

INDIA POWER

Ref: RA/II/002/21-22/2216

3rd March, 2022

The Secretary,
West Bengal Electricity Regulatory Commission,
Plot No. -AH/5 (2nd & 4th Floor) , Premises No. MAR 16-1111,
Action Area - 1A, New Town,
Rajarhat, Kolkata- 700163

Sub: Petition for determination of Fuel and Power Purchase Cost Adjustment (FPPCA) charge against energy sold to own consumers and other licensee during the period April, 2017 to March, 2018 under Regulation 2.8.7 of the West Bengal Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2011 as amended.

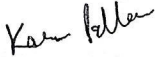
Respected Madam,

The Applicant, India Power Corporation Limited (IPCL) is hereby submitting the aforesaid petition in original and three photocopies for determination of Fuel and Power Purchase Cost Adjustment (FPPCA) for the financial year 2017-18 alongwith supporting documents and Annexures for your kind review.

The Hon'ble Commission is humbly requested to acknowledge the receipt of the same.

Thanking You

Yours Sincerely
For India Power Corporation Limited



Karn Pallav
General Manager (Regulatory Affairs)

Encl.: 1 original + 3 photocopies of the petition + 1 CD



India Power Corporation Limited

CIN - L40105WB1919PLC003263

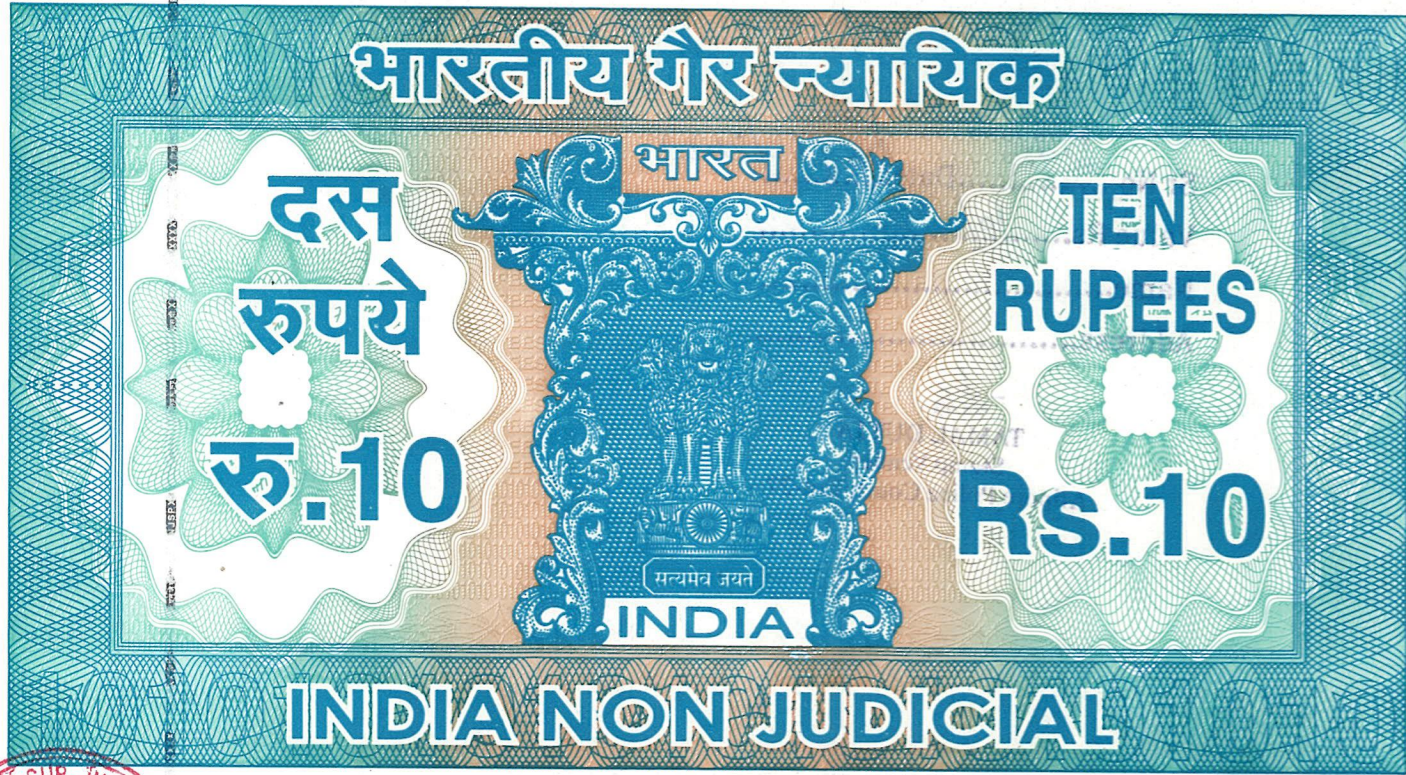
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पश्चिम बंगाल WEST BENGAL

