

Before

**Bihar Electricity Regulatory Commission
Patna**

Case No. FPPCA 01/10

In the matter of

**Fuel and Power Purchase Cost Adjustment (FPPCA) charges for the
period from October, 2008 to March, 2009**

AND

In the matter of

**Bihar State Electricity Board Applicant
Bailey Road, Patna.**

**Present : B.K. Halder, Chairman
S.K. Jayaswal, Member**

Dated 30th March, 2010

ORDER

1. The Bihar State Electricity Board [hereinafter referred to as 'BSEB' or 'Board'] has filed application vide letter No. Com/Misc/SC/1166/09-1453 dated 10.02.2009 for levy of Fuel and Power Purchase Cost Adjustment (FPPCA) charge to the consumers for the period from October, 2008 to March, 2009 in terms of FPPCA formula stipulated in the Tariff Order dated 26.08.2008 for the FY 2008-09 of the Commission [hereinafter referred to as 'Tariff Order FY 2008-09']. In this petition BSEB has sought approval for levy of FPPCA at the rate of 69 paise/kWh to its consumers except Kutir Jyoti/BPL (Rural and Urban) and Private Agriculture.
2. The Commission vide its letter No. BER.C.Tariff-07/09-488 dated 17.12.2009 directed BSEB to submit some more information / data in a petition form indicating the reasons for increase in fuel and power purchase cost and the total incremental cost incurred by the Board for power purchase from other sources and fuel for its own power station during the period October, 2008 to March, 2009.
3. The Board submitted additional details vide letter Nos. Com/Misc/1166/09-1509 dated 21.12.2009 and Com/Misc/1166/09-77 dated 27.01.2010.
4. The Board in its filing through letter no. Com/Misc/1166/09-77 dated 27.01.2010 submits that due to import of coal by NTPC at Farakka, Kahalgaon

and Talchar Thermal Power Stations, the power purchase cost has increased and therefore the proposal for FPPCA charges has been submitted. NTPC has claimed the fuel price adjustment charge directly from the beneficiaries in terms of clause 22(iii) and 18(2) of the CERC (Terms and Conditions for Determination of Tariff) Regulation, 2004-09 applicable for the period 2004-09 & 2009-2014.

5. The Board also submits that its own generation at Barauni TPS during Oct. 08 to Mar. 09 was very low and as such there is no increase in cost of generation and hence ignored.
6. The Board while submitting additional details vide letter dated 27.01.2010 has submitted two options for levy of FPPCA charge for the same period at the rate of (i) 83 paise/kWh exempting BPL (Rural), BPL (Urban) and Private Agriculture IAS-I and (ii) 112 paise/kWh exempting BPL (Rural), BPL (Urban), IAS-I (private Agriculture), IAS-II (State Tubewells), Domestic (Rural), Street Light-I and power sold to Nepal and UI.
7. The Board in its petition dated 10.12.2009 has made the following submissions:
 - (a) Source-wise power purchase and the total cost incurred during the period October '08 to March '09 are as detailed in Table below.

Table

Sl.No.	Source	Power Purchase MU	Purchase Cost Rs. Crore	Average Rate (4÷3) Rs./kWh
1	2	3	4	5
1	Farakka (T)	1283.336	327.413	
2	Kahalgaon Stage-I (T)	675.892	174.314	
3	Talchar (T)	1474.567	251.436	
4	Chukka (HE)	169.525	27.03	
5	NHPC (Rangeet)	43.18	6.667	
6	NHPC (Tista)	152.646	26.687	
7	Tala (PTC)	216.973	39.922	
8	Kahalgaon Stage-II (T)	155.583	37.754	
9	BHPC	19.269	3.856	
10	Kanti BUNL	140.324	51.213	
11	NS Sugar Mills	3.631	1.082	
12	Bharat Sugar Mills	6.588	1.962	
13	Nepal	23.256	9.184	
14	UI	80.30	35.131	
15	PGCIL Tr. & RLDC charges	-	22.306	
16	Total	4445.07	1915.96	2.28

(b) During October '08 to March '09, ex-bus generation at BSEB own power station i.e. Barauni TPS was 61.89456 MU and fuel cost Rs. 12.548 crores.

