

No. KERC/DD (Tariff)/ B/15/12/

BEFORE THE KARNATAKA ELECTRICITY REGULATORY COMMISSION

BANGALORE

Dated 16th September, 2021

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) due for the 1st billing quarter of FY22 (April to June, 2021) to be refunded/ adjusted in the billing quarter (October to December 2021)

Present:

- | | |
|-----------------------------|----------|
| 1. Sri. Shambhu Dayal Meena | Chairman |
| 2. Sri H.M. Manjunatha | Member |
| 3. Sri M.D. Ravi | Member |

PREAMBLE:

1. In accordance with the provisions of the KERC (Fuel Cost Adjustment Charges) Regulations, 2013, dated 22nd March, 2013, 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), to be recovered in the billing quarter of October – December, 2021, based on the Fuel Cost incurred during April to June, 2021 for the 1st quarter of FY22.

Name of the ESCOM	Date of Submission
BESCOM	09.09.2021
MESCOM	03.09.2021
CESC	03.09.2021
HESCOM	02.09.2021
GESCOM	02.09.2021

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

Name of ESCOM	FAC proposed in Paise Per Unit
BESCOM	-5.55
MESCOM	-4.37
CESC	-2.02
HESCOM	-9.39
GESCOM	-3.56

3. The Commission has proceeded to compute the allowable FAC for the 1st quarter of FY22, on the basis of the following factors:

- i. The source - wise/ ESCOM-wise energy reconciled by the SLDC as per statement dated 30th August, 2021 for the power purchased during the period April - June, 2021.
- ii. The approved variable cost as per Tariff Order, 2021 dated 09.06.2021 has been considered for the approval of FAC for the 1st quarter of FY22.
- iii. The allowable variable charges in respect of KPCL thermal stations have been determined based on the applicable formula as per the approved power purchase agreements between the ESCOMs and the KPCL.
- iv. The allowable variable charges in respect of NTPC- KSTPS (Kudgi), NVVNL Coal and NSM (Bundled) Stations have been recognized based on the variable charges as considered by the Commission in the Tariff Order 2021, dated 09.06.2021.
- v. The Retail Sales for the first quarter of FY22 has been computed as per the amended Clause 5.1 of the KERC (Fuel Cost Adjustment Charges) Regulations, 2013.

3. The Commission notes that, the claims of variable charges payable to the KPCL RTPS 1-7 Stations, RTPS-8 Station BTPS I to III Stations YTPS station and NSM (Coal-Bundled Power) station, as reported by the MESCOM CESC and GESCOM for the period April to June, 2021, are on higher side. The Commission directs the MESCOM CESC and GESCOM to examine the same as per the terms of Power Purchase Agreement with KPCL and NSM (Coal- Bundled Power) station, the variations in payment, if any, shall be adjusted in future bills, accordingly. The action taken by MESCOM CESC and GESCOM, regarding the recovery of the excess payment of power purchase costs, shall be reported to the Commission, within 15 days from the date of this order.
4. The Commission notes the overall decrease in the cost of power purchase as reported by ESCOMs during the period April – June, 2021 is as under:

ESCOM	Power Purchase Quantum in MU	Increase in cost of power purchase in Rs. Crores	Increase/Decrease in cost of power purchase in Rs./Unit
BESCOM	8169.17	30.65	0.04
MESCOM	1694.75	-38.48	-0.23
CESC	2152.09	-67.66	-0.31
HESCOM	3353.85	-15.55	-0.05
GESCOM	2425.54	-29.49	-0.12
TOTAL	17795.40	-120.53	-0.07

5. The Commission notes that, there is decrease in the power purchase cost in respect of KPCL Hydel and Thermal stations, CGS thermal stations and increase in respect of Major IPP thermal stations and other sources during the 1st quarter, which has resulted in net decrease in the power purchase cost, as compared with the power purchase cost approved by the Commission, in its Tariff Order, 2021 dated 09.06.2021 for FY22.
6. The Fuel Adjustment Charges as claimed by the ESCOMs and as computed by the Commission, for the first quarter of FY22, are as follows:

ESCOM	As claimed by ESCOMs			As approved by KERC		
	FAC in Rs. Crores (1)	Sales in MU as filed (2)	FAC in paise per unit (3)	Allowable FAC in Rs. Crores (4)	Sales computed in MU with approved T&D Losses (5)	FAC in paise per unit (6)
BESCOM	-40.94	7377.18	-5.55	-40.72	7054.04	-5.77
MESCOM	-5.52	1264.97	-4.37	-10.17	1264.96	-8.04
CESC	-3.77	1863.55	-2.02	-11.79	1863.55	-6.33
HESCOM	-30.05	3200.91	-9.39	-23.18	3236.58	-7.16
GESCOM	-7.55	2121.96	-3.56	-10.49	1936.90	-5.42
TOTAL	-87.83	15828.57	-5.55	-96.34	15356.03	-6.27

7. The Commission notes that, there is net savings in FAC ranging between 5 paise per unit to 8 paise per unit in the variable cost of thermal stations in respect of all the ESCOMs. However, the overall actual per unit power purchase cost incurred by BESCOM has increased by 4 paise per unit and in other ESCOMs the same has decreased by 5 paise per unit to 31 paise per unit than the approved per unit power purchase cost for the 1st quarter of FY22, as per Tariff Order dated 9th June, 2021
8. In view of the overall decrease in the FAC charges incurred during the 1st Quarter (April, 2021 to June, 2021), the Commission has considered refund/ adjustment of the same in the energy bills of the consumers to be issued during the third quarter –October, 2021 to December, 2021, in accordance with the provisions of Regulations 3.1 of the KERC (Fuel Cost Adjustment Charges) (First Amendment) Regulations, 2013 dated 3rd December, 2013.

9. Accordingly, the ESCOMs are allowed to refund/adjust the net FAC of the 1st quarter during April-June, 2021, to the consumers in all the energy bills, to be issued to their consumers during the billing quarter from 1st October, 2021 to 31st December, 2021 at the rates as indicated in para 6 Table column (6):

Therefore, the Commission hereby orders as follows:

ORDER

In accordance with the provisions of the KERC (Fuel Cost Adjustment Charges) Regulations, 2013 and amendments thereon, the Commission, having recognized the decrease (savings) in the fuel cost adjustment charges along with the decrease in the overall power purchase cost, during the first quarter of FY22, decides to allow the ESCOMs to refund/adjust the fuel cost adjustment charges per unit of sale, in all the energy bills, to be issued to their consumers during the billing quarter from 1st October, 2021 to 31st December, 2021 at the following rates:

ESCOM	1 st quarter of FY22 Net FAC in paise per unit to be refunded/adjusted
BESCOM	-6
MESCOM	-8
CESC	-6
HESCOM	-7
GESCOM	-5

The fuel cost adjustment charges of MESCOM are also applicable to consumers of Mangalore SEZ and the fuel cost adjustment charges of HESCOM are also applicable to consumers of Hukeri RECS, and AEQUS SEZ, to be refunded/ adjusted in all the energy bills, to be issued to their consumers from 1st October, 2021 to 31st December, 2021.

This Order is signed and issued by the Karnataka Electricity Regulatory Commission on this day, the 16th September, 2021.

Sd/-
(Shambhu Dayal Meena)
Chairman

Sd/-
(H.M. Manjunatha)
Member

Sd/-
(M.D.Ravi)
Member