

Before

UTTARAKHAND ELECTRICITY REGULATORY COMMISSION

Petition No. 34 of 2017

In the matter of:

Application seeking approval of the Fuel Charge Adjustment (FCA) to be charged from the consumers for the period from 01.07.2017 to 30.09.2017.

In the matter of:

Uttarakhand Power Corporation Ltd.

... Petitioner

CORAM

Shri Subhash Kumar Chairman

Date of Order: August 21, 2017

This Order relates to the Petition dated 25.07.2017 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, 2015 seeking approval of the Fuel Charge Adjustment (FCA) to be charged from the consumers during the period from 01.07.2017 to 30.09.2017.

1. Background

- 1.1 The Licensee vide its Petition dated 25.07.2017 while referring to UERC (Terms and conditions for Determination of Tariff) Regulations, 2015 (hereinafter referred to as "MYT Regulations 2015") submitted that Regulation 83 provides for imposition of Fuel Charge Adjustment (FCA) during any quarter of the year if the variable fuel cost during the previous quarter of the year was higher than the approved variable fuel cost for the same period.
- 1.2 UPCL vide its Petition sought the post-facto approval of the Commission for charging of FCA on account of variation of actual rate of power purchase vis-a-vis the approved rate of power purchase for FY 2017-18. In this regard, UPCL vide its O.M. No. 2970/UPCL/

RM/B-15 dated 20.07.2017 issued the rate of FCA to be recovered from different consumer categories during the period from July, 2017 to September, 2017.

- 1.3 UPCL submitted that for computation of correct values of energy received at State periphery, in compliance to the Commission's direction issued vide Order dated 21.09.2015, Inter-State losses were considered as per the detail provided by SLDC. UPCL submitted the following station-wise details of FCA for the period from April, 2017 to June, 2017:

S. No	Name of Plants	Approved Variable Charges (Rs./kWh)	Gross Energy as per REA	PGCIL Losses as per SLDC	Actual Variable Charges (Excluding Arrear)			Excess of Actual Variable Charges (Rs. Cr.)
					Energy at State Periphery (MU)	Variable Charges (Rs.Cr.)	Rate (Rs./kWh)	
<i>i</i>	<i>ii</i>	<i>iii</i>	<i>iv</i>	<i>v</i>	<i>vi</i>	<i>vii</i>	<i>viii=vii/vi</i>	<i>ix= (viii-iii)*vi</i>
1	Singrauli	1.566	154.61	5.12%	146.69	21.74	1.48	-1.23
2	F G Unchahar-I	2.909	48.09	4.80%	45.78	14.32	3.13	1.00
3	F G Unchahar-2	2.894	28.14	4.77%	26.79	8.38	3.13	0.63
4	F G Unchahar-3	2.897	19.96	4.85%	18.99	5.91	3.11	0.41
5	N C T Dadri:2	3.162	10.10	3.27%	9.77	2.99	3.06	-0.10
6	Rihand-1 STPS	1.770	76.38	5.09%	72.49	9.96	1.37	-2.87
7	Rihand-2 STPS	1.775	50.83	5.11%	48.23	6.61	1.37	-1.95
8	Rihand-3 STPS	1.755	77.02	5.11%	73.09	10.11	1038	-2.72
9	Kahalgaon-II	2.475	49.21	3.60%	47.44	12.39	2.61	0.65
10	Jhajjar Aravali	3.879	19.42	3.25%	18.79	5.67	3.02	-1.62
11	Anta Gas	2.537	2.69	4.96%	2.55	0.64	2.51	-0.01
12	Auraiya Gas	3.303	3.24	4.81%	3.08	0.99	3.21	-0.03
13	Dadri Gas	2.752	21.45	3.41%	20.72	5.97	2.88	0.27
14	Gama Infraprop	3.200	176.37	0.00%	176.37	65.91	3.74	9.47
15	Sravanthi Energy	3.200	323.06	0.00%	323.06	126.78	3.92	23.40
Total			1060.56	4.76%	1033.84	298.37	2.89	25.31

With respect to the above UPCL also mentioned that as the final Tariff of Sravanthi Energy has not yet been determined by the Commission, hence variable cost has been taken from the Gas Purchase Bills as provided by the generator.

