

KERALA STATE ELECTRICITY REGULATORY COMMISSION
THIRUVANANTHAPURAM

Present: **Shri. Preman Dinaraj, Chairman**
Shri. S. Venugopal, Member
Shri. K. Vikraman Nair, Member

Petition No. OA 1/2018

In the matter of : Proposal to recover the additional cost incurred during the period July 2017 to September 2017 over approved level on Generation and Power Purchase due to variation in cost of fuel, from all consumers including Bulk Consumers and other Licensees.

Petitioner : Kerala State Electricity Board Limited

Petition No. OA 7/2018

In the matter of : Proposal to recover the additional cost incurred during the period October 2017 to December 2017 over approved level on Generation and Power Purchase due to variation in cost of fuel, from all consumers including Bulk Consumers and other Licensees.

Petitioner : Kerala State Electricity Board Limited

Petition No. OA 9/2018

In the matter of : Proposal to recover the additional cost incurred during the period January 2018 to March 2018 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

Common Order dated 13.08.2018

- 1. K.Vikraman Nair, Member**
- 2. S.Venugopal, Member**

OA No. 1 of 2018

1. Kerala State Electricity Board Ltd (herein after referred as KSEB Ltd or the petitioner) filed a petition for approval of fuel surcharge for the period from July to September 2017, on 24.11.2017, with the following prayers:

- (i) The additional financial liability incurred by KSEBL amounting to Rs 19.74 crores due to the variation in power purchase cost resulting from the variation in cost of fuel for the period from July to September 2017 for the procurement/ generation of energy from various thermal sources as detailed in Annexure I & II to this petition may kindly be approved.*
 - (ii) The approved additional cost may be allowed to be recovered from consumers including bulk consumers and other licensees as fuel surcharge, as per the Regulation 88 of KSERC Tariff Regulations, 2014 from December 2017 onwards @ 4 paise per unit.*
2. KSEB Ltd had also filed the application for condonation of delay along with the petition.
3. The summary of the issues raised by KSEB Ltd is extracted below.
 - (i) The application for approval of fuel surcharge is filed as per the Regulation-88 of the KSERC (Terms and Conditions for Determination of Tariff) Regulations, 2014, and also in compliance of the directions given by the Commission in the suo-motu tariff order dated 17.04.2017.
 - (ii) The Regulation 88 provides for recovering the additional liability incurred in power purchase/ own generation from approved sources and on approved quantum, due to the change in cost of fuel from the approved level, from consumers on quarterly basis.
 - (iii) Further, the Commission vide the order dated 17.04.2017, has directed KSEB Ltd to submit regularly, at specified intervals, the application for approval of fuel surcharge and the proposals for passing on the impact of change in hydro-thermal mix as per provisions of the Tariff Regulations, 2014.
 - (iv) The total cost of power purchase approved vide the order dated 17.04.2017, for year 2017-18 is Rs.7339.34 Crore. Since the month wise schedule of power purchase from each source was not explicitly provided in the order dated 17.04.2017, KSEB Ltd prepared the petition on fuel surcharge considering the actual power purchase as the approved quantum, and arrived the additional liability incurred on account of the difference in actual variable cost over approved level.
 - (v) There was considerable change in the actual per unit variable cost of power purchase from various sources over approved level on account of increase in the price of primary fuel, secondary fuel and changes in calorific value of fuel of various generating stations.
 - (vi) The summary of the additional liability claimed by KSEB Ltd for the second quarter of the FY 2017-18 is given below.

Table-1

Fuel surcharge claimed by KSEB Ltd for second quarter of the FY 2017-18

Sl No	Source	Fuel cost approved	Fuel cost (actual) (Rs/kWh)			Actual power purchase	Addl liability on account of variation of fuel cost over approved level (Rs.Cr)
		(Rs/kWh)	Jul-17	Aug-17	Sep-17	(MU)	
Central Generating Stations							
1	NTPC-RSTPS Stage I & II	2.63	2.25	2.37	2.4	489.88	-14.17
2	NTPC-RSTPS Stage III	2.69	2.21	2.32	2.31	118.40	-4.87
3	NTPC-Talcher II STPS	1.48	1.45	1.36	1.33	708.32	-7.01
4	NTPC Simhadri TPS Stage	2.73	2.74	2.83	2.62	140.96	0.27
5	NLC-TPS-II Stage-1	2.42	2.76	2.71	2.74	114.22	3.63
6	NLC-TPS-II Stage-2	2.42	2.76	2.72	2.74	168.26	5.47
7	NLC –TPS-I Expansion	2.28	2.52	2.55	2.57	130.65	3.41
8	NLC –TPS-II Expansion	2.3	2.52	2.52	2.54	67.93	1.58
9	Vallur STPS	2.07	2.63	2.59	2.82	66.52	3.94
10	NTPL	2.09	3.16	3.11	3.13	118.83	12.34
11	NTPC Kudgi	2.69	3.32	3.46	3.48	49.92	3.85
Independent Power Producers							
12	Maithon Power Limited-I	2	1.96	1.93	2.01	283.71	-1.03
13	Maithon Power Limited-II	2	1.96	1.93	2.01	303.42	-1.03
14	Jindal Power Limited	0.81	1.11	1.11	1.08	378.17	10.85
15	Jhabua Power Limited	1.66	1.88	1.69	1.69	158.20	1.62
16	DVC RTPS	2.3	2.58	2.59	2.71	31.01	0.99
17	DVC Mejia	2.3	2.31	2.31	2.23	111.99	-0.11
Total						3440.39	19.74

- (vii) KSEB Ltd requested to recover the additional liability as above @ 4 paise per unit from the consumers including the bulk consumers and other licensees as per the provisions of the KSERC Tariff Regulations, 2014. The details are given below.

Table-2
Rate of fuel surcharge claimed by KSEB Ltd

Particulars	Quantum
Amount of Fuel Surcharge (F)(Rs in crore)	19.74
Energy billed for Retail sale to all consumers for the second quarter of FY 2017-18 (E) in MU	4963.08
Less Energy billed for domestic consumers having monthly consumption less than 20 units and connected load less than 500 W during the second quarter of FY 2017-18 in MU	0.19
Energy billed for Retail sale to consumers other than the domestic consumers with connected load less than 500 W and monthly consumption below 20 units for the second quarter of FY 2017-18 (E) in MU	4962.89
Rate of fuel surcharge in Paise per unit $\{(F/E)*100\}$	3.98
Say (4 Paise per Unit)	

4. KSEB Ltd further submitted that, it had scheduled power from RGCCPP Kayamkulam, BDPP and KDPP during 12.08.2017 and 13.08.2017 of August-2017, on account of the following.
- (i) Reduction in power availability from CGS by 242MW on account of annual maintenance of Talcher-II, Kudamkulam Unit I and NLC Exp Unit 5.
 - (ii) Reduction of 379 MW from CGS due to forced outage of Talcher II, Kudamkulam Unit II, NLC Exp Unit I&II, NTECL Unit I& III, RSTPS Unit VII.
 - (iii) Acute shortage of CGS power to the tune of 854 MW in SR region due to outage of CGS stations.
 - (iv) High cost of power during peak hours in power exchanges due to acute shortage of power in SR region.
 - (v) Transmission constraints due to Talcher – Kolar pole shut down, resulting in constraint in availing LTOA power from Jhabua.
 - (vi) Forced outage at DVC reducing the power availability from LTOA.
 - (vii) Non availability of 2 machines of Idukki and one machine at Sabarigiri due to annual maintenance.

