

No. KERC/DD (Tariff)/ B/15/12/Vol.V/1236

BEFORE THE KARNATAKA ELECTRICITY REGULATORY COMMISSION

BANGALORE

Dated 27th December, 2021

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 2nd billing quarter of FY22 (July to September,2021) to be refunded/ adjusted in the billing quarter (January to March 2022)

Present:

- | | |
|-----------------------------|----------|
| 1. Sri. Shambhu Dayal Meena | Chairman |
| 2. Sri H.M. Manjunatha | Member |
| 3. Sri M.D. Ravi | Member |

PREAMBLE:

1. 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 application on the following dates for approval of Fuel Cost Adjustment Charges (FAC), to be recovered in the billing quarter of January - March 2022, based on the Fuel Cost incurred during July to September, 2021 for the 2nd quarter of FY22.

Name of the ESCOM	Date of Submission
BESCOM	29.11.2021
MESCOM	01.12.2021
CESC	30.11.2021
HESCOM	30.11.2021
GESCOM	30.11.2021

2. The FAC claimed by the ESCOMs is as follows:

Name of ESCOM	FAC proposed in Paise Per Unit
BESCOM	3
MESCOM	0.12
CESC	-0.54
HESCOM	-4.89
GESCOM	0.12

3. The Commission has proceeded to compute the allowable FAC for the 2nd quarter of FY22, on the basis of the following factors:

- i. The source - wise/ ESCOM-wise energy reconciled by the SLDC as per SLDC email dated 25.11.2021 for the power purchased during the period July to September, 2021.
- ii. The approved variable cost as per Tariff Order, 2021 dated 09.06.2021 has been considered for the approval of FAC for the 2nd quarter of FY22.
- iii. 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.
- iv. 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 2021, dated 09.06.2021.
- v. The Retail Sales for the second quarter of FY22 has been computed as per the amended Clause 5.1 of the KERC (Fuel Cost Adjustment Charges) Regulations, 2013.

4. The Commission notes that, the claims of variable charges payable to the KPCL RTPS 1-7 Stations, RTPS-8 Station and BTPS I to III Stations for the 2nd quarter, July to September 2021 and NSM (Coal- Bundled Power) stations, for the period July, 2021, as reported by the MESCOM CESC and GESCOM are on higher side. The Commission directs the concerned ESCOM to examine the same as per the terms of Power Purchase Agreement with KPCL / RPCL and NSM (Coal- Bundled Power) station, and the variations in payment, if any, shall be adjusted in future bills, accordingly. Further the Commission notes that there is a difference in claims of variable cost payable to RPCL (YTPS) station for the 2nd quarter as computed by BESCOM and HESCOM. The action taken by concerned ESCOMs regarding the recovery of the excess payment of power purchase costs, shall be reported to the Commission, within 15 days from the date of this order.
5. The Commission notes the overall increase in the cost of power purchase as reported by ESCOMs during the period July - September, 2021 is as under:

ESCOM	Power Purchase Quantum in MU	Increase/Decrease in cost of power purchase in Rs. Crores	Increase/Decrease in cost of power purchase in Rs. /Unit
BESCOM	7926.30	113.65	0.14
MESCOM	1854.53	-41.59	-0.22
CESC	2549.00	-43.90	-0.17
HESCOM	3144.28	72.44	0.23
GESCOM	2551.32	0.693	0.00
TOTAL	18025.44	101.28	0.06

6. The Commission notes that, there is decrease in the power purchase cost in respect of KPCL Hydel and Thermal stations, and increase in respect of CGS, Major IPP thermal stations and other sources during the 2nd quarter which has resulted in net increase in the power purchase cost by 6 paise per unit as compared with the power purchase cost approved by the Commission, in its Tariff Order, 2021 dated 09.06.2021 for FY22.

7. The Fuel Adjustment Charges as claimed by the ESCOMs and as computed by the Commission, for the second quarter of FY22, are as follows:

ESCOM	As claimed by ESCOMs			As approved by KERC			
	FAC in Rs. Crores (1)	Sales in MU as filed (2)	FAC in paise per unit (3)	Allowable FAC in Rs. Crores (4)	Sales computed in MU with approved T&D Losses (5)	FAC in paise per unit (6)	2 nd quarter of FY22 Net FAC in paise per unit to be recovered/adjusted (7)
BESCOM	17.57	6193.55	3	12.92	7402.26	1.74	2
MESCOM	0.13	1058.56	0.12	-0.27	1218.95	-0.22	0
CESC	-1.19	2207.24	-0.54	-10.05	2207.24	-4.55	-5
HESCOM	-13.89	2838.56	-4.89	-12.92	3373.29	-3.83	-4
GESCOM	0.21	1683.78	0.12	1.04	1724.69	0.61	1
TOTAL	2.63	13981.69	0.20	-9.28	15926.44	-0.58	-1

8. The Commission notes that, there is increase/decrease in FAC ranging between -0.22 paise per unit to 1.74 paise per unit in the variable cost of thermal stations in ESCOMs. However, the overall actual per unit power purchase cost incurred by ESCOMs has increased by 6 paise per unit, than the approved per unit power purchase cost as per Tariff Order dated 9th June, 2021.

9. As the variation in FAC for the 2nd quarter in FY22 is very meagre, the Commission in accordance with the provisions of Regulations 3.1 of the KERC (Fuel Cost Adjustment Charges) (First Amendment) Regulations, 2013 dated 3rd December, 2013, decides to carry forward the savings/ increase in FAC of 2nd quarter to the next quarter and allow the same to be recovered / adjusted along with the FAC to be approved by the Commission for the next quarter of the financial year.

Therefore, the Commission hereby 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 marginal increase/decrease in FAC ranging between -0.22 paise per unit to 1.74 paise per unit in the variable cost in ESCOMs during 2nd quarter of FY22, along with the marginal increase in overall power purchase cost during the 2nd quarter of FY21, decides to carry forward the increase/decrease in FAC of the ESCOMs to the next quarter and allow the same to be recovered / adjusted along with the FAC to be approved by the Commission for the next quarter of the FY22.

Sd/-
(Shambhu Dayal Meena)
Chairman

Sd/-
(H.M. Manjunatha)
Member

Sd/-
(M.D.Ravi)
Member