- 1.4 UPCL further claimed that, against the approved FCA of Rs. 12.19 Crore to be recovered during first quarter of FY 2017-18, the Petitioner assessed only Rs. 7.24 Crore as detailed below:

Category		Billed Value (Rs.)
RTS-1	Domestic	78,29,176.80
RTS-2	Non-Domestic	97,18,382.02
RTS-3	Public Lamps	84,878.17
RTS-4	Private Tubewells	60,420.74
RTS- 4 A	Agriculture Allied Activities	10,644.46
RTS-5	Government Irrigation System	5,05,328.80
RTS-6	Public Water Works	15,68,513.05
RTS-7	LT&HT Industry	5,12,69,923.32
RTS-8	Mixed Load	9,28,715.85
RTS-9	Railway Traction	2,06,570.00
RTS-10	Temporary Supply	2,54,401.13
Total		7,24,36,954.34

- 1.5 The Petitioner also claimed the carry forward of FCA from the quarter ending June, 2017 on account of the difference between the FCA of Rs. 18.38 Crore approved by the Commission in its order dated 01.06.2017 against the claim of Rs. 12.19 Crore submitted by UPCL for the same quarter, amounting to Rs. 6.19 Crore.
- 1.6 In view of above, total FCA recoverable during July, 2017 to September, 2017 as claimed by the Petitioner is as follows:

Carry forward of FCA from the quarter ending June, 2017 vide UERC's order dated 01.06.2017	Rs. 6.19 Crore
Under recovery of FCA during second quarter of FY 2017-18 (Rs. 12.19 Crore - Rs. 7.24 Crore)	Rs. 4.95 Crore
FCA for the quarter ending June, 2017	Rs. 25.31 Crore
Total FCA to be recovered during the quarter ending September, 2017	Rs. 36.45 Crore

- 1.7 UPCL further submitted that the sales for Quarter ending September 2017 is based on the information received from the Commission vide letter dated 18.04.2017 and, accordingly, the estimated sales for the second Quarter of FY 2017-18 has been considered as 3662 MU.
- 1.8 UPCL, in its Petition, has worked out the average rate of FCA of Rs. 0.10/kWh (Rs. 36.45Crore/3662 MU).
- 1.9 UPCL submitted that for computation of category wise FCA, it has considered the ABR of the consumer categories as approved by the Commission in the Tariff Order for FY 2017-18. However, in respect of consumers having kVAh tariff, power factor of 0.95 has been considered by it for conversion of kWh rate of FCA into kVAh rate of FCA. Category wise rate of FCA proposed to be recovered during July-September, 2017 by UPCL is enclosed

as **Annexure-I**.

2. Commission's views and decision

2.1 Section 62(4) of the Electricity Act, 2003 stipulates as follows:

"No tariff or part of any tariff may ordinarily be amended, more frequently than once in any financial year, except in respect of any changes expressly permitted under the terms of any fuel surcharge formula as may be specified."

2.2 Regulation 83 of the MYT Regulations, 2015 specifies as under:

"83. Fuel Charge Adjustment (FCA)

- (1) The FCA charge shall be applicable on the entire sale of the Distribution Licensee without any exemption to any consumer.*
- (2) The FCA charge shall be computed and charged on the basis of actual variation in fuel costs relating to power generated from own generation stations and power procured during any month subsequent to such costs being incurred, in accordance with these Regulations, and shall not be computed on the basis of estimated or expected variations in fuel costs.*
- (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.*
- (4) The Distribution Licensee shall submit the details of incremental fuel cost incurred and to be charged to all the consumers for the entire quarter, along with the detailed computations and supporting documents as may be required for verification by the Commission within 30 days of the end of quarter for post facto approval of the Commission.*
- (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.*
- (6) In case the Distribution Licensee is found guilty of charging unjustified FCA charge to the consumers on regular basis, the Commission shall adjust the unjustified charges along with interest on the same..."*

