

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

Date of Order : 27.06.2013

Petition No. 14 of 2013

In the matter of : Petition for Fuel Cost Adjustment (FCA) Surcharge for 3rd Quarter (Oct. 2012 to Dec. 2012) of FY 2012-13.

AND

In the matter of: Punjab State Power Corporation Limited

Petition No. 31 of 2013

In the matter of: Petition for Fuel Cost Adjustment (FCA) Surcharge for 4th Quarter (Jan. 2013 to Mar. 2013) of FY 2012-13.

AND

In the matter of: Punjab State Power Corporation Limited

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

ORDER

1. PSPCL has filed Petition No.14 of 2013 in the matter of Fuel Cost Adjustment Surcharge for the 3rd quarter of FY 2012-13. The total fuel cost adjustment amount of Rs.216.50 crore claimed by PSPCL includes Rs.175.46 crore as change in fuel cost of its own thermal stations and Rs.41.04 crore as change in power purchase cost.

2. PSPCL has also filed Petition No.31 of 2013 in the matter of Fuel Cost Adjustment Surcharge for the 4th quarter of FY 2012-13. The total fuel cost adjustment amount of Rs.43.25 crore claimed by PSPCL includes Rs.94.79 crore as change in fuel cost of its own thermal stations and Rs.(-)51.54 crore as change in power purchase cost.

3. The Commission in para 4.7 of the Tariff Order for FY 2012-13 issued on July 16, 2012, has ordered 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 with the prior approval of the Commission”.

4. As the Commission has approved fuel cost for FY 2012-13 in Chapter-3 (Review) of Tariff Order for FY 2013-14 on the basis of revised price and calorific value of coal and oil, PSPCL was asked vide Commission's letter no.528 dated 12.4.2013 to rework the FCA amount and FCA surcharge for 3rd quarter of FY 2012-13 accordingly and submit the same to the Commission. Further, the Commission in its Order dated 4.6.2013 (in the case of Petition No.31 of 2013) in the matter of FCA surcharge for the 4th quarter of FY 2012-13 observed that PSPCL has not submitted the reworked FCA amount and FCA surcharge in respect of Petition No.14 of 2013 in the matter of FCA surcharge for 3rd quarter of FY 2012-13 as asked for vide letter no.528 dated 12.4.2013, and directed PSPCL to furnish the reply to the ibid letter of the Commission by 14.6.2013. PSPCL vide its letter no.2539 dated 17.6.2013 submitted incomplete reply/information. PSPCL did not submit the reworked fuel cost during 3rd quarter of FY 2012-13 on the plea that PSPCL has appealed in Appellate Tribunal against the Order of the Commission to bring down the drop in GCV between the receipted coal and bunkered coal within 150kCal/kg.

5. (i) The Commission has worked out the fuel cost adjustment for the 3rd quarter of FY 2012-13, on the basis of the data available with the Commission. To arrive at the change in fuel cost from the level approved by the Commission for PSPCL thermal stations, the fuel cost for actual generation during 3rd quarter has been worked out both with the parameters including price and GCV of coal and oil as considered by the Commission in the Review of FY 2012-13 in Chapter-3 of Tariff Order for FY 2013-14, as well as with actual price and GCV of coal and oil as intimated by PSPCL in the Petition (except for GCV of coal in November 2012 and December 2012, which has been considered as taken in Chapter-3 of Tariff Order for FY 2013-14), but keeping performance parameters as approved by the Commission in the Tariff Order for FY 2012-13. Fuel cost for 3rd quarter has been worked out with parameters and including price and GCV of coal and oil as approved by the Commission in the Review of FY 2012-13 in Chapter-3 of Tariff Order for FY 2013-14, instead of that as approved in the Tariff Order for FY 2012-13, since these values have been considered for calculating the fuel cost for the second half of FY 2012-13 in the Review of FY 2012-13 in the Tariff Order for FY 2013-14. Accordingly, the FCA amount on account of PSPCL thermal stations has been reworked as Rs.23.37 (1062.02-1038.65) crore.

(ii) To arrive at the change in power purchase cost due to change in fuel cost alone, for Central Generating Stations (as mentioned in FCA formula), the change in variable cost of NTPC and NPC stations for which the Commission has approved variable cost have been considered. The variable cost of NTPC and NPC stations for the actual quantum of power purchased during the quarter has been worked out both with the variable per unit cost as approved in the Review of FY 2012-13 in Chapter-3 of Tariff Order for FY 2013-14 (wherein power purchase cost from Central Generating Stations has been approved on proportionate basis on the basis of cost (including variable cost for NTPC and NPC stations) for first half of FY 2012-13), as well as with variable per unit cost as intimated by PSPCL for the 3rd quarter. Accordingly, FCA amount on this account has been worked out as Rs.(-)52.66 (446.56-499.22) crore.

