

**Before**

# **UTTARAKHAND ELECTRICITY REGULATORY COMMISSION**

**Petition No. 22 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 01.04.2017 to 30.06.2017.

**In the matter of:**

Uttarakhand Power Corporation Ltd.

... Petitioner

**CORAM**

**Shri Subhash Kumar Chairman**

**Date of Hearing: May 16, 2017**

**Date of Order: June 1, 2017**

This Order relates to the Petition dated 26.04.2017 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 01.04.2017 to 30.06.2017.

## **1. Background**

- 1.1 The Licensee vide its Petition dated 26.04.2017 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 2016-17. In this regard, UPCL vide its O.M. No. 1696/UPCL/RM/B-15 dated 22.04.2017 issued the rate of FCA to be recovered from different consumer categories during the period from April, 2017 to June, 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 January, 2017 to March, 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	1.352	194.74	6.82%	181.46	26.87	1.48	2.34
2	F G Unchahar-I	2.667	86.88	6.26%	81.44	27.30	3.35	5.58
3	F G Unchahar-2	2.643	55.70	6.39%	52.14	17.46	3.35	3.68
4	F G Unchahar-3	2.642	33.52	6.45%	31.36	10.50	3.35	2.21
5	N C T Dadri:2	3.453	5.03	4.47%	4.81	1.66	3.46	0.01
6	Rihand-1 STPS	1.856	62.69	6.84%	58.40	8.95	1.53	-1.89
7	Rihand-2 STPS	1.652	72.93	6.83%	67.95	10.40	1.53	-0.83
8	Rihand-3 STPS	1.542	84.30	6.81%	78.56	12.09	1.54	-0.03
9	Kahalgaoon-II	2.595	47.67	4.56%	45.49	10.74	2.36	-1.06
10	Jhajjar Aravali	3.730	8.46	3.88%	8.13	2.37	2.92	-0.66
11	Anta Gas	3.155	6.09	5.05%	5.78	1.53	2.65	-0.29
12	Auraiya Gas	3.810	3.23	5.31%	3.06	1.05	3.43	-0.12
13	Dadri Gas	3.351	15.17	5.21%	14.38	4.48	3.11	-0.34
<b>Total</b>			<b>676.41</b>	<b>6.42%</b>	<b>632.96</b>	<b>135.39</b>	<b>2.14</b>	<b>8.59</b>

- 1.4 UPCL had earlier, vide its letters dated 19.07.2016, 22.10.2016 & 24.01.2017 submitted the details of FCA to be charged from the consumers for Quarter 1, Quarter 2 & Quarter 3 of FY 2016-17 respectively, as summarized below.

S. No.	Period	Excess of Actual Fuel Cost (Rs. Crore)
1.	April 2016 to June 2016	-5.66
2.	July 2016 to September 2016	4.44
3.	October 2016 to December 2016	4.82
<b>Total</b>		<b>3.60</b>

UPCL vide its aforesaid letters also submitted the following:

- a) As the FCA was negative for Quarter 1 of FY 2016-17 therefore no FCA had been

levied on the consumers for the quarter ending September 2016.

- b) As the FCA was negative cumulatively for Quarter 1 & Quarter 2 of FY 2016-17, therefore no FCA had been levied on the consumers for the quarter ending December 2016.
- c) As the value of FCA cumulatively for Quarter 1, Quarter 2 & Quarter 3 of FY 2016-17 was very nominal i.e. Rs. 0.01/unit, therefore it had not been charged from the consumers for the quarter ending March 2017. UPCL further requested before the Commission to allow carry forward of the same to the next quarter.

1.5 In view of above, total FCA recoverable during April, 2017 to June, 2017 as claimed by the Petitioner is as follows:

Carry forward of FCA from the quarter ending December 2016	Rs. 3.60 Crore
FCA for the quarter ending March 2017	Rs. 8.59 Crore
<b>Total</b>	<b>Rs. 12.19 Crore</b>

1.6 UPCL submitted that the sales data for Quarter ending June 2017 is based on the information received from the Commission vide letter dated 18.04.2017 and, accordingly, the estimated sales for the first Quarter of FY 2016-17 has been considered as 3078 MU.

1.7 UPCL, in its Petition, had worked out the average rate of FCA of Rs. 0.04/kWh (Rs. 12.19 Crore/3078 MU).

1.8 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 April-June, 2017 by UPCL is enclosed as **Annexure-I**.

