

Before

UTTARAKHAND ELECTRICITY REGULATORY COMMISSION

Petition No. 46 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 01.10.2018 to 31.12.2018.

In the matter of:

Uttarakhand Power Corporation Ltd.

... Petitioner

CORAM

Shri Subhash Kumar Chairman

Date of Order: November 09, 2018

This Order relates to the Petition dated 22.10.2018 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 01.10.2018 to 31.12.2018.

1. Background

- 1.1 The Licensee vide its Petition dated 22.10.2018 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 variable cost of power purchase vis-a-vis the approved variable cost of power purchase for the second quarter of FY 2018-19. In this regard, UPCL vide its O.M. No. 3868/UPCL/ RM/B-15 dated 20.10.2018 issued the rate of

FCA to be recovered from different consumer categories during the period from October, 2018 to December, 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 July, 2018 to September, 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=vi/vi</i>	<i>ix= (viii-iii)*vi</i>
1	Singrauli	1.525	167.53	3.72%	161.30	23.65	1.47	-0.95
2	F G Unchahar-I	3.081	62.49	2.89%	60.69	18.07	2.98	-0.63
3	F G Unchahar-2	3.081	39.22	2.84%	38.10	11.41	2.99	-0.33
4	F G Unchahar-3	3.081	25.55	2.86%	24.82	7.39	2.98	-0.26
5	N C T Dadri:2	3.484	0.00	0.00%	0.00	0.00		0.00
6	Rihand-1 STPS	1.514	68.62	3.71%	66.07	9.16	1.39	-0.84
7	Rihand-2 STPS	1.514	63.20	3.69%	60.87	8.40	1.38	-0.82
8	Rihand-3 STPS	1.536	70.43	4.07%	67.56	9.54	1.41	-0.84
9	Kahalgaon-II	2.525	37.27	2.91%	36.19	8.35	2.31	-0.79
10	Jhajar Aravali	3.573	0.00	0.00%	0.00	0.00	0.00	0.00
11	Anta Gas	3.952	0.13	4.77%	0.12	0.11	8.89	0.06
12	Auraiya Gas	3.952	1.64	5.00%	1.56	0.85	5.46	0.23
13	Dadri Gas	3.713	6.24	2.68%	6.07	2.32	3.82	0.07
14	Gama Infraprop	4.066	21.28	0.00%	21.28	10.91	5.13	2.26
15	Shravanthi Energy	4.066	49.11	0.00%	49.11	24.62	5.01	4.65
16	Beta Power	3.500		0.00%	0.00	0.00		0.00
Total			612.71	3.50%	593.74	134.78	2.27	1.82

- 1.4 UPCL further submitted that against the approved FCA of Rs. 22.32 Crore to be recovered during the second quarter of FY 2018-19, UPCL assessed only Rs. 13.76 Crore as detailed below:

Category		Billed Value (Rs.)
RTS-1	Domestic	2,72,29,499.36
RTS-2	Non-Domestic	1,95,78,774.41
RTS-3	Public Lamps	61,30,207.87
RTS-4	Private Tubewells	2,006.93
RTS- 4 A	Agriculture Allied Activities	77,466.00
RTS-5	Government Irrigation System	8,17,81,043.60
RTS-6	Public Water Works	19,93,550.02

RTS-7	LT&HT Industry	3,27,320.00
RTS-8	Mixed Load	4,37,057.56
Total		13,75,56,925.75

- 1.5 The Petitioner also claimed the carry forward of FCA from the quarter ending June, 2018 on account of the difference between the FCA of Rs. 22.32 Crore approved by the Commission in its Order dated 24.09.2018 against the claim of Rs. 23.51 Crore submitted by UPCL for the same quarter, amounting to Rs. -1.19 Crore.
- 1.6 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 June, 2018	Rs. -1.19 Crore
Under recovery of FCA during the quarter ending September, 2018 (Rs. 22.32 Crore - Rs. 13.76 Crore)	Rs. 8.56 Crore
FCA for the quarter ending September, 2018	Rs. 1.82 Crore
Total FCA to be recover during the quarter ending December, 2018	Rs. 9.19 Crore

- 1.7 UPCL submitted that the sales data for the Quarter ending December 2018 is based on the information received from the Commission vide letter dated 10.04.2018 and, accordingly, the estimated sales for the third Quarter of FY 2018-19 has been considered as 2975.99 MU.
- 1.8 UPCL, in its Petition, has worked out the average rate of FCA of Rs. 0.03/kWh (Rs. 9.19 Crore/2975.99 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 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 October-December, 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 purchase and monthly bills raised on UPCL by the Central Sector Thermal generating stations and Gas based generating stations where FCA is attracted for third 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 second quarter of FY 2018-19 has been worked out as given in the Table below:

Table 2.1: FCA for the second quarter of FY 2018-19 (July–September, 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	167.53	23.45	161.30	1.45	1.525	-1.15

