



ORDER
OF THE
WEST BENGAL ELECTRICITY REGULATORY COMMISSION

IN CASE NO. TP-104/22-23

IN REGARD TO THE APPLICATION SUBMITTED BY DAMODAR VALLEY CORPORATION FOR DETERMINATION OF TARIFF FOR DISTRIBUTION AND RETAIL SUPPLY OF ELECTRICITY FOR THE PART OF THE DAMODAR VALLEY AREA FALLING WITHIN THE TERRITORY OF THE STATE OF WEST BENGAL FOR THE YEARS 2023 – 2024 TO 2025 – 2026

PRESENT:
DR MALLELA VENKATESWARA RAO, CHAIRPERSON
SRI PULAK KUMAR TEWARI, MEMBER

DATE: 13.03.2024



CHAPTER – 1 INTRODUCTION

- 1.1 The West Bengal Electricity Regulatory Commission (hereinafter referred to as the "Commission"), a statutory body under the first proviso to section 82(1) of the Electricity Act, 2003 (hereinafter referred to as the "Act"), has been authorized in terms of section 86 and section 62(1) of the Act to determine the tariff for a) supply of electricity by a generating company to a distribution licensee, b) transmission of electricity, c) wheeling of electricity and d) retail sale of electricity, as the case may be, within the State of West Bengal.
- 1.2 Damodar Valley Corporation (hereinafter referred to as 'DVC' or the 'Petitioner'), is a statutory body incorporated under the Damodar Valley Corporation Act, 1948 and involves in generation and transmission of electricity. DVC also sells electricity to other licensees. In addition to the above, DVC undertakes the retail sale and supply of electricity to the consumers in the Damodar Valley area which falls in two contiguous States, namely the State of West Bengal and the State of Jharkhand.
- 1.3 In terms of West Bengal Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2011, as amended from time to time (hereinafter referred to as the 'Tariff Regulations'), the tariff applications for the eighth control period consisting of the years 2023 – 2024, 2024 – 2025 and 2025 – 2026 under the Multi Year Tariff (MYT) framework was required to be submitted by DVC 120 days in advance of the effective date of the said control period. The effective date of the eighth control period is 1st April, 2023.
- 1.4 DVC submitted their application for MYT for the eighth control period on 06.02.2023. The tariff petition was scrutinized with reference to requirements of tariff regulations and the same was admitted by this Commission in Case No. TP-104/22-23. DVC was accordingly directed to publish the gist of their tariff application in the newspapers and also in their website as per provisions of the Tariff Regulations. The gist was published on 04.05.2023 simultaneously in the newspapers namely (i) 'The Telegraph' (English), (ii) 'The Indian Express' (English), (iii) the 'Anandabazar Patrika' (Bengali) and (iv) the 'Bartaman' (Bengali). The gist along with the tariff petition was also posted in the website of DVC. The publication invited attention of all



Tariff Order of DVC for the years 2023 – 24, 2024 – 25 and 2025 – 26

interested parties, stakeholders and the members of the public to the application for determination of tariff of DVC for the 8th Control Period and requested for submission of suggestions, objections and comments, if any, on the tariff application, to this Commission latest by 24.05.2023.

- 1.5 The suggestions, objections and comments on the aforementioned application of DVC for determination of tariff for the 8th Control Period was received from Steel Authority of India Limited, IISCO Steel Plant (SAIL) within the specified time limit. The stakeholder has submitted a common objection petition for 7th as well as 8th Control Period and the same has been recorded in a summarized form in Chapter – 3 of the instant order.
- 1.6 In view of notification of the fourth amendment to the Tariff Regulations published on 13.03.2023, this Commission gave opportunity to all utilities for submitting supplementary petition. However, DVC did not submit supplementary petition. Thus, this Commission decides to determine the tariff for 8th Control Period of DVC based on petition dated 06.02.2023 and considering the provisions of the Tariff Regulations, in the subsequent chapters.
- 1.7 This order relates to tariff petition filed by the Petitioner before this Commission for determination of ARR for the years 2023 – 2024, 2024 – 2025 and 2025 – 2026 and determination of retail tariff for 2023 – 2024 and 2024 – 2025 for supply in Damodar Valley area falling within the territorial jurisdiction of the State of West Bengal.



