

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

**Present : Adv. A.J Wilson, Member (Law)**

**RP No 03/2022**

In the matter of : Review petition filed by The Kerala High Tension and Extra High Tension Industrial Electricity Consumers' Association against the Order dated 25.06.2022 in OP 11/2022 on revision of EHT 110KV Industrial Tariff and EHT 66 kV Industrial tariff

Petitioner : The Kerala High Tension and Extra High Tension Industrial Electricity Consumers' Association.

Respondent : Kerala State Electricity Board Ltd.

Date of hearing : 26.08.2022,11.00 AM  
Venue : Court Hall of the Commission

**RP No 04/2022**

In the matter of : Review Petition filed by M/s Western India Plywoods Ltd on the Order dated 25.06.2022 in OP 11/2022 on revision of EHT 110KV Industrial Tariff.

Petitioner : M/s Western India Plywoods Ltd  
Respondent : Kerala State Electricity Board Ltd

Date of hearing : 26.08.2022,11.00 AM  
Venue : Court Hall of the Commission

**Common Order dated 19.09.2022**

**Review Petition No: RP 03/2022**

1. The Kerala High Tension and Extra High Tension Industrial Electricity Consumers Association (hereinafter referred to as HT & EHT Association or the Petitioner) filed a Review Petition on 23.07.2022 against the Order of the Commission dated 25.06.2022 in petition OP No:11/2022. The Review Petition was filed for the limited purpose of reviewing the EHT 110KV Industrial Tariff and EHT 66 kV Industrial tariff approved by the Commission vide the Tariff Order dated 25.06.2022
2. The summary of the petition filed by HT & EHT Association is given below.
  - (i) The petitioner is a registered association of High Tension and Extra High Tension Industrial Consumers of Electricity in Kerala. The

petitioner submitted the petition before the Commission as a representative of High Tension and Extra High Tension Industrial Consumers of Electricity in the State of Kerala.

- (ii) The HT&EHT Association submitted that, an inadvertent error seems to have occurred while concluding tariff revision for EHT 66kV and 110 kV category. The Association extracted the relevant portion of the paragraph 7.87 of the Order dated 25.06.2022 in Petition OP No. 11/2022 to support their argument on EHT-Industrial 110kV tariff, which is reproduced below.

*“Extra High Tension (EHT) Industrial – 110 kV Tariff*

*.....  
The existing tariff for the EHT 110 kV is below the average cost of supply with cost coverage at 95.90%. Considering the importance of promoting industrial consumption, maintaining the system stability, employment generation, the Commission does not approve the excessive increase in electricity tariff as proposed by KSEB Ltd. However, duly considering the increase in ACoS and overall increase in inflation since the last tariff revision, the Commission hereby approves a moderate increase in tariff for EHT 110 kV category for the year 2022-23. The details are given below”*

The petitioner submitted that, unfortunately, the Commission missed to reflect the concluded analysis while drafting the revised tariff. The approved tariff has come out exactly the same as the tariff proposed by KSEB Ltd as shown in Table 7.86 of the Order dated 25.06.2022 in OP No. 11/2022, as extracted below.

“

Table 7.86  
Existing tariff, proposed tariff and approved tariff of EHT 110kV for the year 2022-23

Tariff	Existing Tariff	Proposed by KSEB L	Approved by the Commission
Demand charge (Rs/ kVA/ month)	330	390	390
Energy charges (Ruling)(Rs/ kWh)	5.40	5.90	5.90

“

- (iii) The HT&EHT Association has also extracted the relevant portion of the paragraph 7.86 of the Order dated 25.06.2022 in petition OP No.11/2022 to establish that there is an inadvertent error while determining the tariff of EHT-66 kV category. The relevant portion of the Order which is extracted below.

“

*7.86.....*

*The Commission has carefully examined the tariff proposed by KSEB Ltd for EHT 66 kV Industrial category. KSEB Ltd has proposed an overall increase in tariff of 10.4% on this category. During the public hearing on the tariff proposals, the HT&EHT Electricity Industrial Consumers Association and other stake holders has raised serious concern on the excessive increase in demand charges proposed by KSEB Ltd.*

*The Commission noted these aspects in detail. Over the years, the Commission has been bringing down the tariff of EHT-66kV category at the*

average cost of supply. As per the prevailing tariff, the cost coverage of the EHT-66kV category was 100.87%. The Commission also noted the increase in average cost of supply by 13.61% and inflation by 19.05% since the last tariff revision. Considering all these factors, the Commission approves a moderate increase in tariff for EHT-66 kV category for the year 2022-23."

The HT&EHT Association has also extracted the Table 7.83 of the Order dated 25.06.2022 regarding the existing tariff and the tariff proposed by KSEB Ltd for EHT 66kV category, which is given below.

*"Table 7.83  
Existing tariff and the tariff proposed by KSEB Ltd*

Particulars	Existing	KSEBL proposal				
		2022-23	2023-24	2024-25	2025-26	2026-27
Demand charge (Rs/ kVA/month)	340	400	420	420	420	420
Energy charge (Rs/ kWh)	5.50	6.00	6.00	6.00	6.00	6.00

The petitioner submitted that, unfortunately, the Commission missed to reflect the concluded analysis while arriving at the revised tariff. The approved tariff has come out exactly same as the tariff proposed by KSEB Ltd as in Table 7.84 shown below.

*Table 7.84  
Existing tariff, proposed tariff and approved tariff for EHT 66 kV*

Tariff	Existing Tariff	Proposed by KSEB L	Approved by the Commission
Demand charge (Rs/ kVA/ month)	340	400	400
Energy charges (Ruling) (Rs/ kWh)	5.50	6.00	6.00

According to the petition, approving the tariff as proposed by KSEB Ltd is a clear apparent error from the concluded decision of the Commission.

- (iv) According to the petitioner HT & EHT Association, the Tables 7.84 and Table 7.86 on tariff revision of EHT 66kV and EHT 110kV consumers have come out with serious error against the concluded and emphasized decisions of the Commission. This error will have a huge impact of tariff shock to all major industries in the State which are struggling for survival.

Hence, the HT&EHT Association RP 03/2022 filed the review petition with the prayer to review the Order dated 25.06.2022 in OP No:11/2022 with respect to the limited ground on the tariff revision of EHT 66 kV and 110 kV tariff of industrial Consumers in line with the Commission's concluded analysis on Tariff for the above categories of consumers.

The Commission admitted the petition as RP 03/2022 and scheduled to conduct the public hearing on the review petition on 26.08.2022.

**Review Petition No: RP 04/2022**

3. M/s Western India Plywoods Ltd on 05.08.2022 has filed a Review Petition against the Order of the Commission dated 25.06.2022 in OP No:11/2022 in the matter of approval of ARR, ERC, Tariff proposal for the period 2022-23 to 2026-27. The Review Petition was filed with the limited ground on revising the tariff of 110 kV EHT industrial tariff.
4. Summary of the petition filed by M/s Western India Plywoods Ltd is given below;
  - (i) The petitioner is a 110 kV consumer in the State of Kerala. The Commission vide its Order dated 25.06.2022 has approved the ARR&ERC for the control period 2022-23 to 2026-27 along with the retail tariff for the period 2022-23.
  - (ii) The petitioner submitted that an inadvertent error seems to have occurred while concluding the tariff revision for 110kV category. The tariff proposed by KSEB Ltd for EHT-110 kV category is given below.

*"Table 7.85  
Existing tariff and the tariff proposed by KSEB Ltd for EHT 110kV category*

Particulars	Existing	KSEBL proposal				
		2022-23	2023-24	2024-25	2025-26	2026-27
Demand charge (Rs/ kVA/month)	330	390	400	410	415	420
Energy charge (Rs/ kWh)	5.40	5.90	5.90	5.90	5.90	6.00

The review petitioner submitted that, the Commission's analysis on Tariff proposal for 110 kV category is as follows.

*"The existing tariff for the EHT 110 kV is below the average cost of supply with cost coverage at 95.90%. Considering the importance of promoting industrial consumption, maintaining the system stability, employment generation, the Commission does not approve the excessive increase in electricity tariff as proposed by KSEB Ltd. However, duly considering the increase in ACoS and overall increase in inflation since the last tariff revision, the Commission hereby approves a moderate increase in tariff for EHT 110 kV category for the year 2022-23. The details are given below"*

Unfortunately, the Commission missed to reflect the concluded analysis while drafting the revised tariff. The approved tariff has come out exactly same as the tariff proposed by KSEB Ltd as shown in table 7.86 of the Order dated 25.06.2022 as shown below.

*"Table 7.86*

Tariff	Existing Tariff	Proposed by KSEB L	Approved by the Commission
Demand charge (Rs/ kVA/ month)	330	390	390
Energy charges (Ruling)(Rs/ kWh	5.40	5.90	5.90

“

According to the petitioner, this is a clear apparent error in the concluded decision of the Commission. Hence, the petitioner filed the review petition with the prayer to review the Order dated 25.06.2022 in OP No:11/2022 with the limited ground on the tariff revision of EHT 110 kV tariff of industrial Consumers.

The Commission admitted the petition as RP 04/2022. Since the prayers and issues raised in both petitions RP 03/2022 and RP 04/2022 are the same, the Commission decided to conduct the public hearing on the petition on 26.08.2022 along with the review petition RP 03/2022.

5. In the meanwhile, the following consumers filed application to implead as an IA petitioner with the petition filed by The Kerala High Tension and Extra High Tension Industrial Electricity Consumers' Association under Section 94(f) of the EA-2003 read with the Regulation 67 of KSERC (Conduct of Business) Regulations, 2003 seeking review of the Order dated 25.06.2022 in Petition OP No. 11/2022.

- (1) M/s Apollo Tyres Ltd, Perambra, Thrissur.
- (2) M/s Patspin India Ltd, Kanjikode, Palakkad.
- (3) M/s KMML, Sankaramanglam, Chavara, Kollam.
- (4) M/s FACT, Cochin Division, Ambalamedu, Ernakulam.
- (5) M/s MRF Limited, Kottayam.

6. KSEB Ltd, the petitioner in the original petition OP No. 11/2022 submitted the following comments on the petition filed by HT&EHT Association and M/s Western India Plywoods Ltd. The summary of the counter argument dated 24.08.2022, filed by KSEB Ltd is given below.

- (1) The proposals for revision of retail tariff for supplying electricity to the consumers, transmission charges, wheeling charges, cross subsidy surcharge applicable to open access consumers, power factor incentive and low voltage surcharge for the MYT period from 2022-23 to 2026-27 were submitted in accordance with the provisions of:
  - a. The Electricity Act 2003
  - b. Tariff policy 2016
  - c. KSERC (Terms and Conditions of Determination for determination of Tariff) Regulations, 2021)

- d. KSERC (Principles for determination of road map for cross-subsidy reduction for Distribution licensees) Regulation 2012, as extended vide notification dated 19.12.2017
- e. Various Judgments of Hon'ble APTEL.

