

ANNUAL REPORT 2005-06

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KERALA STATE ELECTRICITY REGULATORY COMMISSION

ANNUAL REPORT

2005-06

1. INTRODUCTION

The Kerala State Electricity Regulatory Commission, which was established in the year 2002, entered the 4th year of service. During this period, the Commission has endeavoured to set up a fair, transparent and objective electricity regulatory process in the State of Kerala. The present Annual Report, the third of the Commission, presents the activities of the Commission during the financial year 2005-06. The Commission has framed several regulations during this period.

As in previous reports, this annual report also devotes a chapter to an earnest and honest attempt to review how far the Commission has achieved its goals.

2. THE COMMISSION

The Kerala State Electricity Regulatory Commission was constituted under the provisions of Sub-section (1) of Section 17 of the Electricity Regulatory Commissions Act, 1998. The Commission was constituted vide Government Order G.O.(Ms).No.34/ 2002/PD dated 14th November, 2002 notified in the Government of Kerala Gazette, Extra-Ordinary dated 18th November, 2002. The Kerala State Electricity Regulatory Commission is a body corporate having perpetual succession and a common seal, with power to acquire, hold and dispose of property, both movable and immovable, and to contract and shall, by the said name, sue or be sued. In addition, the Commission is a quasi-judicial body. The Commission has come under the purview of the Electricity Act, 2003, as the Electricity Regulatory Commissions Act, 1998 has since been repealed.

The Commission consists of Chairperson and two Members. In recognition of the need for multi-disciplinary approach while addressing issues related to independent regulation, the statute prescribes that the Chairperson and Members shall be persons of ability, integrity and standing who have adequate knowledge of, and having shown capacity in dealing with problems

relating to engineering, finance, commerce, economics, law or management. The Chairperson and Members are appointed by the Government of Kerala on the recommendation of a Selection Committee constituted by the State Government as prescribed under the statute. The statute also provides for the appointment of a Secretary, functioning under the Commission, whose powers and duties are defined by the Commission.

3. FUNCTIONS OF THE COMMISSION

The Commission is vested with the responsibility of discharging the following functions:

- (a) Determine the tariff for generation, supply, transmission and wheeling of electricity, wholesale, bulk or retail, as the case may be, within the State;
- (b) Regulate electricity purchase and procurement process of distribution licensees including the price at which electricity shall be procured from the generating companies or licensees or from other sources through agreements for purchase of power for distribution and supply within the State;
- (c) Facilitate intra-State transmission and wheeling of electricity;
- (d) Issue licenses to persons seeking to act as transmission licensees, distribution licensees and electricity traders with respect to their operations within the State;
- (e) Promote cogeneration and generation of electricity from renewable sources of energy by providing suitable measures for connectivity with the grid and sale of electricity to any person, and also specify, for purchase of electricity from such sources, a percentage of the total consumption of electricity in the area of a distribution licensee;
- (f) Adjudicate upon the disputes between the licensees and generating companies and to refer any dispute for arbitration;
- (g) Levy fee for the purposes of the Electricity Act, 2003;
- (h) Specify State Grid Code;
- (i) Specify or enforce standards with respect to quality, continuity and reliability of service by licensees;
- (j) Fix the trading margin in the intra-State trading of electricity, if considered, necessary;
- (k) Discharge such other functions as may be assigned to it under the Electricity Act, 2003;

- (l) Advise the State Government on all or any of the following matters, namely:–
- (a) Promotion of competition, efficiency and economy in activities of the electricity industry;
 - (b) Promotion of investment in electricity industry;
 - (c) Re-organization and restructuring of electricity industry in the State; matters concerning generation, transmission, distribution and trading of electricity or any other matter referred to the State Commission by the State Government.

4. MISSION OF THE COMMISSION

The mission of the Commission is:

To promote competition, efficiency and economy in the activities of the Electricity Industry within the State of Kerala and to ensure quality power to all at reasonable rates.

5. CHAIRMAN AND MEMBERS OF THE COMMISSION

The Commission was headed by Shri M.K.G.Pillai who retired in August 2005. Shri C.Balakrishnan took charge as Chairperson and Shri C.Abdulla and Shri M.P.Aiyappan as Members. Shri C.Balakrishnan assumed office as Chairman on 5th September 2005, Shri C.Abdulla and Shri M.P.Aiyappan assumed office as new Members on 5th September 2005 and 15th December 2005 respectively and are continuing in Office.

6. COMMISSION'S OFFICE

The Commission has been functioning in a rented building at No.30, Parameswara Bhavan, Belhaven Gardens, Kowdiar P.O., Thiruvananthapuram – 695 003, since 15th February, 2003.

7. HUMAN RESOURCES

7.1 Existing Manpower

The staff position of the Commission as on 31.03.2006 is as below:

<i>Sl.No.</i>	<i>Name</i>	<i>Designation</i>	<i>Remarks</i>
1	Smt Ajitha S	Secretary	On deputation
2	Shri A M Narayanan	Deputy Director	On contract
3	Shri K G Sreekumaran Nair	Administrative Officer	On contract
4	Shri C K Jayachandran	Consultant (Tariff)	On contract
5	Shri M Shivathanupillai	Consultant (Engg)	On contract
6	Shri K Rajan	U.D. Clerk	On contract
7	Smt Sheena Karim	Confidential Assistant	On deputation
8	Smt Sreedevi P G	Accountant	On contract
9	Shri Santhosh Kumar M	Computer Operator	Daily wages
10	Shri P V Priyesh	Peon	On contract
11	Shri K Anil Kumar	Peon	Daily wages
12	Shri Vishnu H R	Peon	Daily wages
13	Shri R Achuthan Thampi	Driver	On contract
14	Shri K Rajesh Kumar	Driver	On contract
15	Shri Sudheesh K	Driver	Daily wages
16	Smt Santha D R	Sweeper	On contract

Shri C.K.Jayachandran, former Deputy Chief Engineer, KSEB has been engaged as a Consultant on contract basis to assist the Commission in tariff matters.

Shri M.Shivathanu Pillai, former Chief of Generation, KSEB has been engaged as an Engineering Consultant on contract basis from the middle of December, 2005.

