

No. KERC/DD (Tariff)/ B/15/12/528

BEFORE THE KARNATAKA ELECTRICITY REGULATORY COMMISSION

BANGALORE

Dated this day, the 22nd September, 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),

In the matter of approval of Fuel Cost Adjustment Charges (FAC) due for the billing quarter April to June, 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/adjusted in the billing quarter of October – December, 2020 based on the Fuel Cost incurred during April to June for the 1st Quarter of FY21.



Name of the ESCOM	Date of Submission
BESCOM	31.08.2020
MESCOM	03.09.2020
CESC	03.09.2020
HESCOM	02.09.2020
GESCOM	02.09.2020

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

Name of ESCOM	FAC proposed in Paise Per Unit
BESCOM	3
MESCOM	9
CESC	6
HESCOM	2
GESCOM	3

2. The Commission has proceeded to compute the allowable FAC for the 1st 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 August, 2020 for the power purchased during the period April - June, 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 and since the Appeal filed by the KPTCL in OP No.97 of 2020, against the Commission's Order issued in case No.07/8 dated 16th January, 2020, is pending before the Hon'ble Tribunal, the Commission has not been able to issue the Tariff Orders of the ESCOMs for FY21 on time. In view of this, the ESCOMs continue to claim the retail supply tariff as per the Tariff Order, 2019 dated

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30.05.2019. Hence, the Commission 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 1st 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.

v. Retail Sales for the first 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 RTPS 8 and BTPS 1 2&3 and YTPS thermal Stations as reported by the MESCOM, CESC for April to June, 2020 are 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 ESCOPMs and as computed by the Commission, for the first 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	19.32	6696.87	2.89	25.09	6120.53	4.10
MESCOM	10.43	1213.47	8.60	2.12	1213.40	1.75
CESC	9.25	1502.07	6.16	2.86	1502.43	1.90
HESCOM	5.29	3250.07	1.63	-0.97	2960.42	-0.33
GESCOM	5.04	1901.78	2.65	6.06	1552.10	3.91
TOTAL	49.33	14564.26	3.39	35.16	13348.87	2.63

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5. The Commission notes that there is an increase from 2 paise per unit to 4 paise per unit in the variable cost of thermal stations in respect of all the ESCOMs except HESCOM, where there is a decrease in FAC of 0.33 paise per unit. The actual overall 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 30st May,2019 for the 1st quarter of FY21. The increase in overall per unit cost of power purchase for the period April - June, 2020, as furnished by the ESCOMs, as per Format- III is as follows:

ESCOM	Power Purchase Quantum in MU	Increase in cost of power purchase in Rs. Crs	Increase in cost of power purchase in Rs./Unit
BESCOM	7098.46	258.98	0.36
MESCOM	1395.36	101.15	0.72
CESC	1776.76	83.47	0.47
HESCOM	3242.89	255.85	0.79
GESCOM	2029.44	126.04	0.62
TOTAL	15542.91	825.50	0.53

6. The Commission notes that, there is an increase in the power purchase cost in respect of CGS, Major IPP thermal stations and other sources and reduction in respect of KPCL thermal stations during the 1st 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 2 paise per unit to 4 paise per unit, recoverable from the consumers during the billing quarter October - December, 2020 in respect of all the ESCOMs except HESCOM, apart from an overall increase in the power purchase cost in all the ESCOMs by Rs.825.50 Crores in the 1st quarter of FY21, when compared with the approved

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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 April to June, 2020 of 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 first quarter of FY21 is as under:

ESCOM	FAC in paise per unit to be allowed to collect from the consumer
BESCOM	4.10
MESCOM	1.75
CESC	1.90
HESCOM	-0.33
GESCOM	3.91

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 1st quarter of FY21 to be allowed to the ESCOMs, to be collected during October to December, 2020 shall be, at the rates as indicated below:

ESCOM	Approved FAC in paise per unit of 1 st quarter of FY21 to be recovered from October - December, 2020
BESCOM	4
MESCOM	2
CESC	2
HESCOM	0
GESCOM	4

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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 decide to carry forward the negative FAC of 0.33 paise per unit in respect of HESCOM for the 1st quarter of FY21 to the FAC that may be allowable for the next quarter and allowed the collection of FAC in respect of other ESCOMs during the billing quarter October – December, 2020.

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 first quarter of FY21, decides to, allow the ESCOMs to collect the increase in fuel cost (Fuel Adjustment Charges) per unit of sales of 1st quarter (April-June,2020) in all the energy bills to be issued to their consumers during October-December,2020, at the following rates:

ESCOM	Approved FAC in paise per unit of 1 st quarter of FY21 to be recovered from October -December,2020
BESCOM	4
MESCOM	2
CESC	2
HESCOM	0
GESCOM	4


The ESCOMs shall also recover the balance FAC as approved by the Commission in its order dated 22nd June 2020 in addition to the FAC approved in this order during October-December,2020,





The Commission decide to carry forward the negative FAC of 1st quarter of FY21 of 0.33 paise per unit, in respect of HESCOM to the FAC that may be allowable for the next quarter of FY21.

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 October, 2020 to 31st December, 2020.

This Order is signed dated and issued by the Karnataka Electricity Regulatory Commission on this day, 22nd September, 2020.


(Shambhu Dayal Meena)
Chairman
22/9/2020


(H.M. Manjunatha)
Member
22/9/2020


(M.D. Ravi)
Member
22/09/2020