

# KERALA STATE ELECTRICITY REGULATORY COMMISSION

## THIRUVANANTHAPURAM

PRESENT: Shri.P. Parameswaran, Member  
Shri. Mathew George, Member

October 3, 2012

### *Petition No. OP 26/2012*

In the matter of

Fuel price Adjustment charges for the period from Jan. 2012 to March 2012  
Kerala State Electricity Board - Petitioner

## ORDER

### Background

1. Kerala State Electricity Board (*hereinafter referred to as the Board or KSEB*) filed a petition dated 8-5-2012 for imposing fuel surcharge on all consumers including bulk consumers and other licensees to recover the additional financial liability of Rs.72 Crore estimated as per KSERC (Fuel Surcharge Formula) Regulations, 2009 for the fourth quarter of the financial year 2011-12 i.e., for the period from January 2012 to March 2012. The Commission admitted the petition as OPNo.26/2012 on 15-5-2012. In the petition the Board has estimated the additional financial liability on account of increase in fuel cost as follows:

### Summary of the additional liability for the period from Jan-2012 to March-2012

Source	Energy procurement			Per unit cost		Add liability	
	Approved quantity	Actual	Admissible as per regulation	Approved	Actual	Actual	Admissible as per regulation
	(MU)	(MU)	(MU)	(Rs/kWh)	(Rs/kWh)	(Rs. Cr)	(Rs. Cr)
Talcher-II	781.63	854.40	781.63	1.69	1.61	-7.14	-6.72
Ramagundam- II&III	631.37	658.71	631.37	1.60	1.70	6.43	6.06
NLC-II Stage-1	101.96	125.73	101.96	1.21	1.93	9.04	7.33
NLC-II Stage-2	144.64	175.22	144.64	1.21	1.93	12.60	10.40
NLC- Exp- Stage-1	91.95	136.52	91.95	1.77	1.93	2.25	1.52
Simhadri	138.88	87.48	87.48	1.69	2.12	3.73	3.73
RGCCPP- Kayamkulam	297.41	155.13	155.13	8.79	10.33	28.57	28.57
KPCL	12.56	2.89	2.89	8.93	12.23	0.95	0.95
BDPP	34.05	17.83	17.83	8.32	10.51	3.91	3.91
KDPP	68.41	88.49	66.47	8.27	10.75	21.96	16.25
<b>Total</b>	<b>2302.86</b>	<b>2302.41</b>	<b>2081.36</b>			<b>82.30</b>	<b>72.00</b>

## Hearing of the matter

2. Public hearing on the Petition was held on 14-6-2012 at the Commission's office. Other than the representatives of the Board, representatives of HT-EHT Industrial Electricity consumers Association, M/s TCC Limited and M/s Binani Zinc were present for the hearing. In the hearing, Shri. George Thomas representing Kerala HT-EHT Association stated that the petition should be in conformity with the Regulations and the fuel cost for the own stations shall be allowed as per the Regulations. The Association has stated that the fuel cost for the own stations will be Rs.17.05 crore instead of Rs.20.16 crore as estimated by the Board. Accordingly, Rs.3.11 crore has to be disallowed. He also requested that if the fuel surcharge is accepted, the billing shall be from January 2013 only. Representatives of M/s Binani Zinc, M/s TCC limited also requested for imposing the surcharge after completing the present collection.

## Analysis of the Commission

3. The Commission considered the petition of the Board and the objections of the consumers. As per the data provided by the Board and based on the provisions of the Regulations, the amount admissible for fuel surcharge for the 3<sup>rd</sup> quarter of 2011-12 is as follows:

### Fuel surcharge admissible for the period from January to March 2012

Source	As per KSEB Estimates				Commission Estimates	
	Allowable Quantity as per Regulation	Approved Variable cost	Actual Cost	Additional liability	Allowable Quantity	Amount admissible as Surcharge
	(MU)	(Rs/ kWh)	(Rs/ kWh)	(Rs.Cr)	(MU)	(Rs.Cr)
BDPP	17.83	8.32	10.51	3.91	17.82	3.90
KDPP	66.47	8.27	10.75	16.25	66.47	13.37
RGCCPP	155.13	8.79	10.33	28.57	155.13	28.57
KPCL	2.89	8.93	12.23	0.95	2.89	0.95
Talcher-II	781.63	1.69	1.61	(6.72)	781.63	(6.72)
NLC- Exp- Stage-1	246.60	1.21	1.95	17.73	246.60	17.73
NLC II (1&2)	91.95	1.77	1.93	1.52	91.95	1.52
Simhadri	87.48	1.69	2.12	3.73	87.47	3.73
Ramagundam- II&III	631.37	1.60	1.70	6.06	631.37	6.06
<b>Total</b>	2,081.36			72.00	<b>2081.36</b>	<b>69.11</b>

