

PR-1198

KARNATAKA ELECTRICITY REGULATORY COMMISSION

No: 16 C-1, Miller TankBed Area, Vasanthnagar, Bengaluru - 560 052.

NOTIFICATION

No. B/15/12/ FTS-1011/ Bengaluru, Dated: 21.10.2022

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

Preamble:

Whereas the Karnataka Electricity Regulatory Commission had published draft Karnataka Electricity Regulatory Commission (Fuel and Power Purchase Cost Adjustment) Regulations, 2022 and in the official gazette of Karnataka, vide Notification No. B/15/12, dated 12.07.2022, inviting objections, suggestions, views and comments if any from the stake holders. The draft amendments were also hosted on the Commission's website www.karnataka.gov.in/kerc and duly publishing notices in the newspapers for the information of public/ interested persons. The Commission also held a Public Hearing on 14.10.2022 in the matter.

And whereas, the Commission has considered the objections/ suggestions received from the stakeholders.

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Now, in exercise of the powers conferred under Section 56 of the Karnataka Electricity Reform Act, 1999 and Section 181 and Section 62 (4) of the Electricity Act, 2003 (Central Act No.36 of 2003) and all the other powers enabling it in this behalf, the Karnataka Electricity Regulatory Commission, hereby makes the following Regulations:

1. Short Title and commencement:

- (i) These Regulations shall be called **KERC (Fuel and Power Purchase Cost Adjustment) Regulations, 2022**.
- (ii) These Regulations shall come into effect from the date of their Notification in the official gazette.
- (iii) These Regulations shall be applicable to the whole of the State of Karnataka.

2. Definitions:

- (i) In these Regulations, unless the context otherwise requires:

- a. "Act" means the Electricity Act, 2003, as amended from time to time;
- b. "Billing quarter" means the period of three months commencing from the beginning of a calendar month during which FPPCA is proposed to be recovered;
- c. "Commission" means the Karnataka Electricity Regulatory Commission;
- d. "Distribution Licensee" means a Licensee authorized to operate and maintain a distribution system for supplying electricity to the consumers in his Area of Supply;
- e. "Fuel and Power Purchase Cost Adjustment" (FPPCA) means the charges as determined in these Regulations for recovery in a billing quarter on the basis of the net change in the cost of fuel and power purchase cost by considering the amount realised from sale of power through Energy Exchanges or other Agencies, in the second quarter preceding the billing quarter.

- (ii) Words or expressions occurring in these Regulations and not defined herein above shall bear the same meaning as in the Act or the Karnataka Electricity Reform Act and in case of any inconsistency therein, the provisions of the Act shall prevail.

3. Collection of Fuel and Power Purchase Cost Adjustment (FPPCA):

3.1 Every Distribution Licensee shall collect Fuel and Power Purchase Cost Adjustment from its consumers during a billing quarter in accordance with the provisions in these Regulations, as part of the tariff payable by the Consumer.

Explanation: The first billing quarter shall commence from 1st January, 2023.

Provided that, where the FPPCA in any billing quarter exceeds ten paise per unit or any other limit fixed by the Commission in the Tariff Order applicable for the relevant year, the distribution licensee shall not recover FPPCA in excess of ten paise per unit or the limit fixed by the Commission without the prior approval of the Commission.

Provided that, where the amount of FPPCA is negative in any billing quarter, the savings in FPPCA in excess of ten paise per unit or any other limit fixed by the Commission in the Tariff Order applicable for the relevant year, the distribution licensee shall not pass on the negative FPPCA in excess of ten paise per unit or the limit fixed by the Commission, without the prior approval of the Commission.

3.2 The Distribution Licensee shall commence billing of FPPCA from the first meter reading date of the billing quarter.

4. Computation of FPPCA:

4.1 Distribution Licensees shall determine the per unit Fuel and Power Purchase Cost Adjustment recoverable from consumers on the basis of the net variation in the fuel and power purchase cost on energy purchased from Generators as specified in Clause-5 of these Regulations duly considering the amount realised from the sale of purchased power through Energy Exchanges or other Agencies.

