

**No. B/15/12/**

**BEFORE THE KARNATAKA ELECTRICITY REGULATORY COMMISSION**

**BANGALORE**

**Dated this day the 12<sup>th</sup> December, 2014**

**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) for the billing quarter January 2015 to March 2015.

**Present:**

- |                              |          |
|------------------------------|----------|
| 1. Sri M.R.Sreenivasa Murthy | Chairman |
| 2. Sri H.D.Arun Kumar        | Member   |
| 3. Sri D.B.Manival Raju      | Member   |

**PREAMBLE:**

In accordance with provisions of the KERC (Fuel Cost Adjustment Charges) Regulations, 2013, dated 22<sup>nd</sup> March 2013 and KERC (Fuel Cost Adjustment Charges) (First Amendment) Regulations, 2013, dated 4<sup>th</sup> December 2013, the ESCOMs have filed their applications on the following dates for approval of Fuel Cost Adjustment

charges for the billing quarter January – March, 2015 based on the Fuel Cost incurred during July-September, 2014.

<b>Name of the ESCOMs</b>	<b>Date of application</b>
BESCOM	28.11.2014
MESCOM	28.11.2014
CESC	28.11.2014
HESCOM	28.11.2014
GESCOM	01.12.2014

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

<b>Name of ESCOM</b>	<b>FAC proposed in Paise Per Unit</b>
BESCOM	-11.23
MESCOM	2.07
CESC	-7.98
HESCOM	-7.58
GESCOM	-6.78

2. The Commission has computed the allowable FAC for the 2<sup>nd</sup> Quarter of FY15 on the basis of the following :

- i. The source wise / ESCOM wise energy as per SLDC reconciliation statement dated 25<sup>th</sup> November, 2014 among ESCOMs.
- 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 agreement between ESCOMs and KPCL.
- iii. Z Factor of BESCOM and MESCOM has not been considered as the same pertains to FY14 and could be factored in the APR for FY14.
- iv. Retail Sales for the second quarter of FY15 are computed as per Clause 5.1 of the KERC (Fuel Cost Adjustment Charges (First Amendment) Regulations, 2013.

3. The FAC as computed by the Commission are as follows:

ESCOMs	FAC in Rs. Crs	Sales computed with approved T&D Losses	FAC in paise per unit
BESCOM	-91.60	5738.04	-15.96
MESCOM	1.09	831.45	1.31
CESC	-10.55	1168.64	-9.03
HESCOM	-16.52	1984.65	-8.32
GESCOM	-9.78	1402.19	-6.98
<b>TOTAL</b>	<b>-127.36</b>	<b>11124.96</b>	<b>-11.45</b>

4. The Commission notes that while there is a decrease of 11.45 paise per unit of sale in the variable cost of thermal stations, the actual overall power purchase cost per unit is more than the approved power purchase cost per unit for the 2<sup>nd</sup> quarter of FY15. The increase in overall per unit cost of power purchase for the period July-September, 2014 as furnished by the ESCOMs as per format III is as follows:

ESCOM	Power Purchase in MU	Approved per unit cost of procurement in Rs/Unit	Actual per unit cost of procurement in Rs/Unit	Increase in Power Purchase Cost in Rs. per unit
BESCOM	6904.29	3.49	3.71	0.22
MESCOM	1180.09	2.81	2.85	0.04
CESC	1429.33	2.90	2.98	0.08
HESCOM	2547.24	2.75	2.96	0.22
GESCOM	1667.23	2.77	2.86	0.09
<b>TOTAL</b>	<b>13728.18</b>	<b>3.14</b>	<b>3.31</b>	<b>0.17</b>

Therefore, the Commission orders as follows:

**Commission's Order:**

- i) In accordance with the provisions of the KERC (Fuel Cost Adjustment Charges) Regulations 2013 as amended on 04.12.2013, the Commission, having recognized the decrease in fuel cost adjustment charges for all the ESCOMs except MESCOM in the second quarter of FY15 and the overall increase in power purchase cost, decides to allow all the ESCOMs except MESCOM to adjust the savings in FAC against the overall increase in power purchase cost.
- ii) In case of MESCOM, the Commission decides to allow collection of FAC to an extent of 1 paise /unit during the billing quarter January – March 2015.
- iii) Hence, there is no FAC to be collected from consumers of all ESCOMs except MESCOM separately during January - March, 2015.
- iv) This Order is signed dated and issued by the Karnataka Electricity Regulatory Commission this day, the 12<sup>th</sup> December, 2014.

Sd/-  
**(M.R. Sreenivasa Murthy)**  
Chairman

Sd/-  
**(H.D. Arun Kumar)**  
Member

Sd/-  
**(D.B. Manival Raju)**  
Member