

No. B/15/12/

**BEFORE THE KARNATAKA ELECTRICITY REGULATORY COMMISSION**

**BANGALORE**

**Dated this 21<sup>st</sup> June 2013**

**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)

for approval of Fuel Cost Adjustment charges for the billing quarter July – September 2013.

**Present:**

- |                              |          |
|------------------------------|----------|
| 1. Sri M.R.Sreenivasa Murthy | Chairman |
| 2. Sri Vishvanath Hiremath   | Member   |
| 3. Sri K.Srinivasa Rao       | Member   |

**PREAMBLE:**

1. In accordance with the provisions of the KERC (Fuel Cost Adjustment) Regulations, 2012, the ESCOMs have filed their applications on the following dates for approval of Fuel Cost Adjustment charges for the billing quarter July – September 2013 based on the Fuel Cost incurred during January to March 2013.

| <b>Name of the ESCOMs</b> | <b>Date of application</b> |
|---------------------------|----------------------------|
| BESCOM                    | 29.05.2013                 |
| MESCOM                    | 30.05.2013                 |
| CESC                      | 27.05.2013                 |
| HESCOM                    | 31.05.2013                 |
| GESCOM                    | 28.05.2013                 |

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

| <b>Name of ESCOM</b> | <b>Quantum of Energy in MU</b> | <b>Change in Variable charges in Rs. Crs</b> | <b>Retail Sales as per DCB in MU</b> | <b>Paise Per Unit of FAC to be collected in July-Sept 2013</b> |
|----------------------|--------------------------------|--|--------------------------------------|--|
| BESCOM               | 3921.60                        | 3.28   | 6010.60                              | 0.55   |
| MESCOM               | 569.76                         | 13.76  | 1048.30                              | 13.12  |
| CESC                 | 783.74                         | 13.87  | 1276.77                              | 10.87  |
| HESCOM               | 1468.07                        | 22.47  | 2240.62                              | 10.03  |
| GESCOM               | 1070.86                        | 17.65  | 1511.57                              | 11.68  |
| <b>TOTAL</b>         | <b>7814.03</b>                 | <b>71.03</b>                                 | <b>12087.86</b>                      | <b>5.88</b>  |

3. On preliminary review of the applications, the following discrepancies were noticed:

- i) The energy reconciliation among the ESCOMs were to be confirmed.
- ii) BESCOM and other ESCOMs have considered different per unit variable charges for RTPS I to VIII units.
- iii) The ESCOMs have considered different per unit variable charges for NTPC stations.
- iv) BESCOM has included NTPC's, VVNL variable charges which was factored in the ARR for FY13.
- v) MESCOM has excluded the change in variable cost for UPCL – I station.

4. In order to validate the data filed by the ESCOMs, the office of the Commission discussed with the officers of the ESCOMs on 5<sup>th</sup> June 2013. While BESCOM informed that it has reckoned variable charges of RTPS I to VIII based on the corrections for moisture content as allowed in the Fuel Supply Agreement (FSA), the other ESCOMs informed that the claims as made by KPCL had been admitted. The subject was further discussed with officers of KPCL on 6<sup>th</sup> June 2013.

5. The data pertaining to BESCOM's claims of KPCL's, RTPS I to VIII units was further reviewed and it was observed that there were arithmetical errors in computing the fuel quantities on a monthly basis. This necessitates corrections on monthly basis and subsequent revision of the fuel costs for the period January-March 2013.
6. Thus, it was observed that the claims of variable charges for RTPS Unit 1 to 8 by KPCL, BESCOM and other ESCOMs were as follows:

| Name of the Utility | Variable charges claimed in Rs./Unit |        |        |             |        |        |
|---------------------|--------------------------------------|--------|--------|-------------|--------|--------|
|                     | RTPS Unit 1 to 7                     |        |        | RTPS Unit 8 |        |        |
|                     | Jan 13                               | Feb 13 | Mar 13 | Jan 13      | Feb 13 | Mar 13 |
| KPCL                | 2.80                                 | 3.03   | 2.89   | 2.61        | 2.80   | 2.66   |
| BESCOM              | 2.21                                 | 2.46   | 2.46   | 2.04        | 2.26   | 2.25   |
| Other ESCOMs        | 2.80                                 | 3.03   | 2.89   | 2.61        | 2.80   | 2.66   |

In respect of NTPC stations, it was informed by the ESCOMs that, the claims have to be revised on the basis of revised bills received from NTPC.

7. In view of the above status of the claims in respect of KPCL and NTPC Stations and considering the fact that these stations contribute to 65% of the total thermal energy eligible for FAC claims, there is a need to arrive at correct variable charges before deciding on levying the same on the consumers.
8. The clause 8 of the KERC (Fuel Cost Adjustment Charges) Regulations 2012, reads as follows:
 

*"If any difficulty arises in giving effect to any of the provisions of these Regulations, the Commission on application by the distribution licensee or suo-moto may, by general or special order, take such action which appears to be necessary or expedient for the purpose of removing such difficulties not being inconsistent with the provisions of the Act."*
9. Accordingly, the Commission decides to order as follows:

**Commission's Order:**

- i) The computation of change in fuel costs for the period January to March 2013 being the last quarter of financial year 2012-13 and in view of the inconsistency in the claims of variable charges pertaining to RTPS and NTPC stations, the Commission In exercise of powers conferred under clause 8 of the KERC (Fuel Cost Adjustment Charges) Regulations 2012, decides to factor the FAC claims of the period January to March 2013 during the Annual Performance Review for FY13 after further verification of the claims.**
- ii) The ESCOMs are directed to include these fuel cost variations in their applications for Annual Performance Review for FY13, and hence the proposed collection of FAC for the period July-September 2013 stands deferred.**
- iii) This Order is signed dated and issued by the Karnataka Electricity Regulatory Commission this day, the 21<sup>st</sup> June 2013.**

Sd/-

**(M.R.Sreenivasa Murthy)**  
**Chairman**

Sd/-

**(Vishvanath Hiremath)**  
**Member**

Sd/-

**(K.Srinivasa Rao)**  
**Member**