

**BEFORE THE KERALA STATE ELECTRICITY REGULATORY
COMMISSION**

IN THE MATTER OF: Proposals to introduce Fuel Price Adjustment Charges on all consumers including Bulk Consumers/ Other Licensees to recover the additional financial liability incurred over approved level on Generation and Power Purchase during the period from October to December 2009

PETITIONER: Kerala State Electricity Board
Vydyuthi Bhavanam, Pattom,
Thiruvananthapuram - 695 004

The petitioner named above respectfully submits as under:

1. Hon'ble Commission vide the notification No. KSERC/2009/XVII dated 8th January 2010 had notified the KSERC (Fuel surcharge formula) Regulations, 2009. Further, vide the letter No. KSERC/2009/XVII/266 dated 18th March-2010, Hon'ble Commission has forwarded a copy of the regulation to the Board for information and necessary action. KSEB vide the petition dated 5th February-2010 had filed an application for making suitable amendments in the said regulation to incorporate the cost of power purchase from other cheaper sources by replacing the costly approved sources also in fuel surcharge on quarterly basis. However, Hon'ble Commission vide the order dated 22nd March-2010 has rejected the petition.
2. Hon'ble Commission vide the order on petition No. OP14/2010 dated 5th April-2010 had approved the fuel surcharge for the period April-2009 to September-2009 as Rs 196.59 crore against Board's claim of Rs 311.52 crore. Hon'ble Commission had not admitted the amount incurred for purchasing power from cheaper sources such as UI, energy exchanges and traders claimed by the Board from April to September-2009.
3. Based on the provisions in the KSERC (Fuel surcharge formula) regulations, 2009, KSEB may submit here with the petition on fuel surcharge applicable for the third quarter from October-2009 to December-2009. As per the regulations, KSEB has to file the application for the fuel surcharge within 15 days from the end of the third quarter.

KSEB had delayed in filing the petition awaiting favorable orders on the KSEB petition on 'making suitable amendments in the KSERC (Fuel surcharge formula) Regulations, 2009 (Notification No. KSERC/2009/XVII dated 8th January 2010) and also waiting for the order on fuel surcharge applicable for the 1st and 2nd quarter for the period from April-2009 to September-2009, which was filed on 16-12-2009. Considering the above reasons, Hon'ble Commission may kindly condon the delay in filing the petition for fuel surcharge for the period from October to December-2009.

4. The source wise Generation and Power purchase approved and actual for the period from October to December-2009 is given below.

Source wise Energy Input from October to December-2009

Sl No	Particulars	Oct-09		Nov-09		Dec-09		Total		
		KSERC order	Actual	KSERC order	Actual	KSERC order	Actual	KSERC order	Actual	Difference
		(MU)	(MU)	(MU)	(MU)	(MU)	(MU)	(MU)	(MU)	(MU)
1	Hydro									
	(a) Gross Gen	585.79	658.17	555.41	595.33	542.50	534.78	1683.70	1788.28	104.58
	(b) Less Aux consumption	2.93	3.29	2.78	2.98	13.00	2.67	18.71	8.94	-9.77
	(c) Net Hydro Gen	582.86	654.88	552.63	592.35	529.50	532.11	1664.99	1779.34	114.35
2	KSEB thermal							0.00	0.00	0.00
	(a) BDPP	15.50	19.84	15.00	17.17	15.50	15.66	46.00	52.67	6.67
	(b) KDPP	37.20	24.18	36.00	19.48	37.20	28.70	110.40	72.36	-38.04
	(c) Subtotal	52.70	44.02	51.00	36.65	52.70	44.36	156.40	125.03	-31.37
	(d) Less Aux consumption	1.32	1.10	1.28	0.92	1.32	1.11	3.92	3.13	-0.79
	(e) Net BDPP+KDPP	51.38	42.92	49.73	35.73	51.38	43.25	152.49	121.90	-30.59
3	CGS (Import)	629.09	602.39	608.79	554.78	711.95	632.18	1949.83	1789.35	-160.48
4	UI		6.66		40.27		71.12	0.00	118.05	118.05
5	IPPs							0.00	0.00	0.00
	(a) RGCCPP-Kylm	93.00	71.15	90.00	81.75	93.00	103.10	276.00	256.00	-20.00
	(b) BSES	0.00	1.05	87.00	13.75	89.90	19.87	176.90	34.67	-142.23
	(c) KPCL	11.55	5.78	11.17	4.26	11.55	4.95	34.27	14.99	-19.28
	(d) Wind	2.00	4.13	1.00	2.32	1.00	2.31	4.00	8.76	4.76
	(e) Ullumkal, MP Steel and Others	6.63	5.20	2.98	5.34	6.09	4.60	15.70	15.14	-0.56
	(f) Subtotal	113.18	87.31	192.15	107.42	201.54	134.83	506.87	329.56	-177.31
6	Purchase through traders	0.00	56.66		67.15		86.66	0.00	210.47	210.47
7	Total	1376.51	1450.82	1403.30	1397.70	1494.37	1500.15	4274.18	4348.67	74.49

