

No. KERC/DD (Tariff)/ B/15/12/ 234

BEFORE THE KARNATAKA ELECTRICITY REGULATORY COMMISSION

BANGALORE

Dated this day, the 22th June, 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 January to March, 2020.

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

July - September, 2020 based on the Fuel Cost incurred during January to March for the 4th Quarter of FY20.

Name of the ESCOM	Date of Submission
BESCOM	01.06.2020
MESCOM	04.06.2020
CESC	04.06.2020
HESCOM	01.06.2020
GESCOM	01.06.2020

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

Name of ESCOM	FAC proposed - Paise Per Unit
BESCOM	23
MESCOM	17
CESC	15
HESCOM	12
GESCOM	12

2. The Commission has proceeded to compute the allowable FAC for the 4th quarter of FY20 on the basis of the following:

- i. The source - wise/ ESCOM-wise energy reconciled by the SLDC as per statement dated 28th May, 2020 for the power purchased during the period January – March, 2020.
- 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 fourth 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 1,2 & 3 Thermal Stations, as reported by the MESCOM and CESC for January to March, 2020 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 variation in the variable charges paid to Vallur TPS, NTPC Talcher, NTPC-VVNL (Coal) and NSM Coal (Bundled) NTPC stations as compared to the actual variable charges payable for the month of January to March 2020. The Commission directs the ESCOMs to analyze and 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 payments, within 15 days from the date of this Order.**
4. The Fuel Adjustment Charges claimed by the ESCOMs and as computed by the Commission, for the fourth quarter of FY20, 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	166.30	7231.87	23.00	155.82	7841.11	19.87
MESCOM	28.98	1721.25	16.84	23.66	1711.50	13.82
CESC	30.28	1961.72	15.44	24.21	1948.58	12.42
HESCOM	40.22	3322.45	12.11	36.41	3385.96	10.75
GESCOM	22.99	1989.71	11.55	29.00	2013.72	14.40
TOTAL	288.78	16227.00	17.80	269.09	16900.87	15.92

5. i) The Commission notes that, there is an increase in FAC from 11 paise per unit to 20 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 4th quarter of FY20. The increase in overall per unit cost of power purchase for the period January to March, 2020, 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 paise/Unit
BESCOM	9283.94	264.04	28
MESCOM	1758.35	78.70	45
CESC	2320.48	35.97	15
HESCOM	4291.93	106.76	25
GESCOM	2499.06	97.25	39
TOTAL	20153.76	582.72	29

- ii) **The Commission notes that, there is an abnormal increase in the total power purchase cost in respect of CGS thermal stations and KPCL and Major IPP stations during the 4th quarter, which has resulted in increase in the per unit power purchase cost than the approved purchase cost. The 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 11 paise per unit to 20 paise per unit recoverable from the consumers during the billing quarter July to September, 2020 in the case of all the ESCOMs, apart from an overall net increase in the power purchase cost by Rs.582.72 Crores in the 4th quarter of FY20 in all ESCOMs in respect of KPCL, CGS and UPCL Thermal stations. Hence, by considering the amount of FAC for the fourth 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 July to September, 2020 for the fourth quarter of FY20 as under:

ESCOM	FAC in paise per unit to be allowed to collect from the consumer
BESCOM	19.87
MESCOM	13.82
CESC	12.42
HESCOM	10.75
GESCOM	14.40

7. The Commission, in the FAC Order dated 20.03.2020 had decided to carry forward the marginal increase in FAC for the 3rd quarter (October to December,2019) to the last quarter of FY20, to be

recovered/adjusted along with the FAC if any, that may be approved for the last quarter of the current financial year FY20 as under:

ESCOM	Approved 3rd quarter FAC in Rs. Crores	Approved 3 rd quarter FAC in paise per unit (Rounded off to nearest paise) carried forward to last quarter of FY20
BESCOM	36.81	6
MESCOM	5.87	5
CESC	7.34	5
HESCOM	6.66	3
GESCOM	7.96	5
TOTAL	64.64	5

8. Accordingly, the approved carry forward FAC of 3rd quarter of FY20 is required to be allowed to be recovered along with the FAC that is being approved for the 4th quarter of the current financial year FY20. By considering the carry forward FAC of 3rd quarter along with the 4th quarter FAC, the FAC to be allowed for 4th quarter is as detailed below:

Allowable FAC for 4 th quarter in Rs. Crs.	Carry forward FAC amount of 3 rd quarter	Total allowable FAC in Rs. Crs.(1+2)	Sales computed in MU with approved T&D Losses	Total FAC to be recovered paise per unit (3/4*1000)	FAC in paise recoverable in 3 months (Rounded off to nearest paise)
(1)	(2)	(3)	(4)	(5)	(6)
155.82	36.81	192.63	7841.11	24.57	25
23.66	5.87	29.53	1711.50	17.25	17
24.21	7.34	31.55	1948.58	16.19	16
36.41	6.66	43.07	3385.96	12.72	13
29.00	7.96	36.96	2013.72	18.35	18
269.09	64.64	333.73	16900.87	19.75	20

9. The Commission notes that, there is a net increase in FAC of 13 paise per unit to 25 paise per unit in all the ESCOMs along with an overall increase in the Power Purchase Cost of 4th quarter of FY20.
10. The Commission noted that, all the ESCOMs have filed their application for the revision of retail supply tariff seeking hike ranging from 52 paise per unit to 196 paise per unit effective from 1st April 2020. In view of the prevailing pandemic COVID-19 lockdown conditions, the tariff orders are yet to be issued. 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 consumers, decides to allow the ESCCOMs to collect allowable FAC in 6 months' period from 1st July,2020 to 31st December,2020.
11. Accordingly, the FAC amount to be allowed to the distribution licensees to be collected in 6 months' billing period from 1st July to 31st December,2020 from the consumers is as under:

ESCOM	Total allowable FAC in Rs. Crs	4 th quarter Net FAC in paise per unit (recoverable in 3 months)	FAC in paise per unit recoverable in 6 months (Rounded off to nearest paise)
BESCOM	192.63	24.57	12
MESCOM	29.53	17.25	9
CESC	31.55	16.19	8
HESCOM	43.07	12.72	6
GESCOM	36.96	18.35	9
TOTAL	333.73	19.75	10

12. 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 increase of 13 paise per unit to 25 paise per unit in all the ESCOMs in fuel cost adjustment charges of 4th quarter of FY20 along with the increase in overall power purchase cost during the fourth quarter of FY20, decides to allow the ESCOMs to collect the increase in FAC of 4th quarter (January to March 2020) by inclusion of carry forward FAC of 3rd quarter of FY20 in all the energy bills to be issued to their consumers during the six month billing period from 1st July,2020 to 31st December,2020 as follows:

ESCOM	FAC in paise per unit recoverable in 6 months (Rounded off to nearest paise)
BESCOM	12
MESCOM	9
CESC	8
HESCOM	6
GESCOM	9

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 AEQS SEZ, to be collected in all the energy bills to be issued from 1st July,2020 to 31st December,2020.

This Order is signed dated and issued by the Karnataka Electricity Regulatory Commission on this day 22nd June,2020.


(Shambhu Dayal Meena)
Chairman
22/6/2020


(H.M. Manjunatha)
Member
22/6/2020


(M.D. Ravi)
Member
22/6/2020