

KERALA STATE ELECTRICITY REGULATORY COMMISSION
THIRUVANANTHAPURAM

Present: Shri. Preman Dinaraj, Chairman
Adv. A.J Wilson, Member

OA No 20/2020

Heard on 9.12.2020

In the matter of : Proposal to recover the additional cost incurred during the period July 2020 to September 2020 over approved level on Generation and Power Purchase due to variation in cost of fuel, from all consumers including Bulk Consumers and other Licensees through fuel surcharge

Petitioner Kerala State Electricity Board Ltd.

Daily Order dated 18.12.2020

1. Kerala State Electricity Board Ltd (herein after referred to as KSEB Ltd or the petitioner) on 30.10.2020 filed a petition for recovery of fuel surcharge for the period from July 2020 to September 2020, with prayers as follows
 - (a) Additional financial liability incurred by KSEBL, amounting to Rs 41.79 crore, resulting from the variation in variable charges of power purchase from approved sources for the period from July to September 2020 as per regulation 86 of KSERC Tariff Regulations 2018 as detailed in **Annexure IV & V** to this petition may kindly be approved.
 - (b) This approved additional cost may kindly be allowed to be recovered from consumers including bulk consumers and other licensees as fuel surcharge, as per the Regulation 86 of KSERC Tariff Regulations 2018, @ 6 paise per unit from 1st March 2021 onwards.
2. Summary of the petition filed by KSEB Ltd is given below.
 - (1) A comparison of the actual variable cost claimed by KSEB Ltd against the same approved vide order dated 08.07.2020 in OA No. 15/2028 during the second quarter is given below.

Sl No	Source	Approved	Actual (Rs/ kWh)		
		(Rs/ kWh)	Jul-20	Aug-20	Sep-20
Central Generating Stations					
1	NTPC-RSTPS Stage I & II	2.54	2.50	2.49	2.36
2	NTPC-RSTPS Stage III	2.49	2.46	2.46	2.33
3	Talcher	1.77	2.01	2.06	2.10
4	Simhadri TPS Stage II	2.95	3.06	3.10	3.06
5	NLC-Stage-1	2.69	2.77	2.63	2.77
6	NLC-Stage-II	2.69	2.77	0.00	2.77
7	NLC I Expansion	2.49	2.56	2.55	2.55
8	NLC II Expansion	2.49	2.57	2.57	2.57
9	Vallur STPS	3.2	3.36	3.24	3.14
10	NTPL	3.28	2.86	2.84	2.81
11	NTPCKudgi	3.98	0.00	0.00	3.35
Independent Power Producers					
12	RTPS	2.34	3.08	3.08	2.81
13	Mejia	2.51	2.72	2.77	2.73
14	Maithon Power Ltd-Contract I	2.43	2.78	2.71	2.61
15	Maithon Power Ltd-Contract II	2.43	2.78	2.71	2.61
16	Jindal Power Ltd-Bid I	1.31	1.31	1.31	1.31
17	Jhabua Power Ltd-Bid I	1.95	1.96	1.96	1.96
18	Jindal Power Ltd-Bid II	1.19	1.31	1.31	1.31
19	Jhabua Power Ltd-Bid II	1.73	1.88	1.88	1.88
20	JITPL	1.03	1.14	1.14	1.14
21	BALCO	1.22	1.16	1.16	1.16

- (2) The summary of additional liability claimed by KSEB Ltd for the Second quarter of the FY 2020-21 is given below.

Source	Energy procurement			Add liability	
	Apprvd quantum	Actual	Admissible as per regulation	Actual	Admissible as per regulation
	(MU)	(MU)	(MU)	(Rs. Cr)	(Rs. Cr)
CGS	2401.91	1610.42	1607.19	12.51	12.53
IPPs	2318.35	2078.08	2048.56	26.62	26.42
Total	4720.26	3688.49	3655.74	39.12	38.94

- (3) KSEB Ltd proposed to collect the fuel surcharge @6 paise per unit for the energy consumption from March 2021 onwards.
- (4) KSEBL further submitted that, the variation in energy availability from various approved generating stations, due to the following:
- Changes in annual maintenance schedule.
 - Unscheduled outages in generating stations as well as transmission lines.

