

**INDIA POWER CORPORATION LIMITED**

**ANNUAL PERFORMANCE REVIEW PETITION  
FOR THE YEAR 2017-18**

**COMPLIANCE REPORT**

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

**COMPLIANCE REPORT IN RESPECT OF ALL DIRECTIVES GIVEN BY HON'BLE COMMISSION**  
**IN RESPECT OF IPCL IN THE TARIFF ORDER OF 2017-18**

**Directive of Hon'ble Commission given in para 7.6 in the tariff order of FY2017-18 dated 28.01.2021 is as follows:**

7.6 IPCL shall take appropriate measures to comply with the Renewable Purchase Obligation in terms of RPO target specified by the Commission under West Bengal Electricity Regulatory Commission (Co-generation and Generation of Electricity from Renewable Sources of Energy) (First Amendment) Regulations 2020.

**Compliance Report:** It is humbly submitted that IPCL has entered into two PPAs with SECI for procurement of 100 MW Solar-Wind Hybrid RE power and 100 MW RE –RTC power respectively. The PPA for procurement of 100 MW Solar-Wind Hybrid RE power has already been approved by the Hon'ble Commission vide order dated 18.01.2021 in Case NoPPA-103/20-21. This power is expected to flow from April 2022. The petition seeking approval of second PPA for procurement of 100 MW RE –RTC power is under active consideration of the Hon'ble Commission in Case No. PPA-115/21-22 and the gist of the same has been published on 01.02.2022. The approval for the same is expected shortly and the power flow is expected sometime from 2024 onwards. Thus, it is evident that IPCL has taken appropriate measures to comply with stringent RPO targets in the ensuing years.

It is pertinent to mention here that IPCL has been able to meet its overall RPO targets (total including solar) during FY2017-18 as per WBERC RE Regulations, 2013, however, there was shortfall in fulfilment of individual Solar RPO Target. IPCL was continuously making efforts for Solar energy purchase during FY2017-18 but the same had limitation like availability of Solar power in IPCL supply area .

A consolidated summary of RPO fulfilment by IPCL during FY2017-18 as per WBERC RE Regulations, 2013 is indicated below:

Year	Month	(I) DISCOM	(II) Total Consumption of electricity in the area of supply (MWh)	(III) Target RPO to be achieved as per WBERC (MWh)		(IV) Actual Drawl/Purchase of energy from renewable energy (MWh)				(V)=(III-IV) Excess (+)/Shortfall (-) of RPO (Actual - RPO)			
				Solar only	Non-Solar	Solar		Non-Solar		Solar		Non-Solar	
				MWh	MWh	MWh	%	MWh	%	MWh	%	MWh	%
2017-18	Full year	IPCL	707593	2123	40333	1157	0.16%	45626	6%	-966	-0.14%	5294	0.75%

**Directive of Hon'ble Commission given in para 7.7 in the tariff order of FY2017-18 dated 28.01.2021 is as follows:**





7.7 IPCL is directed to furnish a report regarding their readiness to supply all consumers under their area of supply within 30 days from the date of this order failing which the Commission shall take appropriate action as per provisions of the Act and Regulations framed thereunder.

**Compliance Report:** With reference to the abovementioned directive in Tariff Order dated 28.01.2021, IPCL submitted its report vide letter no. RA/II/002/20-21/2126 dated 01.03.2021.

**Directive of Hon'ble Commission given in para 7.8 in the tariff order of FY2017-18 dated 28.01.2021 is as follows:**

7.8 IPCL shall come up with their investment proposal, as per provision of the Tariff Regulations, if any, required to build up infrastructure to give electric supply to all consumers including low and medium voltage consumers under their area of supply.

**Compliance Report:** With reference to the abovementioned directive in Tariff Order dated 28.01.2021, it is humbly submitted that IPCL has already submitted its LT Network roll out plan vide letter no. RA/II/002/20-21/2103 dated 24.12.2020. The capex details are included in this comprehensive LT Plan, which was submitted as part of MYT 7<sup>th</sup> Control Period.

**Directive of Hon'ble Commission given in para 7.9 in the tariff order of FY2017-18 dated 28.01.2021 is as follows:**

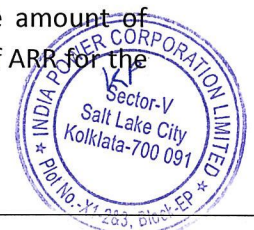
7.9 IPCL is directed to ensure the following in terms of para 4.10 of FPPCA and APR Order of IPCL for the year 2013-14:

- (i) there shall be no procurement of coal other than linkage or direct e-auction from CIL without prior approval of the Commission.
- (ii) transparent competitive bidding should be the mode of procurement of power by the licensee and any exception shall be only with prior approval of the Commission.

**Compliance Report:** With reference to the abovementioned directive in Tariff Order dated 28.01.2021, it is humbly submitted that IPCL has secured Fuel Supply Agreement (FSA) under SHAKTI Scheme following the due processes as contemplated in the Scheme. The FSA has been executed between Central Coalfields Limited and IPCL on 12.03.2020.