2	F G Unchahar-1	62.49	18.50	60.69	3.05	3.081	-0.19
3	F G Unchahar-2	39.23	11.70	38.10	3.07	3.081	-0.04
4	F G Unchahar-3	25.55	7.58	24.81	3.05	3.081	-0.07
5	N C T Dadri:2	0.00	0.00	0.00	0.00	3.484	0.00
6	Rihand-1 STPS	68.62	9.14	66.07	1.38	1.514	-0.86
7	Rihand-2 STPS	63.21	8.38	60.87	1.38	1.514	-0.83
8	Rihand-3 STPS	70.43	9.52	67.56	1.41	1.536	-0.86
9	Kahalgaon-II	37.27	8.34	36.19	2.30	2.525	-0.80
10	Jhajjar Aravali	0.00	0.00	0.00	0.00	3.573	0.00
11	Anta Gas	0.13	0.11	0.12	9.16	3.952	0.06
12	Auraiya Gas	1.63	0.85	1.56	5.47	3.952	0.24
13	Dadri Gas	6.24	2.32	6.07	3.82	3.713	0.06
14	GIPL	21.57	10.91	21.57	5.06	4.066	2.14
15	SEPL	49.50	24.62	49.50	4.97	4.066	4.49
16	NTPC-Barh	0.00	0.00	0.00	0.00	0.00	0.00
Total		613.39	135.42	594.41	-	-	2.19

2.7 UPCL had submitted that against the allowed FCA of Rs. 22.32 Crore to be recovered during the second quarter of FY 2018-19, it assessed an amount of Rs. 13.76 Crore and has, therefore, requested that the under recovery of FCA amounting to Rs. 8.56 Crore, be allowed to be adjusted during the third quarter of FY 2018-19. In this regard, the Commission is of the view that the amount of FCA of Rs. 8.56 Crore under recovered by UPCL cannot be verified at this stage since the commercial diary of UPCL for the 2nd quarter (2018-19) is not yet finalised and, accordingly, the amount of FCA under recovered cannot be validated. Hence, the Commission is allowing UPCL the adjustment of Rs. 8.56 Crore towards the under recovered FCA amount during the second quarter as ad-interim. However, UPCL is directed to submit the details of category wise energy sold and FCA billed for the second 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 compliance to the direction given by the Commission in the order dated 24.09.2018, UPCL was required to submit the details of category wise energy sold and FCA billed for the first quarter of FY 2018-19. The relevant extract of the order is reproduced as under:

“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."

UPCL has not submitted any information in this regard as the commercial diary for the first quarter of FY 2018-19 is not yet finalised. In this regard, the Commission once again directs UPCL to submit the same 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. Accordingly, no adjustment with respect to the same is required to be made in the current order.

2.9 Further, in line with the Commission's Order dated 24.09.2018 wherein Rs. 22.32 Crore was approved as FCA for First quarter of FY 2018-19 against which UPCL has submitted that it has assessed and recovered Rs. 13.76 Crore during second quarter of FY 2018-19. Now FCA of Rs. 2.19 Crore is hereby approved for second quarter of FY 2018-19 to be recovered in third quarter of FY 2018-19. Based on the above, against the FCA claim of UPCL for Rs. 9.19 Crore, the Commission allows recovery of FCA of Rs. 10.75 Crore as summarized below:

Table 2.2: Summary of FCA allowable to be recovered during October-December, 2018 as approved by the Commission

S. No.	Period	FCA approved by the Commission (Rs. in Crore)
1.	Under recovery of FCA during second quarter of FY 2018-19 (Rs. 22.32 Crore – Rs. 13.76 Crore)	8.56
2.	FCA for the quarter ending September 2018	2.19
Total		10.75

2.10 For the purpose of computation of the rate of FCA to be charged from the consumers, the Commission has considered the sales of 2975.99 MU approved by it for the third quarter of FY 2018-19, i.e. for October-December, 2018 which is also the same adopted by UPCL in its Petition. Accordingly, the rate of FCA to be recoverable during third quarter of FY 2018-19

works out to Rs. 0.04/kWh against Rs. 0.03/kWh claimed by UPCL.

2.11 It is apparent that the Petitioner has raised FCA bills in accordance with its O.M. dated 20.10.2018. Apparently the rate of FCA calculated and charged by UPCL for the 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.”

2.12 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 third quarter of FY 2018-19. Balance under recovered FCA of Rs. 1.56 Crore shall be adjusted in the FCA charges of the third quarter of FY 2018-19.

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 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. 0.01/kWh
1.2	<i>Consumers (Metered) (RTS-1)</i>	Rs. 0.02/kWh
2	Non Domestic (RTS-2)	Rs. 0.03/kWh
		Rs. 0.03/kVAh
3	Public Lamps (RTS-3)	Rs. 0.03/kVAh
4	PTW/Pumping Sets (RTS-4) / Agriculture Allied Activities (RTS-4A)	Rs. 0.01/kWh
5	Industry (RTS-5)	
5.1	<i>LT Industries</i>	Rs. 0.03/kWh
		Rs. 0.03/kVAh
5.2	<i>HT Industries</i>	Rs. 0.03/kVAh
6	Mixed Load (RTS-6)	Rs. 0.03/kWh
7	Railway Traction (RTS-7)	Rs. 0.03/kVAh