(iii) Thus, the total FCA amount during the 3rd quarter of FY 2012-13 works out to Rs.(-)29.29 (23.37-52.66) crore. Out of this total FCA amount of Rs.(-)29.29 crore, FCA amount chargeable to metered category and FCA amount chargeable to unmetered category have been worked out as Rs.(-)23.16 crore and Rs.(-)6.13 crore, respectively.

6. PSPCL vide its Commercial Circular No. CC 3/2013 dated 9.1.2013, issued the instructions to levy FCA surcharge for the 2nd quarter of FY 2012-13, w.e.f. 1st December, 2012 to 28th February, 2013, @ 16 paise/unit for metered category consumers and Rs.24/BHP/month for the un-metered category consumers. PSPCL vide its memo no.357/61 dated 18.4.2013 ordered the continuation of FCA surcharge @ 16 paise/unit for metered category consumers and Rs.24/BHP/month for unmetered category consumers, up to 31.3.2013. This act of PSPCL of ordering continuation of FCA surcharge beyond 28th February, 2013 was observed by the Commission to be in violation of PSERC (Conduct of Business) Regulations, 2005, and PSPCL was accordingly asked vide Commission's letter no.1730/31 dated 20.5.2013 to explain the reasons for continuing FCA surcharge beyond 28th February, 2013 and intimate the financial impact of FCA surcharge charged during the month of March, 2013. PSPCL was also asked to take this financial impact into account while working out FCA surcharge for 4th quarter of FY 2012-13. PSPCL did not take into consideration the orders of the Commission issued vide letter no.1730/31 dated 20.5.2013, and filed the FCA petition No. 31/2013 for 4th quarter of FY 2012-13, wherein the FCA amount was worked out without taking into account the financial impact of FCA surcharge charged during the month of March, 2013.

7. The Commission in its Order dated 4.6.2013, in case of Petition No.31 of 2013 in the matter of FCA surcharge for 4th quarter of FY 2012-13, observed that PSPCL has not submitted its reply to Commission's letter no.1730/31 dated 20.5.2013. It was also observed by the Commission that PSPCL was required to take value of GCV as calorific value of receipted coal minus 150kCal/kg, as per orders of the Commission dated 8.10.2012 and 27.2.2013, and that it was not clear from the Petition No.31 of 2013 whether

the GCV of coal taken for determination of fuel cost of various Thermal Generating Stations of PSPCL is on 'as fired' basis or is on 'as received' basis minus 150kCal/kg. PSPCL was directed in the ibid Order of the Commission to furnish reply to Commission's letter no.1730/31 dated 20.5.2013 by 14.06.2013. PSPCL vide its letter no.2539 dated 17.6.2013 has submitted that the financial impact of charging FCA surcharge during March, 2013 is Rs.53.9723 crore. The recovery against this FCA surcharge is Rs.27.8923 crore from metered categories, because the subsidy for AP supply with reference to FCA has not been received from Govt. of Punjab. With regard to working of fuel cost on 'as fired' basis instead of on the basis of 'received coal' minus 150kCal/kg, it has been intimated by PSPCL that they have appealed in Appellate Tribunal for Electricity in the matter.

8. (i) The Commission has worked out the fuel cost adjustment for the 4th quarter of FY 2012-13, on the basis of the data available with the Commission. To arrive at the change in fuel cost from the level approved by the Commission for PSPCL thermal stations, the fuel cost for actual generation during 4th quarter has been worked out both with the parameters including price and GCV of coal and oil as considered by the Commission in the Review of FY 2012-13 in Chapter-3 of Tariff Order for FY 2013-14, as well as with actual price and GCV of coal and oil as intimated by PSPCL in the Petition (except for GCV of coal, which has been considered as intimated by CE/ARR & TR, PSPCL vide letter no.5741 dated 30.5.2013), but keeping performance parameters as approved by the Commission in the Tariff Order for FY 2012-13. Fuel cost for 4th quarter has been worked out with parameters and including price and GCV of coal and oil as approved by the Commission in the Review of FY 2012-13 in Chapter-3 of Tariff Order for FY 2013-14, instead of that as approved in the Tariff Order for FY 2012-13, since these values have been considered for calculating the fuel cost for the second half of FY 2012-13 in the Review of FY 2012-13 in the Tariff Order for FY 2013-14. Accordingly, the FCA amount on account of PSPCL thermal stations has been worked as Rs.107.27 (899.02-791.75) crore.