8. STATE ADVISORY COMMITTEE

The State Advisory Committee, reconstituted by the Commission on 14th October, 2005 continued to function during the year. The major role of the Advisory Committee as assigned to it under Section 88 of the Electricity Act, 2003 is to advise the Commission on

- (i) major questions of policy;
- (ii) matters relating to quality, continuity and extent of service provided by the licensees;
- (iii) compliance by the licensees with the conditions and requirements of their license;
- (iv) protection of consumer interest;
- (v) and electricity supply and overall standards of performance by utilities.

8.1 Members of the State Advisory Committee

As per KSERC Business Conduct Regulations, the term of the Committee members shall be normally 3 years and 1/3rd of the Committee members shall be replaced by new members annually. The Advisory Committee was re-constituted on 14-10-2005 with the following members.

1. Shri C.Balakrishnan, Chairman
Kerala State Electricity Regulatory Commission : Chairman
2. Shri C.Abdulla, Member
Kerala State Electricity Regulatory Commission : Member
3. Shri M.P.Aiyappan, Member
Kerala State Electricity Regulatory Commission : Member
4. Secretary, Food, Civil Supplies and
Consumer Affairs Department, Government of Kerala : Member
5. Shri S.Girijathmajan, Additional Secretary
Power Department, Government of Kerala : Member
6. Member (Distribution), KSEB, Pattom
Thiruvananthapuram : Member
7. General Manager, NTPC
Kayamkulam – 690 506 : Member
8. Shri M.S.Rawther, General Secretary
Kerala Electricity Employees Confederation
Sasthamangalam, Thiruvananthapuram : Member
9. Shri T.Naziruddeen, President
Kerala Vyapari Vayavasayi Ekopana Samithi,
Vyapara Bhavan, Bank Road, Kozhikode : Member
10. Director, Energy Management Centre
Thycaud, Thiruvananthapuram : Member
11. Director, ANERT, Kesavadasapuram, Pattom
Thiruvananthapuram : Member
12. Chief Electrical Inspector,
Electrical Inspectorate Housing Board Building,
Thiruvananthapuram – 695 001 : Member
13. Chief Electrical Engineer : Member

- Southern Railway, 7th Floor, NGO Annexe,
Park Town, Chennai – 600 003
14. Shri Xavier Thomas Kondodi
State President,
Kerala State small Industries Association : Member
Veekay Towers, Beerankunju Road, Kochi -18
 15. President, Confederation of Indian Industry
P.B. No.4257. Opp. Cochin passport Office,
Panampalli Nagar, Cochin – 36 : Member
Pattom P O, Thiruvananthapuram – 695 004
 16. Managing Director
KINFRA Export Promotion Industrial Parks Ltd : Member
Kusumagiri P.O, Kakkanad, Cochin – 30
Akshaya Nagar,64,Kadappakkada, Kollam – 691 008
 17. Shri K.Viswanathan
Director, Mithra Nikethan P.O, Vellanad, : Member
Thiruvananthapuram – 695 543
 18. Advocate K.G.M. Nair
Founder General Secretary : Member
Kerala Upabhokthru Samrekshana Samithi
153, AKG Nagar, Thiruvananthapuram – 695 016
 19. Dr. M.Sivaraman
Director, Centre for Management Development : Member
Thycaud, Thiruvananthapuram – 695 014
 20. Managing Director
Kerala Water Authority, : Member
Thiruvananthapuram – 695 033
 21. Managing Director
Kerala Power Finance Corporation Ltd. : Member
Jawahar Nagar P.O, Kowdiar,
Thiruvananthapuram – 695 041

8.2 Meetings of the State Advisory Committee

Four meetings of the State Advisory Committee, viz., 7th, 8th, 9th and 10th were held during the year 2005-06.

The 7th meeting was held on 17.05.2005. Out of 19 members, 10 members attended the meeting.

The 8th meeting of the State Advisory Committee was held on 12.08.2005. Out of 19 members, 9 members attended the meeting.

The 9th Meeting of State Advisory Committee was held on 09.11.2005. It was the first meeting of the new re-constituted members. Out of 20 members, 14 members attended the meeting.

The Committee discussed about the regulations issued by the commission and the regulations, which are in the pre-publication stage. An important suggestion regarding the safety standards was mentioned by the members and the need for safety training was emphasized by the members.

The 10th Meeting of State Advisory Committee was held on 24.01.2006. Out of 21 members 14 members attended the meeting. The Members mainly discussed about the different items in the ARR and ERC of KSEB on which members made many important suggestions.

9. MEETINGS HELD BY THE COMMISSION

Upto 31st March 2006, the Commission held ninety-six internal meetings, and twenty proceedings to hear the parties to the petitions filed with the Commission.

9.1 Internal meetings of the Commission

Internal meetings of the Commission were held mainly to transact administrative matters, framing and finalization of regulations, admission of petitions, matters relating to the staff, State Advisory Committee, ARR&ERC of the licensees and other matters.

9.2 PROCEEDINGS HELD BY THE COMMISSION

In order to hear the parties to the petitions filed with the Commission, the Commission held 20 proceedings as listed below: -

Sl.No.	Date	Venue	Subject Matter
1	26.05.2005	Office of the Commission	Hearing on ARR & ERC for the year 2005-06 filed by Rubber Park India Pvt. Ltd, Cochin
2	14.06.2005	Office of the Commission	Hearing on ARR & ERC for the year 2005-06 filed by Cochin Port Trust, W. Island, Cochin
3	19.07.2005	Office of the Commission	Hearing on Power Purchase Agreement (PPA) between Cochin Special Economic Zone and Kerala State Electricity Board.
4	26.07.2005	Govt. Guest House, Thycaud, Trivandrum	Public hearing on Open Access Regulations, 2005
5	23.08.2005	Office of the Commission	Public Hearing on ARR & ERC for 2005-06 filed By KINFRA Export Promotion Parks Pvt.Ltd, Cochin
6	22.09.2005	Office of the Commission	Discussion on ARR & ERC for 2006-07 of all licensees (except KSEB)
7	05.10.2005	Mascot Hotel, Trivandrum	Public hearing on Grid Code and Appellate Authority
8	08.11.2005	Office of the Commission	Public hearing on Licensing Regulation
9	23.11.2005	Panchayat Hall, Munnar	Public hearing on transfer of license from Tata Tea Ltd., Munnar to Kanan Devan Hills
10	25.11.2005	Office of the Commission	Hearing on Petition filed by M/s Koyenco Steels Pvt. Ltd, Cochin for additional power supply.
11	08.12.2005	Office of the Commission	Public hearing on Supply Code amendment
12	23.01.2006	Museum Hall, Trivandrum	Public hearing on ARR & ERC for 2006-07 filed by KSEB
13	25.01.2006	Maharaja's College, Ernakulam	Public hearing on ARR & ERC for 2006-07 filed by KSEB
14	31.01.2006	Town Hall, Kozhikode	Public hearing on ARR & ERC for 2006-07 filed by KSEB
15	07.02.2006	Museum Hall, Trivandrum	Public hearing on Licensees Performance Standards
16	20.02.2006	Office of the Commission	Public hearing on Consultative Paper on Purchase Requirement of Non-Conventional Energy.
17	07.03.2006	Conference Hall of Cochin Port Trust, W. Island, Cochin	Hearing on ARR & ERC for 2006-07 filed by Cochin Port Trust
18	14.03.2006	Office of the Commission	Hearing on Licensees Standards of Performance Regulations.
19	15.03.2006	Office of the Commission	Hearing on Terms & conditions of Open Access exemption requested
20	28.03.2006	Office of the Commission	Hearing on ARR & ERC for 2006-07 file by Cochin Port Trust

