

INDIA POWER

Ref: RA/II/002/22-23/ 97

W.B. ELECTRICITY REGULATORY COMMISSION
RECEIVED

21st February , 2023

21 FEB 2023

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

CONTENT NOT VERIFIED
KOLKATA

Sub: Submission of Multi Year Tariff Petition 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/002/22-23/92 dated 31.01.2023

Respected Madam,

We are pleased to enclose herewith the aforesaid 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 for an extension of 3 weeks from 31.01.2023 for submission of MYT Petition for 8th Control Period.

In view of the above, the Applicant is submitting the MYT Petition today, 21.02.2023.

The requisite filing fees of Rs 12,33,280 (Rs Twelve lakhs thirty three thousand two hundred eighty only) has been deposited through NEFT/RTGS with UTR No. UTIBR52023022000482103 dated 20.02.2023

Kindly acknowledge the receipt of the same.

Thanking You.

Yours Sincerely,
For India Power Corporation Limited



Authorized Signatory

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

India Power Corporation Limited

CIN - L40105WB1919PLC003263

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पश्चिम बंगाल WEST BENGAL



FORM-1

BEFORE THE HON'BLE WEST BENGAL ELECTRICITY REGULATORY COMMISSION,

KOLKATA

FILE No.....
CASE No.
(To be filled by the office)

IN THE MATTER OF:

Petition for Determination of Aggregate Revenue Requirement for the Eighth 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

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



Samul Sanyal

20 FEB 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:

Petition for Determination of Aggregate Revenue Requirement for the Eighth 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 7.4 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: 20th February, 2023


Deponent (Somesh Dasgupta)



Solemnly Affirmed
&
Declared Before me
Identification of Adversal

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

IDENTIFIED BY ME

ADVOCATE

B. N. SAHA
Notary



20 FEB 2023

**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

**TARIFF APPLICATION OF
IPCL FOR THE MYT CONTROL PERIOD – FY 2023-24 TO FY 2025-26
UNDER SECTION 64(3)(a) READ WITH SECTION
62(1) AND SECTION 62(3) OF THE
ELECTRICITY ACT, 2003**

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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 issued three 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 the WBERC (Terms and Conditions of Tariff) (Amendment) Regulations, 2013, published in Kolkata Gazette, Extraordinary on 30.07.2013 effective from same date and third amendment, the WBERC (Terms and Conditions of Tariff) (Third Amendment) Regulations, 2020 on 21.01.2020, which came into force from 01.04.2020. 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.

1.1.4 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 8th 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 8th 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 8th MYT Petition vide letter no. RA/II/002/22-23/92 dated 31.01.2023. The Petitioner humbly prays before the Hon’ble Commission seeking condonation of delay in filing this MYT petition.

1.1.5 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.

1.1.6 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.

1.1.7 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 7th 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.

1.1.8 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 APR order of FY2012-13 , FPPCA & APR order of FY 2014-15, and 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.

1.1.9 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

1.1.10 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	DFR 19 of 2021	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".
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".

1.1.11 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.

1.1.12 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 suggestion
- Chapter 6 contains the Tariff proposal for FY 2023-24 to 2025-26
- Chapter 7 contains the prayers to the Hon'ble Commission.

1.1.13 It is humbly submitted that the Hon'ble Commission has come up with a draft WBERC (Terms and Conditions of Tariff) (Fourth Amendment) Regulations, 2023. The Petitioner humbly seeks liberty to make supplementary submission subsequently, if required, based on finalization of amendments in Tariff Regulations. The Petitioner, in this instant petition has relied upon the provisions of current tariff regulations, as applicable.

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 (DPSCCL) 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"

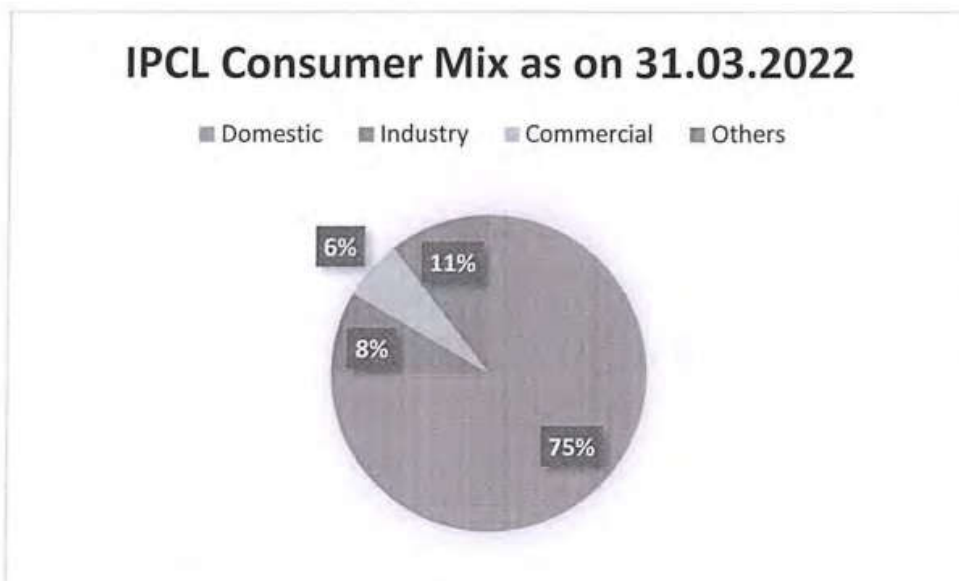


and “Non-Regulated”, which is audited and certified by the Statutory Auditor of the Company.

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 wherever 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. The tariff orders of all the parallel licensees are issued at different point of time, for e.g. WBSEDCL tariff order has been issued upto FY2022-23 on 28.07.2022, while for DVC the tariff order has been issued upto FY2019-20 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 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 published 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 even 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, Gokuldharm, 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 WBSSEDCL 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:



2.7.1 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, 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

2.7.2.1 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 LILO Transmission line and associated system. The transmission asset was taken over by WBSETCL in March 2018.

2.6.2.1 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 LILO line.



2.6.2.2 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".

2.7.3 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 PPAs with SECI Solar-Wind Hybrid RE (100 MW) and SECI RE RTC (100 MW). 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.

The PPAs for SECI Solar-Wind Hybrid RE (100 MW) and SECI RE RTC (100 MW) have been approved by the Hon'ble Commission vide orders dated 18.01.2021 and 12.12.2022 respectively.

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.



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.

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.

Earlier the quantum of the entire generation from this 12 MW generating station was being used locally through the 11KV network in DPS area. However, the evacuation network of 12MW plant has now been connected with the 33KV busbar of J K Nagar 220/33KV substation, which is technically in sync with 220KV grid network operation.



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 issued a draft 4th amendment of tariff regulations in January 2023. The Petitioner is making a case for reduction of its PAF & PLF to 60% for full fixed cost recovery, in line with some of the plants of WBPDC. 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 which is being largely used only for maintaining the reliability of supply and acting as a hedge during the times when the power purchase prices in the short term market is much higher. For the purpose of this MYT petition, the Petitioner has considered 85% PLF, however, the Petitioner humbly seeks revision in the approved PAF & PLF norm for 12 MW DPS to 60% for the purpose of full capacity charge recovery .

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.

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 confidence to meet the RPO targets for the ensuing control period subject to following enabling conditions:

- a. 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.
- b. 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.
- c. 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 10th 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 addressed this aspect of RE balancing cost in para 3.7.9 in the subsequent chapter.

2.7.9 Transmission Charges

The Petitioner is paying 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. Despite 100 MW out of a LTOA capacity of 124 MW, being Wind Solar Hybrid RE, the Petitioner is subjected to Long Term Transmission charges for entire 124 MW. As per reg 18.2.1(h) of WBERC Open Access Regulations 2022, only 1/4th of transmission charges is applicable for pure wind and pure solar RE sources, however, due to interpretation issue, the STU is billing the full transmission charges on wind-solar Hybrid RE. The Petitioner has 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 . The Petition was submitted on 22.12.2022 in case no. OA-440/22-23 and the same is under active consideration of the Hon'ble Commission.

