

**Bihar Electricity Regulatory Commission
Patna**

Case No. FPPCA 07/2011

In the matter of

**Fuel and Power Purchase Cost Adjustment (FPPCA) charges for the
month of September, 2011 (01.09.2011 to 30.09.2011)**

AND

In the matter of

Bihar State Electricity Board Applicant

**Present : U. N. Panjiar – Chairman
R. N. Sharma – Member
S. C. Jha – Member**

Dated: 19.11.2011

ORDER

1. The Bihar State Electricity Board [hereinafter referred to as 'BSEB' or 'Board'] has filed application vide letter no. Com/FPPCA-137/2011-1658 dated 13.10.2011 for approval of levy of Fuel and Power Purchase Cost Adjustment (FPPCA) charges to the consumers for the period from 01.09.2011 to 30.09.2011 i.e for the month of September, 2011 in terms of the FPPCA formula stipulated in the Tariff Order dated 01.06.2011 for FY 2011-12 of the Commission [hereinafter referred to as 'Tariff Order']. BSEB has sought approval for levy of FPPCA charges @ 55paise/kWh to its consumers except exempted categories to recover a total cost of Rs. 40.39 crores.
2. The Board in its filing has stated that due to enhanced cost of power purchase from generating units of NTPC at Farakka, Kahalgaon and Talchar Power Stations, the proposal for approval to levy FPPCA charges has been submitted :
3. (a) As per submission of the Board in their letter No. 1658 dated 13.10.2011 source-wise scheduled power purchase (MU) and the total cost incurred during the period 01.09.2011 to 30.09.2011 are detailed in Table below.

Table

Sl.No.	Source from which power purchased	Total Power Purchase MU	Total Purchase Cost Rs. Crore	Average Rate (4÷3) Paise/kWh
1	2	3	4	5
1	Farakka (T)	173.088	83.416	481.928
2	Kahalgaon Stage-I (T)	195.064	85.059	436.057
3	Kahalgaon Stage-II (T)	34.977	16.565	473.597
4	Talchar (T)	254.380	84.358	331.622
5	Chukka (HE)	71.219	11.323	158.988
6	Tala (PTC)	161.532	29.722	184.001
7	NHPC (Rangeet)	14.780	2.044	138.295
8	NHPC (Tista)	54.365	7.191	132.273
9	BHPC	5.888	1.470	249.660
10	Kanti BUNL	10.271	3.749	365.008
11	RE Purchase (a) Co-generation (b) Solar (c) Others	Nil Nil Nil	Nil Nil Nil	Nil Nil Nil
12	Sub Total	975.564	324.897	
13	UI (Purchase ó Sale)	(ó) 114.128	(ó) 19.14	
14	RLDC charges	ó	16.107	
15	NVVNL	210.603	86.137	4.090
16	Grant from State Govt. for 300 MW short Term Power Purchase		(ó) 55.00	
16	Total	1072.039	353.001	329.280

- (b) The various parameters considered for FPPCA calculation as per submission of the Board in respect of Barauni Thermal Power Station (BTPS) are as below:

Gross Gen. (MU)	Aux. Cons. (MU)	Net Gen. (MU)	Coal cons (MT)	Avg. rate of coal Rs./MT	Oil cons. (KL)	Avg. rate of oil Rs./KL
2.04	0.204	1.836	2085	6192	20.4	46374

- (c) Energy sold to exempted categories i.e. KJ (Rural), KJ (Urban), IAS-I has been assessed as 28.044 MU for the month of September, 2011 as detailed below in the Table.

Table

Category	No. of consumer	Connected load in kW	Norms	Energy (in MU)
KJ (R)	552667	NA	18U/month	9.948006
KJ (U)	10900	NA	30U/month	0.327
IAS I	56099	143590	1485U/kW/yr	17.769
Total				28.04406

4. As per the formula for Fuel and Power Purchase Cost Adjustment (FPPCA) specified in the Tariff Order for FY 2011-12, 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 terms and conditions specified in the formula, FPPCA formula is to be applied on monthly basis by BSEB after seeking regulatory approval only when it is five paise and more per unit and the Private Agriculture, Kutir Jyoti and BPL consumers are exempted from levy of FPPCA charges.
5. Having considered the facts and materials submitted by the Board in its 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) The Commission in its tariff order dated 01.06.2011 has approved the power purchase cost from various sources which were taken into consideration for calculation of FPPCA charges as detailed below:

**Power purchase quantity and amount approved by the Commission
excluding Nepal in Tariff Order FY 2011-12**

S.N	Source	Energy purchase (MU)	Average cost Paise / kWh	Total cost (Rs. crore)
1	Farakka (T)	2889	342	988
2	Kahalgaon (T) ó I	2155	286	616
3	Kahalgaon (T) ó II	696	317	221
4	Talchar (T)	2590	241	624
5	Chukka (HE)	560	159	89
6	Tala (HE)	1020	184	188
7	Rangeet (HE)	145	186	27
8	Teesta HE)	550	171	94
9	BSHPC	41	249	10
10	KBUNL	500	365	183
11	RE Purchase			
	(i) Co-generation	12	412	5
	(ii) Solar	1	1500	1
	(iii) Others	131	390	51
12	Transmission & RLDC charges			201
13	Total	11290	292.117	3298

(b) On the basis of the data furnished by the Board for the period 01.09.2011 to 30.09.2011 the Board has sold power under UI at the rate of Rs.1.68 per unit which is quite low compared to the average power purchase cost of Rs. 3.60 per unit. The Commission does not allow this loss to pass on to the consumers and so the UI rate has been considered equal to the average power purchase cost of Rs. 3.60 per unit during the month.

