

No.B/15/12/

BEFORE THE KARNATAKA ELECTRICITY REGULATORY COMMISSION

BANGALORE

Dated this day, the 22nd December, 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 January-March, 2017.

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 January-March, 2017 based on the Fuel Cost incurred during July-September, 2016.

Name of the ESCOM	Date of Submission
BESCOM	25.11.2016
MESCOM	01.12.2016
CESC	30.11.2016
HESCOM	30.11.2016
GESCOM	05.12.2016

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

Name of ESCOM	FAC proposed in Paise Per Unit
BESCOM	5.84
MESCOM	7.15
CESC	4.50
HESCOM	3.34
GESCOM	1.33

2. The Commission has computed the allowable FAC for the 2nd Quarter of FY17 on the basis of the following :

- i. The source - wise/ ESCOM-wise energy reconciled by the SLDC as per statement dated 9th November, 2016 for the power purchased during July-September, 2016.
- 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 the ESCOMs and the KPCL.
- iii. Retail Sales for the second quarter of FY17 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 the MESCOM and the 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	35.28	6016.05	5.86
MESCOM	7.13	925.27	7.71
CESC	3.32	1372.70	2.42
HESCOM	8.69	2177.43	3.99
GESCOM	2.24	1539.45	1.46
TOTAL	56.66	12030.90	4.71

5. The Commission notes that while there is increase of 4.71 paise per unit of sale in the variable cost of thermal stations, the actual overall power purchase cost per unit by the ESCOMs is more than the approved power purchase cost per unit for the 2nd quarter of FY17. The increase in overall per unit cost of power purchase for the period July-September, 2016, 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	7163.57	253.77	0.35
MESCOM	1244.29	53.85	0.43
CESC	1639.25	66.00	0.40
HESCOM	2730.24	132.11	0.48
GESCOM	1668.89	24.83	0.15
TOTAL	14446.24	530.56	0.37

6. The Commission notes that there is increase in the allowable fuel cost adjustment charges along with the increase in overall power purchase cost during July-September, 2016. Hence, in accordance with the provisions of the KERC (Fuel cost Adjustment Charges) Regulations, 2013 and amendments thereon, the Commission decides to allow the ESCOMs to collect FAC during the billing quarter January-March, 2017.

Therefore, the Commission orders as follows:

ORDER

In accordance with the provisions of the KERC (Fuel Cost Adjustment Charges) Regulations, 2013 and amendments thereon, the Commission, having recognized the increase in fuel cost adjustment charges along with the increase in overall power purchase cost during the second quarter of FY17, decides to allow all the ESCOMs to collect FAC as follows:

ESCOM	FAC in paise per unit
BESCOM	6
MESCOM	8
CESC	2
HESCOM	4
GESCOM	1

The fuel cost adjustment charges of MESCOM is applicable to consumers of Mangalore SEZ and the fuel cost adjustment charges of HESCOM is applicable to consumers of Hukeri RECS, and AEQUS SEZ for the billing quarter January- March, 2017.

This Order is signed dated and issued by the Karnataka Electricity Regulatory Commission on this day, the 22nd December, 2016.

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

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

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