



ORDER

OF THE

WEST BENGAL ELECTRICITY REGULATORY COMMISSION

FOR THE YEAR 2013 - 2014

IN

CASE NO: TP – 51/ 11 – 12

**IN RE THE DETERMINATION OF WHEELING
CHARGES PAYABLE TO DPSC LIMITED FOR THE USE OF ITS
DISTRIBUTION SYSTEM FOR CONVEYANCE OF ELECTRICITY BY OPEN
ACCESS CUSTOMERS INCLUDING CAPTIVE GENERATING PLANTS
DURING THE FINANCIAL YEAR 2013 - 2014 UNDER SECTION 62(1)(C) OF
THE ELECTRICITY ACT, 2003**

DATED: 01.04.2014



CHAPTER – 1 INTRODUCTION

- 1.1 In terms of regulation 2.1.1(iv) of the West Bengal Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2011, (hereinafter referred to as the “Tariff Regulations”), the West Bengal Electricity Regulatory Commission (hereinafter referred to as the “Commission”) is required to determine the wheeling charges payable to the distribution licensees for the use of their distribution system and associated facilities for conveyance of electricity by all open access customers including the captive generating plants. Accordingly, the Commission proceeds to determine such wheeling charges payable to DPSC Limited (in short “DPSC”) by such customers / system users during the year 2013 - 2014.
- 1.2 On prudent analyses and viewing the tariff application made by DPSC, the Commission earlier determined the Aggregate Revenue Requirement (in short “ARR”) of DPSC separately for each year of the second control period comprising the financial years 2011 – 2012, 2012 – 2013 and 2013 – 2014 under the Multi Year Tariff (in short “MYT”) approach. The ARR for the year 2013 – 2014 may be referred to at Annexure – 6A to the Commission’s tariff order dated 14 February, 2013 in Case No.TP-51/11-12 and Annexure-2A to the Commission’s tariff order dated 26.12.2013 for the year 2013-14 in Case No. TP-51/11-12.
- 1.3 The Commission now takes up the matter relating to determination of the rate of distribution wheeling charges in accordance with the principles, terms and conditions laid down in Schedule – 4 to the Tariff Regulations.



CHAPTER – 2 DETERMINATION OF FIXED CHARGES RELATING TO DISTRIBUTION FUNCTION

- 2.1 DPSC is a distribution licensee in the state of West Bengal for supply of electricity in Ranigunj – Asansole area in the state. The admissible charges of DPSC under certain heads of accounts are, therefore, required to be segregated / allocated to generation and distribution functions on some rational basis. Annexure – 6A to the Commission's order dated 14.02.2013 in Case No. TP – 51 / 11 – 12, determining the ARR for DPSC, may be referred to in this regard. After prudent analyses of the amounts of ARR for the year 2013 – 2014, the gross amount of total fixed charges attributable to the distribution function of DPSC is found to be Rs. 7491.00 lakh. In this regard, the expenditure on account of interest on security deposit, however, has not been considered in the computation of gross fixed charges attributable to distribution function. The detailed head-wise break-up of the referred amount is given in Annexure – 2A.
- 2.2 The gross amount of fixed charges i.e. Rs. 7491.00 lakh as shown in Annexure – 2A requires to be adjusted on following accounts.

The gross amount of Rs.7491.00 Lakh is inclusive of expenses relating to retail sales. Paragraph 2.1 of Schedule – 4 to the Tariff Regulations provides for deduction of expenses incidental to selling of energy, non-tariff income, interest credit and income from other business from the gross amount of fixed charges attributable to distribution function of DPSC for ascertaining the wheeling charges payable by the open access customers. The total of such deductible amounts on this account come as under:

i) **Expenses relating to and incidental to retail sales :**

a) Employees Cost	73.53
b) Operation & Maintenance Expenses	33.22
c) Depreciation	26.32
Total	133.07



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Less:

i)	Non-Tariff Income	53.28
ii)	Interest Credit	118.77

2.3 The amount of interest on working capital, included in the amount of gross fixed charges relating to distribution function is Rs. 465.08 lakh. As per analyses 91.60% of the working capital need pertains to purchase of energy and hence 91.60% of the amount of Rs. 465.08 lakh, i.e Rs. **426.01** lakh is to be deducted from the gross amount of fixed asset for computation of wheeling charges.

2.4 Based on the foregoing analyses, the amount of fixed charges attributable to the distribution function of DPSC Limited for the determination of wheeling charges payable by the open access customers including the captive generating plants come as under:

	Rs. in Lakh
(a) Gross amount of fixed charges relating to distribution function	7491.00
(b) Less:	
a. Expenses relating to and incidental to retail sales	133.07
b. Non-Tariff Income	53.28
c. Interest Credit	118.77
d. Interest on working capital related to power purchase	426.01
Sub-total (b)	731.13
(c) Net admissible amount of fixed charges (a) – (b)	6759.87

2.5 With the estimated sales of 1044.00 MU including supply of 190.00 MU to West Bengal State Electricity Distribution Company Limited admitted in paragraph 4.4



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of the tariff order dated 14.02.2013 the average of recoverable wheeling charges comes to **64.75 paise per unit (kWh)**.

