

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

**Present: Shri. Preman Dinaraj, Chairman**  
**Adv. A.J Wilson, Member (Law)**

**OP 26/2021**

In the matter of : Petition on 'Proposals to recover the additional cost incurred during the period October 2020 to December 2020, over approved level on Generation and Power Purchase due to variation in cost of fuel, from all consumers including Bulk consumers and other Licensees through fuel surcharge

Petitioner : Kerala State Electricity Board Limited

**OP 27/2021**

In the matter of : Petition on ' Proposals to adjust the differential cost in variable charges during the period January 2021 to March 2021 against the approved level on Generation and Power Purchase due to variation in cost of fuel.

Petitioner : Kerala State Electricity Board Limited

Date of hearing : 26.08.2021

**Common Order dated 14.07.2022**

**OP No. 26/2021**

1. Kerala State Electricity Board Limited (hereinafter referred to as KSEB Ltd or the petitioner) filed a petition on 29.01.2021, for the approval of the fuel surcharge for the period from October 2020 to December 2020. The prayers in the petition are:
  - (a) *Additional financial liability incurred by KSEBL, amounting to Rs 13.33 Cr, resulting from the variation in variable charges of power purchase from approved sources for the period from October to December 2020 as per regulation 86 of KSERC Tariff Regulations 2018 as detailed in **Annexure IV & V** to this petition may kindly be approved.*
  - (b) *This approved additional cost may kindly be allowed to be recovered from consumers including bulk consumers and other licensees as fuel surcharge, as per the Regulation 86 of KSERC Tariff Regulations 2018, @ 2 paise per unit from 1<sup>st</sup> June 2021 onwards.*

The Commission admitted the petition as OP 26/2021.

2. The summary of the petition OP No. 26/2021 is given below.

- (1) The Commission, vide Order dated 08.07.2019 in OA No. 15/2018 has approved the ARR, ERC and Tariff of KSEB Ltd for the control period from 2018-19 to 2021-22. The cost of power purchase is one of the expenses approved by the Commission in the ARR. The Commission approved the ARR, ERC and the Tariff as per the provisions of the KSERC (Terms and Conditions for Determination of Tariff) Regulations, 2018 (herein after referred as Tariff Regulations, 2018).
- (2) As per the Sub Regulation (6) of Regulation 86 of the Tariff Regulation, 2018, KSEB Ltd has to file the petition with all relevant details for the approval of the amount of fuel surcharge to be adjusted from the consumers, within 30 days after the close of each quarter. Accordingly, the petition for the approval of the fuel surcharge for the third quarter of the FY 2020-21 has to be filed before the Commission on or before 30<sup>th</sup> January 2021. KSEB Ltd filed the petition on 29.01.2021.
- (3) The month wise variation of the actual variable cost and the same approved vide Order dated 08.07.2020 in OA No. 15/2018 in the third quarter from October-2020 to December 2020 is given below.

Table-1  
Variable cost- Approved and actual during the 3<sup>rd</sup> quarter of the FY 2020-21

SI No	Source	Approved	Actual (Rs/ kWh)		
		(Rs/ kWh)	Oct-20	Nov-20	Dec-20
Central Generating Stations					
1	NTPC-RSTPS Stage I & II	2.540	2.502	2.477	2.408
2	NTPC-RSTPS Stage III	2.490	2.469	2.436	2.369
3	Talcher	1.770	2.114	2.055	1.877
4	Simhadri TPS Stage II	2.950	2.922	2.824	2.692
5	NLC-Stage-1	2.690	2.774	2.775	2.775
6	NLC-Stage-II	2.690	2.774	2.775	2.775
7	NLC I Expansion	2.490	2.418	2.408	2.530
8	NLC II Expansion	2.490	2.524	2.534	2.661
9	Vallur STPS	3.200	3.081	2.895	2.789
10	NTPL	3.280	2.997	2.970	2.913
11	NTPC Kudgi	3.980	0.000	0.000	2.756
Independent Power Producers					
12	RTPS	2.341	2.867	2.840	2.882
13	Mejia	2.507	2.708	2.772	2.769
14	Maithon Power Ltd- Contract I	2.435	2.532	2.502	2.477
15	Maithon Power Ltd- Contract II	2.435	2.532	2.502	2.477
16	Jindal Power Ltd-Bid I	1.310	1.310	1.310	1.320
17	Jhabua Power Ltd-Bid I	1.950	1.960	1.960	1.970
18	Jindal Power Ltd-Bid II	1.190	1.310	1.310	1.320
19	Jhabua Power Ltd-Bid II	1.730	1.880	1.880	1.890
20	JITPL	1.030	1.140	1.140	1.140
21	BALCO	1.220	1.160	1.160	1.170

- (4) The summary of additional liability claimed by KSEB Ltd due to change in variable cost over approved level during the third quarter of the FY 2020-21 is given below.

Table-2  
Additional liability claimed by the KSEBL due to the change in variable cost over approved level during the third quarter of the FY2020-21

	Energy procurement			Add liability		Claim of KSEBL
	Approved	Actual	Admissible	Actual	Admissible	
	(MU)	(MU)	(MU)	(Rs. Cr)	(Rs. Cr)	(Rs.Cr)
CGS	2287.91	1740.73	1675.28	5.80	4.74	4.74
IPPs	2209.91	2184.53	2029.08	18.72	16.50	8.59
Total	4497.82	3925.26	3704.36	24.52	21.24	13.33

KSEB Ltd has proposed to collect the fuel surcharge @ 2 paise per unit for the energy consumption from June 2021 onwards for a period of three months.

- (5) KSEB Ltd submitted that, as per the earlier orders on fuel surcharge approved by the Commission for the first quarter of the FY 2020-21 dated 14.02.2020 and for the second quarter of the FY 2020-21 dated 27.04.2020, KSEB Ltd had limited the payment towards the three unapproved DBFOO contracts under bid-2, namely Jhabua Power Limited (100 MW), Jindal Power Limited (150 MW) and Jindal India Thermal Power Ltd (100MW) with a total capacity of 350MW, for which approval of the PSA is not granted by the Commission for want of approvals from Central Government and State Governments, at the rate of BALCO at Kerala periphery. Accordingly, KSEB Ltd withheld Rs 14.79 crore during the third quarter by limiting the payment at BALCO rate at Kerala periphery. KSEB Ltd also submitted that, they are not claiming the additional liability amounts to Rs 7.91 crore during the third quarter.
- (6) KSEB Ltd further submitted that, from the CGS and IPPs, there was variable in energy availability compared to the approval, mainly due to the following reasons.
- (i) Change in annual maintenance schedule
  - (ii) Unscheduled outages in generating stations as well as transmission lines.
  - (iii) Variable in norms for auxiliary consumption, Station Heat Rate (SHR), and plant load factor as per CERC Tariff Regulations 2019 and CERC Tariff Regulations, 2014.
- (7) KSEB Ltd further submitted that, in the petitions on ARR, the energy availability of CGS was estimated based on the maintenance schedule of past years, however there was variations in the actual maintenance schedule followed. The energy availability and cost of CGS was estimated in the MYT petitions based on the CERC Tariff Regulations, 2014, since the CERC Tariff Regulations, 2019 was notified subsequent to the filing of ARR petitions. However there was variations in auxiliary consumption, plant availability factor in the CERC Tariff Regulations,

2019 when compare to the previous CERC Tariff Regulations, 2014. There are variations in the SHR of the thermal stations in the Tariff Regulations 2019 when compare to the previous Regulations.

- (8) In addition to the variation in availability there is variation in the per unit variable cost also, over the approved level on account of variation in normative SHR and auxiliary consumption (consequent to the notification of CERC Tariff Regulation for control period 2019-24), variation in the price of primary fuel as well as secondary fuel, variation in calorific value and cost of transportation of fuel.
- (9) KSEB Ltd further submitted that, the actual demand during the quarter was less by 470.51 MU over approval. The net power purchase was less by 810.39 MU from the approval as follows.
- Purchase from CGS- less by 440 MU.
  - RE purchase, less by 360.83 MU
  - IPPs outside the State- 25.38 MU
  -

KSEB Ltd also submitted that, the actual hydro generation was 293.51 MU more than the approved quantum. KSEB Ltd purchased 41.54 MU through exchanges and through power transfer through deviation settlement mechanism for meeting the demand of the State.

KSEB Ltd also claimed that, the reduction in demand of 470.51 MU in third quarter resulted in reduction in revenue by Rs 289.09 crore, and the reduction in revenue from external sale was Rs 25.58 crore. Thus the overall reduction in revenue during the third quarter was Rs 314.67 crore. As against the same, the reduction in cost of purchase was only Rs 222.56 crore. Since the variation in demand, hydro thermal-mix etc. cannot be addressed in the petition on fuel surcharge, KSEB Ltd requested to consider the same at the time of truing up.

### **OP 27/2020**

3. KSEB Ltd, on 05.05.2021, filed the petition in the matter of 'Proposals to adjust the differential cost in variable charges during the period January 2021 to March 2021 against the approved level on Generation and Power Purchase due to variation in cost of fuel'. The prayers of the petition are,
- a) *Additional savings generated by KSEBL, amounting to Rs 19.80 Cr, resulting from the variation in variable charges of power purchase from approved sources for the period from January to March 2021 as per regulation 86 of KSERC Tariff Regulations 2018 as detailed in Annexure IV to this petition may kindly be approved.*
  - b) *This approved savings may kindly be allowed to adjust against the pending fuel surcharge for recovery/approval pertaining to the period from July 2019 to December 2020 and allowed to recover the remaining amount from consumers including bulk consumers and other licensees as fuel surcharge, as per the Regulation 86 of KSERC Tariff Regulations 2018*

The Commission admitted the petition as OP 27/2021.

4. The summary of the petition filed by KSEB Ltd is given below.

- (1) The petition with proposals to adjust the variation in fuel cost during the fourth quarter of the FY 2020-21 from January 2021 to March 2021 was filed as per the Regulation 86 of the KSERC (Terms and Conditions for Determination of Tariff) Regulations, 2018.
- (2) A comparison of the actual variable cost claimed by KSEB Ltd against the same approved vide Order dated 08.07.2020 in OA No. 15/2018 during the fourth quarter of the year 2020-21 is given below.

