

**BEFORE THE KARNATAKA ELECTRICITY REGULATORY COMMISSION**

**BANGALORE**

**Dated this day, 22<sup>nd</sup> December, 2022**

**ORDER**

**In the matter of removal of difficulties in implementing the Provisions of Fuel and Power Purchase Cost Adjustment (FPPCA) Regulations, 2022 notified by the Commission by its Notification No. B/15/12/FTS-1011/dated 21<sup>st</sup> October 2022.**

**PREAMBLE:**

(1) Whereas the Karnataka Electricity Regulatory Commission (Fuel and Power Purchase Cost Adjustment) Regulations, 2022 (hereinafter referred to as "Regulations") provide for computation and collection / refund of Fuel and Power Purchase Cost Adjustment (FPPCA), considering the total power purchase cost incurred by the ESCOMs, for each quarter of the financial year.

(2) Whereas in Clause-5 of the Regulations prescribed a formula for computation of FPPCA as " $FPPCA = \frac{((CSG + CCGS + CIPP + Z) - S)}{Q} * 1000$ ".

The factor 'S' is notated as 'Amount realized from sale of purchased power through Energy Exchanges or Other Agencies'. The Commission notes that as per this notation the entire sale proceeds have to be deducted from the total power purchase cost. Whereas in effect the incremental cost (whether it is positive and negative) need to be deducted from or added to the total power purchase cost. Hence, the notation needs to suitably corrected as "**Incremental gain or loss incurred on the sale of purchased power through Energy Exchanges or Other Agencies over the actual average power purchase cost incurred for the relevant quarter**";

(3) Whereas the Regulations provides FORMAT-1 for quantifying the increase / decrease in the power purchase for the purpose of FPPCA;

(4) Whereas, the Regulations provides FORMAT-3 for indicating energy at generation point, energy at interface point and energy sales and distribution losses. The Commission observed that the energy sales through IEX / other agencies should not be deducted from the energy at interface point whereas it should be deducted from the energy at generation point. Hence, there is a need to revise FORMAT-3 appropriately;

(5) While computing the difference of power purchase cost, it is found that, it is not possible to scrutinize the fixed costs and variable costs independently as the

format provides for indicating per unit cost which is inclusive of the fixed and variable costs. The total power purchase cost and variation in power purchase cost with reference to approved cost as per Tariff Orders also cannot be ascertained in the present format. Hence, the format needs to be revised appropriately to ascertain the fixed costs and variable costs for facilitating computation of FPPCA;

- (6) Whereas the Regulations provides FORMAT-5 for indicating approved and variable cost per unit. As there need aroused to revise the FORMAT-1 as detailed in (3) above and it comprises the required contents for FORMAT-5 also, the FORMAT-5 will become redundant;
- (7) Therefore, in order to implement the provisions of the Regulations appropriately, the Commission, in exercise of its power to remove difficulties under Regulation 9 of the Regulations, decides to modify the above discussed provisions as under:

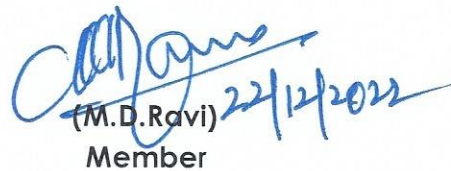
### ORDER

In exercise of the powers conferred by Clause 9 "Power to remove difficulties" of the KERC (Fuel and Power Purchase Cost Adjustment) Regulations, 2022, the Commission, decides to modify the following provisions of Regulations to the extent indicated in this order, to remove the difficulties in implementing the Regulations.

- A. The notation for factor 'S' in Clause 5 shall be modified as "Incremental gain or loss incurred on the sale of purchased power through Energy Exchanges or Other Agencies over the actual average power purchase cost incurred for the relevant quarter".
- B. FORMAT-1 and FORMAT-3 of the Regulations are revised as appended to this order, to be substituted to the original Formats.
- C. FORMAT-5 of the Regulations is ordered to be discontinued.

This Order is signed and issued by the Karnataka Electricity Regulatory Commission on this day, the 22<sup>nd</sup> December, 2022.

  
(P. Ravi Kumar)  
Chairman

  
(M.D. Ravi)  
Member

FORMAT-1

Name of the Company

Annexure to KERC (Fuel and Power Purchase Cost Adjustment) Regulations, 2022.

Fuel & Power Purchase Cost Adjustment Charges for the \_\_\_\_\_ Quarter from \_\_\_\_\_ to \_\_\_\_\_

Sl. No.	Name of the Generating Station	Approved Fuel & Power Purchase Cost		Actual Power Purchase cost				Month-1	Month-2	Month-3	Total Quantity of Energy Purchased for the quarter [6+12+18] (in MU)	Total Difference in power purchase cost for the quarter [10-16+22] (Rs.in Cr.)	
		Capacity/ Fixed Charges per month (*1) (Rs.in Cr.)	Variable Charges (Rs./unit) (Rs.in Cr.)	Capacity/ Fixed Charges for the month (Rs.in Cr.)	Quantum of energy Purchased in the month (in MU)	Variable Charges (Rs./unit) (Rs.in Cr.)	Variable Charges (Rs.in Cr.)						Total Power Purchase cost paid for the month (*2) (Rs.in Cr.)
1	2	3	4	5	6	7	8	9	10	11 to 16	17 to 22	23	24
A.	State Generating Stations												
1													
2													
	Total of A:												
B.	Central Generating Stations												
1													
2													
	Total of B:												
C.	IPPs												
1													
2													
	Total of C:												
D.	Renewable Energy Sources												
1													
2													
	Total of D:												
E.	Other Purchases												
1													
2													
	Total of E:												
F.	Transmission Charges (Rs. in Cr.)												
1	KPTCL Transmission Charges												
2	PGCIL Transmission Charges												
	Total of F:												
G.	Other Costs (Rs.in Cr.)												
1													
2													
	Total of G:												
H.	Less: Energy Sales (in IEX / Bilateral, etc.) (*3)												
I.	Total (A to H)												
J.	Energy Balancing Transactions.												
H.	Grand Total (I+J):												

(\*1) Annual approved fixed / capacity / other charges" divided by 12.

(\*2) This should be agreed with the actual power purchase cost booked in the accounts as per the admitted bills of generators/others.

(\*3) Cos. per unit realized to be shown in Column No.4 with reference to the actual average power purchase cost incurred during the relevant quarter before IEX sales and energy balancing.

**FORM A-3**

Name of the Company

Annexure to KERC (Fuel and Power Purchase Cost Adjustment) Regulations, 2022.

Energy at Generation Point, if Point and energy sales

Sl. No.	Month	Actual Total Energy Purchased at Generation Bus including sales in IEX (in MU)	Energy Sales through IEX, bilateral, etc., (in MU)	Net Energy Purchases to the account of ESCOM (3-4) (in MU)	Energy at Interface Point (in MU)	Actual energy sales as per DCB (in MU)	Distribution Loss (%)
1	2	3	4	5	6	7	8
	Month-1						
	Month-2						
	Month-3						
	Total						