



Ref: RA/II/002/23-24/123

25th May, 2023

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



Sub: Supplementary Petition in the matter of Determination of Multi Year Tariff for the Eighth Control Period covering Financial Years 2023-24, 2024-25 and 2025-26

- Ref: 1) WBERC Order in Case No. SM-31/22-23 dated 31.08.2022  
2) WBERC Letter No. WBERC/B-4/7/3225 dated 01.12.2022  
3) IPCL Letter No. RA/II/002/22-23/97 dated 21.02.2023  
4) WBERC Letter No. WBERC/B-11/24/3619-3627 dated 20.03.2023  
5) IPCL Letter No. RA/II/002/23-24/107 dated 12.04.2023

Respected Madam,

With reference to the Hon'ble Commission's letter dated 20.03.2023 referred above, we are pleased to enclose herewith the aforesaid Supplementary Petition in original along with supporting Annexures in four (4) copies and soft copy in CD.

IPCL (the Applicant) had prayed before the Hon'ble Commission seeking an extension of 45 days from 13.04.2023 for submission of this supplementary MYT Petition for 8<sup>th</sup> Control Period.

In view of the above, the Applicant is submitting the supplementary MYT Petition today, 25.05.2023.

Kindly acknowledge the receipt of the same.

Thanking You.

Yours Sincerely

For India Power Corporation Limited

Mrinal Navendu

Deputy Manager (Regulatory Affairs)

Encl.: One (1) Original + Three(3) Photocopies + 1 CD containing Petition & annexures

### India Power Corporation Limited

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

**MYT PETITION  
FOR THE  
EIGHTH CONTROL PERIOD  
(FY 2023-24 TO FY 2025-26)**



**INDIA POWER**  
Adding power to life

**India Power Corporation Limited (IPCL)**

**Corp Off: Plot No. X-1, 2 & 3, Block-EP, Sector-V, Salt Lake City, Kolkata-700091**

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**TARIFF APPLICATION OF  
IPCL FOR THE MYT CONTROL PERIOD – FY 2023-24 TO FY FY2025-26  
UNDER SECTION 64(3)(a) READ WITH SECTION  
62(1) AND SECTION 62(3) OF THE  
ELECTRICITY ACT, 2003**



पश्चिम बंगाल पश्चिम बंगाल WEST BENGAL

BEFORE THE NOTARY PUBLIC

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:

Supplementary Petition for Determination of Aggregate Revenue Requirement for the Eight Control Period comprising the Financial Years 2023-24, 2024-25 and 2025-26 in terms of Regulation 2.5 of the West Bengal Electricity Regulatory Commission ( Terms and Conditions of Tariff) Regulations, 2011 and amendments thereof.

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)

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



24 MAY 2023



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:

Supplementary Petition for Determination of Aggregate Revenue Requirement for the Eight Control Period comprising the Financial Years 2023-24, 2024-25 and 2025-26 in terms of Regulation 2.5 of the West Bengal Electricity Regulatory Commission ( Terms and Conditions of Tariff) Regulations, 2011 and amendments thereof.

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

I, Somesh Dasgupta, son of Late Shri Dhiren Dasgupta aged 63 years, by faith Hindu residing at 17/29 B, K.P.Roy lane, Kolkata-700031 do hereby solemnly affirm and declare as follows:

1. That I am the The Whole Time Director 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 1.1 to 7.7 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.

Place: Kolkata  
Date: 24<sup>th</sup> May, 2023

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

IDENTIFIED BY ME  
  
ADVOCATE

Solemnly Affirmed  
&  
Done .. before me  
on Identification of Advocate

**B. N. SAHA**  
Notary

Deponent



24 MAY 2023

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## 1. INTRODUCTION

### 1.1 Introduction

**1.1.1** India Power Corporation Limited [hereinafter referred to as **IPCL** (formerly known as DPSC Limited) or, "**Petitioner**"] is a distribution licensee in the State of West Bengal and is supplying 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 licensed area of IPCL stretches over 798 Sq. Km in the Asansol-Raniganj belt. In the year 2022, IPCL has completed 104 years of its existence providing reliable and quality power supply with lowest T&D Loss level to critical users such as coal mines, hospitals, railways, industries, public utilities, LT Consumers and so on in its licensed area.

**1.1.2** The West Bengal Electricity Regulatory Commission (hereinafter referred to as "**WBERC**" or "**Commission**") is an independent statutory body constituted by the Government of West Bengal in the year 1999 in terms of section 17 of the Electricity Regulatory Commissions Act, 1998 now repealed by section 185 of the Electricity Act, 2003 (hereinafter referred to as the Act) which came into force with effect from 10.06.2003. The first proviso to section 82 (1) of the Act has ensured continuity of all the State Electricity Regulatory Commissions, which were established by the State Governments under section 17 of the 1998 Act (and some other enactments) and functioning as such immediately before coming into force of the Act and shall be the State Commission for the purposes of the Act. The Hon'ble Commission is vested with the authority regulating the power sector in the State inter alia including setting of tariff for electricity consumers.

**1.1.3** In accordance with Section 61 of the Electricity Act 2003 (**hereinafter referred to as Act**), the West Bengal Electricity Regulatory Commission (WBERC) notified "**West Bengal Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2011**" vide. Notification No.48/WBERC dated 25.04.2011. The same were published in Kolkata Gazette, Extraordinary on 29.04.2011 and the Tariff Regulations came into force from the same date. Subsequently, the Hon'ble WBERC has notified four amendments to the said tariff regulations, *the WBERC (Terms and Conditions of Tariff) (Amendment) Regulations, 2012* published in Kolkata Gazette, Extraordinary on 27.08.2012 effective from same date, second

amendment i.e. the *WBERC (Terms and Conditions of Tariff) (Amendment) Regulations, 2013*, published in Kolkata Gazette, Extraordinary on 30.07.2013 effective from same date, third amendment i.e. *the WBERC (Terms and Conditions of Tariff) (Third Amendment) Regulations, 2020* on 21.01.2020, which came into force from 01.04.2020 and the fourth Amendment ,i.e. *WBERC (Terms and Conditions of Tariff) (Fourth Amendment) Regulations, 2023* issued on 13.03.2023, which came into force from 01.04.2023. The West Bengal Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2011 and subsequent amendments as mentioned above, hereafter shall be referred as “**Tariff Regulations**” in the Petition.

The Present Application for determination of Aggregate Revenue Requirement and tariff for the Eighth control period comprising the years 2023-24 to 2025-26 is being filed in accordance with the “**Tariff Regulations**” and amendments thereof, read with the order issued by the Hon’ble Commission in Case No. SM-31/22-23 dated 31.08.2022 determining that the 8<sup>th</sup> Control Period would cover 3 years (FY2023-24, 2024-25 & 2025-26). The Hon’ble Commission was pleased to grant 60 days time extension to the Petitioner for submission of this 8<sup>th</sup> MYT Petition vide letter no. WBERC/B-4/7/3225 dated 02.12.2022 on a specific prayer by the Petitioner through letter no RA/II/002/22-23/79 dated 23.11.2022. Further, the Petitioner subsequently sought 3 weeks additional time for submission of the 8<sup>th</sup> MYT Petition vide letter no. RA/II/002/22-23/92 dated 31.01.2023. Thereafter, the Petitioner filed the 8<sup>th</sup> MYT Petition on the 21.02.2023 vide letter dated RA//II/002/22-23/97. However after the filing of the 8<sup>th</sup> MYT Petition, the fourth amendment to the Tariff Regulations was notified by the Hon’ble Commission on 13.03.2023 and the Hon’ble WBERC vide its letter dated 20.03.2023 directed the utilities to file a supplementary petition by 13.04.2023, if the utility prefers any changes, consequent upon publication of Tariff (4<sup>th</sup> Amendment) Regulations, 2023 . Since there were substantial changes in the 4<sup>th</sup> Amendments, the Petitioner requested the Hon’ble Commission to grant an additional 45 days for filing of the additional submission. The Petitioner humbly prays before the Hon’ble Commission seeking condonation of delay in filing this revised MYT petition. It is further humbly submitted that while the revised submission is being made by considering the provisions of Tariff (4<sup>th</sup> Amendment) Regulations, 2023, wherever applicable, the Petitioner requests the Hon’ble Commission to consider the submissions of the Petitioner along with the suggested deviations in norms from the Regulations and





respective possible reasons/justification wherever applicable in the Petition.

**1.1.4** Section 62 of the Act empowers the State Electricity Regulatory Commission to determine the terms and conditions for determination of tariff. Further, it also lists down certain guiding principles which have to be considered while determining tariff, one of which is the implementation of the multi-year tariff principle.

**1.1.5** The main regulations along with the subsequent amendments shall be applied for determination of tariff by the Hon'ble Commission for the Petitioner. The Regulation 2.5 of the WBERC (terms and Conditions of Tariff) Regulations, 2011 specifies as follows:

- Filing of tariff proposal based on the Multi Year Tariff Framework.
- The objective and contents of the MYT petition for the control period
- Every generating company or licensee is required to file a Perspective Plan along with the tariff application.
- The Perspective Plan shall be covering the eighth control period commencing from 2023-24 to 2025-26.
- The Perspective Plan of a distribution licensee for the control period shall, inter alia, contain the forecast for ensuing years on unconstrained peak demand as well as energy demand in the areas of supply of licensee, power procurement plan and capital investment plan in order to meet the requirements of the guidelines on load forecast.

**1.1.6** The last applicable Multi Year Tariff (MYT) order was issued by the Hon'ble Commission for the 6th Control period of FY2018-19 to 2019-20 on 09.07.2021. The Multi Year Tariff (MYT) petition for the 7th Control Period (2020-21 to 2022-23) was filed before the Hon'ble Commission on 02.09.2020 and subsequently additional submissions in MYT petition for 7<sup>th</sup> Control period were filed on 06.11.2020, 03.09.2021 and 22.10.2021. The said petition of MYT for 7th control period is under active consideration before the Hon'ble Commission as on date.

**1.1.7** The Petitioner has also submitted the Annual Performance Review petitions for FY 2015-16, 2016-17, 2017-18, 2018-19 and 2019-20 as per the provisions of Tariff Regulations, which are under active consideration before the Hon'ble Commission. Petitions for review of (a) APR order of FY2012-13, (b) FPPCA & APR order of FY 2014-15, and (c) Tariff order of FY2017-18 are also under active consideration before the Hon'ble Commission as on date. The Petitioner submits that the present

petition is being filed without prejudice to the other matters pending before the Hon'ble Commission, Hon'ble APTEL and the claims, contentions and submissions of the Petitioner in relation to various sub-judice matters.

- 1.1.8** The List of Tariff related matters of the Petitioner having significant financial impact and currently pending before Hon'ble Commission is indicated below:

**Table 1: List of Tariff related matters of IPCL before Hon'ble Commission**

Sl.	Petition	Date of filing
1	FPPCA Petition for FY2015-16	15.12.2016
2	APR 2015-16	01.02.2018
3	Petition for approval of 1x12 MW DPS Project Cost –Rs.89 Crores.	19.12.2016
4	Review of APR Order for FY2012-13	03.02.2020
5	MYT Petition FY 2020-21 to 2022-23	02.09.2020
6	Petition for review of MYT FY2017-18 order	25.03.2021
7	FPPCA Petition for FY2016-17	09.09.2021
8	APR Petition for FY2016-17	09.09.2021
9	FPPCA Petition for FY2017-18	03.03.2022
10	APR Petition for FY2017-18	31.03.2022
11	FPPCA Petition for FY2018-19	15.06.2022
12	APR Petition for FY2018-19	15.06.2022
13	FPPCA Petition for FY2019-20	15.06.2022
14	APR Petition for FY2019-20	29.06.2022
15	Petition for review of APR FY2014-15 order	23.09.2022

- 1.1.9** Similarly, the following matters are pending adjudication before the Hon'ble APTEL against various petitions / Tariff Orders for previous years (collectively referred to as 'Pending matters').

**Table 2: List of Pending appeals of IPCL before Hon'ble APTEL**

Sl.	Appeal No	Description	Current Status
1	A.No. 427 of 2022	Appeal Against FPPCA FY12-13 order & review order	Admitted in Court-II and included in "List of Finals".
2	A.No. 104 of 2022	Appeal Against FPPCA & APR FY13-14 order	Admitted in Court-II and included in "List of Finals".

Main Petition

3	DFR 98 of 2021 & A.No. 41 of 2022	Appeal Against J K Nagar Project Final Project Cost order & review order	Admitted and included in "List of Finals of Court-I".
4	A.No. 255 of 2021	Appeal Against Tariff Order of FY2017-18	Admitted and included in "List of Finals of Court-II".
5	A.No. 331 of 2021	Appeal Against Multi Year Tariff Orders of FY2018-19 & 2019-20	Admitted and included in the "List of Appeals Requiring Priority Hearings".

**1.1.10** In the event that any of the above pending matters is decided before the issuance of Tariff for the FY 2023-24 to 2025-26, it is humbly prayed before the Hon'ble Commission to consider/implement the outcome of the same in the tariff order. In the event of order(s) being declared after the issuance of the tariff order, it is humbly submitted that the impact of the same be allowed forthwith along with carrying cost.

**1.1.11** The petition includes the following Chapters. A brief outline of the content of each chapter is provided below:

- Chapter 1 contains the introductory information to the petition and background of the petition filing.
- Chapter 2 contains the brief profile of the Company.
- Chapter 3 contains the ARR for 8th Control Period from 2023-24 to 2025-26
- Chapter 4 contains the details of the Capex Schemes
- Chapter 5 contains other Proposals and suggestions
- Chapter 6 contains the Tariff proposal for FY 2023-24 to 2025-26
- Chapter 7 contains the Support required from the Hon'ble Commission.
- Chapter 8 contains the prayers to the Hon'ble Commission

It is humbly submitted that the Hon'ble Commission has notified the WBERC (Terms and Conditions of Tariff) (Fourth Amendment) Regulations, 2023. The Petitioner humbly submits the revised Petition after considering the amendments specified in the 4th Amendment Regulations. The petitioner requests the Hon'ble Commission to consider the submissions of the Petitioner along with the suggested deviations in norms from the Regulations and respective possible reasons/justification wherever applicable in the Petition. Further, the Petitioner

Main Petition

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seeks liberty from the Hon'ble Commission to allow additional submission based on the recent amendments.



## 2. PROFILE OF THE COMPANY

### 2.1 Background

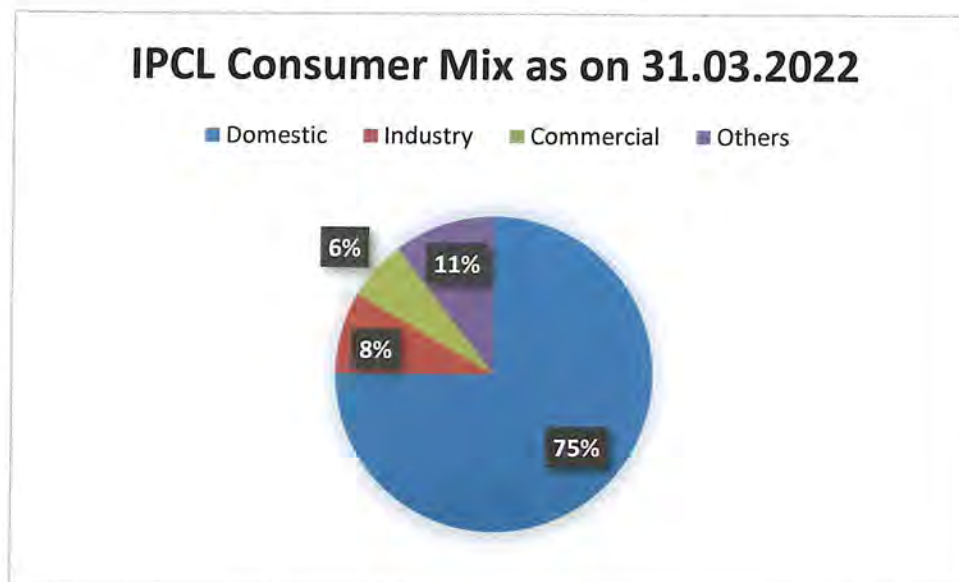
- 2.1.1** The Petitioner, India Power Corporation Limited (IPCL), formerly known as DPSC Ltd., established in 1919, is one of the oldest power generation and distribution companies in India. It is an integrated power utility that deals in generation, sub-transmission and distribution of power. The Company has a license area of 798 sq. km. in the key industrial belt of Asansol – Raniganj in the state of West Bengal, and serves a consumer mix principally consisting of domestic consumers, collieries, government hospitals, public health enterprises, public water works, industrial and commercial consumers.
- 2.1.2** DPSC Ltd. was granted a license under the provisions of the Indian Electricity Act, 1910 (since repealed) and with the enactment of Electricity Act, 2003, the Petitioner became 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 with an obligation to supply all the consumers within its license area at appropriate voltage levels. The Petitioner had a perpetual license term under the provisions of the Indian Electricity Act, 1910 (since repealed) with provision to sale power to large consumers as defined in the license condition. The Hon'ble Commission while notifying the WBERC (Licensing and conditions of License) Regulations, 2013 fixed the license term of 25 years for such deemed licensees in the State of West Bengal with effect from the date of notification of Licensing Regulation, 2013 on 03.09.2013.
- 2.1.3** Pursuant to a Scheme of amalgamation sanctioned by the Hon'ble High Court of Calcutta on 17.04.2013, India Power Corporation Limited has been amalgamated with DPSC Limited (DPSC) and thereafter the new amalgamated entity was also renamed as India Power Corporation Limited (hereinafter shall be referred to as IPCL).
- 2.1.4** Post amalgamation, the Petitioner maintains separate accounting entries for (i) Regulated Business which consists of power distribution business (including embedded 12 MW thermal power generation which exclusively supply power for distribution business) in Asansol, West Bengal (licensed area) regulated by West Bengal Electricity Regulatory Commission; and (ii) Non Regulated business, which consists of all business which are not covered under sr.no. (i). Revenue and expenses are identifiable against the respective business segment as "Regulated"

and “Non-Regulated”, which is audited and certified by the Statutory Auditor of the Company.

## 2.2 Consumer Profile:

**2.2.1** The Petitioner has a well spread out distribution network in the Asansol - Raniganj industrial belt. As on 31.03.2022, the Petitioner caters to 7664 consumers who are primarily domestic, commercial and industrial consumers. Its consumer mix includes – domestic residential, Coal Mines, Paper Mills, Railways, Hospitals, Water Pumping Stations, Technical Institutions, large, medium and small industries, commercial shops, BPL Consumer clusters etc.

Figure 1: Consumer Profile of IPCL



**2.2.2** It is humbly submitted that by virtue of its license conditions under the Indian Electricity Act 1910, the Petitioner was historically supplying power to HT consumers at 11 KV. Eastern Coalfields Limited (ECL) was one of the major consumer base for the Petitioner historically. The Petitioner used to cater supply to 126 number of HT consumers belonging to ECL who were a major source of revenue in terms of energy sales and power demand , almost equivalent to 60% of total sales quantum. The sales was growing steadily. However, in the last few years since 2015-16 onwards, the Petitioner has witnessed mass migration of ECL consumers, thereby leading to an aberration in the growth trend of demand and number of consumers. However, with proactive and competitive strategies, the

Petitioner was able to acquire new HT and LT consumers during the same time. Post migration of ECL consumers, the Petitioner continued its focus on supplying power to consumers at all voltage levels (132 KV, 33 KV, 11 KV, L & MV). The Petitioner is continuously expanding its consumer base in LT side along with LT expansion plan which is expected to add about 20000-22000 consumers in next three years, in addition to its focus on 33kV & 132kV voltage level consumers.

**2.2.3** As a part of strategy to increase its reach to more and more LT consumers in its licensed area and extend its services to more and more LT households, the Petitioner has been systematically expanding its LT Network, keeping in mind the economics and load density in its licensed area of supply by following 2 pronged approach, expand and extend the existing network to create LT network infrastructure in phased manner and installing Distribution transformers and other LT equipment suitably depending on the requirements, availability of required RoW, feasibility and cost aspects etc. and secondly where ever the LT network exists or easy to extend, put effort on bringing new consumers into the network and orienting the service and people capability to match the LT service requirement.

**2.2.4** The Petitioner operates in a competitive regime, wherein DVC and WBSEDCL are the other two parallel licensees in the common area of supply. One of the major factors affecting the competitive advantage of the Petitioner is the retail supply tariff. It is observed that the tariff orders of all the parallel licensees in the common area of supply are being issued separately at different point of time, for e.g. Tariff Order for WBSEDCL has been issued upto FY2023-24 on 30.03.2023, while for DVC the Tariff Order has been issued upto FY 2019-20 on 17.06.2022 and that for the Petitioner the tariff order has been issued upto FY2019-20 on 09.07.2021. As is evident from the above that in the multiple licensee scenario at the Petitioner's area of supply, tariff orders for different periods was applicable for different parallel licensees at same point of time, thereby leading to distortion in competition and leading to confusing signal to the consumers of competing licensees in respect of the tariff comparison. Therefore, it is humbly prayed before the Hon'ble Commission that the in a multiple licensee area, the tariff orders of all the parallel licensees, including DVC may be issued simultaneously covering the same control period so that the spirit of competition is maintained and a level



playing field exists. Further, in view of the operation of multiple licensees in common area of supply, it is humbly prayed before the Hon'ble Commission to consider issuance of regulations pertaining to network operations, standard of performance, co-ordinated & economic development of network, supply & distribution code under multiple licensee scenario.

**2.2.5** The Petitioner as a Distribution Licensee is supplying power to consumers at all voltage levels- 132KV, 33 KV, 11 KV and L&MV. It has been complying with its Universal Service obligation as part of its duty to supply on request as per section 43 of the Electricity Act 2003, while overcoming the constraints such ROW challenges, space constraints issues, High Capital Investments in erecting HT Lines and underground network in congested areas, isolated load requiring long LT lines or high HT investment etc. Further, in the absence of a dedicated power corridor, the parallel licensees face various issues in safety, commissioning and operation of distribution infrastructure in congested areas.

The Petitioner has submitted an application before the Hon'ble WBERC for grant of a new License covering the adjoining areas within Paschim Bardhaman district and Bankura District vide its submission bearing ref no. RA/II/002/18-19/1818 dated 01.11.2018 read with RA/II/002/17-18/1606 dated 04.07.2017 in Case no. OA-255/17-18. The same is under active consideration of the Hon'ble Commission. However, the Petitioner has projected the total sales & category wise sales based on the present area of supply.

The Ministry of Power on 28.11.2022, has notified the Distribution of Electricity Licence (Additional Requirements of Capital Adequacy, Creditworthiness and Code of Conduct) (Second Amendment) Rules, 2022 to further amend the Distribution of Electricity Licence (Additional Requirements of Capital Adequacy, Creditworthiness and Code of Conduct) Rules, 2005.

The amendment under sub-rule 3 clarifies that for the grant of a license for distribution of electricity within the same area in terms of sixth proviso to section 14 of the Act, the entire area covering either a Municipal Corporation as defined in article 243Q of the Constitution or three adjoining revenue districts, or a smaller area as may be notified by the Appropriate Government shall be the minimum area



of supply.

Keeping the above aspect in view, the Petitioner humbly submits that its consolidated license application for Paschim Bardhaman & Bankura district complies with WBERC (Licensing & Conditions of Licence) Regulation 2013 read with the Rule 3 of Distribution of Electricity Licence (Additional Requirements of Capital Adequacy, Creditworthiness and Code of Conduct) (Second Amendment) Rules, 2022.

In case, an order granting new license is issued to the Petitioner by the Hon'ble Commission in the above matter within the control period of this 8th MYT, the Petitioner humbly seeks liberty to submit the revised Sales & related Capex details for the approval of Hon'ble WBERC.

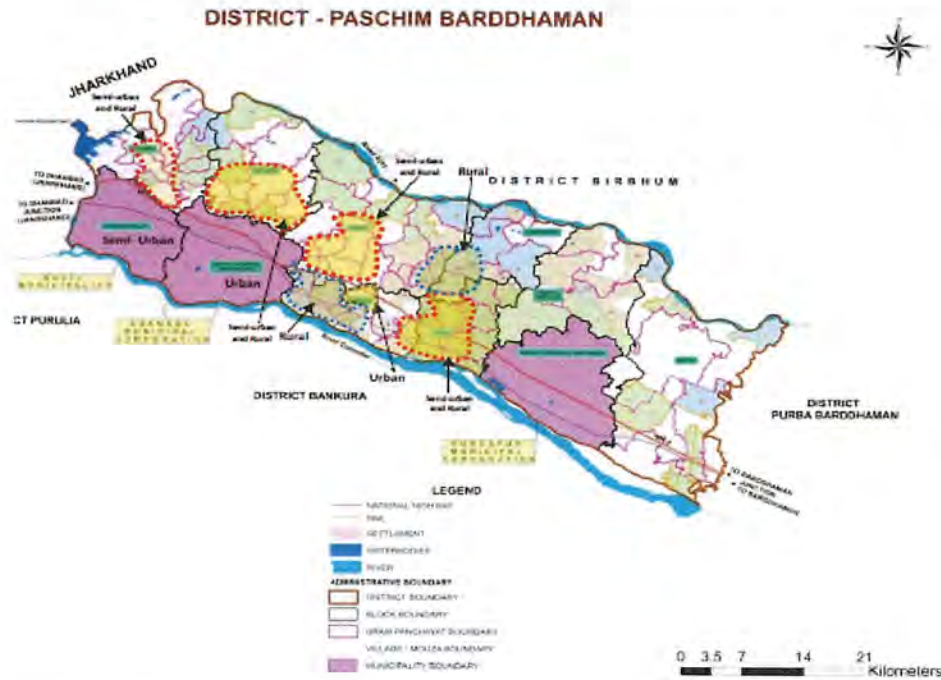
### 2.3 Areas in focus for LT Network expansion

The Petitioner has divided its LT consumers potential base in two categories- Urban and Rural (including Semi Urban). It is considering proper Asansol & Raniganj as urban. Rest areas are either semi urban or rural like Pangachia, Jamuria, Ukra etc. To further spread its presence in LT segment, the Petitioner has started expanding LT network and penetrating in the areas such as:

- (a) Gopalpur, Murgasol, Asansol Bazar, Shristi nagar & Adjacent area, Haripur and Raniganj
- (b) SB Garai Road, Gopalmath, Ronai, Searsole & adjacent areas, Nalanda Fortune, Gokuldham, Ukhra
- (c) Interiors of Asansol like Ashram More, Ismaile area, Ushagram, etc.
- (d) Areas adjacent to NSB Road, areas alongside NH-2, etc.

A map showing urban, semi-urban and rural area distribution is shown below:





#### 2.4 LT Network Rollout Approach

It is humbly submitted that the Petitioner is following 2 pronged approach, expand and extend the existing network to create LT network infrastructure in phased manner and installing Distribution transformers and other LT equipment suitably depending on the requirements, availability of required ROW, feasibility and cost aspects etc. and secondly where-ever the LT network exists or easy to extend, put effort on bringing new consumers into the network and orienting the service and people capability to match the LT service requirement. The LT consumer base of the Petitioner is increasing every month through the persistent efforts of the teams assigned with the task of motivating and encouraging the new households to take supply from the Petitioner.

Moreover, the Petitioner has been building the basic distribution system based on High Voltage Distribution System (HVDS) beyond HT networks which can be taken upto the cluster level i.e. till the entry point of the customer cluster to ensure minimal technical losses and efficient supply of power even at LT levels.

The Petitioner has built network based on HVDS, which helps ensure economical power distribution and is also a recognized method for reducing technical losses,



preventing theft, improving voltage profile and providing better consumer service. The same has been recognized in the National Electricity Policy and the Tariff Policy.

