

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

Date of Order : 26.08.2014

Petition No. 11 of 2014

In the matter of: Petition for approval of Fuel Cost Adjustment (FCA) Surcharge for 3rd Quarter (Oct. 2013 to Dec. 2013) of FY 2013-14.

AND

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

Petition No. 33 of 2014

In the matter of: Petition for approval of Fuel Cost Adjustment (FCA) Surcharge for 4th Quarter (Jan. 2014 to Mar. 2014) of FY 2013-14.

AND

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

Present: Smt.Romila Dubey, Chairperson
Shri Virinder Singh, Member
Shri Gurinder Jit Singh, Member

ORDER

Punjab State Power Corporation Limited (PSPCL) filed Petition No.11 of 2014 for adjustment of tariff by incorporating the effect of change in fuel prices in respect of its own thermal generation and of power purchased from

central thermal plants under long term contracts during the 3rd quarter (October, 2013 to December, 2013) of FY 2013-14 by levy of Fuel Cost Adjustment (FCA) Surcharge under the provisions of Section 62 (4) of the Electricity Act, 2003 and Regulation 55 of the Punjab State Electricity Regulatory Commission (Conduct of Business) Regulations, 2005 and its amendments notified on 08.08.2012 and 07.05.2013 and as per para 4.7.4 of T.O. for FY 2013-14 which is reproduced as under:-

“4.7.4 Fuel Cost Adjustment (FCA)

Any change in the fuel cost from the level approved by the Commission is to be passed on to the consumers as FCA in line with FCA formula specified in Punjab State Electricity Regulatory Commission (Conduct of Business) Regulations, 2005. According to this stipulation, any change in fuel cost would be passed on to the consumers on quarterly basis as per Punjab State Electricity Regulatory Commission (Conduct of Business) (Second Amendment) Regulations, 2012”.

In this petition, the Commission had passed Order dated 28.03.2014 as under:-

“Fuel Cost Adjustment surcharge as determined by PSPCL for the second quarter of FY 2013-14 and as being presently levied from 01.01.2014 to 31.03.2014 shall continue to be levied from 01.04.2014 to 30.06.2014, as Petition No. 63 of 2013 for determination of ARR and Tariff filed by PSPCL for FY 2014-15 is under process and is likely to take some more time. The effect of fuel cost ending September, 2013 shall be taken into consideration in the review of FY 2013-14, in the Tariff Order for FY 2014-15. The adjustment on this account shall be made by the Commission at the time of determination of ARR for FY 2014-15”.

2. Similarly, PSPCL filed Petition No.33 of 2014 for approval of Fuel Cost Adjustment (FCA) Surcharge for 4th Quarter (January, 2014 to March, 2014) of FY 2013-14. In this petition, the Commission passed Order dated 01.07.2014, which is reproduced below:-

“After hearing PSPCL, further hearing of the petition is closed. The Order is reserved.

PSPCL was allowed to continue to levy of FCA surcharge from 01.04.2014 to 30.06.2014 vide Order dated 28.03.2014 in Petition No.11 of 2014, as was being charged by PSPCL for the second quarter of FY 2013-14 and being levied from 01.01.2014 to 31.03.2014. The Commission has also decided that the effect of fuel cost ending Sept., 2013 shall be taken into consideration in the review of FY 2013-14 in the Tariff Order for FY 2014-15, and the adjustment on this account shall be made by the Commission at the time of determination of ARR for FY 2014-15.

PSPCL is hereby directed not to charge any FCA surcharge after 30.06.2014. The net effect of fuel cost adjustment for the 3rd and 4th quarters of FY 2013-14 and the recovery made by PSPCL by continuing the FCA surcharge from 01.04.2014 to 30.06.2014 shall be taken into account at the time of determination of ARR for FY 2014-15”.

3. The Commission has since passed Order dated 22.08.2014 determining the Annual Revenue Requirement (ARR) and Tariff for supply of electricity by Punjab State Power Corporation Limited (PSPCL) to the consumers of the State of Punjab for FY 2014-15 (Tariff Order for PSPCL for FY 2014-15). In this Tariff Order, Fuel Cost Adjustment (FCA) has been dealt with in Para 9.11 as under:-

“9.11 Fuel Cost Adjustment (FCA)

PSPCL has submitted Petition No.11 of 2014 for fuel cost adjustment for the 3rd quarter of FY 2013-14. PSPCL has

worked out adjustment amount during the quarter as ₹137.60 crore, consisting of ₹107.034 crore as change in fuel cost of its own thermal stations and ₹30.57 crore as change in power purchase cost.

The Commission, in its order dated 28.03.2014 in the matter of Petition No.11 of 2014 for fuel cost adjustment for the 3rd quarter of FY 2013-14 has passed the following order”

“Fuel Cost Adjustment surcharge as determined by PSPCL for the second quarter of FY 2013-14 and as being presently levied from 01.01.2014 to 31.03.2014 shall continue to be levied from 01.04.2014 to 30.06.2014, as Petition No. 63 of 2013 for determination of ARR and Tariff filed by PSPCL for FY 2014-15 is under process and is likely to take some more time. The effect of fuel cost ending September, 2013 shall be taken into consideration in the review of FY 2013-14, in the Tariff Order for FY 2014-15. The adjustment on this account shall be made by the Commission at the time of determination of ARR for FY 2014-15”.

