.48
TOTAL PROJECTED COAL COST IN RS =					1935.93
TOTAL PROJECTEDTRANSPORT COST IN RS =					531.6
TOTAL LANDED COST IN RS=					2467.53
AVERAGE UHV OF COAL =					3417.48

ANNEXURE 4B
FUEL COST DETERMINATION OF DPL

Sl No	PARTICULARS	UNIT	2014 - 2015				2015 - 2016				2016 - 2017			
			As admitted				As admitted				As admitted			
			UNIT VI	UNIT VII	UNIT VII	TOTAL	UNIT VI	UNIT VII	UNIT VIII	TOTAL	UNIT VI	UNIT VII	UNIT VIII	TOTAL
1	Generation	MU	578.160	2102.400	876.666	3557.226	578.160	2102.400	1752.000	4432.560	578.160	2102.400	1752.000	4432.560
2	Rate of Auxiliary Consumption	%	10.00	8.50	9.00		10.00	8.50	9.00		10.00	8.50	9.00	
3	Auxiliary consumption	MU	57.82	178.70	78.90	315.42	57.82	178.70	157.68	394.20	57.82	178.70	157.68	394.20
4	Ex-bus generation	MU	520.34	1923.70	797.77	3241.81	520.34	1923.70	1594.32	4038.36	520.34	1923.70	1594.32	4038.36
5	Station Heat rate	KCAL/KWH	3100.00	2345.00	2425.00		3100.00	2345.00	2425.00		3100.00	2345.00	2425.00	
6	Total heat required (1 x 5)	M. Kcal	1792296.00	4930128.00	2125915.05	8848339.05	1792296.00	4930128.00	4248600.00	10971024.00	1792296.00	4930128.00	4248600.00	10971024.00
7	Specific Oil Consumption rate	ml/kwh	2.75	1.00	1.00		2.75	1.00	1.00		2.75	1.00	1.00	
8	Oil Consumed (1 x 7)	KL	1589.940	2102.400	876.666	4569.006	1589.940	2102.400	1752.000	5444.340	1589.940	2102.400	1752.000	5444.340
9	Average GCV of oil	Kcal/lit	9200.00	9200.00	9200.00		9200.00	9200.00	9200.00		9200.00	9200.00	9200.00	
10	Heat generated from oil (8x9/1000)	M Kcal	14627.45	19342.08	8065.33	42034.86	14627.45	19342.08	16118.40	50087.93	14627.45	19342.08	16118.40	50087.93
11	Heat generated from coal (6-10)	M Kcal	1777668.55	4910785.92	2117849.72	8806304.19	1777668.55	4910785.92	4232481.60	10920936.07	1777668.55	4910785.92	4232481.60	10920936.07
12	Heat value of Coal	Kcal/Kg	3417.48	3417.48	3417.48		3417.48	3417.48	3417.48		3417.48	3417.48	3417.48	
13	Coal required [(11/12)x1000]	MT	520169.41	1436961.13	619710.93	2576841.47	520169.41	1436961.13	1238480.28	3195610.82	520169.41	1436961.13	1238480.28	3195610.82
14	Coal required at 0.50%Transit loss	MT	522783.33	1444182.04	622825.06	2589790.42	522783.33	1444182.04	1244703.80	3211669.17	522783.33	1444182.04	1244703.80	3211669.17
15	Average Price of Oil	Rs/KL	53943.27	53943.27	53943.27		53943.27	53943.27	53943.27		53943.27	53943.27	53943.27	
16	Average Price of coal	Rs/MT	2467.53	2467.53	2467.53		2467.53	2467.53	2467.53		2467.53	2467.53	2467.53	
17	Cost of oil [(8x15)/100000]	Rs(lakh)	857.67	1134.10	472.90	2464.67	857.67	1134.10	945.09	2936.86	857.67	1134.10	945.09	2936.86
18	Cost of Coal [(14x16)/100000]	Rs. (lakh)	12899.84	35635.63	15368.40	63903.87	12899.84	35635.63	30713.44	79248.91	12899.84	35635.63	30713.44	79248.91
19	Total Cost of Fuel (17+18)	Rs. (lakh)	13757.51	36769.73	15841.30	66368.54	13757.51	36769.73	31658.53	82185.77	13757.51	36769.73	31658.53	82185.77

CHAPTER – 5
FIXED CHARGES

5.1 An examination of the projected fixed charges claimed by the DPL for the years 2014 – 2015, 2015 – 2016 and 2016 – 2017 of the fourth control period under different heads for its power station and distribution system has been taken up in this chapter.

5.2 **Project Cost**:

5.2.1 **Project cost of Unit VII**:

The project cost of Unit VII of DPL has not yet been finalized by the Commission. In pursuance of the directives given by the Commission in the tariff order for 2007-08 and also through subsequent letters, DPL has submitted some documents and clarifications and some information are yet to be submitted. On the basis of those documents and clarifications furnished and to be furnished by DPL, the Commission is examining the project cost of Unit VII of DPL. Pending such examination, the Commission, during determination of Aggregate Revenue Requirements (ARR) for the years 2014 – 2015, 2015 – 2016 and 2016 – 2017, has considered the project cost of Unit VII, as indicated by DPL in its tariff application, provisionally and taken the following decisions:

(i) The report as per regulation 2.8.1.4.13 of the Tariff Regulations has not yet been submitted by DPL. In terms of the aforesaid regulation, therefore, 5% of the provisional project cost amounting to Rs. 6750.00 lakh is being withheld for the time being.

(ii) There are other elements in the project cost of Unit VII, which will be finalized by the Commission on submission of relevant data and for which additional deduction from the provisional project cost of Unit VII could have been made at this stage. The Commission, however, has not made any deduction on these accounts at this stage and the same will be considered during finalization of the project cost of Unit VII by the Commission.

(iii) Withholding of 5% of the provisional project cost as per clause (i) above and thereby reduction of the provisional project cost would have effect on different fixed charge components *viz*. depreciation, interest, return on equity and reserve for unforeseen exigencies. However, while determining the ARR for DPL for 2014 – 2015, 2015 – 2016 and 2016 – 2017, though deduction has been made from the allocation under depreciation head, no deduction has been made from the allocation under advance against depreciation head; rather the allocation under this head has been increased by the amount disallowed under depreciation head for 2014 – 2015, 2015 – 2016 and 2016 – 2017, subject, however, to the ceiling as specified in the Tariff Regulations, in order to facilitate loan repayments as per schedule. Similarly, in order to facilitate interest payment, no reduction in the allocation under interest head has been effected. As reserve for unforeseen exigencies is primarily to protect the interest of the consumers, no reduction in allocation under this head also has been effected. These allowances under the heads advance against depreciation, interest and reserve for unforeseen exigencies, however, will not be detrimental to the interest of the consumers as the total withheld amount under clause (ii) above and proportionate disallowance in the head 'return on equity' due to reduction in the provisional project cost as per clause (i) above will be sufficient to take care of the allowances mentioned above. These allowances under the head 'advance against depreciation, interest and reserve for unforeseen exigencies' shall not be construed as approval of the Commission to the project cost applied for.

(iv) The total withheld amounts as per clause (i) to clause (iii) above are Rs. 313.88 lakh, Rs. 313.88 lakh and Rs. 313.88 lakh for the years 2014 – 2015, 2015 – 2016 and 2016 – 2017 respectively.

(v) As mentioned earlier, the project cost of Unit VII of DPL is under consideration of the Commission. In case of any disallowance in the project cost of Unit VII by the Commission, the withheld amounts as mentioned in clause (iv) above shall be adjusted with the reduction in project cost, if any, and corresponding impact on tariff shall accordingly be adjusted in the APR / truing up exercise.

5.2.2 **Project cost of Unit VIII**:

COD of unit VIII was projected as 01.07.2014. DPL, accordingly, proposed all costs relating to unit VIII. Considering present development, as stated in paragraph 5.2.1 of this order, the Commission has decided to estimate the fixed costs related to unit VIII considering COD on 01.10.2014. Project cost of unit VIII has not yet been finalized. The Commission accorded second stage approval of the investment proposal of DPL for unit VIII with an estimated project cost of Rs. 169968.00 lakh. Accordingly, for the reasons stated in paragraph 5.2(i) above, 5% of the estimated project cost of unit VIII, amounting to Rs. 8498.40 lakh, is being kept withheld for the time being. Commission considers deductions of different costs in respect of unit VIII, in line with the considerations given in paragraph 5.2.1(iii) above in respect of unit VII. The total withheld amounts for unit VIII, as per above are Rs. 74.98 lakh, Rs. 149.96 lakh and Rs. 149.96 lakh for the years 2014 – 2015, 2015 – 2016 and 2016 – 2017 respectively.

5.3 **Employees' cost**:

5.3.1. DPL has proposed its employees' cost keeping Man / MW ratio as per norm specified in the Tariff Regulations in respect of the regular employees excluding that of centrally maintained expenses. In its application, DPL has highlighted the revision of pay structure effective from 1st April, 2007 based upon which its employee cost was determined. The impact of half yearly increase in DA every year (16%), annual increment (3%) on basic pay and other allowances @ 10% every year as well as increase in field and night allowances have been considered by DPL while estimating the future expenses. DPL has also highlighted the increase in the amount of gratuity limit from Rs. 3.50 lakh to Rs. 10.00 lakh, sizeable increase in amount of employee cost towards statutory liabilities under AS-15 at revised pay structure. The employee cost of service department and central workshop allocated to it in pre-determined ratio has also been considered by them. The employees engaged in operation of unit no. III to V have been proposed to be suitably redeployed in other existing units including unit VIII. They have considered only 50% of the Man / MW ratio of unit no. VIII and rest 50% to be filled up through fresh induction or redeployment to be assessed after completion of decommissioning of unit III, IV & V.

5.3.2. In the table below, the proposal of DPL towards employee cost for 2014 – 2015, 2015 – 2016 and 2016 – 2017 of the fourth control period, submitted under forms 1.12, 1.15 and 1.17 of the tariff petition vis-à-vis actual expense during 2012 – 2013, is depicted. It is observed that DPL proposed a considerable increase in employee cost and has requested the Commission for allowing the same.

Rs. in Lakh

Particular	Actual as per audited accounts 2012 - 2013	As Proposed by DPL							
		Base year 2013 - 14	Increase over previous year	2014-15	Increase over previous year	2015-16	Increase over previous year	2016-17	Increase over previous year
Employee cost of regular employees	7031.99	7711.02	9.66%	8432.05	9.35%	9027.64	7.06%	9954.22	10.26%
Share of employee cost of Service Dept. & Central Workshop	3401.48	3729.87	9.65%	4078.02	9.33%	4364.92	7.04%	4811.12	10.22%

Projections for Unit No. VIII	0.00	0.00	-	828.74	-	1216.16	46.75%	1340.98	10.26%
Share of employee cost of Service Dept. & Central Workshop	0.00	0.00	-	69.04	-	101.31	-	111.70	-
Total	10433.47	11440.89	9.66%	13407.85	17.19%	14710.03	9.71%	16218.02	10.25%

5.3.3. Against the above submissions of DPL, the Commission observed as below:

i) As per annual report and accounts for 2012 – 2013, the employee cost for power plant including terminal benefits and Directors' fees and expenses and net of capitalization for 2012 – 2013 was Rs. 7040.71 lakh (Rs. 7031.99 lakh + Rs. 8.72 lakh). DPL has estimated the employee cost for 2013 – 2014 for power plant as Rs. 7711.02 lakh, which is 9.50% higher than that of actual expense for 2012 – 2013. The Commission has viewed that latest five DA (Dearness Allowance) increase in Central Government during 01.07.2012 to 01.07.2014 is 7%, 8%, 10%, 10% and 7%. Considering the impact of two instalments each at 10% of basic pay and annual increment @ 3% on basic pay, the annual increase in employee cost comes to 10.80% [{(3x8% + 6x18% + 3x28% + 12x3%) / 12} x 1/2} + (3%x1/2x0.2)] [basic pay in the salary is 50% considering existing DA @ 80% of basic pay and HRA @ 20% of basic pay in the salary] for the year 2013 – 2014 over the employee cost incurred during the year 2012 – 2013 and the estimated expenses come to Rs. 7801.11 lakh. Thus, the Commission considers the estimated employee cost for power plant for 2013 – 2014 as Rs. 7711.02 lakh as projected by DPL. The last D.A. increase announced by the Central Government w.e.f. 01.07.2014 is 7%. Considering the impact of D.A. instalments @ 10% w.e.f. 01.01.2014 and @ 7% w.e.f. 01.07.2014 and considering the half yearly D.A. increase @ 7% in future and annual increment @ 3% on basic pay, annual increase in employee cost for the year 2014 – 2015 comes at 9.07% [{(3x10% +

6x17% + 3x24% + 12x3%) / 12} x 1/2.27} + (3%x1/2.27x0.2)] (basic pay in the salary is 1/2.27 considering the D.A. @ 107% of basic pay and HRA @ 20% of basic pay in salary) over the estimated employee cost for 2013 – 2014. The Commission considers the increase in employee cost for the year 2014 – 2015 over the estimated employee cost for 2013 – 2014 @ 9.07%. The estimated employee cost for power plant for the year 2014 – 2015, thus works out at Rs. 8410.41 lakh and the Commission admits the same. The Commission also considers an annual increase in employee cost @ 9.07% for the years 2015 – 2016 and 2016 – 2017 and the amounts work out at Rs. 9173.23 lakh and Rs. 10005.25 lakh respectively.

ii) However, no employee cost has been considered for unit VIII in 2014 – 2015, 2015 – 2016 and 2016 – 2017 separately as the employees of the existing units III to V, which have already been decommissioned w.e.f. 01.04.2014 vide Order No. 103-PO/0/VI/5S-23/2009 dated 12.09.2014 issued by the Government of West Bengal, Department of Power & Non-Conventional Energy Sources, will be deployed in unit VIII. If any additional employment is required, DPL shall justify the same when they claim for that in APR for the respective years. DPL may claim any variation in employee cost in APR for the respective years as per provisions of the Tariff Regulations.

iii) Allowable manpower of unit III, IV & V, already decommissioned, considering normative Man / MW ratio as specified in the Tariff Regulations, is 808 nos. The man power requirement for unit VII (250 MW) as per normative Man / MW ratio is 300 nos. (1.2x250) and accordingly, the surplus manpower shall be deployed in unit VIII first and the balance in other units VI, VII and distribution. The Commission decides not to allow any separate employee cost for unit VIII as proposed by DPL.

iv) In the submission DPL has stated that 50% of man / MW ratio of unit VIII is considered for fresh induction and rest 50% for fresh induction or redeployment after completion of decommissioning of units III to V. DPL has not given any reason for such proposed fresh induction for unit VIII. In this context, it is observed that the units III to V have already been decommissioned as stated above. It is also seen that the surplus man power as per man / MW ratio for unit III to V is much more than the required man power for unit VIII. Thus, the Commission does not consider the proposal of DPL for fresh induction for unit VIII. DPL shall give details of the manpower employed / engaged in the units from the surplus employees arising out of decommissioning of unit III to V in their APR application for 2014 – 2015.

v) Thus, the employee cost as admitted by the Commission for the power plant are as shown below:

Rupees in Lakh

Sl No	Particular	As admitted by the Commission		
		2014-15	2015-16	2016-17
1	Unit – VI	4532.06	4943.11	5391.45
2	Unit - VII	1737.53	1895.12	2067.02
3	Unit - VIII	0.00	0.00	0.00
4	Sub total of Generation (4=1+2+3)	6269.59	6838.23	7458.47
5	Distribution	2140.82	2335.00	2546.78
6	Total (6=4+5)	8410.41	9173.23	10005.25

(iv) In addition to above, the share of the employee cost against centrally maintained expenses has also been determined by the Commission and has been shown separately on the basis of the proposal of DPL furnished in Form 1.17(h). Centrally maintained expenses have been segregated by the Commission between distribution and generation head on the basis of ratio of the employee costs of generation and distribution of regular employees as per the allocation submitted by DPL. It is observed that 8.33% of the employee cost of power-stations is the employee cost for centrally maintained expenses for DPL. In line with that the Commission has admitted 8.33% of the employee cost of power station of DPL for centrally maintained expenses for generation wing. DPL's distribution business being spread over a small area and major part of its electricity consumers are bulk in nature in HT level, for DPL's distribution business a slightly higher rate of 10% of employee cost of distribution wing has been admitted as centrally maintained expenses for DPL's distribution wing. Accordingly, the expenses for employee cost against centrally maintained expenses as admitted by the Commission are shown in the following table.

Rs. in lakh

Sl. No	Particular	As admitted by the Commission		
		2014-15	2015-16	2016-17
1	Units – VI	377.52	411.76	449.11
2	Units –VII	144.74	157.86	172.18
3	Unit - VIII	0.00	0.00	0.00
4	Sub total of Generation (3=1+2)	522.26	569.62	621.29
5	Distribution	214.08	233.50	254.68
6	Total (5=3+4)	736.34	803.12	875.97

5.3.4. If there be any variation in the admitted amount, DPL shall furnish relevant information and supporting documents in this respect with the application for APR for the concerned year and the same will be considered for adjustment in

APR to the extent it is found fit by the Commission. Along with the information and documents as mentioned above, DPL shall, in the application for APR for the concerned year, also furnish the information in the format given in Form 1.17(h) of Annex – 1 to the Tariff Regulations indicating details in respect of both regular and contracted employees.

The above information shall also show the expenditure of own employees and employees on contract in regular establishment separately. Interest payment on Contributory Provident Fund and General Provident Fund shall not be considered as it is not permissible unless it is explicitly established that in spite of investment of such fund in a prudent manner and management of fund efficiently, there is shortfall in accrued interest to discharge the liability of statutory interest as laid down in concerned laws. Henceforth, DPL shall show the production incentive separately in its accounts under generation, distribution and centrally maintained expenses heads.

5.3.5. In paragraph 4.34 of the tariff order dated 17.12.2012 for the year 2011 – 2012 and 2012 – 2013 in case no. TP-49/11-12 and in paragraph 2.3.7 of the order dated 09.09.2013 in case no. APR-34/12-13 relating to APR for the year 2011 – 2012, DPL was directed to furnish relevant information and supporting documents regarding basis of apportionment of centrally maintained expenses in APR 2012 – 2013 application to establish their claim of apportionment. DPL, in their application of APR for the year 2012 – 2013, did not furnish the information and documents towards expenses in the centralized services particularly as directed by the Commission in order to justify / establish their claim for proportionate cost of centralized services under the head ‘employee cost’. DPL have submitted in their brief of submission of APR application for the year 2012 – 2013 that they have not yet been able to physically segregate the centrally maintained expenses from power plant business and the same was under process pending apportionment of the centrally maintained expenses to the power plant business under the head 'employee cost' in order to place a more clear cut accountable system. DPL has submitted the break-up of the expenses claimed for power plant and proportionate cost of centralized services as per format 1.17(h) of Annexure – I. However, as required under the Form, the number of employees engaged both in regular services and contractual services for generating units have not been found available, in the absence of which it could not be confirmed whether the same are as per the Man/MW ratio stipulated in the Tariff Regulations. Nevertheless, DPL is yet to justify / establish the basis of apportionment of cost of centralized services under the head 'employee cost' as claimed by them inspite of specific directions in this regard from time to time.

