

**KERALA STATE ELECTRICITY REGULATORY COMMISSION
THIRUVANANTHAPURAM**

Application Nos.

1. OA-11/2015 filed by KSEB Limited
2. OA 25/2015 filed by KSEB Limited
3. OA 28/2015 filed by KSEB Limited
4. Petition No.1082/SEA/2015 filed by KSEB Ltd. to condone delay in submitting the application for determination of FCRR for the period from July to September, 2014.
5. Petition No.1249/SEA/2015 filed by KSEB Ltd. to condone delay in submitting the application for determination of FCRR for the period from October to December, 2014.

In the matter of : Determination of Fuel Price Adjustment Charges of KSEB Limited for the period from 1st July 2014 to 30th September 2014, 1st October 2014 to 31st December 2014 and 1st January 2015 to 31st March 2015

And

In the matter of : Condonation of delay in filing the application for determination of Fuel Price Adjustment Charges of KSEB Limited for the period from 1st July 2014 to 30th September 2014 and 1st October 2014 to 31st December 2014

**Applicant : Kerala State Electricity Board Limited
Vydhyuthi Bhavan, Pattom, Thiruvananthapuram**

COMMON ORDER DATED 23.12.2015

**PRESENT : Shri. T.M.Manoharan, Chairman
Shri. K.Vikraman Nair, Member
Shri. S.Venugopal, Member**

Background

1. Kerala State Electricity Board Limited (*hereinafter referred to as the KSEB Limited or the licensee*) filed an application dated 25-11-2014 for the recovery of fuel surcharge from all consumers including bulk consumers and other licensees to recover the additional financial liability of Rs.34.95 crore estimated as per KSERC (Fuel Surcharge Formula) Regulations, 2009 for the

second quarter of the financial year 2014-15 ie., for the period from 1st July 2014 to 30th September 2014. As per clause 3(7) of the said regulations, the application for fuel surcharge is to be filed within 15 days from the close of each quarter. KSEB Limited filed the application for the condonation of delay vide letter dated 03-06-2015. Though there was delay in filing the application by the licensee, the Commission condoned the delay and admitted the application as OP No.11/2015 and public hearing on the application was held on 28-04-2015 and 13-05-2015. In the application, KSEB Limited has estimated the additional financial liability on account of increase in fuel cost as here under:

Table.1
Summary of the additional liability from 1st July-2014 to 30th September-2014

Source	Energy procurement			Per unit cost		Add liability	
	Approved quantity	Actual quantity	Admissible as per regulation	Approved	Actual	Actual	Admissible as per regulation
	(MU)	(MU)	(MU)	(Rs/kWh)	(Rs/kWh)	(Rs. Cr)	(Rs. Cr)
Talcher-II	784.83	752.53	727.85	1.54	1.47	-5.02	-4.56
Ramagundam- II&III	594.67	556.66	556.66	2.14	2.52	20.94	20.94
NLC-II Stage-1	97.93	129.94	97.93	2.14	2.26	1.58	1.20
NLC-II Stage-2	139.47	145.27	138.94	1.99	2.26	3.97	3.78
NLC- Exp- Stage-1	109.98	148.02	109.98	2.14	2.14	0.03	0.02
Jhajjar	156.24	283.97	156.24	3.57	4.07	14.18	7.92
Simhadri	153.72	146.36	131.28	2.09	2.58	7.12	6.35
Vallur STPS	60.89	44.04	44.04	2.15	2.07	-0.35	-0.35
KDPP	22.43	24.85	22.02	11.31	11.14	-0.43	-0.35
Total	2120.16	2231.65	1984.94			42.03	34.95

- Subsequently, KSEB Limited filed an application dated 17-04-2015 for the recovery of fuel surcharge from all consumers including bulk consumers and other licensees to recover the additional financial liability of Rs.44.55 crore estimated as per KSERC (Fuel Surcharge Formula) Regulations, 2009 for the third quarter of the financial year 2014-15 ie., for the period from 1st October 2014 to 31st December 2014. As per clause 3(7) of the said regulations, the application for fuel surcharge is to be filed within 15 days from the close of each quarter. KSEB Limited filed the application for the condonation of delay vide letter dated 22-06-2015. Though there was delay in filing the application

by the licensee, the Commission condoned the delay and admitted the application as OP No. 25/2015 and public hearing on the application was held on 12-08-2015. In the application, KSEB Limited has estimated the additional financial liability on account of increase in fuel cost as here under:

Table.2
Summary of the additional liability from 1st October 2014 to 31st December 2014

Source	Energy procurement			Per unit cost		Add liability	
	Approved quantity	Actual	Admissible as per regulation	Approved	Actual	Actual	Admissible as per regulation
	(MU)	(MU)	(MU)	(Rs/kWh)	(Rs/kWh)	(Rs. Cr)	(Rs. Cr)
Talcher-II	784.83	880.84	784.83	1.54	1.55	0.51	0.59
Ramagundam- II&III	594.67	716.84	594.67	2.14	2.54	28.37	23.35
NLC-II Stage-1	97.93	82.75	82.75	2.14	2.32	1.50	1.50
NLC-II Stage-2	139.47	148.86	139.47	1.99	2.32	4.91	4.60
NLC- Exp- Stage-1	109.98	97.51	95.25	2.14	2.20	0.60	0.60
Jhajjar	156.24	323.23	156.24	3.57	4.42	27.41	13.07
Simhadri	153.72	186.98	136.08	2.09	2.69	11.19	8.14
Vallur STPS	60.89	37.21	37.21	2.15	2.19	0.16	0.16
KDPP	45.09	47.60	36.36	11.31	9.41	-9.04	-7.47
Total	2142.82	2521.82	2062.86			65.60	44.55