2.3 In accordance with the above provisions of the Act and Regulation 83(3) of the MYT Regulations, 2015, the distribution licensee is entitled to compute FCA for the quarter and charge the same from the consumer from the first month of next quarter itself, without seeking prior approval from the Commission. The provision of claiming FCA has been

made so that the licensee is able to recover the shortfall in the variable component of the cost of power purchased by the licensee in a quarter vis-à-vis that approved by the Commission for the period, which otherwise, would get accumulated till the truing up of expenses for the financial year is carried out by the Commission after the statement of accounts are available, which usually have a lag of 1-2 years and hence, such accumulated gaps for a substantial period has a carrying cost which could affect the financial health of the distribution licensee and in turn would result in adversely affecting the quality of supply. Any revenue gaps including the gap in power purchase expenses, on account of truing up are to be borne by the consumers. Allowance of FCA, atleast at the end of each quarter, to some extent minimizes the impact of such gaps on the licensee's operations.

2.4 Regulation 83(5) reproduced above specifies that any variation in FCA charged by the Distribution Licensee and FCA approved by the Commission will be adjusted in subsequent quarter's FCA computations. Accordingly, the Commission has analysed the details of the power purchased and monthly bills raised on UPCL by the Central Sector Thermal generating stations and Gas based generating stations where FCA is attracted for first quarter of FY 2017-18. Regulation 83(2) reproduced above, 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.

2.5 The Commission in line with its order dated 21.09.2015 had computed the energy at State periphery based on actual losses. Relevant extract of the aforesaid Order is reproduced as below:

"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..."

2.6 Accordingly, the Commission has considered inter-state losses as per the details provided by SLDC. The Commission has determined the energy at State periphery in respect of each generating station attracting FCA by applying inter-state losses on energy billed. Based on the variable charges as reflected in monthly energy bills, rate of variable charges have been determined and then variation in actual variable charges vis-a-vis approved variable charges for each such generating stations has been calculated. Further, as the final Tariff of Sravanthi Energy has not yet been determined by the Commission, hence the

variable cost has been taken from the Gas Purchase Bills raised on the generator by the GAIL (India) Ltd as provided by UPCL alongwith the Petition. Based on the above, the amount of FCA for the first quarter of FY 2017-18 has been worked out as given in the Table below:

Table 2.1: FCA for the First quarter (April-June, 2017) 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)	FCA Recoverable (Rs. Crore)
1	Singrauli	154.61	21.90	146.69	1.49	1.57	-1.07
2	F G Unchahar-1	48.09	14.24	45.78	3.11	2.91	0.92
3	F G Unchahar-2	28.14	8.34	26.79	3.11	2.89	0.58
4	F G Unchahar-3	19.96	5.89	18.99	3.10	2.90	0.39
5	N C T Dadri:2	10.10	2.98	9.77	3.05	3.16	-0.11
6	Rihand-1 STPS	76.38	9.89	72.49	1.36	1.77	-2.95
7	Rihand-2 STPS	50.83	6.58	48.23	1.36	1.78	-1.99
8	Rihand-3 STPS	77.02	10.04	73.09	1.37	1.76	-2.79
9	Kahalgaoon-II	49.21	12.39	47.44	2.61	2.48	0.65
10	JhajjarAravali	19.42	5.70	18.79	3.04	3.88	-1.58
11	Anta Gas	2.69	0.64	2.55	2.52	2.54	0.00
12	Auraiya Gas	3.24	0.99	3.08	3.20	3.30	-0.03
13	Dadri Gas	22.41	5.97	21.64	2.76	2.75	0.02
14	Gamma Infraprop	176.37	65.91	176.37	3.74	3.20	9.47
15	Shravanthi Energy	323.06	126.78	323.06	3.92	3.20	23.40
16	NTPC-Barh	-	-	-	-	-	-
Total		1061.51	298.24	1034.76	-	-	24.92

