

**Before**

**UTTARAKHAND ELECTRICITY REGULATORY COMMISSION**

**Petition No. 18 of 2015**

**In the matter of:**

Application seeking approval of the Fuel Charge Adjustment (FCA) for the quarter ending June, 2015 and to adjust the same in the FCA computation for the quarter ending September, 2015.

**In the matter of:**

Uttarakhand Power Corporation Ltd.

... Petitioner

**CORAM**

**Shri Subhash Kumar Chairman**

**Shri C.S. Sharma Member**

**Shri K.P. Singh Member**

**Date of Hearing: August 18, 2015**

**Date of Order: September 21, 2015**

The Order relates to the Petition dated 22.07.2015 filed by Uttarakhand Power Corporation Ltd. (hereinafter referred to as "the Petitioner" or "UPCL" or "Licensee") under Section 86(1)(a) and Section 62(4) of the Electricity Act, 2003 and Regulation 83(4) of UERC (Terms and conditions for Determination of Tariff) Regulations, 2011 seeking approval of the Fuel Charge Adjustment (FCA) for the quarter ending June, 2015 and also adjusting the same alongwith the FCA for the quarter ending September, 2015.

2. The Petitioner based on the approved variable fuel cost approved by the Commission vide Tariff Order dated 11.04.2015 and actual variable cost incurred during the first quarter of FY 2015-16, i.e. April-June, 2015 submitted the computation of excess of variable charges as follows:

**Table 1.1: Computation of Excess Variable Charges as Submitted by UPCL**

S. No	Name of Plant	Approved Variable Charges (Rs./kWh)	Actual Variable Charges			Excess of Actual Variable Charges (Rs. Crore)
			Energy at State Periphery (MU)	Variable Charges (Rs. Crore)	Rate (Rs./kWh)	
<i>i</i>	<i>ii</i>	<i>iii</i>	<i>iv</i>	<i>v</i>	<i>vi=v/iv</i>	<i>vii= (vi-iii)*iv</i>
1	Singrauli	1.342	188.46	24.37	1.29	-0.92
2	F G Unchahar-I	2.524	72.40	21.86	3.02	3.59
3	F G Unchahar-2	2.503	34.61	11.01	3.18	2.35
4	F G Unchahar-3	2.499	13.83	4.31	3.12	0.85
5	N C T Dadri:2	4.150	6.11	2.32	3.80	-0.22
6	Rihand-1 STPS	1.815	57.31	10.65	1.86	0.25
7	Rihand-2 STPS	1.895	63.09	11.71	1.86	-0.25
8	Rihand-3 STPS	1.894	79.83	14.01	1.75	-1.11
9	Kahalgaoon-II	2.647	54.15	12.82	2.37	-1.51
10	Jhajjar Aravali	4.621	1.83	0.84	4.59	-0.01
11	Anta Gas	3.506	15.58	5.35	3.43	-0.11
12	Auraiya Gas	4.520	21.31	9.29	4.36	-0.34
13	Dadri Gas	4.226	32.52	13.02	4.00	-0.72
14	NTPC-Barh	2.200	0.00	0.00		0.00
<b>Total</b>			<b>641.03</b>	<b>141.56</b>	<b>2.21</b>	<b>1.85</b>

3. The Commission asked the Petitioner for submission of relevant power purchase bills of the power stations attracting fuel charges for the period April-June 2015. The Commission also vide Order dated 18.08.2015 admitted the Petition submitted by UPCL in the matter.

4. UPCL submitted that, the sales data available at Corporate Office for the period upto March, 2015 and power purchase data for the month of June, 2015 was under compilation. Therefore, UPCL estimated the sales for the second quarter of FY 2015-16 on the basis of approved power purchases and losses by the Commission in accordance with Tariff Order dated 11.04.2015. Estimated sales for the first quarter of FY 2015-16 as submitted by UPCL is as follows:

**Total Sales approved for FY 2015-16 (10421.94 MU) x power purchases approved for the second quarter of FY 2015-16 (3465.49 MU) x Total power purchases approved for FY 2015-16 (12775.93MU) = 2826.97 MU.**

5. UPCL, in its Petition, for the purpose of computation of average FCA per unit, calculated the average FCA of Rs. 0.0065/kWh (Rs. 1.85 Crore/2826.97 MU). UPCL further submitted that as the average rate of FCA was less than 1 paisa per unit, therefore, it may not be

appropriate to charge the same from the consumers and be adjusted in the FCA computation for the quarter ending September, 2015.