4.2 For the purpose of determining the Fuel and Power Purchase Cost Adjustment, Sales may be computed by deducting the transmission losses and distribution losses, as approved by the Commission in its tariff orders issued from time to time, from the energy purchased during the relevant period, duly reconciled with SLDC.

4.3 The computation of FPPCA as provided in these Regulations shall ordinarily be completed by the distribution licensees within 45 days before the commencement of each billing quarter.

5. Formula for computation of FPPCA

The formula for computation of the Fuel and Power Purchase Cost Adjustment shall be as under:

$$FPPCA = [(CSG + CCGS + CIPP + Z) - S]/Q * 1000$$

Where

CSG = Change in fuel and power purchase cost of State owned power Generating Stations including transmission cost;

CCGS = Change in fuel and power purchase cost of Central Generating Stations including transmission cost;

CIPP = Change in fuel and power purchase cost of Generating Stations of other Independent Power Producers having long term PPAs with the distribution licensees;

Q = Sales computed as per Clause 4.2 of these Regulations considering the quantum of energy purchased during the second quarter preceding the billing quarter by excluding the quantum of energy sold through Energy Exchanges or other Agencies.

Z = Adjustment factor for any over/under recovery.

S = Amount realised from sale of purchased power through Energy Exchanges or Other Agencies.

Change in Fuel and Power Purchase Cost [(CFPPC)_{SG,CSG,IPP}] is the difference between the change in the fuel and power purchase cost computed on the basis of Commission approved average fuel and power purchase cost including transmission cost of State and Central owned Generating Stations and Independent Power Producers having long term PPAs with the distribution licensee as allowed in the Tariff Order pertaining to the relevant period multiplied by the energy supplied and the actual fuel and power purchase cost of State, Central owned generating stations, including the transmission cost and the Independent Power Producers having long term PPAs with the distribution licensee by deducting the amount realised by sale of purchased energy through Energy Exchanges or other Agencies during the relevant period.

The 'Fuel and Power Purchase Costs' for the purpose of computing FPPCA as per these Regulations shall include the delivered cost of fuel and power purchase cost of the generating stations including the transmission cost computed as per Format-1 & 5 annexed to these Regulations.

Adjustment Factor (Z) for a billing quarter shall include:

- i) Variation in actual FPPCA collected and allowable FPPCA for any previous billing quarter which has not been factored earlier;
- ii) Any variations observed by the Commission during post facto validation of the data furnished in any quarter; and
- iii) Any variations in fuel and power purchase cost that would be noticed by the distribution licensees subsequent to incorporation of FPPCA for a billing quarter.

This shall be computed as per **Format-2** annexed to these Regulations.

6. Accounting and Billing of FPPCA:

- 6.1 The Distribution Licensee shall indicate the rate and amount of FPPCA separately in the consumer bills and record the amount of FPPCA collected under a separate head of account in its Books of Accounts.
- 6.2 The FPPCA determined as per the formula provided in these Regulations shall be in paise per unit rounded off to the nearest integer.
- 6.3 All documents to be furnished to the Commission for approval of FPPCA for each quarter shall be duly signed by the authorized representative of the distribution licensee and duly certified by a Chartered Accountant.
- 6.4 The Distribution Licensee shall furnish the data on power purchase, energy input at interface points, sales as per DCB, actual distribution losses and the projected sales as per **Formats-3 and 4**.

7. Information and Publication of FPPCA:

- 7.1 The Distribution Licensee shall furnish to the Commission, its computations of FPPCA for any billing quarter as per the formats specified in these Regulations, at least 30 days before the commencement of the billing quarter.
- 7.2 The Distribution Licensee shall publish FPPCA proposed to be collected for a billing quarter in at least one English and one Kannada Newspaper having wide circulation in its area of supply, for information of the consumers. Such publication shall be issued at least one week before the commencement of the billing quarter. Copies of FPPCA

assessment shall also be posted on the websites of the Distribution Licensees for information of the Consumers/Stakeholders.

8. Repeal:

- 1) The Karnataka Electricity Regulatory Commission (Fuel Cost Adjustment Charges) Regulations, 2013 as amended from time to time, are hereby repealed.
- 2) Notwithstanding such repeal, anything done or purported to have been done under the repealed regulations shall be deemed to have been done or purported to have been done under these regulations.

