



পশ্চিমবঙ্গ পশ্চিম বঙ্গাল WEST BENGAL

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BEFORE THE HONOURABLE WEST BENGAL
ELECTRICITY REGULATORY COMMISSION, KOLKATA

File No. _____

Case No. _____

IN THE MATTER OF: 2nd Supplementary to the Fuel and Power Purchase Cost Adjustment (FPPCA) application of West Bengal State Electricity Distribution Company Limited (WBSEDCL) for the year 2020-21 as per regulations 2.8.7 read with 5.8 and Schedule-7A of West Bengal Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2011 as amended.

And

IN THE MATTER OF: West Bengal State Electricity Distribution Company Limited, Vidyut Bhawan, Block DJ, Sector – II, Bidhannagar, Kolkata – 700 091.



ATTESTED
S. CHAUDHURI
★ NOTARY ★
GOVT. OF INDIA
Regd. No.-6584/08
Bidhannagar Court
Dist.-North 24 Pgs.

12 1 OCT 2020

Sudipta Choudhury
Chief Engineer (Regulation)
Regulation Department
WBSEDCL

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W.B.S.E.D.C.L.
Vidyut Bhawan, Salt Lake
Kolkata - 700 091

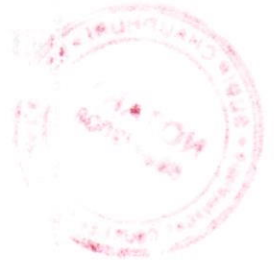
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S. CHATTERJEE
Licensed Stamp Vendor
C. C. Court
2 & 3, K. S. Roy Road, Kol-1

02 SEP 2022

02 SEP 2022



SL. NO. 1064/2022

BEFORE THE NOTARY PUBLIC
AT BIDHANNAGAR
DIST.-NORTH 24 PARGANAS

AFFIDAVIT

I, Sri Sudipta Mukhopadhyay, son of Late Deb Kumar Mukhopadhyay, aged 58 years by faith Hindu residing at 2 Kundan Bye Lane, Liluah Howrah – 711204 do hereby solemnly affirm and declare as follows:



1. That I am the Chief Engineer (Regulation) of the West Bengal State Electricity Distribution Company Limited 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 West Bengal State Electricity Distribution Company Limited as I am competent to do so.
3. The statements made in paragraphs 1 to 9 with Annexure - A 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

Deponent

Date:

ATTESTED
S. CHAUDHURI
★ NOTARY ★
GOVT. OF INDIA
Regd. No.-6554/06
Bidhannagar Court
Dist.-North 24 Pgs.

12 1 OCT 2022

Chief Engineer (Regulation)
Regulation Department
WBSEDCL

Identified by me

Advocate

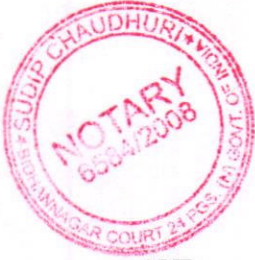
MANOJ BASU
Advocate
Enrolment No.-F-247/2006
Bidhan Nagar Court
Kolkata-700091

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

File No:

Case No.:

IN THE MATTER OF: 2nd Supplementary to the Fuel and Power Purchase Cost Adjustment (FPPCA) application of West Bengal State Electricity Distribution Company Limited (WBSEDCL) for the year 2020-21 as per regulations 2.8.7 read with 5.8 and Schedule-7A of West Bengal Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2011 as amended.



AND

IN THE MATTER OF: West Bengal State Electricity Distribution Company Limited, Vidyut Bhawan, Block DJ, Sector – II, Bidhannagar, Kolkata – 700 091.

1. The West Bengal State Electricity Distribution Company Limited, hereinafter referred to as “WBSEDCL” is a Distribution Licensee under Electricity Act, 2003 and engaged in the business of generation, distribution and supply of electricity.
2. That the Fuel and Power Purchase Cost Adjustment (“FPPCA”) application of West Bengal State Electricity Distribution Company Limited (WBSEDCL) for the year 2020-21 as per regulations 2.8.7 and 5.8 and Schedule-7A of West Bengal Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2011 as amended has been submitted by WBSEDCL on 08/06/2022 for determination of FPPC for the year 2020-21.
3. That the 1st supplementary to the FPPCA application for the year 2020-21 has been submitted on 28.07.2022. Claim amount for the year 2020-21 as per the FPPCA application was Rs. 17,29,797 lakh.
4. That Hon’ble Commission in its order dated 21.09.2022 has accorded approval of bill discounting for payment of arrear amount of TLDP III & TLDP IV to NHPC Ltd. In the paragraph 8 of said order dated 21.09.2022, Hon’ble Commission has directed WBSEDCL to submit the detail of instalments paid to SBI on account of Bill Discounting duly certified by the auditor and claim the same in FPPCA of the respective year. Copy enclosed as Annexure-A.
5. That before passing the above stated order by Hon’ble Commission on 21.09.2022, Rs 65419

