

# DVC's power tariff hike allows Bengal discom to offer cheaper electricity

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Kolkata, September 26

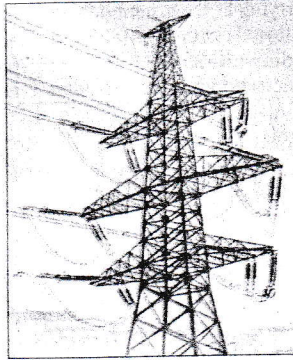
**WEST BENGAL STATE** Electricity Distribution Company (WBSEDCL) is trying to poach a chunk of DVC consumers and bring them to its folds following DVC's sudden hike in industrial tariffs in West Bengal. Although the tariff for industries in Jharkhand remains at ₹4.25 per unit, the tariff in West Bengal has been brought to ₹6.50 over 6 months this year.

The Railways, steel plants of SAIL, numerous steel rolling mills and other small and large industrial consumers of Durgapur-Maithan-Asansol-Mejia-Barjora and Sarbari regions have been drawing power from DVC at ₹4.70 per unit up to March but from April onwards, per unit power price have started moving up.

According to Vivek Adukia, chairman of the Steel Rolling Mill Association (SRMA), under which there are 110 large and small ferroalloy and steel units having a contract demand of 1,000 MVA, the billing for April-May was made at ₹5.30 per unit but the July-August billing was made at ₹6.5 per unit. August-September billing was made at ₹6.50 per unit and all this has been done on the strength of the tariff recommended by the West Bengal State Electricity Regulatory Commission (WBERC). But here WBSEDCL came into play and has put power for industries on offer at ₹6 per unit bringing it down from ₹6.91 per unit.

The said area is the only region in India where DVC, WBSEDCL, Durgapur Power and India Power have their distribution network and even without open access in place there are opportunities of drawing power from a distributor of choice. But DVC has been enjoying a monopoly in supplying power to the industries of the region of its low tariff, which has now been challenged.

West Bengal power minister, Aroop Biswas, told Fe that so far there have been eight applications choosing to shift to WBSEDCL from DVC and five out of the eight have already been given connections. A WBSEDCL official said this initiative has



been taken to increase the state discom's industrial consumer base. But most industrial consumers, especially the steel sector consumers, are of the view that WBSEDCL will not be able to provide quality power consistently and it lacked the infrastructure to provide power above 1,000 MVA.

Moreover, there was no guarantee that WBSEDCL will not hike the tariff after providing the connection, which required fresh deposits. "We want the government to make a commitment in terms of retaining the offered tariff and supplying quality power," Lalit Beriwal, director of Shyam Steel, said at an MCCI session. But according to the state industry minister, Sashi Panja, the industry must be willing to compete and any protection would not be beneficial.

However, SRMA contends, DVC's retail tariff in Jharkhand is more than ₹2 lesser than the tariff applicable in West Bengal as of the date and a such huge difference in tariff has made it extremely difficult for industries in West Bengal to compete with similar industries operating from Jharkhand, as final products are sold in the common market. West Bengal industries are rapidly losing business to their Jharkhand competitors, and many of them are on the brink of insolvency. The industries in West Bengal are producing and selling their material without knowing the actual cost of production. In this free market, the industry cannot realise the increased cost of power tariffs, if announced retrospectively, which DVC is doing regularly.

DVC said it had to pass on the increased cost of production since it had to import high-priced coal for the Centre's 10% blending norms.