



Approval of capital investment by West Bengal State Electricity Distribution Company Limited for SAUBHAGYA 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.



connections of 556860 (including on-grid and off-grid) with an investment of Rs. 259.05 Crore as per approval of the Monitoring Committee constituted for SAUBHAGYA scheme.

Item	Sanctioned Parameters		Revised Parameters	
	On Grid	Off Grid	On Grid	Off Grid
No of Households	554999	1861 (@50000)	646439	0
Project Cost (Rs Crore) Connection @ 3000/-	166.50	9.31	193.93	0
Project Cost (Rs Crore) Infrastructure @ 1500/-	83.25	-	48.31	-
Total	Rs. 249.75 Cr	Rs 9.31 Cr	Rs. 242.24 Cr	

- 5.0 The Commission directed WBSEDCL to publish the gist of their application as approved by the Commission in terms of Regulation 2.8.2.3 of the Tariff Regulations. WBSEDCL accordingly published the gist of the petition in (i) "The Times of India", (ii) the "Bartaman", (iii) the "Aajkal" and (iv) the "Sanmarg" on 29.05.2020 inviting suggestions and objections on their petition within 14 days (including the date of publication) of publication of the notice in Newspaper. No suggestion and objection were received by the Commission within the stipulated time-period.

Observations of the Commission:

- 6.1 The Commission observes that, in terms of Regulation 2.8.2.3 of Tariff Regulations, approval of the Commission for investment in distribution project whose cost is above rupees one hundred and twenty-five crore or 5% of the gross fixed asset of distribution business of licensee at the time of taking up the project, whichever is lower is mandatory. The Commission also observes that the regulation inter-alia specifies approval of the project shall be taken before investment is made in order to minimize the investment risk. The regulation also specifies that, each investment proposal of any distribution licensee shall also take into consideration the duty to be discharged for supplying electricity to any person who has submitted application requesting for such supply in accordance with sub-section (1) of section 43 of the Act.





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- 6.2 From the petition, the Commission observes that WBSEDCL undertook the project under 'SAUBHAGYA' scheme under 100% funding arrangement of the Central (75%) and the State Government (25%) for electrification of unelectrified households in the rural areas under 23 districts of West Bengal. The Commission also observes that only O&M and outsourcing related expenses are to be serviced through tariff as per relevant regulation.
- 6.3 The Commission also noted that the project has been executed without the prior approval of the Commission on urgency basis for meeting the timeline criteria for availing the additional grant of 15% from the Government of India.

Order:

- 7.0 The Commission after considering the above facts and submissions made by WBSEDCL in their petition dated 04.06.2019 along with supplementary petition dated 25.02.2020 approves the investment proposal of Rs. 242.24 Crores (Rupees Two Hundred Forty-Two Crores and Twenty-Four Lakhs) to provide last mile connectivity and electrification of 646439 rural households in 23 districts of West Bengal under SAUBHAGYA scheme in terms of regulation 2.8.2.3 of the Tariff Regulations which is fully funded by the Central and the State Government.
- 8.0 The Commission also gives the following directions:
- (i) In future, WBSEDCL shall not make any progress towards implementation of a project before obtaining prior approval of the Commission as per provisions of Tariff Regulations.
 - (ii) WBSEDCL shall execute the work with all terms and conditions as stipulated in the Letter No. REC/RO/Kol/Saubhagya/ West Bengal/2018-19/ 252 dated 26.07.2018. WBSEDCL also shall execute the work to achieve the desired milestones.
 - (iii) Original project cost is required to be approved in terms of Regulation 2.8.5 of the Tariff Regulations. Commission may disallow any excess of project cost on capitalization over approved cost if it finds the justifications furnished are not adequate.





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- (iv) In case of escalation in project cost, WBSEDCL shall take due approval from the Commission before capitalization of assets.

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

sd/-
(PULAK KUMAR TEWARI)
MEMBER

sd/-
(DURGADAS GOSWAMI)
MEMBER

sd/-
(SUTIRTHA BHATTACHARYA)
CHAIRPERSON

Dated: 27.11.2020

(T. K. Mukherjee)
Secretary



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