3. Further, KSEB Limited filed another application dated 21-05-2015 for the recovery of fuel surcharge from all consumers including bulk consumers and other licensees to recover the additional financial liability of Rs.43.85 crore estimated as per KSERC (Fuel Surcharge Formula) Regulations, 2009 for the fourth quarter of the financial year 2014-15 ie., for the period from 1st January 2015 to 31st March 2015. As per clause 3(7) of the said regulations, the application for fuel surcharge is to be filed within 15 days from the close of each quarter. KSEB Limited filed the application for the condonation of delay vide letter dated 03-07-2015. Though there was delay in filing the application by the licensee, the Commission condoned the delay and admitted the application as OP No. 28/2015 and public hearing on the application was held on 12-08-2015. In the application, KSEB Limited has estimated the additional financial liability on account of increase in fuel cost as here under:

Table.3
Summary of the additional liability from 1st January 2015 to 31st March 2015

Source	Energy procurement			Per unit cost		Add liability	
	Approved quantity	Actual	Admissible as per regulation	Approved	Actual	Actual	Admissible as per regulation
	(MU)	(MU)	(MU)	(Rs/kWh)	(Rs/kWh)	(Rs. Cr)	(Rs. Cr)
Talcher-II	767.77	862.58	767.77	1.54	1.48	-5.02	-4.46
Ramagundam- II&III	581.74	746.90	581.74	2.14	2.65	37.77	29.51
NLC-II Stage-1	95.80	131.92	95.80	2.14	2.33	2.55	1.87
NLC-II Stage-2	136.43	178.94	136.43	1.99	2.33	6.17	4.72
NLC- Exp- Stage-1	107.59	136.81	107.59	2.14	2.20	0.85	0.66
Jhajjar	152.85	365.55	152.85	3.57	4.44	31.65	13.24
Simhadri	150.38	215.08	150.38	2.09	2.90	17.40	12.23
Vallur STPS	89.35	52.90	52.90	2.15	1.91	-1.26	-1.26
KDPP	90.00	35.18	35.18	11.31	7.71	-12.66	-12.66
Total	2171.91	2725.86	2080.65			77.45	43.85

4. KSEB Ltd has filed petition No.1082/SEA/2015 to condone delay in submitting the petition for determination of FCRR for the period from July to September, 2014
5. KSEB Ltd has also filed petition No.1249/SEA/2015 to condone delay in submitting the petition for determination of FCRR for the period from October to December, 2014

Hearing of the petitions

6. **OA 11/2015 and Petition No.1082/SEA/2015**

The Commission issued press release for inviting objections and comments on the application from stakeholders. The public hearing on the application were held on 28-04-2015 at the Commissions' office and on 13-05-2015 at Conference Hall, Kerala Institute for Entrepreneurship Development (KIED), Kochi. Sri.C.S Sarma Kumar Deputy Chief Engineer, TRAC, KSEB Limited and Sri. P.V.Sivaprasad, Executive Engineer, TRAC,KSEB Limited represented the applicant. Sri. P.V.Sivaprasad presented the details of the application of KSEB Limited and answered the queries of the Commission. Sri.A.A.M. Nawaz presented the views and objections of Kerala HT-EHT Industrial Electricity Consumers Association. Sri. Shaji Sebastian, KSSIA, presented the views of Kerala Small Scale Industries Association and also submitted written remarks on the application during the hearing. The general objection that came in the hearing is on the delay in filing the application. It

was stated that KSEB Ltd has not been filing the application for fuel surcharge on time and filing the same whenever it suits them. It was also pointed out that the entire claim of KSEB Limited works to a total of 7ps/kwh and prayed the Commission to defer the collection of fuel cost recovery rate (FCRR).

7. OA 25/2015, OA 28/2015 and Petition No.1249/SEA/2015

The Commission issued press release for inviting objections and comments on the applications OA 25/2015 & OA 28/2015 from stakeholders. The public hearing on both the applications, OA 25/2015 & OA 28/2015 were held on 12-08-2015 at the Commissions' office. Sri. P.V.Sivaprasad, Executive Engineer, KSEB Ltd. presented the details of the petition and answered the queries of the Commission. It was submitted that the major portion of the claim was due to the increased price of coal and was accounted for by Ramagundam and Jhajjar stations. Sri. A.A.M Nawaz presented the views and objections of Kerala HT-EHT Industrial Electricity Consumers Association. The main objection raised was that KSEB Limited was not regular in filing the Fuel Surcharge claims as per the Regulations and there has been delay in filing the claims. Sri A.R.Satheesh representing Carborundum Universal Limited presented his views and objections on the claim of KSEB Limited on the petition. It was pointed out that KSEB Ltd has been filing applications only for the recovery of fuel surcharge from the consumers and it is not filing the details regularly during every quarter. The details of power purchase in respect of those quarters wherein the fuel charge recovery is negative, have not been submitted before the Commission. Sri J.Krishna Kumar, Managing Director, Rubber Park India Private Limited and Sri. Navin Korath, Kanan Devan Hills Plantations Company Private Limited were also present representing the small electricity distribution licensees. Sri.N.S.Alexander, a domestic consumer expressed his concern on the burden of higher tariffs on consumer categories due to the inactions of KSEB Limited in prompt pursuit for collection of outstanding arrears of electricity charges due from HT/EHT consumers and invited intervention of the Commission on the same.