5.3.6. DPL is directed to submit break-up of the employees engaged both in regular services and contractual services for their different generating units as per the format 1.17(h) of the Tariff Regulations. DPL is also directed to submit the basis of apportionment of employee cost of centralized services in order to justify their claim under this head.

5.4 **Coal and Ash Handling Expenses**:

5.4.1 DPL has claimed Rs. 1826.30 lakh, Rs. 2108.86 lakh and Rs. 2214.31 lakh for 2014 – 2015, 2015 – 2016 and 2016 – 2017 respectively towards coal and ash handling expenses. The proposal of DPL has been analyzed by the Commission and found that said expenditure as projected are very high in comparison to the actual expenditure of Rs. 893.72 lakh vis-à-vis actual generation of 1819.206 MU during previous year i.e., 2012 - 2013 and the projected enhanced generation.

5.4.2 DPL has justified the increase in expenditure under the head mainly on the following grounds:

i. Huge financial involvement for transportation of excavated ash in the ensuing years with a view to comply with MOEF guidelines.

ii. High quantity of ash generation due to increased level of generation.

iii. Non-availability of sufficient high grade coal of ECL & MCL leaving to high generation of ash.

iv. DPL has projected a gross generation level of 3995.76 MU, 4432.560 MU and 4432.560 MU during the years 2014 – 2015, 2015 – 2016 and 2016 – 2017 respectively.

5.4.3 The Commission, after due consideration of the justification advocated by DPL and in view of the fact that coal and ash handling expenses are uncontrollable in nature and are directly related with high level of generation, admits the claim of DPL as proposed by them in respect of Unit VI & VII. For unit VIII, proportionate claim has been considered for 2014 – 2015 due to shifting of COD from July, 2014 to October, 2014. However, after submission of APR petitions at the end of concerned years, the actual expenditure vis-à-vis actual generation will be viewed separately by the Commission for adjustment of allowable expenses under this head.

Coal and Ash Handling Expenses — Rupees in Lakh

Sl. No	Particular	As admitted by the Commission		
		2014-15	2015-16	2016-17
1	Unit - VI	393.45	413.12	433.78
2	Unit - VII	867.40	910.77	956.31
3	Unit - VIII	376.97	784.97	824.22
4	Total Generation (4 = 1 + 2 + 3)	1637.82	2108.86	2214.31

5.5 **Water charges**:

5.5.1. DPL meets processed water supply requirements for its generating station by taking supply from its sister water plant unit. The inter-plant transfer rate for such processed water during 2012 – 2013 was Rs. 6.50 per KL. The actual amount of expenditure during 2012 – 2013 on this head was Rs. 1917.93 lakh.

5.5.2. DPL has projected expenditures of Rs. 6076.08 lakh, Rs. 6758.52 lakh and Rs. 6758.52 lakh for the years 2014 – 2015, 2015 – 2016 and 2016 – 2017 respectively towards water charges. They have submitted a detailed calculation of water charges with respect to the projected generation during the ensuing year. DPL has proposed a revision of rate of processed water to Rs. 15.00 per KL from earlier rate of Rs. 6.50 per KL on the following grounds:

i) DVC from whom water supply is sourced by DPL, has increased the rate of water supply to Rs. 28.41 per thousand gallon from earlier rate of Rs. 5.20 per thousand gallons with effect from 1st October, 2012.

ii) Actual rate of industrial water has gone upto Rs. 20.00 per KL and is likely to be enhanced further.

iii) Non-charging of water at market rate is becoming unviable by its sister water plant unit.

iv) The last revision of inter-plant transfer rate of industrial water was made by DPL from 1.10.2013 @ Rs. 15.00 KL.

5.5.3 DPL has, however, not submitted any copy of the Government order in respect of interplant transfer rate of industrial water with effect from 1.10.2013. After going through the facts stated by DPL as mentioned in the foregoing paragraphs and also the fact that DPL has not submitted any Government order in support of the claim of revision of interplant transfer rate of industrial water, the expenditure on water charges being uncontrollable in nature, the Commission admits the projected expenditures for the years under fourth control period considering rate of inter-plant transfer @ Rs. 6.50 per KL for the projected generation level in respect of Units VI & VII. For unit VIII, proportionate amount has been considered based on COD from 01.10.2014. However, on submission of APR petitions along with the copy of the Government order regarding interplant transfer rate for industrial water, the actual expenditure vis-à-vis actual generation will be viewed separately by the Commission for adjustment of allowable expenses under this head. Admitted Water charges allocated to generation function of DPL, is given hereunder:

				Rupees in Lakh
Water charges / Cess				
Sl. No	Particular	As admitted by the Commission		
		2014-15	2015-16	2016-17
1	Unit - VI	533.64	533.64	533.64
2	Unit - VII	1298.23	1298.23	1298.23
3	Unit - VIII	541.38	1081.86	1081.86
4	Total (6=4+5)	2373.25	2913.73	2913.73

5.5.4 It is also noticed by the Commission that DPL has not submitted any detailed calculation of inter-plant transfer rate of Rs. 15.00 per KL of processed water indicating both variable cost and fixed costs components of the rate so arrived. The Commission, accordingly, directs that details of calculation of inter-plant transfer rate of water at Rs. 15.00 per KL should be submitted by DPL along with the APR petition of 2014 – 2015.

5.6 Operation and Maintenance (O&M) Expenses, Rates & Taxes and Insurance:

5.6.1. O&M Expenses for Generation:

DPL has proposed decommissioning of unit III, IV and V in phases during 2013-14. As far as O&M expenses of generation function is concerned, the Commission goes in accordance with the norms specified in schedule 9A of the Tariff Regulations for Units VI and VII and considering proportionate allowable cost for Unit VIII for 2014 – 2015 based on COD in October, 2014. Accordingly, the Commission admits the O & M expenses for generation function of DPL for the years 2014 – 2015, 2015 – 2016 and 2016 – 2017, as given below:

Rupees in Lakh

Operation and Maintenance Expenses for Generation Function			
Unit	2014 – 2015	2015 – 2016	2016 – 2017
Unit VI (110 MW)	1824.90	1988.80	2168.10
Unit VII (300 MW)	2115.00	2241.00	2376.00
Unit VIII (250 MW)	651.25	1380.00	1462.50
Total O&M Expenses	4591.15	5609.80	6006.60

5.6.2. O&M Expenses for Distribution function, Rates & Taxes and Insurance:

The Commission has made prudent analysis of the charges claimed by DPL under the following heads

(i) different sub-heads of O&M expenses for distribution function;

(ii) Rates and Taxes charges; and

(iii) Insurance charges.

While determining fixed charges on such heads for the fourth control period (2014-15, 2015-16 & 2016-17) the following considerations have taken place.

5.6.2.1 DPL has referred the current inflation rate of 9 %. Commission finds no merit in considering the current inflation rate for estimate purpose when such estimate will be applicable for thirty six months. The Commission instead of considering the inflation rate of 9% in general for projection purpose decides to proceed in a further rational manner by following a methodology that has been applied for all distribution licensees subject to case specific differences in some cases to protect the interest of the consumers as far as possible after meeting requirement of reasonable tariff determination to provide end of justice to all of the concerned stakeholders as deemed fit by the Commission. Moreover by the time of processing the tariff application by Commission the inflationary trend shows downward direction. The Commission decides to determine projected inflation rate and the resultant escalation rate in view of such inflation rate as detailed out in subsequent paragraphs.

Commission observed that Central Electricity Regulatory Commission based on a hybrid index of WPI (Wholesale Price Index) & CPI (Consumer Price Index) has observed an annual inflation trend of 8.35% while fixing the norms of O&M expenses in Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2014 (hereinafter refer to as 'CERC Tariff Regulations') for central sector utilities for the period 2014-2019. This inflation trend of 8.35 % is computed based on five year average of WPI and CPI indices for FY 2008-09 to FY 2012-13 considering 60% and 40% weightage on WPI and CPI respectively. However, while fixing norms of O&M cost (which includes employee cost also) the annual escalation rate on O&M expenses during the period 2014-2019 has been considered as 3.32% for A.C. transmission system as per the statement of reasons of the CERC Tariff Regulations for the said period. This 3.32% is the 110% of the actual Compounded Annual Growth Rate (CAGR) (3.02%) of O&M expenses for A.C. transmission system during the period 2008-09 to 2012-13 computed on the basis of 70% weightage on actual O&M cost of per bay of sub-station and 30% weightage on actual O&M cost of per CKM transmission line.

Taking the above mentioned principle adopted by CERC as a guideline Commission also decides to find out a reasonable annual escalation rate for DPL for all sub-heads of O&M expenses for distribution function, rates & Taxes and insurance with certain deviation based on certain reasons as explained below:

a) The control period is of three years and as more than 6 months of 2014 has already passed thus the inflation trend between October, 2011 and September 2014 has been computed where weightage has been given to WPI & CPI at the ratio of 60:40 in line with the norms fixation methodology under CERC Tariff Regulations. This is being done in order to capture the realistic trend of 2014-15 as far as possible so that projection for fourth control period can have better accuracy. Accordingly based on the WPI numbers and CPI numbers as available in the website of Economic Advisor of GOI for WPI and Labour Bureau of GOI for CPI the computed inflation trend for the above 36 months are given in the following table 5.6.2.1-I.

Table- 5.6.2.1-I

TREND OF INFLATION RATE FOR THE PERIOD OCTOBER 2011 TO SEPTEMBER 2014	
Average inflation rate as per WPI from October 2011 to September 2014	6.62
Average inflation rate as per CPI from October 2011 to September 2014	9.15
Average inflation rate as per WPI + CPI (60:40) from October 2011 to September 2014	7.63
Note : For detail data at Annexure – 5A may be seen	

b) Different sub heads under O&M expenses, rates and taxes and insurance are effected by inflationary trend but at different degrees depending on the characteristics of such head or sub-head. In this context two recognized inflationary trends used in the country are WPI index and CPI index. Along with this two types of inflationary rate for power sector another third type inflationary rate used by the Commission is based on hybrid index (WPI+CPI) as explained in paragraph (a) above. In table-2 in Annexure-5B the basis of inflationary rate considered for such heads and sub-heads of expenditure are given. In this context it is to be noted that all these heads of expenditure are treated as heads under O&M function of CERC tariff regulations. Accordingly the above inflation rate as given in the table above are used for applicability in giving escalation in 2015-16 & 2016-17 with respect to the previous years' admitted expenditure to find out the admitted expenditure of the referred heads in those years. Thus the inflation rate considered for tariff computation is as per the following table 5.6.2.1- II.

Table 5.6.2.1-II

INFLATION TRENDS				
Financial Years	CPI	WPI	Combined WPI & CPI (60 : 40)	Remarks
2010-11	10.53	9.57	9.96	Actual
2011-12	8.42	8.96	8.74	Actual
2012-13	10.43	7.36	8.59	Actual
2013-14	9.72	5.98	7.47	Actual
2014-15	6.81	4.78	5.59	As per 6 months trend
2015-16	9.15	6.62	7.63	As per Table 5.6.2.1-I & as explained above
2016-17	9.15	6.62	7.63	
2011-12 to 2013-14	9.52	7.43	8.27	Averaged on annual basis
2010-11 to 2013-14	9.78	7.97	8.69	
Note : For detail data at Annexure – 5A may be seen				

In 2014-15 as the trend is downward than the value under Table 5.6.2.1-II and the time already passed in 2014 – 2015 has covered fifty percent of the period, such value has been considered with due insulation against uncertainty wherever required through providing necessary certain additional float.

c) For finding out the expenditure to be admitted by the Commission, the estimated expenditures of 2013-14 submitted by DPL are scrutinized by the Commission so that overestimated value can be rationalized to a reasonable extent. This is being done as otherwise the existence of overestimated expenditure for 2013-14 may result into unreasonably higher admitted amount for fourth control period as because the computation for projection of expenditure for 2014-15 to 2016-17 are done by applying the annual escalation rate over the estimated figure of 2013-14. On the estimated value as provided by DPL for 2013-14 Commission finds that against some elements the estimation of expenditure seems to be on higher side as it has been noticed that the estimated expenditure for some elements in 2013-14 as made by DPL has a sharp increase which does not commensurate with the previous trend even after considering the inflationary trend and impact of business volume increase in a same way as has been considered for other distribution licensee. The Commission cannot accept such over estimation. In any year this deviation can occur for any item of expenditure but it cannot be considered as a trend for future projection. The estimated expenditure of elements which are identified to be overestimated by DPL for 2013-14 are on the heads of repair & maintenance, audit fees, rates and taxes and insurances. Thus for realistic projection for 2013 - 2014 the impact of business volume increase has been given as 2% on items which are sensitive to Consumer strength moderately. Such impact has been considered as 1% where the expenditure of item is sensitive to distribution line length. In such case Commission has done its own estimation based on the Table-1 of Annexure–5B by applying its prudence which is explained below item wise.

i) Commission estimates the expenditure for 2013-14 by analyzing the past trend of expenditure on Repair & Maintenance Expenditure head during the first two year of the third control period as is being shown in the following table.

Particulars	2011-12	2012-13
R&M expenditure for distribution as proposed in tariff application (Rs Lakh)	1743.76	1859.01
Actual expenditure as per annual accounts/APR (Rs Lakh)	1091.29	1075.32
Actual expenditure w.r.t proposed amount in tariff application in %	62.58	57.84

From the above table it is seen that DPL's projection in past is highly over projected. In fact the average rate of actual expenditure during first two years of third control period with respect to DPL's own projection is 60.21%. Considering this rate the commission hence estimated the expenditure for 2013-14 as Rs 1190.24 lakh.

ii) The estimated expenditure of Audit fees by DPL is slightly high in 2013-14. Thus keeping the increasing trend from 2010-11 to 2012-13 and rate of increase in the said period, the estimated expenditure for 2013-14 as determined by Commission is Rs 0.68 Lakh.

iii) The estimated expenditure of rates & taxes for DPL is slightly high in 2013-14. Thus Commission estimates the expenditure of 2013-14 by giving inflationary impact on actual value of 2012-13 along with additional impact of 1% due to business volume increase as is being done for other distribution licensee for the same period. Accordingly the estimated expenditure by Commission on rates & taxes is Rs 4.455 lakh.

iv) The past trend of expenditure on insurance heads for DPL is highly fluctuating and no significant trend can be established. Thus the average expenditure of Rs 85.96 lakh for the period 2009-10 to 2012-13 is considered by the Commission as estimated expenditure for 2013-14.

All the above estimated expenditure for 2013-14 by the Commission will be used by the Commission only for the projection of expenditure during ensuing years of fourth control period.

d) Where the past CAGR of expenditure of any above referred elements for any period between 2010 – 2011 and 2013 – 2014 which has been considered as basis for escalation rate for future projection for the fourth control period and is lesser than the corresponding inflationary rate of the same period as provided in table 5.6.2.1-II in such case in line with CERC's principle 110% (an additional 10% margin over actual growth rate) of such growth rate is considered as the annual escalation rate for 2014-15 to 2016-17 for the following reasons.

i) To ensure the interest of different stakeholders in a more better way from the point of view of availability considerations of the network asset and different services

ii) also to provide a comfort to DPL in carrying out O&M of the assets by extending an additional insulation against uncertainty arising out of increased expenditure for any unforeseen reason.

It is to be noted that for the said period the expenditure considered for 2013-14 is estimated one by the Commission and for 2010-11, 2011-12 & 2012-13 actual expenditure has been taken. In general, the non zero least positive value out of the three periods (2010-11 to 2013-14, 2011-12 to 2013-2014 and 2012-13 to 2013-2014) is considered for projection of estimated expenditure of heads of any year under the fourth control period. The CAGR for certain period is also considered where Commission finds that such decision will provide more rationale and better accuracy in the projected admitted cost.

e) Where the projected expenses by DPL is less than the estimated value of 2013-14 by the Commission and also actual value of 2012-13 in such case no escalation is being allowed for fourth control period because DPL's projection is considered as admitted figure.

f) Where the past data shows irrational/asymmetric character in such case Commission by applying due prudence take an appropriate escalation rate which is discussed in relevant portions.

g) Where annual escalation rate or CAGR of past period crosses the concerned inflation rate of the said past period in such case escalation rate for projected expenditure due to business volume increase is computed from past trend by reducing it with the concerned inflation rate of the relevant past period and that has been explained in the relevant portions. In such case the annual escalation rate for 2014-15, 2015-16 and 2016-17 are as follows:

Annual Escalation Rate (%) for any ensuing year = A+ R × BGR+Ad_F

Where A = Inflation rate (%) based on CPI or WPI or hybrid (WPI+CPI) index as applicable for the fixed charge element.

R = Ratio of percentage annual increase in expenses in the past period and percentage increase in business volume parameter during the same period.

BGR = Projected growth rate (%) for the ensuing year of the business volume parameter to which the fixed charge element under consideration is sensitive.

Ad_F = Additional float in % as decided by commission to provide insulation against uncertainty in projected inflation or business volume growth.

For such annual escalation rate calculation the annual increase (%) in expenses as required for calculation of R is decided by the Commission by taking the lowest positive CAGR value from among CAGR of 2013-14 (i.e., annual increase rate) or CAGR of 2011-12 to 2013-14 or CAGR of 2010-11 to 2013-14 subject to different aspects considering rationality or level of asymmetric character of past data as has been explained in the relevant portion. However, principally wherever R on computation found to be higher than one then in such case R is considered not more than 1 as Commission is of the opinion that rate of increase in expenses due to business volume increase cannot surpass the rate of increase in business volume parameter unless there is any specific reason which can be established by the licensee. Similarly when R is found to be a value between 0.5 and 1 then also in ensuing year annual escalation rate is further reduced by a small quantum with an objective of gradual improvement in efficiency of the licensee in expenditure control by utilizing different resources in a more effective manner.

