

**HARYANA ELECTRICITY REGULATORY COMMISSION**  
**BAYS NO. 33-36, SECTOR – 4, PANCHKULA – 134112, HARYANA**

ORDER DATED: 8/11/2009

**Sh. Bhaskar Chatterjee                      Chairman**

**Sh. T. S. Tewatia                              Member**

**Sh. Rohtash Dahiya                        Member**

In the matter of balance Fuel Surcharge Adjustment (FSA) claims for FY 2007-08 filed by Haryana Power Generation Corporation Ltd (HPGCL) for its bulk supply / trading business and UHBVNL & DHBVNL for their Distribution and Retail Supply business.

**ORDER**

This order relates to recovery of the balance FSA for FY 2007-08 filed by HPGCL, UHBVNL & DHBVNL.

**1. Background**

HPGCL vide memo no. HPGCL/FIN/Reg-251/821 dated 26/5/2008 filed revised Fuel Surcharge Adjustment (FSA) claims for its trading business including its own generation for FY 2007-08.

The Commission examined the FSA claim in the light of the FSA formula incorporated in the HERC Tariff Regulations, 1999. After scrutinizing the source wise volume and cost of power purchased as per the invoices submitted by the utilities and seeking justification for any deviations, over – drawl/under drawl and ensuring that at the time of power drawl under UI mechanism or short term purchases to meet the day to day power requirement w.r.t. demand no other cheaper source of power was available, the Commission proceeded with examination of the FSA claims of the power utilities. The Commission restricted the gross volume of power purchase that would be required by the

Distribution companies for meeting the actual consumer category wise sales in FY 2007-08 to the volume estimated on the basis of transmission and distribution losses determined by the Commission in FY 2007-08. The FSA amount as per Commission's estimates works out to Rs. 6731.71 Million. The Commission vide its order dated 18/7/2008 has already passed an order and scale of recovery of FSA amounting to Rs. 5584.83 Million. The balance FSA for FY 2007-08 amounting to Rs. 1146.88 Million is to be recovered from the consumers. The details are provided in the table given below:

FSA	HERC Approval
Revised FSA FY 2007-08	6731.71
FSA allowed (HERC Order dated 18/07/08)	5584.83
Balance FSA	1146.88
Agriculture Share out of the above	326.82
Recoverable from Other Consumers	820.06

Thus as evident from the table above balance FSA recoverable for FY 2007-08 works out to Rs. 820.06 Millions from all other categories of consumers except Agriculture pump-set (AP) consumers whose share comes to Rs.326.82 Millions. As per past practice and given the fact that AP consumer tariff (over and above which FSA is to be levied) is subsidized by the State Government, the Commission, before passing an order on the scale of recovery of the balance FSA as determined above thought it appropriate to seek commitment of the State Government for the balance amount of Rs. 326.82 Million estimated in respect of the revised FSA filing of HPGCL so as to avoid levy of FSA to the AP consumers. The State Government vide their Memo No. 2/21/2006-1P dated 21/08/2009 from the Financial Commissioner & Principal Secretary to Government of Haryana, Power Department conveyed their commitment which is reproduced below:

*“The State Government has agreed to release an additional amount of Rs. 32.682 Crore (Rs. 326.82 Millions) on account of sharing of revised FSA of the AP consumers for the year 2007-08 filed by HPGCL. The amount is expected to be disbursed to the Utilities during the current financial year”.*

After having obtained Government response regarding payment of subsidy the Commission deliberated in great detail regarding the scale of recovery to be made from other category of consumers for the balance amount of Rs. 820.06 Millions. The Commission has also taken note of the earlier orders on the recovery of FSA. FSA is a continuous process and keeping in view the power deficit scenario more such demand being raised by the Power Utilities for purchase of expensive power from open market to meet the seasonal requirement cannot be ruled out. The Commission has tried to maintain a delicate balance between the financial position of the Power Utilities, availability of power in the state and the capacity of the consumer to pay. Considering all these points the Commission is of the view that in order to prevent any tariff shock recovery of FSA should be staggered over a longer period of time. Hence the Commission orders that as per earlier practice being followed with regard to recovery of FSA the balance FSA amounts for 2007-08 may also be recovered in 36 months starting from 1<sup>st</sup> November 2009. With regard to the agriculture pump – set consumers, the Government has already indicated that they will bear the FSA liability out of the current year State budget. Resultantly, the Commission is not making any provision with regard to recovery of FSA from the agriculture consumers.

As a consequence to this order, the details of total FSA amount to be recovered are presented in table – 1.

**Table 1: Balance FSA (FY 2007-08)**

	Other categories	Allocation to Agriculture #	Total
FSA (Balance)	820.06	326.82	1146.88

***# Entire liability of Rs. 326.82 Millions for the agriculture pump set consumers towards the balance FSA for FY 2007-08 shall be borne by the State Government.***

**Table: 2 Scale of Recovery**

Category	Current Tariff (Paisa/unit)	Proj Sales FY 2009-10	Proj Sales 36 Months	Revenue to be collected ( 36 months) Rs. Million	Impact Per Unit of Energy Sales (Rounded Off) Paisa/unit
<b>DOMESTIC</b>					
upto 40 units/month	263	1525	5342	62	1
41 - 300 units	363	2017	7066	113	2
above 300 units	428	726	2543	48	2
<b>NON - DOMESTIC</b>	419	1468	5143	95	2
<b>L.T. INDUSTRY (70 kW)</b>	428	1230	4309	82	2
<b>MITC</b>	400	6	21	0.37	2
<b>LIFT IRRIGATION</b>	400	188	659	12	2
<b>STREET LIGHTING SUPPLY</b>	415	65	228	4	2
<b>PUBLIC WATER WORKS</b>	400	504	1766	31	2
<b>H.T. INDUSTRY</b>	409	4793	16790	304	2
<b>RAILWAY TRACTION</b>	399	293	1026	18	2
<b>BULK SUPPLY</b>	409	786	2753	50	2

The FSA recovery shall be limited to the consumer category wise amount approved by the Commission. The Commission would like the Utilities to keep it informed about the progress of recovery so as to keep a watch on the total financial impact on the consumers. It is clarified in this context that if from the periodical statement received from the Utilities it is found that before the expiry of 36 months for any category of consumer as stipulated in Table-2 the recovery is complete, then that would be treated as closed so far as this order is concerned. On the contrary if any shortfall is found in the recovery within the stipulated period, the Commission will examine the position and pass appropriate order as would be necessary.

This order is signed, dated and issued by the Haryana Electricity Regulatory Commission on 8<sup>th</sup> day of November 2009.

Date: 8 November, 2009

Place: Panchkula

**Rohtash Dahiya**  
**(Member)**

**T. S.Tewatia**  
**(Member)**

**Bhaskar Chatterjee**  
**(Chairman)**