Analysis of the Commission

8. The Commission has considered the application of KSEB Limited and the objections and views of the consumer groups. The fuel surcharge is allowed as per the provisions of the KSERC (Fuel Surcharge Formula) Regulations, 2009 (hereinafter referred to as Fuel Surcharge Regulations, 2009) for recovering the difference in fuel cost in respect of,-

- (i) The quantity of electricity generated from the own generating stations of the licensee; and
- (ii) The quantity of electricity purchased.

As per sub-regulation (1) of regulation (3) of KSERC (Fuel Surcharge Formula) Regulations, 2009, no distribution licensee can recover the fuel cost adjustment except with the approval of the Commission in accordance with the provisions of the said regulations. As per sub-regulation (2) of regulation 3 of the said regulations the amount of fuel cost adjustment is the sum of changes in fuel cost for the energy from the own generating stations of the licensee and the changes in the cost of energy purchased due to the change in fuel cost. A balancing term to take care of the difference if any in the provisional and actual energy sales and fuel cost approved in the previous quarter should also be applied to such sum. As per sub-regulation (3), the difference fuel cost for own generation and energy purchase shall be with respect to the approved quantity of generation and of purchase as per the ARR and ERC for the respective year based on merit order. Therefore, for the purpose of calculating fuel cost recovery rate (FCRR) the quantity of energy approved for purchase as per the ARR or the quantity of energy actually purchased whichever is less will only be considered. The sub-regulation (4) specifies that the FCRR shall be in terms of paise per unit (kWh) in addition to the energy charges as per the existing tariff and sub-regulation (5) specifies that the approved FCRR shall be adjusted from the 3rd month of subsequent quarter or as directed by the Commission. Sub-regulation (6) specifies that the FCRR shall be applicable uniformly to all consumers except the domestic consumers with connected load of and below 500 Watt and monthly consumption of and below 20 units.

OA 11/2015

- 9. KSEB Ltd has, in its Petition No.1082/SEA/2015, submitted reasons for delay in submitting the application for determination of FCRR for the period from July to September, 2014. The Commission decides to allow the petition filed by KSEB Ltd to condone the delay in filing OA 11/2015.
- 10. As per the data provided by KSEB Limited and based on the provisions of the Regulations, the month wise details of the fuel surcharge admissible for the 2nd quarter of the year 2014-15, i.e, for the months of July-2014, August-2014 and September-2014 are given below.

Table-4
Details of the fuel surcharge admissible for the month of July-2014

SI No	Source	Quantity of Electricity (MU)			Variable cost (Rs/ kWh)			Fuel surcharge admissible (Rs. Cr)
		Approved	Actuals	Admissible for FPA	Approved	Actuals	Considered for FCRR	
1	Talcher-II	264.45	213.76	213.76	1.54	1.64	0.10	2.08
2	Ramagundam-	200.38	190.86	190.86	2.14	2.49	0.35	6.62
3	NLC-II Stage-1	33.00	44.26	33.00	2.14	2.21	0.07	0.24
4	NLC-II Stage-2	46.99	46.47	46.47	1.99	2.21	0.22	1.04
5	NLC- Exp- Stage-1	37.06	48.80	37.06	2.14	2.08	-0.06	-0.23
6	Jhajjar	52.65	119.27	52.65	3.57	4.02	0.45	2.39
7	Simhadri	51.80	66.88	51.80	2.09	2.60	0.51	2.63
8	Vallur STPS	20.52	18.67	18.67	2.15	2.05	-0.10	-0.18
9	KDPP	7.56	8.20	7.56	11.31	11.59	0.28	0.21
	Total	714.41	757.17	651.83				14.80

Table-5
Details of the fuel surcharge admissible for the month of August-2014

SI No	Source	Quantity of Electricity			Variable cost			Fuel surcharge admissible (Rs. Cr)
		Approved	Actuals	Admissible for FPA	Approved	Actuals	Considered for FCRR	
		(MU)	(MU)	(MU)	(Rs/kWh)	(Rs/kWh)	(Rs/kWh)	
1	Talcher-II	264.45	258.16	258.16	1.54	1.47	-0.07	-1.91
2	Ramagundam- II&III	200.38	189.73	189.73	2.14	2.60	0.46	8.79
3	NLC-II Stage-1	33.00	45.09	33.00	2.14	2.29	0.15	0.49
4	NLC-II Stage-2	46.99	50.75	46.99	1.99	2.29	0.30	1.40
5	NLC- Exp- Stage-1	37.06	51.39	37.06	2.14	2.18	0.04	0.14
6	Jhajjar	52.65	92.46	52.65	3.57	4.09	0.52	2.74
7	Simhadri	51.80	45.11	45.11	2.09	2.49	0.40	1.78
8	Vallur STPS	20.52	14.92	14.92	2.15	2.08	-0.07	-0.10
9	KDPP	7.56	9.75	7.56	11.31	10.85	-0.46	-0.35
	Total	714.41	757.36	685.18				12.98

