

**PUNJAB STATE ELECTRICITY REGULATORY COMMISSION
SCO NO. 220-221, SECTOR 34-A, CHANDIGARH**

**Petition No. 08 of 2019
Date of Order: 27.05.2019**

Present: Ms. Kusumjit Sidhu, Chairperson
Sh. S.S. Sarna, Member
Ms. Anjuli Chandra, Member

In the matter of: Petition for approval of Fuel Cost Adjustment (FCA) Surcharge for 3rd Quarter (October, 2018 to December, 2018) of FY 2018-19.

AND

In the matter of: Punjab State Power Corporation Limited (PSPCL), The Mall, Patiala.

ORDER

1. The Petition has been filed by PSPCL, for approval of Fuel Cost Adjustment (FCA) Surcharge for 3rd quarter of FY 2018-19. The same was admitted vide the Commission's Order dated 18.03.2019.
2. PSPCL in the Petition has claimed FCA on account of:
 - (i) Balance un-recovered amount of Rs. 447.804 Crore for FCA at the end of 2nd Quarter of FY 2018-19.
 - (ii) Change in Fuel Cost of PSPCL's own Thermal Generating Stations on account of change in fuel prices w.r.t. Fuel Cost approved by the Commission in the Tariff Order for FY 2018-19 as Rs. (-) 2.528 Crore.
 - (iii) Increase in variable cost of Power Purchase from all Thermal and Nuclear Power Stations under long term contract with PSPCL as Rs. 387.06 Crore.
3. The elections to the Lok Sabha were announced by the Election Commission of India (ECI) on 10.03.2019 bringing

into force the Model Code of Conduct. As such, the Commission vide its Order dated 18.03.2019 decided to continue with the levy of FCA as determined by PSPCL for 2nd Quarter provisionally till the issue of a new Order after completion of the poll.

4. After hearing PSPCL on 25.04.2019, the Commission vide its Order dated 25.04.2019 issued directions as under:

“After hearing the representative of PSPCL, PSPCL is directed to file an affidavit by tomorrow explaining the amount of Rs. 447.804 Crore shown as balance unrecovered amount for FCA at end of 2nd quarter and that whether the same is a part of the Annual Revenue Requirement or not. The petition shall be taken up for hearing on 29.04.2019 at 3.00 P.M.”

In compliance to thereof, PSPCL submitted affidavit dated 25.04.2019 with submission as under:

“..... That the fuel cost on actual basis has been claimed for the 1st & 2nd quarter for FY 2018-19 (H1 period i.e. 01.04.2018 to 30.09.2018) in the APR Petition for FY 2018-19 filed on 30.11.2018.”

5. PSPCL was heard on 06.05.2019 and the Order was reserved vide the Commission's interim Order dated 06.05.2019.

6. Commission's Observations and Decision:

6.1 Un-recovered amount of FCA due upto the end of 2nd Quarter of FY 2018-19:

The Commission observes that in the review of FY 2018-19 carried out in the Tariff Order for FY 2019-20, the actual fuel cost and Power Purchase Cost for H1 of FY 2019-20 has been considered. As such, unrecovered amount, if any, on account of change in fuel cost and Power Purchase Cost of

the licensee due upto the end of 2nd quarter of FY 2018-19, stands covered in the ARR approved by the Commission in the Tariff Order for FY 2019-20.

However, the Commission notes that, Regulation 55 of the PSERC (Conduct of Business) Regulations, 2005, specifies that the FCA, for the first quarter of a financial year i.e. from April to June & for the 2nd quarter i.e. from July to September shall be worked out by the Licensee and levied w.e.f. 1st October and 1st January of the same year respectively. However, PSPCL chose not to recover the full FCA amount due upto the end of 2nd Quarter for FY 2018-19.

Therefore, the Commission decides that PSPCL shall not be eligible for claiming the carrying cost on the same, during the True-up of FY 2018-19.

6.2 FCA for 3rd Quarter of FY 2018-19

The Commission has considered the impact of FCA for 3rd Quarter of FY 2018-19 in the Tariff Order for FY 2019-20, subject to the reconciliation/validation during the true up for FY 2018-19.

Further, the FCA of 12 paise/unit being charged presently may be discontinued on implementation of Tariff Order for FY 2019-20 w.e.f. 01.06.2019.

The Petition is disposed of accordingly.

**Sd/-
(Anjuli Chandra)
Member**

**Sd/-
(S.S. Sarna)
Member**

**Sd/-
(Kusumjit Sidhu)
Chairperson**

**Chandigarh
Dated: 27.05.2019**