In order to tide over the above, KSEBL was forced to schedule 150 MW from RGCCPP, 22 MW from KDPP and 52 MW from BDPP during 12th and 13th of August 2017. The details of power scheduled from these stations and variable cost incurred thereon is detailed below.

Table-3
Details of generation from liquid fuel stations for the month of August-2017

	RGCCPP	KDPP	BDPP
Quantum in MU	4.05	0.09	0.31
Variable cost (Rs in Crore)	3.00	0.06	0.27

KSEB Ltd requested to approve the same while truing up the accounts of KSEB Ltd for the financial year 2017-18.

5. The Commission condoned the delay in filing the application and admitted the petition as OA 1/2018. The public hearing on the petition was conducted on 06-02-2018 at the Courtroom of the Commission. Shri. Bipin Sankar. P, Deputy Chief Engineer, KSEB Ltd presented the petition on behalf of the petitioner, and prayed before the Commission to approve the additional liability of Rs 19.74 crore as claimed in the petition as fuel surcharge and allowed to recover the same from consumers @ 4 paise per unit.
6. Shri Radhakrishnan K R, representing HT & EHT Industrial Electricity Consumers Association (herein after referred as HT&EHT Association) presented the objections against the petition filed by KSEB Ltd. The main issues raised by HT& EHT Association is given below.
- (i) KSEB Ltd is not complying with the timelines specified for filing the petition on fuel surcharge.

- (ii) Past power system statistics is not available at the website of the KSEB Ltd.
 - (iii) The actual T&D loss achieved by KSEB Ltd for the quarter is 14% only, as against the approval of 13.65%. Penalty may be imposed on KSEB Ltd for the under achievement in T&D loss reduction over the target approved by disallowing the cost incurred for the under achievement of T&D loss reduction target.
 - (iv) During the month of September 2017, KSEB Ltd had purchased power from the short-term market at a price higher than the ceiling rate of Rs 4.00 per unit.
 - (v) KSEB Ltd had not factored the benefit of short-term purchase during the months of July and August 2017, while claiming the additional liability of the fuel surcharge.
 - (vi) As per the estimate of the HT&EHT Association, instead of the additional liability of Rs 19.74 crore, there will be a surplus of Rs 26.40 crore, which will entitled the consumers to get a rebate of 5 paise per unit on tariff.
7. Shri Ratheesh Kumar, EICL supported the submission made by the HT & EHT Association.
8. The Commission vide daily order dated 19.2.2018 issued following directions to the petitioner KSEB Ltd for compliance, latest by 23.02.2018.
- (i) Recast the claim on fuel surcharge by adopting the monthly schedule on power purchase from CGS and IPPs approved by the Commission, based on the operational norms such as target availability and auxiliary consumption provided by KSEB Ltd.
 - (ii) Copies of the monthly invoices claimed by CGS, IPPs in support of the claims raised by KSEB Ltd.
 - (iii) Detailed note on the institutional mechanism and the procedures followed by KSEB Ltd for the approval of the cost power purchase claimed by CGS, IPPs and other sources.
 - (iv) The date of finalization of the regional energy account by SRPC during the last six months. After the finalization of the REA accounts, how much time KSEB Ltd usually take for settling the final invoices. The details may be submitted with documentary evidence.
 - (v) The reason for not accounting the short-term power purchase as a source while claiming fuel surcharge.
 - (vi) The monthwise, source wise details of the actual power purchased, cost incurred by KSEB Ltd for such purchases from all sources including short-term, UI/DSM, Renewables etc in full. The details shall include the quantum of power purchased at the generator bus and at Kerala periphery from each source, capacity charge/fixed charge, variable charge/energy charges, transmission charges, SRLDC charges/SLDC charges, incentives etc.

9. In compliance of the direction of the Commission, KSEB Ltd, vide its letter dated 03.04.2017 submitted the details sought by the Commission. The summary of the additional details claimed by KSEB Ltd is given below.

- (i) KSEB Ltd re-casted additional liability on the fuel surcharge by adopting the monthly schedule of power purchase as approved by the Commission, and it is arrived at Rs 16.37 Crore for the second quarter.
- (ii) Copies of the power purchase bills were submitted in respect of the claims made in the fuel surcharge.
- (iii) A detailed note on the institutional mechanism and the procedures followed by KSEB Ltd for the approval of the cost of power purchase claimed by CGS, IPPs and other sources.
- (iv) KSEB Ltd submitted the date of issuance of the REA statement as follows.

Month	Date of provisional REA	Date of final REA
April	04.05.2017	17.05.2017
May	05.06.2017	23.06.2017
June	04.07.2017	18.07.2017
July	04.08.2017	21.08.2017
August	01.09.2017	18.09.2017
September	04.10.2017	17.10.2017
October	02.11.2017	17.11.2017
November	04.12.2017	20.12.2017
December	03.01.2018	24.01.2018

KSEB Ltd further submitted that, after the finalization of the REA, KSEB Ltd is taking two or three weeks to finalise the invoices and for finalizing the power purchase statement of all stations including IPPs inside the state.

- (v) Regarding the specific query of the Commission on the 'reason for not accounting the short-term power purchase as a source while claiming fuel surcharge, KSEB Ltd submitted as follows.

'On the matter of not accounting the short term purchase as a source while claiming the fuel surcharge it is submitted that as per tariff regulations, the additional expenditure/ savings due to the difference between actual cost of the fuel and the cost of fuel approved in aggregate revenue requirement by the Hon'ble Commission alone is allowed to pass through to the consumer through fuel surcharge. As per the Regulation 88 of the Tariff Regulations, 2014, there is no provision to factor the additional liability/savings on account of changes in short term power purchase rate over approved level, since short term power purchase is based on single part tariff where the cost of fuel in the tariff is not recognized separately. Thus the changes in cost of fuel ie., between the actual cost and approved cost cannot be ascertained as envisaged in the regulations, in respect of short term purchase.'

- (vi) As directed by the Commission, KSEB Ltd also submitted the month wise source wise details of the actual power purchase and the cost incurred by KSEB Ltd for such purchase. The summary of the details submitted by KSEB Ltd is given below.

Table-4
Source wise details of cost of the power purchase for second quarter

Total	Jul-17		Aug-17		Sep-17		Total	
	(MU)	(Rs.Cr)	(MU)	(Rs.Cr)	(MU)	(Rs.Cr)	(MU)	(Rs.Cr)
CGS	884.75	328.11	800.62	299.21	753.74	292.01	2439.11	919.33
IPPs								
(i) RGCCPP	0.00	17.97	4.00	20.97	0.00	17.95	4.00	56.89
(ii) Wind	15.80	5.18	13.08	4.29	8.73	2.87	37.61	12.34
(iii) SHPs	9.15	3.09	17.13	5.43	16.85	5.72	43.13	14.24
Sub total	24.95	26.24	34.21	30.69	25.58	26.54	84.74	83.47
DSM	56.89	11.17	58.32	11.56	51.47	12.32	166.68	35.05
LTA	432.87	170.80	415.36	162.91	389.80	153.28	1238.03	486.99
Short term PP	94.20	29.83	187.79	73.07	50.60	28.40	332.59	131.30
Total	1493.66	566.15	1496.30	577.44	1271.19	512.55	4261.15	1656.14

OA 7/2018

10. KSEB Ltd filed a petition for approval of fuel surcharge for the period from October to December 2017 on 05.04.2018, with following prayers.

