

**Before**

# **UTTARAKHAND ELECTRICITY REGULATORY COMMISSION**

**Petition No. 32 of 2021**

**In the matter of:**

Application seeking approval of the Fuel Charge Adjustment (FCA) to be charged from the consumers for the period from 01.07.2021 to 30.09.2021.

**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: September 02, 2021**

This Order relates to the Petition dated 30.07.2021 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 Tariff) Regulations, 2018 seeking approval of the Fuel Charge Adjustment (FCA) to be charged from the consumers during the period 01.07.2021 to 30.09.2021.

## **1. Background**

- 1.1 The Licensee vide its Petition dated 30.07.2021 while referring to UERC (Terms and conditions for Determination of Tariff) Regulations, 2018 (hereinafter referred to as “MYT Regulations 2018”) 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 2021-22. In this regard, UPCL vide its O.M. No. 131/UPCL/RM/B-15 dated 28.07.2021 issued the rate of FCA to be recovered from different consumer categories during the period from July, 2021 to

September, 2021.

- 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, 2021 to June, 2021:

| 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        | 1.563                               | 146.84                  | 3.32%                    | 141.96                                     | 21.55                     | 1.52               | -0.64                                       |
| 2            | F G Unchahar-I   | 3.155                               | 40.46                   | 3.32%                    | 39.12                                      | 12.92                     | 3.30               | 0.57  |
| 3            | F G Unchahar-2   | 3.135                               | 31.16                   | 3.33%                    | 30.12                                      | 10.05                     | 3.34               | 0.61  |
| 4            | F G Unchahar-3   | 3.145                               | 16.71                   | 3.32%                    | 16.15                                      | 5.34                      | 3.31               | 0.26  |
| 5            | N C T Dadri:2    | 3.219                               | 2.11                    | 3.33%                    | 2.04                                       | 0.64                      | 3.15               | -0.01                                       |
| 6            | Rihand-1 STPS    | 1.521                               | 61.08                   | 3.32%                    | 59.05                                      | 8.28                      | 1.40               | -0.70                                       |
| 7            | Rihand-2 STPS    | 1.521                               | 30.23                   | 3.31%                    | 29.23                                      | 4.09                      | 1.40               | -0.36                                       |
| 8            | Rihand-3 STPS    | 1.500                               | 67.93                   | 3.33%                    | 65.67                                      | 9.06                      | 1.38               | -0.79                                       |
| 9            | Kahalgaoon-II    | 2.401                               | 42.01                   | 3.32%                    | 40.61                                      | 9.21                      | 2.27               | -0.54                                       |
| 10           | Jhajjar Aravali  | 3.457                               | 9.93                    | 3.30%                    | 9.60                                       | 3.33                      | 3.47               | 0.01  |
| 11           | Anta Gas         | 2.844                               | 1.20                    | 3.49%                    | 1.16                                       | 0.25                      | 2.14               | -0.08                                       |
| 12           | Auraiya Gas      | 3.605                               | 7.01                    | 3.29%                    | 6.78                                       | 1.51                      | 2.23               | -0.93                                       |
| 13           | Dadri Gas        | 2.174                               | 8.62                    | 3.30%                    | 8.34                                       | 1.76                      | 2.11               | -0.05                                       |
| 14           | Gama Infraprop   | 4.000                               | 185.21                  | 0.00%                    | 185.21                                     | 85.56                     | 4.62               | 11.48                                       |
| 15           | Sravanthi Energy | 4.000                               | 275.12                  | 0.00%                    | 275.12                                     | 124.66                    | 4.53               | 14.61                                       |
| <b>Total</b> |                  |                                     | <b>925.60</b>           | <b>3.32%</b>             | <b>910.14</b>                              | <b>298.21</b>             | <b>3.28</b>        | <b>23.44</b>                                |

- 1.4 In view of the above, total FCA recoverable during July, 2021 to September, 2021 as claimed by the Petitioner is as follows:

| Particulars                           | Amount          |
|---------------------------------------|-----------------|
| FCA for the quarter ending June, 2021 | Rs. 23.44 Crore |

- 1.5 UPCL submitted that the sales data for the Quarter ending September 2021 is based on the sales approved by the Commission in its Order dated 26.04.2021 and, accordingly, the estimated sales for the second quarter of FY 2021-22 has been considered as 3495.30 MU.
- 1.6 UPCL, in its Petition, has worked out the average rate of FCA of Rs. 0.067/kWh (Rs. 23.44 Crore/3495.30 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 26.04.2021 for FY 2021-22. 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, 2021 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, 2018 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, 2018, 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 subsequent quarter's FCA computations. 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 2021-22. 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. Based on the above, the amount of FCA for the first quarter of FY 2021-22 has been worked out as given in the Table below:

**Table 2.1: FCA for the first quarter of FY 2021-22 (April-June, 2021) approved by the Commission**

| S. No        | Power Stations   | Billed Energy (MUs) | Actual Variable Charges Billed (Rs. Crore) | Energy at State Periphery (MUs) | Actual Rate of Variable Charges at State Periphery (Rs./kWh) | Approved Variable Charges (Rs./kWh) | FCA Recoverable (Rs. Crore) |
|--------------|------------------|---------------------|--|---------------------------------|--|-------------------------------------|-----------------------------|
| 1            | Singrauli        | 146.84              | 21.55                                      | 141.96                          | 1.52   | 1.563                               | -0.64                       |
| 2            | F G Unchahar-1   | 40.46               | 12.93                                      | 39.12                           | 3.31   | 3.155                               | 0.59                        |
| 3            | F G Unchahar-2   | 31.16               | 10.08                                      | 30.12                           | 3.35   | 3.135                               | 0.64                        |
| 4            | F G Unchahar-3   | 16.71               | 5.36                                       | 16.15                           | 3.32   | 3.145                               | 0.28                        |
| 5            | N C T Dadri:2    | 2.11                | 0.64                                       | 2.04                            | 3.15   | 3.219                               | -0.01                       |
| 6            | Rihand-1 STPS    | 61.08               | 8.28                                       | 59.05                           | 1.40   | 1.521                               | -0.70                       |
| 7            | Rihand-2 STPS    | 30.23               | 4.09                                       | 29.23                           | 1.40   | 1.521                               | -0.36                       |
| 8            | Rihand-3 STPS    | 67.93               | 9.06                                       | 65.67                           | 1.38   | 1.500                               | -0.79                       |
| 9            | Kahalgaoon-II    | 42.01               | 9.21                                       | 40.61                           | 2.27   | 2.401                               | -0.54                       |
| 10           | Jhajjar Aravali  | 9.93                | 3.33                                       | 9.60                            | 3.47   | 3.457                               | 0.01                        |
| 11           | Anta Gas         | 1.20                | 0.25                                       | 1.16                            | 2.14   | 2.844                               | -0.08                       |
| 12           | Auraiya Gas      | 7.01                | 1.51                                       | 6.78                            | 2.23   | 3.605                               | -0.93                       |
| 13           | Dadri Gas        | 8.62                | 1.76                                       | 8.34                            | 2.11   | 2.174                               | -0.05                       |
| 14           | Gama Infraprop   | 185.20              | 85.56                                      | 185.20                          | 4.62   | 4.000                               | 11.48                       |
| 15           | Sravanthi Energy | 275.12              | 124.67                                     | 275.12                          | 4.53   | 4.000                               | 14.62                       |
| <b>Total</b> |                  | <b>925.59</b>       | <b>298.28</b>                              | <b>910.14</b>                   | <b>-</b>   | <b>-</b>                            | <b>23.51</b>                |

2.7 UPCL in its letter dated 15.07.2021 submitted the details of FCA to be recovered during quarter ending June 2021 as Rs. (-) 85.18 Crore. In this regard, UPCL submitted that as there was negative FCA at the end of quarter ending March 2021, therefore, it had not issued any orders for recovery of FCA from the consumers for the period from April, 2021 to June, 2021. UPCL in its aforesaid letter also submitted to allow it for computation of FCA afresh from 01.07.2021 (for the quarter ending June, 2021), and the balance of FCA at the end of June, 2021 (for the quarter ending March, 2021) may be considered at the time of true-up for FY 2020-21.

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, FCA of Rs. 23.51 Crore is hereby approved for first quarter of FY 2021-22 to be recovered in second quarter of FY 2021-22. Based on the above, against the FCA claim of UPCL for Rs. 23.44 Crore, the Commission allows recovery of FCA of Rs. 23.51 Crore as summarized below:

| Period                                | FCA approved by the Commission (Rs. in Crore) |
|---------------------------------------|---|
| FCA for the quarter ending June, 2021 | 23.51   |

2.9 For the purpose of computation of the rate of FCA to be charged from the consumers, the Commission has considered the sales of 3495.30 MU approved by it for the second quarter of FY 2021-22, i.e. for July-September, 2021 which is also the same adopted by UPCL in its Petition. Accordingly, the rate of FCA to be recoverable during second quarter of FY 2021-22 works out to Rs. 0.0673/kWh against Rs. 0.0671/kWh claimed by UPCL.

2.10 It is apparent that the Petitioner has raised FCA bills in accordance with its O.M. dated 28.07.2021. Apparently the rate of FCA calculated and charged by UPCL for the consumer categories is lower than the rate of FCA being approved by the Commission vide this Order. In this regard, Regulation 83(5) of the MYT Regulations specifies as under:

*“(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.”*

2.11 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 2021-22. The amount of FCA under recovered shall be adjusted in the FCA charges of the second quarter of FY 2021-22.

2.12 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.

2.13 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 2021-22**

| <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                          |
| <b>2</b>      | <b>Non-Domestic (RTS-2)</b>  | Rs. 0.08/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) / Agriculture Allied Activities (RTS-4A)</b> | Rs. 0.02/kWh                          |
| <b>5</b>      | <b>Industry (RTS-5)</b>  |                                       |
| 5.1           | <i>LT Industries</i>   | Rs. 0.07/kWh                          |
|               |  | Rs. 0.07/kVAh                         |
| 5.2           | <i>HT Industries</i>   | Rs. 0.07/kVAh                         |
| <b>6</b>      | <b>Mixed Load (RTS-6)</b>  | Rs. 0.07/kWh                          |
| <b>7</b>      | <b>Railway Traction (RTS-7)</b>  | Rs. 0.07/kVAh                         |