

BEFORE THE KARNATAKA ELECTRICITY REGULATORY COMMISSION

BANGALORE

Dated this day, the 23rd December, 2020

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).

8/24/20
DGM (CESC)
In the matter of approval of Fuel Cost Adjustment Charges (FAC) due for the 2nd billing quarter - July to September, 2020.

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 in the billing quarter of January – March, 2021, based on the Fuel Cost incurred during July to September for the 2nd quarter of FY21.

Name of the ESCOM	Date of Submission
BESCOM	27.11.2020
MESCOM	30.11.2020
CESC	30.11.2020
HESCOM	30.11.2020
GESCOM	27.11.2020

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

Name of ESCOM	FAC proposed in Paise Per Unit
BESCOM	8
MESCOM	7
CESC	8
HESCOM	1
GESCOM	5

2. The Commission has proceeded to compute the allowable FAC for the 2nd quarter of FY21, on the basis of the following:

- i. The source - wise/ ESCOM-wise energy reconciled by the SLDC as per statement dated 26th November, 2020 for the power purchased during the period July - September, 2020.
- 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. In view of the COVID-19 pandemic lockdown situation prevailing in the State, the pendency of the Appeal filed by the KPTCL before the Hon'ble Tribunal in OP No.97 of 2020, against the Commission's Order issued in case No.07/8 dated 16th January, 2020 and disposed of on 10th October, 2020 and applicability of Election Code of Conduct announced by the Election

Commission of India on account re-election to the two assembly constituency in the State, the Commission has not been able to issue the Tariff Orders of the ESCOMs on time for FY21. In view of this, the ESCOMs continued to claim the retail supply tariff as per the Tariff Order, 2019 dated 30.05.2019. After the disposal of the appeal by the Hon'ble Tribunal and completion of election to the two assembly constituency in the State, the Commission, has issued the Tariff Orders on 4th November, 2020 and the tariff Order was given effect from meter reading date falling on or after 1st of November, 2020. Hence, the previously approved variable cost, as per Tariff Order, 2019 dated 30.05.2019 has been considered for the approval of FAC by considering the variable cost for the 2nd quarter of FY21.

vi 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.

vii The Retail Sales for the second quarter of FY21 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 Station as reported by the MESCOM and CESC for July, 2020 is on a substantially higher side, as compared to the actual variable charges payable. The Commission directs the MESCOM and CESC to correct the same as per the terms of Power Purchase Agreement with KPCL and the variations in payment shall be adjusted in future bills, accordingly. MESCOM and CESC shall report to the Commission, regarding the action taken for the recovery of the excess power purchase payment within 15 days from the date of this order.**

4. The Fuel Adjustment Charges as claimed by the ESCOMs and as computed by the Commission, for the second quarter of FY21, are as follows:

ESCOM	As claimed by ESCOMs			As Proposed by KERC		
	FAC in Rs. Crores	Sales in MU as filed	FAC in paise per unit	Allowable FAC in Rs. Crores	Sales computed in MU with approved T&D Losses	FAC in paise per unit
BESCOM	44.24	5643.17	7.84	40.39	5132.74	7.87
MESCOM	6.51	882.84	7.37	4.20	877.52	4.79
CESC	10.01	1239.75	8.07	6.41	1212.91	5.28
HESCOM	3.17	2166.33	1.46	7.30	2027.12	3.60
GESCOM	7.91	1559.42	5.07	6.98	1428.88	4.88
TOTAL	71.84	11491.51	6.25	65.28	10679.18	6.11

5. The Commission notes that, there is an increase from 4 paise per unit to 8 paise per unit in the variable cost of thermal stations in respect of all the ESCOMs. The overall actual power purchase cost per unit by the ESCOMs is also higher than the per unit approved power purchase cost as per Tariff Order, 2019 dated 30th May, 2019 for the 2nd quarter of FY21.
6. The Commission notes that, there is an increase in the power purchase cost in respect of KPCL Hydel and Thermal stations, CGS thermal stations and Major IPP thermal stations and other sources during the 2nd quarter, which has resulted in net increase in the power purchase cost, as compared with the power purchase cost approved by the Commission, in its Tariff Order, 2019 dated 30.05.2020 for FY20. The ESCOMs shall analyze and submit the reasons for the same to the Commission.
7. The Commission notes that, there is an increase in allowable Fuel Cost Adjustment Charges of 4 paise per unit to 8 paise per unit, recoverable from the consumers during the billing quarter January - March, 2021 in respect of all the ESCOMs, apart from an overall increase in the power purchase cost in all the ESCOMs in the 2nd quarter of FY21, when

compared with the approved average power purchase cost for FY20 by the Commission in its Tariff Order, 2019 dated 30.05.2019.

8. Hence, by considering the amount of FAC for July-September, 2020 of 2nd quarter in FY21, 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 second quarter of FY21 is as under:

ESCOM	FAC in paise per unit to be allowed to collect from the consumer
BESCOM	7.87
MESCOM	4.79
CESC	5.28
HESCOM	3.60
GESCOM	4.88

9. 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 FAC of the 2nd quarter of FY21 to be allowed for recovery by ESCOMs and to be collected during January to March, 2021 shall be, at the following rates:

ESCOM	Approved FAC in paise per unit of 2 nd quarter of FY21 to be recovered from January-March, 2020
BESCOM	8
MESCOM	5
CESC	5
HESCOM	4
GESCOM	5

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 hereby approves to allow the FAC of the 2nd quarter (July-September,2020) of FY21 and allow the collection of FAC by the ESCOMs during the billing quarter January – March, 2021.

11. 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 second quarter of FY21, hereby approves to allow the recovery of increase in fuel cost (Fuel Cost Adjustment Charges) on the per unit sales of energy for the 2nd quarter (July- September,2020) and to collect the same in all the energy bills to be issued to their consumers, during the quarter January-March,2021, at the following rates:

ESCOM	Approved FAC in paise per unit of 2nd quarter of FY21 to be recovered from January-March,2021
BESCOM	8
MESCOM	5
CESC	5
HESCOM	4
GESCOM	5

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 January, 2021 to 31st March, 2021.

This Order is signed dated and issued by the Karnataka Electricity
Regulatory Commission on this day, 23rd December, 2020.


(Shambhu Dayal Meena)
Chairman
23/12/2020


(H.M. Manjunatha)
Member
23/12/2020


(M.D. Ravi)
Member
23/12/2020