The Petitioner humbly submits that the transmission charges for hybrid RE source (Solar+wind) having low CUF also needs to be qualified for reduced transmission charges because a hybrid plant of solar and wind having equally lower CUF paying the same transmission charges as paid by any long-term or medium term consumer will make the purchase of such Hybrid RE power slightly costlier on account of substantially higher transmission charge per unit and resulting in an increased impact on consumer tariff. For computation purpose in the present petition, the Petitioner has considered the full STU charges, however, subject to and in accordance with the Hon'ble Commission's decision on this matter, it is humbly prayed to consider the same suitably as decided.

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 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 DS charges despite decrease in DS 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 to have a relaxed volume limit thereby resulting in reduction in DSM bill amounts.



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.**

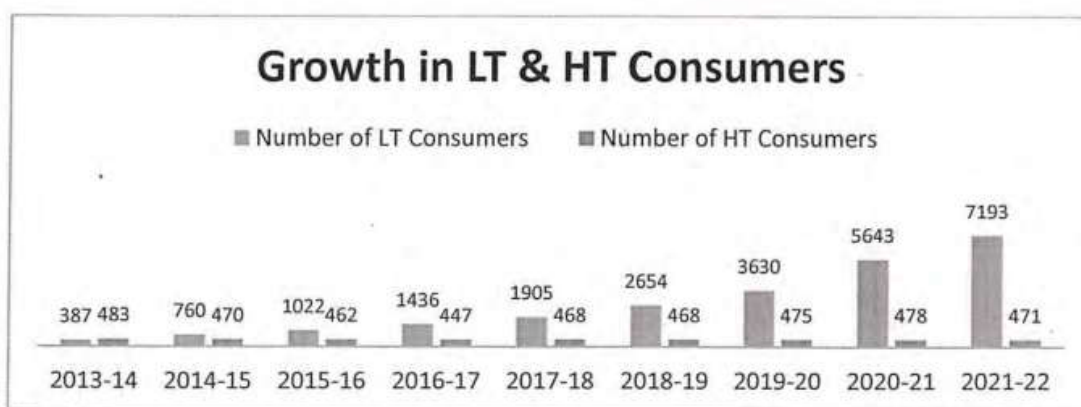
2.8 Distribution Loss

2.8.1 The tariff regulations provide for normative distribution loss of 5.25% as notified in year 2013, when HT sales was more than 99.8 % in case of the Petitioner for each of the years of the control period. Historically, the Petitioner has been predominantly supplying to HT consumers, the 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 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. 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%

2.8.5 It is humbly submitted that the Hon'ble Commission may observe in the form 1.7 that such distribution loss is not commensurating 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.

2.8.6 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	5.25	1.00	1.00

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

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.

2.8.7 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.

2.8.8 Fixation of T&D loss target in the WBERC(Terms and Conditions of Tariff) (Amendment)Regulations, 2013 reflects differential treatment for similarly placed Discoms operating in same geographical area governed by same set of regulations and law application of one territory. It is worthy to mention that high end consumers eligible under Open Access are having "minimal or negligible" Distribution Loss with generally "100%" Collection Efficiency. In other words, they



help in creating balance in AT&C Loss levels when compared with Low Tension Consumers having higher loss. Any migration of such consumers and resulting consumer mix shall impact AT&C losses for the future year.

Therefore, 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.

2.9 Digital initiatives of IPCL to Improve Electricity Service, Accessibility and Reliability

Being a progressive utility, the Petitioner recognises the importance of digital revolution and the IT enabled system , processes and activities to improve electricity services , accessibility and reliability of power supply to its consumers. This also helps the Petitioner to be ahead of its competition in the common area of supply. Some of the key digital initiatives being undertaken by the Petitioner is tabulated below:

Digital Initiatives	Coverage & Applicability	Stake Holders	Outcome
Interactive & Intelligent Operational Dashboard using Business Intelligence & Data Analytics	1.Daily Consumer Complaints 2.Operational Parameters Like Planned or unplanned Outages 3. Monitoring of High Value consumers 4. Other Operational Parameters	1.Consumers 2. Internal Stakeholders	1. Operational Excellence 2. Customer Satisfaction
Integrated Customer Management , Billing , Complaint Management , New Service connection Application system in SAP	1.Workflow driven process to automate routing of consumer complaints to respective engineers thereby reducing the TAT for servicing 2. Email / SMS based alert to respective internal stake holders 3. Email / SMS based information to Consumer on Bill Generation / Payment Receipt 4. Process automation	1.Consumers 2. Internal Stakeholders	1. Automation of Processes 2. Integration of all stakeholders 3. Operational Excellence 4. Customer Satisfaction
IOT intervention & Scaling up of Outage Management solution	1. Automating Fault -Complaint recording process 2. Proactive Approach 3. Feeder to Consumer Mapping and digital display of network 4. Operations Dashboard for control room & Customer care centers 5. Alert for deviation to operational parameters , faults 6. Alerts communication to impacted consumers & internal stakeholders 7. Mobile App for Field engineer with Field force management capabilities completely integrated with Outage Management system 8.History of All breakdown and fault	1.Utility 2.Consumers	1. Low cost solution 2. Automation of Fault Management in a proactive manner 3. Field Force Automation 4. Integrated Digital Platform 5. Historical data for better analysis and knowledge base



	for future analysis		
Data to Action system (Action Management system)	<ol style="list-style-type: none"> 1.Tracks occurrence of Fault /breakdown 2.Assignment of specific case to engineer 3.Escalation matrix built in for faster action 	<ol style="list-style-type: none"> 1.Consumers 2. Internal Stakeholders 	<ol style="list-style-type: none"> 1. Proactive Management 2. Stop repetition of faults and failures 3. Escalation management with past history for faster and prompt action 4. Better Uptime 5. Increase in Sales

While we have undertaken the digital initiatives to improve electricity services , accessibility and reliability of power supply to its consumers, this also requires recurring O&M support including SAP license fee, hardware/software AMC, communication cost etc. The Petitioner has covered this recurring O&M cost aspect under the O&M section in the subsequent chapter.

2.10 Activities undertaken by IPCL under Corporate Social Responsibility

A carefully crafted CSR or Corporate Social Responsibility policy creates various opportunities for a better quality of life, a fundamental goal for most people. To bring about such sustainable positive change in the way people live and work, there has to be seamless coordination among three critical entities -- the government, corporate and civil society organizations or non-profits. These three components constitute the main fabric of a community, working together to meet the most basic requirements of the people.

This is the fulcrum of the Petitioner’s overall CSR strategy and all its community-development initiatives are geared to work at the intersection of these three critical components. The Petitioner believes in walking and growing together with the people it serves, in an ambience of mutual trust, and the engine that powers that trust is CSR.

CSR initiatives of the Petitioner are carefully crafted aiming at “Adding Power to Life” of its consumers and the society not only by distributing quality and affordable power but also by adding value to their lives for a better and brighter tomorrow. The



Petitioner has dedicated itself in bringing positive change in the quality of life and living in its license area and for its consumers.

2.11 Customer Engagement Initiatives

IPCL has carried out several customer engagement initiatives over the years, positioning itself as a reliable and customer friendly supplier of electricity.

Call Centre (Customer Care)



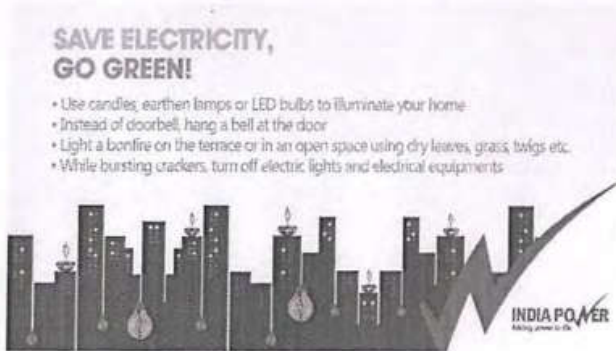
Digital Payment Facility



Vending Machine for Prepaid Vouchers for LT Consumers



2.12 Customer Awareness Initiatives



The Petitioner through its various customer centric promotions always creates awareness for the safety and energy efficiency requirements of its consumers regarding use of electricity.

