

GULBARGA ELECTRICITY SUPPLY COMPANY LIMITED

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Corporate Office,
GESCOM, Kalaburagi.

No. GESCOM/CEE(CP)/SEE(MIS)/EE(RA)/ 18-19/ 292-323

Date 2.4.2018

All the Executive Engineer Ele,
O&M Division of GESCOM.

Sir,

Sub:- Implementation of Fuel Cost Adjustment Charges in all the energy bills to be issued from April to June-2018.


Ref:- KERC, Bangalore FAC Order vide No. Ltr. B/15/12/03 dated 02.04.2018.

In accordance with Hon'ble KERC Order dated 02.04.2018 under reference, it is to inform you that the Fuel Adjustment Charges from April to June-2018 is Zero (0) Paise/unit. The Commission's order is available in the following website.

- 1) www.karnataka.gov.in/kerc
- 2) www.gescom.in

The copy of the order is enclosed herewith for your ready reference.

Yours Faithfully


Chief Engineer Elect., 24/4/2018
Corporate Planning
GESCOM, Kalaburagi

Copy W.C. to the Chief Financial Officer, GESCOM for information.

Copy to:

- 1) The Chief Engineer Ele., O&M Zone, Kalaburagi / Ballari for information and necessary needful action.
- 2) The Superintending Engineer (Ele), O&M Circle, GESCOM, Kalaburagi / Bidar / Raichur/ Ballari/Koppal for information and necessary needful action.
- 3) The Controller of Accounts (I/A), Corporate office, GESCOM, Kalaburagi for information.
- 4) The Executive Engineer Ele., Commercial, Corporate Office, GESCOM for information and to take needful action to hoist order copy in GESCOM website.
- 5) The Project Manager Infosys for information.
- 6) The Project Manager N-Soft for information.
- 7) The Project Manager BCITS Private Limited, #86 3rd Cross, Bhoopasandra Main Road, RMV 2nd Stage, Bangalore for information.
- 8) SPS to MD/DT for information.
- 9) MF/OC.

Handwritten notes:
AEE (Comd)
Mallikarjun
put on website
Ch. 9/4

No. B/15/12/ 03

- 2 APR 2018

**BEFORE THE KARNATAKA ELECTRICITY REGULATORY COMMISSION
BANGALORE**

Dated this day, the 27th March, 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),

for approval of Fuel Cost Adjustment Charges (FAC) due for the billing quarter
October - December, 2017.

Present:

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 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 in the billing quarter of April - June, 2018 based on the Fuel Cost incurred during October - December, quarter of 2017.

Name of the ESCOM	Date of Submission
BESCOM	27.02.2018
MESCOM	07.03.2018
CESC	02.03.2018
HESCOM	05.03.2018
GESCOM	05.03.2018

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

Name of ESCOM	FAC proposed in Paise Per Unit
BESCOM	(-)3.14
MESCOM	(-)2.68
CESC	(-)5.80
HESCOM	(-)3.11
GESCOM	0.70

2. The Commission has computed the allowable FAC for the 3rd Quarter of FY18 on the basis of the following :
- The source - wise/ ESCOM-wise energy reconciled by the SLDC as per statement dated 9th February, 2018 for the power purchased during the period October - December, 2017.
 - 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.
 - The allowable variable charge in respect of NTPC- KSTPS (Kudgi) Station has been recognized on the variable charges as approved by the Commission in Tariff Order 2018 dated 11.04.2017.
 - Retail Sales for the third quarter of FY18 are computed as per 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 some of the KPCL thermal Stations as reported by the MESCOM and the CESC and some of the CGS Stations as reported by all other ESCOMs except BESCOM and GESCOM, are marginally on a 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 CGS and any variations in payment shall be adjusted accordingly.

4. The FAC as computed by the Commission are as follows:

ESCOM	Allowable FAC in Rs Crs	Sales computed in MU with approved T&D Losses	FAC in paise per unit
BESCOM	(-) 24.46	6288.64	(-) 3.89
MESCOM	0.32	1187.22	0.27
CESC	(-) 3.38	1429.28	2.36
HESCOM	(-) 4.29	2482.30	(-) 1.73
GESCOM	1.33	1664.42	0.80
TOTAL	(-) 23.73	13051.92	(-) 1.82

5. The Commission notes that even though there is an overall negative FAC of 2 paise per unit of sale in the variable cost of thermal stations, the actual overall power purchase cost per unit by the ESCOMs is also higher than the approved power purchase cost per unit for the 3rd quarter of FY18. The increase in overall per unit cost of power purchase for the period October - December, 2017, 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	7437.66	291.13	0.39
MESCOM	1250.00	49.99	0.40
CESC	1700.13	80.01	0.47
HESCOM	3323.52	284.66	0.86
GESCOM	1975.41	12.63	0.06
TOTAL	15686.72	718.42	0.46

