ORDER
OF THE
WEST BENGA L ELECTRICITY REGULATORY COMMISSION
IN CASE NO. OA-248/16-17

IN REGARD TO AN APPLICATION SUBMITTED BY WEST BENGA L
STATE ELECTRICITY DISTRIBUTION COMPANY LTD FOR
INVESTMENT APPROVAL FOR AN ESTIMATED COST OF RS. 278.72
CRORE TO IMPLEMENT THE INTEGRATED POWER DEVELOPMENT
SCHEME COVERING 13 NOS. OF TOWNS IN 2 (TWO) REGIONS IN THE
STATE OF WEST BENGA L IN TERMS OF REGULATION 2.8.2.3 OF THE
WEST BENGA L ELECTRICITY REGULATORY COMMISSION (TERMS
AND CONDITIONS OF TARIFF) REGULATIONS, 2011, AS AMENDED.

PRESENT:
SRI SUTIRTHA BHATTACHARYA, CHAIRPERSON
SRI DURGADAS GOSWAMI, MEMBER

DATE: 01.04.2019
Approval for an estimated cost of Rs. 278.72 Crore of West Bengal State Electricity Distribution Company Limited to implement the Integrated Power Development Scheme in 2 (two) Regions in the State of West Bengal in terms of regulation 2.8.2.3 of the West Bengal Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2011, as amended.

Facts in brief:

1.0 This is regarding the application submitted by West Bengal State Electricity Distribution Company Ltd. (WBSEDCL) on 28.03.2017 for approval of incurring capital expenditure of Rs. 278.72 Crore for two regions for the purpose of renovation, modernization and strengthening of distribution network by construction of new sub-stations, augmentation of capacity / renovation of existing sub-stations, re-conductoring of lines, load bifurcation, load balancing, remote metering, installation of HVDS scheme, Aerial Bunch Cable and underground cable installation in densely populated area, replacement of electromagnetic meters with tamper proof electronic meters, metering in transformer/feeders, installation of Capacitor Banks, solar panel etc.

2.0 WBSEDCL submitted that this is a part of the total project covering 18 regions of the State for the purpose as stated above by taking financial assistance for the projects under Integrated Power Development Scheme (herein after referred to as IPDS XIII) of Government of India (in short ‘Gol’).

3.0 After admission of the application by the Commission, WBSEDCL was directed to publish the gist of their application as approved by the Commission in the newspapers as per requirement of regulation 2.8.2.3 of the West Bengal Electricity Regulatory Commission (Terms and Condition of Tariff) Regulations, 2011 (in short ‘Tariff Regulations’). WBSEDCL accordingly published the gist of the application in (i) The Ajkal (ii) The Times of India (iii) The Statesman and (iv) The Sanbad Pratidin on 04.04.2018 inviting suggestions and objections on their application. No suggestion and objection have been received by the Commission within the stipulated time period.

4.0 In their application WBSEDCL have stated that Integrated Power Development Scheme is a central sector scheme to be implemented during XIIIth 5-year plan in the urban areas (Statutory Towns) only. Power Finance Corporation (PFC) is the Nodal Agency to

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operationalise the program under the guidance of Ministry of Power. There are 121 Statutory Towns under the jurisdiction of WBSEDCL in West Bengal, as per the list furnished by PFC, selected for implementation of IPDS scheme.

5.0 It is stated that DPRs have been prepared for 18 Regions for 121 nos. of towns with a total estimated cost of Rs 3085.71 Crore inclusive of supervision charges and taxes & duties as applicable. It is further stated that REC Power Distribution Company Limited and PFC Consulting Limited were engaged for providing assistance in preparation of DPR and Project Management dividing 18 regions equally in between two agencies with a consultancy charge @ 1.5% of the approved project cost and the total financial involvement of IPDS XIII is as follows:

<table>
<thead>
<tr>
<th>Description</th>
<th>Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>i) Total project cost inclusive of supervision charge and applicable Taxes &amp; duties for 18 nos of Regions</td>
<td>Rs. 3085.71 Crores</td>
</tr>
<tr>
<td>ii) Consultancy charge @ 1.5% of the project cost</td>
<td>Rs. 46.28 Crores</td>
</tr>
<tr>
<td><strong>Total cost</strong></td>
<td><strong>Rs. 3131.28 Crores</strong></td>
</tr>
</tbody>
</table>

6.1 WBSEDCL submitted that IPDS Monitoring Committee constituted by Ministry of Power, Government of India initially approved and sanctioned Rs. 1069.33 Crores as project cost for 5 (five) Regions (Malda, Bankura, South 24 Parganas, Nadia and North 24 Parganas) of WBSEDCL covering 41 nos. of towns under IPDS in its 2nd meeting held on 19.02.2015.