- (i) The additional financial liability incurred by KSEBL, amounting to Rs 30.93 crore, due to the variation in power purchase cost resulting from the variation in cost of fuel for the period from October to December 2017, for the procurement/ generation of energy from various thermal sources as detailed in **Annexure I & II** to this petition may kindly be approved.
- (ii) 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 88 of KSERC Tariff Regulations, 2014 onwards @ 6 paise per unit.

KSEB Ltd also filed a petition for condonation of delay for 65 days along with the main petition.

11. The summary of the additional liability of fuel surcharge claimed from October 2017 to December 2017 is given below.

Table-5
Summary of the fuel surcharge claimed for the third quarter

Source	Approved Quantum in MU	Actual Quantum in MU	Actual Additional liability(Rs in Cr)	Admissible additional liability (Rs in Cr)
CGS	2175.42	2163.18	17.32	17.54
IPPs I	1494.74	1222.98	15.33	13.39
Total	3670.16	3386.16	32.65	30.93

12. The source wise details of the power purchase during the third quarter and the fuel surcharge admissible as per the Regulation-88 of the Tariff Regulations, 2014 is given below.

Table-6
Source wise details of the fuel surcharge claimed for the third quarter

Source	Power purchase (approved)	Power purchase (actual)	Per unit cost		Addl liability (actual)	Adll liability admissible
			Approved	Actual		
	(MU)	(MU)	(Rs/kWh)	(Rs/kWh)	(Rs. Cr)	(Rs. Cr)
CGS						
RSTPS I & II	431.43	438.96	2.63	2.37	-11.47	-10.94
RSTPS III	108.52	122.51	2.69	2.31	-4.67	-4.14
Talcher Stage-II	755.67	815.13	1.48	1.39	-7.08	-6.64
Simhadri TPS Stage II	161.47	139.20	2.73	2.66	-1.01	-1.00
NLC Stage-I	94.37	80.90	2.42	2.89	3.79	3.76
NLC Stage-II	134.84	153.09	2.42	2.90	7.39	6.53
NLC 1 Expansion	109.98	119.49	2.28	2.67	4.60	4.26
NLC II Expansion	104.33	67.18	2.30	2.65	2.35	2.35
Vallur STPS	88.71	60.07	2.07	3.01	5.66	5.66
NTPL	128.92	109.57	2.09	3.21	12.22	12.22
NTPC Kudgi	57.19	57.08	2.69	3.66	5.54	5.48
Sub Total	2175.42	2163.18	2.13	2.19	17.32	17.54
Private IPPs outside the State						
DVC RTPS	85.68	21.89	2.30	2.43	0.27	0.27
DVC Mejia	177.83	87.57	2.30	2.23	-0.63	-0.63
Maithon-I	263.22	182.73	2.00	1.99	-0.15	-0.15
Maithon-II	263.22	182.74	2.00	1.99	-0.15	-0.15
Jindal (DBFOO)	339.37	390.59	0.81	1.16	13.66	11.87
Jhabua (DBFOO)	196.05	174.58	1.66	1.74	1.53	1.43
BALCO	169.38	182.89	1.00	1.04	0.79	0.73
Sub Total	1494.75	1222.99	12.07	12.58	15.32	13.37
Total	3670.16	3386.16	1.93	1.97	32.64	30.93

13. KSEB Ltd requested to allow to recover the additional liability as above @6.09 paise per unit from the consumers including bulk consumers and other licensees as per the provisions of the Tariff Regulations, 2014, as detailed below.

Table-7
Rate of recovery of fuel surcharge claimed for the third quarter

Rate of Fuel Surcharge in Paise per unit	
Particulars	Quantum
Amount of Fuel Surcharge (F) (in Rs. Cr)	30.93
Energy billed for Retail sale to all consumers for the third quarter (E) in MU	5076.21
Less Energy billed for domestic consumers having monthly consumption less than 20 units and connected load below 20W during the third quarter in MU	0.19

Energy billed for Retail sale to consumers other than the domestic consumers with connected load less than 500 W and monthly consumption below 20 units consumers for third quarter (E) in MU	5076.02
Rate of fuel surcharge (in Paise per unit)	6.09
Rounded to 6 Paise per unit	

14. The other issues raised by KSEB Ltd in the petition for approval of fuel surcharge for third quarter is extracted below.
- (i) The fuel surcharge regulations allows only the additional liability / savings due to variation in cost of fuel in the power purchase cost to pass through to the consumers. Fuel surcharge petition is for the Thermal power stations having two part tariff structure in which the fuel cost component is met through the variable cost of two part tariff. Thus Regulation-88 of Tariff Regulations 2014 does not provide to factor the additional liability on short term power purchase on account of increased rates over approved level. Hence KSEBL has not included short term power purchase from exchanges, power transfer through deviation settlement mechanism and swap while calculating additional liability as per Fuel Surcharge Regulations.
 - (ii) Though the Commission had not approved the tariff for the 450 MW power supply contract entered by KSEB Ltd under DBFOO basis, KSEB Ltd had scheduled the power from the generators with the permission of the Commission, except 'East Coast Energy Pvt Ltd, which is not yet commissioned. KSEB Ltd had incurred an additional liability of Rs 3.45 crore by scheduling power from these sources, when compared with the short term power purchase rate.
 - (iii) KSEB Ltd had purchased 136.03 MU from short term market at a rate less than the approved short-term power purchase rate of Rs 4.33 /unit, and there is a net savings in power purchase on this account amounting to Rs 22.01 crore.
 - (iv) KSEB Ltd had entered into agreement with GMRETL for availing 100 MW from 8:00 hrs to 17:00 hrs from Nov-2017 to March-2018 through swap arrangement and the power is returnable at 100% from 16th June 2018 to 30th Sep 2018 during 00:00hrs to 4:00 hrs and 22:00 hrs to 24:00 hrs. KSEB Ltd had availed 53.80 MU through this arrangement during the third quarter of the FY 2017-18.
15. The Commission vide its order dated 25.05.2018 had condoned the delay in filing the petition and admitted the petition as OA No. 07/2018. The public hearing on the petition held on 03.07.2018, along with the petition OA No.09/2018, the petition for approval of fuel surcharge for the fourth quarter of the FY 2017-18.

OA No. 09/2018

16. KSEB Ltd had filed the petition for approval of fuel surcharge for the fourth quarter of the FY 2017-18 from January-2018 to Marc-2018, on 05.06.2018, with the following prayers.

- (i) The additional financial liability incurred by KSEBL, amounting to Rs 69.94 crore, due to the variation in power purchase cost resulting from the variation in cost of fuel for the period from January to March 2018 for the procurement/ generation of energy from various thermal sources as per fuel surcharge regulations as detailed in **Annexure I & II** to this petition may kindly be approved.
- (ii) 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 88 of KSERC Tariff Regulations, 2014 from July 2018 onwards @ 13 paise per unit.

KSEB Ltd had also filed the petition for condonation of delay of '35' days along with the main petition.

17. The summary of the fuel surcharge claimed for the fourth quarter is given below.

Table-8
Summary of the fuel surcharge claimed for the fourth quarter

Source	Energy procurement			Add liability	
	Approved quantity	Actual	Admissible as per regulation	Actual	Admissible as per regulation
	(MU)	(MU)	(MU)	(Rs. Cr)	(Rs. Cr)
CGS	2164.8	2248.48	2028.26	58.36	52.37
IPPs I	1462.25	1420.31	1312.03	18.71	17.57
Total	3627.05	3668.79	3340.29	77.07	69.94

18. The source wise details of the power purchase during the fourth quarter and the fuel surcharge admissible as per the Regulation-88 of the Tariff Regulations, 2014 is given below.