FORM-1



BEFORE THE HON'BLE WEST BENGAL ELECTRICITY REGULATORY COMMISSION, KOLKATA

File No.
Case No.
(To be filled by the Office)

IN THE MATTER OF:

Petition for determination of Fuel and Power Purchase Cost Adjustment (FPPCA) charge against energy sold to own consumers and other licensee during the period April, 2017 to March, 2018 under Regulation 2.8.7 of the West Bengal Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2011 as amended

AND

IN THE MATTER OF:

M/S India Power Corporation Limited [IPCL],
Plot No. X1-2&3, Block - EP,
Sector V, Salt Lake City, Kolkata- 700091 (West Bengal)

... Applicant


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



25 FEB 2022



FORM-2

BEFORE THE HON'BLE WEST BENGAL ELECTRICITY REGULATORY COMMISSION, KOLKATA

File No.
Case No.
(To be filled by the Office)

IN THE MATTER OF:

Petition for determination of Fuel and Power Purchase Cost Adjustment (FPPCA) charge against energy sold to own consumers and other licensee during the period April, 2017 to March, 2018 under Regulation 2.8.7 of the West Bengal Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2011 as amended

AND

IN THE MATTER OF:

M/S India Power Corporation Limited [IPCL],
Plot No. X1-2&3, Block - EP,
Sector V, Salt Lake City, Kolkata- 700091 (West Bengal)

... Applicant



BEFORE THE NOTARY PUBLIC
AFFIDAVIT VERIFYING THE PETITION/APPLICATION



I, Karn Pallav, son of Shri N C Sinha aged 43 years by faith Hindu, residing at H61, Ideal Enclave, Rajarhat Road, Kolkata -700136 do hereby solemnly affirm and declare as follows:

1. That I am the General Manager (Regulatory Affairs) of the applicant company and have been acquainted with the fact and circumstances narrated in the application in respect of which the affidavit is sworn.
2. I have been authorized to swear this affidavit on behalf of applicant, as I am competent to do so.
3. The statements made in paragraph to are true to my knowledge and belief and the statement made in other paragraphs of the application are matters of records made available to me and based on information received which I believe to be true and correct.

Karn Pallav

DEPONENT

Place: Kolkata
Date: 25th February 2022

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



Solemnly Affirmed
&
Declared Before me
in identification of Advocate

25 FEB 2022

IDENTIFIED BY ME
[Signature]
ADVOCATE

B. N. SAHA
Notary

**APPLICATION SEEKING DETERMINATION OF FUEL & POWER PURCHASE COST
ADJUSTMENT (FPPCA) CHARGE FOR THE PERIOD BETWEEN APRIL 2017 TO
MARCH 2018**

"A"

THE PETITIONER, INDIA POWER CORPORATION LIMITED (FORMERLY, DPSC LIMITED) RESPECTFULLY SUBMITS THAT:-

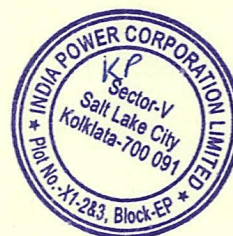
India Power Corporation Limited (formerly DPSC Limited) hereinafter referred to as "IPCL" or "the **Petitioner**" is submitting this Petition in accordance with the following relevant Sections of the Electricity Act 2003 and the Tariff Regulations:

- Sections 86 and Section 62 (read with Section 61) of Electricity Act, 2003
- Regulation 2.8.7 of the West Bengal Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2011 as amended in the year 2012 read with paragraph A to Schedule-7A prescribing the methodology for determination of Fuel and Power Purchase Cost Adjustment (FPPCA) for the Licensee.