Where necessary while computing additional expenditure represented by (R×BGR) of any element of fixed charge due to increase in business volume that additional expenditure is modified in a reasonable and rational manner after taking the impact of above mentioned sensitivity parameter on the additional expenditure. Detail of such modification and any other specific consideration are detailed out in relevant portion where each element of fixed charge is dealt with. For controllable factor additional float of 0.5% is given to cover any expenditure hike due to any unforeseen reasons.

h) Commission decides that for the ARR determination in the tariff order of fourth control period the impact of increase in business volume on different sub-heads/ heads will also be considered from the point of sensitivity of the head/sub-heads to certain business volume parameter. For such purpose in the business process of DPL there are two important business volume parameters such as Distribution line length (DDL) in Circuit Kilometer (CKM) and Consumer strength. Different elements of fixed charge elements are sensitive to either of the above two parameters and where such element is sensitive to consumer strength there is variation in the degree of such sensitivity. After applying such degree of sensitivity the number of business parameters considered in this tariff order are Distribution Line Length (DLL), Consumer Strength in moderate degree(CSM), Consumer Strength in high degree (CSH) and Consumer strength with lesser degree than CSM (CSM-L). The Table 1 under Annexure 5B shows the concerned business volume parameter sensitivity against different elements of the fixed charges.

i) DPL has projected consumer strength annually from where its annual growth rate for 2014-15, 2015-16 and 2016-17 are 2.61%, 4.02% and 0.16% respectively. However, for projection purpose escalation rate on consumer strength has been considered for 2014-15, 2015-16 and 2016-17 as 2.61%, 4.02% and 4.02% respectively also as because the consumer strength increase shown for 2016 – 2017 is very low. In absence of any projection in distribution line length the projected annual escalation rate considered by DPL for 2014-15, 2015-16 and 2016-17 are also considered as 2.61%, 4.02% and 4.02% in line with the escalation rate of Consumer strength.

While projecting the above figure it has been considered that as the original tariff application is submitted at the end of December, 2013 thus it can be considered that the estimated data for 2013-14 will have high degree of accuracy.

During truing up in Annual Performance Review (APR) of the above ensuing years of 2014-15 to 2016-17 such projected distribution line length in CKM and Consumer Strength in number as given above shall be considered as the basis against which the expenditure has been admitted during concerned tariff order and accordingly truing up will be taken up.

j) For computation of computed expenditure by the Commission on different heads for 2014-15 to 2016-17 the base expenditure over which the above escalation rates are applied has been considered on the estimated expenditure of 2013-14 made by DPL and duly modified in some elements by the Commission as explained in paragraph (g) above. This is being done as the application of tariff is submitted at the end of December, 2013 and is likely to have little inaccuracy with respect to actual expenditure or in other word having better accuracy.

k) Based on the above principle the projected expenditure on above mentioned different elements of fixed charges for 2014-15, 2015-16 and 2016-17 has been computed and then compared with the claimed amount of DPL for the said year and whichever is lowest is being admitted in this tariff-order.

5.6.2.2 **O&M Expense determination for distribution function:** Based on the laid down principle in paragraph 5.6.2.1 above following different sub-heads of O&M function are determined. In this context tables in Annexure – 5B may be referred to for the past trend of expenditure.

a) **Audit fees and Repair & Maintenance Expenditure :** For these two elements, the escalation rate that is considered for projection of expenditure in 2014-15, 2015-16 and 2016-17 is on the basis of CAGR of the period 2011-12 to 2013-14 because other two periods under consideration has either negative growth rate or higher growth rate. The past trend of expenditure in third control period also shows very insignificant growth rate in expenditure on these two heads. Accordingly the escalation rate thus selected is the CAGR of 2011-12 to 2013-14 which is found to be lesser than the average inflation rate for the above period. Then by using such escalation rate in the methodology as mentioned in sub-paragraph (d), (j) and (k) of Paragraph 5.6.2.1 the admitted amount found for ensuing years of 2014-15 to 2016-17 are given in Table 5.6.2.2-I.

b) **Other administrative and general expenditure:** For this element of expenditure the escalation rate considered is also CAGR of 2011-12 to 2013-14 as such rate is found to be more logical in view of past data trend of actual expenditure between 2010-11 to 2012-13 and also in view of inflationary trend. Such escalation rate is however lower than the average inflation rate of the above period. Thus by using such escalation rate in the methodology as mentioned in sub-paragraph (d), (j) and (k) of Paragraph 5.6.2.1 the admitted amount found for ensuing years of 2014-15 to 2016-17 are given in Table 5.6.2.2-I.

c) Thus the admitted expenditure for DPL under O&M expenses for distribution function are as follows:

Table 5.6.2.2-I

Sl	Particulars	As Claimed by DPL Ltd			As Admitted by Commission		
		2014-15	2015-16	2016-17	2014-15	2015-16	2016-17
1.	R & M Charges	1327.25	1440.61	1565.29	1213.00	1236.00	1259.00
2.	Audit Fees	0.82	0.90	1.00	0.82	0.90	1.00
3.	Other A&G expenses	662.35	728.81	801.70	637.00	674.00	713.00
4.	A&G expenses (2+3)	663.17	729.71	802.70	637.82	674.90	714.00
5.	O&M expenses (1+4)	1990.42	2170.32	2367.99	1850.82	1910.90	1973.00
Note : For detail calculation tables 1, 2 & 3 tables under Annexure-5B may be seen							

5.6.2.3 **Some Small Expenditure:** Some of the small items viz., a) rates & taxes and b) insurance are uncontrollable in nature till the third control period and thus they are all dealt separately under paragraphs as below.

a) **Rates & Taxes**:

For this element the escalation rate considered is the annual growth rate of 2013-14 over 2012-13 as such value shows a reasonable annual escalation rate than the extremely high value of other two periods which cannot be a regular pattern. Thus by using such escalation rate for projection purpose of this uncontrollable item for the period 2014-15 to 2016-17 the sub-paragraph (g), (i) and (k) of Paragraph 5.6.2.1 has been applied. The admitted amounts are given in Table below. The entire amount is allocated to the generation function as proposed by DPL.

Sl No.	Expenditure Head	As Claimed by DPL			As Admitted by Commission		
		2014-15	2015-16	2016-17	2014-15	2015-16	2016-17
1.	Rates & Taxes	6.18	6.80	7.48	5.00	5.00	5.00
Note : For detail calculation tables 1,2 & 3 under Annexure-5B may be seen							

b) **Insurance**:

For this element of uncontrolled type of expenditure the trend of escalation rate is CAGR of 2011-12 to 2013-14 as such rate is found to be only non zero positive rate out of the growth rates of all three periods under consideration. However such escalation rate is found to be lower than the average inflation rate of the above period. Thus by using such escalation rate in the methodology as mentioned in sub-paragraph (d), (i) and (k) of Paragraph 5.6.2.1 the admitted values found for the above referred heads for ensuing years of 2014-15 to 2016-17 are given in Table below. The entire amount is allocated to the generation function as proposed by DPL.

Sl No.	Expenditure Head	As Claimed by DPL			As Admitted by Commission		
		2014-15	2015-16	2016-17	2014-15	2015-16	2016-17
1.	Insurance	116.56	128.22	141.04	92.00	99.00	106.00
Note : For detail calculation tables 1,2 & 3 under Annexure-5B may be seen							

5.6.2.4 It is to be noted that the estimated expenditure those are only determined by the Commission for 2013-14 against any head or subheads as discussed above in sub paragraph (i) to (iv) of paragraph 5.6.2.1(c) has been considered as base year expenditure for those heads for tariff determination purpose only for fourth control period. In case any of such estimated expenditure made by the commission is found to be less than the audited actual expenditure for 2013-14 vis-à-vis business volume parameter increases then the consequential impact on the projected expenditure against concerned heads/sub-heads for the period 2014-15 to 2016-17 will be passed through tariff in APR of concerned year separately irrespective of whether such item is controllable factor or uncontrollable factor. During truing up exercise in APR of the concerned year the estimated expenditure of all the elements of different heads as mentioned in paragraph 5.6.2.1(c) above for 2013-14 are to be considered as has been incurred against the actual value of the business volume parameter (,i.e, DLL and consumer strength) that has been achieved at the end of 2013-14. In case the actual value of DLL or consumer strength in 2013-14 is found to be higher than the estimated value that has been considered for 2013-14 in this tariff order then impact of such enhanced amount will be added to the projected value of DLL or Consumer strength for the period 2014-15 to 2016-17 of the tariff order to find out the target business volume parameter against the projected expenditure that has been admitted in the tariff order. On the basis of such revised targeted business volume parameter the truing up exercise in APR will be done while applying the regulation 2.6.10(v) of the Tariff Regulations.

5.6.2.5 The above expenditure be availed of on adherence to the conditions as prescribed in regulation 5.23.1 of the Tariff Regulations.

5.6.2.6 DPL is directed to submit the details of the process adopted for selection of the Insurance Company and the items covered along with the APR application for the respective years.

5.7 **Demurrage**:

5.7.1 DPL has projected Rs. 179.01 lakh, Rs. 196.91 lakh and Rs. 216.60 lakh as probable demurrage charges payable during the years 2014 – 2015, 2015 – 2016 and 2016 – 2017 respectively. DPL has not advanced any reason for the need of demurrage charges nor it has submitted any documents in support of the claim.

5.7.2 During the year 2012 – 2013, the actual amount of expenditure was for Rs. 106.62 lakh. In terms of regulation 5.8.1(vi) of the Tariff Regulations, the demurrage charge of railway rake is an indicator of efficiency of rake unloading capability of the generating stations. For existing generating stations, allowance for the demurrage will gradually be reduced to a target in a phased manner within a stipulated period as per regulation 2.8.6 of the Tariff Regulations. It appears that DPL has not put any endeavour for gradual reduction of demurrage charge, instead the expenditure had gradually been increased over the years as evident from the year 2012 – 2013 and projection for the years 2014 – 2015, 2015 – 2016 and 2016 – 2017.

5.7.3 The Commission could not admit the claim in its present form. However, such need of demurrage charges cannot be ruled out totally in exigencies of generation of power. During Annual Performance Review, DPL may approach the Commission with actual expenditure incurred as per audited annual accounts with detailed justification and a deliberation with planned gradual reduction of the charge for consideration.

5.8 **Development Fund**:

5.8.1 DPL, in their MYT petition for the fourth control period, has proposed for creation of development fund in terms of regulation 5.19 of the Tariff Regulations. For such creation, they have projected the need of Rs. 3921.02 lakh, Rs. 4271.50 lakh and Rs. 4327.57 lakh during the years 2014 – 2015, 2015 – 2016 and 2016 – 2017 respectively and prayed for providing the same as special allocation in the gross revenue requirement for the respective years.

5.8.2 The Commission observes that DPL has neither mentioned the purpose of such fund for a particular function nor they have segregated it function wise. DPL has also not mentioned whether they will be able to comply with all the provisions of the Regulations to maintain such fund. The Commission, therefore, decides not to admit any amount under this head at present.

5.9 **Depreciation**:

5.9.1. DPL has submitted detailed computations in this regard and the Commission agrees to such computations for depreciation. The Commission however, has allowed depreciation considering 5% reduction of provisional project cost of Units VII & VIII on the ground as mentioned in paragraphs 5.2.1 and 5.2.2 and the amounts of depreciation admitted by the Commission stand as follows:

				Rupees in Lakh
Depreciation				
Sl. No	Particular	As admitted by the Commission		
		2014-15	2015-16	2016-17
1	Unit - VI	62.33	62.33	62.33
2	Unit - VII	4792.43	4792.43	4792.43
3	Unit - VIII	4267.60	8527.44	8527.44
4	Sub total of Generation (4=1+2+3)	9122.36	13382.20	13382.20
5	Distribution	1089.67	1260.24	1260.24
6	Total (6=4+5)	10212.03	14642.44	14642.44

5.10 **Advance against Depreciation**:

5.10.1 The statements of capital borrowings and computations of chargeable interest with reference to scheduled repayments show that DPL will require the following amounts to make the total repayments in different years:

Rupees in lakh

2014 – 2015	12666.60
2015 – 2016	17198.60
2016 – 2017	17198.60

5.10.2 As a portion of the depreciation relating to units VII & VIII of the power plant has been reduced, DPL will require additional amounts towards advance against depreciation to keep up its loan repayment commitments considering DPL as a whole (power business only). The amounts chargeable for depreciation in different years under the control period, as shown in paragraph 5.9 will fall short of the amounts required for repayments of loans. The net short fall for DPL as a whole (power business only) will be as under:

Rupees in lakh

Year	Amount of Loan Repayments	Chargeable depreciation	Shortfall
2014 – 2015	12666.60	10212.03	2454.07
2015 – 2016	17198.60	14642.44	2556.16
2016 – 2017	17198.60	14642.44	2556.16

5.10.3 To facilitate the scheduled loan repayments, the Commission considers to allow the amounts of net shortfall as shown above as advance against depreciation in terms of the Tariff Regulations. The allowable amounts of advance against depreciation, therefore, are being allowed as per following allocation as shown under:

Rupees in Lakh

Advance against Depreciation				
Sl. No	Particular	As admitted by the Commission		
		2014-15	2015-16	2016-17
1	Unit – VI	0.00	0.00	0.00
2	Unit - VII	2189.17	2018.60	2018.60
3	Unit – VIII	264.90	537.56	537.56
4	Sub total of Generation (4=1+2+3)	2454.07	2556.16	2556.16
5	Distribution	0.00	0.00	0.00
6	Total (6=4+5)	2454.07	2556.16	2556.16

5.11 **Write off of Intangible Assets**:

5.11.1 DPL has not projected any amount under the head intangible assets written off during the years 2014 – 2015, 2015 – 2016 and 2016 – 2017. Hence no amount is considered by the Commission.

5.12 **Interest on Borrowed Capital**:

5.12.1 DPL has provided detailed computations in regard to its claims towards interest payable on capital borrowings from Central Electricity Authority (CEA), Power Finance Corporation Ltd (PFCL) and Govt. of West Bengal. It has not claimed interest on normative capital borrowings in terms of the Tariff Regulations.

5.12.2 DPL, in their submission, has highlighted the reason for providing the interest liability for Rs. 3440.55 lakh of the loan from CEA for Rs. 1181.00 lakh upto 31.03.2013 which was obtained long back and yet to be repaid. This includes penal interest also. In the APR order for 2011 – 2012 DPL was directed to submit a detailed deliberation underlying the background of backlog interest for Rs. 3440.55 lakh above followed by a statement of interest actually paid so far year wise, statement of interest payable, penal interest chargeable / paid year wise, year wise provision in audited annual accounts, approach to CEA for making the payment of the principal and interests and their response, highlighting the reasons for failing to make timely payment of interest inspite of allowing the same through APR orders issued by the Commission from time to time with fixing up of accountability in this regard in a specific manner and then prefer the claim having a valid support of the actions taken on the above points. The copies of all correspondences made with CEA, the loan agreement underlying the terms and conditions of payment and agenda notes with resolution of the Board of DPL may be annexed to such submission. The amount of interest admitted by the Commission in respective APR orders so far issued may also be mentioned. Such submission was to be made in the APR application for the year 2012 – 2013 for examination by the Commission before finalizing its fate. DPL have not complied with above direction of the Commission. Although, DPL stated to have enclosed year wise statement of the backlog amount of interest, no such enclosures were found in their petition of APR 2012 – 2013. Nevertheless, the Commission is of the opinion that the consumers at large cannot be burdened with the amount of interest including backlog interest for failure on the part of DPL to repay the amount of loan in time thereby accruing huge amount of interest liability. Thus, no interest on the loan from CEA as claimed by DPL for the ensuing years under fourth control period is considered by the Commission. It is directed that DPL should not come up with this interest burden on loan from CEA in future.

5.12.3 The amounts of interest chargeable to Revenue Requirement are admitted and allocated as suggested by DPL as under:

Rupees in Lakh

Interest on borrowed capital							
Sl No	Particular	As Proposed by DPL			As admitted by the Commission		
		2014-15	2015-16	2016-17	2014-15	2015-16	2016-17
1	Unit – VI	1017.35	1020.17	1023.00	838.94	838.94	838.94
2	Unit - VII	4961.46	4153.17	3366.09	4961.46	4153.17	3366.09
3	Unit – VIII	11530.49	15224.65	14572.38	8092.30	15773.04	14685.24
4	Sub total of Generation (4=1+2+3)	17509.30	20397.99	18961.47	13892.70	20765.15	18890.27
5	Distribution	1457.19	1338.75	1215.40	1457.19	1338.75	1215.40
6	Total (6=4+5)	18966.49	21736.74	20176.87	15349.89	22103.90	20105.67

5.12.4 The interest on capital borrowings, however, is not kept withheld for reduction in provisional project cost of Unit VII & VIII for reasons mentioned in paragraph 5.2.1 (iii) and 5.2.2 of this order.

5.13 **Other Finance Charges**:

5.13.1 The amounts claimed by DPL towards other finance charges comprising Guarantee Fees and Bank Charges are as under and the claims are found reasonable and hence allowed.

Rupees in lakh

Sl. No	Particular	As proposed by DPL and admitted by the Commission		
		2014-15	2015-16	2016-17
1	Unit – VI	135.69	131.10	125.59
2	Unit - VII	386.26	325.03	262.22
3	Unit – VIII	1325.46	1325.56	1325.67
4	Sub total of Generation (4=1+2+3)	1847.41	1781.69	1713.48
5	Distribution	56.39	40.40	24.54
6	Total (6=4+5)	1903.80	1822.09	1738.02

5.14 **Bad Debts**:

5.14.1 In terms of regulation 5.10.1 of the Tariff Regulations, the Commission may allow amounts of bad debts as actually had been written off in the latest available audited accounts subject to a ceiling of 0.5% of the annual gross sale value of power at the end of the current year. DPL has projected Rs. 921.03 lakh, Rs. 1022.36 lakh and Rs. 1054.51 lakh for the year 2014 – 2015, 2015 – 2016 and 2016 – 2017 respectively towards bad debts.

5.14.2 As the amounts of bad debts have been projected only on prospective basis without the same having been written off, the Commission is not inclined to admit the claim as at present for obvious reason. However, after the amounts of bad and doubtful debts have actually been written off from the book of accounts after following usual procedure, the same may be considered by the Commission at the time of Annual Performance Review of the respective years. The Commission noticed that DPL has not written off any amount of bad debt during 2012 – 2013 and no amount on this account had been claimed in APR for 2012 – 2013.

5.15 **Income Tax**:

5.15.1 DPL has projected Rs. 3446.06 lakh, Rs. 3697.19 lakh and Rs. 3697.19 lakh for the years 2014 – 2015, 2015 – 2016 and 2016 – 2017 respectively for income tax. The power business of DPL is not a separate entity for the assessment of income tax. Its tax liability will depend on the overall taxable income of the company as a whole. Till the time the income tax is assessed and the part of the tax payable is identified pertaining to power business, the Commission cannot allow any provision in this regard. However, in case, such tax payable is identified pertaining to power business of DPL, provision is made in the accounts and audited, on submission of conclusive documentary evidences with the application for APR in succeeding years, the same will be taken care of as per relevant regulation of the Tariff Regulations.

5.16 **Interest on Consumers' Security Deposits**:

5.16.1 DPL has claimed Rs. 58.71 lakh, Rs. 64.58 lakh and Rs. 71.03 lakh for the years 2014 – 2015, 2015 – 2016 and 2016 – 2017 respectively towards payment of interest to the consumers on their security deposits. The projected amounts under the head are allowed and allocated to distribution function.

