

Before

UTTARAKHAND ELECTRICITY REGULATORY COMMISSION

Petition No. 01 of 2020

In the matter of:

Application seeking approval of the Fuel Charge Adjustment (FCA) to be charged from the consumers for the period from 01.01.2020 to 31.03.2020.

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: March 02, 2020

This Order relates to the Petition dated 24.01.2020 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 01.01.2020 to 31.03.2020.

1. Background

- 1.1 The Licensee vide its Petition dated 24.01.2020 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 has 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 third quarter of FY 2019-20. In this regard, UPCL vide its O.M. No. 234/UPCL/RM/B-15 dated 21.01.2020 issued the rate of

FCA to be recovered from different consumer categories during the period from January, 2020 to March, 2020.

- 1.3 UPCL submitted that for computation of correct values of energy received at the 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 October, 2019 to December, 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=vi/vi</i>	<i>ix= (viii-iii)*vi</i>
1	Singrauli	1.665	172.15	4.90%	163.71	24.01	1.47	-3.25
2	F G Unchahar-I	3.312	52.13	4.17%	49.96	18.07	3.62	1.52
3	F G Unchahar-2	3.312	23.72	4.13%	22.74	8.30	3.65	0.77
4	F G Unchahar-3	3.312	19.32	4.11%	18.53	6.70	3.62	0.56
5	N C T Dadri:2	3.745	0.26	5.09%	0.25	0.10	4.05	0.01
6	Rihand-1 STPS	1.653	41.36	4.76%	39.39	7.75	1.97	1.24
7	Rihand-2 STPS	1.653	58.23	4.92%	55.36	8.17	1.48	-0.98
8	Rihand-3 STPS	1.677	70.26	4.91%	66.81	9.73	1.46	-1.47
9	Kahalgaoon-II	2.711	35.85	2.93%	34.80	7.62	2.19	-1.81
10	Jhajjar Aravali	3.841	2.08	3.52%	2.01	0.76	3.79	-0.01
11	Anta Gas	4.338	0.87	4.29%	0.83	0.33	3.96	-0.03
12	Auraiya Gas	4.281	2.19	4.03%	2.10	0.73	3.47	-0.17
13	Dadri Gas	3.991	18.18	3.17%	17.60	9.61	5.46	2.58
14	Gama Infraprop	5.060	66.67	0.00%	66.67	32.41	4.86	-1.33
15	Shravanthi Energy	4.970	295.21	0.00%	295.21	143.35	4.86	-3.37
Total		49.521	858.48	4.53%	835.97	277.64	3.32	-5.74

- 1.4 UPCL further submitted that against the approved FCA of Rs. 34.64 Crore to be recovered during the third quarter of FY 2019-20, UPCL assessed/billed Rs. 23.23 Crore as detailed below:

Category		Billed Value (Rs.)
RTS-1	Domestic	5,50,56,996.75
RTS-2	Non-Domestic	2,74,17,899.44
RTS-3	Public Lamps	1,33,11,922.11
RTS-4	Private Tubewells	35,00,640.82
RTS- 4 A	Agriculture Allied Activities	85,159.56
RTS-5	Government Irrigation System	12,77,66,188.20
RTS-6	Public Water Works	31,61,554.96
RTS-7	LT&HT Industry	5,63,580.00
RTS-8	Mixed Load	14,72,066.44
Total		23,23,36,008.27

- 1.5 In view of the above, total FCA recoverable during January, 2020 to March, 2020 as claimed by the Petitioner is as follows:

Particulars	Amount
Under recovery of FCA during the quarter ending December, 2019 (Rs. 34.64 Crore - Rs. 23.23 Crore)	Rs. 11.41 Crore
FCA for the quarter ending December, 2019	Rs. -5.74 Crore
Total FCA to be recover during the quarter ending March, 2020	Rs. 5.67 Crore

- 1.6 UPCL submitted that the sales data for the Quarter ending March, 2020 is based on the sales approved by the Commission in its Order dated 14.11.2019, and accordingly, the estimated sales for the fourth Quarter of FY 2019-20 has been considered as 2969.62 MU.
- 1.7 UPCL, in its Petition, has worked out the average rate of FCA of Rs. 0.02/kWh (Rs. 5.67 Crore/2969.62 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 January-March, 2020 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 third 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 third quarter of FY 2019-20 has been worked out as given in the Table below:

Table 2.1: FCA for the third quarter of FY 2019-20 (October-December, 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	172.14	24.02	163.71	1.47	1.665	-3.24
2	F G Unchahar-1	52.12	18.07	49.96	3.62	3.312	1.53
3	F G Unchahar-2	23.72	8.29	22.74	3.65	3.312	0.76
4	F G Unchahar-3	19.33	6.70	18.53	3.61	3.312	0.56
5	N C T Dadri:2	0.26	0.10	0.25	3.99	3.745	0.01
6	Rihand-1 STPS	41.36	5.78	39.39	1.47	1.653	-0.73
7	Rihand-2 STPS	58.22	8.18	55.36	1.48	1.653	-0.97
8	Rihand-3 STPS	70.26	9.74	66.81	1.46	1.677	-1.46
9	Kahalgaoon-II	35.85	7.63	34.80	2.19	2.711	-1.81
10	Jhajar Aravali	2.07	0.78	2.01	3.86	3.841	0.00
11	Anta Gas	0.87	0.33	0.83	4.00	4.338	-0.03
12	Auraiya Gas	2.19	0.73	2.10	3.48	4.281	-0.17
13	Dadri Gas	18.18	9.61	17.60	5.46	3.991	2.58
14	GIPL	66.97	32.41	66.97	4.84	5.060	-1.48
15	SEPL	295.21	143.35	295.21	4.86	4.970	-3.37
Total		858.77	275.71	836.27	-	-	-7.82

- 2.7 UPCL had submitted that against the allowed FCA of Rs. 34.64 Crore to be recovered

during the third quarter of FY 2019-20, it assessed/billed an amount of Rs. 23.23 Crore and has, therefore, requested that the under recovery of FCA amounting to Rs. 11.41 Crore, be allowed to be adjusted during the fourth quarter of FY 2019-20. In this regard, the Commission is of the view that the amount of FCA of Rs. 11.41 Crore under recovered by UPCL cannot be verified at this stage since the commercial diary of UPCL for the 3rd 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. 11.41 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 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.

2.8 Further, in compliance to the direction given by the Commission in the Order dated 14.11.2019, UPCL was required to submit the details of category wise energy sold and FCA billed during the second quarter of FY 2019-20. The relevant extract of the order is reproduced as under:

“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 2nd 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.”

UPCL in its current Petition has submitted the category wise sale of energy and FCA billed for the second quarter of FY 2019-20.

2.9 Accordingly, FCA of Rs. -7.82 Crore is hereby approved for third quarter of FY 2019-20 to be recovered in fourth quarter of FY 2019-20. Based on the above, against the FCA claim of UPCL for Rs. 5.67 Crore, the Commission allows recovery of FCA of Rs. 3.59 Crore as summarized below:

Table 2.2: Summary of FCA allowable to be recovered during January-March, 2020 as approved by the Commission

S. No.	Period	FCA approved by the Commission (Rs. in Crore)
1.	Under recovery of FCA during third quarter of FY 2019-20 (Rs. 34.64 Crore – Rs. 23.23 Crore)	11.41
2.	FCA for the quarter ending December, 2019	-7.82
Total		3.59

- 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 2969.62 MU approved by it for the fourth quarter of FY 2019-20, i.e. for January-March, 2020 which is also the same adopted by UPCL in its Petition. Accordingly, the rate of FCA to be recoverable during fourth quarter of FY 2019-20 works out to Rs. 0.01/kWh against Rs. 0.02/kWh claimed by UPCL.
- 2.11 It is apparent that the Petitioner has raised FCA bills in accordance with its O.M. dated 21.01.2020. 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 fourth quarter of FY 2019-20. The amount of FCA over recovered shall be adjusted in the FCA charges of the first quarter of FY 2020-21.
- 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 fourth 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. 0.01/kWh
1.2	<i>Consumers (Metered) (RTS-1)</i>	Rs. 0.02/kWh
2	Non Domestic (RTS-2)	Rs. 0.02/kWh Rs. 0.02/kVAh
3	Government Public Utilities (RTS-3)	Rs. 0.02/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. 0.02/kWh Rs. 0.02/kVAh
5.2	<i>HT Industries</i>	Rs. 0.02/kVAh
6	Mixed Load (RTS-6)	Rs. 0.02/kWh
7	Railway Traction (RTS-7)	Rs. 0.02/kVAh