It is respectfully submitted that as of now the Petitioner is present in almost all the LT segments including domestic, commercial, hotels, malls, small industry, educational institutes, BPL consumer clusters, etc. As per the latest estimate, around 40% of all new individual dwelling units, small shops, small establishments & new residential complexes constructed and/or coming up in the Petitioner's area of supply is being supplied through LT connections by the Petitioner. Likewise, power to around 20% of all hotels & hospitals and 15% of all educational institutions present in the network vicinity in our license area is being supplied by the Petitioner. In addition, IPCL is also making further investments in LT network expansion based upon the new applications, which the Petitioner is receiving on regular basis.

It is humbly submitted that this LT growth of the Petitioner is despite no subsidy being availed by its consumers unlike the same set of consumers of State Discom in the common area of supply, who receive subsidy for consumption upto 300 units. The Petitioner is also taking up the matter with the State Government so that subsidy can be provided to the similarly placed consumers of the Petitioner in the same area of supply.

## 2.5 Constraints in LT Network Development

Historically, by virtue of its license conditions under the Indian Electricity Act 1910, the Petitioner has predominantly 11 KV network. DVC had network to cater to consumer in 33kV and above voltage levels, whereas WBSEDCL used to cater to predominantly LT & 11 KV consumers. Post implementation of Electricity Act 2003, all these parallel licensees are required to fulfil USO, thereby providing supply at any voltage level, as may be requested by the consumers.

The area being home to a large number of coal mines and congested demographic profile, any new LT network expansion in such area is affected by ROW issues, techno-commercial feasibilities and electrical safety issues. It is humbly prayed before the Hon'ble Commission to propose a mechanism for co-ordinated and economical network development in parallel license areas.



**2.6 Power Sources & Evacuation Arrangement:**

**2.6.1 Historical Arrangement**

Historically, the Petitioner had been meeting its power demand through its own 12 MW generating station, radial supply from DVC and WBSEDCL and solar power from WBGEDCL solar PV station at Seebpur.

As part of the efforts of the Petitioner for connectivity with national grid, the Petitioner commissioned a 220 KV substation at J K Nagar along with 220 KV transmissions assets for its connectivity with the state grid in December 2015.

**Post Commissioning of 220 J K Nagar substation and its connectivity with State Grid**

After the commissioning of its 220 KV substation at J K Nagar and its connectivity with the state grid in December 2015, the Petitioner got the opportunity to access the national power market beyond its area of supply and started purchase of power from power exchanges, traders and bilateral arrangement on short term basis through exchanges/traders including entering into power banking arrangements where-ever required, emerging real-time mechanism and through national e-bidding DEEP portal on tariff based competitive bidding process. The Petitioner subsequently started procuring long term power from SECI through this substation from the year 2022. The Petitioner continued to offtake radial supply from DVC and WBSEDCL for technical stability.

**2.6.2 Status of J K Nagar 220 KV Substation and associated Transmission project**

**2.6.2.1** The J K Nagar 220 KV Substation and associated Transmission assets was commissioned in December 2015 at a total cost of Rs 14589.74 Lakhs out of which Rs 6656.08 Lakhs were incurred on the construction of 220 KV JK Nagar LILLO Transmission line and associated system. The transmission asset was taken over by WBSETCL in March 2018.

**2.6.2.2** With reference to the Petitioner's petition vide ref No. RA/II/002/16-17/1521 dated 07.02.2017, for approval of final project cost, the Hon'ble Commission vide its order dated 22.11.2018 in Case No. OA-57/09-10 has approved the final project cost as Rs. 11008 Lakhs including Rs 3860.97 Lakhs towards 220KV LILLO line.



**2.6.2.3** The Petitioner had submitted a petition for review of the said final project cost on 26.12.2018 and mode of recovery of the transmission asset cost. The Hon'ble Commission vide its order dated 23.12.2020 in Case No. OA-57/09-10 directed that – LTOA agreement between IPCL & WBSETCL has to be entered & after execution of LTOA agreement, the reimbursement of the approved capital cost of transmission assets by WBSETCL shall be carried out in 120 equal instalments. The EMI has also started since June 2021. The final project cost was not revised in this order. Therefore, the Petitioner has filed an appeal before Hon'ble APTEL vide appeal no DFR-98 of 2021 dated 03.03.2021 regarding disallowance in final project cost of J.K.Nagar 220 kV LILO line. As per the last status, the Appeal has been admitted and included under "List of Finals in Court-I".

**2.6.3 132 KV Line from J K Nagar to Railways Traction Feeding Point at Pandabeswar :**  
The Petitioner is under the process of filing a petition for seeking approval of final project cost from the Hon'ble Commission for construction of 3-phase, 132 KV Double Circuit Transmission Line from J K Nagar to Railways Traction Feeding Point at Pandabeswar under Regulation 2.8.5 of the WBERC Tariff Regulations,2011.The Petitioner has constructed the transmission line in order to provide Traction power to Eastern Railway at 132 kV level and also to cater to prospective demand load of 100 MVA at Dhasal at 132 KV level. It is humbly submitted that the Petitioner had sought 'in-principle clearance' from the Hon'ble Commission before undertaking the investment for construction of 3-phase, 132 KV Double Circuit Transmission Line from its J K Nagar 220/ 33kV substation to Railways Traction Feeding Point at Pandabeswar, which was approved by the Hon'ble Commission vide order dated 20.11.2019 in case no. OA-230/16-17. The Hon'ble Commission has specified in the tariff order for 6<sup>th</sup> MYT control period that the in-principle cost of the project will be considered during 7<sup>th</sup> MYT order. However, now since the project has been commissioned in FY20-21, therefore for the purpose of consideration for determination of respective ROE, depreciation & interest for this control period, the Hon'ble Commission may kindly consider the submitted project cost of Rs 74.55 crores (including consumer contribution of Rs 13.93 crores from Eastern railways) as indicated in Form 1.19a. The Petitioner is also in the process of filing the final project cost approval petition before the Hon'ble Commission.

**2.7.3 New PPAs post - 2019**

Given that the Petitioner had to rely a lot on short term power for meeting its power demand which is dependent on market driven prices and volatile and unpredictable



in the long run and therefore as a prudent practice, the Petitioner started exploring avenues for entering into Long Term/Medium Term Power arrangement for better energy security as well as more stable & predictable power purchase prices.

Since, the year 2019, the Petitioner has been successful in entering into long term agreement with SECI for purchase of Solar-Wind Hybrid RE (100 MW) and RE RTC (100 MW) vide PPAs dated 15.01.2020 and 19.07.2021 respectively which was duly approved by the Hon'ble Commission vide Orders dated 18.01.2021 and 12.12.2022 in Case nos. PPA-103/20-21 and PPA-115/21-22 respectively. These agreements have been entered with the twin objective of meeting RPO targets as well as having a more stable long term power supply. In addition, the Petitioner has also entered into a long term PPA (16 MW) with DVC for power supply from Raghunathpur Thermal Power Station (RTPS) for which the Petitioner has filed a petition bearing case no PPA-98/19-20 and is presently under consideration for approval before Hon'ble Commission.

#### **2.7.4 Long Term Open Access**

A Long Term Open Access (LTOA) agreement was executed for 124 MW capacity between the Petitioner and WBSETCL (STU) in June 2021 pursuant to the Hon'ble Commission's order dated 23.12.2020 in case no. OA-57/09-10.

#### **2.7.5 Power flow under Long Term Arrangement**

The SECI Solar-Wind Hybrid RE project at Jaisalmer, Rajasthan has been fully commissioned in September 2021 and the 100 MW power is being supplied under Long Term mode through J K Nagar 220 KV substation.

The SECI RE RTC project is likely to be commissioned in the last quarter of FY2023-24 as per latest information though it is subjected to changes as witnessed in the earlier SECI project which the Petitioner had contracted and the Petitioner is taking regular update from SECI/Developer in this regard from time-to-time. Since, the capacity at J K Nagar 220 KV substation is already being presently utilized to optimum level with other sources of power and therefore, in order to evacuate the said 100 MW RE RTC power into the Petitioner's system, a separate additional 220 KV substation is being planned at a suitable location in the license area. The Petitioner humbly seeks liberty



to submit the detailed scheme covering the proposal for implementation of the said project in due course separately.

### **2.7.6 Present Power arrangement through Radial Sources**

Presently there is one 33KV interconnectivity between J K Nagar 220/132/33kV and another load centre of Dishergarh Receiving Station through a 40 kms 33KV circuit. Due to long distance, the Petitioner often faces technical issues including voltage regulation issues besides higher line loss etc. Therefore to ensure reliable and quality power supply, reliance on DVC Radial mode of power supply at Dishergarh Receiving Station is one of the pre-requisite to ensure affordable and stable supply of that west end load pocket of our license area.

The interconnectivity between our STU connected main receiving Sub-station, J K Nagar and the other major load centres of distribution area are under progress and is expected to be completed in coming years. J K Nagar is located at the center point of the East-West load pockets of our distribution license area. The process of upgrading the existing 33 KV interconnectivity between J K Nagar Substation through mid-point Sub-Stations like Feeder Road as well Mangalpur upto Luchipur Receiving Station is under progress and therefore at present to ensure stable power supply and to create ring feed to cater load of these areas DVC connectivity with radial mode of supply is the only alternate source of supply and is critical for reliable and quality power supply in that area.

Further, in few areas where power is supplied through other sources, the Petitioner is availing DVC radial power supply for system redundancy so that uninterrupted power supply to consumers & reliability can be maintained in case of any disturbance or transmission congestion is experienced through J K Nagar route.

It is further humbly submitted that DVC is currently billing the radial supply to IPCL at the HT-33 KV industrial consumer tariff specified in DVC tariff order of FY2016-17. The Hon'ble Commission in its order dated 01.03.2019 in Case No. OA-272/18-19 had directed that consumer tariff will not be applicable for sale of power by DVC to IPCL, a licensee. An appeal against the said order is pending before the APTEL in Appeal No, 216 of 2019. It is humbly prayed before the Hon'ble Commission that the impact of outcome of such proceedings may also be taken into consideration in this tariff

order, if the APTEL judgment is issued before the issuance of this Tariff order. In case, the judgment is issued after the issuance of this tariff order, the Petitioner seeks liberty to approach the Hon'ble Commission separately based on the outcome of the Judgment.

**2.7.7 Own Generation – 12 MW**

The power from 12 MW DPS plant is utilized by IPCL- Distribution business by virtue of its Long Term Power Purchase Arrangement (PPA) with IPCL – generation (12 MW Dishergarh Power Station) for power procurement and is approved by the Hon'ble Commission vide order dated 20.11.2019 in Case no. PPA-99/19-20.

The 12 MW DPS plant has been under operation since Sept 2012 but the actual PLF achieved during the entire period till date has been maximum upto 60% as the said plant is a relatively small capacity embedded generation. The said plant is primarily used for the following purpose:

- (a) maintaining the reliability of supply
- (b) supplementing the supply from other sources as required
- (c) acting as a hedge during the times when the power purchase prices in the short term market is much higher.

As per the National Productivity Council (NPC) report prepared for 12 MW DPS plant, the plant is frequently being operated in Island mode thereby the unit is being operated at partial load, depending upon the shortfall in load requirement on the distribution network. Therefore, the actual performance is usually lower than the norms for PLF specified for the said plant. It is a fact that the 12 MW DPS Plant has not operated beyond a PLF of 60% since the last 10 years. The actual PLF for the last 3 years is as under:

FY 2019-20	FY 2020-21	FY 2021-22
0.00%	27.68%	29.23%

The Hon'ble Commission while specifying the normative PLF and PAF of 12 MW DPS for full fixed cost recovery has considered 80% PLF and 85% PAF. However, based on the experience of part load operation of the plant and findings of NPC report, it is humbly prayed before the Hon'ble Commission to consider revising the normative PLF & PAF to 60% for the purpose of recovery of full cost for generation.





In the FY 2019-20, the Petitioner has secured coal linkage of 53400 Tons/annum under SHAKTI Scheme B(ii) Round 2 from Coal India Limited subsidiary Central Coalfields Limited (CCL) for the 12 MW DPS (New) plant.

The Petitioner expects that with the availability of SHAKTI coal and adequate evacuation facility, 12 MW generating station may operate at 60% PLF during this Control Period as compared to 80% PLF norm as specified in the Tariff Regulations for DPS. In case of any shortfall in supply of coal under SHAKTI FSA, the Petitioner would seek to procure the balance coal through e-auction and/or washery by-products.

It is further humbly submitted that the Hon'ble Commission has recently notified 4<sup>th</sup> amendment of tariff regulations in March 2023. The Petitioner had made a case for reduction of its PAF & PLF to 60% for full fixed cost recovery in the comments submitted on the 4<sup>th</sup> Amendments to the Draft WBERC Tariff Regulations, 2023, in line with some of the plants of WBPDC, however, the existing norms of 80% PLF and 85% PAF has been retained by the Hon'ble Commission.

Further, the Petitioner had filed a petition for the approval of final project expenditure of 12 MW DPS plant on the 16.12.2016. The Petitioner had prayed before the Hon'ble Commission to approve the submitted Project Cost amounting to Rs. 8867.84 lakhs and revision of the operating norms of the 12 MW project. The Petition is presently under active consideration before the Hon'ble Commission for approval. In this regards the Petitioner prays before the Hon'ble Commission to approve the final capital cost of the 12 MW generating station and consider the RoE, depreciation and Interest in line with the Tariff Regulations, 2011 applicable at the time of capitalization of the project. It is humbly submitted that the Plant has online communication connectivity with SLDC. The Petitioner submits the daily injection schedule to SLDC in specified format as per applicable Regulations. Further, in line with the Regulation 6.11.6 of the WBERC 4<sup>th</sup> Amendments Regulations, the Petitioner shall submit the availability certificate and PLF certificate which is required to be issued by SLDC along with the APR Petition.

#### **2.7.8 Renewable Purchase Obligation (RPO)**

In order to meet its RPO targets as per the applicable WBERC regulations, the Petitioner has been a front runner in arranging renewable power for its distribution license area and meeting/over achieving its RPO target. The first MW scale grid

connected Solar PV generating station was set up by WBGEDCL in Seebpur area and the Petitioner had executed the PPA for 2 MW Solar Power in the year 2008. Apart from the same, during FY2017-18 upto 2020, the Petitioner fulfilled the RPO target through purchase of Non-solar RE power from cogeneration source.

The Hon'ble Commission has specified the RPO target upto FY2022-23 vide reg 3.1 of WBERC (Cogeneration and Generation of Electricity from Renewable Sources of Energy) (First Amendment) Regulations, 2020 as follows:

**Table 3: RPO Target specified upto FY2022-23 by Hon'ble Commisison**

Year	Minimum quantum of purchase (in %) of total consumption from Renewable energy sources		
	Solar	Non-Solar	Total
2020-21	3.00	9.00	12.00
2021-22	4.50	10.00	14.50
2022-23	6.00	11.00	17.00

In view of the significant increase in RPO targets from the FY2020-21 onwards, the Petitioner has also executed 2 RE PPAs with SECI as indicated in earlier para. Based on the above-mentioned PPAs with SECI, the Petitioner has submitted an undertaking vide letter no. RA/II/002/22-23/85 dated 27.12.2022, expressing its effort to meet the RPO targets for the ensuing control period subject to following enabling conditions:

- In the present RE regulations, the RPO targets (%) have been specified upto FY2022-23. The Applicant assumes that the same targets (%) would continue in the next control period.
- In the present RE regulations, on achievement of Solar RPO compliance to the extent of 85% and above, remaining shortfall if any, can be met by excess Non-Solar energy purchased beyond specified Non-Solar RPO for that particular year or vice versa. The Applicant prays before the Hon'ble Commission to modify/relax the criteria to allow meeting shortfall of Non-Solar RPO target by excess purchase of the Solar RE and vice versa within the total RPO met.
- The excess procurement of Renewable Energy over and above the RPO target for a particular financial year may be allowed to offset the shortfall in any subsequent



year of the control period. In addition, the Hon'ble Commission may allow the Applicant for issuance of REC for the surplus RE (after meeting the RPO Target for the respective year) as deemed appropriate by the Hon'ble Commission, which would ultimately benefit the consumers.

- d. The RE RTC Project is assumed to be commissioned as per the schedule.
- e. The Applicant humbly seeks liberty to approach the Hon'ble Commission in case of any change in ground situation due to factors beyond the Applicant's control.

The Petitioner humbly submits that it is making further submission in respect of RPO in subsequent section 3.7.2 in next chapter. It is also submitted that the Petitioner is embracing Renewable Energy procurement in a greater way for achievement of RPO targets and also for the benefit of its consumers for which the Commission may consider further incentivisation structure and providing enablers to the Petitioner in case it meets/surpasses the target for which the Petitioner seeks liberty to file additional submission/separate petition during this proceeding.

The Petitioner has been ranked 10<sup>th</sup> among 52 discoms in India & top Utility in West Bengal by the Ministry of Power in the 10th Annual Integrated Rating and Ranking of Power Distribution Utilities report published in August 2022. Other than the efficient network operation with high reliability and benchmark AT&C losses, one of the key competitive strength has been overall green and sustainable centric business objective.

The Petitioner has been committed towards its sustainability targets and aims to become the first utility to procure over 50% of its power through renewable sources by FY 2023-24 and going forward it is projected to be more than 70%. By doing this, the Petitioner is poised to significantly exceed its RPO targets as determine by the Hon'ble Commission for the Licensees.

However, the Petitioner would require support on creating the right enablers and regulatory framework for harnessing further potential and meeting the renewable & sustainability objectives. In this energy transition journey, the Petitioner plans to gainfully leverage and monetise the purchase of RE power beyond the RPO targets by way of appropriate market mechanisms such as Renewable Energy Certificates (REC) and/or International-REC (IRECs).



Further, the Energy Conservation Amendment Bill, 2022 has proposed the formulation of a carbon credit trading scheme which would open further avenues for IPCL to explore. The merger of RECs with ESCerts (Energy Saving Certificates) would also create a larger market for sale of such certificate. In this regard the Petitioner humbly seeks to independently explore the available options and submit a proposal before the Hon'ble Commission on its findings and proposal including seeking appropriate incentive structure for kind consideration of the Hon'ble Commission.

Another issue which requires attention is the balancing cost of RE power primarily from Wind Solar Hybrid RE source arising due to intermittency and frequent revision of schedule. The Petitioner has covered this aspect of RE balancing cost in para 3.7.9 in the subsequent chapter.

#### **2.7.9 Transmission Charges**

The Petitioner has entered into long term PPA with SECI Solar-Wind Hybrid RE (100 MW) vide PPA dated 15.01.2020. The project qualifies for ISTS transmission charges waiver as per the guidelines of MoP. The Petitioner is paying the State Transmission Charges for as determined by the Hon'ble Commission through its Tariff Orders of WBSETCL for determination of Transmission Charges for the MYT period.,. As per reg 18.2.1(h) of WBERC Open Access Regulations 2022, only 1/4<sup>th</sup> of transmission charges is applicable for pure wind and pure solar RE sources, however, due to issues in the interpretation of the Regulations the Petitioner was being subjected to Long Term Transmission charges for entire 124 MW, despite 100 MW out of a LTOA capacity of 124 MW, being Wind Solar Hybrid RE. The Petitioner had sought clarification from the Hon'ble Commission on Reg. 18.2.1(h) of the WBERC Open Access Regulations, 2022 regarding the applicability of transmission charges on wind-solar hybrid RE . While the Petition in this regard was submitted on 22.12.2022 in case no. OA-440/22-23, the Hon'ble Commission issued the Order on the said Petition on 23.03.2023 in which the Hon'ble Commission specified that 1/4<sup>th</sup> of transmission charges shall also be extended to this Wind Solar Hybrid RE subject to conditions there-in. The Petitioner is presently in the process of getting the said order operationalized including seeking the refund from WBSETCL for the past period as arrears.

However, for the computation purpose in the present petition, the Petitioner has considered the full STU charges for the entire LTOA quantum of 124 MW, pending

the final operationalization of the concessional transmission charges for 100 MW out of 124 MW. The likely impact of introduction of General Network Access (GNA) regime for sharing of transmission costs if any has also not been considered at this stage for this control period.

#### **2.7.10 Deviation Settlement Mechanism (DSM)**

By virtue of procurement of power under schedule mode from SECI, IEX, Bilateral as well as Power Banking transactions, the Petitioner is subjected to DSM charges on account of any deviation between schedule drawl and actual drawl. Prior to 02.01.2022, the grid participants including the Petitioner within the state of West Bengal were subjected to CERC DSM Regulations, 2014 as amended from time to time. The Petitioner had a norm of deviation upto 48 MW in view of its schedule being lower than 400 MW. However, post 03.01.2022, the Petitioner is subjected to stringent volume limit for additional deviation charges as per Reg 3.3 of WBERC DSM Regulations 2021 (except reg 3.3.9, 3.3.11 and 3.3.12), Additional Deviation Charge for Sign Change violation and Under-drawal limit.

It is humbly submitted that the Petitioner is working towards reduction of deviation volume from its schedule as compared to the past period but in view of abnormal increase in DSM charges under the new methodology of determination of Deviation Settlement charges vide CERC DSM Regulations, 2022 & subsequent orders and stringent volume limit for additional deviation charges as per Reg 3.3 of WBERC DSM Regulations 2021 (except reg 3.3.9, 3.3.11 and 3.3.12), Additional Deviation Charge for Sign Change violation and Under-drawal limit, there is compelling possibility that the expenses towards net DSM payable charge shall be higher than 5% of the total power purchase cost for the corresponding years. Further, a majority of power requirement of IPCL is to be met from Renewable energy sources by virtue of its approved PPA's with SECI for 100 MW Wind-Solar Hybrid RE effective from Oct 2022 and another 100 MW RE RTC power with SECI to be effective from later half of FY23-24. It is humbly submitted that due to intermittent supply from RE sources including frequent changes in schedule for time blocks, there is often mismatch in scheduling of Renewable Energy, thereby causing deviation scenario for IPCL, which is beyond the control of the Licensee. A petition filed by IPCL under Case no. OA-418/22-23 seeking relaxation in volume limit for additional deviation charges as per Reg. 3.3 of WBERC DSM Regulations 2021 (except reg. 3.3.9, 3.3.11 and 3.3.12), Additional

Deviation Charge for Sign Change violation and Under-drawal limit is under active consideration of the Hon'ble Commission. IPCL is also facing a huge burden of adjustment based on Reg 3.2.3.2 of WBERC DSM Regulations, 2021, owing to a gap in the methodology of computation of the same. As the DSM scenario is evolving day by day, the consideration for relaxation under Reg 5.17.2 of the WBERC Tariff (1st Amendment) Regulations, 2012 is necessitated due to increase in Deviation Settlement charges despite decrease in Deviation quantum. In view of the aforesaid facts and circumstances, it is humbly prayed before the Hon'ble Commission that entire DSM charges may be allowed as Power Purchase expenses.

It is humbly submitted that the favourable disposal of Case no. OA-418/22-23 may help the Petitioner not to be subjected to such stringent volume limit thereby resulting in reduction in DSM bill amounts.

In the meantime, post implementation of CERC DSM Regulations, 2022 with effect from 05.12.2022, the Hon'ble WBERC had issued an order dated 06.12.2022 in Case no. B-70/2. In the said order, the Hon'ble Commission had stated that the directives therein are an interim measure for computation of state level accounts for deviation settlement charges till the Commission comes out with amended Regulations. The Petitioner humbly submits that further in view of the subsequent orders issued by the CERC on 26.12.2022 and 06.02.2023, the amendment in the WBERC DSM Regulations, 2021 is required in respect of all of the following aspects:

- (a) Linking of 15-minutes time-block wise "normal rate of deviation charges" as per the methodology determined by CERC vide Regulation 7 of CERC DSM Regulations, 2022 and subsequent orders from time to time.
- (b) Bringing Consistency between Regulation 8 of CERC DSM Regulations, 2022 as amended and the Schedule-I & II of WBERC DSM Regulations, 2021 while aligning the MW cap for intra-state entities in line with the specifications of Buyers having (i) schedule below 400 MW and (ii) schedule above 400 MW. The volume limit for discoms like IPCL having RE rich power purchase portfolio and schedule less than 400 MW may be allowed a volume limit as specified under Buyers (with schedule upto 400 MW), which is different from the State Volume Limit.
- (c) Bringing consistency between Regulation 8(2A, 2B & 2C) of CERC DSM Regulations, 2022 as amended and Regulation 3.3.3 to 3.3.8 of WBERC DSM



Regulations, 2021 in respect of penalty/incentive for drawal/injection in the frequency band beyond the permissible limit of 49.90 HZ and 50.03 Hz .

(d) Removal of provisions regarding additional DSM charges for sign change violation as the same is not indicated in CERC DSM Regulations, 2022 as well alongwith updation of entire Schedule-III of the WBERC DSM Regulations, 2021

(e) Removal of Reg 3.3.9 of WBERC DSM Regulations, 2021 regarding limit of total deviation from schedule in energy terms during a day.

(f) Grant relaxation in terms of application of Reg 5.17.2 of WBERC Tariff Regulations (First Amendment) Regulations, 2012 for net annual DSM amount payable being higher than 5% of the total power purchase cost for the corresponding year due to abnormal increase in amount of DSM bills under new mechanism.

During the pendency of the petition no. . OA-418/22-23 on 20.05.2022, IPCL had also preferred a writ petition WPA No. 1179 of 2023 before Hon'ble Calcutta High Court in the similar matter.

While disposing off the WPA No. 1179 of 2023 on 24.03.2023, the single Judge bench was pleased to grant liberty to the petitioner to move before the Hon'ble WBERC with the dispute as agitated in the said writ, if necessary by filing an additional statement or other pleadings before the Hon'ble WBERC.

Post 05.12.2022, various changes had been brought about by CERC with respect to CERC DSM Regulations, 2022 .In view of the above order of Hon'ble Calcutta High Court and subsequent developments post WBERC Orders dated 06.12.2022, 26.12.2022 & 10.03.2023, the Petitioner filed additional submission/pleadings in the case no. OA-418/22-23 on the 13.04.2023.

It is humbly submitted that resolution of all the above aspects through amendment of WBERC DSM Regulations 2021 shall help the Petitioner in limiting its net DSM payable.

#### **Resource Adequacy Plan**

The Petitioner ,as a distribution licensee has been submitting its sales projection, energy requirement, projected energy balance and source-wise power purchase projections in specified formats during the MYT submission as per the applicable tariff regulations.



The Ministry of Power, Govt of India has formulated a draft rule dealing with resource adequacy plan. Central Electricity Authority (CEA) has proposed a draft guideline for Integrated Resource Planning to arrive at optimal capacities in the long-term and fulfil Resource Adequacy. Therefore, with the guidelines likely to be finalised and notified in this control period, the Petitioner may have to recalibrate some of its projections based on agreed framework in accordance with the finalized resource adequacy plan and as may be directed by the Hon'ble Commission.

As per the Bureau of Energy Efficiency & Energy Conservation Act, the Petitioner is an obligated entity and certain activities as a compliance requirement, need to be carried out. The Petitioner is in the process of analysis and study of the requisite compliance requirement. The Petitioner humbly seeks liberty to approach before the Hon'ble Commission regarding such compliance requirements under the aforesaid Act/ regulations separately.

