

Before
UTTARAKHAND ELECTRICITY REGULATORY COMMISSION

Petition No. 27 of 2022

In the matter of:

Determination of additional surcharge in accordance with the provisions of UERC (Terms and Conditions of intra-State Open Access) Regulations, 2015 to meet the fixed cost of UPCL arising out of its obligation to supply electricity to the open access consumers for the period October 2022 to March 2023.

And

Uttarakhand Power Corporation Limited. (UPCL)

...Petitioner

CORAM

Shri D.P. Gairola Member (Law)-Chairman (I/c)

Shri M. K. Jain Member (Technical)

Date of Order: October19, 2022

This Order relates to the Petition dated 28.06.2022 filed by Uttarakhand Power Corporation Ltd. (hereinafter referred to as “the Petitioner” or “UPCL” or “Licensee”) under Section 42(4) of the Electricity Act, 2003, Clause 8.5.4 of the Tariff Policy issued by Ministry of Power, Government of India, and Regulation 23 of UERC (Terms and conditions for Determination of Tariff) Regulations, 2015 seeking determination of additional surcharge in accordance with the provisions of UERC (Terms and Conditions of intra-State Open Access) Regulations, 2015 to meet the fixed cost of UPCL arising out of its obligation to supply electricity to the open access consumers for the period October 2022 to March 2023.

1. Background

- 1.1. Section 42(4) of the Electricity Act, 2003 stipulates as follows:

“Where the State Commission permits a consumer or class of consumers to receive supply of electricity from a person other than the distribution licensee of his area of supply, such consumer shall be liable to pay an additional surcharge on the charges of wheeling, as may be specified by the State Commission, to meet the fixed cost of such distribution licensee arising out of his obligation to supply.”

- 1.2. Clause 8.5.4 of Tariff Policy stipulates as follows:

“The additional surcharge for obligation to supply as per section 42(4) of the Act should become applicable only if it is conclusively demonstrated that the obligation of a licensee, in terms of existing power purchase commitments, has been and continues to be stranded, or there is an unavoidable obligation and incidence to bear fixed costs consequent to such a contract. The fixed costs related to network assets would be recovered through wheeling charges.”

- 1.3. Regulation 23 of the UERC (Terms and Conditions of Intra State Open Access) Regulations, 2015 in respect of applicability of Additional Surcharge specifies as under:

- “(1) Any consumer, receiving supply of electricity from a person other than the distribution licensee of his area of supply, shall pay to the distribution licensee an additional surcharge on the charges of wheeling, in addition to wheeling charges and cross-subsidy surcharge, to meet out the fixed cost of such distribution licensee arising out of his obligation to supply as provided under sub-section (4) of Section 42 of the Act.*
- (2) This additional surcharge shall become applicable only if the obligation of the licensee in terms of power purchase commitments has been and continues to be stranded or there is an unavoidable obligation and incidence to bear fixed costs consequent to such a contract. However, the fixed costs related to network assets would be recovered through wheeling charges.*
- (3) The distribution licensee shall submit to the Commission, on six monthly basis, a detailed calculation statement of fixed cost which the licensee is incurring towards his obligation to supply.*

The Commission shall scrutinize the statement of calculation of fixed cost submitted by the distribution licensee and obtain objections, if any, and determine the amount of additional surcharge.

Provided that any additional surcharge so determined by the Commission shall be applicable on prospective basis on all open access consumers.

- (4) *Additional surcharge determined on per unit basis shall be payable, on monthly basis, by the open access consumers based on the actual energy drawn during the month through open access.*

Provided that such additional surcharge shall not be levied in case distribution access is provided to a person who has establish a captive generation plant for carrying the electricity to the destination of his own use."

