

Before

# UTTARAKHAND ELECTRICITY REGULATORY COMMISSION

Petition No. 35 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 01.10.2019 to 31.12.2019.

**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: November 14, 2019**

This Order relates to the Petition dated 21.10.2019 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 01.10.2019 to 31.12.2019.

## **1. Background**

- 1.1 The Licensee vide its Petition dated 21.10.2019 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 in actual variable cost of power purchase vis-a-vis the approved variable cost of power purchase for the second quarter of FY 2019-20. In this regard, UPCL vide its O.M. No. 2840/UPCL/ RM/B-15 dated 03.09.2019 issued the rate of

FCA to be recovered from different consumer categories during the period from October, 2019 to December, 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 July, 2019 to September, 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	149.31	3.92%	143.46	20.42	1.42	-3.47
2	F G Unchahar-I	3.312	50.15	3.16%	48.57	17.27	3.56	1.19
3	F G Unchahar-2	3.312	24.03	3.18%	23.27	8.34	3.58	0.63
4	F G Unchahar-3	3.312	16.76	3.18%	16.23	5.77	3.56	0.40
5	N C T Dadri:2	3.745	2.68	2.70%	2.61	1.02	3.92	0.04
6	Rihand-1 STPS	1.653	54.04	3.86%	51.95	7.16	1.38	-1.43
7	Rihand-2 STPS	1.653	32.55	3.88%	31.29	2.66	0.85	-2.51
8	Rihand-3 STPS	1.677	58.69	3.90%	56.40	7.68	1.36	-1.78
9	Kahalgaoon-II	2.711	33.33	2.54%	32.48	6.98	2.15	-1.83
10	Jhajjar Aravali	3.841	3.20	2.32%	3.13	1.18	3.78	-0.02
11	Anta Gas	4.338	1.02	2.78%	0.99	0.35	3.53	-0.08
12	Auraiya Gas	4.281	8.00	3.28%	7.74	3.77	4.87	0.46
13	Dadri Gas	3.991	14.41	2.18%	14.10	7.55	5.36	1.92
14	Gama Infraprop	5.060	177.56	0.00%	177.56	100.31	5.65	10.46
15	Shravanthi Energy	4.970	353.44	0.00%	353.44	200.03	5.66	24.37
<b>Total</b>			<b>979.17</b>		<b>963.20</b>	<b>390.49</b>	<b>4.05</b>	<b>28.37</b>

- 1.4 UPCL further submitted that against the approved FCA of Rs. 47.93 Crore to be recovered during the second quarter of FY 2019-20, UPCL assessed/billed of Rs. 43.33 Crore as detailed below:

Category		Billed Value (Rs.)
RTS-1	Domestic	10,40,00,750.80
RTS-2	Non-Domestic	5,86,32,099.77
RTS-3	Public Lamps	2,16,71,445.65
RTS-4	Private Tubewells	5,560.37
RTS- 4 A	Agriculture Allied Activities	1,92,799.62
RTS-5	Government Irrigation System	24,07,66,291.78
RTS-6	Public Water Works	51,09,592.61
RTS-7	LT&HT Industry	10,87,476.00
RTS-8	Mixed Load	18,53,771.57
<b>Total</b>		<b>43,33,19,788.17</b>

- 1.5 In view of the above, total FCA recoverable during October, 2019 to December, 2019 as

claimed by the Petitioner is as follows:

Particulars	Amount
Under recovery of FCA during the quarter ending September, 2019 (Rs. 47.93 Crore – Rs. 43.33 Crore)	Rs. 4.60 Crore
FCA for the quarter ending September, 2019	Rs. 28.37 Crore
<b>Total FCA to be recover during the quarter ending December, 2019</b>	<b>Rs. 32.97 Crore</b>

- 1.6 UPCL submitted that the sales data for the Quarter ending December, 2019 is based on the information received from the Commission vide letter dated 10.04.2019 and, accordingly, the estimated sales for the third Quarter of FY 2019-20 has been considered as 3670.60 MU.
- 1.7 UPCL, in its Petition, has worked out the average rate of FCA of Rs. 0.09/kWh (Rs. 32.97 Crore/3670.60 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 October-December, 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 second 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 second quarter of FY 2019-20 has been worked out as given in the Table below:

**Table 2.1: FCA for the second quarter of FY 2019-20 (July–September, 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	149.31	20.41	143.46	1.42	1.665	-3.47
2	F G Unchahar-1	50.15	17.27	48.57	3.56	3.312	1.19
3	F G Unchahar-2	24.03	8.34	23.27	3.59	3.312	0.64
4	F G Unchahar-3	16.76	5.77	16.23	3.56	3.312	0.39
5	N C T Dadri:2	2.68	1.02	2.61	3.90	3.745	0.04
6	Rihand-1 STPS	54.05	7.16	51.95	1.38	1.653	-1.43
7	Rihand-2 STPS	32.55	4.31	31.29	1.38	1.653	-0.86
8	Rihand-3 STPS	58.69	7.68	56.40	1.36	1.677	-1.78
9	Kahalgaoon-II	33.32	6.98	32.48	2.15	2.711	-1.82
10	Jhajjar Aravali	3.20	1.19	3.13	3.80	3.841	-0.01
11	Anta Gas	1.02	0.36	0.99	3.62	4.338	-0.07
12	Auraiya Gas	8.00	3.77	7.74	4.87	4.281	0.46
13	Dadri Gas	14.41	7.55	14.10	5.36	3.991	1.93
14	GIPL	177.56	100.31	177.56	5.65	5.060	10.46
15	SEPL	353.44	200.02	353.44	5.66	4.970	24.37
<b>Total</b>		<b>979.19</b>	<b>392.16</b>	<b>963.19</b>	-	-	<b>30.04</b>

