

18 DEC 2018

**BEFORE THE KARNATAKA ELECTRICITY REGULATORY COMMISSION
BANGALORE**

Dated this day, the 17th December, 2018

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 July - September, 2018.**

Present:

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|----------------------------------|----------|
| 1. Sri. M.K. Shankaralinge Gowda | Chairman |
| 2. Sri H.D. Arun Kumar | Member |
| 3. 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, 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 January – March, 2019 based on the Fuel Cost incurred during July - September quarter of 2018-2019.

Name of the ESCOM	Date of Submission
BESCOM	27.11.2018
MESCOM	04.12.2018
CESC	05.12.2018
HESCOM	07.12.2018
GESCOM	06.12.2018

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

Name of ESCOM	FAC proposed in Paise Per Unit
BESCOM	11
MESCOM	1
CESC	5
HESCOM	6
GESCOM	4

2. The Commission has proceeded to compute the allowable FAC for the 2nd quarter of FY19 on the basis of the following:

- i. The source - wise/ ESCOM-wise energy reconciled by the SLDC as per statement dated 20th November, 2018 for the power purchased during the period July - September, 2018.
- 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 approved by the Commission in the Tariff Order 2018, dated 14.05.2018.
- iv. Retail Sales for the second quarter of FY19 are computed as per the amended Clause '5.1 of the KERC (Fuel Cost Adjustment Charges) Regulations, 2013.

3. The Commission notes that, the claims of variable charges payable to the KPCL RTPS 1 -7 RTPS 8 and BTPS thermal Stations as reported by the MESCOM, CESC and HESCOM are on a substantially 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 and any variations in payment shall be adjusted accordingly.
4. The Fuel Adjustment Charges as computed by the Commission, for the second quarter, are as follows:

ESCOM	Allowable FAC in Rs Crores	Sales computed in MU with approved T&D Losses	FAC in paise per unit
BESCOM	70.21	6151.09	11.41
MESCOM	-1.24	1009.55	-1.23
CESC	2.13	1466.52	1.45
HESCOM	11.31	2753.91	4.11
GESCOM	2.85	1916.90	1.49
TOTAL	85.25	13297.97	6.41

5. The Commission notes that there is an increase from 1 paise per unit to 11 paise per unit in the variable cost of thermal stations in respect of all the ESCOMs except MESCOM. In the case of MESCOM, there is a net saving of 1 paise per unit. The actual overall power purchase cost per unit by the ESCOMs is also higher than the per unit cost of approved power purchase for the 2nd quarter of FY19. The increase in overall per unit cost of power purchase for the period July - September, 2018, 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	7232.76	177.42	0.25
MESCOM	1542.18	33.42	0.22

CESC	1734.28	50.11	0.29
HESCOM	3559.45	184.65	0.52
GESCOM	2511.26	36.05	0.14
TOTAL	16579.83	481.64	0.29

6. The Commission notes that there is an increase in allowable Fuel Cost Adjustment Charges of 1 paise per unit to 11 paise per unit recoverable from the consumers during the billing quarter January- March, 2019 in the case of all other ESCOMs except MESCOM, and in the case of MESCOM, there is a net savings in the FAC of 1 paise per unit, apart from the increase in the power purchase cost, in all the ESCOMs, during the 2nd quarter of FY19. Hence, by considering the amount of FAC for the second quarter of FY19, in accordance with the provisions of Regulation 3.1 of the KERC (Fuel Cost Adjustment Charges) Regulations, 2013 and amendments thereon, the Commission decides to allow collection of FAC in respect of BESCOM and HESCOM during the billing quarter January –March,2019 and the marginal savings / increase in the case of MESCOM, CESC and GESCOM is allowed to be carried forward to the next quarter of the financial year, to be recovered along with the FAC if any to be approved by the Commission, for the next quarter as detailed below:

ESCOM	FAC in paise per unit to be allowed to collect from the consumer	FAC in paise per unit to be carried forward to the next quarter of the financial year
BESCOM	11	-
MESCOM	-	(-)1
CESC	-	1
HESCOM	4	-
GESCOM	-	1

7. Therefore, the Commission orders as follows:

ORDER

7. In accordance with the provisions of the KERC (Fuel Cost Adjustment Charges) Regulations, 2013 and amendments thereon, the Commission, having recognized the increase/savings in fuel cost adjustment charges along with the increase in overall power purchase cost during the second quarter of FY19, decides to, allow the BESCOM and the HESCOM to collect fuel cost adjustment charges per unit of sales, in all the energy bills, to be issued to their consumers, during the billing quarter from 1st January, 2019 to 31st March, 2019 and in the case of MESCOM, CESC and GESCOM to carry forward the marginal increase/ savings, to the next quarter of the financial year and allow it to be considered by the Commission, while computing the FAC applicable for the next quarter as follows:

ESCOM	FAC in paise per unit allowed to be collected from the consumer	FAC in paise per unit to be carried forward to the next quarter of the financial year
BESCOM	11	-
MESCOM	-	(-)1
CESC	-	1
HESCOM	4	-
GESCOM	-	1

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 claimed in all

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This Order is signed dated and issued by the Karnataka Electricity Regulatory Commission on this day, the 17th December, 2019.

20.4. 17/12/18
(M.K. Shankaralinge Gowda)
Chairman

17/12/18
(H.D.Arun Kumar)
Member

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(D.B. Maniwal Raju)
Member
17/12/18