- 1.4. For justification of applicability of additional surcharge and its determination, the Petitioner submitted that due to its obligation, it has made arrangement to supply power to the Consumers including Open Access Consumers. Due to power purchase through open access by the consumers, the fixed power purchase cost of the Petitioner has become stranded which needs to be recovered from the open access consumers as per provisions of the Electricity Act, 2003.
- 1.5. The Petitioner has submitted month wise Stranded Energy due to open access and Open Access Energy drawn by the open access consumers at state periphery for the period October, 2021 to March, 2022 as shown in the Table below:

Table 1			
S. No.	Month	Stranded Energy (MU) *	Open Access Energy (MU)
1	Oct,21	0.65	0.65
2	Nov,21	2.653	2.653
3	Dec,21	0.726	0.726
4	Jan,22	0.192	0.192
5	Feb,22	0.34	0.34
6	March,22	0.767	0.767
Total		5.328	5.328

** Revised submission dated 14.09.2022*

- 1.6. Further the Petitioner submitted the details of energy received, energy surrendered, total energy entitled at State periphery and fixed cost of 06 plants for the period from October, 2021 to March, 2022 the same is shown as table below:

Table 2

S. No.	Name of Plant	Energy Received at State Periphery (MU)	Energy Surrendered at State Periphery (MU)	Total Energy Entitled at State Periphery (MU)	Total Fixed Costs Incurred (Rs. Cr)	Average Fixed cost (Rs/kWh)
1	Jhajjar Aravali	42.61	8.22	50.83	8.23	1.62
2	Dadri Gas	0.41	160.76	161.77	8.34	0.52
3	FG Unchahar-4	36.28	14.92	51.2	6.20	1.21
4	FG Unchahar-3	84.69	25.92	110.61	17.56	1.59
5	Anta	0.07	66.77	66.84	6.24	0.93
6	Auriya	0.00	103.63	103.63	8.76	0.85
Total		164.06	380.22	544.88	55.33	1.02

- 1.7. As per the Petitioner the computation of per unit additional surcharge to be levied for the period October, 2021 to March, 2022 has been shown in the table below:

Table 3

S. No.	Particulars	Value
a	Average fixed cost at State periphery (Rs. / unit)	1.02
b	Average fixed cost at consumer end after considering approved PTCUL losses @ 1.40% and distribution losses 13.75% @ (Rs. / unit)	1.20
c	Stranded energy (MU)	5.328*
d	Open access energy (MU)	5.328
e	Proposed additional surcharge (Rs. / unit)	1.19*

**Revised submission dated 14.09.2022*

- 1.8. A Public Notice inviting comments from the Stakeholders on UPCL's Petition was published by the Petitioner in the following News Papers:

Table 4: Publication of Notice

S. No.	Newspaper Name	Date of Publication
1.	The Times of India	16.07.2022
2.	Amar Ujala	16.07.2022

- 1.9. Through above notice the Commission received one objections/suggestions /comments in writing on the Petition filed by UPCL.

2. Stakeholders Comments

- 2.1. In response to the Public Notice, the following stakeholders filed their written objections/suggestions/comments.

- (i) M/s Indian Energy Exchange Ltd., (IEX) Corporate Office, 9th Floor, Max Towers, Sector 16, B, Noida, UP.

2.2. The primary concern of the stakeholder is summarised as under:

2.2.1. M/s IEX has stated that levy of additional surcharge shall make the open access market uncompetitive and is not in line with the National Tariff Policy which emphasizes upon the objective of promoting open access while ensuring that charges and conditions levied for such open access do not make it uncompetitive.

2.2.2. M/s IEX has stated that the total stranded energy entitled is 5.321 Mus as against 5.683 MUs used in computation of additional surcharge by the Petitioner.

3. Petitioner's Response

3.1. The Petitioner's response to the stakeholder's comments have been summarised as under:

3.1.1. The Petitioner stated that the additional surcharge has been done as per the provisions as specified in the Electricity Act, 2003, the National Tariff Policy, 2016 and UERC (Terms and Conditions of Intra State Open Access) Regulations, 2015.

3.1.2. The Petitioner admitted that there was computational error in calculation of total stranded energy. Instead of 5.683 MUs taken in the Petition, the stranded energy for computation of additional surcharge should be equal to the open access energy i.e. 5.321 MUs.

4. Commission's views and decision

4.1. The Commission has gone through the Petition filed by UPCL, objections/suggestions/comments raised by the Stakeholders and response of the Petitioner, i.e. UPCL.

4.2. The Additional surcharge determined by the Commission has been done in accordance with the provisions of the Electricity Act, 2003, Tariff Policy and UERC (Terms and Conditions of Intra State Open Access) Regulations, 2015.