## 2.8 Distribution Loss

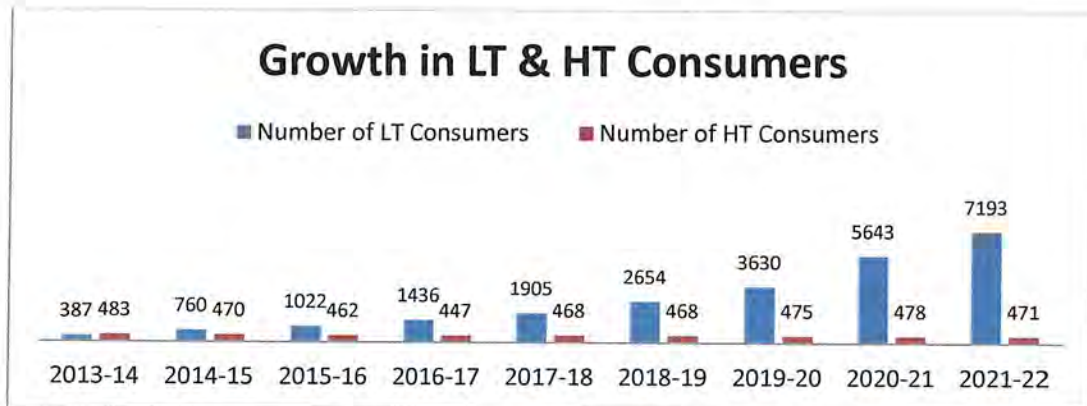
**2.8.1** While the Petitioner in the comments on the Draft 4<sup>th</sup> Amendment Tariff Regulations, had submitted its plea for higher distribution Loss for the 8<sup>th</sup> MYT Control Period, the Hon'ble Commission has approved the normative distribution loss of 5.00% for FY 2023-24, 4.50% for FY 2024-25 and 4.00% for FY 2025-26 for the Petitioner. In this regard, the Petitioner would like to submit that in the past period the HT sales was more than 99.8 % Historically, the Petitioner has been predominantly supplying to HT consumers, the actual distribution loss levels have been low due to the relatively lower presence of the LT network and predominantly supply over the HT network. However, with the change in the license conditions vide WBERC (Licensing and conditions of License) Regulations, 2013 and also to meet the requirements of the Electricity Act, 2003, the Petitioner is supplying power to any consumer applying for supply of electricity to the Petitioner irrespective of voltage level.

**2.8.2** Hence, the Petitioner is investing and expanding its LT network and supply power to LT consumers on demand. This has necessitated creation of new LT network spread across the license area. The Petitioner has been systematically expanding its LT network, keeping in mind the load density and economics in its licensed area. Numbers of LT consumers have increased from 387 in FY14 to 7193 in FY22, at CAGR of 44%.





Figure 2: Growth in number of LT & HT Consumers of IPCL



**2.8.3** While the number of HT consumers is projected to grow at 12 %, the LT growth projection is 36 % in FY23-24 over FY22-23. This clearly indicates the paradigm shift in consumer numbers and mix. LT growth in the Petitioner’s area of supply has been higher than HT growth in the recent years. The Petitioner is carrying out LT network expansion in newer area within its license area and thus the LT network spread is growing. In view of the predominantly coal mining areas, the potential consumer base are scattered and the habitation is not concentrated, which results in requirement for greater lengths of distribution lines leading to increase in distribution loss.

**2.8.4** LT network of the Petitioner is also expected to further increase during the control period. The expansion of LT network and increased sales to LT consumers will result in higher distribution losses in the network. It is a proven fact that the LT losses are comparatively much higher than the losses specified at HT level. Thus, with the increase in number of consumers in LT level, the incidence of higher distribution loss is bound to happen. Hence, the Petitioner humbly prays to the Hon’ble Commission to approve higher distribution loss during the control period vis-à-vis as notified in the 4<sup>th</sup> amendment to the Tariff Regulations. The share of LT consumers in the total consumer base is increasing, which will also result in further increase of distribution loss level.

**2.8.5** The proposed revised distribution loss levels projected for the control period for the kind consideration for the Hon’ble Commission is given below:

**Table 4: Projected Distribution Loss Levels for the Control Period**

Particulars	FY 2023-24	FY 2024-25	FY 2025-26
Distribution Loss	5.75%	6.00%	6.50%



**2.8.6** It is humbly submitted that the Hon'ble Commission may observe in the form 1.7 that such distribution loss is not commensurate with the earlier trends of distribution loss upto base year. This is due to the fact that the pace of LT network growth during the last two years was significantly affected due to COVID pandemic restrictions. Further in the past , since the Petitioner has been able to control the distribution loss over its state of the art HT network well within the approved norms, this should not disincentivise the Petitioner in the future, when its LT network is getting expanded. The benefits of lower T&D loss levels for IPCL have also been shared with the consumers of IPCL via sharing of gains and losses in the APR Orders.

**2.8.7** The proposed annual T&D loss targets needs to be considered in view of the network condition, geographical spread across 798 sq kms, consumer mix, unauthorized area / usages and the approved Capex at the present level of loss. Further it submitted that the acceleration of reduction in losses gets reduced y-o-y after reaching a lower level of losses. Further it has been observed that during COVID period, T&D losses have increased due to change in consumption ratio between LT & HT segment.

The Petitioner humbly submits a comparison of the T&D losses of other private discoms across the country to indicate the benchmark :

**Table 5: Distribution Loss Levels for Few Private Discoms**

Distribution Licensee	Area Served (Sq.kms)	T&D Loss (%)	Ratio of IPCL area & Other licensee areas	Ratio of IPCL T&D loss & Other licensee T&D loss
Torrent Power Ltd.- Ahmadabad	356	6.31	0.45	1.20
Noida Power Company Ltd. – Uttar Pradesh	335	7.99	0.42	1.52
Reliance Infrastructure Ltd. – Mumbai	400	8.11	0.50	1.54
CESC Ltd. – Kolkata	567	9.65	0.71	1.84
IPCL	798	5.00	1.00	1.00

**Source of Data:** 1) Orders of respective distribution licensees for FY2017-18

2) IPCL norm as per 4<sup>th</sup> Amendment to Tariff Regulations



It can be observed from the above table that the geographical spread and network reach is an important criteria in determining the T&D norms. As is evident from the above Table of the comparison of the Private Discoms, while the geography served by the Petitioner is almost double of the area served by most of the private licensees, the normative T&D loss approved for IPCL is almost 20% to 80% lower than other private Licensees.

Further the Petitioner's LT consumer base is gradually increasing. Therefore, it is envisaged that its distribution loss may exist in the range of 5.75% to 6.50% during FY23-24 to FY25-26 respectively.

It is important to note that the technical losses component out of the T&D Loss is an inherent loss in the System which can be minimized only up to the technical permissible limit.

**2.8.8** Collection efficiency maintained by the Petitioner in the past is more than 99% which is also one of the achievements for the company. Due to the Petitioner's initiatives and LT network expansion drive, around 20000 – 22000 LT consumers are expected to be connected to the petitioner's distribution system with almost 65 MVA of LT load within the three years of this control period. Therefore, considering the load growth in the area specifically in the LT category, it may not be possible to maintain the collection efficiency at that level. Further, considering the continuous LT network expansion drive, the petitioner has projected distribution loss of 5.75% in FY23-24 , 6.00% in FY24-25 & 6.50% in FY25-26.

**2.8.9** . The Petitioner for the purpose of this Petition has considered the normative T&D losses specified by the Hon'ble Commission i.e. 5.00% for FY 2023-24, 4.50% for FY 2024-25 and 4.00% for FY 2025-26 in the Tariff(4<sup>th</sup> Amendment)Regulations, 2023. These losses are being projected in this Petition in consideration the losses specified in the Regulations. However, this is without prejudice to the fact that with higher LT Sales the losses for the petitioner is bound to increase. Hence the Petitioner prays before the Hon'ble Commission to consider the above contentions regarding the submitted T&D loss projection for the purpose of allowing ARR and also grant liberty to approach the Hon'ble Commission with actual T&D losses at the time of APR and alongwith the comparison to the trend of actual T&D losses for previous years .



Therefore, considering the increase in LT network of the Petitioner, it is humbly prayed that the Hon'ble Commission may be pleased to allow the projected distribution loss of 5.75% in FY23-24 , 6.00% in FY24-25 & 6.50% in FY25-26 as indicated in table 4 under para 2.8.5 above.

**2.9 Status of compliance of directives issued by Hon'ble Commission in earlier Orders**

**2.9.1** Vide MYT order dated 9<sup>th</sup> July 2021 for 6th control period, the Hon'ble Commission had issued certain directives in the chapter 8 of the said order.

**2.9.2** The Petitioner has submitted the compliance status on the directives mentioned in the order vide its following letters as mentioned below -

- Letter No. RA/II/002/21-22/2159 dated 18.08.2021
- Letter No. RA/II/002/20-21/2103 dated 24.12.2020
- Letter No. RA/II/002/19-20/1994 dated 28.01.2020
- Letter No. RA/II/002/20-21/2029 dated 27.05.2020
- Letter No. RA/II/002/16-17/1452 dated 11.08.2016
- Letter No. RA/II/002/16-17/1462 dated 29.08.2016



### 3. ARR FOR THE MYT CONTROL PERIOD : FY 2023-24 TO FY 2025-26

#### 3.1 Preamble

**3.1.1** This Section summarizes the Aggregate Revenue Requirement (ARR) for the control period FY2023-24 to FY 2025-26. The projections for the control period have been made considering the Audited figures of FY 2021-22 as the basis, estimate for complete year made based on latest available actual information for FY 2022-23 estimates and projections for FY2023-24 to FY2025-26 in accordance with the provisions of WBERC Tariff Regulations. The “Base Year” is defined in the Regulation 1.2.1 (xviii) of WBERC Tariff Regulations, 2011 as the financial year immediately preceding the first year of the control Period. Therefore, for this 8th control period commencing from 2023-24, the FY2022-23 has been considered as the base year.

**3.1.2** The Petitioner humbly submits that the performance trajectory and financial projections are linked to internal as well as external factors and the schemes to be carried out by the Petitioner. Subject to prudence check, any deferment in such schemes will have an impact on the performance and therefore the trajectory as specified in this petition needs to be updated commensurate to the actual implementation of the schemes and other factors including impact of restrictions and related issues during COVID-19 pandemic, if any.

**3.1.3** The overall performance parameters proposed by the Petitioner over the control period for its 12 MW generating unit at Dishergarh and the Annual Revenue Requirement is projected based on methodologies discussed in detail in subsequent paragraphs.

#### 3.2 Sales Forecast - Approach For Sales Projection for FY 2023-24 To FY2025-26

**3.2.1** The Petitioner has determined the load factors based on historical actual billing of fixed/demand charges to calculate the average and maximum demand recorded for each type of consumer categories. Average load factors for 2021-22 has been considered as the basis to determine the future load (KVA) growth along with planned consumer addition with suitable assumption on load utilization.

In the MYT order for 6<sup>th</sup> Control period, the Hon’ble Commission had admitted the sales projection of IPCL for the LV&MV category based on the LT network expansion work & related projections. While for HT industrial category, the Hon’ble Commission had considered the CAGR for last 5 years in industrial below 33kv

category & industry above 33kV category. Further for HT commercial category, CAGR for last 1 year was allowed and for the rest of the categories including Traction, sales projected by IPCL was considered.

**3.2.2** In this instant MYT Petition for 8<sup>th</sup> Control Period, the Petitioner has considered the Adjusted Trend Analysis Method for the purpose of projection of sales. This method assumes the underlying factors which drive the demand for electricity and are expected to follow the same trend as in the past along with futuristic outlook on sales in specific consumer segments where in the long-term trends are not available or where the future plan on select consumer segment or competitive advantages between different Licensees operating in the licensed area necessitates taking deviation from the past trend. This approach also discounts any outliers (relative to the trend) observed in the growth rates over the period of 5 years and excludes them while projecting energy sales for each year of the control period. Adopting such a method has enabled the Petitioner to further fine tune the projection by eliminating any abnormal pattern observed under any category. This method also takes the Parallel License scenario into account including the sales growth of the competitors as well as the consumption growth in the area. It is pertinent to mention here that in a competitive area, there is possibility of churning of consumers within the parallel licensees. To estimate the sales growth for the ensuing years during control period the historical growth rates considering category wise, season-wise and even month wise variations were analyzed by the Petitioner from FY2017-18 to FY2021-22. Based on the same analysis and the growth trend the sales have been proposed for this control period. Moreover the effects of the industrial activity across the licensee area as well as expansion of the business operation in the licensed area in LT category were also analyzed by the Petitioner duly factoring that the Petitioner also has stepped up its marketing efforts to increase its share of market.

**3.2.3** The Petitioner has considered for the purpose of sales projection for the 8<sup>th</sup> control period, such as:

- a. Growth in demand and energy consumption of Existing Consumer base in FY2022-23 who are connected to the Petitioner and are likely to continue to take supply from the Petitioner in next three years as well. The Petitioner has estimated energy consumption of existing consumers based on CAGR trends during past years wherever consumption volumes are not significant. Wherever it is observed that reasonable deviation needs to be considered

from the trend, the growth factors have been corrected/adjusted to arrive at more realistic projections.

- b. Prospective consumers who have expressed their willingness till FY2022-23 and consumer pipeline/prospects visibility in the short to medium term to take supply from the Petitioner in upcoming years and are yet to connect to any of the parallel licensee in the common area of supply. The estimation of energy consumption of prospective consumers has been worked out based on their applications/survey/mutual discussion and their likely energization schedule.
- c. Focus on LT network expansion an implementation of LT Plan may also result in attracting more LT consumers.

Currently, Eastern Railways is a consumer under Traction category. In this instant petition, the Petitioner has projected the sales to Railways under Traction consumer category for the purpose of tariff determination. Recently, Eastern Railway has approached the Petitioner for availing power supply under Licensee to Licensee mode, given that Railways has been identified as a deemed licensee by CERC subject to the final outcome of the pending matter at APTEL. However, in case sale of power to Railways is executed as Licensee to Licensee mode within this control period, the Petitioner seeks liberty to approach the Hon'ble Commission separately to consider the projection of sales to Eastern Railway for the ensuing years of under sale to Licensee.

### 3.2.4 Growth Trajectory (CAGR) – Category-wise Sales

- 3.2.4.1 The break-up of the past sales and the CAGR growth rates for different periods i.e. 5 year CAGR growth rate for the period between FY 2017-18 to FY 2021-22 and the 3 year CAGR growth is for the period FY 2019-20 to FY 2021-22 and Y-o-Y growth considered between the years FY 2020-21 and FY 2021-22 as below:

**Table 6: Historical Sales Growth and CAGR**

Consumer Category	Type of Consumer	5 Year	3 Year	1 Year
<b>L &amp; MV Consumers</b>				
D(L)	Domestic (Rural) and/or Domestic (Urban)	34%	35%	63%
D(Lpp)	Domestic (Rural) / (Urban) – Prepaid	81%	39%	39%



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C(L)(ia)	Commercial (Rural) and/or Commercial (Urban) Below 30 KVA	5%	17%	30%
C(Ltp)(ia)	Commercial (Rural) / Commercial (Urban) below 30 KVA	29%	15%	58%
C(L)(ib)	Commercial (Rural) and/or Commercial (Urban) 30 KVA and Above	101%	17%	13%
C(Ltp)(ib)	Commercial (Rural) / Commercial (Urban) 30 KVA and above	-13%	-3%	19%
I(L)	Industry (Rural) or Industry (Urban)	40%	35%	79%
S(L)	Private Educational Institutions & Hospitals	14%	8%	45%
D(1)	Street Lighting	-15%	-30%	-32%
D(6)	Street Lighting with LED		10%	-9%
<b>H &amp; EHT Consumers</b>				
PU(H)	Public Utility	-2%	-2.9%	-1%
I(H)	Industries (50 KVA & Above)	-27%	-21.2%	15%
I(Ht)	Industries (50 KVA & Above) TOD	-9%	123.5%	303%
I-2(H)	Industries (Below 50 KVA)	-14%	-4.2%	5%
I-2(Ht)	Industries (Below 50 KVA) TOD	-8%	-15.9%	-2%
C(H)	Commercial	-1%	-3.4%	5%
D(H)	Domestic	-16%	-13.5%	-2%
PWW(H)	Public Water Works & Sewerage	7%	12.8%	15%
S (pi)	Cold Storage or Dairy with Chilling Plant	2%	3.8%	13%
S (co)	Co-operative Group Housing Society	-100%	-100.0%	-100%
E (ei)	Private Educational Institutions	-19%	-25.6%	30%
I-3(H)	Industries (33KV)	30%	-10.9%	-17%
T	Traction			38%
I-4(H)	Industry (132 kV)		28.5%	21%

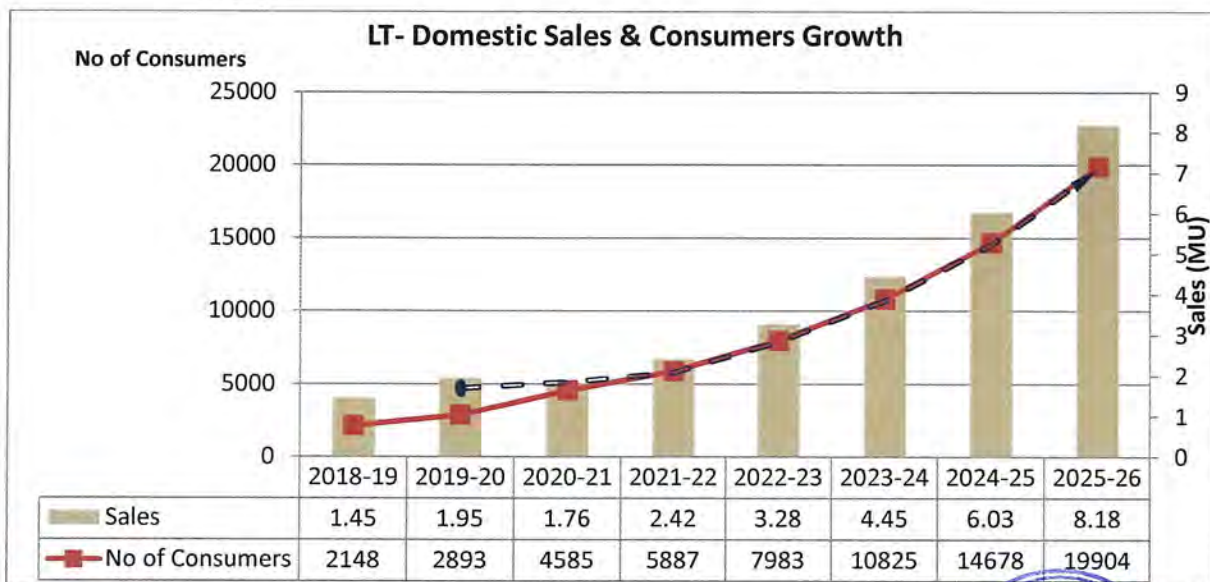
### 3.2.5 Basis Considered for Sales Projection

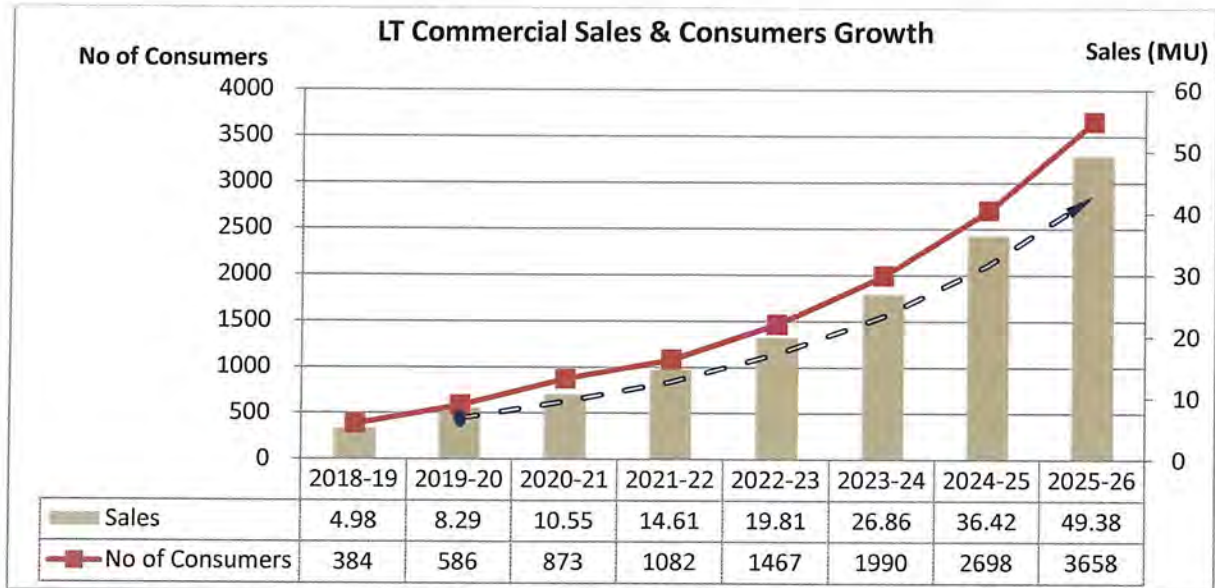
**3.2.5.1** The Petitioner while considering CAGR for the projection of sales during ensuing year, has considered following factors mainly for domestic, commercial and industrial category of consumers:





- Growth of sales in the Petitioner’s license area had been constrained by the network configuration which was in a position to cater to only demand up to 11 kV levels historically. This has now changed with further effort from the Petitioner in this area. The Petitioner has achieved a significant growth in LT consumer addition and planned to expand its LT network (11 kV & below) to cater to the increasing urbanization in the license area whereby many commercial and housing units / complexes are coming up in the area. This will lead to a significant rise in the consumption/ demand from such LT consumers.
- LT network expansion drive initiated by the Petitioner during FY13-14 has started yielding results in terms of its reach to LT consumer base in its area of supply. In order to cater to the increasing urbanization in the licensed area, many upcoming hospitals, educational institutes, commercial and housing units/complexes have expressed for opting the Petitioner as their preferred electricity supplier. It is expected to lead to a significant rise in the consumption/demand from such LT consumers. Therefore, in view of our aggressive focus on LT segment and interest shown by the intending consumers in our license area, a growth of average 117% on a year on year basis over 2021-22 (base year estimates) has been considered in LT Domestic and average 40% growth in LT Commercial category. The graphs indicated below gives a representation of actual LT growth trajectory on different aspects





- The Petitioner has a very low consumer density in its licensed area due to presence of mines, etc. However, an increase is envisaged due to massive urbanization of the license area during the control period.

### 3.2.6 Sales for L & MV Consumers for FY 2023-24 to 2025-26

The LT (L&MV) consumers segment majorly constitutes sales to domestic and commercial categories as per the consumer categories defined in the Tariff orders for the Petitioner. The Petitioner’s license area has good potential for increase in the number of new residential and commercial consumers due to rapid urbanization and development in the area. The projection of sales for these consumer categories is based on the expected number of consumer addition rather than the CAGR of sales for the past years due to the reasons outlined above. Hence over period of three years in the control period, the Petitioner has accordingly projected energy sales considering the addition of new consumers in the LT category.

The sales projection for LT consumers is around 53.63 MUs in 2023-24, 72.72 MUs in 2024-25 and 98.61 MUs in 2025-26. Based on the past trends, proportion of sales during summer, monsoon and winter is distributed approximately in similar proportion as in earlier years. The total sales to various LT consumer categories are shown in table below:



FY 2024-25		
Industrial consumer	33 kV	2
Industrial consumer	132 kV	5
Industrial consumer	33 kV	7
Industrial consumer	33 kV	5
New TSS	132 kV	30
Govt Utility	11 kV	5
FY 2025-26		
Industrial consumer	33 kV	10
Industrial consumer	132 kV	15
New TSS	132 kV	15

**3.2.8** By virtue of restriction in its original license conditions under the Indian Electricity Act 1910, the Petitioner was bound to supply power to only HT & EHT consumers. However with the alignment of its license conditions as per the Electricity Act, 2003 and the provisions of WBERC(Licensing and Conditions of License) Regulations, 2013, the Petitioner has started supplying power to the consumers at all voltage levels after 2013-14. It is projected that there will be significant increase in the LT sales in future.

Total Sales projection is given below:

**Table 9: Sales Projections (MUs) for FY 2023-24 to FY 2025-26**

Sr. No.	Consumer Categories	Base Year	Control Period (Ensuing Year)		
		FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26
		Estimated	Projected	Projected	Projected
1	Total sales to L & MV consumers	39.55	53.63	72.72	98.61
2	Total sales to H & EH Consumers	974.68	1032.44	1190.31	1253.39
	<b>Total Sales</b>	<b>1014.23</b>	<b>1086.07</b>	<b>1263.03</b>	<b>1352.00</b>

**3.2.9** The Petitioner humbly submits that, category wise sales and number of consumers has been further detailed in Annexure 2 of the MYT submission.

**3.3 Own Consumption (MUs) for FY2023-24 to FY2025-26**

The Petitioner humbly submits that it consumes certain quantum of electricity in its substations, offices, construction activity etc. and such consumption is qualified under Own Consumption. Based on its estimated consumption of 3 MU during the



base year FY2022-23, the Petitioner has projected same quantum of own consumption for each of the ensuing year of FY 2023-24 to 2025-26. It is humbly submitted that 3 MU quantum of own consumption has also been approved by the Hon'ble commission in the Tariff order for FY2019-20. Considering the increased activities under LT expansion drive, if such electricity consumption for the Petitioner increases, the actual quantum may be claimed during APR stage.

**Table 10: Own Consumption (MUs) for FY 2023-24 to FY 2025-26**

Sr. No.	Particulars	Base Year	Control Period (Ensuing Year)		
		FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26
		Estimated	Projected	Projected	Projected
1	Own Consumption	3.00	3.00	3.00	3.00

### 3.4 Energy Requirement (MUs) for FY2023-24 to FY2025-26

Considering the projected sales and own consumption, the Petitioner has derived the energy requirement for each year of the ensuing control period by grossing up the same with distribution loss. It is humbly submitted that though the Petitioner has projected the distribution loss as 5.75%, 6.00% and 6.50% for FY2023-24, 2024-25 and 2025-26 respectively on the grounds mentioned in para 2.9.3 above, however, for the purpose of computation of energy requirement, the Petitioner has considered the normative distribution loss of 5.00% for FY 2023-24, 4.50% for FY 2024-25 and 4.00% for FY 2025-26 as specified in para-D of Schedule-9A of WBERC Tariff (4<sup>th</sup> Amendment) regulations, 2023. The projected energy requirement for each year of the control period is indicated below:

**Table 11: Projected Energy Requirement (MUs) for FY 2023-24 to FY 2025-26**

Sr. No.	Particulars	Base Year	Control Period (Ensuing Year)		
		FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26
		Estimated	Projected	Projected	Projected
1	Energy Sale to consumers	1014.23	1086.07	1263.03	1352.00
2	Energy for Own Consumption	3.00	3.00	3.00	3.00
<b>3</b>	<b>Total Consumption</b>	<b>1017.23</b>	<b>1089.07</b>	<b>1266.03</b>	<b>1355.00</b>
4	Normative Distribution Loss	5.25%	5.00%	4.50%	4.00%
5	<b>Total Energy Requirement</b>	<b>1073.59</b>	<b>1146.39</b>	<b>1325.69</b>	<b>1411.46</b>



This energy requirement is proposed to be met through a mix of power from own 12 MW Generation and power purchase portfolio of various sources in the following proportion:

**Table 12: Power Arrangement (MUs) for FY 2023-24 to FY 2025-26**

Sr. No.	Particulars	Base Year	Control Period (Ensuing Year)		
		FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26
		Estimated	Projected	Projected	Projected
1	Own 12 MW Generation	80.42	80.42	80.42	80.42
2	Power Purchase Portfolio	993.18	1065.97	1245.27	1331.04
3	<b>Total Power Arrangement</b>	<b>1073.59</b>	<b>1146.39</b>	<b>1325.69</b>	<b>1411.46</b>

### 3.5 Own Generation

#### 3.5.1 Performance trajectories to determine variable cost of the own generation plant

The Petitioner humbly submits that the normative parameters applicable for 12 MW DPS New TPS was initially determined by the Hon'ble Commission in WBERC (Terms and Conditions of Tariff) (2nd Amendment) Regulations, 2013 based on the OEM data as the plant had not run to its full capacity till such time. Subsequently, after running the plant for a couple of years, the Petitioner had complete details of actual performance parameters of the plant, which were different from the approved norms specified in the Tariff amendment Regulations 2013. The Petitioner also submitted the concerns of the Petitioner in detail regarding the performance parameters in the comments submitted on the Draft 4th amendments to the Tariff Regulations in addition to our submissions in the previous petitions. However, recently when the WBERC (Terms and Conditions of Tariff) (4<sup>th</sup> Amendment) Regulations 2023 were notified on the 13.03.2023 with effect from 01.04.2023, the normative performance parameters for the 12 MW DPS were retained from the aforesaid Tariff Amendment Regulations, 2013.