Sudipta Chakrabarty

Chief Engineer (Regulation)
Regulation Department
WBSEDCL

lakh has been claimed by WBSEDCL as payable to NHPC on account of prior period i.e. TLDP-III and TLDP-IV, (Refer paragraph 17 (iii) of FPPCA application for 2020-21), and Rs 11845 lakh has been claimed by WBSEDCL as payable to NHPC against TLDP IV on account of current period amount in the FPPCA application for the year 2020-21 (Refer paragraph 7(e) of FPPCA application for 2020-21 wherein Rs 11845 lakh is included in claim amount of Rs 34863 lakh.).

6. That the above stated amount of Rs 77264 lakhs (Rs 65419 lakhs + Rs 11845 lakhs) has been considered by Hon'ble Commission vide paragraph 2.0 (b) and (c) of the order dated 21/09/2022 for payment of bills of TLDP III & TLDP IV to NHPC by WBSEDCL on instalment basis through bill discounting.
7. That in view of above order, Rs 77264 lakhs claimed in the FPPCA application for the year 2020-21 will be claimed in future FPPCA application as per instalment payment.
8. That pursuant to the above order, the net FPPCA for 2020-21 shall be as follows:

| Sl no | Particulars | Amount (Rs in Lakh) |
|-------|---|------------------------|
| 1 | FPPCA claim as per 1 st Supplementary petition | 17,29,797 |
| 2 | Less: Amount claimed under bill discounting i.e. TLDP III & TLDP IV | 77,264 |
| 3 | Add: Instalment paid to SBI (NHPC banker) as per bill discounting arrangement | 0 |
| 4 | Net FPPCA Claim (4 = 1-2+3) | 16,52,533 |

Thus, Net FPPCA claim becomes 16,52,533 lakh after considering Order dated 21.09.2022 in place of FPPCA claim made in FPPCA application and 1st supplementary to the FPPCA application for 2020-21.

9. In view of the aforesaid facts and circumstances, it is humbly prayed that this Hon'ble Commission may graciously be pleased to admit this supplementary application and pass appropriate orders.

PRAYER:

It is humbly prayed that Hon'ble Commission may be pleased to:

1. Admit the Supplementary Application to the FPPCA application for the year 2020-21.
2. Approve Fuel and Power Purchase Cost (FPPC) of Rs. 16,52,533 lakh for the year 2020-21 in respect of WBSEDCL.



Sudipto Mukhopadhyay
Chief Engineer (Regulation)
Regulation Department
WBSEDCL

3. Pass the FPPCA amount of Rs. 16,52,533 lakh in the Annual Performance Review (APR) of the year 2020-21 for finalizing the amount to be recoverable by the licensee from the consumers and other licensees.
4. Pass any order as the Hon'ble Commission may deem fit and proper keeping in mind the facts and circumstances of the case.



Sudipto Mukhopadhyay

Chief Engineer (Regulation)
Regulation Department
WBSEDCL



**ORDER
OF THE**

WEST BENGAL ELECTRICITY REGULATORY COMMISSION

IN CASE NO. OA-395/21-22

IN REGARD TO THE APPLICATION FOR ISSUANCE OF
APPROPRIATE ORDER IN RESPECT OF APPROVAL OF ALLOWING
INTEREST AND ALLIED FINANCING CHARGES DUE TO
LIQUIDATION OF OUTSTANDING ARREAR DUES OF NATIONAL
HYDROELECTRIC POWER CORPORATION (NHPC LIMITED)
THROUGH TEMPORARY ACCOMODATION BY BILL DISCOUNTING
IN THE AGGREGATE REVENUE REQUIREMENT OF RELEVANT
YEARS

PRESENT:

**SRI MALLELA VENKATESWARA RAO, CHAIRPERSON
SRI PULAK KUMAR TEWARI, MEMBER**

DATE: 21.09.2022

Sudipto Mukhopadhyay
Chief Engineer (Regulation)
Regulation Department
WBSEDCL

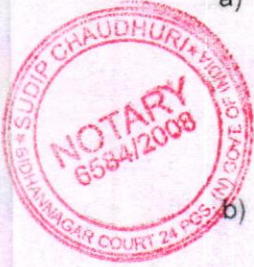


In regard to the application for issuance of appropriate order for approval of allowing interest and allied financing charges due to liquidation of outstanding arrear dues of National Hydroelectric Power Corporation (NHPC) Limited through temporary accommodation by bill discounting in the Aggregate Revenue Requirement of relevant years



FACTS IN BRIEF

- 1.0 The West Bengal State Electricity Distribution Company Limited (in short 'WBSEDCL') submitted an application vide letter dated 22.12.2021 for issuance of appropriate order in respect of approval of allowing interest and allied financing charges due to liquidation of outstanding arrear dues of National Hydroelectric Power Corporation Limited (NHPC) through temporary accommodation by bill discounting in the Aggregated Revenue Requirement of relevant years. The Commission admitted the application and registered it in Case No. OA – 395/ 21 – 22.
- 2.0 WBSEDCL in their application inter-alia stated the following:
- WBSEDCL had been drawing power from hydro power stations of Teesta Low Dam III – 132 MW (TLDP III) and Teesta Low Dam IV – 160 MW (TLDP IV) as per the Power Purchase Agreement (PPA) executed with NHPC and duly approved by the Commission at a tariff determined by the Central Electricity Regulatory Commission (CERC).
 - For power purchase from TLDP IV, WBSEDCL was paying NHPC based on interim tariff order of CERC pending final tariff determination by CERC. Subsequently, in pursuance to CERC's tariff order dated 24.01.2021 for the period from 11.03.2016 (date of commercial operation of 1st Unit) to 31.03.2019, NHPC had claimed an arrear of Rs. 713.71 Crore (including interest of Rs. 152.64 Crore) from WBSEDCL.
 - Regarding TLDP III, CERC vide order dated 10.02.2021 allowed NHPC for recovery of shortfall in capacity charges due to reasons beyond the control of NHPC. Accordingly, NHPC claimed an amount of Rs. 58.93 Crore from WBSEDCL in respect of TLDP-III.
 - WBSEDCL had, in the meanwhile, executed a supplementary PPA on 14.09.2020 with NHPC to purchase power from TLDP III at a reduced rate, which resulted in receivable amount of Rs. 157.12 Crore by WBSEDCL from NHPC for the period from 2019 – 20 and 2020 – 21.
 - Thus, the net amount payable by WBSEDCL to NHPC in view of the above mentioned CERC orders and after carrying out adjustment as per the supplementary PPA dated 14.09.2020 comes to Rs. 615.52 Crore (= 713.71 + 58.93 – 157.12).
 - Under the above situation, WBSEDCL had explored all the possibilities of financing to meet up the arrear liability of NHPC amounting to Rs. 615.52 Crore and decided to meet up the arrear with an arrangement of bill discounting with NHPC's banker i.e., State Bank of India





In regard to the application for issuance of appropriate order for approval of allowing interest and allied financing charges due to liquidation of outstanding arrear dues of National Hydroelectric Power Corporation (NHPC) Limited through temporary accommodation by bill discounting in the Aggregate Revenue Requirement of relevant years

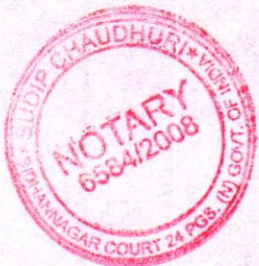


at an interest rate of 3.93 % per annum. Under such arrangement, WBSEDCL shall have to pay Rs. 0.52 Crore directly to NHPC and remaining Rs. 615 Crore to be payable in two parts i.e., 1st part consisting of Rs. 324 Crore payable in 12 monthly installments @ Rs 27 Crore each starting from 15.11.2021 and 2nd part consisting of Rs. 291 Crore payable in 3 monthly installments @ Rs. 97 Crore each starting from 16.08.2022. Further, stamp duty charges of Rs. 0.24432 Crore and interest of Rs. 16.56 Crore is also payable by WBSEDCL.

- g) WBSEDCL submitted that the above mode of financing helped them to save a cost of Rs. 33 Crore in comparison to arranging loan from Financial Institutions at short term debt of 7.50% per annum.
- h) WBSEDCL further submitted that, NHPC has also claimed an amount of Rs. 42.44 Crore as Late Payment Surcharge (LPSC) up to October, 2021 (i.e., up to the date of bill discounting).
- i) In view of the above, WBSEDCL prayed for approval of the following:
 - (i) Allow consequential interest and allied financial charges amounting to Rs. 16.80 Crore in the Aggregated Revenue Requirement of the relevant years for arranging bill discounting of Rs. 652.52 Crores as temporary accommodation;
 - (ii) Allow LPSC claimed by NHPC to the tune of Rs. 42.44 Crore to be accommodated in the future APR Orders.