In compliance with the aforesaid regulation, the Petitioner now hereby submits its FPPCA claim for FY2017-18 before the Hon'ble Commission along with the following facts and annexures for its kind and sympathetic consideration and prayer for condoning the delay and allowing the full claim of the Petitioner.

BACKGROUND:

- 1) The Petitioner is a distribution licensee in the State of West Bengal for supply of electricity in Asansol-Raniganj belt of the State since the year 1919. The erstwhile DPSC Limited was a licensee under the provisions of the Indian Electricity Act, 1910 (since repealed) 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. The Petitioner also has an embedded generation of 12 MW at Dishergarh Power Station within the licensed area of supply.

- 2) The FPPCA petitions for FY2014-15 , 2015-16 and 2016-17 have been submitted before the Hon'ble Commission on 06.11.2015 , 15.12.2016 and 09.09.2021 respectively. The same are under active consideration of the Hon'ble Commission.
- 3) The Hon'ble Commission issued MYT Order for the fifth control period comprising of FY2017-18 in Case No. TP-74/16-17 on 28.01.2021.
- 4) As per para 7.10 of the tariff order for FY2017-18 , the Petitioner was directed to submit the APR and FPPCA petition for the year 2017-18 within three months of the issuance of the tariff order. In view of certain unavoidable circumstances due to COVID-19 pandemic, lock down imposition and co-ordination issues due to non-availability of key personnel on health and other grounds, there was a delay in obtaining the FPPCA certificates for FY2017-18 duly audited by our Statutory Auditor. Hence , it has resulted in a delay in filing this application for FPPCA of FY2017-18. Copy of the Annual Report & Divisional Accounts of the Petitioner for the financial year 2017-18 is enclosed as per **Annexure I (Colly.)** . It is humbly submitted that the reasons for delay has been conveyed to the Hon'ble Commission through various communications , wherein the Petitioner has been seeking time extension for submission of this petition from time to time .
- 5) The Petitioner submits herewith the Fuel and Power Purchase Cost (FPPCA) Computation Statement with supporting annexures for the period April 2017 to March 2018, based on the FPPCA formula as per the Tariff Regulations, which has been duly audited and certified by the current Statutory Auditor of the Petitioner as per **Annexure II**.



- 6) A duly audited Statement of Quantitative Reconciliation of Energy Balance for the financial year 2017-18 in million units (MU) showing generation, auxiliary consumption at generating stations, energy sent out at generation bus, power purchased, total power delivered into the system, consumption in Company's premises, sales to consumers and energy lost in distribution (T&D) during the year 2017-18 is given in a Tabular form below: -

Energy Balance 2017-18		Quantity
Sl. No	Particulars	MU
1	Gross Generation	58.95
2	Auxiliary Consumption	7.19
3	Net Generation (1-2)	51.76
4	Power Purchase – DVC	141.99
5	Power Purchase – WBSEDCL	19.09
6	Power Purchase – WBGEDCL	1.16
7	Power Purchase from OA sources through J K Nagar 220/33kV substation	475.57
8	Power Purchase from IPC(H)L through J K Nagar 220/33kV substation	30.43
9	Power Purchase from OA sources through Luchipur Receiving substation	10.48
10	Total - Power Purchase (4+5+6+7+8+9)	678.73
11	Total Units Delivered into the System (3+10)	730.49
12	Own Consumption	2.36
13	T&D Loss	22.97
14	T&D Loss (%)	3.14%
15	Energy Sale (11-12-13)	705.16