2.7 UPCL has submitted that, against the allowed FCA of Rs. 12.19 Crore to be recovered during the first quarter of FY 2017-18, it could realise/assess only Rs. 7.24 Crore and has, therefore, requested that the under recovery of FCA amounting to Rs. 4.95 Crore, be allowed to be recovered during the second quarter of FY 2017-18. In this regard, the Commission is of the view that the assessed amount of Rs. 7.24 Crore claimed by UPCL cannot be verified at this stage since commercial diary of UPCL for the 1st quarter (2017-18) is yet not finalised and, accordingly, the amount of FCA under recovered cannot be validated. Hence, the Commission is allowing UPCL the recovery of Rs. 4.95 Crore towards the unrecovered FCA amount during the first quarter as ad-interim. However, UPCL is directed to submit the details of category wise energy sold and FCA billed for the first quarter within one month of the date of the Order and correction, if any, to this account will be carried out while approving the FCA of subsequent quarters.

2.8 Further, in line with the Commission's order dated 01.06.2017 and as claimed by the UPCL, the Petitioner is allowed to recover the amount of unclaimed FCA carried forward

from the first quarter of FY 2017-18 amounting to Rs. 6.19 Crore during the second quarter of FY 2017-18. The relevant portion of the order is as detailed below:

“Accordingly, the Petitioner is hereby allowed to recover the FCA amount to the extent claimed by it on various consumer categories at the rates submitted by UPCL and as indicated at Annexure-I during the first quarter of FY 2017-18. Balance FCA unclaimed of Rs. 6.19 Crore should be claimed alongwith the FCA charges of the first quarter of FY 2017-18.”

Accordingly, against the FCA claim of UPCL for Rs. 36.45 Crore, the Commission allows recovery of FCA of Rs. 36.06 Crore as summarized below:

Table 2.2: Summary of FCA allowable to be recovered during July-September, 2017 as approved by the Commission

S. No.	Period	FCA approved by the Commission (Rs. in Crore)
1.	Carry forward of FCA from the quarter ending June, 2017 vide Commission’s order dated 01-06-2017	6.19
2.	Under recovery of FCA during second quarter of FY 2017-18 (Rs. 12.19 Crore – Rs. 7.24 Crore)	4.95
3.	FCA for the quarter ending June 2017	24.92
Total		36.06

2.9 For the purpose of computation of the rate of FCA to be charged from consumers, the Commission has considered the power purchase approved in the Tariff Order for FY 2017-18 for the second quarter of FY 2017-18. The Commission has also considered the fact that the total sales approved by it for FY 2017-18 are about 82.61% of the approved power purchases. Hence, in line with the above, the Commission based on the approved power purchase of 4433.18 MU for the second quarter of FY 2017-18, i.e. for July-September, 2017 has worked out the sales of 3662.26 MU for the same quarter which is also the approach adopted by UPCL in its Petition. Accordingly, the rate of FCA to be recoverable during second quarter of FY 2017-18 works out to Rs. 0.098/kWh against Rs. 0.10/kWh claimed by UPCL.

2.10 It is apparent that Petitioner has raised FCA bills in accordance with its O.M. dated 20.07.2017. Apparently the rate of FCA calculated and charged by UPCL for the consumer categories is higher than the rate of FCA being approved by the Commission vide this Order. In this regard, Regulation 83(5) of the MYT Regulations specifies as under:

“(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."

- 2.11 Accordingly, the Petitioner is hereby allowed to recover the FCA amount to the extent claimed by it on various consumer categories at the rates submitted by it and as indicated at Annexure-I during the first quarter of FY 2017-18. The excess of FCA claimed of Rs. 0.39 Crore should be adjusted in the FCA charges of the second quarter of FY 2017-18.
- 2.12 UPCL is also directed to consider the consumer category wise Average Billing Rate as set out at Annexure-II, for the purposes of claiming category wise FCA henceforth.
- 2.13 UPCL is further directed to maintain a separate record for such recoveries and submit the details of the quarter wise FCA recovered vis-à-vis FCA allowed by the Commission within twenty days of the end of quarter.
- 2.14 Ordered accordingly.

