

ORISSA ELECTRICITY REGULATORY COMMISSION

BIDYUT NIYAMAK BHAWAN
UNIT-VIII, BHUBANESWAR - 751 012

Present : Shri K.C. Badu, Member
Shri B.K. Misra, Member

Case No.156/2010

M/s. SOUTHCO	...	Petitioner
Vrs.		
GRIDCO & Another	Respondent

Case No.157/2010

M/s. WESCO	...	Petitioner
Vrs.		
GRIDCO & Another	Respondent

Case No.158/2010

M/s. NESCO	...	Petitioner
Vrs.		
GRIDCO & Another	Respondents

**In the matter of: For Fuel Price Adjustment (FPA) Charges claimed by
GRIDCO for the period of April, 2010 to Aug.2010.**

For the Petitioners : Sri A.K Bohra, CEO (Com.), & Sri G. B. Swain DGM (Finance) of
CSO (WESCO NESCO & SOUTHCO), Sri S.K. Routray DMF (Com.
& RA), SOUTHCO, Sri P.K. Mohanty, DGM (F), NESCO.

For the Respondents : Sri J K Dash, Sr. GM (PP), GRIDCO
No body is present on behalf of DoE, GoO.

Date of Hearing: 22.12.2010

Date of Order: 01 .01.2011

ORDER

1. All the above noted cases are taken up together for analogous hearing on question of admission as these are similar in nature.
2. Heard the parties at length.
3. Sri Bohra, on behalf of DISCOMs stated that, without approval of the Commission, GRIDCO is claiming FPA charges in the BST bills retrospectively from the month of April 2010. The Commission in Para 371 of the RST order dtd 20.03.2010 for the FY 2010-11 has indicated as follows:-

“371..... In case there is any further variation in FPA during 2010-11 over and above 10% assumed by the Commission, GRIDCO may recover such additional cost

of coal and oil in accordance with the procedure and guidelines outline in Appendix-7 read with the Regulation 60 of the OERC (Conduct of Business) Regulations, 2004. This would be over and above normal tariff applicable.”

4. Para one of the Appendix-7 states the following:-

“Under Sec62 of the Electricity Act, 2003, the licensee may submit to the Commission on application for fuel Surcharge in accordance with the formula prescribed by the Commission. Moreover any proposal or application in this regard after 31st of October of any year may be submitted along with the filling contemplated under Sec. 62 of the Electricity Act, 2003.”

GRIDCO had not submitted any application before the Commission on FPA charges for FY 2010-11.

5. However, before claiming additional FPA to DISCOMs on account of NTPC bills, GRIDCO should have exercised to check prudence claims by NTPC and in case of any difference GRIDCO should raise objections regarding high FPA bills of NTPC in the ERPC. If required GRIDCO should also move to CERC against high FPA bills of NTPC and raise the following points:-

- a) Whether NTPC can raise enhanced FPA on account of imported coal as per CERC Regulations, 2009 from the beneficiaries without concurrence of CERC.
- b) Norms for blending of imported coal with higher calorific value with the Indigenous coal and regulations there of.
- c) Review of the existing norms for maintaining coal stock as per CERC regulation in case NTPC is not able to maintain coal stock at their power stations.

6. Shri Bohra further stated that if the burden of additional FPA was to be transferred to the DISCOMs during the current FY 2010-11 the same should be recovered from the retail supply consumers. Presently no such mechanism exists to claim such additional FPA charges from retail consumers.

7. Therefore, he requested the Commission to admit the petition & direct GRIDCO to withdraw the bills raised towards FPA from the month of April 2010 onwards & also not raise any further bills unless it is approved by the Commission.

8. The Sr. GM (PP) GRIDCO stated that GRIDCO has raised bills on DISCOMs towards FPA following Para 410 of the ARR & BSP order dated 20.03.2010 for the FY 2010-11 wherein it has been directed that for any further variation in FPA during FY 2010-11 over and above 10% assumed by the Commission, the same may be recovered in the manner as outlined in Appendix-7 of OERC (Conduct of Business) Regulations, 2004.

9. He further stated that the direction given by the Commission at Para-410 of the ARR & BSP Order for FY 2010-11 is the general order of the Commission. Hence it is submitted that no specific order is further necessary as the general order issued in ARR & BSP Order for claiming of FPA exists. Accordingly, GRIDCO raised the FPA bills on the DISCOMs. Therefore, it may not be necessary on the part of GRIDCO to submit an Application before the Commission on the same matter.

10. GRIDCO relied on the bills served by NTPC for FPA which are audited ones. CERC vide its Tariff Orders for different NTPC Stations for the period FY 2004 to 2009 (NTPC is now serving bills as per CERC Tariff Regulations, 2004 and it has filed petitions based on the CERC Tariff Regulations, 2009 to 2014) has fixed the base rate of energy/ variable charges basing on the base value of GCV, base price of fuel and normative operating parameters which are subject to fuel price adjustment. Hence, it may not be appropriate to move to CERC again as suggested by the petitioners.
11. GRIDCO is now financially burdened with loan towards high cost power purchase during the FY 2010-11 on account of shortfall in drawing energy from the state hydro and over drawal by DISCOMs.
12. GRIDCO has prayed the Commission not to consider the Petitions filed by the Reliance managed DISCOMs and consider to allow payment of FPA as claimed by GRIDCO in its bills from the months of April 10 onwards in line with its approval contained in Para-410 of the ARR & BSP Order dtd. 20.03.2010 and also to permit levying of such FPA bills on the DISCOMs for rest of the months of FY 2010-11 for payment by them subject to Year-End-Adjustment (YEA).
13. After hearing the parties and perusal of the case records we admit the application of the Petitioners as it is an important issue which needs to be resolved. We also direct GRIDCO to submit month-wise variable and FPA charges of NTPC stations from the month of January 2010 till date including detailed calculation considering Price of Coal & Oil and GCV of Coal & Oil along with GRIDCO's study and analysis as per CERC norms & Regulations regarding maintenance of coal stock and blending of imported coal for further reference by the stakeholders & the Commission.. GRIDCO has also to submit the actual extra expenditure incurred towards rise in FPA charges of NTPC stations over and above 10% rise assumed towards full price while fixing the tariff of bulk supply for FY2010-11.
14. However, we observe that following Clause-1 of Appendix-7 of OERC (Conduct of Business) Regulations, 2004 GRIDCO, as the Bulk Supplier, should have applied to the Commission for fuel surcharge before 31.10.2010 for the FY 2010-11, which GRIDCO has not done within the prescribed time limit. Following the same Clause, any proposal on fuel surcharge after 31.10.2010 had to be submitted along with the filing contemplated under Section-62 of the Electricity Act, 2003. GRIDCO is directed to raise the issue of FPA through additional filing before the ensuing tariff proceeding and not to raise the bills against DISCOMs any further. The FPA which shall be approved by this Commission in its Bulk Supply Price order for FY 2011-12 shall be a pass through in bulk supply price to DISCOMs.
15. Accordingly, the matter is disposed of.

Sd/-
(B.K.Misra)
Member

Sd/-
(K.C. Badu)
Member