5. As per the provisions of the regulations, KSEB has been filing the details of additional liability incurred for procuring energy from approved sources due to the variations in the prices of fuel during the period from October-09 to December-2009. Accordingly, the details of additional liability incurred by KSEB for procuring energy from RGCCPP-

Kayamkulam, BSES- Kochi, KPCL- Kasargod, BDPP, KDPP and NTPC's coal based stations Talcher-II and Ramagundam STPS for the period from October-2009 to December-2009 is submitted here with.

(a) RGCCPP- Kayamkulam

6. Month wise details of the energy procured from RGCCPP- Kayamkulam plant is given below. Since Ministry of Power has allotted 180MW of cheaper Talcher-II power to pool with the high cost Kayamkulam power so that the pooled average cost of Kayamkulam and Talcher power will be within in the reasonable limit. So, KSEB is constrained to schedule the full allocation from Kayamkulam station. Hon'ble Commission may please note that, against the approved quantity of 276MU @ 4.75 per unit, the actual purchase was 259.02 MU at an average rate of Rs 6.81 per unit.

Table-1. Details of power procurement from RGCCPP- Kayamkulam from Oct-09 to Dec-09.

Month	Energy procurement			Per unit cost		Add liability	
	Approved quantity	Actual	Admissible as per the regulation	Approved	Actual	Actual	Admissible as per the regulations
	(MU)	(MU)		(Rs/ kWh)	(Rs/ kWh)	(Rs. Cr)	(Rs. Cr)
Oct-09	93.00	71.15	71.15	4.75	6.40	11.77	11.77
Nov-09	90.00	81.75	81.75	4.75	6.76	16.42	16.42
Dec-09	93.00	103.10	93.00	4.75	7.13	24.50	22.10
Total	276.00	256.01	245.91	4.75	6.81	52.68	50.28

(b) BSES - Kochi

7. The month wise details of energy scheduled from BSES plant for the period from October to December-2009 is as given below. Considering the exorbitant variable cost of BSES power, KSEB had scheduled the BSES power to the limited extent by replacing the same with alternate cheaper sources such as UI, energy exchange and through traders. Against the approved quantity of 266.80 MU, the actual procurement from BSES was 34.66MU only.

Table-2. Details of power procurement from BSES during Oct-09 to Dec-09.

Month	Energy procurement			Per unit cost		Add liability	
	Approved quantity	Actual	Admissible as per the regulation	Approved	Actual	Actual	Admissible as per the regulations
	(MU)	(MU)		(Rs/ kWh)	(Rs/ kWh)	(Rs. Cr)	(Rs. Cr)
Oct-09	0.00	1.05	0.00	4.75	7.09	0.25	0.00
Nov-09	87.00	13.75	13.75	4.75	7.16	3.31	3.31
Dec-09	89.90	19.86	19.86	4.75	7.26	4.97	4.97
Total	176.90	34.66	33.61		7.21	8.53	8.28

(c) **KPCL plant at Kasargod**

8. The month wise details of the energy scheduled from KPCL plant during the period from October to December-2009 is as give below.