2.13 Awards & Accolades

The Petitioner has received recognition from various leading institute for the performance of its business activities in the historical years. *The Petitioner has been ranked 10th 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.* Some of the other recent achievements are shown below:



CII Energy Conservation Award (ENCON) 2022



ICC Second Edition Green Urja and Energy Efficiency Award Top Discom EE (Private)



HR EXCELLENCE



Zee 24 Ghanta Covid Warrior Award



ASOCHAM-Energy-Efficiency-Award-2022



ICC 7th Innovation and Impact Awards for Discoms 2019





*Trophy ICC Second Edition Green Urja and
Energy Efficiency Award Top Discom EE
(Private)*



*Trophy ICC Second Edition Green Urja and
Energy Efficiency Award Top Discom RE
(Private)*

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

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

2.14.2 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 6th 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 8th 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 8th 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
L & MV Consumers				
D(L)	Domestic (Rural) and/or Domestic (Urban)	34%	35%	63%
D(Lpp)	Domestic (Rural) / (Urban) – Prepaid	81%	39%	39%

Main Petition

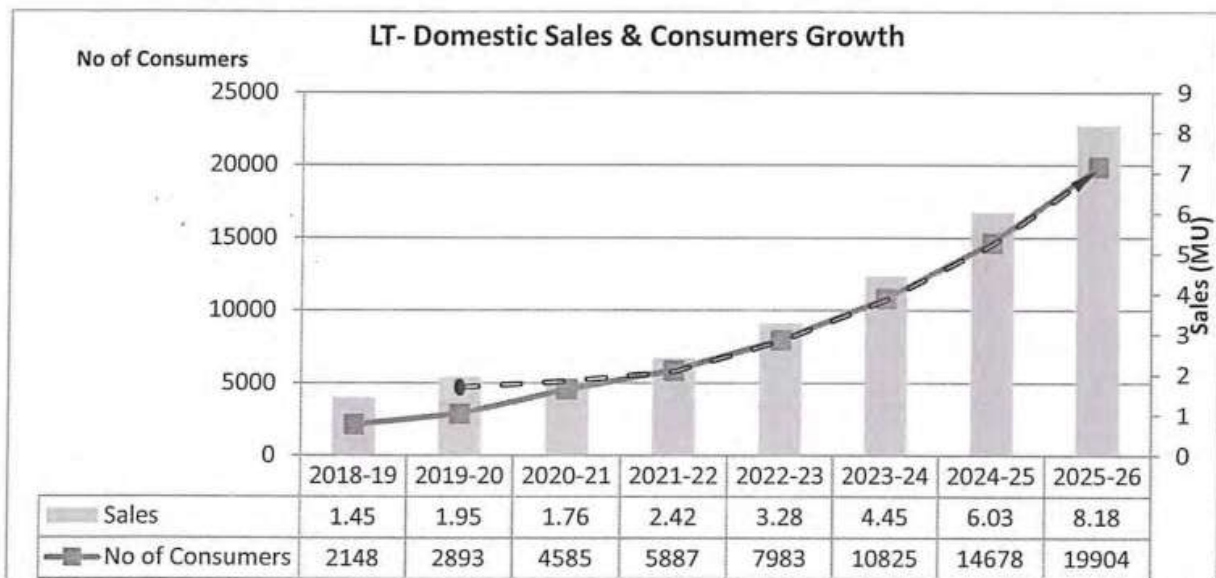
C(L)(ia)	Commercial (Rural) and/or Commercial (Urban) Below 30 KVA	5%	17%	30%
C(Ltp)(ia)	Commercial (Rural) / Commercial (Urban) below 30 KVA	29%	15%	58%
C(L)(ib)	Commercial (Rural) and/or Commercial (Urban) 30 KVA and Above	101%	17%	13%
C(Ltp)(ib)	Commercial (Rural) / Commercial (Urban) 30 KVA and above	-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%
H & EHT Consumers				
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%

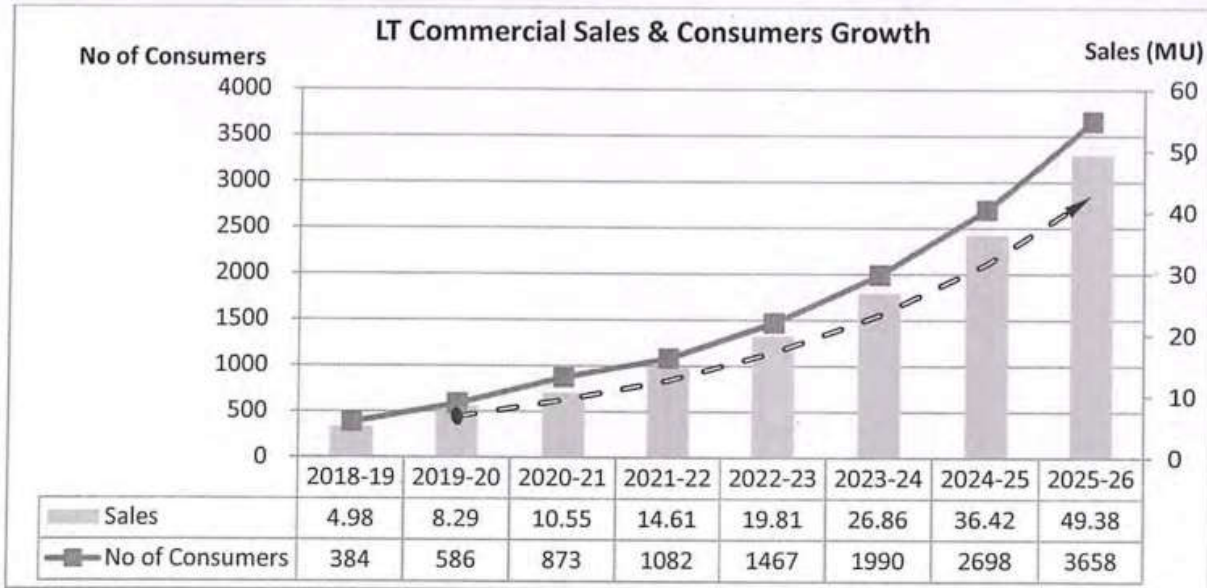
3.2.5 Basis Considered for Sales Projection

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:



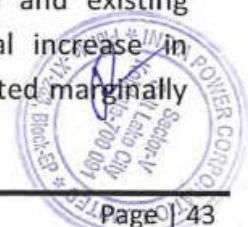
Table 7: L&MV Sales Projections (MUs) for FY 2023-24 to FY 2025-26

Sr. No.	LT & MV Consumer Categories		Base year		Control Period (Ensuing Year)		
			FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26
			Actual	Projected	Projected	Projected	Projected
1	D(L)	Domestic (Rural) / (Urban)	1.21	1.64	2.22	3.02	4.09
2	D(Lpp)	Domestic (Rural) / (Urban) - Prepaid	10.79	14.63	19.84	26.90	36.48
3	C(L)(ia)	Commercial (Rural) / (Urban) <30 KVA	3.02	4.10	5.56	7.54	10.22
4	C(L)(ib)	Commercial (Rural) / (Urban) >30 KVA	5.11	6.93	9.40	12.75	17.29
5	I(L)	Industry (Rural) / (Urban)	6.94	9.41	12.76	17.30	23.46
6	S(L)	Private Educational Institutions & Hospitals	1.21	1.64	2.22	3.02	4.09
7	C(Ltp)(ia)	Commercial (Rural) / Commercial (Urban) below 30 KVA – Prepaid	0.65	0.88	1.19	1.62	2.20
8	C(Ltp)(ib)	Commercial (Rural) / Commercial (Urban) 30 KVA and above – Prepaid	0.14	0.19	0.26	0.36	0.49
9	D(1)	Street Lighting	0.05	0.06	0.08	0.11	0.15
10	D(6)	Street Lighting with LED	0.04	0.06	0.08	0.11	0.15
		Total LT Sales	29.16	39.55	53.63	72.72	98.61

3.2.7 Sales to HT & EHT Consumers:

The sales in the HT & EHT categories predominantly includes sales to 11kV industries above 50 kVA load, 33kV industries, 132 KV industries, commercial and Public water works. Almost ninety percent of the total sales contribution pertains to the consumers from these categories.