9. Power to remove difficulties:

If any difficulty arises in giving effect to any of the provisions of these Regulations, the Commission on application by the distribution licensee or suo-motu, may by general or special Order, take such action, which appears to be necessary or expedient for the purpose of removing such difficulties not being inconsistent with the Provisions of the Act.

10. Power to amend:

The Commission may, from time to time, add, vary, alter, modify or amend any provisions of these Regulations.

By the Approval of the Commission

Secretary

Karnataka Electricity Regulatory Commission

Total Transmission cost											
F	LESS: Sale of Power through Exchanges/Agencies										
G	Grand Total=CSG+CCGS+CIPP+ others+Transmission cost- Sale of Energy/Power										
* Stations/Source of Generation State/ Central generating stations and other IPP's are indicative. Source / station wise details shall be furnished as per Format-D1 of tariff filing and Power Purchase cost details annexed to the Tariff Order.											
The power purchase cost as approved in the Relevant Tariff Orders of the Commission shall be considered.											
Note: The format shall be signed by the authorised representative of ESCOMs duly certified by chartered accountant.											

FORMAT-2	
Annex to KERC (Fuel and Power Purchase Cost Adjustment) Regulations, 2022	
Computation of Adjustment Factor(Z)	
Sl.No.	Particular
Amount in Rs. Crs	
a.	FPPCA proposed by ESCOM of...Qtr of FY ...
b.	FPPCA approved by the Commission for...Qtr of FY ...
c.	FPPCA actually collected by the ESCOM in the relevant billing quarter (As per monthly DCB Statements)
d.	Increase/Decrease in FPPCA charges to be adjusted in the ...Qtr of ...FY
e.	Any fuel & power purchase cost variations noticed now* after filing for the quarter specified in'a'

f	Any variations observed by the Commission in its approval of FPPCA for the previous billing quarter	f
	Adjustment factor(Z)	$z=(d+e+f)$
*Furnish details in a separate statement along with documents as necessary		
Note: The format shall be signed by the authorised representative of ESCOMs duly certified by chartered accountant		

FORMAT-3

Annexe to KERC (Fuel and power Purchase Cost Adjustments) Regulation, 2022

Statement of Energy and Distribution Losses

Name of the ESCOM.....Fuel & Power Purchase Cost Adjustment.....Quarter of FY

Sl.No	Month	Actual Total Energy Purchased at Generation Bus in MU as per Format- 1	Total Energy Purchased at Interface Points in MU	Sale of energy through Energy Exchanges/Agencies in MU	Net Energy Purchased in MU (4-5)	Actual Retail Sales MU as per DCB	Distribution Losses in %
1	2	3	4	5	6	7	8
	Month-1						
	Month-2						
	Month-3						
	Total						

Annexe to KERC (Fuel Power Purchase Cost Adjustment) Regulations, 2022															
Name of the ESCOM..... Fuel and Power Purchase Cost Adjustment Quarter of FY.....															
Approved fixed & Variable and Actual Fixed & Variable power purchase cost per unit in respect of each Thermal generating stations															
Name of the Source	Approved Power Purchase Cost Rs/Unit			Month-1			Month-2			Month-3					
	Approved FC Rs./Unit	Approved VC Rs./Unit	Total Approved PP cost Rs./Unit (FC+VC)	Actual FC allowed Rs./Unit	Actual VC allowed Rs./Unit	Total PP cost allowed Rs./Unit (FC+VC)	Actual FC allowed Rs./Unit	Actual VC allowed Rs./Unit	Total PP cost allowed Rs./Unit (FC+VC)	Actual FC allowed Rs./Unit	Actual VC allowed Rs./Unit	Total PP cost allowed Rs./Unit (FC+VC)			
	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
1							8 (7-4)	9	10	11	12 (11-4)	13	14	15	16 (15-4)
KPCL Thermal															
1															
2															
CGS															
1															
2															
Major IPPs															

Note: Details with computation sheet as per the PPA formula shall be furnished for each of the Thermal Generating Stations.

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R.N.I. No. KARBIL/2007/47147 POSTAL REGN. No. RNP/KA/BGS/2202/2017-19
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