

BEFORE THE KARNATAKA ELECTRICITY REGULATORY COMMISSION

BANGALORE

Dated this day, the 22nd December, 2017

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 July - September, 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 January – March, 2018 based on the Fuel Cost incurred during July - September, quarter of 2017.

Name of the ESCOM	Date of Submission
BESCOM	23.11.2017
MESCOM	04.12.2017
CESC	04.12.2017
HESCOM	01.12.2017
GESCOM	06.12.2017 (By E-mail)

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

Name of ESCOM	FAC proposed in Paise Per Unit
BESCOM	(-)10
MESCOM	(-)4.70
CESC	(-)3.09
HESCOM	(-)7.37
GESCOM	(-)3.45

2. The Commission has computed the allowable FAC for the 2nd Quarter of FY18 on the basis of the following :

- i. The source - wise/ ESCOM-wise energy reconciled by the SLDC as per statement dated 27th November, 2017 for the power purchased during the period July - September, 2017.
- 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 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.
- iv. Retail Sales for the second 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 Station as reported by all other ESCOMs except BESCOM 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	(-) 65.22	6014.62	(-) 11
MESCOM	(-) 4.76	951.77	(-) 5
CESC	(-) 3.56	1231.31	(-) 3
HESCOM	(-) 20.70	2526.40	(-) 8
GESCOM	(-) 8.27	1476.51	(-) 6
TOTAL	(-) 102.50	12200.66	(-) 8

5. The Commission notes that even though there is an overall negative FAC of 8 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 2nd quarter of FY18. The increase in overall per unit cost of power purchase for the period July - September, 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	7107.16	6.69	0.01
MESCOM	1169.81	50.91	0.44
CESC	1464.66	75.70	0.52
HESCOM	3310.46	185.24	0.56
GESCOM	1687.22	36.05	0.21
TOTAL	14739.31	354.58	0.24

6. The Commission in its FAC Order dated 27th September, 2017, has decided to carry forward the marginal increase in the FAC of 1st quarter (April – June, 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 FAC of 1st quarter (April to June,2017), out of the negative FAC of 2nd quarter, the ESCOM- wise net FAC as at the end of 2nd quarter of the FY18 is as detailed below:

ESCOM	FAC in paise Approved for 1st quarter per unit (April to June,2017) Order dated 27.09.2017	FAC to be approved for 2nd quarter (July to September,2017)	Net FAC to be approved as at the end of 2nd quarter (July to September,2017)
BESCOM	2	(-) 11	(-)9
MESCOM	3	(-) 5	(-)2
CESC	5	(-) 3	+2
HESCOM	0	(-) 8	(-)8
GESCOM	3	(-) 6	(-)3
TOTAL	2	(-) 8	(-)6

7. The Commission notes that there is a net negative in the allowable fuel cost adjustment charges as at the end of 2nd quarter of FY18 in case of BESCOM, MESCOM, HESCOM & GESCOM and marginal net increase in case of CESC along with the increase in overall power purchase cost during the period July - September, 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 FAC as follows:

ESCOM	FAC in paise per unit
BESCOM	(-) 9
MESCOM	(-) 2
CESC	(+) 2
HESCOM	(-) 8
GESCOM	(-) 3
TOTAL	(-) 6

8. The Commission notes that, there is a net increase in FAC of 2 paise per unit in the case of CESC and the net savings of 2 paise to 9 paise per unit of FAC in the case of other ESCOMs. Accordingly, as there is an overall increase in the Power Purchase Cost of 2nd quarter of FY18, the Commission

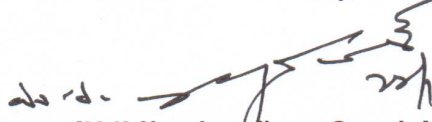
in accordance with the provisions of Regulations 3.1 of the KERC (Fuel Cost Adjustment Charges) (First Amendment) Regulations, 2013, dated 3rd December, 2013, decides to carry forward the net saving in FAC as at the end of 2nd quarter of FY18, all the ESCOMs except CESC, to the next quarter of the current financial year. In the case of CESC as there is a savings in FAC of 3 paise per unit in the 2nd quarter of FY18, and CESC is collecting 12 paise per unit being the FAC of 3rd and 4th quarters of FY17 during the current financial year along with the increased retail supply tariff of 48 paise per unit, as approved by the Commission in its Tariff Order, dated 11.04.2017, the Commission decides to carry forward the net FAC of 2 paise per unit as at the end of 2nd quarter of FY18 due for recovery from the consumers of CESC from 01.01.2018 to 31.03.2018 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 next quarter of FY18.

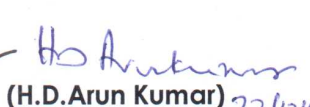
Therefore, the Commission orders as follows:

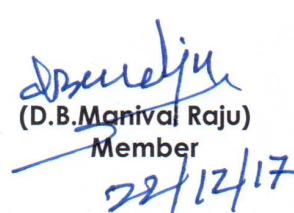
ORDER

In accordance with the provisions of the KERC (Fuel Cost Adjustment Charges) Regulations, 2013 and amendments thereon, the Commission, having recognized the marginal net decrease in the case of BESCOM, MESCOM, HESCOM and GESCOM and net marginal increase of 2 paise per unit in the case of CESC in fuel cost adjustment charges along with the increase in overall power purchase cost during the second quarter of FY18, decides to carry forward the savings and increase in FAC of all the ESCOMs for the 2nd quarter (July - September, 2017) of FY18 to the next quarter of FY18 and allow it to be adjusted / recovered along with the FAC, if any, that may be approved for the next quarter of the current financial year.

This Order is signed dated and issued by the Karnataka Electricity Regulatory Commission on this day, the 22nd December, 2017.


(M.K. Shankaralinge Gowda)
Chairman


(H.D. Arun Kumar)
Member


(D.B. Manival Raju)
Member

22/12/17