Table-3  
Variable cost- Approved and actual during the 4<sup>th</sup> quarter of the FY 2020-21

Sl No	Source	Approved	Actual (Rs/ kWh)		
		(Rs/ kWh)	Jan-21	Feb-21	Mar-21
<b>Central Generating Stations</b>					
1	NTPC-RSTPS Stage I & II	2.54	2.390	2.383	2.455
2	NTPC-RSTPS Stage III	2.49	2.358	2.348	2.406
3	Talcher	1.77	1.942	2.034	1.908
4	Simhadri TPS Stage II	2.95	2.667	2.703	2.856
5	NLC-Stage-1	2.69	2.638	2.644	2.644
6	NLC-Stage-II	2.69	2.638	2.644	2.644
7	NLC I Expansion	2.49	2.420	2.424	2.424
8	NLC II Expansion	2.49	2.542	2.545	2.545
9	Vallur STPS	3.20	3.003	2.830	3.063
10	NTPL	3.28	2.934	2.933	2.984
11	NTPCKudgi	3.98	2.997	3.194	3.318
<b>Independent Power Producers</b>					
12	RTPS	2.341	2.613	2.656	2.935
13	Mejia	2.507	2.755	2.785	2.732
14	Maithon I	2.435	2.353	2.242	2.182
15	Maithon II	2.435	2.353	2.242	2.182
16	Jindal Power Ltd-Bid I	1.310	1.320	1.320	1.320
17	Jhabua Power Ltd-Bid I	1.950	1.970	1.970	1.970
18	Jindal Power Ltd-Bid II	1.190	1.320	1.320	1.323
19	Jhabua Power Ltd-Bid II	1.730	1.890	1.890	1.890
20	JITPL	1.030	1.150	1.150	1.150
21	BALCO	1.220	1.170	1.170	1.170

- (3) The summary of additional liability claimed by KSEB Ltd for the Fourth quarter of the FY 2020-21 is given below.

Table-4  
Additional liability claimed by the KSEBL due to the change in variable cost over approved level during the 4<sup>th</sup> quarter of FY 2020-21

	Energy procurement			Add liability		
	Approved quantum	Actual	Admissible as per Regulation	Actual	Admissible as per Regulation	Claimed by KSEBL
	(MU)	(MU)	(MU)	(Rs. Cr)	(Rs. Cr)	
CGS	2394.03	2255.57	2147.49	-21.88	-18.71	-18.71
IPPS	2188.05	2084.98	1978.87	7.46	7.53	-1.09
Total	4582.08	4340.56	4126.35	-14.42	-11.18	-19.80

KSEB Ltd has submitted that, as per the Regulations, there is a net savings amounting to Rs 18.71 crore during the fourth quarter of the FY 2020-21, and the savings due to difference in variable cost of IPPs is Rs 1.09 crore. Thus the net savings proposed to pass on to the consumers is Rs 19.80 crore.

- (4) KSEB Ltd submitted that, as per the earlier orders on fuel surcharge approved by the Commission for the first quarter of the FY 2020-21 dated 14.02.2020 and for the second quarter of the FY 2020-21 dated 27.04.2020, KSEB Ltd had limited the payment towards the three unapproved DBFOO contracts under bid-2, namely Jhabua Power Limited (100 MW), Jindal Power Limited (150 MW) and Jindal India Thermal Power Ltd (100MW) with a total capacity of 350MW, for which approval of the PSA is not granted by the Commission for want of approvals from Central Government and State Governments, at the rate of BALCO at Kerala periphery. Accordingly, KSEB Ltd withheld Rs 18.34 crore during the fourth quarter by limiting the payment at BALCO rate at Kerala periphery. KSEB Ltd also submitted that, they are not claiming the additional liability amounts to Rs 8.62 crore during the fourth quarter.
- (5) KSEB Ltd further submitted that, there had been variations in energy availability than approval from various approved generating stations, mainly due to the following reasons.
- (i) Change in annual maintenance schedule.
  - (ii) Unscheduled outages in generating stations as well as transmission lines.
  - (iii) Variable in norms for auxiliary consumption, Station Heat Rate (SHR), and plant load factor as per CERC Tariff Regulations 2019 and CERC Tariff Regulations, 2014.
- (6) KSEB Ltd also submitted that, the actual demand during the fourth quarter was increased by 99.06MU over the over approval. However, there was a reduction in power purchase by 597.43 MU, from CGS, IPPs and RE sources outside the State as detailed below.
- Purchase from CGS- less by 223.80 MU (at ex bus).

- RE purchase, less by 360.83 MU (at ex bus).
- IPPs outside the State- 103.07MU

KSEB Ltd also submitted that, the actual hydro generation was increased by 358.81 MU over the approval, further in order to meet the reduction in availability from CGS etc., KSEB Ltd purchased 85.26 MU from exchanges and deviation settlement, and also availed 65.85MU through banking arrangements.

Since the variation in energy demand and impact of hydro-thermal mix cannot be addressed under the purview of the fuel surcharge regulation, KSEB Ltd requested to consider these issues at the time of truing up.

5. Public hearing on both the petitions are conducted at Ernakulam on 26.08.2021. The summary of the deliberations during the hearing is given below.

(1) Sri K G P Nampoothiri, Executive Engineer, made a detailed presentation based on the petitions before the Commission. KSEB Ltd submitted that, the variation in variable cost over approval was mainly due to the following:

- Changes in the normative values of SHR and auxiliary consumption as per the CERC tariff Regulations, 2019.
- increase in the cost of coal by the coal supplier M/s Coal India Ltd and its subsidiaries.
- Variation in calorific value of coal.

KSEB Ltd further submitted that, as directed by the Commission, the licensee had not claimed fuel surcharge for the three unapproved DBFOO sources for the third and fourth quarter of the FY 2020-21.

The additional liability claimed as fuel surcharge for the third quarter is Rs 13.33 crore. However, as per the claim of KSEB Ltd, there was a net saving of Rs 19.80 Crore in the fuel surcharge claimed for the fourth quarter of the FY 2020-21.

(2) Sri Dijo Kappen, representing domestic consumers submitted that, cheaper power is available in the power exchanges, and rates in the power exchanges are much less than most of the long-term contracts entered into by KSEB Ltd for purchase of power. Mr. Kappen requested before the Commission that, henceforth, the Commission may not approve any more long-term contracts for purchase of power. He further requested before the Commission to direct KSEB Ltd to terminate the long-term contracts whose cost of power is more than the exchange rates.

Mr. Kappen also raised the issue that, the employee cost of the KSEB

Ltd is very much on the higher side. The last pay revision implemented by KSEB Ltd in the year 2020-21 is without the approval of the Commission and hence the increase in employee cost due to the pay revision shall not be allowed to pass on to the consumers.

Mr. Kappen also requested Commission to direct KSEB Ltd to offer the surplus power available with them to open access consumers at the power exchange rate.

The Commission clarified during the hearing that, the new Draft Tariff Regulation 2021, published by the Commission for public comments has considered this issue.

- (3) Sri. Saji Mathew, MRF Ltd, submitted that the HT&EHT Electricity Consumers Association will present a detailed presentation on the subject petition on behalf of the members of the Association. He further submitted, in earlier fuel surcharge petitions, KSEB Ltd had been providing the month wise details of the T&D loss fuel surcharge petition, however, in the present petitions for the third and fourth quarter, KSEB Ltd has not submitted the month wise details of the actual T&D losses. However, the association estimated the T&D loss based on the data available in the website and noted that in some months the actual T&D loss of KSEB Ltd was much higher than the approval and in some other months the actual loss was very much less than the approved level.
- (4) Sri. Rajesh Kuruvilla, on behalf of the HT&EHT Electricity Consumers Association made a detailed presentation on the subject petitions before the Commission and its summary is given below.
  - (i) T&D loss.  
KSEB Ltd has not submitted the month wise details of the actual loss details, citing the reason that the energy sales corresponding to energy input is available from billing only in subsequent months.

However, the Association computed the month wise details of the T&D loss based on the data available at the website as well as the data provided by KSEB Ltd.

The Association further submitted that, as per the SLDC data, the actual T&D loss for the third quarter of the FY 2020-21 is 16.94% and the same for fourth quarter is 16.04%.

The Association were unable to understand the technical or commercial reason for such large variations in the percentage of losses every month. The T&D loss is a key performance parameter of the licensee which affects the cost of supply to all consumer categories. Hence the Association request to the Commission to take up a detailed study and analysis on this issue.



- (ii) Variable cost of CGS and IPPs claimed by KSEB Ltd.
- The increase in variable cost of Talcher-II station is upto 19% in the third quarter where as the same in fourth quarter ranges from 8% to 15%.
  - Among IPPs, the variable cost of DVC Reghunathpur station is in the range of 21% to 23% in third quarter, and in the range of 9% to 25% in fourth quarter.

KSEB Ltd has not provided specific reasons for such abnormal increase. Hence the Association requested before the Commission to direct KSEB Ltd to provide clarifications and supporting documents for the increase in variable cost of Talcher-II, DVC stations and IPPs.

- (iii) The summary of the FSA amount recommended by the Association is given below.

Table-5  
Summary of the fuel surcharge recommended for approval

Period	FSA amount claimed by KSEBL	FSA amount recommended (excluding unapproved DBFOO Bid2 stations)
	(Rs. Cr)	(Rs. Cr)
Q1 2020-21	38.94	34.61
Q2 2020-21	41.79	33.79
Q3 2020-21	13.33	13.33
Q4 2020-21	-19.80	-19.80
Total	74.26	61.93

- (iv) The Association recommended to issue necessary orders to collect the FSA dues of Rs 61.93 crore from consumers within the next two quarters of the FY 2021-22.
- (5) Sri. A.R. Satheesh, president of the HT&EHT Association, supported the issues raised by the Association. He further added that, the Commission may seek detailed explanation on the methodology adopted by KSEB Ltd for determining the month wise T&D loss.

He further appreciated the Commission for the proposal in the draft Tariff Regulation 2021 to offer the surplus power available with KSEB Ltd to the open access consumers at the power exchange rate at which KSEB Ltd otherwise sell such surplus power through exchanges. He further pointed out that, open access consumers may purchase such energy provided the exchange rate is less than the energy charge as per the prevailing tariff Order. If the exchange rates are higher, the open access consumers may even agree to reduce their consumption so that KSEB Ltd can sell such power through exchanges. The Association agreed to

submit a detailed procedure in this regard.

