

Before

# UTTARAKHAND ELECTRICITY REGULATORY COMMISSION

Petition No. 23 of 2022

**In the matter of:**

Application seeking approval of the Fuel Charge Adjustment (FCA) to be charged from the consumers for the period from 01.07.2022 to 30.09.2022.

**In the matter of:**

Uttarakhand Power Corporation Ltd.

... Petitioner

**CORAM**

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

**Shri M.K. Jain Member (Technical)**

**Date of Order: August 29, 2022**

This Order relates to the Petition dated 26.07.2022 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 Multi Year Tariff) Regulations, 2021 seeking approval of the Fuel Charge Adjustment (FCA) to be charged from the consumers during the period 01.07.2022 to 30.09.2022.

## **1. Background**

- 1.1 The Licensee vide its Petition dated 26.07.2022 while referring to UERC (Terms and conditions for Determination of Multi Year Tariff) Regulations, 2021 (hereinafter referred to as "MYT Regulations 2021") 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 has sought the post-facto approval of the Commission for charging of FCA on account of variation in actual variable cost of power purchase vis-a-vis the approved variable cost of power purchase for the first quarter of FY 2022-23. In this regard, UPCL vide its O.M. No. 2998/UPCL/RM/B-15 dated 23.07.2022 issued the rate of FCA to be recovered from different consumer categories during the period from July, 2022 to

September, 2022.

- 1.3 UPCL submitted that for computation of correct values of energy received at the State periphery, in compliance to the Commission's direction, station wise energy at State periphery has been considered as per the details provided by SLDC. UPCL submitted the following station-wise details of FCA for the period from April, 2022 to June, 2022:

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	1.580	180.52	3.30%	174.57	26.77	1.53	-0.81
2	F G Unchahar-I	3.440	41.66	3.28%	40.29	16.57	4.11	2.71
3	F G Unchahar-2	3.490	24.86	3.30%	24.04	10.22	4.25	1.83
4	F G Unchahar-3	3.420	23.25	3.29%	22.49	9.38	4.17	1.69
5	F G Unchahar-4	3.030	56.93	3.29%	55.06	21.66	3.93	4.97
6	N C T Dadri:2	3.490	8.44	3.31%	8.16	4.05	4.96	1.20
7	Rihand-1 STPS	1.550	75.60	3.30%	73.11	10.69	1.46	-0.64
8	Rihand-2 STPS	1.550	69.69	3.29%	67.40	10.87	1.61	0.42
9	Rihand-3 STPS	1.530	79.12	3.30%	76.51	12.30	1.61	0.59
10	Kahalgaon-II	2.660	50.10	3.30%	48.45	17.38	3.59	4.50
11	Jhajjar Aravali	3.640	42.75	3.31%	41.33	20.10	4.86	5.05
12	Anta Gas	4.800	0.00	-	0.00	0.00		0.00
13	Auraiya Gas	4.800	0.00	-	0.00	0.00		0.00
14	Dadri Gas	4.800	0.73	3.33%	0.70	0.98	13.84	0.64
15	Gama Infraprop	4.800	0.00	-	0.00	0.00		0.00
16	Sravanthi Energy	4.800	0.00	-	0.00	0.00		0.00
<b>Total</b>			<b>653.66</b>	<b>3.30%</b>	<b>632.11</b>	<b>160.95</b>	<b>2.55</b>	<b>22.15</b>

- 1.4 In view of the above, total FCA recoverable during July, 2022 to September, 2022 as claimed by the Petitioner is as follows:

Particulars	Amount
FCA for the quarter ending June, 2022	Rs. 22.15 Crore
<b>Total FCA</b>	<b>Rs. 22.15 Crore</b>

- 1.5 UPCL submitted that the sales data for the Quarter ending September 2022 is based on the sales approved by the Commission in its Order dated 31.03.2022 and, accordingly, the estimated sales for the second quarter of FY 2022-23 has been considered as 3444.75 MU.
- 1.6 UPCL, in its Petition, has worked out the average rate of FCA of Rs. 0.064/kWh (Rs. 22.15 Crore/3444.75 MU).
- 1.7 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 Tariff Order dated 31.03.2022

for FY 2022-23. 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 July-September, 2022 by UPCL is enclosed as **Annexure-I**.