1.9 The Commission vide its Order dated 16.05.2017 admitted the Petition.

## **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 where FCA is attracted for each month of all the four quarters of FY 2016-17. 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 computed for each such generating stations has been calculated. Based on the above, the amount of FCA for all the four quarters of FY 2016-17 has been worked out as given in the Tables below:

**Table 2.1: FCA for the First quarter (April-June, 2016) 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	158.67	21.07	150.60	1.40	1.35	0.71
2	F G Unchahar-1	57.82	16.30	55.19	2.95	2.67	1.58
3	F G Unchahar-2	32.19	9.10	30.73	2.96	2.64	0.97
4	F G Unchahar-3	26.66	7.52	25.43	2.96	2.64	0.80
5	N C T Dadri:2	14.64	4.47	14.14	3.16	3.45	-0.42
6	Rihand-1 STPS	57.59	8.61	54.59	1.58	1.86	-1.53
7	Rihand-2 STPS	70.86	10.39	67.21	1.55	1.65	-0.71
8	Rihand-3 STPS	76.24	10.96	72.28	1.52	1.54	-0.18
9	Kahalgaon-II	55.51	11.91	53.50	2.23	2.60	-1.98
10	JhajjarAravali	12.27	3.84	11.85	3.24	3.73	-0.58
11	Anta Gas	6.34	1.62	6.05	2.69	3.16	-0.28
12	Auraiya Gas	11.17	3.77	10.66	3.54	3.81	-0.29
13	Dadri Gas	27.15	7.39	26.20	2.83	3.35	-1.37
14	NTPC-Barh	-	-	-	-	-	-
<b>Total</b>		<b>607.12</b>	<b>116.96</b>	<b>578.42</b>	<b>-</b>	<b>-</b>	<b>-3.27</b>

**Table 2.2: FCA for the Second quarter (July-September, 2016) 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	192.19	29.36	184.30	1.59	1.35	4.44
2	F G Unchahar-1	52.89	14.36	50.88	2.82	2.67	0.80
3	F G Unchahar-2	37.57	10.18	36.14	2.82	2.64	0.63
4	F G Unchahar-3	23.93	6.48	23.02	2.82	2.64	0.40
5	N C T Dadri:2	15.86	4.85	15.41	3.15	3.45	-0.47
6	Rihand-1 STPS	76.68	12.95	73.38	1.77	1.86	-0.67
7	Rihand-2 STPS	70.95	12.52	67.85	1.85	1.65	1.31
8	Rihand-3 STPS	74.88	12.77	71.63	1.78	1.54	1.73
9	Kahalgaon-II	50.33	12.16	48.69	2.50	2.60	-0.47
10	JhajjarAravali	5.99	1.99	5.81	3.43	3.73	-0.17
11	Anta Gas	13.16	3.47	12.61	2.75	3.16	-0.51
12	Auraiya Gas	9.51	3.20	9.16	3.50	3.81	-0.29
13	Dadri Gas	20.98	6.03	20.41	2.95	3.35	-0.81
14	NTPC-Barh	-	-	-	-	-	-
<b>Total</b>		<b>644.92</b>	<b>130.35</b>	<b>619.30</b>	<b>-</b>	<b>-</b>	<b>5.92</b>

**Table 2.3: FCA for the Third quarter (October–December, 2016) 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	185.43	28.26	175.87	1.61	1.35	4.48
2	F G Unchahar-1	43.99	12.85	41.84	3.07	2.67	1.69
3	F G Unchahar-2	31.44	9.13	29.95	3.05	2.64	1.21
4	F G Unchahar-3	22.05	6.40	21.01	3.04	2.64	0.85
5	N C T Dadri:2	10.57	3.31	10.09	3.29	3.45	-0.17
6	Rihand-1 STPS	69.70	12.06	66.00	1.83	1.86	-0.19
7	Rihand-2 STPS	60.84	10.46	57.56	1.82	1.65	0.95
8	Rihand-3 STPS	56.70	9.81	53.53	1.83	1.54	1.55
9	Kahalgaon-II	57.02	13.23	54.94	2.41	2.60	-1.03
10	JhajjarAravali	2.42	0.76	2.34	3.24	3.73	-0.11
11	Anta Gas	6.52	1.56	6.24	2.51	3.16	-0.40
12	Auraiya Gas	1.52	0.50	1.46	3.44	3.81	-0.05
13	Dadri Gas	26.56	7.24	25.60	2.83	3.35	-1.34
14	NTPC-Barh	-	-	-	-	-	-
<b>Total</b>		<b>574.77</b>	<b>115.56</b>	<b>546.43</b>	<b>-</b>	<b>-</b>	<b>7.43</b>

