

**BEFORE THE KARNATAKA ELECTRICITY REGULATORY COMMISSION  
BANGALORE**

Dated this day, the 19<sup>th</sup> September, 2022

**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).

**In the matter of approval of Fuel Cost Adjustment Charges (FAC) due for the  
1st billing quarter of FY23 (April to June, 2022) to be allowed in the billing quarter  
(October to December,2022)**

**Present:**

- |                         |          |
|-------------------------|----------|
| 1. Sri P. Ravikumar,    | Chairman |
| 2. Sri H.M. Manjunatha, | Member   |
| 3. Sri M.D. Ravi        | Member   |

**PREAMBLE:**

In accordance with the provisions of the KERC (Fuel Cost Adjustment Charges) Regulations, 2013 issued vide Notification dated 22<sup>nd</sup> March, 2013 and as amended vide Notification dated 4<sup>th</sup> 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 of October – December, 2022, based on the Fuel Cost incurred during January to April - June,2022 for the 1st quarter of FY23. ✓

Name of the ESCOM	Date of Submission
BESCOM	30.08.2022
MESCOM	01.09.2022

CESC	02.09.2022
HESCOM	01.09.2022
GESCOM	02.09.2022

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

Name of ESCOM	FAC proposed in Paise Per Unit
BESCOM	80.04
MESCOM	55.68
CESC	70.61
HESCOM	81.78
GESCOM	57.96

2. The Commission has proceeded to compute the allowable FAC for the 1st quarter of FY23, on the basis of the following:

- i. The source - wise/ ESCOM-wise energy reconciled by the SLDC as per statement dated 26<sup>th</sup> August, 2022 for the power purchased during the period April - June, 2022.
- ii. The approved variable cost as per Tariff Order, 2022 dated 04.04.2022 has been considered for the approval of FAC for the 1st quarter of FY23.
- iii. 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.
- iv. In respect of CGS, the VC is payable based on the CERC Regulations.

- v. The Retail Sales for the first quarter of FY23 have been computed as per the 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 the KPCL RTPS 1-7,8, BTPS 1-3 and YTPS Stations as reported by the MESCOM, CESC, HESCOM and GESCOM for April-June, 2022 is on higher side, as compared to the actual variable charges payable. The Commission directs the MESCOM, CESC, HESCOM and GESCOM to correct the same as per the terms of Power Purchase Agreement with KPCL and the variations in payment shall be adjusted in future bills. Accordingly, MESCOM, CESC, HESCOM and GESCOM shall report to the Commission, the action taken for the recovery of the excess power purchase payment within 15 days from the date of this Order.

4. The Commission notes the increase/decrease in the cost of power supply as reported by ESCOMs during the period April – June, 2022 as under:

ESCOM	Power Purchase Quantum in MU	Increase in cost of total purchase in power in Rs. Crores	Increase in Total Power Purchase Cost- Rs./Unit
BESCOM	9373.04	252.16	0.27
MESCOM	1657.30	29.42	0.18
CESC	1942.79	35.53	0.18
HESCOM	4327.07	166.89	0.39
GESCOM	2621.71	60.97	0.23
<b>TOTAL</b>	<b>19921.90</b>	<b>544.96</b>	<b>0.27</b>

5. The Commission notes that, there is an overall increase in the power purchase cost in respect of Major IPP thermal stations, medium-term power purchases and other sources. There is decrease in the power purchase cost in respect of KPCL Hydel stations and NCE sources, during the 1st quarter, which has resulted in net increase in the power purchase cost, as compared with the power purchase cost approved by the Commission, in its Tariff Order, 2022 dated 04.04.2022 for FY23.



6. The Fuel Adjustment Charges as claimed by the ESCOMs and as computed by the Commission, for the 1<sup>st</sup> quarter of FY23, are as follows:

ESCOM	As claimed by ESCOMs			As Proposed by KERC		
	FAC in Rs. Crores	Sales in MU as filed	FAC in paise per unit	Allowable FAC in Rs. Crores	Sales computed in MU with approved T&D Losses	FAC in paise per unit
BESCOM	642.94	8033.19	80.04	642.94	7508.37	85.63
MESCOM	75.15	1349.75	55.68	64.14	1347.04	47.62
CESC	119.00	1685.23	70.61	104.58	1538.53	67.97
HESCOM	273.06	3338.89	81.78	256.67	3635.36	70.60
GESCOM	134.25	2316.33	57.96	154.94	2223.36	69.69
<b>TOTAL</b>	<b>1244.39</b>	<b>16723.39</b>	<b>74.41</b>	<b>1223.27</b>	<b>16252.66</b>	<b>75.27</b>