(2) The summary of the additional revenue expected through the revision of tariff proposed by KSEB Ltd is given below.

Year	Revenue at existing tariff	Revenue at proposed tariff	Additional revenue
	(Rs.Cr)	(Rs.Cr)	(Rs.Cr)
2022-23	15390.49	17639.60	2249.10
2023-24	18423.85	19209.98	786.13
2024-25	20140.10	20511.02	370.92
2025-26	21525.82	22013.54	487.72
2026-27	23083.06	23335.09	252.03

(3) The average cost of supply proposed by KSEB Ltd for the MYT period from 2022-23 to 2026-27 is given below;

FY	2022-23	2023-24	2024-25	2025-26	2026-27
Average Cost of Supply (Rs/kWh)	7.30	7.75	7.73	7.82	7.90

- (4) Even though the tariff revision proposed do not bridge the revenue gap of KSEB Ltd fully as expected, but the same would provide a reasonable financial stability to M/s KSEB Ltd. The efforts had been also taken to minimize the tariff shock. Nominal increase in electricity charges is proposed throughout the control period in comparison with the huge revenue gap.
- (5) The Commission after the public consultative process and detailed analysis on the petition as mandated in the Electricity Act, Tariff policy and Tariff Regulations pronounced the order for tariff revision for the FY 2022-23 and approved a revenue gap of Rs.1927.20 (instead of 2852.58 Cr) for the FY 2022-23. The average cost of supply for the FY 2022-23 has been fixed as 6.93/unit instead of that proposed Rs. 7.30 /kWh by KSEB Ltd. Further, the Commission has decided to enhance the tariff annually by 1010.94 Cr. annually instead of Rs. 2249.10 Cr. proposed by KSEB Ltd.
- (6) KSEB Ltd has proposed the tariff with the 'estimated average cost of supply' of Rs.7.30/unit and the overall average increase in the income from tariff proposed by KSEB Ltd is about 14.61% from the present level. Since, the revenue gap and average cost of supply approved by the Commission are less than the same proposed by KSEB Ltd, the tariff increase approved by the Commission is also much less than the same proposed by KSEB Ltd.
- (7) The Average Cost of Supply approved by the Commission for the year 2022-23 is Rs. 6.93/ unit, whereas the average cost of supply

determined by the Commission for the year 2019-20 in the last tariff revision order dated 08.07.2019 was Rs.6.10/unit. Thus, the average cost of supply approved by the Commission has increased by about 13.60% as against 14.61% proposed by KSEB Ltd. in the petition dated 10.02.2022.

- (8) KSEB Ltd further submitted that, the last Tariff Order prior to this revision was issued on 08.07.2019, wherein the Commission had duly considered the inflation up to the financial year 2018-19. The cumulative increase in inflation rate over the last tariff revision (FY 2018-19) is 19.05% upto 2022-23. But, the Commission has rightly concluded and determined an increase of 13.60% in ACoS, which will be beneficial to all consumers in the State including the members of the review petitioner's association.
- (9) The Commission by invoking the powers conferred under the Electricity Act, 2003 for determination of retail supply of electricity, analysed all the factors and concluded the decision for the sustainable and coordinated development of all the sectors in the State for the ensuing years especially in the post covid era. The table below emphasises the analysis and concluded decision of the Hon'ble Commission in finalising the tariff order.

Parameter	KSEB Ltd. Proposal	Approval of KSERC	Reduction in per unit tariff (paise)*
Revenue Gap (Cr.)	2852.58	1927.20	37.00
Revision of tariff (Cr.)	2249.10	1010.94	49.00
Average cost of Supply (Rs.)	7.30	6.93	37.00
Increase in Average cost of Supply w.r.t. FY 2019-20 (%)	19.60%	13.60%	-

Assuming annual sales of 25000 MU.

M/s KSEB Ltd submitted that from the table it is evident that the Commission has taken concrete efforts to provide electricity at affordable price to each and every consumer in the State including that of members of the petitioner. Thus, the wordings in one para of the comprehensive order could not be considered as error apparent on the face of record in the eyes of law.

- (10) M/s KSEB Ltd further submitted that the Commission has taken commendable efforts to reduce the cross-subsidy levels of subsidising consumers, since 2012-13 and targeted to bring down the cost coverage to 120% of the average cost of supply. The tariff of the industrial consumers is already within  $\pm 20\%$  of the average cost of supply. The Commission vide Tariff Order dated 25.06.2022 has increased the tariff for the industrial categories in proportion to the increase in average cost of supply compared to the previous revision, such that, the cross-subsidy levels of industrial consumers continue to be within the  $\pm 20\%$  band. **It is pertinent to note that the average tariff of EHT Industrial consumers (66 kV, 110 KV & 220 kV) are well below the average cost of supply.**

State	Applicable from	Supply Voltage and Consumption	Demand charge (Rs/kVA/ month)	Energy charge (Rs/ kWh)
Karnataka	01.04.2022	upto One Lakh units	275	7.50*
		above One Lakh units		7.80*
Andhra Pradesh	01.04.2022	132	475	5.40
		220		5.35
Tamilnadu	11.08.2017	of and above 11kV	350	6.35
Telangana	01.04.2022	132 kV and above	475	6.65
Kerala	26.06.2022	66	400	6.00
		110	390	5.90
		220	360	5.30

\*applicable to 11 kV supply a rebate shall be allowed for high voltages (66kV - 2 ps/unit , 110 - 3 ps/unit & 220kV-5ps/unit)

The cost coverage of industrial consumers is shown below;

Tariff category	Cost coverage					
	2012-13	2013-14	2014-15	2017-18	2019-20	2022-23
EHT-Industry 66kV	107.00%	106.00%	112.00%	111.90%	98.10%	98.04%
EHT-Industry-110 kV	101.00%	102.00%	106.00%	104.70%	102.60%	93.29%

M/s KSEB Ltd further submitted that, in the present Tariff Order only LT Domestic, Agriculture, Public Lighting & Railways are having lesser cost coverage compared to EHT Industrial category. The Commission has appropriately considered the importance of promoting industrial consumption, maintaining the system stability, employment generation, the increase in ACoS and the overall increase in inflation since the last tariff revision, while determining the tariff of 66 kV and 110 kV industries. The petitioner, instead of appreciating the commendable and earnest effort made by the Commission in determining a reasonable and affordable tariff to all type of industries in the State, extracted single word from the analysis and alleged that there is apparent error on the concluded decision of the Commission. Hence the review petition is devoid of any merits.

- (11) M/s KSEB Ltd further submitted that the tariff applicable to industries in the State is comparable and on the lower side when compared to other neighbouring Southern States. The details are given below;



(12) Considering all these aspects, KSEB Ltd requested before the Commission to dismiss both the review petitions, filed by M/s HT&EHT Association and M/s Western India Plywoods Ltd.

7. The hearing of both the petitions were held on 26.08.2022 at the Court Hall of the Commission. Shri. Saji Mathew presented the matter on behalf of HT & EHT Association, Shri. Shri P.K. Mayan Mohammad, MD, Western India Plywoods Ltd presented the petition of Western India Plywoods Ltd. Sri. Rajan, Dy.CE, TRAC presented the arguments of KSEB Ltd. The consumers impleaded as IA petitioners to the petition filed by HT&EHT Association also presented their comments during the public hearing. The summary of the deliberations during the hearing is given below;

(1) The HT & EHT Association, the petitioner in Review Petition RP No. 03/2022 submitted the following.

- While appraising the tariff proposed by KSEB Ltd for EHT 66 kV and EHT 110 kV industrial tariff, the Commission observed that,
  - (a) The proposal of KSEB Ltd is excessive and the Commission does not approve it.
  - (b) The Commission approve only a moderate increase.

However, the Commission has approved the excessive increase in tariff as proposed by KSEB Ltd. This is inconsistent with the findings of the Commission and is nothing but an apparent error in the tariff order by blindly reproducing the KSEB Ltd's proposal.

- KSEB Ltd has requested for an additional revenue of Rs 2239.00 crore (0.90 Rs. Ps/unit) through tariff hike, however the KSERC approved Rs 1011.00 crore through tariff hike. The tariff hike approved was only about 45% of what KSEB Ltd has requested through tariff hike.
- KSEB Ltd requested an average tariff hike of 14.58% whereas the Commission approved a hike of 6.58% only, which is around 55% lower than what is requested by KSEB Ltd. However, the tariff of EHT 66kV and 110kV industrial consumers have increased by 10.42% & 10.51% respectively, which is much more than the average increase of 6.58% approved by the Commission. In the Tariff Order dated 25.06.2022, more than 10% increase was approved for EHT 66kV and 110kV categories only.
- The actual cost of supply of the EHT consumers are much lower than the average cost of supply computed by the Commission and is a highly subsidising category based on actual cost of supply. EHT 66kV and 110kV industrial consumers are base load consumers providing grid stability and ensuring round the clock consumption at uniform rate. Hence, EHT 66kV and 110kV consumers deserve a lower tariff

in comparison with consumers who are not round the clock consumers.

- Cost of supply and T&D loss is very low for EHT 66kV and 110kV industrial consumers when compared to HT and LT industrial consumers. The demand charge of a higher system voltage industrial consumers must be lower than that of a lower system voltage in the same category. The Tariff Order dated 25.06.2022 is colossal failure in adhering to the laudable principles in tariff setting.
  - In a LT dominated system like that of KSEB Ltd, when the average tariff increase is of 6.58%, the tariff increase for EHT category should be lower than that of average increase to maintain cross subsidy. The tariff order is penalising the industrial consumers in EHT 66kV and 110kV category, who are maintaining a high load factor.
  - The apparent error has resulted in 10.50% average tariff hike. The hike in energy charge is 0.50 Rs. per unit and the hike in demand charge is Rs 60/kVA/month for EHT Industrial categories causing serious prejudice and irreparable damage to the industry.
  - The petitioner prayed before the Commission to review the tariff Order dated 25.06.2022 for EHT 66kV and 110kV Industrial consumers, with retrospective effect from 26.06.2022.
- (2) Shri. P. K. Mayan Mohammed, on behalf of the M/s Western India Plywoods Ltd, fully supported the views presented by the HT&EHT Association against the increase in tariff of EHT 66kV and 110kV category. They requested to correct the anomaly in the increase in tariff of the EHT 110kV industrial category.
- (3) Shri. Karthik, on behalf of the Kerala Minerals and Metals Ltd (KMML) submitted that M/s KMML is an EHT 110 kV consumer of KSEB Ltd. Due to the tariff hike effected from 26.06.2022, the additional annual financial commitment for KMML will be in the tune of Rs 4.50 Crores. The average increase in electricity charges payable is 9.89%. In addition to the increase in tariff, the Commission has also enhanced the transmission charges, cross subsidy surcharge and SLDC charges. The recent tariff hike effected from 26.06.2022 has resulted in the increase in production cost, and hence the KMML is unable to sell their product in the global market.
- (4) **Shri Shyam.K.C**, on behalf of Apollo Tyres submitted the following.
- M/s Apollo Tyres is a manufacturer of Tyres having 5 units in India out of which 2 units are in Kerala, one at Perambra and other at Kalamassery. Both of their units are 66 KV consumers and have future plans to upgrade the 66 KV feeder to 110 KV. M/s Apollo Tyres further submitted that, the additional monthly financial liability is about Rs 45.00 lakh and the yearly liability is Rs 5.45 crore.