The Petitioner observes that, due to the overall economic scenario and weak industrial output, the power demand from industrial consumers in recent years combined with the pandemic impact, has shown limited growth. Hence the Petitioner has projected marginal to moderate growth for 132 KV, 33KV and 11 KV consumer segment respectively based on consumer addition plan and existing consumers load enhancement / reduction possibility, and gradual increase in subsequent years. Sales to HT commercial category have been projected marginally



higher based on the Petitioner's marketing effort and consumer interest in the licence area. The total sale to HT & EHT categories of consumers is shown below:

Table 8: HV & EHV Sales Projections (MUs) for FY 2023-24 to FY 2025-26

Sr.	HT & EHT Consumer Categories		Base year		Control period (Ensuing Year)		
			FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26
No			Actual	Projected	Projected	Projected	Projected
1	PU(H)	Public Utility	0.33	0.38	0.44	0.50	0.58
2	I(H)	Industries (50 KVA & Above)	93.14	108.10	112.87	130.92	137.47
3	I(Ht)	Industries (50 KVA & Above) TOD	120.49	207.62	218.00	250.70	263.23
4	I-2(H)	Industries (Below 50 KVA)	3.08	3.27	3.43	3.84	4.07
5	I-2(Ht)	Industries (Below 50 KVA) TOD	0.21	0.22	0.23	0.25	0.27
6	C(H)	Commercial	35.63	42.04	42.46	43.73	43.78
7	D(H)	Domestic	3.10	3.12	3.15	3.18	3.21
8	PWW(H)	Public Water Works & Sewerage	17.28	18.14	18.87	19.24	19.26
9	S (pi)	Cold Storage or Dairy with Chilling Plant	0.51	0.10	0.20	0.20	0.30
10	S (co)	Co-operative Group Housing Society		0.00	0.00	0.00	0.00
11	E(ei)	Private Educational Institutions	0.53	0.56	0.58	0.61	0.64
12	I-3 (H)	Industries (33KV)	346.89	285.69	311.40	358.11	383.18
14	I-4(H)	Industry (132 kV)	252.91	255.44	270.76	305.96	324.32
15	T	Traction	43.53	50.00	50.05	73.07	73.08
		Total HT Sales	917.63	974.68	1032.44	1190.31	1253.39

In addition to normal growth vector from existing and some of the additional load, the Petitioner has considered the following additional Major prospects for sales projections of the ensuing years of this MYT for which the discussion with the consumers based on their growth and additional power requirement are at various stages of finalisation –

FY 2023 – 24	Voltage level	Expected Load (MVA)
Industrial consumer	132 kV	15
Industrial consumer	33 kV	8
Industrial consumer	33 kV	8



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:

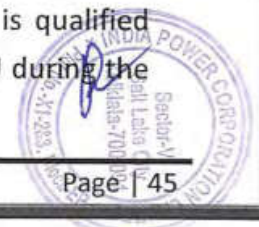
Table 9: Sales Projections (MUs) for FY 2023-24 to FY 2025-26

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
	Total Sales	1014.23	1086.07	1263.03	1352.00

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 5.25% as specified in para-D of Schedule-9A of WBERC Tariff (Amendment) regulations, 2013. 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
3	Total Consumption	1017.23	1089.07	1266.03	1355.00
4	Normative Distribution Loss	5.25%	5.25%	5.25%	5.25%
5	Total Energy Requirement	1073.59	1149.41	1336.18	1430.08

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	1069.00	1255.76	1349.66
3	Total Power Arrangement	1073.59	1149.41	1336.18	1430.08

3.5 Own Generation

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

The performance trajectories 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 existing plant, the age of the plant, current issues pertaining to the coal quality and quantity of coal received in historical years and expected in future years, etc. The WBERC (Terms and Conditions of Tariff) (Amendment) Regulations 2013 were notified on the 30th of July 2013. As per clause 30 of the regulations, the operating norms as stated in Schedule 9A of the Principal Regulations 2011 were revised and new normative parameters were made applicable from 2014-15 onwards. The Petitioner humbly submits that in its thermal power station at Dishergarh, the secondary fuel i.e., oil is not required. The Petitioner further 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 has complete details of actual performance parameters of the plant, which is much different from the approved norms specified in the Tariff amendment regulations 2013. Also, 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 & 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 DPSC 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. In the meantime, the Hon’ble Commission has come up with draft WBERC (Terms and Conditions of Tariff) (4th Amendment) Regulations, 2023, keeping the normative operating parameters same as that specified in Tariff amendment Regulations 2013. 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 Tariff regulation (amendment 2013) effective from 2014-15 onwards.

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

3.5.2 The calculation of the variable cost of the power plant is based on the operational parameter as outlined in the following table and the Petitioner has applied an escalation factor 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

3.5.3 Plant Availability Factor



The Plant Availability Factors (PAF) of the Generating Plant appear in Forms 1.1 and 1.1 (a), respectively. In the FY 2021-22, the petitioner has secured long term coal linkage under SHAKTI B(ii) round 2 scheme.

The 12 MW DPS plant is a relatively small capacity embedded generation which is being largely used only for maintaining the reliability of supply and acting as a hedge during the times when the power purchase prices in the short term market is much higher. Therefore, the Petitioner envisages that in continuation with the existing trend, it will be difficult to maintain plant availability at normative PAF at the DPS 12 MW plant which was commissioned in FY 2012-13 in each of the ensuing years i.e. from FY 2023-24 to FY 2025-26 after taking into account routine shutdown and forced outages, as stipulated in the Tariff Regulations despite of long term fuel supply arrangement from CCL under SHAKTI Scheme, which has since been approved.

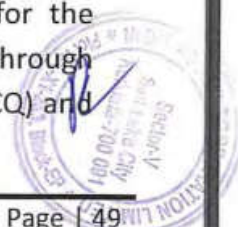
The Plant has online communication connectivity with SLDC. The Petitioner submits the daily injection schedule to SLDC in specified format as per applicable Regulations.

3.5.4 Plant Load Factor

3.5.4.1 Historically, the 12 MW DPS plant has been facing shortage of right quality coal and therefore it has been largely used only for maintaining the reliability of supply and acting as a hedge during the times when the power purchase prices in the short term market is much higher, resulting in a very low PAF and PLF around 40-50% across the years. Now, 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.

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

3.5.5.1 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.

- 3.5.5.2** 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.
- 3.5.5.3** The Petitioner has projected gross power generation of 89.35 MU from 12 MW DPS(New) plant each year of the 8th 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.
- 3.5.5.4** 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. The Petitioner humbly prays before the Hon'ble Commission to revise the norms for the Petitioner's power plant similar to other plants in West Bengal which are sourcing linkage coal from CIL where transit loss has been set as 0.8%. 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.
- 3.5.5.5** The Petitioner accordingly proposes to seek amendment of the energy balance and costs thereof as uncontrollable during the time of Annual Performance Review for the forthcoming years FY2023-24 to FY2025-26 based on the actual coal availability position 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 has 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 relax the Norms to the level as suggested by the NPC.