Table-3. Details of power procurement from KPCL from Oct-09 to Dec-09.

Month	Energy procurement			Per unit cost		Add liability	
	Approved quantity	Actual	Admissible as per the regulation	Approved	Actual	Actual	Admissible as per the regulations
	(MU)	(MU)		(Rs/ kWh)	(Rs/ kWh)	(Rs Cr)	(Rs. Cr)
Oct-09	11.55	5.78	5.78	4.85	7.14	1.32	1.32
Nov-09	11.17	4.26	4.26	4.85	7.38	1.08	1.08
Dec-09	11.55	4.95	4.95	4.85	7.58	1.35	1.35
Total	34.27	14.99	14.99		7.35	3.75	3.75

(d) **BDPP plant at Brahmapuram**

9. The details of the energy generated from BDPP plant during the period from October to December-2009 is detailed below. Considering the low variable cost compared to other liquid fuel stations, KSEB has scheduled power from BDPP slightly in excess of the approved quantity.

Table-4. Details of energy generated from BDPP from Oct-09 to Dec-09.

Month	Energy procurement			Per unit cost		Add liability	
	Approved quantity	Actual	Admissible as per the regulation	Approved	Actual	Actual	Admissible as per the regulations
	(MU)	(MU)		(Rs/ kWh)	(Rs/ kWh)	(Rs. Cr)	(Rs. Cr)
Oct-09	15.50	19.84	15.50	4.85	6.42	3.11	2.43
Nov-09	15.00	17.17	15.00	4.85	6.58	2.97	2.59
Dec-09	15.50	15.66	15.50	4.85	6.81	3.07	3.04
Total	46.00	52.67	46.00		6.59	9.16	8.07

(e) **KDPP plant at Kozhikode.**

10. The details of the energy generated from the KDPP plant during the period from October to December-2009 is given below. Due to the comparatively high variable cost of KDPP plant, the actual procurement during the period was 72.36MU against the approved quantity of 110.40MU.

Table-5. Details of energy generated from BDPP from Oct-09 to Dec-09.

Month	Energy procurement			Per unit cost		Add liability	
	Approved quantity	Actual	Admissible as per regulation	Approved	Actual	Actual	as per regulations
	(MU)	(MU)		(Rs/ kWh)	(Rs/ kWh)	(Rs. Cr)	(Rs. Cr)
Oct-09	37.20	24.18	24.18	4.85	6.66	4.38	4.38
Nov-09	36.00	19.48	19.48	4.85	6.79	3.78	3.78
Dec-09	37.20	28.70	28.70	4.85	6.96	6.06	6.06
Total	110.40	72.36	72.36		6.81	14.21	14.21

(f) NTPC- Talcher II STPS

11. The variable cost of energy generated from the Talcher-II STPS also had increased above the approved level. The details of the additional liability incurred for procuring power from Talcher-II power plant is detailed below.

Table-6. Details of additional financial liability on procuring power from Talcher-II

Month	Energy procurement			Per unit cost		Add liability	
	Approved quantity	Actual	Admissible as per regulation	Approved	Actual	Actual	as per regulations
	(MU)	(MU)		(Rs/ kWh)	(Rs/ kWh)	(Rs. Cr)	(Rs. Cr)
Oct-09	261.62	253.32	253.32	0.78	0.84	1.52	1.52
Nov-09	253.18	252.74	252.74	0.78	0.90	2.91	2.91
Dec-09	261.62	292.04	261.62	0.78	0.98	5.72	5.13
Total	776.42	798.10	767.68		0.91	10.15	9.55

(g) NTPC- Ramagundam

12. The variable cost of generation from NTPC's Ramagundam power plant has also increased from the rate approved in the ARR for the year 2009-10. The details of the energy procurement from Ramagundam power plant during the period from October to December-2009 is given below.