## **2. Commission's views and decision**

2.1 Section 62(4) of the Electricity Act, 2003 specifies 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, 2021 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, 2021, 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 the FCA computations of subsequent quarters. Accordingly, the Commission has analysed the details of the power purchase and monthly bills raised on UPCL by the Central Sector Thermal generating stations and Gas based generating stations where FCA is attracted for first quarter of FY 2022-23. 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 previous approach 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 the 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 such generating stations has been calculated. The Commission has considered the sales of 3444.75 MU approved by it for the second quarter of FY 2022-23, i.e. for July-September, 2022 which is also the same adopted by UPCL in its Petition. Based on the above, the Commission computed the FCA for the first quarter of FY 2022-23 and observed that the rate of FCA of Rs. 0.064/kWh claimed by UPCL is matching with the computations made by the Commission.

- 2.7 Further, as discussed in the Order dated 02.09.2021, the Commission is not carrying forward the previous financial year's FCA adjustment to the next financial year, i.e. fresh computation of FCA in each FY. The relevant extract of the Order dated 02.09.2021 is reproduced hereunder:

*"The Commission analyzed the submissions made by UPCL in this regard, and accepts the methodology proposed by UPCL in its letter dated 15.07.2021, to not carry forward the previous financial year's FCA adjustment to next financial year, i.e. fresh computation of FCA in each FY. This will be equitable for both UPCL and the consumers as previous year's FCA variation will not affect the FCA computation for the ensuing year, and the same will be settled on yearly basis, which shall, however, be trued up during the tariff proceedings. Besides, this will also reflect in true and fair view of the annual accounts as all the income and expenses relating to the relevant financial year would be reflected in the annual accounts of that relevant year."*

- 2.8 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 second quarter of FY 2022-23.
- 2.9 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.
- 2.10 Ordered accordingly.

**(M.K. Jain)**  
**Member (Technical)**

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

**Category-wise FCA proposed to be charged during the second quarter of FY 2022-23**

<b>S. No.</b>	<b>Category</b>	<b>Average Billing Rate (Rs./KWh)</b>
<b>1</b>	<b>Domestic (RTS-1) / Concessional Snowbound Area (RTS-1A)</b>	
1.1	<i>Lifeline Consumers(RTS-1) / Concessional Snowbound Area (RTS-1A)</i>	Rs. 0.02/kWh
1.2	<i>Consumers (Metered) (RTS-1)</i>	Rs. 0.05/kWh Rs. 0.05/kVAh
<b>2</b>	<b>Non-Domestic (RTS-2)</b>	Rs. 0.07/kWh Rs. 0.07/kVAh
<b>3</b>	<b>Government Public Utilities (RTS-3)</b>	Rs. 0.07/kVAh
<b>4</b>	<b>PTW/Pumping Sets (RTS-4)</b>	Rs. 0.02/kWh
<b>5</b>	<b>Agriculture Allied Activities (RTS-4A)</b>	Rs. 0.03/kWh
<b>6</b>	<b>LT Industries (RTS-5)</b>	Rs. 0.07/kWh Rs. 0.07/kVAh
<b>7</b>	<b>HT Industries (RTS-5)</b>	Rs. 0.07/kVAh
<b>8</b>	<b>Mixed Load (RTS-6)</b>	Rs. 0.06/kVAh
<b>9</b>	<b>Railway Traction (RTS-7)</b>	Rs. 0.07/kVAh
<b>10</b>	<b>Electric Vehicle Charging Stations (RTS-8)</b>	Rs. 0.06/kWh