The Petitioner would further like to submit that the actual Coal and the Design Coal generally differs by a large margin on account of degradation of intrinsic properties of Coal which cannot be predicted at the time of awarding the Contract to the OEM. Further, there is a risk in projecting any anticipated degradation initially which otherwise would lead to a faulty design of the furnace heating surface area. The OEM generally corrects the performance of the Units with respect to Design Coal based on the performance of the Unit under actual Coal conditions which differs. In this regard, the Petitioner has also carried out the Performance &

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efficiency testing through a third Party “National Productivity Council (NPC)” for verification of the normative parameters of 12 MW DPS(New). The Petitioner has already submitted a report of National Productivity Council which includes performance & efficiency achieved for 12 MW unit at DPS vide petition dated 11.02.2014 before the Hon’ble Commission. The Hon’ble Commission is yet to admit the findings of the NPC report. It is further submitted that the Petitioner would further like to submit that even at MYT stage, based on actual data for previous/base year, the Commission can fix performance norms afresh.

It is humbly submitted that the power from 12 MW DPS plant is utilized by IPCL-Distribution business by virtue of its Long Term Power Purchase Arrangement (PPA) with IPCL – generation (12 MW Dishergarh Power Station) for power procurement and is approved by the Hon’ble Commission vide order dated 20.11.2019 in Case no. PPA-99/19-20.

The 12 MW DPS plant has been under operation since Sept 2012 but the actual PLF achieved during the entire period till date has been maximum upto 60% as the said plant is a relatively small capacity embedded generation. The said plant is primarily used for the following purpose:

- (d) maintaining the reliability of supply
- (e) supplementing the supply from other sources as required
- (f) acting as a hedge during the times when the power purchase prices in the short term market is much higher.

However, it is humbly submitted that the actual performance parameters such as Plant Availability Factor (PAF), Plant Load Factor (PLF), Station Heat Rate (SHR), Auxiliary consumption, transit loss are based on the current condition of the 12 MW DPSC generating station, the age of the plant, current issues pertaining to the coal quality and quantity of coal received in historical years which could also be expected in future years, etc. Without prejudice to the above, for the purpose of this MYT petition, the Petitioner has considered the normative parameters applicable for 12 MW DPS New TPS as per the 4<sup>th</sup> Amendment to the WBERC Tariff Regulations



**Table 13: Norms v/s NPC Recommendation on Operational Parameters**

Operating Parameters	Norm fixed by the Hon'ble Commission- new 1x12 MW Plant	Actual achievable Operating Parameter as per National Productivity Council Report- 1x12 MW Plant
Station Heat Rate-kcal/kWh	3300	3460
Auxiliary Consumption-%	10	12.40

**3.5.1** The calculation of the variable cost of the power plant is based on the operational parameters as outlined in the following table and the Petitioner has applied an escalation factor based on the CIL Price notification issued from the year 2013 to 2020 to compute the escalation for projection of base price of coal. The base price of G11 Grade of coal was Rs.700/MT in FY 2013 which has increased to Rs. 965/MT in FY 2020. Accordingly, the average increase has been considered as 3.79% each year on the base price to project the future fuel cost for the control period. The performance parameters of the existing plant of the Petitioner have been highlighted below:

**Table 14: Operational Parameter of Dishergarh Generating Plant (New) for Control Period**

Sr. No.	Operational Parameters	Unit	Base Year	Control Period (Ensuing Year)		
			FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26
			Estimated	Projected	Projected	Projected
1	Plant Availability Factor	%	85%	85%	85%	85%
2	Plant Load Factor	%	85%	85%	85%	85%
3	Auxiliary Consumption	%	10.00%	10.00%	10.00%	10.00%
4	Gross Energy	Mus	89.35	89.35	89.35	89.35
5	Auxiliary Consumption	Mus	8.94	8.94	8.94	8.94
6	Net Energy	Mus	80.42	80.42	80.42	80.42
7	Station Heat Rate	kCal/kWh	3300	3300	3300	3300



**3.5.2 Plant Availability Factor (PAF ) and Plant Load Factor (PLF)**

The Plant Availability Factors (PAF) of the Generating Plant appear in Forms 1.1 and 1.1 (a), respectively. Similarly, the Plant Load Factors (PAF) of the Generating Plant appear in Forms 1.2 and 1.2 (a), respectively

The 12 MW DPS plant has been under operation since Sept 2012 but the actual PLF achieved during the entire period till date has been maximum upto 60% as the said plant is a relatively small capacity embedded generation. The said plant is primarily used for the following purpose:

- (g) maintaining the reliability of supply
- (h) supplementing the supply from other sources as required
- (i) acting as a hedge during the times when the power purchase prices in the short term market is much higher.

As per the National Productivity Council (NPC) report prepared for 12 MW DPS plant, the plant is frequently being operated in Island mode thereby the unit is being operated at partial load, depending upon the shortfall in load requirement on the distribution network. Therefore, the actual performance is usually lower than the norms for PLF specified for the said plant. It is a fact that the 12 MW DPS Plant has not operated beyond a PLF of 60% since the last 10 years. The actual PLF for the last 3 years is as under:

FY 2019-20	FY 2020-21	FY 2021-22
0.00%	27.68%	29.23%

The Hon'ble Commission while specifying the normative PLF and PAF of 12 MW DPS for full fixed cost recovery has considered 80% PLF and 85% PAF. However, based on the experience of part load operation of the plant and findings of NPC report, it is humbly prayed before the Hon'ble Commission to consider revising the normative PLF & PAF to 60% for the purpose of recovery of full cost for generation.

In the FY 2019-20, the Petitioner has secured coal linkage of 53400 Tons/annum under SHAKTI Scheme B(ii) Round 2 from Coal India Limited subsidiary Central Coalfields Limited (CCL) for the 12 MW DPS (New) plant. Even, considering the long term coal linkage from CCL under SHAKTI Scheme, PLF of New DPS is expected to be at 60% considering the shortage of coal in Coal India Limited's guideline for committed supply of minimum 75% of Annual Contracted Quantity (ACQ) during this



Control Period. In case of any shortfall in supply of coal under SHAKTI FSA, the Petitioner would seek to procure the balance coal through e-auction. For the purpose of this MYT petition, the Petitioner has considered 85% PLF however, the Petitioner humbly prays for revision in the approved PLF norm for 12 MW DPS to 60% for the reasons as explained in para 2.7.7 in the previous chapter

The Plant has online communication connectivity with SLDC. The Petitioner submits the daily injection schedule to SLDC in specified format as per applicable Regulations. Further, in line with the Regulation 6.11.6 of the WBERC 4<sup>th</sup> Amendments Regulations, the Petitioner shall submit the availability certificate and PLF certificate which shall be required to be issued by SLDC during the APR Petition.

**3.5.3 Generation, Auxiliary Consumption, Transit Loss : DPS(New)-12 MW**

- 3.5.3.1** Normative generation from DPS (New)-12 MW has been envisaged for the control period i.e. FY 2023-24 to FY 2025-26 assuming coal availability through linkage shall be at trigger level of 75% of Annual Contracted Quantity (ACQ) and balance coal requirement can be met from open market unless ACQ is increased.
- 3.5.3.2** Auxiliary consumption has been considered as per approved norms at 10% for the ensuing years, however, provisional estimate for base year FY2022-23 at 8.94 MU is based on the estimated auxiliary consumption for 2022-23.
- 3.5.3.3** The Petitioner has projected gross power generation of 89.35 MU from 12 MW DPS(New) plant each year of the 8<sup>th</sup> control period i.e. FY 2023-24 to FY 2025-26 at an annual PLF of 85%. After considering the Auxiliary Energy Consumption of 10%, the net sent out energy in each of the years is expected to be 80.42 MU.
- 3.5.3.4** The Hon'ble Commission has set transit loss norms as 0.3% for the petitioner's plant, however in view of the coal allocation through SHAKTI scheme from CCL coal mines, the distance for transportation has increased which will result in increase of transit loss. . It is further submitted that the transit loss for 12 MW was approved as 0.30% in the Tariff Regulations,2011 when the coal was sourced from a pit head generating station(Eastern Coalfields Limited). However, the Petitioner was awarded LOI under Shakti scheme from central Coalfields Limited (CCL) on 17.07.2019 which was informed to the Hon'ble Commission vide Petition dated 30<sup>th</sup> August, 2019. Schedule 9(D) of the Hon'ble WBERC Tariff

Regulations and Hon'ble CERC Regulations specifies that the Transit loss for pit head generating stations shall be 0.20% and for non-pit head stations shall be 0.80%. Since the DPSC generating plant has become non-pit head due to the change in the source of coal from ECL to CCL, the Transit loss for 12 MW station may be revised to 0.80% from the proposed transit loss of 0.30%.

**3.5.3.5** However, for the purpose of this petition the Petitioner has considered transit loss as 0.3% for fuel cost projection under this MYT control period with the request to review the transit loss applicable to the plant based on the above facts and circumstances and appropriately make the necessary adjustment in coal requirement and cost thereof to be included in energy charges..

**3.5.3.6** The Petitioner accordingly proposes to seek changes in the energy balance and costs thereof as uncontrollable during the time of Annual Performance Review for the forthcoming years FY 2023-24 to FY 2025-26 based on the actual coal availability position , cost, transit losses, etc with such consequential changes in the tariff structure of the following years as may be justified thereby.

The Petitioner humbly prays before the Hon'ble Commission to consider the actual parameters and the relevant findings of NPC report while finalizing the new normative parameters for 12 MW DPS (New) for the period 2023-24 onwards.

The National Productivity Council after a detailed study of the plant had recommended the achievable operating parameters of the plant. It can be observed that the actual achievable parameters is little higher than that fixed by the Hon'ble Commission. E.g. station heat rate (SHR) as per the norms fixed by the Hon'ble Commission for new 1x12 MW plant is 3300 kcal/kWh whereas actual achievable operating parameter as per National Productivity Council (NPC) report the SHR is 3460.

It is humbly prayed before the Hon'ble Commission to accept the recommendation of National Productivity council and accordingly reset the Norms to the level as suggested by the NPC.

### **3.6 Estimation of ARR for FY 2023-24 To FY 2025-26**

**3.6.1** The components for the calculation of total expenses for the ARR for the period FY 2023-24 to FY 2025-26 which includes estimate ARR of FY 2019-20 and projected



ARR for the control period of FY 2023-24 to FY 2025-26 are as follow:

- Fuel cost
- Power Purchase Cost
- Employee Expenses
- Operation & Maintenance Cost
- Depreciation
- Interest on Loan and Financial Charges
- Interest on Working Capital
- Provision for Bad Debts
- Return on Equity
- Others including Taxes on Income

**3.6.2 Fuel Cost – Own Generation: DPS-12 MW**

**3.6.2.1** The Petitioner participated in the 2<sup>nd</sup> round of SHAKTI Scheme B(ii) for 12 MW plant and was successful in securing provisional coal linkage from CIL subsidiary (CCL). CCL issued LOI on 17.07.2019 to the Petitioner for the provisional allocation of 53400 Ton/annum coal for 19 years, while levelised discount in tariff of power supplied by the Petitioner using the coal procured under SHAKTI Scheme has to be 7 paise/kwh. The Petitioner has signed the Fuel Supply Agreement with CCL on 12<sup>th</sup> March 2020. However, coal supply is started from FY2020-21.

**3.6.2.2** The Petitioner submitted a petition before Hon'ble WBERC to approve the amendment of PPA dated 22.03.2011. The Hon'ble Commission, in terms of Regulation 7.4.1 of the Tariff Regulations approved the Supplemental Power Purchase Agreement (Arrangement) dated 23.07.2019 entered between the distribution segment of IPCL [formerly, DPSC Limited] and the embedded 1 X 12 MW generation unit of IPCL (also known as Dishergarh TPS (new)) submitted by the Petitioner, as a Power Purchase Arrangement on 20<sup>th</sup> November 2019 vide order reference PPA-99/19-20.

**3.6.2.3** The Petitioner has estimated the Coal requirements for the DPS (New)-12 MW plant for each year for 8<sup>th</sup> control period i.e. from FY2023-24 to FY2025-26 on the basis of the operational parameters mentioned in Table-14 above and Transit

Losses specified in the Tariff Regulations. In the last tariff order , i.e. for FY2018-19 & 2019-20, the Hon'ble Commission had considered the GCV of coal as 2889 kCal/kg based on actual GCV of washery rejects approved in the previous financial year of FY 2017-18, as there was no FSA with any coal company. The petitioner for the purpose of this Petition has considered two Sources of Coal

- i) Shakti Coal: The FSA of the Petitioner with Central Coalfields Ltd (CCL) under SHAKTI scheme as executed in March 2020 is based on G13 Grade coal. Therefore, in this 8<sup>th</sup> MYT Control Period, the Petitioner has considered the GCV of such G13 grade received coal from CCL as 3400 kCal/kg.
- ii) The balance requirement of coal has been assumed to be met through e-Auction coal with same grade of G11 during this control period.

**3.6.2.4** In the last tariff order, i.e. for FY2018-19 & 2019-20, the Hon'ble Commission had considered the landed cost of coal as 2671 Rs/MT and 2683 Rs/MT respectively by applying a price escalation (as per annual escalation rates notified by CERC for domestic coal under Competitive Bidding Guidelines) over admitted rate of fuel cost obtained in the previous financial year of FY 2017-18, as there was no FSA with any coal company. In this instant petition, the price of FSA based coal has been considered. As per regulation 5.8.7, the price of each type of fuel for the first ensuing year shall be as per the latest declared price of such fuel received from the tariff applicant or from the declared price list of the coal company. In view of the same, the Petitioner has considered CIL notified price applicable in FY2022-23 , i.e. 2064 Rs/MT for G13 grade coal as the price for SHAKTI coal in the first ensuing year of the control period and thereafter applying average escalation (*@3.79% taking average notified coal price between 2013 to 2020* ) based on the estimate of the past trend of CIL price notifications from time to time resulting in 2115 Rs/MT for second and 2168 Rs/MT for third ensuing year (all rates excluding Railway Freight, Transportation Charges & Others incidental charges). For the balance coal requirement, the Petitioner has assumed procurement of spot e-Auction coal. Since, the cost of spot e-auction coal includes premium over notified price of non-regulated sector (non-power utility) thus the weighted average coal cost for the Petitioner is expected to be higher than the notified price of the same grade coal available through linkage based on the prevailing market price discovered through the auction process. Therefore for the purpose of the MYT 8<sup>th</sup> Control period, the Petitioner proposes to consider the price of e-Auction coal based on the results of last e-auction conducted by CCL, wherein Bid price of G11 coal is Rs. 5622/ MT (H1 Price + L1

Price)/2= (5672+5572)/2.

- 3.6.2.5** The heat value of coal to be used has been taken at the weighted average GCV as received basis of the respective grades of the mix of coal proposed to be used, as per the Tariff Regulations and amendment thereof. The weighted average GCV as received based on fuel mix of SHAKTI Linkage- CCL - G13 and e-Auction (G-11 grade) coal works out to be 3413 kCal/kg.
- 3.6.2.6** Considering the shortfall in availability of the coal, the Petitioner has projected the fuel cost year-to-year basis based on trend of historical CIL price increase and changes in railway freight in recent times, as available. The landed cost (Rs/MT) based on fuel mix of SHAKTI Linkage- CCL - G13 and e-Auction (G-11 grade) coal works out to be 4497 Rs/MT, 4570 Rs/MT and 4878 Rs/MT for FY2023-24, 2024-25 and 2025-26 respectively.
- 3.6.2.7** For the purpose of the tariff petition the Petitioner has therefore assumed that the full quantity of coal required for maintaining generation at a PLF of 85% may not be available at CIL notified price as the coal quantum available from CCL will cover only the coal requirement for generation at 90% of 85% PLF. The Petitioner accordingly prays that, in case of shortfall of coal supply, the Petitioner to be permitted to recover the additional expenditure for sourcing coal from other sources and such expenses shall be subjected to true up at the time of filing the FPPCA Petition.
- 3.6.2.8** The petitioner has shown the impact of coal proposed to be available from SHAKTI scheme and resultant impact on discount of 7 paise/unit in the Annual Revenue Requirement (ARR) Form E(B). The fuel mix and its GCV, rates, transportation cost, etc. has been provided in the Form-D of the petition. The computation of fuel cost has been dealt in Form 1.11 of the Petition as indicated below:

**Table 15: Fuel Cost for the Control Period of New Dishergarh Power Station**

Sr. No.	Operational Parameters	Unit	Base Year	Control Period (Ensuing Year)		
			FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26
			Estimated	Projected	Projected	Projected
1	Plant Availability Factor*	%	85%	85%	85%	85%
2	Plant Load Factor*	%	85%	85%	85%	85%
3	Auxiliary Consumption	%	10%	10.00%	10.00%	10.00%

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4	Gross Energy	Mus	89.35	89.35	89.35	89.35
5	Auxiliary Consumption	Mus	8.94	8.94	8.94	8.94
6	Net Sent out Energy	Mus	80.42	80.42	80.42	80.42
7	Station Heat Rate	kCal/kWh	3300	3,300	3,300	3,300
8	Total Heat Requirement	GCal	236536	2,36,536	2,36,536	2,36,536
9	Gross Calorific Value (GCV) of Coal	kCal/kg	3,413	3,413	3,413	3,413
10	Coal Requirement (incl. transit loss)	Tonne	90033	90033	90033	90033
11	Average Price of Coal (incl. SHAKTI coal & e-Auction coal)	Rs/Ton	4,497	4,497	4,570	4,878
12	<b>Total Fuel Cost</b>	<b>Rs. Lakhs</b>	<b>4036.81</b>	<b>4036.81</b>	<b>4102.49</b>	<b>4378.38</b>
13	Power Generation -SHAKTI Coal	MU	40.48	40.48	40.48	40.48
14	Power Generation-Non SHAKTI Coal	MU	39.94	39.94	39.94	39.94
15	SHAKTI Discount @7 paise/kWh	Rs.Lakh	<b>28.34</b>	<b>28.34</b>	<b>28.34</b>	<b>28.34</b>
16	<b>Fuel Cost/unit</b>	<b>Rs/kWh</b>	<b>5.02</b>	<b>5.02</b>	<b>5.10</b>	<b>5.44</b>

\* The Petitioner has considered 85% PAF & PLF for the computation in this instant petition, however, it is humbly prayed before the Hon'ble Commission to consider allowing 60% PAF & PLF for full fixed cost recovery.

### 3.7 Quantum of Power Purchases Projection for FY 2023-24 To FY2025-26

The quantum of power purchase depends on energy sales and distribution loss, while the mix of power purchase sources depend on availability & cost of different sources at such point of time. Therefore, the Hon'ble Commission through Regulation 2.5.5 of WBERC Tariff regulation has also classified it as uncontrollable item except for the variation in distribution loss level. Based on the MW requirement vis a vis MW availability available from existing various sources, licensee has observed the demand-supply scenario on 24 hours x 365 days across the years. The Licensee has considered yearly average of maximum deficit for determining the additional capacity to be procured.

#### 3.7.1 Energy Availability

The energy sourcing is planned to be done from two types of sources, i.e., (a) Long Term Sources and (b) Short Term Sources. The long term sources currently include radial mode purchase from parallel distribution licensee DVC and WBSEDCL, renewable purchase from SECI & WBGEDCL. The short term sources include bilateral sources/power exchange/ power banking. Any minor deviation in momentary power

time demand is also envisaged to be effected through a combination of RTM, Ancillary market and DSM Pool as available. The RE RTC power from SECI may get delayed given that some of the RE projects get extension in execution timelines based on various grounds as may be covered and permitted in PPA. In this regard, the Petitioner is in receipt of communication from SECI dated 17.05.2023 stating the extension of timeline for Scheduled Commissioning Date (SCD) of the respective project. For further development and status from SECI, the Petitioner may approach before the Hon'ble Commission to update suitably for such delay.

**3.7.2** The Petitioner has proposed following primary sources for procurement of Power apart from the 12 MW DPS generation plant as indicated in para 2.7 in earlier chapter:

- Damodar Valley Corporation (DVC) – Radial Mode at 4 receiving stations and 16 MW schedule mode from Raghunathpur Thermal Power Station(RTPS);
- West Bengal State Electricity Distribution Co. Ltd. (WBSEDCL) – Radial Mode at 4 receiving substations and 10 MW at J K Nagar 220 KV substation;
- West Bengal Green Energy Development Corporation Limited (WBGEDCL) – 2MW Solar PV from plant at Seebpur;
- Solar Energy Corporation Limited (SECI) for renewable purchases covering 100 MW Wind- Solar Hybrid RE and 100 MW Round The Clock(RTC) RE
- Other Sources including Power Exchange, Traders, Power banking, others etc.

It is humbly submitted that in last few years , the Petitioner had to arrange power through banking mechanism also. It is humbly submitted that the Petitioner may have to again resort to power banking mechanism during this control period. The Petitioner humbly prays before the Hon'ble Commission to ratify the power banking mechanism and allow the cost arising from the same as per reg 5.15.2 (iv) of WBERC Tariff Regulations as amended.

The Hon'ble Commission has specified the Renewable Purchase Obligation (RPO) as per the "*West Bengal Electricity Regulatory Commission (Cogeneration and Generation of Electricity from Renewable Sources of Energy) (First Amendment) Regulations, 2020*" on Dec 2020. The petitioner has considered the proposed changes in RPO% as mentioned in the regulation for the purpose of this MYT petition. The petitioner has considered all the possible options to meet the proposed guideline. In view of the above, the Petitioner proposes to procure RE power from SECI, WBGEDCL and other renewable sources to meets its Renewable Power Obligation (RPO). The licensee is also exploring the possibility of accessing cheaper sources of

power, in accordance to the directives of the Hon'ble Commission, so as to reduce the costs, for the benefit of the Petitioner's consumers.

The balance power would be sourced from short-term sources as and when and to the extent required.

It is humbly prayed before the Hon'ble Commission to consider incentivising the Petitioner in the form of additional ROE or through any other appropriate regulatory mechanism, in case of any surplus purchase of RE by the Petitioner or over-achievement of RPO targets.

The Petitioner has been committed towards its sustainability targets and aims to become one of the first utility to procure over 50% of its power through renewable sources. In the coming years, by doing this the Petitioner is poised to significantly exceed its RPO targets as determine by the Hon'ble Commission for the Licensees. However, the Petitioner would require support on creating the right enablers and regulatory framework for harnessing further potential and meeting the renewable & sustainability objectives. In this energy transition journey, the Petitioner plans to gainfully leverage and monetise the purchase of RE power beyond the RPO targets by way of appropriate market mechanisms such as Renewable Energy Certificates (REC) and/or International-REC (IRECs). Further, the Energy Conservation Amendment Bill, 2022 has proposed the formulation of a carbon credit trading scheme which would open further avenues for IPCL to explore. The merger of RECs with ESCerts (Energy Saving Certificates) would also create a larger market for sale of such certificate. In this regard the Petitioner humbly seeks to independently explore the available options and submit a proposal before the Hon'ble Commission on its findings and proposal including seeking appropriate incentive structure for kind consideration of the Hon'ble Commission.

**3.7.3** The Petitioner has projected the power purchase quantum from various sources considering the following principles:

- DVC radial supply has been considered based on technical dependency and comparative rate in merit order.
- DVC –schedule mode supply has been projected based on the quantum of power based on 16 MW Long term PPA with RTPS, currently under consideration before the Hon'ble Commission.



- No specific power quantum has been considered from WBSEDCL in the projection stage considering such radial supply at high cost, however for balancing the power portfolio owing to the substantial quantum of RE power, a certain quantum of power is envisaged from WBSEDCL for the ensuing years. Also, the Petitioner is working on the network integration between different load centres, till the time this is completed, power requirement from WBSEDCL at radial mode will be required.
- Quantum of Power from WBGEDCL has been projected based on actual trend of quantum received in last financial year.
- SECI Hybrid RE (259 MU per annum) and RTC RE (701 MU per annum) have been considered equal to the minimum guaranteed quantity for respective years based on the Long Term PPAs. However, since RTC RE project is expected to be commissioned by last quarter of FY2023-24, the Petitioner has considered only 150 MU from RTC RE source in FY2023-24.
- Since, few of the critical high consumption consumers are directly connected at 132 KV level, the Petitioner has accordingly balanced out the sources of power through STU connected or radial feed and where-ever required some quantum to be necessarily procured through LTOA sources /Bilateral/Exchange irrespective of cost as they cannot be fed through radial mode.

**3.7.4** The Petitioner will receive power at its receiving stations from DVC and WBSEDCL apart from its own 12 MW DPS Plant for conventional power under long term arrangement. The Petitioner proposes to procure remaining power requirement from sources identified through Open Access through combination of short Term/ medium term open access sources, Cogeneration plants/Captive generators, renewable energy generators and power banking/ swapping. The Petitioner currently receives power from Short Term Power Sources at the interconnection point of the STU through the 220 KV JK Nagar substation. Further power can be sourced in future years after establishment of connectivity at additional proposed substation.

**3.7.5** The Petitioner has computed DVC power availability as per the CERC guideline of 85% PAF and 5.25% of auxiliary consumption norms for Raghunathpur TPS power station of DVC. However, power offtake at schedule mode for FY 2023-24 to 2025-26 has been considered as 67 MU in each year keeping the present despatch level and merit order in view.



- 3.7.6** So far as import from DVC is concerned, the Petitioner anticipates that the existing import points of Dishergarh, Seebpore, Luchipur and Satgram would be required to be maintained for radial mode purchase. In addition, future schedule mode purchase from DVC (RTPS) shall be drawn at J.K.Nagar 220 KV sub-station.
- 3.7.7** The Petitioner has procured an estimated 0.35 MU of solar power from WBGEDCL in the base year 2022-23 based on the provisional data. Subsequently based on the discussion with WBGEDCL on their capacity addition plan, the petitioner has projected 0.35 MU of power to be procured from WBGEDCL in each year during the control period FY 2023-24 to FY 2025-26 based on maximum generation/CUF as per the 2 MW arrangement. Such energy from renewable sources is likely to constitute less than 0.2% of the total energy in the system in the coming years. This power is used to meet solar power RPO obligation. Any shortfall in generation is expected to be met through other sources.
- 3.7.8** The petitioner has considered power availability from SECI to meet the renewable purchase obligation, one approved PPA which is of 100MW as Hybrid (Solar +Wind) RE is already fully operational since October 2022 & the other approved PPA with SECI which is of 100MW as RE RTC is also approved supposed to be operationalized from late FY2023-24 or early FY 2024-25. This PPA of RE RTC type will help the petitioner to secure power on RTC basis at power purchase rate lower than the last approved average power purchase cost by the Hon'ble Commission, additionally this will also help the petitioner to meet the RPO obligation.