- 7) The Fuel and Power Purchase Cost (FPPC) during the referred adjustment period, i.e., financial year 2017 - 2018, is to be admitted in terms of the following formula as specified by the Commission in schedule 7 A to the Tariff Regulations.



$$\text{"FPPC (In Rs.)} = \{FC + (PPC - C_D) + (\pm A)\}$$

Where –

- i) The adjustment period for fuel and power purchase cost will normally be on annual basis, if not otherwise decided by the Commission.
- ii) FPPC: Re-determined Fuel and Power Purchase Cost against application of FPPCA.
- iii) FC: Fuel cost of own generation as per normative parameters fixed by the Commission or on actual basis in absence of any norm and UHV range as may be allowed under regulation 5.8 commensurate with actual level of energy sales to own consumers and / or licensee during the adjustment period in accordance with the following methodology.
 - t = Norms of Transmission and Distribution loss in % considered for sale of power from licensee to licensee
 - d = Norms of distribution loss in %
 - E_o = Admitted Energy for own consumption by licensee,
 - E_{SL} = Energy sale to other licensee in MU
 - E_{SC} = Energy sale to consumer in MUFuel-Cost = Fuel cost at generation bus of own generating stations. Cost determined on the basis of normative parameters of SHR and oil consumption rate against actual level of energy sent out plus normative auxiliary energy consumption.



FC_{IUC} = Per unit of Fuel Cost at distribution input
= Fuel-Cost \div Actual overall energy available at input of the distribution system which includes power purchase from different services.

FC_{Adm_d} = Admitted Fuel Cost for sale to licensee
= $\frac{E_{SL}}{(1-t \times 0.01)} \times FC_{IUC}$

FC_{Adm_C} = Admitted Fuel Cost for sale to consumer
= $\frac{E_{sc} + E_o}{(1-d \times 0.01)} \times FC_{IUC}$

FC = $FC_{Adm_d} + FC_{Adm_C}$



iv) PPC (Rs.): Total cost incurred including the cost for fuel for power purchase from different sources commensurate with actual level of energy sales during the adjustment period.

v) C_D (Rs.): Cost disallowable by the Commission as per following methods:

Let d = Norms of distribution loss in %
 t = Norms of Transmission and Distribution loss in % considered for sale of power from licensee to licensee
 E_g = Actual energy sent out in MU from own generating station
 E = Excess amount of auxiliary energy consumption in MU,
 E_P = Total energy purchased in MU
 E_O = Admitted Energy for own consumption by licensee
 E_{SC} = Energy sale to consumer in MU
 E_{SL} = Energy sale to other licensee in MU
 E_{Adm} = Admitted amount of energy entitled for purchase
$$= \frac{E_{SC} + E_O}{(1 - d \times 0.01)} + \frac{E_{SL}}{(1 - t \times 0.01)} - E - E_g$$

 E_E = Excess energy purchased = $E_P - E_{Adm}$
 C_D = $E_E \times EP_{Avg}$

When EP_{Avg} = Average cost of power purchase.

vi) A: Adjustment, if any, to be made in the current period to account for any claim due to excess / shortfall in recovery of fuel and power



purchase cost in the past adjustment period based on directions / orders of the Commission. (+A) shall be considered as the amount to be recovered from consumer and purchaser of electricity under the purview of the Commission when the licensee has already incurred such expenses. (-A) shall be considered as the amount to be refunded to the consumer and purchaser of electricity under the purview of the Commission because such amount of less expenses has been incurred by the licensee against any prior period adjustment.

