

**BEFORE THE KARNATAKA ELECTRICITY REGULATORY COMMISSION
BANGALORE**

Dated this day, the 20th June, 2022

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
4th billing quarter of FY22 (January to March, 2022) to be allowed in the billing quarter
(July to September, 2022)**

Present:

1. Sri P. Ravikumar, 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 via 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 July – September, 2022, based on the Fuel Cost incurred during January to March, 2022 for the 4th quarter of FY22.

Name of the ESCOM	Date of Submission
BESCOM	01.06.2022
MESCOM	01.06.2022

CESC	03.06.2022
HESCOM	03.06.2022
GESCOM	03.06.2022

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

Name of ESCOM	FAC proposed in Paise Per Unit
BESCOM	55.28
MESCOM	38.98
CESC	40.47
HESCOM	49.54
GESCOM	39.36

2. The Commission has proceeded to compute the allowable FAC for the 4th quarter of FY22, on the basis of the following:

- i. The source - wise/ ESCOM-wise energy reconciled by the SLDC as per statement dated 26th May, 2022 for the power purchased during the period January - March, 2022.
- ii. The approved variable cost as per Tariff Order, 2021 dated 09.06.2021 has been considered for the approval of FAC for the 4th 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. In respect of CGS, the VC is payable based on the CERC Regulations.

v. The Retail Sales for the fourth quarter of FY22 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 1-7,8, BTPS 1-3 and YTPS Stations as reported by the MESCOM, CESC and HESCOM for January-March, 2022 is on higher side, as compared to the actual variable charges payable. The Commission directs the MESCOM, CESC and HESCOM 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, CESC and HESCOM 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 increase/decrease in the cost of power supply as reported by ESCOMs during the period January – March, 2022 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	9975.23	108.36	0.11
MESCOM	2108.51	19.39	0.09
CESC	2684.95	-38.76	-0.14
HESCOM	3831.68	112.92	0.29
GESCOM	2834.24	-5.00	-0.02
TOTAL	21434.61	196.91	0.09

5. The Commission notes that, there is an overall increase in the power purchase cost in respect of Major IPP thermal stations, NCE sources, medium-term power purchases and other sources. There is decrease in the power purchase cost in respect of KPCL Hydel and Thermal stations, CGS

thermal stations during the 4th 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, 2021 dated 09.06.2021 for FY22.

6. The Fuel Adjustment Charges as claimed by the ESCOMs and as computed by the Commission, for the 4th quarter of FY22, 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	394.47	7135.34	55.28	394.479	8027.46	49.141
MESCOM	75.33	1932.65	38.98	68.146	1838.43	37.068
CESC	94.10	2324.96	40.47	87.767	2220.35	39.528
HESCOM	179.40	3621.70	49.54	146.736	3026.64	48.482
GESCOM	83.83	2129.77	39.36	80.653	2136.18	37.756
TOTAL	827.14	17144.42	48.25	777.781	17249.05	45.091

7. The Commission notes that, there is an increase in the variable cost of thermal stations, ranging between 37 paise per unit to 49 Paise per unit in respect of all the ESCOMs. The overall actual per unit power purchase cost incurred by the ESCOMs is also increased / decreased than the approved per unit power purchase cost, ranging between (-)14 paise per unit to 29 paise per unit, as per Tariff Order, 2021 dated 9th June, 2021 for the 4th quarter of FY22. Accordingly, 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 ESCOMs are allowed to recover the FAC of the 4th quarter of January- March, 2022, from the consumers in all the energy

bills, to be issued to their consumers during the billing quarter from 1st July, 2022 to 30th September, 2022 at the following rates:

ESCOM	FAC in paise per unit	FAC in paise per unit (Rounded off to nearest paise)
BESCOM	49.141	49
MESCOM	37.068	37
CESC	39.528	40
HESCOM	48.482	48
GESCOM	37.756	38
TOTAL	45.091	45

8. The Commission in its FAC Order dated 23rd March, 2022, issued for 3rd quarter of FY22, by inclusive of carried forward FAC of 2nd quarter has decided to carry forward the net increase in the FAC of 3rd quarter (October - December, 2021) to the next quarter and allowed it to be recovered along with the FAC, if any, that may be approved for the next quarter of FY22 as under:

ESCOM	Net FAC amount allowed for 3 rd quarter of FY22 (inclusive of approved FAC of 2 nd quarter) in Rs. Crs	Net FAC allowed by the Commission for 3 rd quarter in paise per unit
BESCOM	109.63	17
MESCOM	9.62	8
CESC	-1.86	2
HESCOM	15.73	5
GESCOM	28.92	13
TOTAL	162.04	11