It is humbly submitted that the off-take of Renewable power especially the ones based on non RTC capabilities like W-S RE Hybrid having a CUF of around 30% is prone to a lot of intermittencies and change in schedule constantly during the day warranting a lot of balancing of power requirement to match the load within the volume limits as prescribed in the DSM Regulation in the face of inadequate availability of secondary reserves as well as the insufficient deployment of ancillary resources at present and is expected to be the phenomenon during the control period till the market mechanism matures. Presently, in addition to the acute challenge of maintaining the DSM volume limits due to frequent changes in generation schedule leading to high rates of DSM charges, one also faces the challenge of dealing with the surplus power at the last moment caused due to higher generation and declared at a late stage especially during the daytime which is difficult to dispose off due to underdeveloped market to sell this power and



stringent volume limit does not allow to get paid through DSM mechanism and at a frequency band which attracts penalty on underdrawal for such surpluses.

In case of 100 MW Wind-Solar Hybrid RE PPA, it has been observed from the wind-solar operational data from the aforesaid project since its commissioning in Sept. 2022, that almost 10% of such energy needs to be disposed of due to underdrawals because of above reasons during the day time and the said pattern is expected to be same during the year. Hence, based on the operational data, the Petitioner has computed 10% @259 MUs (minimum guaranteed off-take from the said PPA) = 25.9 MUs as the surplus power which will not be utilised during certain time slots as underdrawals. For this the RE balancing rate of around Rs 1.5/unit has been proposed to be applicable for 10% of the projected MUs from WS RE hybrid project (based on the operating data analysis carried out for the period so far) during FY2023-24 to 2025-26. It is pertinent to mention that in the study constituted by CEA titled *"REPORT OF THE TECHNICAL COMMITTEE ON STUDY OF OPTIMAL LOCATION OF VARIOUS TYPES OF BALANCING ENERGY SOURCES/ENERGY STORAGE DEVICES TO FACILITATE GRID INTEGRATION OF RENEWABLE ENERGY SOURCES AND ASSOCIATED ISSUES"* in December 2017, it was concluded by CEA that the balancing cost for purchasing RE power is Rs. 1.11 per unit while for the purpose of dealing with the portion of RE energy out of 100MW Wind-Solar Hybrid , the Petitioner has only effectively taken Rs. 0.15 per unit and too on 259 units without including RE RTC Power. A balancing rate of Rs 0.15 per unit combined with low PPA rate of Rs 2.76 per unit is still very competitive. It is humbly prayed before the Hon'ble Commission to consider this aspect of cost for RE Balancing limited to WS RE hybrid for the above reasons.

- 3.7.9** Adequate Power purchase arrangement shall be secured during the control period including roll-over of some existing and ongoing PPA contracts from last control period to ensuing year in this MYT period. Further the Petitioner currently has shown the balance power procurement under open access short term mode as there are few discussions on going with some utilities regarding proposal and making necessary preparation for calling of bids for long term/medium term tie up etc. as required. As and when the Petitioner manages to secure long term power procurement contract at a competitive rate during the control period, the Petitioner will finalize the long term contract subject to Hon'ble WBERC approval.

**3.7.10** The season-wise power imports for the years 2018-19 to 2022-23 separately for all sources and consolidated for all import agencies appear in Form 1.6.

**3.7.11** Considering the anticipated sales and expected generation from DPS(New)-12 MW, the expected power purchase for the control period is highlighted in table below:

**Table 16: Projected Power Purchase (MUs) for the Control Period**

Sr. No	Source of Power	Base Year	Control Period (Ensuing Year)		
		FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26
		Estimated	Projected	Projected	Projected
1	DVC radial	250.00	250.00	150.00	150.00
2	DVC schedule	67.00	67.00	67.00	67.00
3	WBSEDCL	110.00	0.00	0.00	0.00
4	WBSGEDCL	0.35	0.35	0.35	0.35
5	SECI - Hybrid RE	259.00	259.00	259.00	259.00
6	SECI - RTC RE	0.00	150.00	701.00	701.00
7	Others (Bilateral/Exchange)	306.83	339.62	67.92	153.69
8	RE Balancing	0	25.9	25.9	25.9
	<b>Total</b>	<b>993.18</b>	<b>1065.97</b>	<b>1245.27</b>	<b>1331.04</b>

**3.7.12** Based on the sources of power explained in para 2.7 of the Chapter 2 above, the Petitioner humbly submits before the Hon'ble Commission to approve the power purchase quantum as proposed. The details of source-wise quantum, rate and total cost is dealt in Form 1.10 a & 1.10 b of this petition.

**3.7.13** It is humbly submitted that though the projections for power purchase is based on the projected energy requirement, however, during the course of the actual transactions, there may be occasions/requirement at times to export any surplus power. This may be the first time, the Petitioner could experience any surplus power for export from its system, therefore, the Petitioner has not projected the same in this petition for the want of requisite data for export of power including its participation in ancillary market, if any. The Petitioner humbly seeks liberty to submit the actual statistics of export of power by the Petitioner during the FPPCA & APR stage for respective years of the control period.

### **3.8 Power Purchase Cost for FY 2023-24 To FY 2025-26**

**3.8.1** As covered in earlier section, the Power Purchase quantum for next three years i.e.



for control period FY 2023-24 to FY 2025-26 are computed based on a mix of radial mode sources and new PPAs entered by the Petitioner in the last control period. It is humbly submitted that the Petitioner has considered the rates of power purchase to the extent rational and economic, which may be subjected to truing up during FPPCA based on actual cost, provisions of PPA and relevant justifications.

**3.8.2** The Source wise Power purchase cost has been computed based on last applicable rate as paid / PPA rate/ power exchange rates for last one year with appropriate escalation factor. For the new PPAs through SECI, power purchase rate with tariff as adopted u/s Section 63 of Electricity Act has been based on CERC determined rate and prevailing variable cost for FY 2022-23. It is humbly submitted that the purchase of power from DVC-RTPS power plant in schedule mode is subjected to Hon'ble Commission's approval/ adoption of tariff of IPCL's petition, which is under active consideration of the Hon'ble Commission. For the purpose of this Petition, the Petitioner has considered the CERC determined rate for Raghunathpur TPS approved vide CERC order dated 28.09.2017 alongwith applicable FCA for the said plant for arriving at a landed rate of 6.45 Rs/kWh for FY2022-23. This rate has been suitably escalated for ensuing years for arriving at rates of Rs 6.77/kWh for FY2023-24, Rs 7.11/kWh for FY2024-25 and Rs 7.46/kWh for FY2025-26.

**3.8.3** For FY 2022-23, power purchase cost from DVC radial mode has been considered as Rs 4.77 per unit based on last applicable rate for purchase of power from DVC as specified in the Petitioner's tariff order for FY2019-20. The Petitioner has made the payment at this rate of Rs 4.77 per unit and the same has been considered for ensuing years in the control period without assuming any escalation given CERC determines the tariff for DVC generating stations & back-to-back arrangement. The petitioner prays before the Hon'ble Commission for consideration of the power purchase cost from DVC based on the above mentioned submission. Further, it is submitted that in case of passing any order on tariff application of DVC for this purpose, such approved cost, if any may also be allowed to the Petitioner in power purchase cost while passing the Tariff order for the control period. It is further humbly submitted that DVC is currently billing the radial supply to IPCL at the HT-33 KV industrial consumer tariff specified in DVC tariff order of FY2016-17. The Hon'ble Commission in its order dated 01.03.2019 in Case No. OA-272/18-19 had directed that consumer tariff will not be applicable for sale of power by DVC to IPCL, a licensee. An appeal against the said order is pending before the APTEL in Appeal No, 216 of 2019. It is humbly prayed before the Hon'ble Commission that

the impact of outcome of such proceedings may also be taken into consideration in this tariff order, if the APTEL judgment is issued before the issuance of this Tariff order. In case, the judgment is issued after the issuance of this tariff order, the Petitioner seeks liberty to approach the Hon'ble Commission separately based on the outcome of the Judgment.

**3.8.4** The rate of power transaction between the petitioner and WBSEDCL for procurement of power was last specified by the Hon'ble Commission. In the Petitioner's tariff order of FY2019-20 as Rs 5.77 per unit. The Petitioner has not assumed any escalation over the said rate of FY2019-20. It is submitted that in case of passing any order on tariff application of WBSEDCL for this purpose, such approved cost if any may also be allowed to the Petitioner in power purchase cost while passing the Tariff order for the control period.

**3.8.5** For the purpose of procurement of solar power from WBGEDCL, the rate of Rs. 3.40/kWh as agreed through supplementary agreement dated 18.01.2023 has been considered for the control period. The Petitioner has submitted a petition before the Hon'ble Commission for approval of the supplementary agreement on 03.03.2023 in case no. PPA-122/22-23. The same is under active consideration of the Hon'ble Commission.

For the purpose of procurement of Wind-solar hybrid RE power through SECI, the rate as adopted by the Hon'ble Commission has been considered for the control period.

**3.8.6** For the purpose of procurement of renewable energy on RTC basis (RTC-RE) for 100 MW contracted capacity with SECI, it is humbly submitted that the Power supply under this contract is expected to start from last quarter of FY 2023-24 as per the latest information. The rate has been considered as per the approved PPA with the escalation provided as per the said agreement.

**3.8.7** It is humbly submitted that SECI has recently sent an intimation for Change In Law claims due to following Change in Law events with respect to RE projects from where IPCL is also a procurer:

- a) Notification no. 02/2020-Customs(SG) dated 29.07.2020 with respect to imposition of safeguard duty (SGD) under Customs Tariff Act, 1975 issued by Dept. of Revenue, Ministry of Finance



- b) Supreme Court Order dated 19.04.2021 in IA no. 85618 of 2020 in WP(C) 838 of 2019 with respect to installation of Bird Diverters and for undergrounding of transmission lines being erected in GIB area
- c) D.O.F. No. 334/02/2020-TRU dated 01.02.2021 with respect to imposition of Basic Custom Duty (BCD) under Customs Tariff Act, 1975 issued by Dept. of Revenue , Ministry of Finance
- d) Notification no. 08/2021- Central Tax (Rate) dated 30.09.2021 with respect to upward change in rate of GST issued by Dept. of Revenue , Ministry of Finance
- e) MNRE O.M. dated 25.02.2022 with respect to Discontinuation of the benefits of Concessional Customs Duty in respect of items imported for initial setting up of solar power projects.

It is humbly submitted that such Change in Law Claim for PPAs under Section 63 need to be first admitted and adopted by the Hon'ble CERC, before being recovered from the procurers. Therefore, the Petitioner humbly submits this information on impending Change in Law claim intimated by SECI for our RE PPAs executed with SECI. It is humbly prayed before the Hon'ble Commission that since such claim has not been included in this MYT proposal, the Petitioner may be granted liberty to approach the Hon'ble Commission separately with further details and prayer for consideration on allowing the amount under such Change In Law Claim while determining the ARR & tariff of the Petitioner or at the APR stage depending upon the same achieving finality.

**3.8.8** The Petitioner humbly submits that, Hon'ble WBERC has notified the West Bengal Electricity Regulatory Commission Open Access Regulations, 2022 on 01.08.2022 and the short-term transmission charges are kept at the same level of long term transmission charges. There is an approx. increase of 16 paise/kWh from the earlier applicable Short term transmission charges applicable for utilization of STU networks, which shall impact the power procurement cost of the Petitioner through open access, from IEX and other short-term mode. It is pertinent to mention here that the Petitioner has been utilizing IEX & DEEP Portal for procurement of power on short term basis. The Petitioner may also avail power banking facility as per the provisions of the applicable tariff regulations.

**3.8.9** The Petitioner has projected average power purchase cost for FY 2023-24 for short-term open access power in line with the provisions applicable in the Tariff Order



for the 6<sup>th</sup> MYT Order in which the Hon'ble Commission had considered the average rate of Indian Energy Exchange(IEX) with applicable CTU and STU charges . Accordingly, the petitioner has considered the average IEX rate for FY 2022-23 as the base figure for FY 2022-23. Thereafter, the Petitioner has assumed the landed rates form such transactions may escalate by 10% year on year basis. Any impact of open access power purchase shall be adjusted through MVCA charges.

**3.8.10** The power procurement rates & cost as provided in Form 1.10, based on the above assumption for the load projected to be catered is outlined in the following table:

**Table 17: Projected Power Procurement Rate for Control Period (Rs. per unit)**

Sr. No.	Source of Power	Base Year	Control Period (Ensuing Year)		
		FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26
		Estimated	Projected	Projected	Projected
1	DVC ( Radial mode )	4.77	4.77	4.77	4.77
	DVC ( Schedule mode )	6.45	6.77	7.11	7.47
2	WBSEDCL	5.77	5.77	5.77	5.77
3	WBGEDCL	3.40	3.40	3.40	3.40
4	SECI-Hybrid RE	2.76	2.76	2.76	2.76
5	SECI – RTC RE		3.24	3.34	3.44
6	IEX / Bilateral/ Traders	6.44	7.08	7.79	8.57
7	RE Balancing	0	1.50	1.65	1.82

**Table 18: Projected Power Procurement Cost for Control Period (Rs. Lakhs)**

Sr. No.	Source of Power	Base Year	Control Period (Ensuing Year)		
		FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26
		Estimated	Projected	Projected	Projected
1	DVC radial	11925.00	11925.00	7155.00	7155.00
2	DVC schedule	4321.50	4869.98	5096.78	5334.91
3	WBSEDCL	6347.00	0.00	0.00	0.00
4	WBSGEDCL	11.90	11.90	11.90	11.90
5	SECI - Hybrid RE	8288.00	8288.00	8288.00	8288.00
6	SECI - RTC RE	0.00	4860.00	23166.03	23861.01
7	Others (Bilateral/Exchange)	19,760	24,059	5,293	13,174
8	RE Balancing Cost	0.00	388.50	427.35	470.09
	<b>Total</b>	<b>49513.36</b>	<b>53262.62</b>	<b>48525.87</b>	<b>57389.23</b>



**3.8.11** The petitioner humbly submits average input energy cost for the Petitioner in the base year 2022-23 is Rs. 5.11 /kWh which is higher than the average power purchase cost of 2019-20 MYT order (Rs. 3.98/kWh). However, in the control period ensuing years the average input energy cost is being projected at Rs. 5.00/kWh for 2023-24, Rs. 3.90 /kWh for 2024-25 and Rs 4.31/kWh for 2025-26 based on suitable escalation/market trend as per form 1.10 a & b in this petition.

This is however subject to the trend of the power prices in the power market as well as the SECI-RTC power flowing into the system of the Petitioner as per the schedule As explained in para 2.7.10 in earlier chapter, it is envisaged that in line with the existing trend, the Petitioner will be subjected to DSM charges in ensuing period as well in accordance with the WBERC DSM Regulations, 2021 as applicable from time to time. In view of the high DSM charges and evolving DSM scenario, the Petitioner humbly prays before the Hon'ble Commission to relax the norms as stipulated in regulation 5.17 of the WBERC Tariff (Amendment) Regulations, 2012 and allow the entire DSM charges as part of Power Purchase expenses.

It is humbly submitted that the favourable disposal of Case no. OA-418/22-23 may help the Petitioner to have a reasonable volume limit thereby protecting the Petitioner from such stringent and improbable limit resulting in reduction in DSM bill amounts.

**3.8.12** The power purchase cost as projected is also subject to change, depending on the generation actually achieved at the own generating stations of the Petitioner on the basis of coal supplies received through SHAKTI Scheme & other coal sources and the actual availability of renewable power. The Petitioner accordingly proposes to submit revised fuel cost and power purchase plan for the ensuing years at the time of submission of the Annual Performance Review.

### **3.9 Energy Balance for FY 2023-24 to FY2025-26**

**3.9.1** While considering the energy balance statement, available source of power from own generation and power purchase against the expected sales to licensee and consumers has been considered.

**3.9.2** Projection for the gross energy required in the system has been calculated after taking into account projected own power consumption and projected distribution

losses considered for the control period. The Petitioner humbly submits that it may not be able to maintain the loss percentage at 5.00% for FY 2023-24, 4.50% for FY 2024-25 and 4.00% for FY 2025-26 as specified in the Tariff Regulations in view of the proposed LT consumers and network addition plan explained in this petition. Thus, the Petitioner humbly prays before Hon'ble Commission to revise the Distribution loss norms while determination of tariff for 8<sup>th</sup> control period or through separate order as the Hon'ble Commission may deem applicable.

**Table 19: Energy Balance (MUs) for FY2023-24 to FY 2025-26**

Particulars	Base Year	Control Period (Ensuing Year)		
	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26
	Estimated	Projected	Projected	Projected
<b>A: ENERGY INPUT</b>				
Gross Generation	89.35	89.35	89.35	89.35
Auxiliary Consumption	8.94	8.94	8.94	8.94
Net Generation	80.42	80.42	80.42	80.42
Energy Purchased	993.18	1065.97	1245.27	1331.04
Overall Gross Energy in system	1073.59	1146.39	1325.69	1411.46
Energy Input for own system	1073.59	1146.39	1325.69	1411.46
<b>B: ENERGY UTILIZATION</b>				
Units sold to consumers	1014.23	1086.07	1263.03	1352.00
Units utilized in own premises including construction power	3.00	3.00	3.00	3.00
Unutilized Units	56.36	57.32	59.66	56.46
<b>Total Energy</b>	<b>1073.59</b>	<b>1146.39</b>	<b>1325.69</b>	<b>1411.46</b>

### 3.10 Total Fixed Cost of the Generating Station

Fixed expenses for the Dishergarh Power Station (new) comprising of estimation for the years 2022-23 and projections for 2023-24 to 2025-26 are summarized in Form 1.12. The Hon'ble Commission accorded approval of provisional project cost at 2nd stage for a total sum of Rs.6654 Lakh in case no. WBERC/OA-129/11-12. The 12 MW Dishergarh power plant achieved its COD on 25.09.2012. Thereafter, the final project cost of Dishergarh 12 MW plant as submitted vide RA/II/002/16-17/1495 dated 19.12.2016 is under active consideration of the Hon'ble Commission. Contrary to regulation 2.8.1.4.13 of WBERC(Terms and Conditions of Tariff) Regulations, 2013, the Hon'ble Commission for the purpose of determination of ROE and depreciation for the said 12 MW project during the last few MYT orders for the period of 2017-18, 2018-19 and 2019-20 has considered the 2<sup>nd</sup> stage

approved cost rather than the submitted final project cost though the final project cost was already submitted in December 2016 . The Reg 2.8.1.4.13 of the Tariff Regulations states as follows:

*" 2.8.1.4.13 Within three years of COD of the last unit of a generating station the generating company or the licensee shall submit a detailed report showing whether the provisions of different penalty(ies) or incentive(s) of contractual conditions are applied or not. The fact of waiver or non-application of penalty or incentive shall be specifically mentioned. Such analysis shall be given against each such provision specifically as stipulated in the contract. Only on submission of such reports, the final project cost of the generating station will be determined. Till submission of such report, the submitted project cost as mentioned in any tariff application will be reduced by at least 5% as per the discretion of the Commission. On submission of such report, the Commission will finally decide the final project cost to be approved for capitalization for the purpose of the tariff determination and such fresh capitalization on the basis of approved project cost will be considered from the date of approval of the project cost".*

In accordance with the aforesaid reg 2.8.1.4.13, the Petitioner humbly prays before the Hon'ble Commission to consider the submitted final project cost of 12 MW DPS under Case no. OA-244/16-17 for the purpose for determination of fixed cost alongwith past arrears from the date of capitalization in the form of RoE, Depreciation etc. based on the approved amount as the submission of the aforesaid final project cost petition has already been done on 19.12.2016. It is humbly prayed before the Hon'ble Commission to allow carrying cost (as per the provision under Reg 2.6.6(iv) of Tariff (4<sup>th</sup> Amendment) Regulations, 2023) on the deviation being considered by the Hon'ble Commission in project cost in last tariff orders since the final project cost was submitted before the Hon'ble Commission in the FY2016-17. It is further humbly submitted that first proviso under Reg 5.6.2 (i) of Tariff (4<sup>th</sup> Amendment) Regulations, 2023) also stipulates as follows:

"Provided that where capitalization of part or full assets has been done but the final approval of the project under regulation 2.8.5 is yet to done, depreciation will be allowed upto 95% of the capitalized value as reflected in the audited account, limited to a ceiling of investment approval. After final project cost approval depreciation will be trued-up accordingly." Hence, in view of the said proviso, the Petitioner humbly prays before the Hon'ble Commission to consider the submitted

project cost for the purpose of determination of Depreciation , ROE, etc. for the 12 MW DPS.

**3.10.1** As per the 4<sup>th</sup> Amendment to the WBERC Tariff Regulations, Coal & Ash Handling Charges have been merged as a part of O&M expenses. Hence, as per the amendments the Coal and Ash Handling charges have become a controllable parameter. The Petitioner for the purpose of this MYT petition has considered the Coal & Ash Handling Charges as a part of O&M expenses.

**3.10.2** However, in this regard the Petitioner also submits that the Coal and ash handling is a function of transportation cost between the Coal yard and plant, labour charges, quality of coal, quantum of ash generation by burning coal, transportation rate and distance between the plant and ash disposal site.

The expenses of Coal and Ash handling include the following:-

- Transportation of Coal from Coal Yard to Plant. At present the yard is at a distance of around 750 meters from the plant
- Dust particles and stones have to be removed prior to putting to coal in the boiler and are to be disposed of.
- Cost incurred for removal of ash contents after the coal is burnt in the boiler and disbursement of the same by means of transportation after proper treatment of the ash by defusing the same with water to the desired points. The area where the ash has to be dumped after combustion is determined by the local Municipal Authority which is at present is at an average of 3.5 Km from the plant.
- Statutory requirement of Weighbridge calibration
- Other related costs

Considering the above, the Petitioner requests the Hon'ble Commission to separately approve the actual Coal & Ash Handling charges at the time of APR

**3.10.3 O&M for DPS Generating Station:** The Hon'ble Commission has determined the norms for O&M expenses for 12 MW DPSC Plant in the Tariff Regulations. For the control period, O&M expenses considering Repair & Maintenance expenses, Administrative and General Expenses, Coal & Ash Handling charges and Insurance charges have been approved as per schedule 9A of the Tariff Regulations . The normative O&M expenses in Rs. Lakhs/MW for DPS generating Station approved

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for the control Period is as under:

	FY 2023-24	FY 2024-25	FY 2025-26
O&M(Rs. lakhs/MW)	19.01	19.73	20.48

Subsequently, the Petitioner computed the likely norms considering the methodology specified for determination of norms for O&M expenses in the Statement of Reasons (SOR) based on a composite O&M expense including expenses on account of Rent, insurance and coal and ash handling charges and the normalised average expenses based on the approved figures for the past 5 years. Accordingly, the Petitioner found that the norms for O&M charges derived by the Petitioner were different from that approved by the Hon'ble Commission. The revised O&M expenses as computed by the Petitioner is as under:

	FY 2023-24	FY 2024-25	FY 2025-26
O&M(Rs.lakhs/MW)	20.08	20.84	21.63

Accordingly, the Petitioner has considered the revised values of O&M expenses as computed by the Petitioner for the purpose of computing the ARR. The illustration regarding derivation of O&M expense norm is indicated below:

	FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY25	FY26
Admitted exp (FY18) in Rs Lakhs	178.41	183.80	192.47	200.17	205.76	225.96			
Admitted exp (FY19) in Rs Lakhs		184.57	193.28	201.01	206.62	226.91			
Admitted exp* (FY20) in Rs Lakhs			194.65	202.44	208.08	228.52			
Admitted exp* (FY21) in Rs Lakhs			193.28	201.01	220.75	242.43			
Admitted exp* (FY22) in Rs Lakhs				202.44	205.66	228.06			
Admitted exp* (FY23) in Rs Lakhs					205.66	241.31			
<b>Normalized Average (FY23) in Rs Lakhs O&amp;M expense (Rs. Lakhs)</b>						<b>232.20</b>	<b>241.00</b>	<b>250.13</b>	<b>259.61</b>
<b>O&amp;M expense (Rs. Lakhs/MW)</b>						<b>19.35</b>	<b>20.08</b>	<b>20.84</b>	<b>21.63</b>
<b>Specified in Amendment (Rs Lakhs/MW)</b>							<b>19.01</b>	<b>19.73</b>	<b>20.48</b>

\*For FY 2020-21 to FY 2022-23 the Tariff Order has not been issued, hence Hybrid Inflation Index considered over 2019-20



\*\*Rent has not been considered for the above computation

The O&M expenses for 12 MW DPS has been indicated in Form 1.12 of this petition.

**3.10.4 Employee Expenses:** The Petitioner would like to submit that in view of the variation in inflation indices each year, the Petitioner has considered the Hybrid Inflation index, i.e. 60% - WPI & 40% - CPI of FY21-22 resulting an increase of 9.83% for the MYT period. The Petitioner has not considered any amount related to wage settlement if any during this control period and shall seek liberty to submit such details if any during the APR stage subject to prudence check as required by Hon'ble Commission.

**3.10.5 Contribution to Funds** comprise exclusively of employee's contribution to Provident Fund. In keeping with past trend, such contribution has been projected at 10% of the Salaries & Wages of the respective years. It may be noted that since the Salaries & Wages include certain allowances payable to the employees which are not taken into account for the calculation of provident fund contribution, Contribution to Funds as percentage of total Salaries & Wages is less than 12%. Terminal Benefits paid to employees of the generating station have been considered along with those paid to employees of the Petitioner in other locations in a consolidated manner in Form 1.17 – Other Expenses Centrally Maintained.

**3.10.6 Other Expenses** related to Staff Welfare Expenses and Salaries & Wages component of Repairs and Maintenance costs have been projected to increase by CPI inflation index of FY 2021-22 per annum over actual expenditure of 2021-22 with necessary adjustment in view of the normative power generation in the subsequent years. Further, Voluntary Retirement Scheme (VRS) as admitted by the Hon'ble Commission in FY2012-13 has been continuing on same terms and conditions on year to year basis based on Board approval from time to time. It is humbly prayed before the Hon'ble Commission to consider the same terms and conditions of VRS Scheme (2013) for this control period as well and admit the same.

The employee cost for 12 MW DPS has been indicated in Form 1.12 and form 1.17 h of this petition. The employee expense for both own employees and contractual employees have been indicated as per applicable regulation.



**3.10.7 Interest on Working Capital:** Working Capital Requirement is computed in accordance with the Regulation 5.6.5.1 of WBERC (Terms and Conditions of Tariff)(4<sup>th</sup> Amendment) Regulations, 2023 which specifies as under:

*“Generation:*

*(a) In case of coal based generating stations, working capital shall cover:*

*(i) Cost of coal towards stock for 10 days for pit head generating stations and 20 days from non-pit-head generating stations for generation corresponding to the normative annual plant availability factor or maximum coal stock storage capacity, whichever is lower;*

*(ii) Advance payment for 30 days towards cost of coal for generation corresponding to the normative annual plant availability factor;*

*(iii) Cost of secondary fuel oil for two months for generation corresponding to the normative annual plant availability and in case of use of more than one secondary fuel oil, cost of oil stock for main secondary fuel oil;*

*(iv) O&M expenses, employee cost and water charges for one month;*

*(v) Maintenance spares @ 20% of O&M expenses including water charges; and*

*(vi) Receivables equivalent to 45 days of capacity charges and energy charges for sale of electricity computed on the normative annual availability factor and excluding incentives, if any;*

*Provided that in case of own generating station of any licensee, no amount shall be allowed towards receivables, to the extent of supply of power by the generation business to the distribution business, in computation of working capital in accordance with these regulations:*

*Provided that in case of own generating station of any licensee, the working capital requirement shall be further adjusted with the balance amount of cash security deposit, if any, held by the licensee after meeting the working capital requirement of its distribution business:*

*Provided further that for the purpose of Truing-up, the working capital shall be computed based on the scheduled generation or targeted availability of generating Station, whichever is lower:*

*Provided also that for the purpose of Truing up, the working capital shall be computed based on the actual average stock of coal or lignite and limestone or normative stock of coal or lignite and limestone of the generating Station, whichever is lower:*

*Provided also that for the purpose of Truing-up for any year, the working capital requirement shall be re-computed on the basis of the values of revised normative*

*Operation & Maintenance expenses and actual Revenue from sale of electricity excluding incentive, if any, and other components of working capital approved by the Commission in the Truing-up before sharing of gains and losses;*

Accordingly the Petitioner has considered the following for the purpose of computing the amount of working Capital:

- i. Cost of coal towards stock for 20 days
- ii. Advance payment for 30 days towards cost of coal
- iii. O&M expenses, employee cost and water charges for one month;
- iv. Maintenance spares @ 20% of O&M expenses including water charges

**Note:**

Receivables equivalent to 45 days of capacity charges and energy charges for sale of electricity has not been considered as 12 MW DPS is an embedded generation of the Petitioner (Distribution Licensee)

The rate of interest to be considered on Working Capital is specified under Regulation 5.6.5.(c) of WBERC (Terms and Conditions of Tariff)(4<sup>th</sup> Amendment) Regulations, 2023 which shall be SBI MCLR rate as prevalent on the 1<sup>st</sup> of April of the financial year in which the Petition is filed plus 2.5% . The latest SBI MCLR as on 01.04.2023 is 8.30%. Hence, for the Control Period, the rate of interest on working capital has been considered as 8.30%+2.50%, i.e. 10.80%. The Interest on working Capital for generation business has been shown in **Form 1.12 and 1.17(b)** of the Tariff Petition.

