

No. B/15/12/

BEFORE THE KARNATAKA ELECTRICITY REGULATORY COMMISSION

BANGALORE

Dated this day, the 25th March, 2015

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 (FAC) for the billing quarter April -June 2015.

Present:

- | | |
|-------------------------|--------|
| 1. Sri H.D.Arun Kumar | Member |
| 2. Sri D.B.Manival Raju | Member |

PREAMBLE:

In accordance with the provisions of the KERC (Fuel Cost Adjustment Charges) Regulations, 2013, dated 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) for the billing quarter April – June, 2015 based on the Fuel Cost incurred during October-December, 2014.

Name of the ESCOMs	Date of application
BESCOM	27.02.2015
MESCOM	02.03.2015
CESC	27.02.2015
HESCOM	27.02.2015
GESCOM	27.02.2015

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

Name of ESCOM	FAC proposed in Paise Per Unit
BESCOM	-16.23
MESCOM	5.78
CESC	-5.47
HESCOM	-7.42
GESCOM	-3.96

2. The Commission has computed the allowable FAC for the 3rd Quarter of FY15 on the basis of the following :

- i. The source wise/ ESCOM wise energy reconciled by SLDC as per statement dated 24th February, 2015 among ESCOMs.
- 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 agreement between ESCOMs and KPCL.
- iii. Z Factor of Rs.0.0054 Crs and Rs.1.872 Crs factored by MESCOM and HESCOM respectively has not been considered.
- iv. Retail Sales for the third quarter of FY15 are computed as per amended Clause 5.1 of the KERC (Fuel Cost Adjustment Charges Regulations, 2013.

3. The FAC as computed by the Commission is as follows:

Name of ESCOM	Allowable FAC in Rs Crs	Sales computed in MU with approved T&D Losses	FAC in paise per unit
BESCOM	-95.86	5714.52	-16.77
MESCOM	6.39	960.63	6.65
CESC	-7.31	1186.07	-6.16
HESCOM	-16.12	2289.37	-7.04
GESCOM	-5.92	1595.57	-3.71
TOTAL	-118.81	11746.16	-10.12

4. The Commission notes that while there is overall decrease of 10.12 paise per unit of sale in the variable cost of thermal stations, the actual overall power purchase cost per unit is more than the approved power purchase cost per unit for the 3rd quarter of FY15. The increase in overall per unit cost of power purchase for the period October-December, 2015, as furnished by the ESCOMs as per Format III is as follows:

ESCOM	Power Purchase in MU	Approved per unit cost of procurement in Rs/Unit	Actual per unit cost of procurement in Rs/Unit	Increase in Power Purchase Cost in Rs. per unit
BESCOM	6868.82	3.49	3.78	0.29
MESCOM	1101.42	2.81	2.85	0.05
CESC	1450.66	2.90	3.20	0.30
HESCOM	2938.34	2.75	2.91	0.16
GESCOM	1745.06	2.77	2.81	0.04
TOTAL	14104.30	3.14	3.35	0.21

5. The Commission notes that there is saving in fuel cost adjustment charges in respect of all ESCOMs except MESCOM. The fuel cost adjustment charges for MESCOM for the quarter October-December, 2014 is Rs.6.39 Crores that could

have been recovered from consumers of MESCOM @ 7 paise per unit during the billing quarter April-June, 2015. However, the Commission notes that as per the Tariff Order dated 2nd March, 2015 the existing retail supply tariff in respect of all the ESCOMs is revised with an average increase of 18 paise per unit effective from 1st April, 2015 and imposing FAC of 7paise per unit for consumers of MESCOM alone may result in burden on them as compared to consumers in other ESCOMs. Hence, the Commission decides to carry forward the FAC of Rs.6.39 Crores of MESCOM to be factored during APR of FY15.

Therefore, the Commission orders as follows:

Commission's Order:

- i) In accordance with the provisions of the KERC (Fuel Cost Adjustment Charges) Regulations, the Commission, having recognized the overall decrease in fuel cost adjustment charges in the third quarter of FY15 and the overall increase in power purchase cost, decides to allow the ESCOMs to adjust the savings in FAC against the overall increase in power purchase cost.**
- ii) The recoverable FAC of Rs.6.39 Crores in respect of MESCOM is ordered to be factored during APR for FY15.**
- iii) Hence, there is no FAC to be collected from consumers separately during April- June, 2015.**
- iv) This Order is signed dated and issued by the Karnataka Electricity Regulatory Commission this day, the 25th March, 2015.**

Sd/-
(H.D. Arun Kumar)
Member

Sd/-
(D.B. Manival Raju)
Member