- 2.7 UPCL had submitted that against the allowed FCA of Rs. 47.93 Crore to be recovered

during the second quarter of FY 2019-20, it assessed/billed an amount of Rs. 43.33 Crore and has, therefore, requested that the under recovery of FCA amounting to Rs. 4.60 Crore, be allowed to be adjusted during the third quarter of FY 2019-20. In this regard, the Commission is of the view that the amount of FCA of Rs. 4.60 Crore under recovered by UPCL cannot be verified at this stage since the commercial diary of UPCL for the 2<sup>nd</sup> quarter (2019-20) 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. 4.60 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 14.08.2019, UPCL was required to submit the details of category wise energy sold during the fourth quarter of FY 2018-19. The relevant extract of the order is reproduced as under:

*“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.”*

UPCL vide its letter dated 03.09.2019 has submitted details of category wise energy billed during the fourth quarter of FY 2018-19.

2.9 Accordingly, FCA of Rs. 30.04 Crore is hereby approved for second quarter of FY 2019-20 to be recovered in third quarter of FY 2019-20. Based on the above, against the FCA claim of UPCL for Rs. 32.97 Crore, the Commission allows recovery of FCA of Rs. 34.64 Crore as summarized below:

**Table 2.2: Summary of FCA allowable to be recovered during October-December, 2019 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 2019-20 (Rs. 47.93 Crore – Rs. 43.33 Crore)	4.60
2.	FCA for the quarter ending September 2019	30.04
<b>Total</b>		<b>34.64</b>

2.10 Further, the Commission vide its letter dated 10.04.2019 by mistake had communicated to UPCL the gross quarterly power purchase for FY 2019-20 in place of sales for the same period. In this regard, UPCL is required to note that the correct projected sale for last two quarter of FY 2019-20 should be considered as 3103.49 MUs and 2969.62 MUs for the quarter ending December, 2019 and March, 2020 respectively for the computation of FCA in future. The Commission would like to state here that under recovery of FCA in a particular quarter against the FCA approved by the Commission, is being allowed to UPCL in the next quarter, and accordingly, the under recovery of FCA by UPCL on account of difference in quarterly sales for quarter ending December, 2019, shall be allowed to be adjusted in the FCA computation of next quarter.

2.11 For the purpose of computation of the rate of FCA to be charged from the consumers, the Commission as discussed above, has considered the sales of 3103.49 MU for October-December, 2019 against the 3670.60 MU considered by UPCL in its Petition. Accordingly, the rate of FCA to be recoverable during third quarter of FY 2019-20 works out to Rs. 0.11/kWh against Rs. 0.09/kWh claimed by UPCL.

2.12 It is apparent that the Petitioner has raised FCA bills in accordance with its O.M. dated 19.10.2019. 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.”*

2.13 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 third quarter of FY 2019-20. Balance under recovered

FCA shall be adjusted in the FCA charges of the fourth quarter of FY 2019- 20.

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.

**(M.K. Jain)**  
**Member (Technical)**

**(D.P. Gairola)**  
**Member (Law)**



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

<b>S. No.</b>	<b>Category</b>	<b>Average Billing Rate (Rs./kWh)</b>
<b>1</b>	<b>Domestic (RTS-1) / Concessional Snowbound Area (RTS-1A)</b>	
1.1	<i>Lifeline Consumers(RTS-1) / Concessional Snowbound Area (RTS-1A)</i>	Rs. 0.04/kWh
1.2	<i>Consumers (Metered) (RTS-1)</i>	Rs. 0.07/kWh
<b>2</b>	<b>Non Domestic (RTS-2)</b>	Rs. 0.10/kWh Rs. 0.10/kVAh
<b>3</b>	<b>Government Public Utilities (RTS-3)</b>	Rs. 0.09/kVAh
<b>4</b>	<b>PTW/Pumping Sets (RTS-4) / Agriculture Allied Activities (RTS-4A)</b>	Rs. 0.03/kWh
<b>5</b>	<b>Industry (RTS-5)</b>	
5.1	<i>LT Industries</i>	Rs. 0.10/kWh Rs. 0.09/kVAh
5.2	<i>HT Industries</i>	Rs. 0.09/kVAh
<b>6</b>	<b>Mixed Load (RTS-6)</b>	Rs. 0.09/kWh
<b>7</b>	<b>Railway Traction (RTS-7)</b>	Rs. 0.09/kVAh