- (6) Sri. Shaji Sebastain, in his capacity as an electrical contractor, presented his comments and supported the views expressed by the HT&EHT Association. He further commented on the number of disputes between KSEB Ltd and consumers, pending before various legal forums at various courts including Hon'ble High Court.
  - (7) Sri. Aneesh R, Apollo Tyres, fully supported the comments of the HT&EHT Association on the subject petitions.
6. Based on the deliberations during hearing, Commission vide common daily Order dated 08.10.2021 had issued the following directions to KSEB Ltd for immediate compliance.
- (1) Procedures specified by the CEA/PFC/other rating agencies under Ministry of Power, Gol for the computation of T&D Loss and AT&C loss of Distribution Companies in the Country.
  - (2) Detailed explanation on the reason for the wide variation in the month wise T&D loss as per the energy input and energy sales submitted by KSEB Ltd with necessary supporting documents.
  - (3) Reason for the difference between the T&D loss based on the energy input as per the SLDC SCADA data and energy input claimed by KSEB Ltd.
  - (4) Reason for not providing the month wise details of actual T & D loss along with the petition for fuel surcharge.
  - (5) The reason for excessive increase in the variable cost of Talcher – II station, DVC stations and other IPPs during third and fourth quarter of the financial year 2020-21.
7. In compliance of the directions of the Commission, KSEB Ltd vide letter dated 18.01.2022 submitted the details and its summary is given below.
- (1) Guidelines specified by CEA for calculation of AT&C loss vide letter No. CEA/DPD/ AT&C losses/2017 dated 02.06.2017.
  - (2) & (4) Explanation on the reasons for wide variations in month-wise T&D loss levels, and reasons for not providing the month wise details of the actual T&D loss along with the petition on fuel surcharge. Its summary is given below.

KSEB Ltd submitted that, T&D loss for a given period is arrived at based on the energy input data for that particular period and the energy sales corresponding to that energy input. However in the present system of billing, the monthly T&D loss cannot be arrived accurately due to the following.:

- (i) In KSEB Ltd system, 98% of consumers are billed bimonthly and remaining are billed one monthly basis.
  - (ii) The energy billed during a particular month consists of the following:
    - Energy consumption of previous month in the case of monthly billed consumers.
    - In the case of bimonthly billed consumers – the consumption as on bill date is the consumption pertaining to previous 60 days preceding to the bill date. Further only half (50%) of the total bimonthly billed consumers are billed in a month.
  - (iii) Thus, the consumption shown in the bills of bimonthly billed consumers corresponding to the consumption during the previous 60 days prior to the date of billing. Hence, it is not possible for KSEB Ltd to find exact sales corresponding to the energy input in a particular month.
  - (iv) There is wide variation in the energy demand over month to month. For example, the energy demand in the month of June after the onset of monsoon is less by about 25% when compared to the demand in April and May. Hence, when comparing the energy billed in June (which corresponds to the energy sale in April and May) with the actual energy consumption in June (energy generation and purchase), the loss may appear to be much less than the approved level. Similarly, the energy demand in February and March will be about 25% higher than the demand in December and January. Hence when comparing the loss with reference to the energy billed in February and March (which corresponds to the energy sale in December and January) with the energy consumption in February and March, it can be seen that the loss assessed is much higher than the approved level.
  - (v) In the fuel surcharge petitions, KSEB Ltd submitting the monthly energy input and monthly energy billed details of a particular quarter. As the monthly energy billed data does not capture the energy sales during that month, the loss figures so arrived does not reflect the actual T&D loss of that month. Hence KSEB Ltd is not submitting monthly T&D losses in the fuel surcharge petition.
- (2) Reasons for wide variations in the monthly consumption as per the SLDC data and the actuals claimed by KSEB Ltd.

The energy sales and energy input of the fuel surcharge petitions corresponds to the energy sales by KSEB Ltd, and the energy generated and purchased by KSEB Ltd. The energy sales and generation furnished by KSEB Ltd does not include the energy wheeled by embedded consumers and captive generation.

In the SLDC data, the energy input at KSEB Ltd periphery is taken as the consumption of the State, which include open access consumption and captive generation.

- (5) Reasons for the excessive increase in the variable cost of Talcher-II Station and DVC stations during the third and fourth quarter of the financial year 2020-21.

The coal used in DVC stations are of high grade coal such as washery coal, the average cost of which is higher @3995/- per MT and Rs 4439/- per MT for Mejia and Regunathpur respectively.

The increase in ECR for Talcher II station is due to the following stations.

- (i) Coal price have revised w.e.f 1<sup>st</sup> December 2020 vide the price notification No. CIL/ M&S/ Pricing: 194 dated 27.11.2020 of M/s Coal India Ltd.
- (ii) High cost imported coal is used along with domestic coal.

### Analysis and Decision

8. The Commission has examined in detail the petitions filed by KSEB Ltd for the approval of the fuel surcharge for the third quarter of the FY 2020-21 (October 2020 to December 2020) and fourth quarter of the FY 2020-21 (January 2021-March 2021), the objections made by the stakeholders, additional submissions made by KSEB Ltd, provisions of the Electricity Act, 2003, KSERC (Terms and Conditions for Determination of Tariff) Regulations, 2018, Judgment of the Hon'ble Appellate Tribunal for Electricity (APTEL) vide Order dated 20.11.2020 and the fact that the Commission has challenged the decision of the Hon'ble APTEL before the Hon'ble Supreme Court which has stayed the Order of Hon'ble APTEL vide Order dated 27.01.2021 and prudent utility practices in the Country, hereby decide as follows.

9. The Section 62(4) of the Electricity Act, 2003 provides for recovery of fuel surcharge as per the fuel surcharge formula specified by the Commission.

The Section 62(4) of the Electricity Act-2003 is extracted below for ready reference.

*“(4) No tariff or part of any tariff may ordinarily be amended more frequently than once in any financial year, except in respect of any changes expressly permitted under the terms of any fuel surcharge formula as may be specified.”*

10. Hon'ble APTEL vide judgment dated 11.11.2011 in OP No. 1 of 2011 had issued directions to all the State Commissions in the Country, regarding the fuel surcharge as follows.

*65. In view of the analysis and discussion made above, we deem it fit to issue the following directions to the State Commissions:*

.....

*(vi) Fuel and Power Purchase cost is a major expense of the distribution Company which is uncontrollable. Every State Commission must have in place a mechanism for Fuel and Power Purchase cost in terms of Section 62 (4) of the Act. The Fuel and Power Purchase cost adjustment should preferably be on monthly basis on the lines of the Central Commission's Regulations for the generating companies but in no*

*case exceeding a quarter. Any State Commission which does not already have such formula/mechanism in place must within 6 months of the date of this order must put in place such formula/ mechanism.”*

The Regulation-86 of the KSERC (Terms and Conditions for Determination of Tariff) Regulations, 2018 (herein after referred as Tariff Regulations, 2018), deals with the 'Fuel Surcharge Formula' and related aspects, which is extracted below for ready reference.

“86. Fuel surcharge formula.–(1) The tariff or part of any tariff determined in accordance with these Regulations, shall not ordinarily be amended, more frequently than once in any financial year, except in respect of any changes expressly permitted by the Commission under the terms of fuel surcharge formula specified in this Regulation.

(2) Fuel surcharge is the amount approved by the Commission in terms of the formula specified under Annexure X, by way of recovery from or refund to the consumer, so as to enable the distribution business/licensee to pass through to the consumer additional expenditure or savings due to:

(i) the difference between the actual cost of fuel and the cost of fuel approved in Aggregate Revenue Requirement by the Commission for the generation of electricity in the generating stations owned by the distribution business/licensee; and

(ii) the difference on account of the change in cost of fuel, between the actual cost of power purchase and the cost of power purchase as approved by the Commission in the Aggregate Revenue Requirement.

(3) The distribution business/licensee may be allowed by the Commission to adjust the fuel surcharge on a quarterly basis at the rate and the period of adjustment, as approved by the Commission based on the petition submitted by the distribution business/licensee specifically for this purpose.

(4) (a) The amount of fuel surcharge to be adjusted shall be determined by the Commission in accordance with the formula specified in Annexure X.

(b) The difference between the actual cost of fuel and the approved cost of fuel for own generation shall be computed for each quarter with respect to the month wise quantity of generation as approved by the Commission in the Aggregate Revenue Requirement of the distribution business/licensee, based on merit order.

(c) The difference between the actual cost of power purchase and the approved cost of power purchase on account of change in cost of fuel shall be computed for each quarter with respect to the month wise quantity of power purchase as approved by the Commission in the Aggregate Revenue Requirement of the distribution business/licensee, based on merit order.

(5) Every distribution business/licensee shall, within thirty days after the close of each quarter, submit to the Commission a petition with all relevant details required for the approval of the amount of fuel surcharge to be adjusted from the consumers and the rate and period of such adjustment:

Provided that distribution licensees who purchase electricity from KSEB Limited in bulk for retail sale, are exempted from the above requirement.

(6) The Commission may, after prudence check, approve with modifications if any, the amount of fuel surcharge to be adjusted from the consumers and stipulate the rate and the period of such adjustment.

(7) The rate of adjustment of fuel surcharge shall be expressed as paise per kWh and it shall be adjusted in the energy charges as per the existing tariff for the energy billed to each consumer, on a monthly or bi-monthly basis, as the case may be.

(8) The adjustment on account of fuel surcharge as approved by the Commission shall be affected from the third month of the subsequent quarter onwards or as directed by the Commission.

(9) The fuel surcharge adjustment shall be uniformly applicable to all consumers in the State except the domestic consumers with connected load of and below 500 W and having monthly consumption of and below 20 units.

(10) The Commission may decide appropriate rate and period of adjustment of the amount of fuel surcharge, considering the impact on the tariff of consumers.

(11) (a) The distribution business/licensee shall submit to the Commission, the month-wise details of the changes in the cost of fuel with respect to the approved cost for all its generating stations using liquid fuel or gas or coal, for each quarter separately.

(b) The distribution business/licensee shall submit to the Commission, the source wise and month-wise details of the changes in the cost of power purchase with respect to the approved cost of power purchase on account of change in cost of fuel, for each quarter separately.

(c) The month-wise details as specified in clauses (a) and (b) above, shall be submitted in the Form-I as specified in Annexure-X to these Regulations, on a quarterly basis.

(12) (a) Distribution licensees who purchase electricity from KSEB Limited in bulk for retail sale, shall within fifteen days of the close of each month, provide to KSEB Limited with a copy to the Commission, the month-wise details of retail sale of energy to facilitate the estimation of fuel surcharge.

(b) KSEB Limited shall consolidate the details of such retail sales and indicate with calculations, the provisional amount and rate of fuel surcharge to be adjusted along with the details in Annexure X.

(13) The distribution licensees who purchase electricity in bulk from KSEB Limited shall promptly adjust with KSEB Limited on a monthly basis, the amount of fuel surcharge adjusted from their consumers.

