

No. B/15/12/

BEFORE THE KARNATAKA ELECTRICITY REGULATORY COMMISSION

BANGALORE

Dated this the 13th March 2014

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)

for approval of Fuel Cost Adjustment charges for the billing quarter April-June 2014.

Present:

- | | |
|------------------------------|----------|
| 1. Sri M.R.Sreenivasa Murthy | Chairman |
| 2. Sri H.D.Arun Kumar | Member |
| 3. Sri D.B.Manival Raju | Member |

PREAMBLE:

In accordance with provisions of the KERC (Fuel Cost Adjustment Charges) Regulations, 2013, dated 22nd March 2013 and KERC (Fuel Cost Adjustment Charges) (First Amendment) Regulations, 2013, dated 4th December 2013, the ESCOMs have filed their applications on the following dates for approval of Fuel Cost Adjustment charges for the billing quarter April-June 2014 based on the Fuel Cost incurred during October-December 2013.

Name of the ESCOMs	Date of application
BESCOM	26.02.2014
MESCOM	28.02.2014
CESC	28.02.2014
HESCOM	28.02.2014
GESCOM	28.02.2014

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

Name of ESCOM	Quantum of Energy in MU	Total change in variable charges in Rs. Crs	Retail Sales as per DCB in MU	Paise Per Unit of FAC proposed for April - June 2014
BESCOM	3736.35	-22.30	5818.01	-3.83
MESCOM	689.31	-1.24	1192.06	-1.22
CESC	799.11	-0.43	1280.06	-0.34
HESCOM	1453.17	-4.19	2169.57	-1.93
GESCOM	849.95	3.83	1412.63	2.72

2. The Commission has considered :

- i. The source wise/ ESCOM wise energy as per the reconciliation statement dated 28th February 2013 among ESCOMs furnished by SLDC.
- ii. The variable charges in respect of RTPS 1 to 7 units for the month of November 2013 corrected as Rs.2.89 / unit as against the claims of ESCOMs at Rs.2.92 / unit due to consideration of actual secondary fuel consumption as compared to normative secondary fuel consumption.
- iii. In respect of BTPS I & BTPS II, the variable charges as below based on the formula specified in KERC (Terms and Conditions for Determination of Generation Tariff) Regulations 2009:

Figures indicate variable charges in Rs./unit

Name of the Station	October 2013	November 2013	December 2013
BTPS I	2.65	2.21	2.64
BTPS II	2.44	2.00	2.41

- iv. There is no variation in claims of variable charges pertaining to Central Generating Stations.

- v. The variable charges in respect of UPCL reckoned at Rs.2.40 / unit for October 2013, Rs.2.48 / unit for November 2013 and Rs.2.46 / unit for December 2013 by correcting the variable charges added back on account of auxiliary consumption at 6% .
- vi. Retail Sales as per format IV furnished by ESCOMs.
3. The FAC as computed by the Commission are as follows:

ESCOM	Total change in Variable cost in Rs Crs	Retail Sales in MU	FAC in paise per Unit
BESCOM	-23.20	5818.01	-3.99
MESCOM	-3.10	1013.84	-3.06
CESC	-2.77	1280.06	-2.16
HESCOM	-11.11	2169.57	-5.12
GESCOM	-1.70	1412.64	-1.21
TOTAL	-41.88	11694.12	-3.58

4. The Commission notes that while there is a reduction of 3.58 paise per unit of sale in the variable cost of thermal stations, the overall power purchase cost per unit has increased more than the approved power purchase cost for the 3rd quarter of FY14. The increase in overall per unit cost of power purchase for the period October -December 2013 as furnished by the ESCOMs as per format III is as follows:

ESCOM	Power Purchase in MU	Increase in Power Purchase Cost in Rs. Crs	Increase in Power Purchase Cost in paise per unit
BESCOM	6789.98	226.28	33.33
MESCOM	1084.33	9.39	8.66
CESC	1489.52	15.59	10.47
HESCOM	2456.55	69.73	28.39
GESCOM	2229.73	50.23	22.53
TOTAL	14050.11	371.22	26.42

- vii. Clause 3.1 of the KERC (Fuel cost adjustment charges) (First Amendment) Regulations 2013 dated 04.12.2013 specifies that,

....."if the FAC to be collected is negative but there is overall increase in the cost of power purchase during the second quarter preceding the billing quarter, the ESCOMs are allowed to adjust the savings in FAC against the overall increase in power purchase cost".....

Therefore, the Commission orders as follows:

Commission's Order:

- i) **The Commission, having recognized the reduction in fuel cost adjustment charges by 4 paise per unit of sale and the reported overall increase in the power purchase cost in the third quarter of FY14, decides to allow adjustment of the reduction in FAC towards the overall increase in power purchase cost as per the provisions of the KERC (Fuel Cost Adjustment Charges) Regulations 2013 as amended on 04.12.2013. As such there is no FAC to be passed on during the period 1stApril 2014 to 30th June 2014.**
- ii) **This Order is signed dated and issued by the Karnataka Electricity Regulatory Commission this day, the 13th March 2014.**

Sd/-

**(M.R. Sreenivasa Murthy)
Chairman**

Sd/-

**(H.D.Arun Kumar)
Member**

Sd/-

**(D.B.Manival Raju)
Member**