

No.B/15/12/

BEFORE THE KARNATAKA ELECTRICITY REGULATORY COMMISSION

BANGALORE

Dated this day, the 21st March, 2016

Applications of:

Bangalore Electricity Supply Company Ltd., (BESCOM),
Mangalore Electricity Supply Company Ltd., (MESCOM),
Chamundeshwari Electricity Supply Corporation Ltd., (CESC),
Hubli Electricity Supply Company Ltd., (HESCOM),
Gulbarga Electricity Supply Company Ltd., (GESCOM),

for approval of Fuel Cost Adjustment charges (FAC) for the billing quarter April-June, 2016.

Present:

- | | |
|----------------------------------|----------|
| 1. Sri. M.K. Shankaralinge Gowda | Chairman |
| 2. Sri H.D.Arun Kumar | Member |
| 3. Sri D.B.Manival Raju | Member |

PREAMBLE:

In accordance with the provisions of the KERC (Fuel Cost Adjustment Charges) Regulations, 2013, dated 22nd March, 2013 and as amended vide notification dated 4th December, 2013, the ESCOMs have filed their applications on the following dates for approval of Fuel Cost Adjustment charges (FAC) to be recovered in the billing quarter April-June, 2016 based on the Fuel Cost incurred during October-December, 2015.

Name of the ESCOM	Date of Submission
BESCOM	29.02.2016
MESCOM	04.03.2016
CESC	29.02.2016
HESCOM	29.02.2016
GESCOM	04.03.2016

1. The FAC claimed by the ESCOMs are as follows:

Name of ESCOM	FAC proposed in Paise Per Unit
BESCOM	0.84
MESCOM	1.00
CESC	-1.94
HESCOM	-2.99
GESCOM	-1.17

2. The Commission has computed the allowable FAC for the 3rd Quarter of FY16 on the basis of the following :
- i. The source wise/ ESCOM-wise energy reconciled by SLDC as per statement dated 24th February, 2016 for power purchase during October-December, 2015.
 - ii. The allowable variable charges in respect of KPCL thermal stations have been determined based on the applicable formula as per the approved power purchase agreements between ESCOMs and KPCL.
 - iii. Retail Sales for the third quarter of FY16 are computed as per amended Clause 5.1 of the KERC (Fuel Cost Adjustment Charges) Regulations, 2013.
3. The Commission notes that, the claims of variable charges payable to KPCL thermal Stations as reported by MESCOM & CESC are on a higher side as compared with the claims of other ESCOMs. The same needs to be corrected for the computation of primary fuel cost as per the terms of the agreements with KPCL and any variations in payment shall be adjusted accordingly.

4. The FAC as computed by the Commission is as follows:

ESCOM	Allowable FAC in Rs Crs	Sales computed in MU with approved T&D Losses	FAC in paise per unit
BESCOM	8.00	5425.54	1.48
MESCOM	4.05	997.72	4.06
CESC	1.85	1209.55	1.53
HESCOM	6.72	2561.38	2.62
GESCOM	7.55	1768.66	4.27
	28.19	11962.84	2.36

5. The Commission notes that not only there is overall increase of 2.36 paise per unit of sale in the variable cost of thermal stations, the actual overall power purchase cost per unit by the ESCOMs is also more than the approved power purchase cost per unit for the 3rd quarter of FY16. The increase in overall per unit cost of power purchase for the period October-December, 2015, as furnished by the ESCOMs as per Format III is as follows:

ESCOM	Power Purchase Quantum in MU	Increase in cost of power purchase in Rs. Crs	Increase in cost of power purchase in Rs./Unit
BESCOM	6457.46	463.97	0.72
MESCOM	1155.33	20.73	0.18
CESC	1470.92	102.83	0.70
HESCOM	2334.02	50.02	0.21
GESCOM	1853.47	140.85	0.76
TOTAL	13271.20	778.40	0.59

5. The Commission notes that there is an increase in the allowable fuel cost adjustment charges apart from increase in overall power purchase cost during October-December, 2015. Hence, in accordance with the provisions of the KERC (Fuel cost Adjustment Charges) Regulations, 2013 and amendments thereon, the Commission decides to allow collection of FAC as detailed below:

ESCOM	FAC in paise per unit
BESCOM	1
MESCOM	4
CESC	2
HESCOM	3
GESCOM	4

As the power purchase cost of HESCOM also includes the quantum and cost of power purchase of Hukeri RECS, FAC of 3 paise per unit as approved for HESCOM shall also be allowed to be collected from consumers of Hukeri RECS during the billing quarter.

Therefore, the Commission orders as follows:

ORDER

In accordance with the provisions of the KERC (Fuel Cost Adjustment Charges) Regulations, 2013, the Commission, having recognized the increase in fuel cost adjustment charges and also the overall increase in power purchase cost during the third quarter of FY16, decides to allow all the ESCOMs to collect the following fuel cost adjustment charges per unit of sales during the billing quarter April-June, 2016:

ESCOM	FAC in Paise per unit
BESCOM	1
MESCOM	4
CESC	2
HESCOM (including HRECS)	3
GESCOM	4

This Order is signed dated and issued by the Karnataka Electricity Regulatory Commission on this day, the 21st March, 2016.

Sd/-
(M.K.Shankaralinge Gowda)
Chairman

Sd/-
(H.D.Arun Kumar)
Member

Sd/-
(D.B.Manival Raju)
Member