6. In accordance with the Commission's Order dated 28.05.2015 UPCL vide its Petition also submitted the details of FCA recovered during the first quarter of FY 2015-16 as follows:-

Category		FCA (Rs.)
<b>RTS-1</b>	Domestic	2,59,35,986.01
<b>RTS-2</b>	Non-Domestic	2,26,00,317.77
<b>RTS-3</b>	Public Lamps	97,924.19
<b>RTS-4</b>	Private Tubewells	11,71,395.87
<b>RTS-5</b>	Government Irrigation System	10,59,610.74
<b>RTS-6</b>	Public Water Works	31,36,566.38
<b>RTS-7</b>	LT&HT Industry	13,93,99,748.15
<b>RTS-8</b>	Mixed Load	31,47,434.58
<b>RTS-9</b>	Railway Traction	3,65,296.00
<b>RTS-10</b>	Temporary Supply	7,46,242.66
<b>Total</b>		<b>19,76,60,522.35</b>

The Commission noted that vide the aforesaid Order dated 28.05.2015, Rs. 22.52 Crore was approved against FCA of last quarter of FY 2014-15, thereagainst, Rs. 19.76 Crore was recovered by the licensee leading to under-recovery of about Rs. 2.76 Crore. In this regard, Regulation 83(3), 83(5) and 83(8) of the MYT Regulations, 2011 specifies as under:

*"(3.) The FCA charge for the quarter shall be computed within 15 days of quarter end and shall be charged for the quarter from the first month of second quarter itself, without prior approval of the Commission and under or over recovery shall be carried forward to the next quarter.*

...

*(5) The Commission shall examine the FCA computations and approve the same with modifications, if required before the end of second quarter. Any variation in FCA charged by the Distribution Licensee and FCA approved by the Commission will be adjusted in subsequent quarter's FCA computations.*

...

*(8) The formula for calculation of the FCA shall be as given under:*

$$FCA \text{ (Rs. Crore)} = C + B,$$

Where

*FCA = Fuel Cost Adjustment*

*C = Change in cost of own generation and power purchase due to the variation in the fuel cost,*

*B = Adjustment factor for over-recovery / under-recovery for previous quarter.*

..."

In view of the above provision of the regulations, under-recovery of Rs. 2.76 Crore is allowed to be recovered by the licensee in subsequent quarter.

7. In accordance with the provisions of the Act and Regulation 83(3) of the MYT Regulations, 2011, the distribution licensee is entitled to compute FCA for the quarter and recover the same from the consumers from the first month of next quarter itself, without seeking prior approval from the Commission.
8. The Commission has analysed the details of the power purchase and monthly bills raised to UPCL by Central Sector Thermal Generating Stations where FCA is attracted for first quarter of FY 2015-16. It is observed that Energy at State periphery has been worked out by reducing 4% from Energy billed. This assumption is not correct. The interstate losses which inter-alia are sum of injection and withdrawal losses vary with each generator and also for each week of the year. As the tariff order specifies variable charges for energy received at State periphery, for correct computation of FCA, it is necessary to have correct energy received at State periphery by each generator. However, as in the instant order, no FCA is proposed to be charged, Commission is provisionally assessing the FCA based on assumption taken by the Petitioner. This shall be corrected in the next application for approving FCA. Regulation 83(2) specifies that the FCA charge shall be computed and charged on the basis of actual variation in power purchase cost on account of increase in cost of fuel during any month. Based on the above, the provisional amount of FCA for the quarter ending June, 2015 has been worked out as given in the Table below:

**Table 2.1: FCA for the first quarter (April-June, 2015) approved by the Commission**

S. No	Power Stations	Billed Energy (MUs)	Actual Variable Charges Billed (Rs. Crore)	Energy at State Periphery (MUs)	Actual Rate of Variable Charges at State Periphery (Rs./kWh)	Approved Variable Charges (Rs./kWh)	Diff in Variable Charges (Rs./kWh)	FCA Recoverable (Rs. Crore)
(i)	(ii)	(iii)	(iv)	(v = 96% of iii)	(vi = iv*10/v)	(vii)	(viii= vi-vii)	(ix = viii*v/10)
1	Singrauli	186.43	24.37	178.97	1.36	1.34	0.02	0.35
2	F G Unchahar-1	71.58	21.86	68.72	3.18	2.52	0.66	4.52
3	F G Unchahar-2	36.05	11.01	34.61	3.18	2.50	0.68	2.35
4	F G Unchahar-3	14.41	4.31	13.83	3.12	2.50	0.62	0.86
5	N C T Dadri:2	6.36	2.32	6.11	3.79	4.15	-0.36	-0.22
6	Rihand-1 STPS	59.70	10.65	57.31	1.86	1.82	0.04	0.24
7	Rihand-2 STPS	65.72	11.71	63.09	1.86	1.90	-0.04	-0.25
8	Rihand-3 STPS	79.58	14.01	76.40	1.83	1.89	-0.06	-0.46
9	Kahalgaoon-II	56.42	12.82	54.16	2.37	2.65	-0.28	-1.52
10	Jhajjar Aravali	1.91	0.84	1.83	4.57	4.62	-0.05	-0.01
11	Anta Gas	16.23	5.35	15.58	3.43	3.51	-0.07	-0.11
12	Auraiya Gas	22.20	9.29	21.31	4.36	4.52	-0.16	-0.34
13	Dadri Gas	33.88	13.02	32.52	4.00	4.23	-0.22	-0.72
14	NTPC-Barh	0.00	0.00	0.00	-	2.20	-	-
<b>Total</b>		<b>650.47</b>	<b>141.56</b>	<b>624.45</b>				<b>4.69</b>

Accordingly, the Commission provisionally approves FCA of Rs. 4.69 Crore for the first quarter of FY 2015-16.

9. Since amount of FCA, as computed above, is relatively small amount compared to the overall ARR of UPCL for FY 2015-16, accordingly, the Commission allows UPCL to recover the same in the 3<sup>rd</sup> Quarter of FY 2015-16, after appropriate correction for energy received at State periphery, alongwith the FCA of II<sup>nd</sup> Quarter of FY 2015-16 and under-recovery of Rs. 2.76 Crore of the last Quarter of FY 2014-15 as dealt in Para 6 of this Order.
10. In reply to Commission's letter dated 24.07.2015, wherein, UPCL was required to submit the energy bills for the months of April-June, 2015 for all the stations where FCA is attracted alongwith the Commercial Data for the aforesaid months. In reply to this, UPCL vide its letter dated 03.08.2015 submitted the following which reads as:

*"In this connection it is submitted that the Commercial Data considered in the petition was based on bills received from generating stations which is revised now on the basis of provisional REA. The revised Commercial Data for the month of April to June, 2015 is enclosed herewith.*

*The Energy Bills and Soft Copy of the Commercial Data has been provided to the Hon'ble*

*Commission through e-mail."*

Examining the above, the Commission is of the view that power purchase bills submitted by UPCL are in no way revised bills since no such mention is there in the bills and also the data in these bills match with the REA submitted by the licensee. This clearly shows that UPCL has submitted the petition on the basis of some commercial data maintained with the licensee without even bothering to update the said data with the power purchase bills/ REA accounts. The Commission considers this as a serious lapse on the part of the UPCL where the petitions are being submitted by the licensee based on erroneous data. Taking a serious view, the Commission cautions the licensee that such misconduct should not be repeated in future. Accordingly, the Commission, hereby, directs UPCL to make computation and submission of variable fuel charges based on actual power purchase bills while seeking post facto approval of FCA from the Commission.

11. The Commission also orders that henceforth for all filings of FCA, correct values of energy received at State periphery needs to be worked out. The same should also be got vetted by the State Load Despatch Centre. For the first quarter, SLDC is ordered to work out correct values of energy received at State periphery from each generator covered in this order and file the same with the Commission within 7 days of order. A copy of this order be also served on SLDC.
12. Ordered accordingly.

**(K.P. Singh)**  
Member

**(C.S. Sharma)**  
Member

**(Subhash Kumar)**  
Chairman