(14) The Commission may seek additional information or any documents, if any, required from the distribution business/licensee and the distribution business/licensee shall submit the details within the time limit stipulated by the Commission.

11. The fuel surcharge formula specified under Annexure X to the Tariff Regulations, 2018 is extracted below.

‘ The Formula for adjustment of fuel surcharge shall be as under:

*The rate of fuel surcharge adjustment in paise per kWh =  $F \div E \times 100$*

*Where,-*

*F = The amount of fuel surcharge in rupees, which is the sum of **Fg, Fp and A***

*E = Energy billed for retail sale to the consumers other than the domestic consumers with connected load of and below 500 W and consumption of and below 20 kWh, in the relevant quarter, based on the approved level of transmission and distribution loss*

*Fg = Change in the cost of fuel for generation of electricity from own stations*

$$= \sum_1^n Qg \times (R1 - R2)$$

*Fp = Change in cost of the energy purchased, due to the change in fuel cost*

$$= \sum_1^n Qp \times (P1 - P2)$$

*(Fg and Fp shall be calculated for each station month-wise and added up)*

*A = Balancing term to take care of difference, if any, in the energy sales*

*Qg = Quantity of fuel used for generation of electricity in own stations  
= (Approved station heat rate in kilo calories per kWh X  
Actual or approved energy whichever is less in MU X 1000) ÷  
Calorific value of the fuel in kilo calories per kilo gram*

*Q p = Actual quantity of energy purchased or approved whichever is lesser*

*R1 = Actual price of fuel in rupees per metric ton*

*R2 = Approved price of fuel in rupees per metric ton*

*P1 = Actual price of purchased energy in rupees per kWh*

*P2 = Approved price of purchased energy in rupees per kWh*

12. The Commission vide the paragraph 7.13 of the Order dated 08.07.2019 in OA No.15/2018 has directed KSEB Ltd to strictly comply with the Regulation 86 of the Tariff Regulations, 2018 in filing the petition on fuel surcharge.
13. The Commission vide Order dated 08.07.2019 in OA No. 15/2018 in the matter of approval of the 'ARR, ERC and Tariff for the MYT period 2018-19 to 2021-22' has approved the source wise details of the power purchase and cost from various sources including 'Central Generating Stations (CGS)' and also the power purchase under long term contracts from private IPPs.

Further, the Commission vide letter dated 06.08.2019 has communicated to KSEB Ltd the month wise details of the energy schedule approved from each of the CGS and long term contracts during the MYT period from 2018-19 to 2021-22.

The provisions for recovery of fuel surcharge in the Tariff Regulations 2018, is to recover the additional liability incurred by the licensee on the purchase of power or to pass on the savings if any, to the consumers. While calculating the fuel surcharge, only the variations in cost of power purchase due to fuel cost from the approved sources in ARR are considered.-

Fuel surcharge for the approved sources of power purchase a per the MYT order dated 08.07.2019

**OP No. 26/2021. Fuel surcharge admissible for the third quarter of the FY 2020-21**

14. The month wise details of the power purchase and variable cost from each of the approved sources as per the ARR, ERC and Tariff Order dated 08.07.2019 in OA No. 15/2018 and the actuals are detailed in the subsequent paragraphs.

Table-9  
Talcher-II Super Thermal Power Station

Month	Quantum (MU)				Rate (Rs/ kWh)		Addl liability as FS (Rs.Cr)	
	Approved in ARR	Actual	Claimed by KSEB L for 'FS'	Eligible for 'FS' as per Regulation	Approved	Actual	Actual	Approved for recovery as 'FS'
(1)	(2)	(3)	(4)	(5)= Lesser of (2) & (3)	(6)	(7)	(8)	(9)= (5)x((7)-(6))
Oct-20	224.57	264.03	224.57	224.57	1.77	2.11	9.08	7.73
Nov-20	217.32	211.87	211.87	211.87	1.77	2.06	6.04	6.04
Dec-20	299.42	245.11	245.11	245.11	1.77	1.88	2.62	2.62
Total	741.31	721.01	681.55	681.55	1.77	1.93	17.74	16.39

Table-10  
Ramagundam Stage –I &II

Month	Quantum (MU)				Rate (Rs/ kWh)		Savings in FS (Rs.Cr)	
	Approved in ARR	Actual	Claimed by KSEB L for 'FS'	Eligible for 'FS' as per Regulation	Approved	Actual	Actual	Approved for recovery as 'FS'
(1)	(2)	(3)	(4)	(5)= Lesser of (2) & (3)	(6)	(7)	(8)	(9)= (5)x((7)-(6))
Oct-20	170.15	103.93	103.93	103.93	2.54	2.502	-0.39	-0.39
Nov-20	148.98	142.06	142.06	142.06	2.54	2.477	-0.89	-0.89
Dec-20	129.64	153.39	129.64	129.64	2.54	2.408	-2.02	-1.71
Total	448.77	399.38	375.63	375.63	2.54	2.457	-3.31	-3.00

Table-11  
Ramagundam STPS Stage-III

Month	Quantum (MU)				Rate (Rs/ kWh)		Savings in FS (Rs.Cr)	
	Approved in ARR	Actual	Claimed by KSEB L for 'FS'	Eligible for 'FS' as per Regulation	Approved	Actual	Actual	Approved for recovery as 'FS'
(1)	(2)	(3)	(4)	(5)= Lesser of (2) & (3)	(6)	(7)	(8)	(9)= (5)x((7)-(6))
Oct-20	42.77	32.89	32.89	32.89	2.49	2.47	-0.07	-0.07
Nov-20	41.39	41.18	41.18	41.18	2.49	2.44	-0.22	-0.22
Dec-20	42.77	38.60	38.60	38.60	2.49	2.37	-0.47	-0.47
Total	126.93	112.67	112.67	112.67	2.49	2.42	-0.76	-0.76



Table-12  
NLC-TPS-II Stage-1

Month	Quantum (MU)				Rate (Rs/ kWh)		Addl liability as FS (Rs.Cr)	
	Approved in ARR	Actual	Claimed by KSEB L for 'FS'	Eligible for 'FS' as per Regulation	Approved	Actual	Actual	Approved for recovery as 'FS'
(1)	(2)	(3)	(4)	(5)= Lesser of (2) & (3)	(6)	(7)	(8)	(9)= (5)x((7)-(6))
Oct-20	28.12	10.40	10.40	10.40	2.69	2.774	0.09	0.09
Nov-20	34.70	35.45	34.70	34.70	2.69	2.775	0.30	0.29
Dec-20	35.86	31.59	31.59	31.59	2.69	2.775	0.27	0.27
Total	98.68	77.44	76.69	76.69	2.69	2.775	0.66	0.65

Table-13  
NLC-TPS-II Stage-2

Month	Quantum (MU)				Rate (Rs/ kWh)		Addl liability as FS (Rs.Cr)	
	Approved in ARR	Actual	Claimed by KSEB L for 'FS'	Eligible for 'FS' as per Regulation	Approved	Actual	Actual	Approved for recovery as 'FS'
(1)	(2)	(3)	(4)	(5)= Lesser of (2) & (3)	(6)	(7)	(8)	(9)= (5)x((7)-(6))
Oct-20	52.41	9.19	9.19	9.19	2.69	2.774	0.08	0.08
Nov-20	38.04	29.20	29.20	29.20	2.69	2.775	0.25	0.25
Dec-20	39.31	23.88	23.88	23.88	2.69	2.775	0.20	0.20
Total	129.76	62.27	62.27	62.27	2.69	2.775	0.53	0.53

Table-14  
NLC-I- Expansion

Month	Quantum (MU)				Rate (Rs/ kWh)		Savings in FS (Rs.Cr)	
	Approved in ARR	Actual	Claimed by KSEB L for 'FS'	Eligible for 'FS' as per Regulation	Approved	Actual	Actual	Approved for recovery as 'FS'
(1)	(2)	(3)	(4)	(5)= Lesser of (2) & (3)	(6)	(7)	(8)	(9)= (5)x((7)-(6))
Oct-20	39.63	23.98	23.98	23.98	2.49	2.418	-0.17	-0.17
Nov-20	38.35	21.87	21.87	21.87	2.49	2.408	-0.18	-0.18
Dec-20	39.63	34.18	34.18	34.18	2.49	2.530	0.14	0.14
Total	117.61	80.03	80.03	80.03	2.49	2.463	-0.22	-0.22

Table-15  
NLC-II- Expansion

Month	Quantum (MU)				Rate (Rs/ kWh)		Addl liability as FS (Rs.Cr)	
	Approved in ARR	Actual	Claimed by KSEB L for 'FS'	Eligible for 'FS' as per Regulation	Approved	Actual	Actual	Approved for recovery as 'FS'
(1)	(2)	(3)	(4)	(5)= Lesser of (2) & (3)	(6)	(7)	(8)	(9)= (5)x((7)-(6))
Oct-20	25.60	26.44	25.60	25.60	2.49	2.524	0.09	0.09
Nov-20	24.77	21.31	21.31	21.31	2.49	2.534	0.09	0.09
Dec-20	25.60	26.25	25.60	25.60	2.49	2.661	0.45	0.44
Total	75.97	74.00	72.51	72.51	2.49	2.575	0.63	0.62

Table-16  
Simhadri STPS

Month	Quantum (MU)				Rate (Rs/ kWh)		Savings in FS (Rs.Cr)	
	Approved in ARR	Actual	Claimed by KSEB L for 'FS'	Eligible for 'FS' as per Regulation	Approved	Actual	Actual	Approved for recovery as 'FS'
(1)	(2)	(3)	(4)	(5)= Lesser of (2) & (3)	(6)	(7)	(8)	(9)= (5)x((7)-(6))
Oct-20	53.18	3.03	3.03	3.03	2.95	2.922	-0.01	-0.01
Nov-20	51.46	19.40	19.40	19.40	2.95	2.824	-0.24	-0.24
Dec-20	53.18	35.82	35.82	35.82	2.95	2.692	-0.92	-0.92
Total	157.82	58.25	58.25	58.25	2.95	2.748	-1.18	-1.18

Table-17  
Vallur STPS

Month	Quantum (MU)				Rate (Rs/ kWh)		Savings in FS (Rs.Cr)	
	Approved in ARR	Actual	Claimed by KSEB L for 'FS'	Eligible for 'FS' as per Regulation	Approved	Actual	Actual	Approved for recovery as 'FS'
(1)	(2)	(3)	(4)	(5)= Lesser of (2) & (3)	(6)	(7)	(8)	(9)= (5)x((7)-(6))
Oct-20	31.90	0.41	0.41	0.41	3.20	3.081	0.00	0.00
Nov-20	20.58	14.69	14.69	14.69	3.20	2.895	-0.45	-0.45
Dec-20	31.90	15.39	15.39	15.39	3.20	2.789	-0.63	-0.63
Total	84.38	30.49	30.49	30.49	3.20	2.844	-1.09	-1.09

