

KERALA STATE ELECTRICITY REGULATORY COMMISSION
THIRUVANANTHAPURAM

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

Petition No. OA 1/2018

In the matter of : Proposal to recover the additional cost incurred during the period July 2017 to September 2017 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

Petitioner represented by : Shri. Bipin Sankar, Deputy CE, KSEB Ltd.
Shri. K.G.P Nampoothiri, EE, KSEB Ltd.
Smt. Meharunnisa M, EE, KSEB Ltd.
Smt. Latha S.V, AEE, KSEB Ltd.
Smt. Smitha Mathew, AEE, KSEB Ltd.
Shri. Seema P Nayar, AE, TRAC, KSEB Ltd

Daily Order dated 19 .2.2018

1. KSEB Ltd., filed a petition for approval of fuel surcharge, along with the petition for condonation for delay, for July to September 2017, on 24.11.2017, with the following prayers:

(i) *The additional financial liability incurred by KSEBL amounting to Rs 19.74 crores due to the variation in power purchase cost resulting from the variation in cost of fuel for the period from July to September 2017 for the procurement/ generation of energy from various thermal sources as detailed in Annexure I & II to this petition may kindly be approved.*

- (ii) *This approved additional cost may be allowed to be recovered from consumers including bulk consumers and other licensees as fuel surcharge, as per the Regulation 88 of KSERC Tariff Regulations, 2014 from December 2017 onwards @ 4 paise per unit.*
2. The Commission condoned the delay in filing the application and admitted the petition as OA 1/2018. The public hearing on the petition was conducted on 06-02-2018 at the Courtroom of the Commission.
3. Shri. Bipin Sankar. P, Dy C E, KSEB Ltd presented the petition. The summary of the issues presented by KSEB Ltd is given below.
- (i) The application for approval of fuel surcharge has filed as per the Regulation-88 of the KSERC (Terms and Conditions for Determination of Tariff) Regulations, 2014, and also in compliance of the directions given by the Commission in the suo-motu tariff order dated 17.04.2017.
- (ii) The Regulation 88 provides for recovering the additional liability incurred in power purchase/ own generation from approved sources and on approved quantum, due to the change in cost of fuel from the approved level, from consumers on quarterly basis.
- (iii) Since the Commission has not provided the monthwise details of the approval of power purchase from each source, KSEB Ltd has estimated the additional liability due to variation in fuel price on the actual power purchase from each approved sources for each month of the quarter.
- (iv) The total additional liability during the period from July-2017 to September-2017, due to variation of fuel charge is estimated at Rs 19.74 crore. KSEB Ltd prayed that, the above additional liability may be approved to recover from consumers including the consumers of small licensees @ Rs 0.04/unit, over a period of three months from December, 2017.
- (v) KSEB Ltd further submitted that, they had scheduled power from RGCCPP Kayamkulam, BDPP and KDPP during 12.08.2017 and 13.08.2017 of August-2017 to tide over the acute power shortage faced in the State. The amount incurred for the same may be approve at the time of truing up of accounts of KSEB Ltd for the financial year 2017-18.
4. Shri Radhakrishnan K R, representing HT & EHT Industrial Electricity Consumers Association (herein after referred as HT&EHT Association)

presented the objections against the petition filed by KSEB Ltd. The main issues raised by HT& EHT Association is given below.

- (i) KSEB Ltd is not complying with the timelines specified for filing the petition on fuel surcharge.
 - (ii) Past power system statistics is not available at the website of the KSEB Ltd.
 - (iii) The actual T&D loss achieved by KSEB Ltd for the quarter is 14% is only, as against the approval of 13.65%. Penalty may be imposed on KSEB Ltd for the under achievement in T&D loss reduction over the target approved by disallowing the cost incurred for the under achievement of T&D loss reduction target.
 - (iv) During the month of September 2017, KSEB Ltd had purchased power from the short-term market at a price higher than the ceiling rate of Rs 4.00 per unit.
 - (v) KSEB Ltd had not factored the benefit of short-term purchase during the months of July and August 2017, while claiming the additional liability of the fuel surcharge.
 - (vi) As per the estimate of the HT&EHT Association, instead of the additional liability of Rs 19.74 crore, there will be a surplus of Rs 26.40 crore, which will entitled the consumers to get a rebate of 5 paise per unit on tariff.
5. Shri Ratheesh Kumar, EICL supported the submission made by the HT & EHT Association.
6. Based on the documents and other details placed before the Commission, and also duly considering the deliberations on the subject matter during the public hearing held on 06.02.2018, the Commission hereby issue following directions to the petitioner KSEB Ltd, for immediate compliance, latest by 23.02.2018.
- (i) Recast the claim on fuel surcharge by adopting the monthly schedule on power purchase from CGS and IPPs approved by the Commission, based on the operational norms such as target availability and auxiliary consumption provided by KSEB Ltd.
 - (ii) Copies of the monthly invoices claimed by CGS, IPPs in support of the claims raised by KSEB Ltd.

- (iii) Detailed note on the institutional mechanism and the procedures followed by KSEB Ltd for the approval of the cost power purchase claimed by CGS, IPPs and other sources.
- (iv) The date of finalization of the regional energy account by SRPC during the last six months. After the finalization of the REA accounts, how much time KSEB Ltd usually take for settling the final invoices. The details may be submitted with documentary evidence.
- (v) The reason for not accounting the short-term power purchase as a source while claiming fuel surcharge.
- (vi) The monthwise, source wise details of the actual power purchased, cost incurred by KSEB Ltd for such purchases from all sources including short-term, UI/DSM, Renewables etc in full. The details shall include the quantum of power purchased at the generator bus and at Kerala periphery from each source, capacity charge/fixed charge, variable charge/energy charges, transmission charges, SRLDC charges/SLDC charges, incentives etc.

Sd/-

K. Vikraman Nair
Member

Sd/-

S. Venugopal
Member

Sd/-

Preman Dinaraj
Chairman

Approved for issue

Santhosh Kumar K B
Secretary