

**HARYANA ELECTRICITY REGULATORY COMMISSION SCO – 180,
SECTOR – 5, PANCHKULA – HARYANA**

FUEL PRICE ADJUSTMENT FY 2006 – 07 (2nd Quarter)

ORDER DATED: 1/12/2006

Shri Bhaskar Chatterjee	Chairman
Er. T.R. Dhaka	Member
Shri T.S. Tewatia	Member

In the matter of filing of Fuel Price Adjustment (FPA) for the second quarter of FY 2006-07 (July to September) by Haryana Power Generation Corporation Limited (HPGCL) having its registered office at Shakti Bhawan, Sector 6, Panchkula. HPGCL is a generating company as defined in Section 2 (28) of the Electricity Act, 2003.

ORDER

This order relates to HPGCL's filing of Fuel Price Adjustment (FPA) vide its Memo No. HPGC/FIN/Reg- 220/2336 dated 8/11/2006. The application has been filed under Para 3.9 of the HERC order dated 23/05/2006 in the case of determination of HPGCL generation tariff for FY 2006-07 amounting to Rs. 483.54 million.

1.0 Preamble

1.1 The Haryana Electricity Regulatory Commission (HERC) in exercise of the powers vested under sub section 1(a) of Section 86 and sub section 1(a) of Section 62 of the Electricity Act 2003, determines HPGCL's (Haryana Power Generation Corporation Limited) generation tariffs.

1.1.2 The Commission passed FY 2006-07 generation tariff order on 23/05/2006, which was applicable from 1st June 2006. Thus, variable cost / fuel cost as per the order dated 23/05/2006 has been used for working out FPA for the months of July to September 2006. The energy charges (Variable or /fuel cost) as per the Commission's order are as under:

<i>Paise/Kwh</i>	PTPS					FTPS
	Units 1-4	Unit - 5	Unit - 6	Unit – 7	Unit - 8	Units 1-3
HERC Order dated 23/05/2006	224	169	157	157	157	288

1.1.3 The Commission's order provides, " The energy charge is subject to Fuel Price Adjustment (FPA), if any, due to changes in the price of coal / oil with reference to the approved prices".

2.0 FPA Application:

2.1.1 Pursuant to the above reference in the Commission's order, HPGCL filed application seeking fuel price adjustment for the months of July to September 2006 on account of escalation in the delivered cost of fuel i.e. coal and fuel oil, besides changes on account of lower GCV (Gross Calorific Value) of fuels as compared to those allowed by the Commission.

2.1.2 HPGCL has worked out FPA month wise, following the methodology and norms applied by the Commission in working out the fuel cost (variable charges) in its order. After accounting for the changes in prices and Gross Calorific Value (GCV) of coal and fuel oil and actual gross generation, a revised total fuel cost has been worked out. The difference in cost per unit (Kwh) of energy sent out between those allowed by the Commission and revised cost worked out by HPGCL has been claimed as FPA.

2.1.3 Snapshot of FPA claimed by HPGCL is as under (Rs. Million):

FY 2006-07	PTPS					FTPS	Total
	Unit 1-4	Unit - 5	Unit - 6	Unit - 7	Unit - 8		
FPA (July to Sept)							
July	30.52	20.66	19.97	22.13	23.42	21.60	138.30
Aug	51.30	27.11	26.54	28.96	30.05	24.00	187.96
Sept	46.91	20.71	20.48	24.57	24.06	20.55	157.28
Total	128.73	68.48	66.99	75.66	77.53	66.15	483.54

It has proposed to recover the claim amounting to Rs. 483.54 million by raising supplementary bills to UHBVNL & DHBVNL for the months for which FPA have been sought.

3.0 Commission's Observations & Order:

3.1.1 In the absence of an approved formula / mechanism for working out fuel cost adjustment in the event of changes in the delivered cost of fuel for thermal power stations, and the fact that HPGCL has also not submitted any formula along with the FPA application under consideration, the Commission, for limited purpose of determining FPA amount for the period July 2006 to September 2006, has adopted the CERC FPA formula as reproduced herewith.

$$\text{FPA} = \text{A} + \text{B}$$

Where,

FPA – Fuel price Adjustment for a month in Paise/kWh sent out.

A – Fuel price adjustment for Secondary Fuel oil in Paise/kWh sent out.

B – Fuel price adjustment for Coal in Paise/kWh sent out.

And,

$$\text{A} = 10 \times (\text{SFCn}) \times (\text{Kos}) \div (100 - \text{ACn}) \times [(\text{Pom} / \text{Kom}) - (\text{Pos} / \text{Kos})].$$

$$\text{B} = 10 \times [(\text{SHRn}) - (\text{SFCn}) \times (\text{Kos})] \div (100 - \text{ACn}) \times [(\text{Pcm} / \text{Kcm}) - (\text{Pcs} / \text{Kcs})].$$

Where,

SFCn – Normative Specific Fuel Oil consumption in l/kWh.

SHRn – Normative Gross Station Heat Rate in kCal/kWh.

ACn – Normative Auxiliary Consumption in percentage.

Pom – Weighted Average price of fuel oil as per the invoices submitted for the month in Rs./KL.

Kom – Weighted average GCV of fuel oils fired at boiler front for the month in Kcal/Litre.

Pos – Base value of price of fuel oils as taken for determination of base energy charge in tariff order in Rs. / KL.

Kos – Base value of gross calorific value of fuel oils as taken for determination of base energy charge in tariff order in Kcal/Litre.

Pcm – Weighted average price of coal as per the invoices submitted for the month at the power station in Rs. / MT.

Kcm – Weighted average gross calorific value of coal fired at boiler front for the month in Kcal/Kg

Pcs – Base value of price of coal as taken for determination of base energy Charge in tariff order in Rs. /MT.

Kcs – Base value of gross calorific value of coal as taken for determination of base energy charge in tariff order in kCal/Kg.

3.1.2 On the basis of the formula adopted for working out the FPA amount for the period under consideration, the Commission approves Rs. 477 million to be recovered as FPA. The same, however, is subject to review on an annual basis, to account for any significant deviations in 'actual values' as per the audited accounts of the company. The month wise FPA details are presented in the table that follows:

Fuel Price Adjustment (FPA) - Rs. Million							
FY 2006-07	TDL TPS (Unit 1 to 8)					FTPS	Total
	Unit 1 to 4	Unit - 5	Unit - 6	Unit - 7	Unit - 8	Unit 1 to 3	
July	30.41	20.49	19.82	21.96	23.25	21.64	137.58
August	49.95	26.45	25.90	28.25	29.32	23.97	183.84
September	46.45	20.42	20.20	24.24	23.73	20.55	155.58
							477.00

3.1.3 HPGCL shall recover the approved FPA by way of raising supplementary bills for the months for which the Commission has approved FPA.

3.1.4 The Commission directs HPGCL to submit a cost – benefit analysis of the imported coal being used at PTPS taking into account the price range (including future trend), much higher GCV and no transit loss. The Commission observes that during the months of July to September 2006 the GCVs of coal used at PTPS & FTPS is below 4000 kcal / Kg, despite the fact price of coal has increased and imported coal with a much higher GCV is being used.

1. Any under / over recovery as per the audited accounts of FY 2006 – 07 will be subsequently adjusted.
2. This order is signed, dated and issued by the Haryana Electricity Regulatory Commission on 1st December 2006

Date: 1/12/2006

Place: Panchkula

T.S. Tewatia
Member

T.R. Dhaka
Member

Bhaskar Chatterjee
Chairman