**3.10.8 Depreciation for 12 MW:** The Depreciation charge has been computed considering the norms as specified in Regulation 5.6.2 of the 4<sup>th</sup> amendment to the Tariff Regulations. The Regulation 5.6.2(ii) States as under:

*“The depreciation shall be calculated annually, based on straight line method at the rates prescribed in the Annexure – A(I) to these regulations.*

*Provided that the Generating Company or Licensee shall ensure that once the individual asset is depreciated to the extent of 70%, remaining depreciable value as on 31st March of the year closing shall be spread over the balance useful life of the asset including the extended life , if any, allowed under renovation & modernization:” .....*





Accordingly, the Petitioner has computed the depreciation of assets and the assets which have depreciated more than 70% has been spread over the useful life of the plant based on the final project cost and regular small asset addition carried out on regular basis till March 2023. The computations have been provided in **Form B** as per WBERC Regulation.

**3.10.9** Travelling Expenses, Telephone Expenses and Other Administrative Expenses have been included in the O&M expenses as specified in the Regulation and hence not claimed separately.

**3.10.10 Water Charges:** The Petitioner is dependent upon DVC for supply of water in its Generating Plant as well as surrounding areas in its offices and colonies. The Water Charges has been considered for each ensuing year of the control period for DPS-12 MW as per normative power generation vis. a vis. prior years bills received excluding free allocation of 85 gallons under the prescriptive rights.

**3.10.11** The new 12 MW DPS Plant was commissioned for commercial operation on 25.09.2012. The Hon'ble Commission accorded approval of provisional project cost at 2<sup>nd</sup> stage for a total sum of Rs 6654 Lakhs vide order dated 14.02.2013 in case no. WBERC/OA-129/11-12. The petitioner has submitted final project cost of Rs 8867.84 Lakhs vide letter no. RA/II/002/16-17/1495 dated 19.12.2016 for approval of WBERC and further additional submission vide letter no. RA/II/002/18-19/1839 dated 17.12.2018 with the revised final project cost of Rs. 8983 Lakhs. The petitioner has accordingly calculated Return on Equity (ROE), Interest on Loan and depreciation for FY2023-24 to FY 2025-26. Since the Order for the 12 MW DPS Plant is still pending before the Hon'ble Commission, the Petitioner requests the Hon'ble Commission to approve the RoE of the 12 MW DPS Plant at the rate of 15.50% in accordance with the applicable Tariff Regulations when the plant was capitalized.

**3.10.12** The Fixed Expenses of the DPS-12 MW plant for 8<sup>th</sup> MYT period are summarised below:

**Table 20: Generating Station Fixed Cost (Rs. Lakhs) for the Control Period**

Sr. No.	Particulars	Base Year	Control Period (Ensuing Year)		
		FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26
		Estimated	Projected	Projected	Projected

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1	Water Charges	49.66	70.81	70.81	70.81
2	Repairs & Maintenance (excluding salaries etc. & stores)	Included in Normative O&M Expenses			
3	Employee Cost	377.85	414.98	455.77	500.57
4	Depreciation	317.98	434.90	434.57	434.35
5	O&M Expenses (Normative)	308.78	240.96	250.08	259.56
6	Interest on Loan	60.75	73.30	16.98	14.78
7	Interest on Working Capital	40.49	43.26	44.49	47.02
8	Travelling Expenses	Included in Normative O&M Expenses			
9	Vehicle Maintenance				
10	Telephone Expenses				
11	Security Charges				
12	Other Management & Administrative Expenses				
13	<b>Total</b>	<b>1155.50</b>	<b>1278.21</b>	<b>1272.70</b>	<b>1327.09</b>

**3.11 Fixed Cost of Distribution Expenses –**

**3.11.1** The Petitioner's distribution network is divided into two distribution circles viz., Dishergarh and Seebpore. The distribution system also boasts of a minimal loss of less than normative loss level approved by WBERC till 2019-20 compared to the industry average of over 18-20% which has hitherto been largely driven by large HT consumers in its network. However with the increase in the LT network, the distribution loss is expected to increase during the control period.

**3.11.2** The Fixed Cost of Distribution expenses comprises of the following:

- a) Operation and Maintenance Expenses,
- b) Employee Expenses
- c) Depreciation
- d) Interest expenses towards term Loan, Working Capital, CSD
- e) Return on equity
- f) Bad and Doubtful Debt,
- g) Other expenses



**3.11.3 O&M Expenses for Distribution:** The Hon'ble Commission in the 4<sup>th</sup> Amendment to the Tariff Regulations has revised the methodology for the computation of O&M expenses. The Regulation 5.7.1 has been amended to include Repair & Maintenance expenses, Administrative & general expenses including rent, lease

charge, legal charge, consultation fees, auditor's fees, insurance fees, outsourced expense. The Regulation 5.7.4.1 of the WBERC Tariff Regulations specifies as under:

**“5.7.4.1 Distribution system:** O&M expenses for Distribution Business of a licensee shall comprise of Repair & Maintenance expenses and Administrative & General expenses.

Any gain /loss on account of total O&M expenditure will be shared as per regulation 2.5.5.4 of these Regulations during Annual Performance Review.

*Repair & Maintenance Expenses*

*Repair & Maintenance Expenses shall include expenses towards repair and maintenance of line, sub-stations, building, etc including consumption of spares, as the case may be. Repair & Maintenance expenses shall be computed as a percentage of Gross Fixed Asset (GFA) following the norms specified in Schedule-9A of these Regulations:*

*Provided that for computing the allowable Repair & Maintenance expenses for any Year, 50 per cent of the Fixed Assets to be added during the Year shall also be considered:*

*Provided further that at the time of APR, the allowable Repair & Maintenance expenses for any Year shall be based on the percentage norms specified in the Schedule-9A and the admissible GFA.*

*Provided also that Fixed asset retired/de-capitalised or unutilized shall be deducted for arriving at the applicable GFA for computing the O&M expense. Distribution licensee shall furnish such details along with its petition for tariff and APR.*

*Administrative & General Expense*

*Administrative & General Expense shall include all expenditure incidental to run the distribution business, excluding those are covered under repair & maintenance. A&G expenses for base year shall be computed considering the average of last 5 years, preceding to base year, trued up figures duly normalized after applying hybrid inflation index considering 60% wholesale price index (WPI) and 40% consumer price index (CPI) notified by the Government of India. To compute the A&G expenses for the ensuing years of the control period, derived figure for base year will be escalated by average hybrid index of last 5 years as per the following formula:*

*A&G<sub>n</sub> = A&G<sub>b</sub> x (1 +HI inflation) + Provision Where:*

*A&G<sub>n</sub>: A&G expense for the nth year*



*A&Gb: Base A&G expense derived on the basis of the average of last five years trued up A&G expenses, excluding abnormal /one-time A&G expenses, if any, subject to prudent check of the Commission and applying hybrid inflation impact.*

*HI inflation: Is the average increase in the Hybrid inflation Index for last five years considering 60% of Wholesale Price Index (WPI) and 40% of Consumer Price Index.*

*Provision: Cost for initiatives or other one-time expenses as proposed by the Distribution Licensee and validated by the Commission.*

*Provided that, where trued up value any of the last 5 years, immediately preceding to base year, are not available, value of A&Gb will be derived from approved ARR of such year. During APR of the ensuing year, the A&Gb value shall be recomputed based on the trued-up value of last 5 years."*

- 3.11.4 Repairs and Maintenance Expenses:** The Repair and maintenance expenses has been submitted considering the norms for R & M expenses prescribed in Schedule 9A(D2) of the amendment Regulations .The R&M as a % of GFA as specified in Schedule 9A(D2) of the Regulations is as under:

	FY 2023-24	FY 2024-25	FY 2025-26
R&M as % of GFA	1.97	2.05	2.12

The Petitioner for the purpose of this Petition has considered the norms as approved by the Hon'ble Commission in Regulation 9A (D2) of the Regulation.

It is further submitted that the R&M expenses are poised to grow significantly in view of LT network expansion and the addition of a large number of domestic consumers. The R&M expenses derived based on the new Regulations is as under:

	FY 2023-24	FY 2024-25	FY 2025-26
GFA considered from Form B	71,541.56	88,041.56	1,05,041.56
R&M expenses	1,409.37	1,804.85	2,226.88

- 3.11.5 Administrative & General Expenses:** The Regulation 5.7.4.1(ii) of the 4<sup>th</sup> Amendment to the Tariff Regulations specifies that the A&G expenses for the base year shall be computed considering the average of the last 5 years preceding to base year, trued up figures duly normalized after applying hybrid inflation index

considering 60% wholesale price index (WPI) and 40% consumer price index (CPI) notified by the Government of India. The Regulation further states that where trued up value any of the last 5 years, immediately preceding to base year, are not available, value of A&Gb will be derived from approved ARR of such year.

It is humbly submitted that neither the Trued up values nor the ARR values for the past 5 years is available with the Petitioner since the Order for the 7<sup>th</sup> MYT petition has yet not been issued by the Hon'ble Commission and hence the Petitioner has not considered normalization. Considering the abovementioned facts, the Petitioner is relying upon the actual values for the past 5 years.

**3.11.6** It is further submitted that consideration of the approved values for the past 5 years will lead to approval of lower A&G expenses for the Petitioner since the Hon'ble Commission has been approving lower O&M expenses as compared to the actual O&M expenses. A comparison of actual versus approved expense for the last five years is presented in the table below:

Particulars	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26
Other A&G	919.49	1235.96	1071.69	1328.81	1470.33			
Rent, rates & taxes	76.05	109.22	73.06	70.12	78.56			
Legal & Consultancy	166.67	286.08	299.62	593.29	652.62			
Auditor fees	18.41	35.16	39.78	52.45	57.70			
Insurance	28.71	36.49	36.56	53.66	59.02			
<b>Total</b>	<b>1209.33</b>	<b>1702.91</b>	<b>1520.70</b>	<b>2098.32</b>	<b>2318.22</b>	<b>2545.92</b>	<b>2795.98</b>	<b>3070.60</b>
Provision						50.00	50.00	50.00
<b>Total</b>	<b>1209.33</b>	<b>1702.91</b>	<b>1520.70</b>	<b>2098.32</b>	<b>2318.22</b>	<b>2,595.92</b>	<b>2,845.98</b>	<b>3,120.60</b>

Considering the above, it is submitted that the new Tariff Regulations specify that the A&G expenses shall be approved after considering the trued up values for the past 5 years. It is submitted that the past approved A&G expenses for the Petitioner has been very low. Consideration of the approved figures in True up Orders/ Tariff Orders shall lead to lower approval of A&G expenses. Further, the A&G expenses includes the rent, lease charge, legal charge, consultation fees, auditor's fees, insurance fees etc. The Petitioner would like to submit that these expenses are necessary for the smooth functioning of the organization and may be

allowed separately. These expenses have been considered as controllable factors, however, because these expenses are need based and at many occasions is necessary to be incurred in the interest of the justice for business and end consumers.

**3.11.7** The Hon'ble Commission in the Regulation 5.7.4.1 also specifies that the average Inflation Indices (60% WPI and 40% CPI) for the past 5 years are to be considered for the purpose of computing A&G expenses. It is submitted that the consideration of 5 years average shall not clearly depict the actual A&G expenses since the inflation indices are increasing each year. Hence, the Petitioner has considered annual increase for only one year i.e. 5.13% as CPI escalation rate, 12.97% as WPI escalation rate and 9.83% as Hybrid inflation rate (60% WPI+40% CPI) of FY 2021-22 for the ensuing years of the MYT period for the respective cost components.

**3.11.8** For the purpose of computing the A&G expenses, the petitioner has computed the hybrid inflation Index considering the methodology adopted by the Hon'ble Commission in last few tariff orders as per the following table based on the secondary data taken from Office of the Economic Advisors, Labour Bureau of India and escalation factor computation of CERC for relevant period.

**Table 21: Table of Price Indices during FY 2018-19 to 2021-22**

Year	Annual Inflation of CPI	Annual Inflation of WPI	Annual Hybrid Inflation Index with WPI(60%)+CPI(40%)
2021-22	5.13%	12.97%	9.83%

In view of the above explanation, the Petitioner has considered the following escalation rates for the ensuing years of the control period for the following reasons as considered by Hon'ble Commission in various tariff related orders and considering the inflationary trend and growth projection.

**Table 22: Table of Price Indices considered for 8<sup>th</sup> Control period**

Year	Annual Inflation of CPI	Annual Inflation with WPI (60%)+ CPI (40%)
2023-24	5.13%	9.83%
2024-25	5.13%	9.83%



2025-26	5.13%	9.83%
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It is requested to the Hon'ble Commission to allow these expenses separately and not as a part of O&M expenses.

The A&G expenses determined for the 8<sup>th</sup> Control period is as under:

	FY 2023-24	FY 2024-25	FY 2025-26
A&G expenses	2,595.92	2,845.98	3,120.60

**3.11.9** Further the Hon'ble Commission in Regulation 5.7.4.2 has specified that any specific expenditure under OPEX Model may be allowed by the Hon'ble Commission subject to prudence check. The Regulation 5.7.4.2 states as under:

*"5.7.4.2 In addition to the above R&M and A&G expenses, distribution licensee may propose for any specific expenditure under OPEX model through detailed justification and cost benefit analysis in its tariff petition. Such expenditure may be allowed by the Commission based on prudent analysis. During APR, licensee shall also submit details of such expenditure and cost- benefit analysis supported through certificate from the statutory auditor:*

*Provided that, if such expenditure is planned after issuance of tariff order, licensee shall take approval of such plan from the Commission before incurring such expenditure. Such expenditure, if approved, shall be considered during APR."*

In this regard the Petitioner submits that the Petitioner in this Petition is not proposing any specific OPEX, however it is prayed before the Hon'ble Commission that any specific OPEX proposal to be undertaken by the Petitioner may be allowed to be submitted to the Hon'ble Commission for approval separately and at the time of APR Petition.

**3.11.10** Further, the legal expenses are mainly attributable to the various legal steps being taken by the Petitioner in respect of recovery of dues from migrating consumers, coal supply related matters, and other legal matters related to distribution business. In this regard, we wish to submit that there are certain on-going litigations in various Courts of Law which are to be handled during the control period. The outcomes of these litigations are likely to come during the Control

Period and the outcomes may have a Tariff impact during the Control Period. It is humbly submitted that the Legal expenses are uncontrollable in nature because it is need based and at many occasions is necessary to be incurred in the interest of the justice for business and end consumers. The Licensee has the right to avail statutory legal remedies to protect and safeguard the business which is part and parcel of the right to do business under Article 19(1)(g) of the Constitution as also the financial benefits and legal costs accruing to the licensee. It is humbly prayed before the Hon'ble Commission to approve the Legal & Professional charges on a separate basis as projected by the Petitioner.

**3.11.11** In the amended Tariff Regulations, Insurance Premium has been included in the A&G expenses

**3.11.12** It is further submitted that although the Hon'ble Commission has approved the norms for O&M expenses in the Tariff Amendment Regulations, 2023 based on approved figures of last five years, however the actual O&M expenses for the Petitioner has been higher in the past periods. The high actual O&M expenses are arising due to the large area of operation, network management issues, competitive market scenario, use better technology, huge maintenance cost of Legacy software system, ageing of network, etc. The requirement of electricity in the area at low voltage level is increasing with rapid growth of consumers in L&MV sector'. Hence, it is required to constantly augment and strengthening its distribution network to provide 24x7 power supply and to ensure quality supply of electricity as per the requirements of the West Bengal Electricity Regulatory Commission (*Standards of Performance of Licensees Relating to Consumer Services*) Regulations, 2010 In addition, implementation of Information Technology and automation scheme requires recurring O&M support including hardware/software AMC, communication cost etc. In the earlier tariff order for 2014-15 to 2016-17, the Hon'ble Commission had considered the approved expenses of 11-12 & 12-13 as base for application of escalation. Since, the base was not reflective of actual expenses and had been challenged by the Petitioner vide Appeal no 70 of 2014, therefore, the approved O&M expenses for FY2014-15 to 2016-17 was also not reflective of actual expenses pending finality in the matter. The matter was remanded back to the Hon'ble Commission in favour of the Petitioner for redetermination of few O&M expense items and other aspects. Accordingly, the



Hon'ble Commission vide order dated 22.07.2022 in Case No. OA-392/21-22 re-determined the said costs for FY2011-12 after prudence checking of the actual expenses incurred in FY2011-12.

In this regard, the Petitioner wishes to further submit that the expenditure arrived at based on these norms is grossly insufficient and the past actual spent is higher as can be seen in the table below:

Year	O&M expenses (approved in tariff order)	O&M expense (incurred)	O&M expenses (approved in APR order)
2008-09	624.62	908.27	616.52
2009-10	671.47	939.00	659.15
2010-11	705.03	872.38	687.57
2011-12	517.75	1426.30	515.86
2012-13	545.39	1653.24	545.39
2013-14	578.99	1636.75	578.99
2014-15	611.00	1549.48	724.43
2015-16	657.00	1445.89	
2016-17	706.00	1708.51	
2017-18	904.32	2320.81	
2018-19	1069.35	2431.56	
2019-20	1270.08	2278.01	

Further, considering the last approved O&M expenses (in terms of Rs/unit), the Petitioner is way below the benchmark of other parallel licensee operating in the same area of supply. A comparative table is indicated below, which gives a fair idea of the same:

**Table 23: Trend of Approved O&M expense (Rs/unit) in Tariff orders**

O&M per unit Sales (Rs/kWh)	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
IPCL (Allowed in ARR)	0.07	0.08	0.09	0.13	0.13	0.15
WBSEDCL (Allowed in ARR)	0.16	0.16	0.20	0.19	0.21	0.21

\* includes cost of outsourcing

Hence, after consideration of the abovementioned facts, the Petitioner requests the Hon'ble Commission to allow the deviations in the Regulations undertaken by the Petitioner.

**3.11.13 Employee Cost for Distribution:** The Petitioner would like to submit that in view of the variation in inflation indices each year, the Petitioner has considered the Hybrid Inflation index, i.e. 60% - WPI & 40% - CPI of FY21-22 resulting an increase of 9.83% for the MYT period. Further, the workers' wage in recent times has seen significant revision by labour ministry and with the GOI



initiatives to improve future labour laws, the employee cost is set to change from historical trends. One of the reference in this case is the Central Pay Commission revision of Salary and Wages from 6<sup>th</sup> Pay Commission and 7<sup>th</sup> Pay Commission. Thus, the petitioner being a private licensee is keen to focus on increasing employee engagements/ benefits to remain in the competition to serve better its consumers in future. The Petitioner has not considered any amount related to wage settlement if any during this control period and shall seek liberty to submit such details if any during the APR stage subject to prudence check as required by Hon'ble Commission.

**3.11.14** Based on the reason discussed above, the petitioner has considered an increase in employee cost at inflation rate of 9.83% of FY 2021-22.

**3.11.15** Employee Costs have been projected on the following basis:

- The total amount of employees' cost excluding Director's fee and commission projected by Salaries & Wages have been projected to increase in accordance with sales increase on a year to year basis to offset normal increments and increase in Dearness Allowance. The number of employees in the respective year has also been taken into consideration.
- Bonus/Ex gratia and Welfare Expenses are projected to increase by sales increase rate per annum on the expenditure incurred on these heads.
- Contribution to Funds comprise of (i) Contribution to Provident Fund, (ii) Contribution to Superannuation Funds and, (iii) Leave Encashment Facility
- Besides Contribution to Provident Fund, the Petitioner has two superannuation funds for its employees, one of which covers the employees who were members of the Yule Agency Superannuation Fund and a new contributory Superannuation Fund floated for the other managerial and supervisory staff of the Petitioner. Both the superannuation funds are maintained with the Life Insurance Corporation of India and are recognised Funds under the Income Tax Act, 1961. The projection of contribution to Funds is also considered in accordance with the sales projection on a year to year basis.
- Employee Cost is sensitive to Consumer's Price Index (CPI) as explained in para 3.11.9 & 3.11.10 above.

**3.11.16 Treatment of expenses for Contract Employee**



It is humbly submitted that Regulation 5.9.1 of WBERC Tariff Regulations in respect of Employee Cost specifies as follows:

*“5.9.1 Employees cost shall also include the share of expenses on account of salaries and wages and staff welfare including Director's remuneration, fees, expenses and other facilities and salaries and wages of corporate office / registered office and shall be shown separately. Employees Cost of own and contracted manpower in regular establishment shall be shown separately.”*

From the above mentioned regulation, it can be inferred that employee cost consists of expenses for own employee as well as for employee under contract in regular establishment, which the Petitioner has been praying before the Hon'ble Commission over the past years.

The Hon'ble Commission, in the APR 14-15 order of IPCL has admitted the contracted manpower engaged in the regular establishment under the employee cost. However, for the generating function, the overall manpower engaged required to be limited within the Man/MW norms specified in schedule – 9A of the Tariff regulation. The contractual employee cost has been indicated in the **Form 1.17h** alongwith the own employee cost as per the applicable regulations.

**3.11.17** Contribution to Funds comprise exclusively of employee's contribution to Provident Fund. In keeping with past trend, such contribution has been projected as per applicable percentage of the Salaries & Wages of the respective years. Terminal Benefits paid to employees of the generating station have been considered along with those paid to employees of the Petitioner in other locations in a consolidated manner in **Form 1.17h** of the Tariff Petition.

**3.11.18** The employee expenses claimed for the 8<sup>th</sup> MYT Control Period is as under:

	FY 2023-24	FY 2024-25	FY 2025-26
Employee Expenses	5667.44	6224.77	6836.92

**3.11.19 Capital Expenditure:** The capital expenditure proposed during the Control period has been proposed in detail in **Chapter 4** of the Petition and is detailed in subsequent sections. The petitioner has proposed an amount of Rs. 5000 lakhs in

FY 2023-24, Rs. 28000 lakhs in FY 2024-15 and Rs. 6000 Lakhs in FY 2025-26. It is humbly submitted that the actual incidence of capital expenditure is uncontrollable in nature and in the past the capex projected by the Petitioner has been impacted by the COVID related scenario and other factors beyond the control of the Petitioner. It is pertinent to mention here that the capex projected in this control period is required to meet the future Load growth with focus on LT & HT consumer base expansion and improving Reliability, Safety and Quality of Power Supply. A significant capex is also required for creating inter-connection with ISTS system. In view of the above, it is humbly prayed before the Hon'ble Commission to consider the proposed capex for the purpose of tariff determination in this control period.

**3.11.20 Depreciation:** The Petitioner has computed depreciation based on Regulation 5.6.2 specified in the 4<sup>th</sup> Amendments to the Tariff Regulations. The revised depreciation rates have been applied on individual assets and assets which have depreciated beyond 70% have been spread over the balance useful life of the assets. The details of projected depreciation charges are provided in the revised **Form B** which is calculated on the basis of base asset value and estimated capitalisation with respect to the expansion plan envisaged for the control period and applicable depreciation rates. The Depreciation claimed for the 8<sup>th</sup> MYT Control Period is as under:

	FY 2023-24	FY 2024-25	FY 2025-26
Depreciation	2,363.96	3,197.42	3,949.70

**3.11.21 Interest on Capital Expenditure Loans:** The Hon'ble Commission in the 4<sup>th</sup> amendments to the Tariff Regulation 5.6.4.2 has revised the methodology for the computation of Interest on Capital Expenditure Loans. The actual loan and/or normative loan, if any allowed in terms regulation 5.4 of the Regulations, for the assets put to use shall be considered as gross normative loan for calculation of interest on loan. While the repayment during each year of the control period shall be deemed to be equal to the depreciation allowed for that year.

Based on the above and in accordance with Form Form 1.20 (b), Interest on Capital Expenditure Loans is estimated at Rs. 2216 Lakhs in FY 2023-24, Rs.3391 Lakhs in FY 2024-25 and is expected to increase to Rs. 4575.26 Lakhs in FY 2025-26 which is estimated based on the envisaged capital projects/capex projections, for which the loans were taken, being commissioned and interest on such capital loans

becoming chargeable to revenue account. The repayment has been considered equal to the depreciation computed in **Form-B** of the Petition. The Interest on has been shown in revised Form 1.20 (b) for the respective years computed on the basis of the weighted average interest rate on capital loans outstanding during the year and after considering repayment of such debt in accordance with the repayment terms of the actual loans availed.

SL No	Particulars	Unit	Base Year	Control Period		
			2022-23	2023-24	2024-25	2025-26
			Estimated	Projected	Projected	Projected
1	Approved GFA at the beginning of the year (excluding Fixed Asset out of grant ,deposit work ,contributions)	A	47529.47	49468.65	54468.66	82468.66
2	Admissible Equity Base at the beginning of the year{form 1.20 (a)}	B	14368.72	14950.47	16450.48	24850.48
3	Opening Gross Normative Loan	C=A-B	33160.75	34518.18	38018.18	57618.18
4	Cumulative depreciation and AAD,if any upto previous year	Derivative	1881.32	19082.11	21244.51	23873.30
5	Open balance of Net Normative Loan	E=C-D	31279.43	15436.07	16773.67	33744.88
6	Net additional to the original cost of fixed assets during the year (vide submission in form 1.18)other than asset created under regulation 5.15.1 (iv) as per SI 7 of form 1.20 (a)	F	1,939.18	5,000.01	28,000.00	6,000.00
7	a) Actual additional equity during the year as per SI 9 of form 1.20(a)	G	581.75	1500.00	8400.00	1800.00
	b) Add. 70% of total Sale proceeds invested in creating Asset under	H	0	0	0	0



	regulation 5.15.1 (iv)					
8	Addition to Equity base considered for the year lower of (3) and (8)	I=F-G+H	1357.43	3500.00	19600.00	4200.00
9	Depreciation during the yaer	J	1881.32	2798.86	3631.99	4384.05
10	Closing balance of Net Normative Loan	K=E+I-J	30755.53	16137.21	32741.68	33560.83
11	Average balance of Net Normative Loan	L=(E+K)/2	31,017.48	15,786.64	24,757.68	33,652.86
12	Weighted average rate of interest of actual loan	Min %	11.24%	14.04%	13.70%	13.60%
13	<b>Allowable interest on Capital Loan</b>	N=LXM	3,487.53	2,216.88	3,391.19	4,575.26

**3.11.22** The summary of Fixed Asset Register in the specified format as required under the Tariff (4<sup>th</sup> Amendment) Regulations, 2023 has been submitted as part of Annexure-10 with this petition. It is humbly submitted that the audited summary will be submitted at the time of APR stage.