The IA petitioner further submitted that the present Tariff Order is such that it is penalizing high load factor industrial consumers in 66kV and 110 kV. M/s Apollo Tyres requested before the Commission to review/rectify the errors in the Tariff Order dated 25.06.2022 in the matter of EHT 66kV and 110kV consumers.

- (5) **Shri Rajeevan**, General Manager, on behalf of M/s Patspin India Limited submitted that, the cost of electricity contributes to 15% of the production cost. The increase in tariff effected from 26.06.2022 has resulted in the increase in energy charge by Rs 12.24 lakh per month and increase in fixed charge by Rs 2.34 lakh per month. The total annual financial liability is Rs 1.75 Crores per year. The huge increase in tariff is not bearable for their industry. The IA petitioner requested to review the tariff of EHT 66kV and 110 kV consumers.
- (6) **Shri Saji Mathew**, on behalf of M/s MRF requested before the Commission to review the Order dated 25.06.2022 in OP 11/2022 with respect to limited ground on the tariff revision of EHT-Industrial 110 kV consumers in line with the Commissions' concluded analysis on Tariff for the EHT- Industrial 110 kV consumers.
- (7) **Shri Sarath**, Senior Manager, on behalf of the FACT submitted that FACT has two 110kV Industrial Electricity Connections and the yearly bill that was paid to KSEB Ltd in the Financial Year 2021-2022 by FACT was nearly ₹ 78 Crores. M/s FACT further submitted that it's estimated annual burden due to tariff hike is Rs. 9.00 Crores. As per the ARR, the consumption of EHT consumers has reduced by 40% in the last two years. FACT requested to rectify the apparent error happened in the tariff Order and to reduce the tariff of EHT Industrial consumers in the State of Kerala. FACT also requested to issue the Order with retrospective effect from 26.06.2022.
- (8) **Shri Saju**, KSEB Workers Association, submitted that, the Commission vide the tariff order dated 25.06.2022 has not enhanced the tariff of domestic consumers having monthly consumption upto 50 units, orphanages etc. About 25 lakh consumers get this benefit. The energy charge of agriculture categories has also not been enhanced. About 5 lakh agriculture consumers get this benefit. The Commission has also enhanced the connected load of LT-VII(B) Commercial category from 1000 watts to 2000 watts. About 5 lakh commercial consumers will get the benefit of reduced tariff available to LT-VII(B) category. Even for the EHT Industrial categories, the Commission has not enhanced the tariff in line with the inflation and increase in the average cost of supply. He also submitted that, the EHT industrial tariff in the State is comparable with other States and even less than the tariff of most other States.

The Workers Association further submitted, since the Commission has approved the revenue gap at Rs 1900.00 crore as against the proposal of Rs 2800.00 crore, and also revised the tariff to mobilise an additional

revenue of Rs 1000.00 crore only as against the proposal of Rs 2200.00 crore, KSEB Ltd should have filed review petition before the Commission against the Tariff Order dated 25.06.2022. Considering all these aspects, the Workers Association requested before the Commission to dismiss the review petition filed by the HT&EHT Association.

- (9) **Shri Saifuddin, Cochin Shipyard**, submitted that this tariff hike will adversely affect all consumers in the State of Kerala and requested before the Commission to review the Tariff Order dated 25.06.2022 and to rectifying the errors.
- (10) **Shri Ajith, AGM Technical**, Travancore Cochin Chemicals (TCC) submitted that they are the largest single consumer in the State of Kerala. It was also further submitted that TCC consumes around 5.50 Lakhs units/ day and the total electricity bill comes to around ₹.115 Crores/year. The tariff hike ordered by the Commission will create an additional increase of ₹1.10/ unit. Hence, it was requested before the Commission to review the Order and publish the revised Order after rectifying the errors.
- (11) **Shri Khamis Mohamed**, Travancore Titanium Products Limited (TTP), submitted that, presently their energy cost is almost Rs. 6.20 per unit. M/s TTP is consuming nearly 15 Lakhs Units per month (during full production) and is remitting nearly Rs.10 to Rs.11 Crores per annum to KSEB Ltd. It was also submitted that they do not have any pending arrears with KSEB Ltd as on date. Due to the new tariff hike ordered by the Commission, their electricity charge will increase by Rs 8.50 Lakh/month which will result in an additional burden of around Rs1.02 Crore/annum. Hence, TTP requested before the Commission to rectify this error/anomaly, and to issue a correction Order or corrigendum for a sustained industrial growth in the State of Kerala.
- (12) **Shri Prabhakaran**, submitted that the industries in the State play a vital role in the socio-economic development of the State. EHT Industries provide the base load required for maintaining grid stability. Hence, it is the need of the hour to protect the industries within the State by rectifying the apparent error noticed in the Order.
- (13) KSEB Ltd, the petitioner in the original petition OP No.11/2022 submitted a detailed comments on the Review Petitions filed by M/s HT&EHT Association and M/s Western India Plywoods Limited. The summary of the comments of KSEB Ltd is given below.
- KSEB Ltd on 10.02.2022 filed the Tariff petition, strictly as per the provisions of the Electricity Act, 2003, Tariff Policy, 2016, Tariff Regulations, 2021 and various judgments of APTEL. The Commission, after the public consultative process and detailed analysis of the petition as mandated in the Electricity Act 2003, Tariff policy 2016 and Tariff Regulations, pronounced the order

for tariff revision for the FY 2022-23 alone. The Order came into effect from 26.06.2022.

- M/s KSEB Ltd further submitted that, even though they had proposed ₹2852.58 Crores as revenue gap, the Commission had approved only ₹1927.20 Crores. As against the average cost of supply (ACoS) of Rs 7.30/unit, the Commission has approved only Rs 6.93/unit. The increase in ACoS proposed by KSEB Ltd over 2018-19 (last tariff revision) was 14.61%, however the same approved by the Commission is only 13.60%.
- M/s KSEB Ltd further contended that the average increase in inflation during the period from 2018-19 to 2022-23 was 19.06% and the increase in ACoS was 13.60%. However, the increase in tariff of the EHT 66kV was 10.42% only and the same for EHT 110 kV was 10.51%. The increase in tariff approved was well below the ACoS and inflation rates. The cost coverage of EHT 66KV is 98.04% and that of 110kV is 93.29%.
- The Commission has been taking efforts to reduce the cross-subsidy levels of subsidising consumers 2012-13 and targeted to bring down the cost coverage to 120% of the average cost of supply. The tariff of the industrial consumers is already within +\_20% of the ACoS and well below the ACoS.
- KSEB Ltd further submitted that, when compared to the EHT tariff of other states, the tariff of the EHT Industrial consumers is comparable and lower than most of the States.
- KSEB Ltd further submitted that, due to the importance of promoting industrial consumption, maintaining the stability and employment generation, the rates proposed by KSEB Ltd for EHT 66kV and EHT 110kV is not an excessive one and rates are reasonable. KSEB prayed before the Commission that, the tariff proposed by KSEB Ltd and the tariff approved by the Commission are not excessive and are in accordance with law.

(14) **M/s Malabar Cements Limited (MCL)** submitted that, MCL is the one of the largest consumers of power in the State of Kerala and is consuming about 65 million units of Electricity per Annum. The impact of the recent tariff hike is about Rs 3.60 Crores per annum. Such a massive increase in electricity cost will badly affect the prospects of the company.

M/s MCL further submitted that in all major categories except 110KV and 66 KV, the tariff approved by the Commission is much less than the same proposed by KSEB Ltd.

M/s MCL requested before the Commission to review the Order dated 25.06 2022 in OP 21/2022 with respect to limited ground on the tariff revision of EHT 66KV and 110KV consumers.

- (15) M/s Travancore Cochin Chemicals (TCC) vide submission dated 22.08.2022 submitted that TCC Ltd is a 110 KV consumer of KSEB Ltd. The impact of the recent tariff hike is about Rs 12 Crores per annum. Such a massive increase in electricity cost will badly affect the Company.

The Commission in the ARR Order mentioned that the Commission had only approved a moderated increase in the tariff of 110 kV category. But it is noted that, the Commission had approved tariff as proposed by KSEB Ltd which resulted in more than 10 percent effective increase in tariff for 110 KV consumers. Hence, TCC requested before the Commission to retain the early Tariff for 110 KV consumers.

