

No. KERC/DD (Tariff)/ B/15/12/288

BEFORE THE KARNATAKA ELECTRICITY REGULATORY COMMISSION

BANGALORE

Dated this day, the 23rd June, 2021

Applications of:

Bangalore Electricity Supply Company Ltd. (BESCOM),
Mangalore Electricity Supply Company Ltd. (MESCOM),
Chamundeshwari Electricity Supply Corporation Ltd. (CESC),
Hubli Electricity Supply Company Ltd. (HESCOM),
Gulbarga Electricity Supply Company Ltd. (GESCOM).

In the matter of approval of Fuel Cost Adjustment Charges (FAC) due for the 4th billing quarter –January to March, 2021

Present:

1. Sri. Shambhu Dayal Meena	Chairman
2. Sri H.M. Manjunatha	Member
3. Sri M.D. Ravi	Member

PREAMBLE:

1. In accordance with the provisions of the KERC (Fuel Cost Adjustment Charges) Regulations, 2013, dated 22nd March, 2013, as amended vide Notification dated 3rd December, 2013, the ESCOMs have filed their applications on the following dates, for approval of Fuel Cost Adjustment Charges (FAC) to be recovered/ refunded in the billing quarter of July –September, 2021, based on the Fuel Cost incurred during January to March for the 4th quarter of FY21:

Name of the ESCOM	Date of Submission
BESCOM	28.05.2021
MESCOM	11.06.2021
CESC	03.06.2021
HESCOM	03.06.2021
GESCOM	10.06.2021

The Commission notes with displeasure the delay in filing of the FAC claims by the ESCOMs and hereby directs them to file the FAC applications within the time schedule, as specified in the Regulations.

2. The FAC claimed by the ESCOMs are as follows:

Name of ESCOM	FAC proposed in Paise Per Unit
BESCOM	-3.38
MESCOM	-31.12
CESC	-28.60
HESCOM	-34.45
GESCOM	-27.31

3. The Commission has proceeded to compute the allowable FAC for the 4th quarter of FY21, on the basis of the following:

- i. The source - wise/ ESCOM-wise energy reconciled by the SLDC as per statement dated 25.05.2021 for the power purchased during the period January - March, 2021.
- ii. The allowable variable charges in respect of KPCL thermal stations have been determined based on the applicable formula as per the approved power purchase agreements between the ESCOMs and the KPCL.

- iii. The allowable variable charges in respect of NTPC- KSTPS (Kudgi), NVVNL Coal and NSM (Bundled) Stations have been recognized based on the variable charges as considered by the Commission in the Tariff Order, 2020 dated 04.11.2020.
- iv. The Retail Sales for the Fourth quarter of FY21 have been computed as per the amended Clause 5.1 of the KERC (Fuel Cost Adjustment Charges) Regulations, 2013.

4. The Commission notes that, the claims of variable charges payable to the KPCL RTPS 1-7 Station, as reported by the MESCOM and CESC for January-March, 2021, is on higher side, as compared to the actual variable charges payable. The Commission directs the MESCOM and CESC to correct the same as per the terms of Power Purchase Agreement with KPCL and the variations in payment shall be adjusted in future bills, accordingly. The action taken by MESCOM and CESC, regarding the recovery of the excess payment of power purchase costs, shall be reported to the Commission, within 15 days from the date of this order.

5. The Commission notes that, there is decrease in the power purchase cost in respect of KPCL Hydel stations, thermal stations of KPCL, CGS and Major IPPs and other sources during the 4th quarter, as compared with the power purchase cost approved by the Commission, in its Tariff Order, 2020 dated 04.11.2020.

6. The Fuel Cost Adjustment Charges as claimed by the ESCOMs and as computed by the Commission, for the fourth quarter of FY21, are as follows:

ESCOM	As claimed by ESCOMs			As Computed by KERC		
	FAC in Rs. Crores	Sales in MU as filed	FAC in paise per unit	Allowable FAC in Rs. Crores	Sales computed in MU with approved T&D Losses	FAC in paise per unit
BESCOM	-22.79	6738.90	-3.38	-300.59	8022.68	-37
MESCOM	-53.67	1724.67	-31.12	-53.67	1724.67	-31

