

Before

UTTARAKHAND ELECTRICITY REGULATORY COMMISSION

Petition No. 39 of 2017

In the matter of:

Application seeking approval of the Fuel Charge Adjustment (FCA) to be charged from the consumers for the period from 01.10.2017 to 31.12.2017.

In the matter of:

Uttarakhand Power Corporation Ltd.

... Petitioner

CORAM

Shri Subhash Kumar Chairman

Date of Order: November 22, 2017

This Order relates to the Petition dated 27.10.2017 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 01.10.2017 to 31.12.2017.

1. Background

- 1.1 The Licensee vide its Petition dated 27.10.2017 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 2017-18. In this regard, UPCL vide its O.M. No. 4302/UPCL/

RM/B-15 dated 24.10.2017 issued the rate of FCA to be recovered from different consumer categories during the period from October, 2017 to December, 2017.

- 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, Inter-State losses were considered as per the detail provided by SLDC. UPCL submitted the following station-wise details of FCA for the period from July, 2017 to September, 2017:

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	1.566	132.70	4.05%	127.33	18.73	1.47	-1.21
2	F G Unchahar-I	2.909	40.84	3.72%	39.33	11.97	3.04	0.53
3	F G Unchahar-2	2.894	22.94	3.78%	22.07	6.71	3.04	0.33
4	F G Unchahar-3	2.897	16.21	3.73%	15.61	4.75	3.04	0.23
5	F G Unchahar-4	-	0.12	3.15%	0.12	0.04	2.94	0.00
6	N C T Dadri:2	3.162	6.88	2.59%	6.70	2.12	3.17	0.00
7	Rihand-1 STPS	1.770	63.24	4.03%	60.69	8.22	1.35	-2.52
8	Rihand-2 STPS	1.775	62.13	4.08%	59.59	8.05	1.35	-2.52
9	Rihand-3 STPS	1.755	59.46	3.96%	57.10	7.73	1.35	-2.29
10	Kahalgaon-II	2.475	33.81	2.93%	32.82	7.80	2.38	-0.33
11	Jhajjar Aravali	3.879	14.25	2.47%	13.90	4.32	3.11	-1.08
12	Anta Gas	2.537	0.84	3.18%	0.81	0.24	2.99	0.04
13	Auraiya Gas	3.303	0.19	3.15%	0.19	0.12	6.29	0.06
14	Dadri Gas	2.752	11.65	2.46%	11.37	3.84	3.38	0.71
15	Gama Infraprop	3.200	124.94	0.00%	124.94	47.41	3.79	7.43
16	Shravanthi Energy	3.200	373.22	0.00%	373.22	141.40	3.79	21.97
Total			963.42	3.79%	945.77	273.45	2.89	21.35

In respect of the above, UPCL also mentioned that as the final Tariff of Sravanthi Energy has not yet been determined by the Commission, hence variable cost has been taken from the Gas Purchase Bills as provided by the generator.

- 1.4 UPCL further claimed that, against the approved FCA of Rs. 36.06 Crore to be recovered during second quarter of FY 2017-18, the Petitioner assessed only Rs. 22.71 Crore as detailed below:

Category		Billed Value (Rs.)
RTS-1	Domestic	4,23,84,634.45
RTS-2	Non-Domestic	2,97,19,860.14
RTS-3	Public Lamps	5,08,904.31
RTS-4	Private Tubewells	3,181.57
RTS- 4 A	Agriculture Allied Activities	74,389.29
RTS-5	Government Irrigation System	14,67,242.30
RTS-6	Public Water Works	54,43,089.36
RTS-7	LT&HT Industry	14,29,95,954.58
RTS-8	Mixed Load	30,09,331.08
RTS-9	Railway Traction	6,50,346.00
RTS-10	Temporary Supply	8,13,545.98
Total		22,70,70,479.07

- 1.5 The Petitioner also claimed the carry forward of FCA from the quarter ending July, 2017 on account of the difference between the FCA of Rs. 36.06 Crore approved by the Commission in its order dated 21.08.2017 against the claim of Rs. 36.45 Crore submitted by UPCL for the same quarter, amounting to Rs. (-)0.39 Crore.
- 1.6 In view of the above, total FCA recoverable during October, 2017 to December, 2017 as claimed by the Petitioner is as follows:

Carry forward of FCA from the quarter ending June, 2017 vide UERC's order dated 21.08.2017	(Rs. 0.39 Crore)
Under recovery of FCA during second quarter of FY 2017-18 (Rs. 36.06 Crore - Rs. 22.71 Crore)	Rs. 13.35 Crore
FCA for the quarter ending September, 2017	Rs. 21.35 Crore
Total FCA to be recovered during the quarter ending December, 2017	Rs. 34.31 Crore

- 1.7 UPCL has submitted that the sales data for Quarter ending September 2017 is based on the information received from the Commission vide letter dated 18.04.2017 and, accordingly, the estimated sales for the third Quarter of FY 2017-18 has been considered as 2570 MU.
- 1.8 UPCL, in its Petition, has worked out the average rate of FCA of Rs. 0.13/kWh (Rs. 34.31Crore/2570 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 Order dated 21.08.2017 for FY 2017-18. 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, 2017 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 second quarter of FY 2017-18. 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 2017-18 has been worked out as given in the Table below:

Table 2.1: FCA for the Second quarter (July–September, 2017) 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	132.70	19.18	127.33	1.51	1.57	-0.76
2	F G Unchahar-1	40.84	11.99	39.33	3.05	2.91	0.55
3	F G Unchahar-2	22.94	6.73	22.07	3.05	2.89	0.34
4	F G Unchahar-3	16.21	4.76	15.61	3.05	2.90	0.24
5	F G Unchahar-4	0.12	0.04	0.12	2.94	-	0.04
6	N C T Dadri:2	6.88	2.12	6.70	3.17	3.16	0.00
7	Rihand-1 STPS	63.24	8.21	60.69	1.35	1.77	-2.53
8	Rihand-2 STPS	62.13	8.05	59.59	1.35	1.78	-2.53
9	Rihand-3 STPS	59.46	7.74	57.10	1.36	1.76	-2.28
10	Kahalgaon-II	34.65	7.99	33.64	2.38	2.48	-0.33
11	JhajjarAravali	14.25	4.25	13.90	3.06	3.88	-1.14
12	Anta Gas	0.84	0.24	0.81	2.99	2.54	0.04
13	Auraiya Gas	0.19	0.12	0.19	6.29	3.30	0.06
14	Dadri Gas	11.65	3.86	11.37	3.40	2.75	0.73
15	Gamma Infraprop	183.38	69.19	183.38	3.77	3.20	10.51
16	Shravanthi Energy	373.22	141.40	373.22	3.79	3.20	21.97
17	NTPC-Barh	-	-	-	-	-	-
Total		1022.70	295.87	1005.03	-	-	24.90

2.7 UPCL has submitted that, against the allowed FCA of Rs. 36.06 Crore to be recovered during the second quarter of FY 2017-18, it could assess only Rs. 22.71 Crore and has, therefore, requested that the under recovery of FCA amounting to Rs. 13.35 Crore, be allowed to be recovered during the third quarter of FY 2017-18. In this regard, the Commission is of the view that the assessed amount of Rs. 22.71 Crore claimed by UPCL cannot be verified at this stage since commercial diary of UPCL for the 2nd 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. 13.35 Crore towards the unrecovered 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 21.08.2017, UPCL was required to submit the details of category wise energy sold and FCA billed for the first 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. 12.19 Crore to be recovered during the

first quarter of FY 2017-18, it could realise/assess only Rs. 7.24 Crore and has, therefore, requested that the under recovery of FCA amounting to Rs. 4.95 Crore, be allowed to be recovered during the second quarter of FY 2017-18. In this regard, the Commission is of the view that the assessed amount of Rs. 7.24 Crore claimed by UPCL cannot be verified at this stage since commercial diary of UPCL for the 1st quarter (2017- 18) is yet not finalised and, accordingly, the amount of FCA under recovered cannot be validated. Hence, the Commission is allowing UPCL the recovery of Rs. 4.95 Crore towards the unrecovered 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 in compliance to same submitted the details of the category wise FCA billed and category wise energy sold for the first 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.

2.9 Further, in line with the Commission’s order dated 21.08.2017 and as claimed by UPCL, the Petitioner is allowed to adjust the excess amount of FCA carried forward from the second quarter of FY 2017-18 amounting to Rs. (-)0.39 Crore during the third quarter of FY 2017-18. 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 on various consumer categories at the rates submitted by it and as indicated at Annexure-I during the first quarter of FY 2017-18. The excess of FCA claimed of Rs. 0.39 Crore should be adjusted in the FCA charges of the second quarter of FY 2017-18.”

Accordingly, against the FCA claim of UPCL for Rs. 34.31 Crore, the Commission allows recovery of FCA of Rs. 37.86 Crore as summarized below:

Table 2.2: Summary of FCA allowable to be recovered during July-September, 2017 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 September, 2017 vide Commission’s order dated 21-08-2017	(-)0.39
2.	Under recovery of FCA during second quarter of FY 2017-18 (Rs. 36.06 Crore - Rs. 22.71 Crore)	13.35
3.	FCA for the quarter ending September 2017	24.90
Total		37.86

- 2.10 For the purpose of computation of the rate of FCA to be charged from consumers, the Commission has considered the power purchase approved in the Tariff Order for FY 2017-18 for the third quarter of FY 2017-18. The Commission has also considered the fact that the total sales approved by it for FY 2017-18 are about 82.61% of the approved power purchases. Hence, in line with the above, the Commission based on the approved power purchase of 3110.92 MU for the third quarter of FY 2017-18, i.e. for October-December, 2017 has worked out the sales of 2569.94 MU for the same quarter which is also the approach adopted by UPCL in its Petition. Accordingly, the rate of FCA to be recoverable during third quarter of FY 2017-18 works out to Rs. 0.15/kWh against Rs. 0.13/kWh claimed by UPCL.
- 2.11 It is apparent that Petitioner has raised FCA bills in accordance with its O.M. dated 24.10.2017. 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 2017-18. Balance unclaimed FCA of Rs. 3.55 Crore should be adjusted in the FCA charges of the third quarter of FY 2017-18.
- 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 2017-18

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. 0.15/kWh Rs. 0.14/kVAh
3	Public Lamps (RTS-3)	Rs. 0.12/kVAh
4	PTW (RTS-4) / Agriculture Allied Activities (RTS-4A)	Rs. 0.05/kWh
5	GIS (RTS-5)	Rs. 0.12/kVAh
6	PWW (RTS-6)	Rs. 0.12/kVAh
7	Industry (RTS-7)	
7.1	<i>LT Industries</i>	Rs. 0.14/kWh Rs. 0.13/kVAh
7.2	<i>HT Industries</i>	Rs. 0.13/kVAh
8	Mixed Load (RTS-8)	Rs. 0.13/kWh
9	Railway Traction (RTS-9)	Rs. 0.13/kVAh