Table-9
Source wise details of the fuel surcharge claimed for the fourth quarter

Source	Approved energy procurement (MU)	Actual Energy procurement (MU)	Per unit cost		Actual Additional liability (Rs. Cr)	Admissible Additional liability (Rs. Cr)
			Approved Rate (Rs/kWh)	Actual rate (Rs/kWh)		
Central Generating Stations (CGS)						
RSTPS I & II	422.05	407.77	2.63	2.49	-5.56	-5.12
RSTPS III	106.16	107.89	2.69	2.44	-2.71	-2.55
Talcher Stage-II	739.24	846.54	1.48	1.62	12.27	10.61
Simhadri TPS Stage	157.96	163.53	2.73	2.84	1.82	1.74
NLC Stage-I	92.32	100.38	2.42	2.94	5.21	4.53
NLC Stage-II	131.91	156.96	2.42	2.94	8.18	6.89
NLC 1 Expansion	107.59	111.93	2.28	2.71	4.79	4.25

NLC II Expansion	102.06	74.45	2.30	2.71	3.07	3.01
Vallur STPS	86.78	59.13	2.07	3.05	5.77	5.77
NTPL	126.12	115.40	2.09	3.29	13.81	13.06
NTPC Kudgi	92.62	104.50	2.69	3.81	11.71	10.18
Total CGS	2164.80	2248.48	2.14	2.37	58.36	52.37
Private IPPs outside the State						
DVC RTPS	83.81	25.59	2.30	2.42	0.32	0.32
DVC Mejia	173.96	169.66	2.30	2.31	0.23	0.16
Maithon Power Ltd-I	257.50	285.14	2.00	1.98	-0.65	-0.60
Maithon Power Ltd-	257.50	285.26	2.00	1.98	-0.65	-0.60
Jindal Power Ltd(DBFOO)-PSA I	331.99	307.14	0.81	1.25	13.25	12.50
Jhabua Power Ltd(DBFOO)- PSA I	191.79	201.24	1.66	1.86	4.10	3.81
BALCO	165.70	146.27	1.00	1.14	2.12	1.99
Total LTA	1462.25	1420.31	1.62	1.76	18.71	17.57
Total	3627.05	3668.79	1.92	2.13	77.07	69.94

19. KSEB Ltd requested to approve the additional financial liability amounting to Rs 69.94 crore and to allow it to be recovered from consumers including bulk consumers and other licensees as fuel surcharge, from July 2018 onwards @ 13 paise per unit, as detailed below.

Table-10
Rate of recovery of fuel surcharge claimed for the third quarter

Particulars	Quantum
Amount of Fuel Surcharge (F) in crores	69.94
Energy billed for Retail sale to all consumers for the first quarter (E) in MU	5322.58
Less Energy billed for domestic consumers having monthly consumption less than 20 units and connected load below 20W during the third quarter in MU	0.19
Energy billed for Retail sale to consumers other than the domestic consumers with connected load less than 500 W and monthly consumption below 20 units consumers for third quarter (E) in MU	5322.39
Rate of fuel surcharge in Paise per unit	13.14
Rounded to 13 Paise per unit	

20. Further, KSEB Ltd had raised the following issues also, in the petition for the consideration of the Commission.
- (i) KSEB Ltd had incurred an additional liability of Rs 3.09 crore during the fourth quarter for the power purchase under DBFOO basis for which the tariff is yet to be approved by the Commission, however the same was not claimed as fuel surcharge.
 - (ii) KSEB Ltd had purchased 106.93MU from short term market at the rate less than the short term power purchase rate of Rs 4.33/unit approved for the FY 2017-18, and the net savings on account of the same was

Rs 19.44 crore. However, the same was not accounted in the petition for fuel surcharge for the fourth quarter since there is no provision in the Tariff Regulations, 2014 to account the same.

- (iii) KSEB Ltd had purchased 79.08 MU through swap arrangement during the fourth quarter, which has to be returned from 16th June 2018 to 30th September 2018.
 - (iv) KSEB Ltd had also scheduled 1.15 MU from BDPP and KDPP during the fourth quarter.
21. The Commission vide its order dated 13.06.2018 had condoned the delay in filing the petition and admitted the petition as OA No. 09/2018. The public hearing on the petition held on 03.07.2018, along with the petition OA No.07/2018, the petition for approval of fuel surcharge for the third quarter of the FY 2017-18.

Public hearing on the petitions OA No. 7/2018 and OA No. 9/2018

22. Both the petitions, petitions OA No.07/2018 and OA No.09/2018, were heard on 03.07.2018 at 11.00 AM at the Court Hall of the Commission.
23. Sri Bipin Sankar, Deputy Chief Engineer, KSEB Ltd presented the petition on behalf of KSEB Ltd. The summary of the issue raised by KSEB Ltd is given below.
- (i) The petition for approval for fuel surcharge for the third quarter and fourth quarter was filed as per the Regulation-88 of the Tariff Regulations, 2014.
 - (ii) The additional liability on fuel surcharge claimed is due to variation of fuel cost over approval, for the quantum energy approved or actuals, which ever less on monthly basis as per the Tariff Regulations 2014.
 - (iii) As per the Regulation-88 of the Tariff Regulations, 2014, the short term power purchase at single part tariff will not come under the purview of the fuel surcharge, hence the same is not included in arriving the additional liability of fuel surcharge.
 - (iv) KSEB Ltd had incurred an additional liability of Rs 3.45 crore during third quarter and Rs 3.09 crore for the fourth quarter for the purchase of power from the 350 MW power from DBFOO basis, the tariff for the same is yet to be approved by the Commission and so the liability was not included in the petition.
 - (v) The total additional liability incurred for the 3rd quarter is Rs 30.93 crore the same may be allowed to be recovered @ Ps 6/unit from the consumers. The additional liability incurred for the fourth quarter is Rs 69.94 crore, and the same may be allowed to be recovered @Ps 13/unit from the consumers.