CESC	-59.49	2080.09	-28.60	-63.11	2080.88	-30
HESCOM	-119.52	3469.92	-34.45	-121.01	3599.51	-34
GESCOM	-54.15	1982.90	-27.31	-63.51	2303.68	-28
TOTAL	-309.63	15996.48	-19.36	-601.89	17731.42	-34

7. The Commission, in its FAC Order dated 22.03.2021 had decided to carry forward the net savings in FAC of the 3rd quarter of 12 paise per unit to 22 paise per unit of the ESCOMs to the next quarter of the financial year 2020-21 and allowed it to be adjusted / recovered along with the FAC that may be approved for the 4th quarter of FY 21 as under:

ESCOM	FAC allowed by the Commission for 3rd quarter in Rs.Crores	FAC allowed in paise per unit
BESCOM	-98.99	-21.90
MESCOM	-15.34	-16.16
CESC	-15.24	-13.07
HESCOM	-37.81	-21.64
GESCOM	-14.37	-11.69
TOTAL	-181.75	-18.91

8. Accordingly, the approved negative FAC of 3rd quarter of FY21 is required to be allowed to be recovered/ refunded along with the FAC for the 4th quarter of the current financial year 2020-21. By considering the carry forward FAC of 3rd quarter along with the FAC of 4th quarter, the net FAC to be allowed for the 4th quarter is as detailed below:

ESCOM	FAC allowed for 4 th quarter in RS. Crores	Carry forward FAC amount of 3 rd quarter in Rs. Crores	Total Allowable FAC in Crores	Sales computed in MU with approved T&D Losses	4 th quarter Net FAC in paise per unit	Rounded off to the nearest paise
BESCOM	-300.59	-98.99	-399.58	8022.68	-49.81	-50.00
MESCOM	-53.67	-15.34	-69.01	1724.67	-40.01	-40.00
CESC	-63.11	-15.24	-78.35	2080.88	-37.65	-38.00
HESCOM	-121.01	-37.81	-158.82	3599.51	-44.12	-44.00
GESCOM	-63.51	-14.37	-77.88	2303.68	-33.81	-34.00
TOTAL	-601.89	-181.75	-783.64	17731.42	-44.19	-44.00

9. The Commission notes that, there is a net overall negative FAC of 34 paise per unit to 50 paise per unit by considering the carry forward FAC of 3rd quarter of all the ESCOMs for the 4th quarter in the financial year during FY21. The Commission further notes that, there is decrease in the total power purchase cost in all the ESCOMs by Rs.189.01 Crores in 4th quarter of FY21, which is mainly on account of reduction in the variable cost of thermal stations by KPCL from November, 2020 onwards.

10. Accordingly, in accordance with the provisions of Regulations 3.1 of the KERC (Fuel Cost Adjustment Charges) (First Amendment) Regulations, 2013 dated 3rd December, 2013, the ESCOMs are allowed to refund/adjust the net FAC of the 4th quarter during January– March, 2021, along with the approved carried forward FAC of 3rd quarter to the consumers during July- September,2021.

Therefore, the Commission hereby orders as follows:

ORDER

In accordance with the provisions of the KERC (Fuel Cost Adjustment Charges) Regulations, 2013 and amendments thereon, the Commission, having recognized the decrease in the fuel cost adjustment charges in 4th quarter and also by considering the carry forward approved FAC of 3rd quarter along with the decrease in overall power purchase cost during the 4th quarter of FY21, decides to allow the ESCOMs to refund/adjust the fuel cost adjustment charges per unit of sale, in all the energy bills, to be issued to their consumers during the billing quarter from 1st July, 2021 to 30th September, 2021 at the following rates:

ESCOM	4 th quarter Net FAC in paise per unit to be refunded/adjusted to the consumers.
BESCOM	-50
MESCOM	-40
CESC	-38
HESCOM	-44
GESCOM	-34

The fuel cost adjustment charges of MESCOM are also applicable to consumers of Mangalore SEZ and the fuel cost adjustment charges of HESCOM are also applicable to consumers of Hukeri RECS, and AEQUS SEZ, to be refunded/ adjusted in all the energy bills, to be issued to their consumers from 1st July, 2021 to 30th September, 2021.

This Order is signed and issued by the Karnataka Electricity Regulatory Commission on this day, the 23rd June, 2021.

Sd/-
(Shambhu Dayal Meena)
Chairman

Sd/-
(H.M. Manjunatha)
Member

Sd/-
(M.D.Ravi)
Member