

KERALA STATE ELECTRICITY REGULATORY COMMISSION

No. KSERC/2009/XVII

January 8, 2010

NOTIFICATION

In exercise of the powers conferred under Section 181 of the Electricity Act, 2003 (Central Act 36 of 2003) read with sub-section (4) of Section 62 thereof, and after previous publication, the Kerala State Electricity Regulatory Commission hereby makes the following regulations namely:-

1. Short title and commencement.- (1) The Regulation may be called the Kerala State Electricity Regulatory Commission (Fuel surcharge formula) Regulations, 2009

(2) They shall come into force at once.

(3) They shall apply to the whole of Kerala

2. Definitions.- (1) In these regulations,

a. 'Act' means Electricity Act 2003 (Central Act 36 of 2003)

b. 'Board' means 'Kerala State Electricity Board' as prescribed under clause 5 of Kerala Electricity Transfer Scheme, 2008 and its successor entities

c. 'Commission' means the Kerala State Electricity Regulatory Commission

(2) The words or expressions used and not defined herein but defined in the Act shall have the meaning assigned to them in the Act.

3. Fuel Cost Adjustment.- (1) No distribution licensee shall be allowed to adjust the difference between the actual fuel cost and fuel cost approved in the Annual Revenue Requirements except with the approval of the Commission in accordance with the provisions of these regulations.

(2) The Formula for adjustment of fuel cost under clause (1) shall be the following, namely

$$\text{Fuel Cost Recovery Rate (FCRR)(paise/kWh)} = \frac{F \text{ (Rs.)}}{E} \times 100$$

F = The amount of Fuel cost adjustment (Rs.)

$$= F_o + F_p + B$$

E = Energy billed for retail sale in previous quarter based on the approved T&D loss

F_o = Changes in Fuel cost for the energy from own stations

$$= \sum_{1}^{n} Q_{\text{own}} \times (\text{Rate}_{\text{Act}} - \text{Rate}_{\text{App}})$$

Fp = Changes in cost for the purchased energy due to change in fuel cost

$$= \sum_{1}^{k} Q_{\text{pur}} \times (\text{Price}_{\text{Act}} - \text{Price}_{\text{App}})$$

(Fo and Fp shall be calculated for each station month wise and added up)

B = Balancing term to take care of difference if any in the provisional and actual energy sales & fuel costs approved in the previous quarter FCRR

Q_{own} = Quantity of Fuel used for Own Stations

$$= \frac{\text{Approved Station heat Rate } \left(\frac{\text{kcal}}{\text{kWh}}\right)}{\text{Calorific Value of fuel } \left(\frac{\text{kcal}}{\text{kg}}\right)} \times \text{Actual or approved energy whichever is less in MU} \times 10^3$$

Q_{pur} = Actual Quantity of energy purchased or approved quantity whichever is less

Rate_{Act} = Actual price of Fuel (Rs./MT)

Rate_{App} = Approved price of Fuel (Rs./MT)

Price_{Act} = Actual price of purchased energy (Rs./kWh)

Price_{App} = Approved price of purchased energy (Rs./kWh)

- (3) The difference in fuel cost for own generation and energy purchase shall be with respect to the approved quantity of generation and purchase as per the respective ARR & ERC for the year based on merit order.
- (4) The approved Fuel Cost Recovery Rate (FCRR) shall be in the form of paise/unit (kWh) in addition to the energy charges as per the existing tariff for the energy billed for each consumer, on a monthly or bimonthly basis as the case may be.
- (5) The approved difference in FCRR in paise/unit shall be adjusted from the third month of subsequent quarter onwards or as directed by the Commission.
- (6) The FCRR shall be uniformly applicable to all consumers in the State except domestic consumers with connected load less than or equal to 500W and having monthly consumption not more than 20 units.
- (7) Every Distribution licensee shall within 15 days after the end of each quarter, submit before the Commission the necessary details for estimation of FCRR to be passed on to the consumers.
- (8) The Commission may decide appropriate period of recovery or adjustment of the total amount of fuel cost adjustment (F) and suitably adjust the FCRR considering its impact on the retail tariff of consumers.

