

**KERALA STATE ELECTRICITY REGULATORY COMMISSION**  
**THIRUVANANTHAPURAM**

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

**Petition No. OA 29/2019**

In the matter of : Proposal to recover the additional cost incurred during the period April 2019 to June 2019 over approved level on Generation and Power Purchase due to variation in cost of fuel, from all consumers including Bulk Consumers and other Licensees.

Petitioner : Kerala State Electricity Board Limited.

**Daily order dated 13.12.2019**

1. Kerala State Electricity Board Limited (hereinafter referred to as KSEB Ltd or the petitioner) filed a petition for the approval of the fuel surcharge for the period from April 2019 to June 2019 on 27.09.2019 with petition for Condonation of delay. The prayers in the petition are:
  - (a) *The additional financial liability incurred by KSEBL, amounting to Rs 72.75 Cr., due to the variation in power purchase cost resulting from the variation in cost of fuel for the period from April to June 2019 for the procurement/ generation of energy from various thermal sources as per fuel surcharge regulations as detailed in **Annexure II & III** 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, from October 2019 onwards, @ 13 paise per unit.*
2. The Commission, vide the order dated 08.07.2019 in OA No. 15/2018 has approved the ARR, ERC and Tariff of KSEB Ltd for the control period from 2018-19 to 2021-22, as per the provisions of the KSERC (Terms and Conditions for Determination of Tariff) Regulations, 2018 (herein after referred as Tariff Regulations, 2018). The source wise cost of power purchase is one of the expense components of the ARR approved by the Commission.

3. As per the sub Regulation (6) of Regulation 86 of the Tariff Regulation, 2018, KSEB Ltd has to file the petition with all relevant details for the approval of the amount of fuel surcharge to be recovered/ adjusted from the consumers, within 30 days after the close of each quarter. Accordingly, the petition has to be filed on or before 30<sup>th</sup> of July 2019. However, the petition was filed on 27.09.2019 with a delay of 58 days in filing the petition. KSEB Ltd has filed an application for 'condonation of delay' along with the original petition, wherein it is submitted that, the delay occurred mainly on account of the delay in finalizing the regional energy accounts (REA) by the SRPC. It is submitted that, the provisional monthly accounts of power purchase from Central Generating Stations (CGS) and Long Term Contracts will be available only by 8<sup>th</sup> of the succeeding month and the power suppliers raise the final bills only thereafter. KSEB Ltd has been taking three to four weeks to admit the bills and finalise the power purchase statement, which has to be duly certified by the SLDC. The petition can be finalized thereafter only. Further, the Commission approved the ARR&ERC only on 08.07.2019 and communicated the approval of the monthly schedule of power purchase only by 06.08.2019,
4. Considering these facts, the Commission condoned the delay in filing the petition for the approval of the fuel surcharge for the first quarter of the FY 2019-20 and admitted the petition as OA No 29/2019.
5. The Commission admitted the petition as OA No 29/2019 and published it in the website of the Commission for comments of the stakeholders. Public hearing on the petition was held at the Court Hall of the Commission on 27.11.2019. The list of the stakeholders who participated in the deliberations of the subject petition is given as Annexure-1.
6. Sri K G P Nampoothiri, Executive Engineer presented the petition on behalf of KSEB Ltd and responded to the queries of the Commission. KSEB Ltd submitted that, the total additional liability incurred by KSEB Ltd during the first quarter of the financial year 2019-20 over approved level is Rs 75.93 crore. However as per the provisions of the KSERC (Terms and Conditions of Determination of Tariff) Regulations, 2018, the additional liability admissible as fuel surcharge is Rs 72.75 crore. KSEB Ltd proposed to recover the amount admissible @Rs 0.13/unit from the consumers from October 2019 onwards.
7. Sri Dijo Kappen, submitted that, the Commission had enhanced the tariff of domestic and other categories of consumers in the month of July 2019. The people in the State has just been recovering from the two consecutive floods. Further, there is about 82% storage at the reservoirs of the hydel plants of KSEB Ltd. As per the reports available, KSEB Ltd has been running at no profit no loss condition. Hence there is no need to allow the KSEB Ltd to recover the fuel surcharge from the consumers as proposed by KSEB Ltd.

The Commission may examine in detail power purchases made by KSEB Ltd during the first quarter and if there is any reduction in overall cost of power purchase over approved level, it shall be passed on to consumers.