9. Accordingly, the Commission by considering the approved carry forward net FAC of 3rd quarter of FY22 (October-December,2021) along with the FAC to be approved for the 4th quarter of FY22 (January- March,2022), the ESCOM- wise net FAC to be recovered from the consumers of ESCOMs during July- September,2022 are as under:

ESCOMs	FAC allowed for 4 th quarter in Rs. Crores	Carry forward net FAC amount of 3 rd quarter in Rs. Crores	Total Allowable FAC in Rs.Crores	Scies computed in MU with approved T&D Losses	4 th quarter Net FAC in Rs. per unit
BESCOM	394.48	109.63	504.109	8027.46	0.6280
MESCOM	68.15	9.62	77.766	1838.43	0.4230
CESC	87.77	-1.86	85.907	2220.35	0.3869
HESCOM	146.74	15.73	162.466	3026.64	0.5368
GESCOM	80.65	28.92	109.573	2136.18	0.5129
TOTAL	777.78	162.04	939.821	17249.05	0.5449

10. The Commission notes that, there is an increase in the allowable fuel cost adjustment charges as at the end of 4th quarter of FY22 in all the ESCOMs along with the increase/ decrease in overall power purchase cost during the period January - March, 2022. As per the provisions of Regulations 3.1 of the KERC (Fuel Cost Adjustment Charges) (First Amendment) Regulations, 2013; dated 3rd December, 2013, the ESCOMs are to be allowed to collect the FAC from the consumers as follows:

ESCOMs	Net FAC to be approved as at the end of 4th quarter (January to march,2022) in Rs. Per unit
BESCOM	0.6280
MESCOM	0.4230
CESC	0.3869
HESCOM	0.5368
GESCOM	0.5129
TOTAL	0.5449

11. The Commission notes that, on the applications filed by the ESCOMs in the State, the Tariff Orders for FY23 has been issued with approval of APR for FY21, ARR for the next control period FY2023-25 and revision of Retail Supply Tariff for FY23 with an average increase in tariff by 35 paise per unit to be effective from 1st April,2022.
12. The Net FAC of 4th quarter to be approved by the Commission for recovery during July – September, 2022 is in the range of 39 paise per unit to 63 paise per unit among the ESCOMs. As the Order on the revision in the retail supply tariff to the consumers in the State has been issued with an average increase of 35 paise per unit which is effective from 1st April,2022, allowing FAC in full to be recovered in three-month period from July – September,2022 will be a severe burden to the end consumers who are at present suffering from poor financial conditions due to setback of all the economic activities on account of restrictions and measures initiated by GOI / GOK during the pandemic COVID-19 period.
13. As such, the Commission by considering the gradual picking up of the economic activities in the State due to the gradual reduction in the COVID-19, to safeguard the interest of the consumers in the State and to soften the

FAC burden arose on account of increase in the coal prices, in the next immediate quarter, decides to spread the recovery of this net FAC of 4th quarter for a period of six-months (two quarter) and allow the ESCOMs to recover the same in all the energy bills to be issued from 1st July to 31st December, 2022.

14. In accordance with the provisions of Regulation 3.1 of the KERC (Fuel Cost Adjustment charges) (First amendment) Regulations, 2013 dated 3rd December, 2013, the Commission decides to allow collection of net FAC in respect of ESCOMs during the billing quarter July- December, 2022 as detailed below:

ESCOMs	FAC in paise per unit (Rounded off to nearest paise) allowed to be recovered during July- December, 2022. (in 6-month period)
BESCOM	31
MESCOM	21
CESC	19
HESCOM	27
GESCOM	26

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 increase in the fuel cost adjustment charges by including the approved carried forward net FAC of 3rd quarter (October-December, 2021), along with the increase in the overall power purchase cost, during the fourth quarter of FY22, decides to allow the ESCOMs to collect the fuel cost adjustment


charges per unit of sale, in all the energy bills, to be issued to their consumers, during the billing quarter from 1st July, 2022 to 31st December, 2022 at the following rates:


ESCOM	4 th quarter Net FAC in paise per unit to be refunded/adjusted to the consumers
BESCOM	31
MESCOM	21
CESC	19
HESCOM	27
GESCOM	26

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 collected in all the energy bills, to be issued to their consumers from 1st July-2022 to 31st December, 2022.

This Order is signed and issued by the Karnataka Electricity Regulatory Commission on this day, the 20th June, 2022.


(P. Jayakumar)
Chairman


(H.M. Manjunatha)
Member 20/6/2022


(M.D. Ravi) 20/6/2022
Member