7. The Commission notes that, there is an increase in the variable cost of thermal stations, ranging between 48 Paise per unit to 86 Paise per unit in respect of all the ESCOMs. The overall actual per unit power purchase cost incurred by the ESCOMs has also increased as compared with the approved per unit power purchase cost, ranging between 18 paise per unit to 39 paise per unit, as per Tariff Order, 2022 dated 4<sup>th</sup> April, 2022 for the 1<sup>st</sup> quarter of FY23. Accordingly, in accordance with the provisions of Regulations 3.1 of the KERC (Fuel Cost Adjustment Charges) (First Amendment) Regulations, 2013 dated 3<sup>rd</sup> December, 2013, the ESCOMs are allowed to recover the FAC of the 1<sup>st</sup> quarter of April- June, 2022, from the consumers in all the energy bills, to be issued to their consumers during the billing quarter from 1<sup>st</sup> October, 2022 to 31<sup>st</sup> December, 2022 at the following rates:

ESCOM	FAC in paise per unit	FAC in paise per unit (Rounded off to nearest paise)
BESCOM	85.6304	86
MESCOM	47.6188	48
CESC	67.9714	68
HESCOM	70.6041	71
GESCOM	69.6862	70
<b>TOTAL</b>	<b>75.2661</b>	<b>75</b>

8. The Commission notes that, there is an increase in the allowable fuel cost adjustment charges as at the end of 1st quarter of FY23 in all the ESCOMs along with the increase in overall power purchase cost during the period April - June, 2022. As per the provisions of Regulations 3.1 of the KERC (Fuel Cost Adjustment Charges) (First Amendment) Regulations, 2013, dated 3<sup>rd</sup> December, 2013, the ESCOMs are to be allowed to collect the FAC from the consumers as follows:

ESCOMs	FAC to be approved as at the end of 1st quarter (April to June, 2022) in Rs. Per unit
BESCOM	86
MESCOM	48
CESC	68
HESCOM	71
GESCOM	70
<b>TOTAL</b>	<b>75</b>

9. The Commission notes that, on the applications filed by the ESCOMs in the State, the Tariff Orders for FY23 has been issued approving APR for FY21, ARR for the next control period FY2023-25 and revision of Retail Supply Tariff for FY23 with an average increase in tariff by 35 paise per unit to be effective from 1<sup>st</sup> April,2022. Further, the Commission to soften the burden of the consumers, has issued the FAC Order dated 20.06.2022 for 4<sup>th</sup> quarter of FY22 by allowing to recover the FAC over a period of six months during July – December, 2022 in the range of 21 paise per unit to 31 paise per unit among the ESCOMs.
10. The Commission further notes that, as the Order on the revision in the retail supply tariff to the consumers in the State has been issued with an average increase of 35 paise per unit, effective from 1<sup>st</sup> April,2022 and allowed to recover the FAC of 4<sup>th</sup> quarter during July to December, 2022 in the range of 21 paise per unit to 31 paise per unit, further allowing the FAC of 1<sup>st</sup> quarter of FY23 in full to be recovered in three-month period from October to December,2022 will be a severe burden to the end consumers.
11. As such, the Commission, to safeguard the interest of the consumers and the ESCOMs in the State and to soften the FAC burden arising on account of steep increase in the coal prices, **decides to spread the recovery of this net FAC of 1st quarter of FY23 over a period of six-months (two quarter) and allow the ESCOMs to recover the same in all the energy bills to be issued from 1<sup>st</sup> October,2022 to 31<sup>st</sup> March ,2023.**



12. In accordance with the provisions of Regulation 3.1 of the KERC (Fuel Cost Adjustment charges) (First amendment) Regulations, 2013 dated 3<sup>rd</sup> December, 2013, the Commission decides to allow collection of net FAC in respect of ESCOMs during the billing quarter October, 2022- March, 2023 as detailed below:

ESCOMs	FAC in paise per unit (Rounded off to nearest paise) allowed to be recovered during 1st October, 2022, to 31 <sup>st</sup> March, 2023 (in 6-month, period)
BESCOM	43
MESCOM	24
CESC	34
HESCOM	35
GESCOM	35

The FAC approved in the above table is apart from the Commission's approved FAC of 4<sup>th</sup> quarter of FY22 to be recovered during July to December, 2022.

Therefore, the Commission hereby 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 the fuel cost adjustment charges along with the increase in the overall power purchase cost, during the first quarter of FY23, decides to allow the ESCOMs to collect the fuel cost adjustment charges per unit of sale, in all the energy bills, to be issued to their consumers, during the billing quarter from 1<sup>st</sup> October, 2022 to 31<sup>st</sup> March, 2023 at the following rates:

ESCOM	4 <sup>th</sup> quarter Net FAC in paise per unit to be refunded/adjusted to the consumers.
BESCOM	43
MESCOM	24
CESC	34
HESCOM	35
GESCOM	35

The fuel cost adjustment charges of MESCOM are also applicable to consumers of Mangalore SEZ and the fuel cost adjustment charges of HESCOM are also applicable to consumers of Hukeri RECS, and AEQUS SEZ, to be collected in all the energy bills, to be issued to their consumers from 1st October-2022 to 31<sup>st</sup> March, 2023.

This Order is signed and issued by the Karnataka Electricity Regulatory Commission on this day, the 19<sup>th</sup> September, 2022.

  
(F. Ravikumar)  
Chairman

  
(H.M. Manjunatha)  
Member  
19/9/2022

  
(M.D. Ravi) 19/9/2022  
Member