**3.11.23** The details of Other Finance Charges are provided in Form 1.17 (c) and includes bank charges paid to banks for banking transactions like transfer of funds, charges for funding of working capital, etc. which is escalated by 5% p.a. for the control period and the front end fees/processing charges which is linked to normative debt at 0.25% on new loans for capital projects. The Finance Charges have been claimed in the Petition on account of Bank charges as per the details provided in Form 1.17 (c).

**3.11.24 Interest on Working Capital:** Working Capital Requirement is computed in accordance with the Regulation 5.6.5.3 of WBERC (Terms and Conditions of Tariff)(4<sup>th</sup> Amendment) Regulations, 2023 which specifies as under:.

- (i) O&M expenses and employee cost for one month;
- (ii) Maintenance spares @ 15% of the O&M expense
- (iii) Receivables equivalent to 45 days of expected revenue from consumers at the prevailing tariff rates;

The rate of interest to be considered on Working Capital is specified under



Regulation 5.6.5.(c) of WBERC (Terms and Conditions of Tariff)(4<sup>th</sup> Amendment) Regulations, 2023 which shall be SBI MCLR rate MCLR rate as prevalent on the 1<sup>st</sup> of April of the financial year in which the Petition is filed plus 2.5% . As on 01.04.2023 the SBI MCLR is 8.30%. Hence, for the next control Period, the rate of interest on working capital has been considered as 8.30%+2.50%, i.e. 10.80%. The Interest on Working claimed for the 8<sup>th</sup> MYT Control period which is also depicted in Form 1.17(b) of the Tariff Petition is shown as under:

Amount in Rs. Lakhs	FY 2023-24	FY 2024-25	FY 2025-26
Interest on Working Capital	608.87	632.95	845.61

### 3.12 Return on Equity

3.12.1 The projection of equity is in line with the normative allocation of 70:30 as specified in the Tariff Regulations.

The Regulation 5.6.1.2 of the Tariff Regulations specifies as under:

*“Return on equity for a distribution licensee for its distribution assets put in commercial operation on and from 01.04.2024 shall be computed on the equity capital determined in accordance with these regulations at an applicable rate of **15.50%**. Return on equity for distribution assets prior to 01.04.2024 shall continue at 16.50%: Such return on equity shall be calculated on the post- tax basis((without any penalty and interest levied for delayed payment of income tax) and actual income tax liability related to the core business only will be allowed separately on actual payment basis subject to final assessment duly certified by the statutory /tax auditor:*

*Provided that above normative rate of return is a ceiling rate and in case the Licensee claims Return on Equity at a rate lower than the normative rate specified above for any particular year, then such claim for lower Return on Equity shall be unconditional:”*



The position of normative equity is specified in Form 1.20 (a). As per the the 4<sup>th</sup> Amendments to the Tariff Regulations, the base equity is allocated to the Generation and Distribution function and accordingly RoE of 15.5% and 16.5% (an additional 1% return on equity has been claimed on distribution assets) has been claimed respectively for FY 2023-24 and the RoE has been reduced to 14% and 15.50 % for generation and distribution assets which is projected to be capitalized with effect from 01.04.2024.

**Table 24: Normative RoE(Rs. Lakhs) for the Control Period**

	2022-23	2023-24	2024-25	2025-26
<b>Return on Equity (ROE)</b>	2390.72	2562.47	3337.22	4127.72

**3.12.2** It is humbly submitted that the issue of reimbursement of J K Nagar transmission asset cost was addressed by the Hon'ble Commission vide its order dated 23.12.2020 in Case No. OA-57/09-10, However, the issue of carrying cost and the disallowance in transmission asset cost is under appeal before the APTEL. It is humbly prayed before the Hon'ble Commission that in the event that the above pending matter is decided before the issuance of Tariff for the FY 2023-24 to 2025-26, the Hon'ble Commission is requested to consider/implement the outcome of the same in the tariff order. In the event of APTEL judgment being declared after the issuance of the tariff order, it is submitted that the impact of the same be allowed forthwith along with carrying cost.

**3.12.3** Since a large number of small projects that the Petitioner undertakes cannot be financed through loan due to lack of financier interest, the actual loan availed is usually lower than the permissible norm of 70% of the capital expenditure. It has been the Petitioner's experience that many commercial banks are reluctant to provide term loans with repayment periods exceeding five years at reasonable interest rates. In view of the same, it is getting difficult to finance all capital projects on a debt equity ratio of 70:30, hence relaxation on this aspect is required from the Hon'ble Commission for computation of ROE by considering actual equity. Since, the debt component and the additions have been computed on normative basis, the annual repayment of debt has also been considered on normative basis equivalent to the depreciation claimed by the Petitioner during year.

**3.12.4 Income Tax:** In terms of the Regulation 5.13 of the Tariff Regulations, the taxes





payable on income from the core business of the Petitioner and other taxes under the provisions of Income Tax Act are recoverable as pass through to the consumers. Accordingly, for the purpose of tariff determination for the 8th Control Period, the Petitioner has projected the income tax as follows:

	FY23-24	FY24-25	FY25-26
ROE (Rs Lakhs)	<b>2562.47</b>	<b>3337.22</b>	<b>4127.72</b>
Tax Rate (%)	22%	22%	22%
Surcharge (%)	10%	10%	10%
Higher Education Cess(%)	4%	4%	4%
Average Tax Rate(%)	25.17%	25.17%	25.17%
<b>Tax on Income (Rs Lakhs)</b>	<b>644.97</b>	<b>839.98</b>	<b>1038.95</b>

**3.12.5 Interest on Consumer Security Deposit:** Since, the majority of the Petitioner's consumers are Commercial and Industrial entities, the amount of cash security deposit presently is comparatively less. However, considering the LT Expansion and expected number of increase in Sales to LT consumers in the future, the interest on consumer deposits is proposed to be increase since it is linked with the increase in sales. The Interest on Consumer security deposit is indicated in Form-E(b) of the Petition.

**3.12.6** Bad debts wherever applicable have been calculated in line with the clause 5.10.1 of the Tariff Regulations 2011, which is estimated around 0.50% of the annual gross sale value of power.

**3.12.7** Rates and Taxes are projected to increase at the rate of inflation of 9.83% for each year on the year FY2021-22. The petitioner has projected these in From 1.17 of this Petition. It may kindly be noted that the above O&M expenses does not take into account the uncontrollable expenses such as the, change in law, change in levies/ duties/ taxes and charges, etc. Therefore, the Petitioner humbly requests the Hon'ble Commission to treat these components as uncontrollable expenses and any such expenses are to be allowed over and above the normal allowable components. The rates and taxes projected by the Petitioner is as under:

Amount in Rs. Lakhs	FY 2020-21	FY 2021-22	FY 2022-23
Rates & Taxes	65.62	72.18	79.40

**3.12.8** The license and filing fees is calculated in line with the WBERC Fees Regulations, 2013 and form 1.17(e) of the 4<sup>th</sup> amendment to the Tariff Regulations, which includes the fees for review petition, MYT / APR filing fees, License fees and other miscellaneous petitions.

**3.12.9** The Petitioner humbly submits that it has stepped up its marketing efforts to increase its share of market and in line with the same; a provisional estimate of Rs. 50 Lakhs has been planned to target consumers for its LT expansion programme for the each ensuing years. These expenses would mainly consist of local travelling, consumer meetings, seminars, expenses on brochures, advertisement etc. for attracting new consumers. Future projection of these expenses has been done in the ratio of the growth in sales estimated, other incidental costs and necessary inflation explained in earlier paragraphs. However, in view of multiple licensees operating in the license area of the Petitioner, the consumer has a choice of preferred supplier in the common area of supply and therefore, it takes a lot of marketing efforts and engagement with existing & potential consumers to retain, attract and convince the consumers for taking supply for the Petitioner. This may require additional marketing budget at times. It is humbly prayed before the Hon'ble Commission to allow any additional expense on this account during truing up.

**3.12.10** The estimated Distribution Expenses for FY 2022-23 and projected expenses for control period FY 2023-24 to FY 2025-26 on a consolidated basis for both Dishergarh and Seebpore distribution areas, for which the same basis of estimation has been followed and is summarised below. The Form 1.15 has been revised in the 4<sup>th</sup> Amendment Regulations which has also been prepared and submitted as per the Tariff Formats.

**Table 25: Summarised Distribution Cost (Rs. Lakhs) for the Control period**

Sr. No.	Particulars	Base Year	Control Period (Ensuing Year)		
		FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26
		Estimated	Projected	Estimated	Projected
	<b>Employee Costs{ Form 1.17 (h)&amp; (i)}</b>				
(i)	Own Employees	2,178.37	2,392.59	2,627.88	2,885.89
(ii)	Contractual Employees in regular establishment	93.50	102.70	112.80	123.89
	<b>Operation &amp; Maintenance – Expenses</b>				
(i)	Repairs & Maintenance (excluding consumables)	1257.29	1,409.37	1,804.85	2,226.88
(ii)	Administrative & General expenses	2,318.22	2,595.92	2,845.98	3,120.60

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(iii)	OPEX related expense				
	Statutory Charges(Licensee fees, filing fees, municipal tax ,etc )	81.97	87.94	94.50	101.72
	Depreciation {Form B}	1,563.34	2,363.96	3,197.42	3,949.70
	Intangible Asset written off				
	Expenses due to Penalty, Fines etc.				
	Interest on Capital loan {from 1.20 (b)}	3,487.53	2,216.88	3,391.19	4,575.26
	Interest on working Capital loan {from 1.17(b)}	436.42	608.87	632.95	845.61
	Income Tax		535.29	730.30	929.27
	Other Finance Charge {Form 1.17 (c)}	140.28	147.29	154.66	162.39
	Foreign Exchange rate variation on loan repayments {Form 1.17(d)}				
	Others (specify)				
	<b>Overall (1.15)</b>	<b>10,709</b>	<b>12,461</b>	<b>15,592</b>	<b>18,921</b>

### 3.13 Centrally Maintained Expenses

**3.13.1** The Centrally Maintained Expenses are primarily joint cost in nature which are indivisible and has been incurred as a common cost at the corporate office level or central office expenses level. Therefore, the cost allocation and apportionment procedures may not be appropriate and so these types of cost are identified separately as centrally maintained costs. The estimated Centrally Maintained Expenses as detailed in Form 1.17 .

**3.13.2** It is humbly submitted that the cost of outsourcing as indicated in Form 1.17k are considered under the following heads in Form 1.12, 1.15 & 1.17 in the following manner.

Form 1.12 – All cost of outsourcing expense (Security Service, Operational Service and Others including office peons, electricians, sweeper, cook, etc.) are related to Manpower cost associated with all the day to day operations and perennial jobs. Thus this cost has been shown under employees on contract in regular establishment in Form 1.12 & 1.17h.

Form 1.15 – The cost of outsourcing expense related to Security Service and Others including office peons, electricians, sweeper, cook, etc. are associated with all the day to day operations and perennial jobs. Thus, this cost has been shown under employees on contract in regular establishment in Form 1.15 & 1.17h. Other outsourcing activities under A&G, R&M and Operational Services are shown under cost of outsourcing in Form 1.15.



Form 1.17 – The cost of outsourcing expense related to all A&G segment including Security Service are covered under General Establishment Charges and Security charge. Others including office peons, electricians, sweeper, cook, etc. are associated with all the day to day operations and perennial jobs. Thus, this cost has been shown under employees on contract in regular establishment in Form 1.17h.

### 3.14 Capital Expenditure and Capitalization

**3.14.1** The Petitioner has proposed a detailed scheme in Chapter 4 for its Capital Investment Proposals for the period FY 2023-24 to 2025-26 in the backdrop of the Perspective Plan being submitted herewith by the Petitioner. The workings of proposed capital expenditure and its phasing is also reflected in the form 1.19(a). Original Cost of Fixed Assets as per Form 1.18 contains adjustments based on contribution from consumers in this regard.

**3.14.2** The summary of the CAPEX/Capitalisation during the year, Debt and Equity for the control period are specified in the following table:

**Table 26: CAPEX and Capitalisation (Rs. Lakhs) for the control period**

Particulars	Base Year	Control Period (Ensuing Year)		
	2022-23	2023-24	2024-25	2025-26
	Estimated	Projected	Projected	Projected
Capex / Capitalisation (Lakhs)	1835	5000	28000	6000
Normative Debt - 70%	1284.5	3500	19600	4200
Normative Equity - 30%	550.5	1500	8400	1800

### 3.15 Special Allocation – Reserve for unforeseen contingencies

**3.15.1** The calculations of allocation to Reserve for Unforeseen Contingencies have been done on the basis of 0.25% of the opening balance of Gross Cost of Fixed Assets. The cumulative value of such appropriations to the Contingencies Reserve and Reserve for Unforeseen Contingencies does not exceed 5% of the Gross Fixed Assets. However, since FY14-15, the said special allocation has not been considered in the determination of ARR for respective years by the Hon'ble Commission in the MYT order for fourth control period in order to have lesser impact on tariff increase and hence for this MYT as well, we have not considered the same. However, the figures for the same is indicated in form 1.12 of this petition as required.



### 3.16 Other Income

**3.16.1** Projecting a substantial growth in the number of consumers in LT segment, the Petitioner has projected a commensurate increase in income from meter rentals, detail of which is available in Form 2.8.

**3.16.2** There is no specific trend for Income from Surcharge for Late Payment; however there is estimated increase in consumer base and revenue in 7<sup>th</sup> control period.

**3.16.3** Thus, the Petitioner's Other General Receipts from other ancillary business does not have a linear trend over the years, however, for projection purpose, no growth has been considered.

**Table 27: Details of Other Income (Rs. Lakhs)**

Particulars	Base Year	Control Period (Ensuing Year)		
	2022-23	2023-24	2024-25	2025-26
	Estimated	Projected	Projected	Projected
Rental of meters and other apparatus hired out	30.34	30.34	30.34	30.34
Income from Investments and Bank Balances	854.86	854.86	854.86	854.86
Surcharge for Late Payments	98.42	98.42	98.42	98.42
Income from jobs at consumer's premises				
Other General receipts arising from and ancillary or incidental to the business of electricity	30.86	30.86	30.86	30.86
Less: Loss on Fixed Assets sold / Obsolete Assets written off				
<b>Net other Income</b>	<b>1,014.48</b>	<b>1,014.48</b>	<b>1,014.48</b>	<b>1,014.48</b>

### 3.17 Summaries of Annual Revenue Requirement

The increases in Variable Costs in the subsequent years are attributable to the assumption explained in earlier chapters considering the past trend, in line with the requirement of the Tariff Regulations. The Summarised Revenue Requirement for FY 2022-23 and for the Control Period from FY 2023-24 to FY2025-26 as indicated in Form E(B) is shown as under:



Table 28: Annual Revenue Requirement (Rs. Lakhs)

Form - E (B) : Summarised Revenue Requirement - PART B				
	Particulars	FY 23-24	FY 24-25	FY 25-26
1	Fuel Cost of own generating station	4036.81	4102.49	4378.38
2	Power Purchase Cost	53262.62	48525.87	57389.83
3	Transmission charge	2589.61	2589.61	2589.61
4	O&M for generation	233.76	242.64	251.88
5	Employee Cost	5667.02	6224.09	6835.92
6	Repairs & Maintenance incl. Consumables	1,409.37	1,804.85	2,226.88
7	Administrative & General Expenses	2,595.92	2,845.98	3,120.60
8	Water Charges{Form1.17(a)}	70.81	70.81	70.81
9	Statutory Charges{Form1.17(e)}	87.94	94.50	101.72
10	Finance Cost			
	a)Interest on Capital loan {from 1.20 (b)}	2216.88	3391.19	4575.26
	b)Interest on working Capital loan {from 1.17(b)}	731.46	758.61	982.57
	c) Other Financing Charges {Form1.17 (d)}	147.29	154.66	162.39
11	Depreciation	2798.86	3631.99	4384.05
12	Bad Debt (see regulation 5.10.1)	393.11	390.90	459.61
13	Income Tax	644.97	839.98	1038.95
14	Reserve for unforeseen exigencies	196.03	208.53	278.53
15	Interest on Consumer Security Deposit	307.64	307.64	307.64
16	Total Expenditure (sum of 1:17)	<b>77319.21</b>	<b>76111.88</b>	<b>89073.71</b>
17	Normative Return {from 1.20 (a)}	2562.47	3337.22	4127.72
18	Permitted Incentives {Form 1.23}			
19	Gross Revenue Required (14+15+16)	<b>79881.68</b>	<b>79449.09</b>	<b>93201.42</b>
20	Income other than sale of energy {Form`1.26}	1,014.48	1,014.48	1,014.48
21	Aggregate Revenue Required (19-20)	<b>78,867</b>	<b>78,435</b>	<b>92,187</b>
22	Release of Regulatory Asset,if any			
23	Subsidy received/receivable, if any			
24	Revenue recoverable from charges 21+22-23)	<b>78,867</b>	<b>78,435</b>	<b>92,187</b>
25	Expected Revenue from sale of Energy (Actual estimate )	<b>78,867</b>	<b>78,435</b>	<b>92,187</b>
	<b>Average cost of Supply (Paise/Unit)</b>	<b>726.17</b>	<b>621.00</b>	<b>681.86</b>

## 4. DETAILS OF THE CAPEX SCHEMES

### 4.1.1 Capital Expenditure Plan

The Petitioner has prepared the Capital Expenditure Plan for the ensuing three years considering amongst the others, system strengthening of its existing distribution areas. The Petitioner would seek specific investment approval for certain schemes under the provision of Regulation 2.8.2.3 of the West Bengal Electricity Regulatory Commission (Terms and Conditions of Tariff) (Amendment) Regulations, 2013, however, the broad schemes which is presently contemplated to be needed are outlined in this chapter. The main purpose of the Capital expenditure of the Petitioner for the next three years is to meet the following two key aspects:

- A. Future Load growth with focus on LT & HT consumer base expansion**
- B. Improving Reliability, Safety and Quality of Power Supply**

#### A. Future Load growth with focus on LT consumer base expansion (HT & LT)

- a) **Scheme : Installation of New 132/33KV and 33/11KV sub-stations along with Network augmentation and new line addition in different area zone**

##### **Need of the Project:**

The Licensee envisages an increase in demand and consumer base in the near future. The existing distribution system would require addition of new substations in order to increase the redundancy and reliability. Uninterrupted power supply is one of the value proposition to retain the existing consumers and attract the potential consumers. Therefore, the Licensee proposes construction of new 132/33KV and 33/11KV substations in different area zone. Further Licensee proposes to add new distribution line of different voltage class – 132/33 & 33/11 kV in different area zone to cater new consumers.

##### **Benefit envisaged:**

- This will help Licensee to approach more consumers and cater to them in an effective way.
- Also, new sub-stations will increase the redundancy and reliability in the distribution system for uninterrupted power supply to consumers.

- Additional transformation capacity to serve all LT & HT consumers

**\* Details of Special Project for future Load growth**

The Petitioner humbly submits that it has planned to construct two different 220/132/33 kV sub-stations to cater the future load growth of its license area .

The Petitioner has entered into a long term PPA with SECI to procure 100 MW RTC RE power. The Petitioner already offtakes 100 MW Wind Solar Hybrid RE through J K Nagar 220 KV substation, therefore, the balance capacity of J K Nagar 220/132/33 KV substation is inadequate for evacuation of the other 100 MW RTC RE. Therefore, the planned 220/132/33KV substation and associated infrastructure will also be required to receive the power of 100 MW RE RTC through SECI.

Considering the urgency from consumers & in view of the above requirement, new sub-station with network development has been planned with a total capex involvement of around Rs 28000 Lakhs. This will also support the Petitioner's plan for LT Network expansion & LT consumer growth plan.

The Petitioner has already received approval for transmission connectivity with Central Transmission Utility (CTU) vide CERC Order dated 29.01.2018 in Case no. 168/MP/2017 and Power Grid Corporation of India Ltd (PGCIL) has agreed vide letter dated 16.02.2018 to grant connectivity between PGCIL 400 KV substation at Rupnarayanpur (Maithon) to 220 KV substation of the Petitioner at Debipur. This will give the Petitioner accessibility to national power market to bring power at economical rates to the said area in the interest of its consumers.

As per audited accounts of the Petitioner, the total gross fixed assets of the license business as on 31st March 2022 was Rs. 76570 Lakhs. Therefore, 5% of gross fixed assets is Rs. 3825 Lakhs. Since, the present investment proposal is to the tune of Rs. 25000 Lacs, which is higher than 5% of gross fixed assets of the licensed business, the Petitioner shall submit a petition for 'in-principle clearance' from the Hon'ble Commission before undertaking the aforesaid investment under the provisions of Regulation 2.8.2.3 of the West Bengal Electricity Regulatory Commission (Terms and Conditions of Tariff) (Amendment) Regulations,2013. The Capex proposal to carry out 220/132/33/11/0.4KV infrastructure developments at Kalyaneswari and adjoining areas, submitted under affidavit vide letter no. RA/II/002/19-20/2000 dated 18.02.2020 is already under active consideration of the Hon'ble Commission.





**Substation & Network Line Addition/ Augmentation Works:**

Further to support the load augmentation and addition of new load from Industries & Railway, the Petitioner proposes to invest Rs. 7000 lakhs capital expense in the ensuing years from FY 2023-24 to FY 2025-26 in terms of new 33kV sub-station, network line addition/ augmentation works of existing network. . These capital expenses are mainly on HT line addition and 33kV & 11kV sub-stations which will further support the Petitioner’s planned LT capital expense explained in subsequent paragraphs.

**b) Scheme: Network expansion for expediting LT Consumer Addition**

**Need of the Project:**

The petitioner plans to add about 20000 – 22000 numbers of new LT consumers during the MYT control period. In order to cater to the planned new LT consumers excluding consumers of existing area where IPCL backbone HT/LT network already exist , the Petitioner plans to undertake new capex of around Rs 6000 Lakhs to expand its LT network at identified pockets within different zone with high density of potential consumers to cover maximum area.

**Benefits envisaged:**

- It will help in connecting to potential LT consumers in said area.
- The consumers will have the option to choose a preferred supplier between the competing parallel licensees.

**Cost Estimation and projected consumer addition:**

The planned area Capex has been explained in detail in the comprehensive LT Plan submitted before the Hon’ble Commission in December 2020. Out of total Rs. 6672 Lakhs capex projected to be incurred on LT expansion plan within 5 year period, Rs 6000 Lakhs shall be incurred during 3 years of this control period.

**Emphasis on LT development:**

LT network development & LT consumer addition is the need of the hour. The HT segment has strong competition in view of competitive tariff being offered by the other parallel licensee, therefore, LT network development & LT consumer addition is a basic survival requirement for the Petitioner.



In its respectful submission, in view of severe ROW issues in certain areas , the Hon'ble Commission may kindly recommend the implementation of concept of network sharing / wheeling facility on existing networks in an area for the time being in providing faster connectivity and supply to the consumers of the Petitioner. This would help in providing connection to consumers to the Petitioner expeditiously across the parallel license area including the customers willing to migrate from other License.

In view of the above the Petitioner humbly seeks guidance, approval of its investment proposal and regulatory support from the Hon'ble Commission in its endeavour to supply to all consumers in its licensed area.

**B. Capex Initiatives to Improve System Reliability**

**a) Scheme: Network line addition & augmentation work including inter sub-station connectivity for better power flow & network enhancement.**

**Need for the Project:**

New network line of different voltage class is required to cater to increasing consumer base including LT consumers.

**Benefit envisaged:**

Inter Sub-station connectivity will enable better power flow & network enhancement.

**b) Scheme: Installation of Auto Recloser with sectionalizers**

**Need for the Project:**

To reduce the power system downtime for more efficient way of power supply, the Licensee proposes to install Auto Recloser with sectionalizers, a combination of circuit Breakers with programmable software logics and use widely in overhead distribution networks where transient tripping is a normal phenomenon most suitable in area where the Petitioner operates where most of the overhead lines developed for coal mines passing through forest or green area. Previously, in case of Network breakdown and maintenance of feeders, the entire feeder was shutdown till the faulty section was identified and restored. Consequently, due to non-availability of proper roads and forest areas, the restoration time was very high.

**Benefits envisaged:**

With the use of auto recloser along with sectionizers, its software logics detects the transient section and trip the Circuit Breaker first and then reclose automatically



after the passes of transient fault. The network down time would reduce leading to optimum availability of networks.

**c) Scheme: Installation of 4 Nos. of 4 ways 11 kV RMU installation with two sources at Raniganj and Asansol**

**Need for the Project:**

In order to provide uninterrupted power supply to its Domestic & Commercial consumers, the Licensee proposes to install 4 Nos. of 4 ways 11 kV RMU installations with two sources at Asansol and Raniganj area. The RMU (Ring Main Units) is a sealed unit with vacuum or SF6 gas. It consists of load break isolators and circuit breakers and can be used at outdoor location with the advantage of low maintenance cost. It protects the secondary distribution system from the transient either from source or load. Initially it is proposed to use manually operated RMU for safety and system reliability purpose, which further can be upgraded to remote operation with the development of automation. Since now company is focusing on potential Domestic and commercial LT consumers in Asansol and Raniganj city area .

**Benefits envisaged:**

The load growth in Asansol and Raniganj area is planned to be achieved with the development of Underground cable network with the ring feeders. The RMU is the only safe reliable and cost effective equipment at medium voltage level for terminating the electrical supply in open area.

**d) Scheme: Installation of 20 Nos. of 11 kV manual load break switches at various branch points in 11 kV feeders and 10 nos. of 33 kv Manual load break switches**

**Need for the Project:**

To reduce individual consumer complaints resolving time & have a preventive maintenance system, it is proposed to use 20 Nos. of 11 kV manual load break switches at various branch points in 11 kV industrial/commercial feeders, which act as a sectionalizer of branches. Preventive maintenances for branches are possible without affecting all consumers supply reduces tripping while attending complaints, introducing new consumers or network augmentation. The manual load break switches are proposed in both 33 & 11 kV overhead networks. The major advantages of Load break switch over isolator is, that they can operate on full load also i.e. in case of individual consumer complaints, there is no need to take shutdown from S/stn and thereby preventing other valuable consumers from interruptions, which enhances the credibility among consumer. It is proposed to be used in all branches

of all 33 kV & 11 KV industrial feeders. Further, Introduction of LBS in overhead Network reduces downtime, improve consumer satisfaction, and improve SAIDI also. Similarly, 10 Nos. of 33 kV Manual load break switches worth Rs 25 lakhs for reasons as enumerated above is also proposed.

**Benefits envisaged:**

Introduction of Load Break Switch in overhead Network will reduce downtime, improve consumer satisfaction, and improve SAIDI also.

- e) **Scheme :** The licensee proposes to install CCTV s along with monitoring system at 220/ 33 KV S/stn, 10 nos. of 33/11 KV S/Stn for proper monitoring, reduction in instances of unauthorised entries and assets pilferage.
- f) **Scheme:** The licensee proposes to lay 5 ckt km of insulated conductor in dense green area for reducing transient tripping leading to improvement in network reliability and reduction of repetitive actions of pruning the trees. It is also proposed to lay down, Insulated conductor in place where lines are passing through residential area, dense commercial market where safety is essential or it is also used at the places where safety clearances during construction is difficult to maintain, slums area developed under the overhead lines or people developed balcony of their home near to line.
- g) **Scheme:** The licensee proposes for replacement of porcelain insulator/LAs by more reliable Polymeric synthetic insulators and LA is proposed to eliminate the damaging and puncturing problem of pin/disc insulators in network. Porcelain insulator are bulky and punctured frequently due to manufacturer defects and damaged by peoples by throwing stones whereas polymeric insulators are lighter, cheaper and have self healing properties in case of fault.
- h) **Scheme:** Introduction of fault passes Indicator (FPI)

**Need for the Project:**

In order to achieve early detection of fault area to reduce downtime, it is proposed to introduce Fault Passes Indicator (FPI) in fault prone area for easier detection of faulty section (especially in night). FPI in normal cases are connected at the various branches of a feeder in sets. FPI are battery operated devices and work whenever there is any abrupt change in current flow. Thus in case of fault, the LED of FPI glow and indicate the faulty path which help breakdown gang to detect fault in less time and when the faulty section is removed/rectified and the normal load current flow through the FPI, the LED automatically get switched off.

