

Before

UTTARAKHAND ELECTRICITY REGULATORY COMMISSION

Petition No. 43 of 2018

In the matter of:

Application seeking approval of the Fuel Charge Adjustment (FCA) to be charged from the consumers for the period from 01.07.2018 to 30.09.2018.

In the matter of:

Uttarakhand Power Corporation Ltd.

... Petitioner

CORAM

Shri Subhash Kumar Chairman

Date of Order: September 24, 2018

This Order relates to the Petition dated 30.07.2018 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 01.07.2018 to 30.09.2018.

1. Background

- 1.1 The Licensee vide its Petition dated 30.07.2018 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 2018-19. In this regard, UPCL vide its O.M. No. 2916/UPCL/

RM/B-15 dated 24.07.2018 issued the rate of FCA to be recovered from different consumer categories during the period from July, 2018 to September, 2018.

- 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, station wise energy at State periphery has been considered as per the details provided by SLDC. UPCL submitted the following station-wise details of FCA for the period from April, 2018 to June, 2018:

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	1.525	134.32	3.82%	129.19	17.70	1.37	-2.00
2	F G Unchahar-I	3.081	58.49	2.34%	57.12	16.23	2.84	-1.37
3	F G Unchahar-2	3.081	27.51	2.11%	26.93	7.67	2.85	-0.63
4	F G Unchahar-3	3.081	14.69	2.31%	14.35	4.15	2.89	-0.27
5	N C T Dadri:2	3.484	4.67	2.31%	4.56	1.45	3.18	-0.14
6	Rihand-1 STPS	1.514	55.80	3.83%	53.66	7.18	1.34	-0.94
7	Rihand-2 STPS	1.514	46.62	3.61%	44.94	6.02	1.34	-0.78
8	Rihand-3 STPS	1.536	68.56	3.65%	66.06	8.98	1.36	-1.17
9	Kahalgaoon-II	2.525	40.22	2.70%	39.14	8.52	2.18	-1.36
10	Jhajjar Aravali	3.573	24.89	1.96%	24.40	8.31	3.41	-0.41
11	Anta Gas	3.952	0.44	6.14%	0.41	0.38	9.20	0.22
12	Auraiya Gas	3.952	0.90	2.89%	0.87	0.43	4.92	0.08
13	Dadri Gas	3.713	19.21	1.94%	18.84	9.63	5.11	2.64
14	Gama Infraprop	4.066	173.40	0.00%	173.40	89.02	5.13	18.52
15	Shravanthi Energy	4.066	310.34	0.00%	310.34	152.75	4.92	26.57
16	NTPC-Barh	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total			980.06	3.19%	964.21	338.42	3.51	38.94

- 1.4 UPCL had earlier, vide its letter dated 20.04.2018 submitted the details of FCA to be charged from the consumers during Quarter 1 of the FY 2018-19 as summarized below;

S. No.	Particulars	Amount (Rs. Crore)
1.	Carry forward of FCA from the Quarter ending December, 2017 vide UERC's Order dated 13.03.2018	2.68
2.	Over recovery of FCA during last quarter of FY 2017-18 against the FCA approved by the Commission (Rs. 23.29 Crore - Rs. 21.72 Crore)	-1.57
3.	FCA for the quarter ending March, 2018	-10.82
Total FCA to be recovered during the quarter ending June, 2018		-9.71

UPCL vide its aforesaid letter also submitted that as the FCA to be recovered during the quarter ending June, 2018 is negative, no FCA is being charged from April,

2018.

- 1.5 UPCL further submitted that it had assessed and recovered FCA amounting to Rs. 5.72 Crore during first quarter of FY 2018-19 as detailed below:

Category		Billed Value (Rs.)
RTS-1	Domestic	81,88,047.85
RTS-2	Non-Domestic	50,10,223.11
RTS-3	Public Lamps	25,64,084.56
RTS-4	Private Tubewells	3,65,651.75
RTS- 4 A	Agriculture Allied Activities	14,058.91
RTS-5	Government Irrigation System	3,99,31,272.99
RTS-6	Public Water Works	7,46,765.39
RTS-7	LT&HT Industry	1,41,092.00
RTS-8	Mixed Load	2,70,211.84
Total		5,72,31,408.40

- 1.6 The Petitioner also claimed the carry forward of FCA from quarter ending March, 2018 amounting to Rs. (9.71) Crore.
- 1.7 In view of the above, total FCA recoverable during July, 2018 to September, 2018 as claimed by the Petitioner is as follows:

Carry forward of FCA from quarter ending March, 2018	Rs. -9.71 Cr.
Recovery of FCA during the quarter ending June, 2018	Rs. -5.72 Cr.
FCA for the quarter ending June, 2018	Rs. 38.94 Cr.
Total FCA to be recover during the quarter ending September, 2018	Rs. 23.51 Cr.

