

Before

UTTARAKHAND ELECTRICITY REGULATORY COMMISSION

Petition No. 31 of 2019

In the matter of:

Application seeking approval of the Fuel Charge Adjustment (FCA) to be charged from the consumers for the period from 01.07.2019 to 30.09.2019.

In the matter of:

Uttarakhand Power Corporation Ltd.

... Petitioner

CORAM

Shri D.P. Gairola Member (Law)

Shri M.K.Jain Member (Technical)

Date of Order: August 14, 2019

This Order relates to the Petition dated 26.07.2019 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, 2018 seeking approval of the Fuel Charge Adjustment (FCA) to be charged from the consumers during the period 01.07.2019 to 30.09.2019.

1. Background

- 1.1 The Licensee vide its Petition dated 26.07.2019 while referring to UERC (Terms and conditions for Determination of Tariff) Regulations, 2018 (hereinafter referred to as “MYT Regulations 2018”) 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 first quarter of FY 2019-20. In this regard, UPCL vide its O.M. No. 2349/UPCL/ RM/B-15 dated 22.07.2019 issued the rate of

FCA to be recovered from different consumer categories during the period from July, 2019 to August, 2019.

- 1.3 UPCL submitted that for computation of correct values of energy received at State periphery, in compliance to the Commission's direction, 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, 2019 to June, 2019:

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	1.665	160.18	4.65%	152.73	22.79	1.49	-2.64
2	F G Unchahar-I	3.312	45.74	3.61%	44.09	14.80	3.36	0.20
3	F G Unchahar-2	3.312	18.37	3.64%	17.70	5.97	3.37	0.11
4	F G Unchahar-3	3.312	14.65	3.60%	14.12	4.74	3.36	0.06
5	N C T Dadri:2	3.745	0.12	3.06%	0.12	0.05	4.22	0.01
6	Rihand-1 STPS	1.653	58.74	4.66%	56.00	7.89	1.41	-1.37
7	Rihand-2 STPS	1.653	47.28	4.68%	45.07	6.32	1.40	-1.13
8	Rihand-3 STPS	1.677	56.98	4.64%	54.33	7.57	1.39	-1.54
9	Kahalgaoon-II	2.711	26.67	2.95%	25.88	5.76	2.23	-1.26
10	Jhajjar Aravali	3.841	2.51	2.79%	2.44	0.93	3.81	-0.01
11	Anta Gas	4.338	2.85	4.44%	2.72	0.97	3.56	-0.21
12	Auraiya Gas	4.281	0.91	3.61%	0.88	0.32	3.63	-0.06
13	Dadri Gas	3.991	14.23	3.08%	13.79	4.87	3.53	-0.63
14	Gama Infraprop	5.060	191.93	0.00%	191.93	107.63	5.61	10.51
15	Shravanthi Energy	4.970	364.33	0.00%	364.33	204.35	5.61	23.28
Total			1005.50	4.31%	986.15	394.96	4.01	25.32

- 1.4 UPCL further submitted that against the approved FCA of Rs. 72.01 Crore to be recovered during the first quarter of FY 2019-20, UPCL assessed/billed Rs. 49.42 Crore as detailed below:

Category		Billed Value (Rs.)
RTS-1	Domestic	8,96,87,550.13
RTS-2	Non-Domestic	6,35,29,786.68
RTS-3	Public Lamps	2,72,01,836.45
RTS-4	Private Tubewells	2909,794.11
RTS- 4 A	Agriculture Allied Activities	143,267.88
RTS-5	Government Irrigation System	30,18,05,498.55
RTS-6	Public Water Works	58,87,829.20
RTS-7	LT&HT Industry	13,58,784.00
RTS-8	Mixed Load	16,61,762.17
Total		49,41,86,109.17

- 1.5 In view of the above, total FCA recoverable during July, 2019 to September, 2019 as

claimed by the Petitioner is as follows:

Particulars	Amount
Under recovery of FCA during the quarter ending June, 2019 (Rs. 72.01 Crore – Rs. 49.42 Crore)	Rs. 22.59 Crore
FCA for the quarter ending June, 2019	Rs. 25.32 Crore
Total FCA to be recover during the quarter ending September, 2019	Rs. 47.91 Crore

- 1.6 UPCL submitted that the sales data for the Quarter ending July 2019 is based on the information received from the Commission vide letter dated 10.04.2019 and, accordingly, the estimated sales for the second Quarter of FY 2019-20 has been considered as 3868.84 MU.
- 1.7 UPCL, in its Petition, has worked out the average rate of FCA of Rs. 0.12/kWh (Rs. 47.91 Crore/3868.84 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 its Tariff Order dated 27.02.2019 for FY 2019-20. 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, 2019 by UPCL is enclosed as **Annexure-I**.