### **Analysis and Decision**

4. The Commission has examined in detail the review petitions filed by the petitioners (1) M/s HT & EHT Association and (2) M/s Western India Plywoods Ltd, and counter affidavit of the respondent M/s KSEB Ltd, deliberations of the subject matter during the hearing held on 26.08.2022, as per the provisions of the Electricity Act, 2003, KSERC (Terms and Conditions for Determination of Tariff) Regulations, 2021, other Regulations and Orders and the Commission hereby decides as follows: -
5. The present petition is filed against the Order of the Commission dated 25.06.2022 in Petition OP No. 11/2022 on the limited ground of reviewing the tariff determined for EHT-66kV Industries and EHT-110 kV Industries.
6. Before going into the merits of the issues raised in the petition, the Commission has examined its review jurisdiction as per the provisions of the Electricity Act, 2003, for reviewing its orders and decisions. The details are below;
- (1) Electricity Act-2003.  
As per the Section 94 of the EA-2003, the review jurisdiction of the Commission is very limited in reviewing its orders and directions. The relevant Sections is extracted below:
- “Section 94. (Powers of Appropriate Commission): --- (1) The Appropriate Commission shall, for the purposes of any inquiry or proceedings under this Act, have the same powers as are vested in a civil court under the Code of Civil Procedure, 1908 in respect of the following matters, namely: -*
- (a) summoning and enforcing the attendance of any person and examining him on oath;*
  - (b) discovery and production of any document or other material object producible as evidence;*
  - (c) receiving evidence on affidavits;*
  - (d) requisitioning of any public record;*
  - (e) issuing commission for the examination of witnesses;*
  - (f) **reviewing its decisions, directions and orders;***
  - (g) any other matter which may be prescribed. “*

- (2) Order 47 Rule 1 of the Code of Civil Procedure 1908, dealing with review of the orders and decisions of a Civil court, which is as quoted below:

*“Application for review of judgment. -(1) Any person considering himself aggrieved,—*

- (a) by a decree or order from which an appeal is allowed, but from which no appeal has been preferred,*  
*(b) by a decree or order from which no appeal is allowed, or*  
*(c) by a decision on a reference from a Court of Small Causes, and who, from the discovery of new and important matter or evidence which, after the exercise of due diligence, was not within his knowledge or could not be produced by him at the time when the decree was passed or order made, or on account of some mistake or error apparent on the face of the record, or for any other sufficient reason, desires to obtain a review of the decree passed or order made against him, may apply for a review of judgment to the Court which passed the decree or made the order.*

*A party who is not appealing from a decree or order may apply for a review of judgment notwithstanding the pendency of an appeal by some other party except where the ground of such appeal is common to the applicant and the appellant, or when, being respondent, he can present to the Appellate Court the case on which he applies for the review.*

*Explanation: The fact that the decision on a question of law on which the judgment of the court is based has been reversed or modified by the subsequent decision of a superior court in any other case, shall not be a ground for the review of such judgment.”*

- (3) The Regulations 67 of the KSERC (Conduct of Business) Regulations, 2010 and its amendments specified as follows.

*“67. Powers of review, - (1) Any person or party affected by a decision, direction or order of the Commission may, within forty-five days from the date of making such decision, direction or order apply for the review of the same. (2) An application for such review shall be filed in the same manner as a petition under Chapter III of these regulations. (3) The Commission may after scrutiny of the application, review such decisions, directions or orders and pass such appropriate orders as the Commission deems fit within forty-five days from the date of filing of such application:*

*Provided that the Commission may, at its discretion, afford the person or party who filed the application for review, an opportunity of being heard and in such cases the Commission may pass appropriate orders as the Commission deems fit within thirty days from the date of final hearing: Provided further that where the application for review cannot be disposed of within the periods as stipulated, the Commission shall*

*record the reasons for the additional time taken for disposal of the same”*

7. As extracted above, as per the above provisions of the Electricity Act, 2003, and Code of Civil Procedure, 1908, the Commission has very limited powers to review its Orders and decisions. The Commission can review its order, if there is an error apparent on face of record or the parties can provide a new and important fact of evidence. However, the review petitioners in their Review Petitions, RP 03/2022 filed by the HT&EHT Association and in the RP 04/2022 filed by M/s Western India Plywoods Ltd could not produce any new facts or factual errors before the Commission for reviewing its decisions. The details are discussed in the following paragraphs.
8. The only issue raised by the petitioners before the Commission for reviewing the tariff determined for EHT 66kV Industry and EHT 110kV category are with respect to some typographical errors which occurred while appraising the tariff proposals of the respondent KSEB Ltd. According to the petitioners, the Commission while determining the tariff of EHT-110kV tariff observed as follows;

*‘Considering the importance of promoting industrial consumption, maintaining the system stability, employment generation, the Commission does not approve the excessive increase in electricity tariff as proposed by KSEB Ltd. However, duly considering the increase in ACoS and overall increase in inflation since the last tariff revision, the Commission hereby approves a moderate increase in tariff for EHT 110 kV category for the year 2022-23. The details are given below“.*

Table 7.86

Existing tariff, proposed tariff and approved tariff of EHT 110 kV for the year 2022-23

Tariff	Existing Tariff	Proposed by KSEB L	Approved by the Commission
Demand charge (Rs/ kVA/ month)	330	390	390
Energy charges (Ruling) (Rs/ kWh)	5.40	5.90	5.90

The reasons raised by the petitioners for reviewing the Order dated 25.06.2022 of the Commission is that, though the Commission observed that, it will not approve the excessive increase in electricity tariff proposed by KSEB Ltd for EHT 110kV Industries, the Commission in the Table 7.86 of the Order dated 25.06.2022 had approved the tariff as proposed by KSEB Ltd. Similarly, the Commission vide the Table 7.84 of the Order dated 25.06.2022 has also approved the tariff of EHT-66kV Industries as proposed by KSEB Ltd. According to the petitioners, this is a clear apparent error from the concluded decision of the Commission.

9. The Commission has carefully examined the issue raised by the petitioners in detail. The tariff proposed by KSEB Ltd and the analysis and decisions of the Commission in determining the tariff of the different categories of electricity consumers is explained in detail in the ARR&Tariff Order dated 25.06.2022 in petition OP No. 11/2022. The Commission has noted that the petitioners have



not appraised the factors and principles impacting the determination of electricity tariff of the different categories of consumers in its totality. Consequently, the petitioners arrived at wrong conclusions regarding the determination of tariff of the EHT 66kV and 110kV category. In this context, it is important for the Commission to identify and examine the issues as brought out by the petitioners in their petitions and in their further submissions before the Commission which is as follows:

**I. Did the Commission comply with the statutory requirements of tariff determination as required under the Electricity Act, 2003, Tariff Policy of the Government Of India (GOI) and the Commission's Regulations?**

**Electricity Act, 2003**

(1) *Section 61 of the Electricity Act, 2003 provide as follows.*

*"61. The Appropriate Commission shall, subject to the provisions of this Act, specify the terms and conditions for the determination of tariff, and in doing so, shall be guided by the following, namely:-*

*(a) the principles and methodologies specified by the Central Commission for determination of the tariff applicable to generating companies and transmission licensees;*

*(b) the generation, transmission, distribution and supply of electricity are conducted on commercial principles;*

*(c) the factors which would encourage competition, efficiency, economical use of the resources, good performance and optimum investments;*

*(d) safeguarding of consumers' interest and at the same time, recovery of the cost of electricity in a reasonable manner;*

*(e) the principles rewarding efficiency in performance; (f) multi year tariff principles;*

*(g) that the tariff progressively reflects the cost of supply of electricity and also, reduces cross-subsidies within the period to be specified by the Appropriate Commission;*

*(h) the promotion of co-generation and generation of electricity from renewable sources of energy;*

*(i) the National Electricity Policy and tariff policy"*

(2) *Section 62(3) of the Electricity Act, 2003 empower the State Commission to differentiate the retail tariff of the consumers according to the consumer's load factor, power factor, voltage, time at which the supply is required, the geographical position of the area, the nature of supply and the purpose for which the supply is required. The relevant section of the EA-2003 is extracted below.*

*" 62(3) The Appropriate Commission shall not, while determining the tariff under this Act, show undue preference to any consumer of electricity but may differentiate according to the consumer' s load factor, power factor, voltage, total consumption of electricity during any specified period or the time at which the supply is required or the geographical position of any area, the nature of supply and the purpose for which the supply is required."*

(3) *Section 86(4) of the Electricity Act, 2003, provides that, while discharging its statutory functions under Section 86 of the Electricity Act, 2003, it shall be guided by National Electricity Policy, National Electricity Plan and Tariff Policy notified by the Central Government under Section-3 of the Electricity Act, 2003. The relevant section is extracted below for ready reference.*

*86. (1) The State Commission shall discharge the following functions, namely:*

- (a) determine the tariff for generation, supply, transmission and wheeling of electricity, wholesale, bulk or retail, as the case may be, within the State:

.....

“86 (4) In discharge of its functions the State Commission shall be guided by the National Electricity Policy, National Electricity Plan and tariff policy published under section 3.”

### **Tariff Policy 2016 notified by the Government of India**

In compliance of the Section-3 of the Electricity Act, 2003, the Central Government, notified the revised ‘Tariff Policy 2016’ on 28<sup>th</sup> January 2016. Paragraph 8.3 of the Tariff Policy 2016, deals with ‘tariff design’, which specify the following:

“

- (i) The State Commission shall be guided by the objective that the tariff progressively reflect the efficient and prudent cost of supply of electricity.
- (ii) The retail tariff are brought within + 20% of the average cost of supply.
- (iii) The tariff of the BPL category shall at least be 50 percent of the average cost of supply.”

### **KSERC (Terms and Conditions for Determination of Tariff) Regulations, 2021**

“85. Determination of Tariff. – (1) The bulk supply tariff and retail supply tariff of the distribution licensees, and the wheeling charges for use of the distribution system shall be determined by the Commission, on the basis of a petition for determination of tariff made by the distribution licensee in accordance with the provisions under Chapter III of these Regulations.

(2) The retail supply tariff shall be uniform for the same tariff category of consumers of all the distribution business/licensees in the State of Kerala and shall be the same as the retail supply tariff category wise as determined by the Commission from time to time for the distribution business of KSEB Limited.

(3) The bulk supply tariff for supply of electricity by KSEB Limited to other distribution licensees in the State of Kerala shall be determined by the Commission, in accordance with the principles laid down from time to time, in the orders of the Commission with regard to such distribution licensees.

(4) The Commission may categorize consumers on the basis of their load factor, power factor, voltage, total consumption of electricity during any specified period or the time at which the supply is required, the geographical position of any area, whether it is a certified green building, the nature of supply and the purpose for which the supply is required.

(5) The retail supply tariff for different consumer categories shall be determined after considering the estimated average cost of supply. The estimated average cost of supply shall be computed as the ratio of the approved aggregate revenue requirements of the distribution business/licensee for each financial year of the Control Period and calculated in accordance with Regulation 76, to the total sale of the distribution business/licensee for the respective financial year.

(6) The Commission shall endeavour to reduce gradually, the cross-subsidy among consumer categories with respect to the average cost of supply, in accordance with the provisions of the Act and the provisions of the Kerala State Electricity Regulatory Commission (Principles for Determination of Roadmap for Cross-subsidy Reduction for Distribution Licensees) Regulations, 2012.

