

BEFORE THE KARNATAKA ELECTRICITY REGULATORY COMMISSION

BANGALORE

Dated this day, the 17th September, 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 April to June, 2019.

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, 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 October – December, 2019 based on the Fuel Cost incurred during April to June for the 1st Quarter of FY20.

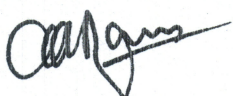


Name of the ESCOM	Date of Submission
BESCOM	30.08.2019
MESCOM	03.09.2019
CESC	05.09.2019
HESCOM	03.09.2019
GESCOM	05.09.2019

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

Name of ESCOM	FAC proposed in Paise Per Unit
BESCOM	10.77
MESCOM	11.17
CESC	13.91
HESCOM	8.705
GESCOM	10.35

2. The Commission has proceeded to compute the allowable FAC for the 1st quarter of FY20 on the basis of the following:
- The source - wise/ ESCOM-wise energy reconciled by the SLDC as per statement dated 28th August, 2019 for the power purchased during the period April - June, 2019.
 - 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 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.
 - Retail Sales for the first quarter of FY20 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, and CESC for April and May, 2019 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. The Commission also notes the substantial variation in the variable charges payable to NSM Coal (Bundled) NTPC station, as compared to the actual variable charges payable for the month of April and May, 2019. Further, the Commission notes that, as reported by MESCOM, CESC, HESCOM and GESCOM, there is a marginal variation in the variable charges payable to NLC Tamilnadu station as compared to the actual variable charges payable for the month of May, 2019. The Commission directs the ESCOMs to correct the same as per the terms of Power Purchase Agreement and the variations in payment shall be adjusted in future bills, accordingly.

4. The Fuel Adjustment Charges as computed by the Commission, for the first quarter of FY20, are as follows:

ESCOM	Allowable FAC in Rs. Crores	Sales computed in MU with approved T&D Losses	FAC in paise per unit
BESCOM	82.67	7324.57	11.29
MESCOM	13.99	1443.18	9.69
CESC	19.68	1633.20	12.05
HESCOM	27.13	2994.71	9.06
GESCOM	17.30	1625.05	10.65
Total	160.76	15020.71	10.70

5. The Commission notes that, there is an increase in FAC from 9 paise per unit to 12 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 1st quarter of FY20. The increase in overall per unit cost of power purchase for the period April - June, 2019, 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	8614.27	111.31	0.13
MESCOM	1475.60	18.07	0.12
CESC	1940.96	19.94	0.10
HESCOM	3650.54	36.72	0.10
GESCOM	2361.36	45.94	0.19
TOTAL	18042.73	231.97	0.13

6. The Commission notes that, there is an increase in allowable Fuel Cost Adjustment Charges of 9 paise per unit to 12 paise per unit recoverable from the consumers during the billing quarter October- December, 2019 in the case of all the ESCOMs, apart from an overall net increase in the power purchase cost by Rs.231.97 Crores in the 1st quarter of FY20 in all ESCOMs in respect of KPCL, CGS and UPCL Thermal stations. Hence, by considering the amount of FAC for the first 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 Commission decides to allow the collection of FAC during the billing quarter October to December, 2019 for the first quarter of FY20 as under:

ESCOM	FAC in paise per unit to be allowed to collect from the consumer
BESCOM	11
MESCOM	10
CESC	12
HESCOM	9
GESCOM	11

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7. Further, the Commission in its FAC Order dated 19th June, 2019, in order to lessen the burden of the FAC for the 4th quarter of FY19 (January to March, 2019) to be recovered during July to September, 2019, along with the hike in the retail supply tariff, had decided to spread the recovery of FAC by allowing the ESCOMs to recover the FAC in all the energy bills to be issued to the consumers over a period of six months (Two quarter) from 1st July to 31st December, 2019 at the following rates:

ESCOM	FAC in paisa per unit/ to be allowed to be collected in the monthly bill from July to December, 2019.
BESCOM	11
MESCOM	4
CESC	5
HESCOM	7
GESCOM	6

8. Thus, the ESCOMs are allowed to recover the FAC of 1st quarter of FY20, as approved in this Order along with the FAC of 4th quarter allowed to be recovered in the Commission's FAC order dated 19th June, 2019, in all the energy bills to be issued to the consumers during October to December, 2019.

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 in fuel cost adjustment charges along with the increase in overall power purchase cost during the first quarter of FY20, 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 October, 2019 to 31st December, 2019 at the following rates:

ESCOM	FAC in paise per unit allowed to be collected from the consumer
BESCOM	11
MESCOM	10
CESC	12
HESCOM	9
GESCOM	11

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 October, 2019 to 31st December, 2019. The approved FAC for the 4th quarter of FY19 shall also be collected for the same period, in addition to the present FAC approved in this order for the 1st quarter of FY20 from all the consumers.

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


(Shambhu Dayal Meena)
Chairman


(H.M. Manjunatha)
Member

17/9/2019


(M.D. Ravi)
Member

17/9/2019