2.6 The avoidable cost as computed in terms of the formula provided in regulation 14.3.10 of the West Bengal Electricity Regulatory Commission (Open Access) Regulations, 2007 in case of DPSC works out as under:

(a) Total Fuel and Power Purchase Variable Cost.		Rs. 48856.78 Lakh
(b) Pooled energy in the distribution system		
(i) Sent-out energy from own generation	143.10 MU	
(ii) Purchase of Energy	961.91 MU	1105.01
(c) Weighted average unit cost of pooled energy [(a) / (b)]		442.14
(d) Distribution Loss		5.25%
(e) Avoidable cost will be -		

$$\frac{442.14 \text{ paise / kWh}}{(100-5.25) \times 0.01} + \text{Wheeling charges per unit applicable to the relevant open access case.}$$

= 466.64 paise / kWh + Wheeling charges per unit as applicable



**ANNEXURE – 2A
HEAD WISE BREAKUP OF THE AMOUNT OF
GROSS FIXED CHARGES ATTRIBUTABLE TO
DISTRIBUTION FUNCTION**

Sl. No.	Head of Charges	Amount (Rs. in Lakh)
1	Employee Cost (including Terminal Benefits)	2020.22
2	Operations and Maintenance Expenses	578.99
3	Interest on Capital Loan	1614.02
4	Interest on Working Capital	465.08
5	Insurance	15.91
6	Financing Charges	2.39
7	Depreciation	950.17
8	Reserve for Unforeseen Exigencies	65.62
9	Taxes on Income and Profit	0.00
10	Return	1778.60
11	Amount of Fixed Charges	7491.00



CHAPTER – 3 ORDER

- 3.1 The average rate of distribution wheeling charges of DPSC Limited for the year 2013 – 2014 comes to **64.75** paise per unit (kWh) as shown in the preceding chapter and the same is recoverable from the long term open access customers. In terms of the provisions contained in regulation 14.3.2 of the West Bengal Electricity Regulatory Commission (Open Access) Regulations, 2007 (hereinafter referred to as the “Open Access Regulations”), the Commission is fixing the above rate of wheeling charges and the same is to be recovered by DPSC Limited during the year 2013 – 2014 from the different categories of open access customers as mentioned in the said regulation including captive generators for conveyance of electricity through its distribution system for long term open access. For short term open access, the wheeling charge shall be realized as per Open Access Regulations. However, for conveyance of electricity from cogeneration and renewable energy sources, the wheeling charge shall be realized by DPSC Limited from such open access customers as per regulation framed by the Commission on Cogeneration and Generation of Electricity from Renewable Sources of Energy.
- 3.2 In terms of the provisions contained in regulation 14.3.10 of the Open Access Regulations, the open access customers, other than those carrying the electricity produced in captive generating plant to the destination and for the extent of their own use, are to pay cross-subsidy surcharge in addition to the charges for using the distribution system of the licensees. Such cross-subsidy surcharge will be the difference between the tariff applicable for the category of the consumers being allowed open access and the cost avoided (per unit) by the licensee in this regard.
- 3.3 The avoidable cost for the concerned open access customers will be at the rate of **466.64** paise per kWh plus wheeling charges per unit as applicable to the



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- relevant open access case as shown in chapter 2 of this order. DPSC will recover cross-subsidy surcharge from the open access customers with reference to the tariff applicable for similar category of consumers.
- 3.4 The effective date of the rate of wheeling charge and cross subsidy surcharge as per this order is 1 April, 2013 and will continue till further order. The adjustments, if any, for over-recovery / under recovery from 01. 04. 2013 shall be made in 6 (six) equal monthly instalments starting from the billing month of June 2014.
- 3.5 To discourage VAr drawals by the Open Access Customers, the Open Access Customer shall pay to the concerned licensee for drawal of reactive energy at the drawal point if the voltage at the point of drawal is below 97% of normal voltage and injection of reactive energy at injection point when the voltage is higher than 103% of normal voltage at the rate of 11 paise per KVArh. This is effective from 01.04.2013.
- 3.6 DPSC shall submit to the Commission a gist of this order 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 those newspapers in which the gist of the tariff order for 2013 – 2014 was published, within four working days from the date of receipt of the approval of the Commission.

**Sd/-
(SUJIT DASGUPTA)
MEMBER**

DATE: 01.04.2014