- vii) Such re-determined fuel and power purchase cost (FPPC) of the licensee will be further adjusted for gain sharing as per Schedule – 9B for the parameters related to fuel cost to the extent it has impact in the fuel cost.”
- 8) The Petitioner has been able to successfully maintain the T&D Loss at 3.14%, which is well below the normative level of 5.25% fixed under the Tariff Regulations.
- 9) As per Para C (ii) of Schedule 9B of the Tariff Regulations, 2013 the gains accruing to a distribution licensee due to its performance in distribution loss being better than the norms of distribution loss stipulated by the Hon’ble Commission in any ensuing year from 2014-15 onwards, shall be shared by that distribution licensee and the consumer at the ratio 75:25 through APR adjustment of that year subject to gain sharing applicable separately for fuel cost of own generation during FPPC determination. Thus, as per the Tariff Regulations, the Petitioner is allowed to retain the 75% of benefit of savings below the normative level fixed by the Hon’ble Commission. Total efficiency gain to be retained by the petitioner on account of variable cost, as certified by the Statutory Auditor for the financial year 2017-18 is Rs. 460.11 Lakhs to be allowed additionally as per the existing Tariff Regulations. The breakup of efficiency gain is given below:-



Particulars	Rs. Lakhs
Additional Fuel Cost (Annexure 1.1 of Auditor's Certificate)	29.11
Additional Power Purchase Cost (Annexure 3.1 of Auditor's Certificate)	431.00
Total	460.11

- 10) The Hon'ble Commission in its order dated 11.09.2013 had directed the Petitioner to complete the procedure of signing of FSA with the coal supplier i. e. Coal India Limited for linkage coal within next two months and till such time to keep the plant operative the Petitioner was allowed to procure coal through E-Auction as prayed for subject to compliance of the conditions as stipulated in the regulations 5.8.1 to 5.8.7 of the Tariff Regulations. The Hon'ble Commission had further directed that after signing of the FSA with the coal supplier if there be any shortfall, the petitioner can source the balance quantity beside linkage based allocation policy of the Government of India through E-Auction or any other means of auction or any other mechanism from indigenous sources subject to compliance of the conditions stipulated in regulations 5.8.1 to 5.8.7 of the Tariff Regulations.
- 11) Despite directives from Coal Ministry, Govt. of India upon Coal India Limited for providing coal linkage to the 12 MW project of the Petitioner, there has been lack of response from Eastern Coalfields Limited on the issue of executing a Fuel Supply Agreement (FSA) with the Petitioner. Since the commissioning of its 1x12 MW Plant at Dishergarh, the Petitioner has been trying to procure suitable quantum and grade of fuel for running the Plant in economical and efficient manner. But in absence of FSA signed with the ECL, the Petitioner is not able to achieve any further reduction in fuel cost. In this regard, the Hon'ble Commission has been regularly appraised about the status of signing of FSA. The Hon'ble Commission may kindly refer to the "Compliance Report on Coal Linkage Initiatives" submitted vide letter no. RA/II/002/18-19/1839 dated 17.12.2018. A Copy of the said compliance report is placed before the Hon'ble



Commission as **Annexure-III**. The Petitioner as a last resort had approached Hon'ble Calcutta High Court in the year 2013 for an Order enforcing ECL to sign the FSA with IPCL. The matter is still pending before the Hon'ble High Court. As there was no further progress in this regard , the Petitioner was forced to run the Plant by procuring washery rejects, coal washery two product and coal washery tailings during FY2017-18.

- 12) Such procurement of washery rejects, coal washery two product and coal washery tailings has its own disadvantages like uncertainty in getting the coal regularly, necessity for stocking of higher quantity than immediate requirement, lower GCV, price disadvantage, etc. Maximum operating efficiency could not be achieved mainly because of the non-availability of fuel of suitable quality and quantities at right time and comparatively at a cheaper rate, which is beyond the control of the Petitioner. The Petitioner hopes that the Hon'ble Commission would understand and appreciate the difficulties faced by the Petitioner and allow the entire fuel cost incurred by the Licensee which is beyond its control. In spite of all these disadvantages; it has been able to contain the fuel cost at Rs.2.84/kWh on gross generation basis. The Petitioner has been able to reduce the coal consumption cost to some extent by mixing Coal Washery Two Product and Coal Washery tailings with the Washery rejects obtained from various sources. The Hon'ble Commission may appreciate the fact that in such procurements, It is practically impossible for the buyer to ascertain about the actual Heat Value of such Coal before purchase. The Hon'ble Commission may understand the practical coal market scenario and it is humbly prayed that the cost implications of grade slippages may also be allowed. The Petitioner is enclosing herewith the copies of coal procurement bills and relevant purchase orders for FY2017-18 as **Annexure IV**.