*(7) The wheeling charges may be denominated in terms of Rupees/ kWh or Rupees/ kW/ month, or Rupees/ kW/ day or as the case may be; for the purpose of recovery from the user of the distribution system, as stipulated by the Commission from time to time.*

*(8) Any revenue subsidy/ grant received from the State Government, other than the subsidy under Section 65 of the Act, shall be treated in the manner as indicated by the State Government: Provided that if no such manner is indicated, the subsidy/ grant shall be used to reduce the overall revenue gap between Aggregate Revenue Requirement and the actual revenue of the distribution business/ licensee approved by the Commission.*

*(9) While determining the tariff, the Commission shall also consider the cost of supply at different voltage levels and the need to minimize the tariff shock to any category of consumers.*

*(10) Distribution licensee shall purchase the excess energy injected into the system by a renewable energy prosumer, as provided in sub regulation 5 of Regulation 21 of KSERC (Renewable and Net Metering) Regulations, 2020 at the Average Power Purchase Cost. The Commission shall determine the APPC every financial year based on a petition filed by the distribution licensee not later than 31st July of the succeeding year.*

*(11) The Commission shall prescribe in the Tariff Order, appropriate incentive/disincentive for maintaining the power factor of the distribution system, at a level between 0.95 lag and 0.95 lead as specified in the Central Electricity Authority (Technical Standards for Connectivity to the Grid) Regulations 2007, as amended from time to time, to certain category of consumers including Bulk consumers/ distribution licensees in the State.*

*(12) The distribution licensee/ bulk consumer shall be responsible for maintaining the power factor of their distribution system, at a level between 0.95 lag and 0.95 lead, as specified in the Central Electricity Authority (Technical Standards for Connectivity to the Grid) Regulations 2007 as amended from time to time."*

10. The Commission has carefully examined whether the process of tariff determination strictly complied with the above requirements while issuing the Order dated 25.06.2022 in OP No.11/2022.

At the outset, it is emphasized that the Commission under Section 86 (1)(a) of the Electricity Act, 2003 has been empowered to determine the electricity tariff. Further, this process of tariff determination requires the Commission to follow the due process as per KSERC (Conduct of Business) Regulations, 2003 and KSERC (Terms and Conditions for Determination of Tariff) Regulations, 2021. Here, the Commission noted that it has duly complied with all these requirements. The draft Tariff Proposals were published in three newspapers, public hearings were held at Kozhikode, Palakkad, Ernakulam and Trivandrum, stakeholder's views expressed either orally during the hearings or in writing were considered and only after following these steps, did the Commission venture into finalising the Tariff Order. In addition, the Commission is also duty bound to follow the Tariff Policy 2016.

From the foregoing, it is clear that the Commission has strictly complied with all essential requirements and remained well within the ambit of its delegated powers. Hence, the Commission cannot be faulted for any such departure from the due process of tariff determination.

**II. Whether an inadvertent error seems to have occurred while concluding the tariff revision for 110kV and 66kV category of consumers?**

11. At the outset, it is important to understand that all costs incurred by the respondent M/s KSEB Ltd is a “pass through” to the ultimate consumers, subject to prudence check and approval by the Commission. Hence, every prudent cost incurred by M/s KSEB Ltd is recovered from all consumers of M/s KSEB Ltd through the tariff mechanism. It is also a fact that this Commission while approving the truing up for the respective financial years have adopted a prudent “cost conscious approach” so that any inefficient, wasteful or avoidable expenditure is not charged to the consumers. Return on Equity (ROE) is the only income that has an element of certainty for the respondent.

Keeping these factors in mind, the Commission has carefully examined the relevant portion of the Tariff Order pertaining to the 110kV and 66 kV EHT consumers of M/s KSEB Ltd. In this connection, the Commission is of the firm view that its Tariff Order pertaining to the petitioners have to be examined by a combined reading of the relevant Orders and Policy statements. Here, it is important to point out that the Commission’s findings on each of these categories have to be read holistically and, in its entirety, and not in isolation.

The main argument of the petitioners is that while in Paragraph 7.87 of the Tariff Order dated 25.06.2022, the Commission had while appreciating the importance of promoting industrial consumption, maintaining the system stability, employment generation etc. had remarked that “the Commission does not approve the excessive increase in electricity tariff as proposed by KSEB Ltd”. The petitioner submitted that, unfortunately, the Commission missed to reflect the concluded analysis while drafting the revised tariff. The approved tariff has come out exactly the same as the tariff proposed by KSEB Ltd as shown in Table 7.86 of the Order dated 25.06.2022.

In this context, the petitioners pointed that the Commission had vide Paragraph 7.87 of its Tariff Order mentioned that “however, duly considering the increase in ACoS and overall increase in inflation since the last tariff revision, the Commission hereby approves a moderate increase in tariff for EHT 110 kV category for the year 2022-23”. A similar remark was also made pertaining to 66kV category consumers.

The Commission noted that it had in Paragraph 7.86 of the Order mentioned that;

*“.....During the public hearing on the tariff proposals, the HT&EHT Electricity Industrial Consumers Association and other stake holders has raised serious concern on the excessive increase in demand charges proposed by KSEB Ltd.*

*The Commission noted these aspects in detail. Over the years, the Commission has been bringing down the tariff of EHT-66kV category at the average cost of supply. As per the prevailing tariff, the cost coverage of the EHT-66kV category was 100.87%. The Commission also noted the increase in average cost of supply by 13.61% and inflation by 19.05% since the last tariff revision. Considering all these factors, the*

Commission approves a moderate increase in tariff for EHT-66 kV category for the year 2022-23."

Similarly in the case of 110kV consumers, the Commission had in Paragraph 7.87 of the Tariff Order stated that;

"The existing tariff for the EHT 110 kV is below the average cost of supply with cost coverage at 95.90%. Considering the importance of promoting industrial consumption, maintaining the system stability, employment generation, the Commission does not approve the excessive increase in electricity tariff as proposed by KSEB Ltd. However, duly considering the increase in ACoS and overall increase in inflation since the last tariff revision, the Commission hereby approves a moderate increase in tariff for EHT 110 kV category for the year 2022-23. The details are given below"

While examining these statements, the Commission also noted that vide Tables 7.84 and 7.86 of the Order, the Commission had further concluded as follows:

Table 7.84  
Existing tariff, proposed tariff and approved tariff for EHT 66 kV

Tariff	Existing Tariff	Proposed by KSEB L	Approved by the Commission
Demand charge (Rs/ kVA/ month)	340	400	400
Energy charges (Ruling) (Rs/ kWh)	5.50	6.00	6.00

Table 7.86  
Existing tariff, proposed tariff and approved tariff of EHT 110 kV for the year 2022-23

Tariff	Existing Tariff	Proposed by KSEB L	Approved by the Commission
Demand charge (Rs/ kVA/ month)	330	390	390
Energy charges (Ruling) (Rs/ kWh)	5.40	5.90	5.90

12. The issue is to be considered keeping in mind the following factors:

- (1) KSEB Ltd on 31.01.2022 had filed the petition for approval for Aggregate Revenue Requirement (ARR) and Expected Revenue from Charges (ERC) for the MYT period from 2022-23 to 2026-27 before the Commission. The net ARR, ERC and Revenue gap estimated by the KSEB Ltd for the control period is given below.

No	Particulars	2022-23	2023-24	2024-25	2025-26	2026-27
1	Net ARR (Rs.Cr)	18829.57	20246.99	20967.55	22048.27	23382.67
2	Net Revenue (Rs.Cr)	15976.98	16217.8	16787.28	17381.63	18203.38
3	Revenue Gap (Rs.Cr)	2852.58	4029.19	4180.26	4666.64	5179.29

4	Average Cost of Supply (ACoS) (Rs/ kWh)	7.30	7.75	7.73	7.82	7.90
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As detailed above, as per the petition filed by KSEB Ltd, the estimated revenue gap ranges from Rs 2852.58 crore in the year 2022-23 to Rs 5179.29 crore in the year 2026-27. In addition, the Average Cost of Supply (ACoS) estimated by the KSEB Ltd ranges from Rs 7.30/unit in the year 2022-23 to Rs 7.90 per unit in the year 2026-27.

- (2) Subsequently, KSEB Ltd on 10.02.2022 had filed the petition for the approval of the tariff proposed by KSEB Ltd for the MYT period from 2022-23 to 2026-27. The summary of the additional revenue proposed by KSEB Ltd through revision of tariff proposed by it is given below.

Year	Revenue at existing tariff	Revenue at proposed tariff	Additional revenue
	(Rs. Cr)	(Rs. Cr)	(Rs. Cr)
2022-23	15390.49	17639.60	2249.10
2023-24	18423.85	19209.98	786.13
2024-25	20140.10	20511.02	370.92
2025-26	21525.82	22013.54	487.72
2026-27	23083.06	23335.09	252.03

As detailed above, KSEB Ltd had proposed to revise the tariff in every year during the MYT period from 2022-23 to 2026-27. Further, as against the proposed revenue gap of Rs 2852.58 crore in the year 2022-23, the additional revenue proposed to mobilize through tariff revision is Rs 2249.10 crore only.

- (3) As mentioned earlier, the Commission admitted the petitions and published it through its website and also its abridged form through dailies in the State. The Commission also conducted public hearings on the petition at following places across the State.

Date	Venue	Time
01.04.2022	Corporation Town Hall, Ernakulam	11:00 AM
06.04.2022	Jimmy George Indoor Stadium, Thiruvananthapuram	11:00 AM
11.04.2022	Nalanda Auditorium, Kozhikode	11:00 AM
13.04.2022	EMS Smaraka Hall, Jilla Panchyath, Palakkadu	11:00 AM

- (4) The Commission after detailed appraisal on the petitions filed KSEB Ltd, and also the objections and suggestions of all stake holders including that of the petitioners had approved the ARR, ERC of KSEB Ltd for the MYT period from 2022-23 to 2026-27.

- (5) The summary of the ARR&ERC and revenue gap estimated by KSEB Ltd and the same approved by the Commission for the MYT period after detailed appraisal is given in the Table 7.2 of the impugned Order dated 25.06.2022, which is extracted below.

Table 7.2  
ARR, ERC and Revenue estimated by KSEB Ltd and approved by the Commission

Year	Net ARR (to be passed on through tariff)		Revenue from Tariff		Revenue gap	
	KSEB Ltd proposal	Approved by Commission	KSEBL proposal	Approved by Commission	KSEB Ltd proposal	Approved by Commission
	(Rs. Cr)	(Rs. Cr)	(Rs. Cr)	(Rs. Cr)	(Rs. Cr)	(Rs. Cr)
2022-23	18829.56	17966.07	15976.98	16038.87	2852.58	1927.20
2023-24	20246.99	19195.05	16217.80	16255.96	4029.19	2939.09
2024-25	20967.55	19750.08	16787.28	16729.78	4180.27	3020.30
2025-26	22048.27	20218.89	17381.63	17381.63	4666.64	2837.26
2026-27	23382.67	21085.47	18203.38	18203.38	5179.29	2882.09

As detailed above, the revenue gap approved by the Commission after detailed appraisal is less by about 35% in 2022-23 to 45 % in the year 2026-27 as against the same proposed by KSEB Ltd.