10. PETITIONS RECEIVED BY THE COMMISSION

During the year, the Commission received 11 Petitions from different Organizations including the petition related to the ARR&ERC of the KSEB and other licensees for the year 2006-07. The Commission disposed off 14 petitions including three petitions received during the previous year. Details are furnished below:

Following important petitions were disposed off by the Commission during its tenure from April 2005 to March 2006.

1. Petition from Licensee:

Sl. No.	Date of Petition	Petitioner	Respondent	Subject matter	Disposal by the Commission
1	LP-1/ 1.06.05	Tata Tea Ltd., Munnar	(1) The State of Kerala represented by the Secretary to Govt., Power Department. (2) The Kerala State Electricity Board, Thiruvananthapuram	Transfer of Distribution license to Kannan Devan Company	Order issued on 14.12.05

2. Dispute Petitions:

Sl. No.	Date of Petition	Petitioner	Respondent	Subject matter	Disposal by the Commission
1	DP-20/ 17.10.05	Binani Zinc Ltd.	KSEB	Demand Notice No.HTB7/ACD/2005/1904 dated 26.7.05 from KSEB for payment of additional cash deposit.	Under process
2	DP-21 / 18.10.05	Koyenco Steels Pvt. Ltd.	Kinfra Export Promotion Industrial Parks Ltd., Cochin.	Providing additional power supply to M/s Koyenco Steels (P) Ltd., Kinfra Export Promotion Industrial Park, Cochin.	Order issued on 25.11.05

Following are the ARR&ERC Petitions received by Commission during its tenure from April 2005 to March 2006.

Sl. No.	Date of Petition	Petitioner	Respondent	Subject matter	Disposal by the Commission
1	TP-11 / 31.05.05	KINFRA	--	ARR&ERC for 2005-06	Order issued on 30.08.05
2	TP-16 / 26.11.05	Techno Park	--	ARR&ERC for 2006-07	Under process
3	TP-12 / 29.11.05	Cochin Port Trust	--	ARR&ERC for 2006-07	Under process
4	TP-13 / 30.11.05	KSEB	--	ARR&ERC for 2006-07	Order issued on 30.03.06
5	TP-14 / 10.12.05	Tata Tea Limited	--	ARR&ERC for 2006-07	Under process
6	TP-15 / 02.01.06	KSEB	--	Approval of reduction in tariff for LT-1 (a) Domestic and LT-VII (A) & LT VII (B) – Commercial consumers of KSEB.	Order issued on 05.01.06
7	TP-17 / 02.02.06	Thrissur Corporation	--	ARR&ERC for 2006-07	Under process
8	TP-18 / 04.03.06	KINFRA	--	ARR&ERC for 2006-07	Under process

11. ORDERS ISSUED BY THE COMMISSION

11.1 Order dated 19th May 2005 on approval of Draft Power Purchase Agreement between KSEB and Cochin Special Economic Zone.

Commission examined the draft Power Purchase Agreement between KSEB and Cochin Special Economic Zone received from the Development Commissioner, CSEZ and issued order in accordance with the various provisions of the Electricity Act, 2003.

11.2 Order dated 28th June 2005 on KSEB's request for reducing time slot from 30 minutes to 15 minutes for TOD metering for HT and EHT consumers.

The Kerala State Electricity Board requested the Commission for reducing time slot from 30 minutes to 15 minutes for TOD metering for HT and EHT consumers. Commission after detailed deliberations decided that the proposal could be taken up by the Commission only after

a detailed study of the implication of the electricity bill amount of the consumers as a result of the change in time slot.

Commission also decided to address the KSEB to conduct a study on a sample of 25 Nos. HT & EHT consumers having different consumption patterns by applying time slots of 15 minutes and estimating the difference in invoice amount as compared to the existing 30 minutes slot for the 25 consumers and send a report to the Commission at the earliest.

11.3 Order dated 28th June 2005 on the petition filed on 15th March 2005 Cochin Port Trust on their ARR&ERC for the year 2005-06.

Cochin Port Trust filed the ARR & ERC for the year 2005-06 vide letter No.D2/ARR7ERC/2005-E dated 15.03.2006. After detailed deliberations the Commission approved the ARR of Rs.1397.67 lakh and expected revenue from charges of Rs.1488.39 lakh leaving a revenue surplus of Rs.90.72 lakh for the Financial Year 2005-06. The Commission directed Cochin Port Trust to submit the DPR including project schedule for the proposed 110 KV Substation for Commission's approval. The Commission further directed Port Trust to submit complete details regarding the existing distribution business, attaching all supporting documents for regularizing the existing License and also submit the actual audited accounts for electricity distribution business for the Financial Year 2004-05 along with following details:

- Actual monthly TOD meter reading of kWh, kVAh, kVARh, maximum demand, average PF and LF for normal, peak and off-peak period and similar recorded meter reading for self consumption and for energy sold to consumers, category wise and voltage wise.
- Monthly cyclic billing and collection data in respect of all categories of consumers.
- Payments to the KSEB along with billing details.
- Actual distribution loss based on the metered figures.

The Commission also ordered to submit the draft PPA initialed by KSEB and Cochin Port Trust for Commission's approval.