(c) Details of energy sold to exempted categories during October '08 to March '09 are as given below :

Sl. No	Category	No. of consumers & connected load		Monthly consumption norm	Total assessed consumption during the period (MU)
		No.	Connected Load (kW)		
1	KJ (Rural)	254091	14395	30 units/conn/ month	45.736
2	KJ (Urban)	4130	412	30 units/conn / month	0.743
3	IAS-I	49316	166488	125 Units/HP/ month (2000 units per kW per year)	166.488
4	Total				212.967

8. As per the formula for Fuel and Power Purchase Cost Adjustment (FPPCA) specified at page 113 & 114 of the Tariff Order FY 2008-09, changes in power purchase cost from other sources and fuel cost for its own power station are to be allowed as a pass through. As per the formula, FPPCA is to be reviewed by the Board at an interval of six months and allowed only when it is five paise and more per unit and the Agriculture and BPL consumers have been exempted from levy of FPPCA.

9. Having considered the facts and materials submitted by Board in its various filings, the Commission considers the following for estimation of FPPCA charge :

(a) Power exchange takes place between India and Nepal under bilateral arrangement between the two countries and the tariff rates for such exchange of power is fixed by Indo-Nepal Power Exchange Committee at Govt. of India level. The Commission therefore considers to keep the export / import of power to / from Nepal out of purview of FPPCA.

b) Power has been sold and purchased both under Unscheduled Interchange (UI) from Central Sector Generating Stations during the period under review. The Commission has considered the net energy transactions under UI (61.10 MU) and the net UI cost of Rs. 25.65 crores on this account in the power purchase cost.

- c) BSEB has considered power purchase for seven months (Sept. '08 to Mar. '09) for Talcher TPS as 1474.567 MU with cost of Rs. 251.43 crores. This has been reduced to 1342.626 MU with cost of Rs. 229.101 crores after reducing power purchase in September, 2008.
- d) In Tariff Order 2008-09 (para 4.6.1), the fuel cost for Barauni TPS has been approved at Rs. 62.35 crores (Coal - Rs. 54.72 crores & Oil – Rs. 7.63 crores) for FY 2008-09. During the period under review, BSEB has incurred an expenditure of Rs. 8.365 crores on cost of coal and Rs. 4.1698 crores on cost of oil as against approved cost of Rs. 27.36 crores and Rs. 3.815 crores respectively taken prorata for six months. Considering above, fuel adjustment cost of Barauni TPS as per FPPCA formulae specified in Tariff Order 2008-09 works out to (–) Rs. 2.31 crores for the period under review.
- e) As per terms of the FPPCA formula specified in the Tariff Order 2008-09, BPL and Agriculture consumers are exempted from levy of FPPCA charge. The Board in its petition has assessed the energy sales to the above exempted category of consumers at 212.967 MU for the period from October '08 to March '09 by assuming consumption norm of 30 units/month/connection for Kutir Jyoti/BPL both Rural and Urban consumers against the approved norm of 18 units/month/connection for KJ (Rural) in Tariff Order 2008-09. Accordingly the energy consumption by the exempted category of consumes during period under review works out to 194.67 MU as given below :

Category	No. of consumers	Connected load (kW)	Consumption norms specified in the tariff order dt. 26.08.08	Consumption for six months Oct. '08 to Mar. '09
Kutir Jyoti (Rural)	254091	14395	18U/month/con	27.44
Kutir Joyti (Urban)	4130	412	30U/month/con	0.74
Pvt. Agriculture	49316	166488	2000U/kW/year	166.49
Total				194.67

10. In consideration of the facts brought out in the preceding paras, the fuel and power purchase adjustment cost works out to Rs. 173.97 crores on account of changes in power purchase and fuel cost during the period October '08 to March '09 with reference to the approved cost. Accordingly, the Commission decides to allow BSEB to recover FPPCA charge provisionally at the rate of 69 paise (sixty nine paise) per unit on the energy consumption during the period

October, 2008 to March, 2009 from its consumers except Kutir Jyoti/BPL (Rural and Urban) and Pvt. Agriculture consumers subject to final adjustment on audit of Annual Accounts of the Board for FY 2008-09.

11. In case of metered consumer, FPPCA shall be levied on actual consumption. But in case of unmetered and fixed rate tariff consumers, the Board shall charge FPPCA on the minimum monthly guaranteed consumption as specified for the metered consumers of the same category in the Tariff Order 2008-09.
12. BSEB shall raise FPPCA bill with details to be payable in six monthly installments without any delay payment surcharge under a covering letter and serve to the consumer. The consumer, however, will have the option to pay the FPPCA bill in less than six monthly installments, if so desired.

Sd/-
(S.K. Jayaswal)
Member

Sd/-
(B.K. Halder)
Chairman