3.6 Estimation of ARR for FY 2023-24 To FY2025-26

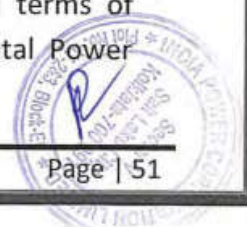
3.6.1 The components for the calculation of total expenses for the ARR for the period FY 2023-24 to FY 2025-26 which includes estimate ARR of FY 2019-20 and projected ARR for the control period of FY 2023-24 to FY 2025-26 are as follow:

- 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

3.6.2 Fuel Cost – Own Generation: DPS-12 MW

3.6.2.1 The Petitioner participated in the 2nd 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 12th 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 20th 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 8th 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 FSA of the Petitioner with Central Coalfields Ltd (CCL) under SHAKTI scheme as executed in March 2020 is based on G11 Grade coal. Therefore, in this 8th MYT Control Period, the Petitioner has considered the GCV of such G11 grade coal from CCL as 3400 kCAL/kg. 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 G11 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 2018) 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 8th 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 - G11 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 - G11 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 Dishegarh 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%
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	Total Fuel Cost	Rs. Lakhs	4036.81	4036.81	4102.49	4378.38
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	28.34	28.34	28.34	28.34
16	Fuel Cost/unit	Rs/kWh	5.02	5.02	5.10	5.44

* 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

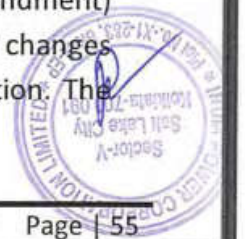
The energy sourcing is planned to be done from two types of sources, i.e., (a) Long Term Sources and (b) Short Term Sources. The long term sources currently include radial mode purchase from parallel distribution licensee DVC and WBSEDCL, renewable purchase from SECI & WBGEDCL. The short term sources include bilateral sources/power exchange/ power banking. Any minor deviation in momentary demand is also envisaged to be effected through DSM Pool. 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 such case, 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 meet 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, in case of any surplus purchase of RE by the Petitioner or over-achievement of RPO targets.

On non-achievement of RPO target for any particular year due to the reason not-attributable to the petitioner, it is humbly prayed before the Hon'ble commission not to impose any penalty against such non-achievement of RPO target for that particular year.

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 determined 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 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.

3.7.4 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 later half 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.

3.7.5 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 receive 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.

- 3.7.6** 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.
- 3.7.7** 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.
- 3.7.8** 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.
- 3.7.9** 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 less than 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 doesnot 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.

3.7.10 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 some discussions ongoing 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.

3.7.11 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.

3.7.12 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	WBSGDCL	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	342.65	78.41	172.31
8	RE Balancing	0	25.9	25.9	25.9
	Total	993.18	1069.00	1255.76	1349.66

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, power purchase rate 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 7.47/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 humbly seeks liberty to approach the Hon'ble Commission for adoption of such rate.**
- 3.8.6** 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. It is humbly submitted that the ISTS charges are waived off for such power , however, in case of STU charges in West Bengal, full charges are being levied despite pure wind & pure solar sources being allowed 1/4th of Long Term & Medium term transmission charges as per reg 18.2.1(h) of WBERC Open Access Regulations, 2022. Apetition seeking clarification on the applicability of reg 18.2.1(h) of WBERC Open Access Regulations, 2022 on Wind Solar Hybrid RE as filed by the Petitioner is under active consideration of the Hon'ble Commission.
- 3.8.7** 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 late FY 2023-24. The rate has been considered as per the approved PPA with the escalation provided as per the said agreement.
- 3.8.8** It is humbly submitted that SECI has recently sent a 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. adted 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.**

- 3.8.9** 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.

3.8.10 The Petitioner has projected average power purchase cost for FY 2023-24 for short-term open access power in line with provisional actual power purchase cost incurred for FY 2022-23 till December 2022. It is mostly in line with the average DAM rate prevalent in IEX. The Petitioner has assumed the landed rates from such transactions may escalate by 10% year on year basis. Any impact of open access power purchase shall be adjusted through MVCA charges.

3.8.11 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	WBSIEDCL	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	3.30	3.40
6	IEX / Bilateral/ Traders	6.46	7.11	7.82	8.60
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	WBSIEDCL	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)	19820.92	24348.50	6129.35	14815.93
8	RE Balancing Cost	0.00	388.50	427.35	470.09
	Total	50714.32	54691.88	50274.40	59936.83



3.8.12 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. 5.12 /kWh for 2023-24, Rs. 4.00 /kWh for 2024-25 and Rs 4.44 /kWh for 2025-26 based on suitable escalation/market trend as per form 1.10 a & b in this petition.

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 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 relaxed volume limit thereby resulting in reduction in DSM bill amounts.

3.8.13 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 will be difficult to maintain the loss percentage at 5.25% 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 8th 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
A: ENERGY INPUT				
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	1069.00	1255.76	1349.66
Overall Gross Energy in system	1073.59	1149.41	1336.18	1430.08
Energy Input for own system	1073.59	1149.41	1336.18	1430.08
B: ENERGY UTILIZATION				
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	60.34	70.15	75.08
Total Energy	1073.59	1149.41	1336.18	1430.08

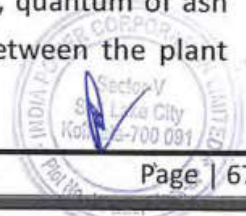
3.10 Total Fixed Cost of the Generating Station

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 final project cost of Dishergarh 12 MW plant submitted vide RA/II/002/16-17/1495 dated 19.12.2016 is under active consideration of the Hon'ble Commission. The 12 MW Dishergarh power plant achieved its COD on 25.09.2012. It is humbly submitted that withholding of 5% of the provisional project cost as per Regulation 2.8.1.4.13 of WBERC(Terms and Conditions of Tariff) Regulations, 2013 till approval of final project cost, results in consideration of a reduced provisional project cost , which ultimately have effect on different fixed charge components viz. Depreciation, interest, return on equity, etc.



The Petitioner humbly prays before the Hon'ble Commission to consider the final project cost of 12 MW DPS as submitted for approval under Case no. OA-244/16-17 and making it effective from the date of COD of the plant for the purpose for fixed cost determination alongwith past arrears in the form of RoE, Depreciation etc. on the approved amount on this count considering that the submission of the aforesaid final project cost petition has already been done on 19.12.2016.

- 3.10.1** Adopting the CERC principle and WBERC Tariff Regulation guidelines including computation methodology implemented by the Hon'ble Commission in our last few tariff / APR orders using escalation rate calculation based on WPI and CPI, the Petitioner has computed the escalation factor as indicated in the table under para 3.10.5 as covered in subsequent section. However, going forward the petitioner forecast the escalation rate to increase further in ensuing years based on market dynamics and economic scenario of India. However, the Petitioner has considered 9.83% escalation based on the Hybrid inflation index considering 60% - WPI & 40% - CPI for the MYT period for the cost components.
- 3.10.2** In view of the projected generation in the ensuing years and to cover anticipated increase in fuel costs in future years for transport of coal and ash, it has been assumed that Coal and Ash Handling Charges may increase at the rate of 5.13% which is the CPI inflation index for the FY 2021-22 over the actual expenditure of FY 2021-22 with necessary adjustment in view of the normative power generation in the projection years of the 8th MYT control period. Coal & ash handling charges are also dependent on quality of coal (ash content), quantum of coal & ash, distance of coal yard and ash disposal site from the plant and some of the common costs like weighbridge etc. Therefore, the expense towards Coal & Ash Handling is not entirely controllable and also not necessarily varies in direct proportion with quantum of generation. The actual figures of coal & ash handling for past years and the projected figures for the ensuing year is indicated in form 1.12 of this petition.
- 3.10.3** The Hon'ble Commission in its tariff orders/APR orders has only considered the net generation quantum as the basis for coal and ash handling. However, the Petitioner humbly submits that 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

3.10.4 Consumption of Stores and Spares are projected to increase in the same ratio like O&M expenses in control period FY 2023-24 to FY 2025-26 over the estimated consumption in FY 2021-22 with necessary adjustment in view of the normative power generation in the subsequent years. The figures are indicated in Form 1.12 of this petition.

3.10.5 However, for the control period, O&M expenses considering Repair & Maintenance expenses and Administrative and General Expenses are considered in line with the Tariff Regulations. As per Clause B of Schedule 9A of the Operating norms, the norms stipulated for 12 MW New DPS was up to 2016-17. The Petitioner has considered 9.83% escalation based on the Hybrid inflation index of FY 2021-22 considering 60% - WPI & 40% - CPI for the MYT period. The O&M expenses for 12 MW DPS has been indicated in Form 1.12 of this petition.

