

ANDHRA PRADESH ELECTRICITY REGULATORY COMMISSION

APERC – Fuel Surcharge Adjustment for Quarter-III of FY 2008-09 (Oct 2008 – Dec 2008);
Orders -Issued.

Proceedings No. APERC/Secy./Jt. Dir.(Tariff-Engg.)/No.07

/Dt: 05-06-2010

1. Under clause 45-B of Commission's Conduct of Business Regulations as amended vide Regulation No 1/2003 read with Section 26(9) of AP Electricity Reform Act, 1998 (No. 30 of 1998), Section 62(4) of The Electricity Act, 2003 and Tariff Order for 2008-09, additional fuel and power purchase costs have to be passed on to all non-agricultural consumers as Fuel Surcharge Adjustment (FSA) on quarterly basis.
2. APPCC has submitted FSA claim on behalf of the four Distribution Companies for the Third Quarter of FY2008-09 (Oct. to Dec.) in letter No. CE/Comml./APPCC/FSA08-09/ D.No.58/ 09, Dt: 12-08-2009. Subsequently, they have submitted revised FSA proposal vide letter No. CE/Comml./ APPCC/FSA08-09/ D.No.620, Dt: 10-02-2010.
3. The Licensee's FSA filings are in compliance to paragraph Nos. 278 and 292 of Tariff Order 2008-09 read with Amendment Regulation No.1 of 2003 to APERC (Conduct of Business) Regulations.
4. The Quarter-III FSA claim of licensees is given in the following table:

Quarter-III	FSA amount (Rs. Crs.)	Energy sold to Non-agricultural consumers (MU)	FSA Rate (Rs./kWh)
Oct - Dec 2008	1279	9033	1.42

5. It is noted that the FSA claims have been worked out inter-alia on the basis of the following:-
 - (a) Power Purchase Cost of SSLBPH on the basis of weighted average variable cost as per directions given in Paragraph No 475 to 477 of Tariff Order FY2004-05. The licensees have however not filed any supporting data and calculation to show that the generation from SSLBPH was over and above the effective capacity of SSRBPH.
 - (b) Fixed costs as per actuals.
6. As per Regulation, FSA is to be calculated on the basis of difference in the actual weighted average variable cost to that adopted in the Tariff Order for the power purchase quantity mentioned in the Tariff Order. Different components of the FSA as claimed by APPCC and as worked out by the Commission are indicated in the Annexure enclosed.
7. The cost of purchase from expensive sources which substituted the short fall from approved sources was limited to the highest Variable Cost (among approved Thermal Stations with normal Fuel linkage) plus Average Fixed Cost of power actually purchased from approved sources as the ceiling price. In the process, the effect of UI was also neutralized.
8. After careful consideration, the Commission approves the FSA as recomputed in the following table subject to adjustment of any amount arising out of any Merit Order violation or any other discrepancy causing excess recovery from consumers coming to the notice of the

Commission at a later date and subject to final true-up or adjustment for Station-wise determination of Tariff for APGENCO Power Stations including SSLBPH, in the form of appropriate treatment of financial impact for prior period.

Quarter-III	FSA amount (Rs. Crs.)	Energy sold to all the consumers (MU) (Except L.T Agrl.)	FSA Rate (Rs./kWh)
Oct - Dec, 2008	832	9212	0.90

9. The distribution licensees are directed to charge FSA on all consumers (except L.T. Agrl. Consumer) for the Oct-Dec 2008 quarter on monthly basis with effect from Jan, 2011 over a period of 3 months as shown in the Table below:

Month of consumption for which FSA is charged	FSA Rate (Rs./kWh)	To be collected along with the monthly bill of
Oct, 2008	0.90	Jan, 2011
Nov, 2008	0.90	Feb, 2011
Dec, 2008	0.90	Mar, 2011

10. As part of the FSA filing, the Chief Engineer (APPCC) has requested the Commission to permit the Licensees to collect the FSA amount for FY 2008-09 from **Non-Domestic & Non-Subsidised categories** in accordance with the direction of GoAP contained in GoAP letter No.743/Pr.II(1)/2009, Dt.29.06.2009.
11. The direction of the Commission in accordance with the provisions of the FSA regulation is that the DISCOMs shall levy FSA charges as indicated in Paras 8 & 9 above. However, in the light of the request mentioned in Para 10 above, the Chief Engineer (APPCC) is informed that DISCOMs may levy FSA as indicated in the Govt. letter mentioned in Para 10 above, provided the DISCOMs obtain in advance, specific written commitment from GoAP regarding reimbursement of any financial shortfall that may arise as a result of implementing the said direction of GoAP instead of implementing the FSA authorization indicated at paragraphs 8 and 9.
12. The FSA order shall be duly notified by the licensees at least 7 days before the date of implementation of such orders as per conditions 8 and 9 of Amendment Regulation No.1 of 2003 to APERC (Conduct of Business) Regulations.
13. The Licensees are further directed to submit compliance of this FSA order within 30 days of its implementation in the format already circulated vide letter No.T-102/JD(T-Engg.)/4/06/dated.23-10-2006.

(BY ORDER OF THE COMMISSION)

(M. RAVINDRA SAI)
SECRETARY