6.2 WBSEDCL also submitted that IPDS Monitoring Committee constituted by Ministry of Power, Government of India further approved and sanctioned Rs. 1522.83 Crores as project cost for another 11 (eleven) Regions (Bidhannagar, Howrah, Burdwan, Birbhum, Hooghly, Purba Medinipur, Paschim Medinipur, Purulia, Jalpaiguri, Darjeeling and Coochbehar) of WBSEDCL covering 67 nos. of towns under IPDS in its 4th meeting held on 06.08.2015.
Approval for an estimated cost of Rs. 278.72 Crore of West Bengal State Electricity Distribution Company Limited to implement the Integrated Power Development Scheme in 2 (two) Regions in the State of West Bengal in terms of regulation 2.8.2.3 of the West Bengal Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2011, as amended.

6.3 It also submitted that based on above, two applications were filed before Hon’ble Commission for investment approval for above stated 16 (sixteen) Regions of WBSEDCL. The Commission has already approved the above investment vide orders dated 23.08.2016 and 23.12.2016 respectively.

7.0 WBSEDCL further submitted that IPDS Monitoring Committee constituted by Ministry of Power, Government of India has finally approved and sanctioned Rs. 274.60 Crores as project cost for balance 2 (two) Regions (Murshidabad and Raiganj) of WBSEDCL covering 13 nos. of towns under IPDS in its 4th meeting held on 06.08.2015 which is intimated by M/s PFC Limited vide memo no. 02:10:IPDS:WBSEDCL West Bengal/Vol. I/42184 dated 29.09.2016 and 02:10:IPDS:WBSEDCL / West Bengal/Vol. I/41284 dated 26.08.2016.

8.0 WBSEDCL submitted that financial involvement for balance 2 (two) regions of IPDS XIII is Rs. 278.72 Crore inclusive of consultancy charges @ 1.5% of the above stated approved project cost i.e., Rs. 4.12 Crore. The DPR of balance two regions covering 13 towns approved under IPDS has been submitted by WBSEDCL along with the application.

The project completion period is 30 months from the date of sanction of the DPR.

Observations of the Commission:

9.0 It is seen from the letter No. 02:10: IPDS: WBSEDCL / West Bengal / Vol. I / 41284 dated 26.08.2016 and 02:10: IPDS: WBSEDCL / West Bengal / Vol. I / 42184 dated 29.09.2016 of PFC that the IPDS Monitoring Committee & MoP/Gol in its 4th meeting held on 6th August, 2015 has approved Rs 100.50 Crore as project cost for Raiganj region of WBSEDCL covering 6 nos. of towns and also approved Rs 174.10 Crore as project cost for Murshidabad region of WBSEDCL covering 7 nos. of towns as per the following table:
Approval for an estimated cost of Rs. 278.72 Crore of West Bengal State Electricity Distribution Company Limited to implement the Integrated Power Development Scheme in 2 (two) Regions in the State of West Bengal in terms of regulation 2.8.2.3 of the West Bengal Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2011. as amended.

<table>
<thead>
<tr>
<th>Sl. No.</th>
<th>Particulars</th>
<th>Raiganj (Rs. in Crore)</th>
<th>Murshidabad (Rs. in Crore)</th>
<th>Total (Rs. in Crore)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Approved DPR Cost</td>
<td>100.50</td>
<td>174.10</td>
<td>274.60</td>
</tr>
<tr>
<td>2</td>
<td>Govt. of India (GoI) Grant (60% of sl. no.1)</td>
<td>60.30</td>
<td>104.46</td>
<td>164.76</td>
</tr>
<tr>
<td>3</td>
<td>Govt. of India (GoI) Grant for Project Management Agency (0.5% of sl. No. 1).</td>
<td>0.50</td>
<td>0.88</td>
<td>1.38</td>
</tr>
</tbody>
</table>

Projects can be implemented on partial - turnkey/departmental basis for the two regions namely Raiganj and Murshidabad.