3.10.6 As per the principle adopted in recent tariff orders, the Petitioner has considered an increase of 5.13% (based on 1 year CPI inflation index) in salary and wages per annum over the actuals for FY 2021-22 to account for normal increments and increase in Dearness Allowance of the employees and based on the consideration of inflation which is likely to happen in the ensuing years. Bonus to employees have been projected to increase by the same percentage on a year to year basis over that incurred in 2021-22, in tandem with the increase in salaries and wages. Thus, the Petitioner has considered 5.13% escalation based on CPI inflation index of FY 2021-22 on the actual expenditure of FY 2021-22 for the 8th 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.

3.10.7 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.

3.10.8 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.

3.10.9 Depreciation charge as projected is detailed in Form B as per WBERC Regulation.

3.10.10 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.



3.10.11 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.

3.10.12 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 2nd 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.

3.10.13 The Fixed Expenses of the DPS-12 MW plant for 8th 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	Estimated	Projected
1	Coal & Ash handling charges	182.70	192.07	201.92	212.28
2	Water Charges	4.86	5.49	6.21	7.01
4	Repairs & Maintenance (excluding salaries etc. & stores)	Included in Normative O&M Expenses			
5	Employee Cost	377.85	415.01	455.82	500.64
6	Depreciation	317.98	317.73	317.52	317.49
7	O&M Expenses (Normative)	102.62	108.78	115.30	122.22
A	Travelling Expenses	Included in Normative O&M Expenses			
B	Vehicle Maintenance				
C	Telephone Expenses				
D	Security Charges				
E	Other Management & Administrative Expenses				
13	Rent , Rate and Taxes	2.92	3.22	3.54	3.89
	Total	988.93	1042.29	1100.31	1163.54



3.11 Distribution Expenses

3.11.1 The Petitioner's strong 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 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. Separate Form 1.15 have also been prepared and submitted as per the Tariff Formats.

Table 21: 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
1	Consumption of stores & spares	141.44	150.79	171.92	183.23
2	Repairs & Maintenance (excluding salaries etc. & consumable stores)				
a	Buildings	506.24	556.87	612.55	673.81
b	Transmission & Distribution Assets	375.88	413.47	454.82	500.30
c	Others	233.63	256.99	282.69	310.96
3	Employee Cost	2271.87	2495.29	2740.68	3010.20
4	Depreciation	1460.82	1598.37	2181.90	2784.55
5	Travelling Expenses	0.71	0.88	1.07	1.32
7	Vehicle Maintenance	72.71	89.30	109.68	134.69
10	Other Management & Administrative Expenses	24.11	29.61	36.36	44.66
11	Rent , Rate and Taxes	15.98	17.55	19.28	21.18
12	Loss on Fixed Assets sold / Obsolete Assets written off	0.02			
13	Total	5103.41	5609.11	6610.96	7664.91

3.11.3 It is humbly submitted that 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. As already stated above, 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. As the base figure of FY2011-12 has been revised based on remand order and therefore as a matter of principle, the subsequent years' figures for approved O&M expense determination also needs to be recalibrated /re-determined based on escalation over new base figures. Hence, it is humbly prayed before the Hon'ble Commission that the actual O&M expense of past year should be considered for applying escalation for approving the expenses of ensuing years.

3.11.4 The Petitioner has acknowledged the guideline suggested by Hon'ble Commission that, different components of O&M expenses (excluding Employee Cost) rent, rates and taxes and insurance are affected by inflationary trend depending on the characteristics of such components or sub-components. Additionally, Hon'ble Central Electricity Regulatory Commission (CERC) also publish half yearly escalation rates based on a hybrid index of WPI (Wholesale Price Index) & CPI (Consumer Price Index).

3.11.5 The petitioner has computed inflation trends 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 22: Table of Price Indices during FY2018-19 to 2021-22

Year	Annual Inflation of CPI	Annual Inflation of WPI	Annual Hybrid Inflation Index with WPI(60%)+CPI(40%)
2018-19	5.45%	4.26%	4.74%
2019-20	7.53%	1.67%	4.01%
2020-21	5.02%	1.31%	2.79%
2021-22	5.13%	12.97%	9.83%

3.11.6 Based on the above table, the Petitioner has considered following annual increase ie, 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.

3.11.7 Adopting the CERC principle and WBERC Tariff Regulation guidelines including computation methodology implemented by the Hon'ble Commission in our last MYT orders using escalation rate calculation based on WPI and CPI, the Petitioner has computed the escalation rate after factoring respective Hybrid inflation rate (60% WPI+40% CPI) and for some cost heads like Employee cost only CPI escalation rate over the actual data of FY 2021-22. The Petitioner has followed the principle of Hon'ble Commission as in the past orders that other than inflationary escalation, O&M cost is primarily dependent upon volume parameters such as Distribution line length (DLL) in circuit kilometre (CKM) and consumer strength. Different elements of fixed charge are sensitive to either of the above two parameters. However, going forward the petitioner forecast the escalation rate to increase further in ensuing years based on market dynamics and economic scenario of India.

The Petitioner has applied the inflation rates on the actual O&M expenditure of FY 2021-22 with due weightage to sensitivity parameters of business volume growth. The Distribution line length (DLL) expressed in CKM & the consumer strength (CS) expressed in numbers have been considered as the sensitivity parameters for respective heads.

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.

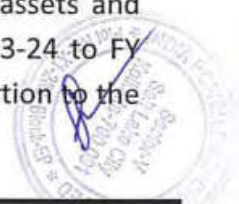
Table 23: Table of Price Indices considered for 8th Control period

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%

The Petitioner has applied the above escalation rates year on year basis across the cost elements/heads to maintain a uniform trend. The following sections explain the cost elements of each sub heads within O&M expenses. This methodology also applied on centrally maintained expenses. It is humbly prayed before the Hon'ble Commission to approve the proposed O&M expense for distribution function unlike the earlier years, wherein the O&M expenses approved were not sufficient to cover our actual O&M expenses due to low historical base considered by Hon'ble Commission.

Consumption of Stores and Spares for FY 2022-23 has been provisional estimate on the basis of the expenditure incurred based on the expansion and the number of the consumers serviced. On the similar principle, with escalation for inflationary trends a 10% of the escalation has been considered for the control period i.e. FY 2023-24 to FY 2025-26, considering the additional expenditure to be incurred on the distribution system, expansion plan in LT section and overall increase expected in the number of the consumers to be serviced. It is humbly submitted that maintaining an efficient distribution system, various types of stores materials like conductor, cables, insulator, polls, switches, etc, are consumed with varying consumption pattern. Therefore maintaining an inventory of critical stores items is essential for maintaining an efficient distribution system covering license area of 798 Square Kilometres area.

3.11.8 Repairs and Maintenance Expenses have been provisional estimate for FY 2022-23 on the basis of the expenditure incurred based on the existing fixed assets and distribution infrastructure. However, for the control period i.e. FY 2023-24 to FY 2025-26, the repair & maintenance expenses are projected in the proportion to the



ratio of the base year expenses with the corresponding year Gross Fixed Assets and the expected capitalisation for that respective year after considering the escalation for inflationary trends. R&M expenses are poised to grow significantly in view of LT network expansion and the addition of a large number of domestic consumers.

3.11.9 Employee Cost is linked with the CPI index more closely, but varies on geography of operational area. 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 6th Pay Commission and 7th 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.

3.11.10 Based on the reason discussed above, the petitioner has considered an increase in employee cost at CPI inflation rate of 5.13% of FY 2021-22 followed by respective sensitivity factor of Consumer Strength per annum, which will cover the increment for the existing work force as well as increase in manpower, who will be employed as a result of business expansion, new projects and to handle the increase in consumer base. LT segment expansion shall bring in more employee requirement.

3.11.11 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 1.17.