- 13) Regulation 5.8.2 of the Tariff Regulations 2011 specifies that the Hon'ble Commission shall allow cost of fuel procured through E-Auction provided any of three criteria which is laid down under the Regulation has been fulfilled. One such criterion specified is a demonstration of resultant benefit to the ultimate consumers due to procurement of such coal. Generation from 1x12 MW Plant is utilized for meeting the demand from consumers who are located in Dishergarh Circle and therefore generation from 1x12 MW Plant at Dishergarh is absolutely necessary for maintaining reliable power supply to consumers. Therefore, although the fuel purchase during FY2017-18 has not been through E-Auction, it is humbly prayed before the Hon'ble Commission that this direct procurement of washery rejects, coal washery two product and coal washery tailings may be considered under the ambit of aforesaid regulation 5.8.2.
- 14) The Actual Average fuel cost of 1x12 MW Power Plant for the financial year 2017-18 is Rs.3.24 per kWh which is lower than the Average Power Purchase Cost from WBSEDCL @ Rs.5.66/kWh. Replacing own generation by procuring power from WBSEDCL would increase the weighted average cost further. Therefore, it is economically justifiable to run the Plant even with washery rejects, coal washery two product and coal washery tailings from the Consumer benefit point of view also. Moreover, as already stated above for uninterrupted supply to the consumers, running of 12 MW Power Plant is absolutely necessary. The Hon'ble Commission may appreciate that with sustained efforts, the Petitioner has been able to secure coal under SHAKTI scheme from 2020-21 onwards. Thus in subsequent years, it will receive a stable supply of coal at economical rate.
- 15) The Petitioner has been continuously facing the problem in getting the coal of declared GCV like other power generating stations in the country. The Petitioner is helpless in regard to mismatch



in quality of coal received vis-à-vis as declared by the supplier. Under this scenario, it is extremely difficult to maintain the operating Parameters specified by the Hon'ble Commission under Schedule 9A of the West Bengal Electricity Regulatory Commission (Terms and Conditions of Tariff) (Amendment) Regulation, 2013. It is also laid down in Regulation 5.8.1 of the Tariff Regulations 2011 that it empowers the Hon'ble Commission to allow lesser UHV in certain cases if the generating company or licensee is able to prove through document that in spite of its sincere efforts, it is not possible to receive coal of higher UHV in the same grade. In such a challenging scenario, the Petitioner is relying on the concept of mixing Washery Rejects , coal washery two product and coal washery tailings in order to reduce the coal consumption cost further and has been successful in doing so. Under this circumstance therefore, it is prayed before the Hon'ble Commission to allow the actual fuel consumption cost incurred by the Petitioner. The Auditor's Certificate encloses a statement of consignment wise details of supplier , quantities and GCV of coal received during the year alongwith all associated costs and marked as **Annexure-V**.

- 16) In spite of facing such a difficult scenario in generation segment of its business area, the Petitioner is still able to maintain a very high quality of service towards its consumers. This was possible mainly due to the support it had received from DVC and WBSEDCL as well as STU connectivity at 220/33kV J K Nagar Substation, which helped the Petitioner in bringing the power from IPC(H)L on Short Term basis, Exchanges, Traders/Bilateral arrangement outside the state in assuring the adequate quantum of energy available for its consumers as well as efficient management of its distribution system. The T&D Loss percentage achieved by the Petitioner at a level of around 3.14% is probably one of the lowest in country. Consumer complaint is also negligible in number and those are immediately addressed. It has been able to maintain its own system availability above 99.5%.



