

KERALA STATE ELECTRICITY REGULATORY COMMISSION
THIRUVANANTHAPURAM

Present: **Shri. Preman Dinaraj, Chairman**
Shri. S. Venugopal, Member

In the matter of : Schedule of Tariff and Terms and Conditions for Retail Supply of Electricity by KSEB Ltd and all other Licensees in the State of Kerala with effect from 01.04.2020.

File No. 0476/DD(T)/2020/KSERC

Order dated 30.03.2020

1. The Commission, in exercise of the powers vested in it under Section 62 and 64 of the Electricity Act, 2003 and provisions of the Tariff Regulations, 2018 had issued the Tariff order dated 08.07.2019 in petition OA No.15/2018 filed by KSEB Ltd, after duly considering the written as well as oral comments, suggestions, submissions and objections raised by the stakeholders during the Public hearings and the various judgments of the Hon'ble Appellate Tribunal for Electricity. In the said order, the Commission had approved the Aggregate Revenue Requirements (ARR), Expected Revenue from Charges (ERC) and Revenue gap of KSEB Ltd for the Multi Year Tariff (MYT) period from FY 2018-19 to 2021-22 as follows:

Year	ARR		ERC		Revenue gap	
	KSEBL proposal	Approved by KSERC	KSEBL proposal	Approved by KSERC	KSEBL proposal	Approved by KSERC
	(Rs. Cr)	(Rs. Cr)	(Rs. Cr)	(Rs. Cr)	(Rs. Cr)	(Rs. Cr)
2018-19	13533.99	12465.83	12433.68	12433.68	1100.31	32.15
2019-20	14549.51	14010.23	13150.46	13209.68	1399.05	800.55
2020-21	15830.17	14786.39	13765.29	13841.64	2064.88	944.75
2021-22	16928.15	15487.94	14409.63	14489.41	2518.52	998.53

2. Based on the above revenue gap, the Commission had ordered the enhancement of the retail tariff for the year 2019-20 so as to mobilize an additional revenue of about Rs 902.00 crore through tariff revision, with effect from 08.07.2019 to 31.03.2020. The Commission had also approved the 'Schedule of Tariff and Terms and Conditions for Retail Supply of Electricity by KSEB Ltd and all other licensees with effect from 08.07.2019 to 31.03.2020.
3. The Commission in its Order dated 08.07.2019 in OA No. 15/2018 had stated that, the tariff applicable for the period from 01.04.2020 to 31.03.2022 of the

control period will be determined based on the Truing up petition for 2018-19, to be filed by KSEB Ltd along with the Mid-term Performance Review (MPR) to be filed on or before 30th November 2019 as per Sub Regulation (f) of the Regulation 8 and Sub Regulation (2) of Regulation 10 of the KSERC (Terms and conditions for determination of Tariff) Regulations, 2018. The relevant provisions of the Regulations are quoted below:

“8(2) (f) Mid-term Performance Review (MPR) in the year 2019-20 which shall comprise the truing up of the year 2018-19 and annual performance review upto September 2019 on account of uncontrollable parameters and for the variations in performance on account of controllable parameters for the Control Period vis-à-vis the ARR approved for the Control Period and the revised forecast for the years 2020-21 and 2021-22 on account of un anticipated variations if any on controllable and uncontrollable parameters”

“10 (2) Every generating business/company or transmission business/licensee or distribution business/licensee or State Load Despatch Centre shall file, on or before the Thirtieth day of November 2019, the Mid-term Performance Review (MPR) which shall comprise the truing up for the financial year upto 2018-19 and mid year performance review for the year 2019-20 and the revised forecast for the year 2020-21 and 2021-22 on account of unexpected variations if any on controllable and uncontrollable parameters”