- (iii) Variation in normative auxiliary consumption and plant load factor for various CGS in the Tariff Regulations, 2019-24 issued by in March 2019.
- (5) Invoices for the power supplied are processed based on the REA statements published by SRPC. Final REA statements for the month of July and August 2020 and the provisional one for September 2020 are relied up on. Price of coal is taken from the latest price notifications by Coal India Ltd/ Singareni Collieries Ltd. In the case of IPPs, the invoices are processed as per the provisions of the PPA
- (6) There is variation in the per unit variable cost, over the approved level on account of variation in normative SHR and auxiliary consumption (consequent to the notification of CERC Tariff Regulation for control period 2019-24), variation in the price of primary fuel as well as secondary fuel, variation in calorific value and cost of transportation of fuel.
- (7) KSEB Ltd further submitted that, due to Covid-19 pandemic and consequent lockdowns, the energy demand as well as the actual availability of power from various sources during the second quarter from July-2020 to September-2020 are considerably less than the approved figures, as detailed below.
- (i) The actual demand during the second quarter was less by 1019 MU.
- (ii) Reduction in power purchase
- Reduction in power purchase from CGS- 627.62MU.
 - Reduction in power purchase from IPPs – 233.22MU
 - Reduction in Renewable Power Purchase- 360.83MU.
- The total reduction in power purchase estimated by KSEB Ltd for the second quarter of the FY 2020-21 is 1151.46 MU.
- (iii) Energy returned for the banking arrangements- 296.38MU.
- (iv) External sale-32.83 MU
- (v) Power purchase through exchanges and deviation settlement-53.86 MU.
- (vi) The reduction in power purchase lead to a reduction in external energy sale by 782.MU, which in turn resulted in a reduction in revenue of Rs 391.102crore.
- (vii) The reduction in energy demand within the State by 1019.28MU, which has resulted in reduction in revenue by Rs 550.97 crore.
- (viii) Thus the total reduction in revenue estimated during the second quarter due to the Covid Pandemic and other reasons estimated as Rs 943.07 crore, as against the reduction in cost of power purchase by Rs 348.58 crore.
- (8) KSEB Ltd further submitted that, since the impact of short-term power purchase and impact of reduction in demand and availability cannot be addressed under the purview of Fuel Surcharge Regulations, the Commission may consider the same at the time of truing up.
- (9) Further, as a result of the relief measures extended by KSEBL to various categories of consumers as per direction of the State Government in order to alleviate the difficulties faced by consumers due to the lockdown imposed by State Government to curb Covid-19

pandemic, KSEBL is also facing financial difficulties owing to the delay in recovery of revenue.

- (10) KSEBL submitted the petition as per the Regulation 86 of the KSERC (Terms and Conditions for Determination of Tariff) Regulations, 2018 (herein after referred as Tariff Regulations, 2018. KSEB Ltd also submitted the invoices and other details along with the petition.
3. The Commission admitted the petition as OA No 20/2020 and public hearing on the petition was held on 09.12.2020 through video conference. The list of the stakeholders who participated in the deliberations of the subject petition is given as Annexure-1. The summary of the deliberations during the hearing is given below.
- (1) Sri K G P Nampoothiri, Executive Engineer, made a presentation on the petition filed by KSEB Ltd, the details of the additional liability incurred and claimed on account of the variation in fuel cost over approved level. KSEB Ltd submitted that, the additional details sought by the Commission vide the daily order dated 13.10.2020 shall be submitted before the Commission within one week.
 - (2) Sri. M G Ramachandran, Senior Advocate, on behalf of the generator M/s Jindal India Thermal Power Limited (M/s JITPL) submitted that, the Commission may consider the order of the Hon'ble APTEL dated 20.11.2020 in DFR No. 369/2020 while deciding on the present petition.
 - (3) Sri Dijo Kappen, representing domestic consumers submitted that, the cost of power from the Talcher-II, the cheapest sources among the CGS is about Rs 2.93/unit, and the cost of power from DVC stations is upto Rs 6.65/unit. But, solar power is available at Rs 2.00 unit, then why is KSEB Ltd entering into contract for long term power purchase at higher cost, which forces the consumers pay higher tariff. This has to be avoided. Commission may direct KSEB Ltd to renegotiate with the existing PPA, and if possible terminate the PPA having higher costs.
 - (4) Smt Prini Peter representing Carborandum Universal Limited submitted the following.
 - (i) The hydel generation during the second quarter is less by 402.54 MU when compared to the approved quantum. Further, the hydel storage as on 30.09.2020 is higher by 481.90MU when compared to the hydel storage as on 30.09.2020. Hence, she requested that, the Commission may direct KSEB Ltd provide detailed reasons for lower Hydel generation against approved quantum. She further requested before the Commission to instruct KSEBL to improve its utilisation of Hydel