**Directive of Hon'ble Commission given in para 4.12.3 in the tariff order of FY2017-18 dated 28.01.2021 is as follows:**

4.12.3 The Commission opines that this amount and the amount of cash security deposit received/to be received from the consumers of IPCL should be invested as working capital of IPCL in its power business up to the normative level of working capital in terms of the Tariff Regulations and the balance, if any, over the normative working capital should be properly invested too. IPCL is, therefore, directed to do the needful accordingly in this regard. The earnings from such investment(s) shall be considered as income from other non-tariff sources. IPCL is also directed to submit a report, supported by necessary audited data, in its application for Annual Performance Review and also for determination of tariff showing as to how the amount of security deposit has been utilised. Similar directive was given to IPCL in the Order of ARR for the



year 2014-15 to 2016-17 in case no. TP-58/13-14 on 21.7.2016. The expenditure on this account is to be booked under distribution system.

**Compliance Report:** The Statutory Auditor for the Company has certified that the Cash Security Deposit of the Company has been utilised in the aforesaid financial year as a source of fund for working capital on an overall basis. The said certificate also contains the details of movement of consumer security deposit during the year. A copy of the audited certificate is being submitted with the main petition for APR of FY2017-18. The petitioner humbly submits that the utilisation of consumer security deposit is done as per the provision of applicable regulations.

**Directive of Hon'ble Commission given in para 4.18.4 in the tariff order of FY2017-18 dated 28.01.2021 is as follows:**

4.18.4 IPCL is, however, directed to ensure that investment of the amount so far created under the head must be done in accordance with the provisions of the Tariff Regulations. In the event of 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 IPCL, during Annual Performance Review of any succeeding years in terms of regulation 5.11.2 of WBERC Tariff Regulations, 2011. Income from such investments of Reserve for Unforeseen Exigencies as was previously directed 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. Moreover, this income should not be considered under income from non-tariff sources for determination of Net Aggregate Revenue Requirement in APR or tariff for any year.

**Compliance Report:** With reference to the abovementioned directive in MYT Order dated 28.01.2021, IPCL is submitting a certificate from its Statutory Auditor covering the status of Investments under the head "Reserve for unforeseen exigencies" as per the applicable regulations, with its main petition for APR FY2017-18.

**Directive of Hon'ble Commission given in para 4.5.6 in the tariff order of FY2017-18 dated 28.01.2021 is as follows:**

4.5.6 IPCL is directed to furnish the following with the petition for APR2017-18:

- i) the number of employees engaged in their generating station and manpower engaged in business other than generating station with name of the business and with detail break-up separately.
- ii) the actuarial report for liability towards employees' benefits fund, i.e., terminal benefit fund for Gratuity and Pension with the application of the APR for the respective years.
- iii) The detail of Arrear wage settlement
- iv) The allocation of centrally maintained expenses into generating station and distribution business.

**Compliance Report:**

- i) The number of employees engaged in the generating station and manpower engaged in business other than generating station with name of the business is indicated in Form 1.17h.
- ii) A complete copy of the audited accounts of all the terminal benefit funds for the year 2017-18 is being submitted with the main petition for APR of FY2017-18.





- iii) The Arrear Wage settlement Agreement executed between Employees Unions and IPCL in the presence of Deputy Labour Commissioner, Asansol on 09.03.2017 containing the requisite details is being submitted with the main petition for APR FY2017-18. The amounts paid towards such wage arrear is submitted in Form 1.17i.
- iv) The allocation of centrally maintained expenses into generating station and distribution business is indicated below:

ITEM	Generation	Distribution	Total	Basis
	DPS Generation (1 x12 MW)			
Fuel cost	100%	0%	100%	Fuel for generation
Power Purchase Cost	0%	100%	100%	Power purchase for distribution
T&D gains on VC	6%	94%	100%	In the ratio of fuel cost in (F+PPC) for generation and balance in distribution
Coal & Ash Handling	100%	0%	100%	Generation
Water charges			0%	Generation
Employee Cost incl. terminal benefits and wage arrear settlement	7%	93%	100%	Generation actual, Distribution includes Centrally maintained
O&M expenses	4%	96%	100%	Generation normative, balance all distribution
Rent(Generation)	100%	0%	100%	Generation only. For distribution it is considered in O&M expense
Insurance	20%	80%	100%	Actuals
Interest on capital loan	19%	81%	100%	Actual + % share in opening GFA
Interest on Consumer Security Deposit	0%	100%	100%	Distribution
Other finance charges	0%	100%	100%	Distribution
Interest on working capital	9%	91%	100%	In the ratio of net ARR ( excl. IoWC)
Depreciation	22%	78%	100%	Generation Actual, balance all distribution
Tax on Income & Profit	24%	76%	100%	In the ratio of ROE
ROE	24%	76%	100%	Based on equity involved
Bad Debts	0%	100%	100%	Distribution
<b>Gross ARR</b>	9%	91%	100%	<b>Summation</b>
Less: Interest Credit				
Less: Other Non-Tariff Income	0%	100%	100%	Distribution
Less: Misc. other income	0%	100%	100%	Distribution
<b>Net ARR</b>	9%	91%	100%	Gross minus Adjustment
Less: Capacity Charge disallowed				
Add: T&D gains on FC	0%	100%	100%	Distribution
Add: Reliability Incentive	0%	100%	100%	Distribution
<b>Total Revenue Realizable</b>	9%	91%	100%	Resultant