(Subhash Kumar)
Chairman

Category-wise FCA proposed to be charged during the second quarter of FY 2017-18

S. No.	Category	Rate of FCA
1	Domestic (RTS -1)	
1.1	Lifeline Consumers	Rs. 0.04/kWh
1.2	Other Consumers	Rs. 0.08/kWh
1.3	Single Point Bulk Supply	Rs. 0.09/kWh
2	Non- Domestic (RTS-2)	
2.1	Government/Municipal Hospitals (ii) Government/Government aided Educational Institutions (iii) Charitable Institutions registered under the Income Tax Act, 1961 and whose income is exempted from tax under this Act.	
	a. Upto 25 kW	Rs. 0.10/kWh
	b. Above 25 kW	Rs. 0.09/kVAh
2.2	Other Non-Domestic/Commercial Users	
	a. Upto 4 kW and consumption upto 50 units p.m.	Rs. 0.11/kWh
	b. Upto 25 kW	Rs. 0.12/kWh
	c. Above 25 kW	Rs. 0.13/kVAh
2.3	Single Point Bulk Supply	Rs. 0.13/kVAh
2.4	Independent Advertisement Hoardings	Rs. 0.13/kWh
3	Public Lamps (RTS - 3)	Rs. 0.11/ kVAh
4	Private Tubewell/Pump Sets (RTS -4)	Rs. 0.04/ kWh
4 A	Agriculture Allied Activities (RTS - 4A)	Rs. 0.04/ kWh
5	Government Irrigation System (RTS-5)	
5.1	Upto 75 Kw	Rs. 0.11/kVAh
5.2	Above 75 Kw	Rs. 0.12/kVAh
6	Public Water Works (RTS -6)	Rs. 0.11/kVAh
7	Industrial Consumers (RTS-7)	
7.1	LT Industries upto 100 BHP/75 kW/88 kVA	
	a. Upto 25 kW	Rs. 0.10/kWh
	b. Above 25 kW and Upto 75 kW	Rs. 0.12/kVAh
7.2	HT Industries above 100 BHP/75 kW/88 kVA	
	a. Contracted Load above 75 kW and upto 1000 kVA	
	Load factor upto 40%	Rs. 0.13/kVAh
	Load factor above 40%	Rs. 0.14/kVAh
	b. Contracted Load More than 1000 kVA	
	Load factor upto 40%	Rs. 0.10/kVAh
	Load factor above 40%	Rs. 0.11/kVAh
8	Mixed Load (RTS-8)	Rs. 0.10/ kWh
9	Railway Traction (RTS-9)	Rs. 0.11/kVAh

S.No	Category	Average Billing Rate (Rs. / kWh)
1	Domestic (RTS-1) / Concessional Snowbound Area (RTS-1A)	
1.1	<i>Lifeline Consumers(RTS-1) / Concessional Snowbound Area (RTS-1A)</i>	2.14
1.2	<i>Consumers (Metered) (RTS-1)</i>	3.95
2	Non Domestic (RTS-2)	5.69
3	Public Lamps (RTS-3)	5.06
4	PTW (RTS-4) / Agriculture Allied Activities (RTS-4A)	1.75
5	GIS (RTS-5)	5.10
6	PWW (RTS-6)	5.04
7	Industry (RTS-7)	
7.1	<i>LT Industries</i>	5.38
7.2	<i>HT Industries</i>	5.41
8	Mixed Load (RTS-8)	4.99
9	Railway Traction (RTS-9)	5.27

* In respect of consumers having kVAh tariff, power factor of 0.95 be considered for conversion of kWh rate into kVAh rate.