Table-6

Details of the fuel surcharge admissible for the month of September-2014

Sl No	Source	Quantity of Electricity			Variable cost			Fuel surcharge admissible (Rs. Cr)
		Approved	Actuals	Admissible for FPA	Approved	Actuals	Considered for FCRR	
		(MU)	(MU)	(MU)	(Rs/kWh)	(Rs/kWh)	(Rs/kWh)	
1	Talcher-II	255.92	280.6	255.92	1.54	1.35	-0.19	-4.74
2	Ramagundam-II&III	193.91	176.07	176.07	2.14	2.45	0.31	5.53
3	NLC-II Stage-1	31.93	40.59	31.93	2.14	2.28	0.14	0.46
4	NLC-II Stage-2	45.48	48.05	45.48	1.99	2.28	0.29	1.34
5	NLC- Exp- Stage-1	35.86	47.83	35.86	2.14	2.17	0.03	0.11
6	Jhajjar	50.95	72.23	50.95	3.57	4.12	0.55	2.79
7	Simhadri	50.13	34.37	34.37	2.09	2.65	0.56	1.94
8	Vallur STPS	19.86	10.45	10.45	2.15	2.09	-0.06	-0.07
9	KDPP	7.31	6.91	6.91	11.31	11.01	-0.30	-0.21
	Total	691.35	717.1	647.94				7.15

11. The summary of the quantity considered for the recovery of fuel surcharge and the amount of fuel surcharge admissible for the second quarter (July to September-2014) is given below.

Table-7

Summary of the fuel surcharge admissible for the for the second quarter July to September-2014

Sl No	Source	Quantity of Electricity			Variable cost			Fuel surcharge admissible (Rs. Cr)
		Approved	Actuals	Admissible for FPA	Approved	Actuals (wt. avg rate for the quarter)	Considered for FCRR	
		(MU)	(MU)	(MU)	(Rs/kWh)	(Rs/kWh)	(Rs/kWh)	
1	Talcher-II	784.82	752.52	727.84	1.54	1.47	-0.07	-4.57
2	Ramagundam- II&III	594.67	556.66	556.66	2.14	2.52	0.38	20.94
3	NLC-II Stage-1	97.93	129.94	97.93	2.14	2.26	0.12	1.19
4	NLC-II Stage-2	139.46	145.27	138.94	1.99	2.26	0.27	3.78
5	NLC- Exp- Stage-1	109.98	148.02	109.98	2.14	2.14	0.00	0.02
6	Jhajjar	156.25	283.96	156.25	3.57	4.07	0.50	7.92
7	Simhadri	153.73	146.36	131.28	2.09	2.58	0.49	6.35
8	Vallur STPS	60.90	44.04	44.04	2.15	2.07	-0.08	-0.35
9	KDPP	22.43	24.86	22.03	11.31	11.14	-0.17	-0.35
10	Total	2120.17	2231.63	1984.95				34.93

The total fuel surcharge admissible for the 2st quarter of 2014-15, as per Regulation-3 of the Fuel Surcharge Regulations, 2009 is Rs.34.93 crore.

12. The sub-regulation (4) of regulation 3 of the Fuel Surcharge Regulations, 2009 states as follows;

“The approved fuel cost recovery rate (FCRR) shall be in the form of paise per unit (kWh) in addition to the energy charges as per the existing tariff for the energy billed for each consumer on a monthly or bi-monthly basis as the case may be”

In view of the said sub-regulation the rate of fuel surcharge is estimated as given below:

Total amount to be recovered as fuel surcharge	- Rs 34.93crore
Total energy input from 1 st July 2014 to 30 th September 2014	- 5120.30 MU
Notional sales as per approved T&D loss (14.50%)	- 4377.86 MU
Applying notional loss of 5% to sales to Licensee (134.53MU)	- 6.73 MU
Total retail sales including licensees	- 4371.13 MU
Fuel surcharge	- <u>7.99 paise/unit</u>

Rounded off to 8 paise per unit

OA 25/2015 and Petition No. 1249/ SEA/2015

13. KSEB Ltd has, in its Petition No.1249/SEA/2015, submitted reasons for delay in submitting the application for determination of FCRR for the period from October to December, 2014. The Commission decides to allow the petition filed by KSEB Ltd to condone the delay in filing OA 25/2015.
14. As per the data provided by KSEB Limited and based on the provisions of the Regulations, the month wise details of the fuel surcharge admissible for the 3rd quarter of the year 2014-15, i.e, for the months of October-2014, November -2014 and December -2014 are given below.