Table-18  
NLC Tamilnadu Power Ltd (NTPL)

Month	Quantum (MU)				Rate (Rs/ kWh)		Savings in FS (Rs.Cr)	
	Approved in ARR	Actual	Claimed by KSEB L for 'FS'	Eligible for 'FS' as per Regulation	Approved	Actual	Actual	Approved for recovery as 'FS'
(1)	(2)	(3)	(4)	(5)= Lesser of (2) & (3)	(6)	(7)	(8)	(9)= (5)x((7)-(6))
Oct-20	46.30	24.78	24.78	24.78	3.28	2.997	-0.70	-0.70
Nov-20	46.30	41.19	41.19	41.19	3.28	2.970	-1.28	-1.28
Dec-20	44.80	23.54	23.54	23.54	3.28	2.913	-0.86	-0.86
Total	137.40	89.51	89.51	89.51	3.28	2.962	-2.84	-2.84

Table-19  
NTPC- Kudgi

Month	Quantum (MU)				Rate (Rs/ kWh)		Savings in FS (Rs.Cr)	
	Approved in ARR	Actual	Claimed by KSEB L for 'FS'	Eligible for 'FS' as per Regulation	Approved	Actual	Actual	Approved for recovery as 'FS'
(1)	(2)	(3)	(4)	(5)= Lesser of (2) & (3)	(6)	(7)	(8)	(9)= (5)x((7)-(6))
Oct-20	57.04	0.00	0.00	0.00	3.98	0.000	0.00	0.00
Nov-20	55.20	0.00	0.00	0.00	3.98	0.000	0.00	0.00
Dec-20	57.04	35.68	35.68	35.68	3.98	2.756	-4.37	-4.37
Total	169.28	35.68	35.68	35.68	3.98	2.756	-4.37	-4.37

Table-20  
Maithon- contract-1

Month	Quantum (MU)				Rate (Rs/ kWh)		Addl liability as FS (Rs.Cr)	
	Approved in ARR	Actual	Claimed by KSEB L for 'FS'	Eligible for 'FS' as per Regulation	Approved	Actual	Actual	Approved for recovery as 'FS'
(1)	(2)	(3)	(4)	(5)= Lesser of (2) & (3)	(6)	(7)	(8)	(9)= (5)x((7)-(6))
Oct-20	0.00	69.97	0.00	0.00	2.435	2.532	0.68	0.00
Nov-20	99.31	97.21	97.21	97.21	2.435	2.502	0.65	0.65

Dec-20	102.62	100.83	100.83	100.83	2.435	2.477	0.42	0.42
Total	201.93	268.01	198.04	198.04	2.435	2.500	1.75	1.07

Table-21  
Maithon- contract-2

Month	Quantum (MU)				Rate (Rs/ kWh)		Addl liability as FS (Rs.Cr)	
	Approved in ARR	Actual	Claimed by KSEB L for 'FS'	Eligible for 'FS' as per Regulation	Approved	Actual	Actual	Approved for recovery as 'FS'
(1)	(2)	(3)	(4)	(5)= Lesser of (2) & (3)	(6)	(7)	(8)	(9)= (5)x((7)-(6))
Oct-20	0.00	69.97	0.00	0.00	2.435	2.532	0.68	0.00
Nov-20	99.31	97.21	97.21	97.21	2.435	2.502	0.65	0.65
Dec-20	102.62	100.83	100.83	100.83	2.435	2.477	0.42	0.42
Total	201.93	268.01	198.04	198.04	2.435	2.500	1.75	1.07

Table-22  
DVC Mejia

Month	Quantum (MU)				Rate (Rs/ kWh)		Addl liability as FS (Rs.Cr)	
	Approved in ARR	Actual	Claimed by KSEB L for 'FS'	Eligible for 'FS' as per Regulation	Approved	Actual	Actual	Approved for recovery as 'FS'
(1)	(2)	(3)	(4)	(5)= Lesser of (2) & (3)	(6)	(7)	(8)	(9)= (5)x((7)-(6))
Oct-20	65.56	53.27	53.27	53.27	2.507	2.708	1.07	1.07
Nov-20	63.44	56.64	56.64	56.64	2.507	2.772	1.50	1.50
Dec-20	65.56	65.89	65.56	65.56	2.507	2.769	1.73	1.72
Total	194.56	175.80	175.47	175.47	2.507	2.751	4.30	4.29

Table-23  
DVC RSTPS

Month	Quantum (MU)				Rate (Rs/ kWh)		Addl liability as FS (Rs.Cr)	
	Approved in ARR	Actual	Claimed by KSEB L for 'FS'	Eligible for 'FS' as per Regulation	Approved	Actual	Actual	Approved for recovery as 'FS'
(1)	(2)	(3)	(4)	(5)= Lesser of (2) & (3)	(6)	(7)	(8)	(9)= (5)x((7)-(6))
Oct-20	32.35	10.43	10.43	10.43	2.341	2.867	0.55	0.55

Nov-20	0.00	22.59	0.00	0.00	2.341	2.840	1.13	0.00
Dec-20	32.35	26.88	26.88	26.88	2.341	2.882	1.45	1.45
Total	64.70	59.90	37.31	37.31	2.341	2.864	3.13	2.00

Table-24  
Jindal Power Limited- Bid-1

Month	Quantum (MU)				Rate (Rs/ kWh)		Addl liability as FS (Rs.Cr)	
	Approved in ARR	Actual	Claimed by KSEB L for 'FS'	Eligible for 'FS' as per Regulation	Approved	Actual	Actual	Approved for recovery as 'FS'
(1)	(2)	(3)	(4)	(5)= Lesser of (2) & (3)	(6)	(7)	(8)	(9)= (5)x((7)-(6))
Oct-20	127.22	108.31	108.31	108.31	1.310	1.310	0.00	0.00
Nov-20	123.12	135.74	123.12	123.12	1.310	1.310	0.00	0.00
Dec-20	127.22	139.22	127.22	127.22	1.310	1.310	0.00	0.00
Total	377.56	383.27	358.65	358.65	1.310	1.310	0.00	0.00

Table-25  
BALCO- Bid-2

Month	Quantum (MU)				Rate (Rs/ kWh)		Savings in FS (Rs.Cr)	
	Approved in ARR	Actual	Claimed by KSEB L for 'FS'	Eligible for 'FS' as per Regulation	Approved	Actual	Actual	Approved for recovery as 'FS'
(1)	(2)	(3)	(4)	(5)= Lesser of (2) & (3)	(6)	(7)	(8)	(9)= (5)x((7)-(6))
Oct-20	63.61	46.70	46.70	46.70	1.220	1.160	-0.28	-0.28
Nov-20	61.56	59.30	59.30	59.30	1.220	1.160	-0.36	-0.36
Dec-20	63.61	63.69	63.61	63.61	1.220	1.170	-0.32	-0.32
Total	188.78	169.69	169.61	169.61	1.220	1.164	-0.95	-0.95

**OP No. 27/2021, Fuel Surcharge for the fourth quarter (January-2021 to March 2021) of the FY 2020-21**

15. The month wise details of the quantum of power purchase and variable cost from the approved sources as per the ARR&ERC and the Tariff Order dated

08.07.2019 in OA No. 15/2018 and the actuals are detailed in the subsequent paragraphs.

Table-27  
Talcher-II Super Thermal Power Station

Month	Quantum (MU)				Rate (Rs/ kWh)		Addl liability as FS (Rs.Cr)	
	Approved in ARR	Actual	Claimed by KSEB L for 'FS'	Eligible for 'FS' as per Regulation	Approved	Actual	Actual	Approved for recovery as 'FS'
(1)	(2)	(3)	(4)	(5)= Lesser of (2) & (3)	(6)	(7)	(8)	(9)= (5)x((7)-(6))
Jan-21	273.83	231.35	231.35	231.35	1.77	1.942	3.98	3.98
Feb-21	238.09	207.90	207.90	207.90	1.77	2.034	5.49	5.49
Mar-21	299.42	288.23	288.23	288.23	1.77	1.908	3.98	3.98
Total	811.34	727.48	727.48	727.48	1.77	1.934	13.45	13.45

Table-28  
Ramagundam Stage –I &II

Month	Quantum (MU)				Rate (Rs/ kWh)		Savings in FS (Rs.Cr)	
	Approved in ARR	Actual	Claimed by KSEB L for 'FS'	Eligible for 'FS' as per Regulation	Approved	Actual	Actual	Approved for recovery as 'FS'
(1)	(2)	(3)	(4)	(5)= Lesser of (2) & (3)	(6)	(7)	(8)	(9)= (5)x((7)-(6))
Jan-21	170.15	120.15	120.15	120.15	2.54	2.390	-1.80	-1.80
Feb-21	126.61	134.17	126.61	126.61	2.54	2.383	-2.11	-1.99
Mar-21	170.15	153.00	153.00	153.00	2.54	2.455	-1.30	-1.30
Total	466.91	407.32	399.76	399.76	2.54	2.412	-5.21	-5.09

Table-29  
Ramagundam STPS Stage-III

Month	Quantum (MU)				Rate (Rs/ kWh)		Savings in FS (Rs.Cr)	
	Approved in ARR	Actual	Claimed by KSEB L for 'FS'	Eligible for 'FS' as per Regulation	Approved	Actual	Actual	Approved for recovery as 'FS'
(1)	(2)	(3)	(4)	(5)= Lesser of (2) & (3)	(6)	(7)	(8)	(9)= (5)x((7)-(6))
Jan-21	42.77	42.47	42.47	42.47	2.49	2.36	-0.56	-0.56
Feb-21	31.05	38.08	31.05	31.05	2.49	2.35	-0.54	-0.44
Mar-21	42.77	39.63	39.63	39.63	2.49	2.41	-0.33	-0.33
Total	116.59	120.18	113.15	113.15	2.49	2.37	-1.43	-1.33

