

UERC draft document (Terms and Conditions for Determination of Multi Year Tariff) (2nd Amendment) Regulations, 2023.

Summary:

UERC notified a draft document (Terms and Conditions for Determination of Multi Year Tariff) (2nd Amendment) Regulations, 2023. June, 2023

- According to the proposed draft Regulation 83 the term “Fuel Cost adjustment” has been rephrased as “Fuel and Power Cost Adjustment (FPPCA)”.
- The FPPCA charge shall be applicable on the entire sale of the Distribution Licensee without any exemption to any consumer.
- UERC has proposed that, timeline for computation and verification of FPPCA has been done in 60 days instead of 30 days in principal regulation.
- FPPCA charge to be announced before beginning of the month for which the charges to be applicable.
- The FPPCA charge for any category shall not exceed 20% of the Base Energy Charge for respective category, or such other ceiling as may be stipulated by the Commission from time to time.

The document can be accessed [here](#).

CER Comments on UERC (Terms and Conditions for Determination of Multi Year Tariff) (2nd Amendment) Regulations, 2023.

- 1. Exclusion of Banked Energy and Energy Sale outside the state from calculation of FPPCA:** As per the Clause (83)(1) of the proposed draft *“The FPPCA charge shall be applicable on the entire sale of the Distribution Licensee without any exemption to any consumer.”* It is suggested that the energy sale outside the State and the energy banked (within the state as well as outside the state) should be excluded from the calculation of the FPPCA charge for the distribution licensee. Thus the above Clause may be rephrased as *“The FPPCA charge shall be applicable on the entire sale of the Distribution Licensee **excluding the energy sold outside the state and the banked energy (within the state as well as outside the state)** without any exemption to any consumer.”*
- 2. Applicability of changes in Fixed/ capacity charge and transmission charges for FPPCA calculation?:** As per Clause (83)(2) of the proposed draft *“The FPPCA charge shall be computed and charged on the basis of actual variation in fuel and power purchase costs relating to power generated from own generation stations and power procured during any month subsequent to such costs being incurred, in accordance with these Regulations, and shall not be computed on the basis of estimated or expected variations in fuel and power purchase costs.”* It is suggested to further clarify whether the power purchase cost includes fixed charges or capacity charges and the transmission charges. The Clause may be rephrased as *“The FPPCA charge shall be computed and charged on the basis of actual variation in fuel and power purchase costs **for delivery at the periphery of the distribution licensee** relating to power generated from own generation stations and power procured during any month subsequent to such costs being incurred, in accordance with these Regulations, and shall not be computed on the basis of estimated or expected variations in fuel and power purchase costs.”* This would ensure that changes associated with fixed charges (as applicable) and transmission charge and transmission losses are appropriately accounted for.
- 3. Timeline for FPPCA calculation approval:** As per the Clause (83)(4) of the proposed draft *“The Distribution Licensee shall submit the details of the FPPCA incurred and to be charged or refunded to all the consumers for the entire quarter, along with the detailed computations and supporting documents as may be required for verification by the Commission within 60 days of the end of quarter for post facto approval of the Commission.”* The period of 60 days is relatively a long period for verification as invoice

from generators are generally available within 10-15 days after the end of a month. Thus associated FPPCA calculation based on energy scheduled for the respective month can be undertaken soon afterwards. Even for the calculations to be done on quarterly basis, the time frame of 60 days is long. It is suggested that duration of the verification of FPPCA charge by the Commission may be kept as 30 days as also provided in the principal Regulations.

- 4. FPPCA charge to be announced before beginning of the month for which the charges to be applicable:** It is suggested that the FPPCA charge should be announced before beginning of the month so that the consumers may be able to take appropriate decision (for e.g. use of captive power, or procurement from open access, or reduce consumption) in light of the updated tariff.
- 5. Definition of Regular Basis:** As per the Clause (83)(6), of the proposed draft *“In case the Distribution Licensee is found guilty of charging unjustified FPPCA charge from the consumers on **regular basis**, the Commission shall adjust the unjustified charges along with the interest on the same which shall not be allowed to be pass through.”* (emphasis added)
It is suggested that ‘regular basis’ be objectively specified. For example, it may be defined as 2-3 consecutive instances of defaults or total of 2-3 defaults in a period of 12 months.
Thus, the Clause (83)(6) may be rephrased as *“In case the Distribution Licensee is found guilty of charging unjustified FPPCA charge from the consumers **for (2) consecutive months**, the Commission shall adjust the unjustified charges along with the interest on the same. **The interest so imposed shall not be allowed to pass through.**”*
- 6. Monthly FPPCA calculations and approval in the Tariff Order:**
The following Clauses may be added after Clause (83)(11) of the proposed draft:
12. The distribution licensee shall provide the details of month-wise FPPCA charges calculated and revenue collected thereof at the time of filing the tariff petition for the next year.
13. All the FPPCA calculations and consumer wise FPPCA collections should also be displayed on the website of the distribution licensee as well.
- 7. Definition of Base Energy Charge:** As per the Clause (83)(9), of the proposed draft *“The FPPCA charge for any category shall not exceed 20% of the **Base Energy Charge** for respective category, or such other ceiling as may be stipulated by the Commission from time to time.....”*. (emphasis added)
It is suggested to further clarify the meaning of “base energy charge”. In case of slab-wise tariff for a category, there would be ambiguity associated with “20% of base energy charge”. It may defined with reference to Average Billing Rate (ABR) as well.