6. The Commission in its FAC Order dated 27th September, 2017 and 28th December, 2017, had decided to carry forward the marginal increase in the FAC of 1st quarter (April - June, 2017) and 2nd quarter (July -

September, 2017) to the next quarter and allowed it to be recovered along with the FAC, if any, that may be approved for the next quarter of the current financial year. Accordingly, even after adjusting the approved positive FAC of 1st quarter (April to June, 2017), and negative FAC of 2nd quarter (July to September, 2017) out of the FAC of 3rd quarter, the ESCOM-wise FAC of 3rd quarter of the FY18 is as detailed below:

ESCOM	FAC in paise Approved for 1 st quarter per unit (April to June, 2017) Order dated 27.09.2017	FAC to be approved for 2 nd quarter (July to September, 2017)	FAC to be approved for 3 rd quarter (October- December, 2017)
BESCOM	2	(-) 11	(-) 4
MESCOM	3	(-) 5	0
CESC	5	(-) 3	(+) 2
HESCOM	0	(-) 8	(-) 2
GESCOM	3	(-) 6	(+) 1
TOTAL	2	(-) 8	(-) 2

7. The Commission notes that by considering the aggregate FAC of 3 quarters of FY18, there is a net negative in the allowable fuel cost adjustment charges as at the end of 3rd quarter of FY18 in the case of BESCOM, MESCOM, HESCOM & GESCOM and a marginal net increase in case of CESC along with the increase in overall power purchase cost during the period October - December, 2017. As per the provisions of Regulations 3.1 of the KERC (Fuel Cost Adjustment Charges) (First Amendment) Regulations, 2013, dated 3rd December, 2013, the ESCOMs are to be allowed the net FAC as at the end of 3rd quarter of FY 18 as follows:

FAC as per computed sales and actual change in variable charges - October-December, 2017							
ESCOM	As claimed by ESCOMs			As Proposed by KERC			
	1st quarter FAC in Rs Crs.	2nd quarter FAC in Rs Crs.	3rd quarter FAC in Rs Crs.	Net Allowable FAC as at end of 3rd quarter in Rs Crs.	3rd quarter Sales computed in MU with approved T&D Losses	FAC in paise per unit	Net FAC as at the end of 3 rd quarter (Round off)
BESCOM	14.92	-65.22	-24.46	-74.76	6288.64	-11.89	-12
MESCOM	4.04	-4.76	0.32	-0.40	1187.22	-0.34	0
CESC	6.48	-3.56	3.38	6.30	1429.28	4.41	4
HESCOM	-1.07	-20.70	-4.29	-26.06	2482.36	-10.50	-10
GESCOM	4.09	-8.27	1.33	-2.85	1664.42	-1.71	-2
TOTAL	28.46	-102.51	-23.72	-97.77	13051.92	-7.49	-7

8. The Commission notes that, there is a net increase in FAC of 4 paise per unit in the case of CESC and the net savings of 2 paise to 12 paise per unit of FAC in the case of other ESCOMs. Accordingly, as there is an overall increase in the Power Purchase Cost of 3rd quarter of FY18, 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, decides to carry forward the net saving in FAC as at the end of 3rd quarter of FY18, of all the ESCOMs except CESC, to the next quarter of the current financial year. In the case of CESC, there is a marginal variation of increase / decrease in FAC during the 1st to 3rd quarters during FY18 and CESC has filed its tariff application to the Commission with the proposal to raise the retail supply tariff by 113 paise per unit with effect from 1st April, 2018. The Commission therefore decides to carry forward the net FAC of 4 paise per unit as at the end of 3rd quarter of FY18 due for recovery from the consumers of CESC from 01.04.2018 to 30.06.2018 to the next quarter of FY18 and allow it to be recovered along with the FAC that may be approved by the Commission for the last quarter of FY18.

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 net marginal decrease in the case of BESCOM, MESCOM, HESCOM and GESCOM and net marginal increase of 4 paise per unit in the case of CESC in fuel cost adjustment charges as at the end of 3rd quarter of FY18 along with the increase in overall power purchase cost during the third quarter of FY18, decides to carry forward the savings and increase in FAC of all the ESCOMs as at end of 3rd quarter (October - December, 2017) of FY18 to the last quarter of FY18 and allow it to be adjusted / recovered along with the FAC, if any, that may be approved for the last quarter of the current financial year.

This Order is signed dated and issued by the Karnataka Electricity Regulatory Commission on this day, the 27th March, 2018.

20.04.2018
(M.K.Shankaralinge Gowda)
Chairman

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

(D.B. Manivel Raju)
Member