- 1.8 UPCL has submitted that the sales data for Quarter ending September 2018 is based on the information received from the Commission vide letter dated 10.04.2018 and, accordingly, the estimated sales for the second Quarter of FY 2018-19 has been considered as 3136.72 MU.
- 1.9 UPCL, in its Petition, has worked out the average rate of FCA of Rs. 0.07/kWh (Rs. 23.51Crore/3136.72 MU).
- 1.10 UPCL submitted that for computation of category wise FCA, it has considered the ABR of the consumer categories as approved by the Commission in its Tariff Order dated 21.03.2018 for FY 2018-19. 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, 2018 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 fourth quarter of FY 2017-18 and first quarter of FY 2018-19. 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 has 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. Based on the above, the amount of FCA for the fourth quarter of FY 2017-18 and first quarter of FY 2018-19 has been worked out as given in the Tables below:

Table 2.1: FCA for the fourth quarter of FY 2017-18 (January–March, 2018) 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	157.69	21.52	147.68	1.46	1.57	-1.60
2	F G Unchahar-1	56.78	15.19	54.15	2.81	2.91	-0.56
3	F G Unchahar-2	25.78	6.78	24.58	2.76	2.89	-0.33
4	F G Unchahar-3	20.82	5.47	19.85	2.76	2.90	-0.28
5	N C T Dadri:2	5.83	1.72	5.57	3.09	3.16	-0.04
6	Rihand-1 STPS	63.57	8.17	59.50	1.37	1.77	-2.36
7	Rihand-2 STPS	65.44	8.39	61.37	1.37	1.78	-2.50
8	Rihand-3 STPS	75.12	9.82	70.49	1.39	1.76	-2.55
9	Kahalgaon-II	50.46	12.41	48.52	2.56	2.48	0.40
10	JhajjarAravali	17.16	5.25	16.43	3.19	3.88	-1.13
11	Anta Gas	4.64	1.28	4.34	2.94	2.54	0.18
12	Auraiya Gas	2.31	0.82	2.14	3.84	3.30	0.11
13	Dadri Gas	12.43	4.09	11.93	3.42	2.75	0.80
14	Gama Infraprop	0.00	0.00	0.00	0.00	3.20	0.00
15	Shravanthi Energy	0.00	0.00	0.00	0.00	3.20	0.00
16	NTPC-Barh	0.00	0.00	0.00	0.00	0.00	
Total		558.03	100.92	526.54	-	-	-9.85

Table 2.2: FCA for the first quarter of FY 2018-19 (April–June, 2018) 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	134.32	17.98	129.19	1.39	1.525	-1.72
2	F G Unchahar-1	58.48	16.39	57.13	2.87	3.081	-1.22
3	F G Unchahar-2	27.50	7.73	26.93	2.87	3.081	-0.56
4	F G Unchahar-3	14.69	4.17	14.35	2.91	3.081	-0.25
5	N C T Dadri:2	4.67	1.46	4.56	3.20	3.484	-0.13
6	Rihand-1 STPS	55.80	7.13	53.66	1.33	1.514	-1.00
7	Rihand-2 STPS	46.62	5.96	44.94	1.33	1.514	-0.85
8	Rihand-3 STPS	68.56	8.91	66.06	1.35	1.536	-1.24
9	Kahalgaon-II	40.23	8.52	39.14	2.18	2.525	-1.36
10	JhajjarAravali	24.90	8.28	24.40	3.39	3.573	-0.44
11	Anta Gas	0.44	0.38	0.41	9.25	3.952	0.22
12	Auraiya Gas	0.90	0.43	0.87	4.96	3.952	0.09
13	Dadri Gas	19.20	9.82	18.84	5.21	3.713	2.83
14	Gama Infraprop	173.40	89.02	173.40	5.13	4.066	18.52
15	Shravanthi Energy	310.34	152.75	310.34	4.92	4.066	26.57
16	NTPC-Barh	0.00	0.00	0.00	0.00		
Total		980.05	338.94	964.23	-	-	39.46

2.7 UPCL had earlier vide its letter dated 20.04.2018 submitted that against the allowed FCA of Rs. 21.72 Crore to be recovered during the fourth quarter of FY 2017-18, it assessed an amount of Rs. 23.29 Crore and has, therefore, requested that the over recovery of FCA

amounting to Rs. 1.57 Crore, be allowed to be adjusted during the second quarter of FY 2018-19. In this regard, the Commission observed that UPCL vide its letter dated 11.04.2018 provided the details of category wise FCA billed for the 4th quarter of FY 2017-18 which is in conformity with the submission made by UPCL in this regard in the current Petition. Accordingly, the Commission is of the view that as the same is in line with the submissions made earlier by the UPCL, therefore, the Commission is allowing UPCL the adjustment of Rs. 1.57 Crore towards the over recovered FCA amount during the fourth quarter of FY 2017-18.