5.16.2 DPL is directed to furnish reconciliation of payment for interest on consumers' security deposit in line with the provision laid down under regulation 4.2.6 of the West Bengal Electricity Regulatory Commission (Miscellaneous Provisions) Regulations, 2013 along with actual booking of interest on consumers' security deposit in the annual accounts duly certified by the statutory auditors in the submission of petition for APR for 2014 – 2015. Non compliance of the above directions in the APR application for 2014 – 2015 will be viewed by the Commission seriously and no amount under this head will then be allowed in APR for 2014 – 2015 and onwards.

5.17 **Reserve for unforeseen exigencies**:

5.17.1 DPL has claimed Rs. 868.45 lakh, Rs. 954.80 lakh and Rs. 954.80 lakh for the years 2014 – 2015, 2015 – 2016 and 2016 – 2017 respectively towards appropriation for the reserve for unforeseen exigencies in terms of regulation 5.11 of the Tariff Regulations.

5.17.2 In terms of the referred regulation, the Commission is thus allowing as per DPL appropriations for creation of such reserves for the years under fourth control period with the directives that investment of the amounts (including the arrears for earlier years) must be done in accordance with the provisions of the Tariff Regulations and the amounts of interest earnings thereon should not be taken as income from non-tariff sources. For failure to comply with the provisions of the referred regulation, double the amount allowed for the purpose will be deducted from the amount of return on equity, allowed to DPL, during APR of any succeeding years. Income from such investments of Reserve for Unforeseen Exigencies shall be reinvested for the same purpose and shall be shown separately in the application of APR or tariff, as the case may be, supported by necessary audited data for any year. DPL is also directed to comply with the directions given in para 3.16.6 to 3.16.8 of the APR order in case no. APR-40/13-14 for the year 2012 – 2013 in all further submission of tariff petition. The amounts allowed under this head are as under:

Rupees in lakh

Sl. No	Particular	As admitted by the Commission		
		2014-15	2015-16	2016-17
1	Unit – VI	133.61	133.61	133.61
2	Unit - VII	344.68	344.68	344.68
3	Unit – VIII	0.00	424.92	424.92
4	Sub total of Generation (4=1+2+3)	478.29	903.21	903.21
5	Distribution	51.59	51.59	51.59
6	Total (6=4+5)	529.88	954.80	954.80

5.17.3 Any amount of reserve for unforeseen exigencies however is not kept withheld for reduction in the provisional project cost of Units VII & VIII for the reasons mentioned at paragraph 5.2.1 (iii) and 5.2.2 of this order.

5.18 **Return on Equity**:

5.18.1 DPL has projected average equity base with reference to opening balance and proposed addition during 2014 – 2015, 2015 – 2016 and 2016 – 2017 to the fixed assets and considered return on equity @ 15.5% and 16.5% for generation and distribution functions respectively for different years of the fourth control period as shown below:

Rupees in lakh

Return on Equity Base as Projected by DPL for generation function							
Sl. No.	Particular	Average Equity Base as projected by DPL			Return on Equity Base as projected by DPL		
		2014-15	2015-16	2016-17	2014-15	2015-16	2016-17
1	For Unit No. VI	29202.33	28829.40	28829.40	4526.36	4468.56	4468.56
2	For Unit No. VII	40500.00	40500.00	40500.00	6277.50	6277.50	6277.50
3	For Unit No. VIII	25495.50	33994.00	33994.00	3951.80	5269.07	5269.07
4	For distribution	15367.77	15367.77	15367.77	2535.68	2535.68	2535.68
5	Total	110565.60	118691.17	118691.17	17291.34	18550.81	18550.81

5.18.2 DPL has submitted that total equity received from Government of West Bengal till 2013 – 2014 against unit VIII is Rs. 19350.00 lakh. The Commission considers the amount as the actual equity base at the beginning of the year 2014 – 2015.

5.18.3 Out of actual equity base of Rs. 89425.25 lakh for generating function at the beginning of the year 2014 - 2015, Rs. 29575.25 lakh relates to equity base of units III to VI, Rs. 40500.00 lakh to that of unit VII and Rs. 19350.00 lakh of unit VIII, which is commissioned in October 2014. The units III, IV & V of DPL were proposed for decommissioning and no generation from 2014 – 2015 onwards has been projected by DPL. The value of equity for the remaining unit VI out of Rs. 29575.25 lakh for the purpose of return, as stated in regulation 5.6.1.7 read with regulation 5.6.1.5, shall be determined considering the value of equity of the proposed inoperative units derived in terms of the formula laid down under regulation 5.6.1.6(a) of the Tariff Regulations, as amended as under:

$$E_{unit} = \frac{E_{tot} \text{ X } \{IO_{unit} \text{ X } (0.9085)^{A_{unit}}\}}{\{IC_{unitn} \text{ X } (0.9085)^{A_{unitn}}\}}$$

Where,

E_{unit}	=	Deemed Equity of inoperative unit under consideration.
E_{tot}	=	Actual Equity against the concerned generating station.
A_{unit}	=	Age difference of the latest unit and the concerned inoperative unit.
IO_{unit}	=	Installed capacity of the inoperative unit under consideration.
IC_{unitn}	=	Installed capacity of the nth unit of the station.
A_{unitn}	=	Age difference of the latest unit and nth unit in completed year.

The units III, IV, V & VI were commissioned during the years 1964, 1964, 1966 and 1987 respectively. Deemed equity of the units proposed for decommissioning is determined in the manner stated below:

Deemed equity for unit III (E_{unit}) =

$$\frac{\text{Rs. } 29575.25 \text{ lakh X } \{77X(0.9085)^{23}\}}{[77X(0.9085)^{23} + 77X(0.9085)^{23} + 77X(0.9085)^{21} + 110X(0.9085)^{0}}$$

$$= \frac{\text{Rs. } 29575.25 \text{ lakh X } 77 \text{ X } 0.1100205}{77 \text{ X } .1100205 + 77 \text{ X } .1100205 + 77 \text{ X } 0.133298 + 110 \text{ X } 1}$$

$$= \frac{250549.0528}{8.4716 + 8.4716 + 10.2639 + 110}$$

$$= \frac{250549.0528}{137.2071}$$

$$= \text{Rs. } 1826.06 \text{ lakh}$$

Deemed equity for unit IV (E_{unit}) =

$$\frac{(\text{Rs. } 29575.25 \text{ lakh} - 1826.06 \text{ lakh}) \text{ X } \{77X(0.9085)^{23}\}}{[77 \text{ X } (0.9085)^{23} + 77 \text{ X } (0.9085)^{21} + 110 \text{ X } (0.9085)^{0}}$$

$$= \frac{\text{Rs. } 27749.19 \text{ lakh X } 77 \text{ X } 0.1100205}{77 \text{ X } 0.1100205 + 77 \text{ X } 0.133298 + 110 \text{ X } 1}$$

$$= \frac{235079.4414}{128.7355}$$

$$= \text{Rs. } 1826.06 \text{ lakh}$$

Deemed equity for unit V (E_{unit}) =

$$\frac{(\text{Rs. } 29575.25 \text{ lakh} - 1826.06 \text{ lakh} - 1826.06) \text{ X } \{77X(0.9085)^{21}\}}{[77 \text{ X } (0.9085)^{21} + 110 \text{ X } (0.9085)^{0}}$$

$$= \frac{\text{Rs. } 25923.13 \text{ lakh X } 77 \text{ X } 0.133298}{77 \text{ X } 0.133298 + 110}$$

$$= \frac{266073.6065}{120.2639}$$

$$= \text{Rs. } 2212.41 \text{ lakh}$$

Therefore, the revised equity base of the remaining unit VI of DPL is arrived at Rs. 23710.72 lakh (Rs. 29575.25 lakh - Rs. 1826.06 lakh - Rs. 1826.06 lakh - Rs. 2212.41 lakh).

5.18.4 The Commission now proceeds to determine the average equity base of DPL for generating and distribution functions for the fourth control period. In terms of the Tariff Regulations, returns on equity base are to be allowed @ 15.5% on generating assets and 16.5% on distribution assets. Thus considering its proportion of gross fixed assets of generation and distribution system at the beginning and closing of the year, the equity base at its opening and closing of the respective year has been arrived at. The detailed computation of the amounts so arrived is shown in annexure 5C and 5D. Based on the computations shown in annexure 5C and 5D, the average equity base for each year of 2014 – 2015, 2015 – 2016 and 2016 – 2017 for generating station and distribution system are as below:

Rupees in lakh

Admitted Average Equity Base					
Sl. No.	Segment		2014 – 2015	2015 – 2016	2016 – 2017
1	Generation	Unit – VI	23710.72	23710.72	23710.72
		Unit - VII	40500.00	40500.00	40500.00
		Unit - VIII	9675.00	19350.00	19350.00
		Total	73885.72	83560.72	83560.72
2	Distribution system		15367.77	15367.77	15367.77
3	Overall		89253.49	98928.49	98928.49

5.18.5 It is to be clarified that equity base admitted for allowing returns as shown in the referred annexure are computed for the prospective years and therefore, they need adjustments subsequently on the basis of audited accounts. Such adjustments will be carried out at the time of Annual Performance Review for the concerned years.

5.18.6 The amounts of returns on equity allowable on above amounts of equity base come as under after adjustments for Unit VII and Unit VIII in pursuance of regulation 2.8.1.4.13 of the Tariff Regulations. Return against unit VIII for 2014 – 2015 is allowed to the extent of Rs. 1499.63 lakh because the unit was under commercial operation for a period of 6 (six) months during the year.

Rupees in lakh

Return on Equity as allowed in Tariff Order					
			2014-15	2015-16	2016-17
1	Generating Assets @ 15.5% on average Equity base of generation segment	(a) For Units No. VI	3675.16	3675.16	3675.16
		(b) For Unit No. VII Less: In pursuance of regulation 2.8.1.4.13 of the Tariff Regulations, as referred to in paragraph 5.2(i) of this order.	6277.50 (-) 313.88	6277.50 (-) 313.88	6277.50 (-) 313.88
		Net Total for Unit No. VII	5963.62	5963.62	5963.62
		c) For Unit No. VIII Less: In pursuance of regulation 2.8.1.4.13 of the Tariff Regulations, as referred to in paragraph 5.2(i) & 5.2(vi) of this order.	1499.63 (-) 74.98	2999.25 (-) 149.96	2999.25 (-) 149.96
		Net Total for Unit No. VIII	1424.65	2849.29	2849.29
		Total Generation	11063.43	12488.07	12488.07
2	Distribution assets @ 16.5% on average equity base of distribution segment	Total Distribution	2535.68	2535.68	2535.68
		Overall :	13599.11	15023.75	15023.75

5.18.7 The return on equity on account of the VIIth & VIIIth units of the generating station will be withheld to the extent as mentioned in paragraph 5.2.1 and 5.2.2 for the reasons mentioned therein.

5.19 **Interest on Working Capital**:

5.19.1 DPL has asked for interest on normative working capital as under:

Rupees in lakh

2014-15	2015-16	2016-17
2152.77	2469.49	2637.33

5.19.2 In terms of regulations 5.6.5.1 of the Tariff Regulations, as amended working capital requirement shall be assessed on normative basis @ 18% on the base amount derived by summation of annual fixed charges and fuel and power purchase cost reduced by the elements of the ARR determined, viz., depreciation etc. as at paragraph 5.18.4. However, the above assessment of requirement of working capital would be 10% instead of 18% on the base amount since DPL has already introduced Monthly Fuel Cost Adjustment or Monthly Variable Cost Adjustment for all the years, i.e., 2014 – 2015, 2015 – 2016 and 2016 – 2017.

5.19.3 DPL is directed to utilize the consumers' security deposit lying with them in working capital requirement. If there is any shortfall between the working capital requirement and consumers' security deposit held and DPL is required to take working capital loan that will be taken care of during APR for the concerned year as per provision of the Tariff Regulations. As per audited accounts for 2012 – 2013, total amount of consumers' security deposit held by DPL as on 31.03.2013 is Rs. 640.07 lakh. Interest paid to consumers against security deposit during 2012 – 2013 is Rs. 38.96 lakh. DPL has been allowed interest on consumer security to the extent of Rs. 58.71 lakh, Rs. 64.58 lakh and Rs. 71.03 lakh for 2014 – 2015, 2015 – 2016 and 2016 – 2017 respectively as stated in paragraph 5.16.1 of the order. Thus, the normative requirement of working capital @ 10% of the base amount is reduced by the security deposit held by DPL as on 31.03.2013 to arrive at the requirement of working capital. The interest on working capital is considered @ 13.5% as claimed by DPL as the same is less than the SBI PLR (14.45%) as on 01.04.2013.

5.19.4 As per their submission in Form 1.17(b), DPL has claimed the rate of interest @ 13.50% per annum for all the years of the fourth control period. The interest on working capital for generation function is worked out as under:

Sl. No.	Particulars	Amount in Rs. in lakh		
		2014-15	2015-16	2016-17
1	Annual Fixed charges now arrived excluding interest on working capital for generation function	54050.34	69718.94	68953.79
2	Fuel Cost as admitted	66368.54	82185.77	82185.77
3	Sub Total (1+2)	120418.88	151904.71	151139.56
	Less:			
4	Depreciation	9122.36	13382.20	13382.20
5	Advance against depreciation	2454.07	2556.16	2556.16
6	Deferred revenue expenditure	0.00	0.00	0.00
7	Return on Equity	11063.43	12488.07	12488.07
8	Bad and doubtful Debt	0.00	0.00	0.00
9	Reserve for Unforeseen Exigencies	478.29	903.21	903.21
10	Sub Total (4 to 9)	23118.15	29329.64	29329.64
11	Allowable Fixed Charges for working capital (3-10)	97300.73	122575.07	121809.92
12	Normative requirement of Working Capital (10% of 11)	9730.07	12257.51	12180.99
13	Security deposit held as on 31.03.2013	640.07	640.07	640.07
14	Requirement of working capital after utilizing the security deposit (12-13)	9090.00	11617.44	11540.92
15	Interest allowable @ 13.50% on 14	1227.15	1568.35	1558.02
16	Interest on working capital allowed	1227.15	1568.35	1558.02

5.19.5 The amounts of Rs. 1227.15 lakh, Rs. 1568.35 lakh and Rs. 1558.02 lakh for the years 2014 – 2015, 2015 – 2016 and 2016 – 2017 respectively are allocated to generation function only.

5.19.6 During APR of the concerned year, the interest on working capital as above will be reviewed on the amount assessed on normative basis considering the actual security deposit held during the year or the actual amount of interest paid, whichever is less, in respect of both generation and distribution function as per regulation 5.6.5.2 of the Tariff Regulations.

5.20 **Income from other Sources**:

5.20.1 DPL has projected incomes from non-tariff sources as under:

Rupees in lakh

Sl. No.	Particulars	2014-15	2015-16	2016-17
1	Rental of meters etc.	91.37	92.27	93.19
2	Sale and Repairs of meters and apparatus etc.	0.31	0.31	0.31
3	Income from investment & bank balances	76.96	77.73	78.50
4	Surcharge on late payments	284.30	287.15	290.02
5	Income from consumers' job	0.00	0.00	0.00
6	Sale of steam	222.03	224.05	226.50
7	others	141.77	143.19	144.62
8	Total	816.74	824.70	833.14

5.20.2 The proposal of income from non-tariff sources of DPL has been admitted by the Commission for all the three years under fourth control period with allocation of the income between generation and distribution on the basis of the nature of the income. The incomes from rental of meters and other apparatus, sale and repair of meters and other apparatus, surcharge for late payment, income from jobs at consumers' premises and other general receipt have been considered in the distribution head. Income from sale of steam and income from investments have been considered in the generation head of units VI and VII. Accordingly, the allocated amounts as admitted by the Commission are as follows:

Rupees in Lakh

Income from Other Sources

Sl. No	Particular	As Proposed by DPL and Admitted by the Commission		
		2014-15	2015-16	2016-17
1	Unit – VI	187.98	189.76	191.75
2	Unit - VII	111.01	112.02	113.25
3	Unit – VIII	0.00	0.00	0.00
4	Sub total of Generation (4=1+2+3)	298.99	301.78	305.00
5	Distribution	517.75	522.92	528.14
6	Total (6=4+5)	816.74	824.70	833.14

5.20.3 As can be noted from the above break-ups, DPL earns a considerable amount by sale of steam from the power plants to other agencies. DPL was directed in the tariff order under third control period and also in the APR order for 2011 – 2012 and 2012 – 2013 to disclose the names of the agencies and rate at which such supplies are being made. But nothing has been disclosed so far including the tariff petition for fourth control period. The Commission has taken a serious note of such non-compliance. DPL is once again directed to comply with the directions in all future submission. However, the projected amounts of incomes from non-tariff sources are being admitted.

5.21 **Interest Credit**:

5.21.1 In terms regulation 5.5.3 of the Tariff Regulations, where the actual amount of loan repayment in any year falls short of the depreciation allowable during the year, then interest credit of such excess depreciation charges at the rate of weighted average cost of debt is admissible. DPL has projected Rs.19.03 lakh, Rs. 18.24 lakh and Rs. 18.24 lakh as interest credit to be refunded in ARR during 2014 – 2015, 2015 – 2016 and 2016 – 2017 respectively as chargeable depreciation for Unit VI is more than the amount of loan repayable for those years. As may be seen in the preceding paragraphs 5.10.2 and 5.10.3 that the Commission has admitted advance against depreciation to DPL due to accrued shortfall in amount of depreciation in repayment of the loan for all the years under fourth control period in terms of the Tariff Regulations and hence the interest credit is not considered.