3.11.12 The details of projected depreciation charges are provided in 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.

3.11.13 Travelling Expenses for the ensuing years have been estimated on the basis of



inflationary increase of 9.83% escalation on a year to year basis for the balance three years. Similar estimate has been carried out for Vehicle Maintenance, Security Charges, Telephone Expenses, Other Administrative Charges and Rent, Rates & Taxes projections.

3.12 Centrally Maintained Expenses

3.12.1 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.

3.12.2 Rents, Rates and Taxes are projected to increase at the rate of inflation of 9.83%% for each year on the year FY2021-22. 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.

3.12.3 The license and filing fees is calculated in line with the WBERC Fees Regulations, 2013 and Tariff Regulations, which includes the fees for review petition, MYT / APR filing fees, License fees and other miscellaneous petitions.

3.12.4 Interest on Capital Expenditure Loans is estimated at Rs. 2153.51 Lakhs in FY 2022-23 and is expected to increase to Rs. 4463.34 Lakhs in FY 2025-26 which is estimated based on the envisaged capital projects, for which the loans were taken, being commissioned and interest on such capital loans becoming chargeable to revenue account. Such interest includes interest on normative loan as per 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.

3.12.5 Working Capital Requirement is computed in accordance with the Regulation 5.6.5.1 of WBERC (Terms and Conditions of Tariff)(1st Amendment) Regulations.



2012.

The rate of interest to be considered on Working Capital is specified under Regulation 5.6.5.2 of WBERC (Terms and Conditions of Tariff)(1st Amendment) Regulations, 2012 read with para 6.0 of the order dated 06.04.2022 in Case no. SM-30/21-22 , which shall be SBI MCLR rate (for 01st April of preceding year) + 3.5% .In case of 01.04.2022, the MCLR rate was 7% , so the rate of interest on working capital has been considered as 10.5% for FY2023-24. Similarly, the latest SBI MCLR as on 15.10.2022 is 8.30% and is expected to be continued upto 01.04.2023. Hence, for the next two years 2024-25 & 2025-26 , the rate of interest on working capital has been considered as 8.30%+3.50%, i.e. 11.80%.

3.12.6 The bulk of the Petitioner's consumers being commercial and industrial entities, the amount of cash security deposit are comparatively less. However, considering the LT Expansion and expected number of increase in Sales to LT consumers, the interest on consumer deposits is linked with the proportionate increase in sales and LT consumer addition for the control period.

3.12.7 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.

3.12.8 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.

3.12.9 The Legal & Professional charges is anticipated to increase by 10% followed by sensitivity factor of CS (consumer strength) on the actual expenditure of FY 2021-22 in the subsequent years. These 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. Further, 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 as projected by the Petitioner, which is based on the hybrid inflation escalation over the actual cost incurred during FY2021-22.

3.12.10 The Consultancy Fees is expected to be increased with Hybrid inflation factor followed by sensitivity factor of CS on the actual expenditure of FY 2021-22. The escalation of around 10% escalation has been considered in the subsequent years of the control period. The impact of change in tax on services after introduction of GST has impacted the increase in cost from 2017-18 onwards.

3.12.11 The projected depreciation charges for the control period have been computed based on the fixed asset addition in Form (B) for respective years with appropriate depreciation rate as per WBERC Tariff Regulation and suitable allocation to centrally maintained expense head has been computed for all the ensuing years.

3.12.12 Insurance Premium is expected to be incurred in the ensuing years based on hybrid inflation index applied to the actual expense of Rs 106.71 Lakhs incurred in FY 2021-22, however, due to additions of assets likely to take place in the ensuing years for expansion of LT network and other augmentation of distribution infrastructure, the cost projected may increase in proportion to the Gross Fixed Value of the Assets.

3.12.13 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.

3.12.14 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.

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.

- #### 3.12.15 Repairs and Maintenance (R&M) Expenses have been considered for FY 2021-22 on the basis of the expenditure incurred based on the existing fixed assets and distribution infrastructure after considering the escalation for inflationary trends. In



a similar methodology, for the control period i.e. FY 2023-24 to FY 2025-26, R&M expenses are projected with an escalation of 10% (including sensitivity parameter) in each year over the previous years . R&M expenses are poised to grow significantly in view of network expansion and the addition of a large number of domestic consumers. It is humbly prayed before the Hon'ble Commission to approve the proposed R&M expense for distribution function unlike the earlier years, wherein the R&M expenses approved were not sufficient to cover our actual R&M expenses.

3.12.16 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. 25 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, 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.

3.12.17 The estimated Centrally Maintained Expenses as detailed in Form 1.17 is summarised below:

Table 24: Centrally Maintained Expenses (Rs. Lakhs) for the Control period

Sr. No.	Particulars	Base Year	Ensuing Year 1	Ensuing Year 2	Ensuing Year 3
		2022-23	2023-24	2024-25	2025-26
		Estimated	Projected	Projected	Projected
1	Rent, Rates & Taxes	59.65	65.62	72.18	79.40
2	License & Filing Fees	14.47	15.92	17.51	19.26
3	Interest on Term Loan	2153.51	2585.62	3409.26	4463.34
4	Interest on Working Capital	648.53	704.84	765.51	911.42

5	Interest on Security Deposits	307.64	307.64	307.64	307.64
6	Other Finance Charges	140.28	147.29	154.66	162.39
7	Bad Debts Provision	357.35	381.60	373.06	441.75
8	Legal Charges	652.62	717.88	789.67	868.64
9	Consultancy Fees, charges and expenses	380.46	418.51	460.36	506.40
10	Auditors' Fees	57.70	63.46	69.81	76.79
11	Depreciation	102.52	76.83	63.27	57.62
12	Insurance Premium Payable	24.05	26.46	29.11	32.02
13	Employee costs & Directors' fees & expenses	2510.28	2757.14	3028.28	3326.08
14	Repairs & Maintenance (excluding stores)	616.95	678.64	746.50	821.16
15	Travelling Expenses	144.62	159.08	174.99	192.49
16	Postage	7.44	8.18	9.00	9.90
19	Vehicle Running & Maintenance Expenses	218.13	239.94	263.93	290.32
20	General Establishment Charges	576.95	634.64	698.11	767.92
21	Income Tax	812.61	871.24	1149.37	1436.19
22	Expense on marketing team	7.39	8.13	8.94	9.84
23	Loss On fixed Asset Sold/Scrapped	1.44	-	-	-
	Total	9810.33	10886.01	12610.22	14801.51

3.12.18 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.

3.12.19 Although the Hon'ble Commission has specified the norms for the O&M expenditure based on approved expenditure of previous year, the Petitioner wishes to 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 25: 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

3.13 Capital Expenditure and Capitalization

3.13.1 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.

3.13.2 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

3.14 Debt and Return on Equity

3.14.1 The projection of Debt and Equity is in line with the normative allocation of 70:30 as specified in the Tariff Regulations.

3.14.2 The position of normative equity is specified in Form 1.20 (a) and normative debt in Form 1.20 (b). 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 as per applicable Tariff Regulation.

Table 27: Normative RoE(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
Admissible Opening Balance for the year	14368.72	14950.47	16459.81	24868.81
Normative Addition	581.75	1509.34	8409.00	1819.31
Closing Balance for the year	14950.47	16459.81	24868.81	26688.12
Average Equity Base	14659.60	15705.14	20664.31	25778.46
Rate of Return – Generation	15.50%	15.50%	15.50%	15.50%
Rate of Return – Distribution	16.50%	16.50%	16.50%	16.50%
Return on Equity (ROE)	2390.72	2563.24	3381.50	4225.33

3.14.3 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.

3.14.4 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 most commercial banks are reluctant to provide term loans with repayment periods exceeding five years. 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.

3.14.5 Accordingly, the normative interest is being worked out as shown in the table below and in form 1.20b of this petition.

