

**Before the Karnataka Electricity Regulatory Commission
Bengaluru**

IN THE MATTER OF: The Proposal of Gulbarga Electricity Supply Company
for levying Additional Surcharge on
Open Access(OA)consumers

Gulbarga Electricity Supply Company
Station Main Road, Kalaburagi

The Petitioner

V/s

Nil

PETITIONER, UNDER SECTIONS 61, 62 and 64 OF THE ELECTRICITY ACT, 2003 AND UNDER SECTION 27 OF KARNATAKA ELECTRICITY REFORM ACT 1999 READ WITH RELEVANT REGULATIONS OF KERC (TARIFF) REGULATIONS INCLUDING KERC(TERMS AND CONDITIONS OF DETERMINATION OF TARIFF FOR DISATRIIBUTION AND RETAIL SALE OF ELECTRICITY) REGULATIONS, 2006 AND MYT TARIFF Regulations Notification NO. D/01/6 DATED 31.05.2006

THE GULBARGA ELECTRICITY SUPPLY COMPANY LIMITED RESPECTFULLY SUBMITS THAT

The Petitioner, GULBARGA ELECTRICITY SUPPLY COMPANY ("GESCOM") is a company incorporated under the provisions of the Indian Companies Act 1956, with its registered office at Station Main Road Kalaburag-585101.

FACTS

1. The Petitioner is a Distribution Licensee granted license by this Hon'ble Commission under Section 14 of the Electricity Act (hereinafter referred to as the 'Act'). The Petitioner is responsible for power distribution in 6 districts of Karnataka and covers an area of 43861 Sq. Kms. with a population of over 121 lakhs.

Additional Surcharge applicable to Open Access Consumers

As per The Electricity Act 2003 Section 42 (4) provides for recovery of Additional Surcharge:

(4) Where the State Commission permits a consumer or class of consumers to receive supply of electricity from a person other than the distribution licensee of his area of supply, such consumer shall be liable to pay an


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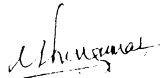
additional surcharge on the charges of wheeling, as may be specified by the State Commission, **to meet the fixed cost of such distribution licensee arising out of his obligation to supply.**

The Section 8.5.4 of the Tariff Policy 2016 also provides for recovery of such costs through Additional Surcharge:

*The additional surcharge for obligation to supply as per section 42(4) of the Act should become applicable only if it is conclusively demonstrated that the obligation of a licensee, in terms of existing power purchase commitments, has been and continues to be stranded, **or there is an unavoidable obligation and incidence to bear fixed costs consequent to such a contract.***

Hence, in our humble submission, to prevent undue burden on the direct consumers, there is need for determining the Additional Surcharge to ensure recovery of all the components other than the Cross Subsidy which would become unavoidable obligation and incidence to bear fixed costs consequent to consumers migrating on Open access. These components are further analyzed below:

On the one hand, GESCO has tied up considerable quantum of power, after approval of the Commission, by considering the overall growth ; and on the other hand, the OA users, who are now buying considerable quantum of power under OA, are not availing power supply from GESCO. As a result, the generation capacity tied up by GESCO remains idle. In this situation, GESCO needs to back down the generation and also has to pay Fixed Charges (or Capacity Charges) to the Generators as per the terms and conditions of the PPAs irrespective of utilization of generation. The burden of fixed cost is affecting the consumers who are buying power from GESCO. Hence, to mitigate this, it would be appropriate to determine an Additional Surcharge for OA consumers, as per Section 42 of the EA, 2003, Section 8.5 of the Tariff Policy, 2016 Clause 5.8.3 of the National Electricity Policy, and the Tariff Orders of various States like Andhra Pradesh, Gujarat, Haryana, Delhi, Maharashtra etc., where Additional Surcharge is applicable, may be referred to for justification of the proposal for Additional Surcharge.


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GESCOM has submitted the following methodology for computation of Additional Surcharge for the rest of the 4th Control Period. It has considered the OA impact in FY 2015-16 and FY-2016-17 (Upto Dec'16) and proposed that any variation can be adjusted at the time of the final up.

- Computation of the power availability based on the contracted capacity, and the power requirement based on the demand projection approved for the consumers of GESCOM;
- Estimation of back down capacity and volume (in MW and MUs) based on the MOD principle to be made applicable for optimum utilization of the resources;
- Estimation of the OA Capacity (in MW) and volume (MU) (which is considered at the same level as during FY 2015-16)
- Estimation of the Fixed Charges obligation due to the backed down capacity on GESCOM.
- Calculation of the Fixed Charges obligation due to OA capacity, resulting in the assets being stranded, on pro-rata basis.

Based on the above methodology and considering MOD principles, GESCOM has computed the Additional Surcharge to be levied on OA consumers in the 4th Control Period as given in the following Table:

Open access volume and capacity for the year FY2015-16 and FY2016-17 Upto December 2016.