**Summary of Overall Proposed Capex (Capitalization) in the 8<sup>th</sup> Control Period:**

Sl. No.	Particulars	2023-24	2024-25	2025-26
1	Capex Initiatives to Cater Additional Demand and Future Load (HT & LT)		20000	5000
2	Network Line Addition/ Augmentation Works	2000	4500	500
3	LT Network development	2700	3000	300
4	Capex for Improving System Reliability	300	500	200
		<b>5000</b>	<b>28000</b>	<b>6000</b>

The Petitioner craves leave of the Hon'ble Commission to submit the details of the capex schemes, in due course of time and seek specific approval , wherever required in terms of the provisions of Regulation 2.8.2.3 of the WBERC Tariff Regulations.



## 5. OTHER SUGGESTIONS

### 5.1.1 Tariff Rationalization:

Every consumer of electricity is categorized under a unique retail tariff category, depending upon the nature of power supply, purpose of power usage etc. which determines the class of consumer or category of the consumer. The Hon'ble Commission has accordingly classified the consumers of electricity into various categories depending upon the nature of power supply i.e. (Low Tension or High Tension), purpose of power/type of usage i.e. (Domestic, Commercial, Industrial, Agricultural, etc.). The Petitioner has examined the tariff applicability and based on the feedback received during interactions with field officers and in view of competitive forces existing in the license area, it *has* proposed certain modifications in applicable tariff.

Though the consumer is free to access electricity at any time he desires, the infrastructure (physical infrastructure as well as employees, administration, etc.) of the Petitioner has to be permanently available at all times, which results in related costs being incurred irrespective of the level of consumption by individual consumers. These expenses thus comprises the fixed costs of the Petitioner.

The Petitioner submits that out of the total ARR, a sizeable part of the expenses items are fixed in nature and need to be incurred irrespective of the volume of distribution / retail business undertaken by it. A similarity can be drawn in case of generator i.e. even if power plant is shut down, the generating companies need to incur expenses for employees, minor/mandatory R&M of other assets, depreciation, obligation for loan repayment, interest on loan payments etc.

Therefore, levy of Fixed Charges and Demand Charges do not result in any unreasonable gain to the Petitioner, since it is recovering only a part of the Fixed Costs through such Charges, though recovery of fixed charges to meet fixed liabilities continue to be partly dependent on the consumption. The Petitioner humbly prays for gradual increase in the Fixed Charges to an extent so as to ensure adequate recovery of fixed charges. This may not result into any undue tariff burden on the consumers because, to maintain the full cost recovery, the tariff will either have a corresponding change on fixed charges or energy

charges. Therefore, the Petitioner has proposed an upward revision in the Fixed/Demand Charges for each category of consumers every year as covered in Annexure-3 as a step towards gradual balancing the fixed charges recovery with fixed charges obligation.

The Petitioner has proposed a revision in fixed and energy charges for various categories in order to bridge the projected revenue gap where-ever required on account of revenue at existing tariff. The tariff revision is necessary for meeting additional costs due to increase in legitimate expenses of IPCL. The revenue gap has emerged due to additional costs, which are beyond the control of Petitioner.

From an analysis carried out by the Petitioner for the FY 2019-20 , it has been observed that the percentage of fixed cost approved for the Petitioner in the tariff order of FY2019-20 with respect to the total cost is around 25% but, the Petitioner has been able to recover only 17% out of its total revenue through demand charge on actual basis. This is a clear case of under recovery of fixed charges based on approved category wise Fixed/Demand charges. Therefore, the Petitioner humbly prays before the Hon'ble Commission to allow gradual increase in the Fixed/Demand Charges suitably to an extent so as to ensure adequate recovery of fixed charges in the ensuing years. A table indicating the aforesaid analysis is presented below:

**Table 31: Analysis of under-recovery of Fixed Cost**

Particulars	Approved ARR (Rs Lakhs)	% of Total ARR	Actual Recovery (Rs Lakhs)	% of total recovery
Fixed Cost	11399	24.88%	8269	17.36%
Variable Cost	34419	75.12%	39356	82.64%
<b>Total</b>	<b>45818</b>		<b>47625</b>	

#### Introduction of New 33 KV non TOD category

The other parallel licensees in the Petitioner's area of supply have separate tariff for non-TOD category for 33 KV HT industries while there is no separate tariff for non-TOD category for 33 KV HT industries in its applicable tariff schedule. It is humbly submitted that in a competitive scenario in which the Petitioner is operating, the consumers mostly make a decision on choice of supplier based on the tariff rates of each competing licensee. Hence, it is humbly prayed before the Hon'ble Commission to consider determining a separate 33 KV non-TOD tariff as well for HT Industries.



**Introduction of Minimum Charges on consumers**

There is an urgent need for ensuring recovery of full cost of service from consumers to sustain the operations of the Company. The Hon'ble Commission is guided by the Electricity Act, 2003 and the National Tariff Policy while determining retail tariffs. The Hon'ble Commission has always laid emphasis on parameters which encourages economy, efficiency, effective performance and improved supply conditions of supply for consumers. The Petitioner humbly requests the Hon'ble Commission to apply similar principles considering the ground realities as well as to ensure the financial viability of the Petitioner. The Petitioner humbly submits that determination of Minimum charges on consumers will guarantee a certain amount of revenue for part-recovery of fixed charges. Therefore, it is humbly prayed before the Hon'ble Commission to consider determination of minimum charges on consumers in this MYT Control Period.

**Determination of Cross Subsidy Surcharge and Additional Surcharge**

It is humbly prayed before the Hon'ble Commission that the provisions of the National Tariff Policy 2016 on the issues, such as determination of cross subsidy surcharge, creation and recovery of regulatory assets, etc. may be considered and incorporated while determining the Tariffs for the control period.

In view of the parallel licensee scenario and consumers having right to exercise their choice of supplier, it is humbly prayed before the Hon'ble Commission to determine the wheeling charge and category wise Cross Subsidy Surcharge (CSS) as well as Additional Surcharge for each year of the control period applicable to open access consumers. The same has been explained by the Petitioner in subsequent para.

As per Reg 18.2.4 of the WBERC (Open Access) Regulations, 2022, Open Access Consumer shall pay cross-subsidy surcharge, as may be computed and billed by the Licensee following the methodology provided in this Regulation and parameters provided in the latest Tariff Order, in addition to charges for using the transmission and / or distribution systems.

In view of the above, the Petitioner humbly prays before the Hon'ble Commission to determine category wise CSS for the control period using the approved formula,  $S = T - ACS + R$  as specified in Reg 18.2.4(b) of the Open Access regulations, based on the following parameters:

T= Tariff payable by the relevant category of Consumers, including reflecting the Renewable Purchase Obligation, if any.



ACS = Average Cost of Supply which for the present purpose would be obtained by dividing the Aggregate Revenue Requirement with energy sale to consumer as done in the relevant tariff order, and

R = per unit cost arising due to amortization of regulatory assets including the carrying cost of the regulatory assets (R) as may be approved in the Tariff order for 8<sup>th</sup> MYT Period.

Provided that the surcharge shall not exceed 20% of the tariff applicable to the category of the consumers seeking open access;

Further, it is humbly prayed before the Hon'ble Commission to guide and enable the Petitioner in determination of Additional Surcharge, wherever required.

The Petitioner has attempted to follow the principle of average cost of supply in fixing the tariffs for its consumers. Seasonal tariff rates were introduced from 2007-08 for the majority of the consumers of the Petitioner. The seasonal tariffs introduced result in distorting the uniform cash flow of the Petitioner throughout the year, since the major portion of expenditure incurred is immune to seasonal variation.

The Petitioner humbly submits that the Hon'ble Commission may kindly consider the tariff to be rationalized and simplified in this control period.

#### **Provisions Regarding Public Charging Stations**

It is humbly submitted that the approved fixed cost must be reflective of actual cost of the Petitioner. Further, with the impetus of Governments on promotion of Electric Vehicles, the Hon'ble Commission may kindly consider issuance of regulatory provisions regarding setting up of public charging stations for Electric vehicles, separate and uniform tariff for such charging stations across the state, etc.

The Petitioner humbly submits that, given the parallel license scenario in our license area, and as per clause no 2.2.2 of the Tariff regulation 2011, - in order to provide benefits of competition to all sections of consumers through providing a similarly placed and similarly circumstanced framework to all the competing licensees, the tariff of different classes of consumers needs to be determined in such a manner that the ratio of the tariff for various categories of consumers and average tariff of each licensee in that area can be maintained in the same level as far as possible.

#### **Maximum and Minimum Ceiling of Tariff in Multiple Licensee Area**

As per the provision under Section 62 (1) (d) of the Electricity act 2003, the Hon'ble Commission is required to fix a maximum ceiling of Tariff for retail sale of electricity in order to promote competition among distribution licensee. However, it is humbly submitted that

in order to provide level playing field to the parallel licensees as well as ensuring financial viability of the business especially for relatively smaller Distribution Licensees as against the power of the dominant players, the Hon'ble Commission may consider fixing a minimum floor price as well.

In view of the multiple licensee scenario in the Petitioner's area of supply, it is humbly prayed before the Hon'ble Commission to consider indicating the following statement in the tariff order as was being stated in earlier orders upto FY2016-17 as per 3<sup>rd</sup> Proviso to Reg 2.2.2 of the WBERC Tariff Regulations, 2011 & amendments thereof:

*"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 where multiple licensees exist. However, if supply is provided 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 under purview of the Commission."*

#### **Introduction of Green Tariff**

There is growing consciousness among the consumers to opt for a large percentage of green energy to contribute in their ways towards achieving the zero carbon economy. Therefore, a 'Green Tariff' needs to be introduced for all the consumers and levied over & above the retail tariff for consumers who intend to consume green energy.



## 6. PROPOSED TARIFF SCHEDULE

### 6.1.1 Tariff Philosophy

The Petitioner submits that the Hon'ble Commission has approved the existing tariff structure based on widely recognized best practices in accordance with the legal framework as detailed hereunder:

- A. Consumers' capacity to pay
- B. Correct recovery of fixed charges, which is depictive of the fixed costs
- C. Adhering to the band of cross subsidy prescribed by Tariff Policy
- D. Incentivising energy conservation through telescopic tariff
- E. Demand Side Management by shifting of consumption from peak hours to off-peak hours
- F. *Promotion of efficient use of electricity*
- G. *Competitive Scenario given parallel licensees in the License area*
- H. The Petitioner has maintained the above key objectives for tariff structure and philosophy while designing the tariff for 8<sup>th</sup> MYT Control period years.

Further, given the parallel license scenario in our license, competitive nature of business and distinct consumer requirement especially in HV & EHV area, the Petitioner has been resorting to required responses in tariff, contract terms etc. to consumers for its business and through our MYT submission tariff in different consumer segments has been proposed accordingly.

### 6.1.2 Determination of Retail Tariff

The Petitioner humbly submits that the last approved tariff schedule currently applicable for the Petitioner's consumers is as specified in Tariff Order for FY 2019-20. The Petitioner while proposing a tariff has kept in consideration the revenue gaps at this existing tariff as well as the additional burden that can be passed on to the consumers and has attempted to balance the two. Hence, for the purpose of the projections, the Petitioner has considered the applicability of the Existing Tariff of FY 2019-20 as the base because the tariff proceedings under the last MYT petition of the Petitioner i.e. 7<sup>th</sup> control period (i.e. 2020-21, 2021-22, 2022-23) is under active consideration of the Hon'ble Commission and the tariff order is yet to be issued for the 7th control period.

### 6.1.3 Proposed Changes in Existing Tariff:

#### 6.1.3.1 Fixed / Demand Charge:

The fixed charge shall be applicable to different categories of consumers at the rates as



shown against various categories of consumers in the proposed tariff schedules annexed herewith. 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 based on the principles specified in the applicable Tariff Regulations.

**6.1.3.2 Proposed Change in L&MV (LT) Tariff:**

Historically, the Petitioner had been primarily supplying to industries that have more than 50 kVA of contract demand. The recent trend shows a growth in LT categories of consumers within its License Area because of rapid urbanization. With urbanisation in its licensed area, more and more new housing complexes have been coming up resulting in the increased number of LT domestic consumers.

As a result of this increase in LT domestic segment, there is simultaneously a growth in LT commercial categories as well. This trend is expected to continue during the applicable years of 8<sup>th</sup> MYT control period.

The Petitioner is working towards attracting a majority of LT consumer segment. In view of the above, the Petitioner has proposed to keep the tariff of LT domestic consumer segment amenable for the consumers to attract and increase the Petitioner's consumers' base under LT supply. However, for other LT consumers such as commercial, industry, private educational institutions segment the Petitioner has proposed some upward tariff revision for both energy and fixed charges to minimize the tariff gap in the parallel license scenario.

The Petitioner also humbly submits that based on reasons and facts stated above in this MYT Petition, it is proposing an optimal revision in tariff in order to serve its customer better and maintaining reliable and quality power supply while balancing the revenue requirement. For the Street lighting with LED consumer category, the fixed charge has been proposed to be revised upward to minimize the revenue loss based on petitioner's market assessment while maintaining the competitiveness in parallel licence operation.

Further, given the constraint of the Petitioner not getting any subsidy in some of the eligible LT segment which otherwise is available to other Licensee in the common area, the Petitioner humbly seeks guidance and regulatory support from the Hon'ble Commission in its endeavour to obtain subsidy for all its eligible LT consumers in its licensed area.



**6.1.3.3 Proposed Changes in H & EH Tariff:**

The Petitioner operates in a multiple licensee scenario, wherein in the HT & EHT segment, it has direct competition with the other two licensees in the common area of supply. In view of the competition, the Petitioner has to work on two fronts – one retaining the existing consumers and the other to attract the new and potential consumers. In its common area of supply, one of the parallel licensees has notified competitive tariff for 11KV, 33 KV and 132 KV industries applicable for DVC command area on various occasions in the years 2015, 2017 , 2019 and 2023, which is much lower than their approved tariff schedule applicable across other part of the State. In view of the above, the Petitioner faces a lot of challenges to respond to such pricing framework of the competitor However, the Petitioner has to also recover the fixed and variable cost without impacting the ROE of the Petitioner. The details of the tariff has been presented in the Forms under Annexure-3. Without prejudice to the above, the Petitioner humbly prays before the Hon'ble Commission that since the tariff order for 7<sup>th</sup> Control period has not been issued for the Petitioner, the Hon'ble Commission may be pleased to grant liberty to the Petitioner to revisit this 8<sup>th</sup> MYT submission and make additional/revised submission when the tariff order for 7<sup>th</sup> Control period is issued.

It is humbly submitted that the Petitioner has observed significant difference between the approved ABR in 6<sup>th</sup> MYT Order and the category-wise ABR when actually billed on approved tariff schedule. The Petitioner humbly prays before the Hon'ble Commission to accordingly share the working separately with the Petitioner and consider removing any such deviation/anomaly while issuing the tariff schedule for 7<sup>th</sup> & 8<sup>th</sup> MYT Period.

**6.1.3.4 Load Factor Rebate/ Surcharge:**

The Petitioner proposes to modify the prevailing load factor rebate/surcharge in line with the prevailing values of competing licensee in the common area of supply and therefore the voltage-wise graded load factor rebate for HT consumers has been projected as per the following table:

**LOAD FACTOR REBATE (Paise / kWh)**

Range of Load Factor (LF)		Supply Voltage		
		Below 33 kV	33 kV	Above 33 kV
Above 65 %	Up to 70 %	1	2	3
Above 70 %	Up to 75 %	3	4	5
Above 75 %	Up to 80 %	5	6	7
Above 80 %	Up to 85 %	7	8	9



Above 85 %	Up to 90 %	10	12	14
Above 90%		13	16	19

The above load factor rebate shall be applicable on quantum of energy consumed in the billing period. (For example a 33 kV industrial consumer at 85% load factor shall be eligible for a rebate @ 8 paise / kWh on the total quantum of energy consumed in the billing period).

Load factor surcharge shall be levied on HV industrial and HV commercial consumers if the load factor falls below 30%. The surcharge for the load factor less than 30% but equal to or above 25% shall be 5 paise / kWh for the amount of energy by which consumption falls short of energy corresponding to a load factor of 30%. The surcharge for the load factor below 25% shall be 10 paise / kWh and shall be applicable only for the amount of energy by which the consumption falls short of energy corresponding to a load factor of 25% but not less than the amount of surcharge that would have been payable for load factor at 25% computed @ 5 paise / kWh. (For example, a HV industrial or commercial consumer at 28% load factor shall be liable to pay surcharge @ 5 paise / kWh on the quantum of energy to be consumed at 30% load factor minus total energy consumed in the billing period. Similarly, a HV industrial or commercial consumer at 24% load factor shall be liable to pay surcharge @ 10 paise / kWh on the quantum of energy to be consumed at 25% load factor minus total energy consumed in the billing period but not less than the amount of surcharge that would have been payable for load factor at 25% computed @ 5 paise / kWh).

The 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 as mentioned in paragraphs above.

It is further humbly submitted before the Hon'ble Commission that in the recently notified WBERC Tariff(4<sup>th</sup> Amendment) Regulations, 2023, few new consumer categories have been specified and also there is change in definition of few consumer categories. The Petitioner humbly prays before the Hon'ble Commission that though the Petitioner does not have any consumer in the new consumer categories, the Hon'ble Commission may be pleased to specify the tariff for such consumer categories as well in the tariff schedule to be approved for the Petitioner.

#### 6.1.4 Power Factor Rebate/ Surcharge:

The rate and method of calculation for rebate and surcharge are given below:

Power Factor (PF) Range	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)	Normal Period (11.00 PM to 6.00 AM)	

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	Rebate (%)	Surcharge (%)	Rebate (%)	Surcharge (%)	Rebate (%)	Surcharge (%)	Rebate (%)	Surcharge (%)
PF > 0.99	8.00	0.00	9.00	0.00	7.00	0.00	5.00	0.00
PF > 0.98 & PF ≤ 0.99	7.00	0.00	8.00	0.00	6.00	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
<b>PF ≥ 0.86 &amp; PF &lt; 0.92</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
PF ≥ 0.85 & PF < 0.86	0.00	0.75	0.00	1.00	0.00	0.5	0.00	0.50
PF ≥ 0.84 & PF < 0.85	0.00	1.5	0.00	2.00	0.00	1.00	0.00	1.00
PF ≥ 0.83 & PF < 0.84	0.00	2.25	0.00	3.00	0.00	1.50	0.00	1.50
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

**6.1.5** The rebate and surcharge against different time periods will be reflected in the bill separately and shall be treated separately.

**6.1.6** For short term supply, emergency supply and for supply of construction power, there will be no rebate or surcharge for load factor and power factor.

**6.1.7** Subject to the condition as specified in the Tariff Regulations, the minimum charge will continue for all consumers .

**6.1.8** For all consumers, excluding consumers having pre-paid meters, rebate will be given @ 1% of the amount of the bill excluding meter rent, taxes, duties, levies and arrears if the payment is made within the due date.

**6.1.9** Delayed payment surcharge shall be applicable as the Tariff Regulations.

**6.1.10** All statutory levies like Electricity Duty or any other taxes, duties etc. imposed by the State Govt. / Central Govt. or any other competent authority will be extra and will not be a part of the tariff as determined by WBERC.



**6.1.11** In addition to the tariff, the Petitioner will be further entitled to additional sums towards enhanced cost of fuel and power purchase, if any, after the date of the tariff order and shall be adjusted in accordance with the Tariff Regulations through FPPCA.

**6.1.12 TOD Rates Balancing**

The Petitioner humbly submits that it operates in a parallel licensee area with DVC and WBSEDCL being the other two licensees. The ratio of normal to peak and normal to off-peak TOD rates for IPCL vis-a-vis DVC is indicated below and it is observed that –

The approved TOD rates for IPCL has a very skewed ratio with peak rate being 143% of normal rate and off-peak rate being 72% of normal rate resulting in a very high peak tariff and very low off-peak tariff, whereas in case of DVC it is very balanced ratio, such as peak rate being 120% of normal rate and off-peak rate being 85% of normal rate.

Category	IPCL TARIFF as per FY 19-20					
Industries (33kV) for CD below 10MVA		P/KWH				
	Summer	Monsoon	Winter	Summer	Monsoon	Winter
TOD - Normal ( 6.00 to 17.00 )	411	408	405	100%	100%	100%
TOD - Peak ( 17.00 to 23.00 )	586	583	546	143%	143%	135%
TOD - Offpeak ( 23.00 to 6.00 )	297	295	294	72%	72%	73%
Average rate of the day	422	419	408			

Category	DVC TARIFF as per FY 19-20					
Industries (33kV)		P/KWH				
	Summer	Monsoon	Winter	Summer	Monsoon	Winter





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TOD - Normal ( 6.00 to 17.00 )	459	457	455	100%	100%	100%
TOD - Peak ( 17.00 to 23.00 )	550	548	545	120%	120%	120%
TOD - Offpeak ( 23.00 to 6.00 )	391	388	388	85%	85%	85%
Average rate of the day	462	460	458			

The Petitioner humbly prays before the Hon'ble Commission to consider a balanced ratio of peak rate being 120% of normal rate and off-peak rate being 85% of normal rate, while determining the TOD rates of IPCL for the 8th MYT Control Period.



## 7. SUPPORT REQUIRED FROM HON'BLE COMMISSION

- 7.1 The Petitioner operates under a multiple /parallel licensee scenario in common area of supply across its entire license area. In view of the parallel licensee scenario and type of geography/infrastructure corridor constraint in the Petitioner's license area, it is very difficult to create multiple distribution systems in various pockets under common area of supply. It is humbly prayed before the Hon'ble Commission to create a mechanism for economical and co-ordinated network development between the parallel licensees as well as provision for network sharing among the parallel licensees on payment of relevant wheeling charges, etc.
- 7.2 It is humbly prayed before the Hon'ble Commission to issue tariff orders for all the parallel licensees simultaneously, in order to reflect the actual concurrent tariff across the parallel licensees for same period of time and thus there is a level playing field for the parallel licensees. The tariff rationalisation and consumer categorisation may also be made uniform so that consumers may be able to analyse and choose their preferred supplier easily and there is a level playing field across the parallel licensees.
- 7.3 Further, the Petitioner is witnessing migration of consumers from one licensee to other parallel licensee. In view of delay in issuance of APR orders /tariff orders of the Petitioner, such consumer migrate without having to pay for the outstanding amount , which may accrue as and when the APR Orders for the respective past period is issued. This causes the burden of recovery of such outstanding dues to be passed on to the existing balance and new consumers. Therefore, it is humbly prayed before the Hon'ble Commission to consider specifying a separate Standard Operating Procedure for parallel licensee operations in common area of supply and creating a provision for seeking "No dues certificate" from incumbent supplier before migration of consumer to other licensee.
- 7.4 In view of the parallel licensee scenario and consumers having right to exercise their choice of supplier, it is humbly prayed before the Hon'ble Commission to determine the wheeling charge , category wise Cross Subsidy Surcharge (CSS) and Additional Surcharge (ASC) for each year of the control period applicable to open access consumers.



- 7.5 It is humbly submitted that at present, there are no Public Charging Station (PCS) for Electric Vehicles connected to our distribution system in our license area. The Petitioner envisages a very remote possibility of installation of any Public Charging Station (PCS) for Electric Vehicles during this control period in its licensed area. However, as per the WBERC Tariff Regulations (3rd Amendment) 2020 issued on 22.01.2020, the petitioner is proposing a tariff for EV charging station for 8<sup>th</sup> MYT Control Period in line with MOP guideline dated 08.06.2020, "Amendment in the revised guidelines and standards for charging infrastructure for Electric Vehicles". Earlier, the Hon'ble Commission was pleased to approve the tariff for EV Charging station for 6<sup>th</sup> Control Period equivalent to the approved average tariff of the Petitioner. It is humbly prayed before the Hon'ble Commission to adopt the same principle for this control period as well.



- 7.6** It is humbly submitted that LT consumer base of the Petitioner has been growing despite no subsidy being currently provided to its consumers whereas the same category of consumers of State Discom in the common area of supply receive subsidy from the State Government for consumption upto 300 units. The Petitioner is also taking up the matter with the State Government so that subsidy can be provided to the similarly placed consumers of the Petitioner as well in the same area of supply. It is humbly prayed before the Hon'ble Commission to support the Petitioner in this respect by recommending the Petitioner's case before the State Government for grant of subsidy so that equal treatment may be provided to all set of such consumers in the same area being served by parallel licensees.
- 7.7** It is humbly submitted that the Petitioner, by virtue of its two major long term RE PPAs (100 MW Wind-Solar Hybrid RE and 100 MW RTC-RE) alongwith 2 MWp Solar PV from WBGEDCL, envisages purchase of excess RE over and above the specified Renewable Purchase Obligation (RPO) target during the 8th Control Period. As per reg 4(4) of the CERC (Terms and Conditions for Renewable Energy Certificates for Renewable Energy Generation) Regulations, 2022, (hereinafter referred to as "CERC REC Regulations") any obligated entity including a distribution licensee having purchased electricity from renewable energy sources in excess of the renewable purchase obligation as determined by the concerned State Commission, shall be eligible for issuance of Certificates to the extent of purchase of such excess electricity from renewable energy sources. In view of its eligibility for grant of Renewable Energy Certificates (REC) by National Load Dispatch Centre ("Central Agency") for such excess RE subject to certification by the State Commission, the Petitioner humbly seeks liberty to approach the Hon'ble Commission separately for seeking certification of excess RE procured during each year of the control period after conclusion of each financial year. It is humbly prayed before the Hon'ble Commission to enable the Petitioner to apply for grant of REC before the National Load Dispatch Centre ("Central Agency") by providing the certification required under Reg 10(3) of CERC REC Regulations, 2022 in respect of purchase of electricity from renewable energy sources by IPCL in excess of the Renewable Purchase Obligations during the financial years covered under this control period, as and when such application is filed by the Petitioner.



## 8. PRAYERS TO HON'BLE COMMISSION

The present application is submitted to the Hon'ble Commission for approval of the Aggregate Revenue Requirement of its distribution and generation business for the MYT period from FY 2023-24 to FY 2025-26 and determination of tariff for wheeling of electricity and retail sale of electricity. In view of the above facts and circumstance, the Petitioner humbly prays to the Hon'ble Commission to:

- (a) Admit the Aggregate Revenue Requirement (ARR) application for the MYT period as submitted herewith
- (b) Approve the Aggregate Revenue Requirement for the 8<sup>th</sup> MYT Control period covering FY2023-24 to 2025-26
- (c) Approve the tariff revision with effect from 1<sup>st</sup> April of each year of the 8<sup>th</sup> control period to meet the Aggregate Revenue Requirement for this MYT period
- (d) Determine the wheeling charges and category wise Cross Subsidy Surcharge (CSS) for each year of the control period
- (e) Allow the carrying cost on recovery of past arrears;
- (f) Allow additions/alterations/changes/modifications to the application during the proceedings at a future date, including the impact due to COVID-19 pandemic scenario and issuance of tariff order for 7<sup>th</sup> MYT Control Period.
- (g) Condone any inadvertent omissions/errors/rounding off difference/shortcomings.
- (h) Permit the Petitioner to file all necessary pleading and documents in the proceeding and documents from time to time for effective consideration of the proceeding
- (i) Allow any other relief, order or direction which the Hon'ble Commission deems fit.