4.3. The Commission examined the relevant data submitted by the Petitioner pertaining to slot wise energy surrendered, open access availed in that particular slot, and the calculation submitted for working out the average fixed cost during the period (October 2021 to March 2022) of the 06 generating stations namely Jhajjar, Dadri Gas, FG

Unchahar-3, FG Unchahar-4, Anta & Auriya. The procedure followed by the Commission for working out the additional surcharge during the period is similar to that followed in the past and is as detailed below:

4.3.1. Slot-wise surrendered power (in MW) was calculated for each day of the period (October 2021 to March 2022) by taking the difference of entitlement and the net schedule of all the allotted Inter-State generating stations (ISGS) as per the last revision available on the NRLDC website. Thereafter, month wise surrendered units (in MUs) were calculated.

4.3.2. Slot-wise stranded power (in MW) was calculated for each day of the period (October 2021 to March 2022) by considering the lower of the quantum of open access power including short term open access transactions (RTM) and surrendered power in that particular time slot. This was done to ensure that only that surrendered power is taken for calculating additional surcharge which corresponds to power stranded due to open access consumers only. Thereafter, total stranded power (in MUs) for the period was calculated by summing up the stranded power for each month as shown in the Table below:

Table 5

S. No.	Month	Open Access Energy (MU)	Stranded Energy (MU)
1	Oct,21	1.03	1.03
2	Nov,21	2.48	2.48
3	Dec,21	0.85	0.85
4	Jan,22	0.32	0.32
5	Feb,22	0.37	0.37
6	March,22	0.80	0.80
Total		5.85	5.85

4.3.3. The Commission calculated the average fixed cost of the power purchased through 06 generating station namely Jhajjar, Dadri Gas, FG Unchahar-3, FG Unchahar-4, Anta & Auriya on the basis of actual bills raised against the respective generating stations during the period October 2021 to March 2022. The Commission for calculation of stranded power, energy received from the aforesaid 06 stations and open access power at consumer end has taken distribution losses as 13.75% and Transmission losses as 1.40%.

Table 6

S. No.	Month	Total Entitlement at State periphery (in MU)	Total Fixed Cost (Rs. Cr)
1	Jhajjar	47.16	8.23
2	Dadri Gas	157.83	8.33
3	F G Unchahar-3	47.22	6.20
4	F G Unchahar-4	103.38	17.57
5	Anta	81.58	6.24
6	Auriya	132.74	8.76
Total		569.91	55.33

4.3.4. For arriving at the stranded cost of power (in Rs. Crore) due to open access consumers during the period October 2021 to March 2022, the Commission has considered the weighted average fixed cost (Rs/unit) derived herein above and the quantum of stranded power due to open access drawl (MUs). Thereafter, the Commission has considered recovery of the said stranded cost over the next six months period, i.e. from October 2022 to March 2023. The per unit Additional Surcharge to be levied by the Distribution licensee for the period 01.10.2022 to 31.03.2023 shall be as shown in the table below:

Table 7

a) Stranded Power due to open access consumers at State Periphery (MUs)	5.85
b) Stranded Power due to open access at consumer end (MUs)	4.97
c) Billed fixed cost of 06 Generating Stations during the period October 2021 to March 2022 (Rs Cr)	55.33
d) Energy received at State periphery from the 06 ISGS stations during the period October 2021 to March 2022 (MUs)	569.93
e) Corresponding energy received from the 06 ISGS stations during the period at Consumer end (MUs)	484.68
f) Weighted average fixed cost of 06 stations at consumer end (Rs./Unit) [(c)*10/(e)]	1.14
g) Total cost of stranded power due to open access consumers (Rs. Cr) [(f)*(b)/10]	0.57
h) Total Open Access Units at State periphery for the period October 2021 to March 2022 (MUs)	5.85
i) Corresponding Open Access power at consumer end (MUs)	4.97
j) Applicable Additional Surcharge for the period October 2022 to March 2023 (Rs./Unit) based on the open access units for the period October 2021 to March 2022[(g)*10/(i)]	1.14

4.4. In view of the above, the Commission determines Additional Surcharge as Rs. 1.14/ Unit. The additional surcharge so determined shall be effective for the period 01.10.2022 to 31.03.2023.

Ordered accordingly.

(M. K. Jain)
Member (Technical)

(D.P. Gairola)
Member (Law)-Chairman (I/c)