Table-1

Open access Volume and Capacity for April-Dec. 2016, (by Escoms)

Year	Open Access Volume (MU) (FY 2015-16)	OA Capacity (derived) FY 2015-16 (MW)	Open Access Volume (MU) (Apr-16 to Dec-16)	OA Capacity (derived) (MW) (Apr-16 to Dec-16)
Particulars	1131.74	122.097	1687.19	255.35

Table-2

Generation Volume and Capacity backed down compared to OA Volume and Capacity for April-Dec. 2016, (by SIDC)

Time Slots	Open Access Volume (MU)	Open Access Capacity (derived) (MW)	Backing Down/ Reserve shutdown(RSD) Volume (MU)	Backing Down/ RSD Volume (derived) (MW)	Ratio = OA Volume / BD Volume
20015-16	1131.74	122.097	4295	490.3	26.35%
20156-17(upto Dec'16)	1687.19	1487.19	6752	1023	24.99%

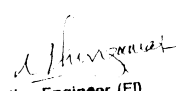

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Table-3

Capacity charges approved by the Commission in its Tariff Order dated 30.3.2016 for the year 2015-17

Sl. No.	Generating Stations	Energy (in MU)	Capacity charges (in Crs.)	Capacity charge per Unit (In Rs/unit)
1	State Owned Thermal stations (KPCL Thermal stations)	7546.77	1570.36	0.89
2	Central Owned Thermal Stations (CGS stations) (Except DVC-unit 1, 2 and 7 & 8)	8423.25	1447.60	0.79
3	IPPs (M/s UPCL)	7462.68	1325.73	1.78
4	Total	43532.7	4343.69	1.00

Table-4

Back down Energy in respect of		M/s JSWEL (Short term power)	
Sl. NO.	Year	Back down energy (in MU)	Deemed energy charges on compensation at 20% of the Cost (Rs.5.08 x20%=1.02)
1	2015-16	664.31	67.76
2	2016-17	182.17	18.58

Computation of Additional Surcharge to the OA consumers for the rest of the period from FY 2017-18 to FY 2018-19.

Particulars	Reference	Unit	Value (FY 2016-17)
Step-1: Establishing contribution of OA to backing-down/stranded capacity			
Avg. OA volume (Apr to Dec - 16)	(a)	MU	1687.19
Avg. Backing Down quantum (Apr to Dec- 16)	(b)	MU	6752
Ratio to OA to Backed down	(c)=(b)/a	%	24.98
Step-2: Ascertaining Cost of Stranded Capacity			
Approved Fixed Cost of Thermal Generating Sources for Year (FY 2016-17)	(d)	Crores	4343.69

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 Executive Engineer (EI)
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Total Available MU from Thermal Generating Stations for Year (FY 2016-17)	{e}	MU	43484.96
Wt. Avg. Per Unit FC of Thermal Generating Stations	{f}={d1}/{e} x10	Rs/kWh	1.00
Total Projected Back down/RSD Volume for year(FY 2017-18)	{g}	MU	6752
Fixed Cost pertaining to Back down/RSD capacity	{h}={f} x{g}/10	Crs	675.20
Cost attributable to OA as stranded capacity charge	{i}={h}x{c}	Crs	168.65
Step-3: Segregating impact of Captive/non Captive OA			
Projected Open Access Volume for year (FY 2017-18)	{j}	MU	1687.19
Cost attributable to non-Captive OA as stranded capacity cost	{k}	Crs.	168.65
Step-4: Determination of Additional Surcharge			
Per Unit Additional Surcharge (to be applicable on Non-Captive OA	{l}={k}/{j}*10	Rs/Unit	1.00

Prayer

In lieu of the above, the Petitioner prays that this Hon'ble Commission be pleased to consider and allow the following proposals:

- To approve the Additional Surcharge of Rs. 1.00 per unit to be applicable with effect from 1 April, 2017 to all the Open access consumers

Place: BENGALURU
Date: 17-03-2017


For GESCOM
Executive Engineer (EA)
RA Section
Corporate Office, GESCOM

BEFORE THE HON'BLE KARNATAKA ELECTRICITY COMMISSION

AT BENGALURU

Case No: _____

Gulbarga Electricity Supply Company
Station Main Road, Kalaburagi

The Petitioner

V/s

Nil

VERIFYING AFFIDAVIT

I, Shivakumar, S/o Nagamurthy Madankar, aged about 39 years, working as Executive Engineer Ele., Regulatory Affairs Section, Corporate Office, GESCOM, Kalaburagi having office at Station Main Road, Kalaburagi do hereby solemnly affirm and state on oath as under:

- 1) I state that I am working as Executive Engineer Ele., Regulatory Affairs Section, Corporate Office, GESCOM, Kalaburagi in the petitioner. I am authorized to swear to this affidavit and am aware of the facts and circumstances of this case.
- 2) I state that the contents of the accompanying Statements are true and correct to the best of my knowledge information and belief.
- 3) Solemnly affirmed at Bengaluru on this day 17-03-2017 that the contents of this Affidavit are true to my knowledge, no part thereof is false and no material has been concealed there from.

IDENTIFIED BY ME

(Signature)
ADVOCATE

PLACE: *Bengaluru*

DATE: 17 MAR 2017.

BEFORE ME

(Signature)

DEPONENT

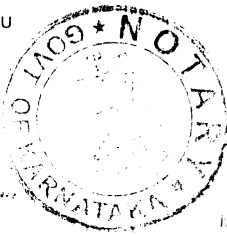
Executive Engineer (EI)
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VERIFICATION

I, Shivakumar, S/o Nagamurthy Madankar, aged about 39 years, working as Executive Engineer Ele., Regulatory Affairs Section, Corporate Office, GESCOM, Kalaburagi do hereby verify that the statements made above are true and correct to the best of my knowledge, information and belief.

PLACE: BENGALURU

DATE: 17-03-2017



SWORN TO BEFORE ME
(Signature)
DEPONENT
Executive Engineer (EI)
RA Section
Corporate Office, Gescom

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