Table-8
Details of the fuel surcharge admissible for the month of October-2014

SI No	Source	Quantity of Electricity			Variable cost			Fuel surcharge admissible (Rs. Cr)
		Approved	Actuals	Admissible for FPA	Approved	Actuals	Considered for FCRR	
		(MU)	(MU)	(MU)	(Rs/kWh)	(Rs/kWh)	(Rs/kWh)	
1	Talcher-II	264.45	292.51	264.45	1.54	1.56	0.02	0.43
2	Ramagundam-II&III	200.38	210.05	200.38	2.14	2.50	0.36	7.15
3	NLC-II Stage-1	33	20.03	20.03	2.14	2.31	0.17	0.35
4	NLC-II Stage-2	46.99	51.86	46.99	1.99	2.31	0.32	1.52
5	NLC- Exp- Stage-1	37.06	39.32	37.06	2.14	2.17	0.03	0.11
6	Jhajjar	52.65	89.95	52.65	3.57	4.41	0.84	4.40
7	Simhadri	51.8	34.15	34.15	2.09	2.70	0.61	2.07
8	Vallur STPS	20.52	11.97	11.97	2.15	2.04	-0.11	-0.13
9	KDPP	7.56	10.15	7.56	11.31	10.63	-0.68	-0.51
	Total	714.41	759.99	675.24				15.39

Table-9
Details of the fuel surcharge admissible for the month of November -2014

SI No	Source	Quantity of Electricity			Variable cost			Fuel surcharge admissible (Rs. Cr)
		Approved	Actuals	Admissible for FPA	Approved	Actuals	Considered for FCRR	
		(MU)	(MU)	(MU)	(Rs/kWh)	(Rs/kWh)	(Rs/kWh)	
1	Talcher-II	255.92	282.63	255.92	1.54	1.66	0.12	3.01
2	Ramagundam- II&III	193.91	236.20	193.91	2.14	2.53	0.39	7.60
3	NLC-II Stage-1	31.93	30.13	30.13	2.14	2.34	0.20	0.60
4	NLC-II Stage-2	45.48	47.07	45.48	1.99	2.34	0.35	1.58
5	NLC- Exp- Stage-1	35.86	30.81	30.81	2.14	2.21	0.07	0.22
6	Jhajjar	50.95	125.27	50.95	3.57	4.58	1.01	5.14
7	Simhadri	50.13	69.67	50.13	2.09	2.67	0.58	2.91
8	Vallur STPS	19.86	13.89	13.89	2.15	2.24	0.09	0.12
9	KDPP	7.31	15.96	7.31	11.31	9.69	-1.62	-1.18
	Total	691.35	851.63	678.53				20.00

Table-10
Details of the fuel surcharge admissible for the month of December -2014

Sl No	Source	Quantity of Electricity			Variable cost			Fuel surcharge admissible (Rs. Cr)
		Approved	Actuals	Admissible for FPA	Approved	Actuals	Considered for FCRR	
		(MU)	(MU)	(MU)	(Rs/kWh)	(Rs/kWh)	(Rs/kWh)	
1	Talcher-II	264.45	305.70	264.45	1.54	1.43	-0.11	-2.85
2	Ramagundam-II&III	200.38	270.59	200.38	2.14	2.57	0.43	8.60
3	NLC-II Stage-1	33.00	32.59	32.59	2.14	2.31	0.17	0.55
4	NLC-II Stage-2	46.99	49.94	46.99	1.99	2.31	0.32	1.50
5	NLC- Exp- Stage-1	37.06	27.38	27.38	2.14	2.24	0.10	0.27
6	Jhajjar	52.65	108.00	52.65	3.57	4.24	0.67	3.53
7	Simhadri	51.80	83.16	51.80	2.09	2.70	0.61	3.16
8	Vallur STPS	20.52	11.35	11.35	2.15	2.30	0.15	0.17
9	KDPP	30.23	21.49	21.49	11.31	8.62	-2.69	-5.78
	Total	737.08	910.20	709.08				9.15

15. The summary of the quantity considered for the recovery of fuel surcharge and the amount of fuel surcharge admissible for the third quarter (October to December -2014) is given below.

Table-11
Summary of the fuel surcharge admissible for the for the third quarter October to December-2014

Sl No	Source	Quantity of Electricity			Variable cost			Fuel surcharge admissible (Rs. Cr)
		Approved	Actuals	Admissible for FPA	Approved	Actuals (wt. avg rate for the quarter)	Considered for FCRR	
		(MU)	(MU)	(MU)	(Rs/kWh)	(Rs/kWh)	(Rs/kWh)	
1	Talcher-II	784.82	880.84	784.82	1.54	1.47	-0.07	0.59
2	Ramagundam-II&III	594.67	716.84	594.67	2.14	2.52	0.38	23.35
3	NLC-II Stage-1	97.93	82.75	82.75	2.14	2.26	0.12	1.50
4	NLC-II Stage-2	139.46	148.87	139.46	1.99	2.26	0.27	4.60
5	NLC- Exp- Stage-1	109.98	97.51	95.25	2.14	2.14	0.00	0.60
6	Jhajjar	156.25	323.22	156.25	3.57	4.07	0.50	13.07
7	Simhadri	153.73	186.98	136.08	2.09	2.58	0.49	8.14
8	Vallur STPS	60.89	37.21	37.21	2.15	2.07	-0.08	0.16
9	KDPP	45.09	47.60	36.36	11.31	11.14	-0.17	-7.47
	Total	2142.82	2521.82	2062.85				44.54

The total fuel surcharge admissible for the 3rd quarter of 2014-15, as per Regulation-3 of the KSERC (Fuel Surcharge Formula) Regulations 2009 is Rs 44.54 crore.