- (vi) The total cost of power purchase incurred for the FY 2017-18 is Rs 7471.84 crore as against the approval of Rs 7339.35 crore. The total cost of power purchase is inclusive of the energy availed through swap arrangement, valued @Rs 3.90/unit, 62.19 MU of power injected by BSES for exhausting Naphtha as per the Hon'ble High Court direction, valued at the average UI rate. Also, KSEB Ltd has purchased 1.15 MU from KPTCL through the overarching agreement signed among the Southern Regional Constituents.
24. Sri Dejo Kappen, Chairman, Center for Consumer Education, submitted the following objections against the petitions filed by KSEB Ltd.
- (i) The State Government had taken over all the assets and liabilities of erstwhile KSEB and KSEB Ltd was started with zero balance from 2013 onwards. However, KSEB Ltd has misled the Commission that the liabilities prior to 2013 are still existing and the funds for repayment of the same is to be levied from consumers.
- (ii) KSEB Ltd and the State Government had signed the UDAY scheme of the Central Government for resolving the financial difficulties of SEBs. As per the UDAY scheme, KSEB Ltd is expected to run at a profit of Rs 315.25 crore in 2015-16, Rs 651.62 crore in 2016-17 and Rs 97.49 crore in 2017-18 and the expected profit during 2018-19 is Rs 148.34 crore. Further as per the UDAY scheme, KSEB Ltd will gain a benefit of Rs 4178.00 crore and 75% of the amount will be considered as loan and 25% will taken into account as security.
- (iii) In April 2017, the Commission had enhanced the electricity tariff at the rate of 10 paise/unit to 50 paise/unit with the hope that the rate will not be reviewed for two years from that date.
- (iv) Both the increase in electricity charges and fuel surcharge will ultimately affect the public in same way.
- (v) As per the report published in the review of Public Enterprises in Kerala for 2016-17, the net loss of KSEB Ltd has increased to Rs 1652.45 crore during 2016-17 as against Rs 313.29 crore during 2015-16. The total accumulated loss at the end of 2016-17 is Rs 3266.17 crore as against Rs 1613.72 crore in 2015-16. The Commission may examine the unusual and unjustifiable increase in the accumulated loss within a span of one year.
- (vi) KSEB Ltd has to take strict measures for controlling the employee expenses. At present there are 20 Chief Engineers as against 11 Chief Engineers previously. The salary and allowances of the employees of KSEB Ltd are much higher than that in the other Government departments or institutions or establishments. In 2010, the salary and expenses for production of 1 unit of electricity was 15 paise in Andhra, 29 paise in West Bengal, 38 paise in Tamilnadu and 75 paise in Kerala. But by 2014, the average production cost in Kerala shot upto 152 paise per unit. The average per unit employee cost at all India basis is 52 paise per unit only. The employees of KSEB Ltd are drawing salary and allowances at the rate of three times more than that in Tamilnadu, Karnataka and Andhra. The only solution to avoid such

unhealthy situation is to issue orders to the effect that prior sanction of the Commission is required for fixing the salary and allowances of employees of KSEB Ltd and creation of new posts.

- (vii) EHT consumers like KMML, Hindusthan News Print, BPCL etc are purchasing electricity from energy exchange through PTC at a rate much lower than that in KSEB Ltd. This will result in the reduction in the net income of KSEB Ltd.
- (viii) KSEB Ltd is not taking earnest efforts for collection of arrears and the total arrears of KSEB Ltd is more than Rs 2100.00 crores. There are crores of Rupees as arrears pending for the reason of the stay orders from the courts. KSEB Ltd is not taking steps to file counter affidavits against the stay orders and to vacate the stay, though there is a well established legal wing to proceed with such issues.
- (ix) There is time and cost overrun in all the hydel projects implemented by KSEB Ltd. Most of the hydel projects are not performing as per the design.
- (x) KSEB Ltd is not taking interest in developing solar plants. The neighboring states like Andhra, Karnataka, Tamilnadu, Chhattisgarh, Rajasthan etc are producing thousands of MW from solar and wind mills. A study report reveals that, Idukki reservoir measuring 60 sq.km area, can generate 6000 MWs of electricity if floating solar panels are spread over it.
- (xi) There is irregularity and illegality in the part of the KSEB Ltd in the procedure adopted for one time settlement schemes without adopting statutory procedures and these are well explained in the CAG report published for the year 2014. Arrears amounting to Rs 160.00 crore, of *Punalur paper mills was settled at Rs 95 lakh, Similarly Binani Zinc, who has to pay Rs 52.00 crore was permitted to settle by remitting only Rs 19.50 crore. This has resulted heavy losses for KSEBL.*
- (xii) This year, the reservoir position of KSEB Ltd is one of the best in the history. The prices in the energy exchanges are in the range of Rs 2.70 to Rs 2.80 per unit. KSEB can utilize this opportunity to manage the demand of the State.
- (xiii) The Commission may issue specific orders on the following:
 - (1) The percentage of the income that can be spent for salary and expenses.
 - (2) Since KSEB Ltd is running on heavy losses, the increase in salary and expenses cannot be permitted.
 - (3) Creation of new posts shall be done only with the concurrence of the Honorable Commission.
 - (4) Definite orders may be issued to recover arrears of electricity charges from all categories of consumers within a specified time limit.

- (5) Orders may be issued to the effect that at least 25% of the total energy required of the state shall be generated from non conventional energy sources such as windmill, solar panel etc.
 - (6) To cancel the agreement made with projects or establishments from whom electricity is not being purchased.
 - (7) Orders maybe issued that prior sanction of the commission is required for one time settlement with consumers who have to pay high amount of arrears to the KSEB and ceiling for such an amount maybe fixed.
- (xiv) Sri. Dejo Kappen, prayed that, the Commission may be pleased to issue orders on withholding the request of the K S E B Ltd. for permission to increase the electricity charges and also directing them to cut down the labour cost by reducing the salary and allowances and also instructing them to collect all the pending arrears of electricity charges specifying a time limit for the same which will help put an end to their financial liabilities and thereby to safeguard the interest of the public.
25. Sri Pattom Sasidharan Nair, General secretary, Federation of Residents Associations, Thiruvananthapuram (FRAT), submitted that;
- (i) The inefficiencies of KSEB Ltd lead to the additional claim of 13 paise per unit as fuel surcharge
 - (ii) As per the reports, huge arrears to the extent of Rs 2441 crore are pending from the State Government Departments. KSEB Ltd is not taking efforts to realise the same. If the arrears are recovered from the consumers, 2/3rd of the losses of KSEB Ltd will be wiped out.
 - (iii) The fuel surcharge if any may be made applicable to shopping malls, star hotels, private hospitals etc and not passed on to domestic category in uniform basis.
 - (iv) KSEB Ltd is not taking steps for disposal of scraps.
 - (v) The proposal for installation of smart meters is an unwanted investment.
 - (vi) Consumer is paying cost of meter and also meter rent, which cannot be justified.
 - (vii) The claim of electricity duty is unwarranted
26. Sri M S Venugopal, Chairman, FRAT made the following submission during the hearing.
- (i) The total outstanding arrears of KSEB Ltd from the State Government departments and private sector companies are more than Rs 2441.00 crore. If the arrears are recovered from the defaulters, the losses of KSEB Ltd will be reduced to 1/3rd of the present level.
 - (ii) Huge amount is due to KSEB Ltd from the State Government and other institutions as industrial subsidy and KSEB Ltd shall take steps to recover the same. The Commission may seek clarification from KSEB Ltd.

- (iii) The risk allowance shall not be allowed to office staff working in KSEB Ltd and the same may be limited only to the field staff engaged in operation and maintenance works.
 - (iv) The equipments of the consumers are damaged due to voltage fluctuations and low quality of electricity provided by KSEB Ltd. The losses to the consumers on this account are more than lakh of rupees. KSEB Ltd has to provide risk allowance/ insurance protection to the consumers to mitigate such losses.
 - (v) The present non telescopic slab billing system adopted by KSEB Ltd is resulting in indirect tariff increase. The Commission may take appropriate steps to avoid this. The Commission should also ensure that, the bills issued to the consumers shall be self explanatory and all the necessary details shall be included in the bills.
 - (vi) Lack of proper planning and inefficiencies resulted in paying about Rs 1500.00 crores of rupees annually to Kayamkulam thermal plant without scheduling electricity.
 - (vii) Due to the time overrun and cost overrun of Pallivasal project resulted in loss of Rs 1500.00 crore annually.
 - (viii) It will be advantageous to KSEB Ltd to hire vehicle than to have own vehicle with drivers with salary of the order of Rs 90,000 per month.
 - (ix) The proposal to introduce smart meters may ultimately result in penalizing consumers. The Commission also has to consider the problems of the smart meters and its threats to the consumers before granting approval for introducing smart meters.
 - (x) At present KSEB Ltd has been not giving importance for detecting the theft of electricity.
 - (xi) The excessive transmission and distribution losses is a serious concern.
27. Sri A R Satheesh, the president, Kerala HT&EHT Industrial Electricity Consumers Association (herein after referred as HT&EHT Association), submitted the following objections and comments on the fuel surcharge petitions filed by KSEB Ltd.
- (i) KSEB Ltd has not complied with the timelines specified in the Tariff Regulations, 2014 for filing the petitions on fuel surcharge for the third and fourth quarter.
 - (ii) As per the Tariff Regulations, 2014, the FPA charges are applicable on the actual monthly energy purchase or the approved energy purchase, whichever is less. However, KSEB Ltd has not followed the formula.
 - (iii) There is anomaly in the calculation of the additional liability on account of variation of the fuel prices of Central Generating Stations.
 - (iv) The relevant Regulations do not make any distinction between power purchase from short term market & traders and power purchase from other sources. As per the Regulation 88 of the Tariff Regulations, 2014, there is no provision to factor the additional liability on short term power