ANNEXURE – 5A

Monthly Rate of Inflation in CPI number for Industrial Worker													
Year	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	March	Average
2010-11	13.33	13.91	13.73	11.25	9.88	9.82	9.7	8.33	9.47	9.3	8.82	8.82	10.53
2011-12	9.41	8.72	8.62	8.43	8.99	10.06	9.39	9.34	6.49	5.32	7.57	8.65	8.42
2012-13	10.22	10.16	10.05	9.84	10.31	9.14	9.6	9.55	11.17	11.62	12.06	11.44	10.43
2013-14	10.24	10.68	11.06	10.85	10.75	10.7	11.06	11.47	9.13	7.24	6.73	6.70	9.72
2014-15	7.08	7.02	6.49	7.23	6.75	6.3							6.81
Source : Website of Labour Bureau, GOI : Average Value is being Computed													

WPI FROM OFFICE OF ECONOMIC ADVISOR , GOI												
Year	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar
2009-10	125.0	125.9	126.8	128.2	129.6	130.3	131.0	132.9	133.4	135.2	135.2	136.3
2010-11	138.6	139.1	139.8	141.0	141.1	142.0	142.9	143.8	146.0	148.0	148.1	149.5
2011-12	152.1	152.4	153.1	154.2	154.9	156.2	157.0	157.4	157.3	158.7	159.3	161.0
2012-13	163.5	163.9	164.7	165.8	167.3	168.8	168.5	168.8	168.8	170.3	170.9	170.1
2013-14	171.3	171.4	173.2	175.5	179.0	180.7	180.7	181.5	179.6	179.0	179.5	180.3
2014-15	180.8	182.0	183.0	184.6	185.7	185.0						
Source : Website of Office of the Economic Advisor, GOI :												

MONTHLY INFLATION RATE COMPUTED BASED ON WPI FROM OFFICE OF ECONOMIC ADVISOR , GOI													
Year	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Average
2010-11	10.88	10.48	10.25	9.98	8.87	8.98	9.08	8.20	9.45	9.47	9.54	9.68	9.57
2011-12	9.74	9.56	9.51	9.36	9.78	10.00	9.87	9.46	7.74	7.23	7.56	7.69	8.96
2012-13	7.50	7.55	7.58	7.52	8.01	8.07	7.32	7.24	7.31	7.31	7.28	5.65	7.36
2013-14	4.77	4.58	5.16	5.85	6.99	7.05	7.24	7.52	6.40	5.11	5.03	6.00	5.98
2014-15	5.55	6.18	5.66	5.19	3.74	2.38							4.78

ANNEXURE – 5B

TABLE - I

ANNUAL ACTUAL FIGURE OF DIFFERENT BUISNESS PARAMETERS OF DPL DISTRBUTION FUNCTION HAVING IMPACT ON TARIFF										
Sl No	Particulars	Units	Inflationary Basis	Sensitivity Parameter & degree of sensitivity	2009-10	2010-11	2011-12	2012-13	2013-14 (Estimated by DPL)	2013-14 (Estimated by WBERC)
1	Total consumers on 31st March	number			39836	41735	43634	47244	48479	48479
2	Repair & Maintenance Expenditure	Rs Lakh	WPI+CPI	DLL	715.96	1697.21	1091.29	1075.32	1801.07	1190.00
3	Auditors Fees	Rs Lakh	WPI+CPI	DLL	3.86	0.65	0.66	0.67	0.74	0.68
4	Others Administrative and General Expenses	Rs Lakh	WPI+CPI	CSM	337.61	318.16	543.85	585.59	602.31	602.31
5	Total Administrative & General Expenses(3+4)	Rs Lakh			341.47	318.81	544.51	586.26	603.05	602.99
6	Total O&M Function Expenses (2+5)	Rs Lakh			1057.43	2016.02	1635.80	1661.58	2404.12	1792.99
7	Rates & Taxes	Rs Lakh	WPI+CPI	DLL	0.47	0.38	2.93	4.10	4.51	4.45
8	Insurance	Rs Lakh	WPI+CPI	DLL	81.37	96.29	75.86	90.33	99.36	85.96
9	Total	Rs Lakh			1139.27	2112.69	1714.59	1756.01	2507.99	1883.40

TABLE-2

PROJECTED ANNUAL ESCALATION RATE COMPUTATION OF DIFFERENT PARAMETERS DURING FOURTH CONTROL PERIOD (2014-15 TO 2016-17)

Sl No	Particulars	Inflationary Basis	Sensitivity Parameter & degree of sensitivity	CAGR (%) between			Average Inflation Rate during the Concerned period $	Whether Inflation rate is applicable	Additional Growth Rate above inflation rate	Ratio of Expenses increase and sensitivity parameter increase	Escalation rate (%) for			Remarks
				2012-13 to 2013-14	2011-12 to 2013-14	2010-11 to 2013-14					2014-15	2015-16	2016-17	
1	Total consumers increase			2.61	5.41	5.12					2.61	4.02	4.02	
2	Repair & Maintenance Expenditure	WPI+CPI	DLL	10.66	1.72	-12.7	8.27	No			1.89	1.89	1.89	
3	Auditors Fees	WPI+CPI	DLL	1.52	1.51	1.52	8.27	No			1.66	1.66	1.66	
4	Others Administrative and General Expenses	WPI+CPI	CSM	2.86	5.24	23.71	7.48	No			5.76	5.76	5.76	
5	Total Administrative & General Expenses(3+4)			4.38	6.75	25.23					7.42	7.42	7.42	
6	Total O&M Function Expenses (2+5)			15.04	8.47	12.53					9.31	9.31	9.31	
7	Rates & Taxes	WPI+CPI	DLL	8.48	23.24	127.09	7.48	Yes	1.00	0.38	7.09	9.67	9.67	
8	Insurance	WPI+CPI	DLL	-4.84	6.45	-3.71	8.27	No			7.10	7.10	7.10	

ANNUAL ACTUAL FIGURE OF DIFFERENT BUISNESS PARAMETERS OF DPL DISTRBUTION FUNCTION HAVING IMPACT ON TARIFF											
Sl No	Particulars	Units	Projected expenses for 2014-15 by DPL	Computed expenses for 2014-15 by the Commission	Admitted expenses for 2014-15	Projected expenses for 2015-16 by DPL	Computed expenses for 2015-16 by the Commission	Admitted expenses for 2015-16	Projected expenses for 2016-17 by DPL	Computed expenses for 2016-17 by the Commission	Admitted expenses for 2016-17
1	Total consumers on 31st March	number	49744	49744	49744	51743	51743	51743	51826	53823	53823
2	Repair & Maintenance Expenditure	Rs Lakh	1327.25	1213.00	1213.00	1440.61	1236.00	1236.00	1565.29	1259.00	1259.00
3	Auditors Fees	Rs Lakh	0.82	1.00	0.82	0.90	1.00	0.90	1.00	1.00	1.00
4	Others Administrative and General Expenses	Rs Lakh	662.35	637.00	637.00	728.81	674.00	674.00	801.70	713.00	713.00
5	Total Administrative & General Expenses(3+4)	Rs Lakh	663.17	638.00	637.82	729.71	675.00	674.90	802.70	714.00	714.00
6	Total O&M Function Expenses (2+5)	Rs Lakh	1990.42	1851.00	1850.82	2170.32	1911.00	1910.90	2367.99	1973.00	1973.00
7	Rates & Taxes	Rs Lakh	6.18	5.00	5.00	6.80	5.00	5.00	7.48	5.00	5.00
8	Insurance	Rs Lakh	116.56	92.00	92.00	128.22	99.00	99.00	141.04	106.00	106.00
9	Total	Rs Lakh	2113.16	1948.00	1947.82	2305.34	2015.00	2014.90	2516.51	2084.00	2084.00

ANNEXURE – 5C
COMPUTATION OF AVERAGE EQUITY BASE FOR GENERATION FUNCTION

Rs. in lakh

Sl. No.	Particulars	2014 - 2015				2015 - 2016				2016 - 2017			
		Unit III to VI	Unit VII	Unit VIII	Total	Unit VI	Unit VII	Unit VIII	Total	Unit VI	Unit VII	Unit VIII	Total
1	Actual equity base at the beginning of the year	29575.25	40500.00	0.00	70075.25	23710.72	40500.00	19350.00	83560.72	23710.72	40500.00	19350.00	83560.72
2	Delition of equity for decommissioning of Units III, IV & V (as per paragraph 5.18.3)	-5864.53	0.00	0.00	-5864.53	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
3	Admissible equity base at the beginning of the year (1+2)	23710.72	40500.00	0.00	64210.72	23710.72	40500.00	19350.00	83560.72	23710.72	40500.00	19350.00	83560.72
4	Actual addition to equity base during the year	0.00	0.00	19350.00	19350.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
5	Actual equity base at the end of the year (1+2+4)	23710.72	40500.00	19350.00	83560.72	23710.72	40500.00	19350.00	83560.72	23710.72	40500.00	19350.00	83560.72
6	Net Addition to the original cost of fixed assets during the year	0.00	0.00	169968.00	169968.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
7	Normative addition to equity base (30% of 5)	0.00	0.00	50990.40	50990.40	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
8	Addition to equity base considered for the year (lower of 4 and 7)	0.00	0.00	19350.00	19350.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
9	Admissible equity base considered at the closing of the year (3+8)	23710.72	40500.00	19350.00	83560.72	23710.72	40500.00	19350.00	83560.72	23710.72	40500.00	19350.00	83560.72
10	Average equity base for allowing returns (3+9)/2	23710.72	40500.00	9675.00	73885.72	23710.72	40500.00	19350.00	83560.72	23710.72	40500.00	19350.00	83560.72
11	Allowable return @ 15.5% on 10	3675.16	6277.50	1499.63	11452.29	3675.16	6277.50	2999.25	12951.91	3675.16	6277.50	2999.25	12951.91

ANNEXURE – 5D
COMPUTATION OF AVERAGE EQUITY BASE FOR DISTRIBUTION FUNCTION

Rs. in lakh

Sl. No.	Particulars	2014 - 2015	2015 – 2016	2016 – 2017
1	Actual equity base at the beginning of the year.	15367.77	15367.77	15367.77
2	Admissible equity base at the beginning of the year	15367.77	15367.77	15367.77
3	Actual addition to / withdrawal of equity base during the year	0.00	0.00	0.00
4	Actual equity base at the end of the year (1+3)	15367.77	15367.77	15367.77
5	Net Addition to the original cost of fixed assets during the year as per Form 1.18	0.00	0.00	0.00
6	Normative addition to equity base (30% of 5)	0.00	0.00	0.00
7	Addition to equity base considered for the year (lower of 3 and 6)	0.00	0.00	0.00
8	Admissible equity base considered at the closing of the year (2+7)	15367.77	15367.77	15367.77
9	Average equity base for allowing returns (2+8)/2	15367.77	15367.77	15367.77
10	Allowable Return @ 16.5%	2535.68	2535.68	2535.68

CHAPTER – 6
SUMMARIZED STATEMENT OF AGGREGATE REVENUE REQUIREMENT FOR THE YEARS 2014-15, 2015-16 & 2016-17 & REVENUE RECOVERABLE THROUGH TARIFF FOR THE YEAR 2014 – 2015

6.1 Based on the analyses and findings recorded in the foregoing chapters the Commission is now drawing the statements of Aggregate Revenue Requirements (ARR) separately for each of the three years of the third control period covering the years 2014-15, 2015-16 and 2016-17. Such summarized statements are given in Annexure 6A to 6C of this chapter.

6.2 In terms of the Tariff Regulations, it is also to ascertain the amount of revenue recoverable through tariff for the year 2014-15 after carrying out adjustments of the recoverable amount determined in Annual Performance Review (APR) for the year 2012-13. The Commission in its APR order for 2012 – 2013 dated 21.05.2014 in Case No. APR-40/13-14 has determined the net amount of Rs. 14282.86 lakh recoverable by DPL from its consumers after taking into consideration the adjustments in both variable costs and fixed costs. The Commission now decides to adjust the net recoverable amount of 14282.86 lakh determined in the APR for 2012 – 2013 with the ARR for 2014 – 2015 to determine the revenue recoverable through tariff during 2014 – 2015. In addition the income from sale of power by DPL to WBSEDCL has been considered after taking into the selling rate at 380 paise / unit at 132 / 220 KV level and 395 paise / unit in the radial mode (33/11 KV) for all the three years of the fourth control period. The adjustable amount of Rs. 14282.86 lakh for the year 2012 – 2013 are being allocated to generation and distribution functions in proportion to ARR determined for generation and distribution functions for the year 2014 – 2015. Accordingly, the amount of revenue to be recovered through tariff for the year 2014 – 15 works out as under:

Rupees in Lakh

REVENUE RECOVERABLE THROUGH TARIFF, CAPACITY CHARGES AND FIXED CHARGES IN 2014-2015				
Sl. No.	Particulars	Generation	Distribution	Total
1	Aggregate Revenue Requirement for 2014-2015	121646.03	17682.28	139328.31
2	Adjustment for APR for 2012-2013	11811.37	2471.49	14282.86
3	Sub Total (1+2)	133457.40	20153.77	153611.17
4	Fuel Cost	66368.54	-	-
5	Power Purchase Cost	-	8745.08	-
6	Capacity Charges (6 = 3 - 4)	67088.86	-	-
7	Fixed charges for Distribution (7 = 3 – 5)	-	11408.69	-

6.3 The Commission has also worked out the average tariff for the consumers of DPL for 2014-15 and the same is shown in the table below:

AVERAGE TARRIFF FOR CONSUMERS OF DPL in 2014 – 2015			
Sl. No.	Particulars	Unit	Total
1.	Total revenue to be recovered through tariff	Rs. Lakh	153611.17
2.	Revenue from sale of power to WBSEDCL/other licensee	Rs. Lakh	30474.45
3.	Revenue Recoverable for supply of power to the consumers (1-2)	Rs. Lakh	123136.72
4.	Energy sale to the consumers including inter-plant transfer	MU	2467.19
5.	Average tariff for the consumers (Sl.3 x 10 ÷ Sl. 4)	Paisa/ kWh	499.10

6.4 The amount of revenue to be recovered through tariff, capacity charges and fixed charges for the years 2015-16 and 2016-17 are also worked out as under:

Rupees in Lakh

REVENUE RECOVERABLE THROUGH TARIFF, CAPACITY CHARGES AND FIXED CHARGES IN 2015-2016				
Sl. No.	Particulars	Generation	Distribution	Total
1	Aggregate Revenue Requirement for 2015-2016	153473.06	21096.49	174569.55
2	Fuel Cost	82185.77	-	-
3	Power Purchase Cost	-	11848.77	-
4	Capacity Charges (4 = 1 - 2)	71287.29	-	-
5	Fixed charges for Distribution (5 = 1 – 4)	-	9247.72	-

Rupees in Lakh

REVENUE RECOVERABLE THROUGH TARIFF, CAPACITY CHARGES AND FIXED CHARGES IN 2016-2017				
Sl. No.	Particulars	Generation	Distribution	Total
1	Aggregate Revenue Requirement for 2015-2016	152697.58	23743.94	176441.52
2	Fuel Cost	82185.77	-	-
3	Power Purchase Cost	-	14339.14	-
4	Capacity Charges (4 = 1 - 2)	70511.81	-	-
5	Fixed charges for Distribution (5 = 1 – 4)	-	9404.80	-

ANNEXURE – 6A

Sl. No.	PARTICULARS	GENERATION FIXED COST OF DPL (Rs. in lakh)		
		2014 – 2015	2015 – 2016	2016 – 2017
		ADMITTED	ADMITTED	ADMITTED
1	Fuel	66368.54	82185.77	82185.77
2	Employee Cost	6269.59	6838.23	7458.47
3	Centrally Maintained Exp	522.26	569.62	621.29
4	Coal and ash handling expenses	1637.82	2108.86	2214.31
5	Water Charges	2373.25	2913.73	2913.73
6	Operation & Maintenance expenses	4591.15	5609.80	6006.60
7	Rates & Taxes	5.00	5.00	5.00
8	Insurance	92.00	99.00	106.00
9	Depreciation	9122.36	13382.20	13382.20
10	Advance Against Depreciation	2454.07	2556.16	2556.16
11	Write off of Intangible assets	0.00	0.00	0.00
12	Interest on borrowed Capital	13892.70	20765.15	18890.27
13	Interest on Working Capital	1227.15	1568.35	1558.02
14	Other Finance Charges	1847.41	1781.69	1713.48
15	Income tax	0.00	0.00	0.00
16	Reserve for unforeseen exigencies	478.29	903.21	903.21
17	ROE	11063.43	12488.07	12488.07
18	Demurrage	0.00	0.00	0.00
19	Development Fund	0.00	0.00	0.00
20	Gross Revenue requirement (20 = sum 1 to 19)	121945.02	153774.84	153002.58
21	Less Misc. other income	298.99	301.78	305.00
22	Less: Interest Credit	0.00	0.00	0.00
23	Net Total Revenue Required (23 = 20 – 21 - 22)	121646.03	153473.06	152697.58

ANNEXURE – 6B

FIXED COST OF DISTRIBUTION FUNCTION OF DPL (RS. IN LAKH)

Sl. No.	Particulars	2014 – 2015	2015 – 2016	2016 – 2017
		ADMITTED	ADMITTED	ADMITTED
1	Power Purchase Cost	8745.08	11848.77	14339.14
2	Employee Cost	2140.82	2335.00	2546.78
3	Centrally Maintained Expenses	214.08	233.50	254.68
4	Water Charges	0.00	0.00	0.00
5	Operation & Maintenance Expenses			
	(a) Other Administrative & General Expenses.	637.00	674.00	713.00
	(b) Legal & professional Charges	0.00	0.00	0.00
	(c) Audit Fees	0.82	0.90	1.00
	(d) Repair & Maintenance including Consumables	1213.00	1236.00	1259.00
	Total	1850.82	1910.90	1973.00
6	Interest on borrowed capital	1457.19	1338.75	1215.40
7	Interest on working capital	0.00	0.00	0.00
8	Other Finance Charges	56.39	40.40	24.54
9	Interest on consumers' security deposit	58.71	64.58	71.03
10	Depreciation	1089.67	1260.24	1260.24
11	Advance against Depreciation	0.00	0.00	0.00
12	Write off of Intangible assets	0.00	0.00	0.00
13	Bad debts written off	0.00	0.00	0.00
14	Reserve for unforeseen exigencies	51.59	51.59	51.59
15	ROE	2535.68	2535.68	2535.68
16	Gross Revenue requirement	18200.03	21619.41	24272.08
17	Less Misc. other income	517.75	522.92	528.14
18	Net Total Revenue Required	17682.28	21096.49	23743.94

ANNEXURE – 6C

Sl. No.	PARTICULARS	TOTAL AGGREGATE REVENUE OF DPL (RS. IN LAKH)		
		2014 – 2015	2015 – 2016	2016 – 2017
		ADMITTED	ADMITTED	ADMITTED
1	Fuel	66368.54	82185.77	82185.77
2	Power Purchase	8745.08	11848.77	14339.14
3	Employee Cost	8410.41	9173.23	10005.25
4	Centrally Maintained Exp	736.34	803.12	875.97
5	Coal and ash handling expenses	1637.82	2108.86	2214.31
6	Water Charges	2373.25	2913.73	2913.73
7	Operation & Maintenance expenses	6441.97	7520.70	7979.60
8	Rates & Taxes	5.00	5.00	5.00
9	Insurance	92.00	99.00	106.00
10	Depreciation	10212.03	14642.44	14642.44
11	Advance Against Depreciation	2454.07	2556.16	2556.16
12	Write off of Intangible assets	0.00	0.00	0.00
13	Interest on borrowed Capital	15349.89	22103.90	20105.67
14	Interest on Working Capital	1227.15	1568.35	1558.02
15	Other Finance Charges	1903.80	1822.09	1738.02
16	Bad Debts written off	0.00	0.00	0.00
17	Income tax	0.00	0.00	0.00
18	Interest on Consumers' Security Deposit	58.71	64.58	71.03
19	Reserve for unforeseen exigencies	529.88	954.80	954.80
20	ROE	13599.11	15023.75	15023.75
21	Demurrage	0.00	0.00	0.00
22	Development Fund	0.00	0.00	0.00
23	Gross Revenue requirement (23 = sum 1 to 22)	140145.05	175394.25	177274.66
24	Less Misc. other income	816.74	824.70	833.14
25	Less: Interest Credit	0.00	0.00	0.00
26	Net Total Revenue Required (26 = 23 – 24 - 25)	139328.31	174569.55	176441.52

CHAPTER - 7
TARIFF ORDER FOR 2014 – 2015

7.1 As mentioned in the previous chapter, the Commission, in accordance with the Tariff Regulations, has determined for DPL the Aggregate Revenue Requirement (ARR) for each year of the fourth control period, covering the years 2014-15 to 2016-17, and the revenue recoverable through tariff during 2014 – 2015 after all the necessary adjustment as discussed in chapter 6. The tariff schedule applicable to the consumers of DPL in 2014 – 2015 and the associated terms and conditions given below are based on the category wise sale projected by DPL for the year 2014 -2015. The Commission has observed that the projected sales for 132 KV consumers during the year 2014 – 2015 are at a higher level than that of previous year (about four times of actual sale to 132 KV consumers during 2012 – 2013). On the other hand sale to consumers at 11 KV is projected at a lower level than that of 2012 – 2013. These have caused reduction in average rate at the existing tariff for 2013 – 2014. DPL has not given any reason for such projection. The Commission has given necessary direction in this regard in chapter – 8 of this order.

