

No. KERC/DD (Tariff)/ B/15/12/1644

**BEFORE THE KARNATAKA ELECTRICITY REGULATORY COMMISSION**

**BANGALORE**

**Dated this day, the 22<sup>nd</sup> March, 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 3<sup>rd</sup> billing quarter - October to December, 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 22<sup>nd</sup> March, 2013, as amended vide Notification dated 4<sup>th</sup> 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 April – June, 2021, based on the Fuel Cost incurred during October to December, 2020 for the 3<sup>rd</sup> quarter of FY21.

Name of the ESCOM	Date of Submission
BESCOM	25.02.2021
MESCOM	26.02.2021
CESC	26.02.2021
HESCOM	26.02.2021
GESCOM	26.02.2021

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

Name of ESCOM	FAC proposed in Paise Per Unit
BESCOM	-17
MESCOM	-16
CESC	-15
HESCOM	-14
GESCOM	-12

2. The Commission has proceeded to compute the allowable FAC for the 3<sup>rd</sup> quarter of FY21, on the basis of the following:

- i. The source - wise/ ESCOM-wise energy reconciled by the SLDC as per statement dated 23<sup>rd</sup> February, 2021 for the power purchased during the period October - December, 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. The Commission was not able to issue the Tariff Orders of the ESCOMs on time for FY21, in view of the COVID-19 pandemic lockdown situation prevailing in the State, 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 16<sup>th</sup> January, 2020 and its disposal on 10<sup>th</sup> 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 had issued the Tariff Order for FY21 on 04.11.2020 and the Order was given effect from meter reading date falling on or after 1<sup>st</sup> of November, 2020. In view of this, the



ESCOMs continued to claim the retail supply tariff as per the Tariff Order, 2019 dated 30.05.2019 upto October, 2020. After the issue of the Tariff Orders on 4<sup>th</sup> November, 2020 the previously approved variable cost, as per Tariff Order, 2019 dated 30.05.2019 has been considered upto October, 2020 and the variable cost as per Tariff Order, 2020 dated 04.11.2020 has been considered for November, 2020 and December, 2020 for the approval of FAC for the 3<sup>rd</sup> quarter of FY21.

- 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 2019, dated 30.05.2019 and Tariff Order, 2020 dated 04.11.2020.
- v The Retail Sales for the third quarter of FY21 has been 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 October-December, 2020 is on 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 commission notes the overall increase in the cost of power supply as reported by ESCOMs during the period October – December, 2020 as under:

ESCOM	Power Purchase Quantum in MU	Increase in cost of power purchase in Rs. Crores	Increase in cost of power purchase in Rs./Unit
BESCOM	6983.37	330.64	0.47
MESCOM	1371.75	56.95	0.42
CESC	1775.75	87.80	0.49
HESCOM	2958.24	224.09	0.76
GESCOM	2056.65	68.30	0.33
<b>TOTAL</b>	<b>15145.76</b>	<b>767.78</b>	<b>0.51</b>



5. The Commission notes that, there is 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 3<sup>rd</sup> 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 and Tariff order,2020 dated 04.11.2020 for FY21. **The Commission directed ESCOMs to analyze and submit the reasons for the same within 15 days from the date of this order.**
6. The Fuel Adjustment Charges as claimed by the ESCOMs and as computed by the Commission, for the third 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	-97.68	5630.92	-17.35	-98.99	4520.43	-21.90
MESCOM	-19.55	1231.43	-15.88	-15.34	949.52	-16.16
CESC	-21.41	1517.15	-14.11	-15.24	1166.60	-13.07
HESCOM	-36.31	2510.71	-14.46	-37.81	1747.60	-21.64
GESCOM	-18.73	1545.66	-12.12	-14.37	1229.42	-11.69
<b>TOTAL</b>	<b>-193.69</b>	<b>12435.87</b>	<b>-15.58</b>	<b>-181.75</b>	<b>9613.58</b>	<b>-18.91</b>

7. The Commission notes that, there is savings ranging between 12 paise per unit to 22 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 however higher than the per unit approved power purchase cost, as per Tariff Order, 2019 dated 30th May, 2019 and Tariff Order, 2020 dated 04.11.2020 for the 3<sup>rd</sup> quarter of FY21 ranging between 33 paise per unit to 76 paise per unit. Thus, the Commission in accordance with the provisions of Regulations 3.1 of the KERC (Fuel Cost Adjustment Charges) (First Amendment) Regulations, 2013, dated 3<sup>rd</sup> December, 2013, decides to carry forward the net saving in FAC as at the end of 3<sup>rd</sup> quarter of FY 21 of all the ESCOMs to the next quarter of the current financial year and allow it to be adjusted / recovered along

with the FAC, if any, that may be approved for the next quarter of the current financial year.

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 decrease (savings) in the fuel cost adjustment charges along with the increase in the overall power purchase cost, during the third quarter of FY21, decides to carry forward the savings of all the ESCOMs for the 3<sup>rd</sup> quarter (October - December, 2020) of FY21 to the next quarter of FY 21 and allow it to be adjusted / recovered along with the FAC, if any, that may be approved for the subsequent quarter of the current financial year.

This Order is signed and issued by the Karnataka Electricity Regulatory Commission on this day, the 22<sup>nd</sup> March, 2021.

  
(Shambhu Dayal Meena)  
Chairman

22/3/2021

  
(H.M. Manjunatha)  
Member

22/3/2021

  
(M.D. Ravi)  
Member

22/3/2021