11.4 Order dated 28th June 2005 on the petition filed on 15th February 2005 by Technopark on their ARR&ERC for the year 2005-06.

Technopark filed ARR& ERC for the year 2005-06 vide letter dated 15th February 2006. The Commission approved an ARR of Rs.776.27 lakh and total expected revenue from charges of Rs.744.49 lakh leaving a revenue gap of Rs.31.78 lakh for the year 2005-06. The Commission also approved the continuance of the existing tariffs and other charges by Technopark until further orders and ordered that the revenue gap might be absorbed in the other business activities of Technopark. The Commission directed Technopark to submit a copy of the report of energy audit conducted by CPRI with action plan to minimize the Distribution Loss and also to submit the actual audited accounts for electricity distribution business for the Financial Year 2004-05 along with following details.

- Actual monthly TOD meter reading of kWh, kVAh, kVARh, maximum demand, average PF and LF for normal, peak and off-peak period and similar recorded meter reading for self consumption and for energy sold to consumers, category wise and voltage wise.
- Cyclic billing and collection data in respect of all categories of consumers.
- Payments to the KSEB along with billing details.

The Commission also ordered Technopark to improve the collection efficiency against the bills, submit the measures taken along with the results to the Commission and that Technopark should explore the possibility of introducing prepaid meters for its consumers and report the Commission as early as possible.

Commission also ordered to submit the draft Power Purchase Agreement for the supply of electricity from KSEB initialed by KSEB and Technopark for Commission's approval with in one month of the date of the order.

11.5 Order dated 28th June 2005 on the petition filed on 14th February 2005 by Tata Tea Ltd. on their ARR&ERC for the year 2005-06.

Tata Tea Ltd had filed ARR & ERC for the year 2005-06 vide letter No.E.49 dated 14th February 2006. The Commission approved an Aggregate Revenue Requirement of Rs.973.23 lakh and total Expected Revenue from Charges of Rs.914.86 lakh leaving a revenue gap of Rs.58.37 lakh for the year 2005-06. The Commission approved the continuance of the existing tariffs and other charges by Tata Tea Ltd. until further order and that the revenue gap might be absorbed in the other business activities of Tata Tea Ltd. The Commission directed Tata Tea Ltd.

to install meters at appropriate points for metering to cover all its self / internal electrical energy consumption centers and all the consumer feeders for quantitatively assessing the distribution loss in the HT & LT network and submit to the Commission, a distribution loss reduction program with progressive loss reduction within a month. Commission ordered a target of 3% loss reduction for the Financial Year 2005-06.

- The Commission directed that KSEB shall install maximum demand meters to measure simultaneous maximum demand of the supply feeders to Tata Tea Ltd. KSEB shall not charge any penalty if the recorded MD is within the agreed Contract Demand.
- KSEB shall install TOD meters on the primary side of all feedback points and feedback energy and power shall be accounted and adjusted based on the actual metered figures. The percentage of distribution loss borne by KSEB on feedback energy shall be continued at the rate of 4% till actual metered data was established.
- KSEB shall continue to allow the present 5% rebate on the total power purchase bill to Tata Tea Ltd subject to the condition that Tata Tea Ltd. shall make prompt payment against the bills raised by KSEB at prevailing tariff.
- KSEB shall furnish details of the measures taken to improve the supply voltage and the details on the logic adopted to minimize the tripping of the supply feeders to Tata Tea Ltd.

Commission also ordered to submit the draft Power Purchase Agreement for supply of electricity from KSEB initiated by KSEB and Tata Tea Ltd for Commission's approval with in one month of the date of the order.

11.6 Order dated 8th July 2005 on petition dated 15th March 2005 filed by Rubber Park India (P) Ltd. for the year 2005-06

Rubber Park India (P) Ltd. had filed the ARR & ERC for the year 2005-06 vide letter No.RPIL/KSEB/2004-05/2625 dated 15th March 2005. After detailed deliberations the Commission approved the Aggregate Revenue Requirement of Rs.359.95 lakh and Expected Revenue from Charges of Rs.283.79 lakh leaving a revenue gap of Rs.76.16 lakh for the Financial Year 2005-06. The Commission approved the continuance of the existing tariff and other charges till further orders. The Commission directed Rubber Park India (P) Ltd. to submit the actual audited accounts for electricity distribution business for the Financial Year 2004-05 on finalization of accounts along with following details:

- Actual monthly TOD meter reading of kWh, kVAh, kVARh, maximum demand, average PF and LF for normal, peak and off-peak period and similar recorded meter reading for self consumption and for energy sold to consumers, category wise and voltage wise.
- Monthly cyclic billing and collection data in respect of all categories of consumers.
- Payments to the KSEB along with billing details.
- Actual distribution loss based on the metered figures.

The Commission ordered to submit the draft PPA for supply of electricity from KSEB initialed by KSEB and Rubber Park India (P) Ltd. for Commission's approval and also directed Rubber Park India (P) Ltd. to make efforts to improve the Licensee's business so that the revenue gap is fully eliminated.

11.7 Order dated 15th July 2005 on extension of agreement upto 31.07.2005 of sale of power from NTPC's RGCCPP, Kayamkulam through NVVN

KSEB had requested the Commission vide letter No.KSEB/TRAC/KYCCP-NVVN/P/628 dated 13.07.2005 for extension of agreement of sale of power from NTPC's RGCCP, Kayamkulam through NVVN upto 31.07.2005 on the following terms and conditions.

- NVVN shall pay 50% of the prevailing unit fixed cost of the NTPC plant (50% of 92 paise per unit i.e.46 paise per unit) worked out at 80% PLF, to KSEB as comfort charges.
- Fixed cost will be paid by KSEB to NTPC as per PPA.
- Variable charges shall be paid by NVVN directly to NTPC for the energy dispatched from Kayamkulam, RGCCPP.
- Short term open access charges for the transmission system within Kerala State shall be paid to KSEB by NVVN in accordance with the Commission's order dated 27.11.2004 for transmission of Kayamkulam power to TNEB.
- Loss in Kerala System will be compensated upto a maximum of 0.75% of the power dispatched at Kayamkulam bus.
- KSEB shall give a rebate of 2% on the bill for fixed charges if payment is received within 10 days from the date of receipt of the bill by NVVN.
- In case the energy received at ex-Kerala periphery is greater than the energy dispatched ex-bus Kayamkulam, the excess after taking account the losses shall be paid by NVVN to KSEB at the variable cost of NTPC, Kayamkulam.