(ii) To arrive at the change in power purchase cost due to change in fuel cost alone, for Central Generating Stations (as mentioned in FCA

formula), the change in variable cost of NTPC and NPC stations for which the Commission has approved variable cost have been considered. The variable cost of NTPC and NPC stations for the actual quantum of power purchased during the quarter has been worked out both with the variable per unit cost as approved in the Review of FY 2012-13 in Chapter-3 of Tariff Order for FY 2013-14 (wherein power purchase cost from Central Generating Stations has been approved on proportionate basis on the basis of cost (including variable cost for NTPC and NPC stations) for first half of FY 2012-13), as well as with variable per unit cost as intimated by PSPCL for the 4th quarter. Accordingly, FCA amount on this account has been worked out as Rs.(-)55.15 (370.89-426.04) crore.

(iii) Thus, the total FCA amount during the 4th quarter of FY 2012-13 works out to Rs.52.12 (107.27-55.15) crore. Out of this total FCA amount of Rs.52.12 crore, FCA amount chargeable to metered category and FCA amount chargeable to unmetered category have been worked out as Rs.42.48 crore and Rs.9.64 crore respectively.

(iv) In addition, PSPCL is required to adjust the extra FCA amount charged by it during March, 2013, for which there was no approval from the Commission. PSPCL vide its letter no.2539 dated 17.6.2013 has submitted that the financial impact of charging FCA surcharge from metered and unmetered categories during March, 2013 is Rs.53.9723 crore. The recovery against this FCA surcharge is Rs.27.8923 crore from metered categories, because the subsidy for AP supply with reference to FCA has not been received from Govt. of Punjab. The Commission, therefore, decides to adjust this additional FCA amount of Rs.27.8923 crore charged/recovered from the metered category consumers.

9. During hearing of the Petition No.31 of 2013, it came to the notice of the Commission that the PSPCL continued to charge FCA surcharge @ 4 paise/unit to metered categories and @ Rs.2/BHP/month to unmetered category (AP) during the months of July, 2012 and August, 2012, for which there was no approval from the Commission. The Commission has worked out this extra FCA amount charged by PSPCL during July, 2012 and August, 2012 as Rs.22.15 crore (on proportionate basis $(33.22 \times 2/3)$ on the basis of

FCA amount of Rs.33.22 crore approved by the Commission for 4th quarter of FY 2011-12). Out of this total extra FCA amount charged by PSPCL, the Commission has worked out Rs.17.26 crore charged to metered categories and Rs.4.89 crore charged to unmetered category (AP).

10. To sum up, the Commission has determined the total extra FCA amount charged by PSPCL as Rs.27.21 crore. The extra amount charged from metered categories is Rs.25.83 crore and that from unmetered category (AP) is Rs.1.38 crore as briefed below: -

Sr. No.	Description	FCA Amount (Rs. crore)		
		Total	Chargeable/charged to metered category	Chargeable/charged to unmetered category (AP)
1	3 rd quarter of FY 2012-13	(-) 29.29	(-) 23.16	(-) 6.13
2	4 th quarter of FY 2012-13	(+) 52.12	(+) 42.48	(+) 9.64
3	Total (1+2)	(+) 22.83	(+) 19.32	(+) 3.51
4	Extra FCA charged by PSPCL in March, 2013	(-) 27.89	(-) 27.89	-
5	Net FCA amount (3+4)	(-) 5.06	(-) 8.57	(+) 3.51
6	Extra FCA charged by PSPCL in July, 2013 and August, 2013	(-) 22.15	(-) 17.26	(-) 4.89
7	Net FCA amount (5+6)	(-) 27.21	(-) 25.83	(-) 1.38

11. In view of the above, the Commission orders as under:

- (i) As net FCA amount determined by the Commission is negative, no FCA surcharge is leviable from April, 2013 to September, 2013.
- (ii) PSPCL is directed to adjust the above determined extra FCA amount charged from metered categories and unmetered category (AP), while determining the FCA amount and FCA surcharge for the 1st and subsequent quarters of FY 2013-14, to be leviable by PSPCL from October, 2013 to December, 2013 and January, 2014 to March, 2014.

- (iii) PSPCL is directed to take into consideration the GCV of coal on the basis of calorific value of 'received coal' minus 150kCal/kg, as per orders of the Commission dated 8.10.2012 (in case of Petition No.42 of 2012) and 27.2.2013 (in case of Petition No.66 of 2012), for working out the fuel cost in respect of all its thermal generating stations. Since there is no stay from Appellate Tribunal of Electricity in the matter of Commission's ibid orders, this direction shall be implemented by PSPCL, otherwise this will be considered as non compliance of Commission's orders.
- (iv) PSPCL is directed not to charge FCA in future without approval from the Commission for the period it is not authorized to levy FCA.

This disposes of Petition No.14 of 2013 and Petition No.31 of 2013.

Sd/-
(Gurinder Jit Singh)
Member

Sd/-
(Virinder Singh)
Member

Sd/-
(Romila Dubey)
Chairperson

Chandigarh
Dated: 27.06.2013