

No.B/15/12/

BEFORE THE KARNATAKA ELECTRICITY REGULATORY COMMISSION

BANGALORE

Dated this day, the 25th June, 2015

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 (FAC) for the billing quarter July-September, 2015.

Present:

- | | |
|----------------------------------|----------|
| 1. Sri. M.K. Shankaralinge Gowda | Chairman |
| 2. Sri H.D.Arun Kumar | Member |
| 3. Sri D.B.ManivalRaju | Member |

PREAMBLE:

In accordance with the provisions of the KERC (Fuel Cost Adjustment Charges) Regulations, 2013, dated 22nd March 2013 and as amended vide notification dated 4th December, 2013, the ESCOMs have filed their applications on the following dates for approval of Fuel Cost Adjustment charges (FAC) for the billing quarter July-September, 2015 based on the Fuel Cost incurred during January-March, 2015.

Name of the ESCOMs	Date of application
BESCOM	01.06.2015
MESCOM	01.06.2015
CESC	01.06.2015
HESCOM	29.05.2015
GESCOM	02.06.2015

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

Name of ESCOM	FAC proposed in Paise Per Unit
BESCOM	-11.52
MESCOM	11.39
CESC	8.43
HESCOM	-1.59
GESCOM	1.46

2. The Commission has computed the allowable FAC for the 4th Quarter of FY15 on the basis of the following :

- i. The source wise/ ESCOM wise energy reconciled by SLDC as per statement dated 20th May, 2015 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 claimed by the ESCOMs has not been considered.
- iv. Retail Sales for the fourth quarter of FY15 are computed as per amended Clause 5.1 of the KERC (Fuel Cost Adjustment Charges Regulations, 2013).

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

Name of ESCOM	Allowable FAC in Rs Crs	Sales computed in MU with approved T&D Losses	FAC in paise per unit
BESCOM	-76.93	6660.91	-11.55
MESCOM	14.81	1292.90	11.46
CESC	-0.76	1502.93	-0.51
HESCOM	-5.69	2553.00	-2.23
GESCOM	1.64	1722.46	0.95
TOTAL	-66.94	13732.20	-4.87

4. The Commission notes that while there is overall decrease of 4.87 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 4th quarter of FY15. The increase in overall per unit cost of power purchase for the period January-March, 2015, 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	8008.27	3.49	3.83	0.34
MESCOM	1266.98	2.81	3.11	0.30
CESC	1836.85	2.90	3.05	0.15
HESCOM	3274.26	2.75	2.88	0.14
GESCOM	1946.54	2.77	2.85	0.08
TOTAL	16332.90	3.14	3.38	0.24

5. The Commission notes that there is saving in fuel cost adjustment charges in respect of all ESCOMs except MESCOM and GESCOM. The fuel cost adjustment charges for MESCOM for the quarter January-March, 2015 is Rs.14.81 Crores that is recoverable from consumers of MESCOM at 11 paise per unit during the billing quarter July-September, 2015. Also, the fuel cost adjustment charges for GESCOM for the quarter January-March, 2015 is Rs.1.64 Crores that is recoverable from consumers of GESCOM @ 1 paise per unit during the billing quarter July-September, 2015. However, the Commission notes

that as per the Tariff Order dated 2nd March, 2015 the existing retail supply tariff in respect of all the ESCOMs is revised effective from 1st April, 2015 and imposing FAC of 11paise per unit on consumers of MESCOM and 1 paisa per unit on consumers of GESCOM alone may result in disparity as compared to consumers in other ESCOMs. The Commission also notes that, the recoverable FAC pertains to the last quarter of FY15 for which the ESCOMs would be seeking annual performance review at the end of November,2015 wherein the Commission would compute the surplus/deficit considering all items of expenditure and revenue for FY15. Hence, the Commission decides to carry forward the FAC of Rs.14.81 Crores of MESCOM and Rs.1.64 Crs of GESCOM to be factored during APR of FY15.

Therefore, the Commission orders as follows:

Commission's Order:

- i) In accordance with the provisions of the KERC (Fuel Cost Adjustment Charges) Regulations, the Commission, having recognized the overall decrease in fuel cost adjustment charges in the fourth quarter of FY15 and the overall increase in power purchase cost, decides to allow all the ESCOMs except MESCOM and GESCOM to adjust the savings in FAC against the overall increase in power purchase cost.**
- ii) The recoverable FAC of Rs.14.81 Crores and Rs.1.64 Crores in respect of MESCOM and GESCOM respectively is ordered to be factored during APR for FY15.**
- iii) Hence, there is no FAC to be collected from consumers of all the ESCOMs separately during July- September, 2015.**
- iv) This Order is signed dated and issued by the Karnataka Electricity Regulatory Commission this day, the 25th June, 2015.**

Sd/-
(M.K.Shankaralinge Gowda)
Chairman

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

Sd/-
(D.B.ManivalRaju)
Member