purchase on account of **increase** in short term power purchase rate over approved level. But the **decrease** in power purchase cost due to decrease in short-term power purchase rate has to be taken into account. As per the Regulations 88(2)(ii), the decrease in power purchase cost due to difference in short term power purchase rate has to be considered while determining FPA charges.

If the Commission once fixed the upper price limit for purchase of power from short term market, traders, energy exchange, it has to be maintained by the licensee for all purchases. There is no provision to recover the extra cost over and above the commission fixed rate through fuel surcharge route or even through truing up mechanism. Whereas, if the short term procurement cost is less than the commission fixed rate it must pass to consumers along with fuel surcharge working on each quarter.

KSEB Ltd has not included the power purchase from short-term market in their FPA computation. This is not correct and the impact of short-term purchase also should be included in the computation of FPA charges.

- (v) As per the order dated 17.04.2017, the Commission had approved the T&D loss for KSEBL for 2017-18 as 13.65%, whereas actual loss for the third quarter is 13.77% and that for the fourth quarter is 13.67%. The approved loss only be adopted for arriving the FPA rates.
- (vi) It is apparent from the statements given by KSEBL in the Petition that the Commission is yet to accord sanction of the DBFOO contracts. KSEBL has requested approval for expenditure towards the unapproved contract with RGCCPP also. The Commission may disallow the claims of KSEB Ltd summarily.
- (vii) KSEBL miserably failed to manage power purchase cost despite increased share of hydel generation and 6% reduction in power demand. A better management would have totally avoided the collection of additional burden of 6ps from the consumers.
- (viii) The total additional liability of fuel surcharge admissible is only Rs 8.46 crore for the third quarter, which translates to the recovery rate @ 1.66ps/ kWh only. Similarly, the fuel surcharge admissible for the fourth quarter is Rs 50.02 crore only and which translate the recovery rate @ 9.3ps/kWh.
- (ix) HT&EHT association prayed before the Commission to reject the petition for fuel surcharge for the third quarter considering the higher share of hydel generation of 255.71MU and reduced demand of 283 MU. While determining the FPA charges for fourth quarter, the Commission may consider the higher hydel generation as well as the lower demand in the fourth quarter.

28. Sri. Shaji Sebastian representing small scale industries submitted as follows;

- (i) The small scale industrial sector includes consumers having consumption from 3000 units to 3 lakh units. The average tariff of small scale industries is more than Rs 8.5 per unit.
 - (ii) Small-scale industries help the KSEB grid by reducing consumption during peak hours and shifting load to night off peak hours.
 - (iii) The energy bills issued to consumer is not specific and do not contain the relevant consumer specific details.
 - (iv) There are many unwanted posts in KSEB Ltd, such as Executive Engineers at electricity circle offices, Assistant Executive Engineers at distribution offices.
 - (v) The projections of arrears amounting to Rs 2500 crore is not realistic and the actual areas is very much less than that.
29. Sri Jose Paul, a consumer submitted the following before the Commission,
- (i) Commission shall advise KSEB Ltd to promote the small hydel projects of capacity in the order of 10kVA, 25KVA etc in rivers, this can be installed at Chalakkudy instead of installing big hydro projects like Athirappally in forest land.
 - (ii) Imposing OYEC charges in agriculture connection has to be stopped.
 - (iii) Installation of solar panels for the agriculture use may be promoted by KSEB Ltd. Renewable sources like tidal energy may be promoted
 - (iv) No additional posts shall be created in KSEB Ltd for next 10 years. Also, the post of Assistant Executive Engineer is unwarranted at distribution offices.
 - (v) There must be a time bound action plan for completing the projects which are now stopped due to various reasons
 - (vi) The extension of agreement of Kayamkulam thermal plant and Brahmapuram may not be allowed.
 - (vii) Steps to be taken to remove slurry from Sholayar dam. The leakage of water through shutters to Chalakkudipuzha from KSEB Ltd dams to be arrested
 - (viii) Steps may be taken to avoid corruption.
 - (ix) KSEB Ltd need not supply power to railways
 - (x) Meters may be sold through KSEB Ltd outlets, the meters from the public sector company like united electrical company may be provided instead of purchase of meters from private companies.
 - (xi) Usage of Arial Bunched Cables to be promoted so that accidents will be minimized due to snapping
 - (xii) Hydro electric Projects which are stalled due to various reasons may be allotted to private agencies
30. Based on the deliberations during the hearing, the Commission vide the daily order dated 11.07.2018, directed the KSEB Ltd to clarify the following:

- (1) Whether the figure of energy schedule given in the fuel surcharge petition is the energy schedule given by the generator or the energy scheduled by KSEB Ltd?
- (2) Whether there is any difference in the energy schedule as per the petition and the actual energy generation delivery to KSEB Ltd by each generator/trader/ DBFOO contracts. If so, how the difference is accounted, and whether KSEB Ltd is liable to make payments for such short fall?
- (3) How KSEB Ltd has been making payments towards fixed charges on monthly basis? Whether the cumulative availability formula specified in the Tariff Regulations notified by the CERC is followed scrupulously while effecting monthly payments of fixed charges?
- (4) It is noticed that, there is wide variation in the monthly fixed charges and per unit fixed charges claimed by the generators including CGS. Please clarify.
- (5) What is the institutional mechanism available with KSEB Ltd for making daily schedule of power from various sources?
- (6) How KSEB Ltd ensure that, the scheduling is done strictly on merit order?
- (7) How the difference between the day schedule and actual delivery from each source is accounted.

31. K S E B Ltd., vide letter dated 30.7.2018, has submitted clarification sought by the commission vide daily order dated 11.7.2018. K S E B Ltd. submitted as follows;

Item No.1:- Whether the figure of energy schedule given at ex bus in the petition is the energy schedule given by the Generator or the energy scheduled by KSEB Ltd?

The Ex-bus quantum of the generators as per REA except for nuclear power stations is the energy scheduled at the ISTS point as per the requisition of KSEBL against the availability declared by the generator at the same delivery point subjected to technical minimum.

Item No.2:- Whether there is any difference in the energy schedule at the exbus as given in the petition and the actual energy generation delivery to KSEB Ltd by each generator/trader/ DBFOO contracts. If so, how the difference is accounted, and whether KSEB Ltd is liable to make payments for such short fall?

The energy schedule at exbus is the actual energy delivered by the station which is published in REA statement. KSEBL is paying for the actual energy delivered by the station as published in REA.