- (6) The summary of the average cost of supply (ACoS) proposed by KSEB Ltd and the ACoS approved by the Commission during the MYT period from 2022-23 to 2026-27 is given in Table 7.3 of the Order dated 25.06.2022. The relevant portion of the Order is extracted below.

ACoS proposed by KSEB Ltd and the same approved by the Commission

Year	Net ARR (excluding revenue from surplus sale)(to be passed on through tariff)		Energy sales within the State		Average Cost of Supply (ACoS)	
	KSEB Ltd proposal	Approved by Commission	KSEB Ltd proposal	Approved by Commission	KSEBL proposal	Approved by Commission
	(Rs. Cr)	(Rs. Cr)	(MU)	(MU)	(Rs/ kWh)	(Rs/ kWh)
2022-23	18161.62	17236.24	24880.38	24880.38	7.30	6.93
2023-24	19902.99	18812.89	25697.59	25697.59	7.75	7.32
2024-25	20791.46	19631.49	26896.58	26896.58	7.73	7.30
2025-26	22048.27	20218.89	28180.22	28180.22	7.82	7.17
2026-27	23382.67	21085.47	29588.10	29588.10	7.90	7.13

As above, the Average Cost of Supply (ACoS) approved by the Commission for the year 2022-23 is Rs 6.93/unit as against the M/s KSEB Ltd's estimate of Rs 7.30/unit by KSEB Ltd. Further, with the revised tariff for this category as approved by the Commission, the average tariff for the 110kV stands at Rs.6.46/unit and Rs. 6.79/unit for the 66kV consumers. In short, the tariff as proposed by M/s KSEB Ltd and approved by the Commission is Rs. 0.51/kWh for EHT 66kV and Rs. 0.84/kWh lesser than the ACoS for 2022-23 at Rs. 7.30/kWh, estimated by KSEB Ltd in their tariff proposal.

- (7) As detailed above, the tariff as proposed by M/s KSEB Ltd and approved by the Commission is 93.29% and 98.04% respectively of the ACoS for the 110kV and 66kV consumers with respect to the ACoS of Rs 6.93/unit approved by the Commission. It is also relevant to mention here that the revenue gap approved by the Commission during the MYT period from 2022-23 to 2026-27 is much less than the revenue gap estimated by KSEB Ltd. Hence, it can be concluded that the respondent M/s KSEB Ltd had been sensitive to the aspirations of the HT/EHT consumers and had in their proposal adopted a practical approach by proposing a tariff which was reasonable. It is under these circumstances that the Commission had after careful consideration decided to declare the tariff for the year 2022-23 only instead of KSEB Ltd's proposal to revise the tariff in every year of the MYT period.

**III. Was the tariff proposed by M/s KSEB Ltd and approved is excessive?**

**13. Inflation since last revision:**

An important factor that impacts the tariff determination is inflation. The Commission noted that the last tariff revision for the M/s KSEB Ltd consumers had occurred on 08.07.2019 in petition OA 15/2018 and for the next nearly three (3) years, no tariff revision had been allowed by the Commission. Hence, the Commission has examined the rate of inflation since the last tariff revision Order, the details of which are given in paragraph 7.11 of the Tariff Order dated 25.06.2022 which is extracted below:

*"7.11 The Commission issued the last revision on 08.07.2019 wherein the Commission duly considered the inflation upto the financial year 2018-19. The inflation during the last three years from 2019-20 to 2021-22 is given below.*

Table 7.4  
Inflation from 2018-19 to 2021-22

Year	WPI*		CPI*	
	Average WPI for the Year (%)	Cumulative increase over 2018-19 (%)	Average CPI for the Year (%)	Cumulative increase over 2018-19 (%)
2018-19	119.8		104.1	
2019-20	121.1	1.3	112.0	7.8
2020-21	123.4	3.6	117.6	13.5
2021-22	138.3	18.5	123.4	19.3
Increase over the year 2018-19	18.5		19.3	
30%WPI + 70% CPI	<b>19.05</b>			

Note

\* Whole Sale Price Index published by O/o the Economic Advisor, Ministry of Commerce & Industry, Gol.

\*\* Consumer Price Index published by Labour Bureau, Gol



*As detailed above, the average increase in inflation (30% weightage for WPI and 70% weightage for CPI) over the last tariff revision on 08.07.2019 (inflationary parameters upto the FY 2018-19) is 19.05% upto the FY 2022-23.”*

The Table above clearly indicates that during the period between the last two tariff revisions, the inflationary indices had increased by 19.05%. However, the Commission noted that M/s KSEB Ltd had proposed only 10.42% to 10.51% increase in tariff for the HT/EHT consumers leaving huge revenue shortfall.

**14. Increase in approved ACoS since last tariff revision dated 08.07.2019**

The Commission noted that in the tariff revision dated 08.07.2019, the ACoS approved at Rs 6.10 per unit had increased to Rs.6.93/unit in the tariff revision dated 25.06.2022, for the year 2022-23, i.e. an increase by 13.60% since the last revision. The ACoS estimated by KSEB Ltd for 2022-23 was Rs 7.30 per unit, i.e., an increase in the ACoS of 19.67% over the last tariff revision.

15. As discussed in the preceding paragraphs, the increase in inflation between the last two tariff revisions is 19.05%, whereas the increase in ACoS approved by the Commission is 13.60%. However, the tariff increase approved for EHT 66kV category was 10.42% only and that for EHT 110 kV categories was 10.51%. From this, it is clear that the increase in tariff approved for these categories was much lesser than the inflation (19.05%) and increase in average cost of supply (13.60%) since the last tariff revision on 08.07.2019. Viewed against these figures, the average increase in tariff of EHT-66kV and EHT 110kV was 10.42% and 10.51% proposed by M/s KSEB Ltd and approved by the Commission was much lesser than the inflation and the increase in ACoS since last tariff revision. The details are discussed in the subsequent paragraphs.

16. Principles adopted for tariff determination.

The principles adopted for tariff determination for the year 2022-23 is explained in detail in the paragraphs 7.14 to 7.17 of the impugned Order dated 25.06.2022. The relevant portions are extracted below.

**“Principles adopted for Tariff determination**

*7.14 As per the Section 86 of the Electricity Act, 2003, determination of electricity tariff is one of the statutory functions of the Electricity Act, 2003. The Electricity Act 2003 prescribes the various principles and procedures to be adopted by the State Electricity Regulatory Commissions for tariff determination which are discussed below.*

*(1) Section 61 of the Electricity Act, 2003 provide as follows.*

*“61. The Appropriate Commission shall, subject to the provisions of this Act, specify the terms and conditions for the determination of tariff, and in doing so, shall be guided by the following, namely:-*

*(a) the principles and methodologies specified by the Central Commission for determination of the tariff applicable to generating companies and transmission licensees;*

*(b) the generation, transmission, distribution and supply of electricity are conducted on commercial principles;*

*(c) the factors which would encourage competition, efficiency, economical use of the resources, good performance and optimum investments;*

*(d) safeguarding of consumers' interest and at the same time, recovery of the cost of electricity in a reasonable manner;*

- (e) the principles rewarding efficiency in performance; (f) multi year tariff principles;
- (g) that the tariff progressively reflects the cost of supply of electricity and also, reduces cross-subsidies within the period to be specified by the Appropriate Commission;
- (h) the promotion of co-generation and generation of electricity from renewable sources of energy;
- (i) the National Electricity Policy and tariff policy”

(2) Section 62(3) of the Electricity Act, 2003 empower the State Commission to differentiate the retail tariff of the consumers according to the consumer’s load factor, power factor, voltage, time at which the supply is required, the geographical position of the area, the nature of supply and the purpose for which the supply is required. The relevant section of the EA-2003 is extracted below.

“ 62(3) The Appropriate Commission shall not, while determining the tariff under this Act, show undue preference to any consumer of electricity but may differentiate according to the consumer’ s load factor, power factor, voltage, total consumption of electricity during any specified period or the time at which the supply is required or the geographical position of any area, the nature of supply and the purpose for which the supply is required.”

(3) Section 86(4) of the Electricity Act, 2003, provides that, while discharging its statutory functions under Section 86 of the Electricity Act, 2003, it shall be guided by National Electricity Policy, National Electricity Plan and Tariff Policy notified by the Central Government under Section-3 of the Electricity Act, 2003. The relevant section is extracted below for ready reference.

86. (1) The State Commission shall discharge the following functions, namely:
- (b) determine the tariff for generation, supply, transmission and wheeling of electricity, wholesale, bulk or retail, as the case may be, within the State:

.....

“86 (4) In discharge of its functions the State Commission shall be guided by the National Electricity Policy, National Electricity Plan and tariff policy published under section 3.”

(4) In compliance of the Section-3 of the Electricity Act, 2003, the Central Government, notified the revised ‘Tariff Policy 2016’ on 28<sup>th</sup> January 2016. Paragraph 8.3 of the Tariff Policy 2016, deals with ‘tariff design’, which specify the following:

- (iv) The State Commission shall be guided by the objective that the tariff progressively reflect the efficient and prudent cost of supply of electricity.
- (v) The retail tariff are brought within +\_20% of the average cost of supply.
- (vi) The tariff of the BPL category shall at least be 50 percent of the average cost of supply.”

7.15 The Commission, has been bringing down the cross-subsidy level of the subsidising categories of consumers and also increasing the cost coverage of the subsidised categories as detailed below.