OBSERVATIONS OF THE COMMISSION

- 3.0 The Commission observes that the provision related to temporary accommodation is specified in regulation 5.6.5.4 of the West Bengal Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2011, as amended from time to time. In terms of regulation 5.6.5.4 of Tariff Regulations, the Commission may allow interest on temporary financial accommodation taken by the generating company/ licensee from any source to a reasonable extent of unrealized arrears from the consumers/ beneficiaries, if considered necessary. The present requirement of financial assistance does not arise from any unrealized arrears from consumers. Thus, the same does not fall under regulation 5.6.5.4 of the Tariff Regulations, as prayed by WBSEDCL.





In regard to the application for issuance of appropriate order for approval of allowing interest and allied financing charges due to liquidation of outstanding arrear dues of National Hydroelectric Power Corporation (NHPC) Limited through temporary accommodation by bill discounting in the Aggregate Revenue Requirement of relevant years



- 4.0 Further, the Commission notes that in terms of regulation 5.8.11, in case of receipt of any supplementary bill on power purchase or fuel cost of previous year, such bill shall be considered at the time of FPPCA and not during MVCA.
- 5.0 Under these circumstances, WBSEDCL would not have been able to recover the arrear amounts claimed by NHPC through MVCA and hence WBSEDCL has resorted to arrangement of funds by way of bill discounting. The Commission notes that the interest rate of bill discounting @ 3.93% is much less than the interest rate of loan available from Financial Institutions and hence such arrangement is beneficial for the consumers of WBSEDCL.
- 6.0 Now considering the difficulty faced by WBSEDCL for payment of the arrears to NHPC in absence of any provision to recover the same as per the monthly variable cost adjustment (MVCA) formula specified in the Tariff Regulations, the proposal of WBSEDCL to make payment through SBI under bill discounting arrangement is allowable in terms of regulation 8.3 of the Tariff Regulations. The claim on account of cost related to such bill discounting comprising of processing fees and up-front interest charge needs to be shown under specific head 'bill discounting expense' in the APR of the year in which the same is paid.
- 7.0 Further, the prayer of WBSEDCL for allowing LPSC claimed by NHPC to the tune of Rs. 42.44 Crore to be accommodated in the future APR Orders cannot be allowed at this stage in terms of regulation 2.2.7 of the Tariff Regulations. However, WBSEDCL has the liberty to claim the same in future APRs along with detail justifications.



ORDER

- 8.0 In view of the above, the Commission in terms of regulation 8.3 of the Tariff Regulations allows WBSEDCL to make payment of arrears through SBI under bill discounting arrangement and further directs the following:
- WBSEDCL shall submit the details of installments paid to SBI on account of bill discounting duly certified by auditors and claim the same in FPPCA of the respective year.
 - The cost of bill discounting duly certified by the auditor shall be claimed in the APR of the year in which the same is paid under the head 'bill discounting expense'.



In regard to the application for issuance of appropriate order for approval of allowing interest and allied financing charges due to liquidation of outstanding arrear dues of National Hydroelectric Power Corporation (NHPC) Limited through temporary accommodation by bill discounting in the Aggregate Revenue Requirement of relevant years



9.0 A copy of the order shall be posted in the website of the Commission.

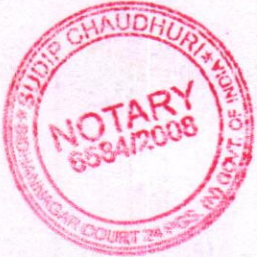
10.0 WBSEDCL shall download the copy of the order from the website of the Commission and act on it. Certified copy of the order, if applied for, be given to the parties on completion of formalities laid down in the West Bengal Electricity Regulatory Commission (Conduct of Business) Regulations, 2013, as amended and on submission of necessary fees.

Sd/-
(PULAK KUMAR TEWARI)
MEMBER

Sd/-
(MALLELA VENKATESWARA RAO)
CHAIRPERSON

Dated: 21.09.2022

Sd/-
SECRETARY



Sudipte Mukhopadhyay
Chief Engineer (Regulation)
Regulation Department
WBSEDCL