Item No.3:- How KSEB Ltd has been making payments towards fixed charges on monthly basis? Whether the cumulative availability formula

specified in the Tariff Regulations notified by the CERC is followed scrupulously while effecting monthly payments of fixed charges?

Yes, the cumulative availability formula specified in the Tariff Regulations notified by the CERC is followed scrupulously while effecting monthly payments of fixed charges. The above fact was already communicated to Honorable Commission while furnishing clarifications on fuel surcharge petition for 2nd quarter.

Item No.4:- It is noticed that, there is wide variation in the monthly fixed charges and per unit fixed charges claimed by the generators including CGS. Please clarify.

The monthly fixed charge of a thermal generating station is dependent on the percentage plant availability factor achieved upto the end of the nth month with respect to normative value. The capacity charge for the month will vary based on the availability, if the percentage plant availability factor varies from the normative value.

Item No.5:- What is the institutional mechanism available with KSEB Ltd for making daily schedule of power from various sources?

KSEBL has an officer at Assistant Executive Engineer level in shift duty on round-the-clock basis at System Operation wing Kalamassery for carrying out scheduling activities from various sources. The scheduling is carried out on merit order as per the existing guidelines. The High Level Committee (Core-committee) chaired by Director (Finance) and Power Supply Position meeting chaired by the Director (Transmission & System Operation) periodically review the availability from the various sources to meet the monthly demand. The average Hydro generation plan is also finalized in those meetings. The daily power scheduling is then carried out, based on the day-ahead demand forecast, the availability from each source, possible flexing of hydro portfolio and possible market operation. In addition, in real time further corrections are applied in merit order. These activities are complemented by AEE market operation in general duty. Activities carried out by AEE in shift are supervised in real time by Executive Engineers (Load Despatch) and by Deputy Chief Engineer Grid and Chief Engineer (Transmission System Operation).

Item No.6:- How KSEB Ltd ensure that, the scheduling is done strictly on merit order?

Scheduling is done from the Control room which is manned Round the clock. The Daily analysis and review of the previous day operations are carried out along with the preparation of bid proposal for the next day by Executive Engineer (LD) and Deputy Chief Engineer(GRID).

The key performance indicators of the daily scheduling are included in the daily statistics (being uploaded every day in the website of KSEBL) reported upto the Chairman level. Any deviation from merit order in real time due to technical reasons is noted in the operation diary maintained by AEE and EE in shift operations. The reasons are analysed periodically, mostly on daily basis by Deputy Chief Engineer (GRID) and Chief Engineer (Transmission System Operation).

Item No.7:- How the difference between the day schedule and actual delivery from each source is accounted.

The Interstate Generating stations (ISGS) has to declare their capability and the utility has to submit the drawal schedule in advance on daily basis. The utilities may, at their discretion, deviate from the drawal schedule, within the limit specified by the CERC as long as such deviations do not cause system parameters to deteriorate beyond permissible limits and/or do not lead to unacceptable line loading. Deviations from net drawal schedule are appropriately priced through the deviation settlement mechanism regulated by Honourable CERC.

Similarly the ISGS shall be responsible for power generation according to the daily schedules advised to them by the RLDC on the basis of the requisitions received from the SLDCs, and for proper operation and maintenance of their generating stations, such that these stations achieve the best possible long-term availability and economy. While the ISGS are normally expected to generate power according to the daily schedules advised to them, it would not be mandatory to follow the schedules tightly. In line with the flexibility allowed to the States, the ISGS may also deviate from the given schedules depending on the plant and system conditions. In particular, they would be allowed / encouraged to generate beyond the given schedule under deficit conditions. Deviations from the ex-power plant generation schedules are appropriately priced through the deviation settlement mechanism regulated by Honourable CERC.

Analysis and Decision

32. The Commission has examined in detail the petitions filed by KSEB Ltd for the approval of fuel surcharge for the 2nd quarter (July-2017 to September-2017), 3rd quarter (October-2017 to December-2017) and 4th quarter (January-2018 to March 2018) of the financial year 2017-18, the objections made by the stakeholders, additional submissions made by KSEB Ltd, with reference to the provisions of the Electricity Act, 2003 and Tariff Regulations, 2014 notified by the Commission and directions issued by the Hon'ble Appellate Tribunal for Electricity (APTEL) to the State Commissions regarding the timely approval of fuel surcharge.

33. 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.”

34. Hon’ble APTEL vide the judgment dated 11.11.2011 in OP No. 1 of 2011 had issued directions to all the State Commissions in the Country, regarding the timely approval of fuel surcharge, which is extracted below.

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.”

35. The Regulation-88 of the KSERC (Terms and Conditions for Determination of Tariff) Regulations, 2014 (herein after referred as Tariff Regulations, 2014), deals with the ‘Fuel Surcharge Formula’ and related aspects, which is extracted below for ready reference.

88. 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 for adjustment by the distribution business/licensee, by way of recovery from or by way of refund to the consumer, 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 application 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 an application with all relevant details required for the approval of the amount of fuel surcharge to be adjusted from the consumers and of 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 effected 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 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 Form-I.*

(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, 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.*

36. The fuel surcharge formula specified under Annexure X to the Tariff Regulations, 2014 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

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

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

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

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

(F_g and F_p 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

Q_g = 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

37. The Commission vide the tariff order dated 17.04.2017 for the financial year 2017-18 has issued directions to KSEB Ltd to submit regularly, at specified intervals, the application for approval of fuel surcharge and also submit proposals for passing on the impact of change in hydro-thermal mix as per provisions of the Tariff Regulations, 2014.
38. The Commission has examined in detail the fuel surcharge claimed by KSEB Ltd for the 2nd quarter, 3rd quarter and 4th quarter of the financial year 2017-18, with reference to the following.
- (i) Source wise quantum of power purchase and cost approved during the first quarter.
 - (ii) Actual power purchase details submitted by KSEB Ltd with supporting documents.
 - (iii) Provisions in the Tariff Regulations, 2014 regarding fuel surcharge and related issues.

39. The Commission, while approving the tariff order for the financial year 2017-18 vide the order dated 17.04.2018, had adopted the quantum of power purchase from CGS and other approved long-term contracts, as claimed by KSEB Ltd after prudence check. KSEB Ltd while submitting the revised claim on fuel surcharge for second quarter vide its letter dated 3.4.2018 has adopted the power purchase approved by the Commission.

OA No. 1/2018, Fuel surcharge for the 2nd quarter of the FY 2017-18

40. The additional liability admissible for purchase of power by KSEB Ltd from each approved sources in the Tariff order dated 17.04.2017 for the financial year 2017-18, as per the provisions of the Tariff Regulations, 2014 for the second quarter of the financial year from July 2017 to September 2017 is given in the following tables.