- 17) It is humbly submitted that as per NPC report on 12 MW DPS submitted as part of final project cost petition in Case no. OA-244/16-17, the SHR and Auxiliary consumption of the plant is higher than the norms specified by the Hon'ble Commission in WBERC Tariff (Amendment) Regulations, 2013. It is humbly prayed for allowing deviation from norms of SHR, AUX, etc in respect of 12 MW DPS.
- 18) The summary of energy procured with cost incurred from the DVC ,WBSEDCL and WBGEDCL during the year 2017-18 is tabulated below:-

Energy Source	MU	Rs. Lakhs	Rs. /Kwh
DVC	141.99	6134.16	4.32
WBSEDCL	19.09	1080.05	5.66
WBGEDCL	1.16	57.85	5.00

The copies of invoices raised by DVC, WBSEDCL and WBGEDCL are enclosed as per **Annexure-VI, VII and VIII.**

- 19) The commissioning of 220/33kV J K Nagar Substation and connectivity with STU network on 11.12.2015 has enabled the Petitioner to access and draw power from power exchanges/sources in other parts of the country. Further in FY2017-18, the Petitioner was able to source OA power through Luchipur Substation via DVC grid during April and May 2017. In view of this facility, during FY2017-18, the Petitioner has procured 469.39 MUs through Short Term Open Access from IEX & bilateral / other RE sources at an average rate of Rs 3.47/kWh , 30.43 MUs from IPC(H)L at an average rate of Rs 2.87/kWh another 16.67 MUs through Deviation Settlement mechanism at an average rate of Rs 4.55/kWh. The summary of such procurement is tabulated below:-



Energy Source	MU	Rs. Lakhs	Rs. /kWh
STOA-IEX, bilateral/ other RE sources	469.39	16305.85	3.47
IPC(H)L	30.43	873.10	2.87
UI Pool	16.67	758.12	4.55

The copies of invoices raised by IEX, Tata Power, IPC(H)L and SLDC are enclosed as per Annexure- IX, X, XI & XII.

- 20) The Petitioner claims the full amount of power purchase cost as a pass through because bills raised by the energy supplier are based on Tariff Orders issued by either the Hon'ble State Commission or by the Hon'ble Central Electricity Regulatory Commission. Moreover, T&D Loss % has been kept well below the normative level of 5.25% fixed by the Hon'ble Commission. Moreover, by procuring power through exchange it is able to reduce the overall power procurement cost.
- 21) Ideally the FPPCA petition for FY2017-18 should have been filed in the succeeding financial year itself, however, the Petitioner humbly submits that in view of tariff order for FY2017-18 being issued on 28.01.2021, the FPPCA petition for FY2017-18 is being filed now as per direction under para 7.10 of the said order in case no. TP-74/16-17. There has been a delay in submission with respect to specified timeline in para 7.10 of the said order as explained in para 4 of this petition. The Hon'ble Commission is humbly prayed to condone the delay.
- 22) The Hon'ble Commission is humbly requested not to reject or disallow any part of the FPPCA claim made by the Petitioner or any claims arising therefrom without allowing the Petitioner adequate opportunity of explaining its case.



PRAYERS

- 23) In view of the facts and circumstances as submitted hereinabove in this petition, the Petitioner prays before the Hon'ble Commission for passing, inter-alia, necessary orders on the following:-
- A. To condone the delay in filing the FPPCA application for FY2017-18.
 - B. To approve the Re-determined fuel and power purchase cost of Rs.27345.73 Lakhs as per Statutory Auditor's Certificate including the T&D savings on Variable cost.
 - C. To allow the Petitioner submit such additional information, explanation and document as the Hon'ble Commission may want from time to time.
 - D. To pass such other order or orders as the Hon'ble Commission may think fit and proper.



LIST OF ANNEXURES

S.NO.	ANNEXURE	PARTICULARS
1	I (Colly.)	Annual Report and Divisional A/c for 2017-18
2	II	Forms & Auditor Certificate
3	III	Compliance Report
4	IV	Coal Procurement Bills
5	V	Statement of consignment wise details of supplier , quantities and GCV of coal received during the year alongwith all associated costs
6	VI	DVC Bills
7	VII	WBSEDCL Bills
8	VIII	WBGEDCL Bills
9	IX	IEX Bills
10	X	Tata Power Bills
11	XI	IPC(H)L Bills
12	XII	UI/DSM Bills