**Monthwise/source wise fuel surcharge admissible**

Source	January	February	March	Total
BDPP	1.41	1.28	1.22	3.90
KDPP	3.98	4.17	5.22	13.37
RGCCPP	3.06	4.06	21.45	28.57
KPCL	0.08	0.54	0.33	0.95
Talcher	(4.31)	(1.92)	(0.50)	(6.72)
NLC TPS-1 Exp	6.16	5.52	6.05	17.73
NLC II (1&2)	0.33	0.14	1.05	1.52
Simhadri	0.58	1.47	1.68	3.73
Ramagundam	3.28	3.39	(0.61)	6.06
<b>Total</b>	<b>14.57</b>	<b>18.66</b>	<b>35.89</b>	<b>69.11</b>

4. The total fuel surcharge admissible for the 4<sup>th</sup> quarter which is to be recovered from the consumers as mentioned in clause 3(6) of the KSERC (Fuel Surcharge Formula) Regulations 2009, is Rs.69.11 Crore.

5. The Commission vide letter dated 6-1-2012 had issued certain directions to the Board after conducting an audit of the fuel surcharge details reported by the diesel Stations of KSEB. In the said letter, it had been directed to submit a compliance report within one month and stipulated that in its absence, the Commission would be constrained to disallow the future fuel price adjustments. Since the Board did not file the compliance report even after the expiry of four months, the Commission issued a reminder on 30-5-2012 directing to file the report within one week. So far no response has been received from the Board. **Hence, the Commission has no choice but to disallow Rs.17.27 Crore, being the fuel surcharge applicable to diesel stations of KSEB.**

6. The applicable rate of fuel surcharge is estimated below:

Total amount to be recovered as fuel surcharge	- Rs.51.84 Cr.
Total energy input from January 2012 to March 2012	- 5012 MU
Notional sales as per approved T&D loss (15.31%)	- 4245 MU
Applying notional loss of 5% to sales to Licensees (123.52 MU)-	6 MU
Total retail sales including that of small licensees	- 4239MU
Fuel surcharge	- <u>12.2 paise/kWh</u>

(Rounded off to 10 paise/kWh for 3 months)

7. The total amount due as fuel surcharge shall be Rs.51.84 Crore, which shall be recovered from the consumers as mentioned in clause 3(6) of the KSERC (Fuel Surcharge Formula) Regulations 2009. Since already surcharge of 20 paise per unit is in vogue till December 2012, the Commission is of the view that fuel

surcharge relating to the 4<sup>rd</sup> quarter be imposed from January 2013. Accordingly the Commission orders as follows:

### Orders of the Commission

8. The Commission hereby approve the recovery of an amount of Rs.51.84 crore as Fuel surcharge for the period from January 2012 to March 2012, disallowing Rs.17.27 crore for the reason of not having furnished the compliance report as directed. The fuel surcharge allowed shall be recovered from the consumers **at the rate of 10 paise per unit for the consumption from January 2013 onwards for next 3 months or until Rs.51.84 Crore is realized which ever is earlier.** The fuel surcharge shall be levied in addition to the energy charges. The Fuel surcharge shall be applicable to consumers of all licensees except domestic consumers having consumption not more than 20units per month and connected load of less than or equal to 500W, as per clause 3(6) KSERC(fuel surcharge formula) Regulations 2009.
9. Distribution licensees other than KSEB shall collect the fuel surcharge as per this order and remit the amount promptly to KSEB on a monthly basis. **All licensees on or before the close of 30 days from each month shall provide the Commission with the details of surcharge collected from each consumer category.** As soon Rs.51.84 Crore is recovered, KSEB shall inform the Commission promptly. **All licensees shall indicate the rate of surcharge and the total amount as surcharge separately in the bills issued to the consumers.**
10. All licensees shall strictly adhere to the provisions of Section 65 of the Electricity Act 2003 while providing any subsidy or exemption to the consumers. Any violation in this regard will be dealt with as per the provisions of the Electricity Act 2003.
11. The petition is disposed of. Ordered accordingly.

Sd/-

**P.Parameswaran  
Member**

Sd/-

**Mathew George  
Member**

**Approved for Issue**

**Secretary**