Table-30  
NLC-TPS-II Stage-1

Month	Quantum (MU)				Rate (Rs/ kWh)		Savings in FS (Rs.Cr)	
	Approved in ARR	Actual	Claimed by KSEB L for 'FS'	Eligible for 'FS' as per Regulation	Approved	Actual	Actual	Approved for recovery as 'FS'
(1)	(2)	(3)	(4)	(5)= Lesser of (2) & (3)	(6)	(7)	(8)	(9)= (5)x((7)-(6))
Jan-21	35.86	37.61	35.86	35.86	2.69	2.638	-0.20	-0.19
Feb-21	30.25	37.66	30.25	30.25	2.69	2.644	-0.17	-0.14
Mar-21	35.86	40.43	35.86	35.86	2.69	2.644	-0.19	-0.16
Total	101.97	115.70	101.97	101.97	2.69	2.642	-0.55	-0.49

Table-31  
NLC-TPS-II Stage-2

Month	Quantum (MU)				Rate (Rs/ kWh)		Savings in FS (Rs.Cr)	
	Approved in ARR	Actual	Claimed by KSEB L for 'FS'	Eligible for 'FS' as per Regulation	Approved	Actual	Actual	Approved for recovery as 'FS'
(1)	(2)	(3)	(4)	(5)= Lesser of (2) & (3)	(6)	(7)	(8)	(9)= (5)x((7)-(6))
Jan-21	52.41	29.27	29.27	29.27	2.69	2.638	-0.15	-0.15
Feb-21	49.25	36.74	36.74	36.74	2.69	2.644	-0.17	-0.17
Mar-21	52.41	44.27	44.27	44.27	2.69	2.644	-0.20	-0.20
Total	154.07	110.28	110.28	110.28	2.69	2.642	-0.52	-0.52

Table-32  
NLC-I- Expansion

Month	Quantum (MU)				Rate (Rs/ kWh)		Savings in FS (Rs.Cr)	
	Approved in ARR	Actual	Claimed by KSEB L for 'FS'	Eligible for 'FS' as per Regulation	Approved	Actual	Actual	Approved for recovery as 'FS'
(1)	(2)	(3)	(4)	(5)= Lesser of (2) & (3)	(6)	(7)	(8)	(9)= (5)x((7)-(6))
Jan-21	19.93	30.12	19.93	19.93	2.49	2.420	-0.21	-0.14
Feb-21	37.07	40.12	37.07	37.07	2.49	2.424	-0.26	-0.24
Mar-21	39.63	23.42	23.42	23.42	2.49	2.424	-0.15	-0.15
Total	96.63	93.66	80.42	80.42	2.49	2.423	-0.63	-0.54

Table-33  
NLC-II- Expansion

Month	Quantum (MU)				Rate (Rs/ kWh)		Addl liability as FS (Rs.Cr)	
	Approved in ARR	Actual	Claimed by KSEB L for 'FS'	Eligible for 'FS' as per Regulation	Approved	Actual	Actual	Approved for recovery as 'FS'
(1)	(2)	(3)	(4)	(5)= Lesser of (2) & (3)	(6)	(7)	(8)	(9)= (5)x((7)-(6))
Jan-21	25.60	27.17	25.60	25.60	2.49	2.542	0.14	0.13
Feb-21	23.95	32.36	23.95	23.95	2.49	2.545	0.18	0.13
Mar-21	25.60	25.21	25.21	25.21	2.49	2.545	0.14	0.14
Total	75.15	84.74	74.76	74.76	2.49	2.544	0.46	0.40

Table-34  
Simhadri STPS

Month	Quantum (MU)				Rate (Rs/ kWh)		Savings in FS (Rs.Cr)	
	Approved in ARR	Actual	Claimed by KSEB L for 'FS'	Eligible for 'FS' as per Regulation	Approved	Actual	Actual	Approved for recovery as 'FS'
(1)	(2)	(3)	(4)	(5)= Lesser of (2) & (3)	(6)	(7)	(8)	(9)= (5)x((7)-(6))
Jan-21	53.18	59.62	53.18	53.18	2.95	2.667	-1.69	-1.50
Feb-21	48.64	57.63	48.64	48.64	2.95	2.703	-1.42	-1.20
Mar-21	58.44	57.79	57.79	57.79	2.95	2.856	-0.54	-0.54
Total	160.26	175.04	159.61	159.61	2.95	2.741	-3.65	-3.25

Table-35  
Vallur STPS

Month	Quantum (MU)				Rate (Rs/ kWh)		Savings in FS (Rs.Cr)	
	Approved in ARR	Actual	Claimed by KSEB L for 'FS'	Eligible for 'FS' as per Regulation	Approved	Actual	Actual	Approved for recovery as 'FS'
(1)	(2)	(3)	(4)	(5)= Lesser of (2) & (3)	(6)	(7)	(8)	(9)= (5)x((7)-(6))
Jan-21	31.90	25.80	25.80	25.80	3.20	3.003	-0.51	-0.51
Feb-21	30.62	29.32	29.32	29.32	3.20	2.830	-1.08	-1.08
Mar-21	31.90	25.79	25.79	25.79	3.20	3.063	-0.35	-0.35
Total	94.42	80.91	80.91	80.91	3.20	2.959	-1.95	-1.95



Table-36  
NLC Tamilnadu Power Ltd (NTPL)

Month	Quantum (MU)				Rate (Rs/ kWh)		Savings in FS (Rs.Cr)	
	Approved in ARR	Actual	Claimed by KSEB L for 'FS'	Eligible for 'FS' as per Regulation	Approved	Actual	Actual	Approved for recovery as 'FS'
(1)	(2)	(3)	(4)	(5)= Lesser of (2) & (3)	(6)	(7)	(8)	(9)= (5)x((7)-(6))
Jan-21	46.30	41.79	41.79	41.79	3.28	2.934	-1.45	-1.45
Feb-21	21.40	43.66	21.40	21.40	3.28	2.933	-1.52	-0.74
Mar-21	46.30	37.65	37.65	37.65	3.28	2.984	-1.11	-1.11
Total	114.00	123.10	100.84	100.84	3.28	2.949	-4.08	-3.30

Table-37  
NTPC- Kudgi

Month	Quantum (MU)				Rate (Rs/ kWh)		Savings in FS (Rs.Cr)	
	Approved in ARR	Actual	Claimed by KSEB L for 'FS'	Eligible for 'FS' as per Regulation	Approved	Actual	Actual	Approved for recovery as 'FS'
(1)	(2)	(3)	(4)	(5)= Lesser of (2) & (3)	(6)	(7)	(8)	(9)= (5)x((7)-(6))
Jan-21	68.45	81.64	68.45	68.45	3.98	2.997	-8.03	-6.73
Feb-21	65.79	61.42	61.42	61.42	3.98	3.194	-4.83	-4.83
Mar-21	68.45	74.13	68.45	68.45	3.98	3.318	-4.91	-4.53
Total	202.69	217.19	198.32	198.32	3.98	3.162	-17.76	-16.09

Table-38  
Maithon- contract-1

Month	Quantum (MU)				Rate (Rs/ kWh)		Savings in FS (Rs.Cr)	
	Approved in ARR	Actual	Claimed by KSEB L for 'FS'	Eligible for 'FS' as per Regulation	Approved	Actual	Actual	Approved for recovery as 'FS'
(1)	(2)	(3)	(4)	(5)= Lesser of (2) & (3)	(6)	(7)	(8)	(9)= (5)x((7)-(6))

Jan-21	102.62	56.91	56.91	56.91	2.435	2.353	-0.47	-0.47
Feb-21	92.73	56.57	56.57	56.57	2.435	2.242	-1.09	-1.09
Mar-21	102.62	100.03	100.03	100.03	2.435	2.182	-2.53	-2.53
Total	297.97	213.51	213.51	213.51	2.435	2.243	-4.09	-4.09

Table-39  
Maithon- contract-2

Month	Quantum (MU)				Rate (Rs/ kWh)		Savings in FS (Rs.Cr)	
	Approved in ARR	Actual	Claimed by KSEB L for 'FS'	Eligible for 'FS' as per Regulation	Approved	Actual	Actual	Approved for recovery as 'FS'
(1)	(2)	(3)	(4)	(5)= Lesser of (2) & (3)	(6)	(7)	(8)	(9)= (5)x((7)-(6))
Jan-21	0.00	56.91	0.00	0.00	2.435	2.353	-0.47	0.00
Feb-21	92.73	56.57	56.57	56.57	2.435	2.242	-1.09	-1.09
Mar-21	102.62	100.03	100.03	100.03	2.435	2.182	-2.53	-2.53
Total	195.35	213.51	156.60	156.60	2.435	2.243	-4.09	-3.62

Table-40  
DVC Mejia

Month	Quantum (MU)				Rate (Rs/ kWh)		Addl liability as FS (Rs.Cr)	
	Approved in ARR	Actual	Claimed by KSEB L for 'FS'	Eligible for 'FS' as per Regulation	Approved	Actual	Actual	Approved for recovery as 'FS'
(1)	(2)	(3)	(4)	(5)= Lesser of (2) & (3)	(6)	(7)	(8)	(9)= (5)x((7)-(6))
Jan-21	65.56	50.19	50.19	50.19	2.507	2.755	1.24	1.24
Feb-21	58.37	32.83	32.83	32.83	2.507	2.785	0.91	0.91
Mar-21	65.56	65.87	65.56	65.56	2.507	2.732	1.48	1.48
Total	189.49	148.89	148.58	148.58	2.507	2.751	3.64	3.63

Table-41  
DVC RSTPS

Month	Quantum (MU)				Rate (Rs/ kWh)		Addl liability as FS (Rs.Cr)	
	Approved in ARR	Actual	Claimed by KSEB L for 'FS'	Eligible for 'FS' as per Regulation	Approved	Actual	Actual	Approved for recovery as 'FS'

(1)	(2)	(3)	(4)	(5)= Lesser of (2) & (3)	(6)	(7)	(8)	(9)= (5)x((7)- (6))
Jan-21	32.35	18.71	18.71	18.71	2.341	2.613	0.51	0.51
Feb-21	27.76	28.75	27.76	27.76	2.341	2.656	0.91	0.87
Mar-21	32.35	29.13	29.13	29.13	2.341	2.935	1.73	1.73
Total	92.46	76.59	75.60	75.60	2.341	2.752	3.14	3.11