4. During October, 2019, the Commission vide letter No.1668/ F&T/ 2018/ KSERC/791 dated 23-10-2019 directed KSEB Ltd to comply with the above statutory provisions and to file the Mid-term Performance Review for enabling the Commission to determine the tariff from 01.04.2020. Since KSEB Ltd did not submit the petition as directed, the Commission again vide letter dated 18-2-2020 reminded KSEB Ltd to submit the Mid-term Performance Review, latest by 28.02.2020, so as to determine the tariff from 01.04.2020. But KSEB Ltd, again did not submit the petition on Mid-term Review as stipulated in the Tariff Regulations, 2018.
5. The validity of the tariff order dated 08.07.2019 in OA No, 15/2018 was due to expire on 31.03.2020. Though the Commission had directed KSEB Ltd to submit the Mid-term review as per the Tariff Regulations, 2018, this was not complied with. Thereafter, the Commission issued a Public Notice dated 16.03.2020, which was published on the Commission's web site and copies of which were sent to KSEB Ltd among others. The intent of this Public Notice was to determine/ continue/ revise the Tariff applicable from 1st April-2020 to 31st March-2022, after obtaining the comments/suggestions/objections if any from the stakeholders and other interested parties on the following proposal to determine/continue/revise the tariff from 01.04.2020 to 31.03.2022.

“As per the existing tariff approved by the Commission vide the order dated 08.07.2019, the additional revenue to be expected on a yearly basis for the year 2019-2020 is Rs.902.00 crore. Based on the details given in the petition

in OA 15/2018, if the existing tariff is extended from 1st April-2020, the additional revenue that can be expected to be mobilized is about Rs 941.00 crore for the year FY 2020-21 and Rs 980.00 crore for the FY 2021-22. In other words, if the same tariff is extended from 01.04.2020 to 31.03.2022, a substantial portion of the approved revenue gap for 2020-21 to 2021-22 can be covered during the control period itself, as detailed below.

Year	Approved Revenue gap as per the order dated 08.07.2019 in OA No. 15/2018	Estimated Additional revenue expected by allowing the existing tariff to continue	Percentage of recovery of the approved revenue gap
	(Rs. Cr)	(Rs. Cr)	
2020-21	944.75	941.5	99.7%
2021-22	998.53	980.0	98.1%

The Commission has through the Public Notice dated 16.03.2020 done the pre-publication of this proposal and allowed time till 27.03.2020 to submit the comments/ suggestions etc. of stakeholders and all interested parties on the proposal.

6. However, due to the outbreak of COVID-19 and subsequent national lockdown till 14.04.2020, leading to limitations in the movement of general public, non-availability of public transport, delays in receipt of mail, skeleton staff availability etc. the stakeholders and other interested parties did not offered any comments on the Commission's proposal till 27.03.2020.
7. However, on 27.03.2020, KSEB Ltd submitted petitions regarding Mid-term Performance Review (MPR) along with the Delay Condonation Petition. The MPR petition submitted by KSEB Ltd comprises of the Truing up Petition for 2018-19, Midyear Performance Review for 2019-20 and the revised forecast for 2020-21 and 2021-22 of Generation, Transmission and Distribution functions of KSEB Ltd. KSEB Ltd has also submitted the petition for the Condonation of Delay in filing the MPR petition. KSEB Ltd has further requested that, due to the outbreak of COVID-19 and the State wide lockdown, the Commission may kindly permit remittance of the petition fees on restoration of normalcy in cash collection.
8. As per the regulatory procedures, the Commission is required to do pre-publication of the KSEB petitions in the prominent State level dailies, hold public hearings, consider response including written response received from the stakeholders and other interested parties including general public before finalizing the tariff for the ensuing financial year commencing from 01.04.2020. Since this process will take some time and considering the COVID-19 pandemic situation, the Commission is convinced that this process cannot be completed before 31.03.2020.

9. In view of the above situation, the Commission hereby orders that the validity of the prevailing 'Schedule of Tariff and Terms and Conditions for Retail Supply of Electricity by Kerala State Electricity Board Limited and all other Licensees' approved by the Commission vide Order dated 08.07.2019 in petition No. OA 15/2018, is extended from 01.04.2020 to 31.03.2021, or till the date of effect of the new Tariff order to be determined by the Commission, whichever is earlier.

Sd/-
S. Venugopal
Member

Sd/-
Preman Dinaraj
Chairman

Approved for Issue,

C R Satheesh Chandran,
Administrative Officer
(in charge of the Secretary)