Commission decided to approve the proposal of KSEB for extension of agreement upto 31.07.2005.

11.8 Order dated 15th July 2005 on appeals / representations received from R.F. Exports and others regarding tariff category change.

M/s R.F.Exports, M/s Mangala Sea Products, M/s Bhat Sons Aquatic Products, M/s Geo Sea Foods, M/s Caico Canning Industries Ltd., M/s Geo Aquatic Products (P) Ltd. and others for tariff category change for their electricity consumption from HT-IV (Commercial) to HT-I (Industrial). The Commission decided not to formally admit the appeals / representations from the applicants as per Sub clause (1) of clause 64 of the KSERC Conduct of Business Regulations, 2003 since Commission could not establish any ground for formally admitting the appeals / representations as petitions, as Part VII of the Electricity Act, 2003 does not provide for entertaining any petition for change of tariff or tariff category from consumers of electricity.

11.9 Order dated July 29, 2005 on petition dated 06.04.2005 of Cochin Special Economic Zone as the Petitioner and KSEB, Thiruvananthapuram as the respondent.

The petitioner Cochin Special Economic Zone (CSEZ) had submitted a petition on 02.04.2005 for the approval of the draft Power Purchase Agreement (PPA) for purchase of electricity from the Kerala State Electricity Board duly initialed by the Board and CSEZ.

In view of the foregoing and in exercise of powers under the Section 86 (1) (b) of the Electricity Act, 2003, the Commission ordered that the draft PPA between the Board and CSEZ should be modified on the basis of the following:

- The Security deposit to be in the form of irrevocable Letter of credit (LC) for an amount equal to the energy charges based on average consumption for two months and valid for a period not less than one year. The adequacy of the LC amount shall be reviewed every six months and the value enhanced accordingly. The L.C charges shall be borne by Cochin Special Economic Zone.
- The penal interest on default of payment at twice the bank rate would be charged for actual number of days of delay.
- The Maximum Demand setting time duration should continue to be 30 minutes as per the present practice till Commission arrived at a decision in the matter.

- Regarding testing and calibration of meters and associated CT/PTs, the Central Power Research Institute (CPRI) or Chief Electrical Inspectorate (CEI) of Kerala, or any other agency approved by the Commission shall be the designated agency for the purpose.
- Disputes on assessment made by the Board's Engineer / Officer on dishonestly abstracted, used or wasted maximum demand or electrical energy, unauthorised connections/additional loads resulting an increase in the contract demand without sanction from the competent authority, which are not settled within 15 days between KSEB and CSEZ, shall be brought before the Commission by either party for adjudication under Section 86(1) (f) of the Electricity Act, 2003.
- The agreement shall be signed, on behalf of the KSEB, by a designated officer from any formation of the Board other than Transmission.
- The PPA shall be executed as per the modified draft PPA incorporating the above decisions of the Commission, annexed to this order.
- After executing the PPA and opening of the letter of credit by CSEZ as per the agreement, the KSEB shall return the security deposit already made by CSEZ in the form of Cash/Bank Guarantee.

Accordingly, Commission disposed of the petition filed by CSEZ.

11.10 Order dated 5th August 2005 on Representations/appeals received from R.F.Exports and others for tariff category change.

M/s R.F.Exports and similar other firms had forwarded their appeals / representations regarding change of tariff category for their electricity consumption from HT-IV (Commercial) to HT-I (Industrial).

The Commission after examining the matter in detail rejected the representations / from the complainants, considering the arguments of the Board that since the complainants were consuming electricity mainly for the purpose of cold storing of seafood items, there was no need for reclassifying them under High Tension-I (HT-I) Industrial category for tariff purposes.

11.11 Order dated 10th August 2005 on clearance of pending connection and collection of service connection charges by KSEB

In response to the Commission's directive to the Kerala State Electricity Board to submit action plan for clearing the pending applications for electric connections, KSEB vide letter

No.KSEB/TRAC/1106/05/R1/722 dated 05.08.2005 had given details of pending applicants in the 'Ordinary OH' category and 'Ordinary WP' category.

The Board proposed to complete all WP service connections registered upto 30.06.2005 by 15.09.2005 and OH connections registered upto 31.12.2003 and the balance within one year.

After considering the matter in detail, the Commission concluded that the Board might be permitted to clear the pending connections in accordance with the terms and conditions of supply, which were in force at the time of submitting the applications. The Commission decided to allow the Board to realize the charges for giving connections at the rates prevailing at the time of application and approved the Board's proposal for utilizing the Board's own funds to the extent of 49.67 crores for providing such connections and incorporating the amount in ARR& ERC for the Financial Year 2006-07.

11.12 Order dated 22nd September 2005 KSEB's request to Commission regarding ARR & ERC for the year 2006-07

KSEB had submitted a note seeking permission from the Commission to file ARR & ERC for the year 2006-07 as a single entity. After detailed deliberation the Commission approved the request of KSEB to submit ARR & ERC 2006-07 as a single entity since the restructuring of the Board was pending with the State Government.

11.13 Order dated 22nd September 2005 on KSEB's request for sale of surplus power during September 2005.

KSEB vide letter No.KSEB/TRAC/Sale of Power/P/806 dated 13.09.2005 had requested the Commission for the sale of surplus power during September 2005.

The Commission after detailed discussion approved the proposal of KSEB for enhancing the sale of 100 MW to 150 MW of off-peak power on 'As and when available power on day-ahead basis' to PTC India Ltd.

11.14 Order dated 23rd September 2005 on KSEB's request for approval to the works not included in the approved list.

The Commission approved the rates to be recovered for various distribution works by publishing Supply Code in the Kerala Gazette. KSEB had requested the Commission to grant

approval to the works, which were not included in the approved list. Commission approved the proposal of KSEB.

11.15 Order dated 27th October 2005 on petition file by M/s. Binani Zinc Ltd.

The Commission examined in detail the petition filed by M/s Binani Zinc Ltd. and decided to admit it as DP 20. The Commission also decided to forward a copy of the petition to KSEB for the comments within 15 days of receipt of the copy of the petition.