Table-7. Details of energy procured from Ramagundam STPS

Month	Energy procurement			Per unit cost		Add liability	
	Approved quantity	Actual	Admissible as per regulation	Approved	Actual	Actual	as per regulations
	(MU)	(MU)		(Rs/ kWh)	(Rs/ kWh)	(Rs. Cr)	(Rs. Cr)
Oct-09	188.75	215.70	188.75	1.28	1.42	3.02	2.64
Nov-09	182.66	208.47	182.66	1.28	1.49	4.44	3.89
Dec-09	188.75	215.07	188.75	1.28	1.51	4.97	4.36
Total	560.15	639.24	560.15			12.43	10.89

(h) **Energy procured from alternate cheaper sources such as UI, Energy Exchange and Traders**

13. Hon'ble Commission may please note that, KSEB has been taking all possible efforts to procure energy from all cheaper sources such as UI, Energy exchanges, traders at rates much less than the variable cost of liquid fuel stations by limiting power procurement from costly sources. During the period from October to December-2009, KSEB had procured 118.05MU through UI @Rs 2.71 per unit, 128.23MU through energy exchange @Rs 3.28 per unit and 29.27MU through traders @ Rs 4.36 MU. Since the present regulation doesnot permit to claim the additional liability from alternate sources other than approved sources, Board does not claim the additional from these sources through this petition.

Summary of the Additional financial liability incurred during the period from October-2009 to December-2009.

14. The summary of the additional financial liability incurred by KSEB for procuring / scheduling energy from various thermal sources for the period from October-2009 to December-2009 is given below.

Source	Energy procurement			Per unit cost		Add liability	
	Approved quantity	Actual	Admissible as per regulation	Approved	Actual	Actual	Admissible as per regulation
	(MU)	(MU)		(Rs/ kWh)	(Rs/ kWh)	(Rs. Cr)	(Rs. Cr)
RGCCPP- Kayamkulam	276.00	256.01	245.91	4.75	6.81	52.68	50.28
BSES- Kochi	176.90	34.66	33.61		7.21	8.53	8.28
KPCL	34.27	14.99	14.99	4.85	7.35	3.75	3.75
BDPP	46.00	52.67	46.00	4.85	6.59	9.16	8.07
KDPP	110.40	72.36	72.36	4.85	6.81	14.21	14.21
Talcher-II	776.42	798.10	767.68	0.78	0.91	10.15	9.55
Ramagundam	560.15	639.24	560.15	1.28	1.47	12.43	10.89
Total	1980.13	1868.02	1740.68			110.91	105.04

15. Hon'ble Commission may please note that, the actual quantity of power purchase from the liquid fuel stations was less than the approved quantity due to the Board's efforts to procure about 275.55 MU from alternate cheaper sources as explained under paragraph-13 of this petition. As per the KSERC (Fuel surcharge formula) Regulations, 2009, Rs 105.04 crore is admissible as fuel surcharge for the period from October-2009 to December-2009. Considering the critical financial position of the Board, Hon'ble Commission may kindly approve the fuel

surcharge for the period from October-2009 to December-2009 as detailed above and allowed to recovered the same from all consumers including bulk consumers as per the provisions in the KSERC (fuel surcharge formula) Regulations, 2009.

Prayer

KSEB humbly prayed before the Hon'ble Commission that,

- (a) The fuel surcharge for the period from October-2009 to December-2009 for procuring/ generating energy from various thermal sources as detailed in the petition may kindly be approved.
- (b) The fuel surcharge approved may be allowed to recover from consumers including bulk consumers as per the KSERC(Fuel Surcharge Formula) Regulations, 2009 with immediate effect.

Chief Engineer (Commercial & Tariff)