

No. KERC/DD (Tariff)/ B/15/12/1554

BEFORE THE KARNATAKA ELECTRICITY REGULATORY COMMISSION

BANGALORE

Dated this day, the 20th March,2020

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 billing quarter October to December, 2019.

Present:

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

PREAMBLE:

In accordance with the provisions of the KERC (Fuel Cost Adjustment Charges) Regulations, 2013, notified on 22nd March, 2013 and as amended vide Notification dated 4th December, 2013, the ESCOMs have filed their applications on the following dates for approval of Fuel Cost Adjustment Charges (FAC) to be recovered/adjusted in the billing quarter of April - June,

2020 based on the Fuel Cost incurred during October to December for the 3rd Quarter of FY20.

Name of the ESCOM	Date of Submission
BESCOM	28.02.2020
MESCOM	03.02.2020
CESC	03.02.2020
HESCOM	03.02.2020
GESCOM	09.03.2020 (e-mail dated 03.03.2020)

1. The rates of FAC claimed by the ESCOMs are as follows:

Name of ESCOM	FAC proposed - Paise Per Unit
BESCOM	4
MESCOM	6
CESC	7
HESCOM	1
GESCOM	2

2. The Commission has proceeded to compute the allowable FAC for the 3rd quarter of FY20 on the basis of the following:

- i. The source - wise/ ESCOM-wise energy reconciled by the SLDC as per statement dated 10th February, 2020 for the power purchased during the period October – December, 2019.
- 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, 2019, dated 30.05.2019.

iv. Retail Sales for the third quarter of FY20 are computed as per the amended Clause 5.1 of the KERC (Fuel Cost Adjustment Charges) Regulations, 2013.

3. i. The Commission notes that, the claims of variable charges payable to the KPCL RTPS 1-7, RTPS 8 and BTPS 2 & 3 Thermal Stations, as reported by the MESCOM, CESC and HESCOM for October to December, 2019 are on higher side, as compared to the actual variable charges payable. The same needs to be corrected as per the terms of the agreements with KPCL.

ii. The Commission also notes that there is a substantial variation in the variable charges paid to NTPC Talcher, DVC koderma TPS 1&II Units, NTPC-VVNL (Coal) and NSM Coal (Bundled) NTPC station, as compared to the actual variable charges payable for the month of October to December 2019. Further, the Commission notes that, as reported by MESCOM, CESC, HESCOM and GESCOM, there is a marginal variation in the variable charges payable to Vallur TPS, NTPS VVNL Coal, NSM Coal (Bundled) station as compared to the actual variable charges payable for the month of October to December 2019. The Commission directs the ESCOMs to correct the same as per the terms of Power Purchase Agreement and accordingly, the variations in payment shall be adjusted in future bills.

iii. The ESCOMs shall report to the Commission regarding the action taken for the recovery of the excess power purchase payment, within 15 days from the date of this Order.

4. The Fuel Adjustment Charges as computed by the Commission, for the third quarter of FY20, are as follows:

ESCOM	Allowable FAC in Rs. Crores	Sales computed in MU with approved T&D Losses	FAC in paise per unit
BESCOM	36.81	5871.16	6.27
MESCOM	5.87	1135.94	5.17
CESC	7.34	1388.42	5.29
HESCOM	6.66	2329.58	2.86
GESCOM	7.96	1680.58	4.74
Total	64.64	12405.66	5.21

5. i) The Commission notes that, there is an increase in FAC from 5 paise per unit to 6 paise per unit in the variable cost of thermal stations in respect of all the ESCOMs. The actual overall power purchase cost per unit incurred by the ESCOMs is also higher than the approved per unit cost of power purchase for the 3rd quarter of FY20. The increase in overall per unit cost of power purchase for the period October to December, 2019, as furnished by the ESCOMs, as per Format- III is as follows:

ESCOM	Power Purchase Quantum in MU	Increase in cost of power purchase in Rs. Crs	Increase in cost of power purchase in Rs./Unit
BESCOM	6909.41	270.03	39
MESCOM	1370.16	87.03	64
CESC	1642.34	45.73	28
HESCOM	3300.41	228.16	69
GESCOM	1953.65	123.31	63
TOTAL	15175.97	754.26	50

ii) **The Commission notes that, there is an abnormal increase in the total power purchase cost in respect of KPCL and NTPC Thermal and Major IPP stations during the 3rd quarter, which has resulted in increase in the per unit power purchase cost than the approved purchase cost and per unit power purchase cost in MESCOM, HESCOM and GESCOM. These ESCOMs shall analyze and submit the reasons for the same to the Commission.**

6. The Commission further notes that, there is an increase in the allowable Fuel Cost Adjustment Charges of 5 paise per unit to 6 paise per unit recoverable from the consumers during the billing quarter April to June, 2020 in the case of all the ESCOMs, apart from an overall net increase in the power purchase cost by Rs.754.26 Crores in the 3rd quarter of FY20 in all ESCOMs in respect of KPCL, CGS and UPCL Thermal stations. Hence, by considering the amount of FAC for the third quarter of FY20, in accordance with the provisions of Regulation 3.1 of the KERC (Fuel Cost Adjustment Charges) Regulations, 2013 and amendments thereon, the allowable FAC to be collected / recovered from the consumers during the billing quarter April to June, 2020 for the third quarter of FY20 as under:

ESCOM	FAC in paise per unit to be allowed to collect from the consumer
BESCOM	6
MESCOM	5
CESC	5
HESCOM	3
GESCOM	5

7. The Commission notes that, there is a net increase in FAC of 5 paise per unit to 6 paise per unit in all the ESCOMs along with an overall

increase in the Power Purchase Cost of 3rd quarter of FY20. As there is a marginal increase in FAC during the 3rd quarter during FY20 and all the ESCOMs have filed its tariff application to the Commission with the proposal to raise the retail supply tariff by 52 paise per unit to 196 paise per unit with effect from 1st April,2020. The Commission in accordance with the provisions of Regulation 3.1 of the KERC (Fuel Cost Adjustment Charges) (First Amendment) Regulations,2013 dated 3rd December, 2013 with a view to soften the burden on the end consumer decides to carry forward the FAC of 5 paise per unit to 6 paise per unit of 3rd quarter of FY20 due for recovery from the consumers of ESCOMs from 01.04.2020 to 30.06.2020 to the next quarter of FY20 and allow it to be recovered along with the FAC that may be approved by the Commission for the last quarter of FY20. .

Therefore, the Commission 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 marginal increase of 5 paise per unit to 6 paise per unit in all the ESCOMs in fuel cost adjustment charges of 3rd quarter of FY20 along with the increase in overall power purchase cost during the third quarter of FY20, decides to carry forward the increase in FAC of all the ESCOMs of 3rd quarter (October to December 2019) of FY20 to the last quarter of FY20 and allow it to be adjusted / recovered along with the FAC, if any, that may be approved for the last quarter of FY20.

This Order is signed dated and issued by the Karnataka Electricity Regulatory Commission on this day 20th March,2020.

Sd/-
(Shambhu Dayal Meena)
Chairman

Sd/-
(H.M. Manjunatha)
Member

Sd/-
(M.D.Ravi)
Member