11.16 Order dated 25th November 2005 on petition filed by M/s Koyenco Steels Pvt. Ltd. for additional power supply.

M/s Koyenco Steels Pvt. Ltd., Cochin had filed a petition for additional power supply. As the petition is concerned with the Kerala State Electricity Supply Code, 2005 and in compliance with the judgment dated 17.10.2005 on W.P.(C) No.23456 of 2005 of the Hon'ble High Court of Kerala, the Commission decided to admit the subject petition as DP 21. The Commission after detailed deliberation ordered to allow the Licensee to provide 'single point supply' to the Petitioner's premises through 2 Nos. of 11KV Cables. The existing 11KV Cable catering 4250 kVA can be retained as such and another 11KV U.G.Cable can be provided limiting the load to 3000 kVA as envisaged in the Supply Code, 2005. The Licensee shall arrange to meter the power consumed by the Petitioner through the Single Point Supply at the Bus, using a single TOD Meter with CT/PT arrangement of the Summation type. Accordingly the Commission disposed off the petition filed by M/s Koyenco Steels Pvt. Ltd.

11.17 Order dated 13th December 2005 on petition filed by M/s Cochin Port Trust for approval of ARR & ERC for 2006-07.

The Commission examined the Petition filed by Cochin Port Trust and admitted it as Tariff petition No.12 and ordered Cochin Port Trust to arrange for publication of the petition in accordance with the stipulations in the KSERC (Tariff) Regulations 2003 issued by the Commission. The response received from stake holders should also be forwarded to the Commission. Commission also ordered Cochin Port Trust to forward a copy of ERC filed by Port Trust to KSEB for obtaining their comments.

11.18 Order dated 14th December 2005 on petition filed by Tata Tea Ltd., Munnar

Tata Tea Ltd., Munnar had filed a petition against the State of Kerala, represented by the secretary to Government, Power Department and KSEB Thiruvananthapuram regarding transfer of Distribution License from Tata Tea Ltd. to Kannan Devan Hill Plantations Company Pvt. Ltd.

The Commission after examining the petition in detail declined to grant of approval for the transfer of Electricity Distribution License of petitioner to the newly formed Kannan Devan Hills Plantations Company Ltd. The Commission also ruled that the petitioner might approach the Commission after duly satisfying the conditions, with a fresh petition.

11.19 Order dated 14th December 2005 on Kerala electricity Supply Code (First Amendment) Regulations, 2005.

Section 181(2) (x) of the Electricity Act, 2003 enabled the Commission to make regulations relating to the Kerala Electricity Supply Code. Accordingly, the Commission finalized the Regulations, viz., the Kerala electricity Supply Code (First Amendment) Regulations, 2005.

11.20 Order dated 16th December 2005 on request for sale of surplus power during January, February and March 2006.

The Commission examined the request of KSEB for sale of surplus power during January, February and March 2006 and approved the following sale of surplus power subject to availability as per the same terms and conditions of the existing agreement with NVVN & PTC.

- (a) Upto 200 MW of 'off-peak power' in January and February 2006 and upto 100 MW of 'off-peak power' in March 2006, through M/s NVVN at the rate of Rs.3.20 per unit.
- (b) Upto 50 MW of 'off-peak power' in January and February 2006 through M/s PTC at the rate of Rs.3.20 per unit.

11.21 Order dated 31st December 2005 on Terms and Conditions of Supply submitted by KINFRA Export Promotion Industrial Parks Ltd.

KINFRA Export Promotion Industrial Parks Ltd. had submitted the Terms and Conditions of Supply 2005 for approval. The Commission after detailed deliberations approved the Terms and Conditions of Supply in respect of KINFRA Export Promotion Industrial Parks Ltd. with modifications.

11.22 Order dated 2nd January 2006 on Petition filed by KSEB for approval of reduction in Tariff for Domestic LT-1(a) and commercial LT-VII (A) and LT - VII (B) Consumers

KSEB had submitted a petition for approval of reduction of Tariff in respect of domestic LT-1 (a) and commercial LT-VII (A) and LT-VII (B) category of consumers. The Commission examined the proposal in detail and admitted the same as TP-15/2006. Since the Board had submitted the petition as per the direction of Government of Kerala vide letter No.10990/C1/05/PD dated 21.12.2005, the Commission decided to treat the petition under Section 65 of the Electricity Act, 2003 and ordered accordingly. It was also decided that the subsidy demanded by KSEB for the year 2006-07 would be decided on finalization of ARR for 2006-07 and shall be taken up with the Government separately.

11.23 Order dated 19th January 2006 on Terms and Conditions of Supply of KSEB.

The Kerala State Electricity Board had submitted their Terms and Conditions of Supply, 2005 for approval. The Commission after detailed examination approved the Terms and Conditions of Supply of KSEB with modifications and forwarded the approved Terms and Conditions to KSEB for implementation.

11.24 Order dated 24th January 2006 on Tariff of offices of political parties.

The Kerala State Electricity Board vide letter No.KSEB/TRAC/TR05 DCE/95/06/30 dated 18.01.2006 had stated that the Board desired to amend the current tariff of offices of Political parties.

The Commission examined the letter in detail and found that KSEB had not submitted any proposal for tariff revision. However, as per Clause 8.1 (4) of the Tariff Policy published by the Ministry of Power Government of India vide No.23/2/2005/- R&R (Vol.III) dated 6th January 2006, Licensees have the flexibility of charging lower tariffs than approved by the State Commission if competitive conditions require so without having a claim on additional revenue requirement on this account in accordance with Section 62 of the Act.

Commission decided to allow the Board to charge a lower rate for Offices of Political parties approved by the Election Commission under HT II category. No claim on this account shall be permitted in the ARR.

11.25 Order dated 3rd February 2006 on Terms and Conditions of Supply of CSEZ

Cochin Special Economic Zone (CSEZ) had submitted their Terms and Conditions of Supply, 2006 for approval of the Commission.

The Commission approved the Terms and Conditions of Supply of Cochin Special Economic Zone with Modification containing 44 pages with Annexures.

11.26 Order dated 18th February 2006 on Terms and Conditions of Supply of Technopark

Technopark had submitted their Terms and Conditions of Supply 2006 for approval of the Commission.

The Commission approved the Terms and Conditions of Supply of Technopark with modifications containing 44 pages with annexures (28 pages).

