

No. KERC/DD (Tariff)/ B/15/12/ 1644

BEFORE THE KARNATAKA ELECTRICITY REGULATORY COMMISSION

BANGALORE

Dated this day, the 7th March, 2019

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 October to December, 2018.

Present:

1. Sri. Shambhu Dayal Meena	Chairman
3. Sri H.M.Manjunatha	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 April- June, 2019 based on the Fuel Cost incurred during October to December for the 3rd Quarter of FY19.

Name of the ESCOM	Date of Submission
BESCOM	27.02.2019
MESCOM	05.03.2019
CESC	01.03.2019
HESCOM	05.03.2019
GESCOM	05.03.2019 (By Email)

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

Name of ESCOM	FAC proposed in Paise Per Unit
BESCOM	39
MESCOM	11
CESC	15
HESCOM	26
GESCOM	17

2. The Commission has proceeded to compute the allowable FAC for the 3rd quarter of FY19 on the basis of the following:

- i. The source - wise/ ESCOM-wise energy reconciled by the SLDC as per statement dated 23rd February, 2019 for the power purchased during the period October - December, 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 considered by the Commission in the Tariff Order 2018, dated 14.05.2018.
- iv. Retail Sales for the third 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 1 &2 thermal Stations as reported by the MESCOM, CESC and HESCOM for October to December, 2018 and GESCOM for November, 2018 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 third 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	255.42	6989.22	36.54
MESCOM	13.24	1327.33	9.98
CESC	20.06	1647.06	12.18
HESCOM	64.09	3184.33	20.13
GESCOM	32.61	2000.95	16.30
TOTAL	385.42	15148.88	25.44

5. The Commission notes that there is an increase from 10 paise per unit to 37 paise per unit in the variable cost of thermal stations in respect of all the ESCOMs. 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 3rd quarter of FY19. The increase in overall per unit cost of power purchase for the period October - December, 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	8218.27	520.52	0.63
MESCOM	1500.40	47.83	0.32
CESC	1947.79	58.01	0.30
HESCOM	3714.84	99.71	0.27
GESCOM	2516.40	49.64	0.20
TOTAL	17897.70	775.67	0.43

6. The Commission notes that there is an increase in allowable Fuel Cost Adjustment Charges of 10 paise per unit to 37 paise per unit recoverable from the consumers during the billing quarter April - June, 2019 in the case of all the ESCOMs, apart from an overall increase in the power purchase cost by Rs.775.67 Crores in the 3rd quarter of FY19 in all ESCOMs in respect of KPCL Thermal, CGS and UPCL stations. Hence, by considering the amount of FAC for the third 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 allowable FAC for the third quarter of FY19 is as under:

ESCOM	FAC in paise per unit to be allowed to collect from the consumer
BESCOM	36.54
MESCOM	9.98
CESC	12.18
HESCOM	20.13
GESCOM	16.30

7. The Commission, in FAC Order dated 17.12.2018, had allowed the recovery of second quarter FAC of 11 paise per unit in respect of BESCOM and 4 paise per unit in respect of HESCOM from the consumer during January to March, 2019. The FAC of -1 paise per unit (negative) in respect of MESCOM and +1 paise per unit (positive) in respect of CESC and GESCOM had decided to carry forward to the next quarter of the financial year. The Commission by considering the carried forward positive / negative FAC amount of second quarter, the net recoverable FAC for the 3rd quarter is computed as follows:

ESCOM	Allowable FAC for 3 rd quarter in Rs. Crores	Carried forward FAC for 2 nd quarter in Rs. Crores	Total Allowable FAC for 3 rd quarter in Rs. Crores	Sales computed in MU with approved T&D Losses	FAC in paise per unit
BESCOM	255.42	0.00	255.42	6989.22	36.54
MESCOM	13.24	-1.24	12.00	1327.33	9.04
CESC	20.06	2.13	22.19	1647.06	13.47
HESCOM	64.09	0.00	64.09	3184.33	20.13
GESCOM	32.61	2.85	35.46	2000.95	17.72
TOTAL	385.42	3.74	389.16	15148.88	25.69

8. The Commission notes from the above table that the net FAC to be recovered by considering the carried forward FAC of 2nd quarter varies from 9 paise per unit to 37 paise per unit for the 3rd quarter.
9. The Commission further notes that, all the ESCOMs have filed their application for revision of retail supply tariff seeking hike ranging from 100 paise per unit to 167 per unit effective from 1st April, 2019. The tariff application of ESCOMs are being processed by the Commission and allowing the ESCOMs to recover the admissible net FAC in the next quarter along with the likely increase in the retail supply tariff will result in higher financial burden to the consumers. The Commission, in order to soften the burden on the end consumers in the next immediate quarter, decides to spread the recovery of this net FAC for a period of six months (Two quarter) and allow the ESCOMs to recover the same in all the energy bills to be issued from 1st April to 30th September, 2019.
10. In accordance with the provisions of Regulations 3.1 of the KERC (Fuel Cost Adjustment Charges) (First Amendment) Regulations, 2013 dated 3rd December, 2013, the Commission decide to allow collection of net

FAC in respect of ESCOMs during the billing quarter April – September, 2019 as detailed below:

ESCOM	FAC in paisa per unit/ to be allowed to be collected in the monthly bill from April to September, 2019.
BESCOM	18
MESCOM	5
CESC	7
HESCOM	10
GESCOM	9

11. Therefore, the Commission orders as follows:

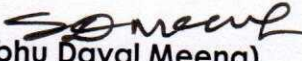
ORDER


12. In accordance with the provisions of the KERC (Fuel Cost Adjustment Charges) Regulations, 2013 and amendments thereon, the Commission, having recognized the increase in fuel cost adjustment charges along with the increase in overall power purchase cost during the third quarter of FY19, decides to, allow the ESCOMs 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 April, 2019 to 30th September, 2019 at the following rates:

ESCOM	FAC in paise per unit allowed to be collected from the consumer
BESCOM	18
MESCOM	5
CESC	7
HESCOM	10
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 AEQUS SEZ, to be claimed in all the energy bills to be issued to their consumers from 1st April, 2019 to 30th September, 2019.

This Order is signed dated and issued by the Karnataka Electricity Regulatory Commission on this day, the 7th March, 2019.


(Shambhu Dayal Meena)
Chairman
7/3/2019


(H.M. Manjunatha)
Member
7/3/2019