Table-42  
Jindal Power Limited- Bid-1

Month	Quantum (MU)				Rate (Rs/ kWh)		Addl liability as FS (Rs.Cr)	
	Approved in ARR	Actual	Claimed by KSEB L for 'FS'	Eligible for 'FS' as per Regulation	Approved	Actual	Actual	Approved for recovery as 'FS'
(1)	(2)	(3)	(4)	(5)= Lesser of (2) & (3)	(6)	(7)	(8)	(9)= (5)x((7)-(6))
Jan-21	127.22	121.73	121.73	121.73	1.310	1.320	0.12	0.12
Feb-21	114.91	118.25	114.91	114.91	1.310	1.320	0.12	0.11
Mar-21	127.22	130.42	127.22	127.22	1.310	1.320	0.13	0.13
Total	369.35	370.40	363.86	363.86	1.310	1.320	0.37	0.36

Table-43  
BALCO- Bid-2

Month	Quantum (MU)				Rate (Rs/ kWh)		Savings in FS (Rs.Cr)	
	Approved in ARR	Actual	Claimed by KSEB L for 'FS'	Eligible for 'FS' as per Regulation	Approved	Actual	Actual	Approved for recovery as 'FS'
(1)	(2)	(3)	(4)	(5)= Lesser of (2) & (3)	(6)	(7)	(8)	(9)= (5)x((7)-(6))
Jan-21	63.61	66.68	63.61	63.61	1.220	1.170	-0.33	-0.32
Feb-21	57.46	57.51	57.46	57.46	1.220	1.170	-0.29	-0.29
Mar-21	63.61	60.77	60.77	60.77	1.220	1.170	-0.30	-0.30
Total	184.68	184.96	181.84	181.84	1.220	1.170	-0.92	-0.91

### Fuel surcharge for provisionally approved DBFOO contracts

16. KSEB Ltd in their petition has claimed Rs 0.30 crore for the third quarter and Rs 0.44 crore for the fourth quarter for the year 2020-21, totaling Rs 0.74 crore as fuel surcharge to M/s Jhabua Power Ltd (L2 bidder of Bid-1). The Commission in the Order dated 22-12-2016, had provisionally approved the

purchase of 115 MW of power from Jabhua Power Ltd, L2 bidder of Bid 1, in view of the facts, circumstances and urgency explained by KSEB Ltd and in view of the decision of Government of Kerala in GO (Rt) No.238/2016/PD dated 31.11.2016. Relevant portion of the Order is given below:

*“In view of the facts, circumstances and urgency explained by KSEB Ltd and in view of the decision of Government of Kerala in GO (Rt) No.238/2016/PD dated 31.11.2016, the Commission hereby approves provisionally the purchase of 115 MW of power by KSEB Ltd from M/s Jhabua Power Ltd at the rate of Rs.4.15 /kWh as per the power purchase agreement dated 31.12.2014, subject to the clearance from Government of India and subject to the final decision of the Hon’ble High Court in Writ Petition No. WP (C) 33100/2014.”*

17. The Commission’s observations and findings on this claim of KSEB Ltd is given below.

(1) KSEB Ltd in its letter 15.11.2016 had requested the Commission to take appropriate decision relating to the purchase of 115 MW of power from the L2 bidder of Bid 1, i.e., M/s Jhabua Power Ltd. The Commission in the Order dated 22-12-2016, had provisionally approved the purchase of 115 MW of power from Jhabua Power Ltd, L2 bidder of Bid 1, in view of the facts, circumstances and urgency explained by KSEB Ltd and in view of the decision of Government of Kerala in GO (Rt) No.238/2016/PD dated 31.11.2016. Relevant portion of the Order is given below:

*“In view of the facts, circumstances and urgency explained by KSEB Ltd and in view of the decision of Government of Kerala in GO (Rt) No.238/2016/PD dated 31.11.2016, the Commission hereby approves provisionally the purchase of 115 MW of power by KSEB Ltd from M/s Jhabua Power Ltd at the rate of Rs.4.15 /kWh as per the power purchase agreement dated 31.12.2014, subject to the clearance from Government of India and subject to the final decision of the Hon’ble High Court in Writ Petition No. WP (C) 33100/2014.”*

(2) As mentioned above, the Commission had only given a conditional provisional approval for purchase of power from M/s Jhabua Power Ltd, subject to the approval of the Central Government on this matter. In the meantime, in response to the request of Government of Kerala, the Ministry of Power, vide its letter dated 18.11.2016 clarified that,

*“the deviations as pointed out by the KSERC would have been got vetted and approved by the before the issuance of RFQ, RFP and PSA and not at this stage. As per the Guidelines deviations on the provisions of the bidding documents are approved if necessary and not the actions taken by the utility as per practice or precedent.”*

(3) Further, the Central Government vide the letter dated 11<sup>th</sup> December 2019, reiterated the same position and clarified as follows.

*“The views of Ministry of Power as communicated earlier vide letter dated 18.11.2016 are reiterated. The deviations as pointed out by KSERC would have been got vetted and approved by the Central Government before issuance of RFQ, RFP and PSA and not at this stage. Government of Kerala/ KSEB Ltd may take actions as appropriate in consultation with KSERC.”*

- (4) The Commission also noted that while the Central Government had refused to approve the unauthorized deviations by KSEB Ltd in the tender process, the State Government has neither approved the deviations pointed out by KSERC nor accorded final approval to the purchase of the unapproved DBFOO contracts. Further, the approval for any deviations from the standard bidding documents could be issued only by the Ministry of Power, Government of India. However, as stated above, the Ministry of Power already refused the request of the State Government twice to approve post facto the deviations made by KSEB Ltd.
- (5) In view of the fact that the Central Government has affirmatively communicated that, it shall not grant approval for the deviations made by KSEB Ltd in accepting the L2 bid of Bid-1 at a rate higher than the L1 rate of this bid, the Commission is of the firm view that the tender finalisation procedure adopted by KSEB Ltd and its further actions of entering into a PSA did not comply with the requirements of Section 63 of the Electricity Act, 2003, which is reproduced below.

*“63. Determination of tariff by bidding process, - Notwithstanding anything contained in Section 62, the Appropriate Commission shall adopt the tariff if such tariff has been determined through transparent process of bidding in accordance with the guidelines issued by the Central Government’.*

Under such circumstances, the Commission cannot approve any rate including fuel surcharge higher than the rate paid to the L1 bidder of Bid-1 for the purchase of power based on the provisionally approved PSA from the L2 bidder of Bid-1 M/s Jhabua Power Ltd (115 MW).

***Hence the claim of KSEB Ltd for Rs 0.74 crore as fuel surcharge for the third and fourth quarter of the FY 2020-2021 is hereby disallowed.***

### **Fuel surcharge for unapproved DBFOO contracts**

18. The Commission has also examined in detail the power purchase submitted by KSEB Ltd from the following three unapproved DBFOO contracts of Bid-2 for the MYT period from 2018-19 to 2021-22.
  - (i) 150MW from Jindal Power Limited
  - (ii) 100MW from Jindal India Thermal Limited
  - (iii) 100 MW from Jhabua Power Limited.

19. KSEB Ltd submitted that, it had not claimed fuel surcharge for the third and fourth quarter of the FY 2020-21 in view of the Order of the Commission dated 14.02.2020 in OA No. 29/2019 in the matter of fuel surcharge for the period from April-2019 to June 2019. The relevant portion of the order is extracted below.

*“25. KSEB Ltd has claimed fuel surcharge for the following DBFOO contracts of Bid-2 invited by KSEB Ltd, for which the Commission neither granted approval of the PPA nor adopted the tariff as per Section 63 of the Electricity Act, 2003.*

*(i) 100 MW power from M/s Jindal India Thermal Power Ltd, New Delhi.*

*(ii) 100 MW from M/s Jhabua Power Limited.*

*(iv) 150 MW from M/s Jindal Power Limited.*

*The Commission, vide the letter dated 22.12.2017 allowed KSEB Ltd to schedule the above contracted power, in view of the order of the State Government GO (Ms) No. 22/2017/PD dated 21.10.2017,. The Commission had in the said letter clearly mentioned that, the approval of the power purchase mentioned above including the rate of the DBFOO contracts shall be given, only after getting approvals from Government of India for the deviations from the standard bidding documents issued by Ministry of Power, Government of India and after getting the approval of the Government of Kerala on the entire power purchase under DBFOO.*

*While approving the ARR, ERC and Tariff for the MYT period 2018-19 to 2021-22, the Commission stated as follows.*

***“Hence the Commission has considered scheduling power from the three projects of Bid-2, ie., 100 MW of power from M/s Jindal India Thermal Power Ltd, New Delhi, 100 MW of power from M/s Jhabua Power Limited and 150 MW of power M/s Jindal Power Limited for the limited purpose of estimating the ARR&ERC for the control period. Since the required approvals from Gol and State Government is still awaited, the Commission is constrained to use the rate equivalent to the cost of power from Balco, which is the L1 of Bid 2. The Commission emphasises that this consideration is only for the purposes of estimating the cost of power provisionally in the ARR and shall not be construed as an approval of the power purchase, rate or of the PPA itself as per Section 63 of the Act which can be considered only after the fulfilment of conditions specified by the Commission in its order dated 31-8-2016”.***

*The Commission noticed from the invoices and other documents submitted by KSEB Ltd that, the actual tariff paid by KSEB Ltd for procuring power from these three sources were much higher and amounted to Rs.22.38 crore more when compared to the L1 rate of Rs.4.15 per unit paid to BALCO which is the L1 of Bid-2. As mentioned above, the Commission vide its order dated 22.12.2017 had allowed KSEB Ltd, to schedule the contracted power from these three generators subject to conditions and while approving the ARR & ERC and tariff for the MYT period 2018-19 to 2021-22, the Commission had considered the rate equivalent to the cost of power from BALCO for estimating the cost of power provisionally from these three generators. The Commission reiterate that, during the truing up of accounts for the respective financial years, such excess amount incurred for procuring power from these three generators shall not be considered, unless KSEB Ltd gets the approval of power purchase from Government of India for the deviations from the guidelines and on getting the approval of the Government of Kerala on the entire power purchase under DBFOO.”*

20. Similar Order was issued in OA 02/2020 vide Order dated 27.04.2020 in the matter of fuel surcharge the period July 2019 to September 2019 of KSEB Ltd.
21. In response to the above orders, KSEB Ltd filed a review petitions No RP 02/2020 and RP 04/2020. The Commission after due process including conduct of public hearing through video conference on 15.07.2020 had dismissed the review petition and ordered vide Common Order dated 14.08.2020 as follows.