11.27 Order dated 27th February 2006 on Price Preference policy for SSI units

Vide Proceedings No.KSERC/price preference/2006 dated 27th February 2006, the Commission decided not to allow any price preference to Small Scale Industrial Units as well as Central / State PSUs in the State for purchase as ordered in the G.O.(P) No.448/05/Fin. dated 13.10.2005, because it affects the revenue of the Board which in turn reflects in the tariff of the consumers.

11.28 Order dated 18th March on Sale of surplus power during April-May 2006

The Commission vide Proceedings No. KSERC/Power Purchase/2/35/2006/ dated 18th March 2006 approved the proposal of KSEB for enhancing the sale of upto 250 MW of off-peak power for 18 hours per day in April and May 2006 @ Rs.3.60 per unit through M/s NVVN and also at the same terms and conditions. Sale of off-peak power for the month of June 2006 would be decided later by the Commission after observing the nature of Southwest monsoon.

11.29 Order dated 24th March 2006 KSERC- Fixing of Wheeling charges and granting Open Access

The Commission examined the petition filed by M/s M.P.S.Steel Castings (P) Ltd. Palakkad and decided to admit it as DP-23. The Commission also decided to forward a copy of the petition to KSEB for report at the earliest.

11.30 Order dated 30th March, 2006 on Petition No TP-12 of 2005 – ARR & ERC of Cochin Port Trust for the Financial Year 2006-07

The Commission scrutinized the petition on ARR & ERC 2006-07 filed by Cochin Port Trust and vide proceedings dated 30th March 2006, approved an Aggregate Revenue Requirement of Rs.13.6059 crore and total Expected Revenue from Charges of Rs.15.476 crore for the year 2006-07 as against Rs.14.0683 crore and 15.476 crore projected respectively by the Licensee. The benefit of Revenue surplus of Rs.1.8701 crore shall be passed on to the consumers by way of Tariff reduction and a part of the surplus may be used for system strengthening after getting approval of the project implementation plan.

12. REGULATIONS ISSUED BY THE COMMISSION

During the year, Commission notified the following Regulations:

- 1) Supply Code First Amendment, 2005
- 2) Procedure for filing Appeal before the Appellate Authority Regulations, 2005
- 3) Terms and conditions for open Access Regulation, 2005.
- 4) Conditions of License for State Transmission Utility Regulation, 2005.
- 5) State Grid Code.
- 6) Conditions of License for Existing Distribution Licensee Regulations, 2006.
- 7) Terms and Conditions of Tariff for retail sale of Electricity Regulations, 2006.
- 8) Licensing Regulations, 2006.

The following Regulations are under pre-publication stage:

- 1) Terms and Conditions for determinations of Hydro Generation Tariff Regulations, 2005
- 2) Terms and Conditions of Tariff for Transmission of Electricity Regulations, 2006

CONSULTATIVE PAPER PUBLISHED BY THE COMMISSION

The Commission published a consultative paper on purchase requirement of Non-conventional energy & determination of tariff for small hydro generating stations & wind Energy.

13. APPLICATION OF INFORMATION TECHNOLOGY

Computers are extensively used in day-to-day work and in all activities of the Commission.

Letters, regulations, minutes, orders and other documents are prepared using computers. For facilitating the work, adequate hardware and software have been installed in the office of the Commission and connected over a Local Area Network. The various orders passed by the Commission from time to time, Regulations issued by the Commission, notices and minutes of the meetings, etc., are uploaded on the website of the Commission, www.erckerala.org. In addition, Internet services are made available for the use of Officers and Staff members of the Commission.

14. MEMBERSHIP OF THE FORUM OF INDIAN REGULATORS AND FORUM OF REGULATORS

The Commission continued to be a member of the Forum of Indian Regulators. The secretariat of the Forum is located at the office of the Central Electricity Regulatory Commission, New Delhi. The Forum is an association of the Chairpersons and members of the Central Electricity Regulatory Commission and the State Regulatory Commissions. The Forum provides a venue for exchange of views and information among Indian Electricity Regulators and preparation of common ground and agenda in respect of various regulatory issues.

The Annual subscription for membership of the Forum is Rs.1.50 lakh per Commission, for the year 2005-06. The meeting of the Forum is being held once in every quarter. The Chairman and Member of the KSERC have been regularly attending the meetings of the Forum and exchanging views and information, with other regulators.

In accordance with the provisions of Subsection (2) of Section 166 of the Electricity Act, the Central Government has constituted the Forum of Regulators on 16.02.2005 in which Chairman of the Commission is a Member. The first meeting of the Forum of Regulators was held at New Delhi on 28.04.2005 which discussed among other things the implementation of

various provisions of the Electricity Act, 2003 by the Regulatory Commissions. The Second meeting was held at New Delhi on 3rd November 2005 which discussed key issues facing power section.

In addition, the following meetings of Forum of Indian Regulators were also held in which the Chairman and the Members of the Commission attended.

Date of meeting	Venue	Subjects discussed
17th & 18th March 2005 (17th FOIR General Body Meeting)	Lucknow	Discussion on estimation of loss in distribution system & Estimation of agriculture consumption
8th June 2005 (6th Annual General Body Meeting)	Casuarina, Habitat World at IHC, Lodhi Road, New Delhi	Presentation by Mr. Wendell Holland, Chairman, PaPUC on Consumer Choice & Distribution Open Access.
1st - 3rd December 2005 (18th General Body Meeting)	Bhubaneswar	Discussion on measures towards consumer Education and Measures to monitor Intra - State trading activity of the licensees granted licence by CERC for inter-State trading in electricity.

15. FINANCE AND ACCOUNTS

15.1 Audited statement of Income and Expenditure for the Financial Year 2004-05 (01.04 2004 to 31.3.2005) is furnished below:

(In Rupees)

Sl. No.	Particulars	Income	Expenditure
1	By grants / Loans / Subsidies		
	1.1 Govt. of Kerala	39,00,000.00	
	1.2 Other Grants from Power Finance Corporation for infra structural activities to the extent	2,03,626.00	
2	By Sales / Services		
3	By Seminars & Conferences		
4	By Consultancy		
5	By Fees / Subscription / Fines		
6	By Investments		
7	By Royalty, Publications etc		
8	By Interest	2,580.97	
9	By Other Income	1,21,877.00	
10	By increase in stock of finished goods and works-in-progress		

