

Ch No 692556

Pl receive fee of Rs 5000/-

17-3-17

REND 32

17/3/17

HUBLI ELECTRICITY SUPPLY COMPANY LIMITED

(Wholly owned Government of Karnataka undertaking)

Tel No : (0836)2223907
FAX No.: (0836)2324307/2224420
E-mail : eera.hescom@gmail.com

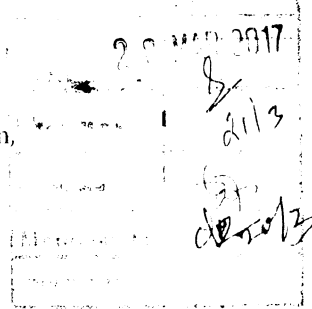


Corporate Office,
P. B. Road, Navanagar,
Hubballi - 580 025.

No: HESCOM/GM (T)/EE-4/AO/16-17/28876
Enclosure: 6 sets of Petition.

Date: 17-03-2017

To,
The Secretary,
Karnataka Electricity Regulatory Commission,
6th Floor, Mahalakshmi Chambers,
No. 9/2, Mahatma Gandhi Road,
Bengaluru- 560 001.



Handwritten note in a box: 2/89/17, 17/3/17, 17/3/17

Sr,

Sub: The Proposal of Hubli Electricity Supply Company for levying Additional Surcharge on Open Access(OA) consumers..

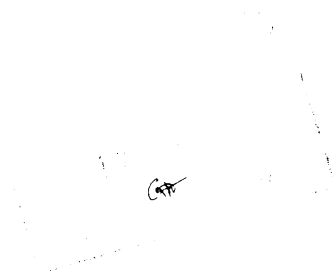
With reference above cited subject I am submitting herewith the proposal of Hubli Electricity Supply Company for levying Additional Surcharge on Open Access(OA)consumers.

The Affidavit along with the Petition copy in six sets is enclosed herewith and the Petition fee of Rs. 5000/- (Rupees Five Thousand only) is paid through RTGS on 17-03-2017.

Yours faithfully,

P. N. Praveen

Executive Engineer Ele.,
Regulatory Affairs
Corporate Office
HESCOM, Hubballi.



**Before the Karnataka Electricity Regulatory Commission
Bengaluru**

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

Hubli Electricity Supply Company
PB Road Navanagar, Hubballi

The Petitioner

V/s

Nil

PETITIONER, UNDER SECTIONS 51, 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 DISTRIBUTION AND RETAIL SALE OF ELECTRICITY REGULATIONS, 2006 AND MYT TARIFF Regulations Notification NO. D/01/6 DATED 31.05.2006

~~HUBLI~~
**THE GULBARGA ELECTRICITY SUPPLY COMPANY LIMITED RESPECTFULLY SUBMITS
THAT**

The Petitioner, HUBLI ELECTRICITY SUPPLY COMPANY ("HESCOM") is a company incorporated under the provisions of the Indian Companies Act 1956, with its registered office at **PB Road Navanagar, Hubballi-580025**

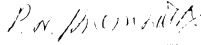
FACTS

- 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 7 districts of Karnataka and covers an area of 54513 Sq. Kms. with a population of over 143 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


Executive Engineer (E) B
PB Section
Special Officer, E
Bengaluru

additional surcharge or 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, HESCOM 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 HESCOM. As a result, the generation capacity tied up by HESCOM remains idle. In this situation, HESCOM 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 HESCOM. 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.

P. V. B. S. R. Reddy
 Member, Regulation (R)
 RA Section
 Director Office, U
 Hyderabad

HESCOM 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 truing 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 HESCOM;
- 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 HESCOM;
- 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, HESCOM 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	129.097	1687.19	255.35

Table-2

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

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	129.097	4295	490.3	26.35%
20156-17(upto Dec'16)	1687.19	1687.19	6752	1023	24.99%

P. N. D. ...
 Executive Engineer (EI)
 RA Section
 Corporate Office, HES
 Zanaqar, Habeshah

Table-3

Capacity charges approved by the Commission in its Tariff Order dated 30.3.2016 for the year 2016-17

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)	17646.77	1570.36	0.89
2	Central Owned Thermal Stations (CGS stations)(Except DVC-unit1 &2 and 7&8)	18423.25	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

P. N. Prasad
 Executive Engineer (EI)
 RA Section
 Corporate Office, Hyderabad
 Manager, HR & BE

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	$(f)=(d)/(e) \times 10$	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	$(h)=(f) \times (g)/10$	Crs	675.2
Cost attributable to OA as stranded capacity charge	$(i)=(h) \times (c)$	Crs	168.66
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.	168.66
Step-4: Determination of Additional Surcharge			
Per Unit Additional Surcharge (to be applicable on Non-Captive OA)	$(l)=(k)/(j) \times 10$	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 HESCOM

P. R. Praveen Kumar

Executive Engineer (EI)

RA Section
Corporate Office, HES
Bengaluru, Karnataka

BEFORE THE HON'BLE KARNATAKA ELECTRICITY COMMISSION

AT BENGALURU

Case No: _____

**Hubli Electricity Supply Company
PB Road Navanagar, Hubballi**

The Petitioner

V/s

Nil

VERIFYING AFFIDAVIT

I, P.N. Premnath, S/o P.D. Nagendran, aged about 56 years, working as Executive Engineer Ele., Regulatory Affairs Section, Corporate Office, HESCOM Hubballi having office at P.B. Road, Navanagar, Hubballi 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, HESCOM Hubballi in the petition. 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

ADVOCATE

PLACE: Bengaluru
DATE: 17 MAR 2017

BEFORE ME

P.N. Premnath
DEPONENT

Executive Engineer (EB)
PA Section
Corporate Office, HESCOM
Hubballi

VERIFICATION

I, P.N. Premnath, S/o P.D. Nagendran, aged about 56 years, working as Executive Engineer Ele., Regulatory Affairs Section, Corporate Office, HESCOM, Hubballi do hereby verify that the statements made above are true and correct to the best of my knowledge, information and belief.

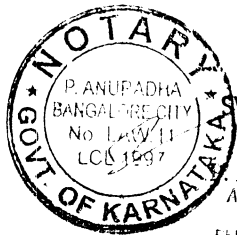
PLACE: BENGALURU

DATE: 17-03-2017

P.N. Premnath
DEPONENT

Executive Engineer (EB)
PA Section
Corporate Office, HESCOM
Hubballi

No. of Correction:



SWORN TO BEFORE ME

ANUPADHA
ADVOCATE
124/11
5th Cross,
Kengeri