2.8 UPCL has further submitted that it had recovered FCA of an amount of Rs. 5.72 Crore during the first quarter of FY 2018-19 and requested that the over recovery of FCA amounting to Rs. 5.72 Crore be allowed to be adjusted during the second quarter of FY 2018-19. In this regard, the Commission is of the view that the amount of FCA of Rs. 5.72 Crore over recovered by UPCL cannot be verified at this stage since commercial diary of UPCL for the 1st quarter (2018-19) is not yet finalised and, accordingly, the amount of FCA over recovered cannot be validated. Hence, the Commission is allowing UPCL the adjustment of Rs. 5.72 Crore towards the over recovered 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.

2.9 Further, in compliance to the direction given by the Commission in the order dated 13.03.2018, UPCL was required to submit the details of category wise energy sold and FCA billed for the third quarter of FY 2017-18. The relevant extract of the order is reproduced as under:

“UPCL has submitted that, against the allowed FCA of Rs. 34.31 Crore to be recovered during the third quarter of FY 2017-18, it could assess only Rs. 32.24 Crore and has, therefore, requested that the under recovery of FCA amounting to Rs. 2.07 Crore, be allowed to be recovered during the fourth quarter of FY 2017-18. In this regard, the Commission is of the view that the assessed amount of Rs. 32.24 Crore claimed by UPCL cannot be verified at this stage since commercial diary of UPCL for the 3rd quarter (2017- 18) is not yet finalised and, accordingly, the amount of FCA under recovered cannot be validated. Hence, the Commission is allowing UPCL the recovery of Rs. 2.07 Crore towards

the unrecovered FCA amount during the third quarter as ad-interim. However, UPCL is directed to submit the details of category wise energy sold and FCA billed for the third 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.”

UPCL in compliance to same vide its letter dated 11.04.2018 submitted the details of the category wise FCA billed and category wise energy sold for the third quarter of FY 2017-18 and submitted that the same was in conformity with the submissions earlier made by it. In this regard, the Commission is of the view that as the same is in line with the earlier submissions made by the UPCL, therefore no adjustment with respect to the same is required to be made in the current order.

2.10 Further, in line with the Commission’s order dated 13.03.2018 and as claimed by UPCL, the Petitioner is allowed to recover the amount of unclaimed FCA carried forward from the fourth quarter of FY 2017-18 amounting to Rs. 2.68 Crore during the second quarter of FY 2018-19. 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 from various consumer categories at the rates submitted by it and as indicated at Annexure-I during the fourth quarter of FY 2017-18. Balance unclaimed FCA of Rs. 2.68 Crore should be adjusted in the FCA charges of the fourth quarter of FY 2017-18.”

Accordingly, against the FCA claim of UPCL for Rs. 23.51 Crore, the Commission allows recovery of FCA of Rs. 22.32 Crore as summarized below:

Table 2.3: Summary of FCA allowable to be recovered during July-September, 2018 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 March, 2018 vide Commission’s order dated 13.03.2018	2.68
2.	Over recovery of FCA during fourth quarter of FY 2017-18 (Rs. 19.04 Crore – Rs. 23.29 Crore)	-4.25
3.	Over recovery of FCA during first quarter of FY 2018-19	-5.72
4.	FCA for the quarter ending March 2018	-9.85
5.	FCA for the quarter ending June 2018	39.46
Total		22.32

2.11 For the purpose of computation of the rate of FCA to be charged from the consumers, the Commission has considered the sales of 3136.72 MU approved by it for the second quarter

of FY 2018-19, i.e. for July-Sep, 2018 which is also the same adopted by UPCL in its Petition. Accordingly, the rate of FCA to be recoverable during second quarter of FY 2018-19 works out to Rs. 0.0712/kWh against Rs. 0.0750/kWh claimed by UPCL.

2.12 It is apparent that the Petitioner has raised FCA bills in accordance with its O.M. dated 24.07.2018. 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.”

2.13 Accordingly, the Petitioner is hereby allowed to recover the FCA amount to the extent claimed by it from various consumer categories at the rates submitted by it and as indicated at Annexure-I during the second quarter of FY 2018-19. Balance over recovered FCA of Rs. 1.19 Crore should be adjusted in the FCA charges of the second quarter of FY 2018-19.

2.14 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.

2.15 Ordered accordingly.

(Subhash Kumar)
Chairman

Category-wise FCA proposed to be charged during the second quarter of FY 2018-19

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>	Rs. 0.03/kWh
1.2	<i>Consumers (Metered) (RTS-1)</i>	Rs. 0.06/kWh
2	Non Domestic (RTS-2)	Rs. 0.08/kWh
		Rs. 0.08/kVAh
3	Public Lamps (RTS-3)	Rs. 0.07/kVAh
4	PTW/Pumping Sets (RTS-4) / Agriculture Allied Activities (RTS-4A)	Rs. 0.03/kWh
5	Industry (RTS-5)	
5.1	<i>LT Industries</i>	Rs. 0.08/kWh
		Rs. 0.07/kVAh
5.2	<i>HT Industries</i>	Rs. 0.07/kVAh
6	Mixed Load (RTS-6)	Rs. 0.07/kWh
7	Railway Traction (RTS-7)	Rs. 0.07/kVAh