- Energy in upcoming months considering the high reservoir levels.
- (ii) Smt Prini Peter, further submitted that, there is wide fluctuations in the T&D loss claimed by KSEB Ltd in each quarter. KSEB Ltd may be directed to clarify the reasons for the same.
- (5) Sri Rathish Kumar, on behalf of the HT&EHT Electricity Consumers Association, made a presentation on the comments on the fuel surcharge petition filed by KSEB Ltd and its summary is given below.
- (i) There is wide variation in the energy consumption data published by SLDC and the same claimed by KSEB Ltd in the fuel surcharge petition.
- (ii) KSEB Ltd is not submitting the month wise T&D loss details along with the fuel surcharge petition.
- (iii) KSEB Ltd is not submitting the details of the power purchase from short-term market including power exchanges.
- (iv) The cost of power purchase of some of the power stations is varied by more than 10% over the approved level.
- (v) Commission may re-fix the T&D loss target in the balance MYT period, duly considering the better T&D loss level achieved by KSEB Ltd.
- (vi) Commission may direct KSEB Ltd to *submit the he exact details of the rebate received from CGS under MOP and PGCIL under covid – 19 relief scheme.*
- (vii) The Association further requested to *direct the licensee to source maximum energy from open market whenever there is a rate advantage compared to variable cost of CGS and IPP stations.*
- (viii) *According to the Association, the admissible surcharge is around 5 Paise per unit. The Association requested to reject the FPA petition.*
- (6) Sri A R Satheesh, President, HT&EHT Association, requested before the Commission to direct KSEB Ltd to submit the following details.
- (i) Landed cost of power purchase on monthly basis from each CGS and IPPs.
- (ii) Detailed explanation on the excessive per unit cost of power from DVC stations.
- (iii) The cost of power supplied by the generators to whom KSEBL had contract, to other DISCOMS in the country.

- (7) Sri Phabhakaran suggested that, the PPA period of 30 years may be re-considered, even if there is penalty for the termination of PPAs.
 - (8) Sri Saji Mathew, MRF submitted that, the comments of HT&EHT Association is for improving the performance of KSEB Ltd as a PSU fully owned by the State Government.
 - (9) Sri KGP Namboothiri in his concluding remarks submitted that, KSEB Ltd shall submit all the available details as requested by the Stake holders. He further clarified that the data of SLDC and KSEBL will differ since the SLDC data include the electricity injected and consumed by Captive consumers including CIAL, Open Access consumers etc.
4. Based on the deliberations during the hearing, the Commission hereby direct KSEB Ltd to submit the following, latest by 04.01.2021.
- (1) All the details sought by the Commission vide the daily order dated 13.10.2020 in Petition OA No. 15/2020.
 - (2) Reasons for the high perunit cost of power from DVC stations.
 - (3) Monthwise details of the per unit cost (landed cost) of CGS and IPPS at Kerala periphery (fixed cost, fuel cost and Inter State Transmission Charges and Loss shall shown separately).

Sd/-

**Adv. A J Wilson
Member**

Sd/-

**Preman Dinaraj
Chairman**

Approved
for issue

C R Satheeshchandran
Secretary (i/c)

Annexure 1

List of stakeholders participated in the public hearing held on 09.12.2020

1. Sri. K.G.P Namboothiri, Executive Engineer, KSEBL
2. Sri. Dijo Kappan, Kottayam
3. Sri. Satheesh A R, President HT & EHT Association
4. Sri. Pradeep M, HT & EHT Association
5. Sri. Prabhakaran K V, HT & EHT Association
6. Sri.M.G.Ramachandran Adv for Jintal
7. Sri.Pulak,
8. Sri. Saji Mathew, MRF Ltd
9. Sri. George K K, Eranakulam
10. Smt. Prini Peter, CUMI
11. Ratheesh Kumar A, HT & EHT Association
12. Anantha Krishnan B S
13. Matrugupta Mishra Adv for JITPL
14. R Nair
15. Shubham.Arya.
16. Sunil S