Sl. No.	Particulars	Income	Expenditure
11	By Excess of Expenditure over Income (transferred to Capital Fund Account)	4,08,144.44	
12	To Establishment Expenses		
	12.1 Salaries (Chairman & Member of the Commission)		8,18,427.00
	12.2 Salaries (Officers Establishment)		9,44,559.00
	12.3 Allowances & Bonus		12,600.00
	12.4 Payment for Professional & Other Services		6,50,400.00
	12.5 Wages		1,94,270.00
13	Other Establishment Charges		29,714.00
14	Travel Expenses		
	14.1 Domestic Travels – Chairman & Members of the Commission		1,89,168.00
	14.2 Domestic Travels – Officers		8,020.00
	14.3 Domestic Travels – Staff		
15	To Administrative Expenses		
	15.1 Purchases		9,618.00
	15.2 Cartage & Processing Expenses		--
	15.3 Electricity & Power		44,221.00
	15.4 Water Charges		3,574.00
	15.5 Rent, Rates, and Taxes		2,16,820.00
	15.6 Vehicle Hire Charges		2,11,821.00
	15.7 Postage, Telephone & Communication charges		1,16,127.30
	15.8 Expenses on Seminar / Workshops		48,592.00
	15.9 Subscription Expenses		1,66,462.00
	15.10 Advertisement and Publicity		40,086.00
	15.11 Bank Charges		--
	15.12 Internet Subscription		49,254.00
	15.13 Website Design and Hosting Expenses		15,634.00
16	To Stationery & Printing		
	7.1 Stationery		1,06,443.00
	7.2 Printing		--
17	To Publications		--
18	To Miscellaneous and Other Expenses		19,492.00
19	To Repairs and Maintenance		
	10.1 Furniture & Fixture		3,574.00

Sl. No.	Particulars	Income	Expenditure
20	To Hospitality Expenses		4,465.00
21	To Audit Fees		--
22	To Legal Charges		40,000.00
22	To Legal Charges		40,000.00
23	Provident Fund & other contributions		
	14.1 Pension Contribution		65,194.00
	14.2 Contribution to CPF		546.00
	14.3 Leave Salary Contributions		41,218.00
24	Depreciation		5,85,929.11
TOTAL		4,636,228.41	4,636,228.41

16. CONSUMER GRIEVANCE REDRESSAL FORUM AND ELECTRICITY OMBUDSMAN

The Electricity Act, 2003 requires every distribution licensee to establish a Forum for redressal of grievances of consumers. Electricity Ombudsman is a statutory authority to be appointed or designated by the State Commission to hear and settle the non-redressal of grievances at the level of Consumer Grievance Redressal Forum. All the licensees have established the forum and their addresses are given below: -

Sl.No	Name of Licensee	Redressal Forum
1	Kerala State Electricity Board	(1) Southern Region: Deputy Chief Engineer (Ele), Consumer Grievance Redressal Forum, KSEB, Vydhyuthi Bhavanam, Kottarakkara – 691 506 (2) Central Region: Deputy Chief Engineer (Ele) Consumer Grievance Redressal Forum, KSEB, Near 110 KV Sub Station, Vytilla Kochi – 682 019 (3) Northern Region: Deputy Chief Engineer (Ele) Consumer Grievance Redressal Forum, KSEB Vydhyuthi Bhavanam, Gandhi Road Kozhikode – 673 011
2	Cochin Port Trust	Shri K.Velayudhan, Deputy Chief Engineer Consumer Grievance Redressal Forum Cochin Port Trust, W.Island, Cochin – 682 003
3	Tate Tea Limited	Shri R.Suresh Babu Consumer Grievance Redressal Forum Tata Tea Ltd, Munnar Workshop Munnar – 685 612

4	Technopark, Thiruvananthapuram	Shri V.J.Jayakumar, General Manger (Technical) Consumer Grievance Redressal Forum Technopark, Technopark Campus Thiruvananthapuram – 695 581
5	Cochin Special Economic Zone, Cochin	Shri T.V.Chandran Assistant Development Commissioner Consumer Grievance Redressal Forum Cochin Special Economic zone Ministry of Commerce and Industry Government of India, Kakkanad Cochin – 682 037
6	Rubber Park India Pvt. Ltd, Cochin	Shri George Joseph, Managing Director Consumer Grievance Redressal Forum Rubber Park India Pvt. Ltd, V Floor Penta Tower, Kaloor, Cochin – 682017
7	KINFRA Export Promotion Industrial Parks Ltd, Cochin	Resident Engineer Consumer Grievance Redressal Forum KINFRA Export Promotion Industrial Parks Ltd. IX/159 A, Kusumagiri P.O., Kakkanad, Cochin–30
8	Thrissur Corporation	Consumer Grievance Redressal Forum not yet constituted. It is reported that action is being taken to constitute the Forum.

17. COURT CASES

(i) Appeals filed before High Court of Kerala, both pending and disposed off are as follows:

Name of the Appellant	Subject	Respondents	Decision	Result
Various Exporters of Sea food	Changing of Tariff from HT IV to HT I	KSEB & Others	Vide Order dated 5 th August 2005, Commission decided not to accept the Appeals/Representations to seek the response of KSEB on the Appeals / Representation	Disposed of

(ii) Appeals filed with the Appellate Tribunal for Electricity.

Appeal No. 40 of 2005 Thrissur Corporation Vs KSEB & Others	Regarding levy of penal interest for non payment of arrears to KSEB	Disposed of
Appeal No 154 of 2005 Binani Zinc Ltd. Vs KSEB & others	Regarding disconnection of electricity by KSEB	Reserved for judgement after hearing

18. REPORTS AND SURVEYS

The Kerala State Electricity Regulatory Commission has entrusted Central Power Research Institute, Bangalore to conduct estimation of technical losses in KSEB's power transmission system. The study is in progress.

19. ENGAGEMENT OF INTERNAL AUDITORS

Shri Sathyavageshwaran has been engaged as Chartered Accountant for auditing the accounts of the Commission from 01.04.2004 to 31.03.2005.

20. OTHER ACTIVITIES

The Commission decided to conduct classes on public awareness on electrical safety aspects as decided by the State Advisory Committee.

21. CONCLUSION

With the sincere co-operation of the Government of Kerala and the licensees operating within the State, particularly the KSEB, the Commission was able to fulfill the tasks set for the year 2005-06. The biggest achievement of the Commission is that it could bring down the revenue gap of KSEB substantially without any increase in tariff to any category of consumers in the State of Kerala since its inception on 29/11/2002.