Table 7.5  
Cost coverage as per the previous tariff orders issued by the Commission

Tariff category	Cost coverage				
	2012-13	2013-14	2014-15	2017-18	2019-20
Domestic	60.50%	61.20%	71.00%	73.60%	75.70%
Agriculture	38.00%	37.00%	45.00%	43.20%	45.30%

<i>Street Light</i>	<i>59.00%</i>	<i>60.00%</i>	<i>68.00%</i>	<i>73.20%</i>	<i>82.10%</i>
<i>LT Commercial</i>	<i>171.00%</i>	<i>166.70%</i>	<i>161.00%</i>	<i>159.10%</i>	<i>157.80%</i>
<i>HT Commercial</i>	<i>169.20%</i>	<i>166.30%</i>	<i>160.80%</i>	<i>153.50%</i>	<i>141.30%</i>
<i>HT Industry</i>	<i>112.00%</i>	<i>113.00%</i>	<i>117.00%</i>	<i>117.00%</i>	<i>115.00%</i>
<i>EHT- Industry 66kV</i>	<i>107.00%</i>	<i>106.00%</i>	<i>112.00%</i>	<i>111.90%</i>	<i>98.10%</i>
<i>EHT-Industry-110 kV</i>	<i>101.00%</i>	<i>102.00%</i>	<i>106.00%</i>	<i>104.70%</i>	<i>102.60%</i>

*As detailed above, in the case of subsidised consumers such as domestic, agriculture, street lights etc, the Commission has been gradually moving towards 80% of the average cost of supply through tariff. Further, in the case of the cross-subsidising consumers such as LT commercial and HT commercial, the Commission has been gradually reducing the cross-subsidy level and targeted to bring down the cost coverage to 120% of the average cost of supply.*

*7.16 The Commission, by invoking the statutory powers conferred on it under Section 181 (zd) of the Electricity Act, 2003 along with the Section 61 of the Electricity Act, 2003 had notified the KSERC (Terms and Conditions for Determination of Tariff) Regulations, 2021. Regulation 85 of the Tariff Regulations, 2021 is extracted below for ready reference.*

*“85. Determination of Tariff. – (1) The bulk supply tariff and retail supply tariff of the distribution licensees, and the wheeling charges for use of the distribution system shall be determined by the Commission, on the basis of a petition for determination of tariff made by the distribution licensee in accordance with the provisions under Chapter III of these Regulations.*

*(2) The retail supply tariff shall be uniform for the same tariff category of consumers of all the distribution business/licensees in the State of Kerala and shall be the same as the retail supply tariff category wise as determined by the Commission from time to time for the distribution business of KSEB Limited.*

*(3) The bulk supply tariff for supply of electricity by KSEB Limited to other distribution licensees in the State of Kerala shall be determined by the Commission, in accordance with the principles laid down from time to time, in the orders of the Commission with regard to such distribution licensees.*

*(4) The Commission may categorize consumers on the basis of their load factor, power factor, voltage, total consumption of electricity during any specified period or the time at which the supply is required, the geographical position of any area, whether it is a certified green building, the nature of supply and the purpose for which the supply is required.*

*(5) The retail supply tariff for different consumer categories shall be determined after considering the estimated average cost of supply. The estimated average cost of supply shall be computed as the ratio of the approved aggregate revenue requirements of the distribution business/licensee for each financial year of the Control Period and calculated in accordance with Regulation 76, to the total sale of the distribution business/licensee for the respective financial year.*

*(6) The Commission shall endeavour to reduce gradually, the cross-subsidy among consumer categories with respect to the average cost of supply, in accordance with the provisions of the Act and the provisions of the Kerala*

*State Electricity Regulatory Commission (Principles for Determination of Roadmap for Cross-subsidy Reduction for Distribution Licensees) Regulations, 2012.*

*(7) The wheeling charges may be denominated in terms of Rupees/ kWh or Rupees/ kW/ month, or Rupees/ kW/ day or as the case may be; for the purpose of recovery from the user of the distribution system, as stipulated by the Commission from time to time.*

*(8) Any revenue subsidy/ grant received from the State Government, other than the subsidy under Section 65 of the Act, shall be treated in the manner as indicated by the State Government: Provided that if no such manner is indicated, the subsidy/ grant shall be used to reduce the overall revenue gap between Aggregate Revenue Requirement and the actual revenue of the distribution business/ licensee approved by the Commission.*

*(9) While determining the tariff, the Commission shall also consider the cost of supply at different voltage levels and the need to minimize the tariff shock to any category of consumers.*

*(10) Distribution licensee shall purchase the excess energy injected into the system by a renewable energy prosumer, as provided in sub regulation 5 of Regulation 21 of KSERC (Renewable and Net Metering) Regulations, 2020 at the Average Power Purchase Cost. The Commission shall determine the APPC every financial year based on a petition filed by the distribution licensee not later than 31st July of the succeeding year.*

*(11) The Commission shall prescribe in the Tariff Order, appropriate incentive/disincentive for maintaining the power factor of the distribution system, at a level between 0.95 lag and 0.95 lead as specified in the Central Electricity Authority (Technical Standards for Connectivity to the Grid) Regulations 2007, as amended from time to time, to certain category of consumers including Bulk consumers/ distribution licensees in the State.*

*(12) The distribution licensee/ bulk consumer shall be responsible for maintaining the power factor of their distribution system, at a level between 0.95 lag and 0.95 lead, as specified in the Central Electricity Authority (Technical Standards for Connectivity to the Grid) Regulations 2007 as amended from time to time.”*

*7.17 As discussed in the preceding paragraphs, as per the provisions of the Electricity Act, 2003, Tariff Policy, 2016 and KSERC (Terms and Conditions for Determination of Tariff) Regulations, 2021, the ‘retail tariff for different consumer categories during the current MYT period from 2022-23 to 2026-07 has to be determined on the basis of the average cost of supply”.*

17. The Commission had duly taken on record the petition filed by KSEB Ltd. Thereafter, as mentioned in pre-paras, the Commission had scrupulously followed the due process such as pre-publication, public hearings, stakeholder consultation and had also duly considered the objections and comments of the stakeholders. Thereafter, in compliance to the provisions of the EA-2003, Tariff Policy 2016 and Tariff Regulations, 2021, had vide the Order dated 25.06.2022 notified the tariff of all electricity categories of consumers in the State of Kerala for the year 2022-23.

The revenue at the existing tariff and proposed tariff for the year 2022-23 is given under Table 107 of the impugned Order dated 25.06.2022. Relevant portion of the Order is extracted below.

“

**Table 7.107**  
**Revenue at existing tariff and Approved tariff**

Tariff Category	Revenue expected for the FY 2022-23 at existing tariff	Revenue expected for the Year 2022-23 at tariff proposed by KSEB		Revenue at Commission approved tariff	
		Amount	Increase (annual)	Amount	Increase (annual)
	(Rs. Cr)	(Rs. Cr)	(Rs. Cr)	(Rs. Cr)	(Rs. Cr)
<b><u>LT categories</u></b>					
LT-I Domestic	6474.16	7653.55	1179.39	6920.33	446.17
LT Industries	825.24	941.47	116.23	854.38	29.14
LT-V Agriculture	104.93	136.56	31.64	114.17	9.24
LT-VI General	1584.69	1790.08	205.39	1658.20	73.51
LT-VII	1740.20	1977.60	237.40	1812.80	72.60
LT-VIII Public	146.76	165.65	18.90	160.57	13.82
<b><u>HT Categories</u></b>					
HT-1 Industry	1670.73	1862.44	191.71	1802.27	131.54
HT-II	695.58	754.23	58.65	757.33	61.75
HT-III	5.71	6.91	1.20	6.41	0.71
HT-IV	666.95	706.97	40.02	712.16	45.21
HT-V	17.64	19.24	1.60	18.84	1.20
HT-VI EV	18.91	23.22	4.32	22.33	3.42
<b><u>EHT category</u></b>					
EHT-66 kV	195.00	215.31	20.31	215.31	20.31
EHT-110 kV	449.01	496.20	47.19	496.20	47.19
EHT 220 kV	82.14	91.70	9.56	88.07	5.93
EHT Gen	48.00	52.09	4.09	49.78	1.78
Railways & defense	203.20	227.12	23.92	218.08	14.88
KMRL	6.31	7.01	0.70	6.69	0.38
Licensees & Bulk consumers	422.80	469.83	47.03	454.95	32.15
<b><u>Addl revenue</u></b>			2239.25		1010.94

As detailed above, as against the KSEB Ltd proposal to mobilize an additional revenue of Rs 2239.25 crore, the Commission after due consideration had approved recovery of Rs 1010.94 crore only through enhancing the electricity tariff. Further, the tariff approved by the Commission is just 45.15% of the tariff increase proposed by KSEB Ltd.

18. The Commission noted that the cost coverage at approved tariff and increase in tariff of different categories of consumers is detailed in Table 7.108 of the Order dated 25.06.2022. The details are extracted below for ready reference.

**“Table 7.108  
Cost coverage at approved tariff and increase in tariff**

Tariff category	Cost coverage		Average tariff (Rs/ kWh)		Increase in tariff over previous revision
	At the tariff and ACoS as per the order dated 08.07.2019	Cost coverage at the approved tariff for 2022-23	At the tariff and ACoS as per the order dated 08.07.2019	At the approved tariff for 2022-23	
<i>LT categories</i>					
<i>LT-I Domestic</i>	78.58%	73.93%	4.79	5.12	6.89%
<i>LT Industries</i>	120.99%	117.60%	7.38	8.15	10.43%
<i>LT-V</i>	44.15%	42.29%	2.69	2.93	8.81%
<i>LT-VI General</i>	156.71%	144.34%	9.56	10.00	4.64%
<i>LT-VII</i>	158.85%	145.65%	9.69	10.09	4.17%
<i>LT-VIII Public</i>	79.17%	76.24%	4.83	5.28	9.42%
<i>LT total</i>	94.98%	88.56%	5.79	6.14	5.93%
<i>HT Categories</i>					
<i>HT-1 Industry</i>	116.96%	111.06%	7.13	7.70	7.87%
<i>HT-II</i>	134.34%	128.75%	8.19	8.92	8.88%
<i>HT-III</i>	92.69%	91.71%	5.65	6.36	12.40%
<i>HT-IV</i>	162.37%	152.61%	9.90	10.58	6.78%
<i>HT-V</i>	131.57%	123.68%	8.03	8.57	6.79%
<i>HT EV</i>	97.43%	101.28%	5.94	7.02	18.10%
<i>EHT category</i>					
<i>EHT-66 kV</i>	100.87%	98.04%	6.15	6.79	10.42%
<i>EHT-110 kV</i>	95.90%	93.29%	5.85	6.46	10.51%
<i>EHT 220 kV</i>	101.40%	95.69%	6.19	6.63	7.22%
<i>EHT Gen</i>	138.58%	126.51%	8.45	8.77	3.72%
<i>Railways</i>	103.62%	97.88%	6.32	6.78	7.32%
<i>KMRL</i>	105.90%	98.86%	6.46	6.85	6.05%
<i>Licensees &amp; Bulk consumers</i>	104.70%	99.17%	6.39	6.87	7.60%

As detailed above, the Commission has enhanced the tariff of all categories of consumers. While doing so, the Commission had made efforts to bring the tariff of certain categories of consumers closer towards the + or - 20% of the ACoS , as mandated in Tariff Policy 2016. This has done by enhancing the tariff of the subsidised category towards 80% of the average cost of supply, and by gradually reducing the cost coverage and cross subsidy level of all subsidising categories in the approved tariff for the year 2022-23 as shown in the Table 7.108 above.

19. The review petitioners M/s HT&EHT Association and M/s Western India Plywoods Limited has raised issues on the tariff determination of EHT-66kV and EHT 110 kV categories. A careful analysis of the pre-revised tariff and revised tariff of the EHT-66kV Industries and EHT-110kV Industries reveals the following.