CHAPTER – 2 THE SUBMISSIONS OF DVC

2.1 Tariff petition of DVC for the period 2023 – 2024, 2024 – 2025 and 2025 – 2026:

The net Aggregate Revenue Requirement (ARR) projected by DVC for sale to consumers including licensees in radial mode in West Bengal for the years 2023 – 2024, 2024 – 2025 and 2025 – 2026 are Rs. 755568.99 lakh, Rs. 818536.53 lakh and Rs. 852471.13 lakh with projected average cost of supply at 626.01paise / kWh, 639.55 paise / kWh and 634.48 paise / kWh respectively. Major reasons for increase / decrease in proposed tariff by DVC for the years 2023 – 2024, 2024 – 2025 and 2025 – 2026 include higher coal price, increase in power purchase cost and proposed escalation of Fixed Cost of Generating Stations and T&D system of DVC.

2.2 The submission of DVC in the tariff petition for the years 2023 – 2024, 2024 – 2025 and 2025 – 2026 and the salient features of their proposal have been narrated in the following paragraphs:

2.3 DVC undertakes generation and inter-state transmission of electricity within the meaning of Section 2 (28) and Section 2 (36) of the Electricity Act, 2003. DVC also undertakes bulk sale of electricity as a generating company to the licensees located within (JBVNL, WBSEDCL and IPCL) and outside the operational area of DVC, the applicable tariff of which is approved by the Central Electricity Regulatory Commission (CERC).

2.4 DVC has been supplying pooled power to its consumers and licensees (WBSEDCL, IPCL, JBVNL, JUSCO) within its operational area in the states of Jharkhand & West Bengal. The power pool consists of its own generation, power purchased from external sources, solar power to meet renewable purchase obligation (RPO) etc. as per the existing long-term purchase agreements of DVC. Additionally, DVC purchases power from Power Exchanges as a contingency measure to meet the gap between demand and supply in respect of retail consumers during shortfall in own generation due to



Tariff Order of DVC for the years 2023 – 24, 2024 – 25 and 2025 – 26

unforeseen reasons, if any. Moreover, DVC purchases power from solar plants based on long term agreements to fulfil RPO. The generation and transmission tariff of DVC as determined by CERC becomes an input cost for computation of Aggregate Revenue Requirement (ARR), as submitted by DVC.

2.5 DVC submits that there are special features and salient facts pertaining to DVC in comparison to other licensees by reason of which the Tariff Regulations as generally proposed for other utilities cannot be applied as such to DVC and there is an inherent requirement to adopt appropriate deviations for DVC. In the case of DVC, Damodar Valley Corporation Act, 1948 including amendments thereof continue to apply and accordingly the special provisions of the said Act need to be given effect to. The tariff regulations notified under the Electricity Act, 2003 cannot override the special provisions of the DVC Act so far it is not inconsistent with the Electricity Act 2003. The Appellate Tribunal in the Order dated 23.11.2007 has specifically decided the above aspect which is upheld by the Hon'ble Supreme Court vide order dated 23.07.2018.

2.6 There are other special facts and aspects concerning DVC and therefore, DVC cannot be subjected to the same requirements in regard to the filing of revenue requirements and tariff proposals as in the case of other distribution licensees or deemed distribution licensees in the State of West Bengal. While in the case of other distribution licensees the area of operation is confined within one state, whereas in the case of DVC, the deemed distribution license covers the entire Damodar Valley area which falls in two contiguous States, namely, the State of West Bengal and the State of Jharkhand.

2.7 Tariff philosophy, considered by DVC for the purpose of formulation and designing the tariff, is placed hereunder:

2.7.1 The projected sale to consumers and licensees in respect of distribution activity of DVC during the 8th Control Period i.e. FY 2023-24 to 2025-26 under different supply category is commensurate with their respective contract demand, power factor and load factor along with apportionment between Time of the Day (TOD) and Non-TOD etc. have been considered by DVC in line with the past trend and actual load pattern of FY 2022-23 (till