



ORDER

OF

WEST BENGAL ELECTRICITY REGULATORY COMMISSION

FOR THE YEARS 2023 – 2024 AND 2024 – 25

IN

CASE NO: TP – 102 / 22 – 23

**REGARD TO THE TARIFF APPLICATION OF CESC LIMITED FOR
THE YEARS 2023 – 2024, 2024 – 2025 AND 2025 – 2026 UNDER**

SECTION 64(3)(a)

**READ WITH SECTION 62(1) AND SECTION 62(3)(a) OF THE
ELECTRICITY ACT, 2003**

PRESENT:

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

DATE: 03.09.2024



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 the 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 CESC Limited, a Company under the Companies Act, 1956, is a distribution licensee in the State of West Bengal for supply of electricity in Kolkata and some areas in the districts of Howrah, Hooghly, North 24 Parganas and South 24 Parganas of the State. It was a licensee under the provisions of the Indian Electricity Act, 1910 (since repealed) and has become a deemed licensee in terms of the first proviso to section 14 of the Act with effect from 10.06.2003 i.e. the date of coming into force of the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.
- 1.3 In terms of definition contained in regulation 1.2.1 (xxx) of the 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'), each control period after third control period shall be normally for a period of three ensuing years or such other period of number of ensuing years as may be decided by the Commission from time to time.
- 1.4 CESC Limited, complying with the provisions of the Tariff Regulations, prepared the application for determination of its tariff for the years 2023-2024, 2024-2025 and 2025 – 2026 under the eighth control period and submitted the same to the Commission. This tariff application was admitted by the Commission and was numbered as TP-102/22-23.
- 1.5 CESC Limited was thereafter directed by the Commission vide its letter no. WBERC/TP-102/22-23/4050 dated 4th July, 2023 to publish, as required under section 64(2) of the Act, the gist of the tariff application as approved by the Commission in their website and newspapers as specified in the Tariff Regulations. The gist was, accordingly, published



simultaneously on 10th July, 2023 in 'Bartaman' (Bengali), 'Aajkaal' (Bengali), 'Bartaman Patrika' (Hindi) and 'The Telegraph' (English). The gist along with the tariff petition was also posted in the website of CESC Limited. The publication invited the attention of all interested parties, stake holders and the members of the public to the application for determination of tariff of CESC Limited for the 8th control period and requested for submission of suggestions, objections and comments, if any, to the Commission within 21 days from the date of publication of the gist. Accordingly, the last date of submission of suggestion, objections and comments was 30.07.2023. Opportunities were also afforded to all to inspect the tariff application following the procedure laid down in West Bengal Electricity Regulatory Commission (Conduct of Business) Regulations, 2013, as amended.

- 1.6 The suggestions, objections and comments on the aforementioned application of CESC Limited for determination of tariff for the eighth control period was received from Reliance Jio Infocomm Ltd., Bharti Airtel Ltd. and Summit Digital Infrastructure Ltd. within the specified time limit and the same have been recorded in a summarized form in Chapter 3 of the instant order.
- 1.7 The Commission now proceeds to determine the tariff in accordance with the Electricity Act, 2003 and the Tariff Regulations framed thereunder and for this purpose, to arrive at the estimated expenditure / cost under different heads for the years 2023 – 2024, 2024 – 2025 and 2025 – 2026, the Commission has estimated the expenditure for 2022 – 2023.
- 1.8 The estimation made for 2022-2023 by the Commission in this order shall not be construed by CESC Limited as admission of at least such estimated amount in APR for 2022-2023. On the other hand, if in APR any deduction is made then as a conclusion from such decision one shall not expect that the impact of such deduction is to be continued in eighth control period as this will tantamount to imposing a penalty of infinite nature or double penalty for the same inefficiency.



CHAPTER - 2 THE CASE OF CESC LIMITED

- 2.1 CESC Limited (in short 'applicant') has submitted the application for determination of Annual Revenue Requirements (ARR) and tariffs for the eighth control period, covering the years 2023-2024, 2024-2025 and 2025 – 2026 in accordance with the Tariff Regulations as amended. The applicant has also prayed for other dispensations which are mentioned in subsequent paragraphs.
- 2.2 CESC Limited has prayed for an average tariff of 1085.57 paise per unit, 1082.70 paise per unit and 1073.61 paise per unit for the years 2023-2024, 2024-2025 and 2025 – 2026 respectively which is higher than the average tariff of 730.61 paise per unit allowed by the Commission for the base year 2022-23. The applicant claimed that the average cost has been derived based on projected sales to own consumers of 10502 MU for 2023 – 2024, 10843 MU in 2024 – 2025 and 11197 MU for 2025 – 2026 respectively. The applicant has claimed that there have been sharp increases in prices of both primary and secondary fuel and that the Company, notwithstanding such steep rise in fuel costs coupled with inflationary pressure, is able to contain its prayer to a reasonable level due to several efficiency measures undertaken by it in line with the Commission's directions.
- 2.3 In the tariff application several charts have been furnished by CESC Limited showing demand growth, plant availability and generation.
- 2.4 CESC Limited has submitted that it is alive to its environmental and safety responsibilities at the same time they are simultaneously augmenting network at all levels of distribution system for ensuring security of supply.
- 2.5 It has been submitted that in achieving a robust, reliable network in Kolkata, with rising fuel cost affecting the cost of power procurement from all long term sources, increase in input costs, inflationary pressure and to ensure energy security, reliability and to sustain at present level of operational performance, it is imperative to enhance tariff adequately.