7.2 The tariff schedule as applicable to the consumers of DPL in the year 2014 – 2015 is given at Annexure - 7A1 for LV and MV consumers and at Annexure - 7A2 for HV and EHV consumers.

7.3 Details of different tariff schemes of different classes of consumers and various associated terms and conditions are specified in various regulations and in Annexure – C1 and Annexure – C2 of the Tariff Regulations. Other associated conditions of the tariff for 2014 – 2015 shall be as follows.

7.3.1.1 In order to reduce the overall system T&D loss and to flatten the load curve by improving the existing system load factor of DPL, the HT consumers shall receive a voltage wise graded load factor rebate as per the following table:

LOAD FACTOR REBATE (Paise / KWH)

Range of Load Factor (LF)		Supply Voltage		
		11 kV	33 kV	132 kV
Above 55%	Up to 60%	1	2	3
Above 60%	Up to 65%	2	3	4
Above 65%	Up to 70%	3	4	5
Above 70%	Up to 75%	10	11	12
Above 75%	Up to 80%	12	13	14
Above 80%	Up to 85%	14	15	16
Above 85%	Up to 90%	16	17	18
Above 90%	Up to 92%	18	19	20
Above 92%	Up to 95%	22	24	25
Above 95%		25	27	28

7.3.1.2 The above load factor rebate shall be applicable on quantum of energy consumed in a billing period (for example one 11 KV consumer at 85% load factor shall be eligible for a rebate @ 14 paise / KWh on the total quantum of energy consumed in a billing period).

7.3.1.3 Load factor surcharge shall continue at the prevailing rate for those categories of consumers to whom these are applicable at present.

7.3.1.4 Load factor rebate and load factor surcharge shall be computed in accordance with the formula and associated principles given in regulations 3.9.2, 3.9.3 and 3.9.4 of the Tariff Regulations and at the rates mentioned in paragraphs 7.3.1.1 and 7.3.1.3 above.

7.3.2.1 The fixed charge shall be applicable to different categories of consumers at the rates as shown in Annexure 7A1 and Annexure 7A2 of this tariff order.

7.3.2.2 The demand charge shall be applicable to different categories of consumers as per rates as shown in Annexure 7A1 and Annexure 7A2 of this order on the basis of recorded demand as specified in regulation 4.3.3 of the Tariff Regulations subject to the conditions as specified in the Tariff Regulations.

7.3.2.3 When a new consumer gets connected to the system, the computation of fixed charge or demand charge for that month shall be made pro-rata for the number of days of supply in that particular month.

7.3.3 Subject to the conditions as specified in regulation 4.13 of the Tariff Regulations, the minimum charge shall continue at the existing level for all consumers.

7.3.4 The applicable rate of temporary supply for a consumer during the year 2014 - 2015 shall be the same rate at which he is being charged prior to issue of this order.

7.3.5 For all consumers, excluding consumers having pre-paid meters, rebate shall be given @ 1% of the amount of the bill excluding meter rent, taxes, duties, levies and arrears (not being the arrears due to revision of tariff) if the payment is made within the due date.

7.3.6 In addition to the rebate under paragraphs 7.3.5 above, if the payment is made within due date, then an additional rebate of 1% of the amount of the bill excluding meter rent, taxes, duties, levies and arrears (not being arrears due to revision of tariff) would be allowed to the consumers who would pay their energy bills through e-payment facility (through web by using net banking, debit card, credit card, electronic clearing scheme) as introduced by DPL. This rebate is applicable after giving effect under paragraphs 7.3.5. A rebate of Rs. 5.00 will be admissible prospectively if any consumer opts for e-bill following regulation 3.1.10 of West Bengal Electricity Regulatory Commission (Electricity Supply Code) Regulations, 2013. These rebates are applicable after giving effect under paragraphs 7.3.5.

7.3.7.1 The power factor rebate and surcharge shall continue for those categories of consumers to whom these are applicable at present. The rate of rebate and surcharge and methods of calculation of such rebate and surcharge for the year 2014 – 2015 are given below:

Power Factor (PF) Range	Power Factor Rebate & Surcharge on Energy Charge in Percentage for the year 2014-15							
	For Consumers under TOD Tariff						For Consumers under non-TOD Tariff	
	Normal Period (6.00 AM to 5.00 PM)		Peak Period (5.00 PM to 11.00 PM)		Off-peak Period (11.00 PM to 6.00 AM)			
	Rebate in %	Surcharge in %	Rebate in %	Surcharge in %	Rebate in %	Surcharge in %	Rebate in %	Surcharge in %
PF > 0.99	7.00	0.00	8.00	0.00	6.00	0.00	5.00	0.00
PF > 0.98 & PF < 0.99	6.00	0.00	7.00	0.00	5.00	0.00	4.00	0.00
PF > 0.97 & PF < 0.98	5.00	0.00	6.00	0.00	4.00	0.00	3.00	0.00
PF > 0.96 & PF < 0.97	4.00	0.00	5.00	0.00	3.00	0.00	2.50	0.00
PF > 0.95 & PF < 0.96	3.00	0.00	4.00	0.00	2.00	0.00	2.00	0.00
PF > 0.94 & PF < 0.95	2.25	0.00	3.00	0.00	1.50	0.00	1.50	0.00
PF > 0.93 & PF < 0.94	1.50	0.00	2.00	0.00	1.00	0.00	1.00	0.00
PF > 0.92 & PF < 0.93	0.75	0.00	1.00	0.00	0.50	0.00	0.50	0.00
PF > 0.86 & PF < 0.92	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**
PF > 0.85 & PF < 0.86	0.00	1.00	0.00	1.25	0.00	0.75	0.00	0.75
PF > 0.84 & PF < 0.85	0.00	2.00	0.00	2.50	0.00	1.50	0.00	1.50
PF > 0.83 & PF < 0.84	0.00	2.50	0.00	3.25	0.00	1.75	0.00	1.75
PF > 0.82 & PF < 0.83	0.00	3.00	0.00	4.00	0.00	2.00	0.00	2.00
PF > 0.81 & PF < 0.82	0.00	4.00	0.00	5.00	0.00	3.00	0.00	2.50
PF > 0.80 & PF < 0.81	0.00	5.00	0.00	6.00	0.00	4.00	0.00	3.00
PF <0.80	0.00	6.00	0.00	7.00	0.00	5.00	0.00	3.50

7.3.7.2 The above rebate and surcharge against different time periods shall be reflected in the bill separately and shall be treated separately.

7.3.8 For short-term supply, emergency supply and supply for construction power no rebate or surcharge will be applicable for power factor and load factor.

7.3.9 Delayed payment surcharge shall be applicable as per regulation 4.14 of the Tariff Regulations.

7.3.10 All existing charges relating to meter rent, meter testing, meter replacement, fuse call charges, disconnection and reconnection etc. shall continue.

7.3.11 A consumer opting for pre-paid meter shall not be required to make any security deposit on the energy charge.

7.3.12 All statutory levies like Electricity Duty or any other taxes, duties etc. imposed by the State Govt. / Central Govt. or any other competent authority shall be extra and shall not be a part of the tariff as determined in this order.

7.3.13 All the rates and conditions of tariff for 2014-15 are effective from 1st April 2014 and onwards except where specific date is mentioned. The rate will continue till further tariff order of the Commission.

7.3.14 For 2014-15 the consumer and other licensee shall have to pay/shall be refunded the difference of the following two:

i) tariff as declared under this order for 2014-15, and

ii) what they actually already paid for the concerned period as tariff and the MVCA, if any, for the concerned month.

Adjustments, if any, for over recovery / under recovery for 2014-15 from the energy recipients shall be made in 20 (twenty) equal monthly installments through subsequent energy bills and such adjustment will start from the energy bills raised on or after 1st March, 2015 in respect of L&MV consumers. The adjustment in respect of High and Extra High voltage consumers shall be made in 20 (twenty) instalments through subsequent energy bills and will start from the month immediately after completion month of recovery of arrear amount as per tariff order 2013 – 2014.

7.3.15 There will be no separate monthly variable cost adjustment (MVCA) or Adhoc FPPCA for DPL on and from 01.04.2014 to till the date of issue of this order. The MVCA or Adhoc FPPCA realized by DPL during the year 2014-15 shall be adjusted in computation of any adjustments for over/under recovery from the energy recipients as mentioned in paragraph 7.3.14 above.

7.3.16 In addition to the tariff determined under this tariff order, DPL would further be entitled to additional sums towards enhanced cost of fuel and power purchase, if any, after the date from which this tariff order takes effect. Thus DPL shall also realize MVCA for any subsequent period after issuing of this order as per provisions of the Tariff Regulations based on the tariff of this order. The fuel and power purchase cost shall be subject to adjustment in accordance with the Tariff Regulations through MVCA and/or FPPCA.

7.3.17 Optional TOD tariff scheme for LT Commercial, LT Industrial and LT Public Water Works categories of consumers having minimum contract demand of 30 KVA, which was directed to be introduced in the tariff order for 2007-08, shall continue and energy charge under such scheme shall be computed according to regulation 4.12 of the Tariff Regulations, wherever applicable, if no tariff rates for such consumers are mentioned in the tariff schedule.

7.3.18 For any pre-paid and TOD tariff scheme, other charges shall be the charges applicable to consumers under respective category of non-TOD tariff.

7.3.20 An applicant for short term supply through pre-paid meter shall have to comply with all necessary formalities for obtaining supply including payments in accordance with the Regulations made by the Commission. The same will be subject to the following conditions:

a) Provision of requisite meter security deposit to be kept with the licensee.

b) Provision of space for installing weather-proof, safe and secured terminal services apparatus to protect sophisticated meter; and

c) Availability of prepaid-meter of appropriate capacity.

7.3.21 For a consumer with prepaid meter who has purchased voucher prior to the date of issue of this order, the existing voucher will continue till such voucher is exhausted.

7.3.22 To avail the rate for street lighting with LED [(Rate D (2)], the supply should be metered and all the street lights under the same meter shall be illuminated with LED. For mixed type of street lights under single meter the rate D(1) shall be applicable.

7.3.23 The tariffs determined under this order for different categories of consumers are the maximum ceilings for supply of electricity at any agreed price to the consumers only for those areas of supply of DPL where multiple licensees exist. However, if supply is effected to a consumer at a price lesser than the upper ceiling, and as a result the licensee incurs loss, such loss shall not be allowed to be passed on to any other consumers or any other distribution licensees of the Commission.

7.3.24 Energy sale rate of DPL to WBSEDCL during the year 2014 – 2015 and onwards shall be as per the rate approved in the tariff order of WBSEDCL for the year 2014-2015 in case no. TP – 61 / 13 – 14 for purchase of power by WBSEDCL from DPL.

7.3.25 Any matter, which has not been explicitly mentioned in this order, shall be guided by regulations 2.9.8 and 2.9.9 of the Tariff Regulations.

7.4 It is open to the State Government to grant any subsidy to any consumer or any class of consumers in the tariff determined by the Commission for DPL. If at all any such subsidy under the provisions of the Act is intimated to DPL and to the Commission by the Government of West Bengal with clear indication of the consumer or class of consumers to be subsidized and the amount of the subsidy proposed to be given is paid in advance, the tariff of such consumer and / or the class of consumers shall be deemed to have been reduced accordingly as has been indicated by the State Government. However, such direction of the State Government shall not be operative till the payment is made by the State Government in accordance with the provisions of the Act and the Regulations made thereunder and the tariff as fixed by the Commission shall remain applicable. In accordance with the Tariff Regulations, the State Government is required to communicate, within 15 days from the date of receipt of a tariff order, whether it shall give any subsidy to any group of consumers etc.

7.5 DPL shall present to the Commission a gist of this order in accordance with regulation 2.9.6 of the Tariff Regulations within three working days from the date of receipt of this order for approval of the Commission and on receipt of the approval shall publish the approved gist in terms of aforesaid regulation within four working days from the date of receipt of the approval of the Commission.

LOW AND MEDIUM VOLTAGE CONSUMERS

Sl No	Type of Consumer	Applicable Tariff Scheme						Optional tariff Scheme										
								Optional Tariff Scheme – I						Optional Tariff Scheme - II				
		Consumer category	Name of the Tariff Scheme	Monthly consumption in KWH		Energy Charge P/kwh	Fixed Charge/ Demand Charge* in Rs/KVA/ mon	Consumer category	Name of the Tariff Scheme	Monthly consumption in KWH		Energy Charge P/kWh	Fixed Charge/ Demand Charge* in Rs/KVA/ mon	Consumer category	Name of the Tariff Scheme	Monthly consumption in KWH	Energy Charge P/kWh	Fixed Charge/ Demand Charge* in Rs/KVA/ mon
1.	**Life Line Consumer (Domestic)**		**Normal**	**0 to 25**		**250**	**5**	NOT APPLICABLE						NOT APPLICABLE				
2.	**Domestic (Rural) or Domestic (Urban)**	**Rate C(3R)/ C(3U)**	**Normal**	First	25	**345**	**10**	**Rate C(3R)pp/ C(3U)pp**	**Prepaid**	All Units		**418**	**10**	NOT APPLICABLE				
				Next	25	**420**												
				Next	50	**435**												
				Next	100	**467**												
				Next	100	**486**												
				Above	300	**499**												
3.	**Commercial (Rural) or Commercial (Urban)**	**Rate C(4-R) / C(4-U)**	**Normal**	First	60	**431**	**20**	**Rate C(4-R)pp/C(4-U)pp**	**Normal TOD**	06.00 hrs to 17.00 hrs		**453**	**20**	**Rate C(4-R)ppt/C(4-U)ppt**	**Prepaid-TOD**	06.00 hrs to 17.00 hrs	**448**	**20**
				Next	40	**472**				17.00 hrs to 23.00 hrs.		**498**				17.00 hrs to 23.00 hrs.	**493**	
				Next	200	**492**				23.00 hrs to 06.00 hrs.		**421**				23.00 hrs to 06.00 hrs.	**417**	
				above	300	**505**												
4.	**Irrigation pumping for Agriculture**	**Rate C(5)**	**Normal TOD**	06.00 hrs to 17.00 hrs	All units	**313**	**20**	**Rate C(5t)**	**Pre-Paid TOD**	06.00 hrs to 17.00 hrs	All units	**305**	**20**	NOT APPLICABLE				
				17.00 hrs to 23.00 hrs.	All units	**626**				17.00 hrs to 23.00 hrs.	All units	**610**						
				23.00 hrs to 06.00 hrs	All units	**172**				23.00 hrs to 06.00 hrs	All units	**168**						

LOW AND MEDIUM VOLTAGE CONSUMERS

Sl No	Type of Consumer	Applicable Tariff Scheme						Optional tariff Scheme									
								Optional Tariff Scheme – I					Optional Tariff Scheme - II				
		Consumer category	Name of the Tariff Scheme	Monthly consumption in KWH		Energy Charge P/kwh	Fixed Charge/ Demand Charge* in Rs/KVA/ mon	Consumer category	Name of the Tariff Scheme	Monthly consumption in KWH	Energy Charge P/kWh	Fixed Charge/ Demand Charge* in Rs/KVA/ mon	Consumer category	Name of the Tariff Scheme	Monthly consumption in KWH	Energy Charge P/kWh	Fixed Charge/ Demand Charge* in Rs/KVA/ mon
5.	**Commercial Plantation**	**Rate C(4) cp**	**Prepaid-TOD**	06.00 hrs to 17.00 hrs	All units	**477**	**40**	NOT APPLICABLE					NOT APPLICABLE				
				17.00 hrs to 23.00 hrs.	All units	**760**											
				23.00 hrs to 06.00 hrs	All units	**315**											
6.	**Short Term Irrigation Supply**	**Rate C(5)-stis**	**Prepaid-TOD**	06.00 hrs to 17.00 hrs	All units	**432**	**20**	NOT APPLICABLE					NOT APPLICABLE				
				17.00 hrs to 23.00 hrs.	All units	**691**											
				23.00 hrs to 06.00 hrs	All units	**285**											
7.	**Short Term supply for Commercial Plantation**	**Rate C(4)-stcp**	**Prepaid-TOD**	06.00 hrs to 17.00 hrs	All units	**482**	**40**	NOT APPLICABLE					NOT APPLICABLE				
				17.00 hrs to 23.00 hrs.	All units	**771**											
				23.00 hrs to 06.00 hrs	All units	**318**											