8. Sri Pradeep, HT & EHT Association made a detailed presentation on the subject petition. As per the petition, the T&D loss claimed is 12.63%, 15.52% and 8.66% respectively for the months for April, May and June 2019. KSEB Ltd may be directed to clarify the reason for such abnormal variations.

The power purchase from CGS and IPPs are much less than the approved level. KSEB Ltd has to clarify the reasons for such variations. Further, KSEB Ltd has to provide the details of the fixed cost paid and penalties, if any, imposed on CGS and IPPs for short supply of power.

9. Sri. Panangottukonam Vijayan, Federation of Residents' Associations Kerala (FERKA) strongly objected to the petition and requested the Commission to reject the petition. He further submitted that, the consumers are facing severe financial crisis due to the flood, loss of jobs due to recession etc. In other States, the State Governments are providing free electricity to the consumers.

The officials of KSEB Ltd were annoying the consumers of the State by not providing proper services. Majority of the consumers has no access to the online facility to remit electricity charges etc, hence the facilities of cash counters shall be continued at section offices.

10. Sri. Sunil Kumar, Green Land Paper Mills submitted that, if the surcharge is imposed, it may results in double impact on the consumers. In addition to the increase in electricity charges, the price of all essential commodities also will be increased due to increase in electricity charges.
11. Sri. Mohanan, Senior Journalist, Pothujanam daily, submitted that KSEB Ltd had 70 Lakh distribution poles in the State and KSEB Ltd may be directed to allow to place advertisement on these poles on payment basis. KSEB Ltd can earn an additional revenue of about Rs 2000.00 crore by this means and the same can be shared between KSEB Ltd and consumers on 50: 50 basis.
12. Sri A Gopakumar, Organising secretary, FERKA stated that KSEB Ltd received power at rates less than that approved by the Commission. Further, it seems that KSEB had purchased power at higher rates even when there was possibility of obtaining power at lower cost.
13. Sri. Jose Paul, submitted that industrial units may be allowed to consume electricity without remitting electricity charges for initial 3 years and thereafter may be allowed to remit the same along with monthly charges on instalment basis. The fixed charges shall be eliminated and procedure for taking electric connection may be simplified.
14. KSEB Ltd, further submitted that, the copies of the invoices raised by the CGS and IPPs are already submitted before the Commission. The payments to the CGS and IPPs are made as per the provisions of the power purchase agreement signed by KSEB Ltd with them, The details of the hydro thermal variation for the year 2018-19 shall be submitted before the Commission along with the petition for truing up of accounts.

15. Based on the deliberations during the hearing, the Commission hereby direct the KSEB Ltd to submit the following.
- (1) Reasons for the reduction in energy availability from the Central Generating Stations and IPPs compared to the approved level during the first quarter, with justification if any.
  - (2) Reason for the difference in internal generation and power purchase from each source during the months of April 2019 to June 2019.
  - (3) The details of the actual heat rate claimed as per the invoices raised by CGS and IPPs against the normative heat rate approved by the CERC during the first quarter of the FY 2019-20. The details pertaining to each approved source shall be provided separately. Further, the details of the penalties, if any, imposed on account of higher heat rate claimed by the generators shall also be provided.
  - (4) A copy of the long term PPAs with the all Central Generating Stations shall also be provided.

The above details shall be submitted within 10 days from the date of this order.

**Sd/-**

**S. Venugopal  
Member**

**Sd/-**

**Preman Dinaraj  
Chairman**

**Approved for issue**

**G Jyothichudan,  
Secretary**

**List of stakeholders participated in the public hearing held on 27.11.2019**

1. Sri. Dijo Kappan, Kottayam
2. Sri. Babu Cheruvathil, Kottayam
3. Sri. K.G.P Namboothiri, Executive Engineer, KSEBL
4. Smt. Seema P Nair, Assistant Executive Engineer, KSEBL
5. Sri. Vineeth Krishnan. V.R, Assistant, KSEBL
6. Sri. Pradeep M, HT & EHT Association
7. Sri. Prabhakaran, HT & EHT Association
8. Sri. Rajesh Kuruvilla, Carboradum Universal
9. Sri. Renjith Jacob, Apollo Tyres
10. Sri. Ratheesh Kumar, EICL Ltd
11. Sri. A.Gopakumar, Organising Secretary (Federation of Residence Association, Kerala) (FERKA), Vanchiyoor
12. Sri. Panagottukonam Vijayan, Convener, District Committee, FERKA, Powdikonam
13. Sri. Arun C Aby, PTC India Ltd
14. Sri. C. Sunil Kumar, PTC India Ltd