16. In view of the sub-regulation (4) of regulation 3 of the KSERC (Fuel Surcharge Formula) Regulations, 2009 the rate of fuel surcharge is estimated as given below:

Total amount to be recovered as fuel surcharge	- Rs 44.54 crore
Total energy input from 1st October to 31st December 2014	- 5361.19 MU
Notional sales as per approved T&D loss (14.50%)	- 4583.82 MU
Applying notional loss of 5% to sales to Licensee (139.11MU)-	6.96 MU
Total retail sales including licensees	- 4576.86 MU
Fuel surcharge	- <u>9.7 paise/unit</u>

Rounded off to 10.00 paise per unit

OA 28/2015

17. As per the data provided by KSEB Limited and based on the provisions of the Regulations, the month wise details of the fuel surcharge admissible for the 4th quarter of the year 2014-15, i.e, for the months of January -2015, February -2015 and March -2015 are given below.

Table-12
Details of the fuel surcharge admissible for the month of January -2015

Sl No	Source	Quantity of Electricity			Variable cost			Fuel surcharge admissible (Rs. Cr)
		Approved	Actuals	Admissible for FPA	Approved	Actuals	Considered for FCRR	
		(MU)	(MU)	(MU)	(Rs/kWh)	(Rs/kWh)	(Rs/kWh)	
1	Talcher-II	264.45	290.89	264.45	1.54	1.50	-0.04	-0.95
2	Ramagundam-II&III	200.38	259.78	200.38	2.14	2.65	0.51	10.18
3	NLC-II Stage-1	33.00	46.53	33.00	2.14	2.28	0.14	0.46
4	NLC-II Stage-2	46.99	62.90	46.99	1.99	2.28	0.29	1.36
5	NLC- Exp- Stage-1	37.06	46.56	37.06	2.14	2.18	0.04	0.15
6	Jhajjar	52.65	125.99	52.65	3.57	4.31	0.74	3.87
7	Simhadri	51.80	76.62	51.80	2.09	2.81	0.72	3.73
8	Vallur STPS	30.78	16.82	16.82	2.15	2.14	-0.01	-0.02
9	KDPP	31.00	13.41	13.41	11.31	8.13	-3.18	-4.27
10	Total	748.11	939.50	716.56				14.51

Table-13
Details of the fuel surcharge admissible for the month of February-2015

SI No	Source	Quantity of Electricity			Variable cost			Fuel surcharge admissible (Rs. Cr)
		Approved	Actuals	Admissible for FPA	Approved	Actuals	Considered for FCRR	
		(MU)	(MU)	(MU)	(Rs/kWh)	(Rs/kWh)	(Rs/kWh)	
1	Talcher-II	238.86	269.62	238.86	1.54	1.43	-0.11	-2.60
2	Ramagundam-II&III	180.99	238.48	180.99	2.14	2.57	0.43	7.69
3	NLC-II Stage-1	29.81	41.97	29.81	2.14	2.30	0.16	0.47
4	NLC-II Stage-2	42.45	55.48	42.45	1.99	2.30	0.31	1.30
5	NLC- Exp- Stage-1	33.47	42.83	33.47	2.14	2.16	0.02	0.08
6	Jhajjar	47.55	114.97	47.55	3.57	4.50	0.93	4.41
7	Simhadri	46.78	69.01	46.78	2.09	2.86	0.77	3.60
8	Vallur STPS	27.80	15.52	15.52	2.15	1.94	-0.21	-0.33
9	KDPP	28.00	10.89	10.89	11.31	7.42	-3.89	-4.24
	Total	675.71	858.77	646.32				10.38

Table-14
Details of the fuel surcharge admissible for the month of March -2015

SI No	Source	Quantity of Electricity			Variable cost			Fuel surcharge admissible (Rs. Cr)
		Approved	Actuals	Admissible for FPA	Approved	Actuals	Considered for FCRR	
		(MU)	(MU)	(MU)	(Rs/kWh)	(Rs/kWh)	(Rs/kWh)	
1	Talcher-II	264.45	302.06	264.45	1.54	1.51	-0.03	-0.91
2	Ramagundam-II&III	200.38	248.64	200.38	2.14	2.72	0.58	11.63
3	NLC-II Stage-1	33.00	43.42	33.00	2.14	2.43	0.29	0.94
4	NLC-II Stage-2	46.99	60.56	46.99	1.99	2.43	0.44	2.05
5	NLC- Exp- Stage-1	37.06	47.41	37.06	2.14	2.26	0.12	0.43
6	Jhajjar	52.65	124.60	52.65	3.57	4.51	0.94	4.95
7	Simhadri	51.80	69.45	51.80	2.09	3.04	0.95	4.91
8	Vallur STPS	30.78	20.57	20.57	2.15	1.71	-0.44	-0.91
9	KDPP	31.00	10.88	10.88	11.31	7.50	-3.81	-4.15
10	Total	748.11	927.59	717.78				18.94

18. The summary of the quantity considered for the recovery of fuel surcharge and the amount of fuel surcharge admissible for the fourth quarter (January to March-2015) is given below.