Table 28: Normative Interest Charges (Rs. Lakhs) for the Control Period

SL No	Particulars	Unit	Base Year	Control Period		
			2022-23	2023-24	2024-25	2025-26
			Estimated	Projected	Projected	Projected
1	Opening gross normative debt	Rs. lakh	24751.22	26108.65	26108.65	35929.65
2	Less: Cumulative repayment of normative debt upto previous year	Rs. lakh	9698.36	11203.65	12694.15	14035.60
3	Opening net normative debt	Rs. lakh	15052.86	14905.00	13414.50	21894.05

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4	Actual addition to debt for the year	Rs. lakh	0.00	5000.00	9800.00	0.00
5	Addition to the fixed assets during the year	Rs. lakh	1939.18	5031.12	28030.00	6064.35
6	Normative debt	%	70%	70%	70%	70%
7	Normative addition to debt for the year	Rs. lakh	1357.43	3521.78	19621.00	4245.05
8	Addition to debt for the year to be considered to ARR	Rs. lakh	1357.43	5000.00	19621.00	4245.05
9	Additional gross normative debt during the year	Rs. lakh	1357.43	0.00	9821.00	4245.05
10	Repayment of normative debt during the year	Rs. lakh	1505.29	1490.50	1341.45	2189.41
11	Net additional gross normative debt during the year	Rs. lakh	-147.86	-1490.50	8479.55	2055.64
12	Closing balance of net normative debt (i.e closing gross normative debt (B1) over cumulative repayment of normative debt upto the end of the year (B2)	Rs. lakh	14905.00	13414.50	21894.05	23949.69
13	Average balance of net normative debt	Rs. lakh	14978.93	14159.75	17654.28	22921.87
14	Weighted average rate of interest	% (taken from Form-C)	11.24%	11.57%	11.42%	11.42%
15	Allowable interest on normative debt	Rs. lakh	1684.19	1638.70	2015.41	2616.76
16	Closing gross normative debt	Rs. lakh	26108.65	26108.65	35929.65	40174.70
17	Cumulative repayment of	Rs. lakh	11203.65	12694.15	14035.60	16225.01



	normative debt upto the end of the year					
18	Interest on Actual Borrowing	Rs. Lakhs	469.32	946.92	1393.85	1846.58
19	Total interest on term loan (15+18)	Rs. lakh	2153.51	2585.62	3409.26	4463.34

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 7th 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 29: 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				
Net other Income	1,014.48	1,014.48	1,014.48	1,014.48

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 30: Annual Revenue Requirement (Rs. Lakhs)

Ref	Particulars	Base Year	Ensuing Year		
		2022-23	2023-24	2024-25	2025-26
		Estimated	Projected	Projected	Projected
1	Fuel	4036.81	4036.81	4102.49	4378.38
2	Power Purchase	50714.32	54691.88	50274.40	59936.83
3	Employee Cost	5160.00	5667.44	6224.77	6836.92
4	Other Administrative & General Charges	1470.33	1629.76	1807.99	2007.50
5	Coal & Ash Handling	182.70	192.07	201.92	212.28
6	Rent, Rates & Taxes	78.56	86.39	95.00	104.47
7	Legal Charges	652.62	717.88	789.67	868.64
8	Auditors Fees	57.70	63.46	69.81	76.79
9	Repairs & Maintenance incl. Consumables	1351.50	1477.76	1627.23	1779.47
10	a) Interest	2802.0	3290.5	4174.8	5374.8
	b) Foreign Exchange Rate Variation				
	c) Other Financing Charges	140.28	147.29	154.66	162.39
	d) Interest on Security Deposits	307.64	307.64	307.64	307.64
11	a) Depreciation	1881.32	1992.92	2562.70	3159.66
	b) Advance against depreciation	0.00	0.00	0.00	0.00
12	Intangible Asset Write Off	0.00	0.00	0.00	0.00
13	Water Cess	4.86	5.49	6.21	7.01
14	Bad Debt (see regulation 5.10.1)	357.35	381.60	373.06	441.75
15	Tax	812.61	871.24	1149.37	1436.19
16	Reserve for unforeseen exigencies	195.74	200.59	208.85	283.24
17	Demurrage				



18	Insurance	59.02	64.93	71.42	78.56
19	Total Expenditure (sum 1:19)	70265.40	75825.63	74201.96	87452.47
20	Normative Return	2390.72	2563.24	3381.50	4225.33
21	Permitted Return	2390.72	2563.24	3381.50	4225.33
22	Special Allocations [Form 1.21]				
23	Gross Revenue Required	72656.12	78388.87	77583.46	91677.81
25	a) Less: Income other than sale of energy	1014.48	1014.48	1014.48	1014.48
26	c) Less: Interest credit on Depreciation	27.52	57.00	156.47	250.86
27	f) Shakti Scheme Coal Use Discount (@7 paise/unit)	28.34	28.34	28.34	28.34
28	Total Deductions from Gross Revenue Requirements	1070.34	1099.82	1199.29	1293.67
29	Aggregate Revenue Required	71585.78	77289.05	76384.17	90384.13



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 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 8th 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



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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
		5000	28000	6000

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, most of the expenses items are fixed in nature and need to be incurred irrespective of any 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 requests 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 increasing the Fixed/Demand Charges for each category of consumers every year 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 revenue gap 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 actually incurred by the Petitioner 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. Therefore, the Petitioner humbly prays for gradual increase in the Fixed Charges to an extent so as to ensure adequate recovery of fixed charges in the ensuing years.

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.

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.



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.

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.

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 investment clearance for 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.

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, the Hon'ble Commission may consider fixing a minimum floor price as well.

There is growing consciousness among the consumers to opt for 100 percent 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 100 percent 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 8th 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, we have considered the applicability of the Existing Tariff of FY 2019-20 as the base because the last MYT petition of the Petitioner i.e. 7th 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. 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 is the 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 8th 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 lucrative 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 increase 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 increased 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 License/s in the area, the Petitioner humbly seeks guidance and regulatory support from the Hon'ble Commission in its endeavour to supply to all 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. 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 our common area of supply, one of the parallel licensees has notified a competitive tariff for 11KV, 33 KV and 132 KV industries applicable for DVC command area in the year 2017 & 2019, which is much lower than its approved tariff schedule applicable across other part of the State. In view of the above, the Petitioner is constrained to propose a tariff schedule which is competitive as well as adequate for the Petitioner to 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 7th 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 8th MYT submission and make additional/revised submission when the tariff order for 7th Control period is issued.**

6.1.3.4 Load Factor Rebate/ Surcharge:

The Petitioner proposes to modify the prevailing load factor rebate/surcharge 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.

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)		Tariff	
	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
PF ≥ 0.86 & PF < 0.92	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
PF ≥ 0.85 & PF < 0.86	0.00	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



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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			

DVC TARIFF as per FY 19-20

Industries (33kV)	P/KWH					
	Summer	Monsoon	Winter	Summer	Monsoon	Winter
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. It is witnessing migration of consumers from one licensee to other parallel licensee. In view of delay in issuance of APR orders /tariff orders, 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 creating a provision for seeking "No dues certificate" from incumbent supplier before migration of consumer to other licensee.
- 7.2 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.
- 7.3 It is humbly prayed before the Hon'ble Commission to issue tariff orders for parallel licensees simultaneously, in order to present the correct status of tariff across the parallel licensees. The tariff rationalisation and consumer categorisation may 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.
- 7.4 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 in line with MOP guideline dated 08.06.2020, "Amendment in the revised guidelines and standards for charging infrastructure for Electric Vehicles".



- 7.5 It is humbly submitted that 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. 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 in view of providing equal treatment to all set of such consumers in the same area.



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 8th MYT Control period
- (c) Approve the tariff increase with effect from 1st April of each year of the control period to meet the Aggregate Revenue Requirement for the MYT period
- (d) Determine the wheeling charges for each year of the control period
- (e) Allow the carrying cost for any deferment in the gap recovery
- (f) Allow additions/alterations/changes/modifications to the application at a future date, including the impact due to COVID-19 pandemic scenario, issuance of tariff order for 7th MYT Control Period and notification of WBERC Tariff (4th Amendment) Regulations.
- (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.