LOW AND MEDIUM VOLTAGE CONSUMERS

Sl No	Type of Consumer	Applicable Tariff Scheme: Consumer category	Name of the Tariff Scheme	Monthly consumption in KWH		Energy Charge P/kwh	Fixed Charge/ Demand Charge* in Rs/KVA/ mon	Optional Tariff Scheme – I: Consumer category	Name of the Tariff Scheme	Monthly consumption in KWH		Energy Charge P/kWh	Fixed Charge/ Demand Charge* in Rs/KVA/ mon	Optional Tariff Scheme - II: Consumer category	Name of the Tariff Scheme	Monthly consumption in KWH		Energy Charge P/kWh	Fixed Charge/ Demand Charge* in Rs/KVA/ mon
8.	Short-term Supply	Rate C(sts)	Prepaid - TOD	06.00 hrs to 17.00 hrs	All units	532	40	NOT APPLICABLE						NOT APPLICABLE					
				17.00 hrs to 23.00 hrs.	All units	585													
				23.00 hrs to 06.00 hrs	All units	495													
9.	Government School, Government aided School and Government sponsored School	Rate C(GS)	Normal	On all Units		341	20	Rate C(GSt)	Normal TOD	06.00 hrs. – 17.00 hrs. & 20.00 hrs - 23.00 hrs.	On all units	336	20	NOT APPLICABLE					
										17.00 hrs to 20.00 hrs.	On all units	370							
										23.00 hrs to 06.00 hrs	On all units	326							
10.	Public utility /Specified Institution Public Bodies In Municipal Area/ Non-Municipal Area	Rate C(2-U)	Normal	On all Units		462	24	Rate C(2-U)pp	Prepaid	On all Units		451	24	Rate C (2-U) ppt	Prepaid TOD	06.00 hrs. – 17.00 hrs. & 20.00 hrs - 23.00 hrs.	On all units	446	24
																17.00 hrs to 20.00 hrs.	On all units	491	
																23.00 hrs to 06.00 hrs	On all units	415	
11.	Cottage Industry / Artisan / Weavers / Small production oriented establishment	Rate C(4 - ii)	Normal	First	100	419	12	Rate C(4 -ii) ppt	Prepaid - TOD	06.00 hrs to 17.00 hrs	All units	434	12	NOT APPLICABLE					
				Next	200	477				17.00 hrs to 23.00 hrs	All units	477							
				Above	300	489				23.00 hrs to 06.00 hrs	All units	404							

LOW AND MEDIUM VOLTAGE CONSUMERS

Sl No	Type of Consumer	Applicable Tariff Scheme: Consumer category	Name of the Tariff Scheme	Monthly consumption in KWH		Energy Charge P/kwh	Fixed Charge/ Demand Charge* in Rs/KVA/ mon	Optional tariff Scheme – Optional Tariff Scheme – I: Consumer category	Name of the Tariff Scheme	Monthly consumption in KWH		Energy Charge P/kWh	Fixed Charge/ Demand Charge* in Rs/KVA/ mon	Optional Tariff Scheme - II: Consumer category	Name of the Tariff Scheme	Monthly consumption in KWH	Energy Charge P/kWh	Fixed Charge/ Demand Charge* in Rs/KVA/ mon
12.	Poultry, Duckery, Horticulture, Tissue culture, Floriculture, Herbal – Medicinal – Bio-diesel Plant Farming, Food Processing Unit	Rate C(4 -iii)	Normal	First	100	428	12	Rate C(4 -iii)ppt	Prepaid - TOD	06.00 hrs to 17.00 hrs	All units	444	12	NOT APPLICABLE				
				Next	200	443				17.00 hrs to 23.00 hrs	All units	488						
				Above	300	490				23.00 hrs to 06.00 hrs	All units	413						
13.	Public Water Works & Sewerage System	Rate B (II)	Normal	On all Units		462	30	Rate B (II)ppt	Prepaid - TOD	06.00 hrs. – 17.00 hrs. & 20.00 hrs - 23.00 hrs.	All Units	453	30	NOT APPLICABLE				
										17.00 hrs to 20.00 hrs.	All Units	602						
										23.00 hrs to 06.00 hrs	All Units	340						
14.	Industry (Rural) or Industry (Urban)	Rate C(1)	Normal	First	500	476	30	Rate C(1t)	Normal - TOD	06.00 hrs to 17.00 hrs	All Units	480	30	NOT APPLICABLE				
				Above	500	487				17.00 hrs to 23.00 hrs	All Units	634						
										23.00 hrs to 06.00 hrs	All Units	360						
15.	Street Lighting	Rate D(1)	Normal	On all Units		438	30	NOT APPLICABLE						NOT APPLICABLE				

LOW AND MEDIUM VOLTAGE CONSUMERS

Sl No	Type of Consumer	Applicable Tariff Scheme						Optional tariff Scheme										
								Optional Tariff Scheme – I						Optional Tariff Scheme - II				
		Consumer category	Name of the Tariff Scheme	Monthly consumption in KWH		Energy Charge P/kwh	Fixed Charge/ Demand Charge* in Rs/KVA/ mon	Consumer category	Name of the Tariff Scheme	Monthly consumption in KWH		Energy Charge P/kWh	Fixed Charge/ Demand Charge* in Rs/KVA/ mon	Consumer category	Name of the Tariff Scheme	Monthly consumption in KWH	Energy Charge P/kWh	Fixed Charge/ Demand Charge* in Rs/KVA/ mon
16	Street Lighting (LED)	Rate D(3)	Normal	On all Units		374	30	NOT APPLICABLE						NOT APPLICABLE				
17.	Private Educational Institutions and Hospitals	Rate D(5)	Normal	On all Units		497	30	Rate D(5)t	Normal TOD	06.00 hrs to 17.00 hrs & 20.00 hrs to 23.00 hrs	On all Units	487	30	NOT APPLICABLE				
										17.00 hrs to 20.00 hrs	On all Units	536						
										23.00 hrs to 06.00 hrs	On all Units	453						
18.	Emergency Supply	Rate D(6)	Prepaid-TOD	06.00 hrs to 17.00 hrs	On all Units	614	40	NOT APPLICABLE						NOT APPLICABLE				
				17.00 hrs to 23.00 hrs	On all Units	810												
				23.00 hrs to 06.00 hrs	On all Units	461												
19.	Construction Power Supply	Rate D(7)	Prepaid-TOD	06.00 hrs. – 17.00 hrs. & 20 .00 hrs to 23.00 hrs	On all Units	494	24	NOT APPLICABLE						NOT APPLICABLE				
				17.00 hrs to 20.00 hrs.	On all Units	627												
				23.00 hrs to 06.00 hrs	On all Units	420												

LOW AND MEDIUM VOLTAGE CONSUMERS

Sl No	Type of Consumer	Applicable Tariff Scheme						Optional tariff Scheme										
								Optional Tariff Scheme – I						Optional Tariff Scheme - II				
		Consumer category	Name of the Tariff Scheme	Monthly consumption in KWH		Energy Charge P/kwh	Fixed Charge/ Demand Charge* in Rs/KVA/ mon	Consumer category	Name of the Tariff Scheme	Monthly consumption in KWH		Energy Charge P/kWh	Fixed Charge/ Demand Charge* in Rs/KVA/ mon	Consumer category	Name of the Tariff Scheme	Monthly consumption in KWH	Energy Charge P/kWh	Fixed Charge/ Demand Charge* in Rs/KVA/ mon
20.	Bulk Supply at single point to Co-operative Group Housing Society for providing power to its members or person for providing power to its employees in a single premises	Rate D(2)	Normal	All units		409	20	Rate D(2t)	Normal - TOD	06.00 hrs to 17.00 hrs	On all Units	404	20	NOT APPLICABLE				
										17.00 hrs to 23.00 hrs	On all Units	444						
										23.00 hrs to 06.00 hrs	On all Units	376						
21.	Common Services of Industrial Estate	Rate D(8)	Prepaid - TOD	06.00 hrs. – 17.00 hrs. & 20 .00 hrs to 23.00 hrs	On all Units	465	30	NOT APPLICABLE						NOT APPLICABLE				
				17.00 hrs to 20.00 hrs.	On all Units	614												
				23.00 hrs to 06.00 hrs	On all Units	349												

HIGH & EXTRA HIGH VOLTAGE CONSUMERS

Sl No	Type of Consumer	Applicable Tariff Scheme								Optional Tariff Scheme							
		Consumer category	Name of the Tariff Scheme	Consumption per month in KWH		Energy Charge P/kWh			Demand Charge (Rs./ KVA/ month)	Consumer category	Name of the Tariff Scheme	Consumption per month in KWH		Energy Charge P/kWh			Demand Charge (Rs./ KVA/ month)
						Summer	Monsoon	Winter						Summer	Monsoon	Winter	
1	Public Utility (11 KV)	Rate A(2)	Normal	All Units		405	403	401	320	Rate A(2t)	Normal - TOD	06.00 hrs-17.00 hrs & 20.00 hrs-23.00 hrs	All Units	403	401	399	320
												17.00 hrs-20.00 hrs	All Units	443	441	439	
												23.00 hrs-06.00 hrs	All Units	375	373	371	
2	Public Utility (33 KV)	Rate F(2)	Normal	All Units		400	398	396	320	Rate F(2t)	Normal - TOD	06.00 hrs-17.00 hrs & 20.00 hrs-23.00 hrs	All Units	398	396	394	320
												17.00 hrs-20.00 hrs	All Units	438	436	433	
												23.00 hrs-06.00 hrs	All Units	370	368	366	
3	Industries (11 KV)	Rate A(1a)	Normal	All Units		494	492	490	320	Rate A(1t)	TOD	06.00 hrs-17.00 hrs	All Units	490	488	486	320
												17.00 hrs-23.00 hrs	All Units	576	573	571	
												23.00 hrs-06.00 hrs	All Units	417	415	413	
4	Industries (33 KV)	Rate F(1a)	Normal - TOD	06.00 hrs-17.00 hrs	All Units	480	478	476	320	NOT APPLICABLE							
				17.00 hrs-23.00 hrs	All Units	564	562	559									
				23.00 hrs-06.00 hrs	All Units	408	406	405									

Annexure-7A2

HIGH & EXTRA HIGH VOLTAGE CONSUMERS

Sl No	Type of Consumer	Applicable Tariff Scheme								Optional Tariff Scheme						
		Consumer category	Name of the Tariff Scheme	Consumption per month in KWH		Energy Charge P/kWh			Demand Charge (Rs./ KVA/ month)	Consumer category	Name of the Tariff Scheme	Consumption per month in KWH	Energy Charge P/kWh			Demand Charge (Rs./ KVA/ month)
						Summer	Monsoon	Winter					Summer	Monsoon	Winter	
5	Industries (132 KV)	Rate G(1a)	Normal - TOD	06.00 hrs-17.00 hrs	All Units	471	469	467	320							
				17.00 hrs-23.00 hrs	All Units	553	551	549		NOT APPLICABLE						
				23.00 hrs-06.00 hrs	All Units	400	399	397								
6	Community Irrigation/ Irrigation	Rate S(gt)	Normal - TOD	06.00 hrs-17.00 hrs	All Units	444	442	440	25							
				17.00 hrs-23.00 hrs	All Units	799	796	792		NOT APPLICABLE						
				23.00 hrs-06.00 hrs	All Units	293	292	290								
7	Commercial Plantation	Rate S(cpt)	Normal - TOD	06.00 hrs-17.00 hrs	All Units	446	444	442	320							
				17.00 hrs-23.00 hrs	All Units	714	710	707		NOT APPLICABLE						
				23.00 hrs-06.00 hrs	All Units	294	293	292								
8	Short Term Irrigation Supply	Rate S(stis)	Normal - TOD	06.00 hrs-17.00 hrs	All Units	466	464	462	25							
				17.00 hrs-23.00 hrs	All Units	746	742	739		NOT APPLICABLE						
				23.00 hrs-06.00 hrs	All Units	308	306	305								

Annexure-7A2

HIGH & EXTRA HIGH VOLTAGE CONSUMERS

Sl No	Type of Consumer	Applicable Tariff Scheme								Optional Tariff Scheme							
		Consumer category	Name of the Tariff Scheme	Consumption per month in KWH		Energy Charge P/kWh			Demand Charge (Rs./ KVA/ month)	Consumer category	Name of the Tariff Scheme	Consumption per month in KWH		Energy Charge P/kWh			Demand Charge (Rs./ KVA/ month)
						Summer	Monsoon	Winter						Summer	Monsoon	Winter	
9	Short Term Supply for Commercial Plantation	Rate S(stcp)	Normal - TOD	06.00 hrs-17.00 hrs	All Units	451	449	447	320	NOT APPLICABLE							
				17.00 hrs-23.00 hrs	All Units	722	718	715									
				23.00 hrs-06.00 hrs	All Units	298	296	295									
10	Commercial (11 KV)	Rate A(3)	Normal	All Units		505	500	495	320	Rate A(3t)	Normal - TOD	06.00 hrs-17.00 hrs	All Units	499	494	489	320
												17.00 hrs-23.00 hrs	All Units	659	652	645	
												23.00 hrs-06.00 hrs	All Units	359	356	352	
11	Commercial (33 KV)	Rate F(3)	Normal	All Units		495	493	491	320	Rate F(3t)	Normal - TOD	06.00 hrs-17.00 hrs	All Units	490	485	480	320
												17.00 hrs-23.00 hrs	All Units	647	640	634	
												23.00 hrs-06.00 hrs	All Units	358	354	350	
12	Commercial (132 KV)	Rate G(3)	Normal	All Units		475	473	471	320	Rate G(3t)	Normal - TOD	06.00 hrs-17.00 hrs	All Units	460	455	450	320
												17.00 hrs-23.00 hrs	All Units	607	601	594	
												23.00 hrs-06.00 hrs	All Units	345	341	338	

HIGH & EXTRA HIGH VOLTAGE CONSUMERS

Sl No	Type of Consumer	Applicable Tariff Scheme: Consumer category	Name of the Tariff Scheme	Consumption per month in KWH		Energy Charge P/kWh: Summer	Monsoon	Winter	Demand Charge (Rs./ KVA/ month)	Optional Tariff Scheme: Consumer category	Name of the Tariff Scheme	Consumption per month in KWH		Energy Charge P/kWh: Summer	Monsoon	Winter	Demand Charge (Rs./ KVA/ month)
13	Domestic	Rate S(d)	Normal	All Units		465	463	461	25	Rate S(dt)	Normal - TOD	06.00 hrs-17.00 hrs	All Units	459	457	455	25
												17.00 hrs-23.00 hrs	All Units	505	503	501	
												23.00 hrs-06.00 hrs	All Units	427	425	423	
14	Public Water Works & Sewerage (11 KV)	Rate E (pw)	Normal	All Units		439	437	435	320	Rate E(pwt)	Normal - TOD	06.00 hrs-17.00 hrs & 20.00 hrs-23.00 hrs	All Units	428	423	418	320
												17.00 hrs-20.00 hrs	All Units	565	558	552	
												23.00 hrs-06.00 hrs	All Units	312	309	305	
15	Public Water Works & Sewerage (33 KV)	Rate F(pw)	Normal - TOD	06.00 hrs-17.00 hrs & & 20.00 hrs-23.00 hrs	All Units	426	419	422	320	NOT APPLICABLE							
				17.00 hrs-20.00 hrs	All Units	562	553	557									
				23.00 hrs-06.00 hrs	All Units	320	314	317									
16	Sports Complex & Auditorium run by Govt./ local bodies for cultural affairs	Rate S(c)	Normal	All Units		450	448	446	34	NOT APPLICABLE							

Annexure-7A2

HIGH & EXTRA HIGH VOLTAGE CONSUMERS

Sl No	Type of Consumer	Applicable Tariff Scheme								Optional Tariff Scheme							
		Consumer category	Name of the Tariff Scheme	Consumption per month in KWH		Energy Charge P/kWh			Demand Charge (Rs./ KVA/ month)	Consumer category	Name of the Tariff Scheme	Consumption per month in KWH		Energy Charge P/kWh			Demand Charge (Rs./ KVA/ month)
						Summer	Monsoon	Winter						Summer	Monsoon	Winter	
17	Cold storage or Dairy with Chilling Plant (11 KV)	Rate A(4-pi)	Normal	All Units		451	449	447	320	Rate A(4-pit)	Normal - TOD	06.00 hrs-17.00 hrs	All Units	441	438	435	320
												17.00 hrs-23.00 hrs	All Units	582	578	574	
												23.00 hrs-06.00 hrs	All Units	322	320	318	
18	Emergency Supply	Rate S (ES)	Normal-TOD	06.00 hrs-17.00 hrs	All Units	510	500	490	320	NOT APPLICABLE							
				17.00 hrs-23.00 hrs	All Units	714	700	686									
				23.00 hrs-06.00 hrs	All Units	383	375	368									
19	Construction Power Supply	Rate S(con)	Normal-TOD	06.00 hrs-17.00 hrs & 20.00 hrs.-23.00 hrs	All Units	432	422	412	320	NOT APPLICABLE							
				17.00 hrs-20.00 hrs	All Units	570	557	544									
				23.00 hrs-06.00 hrs	All Units	315	308	301									
20	Bulk Supply at single point to Co-operative Group Housing Society for providing power to its members or person for providing power to its employees in a single premises	Rate S(co)	Normal	All Units		444	441	438	25	Rate S(cot)	Normal - TOD	06.00 hrs-17.00 hrs	All Units	440	437	434	25
												17.00 hrs-23.00 hrs	All Units	484	481	477	
												23.00 hrs-06.00 hrs	All Units	409	406	404	

Annexure-7A2

HIGH & EXTRA HIGH VOLTAGE CONSUMERS

Sl No	Type of Consumer	Applicable Tariff Scheme: Consumer category	Applicable Tariff Scheme: Name of the Tariff Scheme	Applicable Tariff Scheme: Consumption per month in KWH	Applicable Energy Charge P/kWh: Summer	Applicable Energy Charge P/kWh: Monsoon	Applicable Energy Charge P/kWh: Winter	Applicable Demand Charge (Rs./ KVA/ month)	Optional Tariff Scheme: Consumer category	Optional Tariff Scheme: Name of the Tariff Scheme	Optional Tariff Scheme: Consumption per month in KWH	Optional Energy Charge P/kWh: Summer	Optional Energy Charge P/kWh: Monsoon	Optional Energy Charge P/kWh: Winter	Optional Demand Charge (Rs./ KVA/ month)
21	Common Services of Industrial Estate	Rate – E (ict)	Normal - TOD	06.00 hrs-17.00 hrs & 20.00 hrs.- 23.00 hrs	443	433	423	320	NOT APPLICABLE						
				17.00 hrs-20.00 hrs	585	572	558								
				23.00 hrs-06.00 hrs	332	325	317								
22	Traction (25 KV)	Rate T (a)	Normal	All Units	480	470	460	320	NOT APPLICABLE						
23	Traction (132 KV)	Rate T (b)	Normal	All Units	475	465	455	320	NOT APPLICABLE						
24	Short-term Supply	Rate S(st)	Normal - TOD	06.00 hrs-17.00 hrs All Units	490	488	486	320	NOT APPLICABLE						
				17.00 hrs-23.00 hrs All Units	539	537	535								
				23.00 hrs-06.00 hrs All Units	456	454	452								
25	Private Educational Institutions	Rate E (ei)	Normal	All Units	480	475	470	320	Rate E (eit)	Normal - TOD	06.00 hrs-17.00 hrs All Units	462	457	452	320
											17.00 hrs-23.00 hrs All Units	508	503	497	
											23.00 hrs-06.00 hrs All Units	430	425	420	
26	Inter Plant Transfer	Rate IPT	Normal	All Units	499.10	499.10	499.10	0	NOT APPLICABLE						

CHAPTER - 8
DIRECTION

8.1 The Commission has given some direction in different paragraphs in Chapter-4 and Chapter-5 of this order while determining the fuel cost and fixed cost of DPL. DPL shall comply with those directions. DPL shall also comply with the following directions:

8.2 In view of the fact that DPL failed to submit their tariff application complete in all respect for the fourth Control period within the target date of 30th November, 2013 as per provisions of the Tariff Regulations, for the said period no carrying cost has been and will be provided for the enhanced part of the tariff during 2014-15.