10.0 Present application is for approval of investment of total Rs 278.72 Crore (Rupees two hundred seventy eight Crore and seventy two Lakh) including consultancy charges of Rs. 4.12 Crores to be implemented in 02 (two) regions under WBSEDCL in the State of West Bengal under IPDS XIII Scheme in terms of regulation 2.8.2.3 of the West Bengal Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2011, as amended.

11.0 The application refers to two orders of the Commission dated 23.08.2016 and 23.12.2016 approving investment proposal for 16 (sixteen) regions of the WBSEDCL in the State under the same scheme.

Earlier the investment proposal of WBSEDCL of Rs. 1085.37 Crore for five regions covering 41 towns under same IPDS XIII Scheme had been approved by the Commission vide order dated 23.08.2016 in case No. OA-210/15-16. And also the investment proposal of WBSEDCL of Rs. 1545.67 Crore for eleven regions covering 67 towns had been approved by the Commission vide order dated 23.12.2016 in case no. OA-232/16-17.

It is seen that out of 121 towns under 18 regions, approval for investment had been given by the Commission for implementation of IPDS scheme for 108 statutory towns under 16 regions of WBSEDCL. It is considered that the present application refers to implementation of IPDS XIII scheme for the remaining towns under two regions of WBSEDCL.

As per the scheme and while disposing the above orders, it was stated that GoI has categorized the States into ‘Special Category State’ and ‘Other than special category
Approval for an estimated cost of Rs. 278.72 Crore of West Bengal State Electricity Distribution Company Limited to implement the Integrated Power Development Scheme in 2 (two) Regions in the State of West Bengal in terms of regulation 2.8.2.3 of the West Bengal Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2011, as amended.

State and West Bengal comes under "Other than special Category State". The financial assistance to West Bengal for implementation of IPDS XIII scheme is as follows:

(i) 60% of the Project cost from Govt. of India as grant.
(ii) 10% of the Project cost from own fund.
(iii) 30% of the Project cost from any FI / Bank as loan or from own source.
(iv) Additional grant of 15% of the Project cost from Govt upon achievement of desired milestones.
(v) 0.5% of project cost from Govt. of India as grant towards expenditure incurred on Project Management Agency (PMA).

Order:

12.0 On scrutiny of the (i) application for implementation of the IPDS Scheme (ii) Letters of approval of DPR cost by PFC dated 26.08.2016 and 29.09.2016 (iii) DPRs of IPDS Scheme, the Commission in terms of regulation 2.8.2.3 of the Tariff Regulations has considered the proposal contained in the application referred above and on prudent check accords approval to the total capital expenditure of Rs. 278.72 Crore (Rupees two hundred seventy eight Crore and seventy two Lakh) only for implementation of IPDS scheme for 13 towns under 2 regions subject to conditions mentioned below.


ii) WBSEDCL shall execute the work to achieve the desired milestones as specified in the scheme to get the additional grant of 15% of the Project Cost and such additional grant shall not be allowed in the event of non compliance of the said milestones.

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iii) In determination of tariff the Commission will consider the loss as per the prevailing Tariff Regulations.

iv) The IPDS scheme for two regions shall be completed within 30 months from the date of sanction letter for the respective projects. A copy of the project completion report shall be sent to the Commission within one month from the date of completion.

v) On completion of the project, the project cost considering all expenditures incurred and indicating variance of cost items over approved cost with due justifications is to be submitted to the Commission, duly certified by the Auditor. Such audited project cost shall be submitted within one year from the date of completion of the project. Commission may disallow any excess of project cost on capitalisation over approved cost if it finds the justifications furnished are not adequate.

13.0 The petition is thus disposed of. Let a copy of the order be served upon WBSEDCL.

sd/
(DURGADAS GOSWAMI)  
MEMBER

sd/-
(SUTIRTHA BHATTACHARYA)  
CHAIRPERSON

Dated: 01.04.2019

(T.K. Mukherjee)  
Secretary