Table-15
Summary of the fuel surcharge admissible for the for the third quarter
October to December-2014

Sl No	Source	Quantity of Electricity			Variable cost			Fuel surcharge admissible (Rs. Cr)
		Approved	Actuals	Admissible for FPA	Approved	Actuals (wt. avg rate for the quarter)	Considered for FCRR	
		(MU)	(MU)	(MU)	(Rs/kWh)	(Rs/kWh)	(Rs/kWh)	
1	Talcher-II	767.76	862.57	767.76	1.54	1.48	-0.06	-4.46
2	Ramagundam-II&III	581.75	746.90	581.75	2.14	2.65	0.51	29.50
3	NLC-II Stage-1	95.81	131.92	95.81	2.14	2.33	0.19	1.87
4	NLC-II Stage-2	136.43	178.94	136.43	1.99	2.33	0.34	4.71
5	NLC- Exp- Stage-1	107.59	136.80	107.59	2.14	2.20	0.06	0.66
6	Jhajjar	152.85	365.56	152.85	3.57	4.44	0.87	13.23
7	Simhadri	150.38	215.08	150.38	2.09	2.90	0.81	12.24
8	Vallur STPS	89.36	52.91	52.91	2.15	1.91	-0.24	-1.26
9	KDPP	90.00	35.18	35.18	11.31	7.71	-3.60	-12.66
10	Total	2171.93	2725.86	2080.66				43.83

19. The total fuel surcharge admissible for the fourth quarter of the year 2014-15, as per the Regulation 3 of the KSERC (Fuel Surcharge Formula) Regulations 2009 is Rs 43.83 crore.

20. In view of the sub-regulation (4) of regulation 3 of the KSERC (Fuel Surcharge Formula) Regulations, 2009 the rate of fuel surcharge is estimated as given below:

Total amount to be recovered as fuel surcharge	- Rs 43.83crore
Total energy input from 1st January to 31st March 2015	- 5565.05 MU
Notional sales as per approved T&D loss (14.50%)	- 4758.12 MU
Applying notional loss of 5% to sales to Licensee (139.76MU)-	6.99 MU
Total retail sales including licensees	- 4751.13 MU
Fuel surcharge	<u>- 9.20 paise/unit</u>

Rounded off to 9 paise per unit

21. As detailed under paragraph-12, 16 and 20 above, the amount of fuel surcharge admissible is:

(1) Rs 34.93 crore for the second (2nd) quarter of the year 2014-15 from 1st July 2014 to 30th September 2014.

(2) Rs 44.54 crore for the third (3rd) quarter of the from 1st October-2014 to 31st December-2015.

(3) Rs 43.83 crore from for the year from 1st January-2015 to 31st March-2015.

22. As per the sub regulation (6) read with sub-regulation (8) of regulation 3 of the KSERC (Fuel Surcharge Formula) Regulations 2009, the fuel surcharge approved as above has to be allowed to be recovered from consumers.

The said sub-regulations (6) and (8) of the regulation 3 of the KSERC (Fuel Surcharge Formula) Regulation 2009 are quoted hereunder;

(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.

(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.

23. The Commission vide its order dated 08-01-2015 on the application for allowing fuel price adjustment charges for the first quarter (April to June 2014) had approved an amount of Rs 32.50 crore as fuel surcharge for the period from April-2014 to June-2014, to be recovered from the consumers at the rate of Rs 0.07/per unit. However, the recovery of fuel surcharge as approved is postponed to be recovered along with the fuel surcharge pertains to ensuring quarters.

24. Sub-regulation (7) stipulates that 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. The KSERC (Fuel Surcharge Formula) Regulations, 2009, came into force with effect from 8th January, 2010. Therefore KSEB Ltd should have filed the details relating to FCRR for each quarter commencing from the 1st quarter of 2010. The details of claims for FCRR filed by KSEB Ltd is tabulated hereunder.

Year	Quarter	Petition No	Date of filing of petition	Date of order of the Commission	Remarks
2009-10	Apr -09 to Jun-09	OP 14/2010 (Two quarter together)	16-12-2010	5-4-2010	Commission approved Rs 190.00 crore and allowed to recover @Rs 0.25/unit from 1 st Apr-2010 for six months
	Jul-09 to Sep-09				
	Oct-09 to Dec-09	OP 18/2010	26-04-2010	Common order dated 2-11-2010	Commission approved Rs 265.84 crore, however adjusted the same against revenue surplus of KSEB for the year 2010-11.
	Jan-10 to Mar-10	OP 21/2010	28-06-2010		
2010-11	Apr-10 to Jun-10	OP 25/ 2010 (Two quarter together)	12-11-2010	03-02-2011	Commission approved Rs 115.88 crore and but adjusted the same against revenue surplus estimated for the year 2010-11
	Jul-10 to Sep-10				
	Oct-10 to Dec-10	OP 9/2011	8-03-2011	Common order dated 21-07-2011	Commission approved Rs 181.14 crore as fuel surcharge and allowed to recover the same @Rs 0.25/unit from 1 st August-2011 for six months
	Jan-11 to Mar-11	OP 17/2011	9-5-2011		
2011-12	Apr-11 to Jun-11	OP 32/2011 (two petitions together)	11-11-2011	01-02-2012	Approved Rs 161.10 crore as fuel surcharge and allowed to recover the same @Rs 0.20 unit from 1 st April-2012 onwards for six months
	Jul-11 to Sep-11				
	Oct-11 to Dec-11	OP 19/2012	16-02-2012	28-05-2012	Approved Rs 77.22 crore as fuel surcharge and allowed to recover the same @Rs 0.20/unit from Oct-2012 for three months
	Jan-2012 to Mar-2012	OP 26/2012	8-5-2012	03-10-2012	Approved Rs 51.84 crore as fuel surcharge and allowed to recover the same @Rs 0.10 unit for three months from Jan-2013.
2012-13	Apr-12 to Jun-12	Fuel surcharge petitions not filed			
	Jul-12 to Sep-12				
	Oct-12 to Dec-12				
	Jan-13 to Mar-13				
2013-14	Apr-13 to Jun-13	Fuel surcharge petitions not filed			
	Jul-13 to Sep-13				
	Oct-13 to Dec-13				
	Jan-14 to Mar-14				
2014-15	Apr-14 to Jun-14	OP 18/2014	21-10-2014	08-1-2015	Approved Rs 32.05 crore, however the recovery of the same is postponed.