- (9) The Board or the distribution licensee as the case may be, shall provide monthwise details on the change in fuel cost if any with respect to the approved cost for all its generating stations using liquid fuel or coal and other sources from which energy is purchased for each quarter separately. The monthwise details shall be submitted in the Form-I annexed to these regulations, on a quarterly basis.
- (10) Distribution licensees who purchase electricity from the Board in bulk for retail sale shall within 7 days of the close of each month provide monthwise retail sale of energy to the Board with a copy to the Commission to facilitate the estimation of FCRR. The Board shall consolidate the retail sales and indicate with calculations, the provisional FCRR to be recovered along with the details submitted in Form-I.
- (11) The Commission may seek additional information if any required from the distribution licensees and the distribution licensees shall provide the details within the time limit if any stipulated by the Commission.
- (12) The Board or the distribution licensees as the case may be shall file separately the additional cost due to change in hydro thermal mix on account of excess /reduction in rainfall and subsequent excess/shortfall in purchase of energy within 30 days of the close of the every financial year.
- (13) The Commission may approve the excess/shortfall in cost on account of mix change after receiving all information from the Board or Distribution licensee as the case may be on a provisional basis considering the merit order and the approval of purchase rates. The recovery shall be effective from the second quarter of the next financial year. The provisional estimates will be adjusted along with the first quarter FRR and allowed from the second quarter onwards.
- (14) The licensees who purchase electricity in bulk from the Board shall promptly remit to the Board on a monthly basis, the amount of Fuel cost recovered from their consumers for the quantity of energy bought from the Board.

4 Power to remove difficulties.- (1) If any difficulty in giving effect to any of the provisions of these Regulations, the Commission may by general or special order, do anything not inconsistent with the provisions of Act which appears to be necessary or expedient for the purpose of removing the difficulty.

- (2) The distribution licensee may make an application to the Commission and seek suitable orders to remove any difficulty that may arise in implementation of these Regulations

By Order of the Commission

Sd/-
Secretary

Explanatory note

(This does not form part of the regulation but intended to indicate its general purport)

As per Section 62(4) of the Electricity Act 2003, no tariff or part of any tariff may ordinarily be amended more frequently than once in a financial year except in respect of any changes expressly permitted under the terms of any fuel surcharge formula as may be specified. The increase in fuel price is one of the major risks faced by the distribution licensees, which may affect their financial position adversely. As per the Act, in order to recover the additional burden on account of changes in fuel price, a fuel surcharge formula is to be specified. This regulation is intended to achieve the above objective.

FORM - I (See Regulation 3(9))

Name of the distribution licensee: _____

Format 1 : Details of month wise energy billed for retail sale for the quarter _____

Month	Retail Sales (kWh)		T&D loss (%)		Energy input (kWh)	
	Actual	Approved	Actual	Approved	Actual	Approved

Format 2: Month wise details of generation from own sources & IPPs (Stationwise): Month: _____ Quarter: _____

Source	Energy generation (kWh)		Aux. consumption (kWh)		Net energy input (kWh)		Station heat rate (kcal/kWh)		Calorific value of fuel (kcal/kg)	Quantity of fuel (MT)		Price of fuel (Rs./MT)	
	Actual	Approved	Actual	Approved	Actual	Approved	Actual	Approved		Actual	Approved	Actual	Approved

Note : 1) If more than one fuel is used, information may be provided separately for each fuel

2) In the case of IPPs, norms as per PPA may be indicated

Format 3: Month wise details of purchase of energy Month: _____ Quarter: _____

Source	Energy purchase (kWh)		Price Rs. /kWh		Total Cost (Rs.)	
	Actual	Approved	Actual	Approved	Actual	Approved

Format 4 : Source wise energy input for the quarter _____

Source	Month		Month		Month	
	Actual	Approved	Actual	Approved	Actual	Approved