**Table 2.4: FCA for the Fourth quarter (January- March, 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	194.74	26.28	181.46	1.45	1.35	1.75
2	F G Unchahar-1	86.88	27.38	81.44	3.36	2.67	5.66
3	F G Unchahar-2	55.70	17.48	52.14	3.35	2.64	3.70
4	F G Unchahar-3	33.52	10.52	31.36	3.36	2.64	2.24
5	N C T Dadri:2	5.03	1.68	4.81	3.49	3.45	0.02
6	Rihand-1 STPS	62.69	8.98	58.40	1.54	1.86	-1.86
7	Rihand-2 STPS	72.93	10.41	67.95	1.53	1.65	-0.81
8	Rihand-3 STPS	84.30	12.15	78.56	1.55	1.54	0.04
9	Kahalgaon-II	47.67	10.74	45.49	2.36	2.60	-1.06
10	JhajjarAravali	8.46	2.41	8.13	2.96	3.73	-0.62
11	Anta Gas	6.09	1.53	5.78	2.65	3.16	-0.29
12	Auraiya Gas	3.23	1.05	3.06	3.43	3.81	-0.12
13	Dadri Gas	15.17	4.48	14.38	3.11	3.35	-0.34
14	NTPC-Barh	-	-	-	-	-	-
<b>Total</b>		<b>676.41</b>	<b>135.10</b>	<b>632.96</b>	<b>-</b>	<b>-</b>	<b>8.30</b>

2.7 On UPCL's request and considering the fact that FCA recoverable in the previous three quarters of FY 2016-17 was relatively small as compared to the overall ARR for FY 2016-17, the Commission deferred the recovery of the same for the fourth quarter of FY 2016-17. Accordingly, UPCL instead of the FCA of Rs. 12.19 Crore as claimed by it should have recovered the total FCA of Rs. 18.38 Crore as summarized below:

**Table 2.5: Summary of FCA allowable to be recovered during April-June, 2017 as approved by the Commission**

<b>S. No.</b>	<b>Period</b>	<b>FCA approved by the Commission</b>
1.	April 2016 to June 2016	-3.27
2.	July 2016 to September 2016	5.92
3.	October 2016 to December 2016	7.43
4.	April 2017 to March 2017	8.30
<b>Total</b>		<b>18.38</b>

- 2.8 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 first 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 3726.23 MU for the first quarter of FY 2017-18, i.e. for April-June, 2017 has worked out the sales of 3078.25 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 first quarter of FY 2017-18 works out to Rs. 0.06/kWh against Rs. 0.04/kWh claimed by UPCL.
- 2.9 It is apparent that Petitioner has raised FCA bills in accordance with its O.M. dated 22.04.2017. Apparently the rate of FCA calculated and charged by UPCL for such consumer categories is lower 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.”*
- 2.10 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.
- 2.11 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.

2.12 Ordered accordingly.

**(Subhash Kumar)**  
**Chairman**

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

S. No.	Category	Rate of FCA
<b>1</b>	<b>Domestic (RTS -1)</b>	
1.1	Lifeline Consumers	Rs. 0.02/kWh
1.2	Other Consumers	Rs. 0.03/kWh
1.3	Single Point Bulk Supply	Rs. 0.04/kWh
<b>2</b>	<b>Non- Domestic (RTS-2)</b>	
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. 0.04/kWh
	b. Above 25 kW	Rs. 0.04/kVAh
2.2	Other Non-Domestic/Commercial Users	
	a. Upto 4 kW and consumption upto 50 units p.m.	Rs. 0.04/kWh
	b. Upto 25 kW	Rs. 0.05/kWh
	c. Above 25 kW	Rs. 0.05/kVAh
2.3	Single Point Bulk Supply	Rs. 0.05/kVAh
2.4	Independent Advertisement Hoardings	Rs. 0.05/kWh
<b>3</b>	<b>Public Lamps (RTS - 3)</b>	<b>Rs. 0.04/ kVAh</b>
<b>4</b>	<b>Private Tubewell/Pump Sets (RTS -4)</b>	<b>Rs. 0.01/ kWh</b>
<b>4 A</b>	<b>Agriculture Allied Activities (RTS - 4A)</b>	<b>Rs. 0.01/ kWh</b>
<b>5</b>	<b>Government Irrigation System (RTS-5)</b>	
5.1	Upto 75 Kw	Rs. 0.04/kVAh
5.2	Above 75 Kw	Rs. 0.05/kVAh
<b>6</b>	<b>Public Water Works (RTS -6)</b>	<b>Rs. 0.04/kVAh</b>
<b>7</b>	<b>Industrial Consumers (RTS-7)</b>	
7.1	LT Industries upto 100 BHP/75 kW/88 kVA	
	a. Upto 25 kW	Rs. 0.04/kWh
	b. Above 25 kW and Upto 75 kW	Rs. 0.05/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. 0.05/kVAh
	Load factor above 40%	Rs. 0.05/kVAh
	b. Contracted Load More than 1000 kVA	
	Load factor upto 40%	Rs. 0.04/kVAh
	Load factor above 40%	Rs. 0.05/kVAh
<b>8</b>	<b>Mixed Load (RTS-8)</b>	<b>Rs. 0.04/ kWh</b>
<b>9</b>	<b>Railway Traction (RTS-9)</b>	<b>Rs. 0.05/kVAh</b>