2. Commission's views and decision

- 2.1 Section 62(4) of the Electricity Act, 2003 specifies 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, 2018 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, 2018, 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

first quarter of FY 2019-20. 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 previous approach 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 the 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 such generating stations has been calculated. Based on the above, the amount of FCA for the first quarter of FY 2019-20 has been worked out as given in the Table below:

Table 2.1: FCA for the first quarter of FY 2019-20 (April-June, 2019) 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	160.18	22.80	152.73	1.49	1.665	-2.63
2	F G Unchahar-1	45.74	14.81	44.09	3.36	3.312	0.20
3	F G Unchahar-2	18.37	5.98	17.70	3.38	3.312	0.12
4	F G Unchahar-3	14.65	4.74	14.12	3.36	3.312	0.07
5	N C T Dadri:2	0.12	0.04	0.12	3.77	3.745	0.00
6	Rihand-1 STPS	58.74	7.88	56.00	1.41	1.653	-1.37
7	Rihand-2 STPS	47.28	6.32	45.07	1.40	1.653	-1.13
8	Rihand-3 STPS	56.98	7.57	54.33	1.39	1.677	-1.54
9	Kahalgaon-II	26.67	5.75	25.88	2.22	2.711	-1.26
10	Jhajar Aravali	2.51	0.93	2.44	3.82	3.841	-0.01
11	Anta Gas	2.85	0.97	2.72	3.56	4.338	-0.21
12	Auraiya Gas	0.91	0.32	0.88	3.68	4.281	-0.05
13	Dadri Gas	14.23	4.87	13.79	3.53	3.991	-0.63
14	GIPL	191.93	107.63	191.93	5.61	5.060	10.52
15	SEPL	364.33	204.34	364.33	5.61	4.970	23.27
Total		1005.49	394.98	986.15	-	-	25.34

- 2.7 UPCL had submitted that against the allowed FCA of Rs. 72.01 Crore to be recovered during the first quarter of FY 2019-20, it assessed/billed an amount of Rs. 49.42 Crore and has, therefore, requested that the under recovery of FCA amounting to Rs. 22.59 Crore, be allowed to be adjusted during the second quarter of FY 2019-20. In this regard, the Commission is of the view that the amount of FCA of Rs. 22.59 Crore under recovered by UPCL cannot be verified at this stage since the commercial diary of UPCL for the 1st quarter (2019-20) 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. 22.59 Crore towards the under 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.
- 2.8 Further, in compliance to the direction given by the Commission in the order dated 25.06.2019, UPCL was required to submit the details of category wise energy sold and FCA billed for the fourth quarter of FY 2018-19. The relevant extract of the order is reproduced as under:

“UPCL had submitted that against the allowed FCA of Rs. 44.95 Crore to be recovered during the fourth quarter of FY 2018-19, it assessed an amount of Rs. 31.05 Crore and has, therefore, requested

that the under recovery of FCA amounting to Rs. 13.90 Crore, be allowed to be adjusted during the first quarter of FY 2019-20. In this regard, the Commission is of the view that the amount of FCA of Rs. 13.90 Crore under recovered by UPCL cannot be verified at this stage since the commercial diary of UPCL for the 4th quarter (2018-19) is not yet finalized and, accordingly, the amount of FCA under recovered cannot be validated. Hence, the Commission is allowing UPCL the adjustment of Rs. 13.90 Crore towards the under recovered 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 fourth 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 its current Petition has submitted details of category wise FCA billed during the fourth quarter of FY 2018-19, however, details of category wise energy sold during the fourth quarter of FY 2018-19 has not been submitted by UPCL. 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. Further, the Commission in its Order dated 25.06.2019 also directed UPCL to submit the category wise details regarding the FCA billed during the first three quarters of FY 2018-19, UPCL has submitted the same which is matching with the submissions made by UPCL in its earlier Petition for FCA of the respective quarters. Accordingly, no adjustment with respect to the above is required to be made in the current order.

- 2.9 FCA of Rs. 25.34 Crore is hereby approved for first quarter of FY 2019-20 to be recovered in second quarter of FY 2019-20. Based on the above, against the FCA claim of UPCL for Rs. 47.91 Crore, the Commission allows recovery of FCA of Rs. 47.93 Crore as summarized below:

Table 2.2: Summary of FCA allowable to be recovered during July-September, 2019 as approved by the Commission

S. No.	Period	FCA approved by the Commission (Rs. in Crore)
1.	Under recovery of FCA during first quarter of FY 2019-20 (Rs. 72.01 Crore – Rs. 49.42 Crore)	22.59
2.	FCA for the quarter ending June 2019	25.34
Total		47.93

- 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 3868.84 MU approved by it for the second quarter

of FY 2019-20, i.e. for July-September, 2019 which is also the same adopted by UPCL in its Petition. Accordingly, the rate of FCA to be recoverable during second quarter of FY 2019-20 works out to Rs. 0.1239/kWh against Rs. 0.1238/kWh claimed by UPCL.

2.11 It is apparent that the Petitioner has raised FCA bills in accordance with its O.M. dated 22.07.2019. 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 second quarter of FY 2019-20. Balance under recovered FCA of Rs. 0.02 Crore shall be adjusted in the FCA charges of the third quarter of FY 2019-20.

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.

(M.K. Jain)
Member (Technical)

(D.P. Gairola)
Member (Law)

Category-wise FCA proposed to be charged during the second quarter of FY 2019-20

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. 0.06/kWh
1.2	<i>Consumers (Metered) (RTS-1)</i>	Rs. 0.10/kWh
2	Non Domestic (RTS-2)	Rs. 0.14/kWh Rs. 0.13/kVAh
3	Government Public Utilities (RTS-3)	Rs. 0.12/kVAh
4	PTW/Pumping Sets (RTS-4) / Agriculture Allied Activities (RTS-4A)	Rs. 0.05/kWh
5	Industry (RTS-5)	
5.1	<i>LT Industries</i>	Rs. 0.13/kWh Rs. 0.13/kVAh
5.2	<i>HT Industries</i>	Rs. 0.13/kVAh
6	Mixed Load (RTS-6)	Rs. 0.12/kWh
7	Railway Traction (RTS-7)	Rs. 0.12/kVAh