PSPCL has also submitted Petition No.33 of 2014 for fuel cost adjustment for the 4th quarter of FY 2013-14. PSPCL has worked out adjustment amount during the quarter as ₹150.55 crore, consisting of ₹118.949 crore as change in fuel cost of its own thermal stations and ₹31.60 crore as change in power purchase cost.

The Commission, in its order dated 01.07.2014 in the matter of Petition No.33 of 2014 for fuel cost adjustment for the 4th quarter of FY 2013-14 has passed the following order:

“.....PSPCL is hereby directed not to charge any FCA surcharge after 30.06.2014. The net effect of fuel cost adjustment for the 3rd and 4th quarters of FY 2013-14 and

the recovery made by PSPCL by continuing the FCA surcharge from 01.04.2014 to 30.06.2014 shall be taken into account at the time of determination of ARR for FY 2014-15”.

In para 4.7 of the Tariff Order for FY 2013-14, it has been provided as under:

“Fuel Cost Adjustment (FCA)

Any change in the fuel cost from the level approved by the Commission is to be passed on to the consumers as FCA in line with FCA formula specified in Punjab State Electricity Regulatory Commission (Conduct of Business) Regulations, 2005. According to this stipulation, any change in fuel cost would be passed on to the consumers on quarterly basis as per Punjab State Electricity Regulatory Commission (Conduct of Business) (second amendment) Regulations, 2005”.

In view of the above, the Commission has worked out the Fuel Cost Adjustment for the 3rd and 4th quarters of FY 2013-14. To arrive at the change in fuel cost from the level approved by the Commission for own thermal stations of PSPCL, the fuel cost for actual generation during 3rd and 4th quarters has been worked out both with the parameters including price and gross calorific value of coal and oil as contained in the Review of FY 2013-14 in Chapter 5 of this Tariff Order as well as with actual price and gross calorific value of coal and oil as intimated by PSPCL in the petitions, but keeping performance parameters as approved by the Commission in its Tariff Order for FY 2013-14, except SHR of GHTP Units III & IV, which has now been determined as 2428 kcal/kWh in para 2.7.5. The fuel cost for the 3rd and 4th quarters has been worked out with parameters including price and gross calorific value of coal and oil as contained in the Review of FY

2013-14 in Chapter-5 of this Order, instead of that as approved in the Tariff Order for FY 2013-14, since effect of these values has been considered for calculating the fuel cost for the second half of FY 2013-14 in the Review of FY 2013-14 in Chapter 5 of this Tariff Order.

For 3rd quarter of FY 2013-14, to arrive at the change in Power purchase cost approved by the commission for Central Sector Stations, the variable cost of Central Sector Stations for the actual quantum of power purchase during the 3rd quarter has been worked out both with the variable per unit cost considered by the Commission in the Review of FY 2013-14 in Chapter 5 of this Tariff Order, as well as with variable per unit cost as intimated by PSPCL for the 3rd quarter of FY 2013-14.

For 4th quarter of FY 2013-14, to arrive at the change in Power purchase cost approved by the Commission for Central Sector Stations & other generating stations where PSPCL has entered into long term contracts, the variable cost of Central Sector Stations & other generating stations for the actual quantum of power purchase during the 4th quarter has been worked out both with the variable per unit cost considered by the Commission in the Review of FY 2013-14 in Chapter 5 of this Tariff Order, as well as with variable per unit cost as intimated by PSPCL for the 4th quarter of FY 2013-14. The change in variable cost of other generating stations where PSPCL has entered into long term contracts has been considered in view of amendment issued in respect of PSERC Business Regulations vide notification dated 14.05.2014.

The summary of the FCA charged / chargeable for 3rd quarter and 4th quarter of FY 2013-14, after taking into consideration the effect of FCA charged by PSPCL for 3rd quarter of FY 2013-14 in

compliance to Commission's order dated 28.03.2014 (@ 12 paise/unit), is summarized below:

Sr. No.	Description	FCA Amount (₹crore)		
		Total	Chargeable/charged to metered category	Chargeable/charged to unmetered (AP) category
1	FCA chargeable for 3 rd quarter of FY 2013-14 as determined by the Commission in case of Petition No.11 of 2014	49.27	40.75	8.52
2	FCA charged by PSPCL for 3 rd quarter of FY 2013-14 in compliance to Commission's order dated 28.03.2014 (@12 paise/unit)	102.69	84.94	17.75
3	Extra FCA charged by PSPCL for 3 rd quarter of FY 2013-14 (2-1)	53.42	44.19	9.23
4	FCA chargeable for 4 th quarter of FY 2013-14	61.06	53.20	7.86
5	Net FCA amount(4-3)	7.64	9.01	(-)1.37

The net chargeable FCA amount as worked out above is ₹7.64 crore. FCA amount for metered category and unmetered category have been worked out as ₹9.01 crore and (-) ₹1.37 crore respectively.

Thus, the Commission decides that the net FCA amount for 3rd quarter and 4th quarters of FY 2013-14 as worked out above be adjusted by PSPCL while determining the FCA amount and FCA

surcharge for the 1st quarter of FY 2014-15, to be leviable by PSPCL from October, 2014 to December, 2014”.

4. Thus the petitions (No.11 of 2014 and No.33 of 2014) stand decided in terms of Para 9.11 of the T.O. for PSPCL for FY 2014-15, as above.

This Petition No.11 of 2014 and Petition No.33 of 2014 are disposed of accordingly.

Sd/-

(Gurinder Jit Singh)
Member

Sd/-

(Virinder Singh)
Member

Sd/-

(Romila Dubey)
Chairperson

Chandigarh

Dated: 26.08.2014