25. As detailed above, KSEB Ltd has been not filing the application for recovery of fuel surcharge regularly in each quarter before the Commission, for approval as mandated in the regulation. The stakeholders have also raised this issue. It is also noted that, KSEB Ltd has not submitted the application for fuel surcharge and the details of the additional liability / reduction in power purchase for the financial years 2012-13 and 2013-14. Further, the

Commission vide its letter dated 22-09-2015 has sought for the details of the amount approved as fuel surcharge during the past quarters and the 'surcharge amount collected by KSEB Limited against the fuel surcharge approved. However, KSEB Limited has not submitted the details.

26. As pointed out in earlier paragraphs, every distribution licensee shall, within 15 days after the end of each quarter, submit before the Commission the application for approving the FCRR to be realized from the consumers, with necessary details for its estimation. If there is any delay in filing the application for approval of FCRR, due to reasons beyond the control of the licensee, it could have filed such application with petition to condone delay, explaining the reasons for such delay. In this case KSEB Ltd has not filed any application for the approval of FCRR for eight quarters in the financial years 2012-13 and 2013-14 consecutively. This may be due to the following reasons,-
- (i) The data relating to the purchase and generation during the said periods, if presented accurately, may reveal a negative FCRR, resulting in repayment of excess realization of electricity charges to the consumers.
 - (ii) The recovery of fuel surcharge that can be effected might be nil or negligibly small.

By not filing application for approval of FCRR for the eight quarters in the financial years 2012-13 and 2013-14, the licensee has forfeited its claim for the recovery of additional cost of power purchase by way of fuel surcharge admissible under the Fuel Surcharge Regulations, 2009. But in that process, the licensee cannot deprive the consumers of their rights relating to any relief in tariff or their rights relating to information about such reliefs or surcharges. Though KSEB Ltd has forfeited its claim for recovery of fuel surcharge during 2012-13 and 2013-14, the consumers retain their right for reliefs if any admissible under the Fuel Surcharge Regulations, 2009. In this regard it should be specifically noted that the major objectives of enacting the Electricity Act, 2003, as embodied in the preamble to the said Act, include ensuring transparent policies and protection of consumer interest. The Hon'ble Appellate Tribunal for Electricity and the Hon'ble Supreme Court have repeatedly held that the tariff determination process under Sections 62 and 64 of the Electricity Act, 2003, is a quasi-legislative process. This is to ensure that the policies, the regulations, the procedures and the data based on which

tariff is determined should be made known to all the stakeholders and the public at large. Fuel surcharge is a part of tariff. Hence a decision on realization of fuel surcharge can be taken only in a transparent manner based on all relevant data and records, after making them available in public domain. KSEB Ltd has not yet submitted such data and information in spite of the specific direction of the Commission.

27. Under the circumstances explained above, the Commission decides to postpone the decision on the realization of fuel surcharge from the consumers based on the approval as indicated in paragraphs 10, 14 and 18, along with the amount of fuel surcharge approved for during the 1st quarter of the FY 2014-15. Once KSEB Ltd submits all the necessary and sufficient details as per the provisions of Fuel Surcharge Regulations, 2009, the Commission would consider the request of KSEB Ltd relating to realization of such fuel surcharge from the consumers.

Order of the Commission

28. Considering the facts and circumstances as well as the relevant statutory provisions the Commission hereby issues the following orders,-

- (1) The delay in filing OA No.11/2015 is condoned.
- (2) The delay in filing OA No.25/2015 is condoned.
- (3) The Commission hereby approves
 - a) an amount of Rs.34.93 crore as fuel surcharge for the period from 1st July to 30th September 2014.
 - b) an amount of Rs 44.54 crore as fuel surcharge for the period from 1st October 2014 to 31st December 2014.
 - c) an amount of Rs 43.83 crore as fuel surcharge for the period from 1st January 2015 to 31st March 2015.
- (4) Since KSEB Ltd had not submitted the necessary and sufficient details pertaining to the eight quarters in the financial years 2012-13 and 2013-14, KSEB Ltd has forfeited its claim to recover admissible fuel surcharge in accordance with the provisions of Fuel Surcharge Regulations, 2009.

- (5) The prayer of KSEB Ltd for the realization of the fuel surcharge as approved in the order (3) above read with paragraphs 10 to 21 of the order, along with the fuel surcharge approved for the first quarter of the year 2014-15 in the petition OP 18/2014 cannot be granted now.
- (6) KSEB Ltd is directed to submit all relevant data and records to the Commission in accordance with the provisions of Fuel Surcharge Regulations, 2009, to enable the Commission to take appropriate further decisions in the matter.

The petition is disposed off. Ordered accordingly.

Sd/-
K.Vikraman Nair
Member

Sd/-
S.Venugopal
Member

Sd/-
T.M. Manoharan
Chairman

Approved for issue,

Sd/-
Santhosh Kumar.K.B
Secretary