“

*24. Commission, after detailed examination of the Review Petitions RP No.02/2020 and RP No.04/2020 as per the provisions of the Electricity Act, 2003 and Regulations in force as detailed in the preceding paragraphs, here by orders the following.*

*(1) The first prayer of the petition RP No. 02/2020 ‘to review the order dated 14.02.2020 in Petition OA No. 29/2019 and allow passing on the additional fuel cost incurred against PSAs with Jindal India Thermal Power Ltd, Jindal Power Ltd and Jhabua Power Ltd under Bid 2 of DBFOO’ is hereby rejected.*

*(2) The first prayer of the petition RP No. 04/2020 ‘to review the order dated 27.04.2020 in Petition OA No. 02/2020 and allow passing on the additional fuel cost incurred against PSAs with Jindal India Thermal Power Ltd, Jindal Power Ltd and Jhabua Power Ltd under Bid 2 of DBFOO’ is hereby rejected.*

*(3) Second prayer of both the Review Petitions RP No. 02/2020 and RP No. 04/2020 is ‘to “(2) To issue appropriate directions on the drawal of power contracted against these PSAs if Hon’ble Commission is not inclined to pass on the liabilities of 350MW PSAs executed on DBFOO basis under Bid 2.” This is a new issue raised by KSEB Ltd, which was neither included nor deliberated in the original petitions OA 29/2019 and OA No. 02/2020. Hence this prayer cannot be decided through Review Petitions filed by KSEB Ltd and the prayer is rejected.’*

22. The above orders make it very clear that the Commission has strictly prohibited KSEB Ltd from paying any unit energy charge to the unapproved DBFOO contracts at a rate higher than that paid to BALCO i.e., the L1 of Bid-2 at Kerala periphery.

**However, the Commission noticed from the invoices and other documents submitted by KSEB Ltd that, the licensee had effected an excess payment of Rs 35.98 crore to the four provisionally approved/ unapproved DBFOO contracts during the year 2020-21. The Commission dis-allow the same for the year 2020-21.**

23. Accordingly, the summary of the fuel surcharge claimed by KSEB Ltd for the third quarter of the FY 2020-21 and the same admissible as per the Tariff Regulations, 2018 is given below.

Table-26

Summary of the fuel surcharge claimed by KSEB Ltd for the third quarter of the FY 2020-21

Sources	Quantum (MU)	Addl liability as FS (Rs.Cr)
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	Approved	Actual	Claimed by KSEB L for 'FS'	Eligible for 'FS' as per Regulation	Claimed by KSEB Ltd	Approved for recovery as 'FS'
Talcher-II	741.31	721.01	681.55	681.55	17.74	16.39
Ramagundam I&II	448.77	399.38	375.63	375.63	-3.31	-3.00
Ramagundam-III	126.93	112.67	112.67	112.67	-0.76	-0.76
NLC TPS-II Stage-1	98.68	77.44	76.69	76.69	0.66	0.65
NLC TPS-II Stage-2	129.76	62.27	62.27	62.27	0.53	0.53
NLC-1 Expansion	117.61	80.03	80.03	80.03	-0.22	-0.22
NLC-II Expansion	75.97	74.00	72.51	72.51	0.63	0.62
Simhadri	157.82	58.25	58.25	58.25	-1.18	-1.18
Vallur STPS	84.38	30.49	30.49	30.49	-1.09	-1.09
NTPL	137.40	89.51	89.51	89.51	-2.84	-2.84
NTPC Kudugi	169.28	35.68	35.68	35.68	-4.37	-4.37
Maithon-1	201.93	268.01	198.04	198.04	1.75	1.07
Maithon-2	201.93	268.01	198.04	198.04	1.75	1.07
DVC-Mejia	194.56	175.80	175.47	175.47	4.30	4.29
DVC-Regunathpur	64.70	59.90	37.31	37.31	3.13	2.00
JPL- 200 MW - Bid1	377.56	383.27	358.65	358.65	0.00	0.00
Jhabua - 115 MW- Bid1	217.09	216.93	207.54	207.54	0.30	0.00
BALCO - Bid2	188.78	169.69	169.61	169.61	-0.95	-0.95
Total	3734.46	3282.34	3019.94	3019.94	16.09	12.22

As detailed above, as per the provisions of the Tariff Regulations, 2018, KSEB Ltd is eligible to recover Rs 12.22 crore as fuel surcharge during the third quarter of the F Y 2020-21.

24. The summary of the fuel surcharge claimed by KSEB Ltd for the fourth quarter of the FY 2020-21 and the same admissible as per the Tariff Regulations, 2018 is given below.

Table-44

Summary of the fuel surcharge claimed by KSEB Ltd for the fourth quarter of the FY 2020-21

Sources	Quantum (MU)				Addl liability as FS (Rs.Cr)	
	Approved	Actual	Claimed by KSEB L for 'FS'	Eligible for 'FS' as per Regulation	Claimed by KSEB Ltd	Approved for recovery as 'FS'
Talcher-II	811.34	727.48	727.48	727.48	13.45	13.45
Ramagundam I&II	466.91	407.32	399.76	399.76	-5.21	-5.09
Ramagundam-III	116.59	120.18	113.15	113.15	-1.43	-1.33
NLC TPS-II Stage-1	101.97	115.70	101.97	101.97	-0.55	-0.49
NLC TPS-II Stage-2	154.07	110.28	110.28	110.28	-0.52	-0.52
NLC-1 Expansion	96.63	93.66	80.42	80.42	-0.63	-0.54
NLC-II Expansion	75.15	84.74	74.76	74.76	0.46	0.40
Simhadri	160.26	175.04	159.61	159.61	-3.65	-3.25
Vallur STPS	94.42	80.91	80.91	80.91	-1.95	-1.95
NTPL	114.00	123.10	100.84	100.84	-4.08	-3.30



NTPC Kudugi	202.69	217.19	198.32	198.32	-17.76	-16.09
Maithon-1	297.97	213.51	213.51	213.51	-4.09	-4.09
Maithon-2	195.35	213.51	156.60	156.60	-4.09	-3.62
DVC-Mejia	189.49	148.89	148.58	148.58	3.64	3.63
DVC-Regunathpur	92.46	76.59	75.60	75.60	3.14	3.11
JPL- 200 MW - Bid1	369.35	370.40	363.86	363.86	0.37	0.36
Jhabua - 115 MW- Bid1	212.37	219.62	204.79	204.79	0.44	0.00
BALCO - Bid2	184.68	184.96	181.84	181.84	-0.92	-0.91
Total	3935.70	3683.08	3492.28	3492.28	-23.39	-20.23

As detailed above, as per the provisions of the Tariff Regulations, 2018, there is a savings in power purchase of Rs 20.23 crore due to changes in variable cost over the approval. KSEB Ltd requested to adjust the savings against the pending fuel surcharge for recovery/approval pertaining to July 2019 to December 2020, and allowed to recover the remaining amount from consumers including bulk consumers and other licensees as fuel surcharge, as per the Regulation 86 of the KSERC Tariff Regulations 2018.

25. Thus, the total fuel surcharge to be recovered for the 3<sup>rd</sup> and 4<sup>th</sup> quarter of the FY from 1<sup>st</sup> October 2020 to 31<sup>st</sup> March 201 is given in the Table below.

Table-44

Summary of the pending recovery of the fuel surcharge approved as on 31.03.021

Sl No	Particulars	Amount (Rs. Cr)
1	Fuel surcharge approved for the third quarter of the FY 2020-21 (OP No. 26/2021)	12.22
2	Savings in fuel cost approved for the fourth quarter of the FY 2020-21 (OP No. 27/2021)	-20.23
	Total	-8.01

As detailed above, there is a savings of Rs 8.01 crore due to variation in fuel prices over the approved level for the purchase of power from the approved sources during the 3<sup>rd</sup> and 4<sup>th</sup> quarter of the FY 2020-21.

26. However, the Commission vide the Order dated 21.06.2022 in petition OP No. 23/2022 in the matter of Truing up of accounts for the year 2020-21 had approved the actual cost of power purchase claimed for the year 2020-21 after prudence check. Since the cost of power purchase and revenue gap for the year 2020-21 is already approved and carrying cost is also being allowed for the approved revenue gap since then, there is no requirement to pass on the net savings of fuel surcharge approved for third and fourth quarter of the FY 2020-21 to the consumers.

### **Orders of the Commission**

27. Based on the petitions filed by KSEB Ltd for the approval of the fuel surcharge for the third and fourth quarter of the FY 2020-21, the objections raised by the stake holders, the additional details submitted by the petitioner, and after having duly considering the provisions of the Electricity Act, 2003 and the Tariff

Regulations 2018, the Commission hereby orders the following.

- (1) The amount admissible for recovery as fuel surcharge for the third quarter of the FY 2020-21 is Rs 12.22 crore.
- (2) The savings in fuel cost, to be passed on to the consumers for the fourth quarter of the FY 2020-21 is Rs 20.23 crore.
- (3) The net savings in fuel surcharge for the third and fourth quarter together is Rs 8.01 crore, which is required to be adjusted from the fuel surcharge accounts.
- (4) The additional payment made to the provisionally/ unapproved DBFOO PSAs during the FY 2020-21 is Rs 35.98 crore and the same is hereby dis-allowed.
- (5) Since the cost of power purchase including the fuel surcharge has already been approved by the Commission in the truing up order dated 24.06.2022 in OP No.23/2022, and the revenue gap for the year 2020-21 is already approved vide the above order and the carrying cost is also being allowed for the approved revenue gap since then, there is no requirement to pass on the net savings of fuel surcharge approved for third and fourth quarter of the FY 2020-21 to the consumers as per the provisions of the Tariff Regulations, 2018.

The petitions OP Nos 26/2021 and OP 27/2021 stands disposed of.  
Ordered accordingly.

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

**Sd/-**  
**Preman Dinaraj**  
**Chairman**

Approved for issue

C R Satheeshchandran  
Secretary

**List of stakeholders participated in the public hearing held on 26.08.2021**

1. Sri. K.G.P Namboothiri, Executive Engineer, KSEB Ltd
2. Smt. Seema P Nair, AEE, TRAC, KSEB Ltd
3. Sri. Arun, PTC
4. Sri. Prabhakaran K.V, HT & EHT Association
5. Sri. Rajesh J Kuruvilla, Carborandum
6. Sri. Viswanathan K, HT & EHT Assosiation
7. Sri. A.R Satheesh, President, HT & EHT Association
8. Sri. Shaji Sebastian, Electrical Consultant
9. Smt. Neenu Skaria, Electrical Consultant
10. Sri. Renjith Jacob, Appolo Tyres, Perumbavoor
11. Sri. Saju Thomas, Cochin Refinery
12. Sri. Saji Mathew, MRF Ltd
13. Sri. Dejo Kappan, Pala
14. Sri. Aneesh R, Appolo Tyres, Kalamassery