Considering the above facts, the Commission works out the average power purchase cost per unit as detailed below for the purpose of calculating FPPCA charges for the month of September, 2011

Average Power Purchase Cost per unit during September, 2011

Sl.No.	Source from which power purchased	Total Power Purchase MU	Total Purchase Cost Rs. Crore	Average Rate (4÷3) Paise/kWh
1	2	3	4	5
1	Farakka (T)	173.088	83.416	481.928
2	Kahalgaon Stage-I (T)	195.064	85.059	436.057
3	Kahalgaon Stage-II (T)	34.977	16.565	473.597
4	Talchar (T)	254.380	84.358	331.622
5	Chukka (HE)	71.219	11.323	158.988
6	Tala (PTC)	161.532	29.722	184.001
7	NHPC (Rangeet)	14.780	2.044	138.295
8	NHPC (Tista)	54.365	7.191	132.273
9	BHPC	5.888	1.466	249.000
10	Kanti BUNL	10.271	3.749	365.008
11	RE Purchase			
	(a) Co-generation	Nil	Nil	Nil
	(b) Solar	Nil	Nil	Nil
	(c) Others	Nil	Nil	Nil
12	NVVNL	210.603	86.137	4.090
13	Sub Total	1186.167	411.030	3.465
14	RLDC charges	6	16.107	
	Total (13+14)	1186.167	427.137	3.60
15	UI (Purchase ó Sale)	(6) 114.128	(6) 41.09	
16	Grant from State Govt. for 300 MW short Term Power Purchase		(6) 55.00	
17	Total	1072.039	331.047	3.088

- (d) The Commission in its tariff order has considered ex-bus generation and power purchase and so the Commission has considered the ex-bus power generation and purchase.
- (e) As per submission of the Board the actual fuel (coal+oil) cost in case of BTPS works out to Rs. 12.92 per unit. The rate of coal per metric tonne has risen to Rs. 6239.15 including demurrage charges. The Commission feels that the Board should find out the reasons for such high rate of generation cost and take measures to set right the cost of generation or to regulate such generation at high fuel cost especially when the Board is selling power under UI at a quite low rate. However, the Commission has considered to allow FPPCA charges on the basis of norms specified in the Tariff Order for FY 2011-12 for this month of September, 2011 but in future the Commission may not consider to allow such higher rate of fuel cost in case of BTPS. Accordingly the Commission works out the following parameters as detailed below for the purpose of calculation of FPPCA charges in respect of BTPS for the month of September, 2011:

Gross Gen. (MU)	Aux. Cons. (MU)	Net Gen.	Coal cons. (MT)	Oil cons. (KL)	Avg rate of Coal Rs./MT	Avg rate of oil Rs./KL
2.04	0.204	1.836	2054	20.4	6192	46374

The Commission in its tariff order for FY 2011-12 has approved the rate of coal as Rs. 2328/MT and that of oil at Rs. 30,000/KL.

- (f) As per terms of the FPPCA formula specified in the Tariff Order, Kutir Jyoti, BPL and Private Agriculture consumers are exempted from levy of FPPCA charge. The Board in its petition has assessed the energy sales to the exempted category of consumers at 28.044 MU which has been considered by the Commission for working out the FPPCA charges in the month of September, 2011.
- (g) T&D loss has been taken as 29% for calculation of FPPCA charges as specified in the Tariff Order.
6. In consideration of the facts brought out in the preceding paras, the fuel and power purchase adjustment cost works out to Rs. 18.708 crores on account of changes in power purchase and fuel cost during the period 01.09.2011 to

30.09.2011 with reference to the approved cost. Accordingly, as detailed in annexed calculation sheet, the Commission consider to allow BSEB to recover FPPCA charge provisionally @25paise per unit on the energy consumption of September, 2011 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 2011-12.

7. 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 for FY 2011-12.
8. BSEB shall issue public notice notifying the FPPCA rate for the month of September, 2011 in two daily leading newspapers one in Hindi and the other in English and shall place the order on their website. BSEB shall also display the rate of FPPCA in bold letters on the Notice Board of their local billing and collection centre.
9. BSEB shall raise FPPCA bill with details and serve to the consumers separately in the next month indicating the total unit, rate of FPPCA and period for which the FPPCA charges has been levied. BSEB shall keep separate accounts of FPPCA charges billed and realized.
10. The Commission further observes that as per the mechanism and formula for FPPCA given in the Tariff Order of the Commission for FY 2011-12, the Commission has earlier allowed FPPCA for the months of May, June, July & August, 2011. However it has been learnt that in some Area Boards of BSEB FPPCA charges have not yet been passed on to the consumers. This will result in bunching of FPPCA charges, once it is passed on to the consumers causing undue financial hardship to them. In addition to the monthly FPPCA charges for FY 2011-12, the Commission has earlier also allowed FPPCA charges for the year 2009-10. Some of these FPPCA charges may still be continuing. Therefore, the Commission directs that in order to avoid hardship to the consumers due to bunching, in addition to the pending instalments of FPPCA charges for the earlier

years, BSEB will pass on the FPPCA charge of only one month of FY 2011-12 at a time.

11. The Commission has also given direction to BSEB that FPPCA charges should be passed on to the consumers through separate bills indicating details including the month for which it is being charged. However, it has come to the notice of the Commission that FPPCA charges are being passed on in the monthly electricity bills of the consumers without clearly explaining the details of the FPPCA charges. Direction of the Commission in this regard must be complied.

Sd/-
(S.C. Jha)
Member

Sd/-
(R.N. Sharma)
Member

Sd/-
(U.N. Panjiar)
Chairman