- (1) The cost coverage of the EHT-66kV industries at the pre-revised tariff is 100.87% of the average cost of supply (ACoS). However, it has decreased to 98.04% of the ACoS at the revised Tariff Order dated 25.06.2022.
- (2) Similarly, the cost coverage of the EHT-110kV industries at the pre-revised tariff is 95.90%, but it has decreased to 93.29% at the revised tariff Order dated 25.06.2022. The details are given below.

Cost coverage of the EHT 66kV and 110kV at the pre-revised tariff and revised tariff

Category	At the tariff and average cost of supply as per the previous Order dated 08.07.2019	At the tariff and average cost of supply as per the Order dated 25.06.2022 for the year 2022-23
EHT-66kV Industry	100.87%	98.04%
EHT-110 kV Industry	95.90%	93.29%

- (3) As seen from the Table above, as per the Tariff Order dated 25.06.2022, the EHT 66kV category has moved from “subsidising category” to “subsidised category”, whereas the EHT 110 kV industrial categories which was a subsidised category at 95.90% cost recovery continued in the same trend with further reduced cost recovery at 93.29%. Hence, as matters stand at present, both these categories are subsidized tariff category group and whose cost coverage is less than 100% of the ACoS.
- (4) From the tariff notification, the Commission has worked out the built-in subsidy of the EHT 66 kV and EHT 110kV categories which is given below.

Subsidy burden of EHT 66kV and EHT 110 kV industries

Tariff Category	Annual sales	Approved tariff	Subsidy burden
	(MU)	(Rs/ kWh)	(Rs.Cr)
EHT-66kV	316.92	6.79	4.44
EHT-110 kV	767.53	6.46	36.07
Total			40.51

The above Table clearly indicates that, the Commission through the revised tariff had provided a “tariff subsidy” of Rs 40.51 crore to the EHT 66kV and EHT 110 kV industries for promoting industrial growth, system stability and employment generation. Any attempt to further increase this “tariff subsidy” to the HT/EHT category can only be at the cost of the ordinary consumers, since as mentioned earlier, all prudent costs have to be allowed to be recovered by M/s KSEB Ltd through the tariff mechanism. Hence, it is not possible to provide any further subsidy to these categories by the Commission and hence there is no merit in the review plea of the review petitioners regarding the tariff approved for EHT 66kV and 110 kV categories.

- (5) The Commission further noted that, duly considering the importance of promoting industrial growth, system stability and employment generation, KSEB Ltd had proposed only a reasonable increase in the tariff of EHT 66kV and EHT 110kV categories, when compared to other categories. However, the petitioners without considering these facts holistically and appraising the reasonableness of the increase in tariff as approved by the Commission had proceeded to file this review petition merely because the just and reasonable proposal of the respondent was duly appraised and approved by the Commission.
- (6) The Commission during the review examination also noted that, while appraising the tariff proposed by KSEB Ltd for EHT 66kV industrial category and EHT 110kV categories, a typographical error had occurred in the Tariff Order issued by the Commission. It was due to this typographical error that the Commission in its Order dated 25.06.2022 mentioned as follows:

*“The existing tariff for the EHT 110 kV is below the average cost of supply with cost coverage at 95.90%. Considering the importance of promoting industrial consumption, maintaining the system stability, employment generation, the Commission does not approve the excessive increase in electricity tariff as proposed by KSEB Ltd. However, duly considering the increase in ACoS and overall increase in inflation since the last tariff revision, the Commission hereby approves a moderate increase in tariff for EHT 110 kV category for the year 2022-23”.*

The Commission hereby clarifies that the above statement that “the Commission does not approve the excessive increase in electricity tariff as proposed by KSEB Ltd” is due to an inadvertent typographical error and hence this part of the Order is corrected as detailed below. The corrected statement of paragraph 7.87 of the Tariff Order dated 25.06.2022 is as follows:

“.....

*The existing tariff for the EHT 110 kV is below the average cost of supply with cost coverage at 95.90%. Considering the importance of promoting industrial consumption, maintaining the system stability, employment generation, the Commission after duly considering the increase in ACoS and the overall increase in inflation since the last tariff revision, **hereby approves the moderate increase in tariff for EHT 110kV category for the year 2022-23 as proposed by KSEB Ltd**”*

*Similarly, for the HT 66kV category, Para 7.86 of the Tariff Order dated 25.06.2022 is modified as follows:*

7.86.....

*The Commission has carefully examined the tariff proposed by KSEB Ltd for EHT 66 kV Industrial category. KSEB Ltd has proposed an overall increase in tariff of 10.4% on this category. During the public hearing on the tariff proposals, the HT&EHT Electricity Industrial Consumers Association and*



*other stake holders has raised serious concern on the excessive increase in demand charges proposed by KSEB Ltd.*

*The Commission noted these aspects in detail. Over the years, the Commission has been bringing down the tariff of EHT-66kV category at the average cost of supply. As per the prevailing tariff, the cost coverage of the EHT-66kV category was 100.87%. The Commission also noted the increase in average cost of supply by 13.61% and inflation by 19.05% since the last tariff revision. **Considering all these factors, the Commission approves the moderate increase in tariff for EHT-66 kV category for the year 2022-23 as proposed by KSEB Ltd.** The details are given below"*

- (7) The detailed appraisal on the tariff proposed by KSEB Ltd and the same as approved by the Commission is detailed under Table 7.107 and Table 7.108 of the Order dated 25.06.2022 is correct and retained.
20. As discussed in the preceding paragraphs, at the revised tariff as per the Order dated 25.06.2022 in Petition OP No. 11/2022, the EHT 66kV Industries and EHT-110kV Industries are subsidized category and the cost coverage is well below the average cost of supply (ACoS). It is also a fact that even the respondent M/s KSEB Ltd, in their petition had duly considered the issue and proposed a tariff which was less than the ACoS for the year 2022-23. Considering these aspects in detail as per the provisions of Electricity Act, 2003, Tariff Policy 2006 and KSERC (Terms and Conditions for Determination of Tariff) Regulations, 2021, the Commission is of the considered view that, there is no merit in the arguments raised by the both the petitioners, M/s HT&EHT Association in review petition RP 03/2022 and M/s Western India Plywoods Limited in RP 04/2022. Hence the petitions filed by M/s HT&EHT Associations and M/s Western India Plywood Ltd is devoid of any material fact and simply based on an inadvertent typographic error. Such a review petition is liable to be rejected and hence rejected.

### **Order of the Commission**

21. The Commission, after examining the Review Petitions, filed by HT & EHT Association in RP03/2022 and M/s Western India Plywoods Ltd in RP 04/2022, the counter argument of the KSEB Ltd, the deliberations during the hearing held on 26.08.2022, the provisions of the Electricity Act, 2003 and Tariff Regulations, 2021, hereby Orders the following.
- (1) Rejects the review petitions filed by HT & EHT Association in RP03/2022 and M/s Western India Plywoods Ltd in RP 04/2022 due to the reasons explained in the preceding paragraphs.
- (2) The second proviso to paragraph 7.86 of the Order dated 25.06.2022 in Petition No. 11/2022 is modified as follows:

“....

*The Commission noted these aspects in detail. Over the years, the Commission has been bringing down the tariff of EHT-66kV category at the*

average cost of supply. As per the prevailing tariff, the cost coverage of the EHT-66kV category was 100.87%. The Commission also noted the increase in average cost of supply by 13.61% and inflation by 19.05% since the last tariff revision. **Considering all these factors, the Commission approves the moderate increase in tariff for EHT-66 kV category for the year 2022-23 as proposed by KSEB Ltd. The details are given below".**

- (3) The first proviso to paragraph 7.87 of the Order dated 25.06.2022 in Petition No.11/2022 is modified as follows:

“.....

**The existing tariff for the EHT 110 kV is below the average cost of supply with cost coverage at 95.90%. Considering the importance of promoting industrial consumption, maintaining the system stability, employment generation, the Commission after duly considering the increase in ACoS and the overall increase in inflation since the last tariff revision, hereby approves the moderate increase in tariff for EHT 110kV category for the year 2022-23 as proposed by KSEB Ltd. The details are given below”**

The petition disposed of. Ordered accordingly.

**Sd/-  
Adv. A J Wilson  
Member (Law)**

Approved for issue

Sd/-

**C R Satheeshchandran  
Secretary**

**List of stakeholders participated in the public hearing held on 26.08.2022**

1. Shri. Sarath.R, SMM(ED), FACT
2. Shri. A.R.Satheesh, President, HT & EHT Association
3. Shri. Prabhakaran.K.V, HT & EHT Association
4. Shri. Suman Ghosh, GM-Fin, KDHPCL
5. Shri. Sachin Prabhu, DM-Fin, KDHPCL
6. Shri. Rajeevan.T, GM-Mfg, Patspin India Ltd
7. Shri. Jiju.R, AM, ES, Patspin India Ltd
8. Shri. Shri P.K.Mayan Mohammad, MD, Western India Plywoods Ltd.
9. Shri. T.M.Bava, Western India Plywoods Ltd
10. Shri. Shyam.K.C, Apollo Tyres
11. Shri. Renjith Jacob, Apollo Tyres
12. Shri. Saji Mathew, MRF Ltd
13. Shri. Saifudeen.A.S, Cochin Shipyard Ltd
14. Shri. Prasad, LULU Group
15. Shri. V.Jayaraj, CE(C&T), KSEB Ltd
16. Shri. M.P.Rajan, DCE(C&T), KSEB Ltd
17. Shri. Anilkumar.K.N, EE(TRAC), KSEB Ltd
18. Shri. Rajesh.R, AEE(TRAC), KSEB Ltd
19. Shri. Shine Raj, AE, TRAC
20. Shri. Edward.P.Boniface, AEE(TRAC), KSEB Ltd
21. Shri. Manu Senan.V, AEE(TRAC), KSEB Ltd
22. Shri. Girish Kumar.V.S, FO, TRAC, KSEB Ltd
23. Shri. K.Karthik.V.S, AGM, KMML
24. Shri. P.K.Manikuttan, KMML
25. Shri Manoj.T, KMML
26. Shri. Shri Kamis Mohamed, Travancore Titanium Products Limited
27. Shri. Maneksh.C.M, Consumer
28. Shri. Bijukumar.V, DCE(EI), Malabar Cements Ltd
29. Shri. Saju.A.H, State Treasurer, Electricity Workers Association CITU
30. Dr. Anoop Mathew, VB Division Secretary, Electricity Workers Association CITU
31. Shri. Ajith.R, TCC Ltd, Kochi
32. Shri. Arun Jose, TCC Ltd, Kochi