8.3 The Commission has decided that in future any delay in submission of tariff application by any distribution licensee for any control period beyond the 4^{th} control period or any year as applicable, will result in not providing any increase in tariff for equal number of days and thus the under recovery due to such measure will not be allowed to be passed through any tariff mechanism or during truing up in Annual Performance Review (APR) or Fuel & Power Purchase Cost Adjustment (FPPCA). Moreover, henceforth any delay in submission in APR or FPPCA application shall not be considered as ground for delay by the licensee for submission of tariff application.

Further, it is also required to be noted that any delay with or without the approval of the Commission in submission of either of the applications of APR or FPPCA of any year (Y) within the target date as specified in the Tariff Regulations of the following year may result into non-inclusion of the impact of APR and/or FPPCA order in the concerned tariff order of the year Y+2. In such case, the impact will be considered in any future year beyond (Y+2) year as applicable without any allowance for carrying cost, if otherwise applicable. Thus, in filing of application(s) / petition(s), the licensee is required to maintain the relevant time schedule(s) as specified in the Tariff Regulations.

It may be further noted that the arrear amount that is to be recovered in a single or number of installments as will be determined by the Commission for any financial year due to issuance of delayed tariff order as consequence to delayed submission of tariff application by the licensee will not be provided with any carrying cost. Further such matter will be dealt as per direction already issued by the Commission vide its order in Case no. SM-10/14-15 dated 18.07.2014.

The Commission also observed that during truing up in the APR order of the distribution licensees and in the Fuel Cost Adjustment (FCA) of the generating company, a considerable amount is further recoverable by the licensees and the generating company even after realization of MVCA or MFCA during the year. It appears that the distribution licensees and the generating company have failed to understand the true spirit of introduction of the MVCA and MFCA and they are not considering the eligible cost in computation of their MVCA or MFCA as per the formula specified in the Tariff Regulations properly. The Commission in terms of regulation 5.8.12 of the Tariff Regulations directs DPL to compute their MVCA taking into consideration the related cost in its true sense keeping in their mind the true spirit of introduction of such monthly adjustment failing which the Commission will think not to allow such adjustment in full in future or not to pass the amount as found recoverable on account of FPPCA during truing up in APR for DPL.

8.4 DPL shall note that as already MVCA has been introduced, the amount that be claimed in FPPCA at the end of any year is not expected to be higher than the summated value of following factors:

i) impact due to rounding off as per note (f) under the sub- paragraph (d) of paragraph (A) of Schedule - 7B of the Tariff Regulations against the applicable MVCA for the month of February and March of that year;

ii) impact due to non-recovery of any additional fuel cost of March of any year over and above what is recovered on the basis of MVCA as calculated from data of February due to the fact that MVCA calculated on the basis of data of March becomes applicable for next financial year only,

iii) impact due to application of disallowance of cost as per FPPCA formula at FPPCA determination stage.

Thus, in such case if recoverable amount under FPPCA of any year is found to be higher than the above referred summated value then such excess amount will be dealt as per direction already issued by the Commission vide its order in case no. SM-10/14-15 dated 18.07.2014. In this context it is to be noted that such excess amount represent the amount that would have been collected through MVCA and thus "not raising of such bill" resulted into distorted merit order dispatch in the system. In fact by virtue of this type of practice there is high possibility of vitiating the environment of merit order dispatch in the whole supply chain in West Bengal power sector and thereby affecting the economic load dispatch in the systems. As a result ultimate sufferer will be the retail consumers of West Bengal. In view of the above discussions no carrying cost will be allowed by the Commission in case of creation of such excess amount as regulatory asset through FPPCA. Whenever such excess amount is released in number of installments then also it will not be entitled to any carrying cost. However, this direction shall not be construed as an approval of such delayed claim of excess fuel cost through FPPCA instead of MVCA and such matter will be dealt as per direction already issued by the Commission vide its order in case no. SM-10/14-15 dated 18.07.2014.

8.5 While declaring MVCA for any month henceforth DPL shall follow the following directions:

i) Irrespective of change in MVCA in any month from the previous month, the detail calculation sheet of MVCA prepared for the purpose of determination of MVCA for that month as per regulation 5.8.9 of the Tariff regulations shall be submitted to the Commission within seven days of notification of the MVCA or in case of no notification within thirty days after the end of the month under consideration for MVCA. Such calculation sheet shall also specifically mention the received fuel bill which has not been considered or partly considered in the said MVCA in pursuance to note (g) under sub-paragraph (e) of paragraph A of Schedule – 7B of the Tariff Regulations. DPL shall also upload such calculation sheet in their web-site for each month and shall maintain till three months after the date of publication of APR order of the concerned year.

ii) In continuation of earlier order vide case no. WBERC/A-35/2 dated 19-02-2014 Commission again reiterated that DPL will publish the notification of change of MVCA in terms of 4^{th} paragraph of regulation 5.8.9 of Tariff Regulations in such daily newspapers which are widely circulated in West Bengal .Any deviation in this regard will be seriously viewed.

8.6 While submitting the Fuel and Power Purchase Cost Adjustment (FPPCA) application for any year DPL shall give a list of fuel bill or power purchase bill which has not been claimed under MVCA calculation along with the provisions of the Tariff Regulations under which such claim has not been done. A further reconciliation statement shall be given to establish that DPL has followed the direction of paragraph 8.4 and. 8.5 above effectively. In case of non submission of the above documents/ information the application of APR will not be admitted.

8.7 While computing the renewable and cogeneration purchase obligations, the energy generated from Solar roof-top photovoltaic power plants shall be considered by any distribution licensee both on consumption side and as input energy from renewable sources towards fulfillment of renewable and cogeneration purchase obligations in terms of the Electricity Act, 2003 and the relevant Regulations. The licensee is required to furnish suitable details in this respect.

8.8 DPL shall submit a report within 01.10.2015 on the following issues:

i) Implementation problem in removing minimum 30 KVA load criterion on eligibility for TOD conversion.

ii) Possibility of shifting of load of drinking water pumping station, drainage station and other utility services to non-peak hours through TOD and other Demand Side Management strategy.

8.9 In the notes of Financial statement of Annual Accounts of 2014-15 and onward or through Auditor's Certificate, the following information is to be provided by DPL in a manner as described below:

i) All the expenditure or cost element considered under tariff applications are to be provided separately for distribution function and generation function for the regulatory requirement.

ii) The penalty, fine and compensation under Electricity Act 2003 shall also be shown separately for distribution function and generation function.

iii) Any fine, penalty or compensation in any other statute other than Electricity Act 2003 shall be mentioned separately for distribution function and generation function along with the reference of the statute.

iv) The figure of AT & C loss for the years concerned in line with the computation methodology as specified in Form 1.8 of the Tariff Regulations is to be provided. Beside that AT&C loss calculated with arrear recovery done for the period prior to the year for which the account is prepared shall also be shown separately.

In case of non submission of the above documents/ information the application of APR will not be admitted.

8.10 While submitting APR application of any ensuing year DPL shall submit the certificate from the statutory auditor of the annual accounts of the said year for the following parameters.

i) Based on fixed asset register the parameters to be submitted are

a) The distribution line length and transmission line (if any which is essential part of distribution system as per section 2(72) of Electricity Act 2003) length in CKM for each level of Voltage related to the assets of DPL. For the asset which is not owned by the DPL but maintained by DPL shall be shown separately.

b) Similarly the number of transformers and total installed capacity of transformers in MVA or KVA for each category of transformers for distribution system are to be provided.

ii) For the year concerned under the APR the actual number of Consumer, the consumption level in MU and total connected load in KVA for each category of consumers on whom the tariff rate has been issued in the tariff order of the year corresponding to the APR under consideration.

iii) List of expenditure arises on account of penalty, fine and compensation due to non-compliance of any statute or statutory order along with the reasons for each such type of penalty, fine and compensation.

iv) Copies of the audited accounts of all the terminal benefit funds for the year for which APR is under consideration in a complete shape and not by any selective pages.

v) A statement showing monthly deposition in different terminal benefit funds for the year for which APR is under consideration in persuasion to the direction given in paragraph 8.13. A detail breakup showing total expenditure and employee strength against each level of all categories of employees including the whole time directors of the board. If any director or employee discharge any function of other companies also then the allocation of cost among the companies shall be shown separately and distinctly against each level below.

vi) In pursuance to regulation 5.8.1(vi) of Tariff Regulations the licensee/ generating Company shall submit the total demurrage hour and related demurrage charges paid against total no. of rakes for each generating station for the year concerned along with the APR/ FPPCA application of every ensuing year which shall be certified by the auditors.

vii) Henceforth with the application of APR, DPL shall also enclose their compliance report on Renewable Purchase Obligation power in pursuance to clause 8 of the West Bengal Electricity Regulatory Commission (Cogeneration and Generation of Electricity from Renewable Sources of Energy) Regulations, 2013 or any of its subsequent amendment or replacement in future.

In case of non-submission of the above documents, the application of APR will not be admitted.

8.11 In case of expenditure at a level higher than the admitted amount under any uncontrollable factor in this tariff order on account of fixed charges, while submitting APR application of any ensuing year DPL has to justify in detail with supporting documents and evidence on the basis of which the Commission will take its decision during truing up exercise and it may be noted that without sufficient justification the excess expenditure may not be admitted in the APR fully or partly. Similarly for controllable factors, where applicable as per the Tariff Regulations, for the same reasons supporting documents and evidence is to be submitted to justify their claim. While truing up any uncontrollable factor on account of fixed charges, the actual business volume parameter (Distribution line length or consumer strength) and actual inflation rate to which such uncontrollable item is sensitive will be considered in the same manner and principle as determined under the tariff order subject to the limitation as per the Tariff Regulations. However, where applicable as per this tariff order the ratio of expenses increase in % on any item and the sensitivity parameter increase will remain the same as that of this tariff order.

8.12 While submitting application for APR of 2014-15 and onwards by any licensee, if such application shows any net claim for that year after considering the concerned FPPCA, then in such case the licensee shall suggest in specific terms the ensuing year(s) in which they intend to recover such claim and by what amount. Licensee shall also show the consequential impact of such recovery in the expected average cost of supply in those ensuing years after considering the total revenue recoverable through the tariff. The total revenue recoverable through the tariff means the summated amount of the Net Aggregate Revenue Requirement plus all other amount on account of any release of regulatory asset, FPPCA and APR for any year which is being already decided by the Commission in earlier orders. They shall also mention the carrying cost if necessary where it is applicable in terms of the Tariff Regulations and different orders and direction in this respect. Above mentioned consequential impact on tariff of ensuing years shall also be provided in the gist of the APR application.

In case of non submission of the above information the application of APR will not be admitted.

8.13 In order to ensure that in future actuarial valuation of terminal benefit fund can be kept in control in a better way by avoiding carrying cost of such liability in future following is to be adhered.

i) DPL shall ensure that henceforth the amount that is statutorily required to be deposited in a month in different fund on account of terminal benefit, as a part of employee cost admitted in the tariff order, is to be deposited in different terminal benefit funds every month as a first charge item.

ii) On the head of terminal benefit fund, if there is shortage in the deposit amount in the terminal benefit fund admitted in employee cost through this order, the balance amount of contribution to terminal benefit fund is required to be deposited as first charge item over and above what had already been deposited for the year 2014-15, from the effective date of recovery of the recoverable amount against this order from the very first day. So, it is directed that the balance amount of contribution as discussed above to terminal benefit fund for the year 2014-15, i.e., the difference between the amount of contribution to terminal benefit funds as allowed in this order as a part of employee cost and that has already been deposited in the fund for the year 2014-15, is to be deposited in the respective different terminal benefit funds. Such balance amount is to be deposited in different terminal benefit funds in 12 monthly equal installments from the date on which the recovery through tariff against this order will start.

iii) While submitting application for APR of 2014 – 2015 , 2015-16 and 2016-17, DPL shall show through audited accounts of different terminal benefit funds that the contribution to the different terminal benefit funds during the concerned year as a part of employee cost is deposited in the terminal benefit funds.

In case of non-deposition of amount admitted for terminal benefit fund as provided in (a) to (c) above in the respective fund as directed above, Commission may withhold or deduct same amount equivalent to amount of non-deposition.

8.14 DPL shall purchase short term power from WBSEDCL if it is found to be comparable with the short-term market or less. If it is day ahead basis procurement then such comparable rate will be that of exchange if WBSEDCL agreed so. Otherwise procurement shall be done from exchange if it is available in the exchange. In case of weak-ahead purchase corresponding market segment of exchange shall be the benchmark for comparability. For procurement above seven days tender shall be done. However, if through a long term PPA the short term requirement is met from WBSEDCL based on a principle that will ensure comparable price with market then such can be done subject to the condition that such PPA is being approved by the Commission.

8.15 DPL shall submit the project cost in respect of unit VII within 30.06.2015. It is to be noted that the deductable amount for last few years are cumulatively piling up and in future on compliance of the Commission's direction on project cost in pursuance to regulation 2.8.1.4.12 of Tariff Regulations, Commission will come out with a approved project completion cost on the basis of which the admissible amount payable for the past years since 2008-09 will be released in at least equal number of years and no carrying cost will be provided for that purpose as DPL is delaying in submission of the finalized project completion cost.

The COD of unit VIII of DPL has been declared as 01.10.2014. In terms of regulation 2.8.1.4.10 of the Tariff Regulations the performance guarantee test is to be completed within four months from the date of synchronization and on completion of performance guarantee test for the unit, detailed results along with the related documents of such tests are to be submitted along with the next tariff application or next APR application whichever is earlier. DPL is directed to conduct the performance guarantee tests, if not yet done, immediately and submit the details of the performance guarantee tests as per provisions of the regulations 2.8.1.4.10 of the Tariff Regulations along with their APR application for 2014 – 2015 failing which 15% of the permitted return will be withheld as per provisions of the Tariff Regulations.

8.16 All the distribution licensees and generating companies shall follow regulation 5.6.5.1 of the Tariff Regulations in its true spirit. According to regulation 5.6.5.1 of the Tariff Regulations the interest on working capital requirement of a generating company or a licensee shall be assessed on normative basis @ 18% on a base amount derived by summation of annual fixed charges, fuel cost and power purchase cost reduced by certain elements of the ARR. It has also been mentioned there that where Monthly Fuel Cost Adjustment (MFCA) or Monthly Variable Cost Adjustment (MVCA) exists, in that case for interest on working capital requirement the above normative basis shall be 10% instead of 18% on the said base amount. In this context it may be noted by all stakeholders that any distribution licensee or generating company on which collection of MFCA and MVCA, as the case may be, is applicable as per Tariff Regulations, shall not be entitled to claim interest on the above referred normative basis of 18% even on the plea of not claiming MFCA or MVCA throughout any financial year.

8.17 Every day by 11.30 a.m. DPL shall upload its initial drawal schedule as per the format under Annexure – IV and also initial injection schedule (i.e., schedule of Actual Declared Capacity and Notional Declared Capacity) in accordance with the prevailing State Grid Code framed by WBERC for the next day in their website. If necessary, for proper representation of the schedule in the website the format can be altered with approval of the Commission. This schedule shall be kept in the website till the next two months after the date of the order of the APR or FPPCA whichever is later in relation to the year concerned to the day under discussion. The website design shall be such so that the schedule of any date can be easily fetched. This facility is to be made operational from 1st of April, 2015. DPL is also directed to upload such schedule of every day from 1st April, 2014 to 31st March 2015 within 1st June 2015. This direction has been issued for sake of transparency and to protect the interest of all the stakeholders in large.

8.18 The Commission is statutorily duty bound to promote generation of electricity from following sources of energy:

i) Co-generation of electricity from renewable sources.

ii) Co-generation of electricity from fossil fuel sources.

iii) Co-generation of electricity from hybrid sources of fossil fuel / conventional sources and renewable sources.

iv) Electricity generation from renewable sources.

In order to promote above mentioned type of generation of electricity by applying regulations 8.3 and 8.4 of the Tariff Regulations and regulations 19.1 and 19.2 of the West Bengal Electricity Regulatory Commission (Cogeneration and Generation of Electricity from Renewable Sources of Energy) Regulations, 2013, the Commission decides that from the APR of the ensuing year 2016 – 2017 a deduction of 5% from Return on Equity will be done if DPL fails to comply with the Renewable Purchase Obligation as per West Bengal Electricity Regulatory Commission (Cogeneration and Generation of Electricity from Renewable Sources of Energy) Regulations, 2013 or any of its subsequent amendment. In this context, the Commission also directs that henceforth DPL shall advertise on important national media inviting the interested parties of supplying renewable and cogeneration electricity on every fourth months for next two years instead of one time in a year in pursuance to the regulation 3.5 of the said Regulations

8.19 Henceforth, any application for Power Purchase Agreement (PPA), except for short term PPA meaning PPA for a period not exceeding one year, submitted by any licensee to the Commission for approval of the PPA shall go through the process of inviting suggestions and objections from all stakeholders through at least three well circulated newspaper publication for consideration of the Commission of all such suggestions and objections as a process of the approval procedure and subsequent to such approval only, the PPA can be executed by the licensee and the seller of the power. For this purpose, while submitting the said PPA the licensee shall also give a draft gist for newspaper publication for approval of the Commission. On getting approval of the Commission such gist shall be published in the newspapers within 5 working days. Such gist shall also be posted in the website along with the application and PPA from the date of gist publication to at least the last date of submission of suggestions and objections as will be mentioned in the gist. The gist shall cover the name of seller of the power, type of specific source (such as coal, gas, hydro, solar, etc.), major important parameters that are required under the Tariff Regulations for such purchase and the important points of the purpose of such procurement. The application submitted shall have the above points of the gist along with detailed justification of such proposed procurement along with all the information and parameters that are required under the Tariff Regulations or Regulations of the

Commission related to renewable and cogeneration sources of energy. The application shall also clearly spell that how the interest of the consumer as well as of the licensee has been safeguarded in the PPA. The application without such gist and the points as mentioned shall not be admitted. This process is done in order to meet the end of justice after keeping consistency with the Electricity Act, 2003.

Sd/-
SUJIT DASGUPTA
MEMBER

DATE: **04.03.2015**