Table-11(1)
Talcher-II Super Thermal Power Station

Month	Quantum (MU)				Rate (Rs/ kWh)		Addl liability as FS (Rs.Cr)	
	Approved vide the order dated 17.04.2017	Actual	Claimed by KSEB L for 'FS'	Eligible for 'FS' as per Regulation	Approved	Actual	Claimed by KSEB Ltd	Approved for recovery as 'FS'
(1)	(2)	(3)	(4)	(5)= Lesser of (2) & (3)	(6)	(7)	(8)	(9)= (5)x((7)-(6))
Jul-17	254.63	252.38	252.38	252.38	1.48	1.45	-0.78	-0.78
Aug-17	254.63	222.02	222.02	222.02	1.48	1.36	-2.70	-2.70
Sep-17	246.41	233.92	233.92	233.92	1.48	1.33	-3.53	-3.53
Total	755.67	708.32	708.32	708.32	1.48	1.38	-7.01	-7.01

Table-11(2)
Ramagundam Stage –I &II

Month	Quantum (MU)				Rate (Rs/ kWh)		Addl liability as FS (Rs.Cr)	
	Approved vide the order dated 17.04.2017	Actual	Claimed by KSEB L for 'FS'	Eligible for 'FS' as per Regulation	Approved	Actual	Claimed by KSEB Ltd	Approved for recovery as 'FS'
(1)	(2)	(3)	(4)	(5)= Lesser of (2) & (3)	(6)	(7)	(8)	(9)= (5)x((7)-(6))
Jul-17	145.37	165.30	165.30	145.37	2.63	2.25	-6.21	-5.46
Aug-17	145.37	173.29	173.29	145.37	2.63	2.37	-4.46	-3.74
Sep-17	140.68	151.28	151.28	140.68	2.63	2.40	-3.50	-3.26
Total	431.43	489.88	489.87	431.43	2.63	2.34	-14.17	-12.46

Table-11(3)
Ramagundam STPS Stage-III

Month	Quantum (MU)				Rate (Rs/ kWh)		Addl liability as FS (Rs.Cr)	
	Approved vide the order dated 17.04.2017	Actual	Claimed by KSEB L for 'FS'	Eligible for 'FS' as per Regulation	Approved	Actual	Claimed by KSEB Ltd	Approved for recovery as 'FS'
(1)	(2)	(3)	(4)	(5)= Lesser of (2) & (3)	(6)	(7)	(8)	(9)= (5)x((7)-(6))
Jul-17	36.57	38.95	38.95	36.57	2.69	2.21	-1.88	-1.76
Aug-17	36.57	40.69	40.69	36.57	2.69	2.32	-1.52	-1.35
Sep-17	35.39	38.76	38.76	35.39	2.69	2.31	-1.46	-1.34
Total	108.52	118.40	118.40	108.52	2.69	2.28	-4.87	-4.45

Table-11(4)
NLC-TPS-II Stage-1

Month	Quantum (MU)				Rate (Rs/ kWh)		Addl liability as FS (Rs.Cr)	
	Approved	Actual	Claimed by KSEB L for 'FS'	Eligible for 'FS' as per Regulation	Approved	Actual	Claimed by KSEB Ltd	Approved for recovery as 'FS'
(1)	(2)	(3)	(4)	(5)= Lesser of (2) & (3)	(6)	(7)	(8)	(9)= (5)x((7)-(6))
Jul-17	31.80	33.44	33.44	31.80	2.42	2.76	1.14	1.08
Aug-17	31.80	49.02	49.02	31.80	2.42	2.71	1.45	0.92
Sep-17	30.77	31.76	31.76	30.77	2.42	2.74	1.03	0.98
Total	94.37	114.22	114.22	94.37	2.42	2.73	3.63	2.99

Table-11(5)
NLC-TPS-II Stage-2

Month	Quantum (MU)				Rate (Rs/ kWh)		Addl liability as FS (Rs.Cr)	
	Approved vide the order dated 17.04.2017	Actual	Claimed by KSEB L for 'FS'	Eligible for 'FS' as per Regulation	Approved	Actual	Claimed by KSEB Ltd	Approved for recovery as 'FS'
(1)	(2)	(3)	(4)	(5)= Lesser of (2) & (3)	(6)	(7)	(8)	(9)= (5)x((7)-(6))
Jul-17	45.43	62.05	62.05	45.43	2.42	2.76	2.13	1.54
Aug-17	45.43	50.84	50.84	45.43	2.42	2.72	1.54	1.36
Sep-17	43.97	55.37	55.37	43.97	2.42	2.74	1.80	1.41
Total	134.84	168.26	168.26	134.84	2.42	2.74	5.47	4.31

Table-11(6)
NLC-I- Expansion

Month	Quantum (MU)				Rate (Rs/ kWh)		Addl liability as FS (Rs.Cr)	
	Approved	Actual	Claimed by KSEB L for 'FS'	Eligible for 'FS' as per Regulation	Approved	Actual	Claimed by KSEB Ltd	Approved for recovery as 'FS'
(1)	(2)	(3)	(4)	(5)= Lesser of (2) & (3)	(6)	(7)	(8)	(9)= (5)x((7)-(6))
Jul-17	37.06	44.82	44.82	37.06	2.28	2.52	1.05	0.89
Aug-17	37.06	44.24	44.24	37.06	2.28	2.55	1.18	1.00
Sep-17	35.86	41.59	41.59	35.86	2.28	2.57	1.19	1.04
Total	109.98	130.65	130.65	109.98	2.28	2.55	3.41	2.93

Table-11(7)
NLC-II- Expansion

Month	Quantum (MU)				Rate (Rs/ kWh)		Addl liability as FS (Rs.Cr)	
	Approved vide the order dated 17.04.2017	Actual	Claimed by KSEB L for 'FS'	Eligible for 'FS' as per Regulation	Approved	Actual	Claimed by KSEB Ltd	Approved for recovery as 'FS'
(1)	(2)	(3)	(4)	(5)= Lesser of (2) & (3)	(6)	(7)	(8)	(9)= (5)x((7)-(6))
Jul-17	35.15	30.22	30.22	30.22	2.30	2.52	0.67	0.66
Aug-17	35.15	12.56	12.56	12.56	2.30	2.52	0.28	0.28
Sep-17	34.02	25.15	25.15	25.15	2.30	2.54	0.62	0.60
Total	104.33	67.93	67.93	67.93	2.30	2.53	1.58	1.54

Table-11(8)
Simhadri STPS

Month	Quantum (MU)				Rate (Rs/ kWh)		Addl liability as FS (Rs.Cr)	
	Approved vide the order dated 17.04.2017	Actual	Claimed by KSEB L for 'FS'	Eligible for 'FS' as per Regulation	Approved	Actual	Claimed by KSEB Ltd	Approved for recovery as 'FS'
(1)	(2)	(3)	(4)	(5)= Lesser of (2) & (3)	(6)	(7)	(8)	(9)= (5)x((7)-(6))
Jul-17	54.41	62.80	62.80	54.41	2.73	2.74	0.06	0.05
Aug-17	54.41	52.28	52.28	52.28	2.73	2.83	0.50	0.50
Sep-17	52.65	25.88	25.88	25.88	2.73	2.62	-0.28	-0.28
Total	161.47	140.96	140.96	132.57	2.73	2.75	0.28	0.27

Table-11(9)
Vallur STPS

Month	Quantum (MU)				Rate (Rs/ kWh)		Addl liability as FS (Rs.Cr)	
	Approved vide the order dated 17.04.2017	Actual	Claimed by KSEB L for 'FS'	Eligible for 'FS' as per Regulation	Approved	Actual	Claimed by KSEB Ltd	Approved for recovery as 'FS'
(1)	(2)	(3)	(4)	(5)= Lesser of (2) & (3)	(6)	(7)	(8)	(9)= (5)x((7)-(6))
Jul-17	29.89	26.00	26.00	26.00	2.07	2.63	1.45	1.46
Aug-17	29.89	23.92	23.92	23.92	2.07	2.59	1.25	1.24
Sep-17	28.93	16.60	16.60	16.60	2.07	2.82	1.24	1.25
Total	88.71	66.52	66.52	66.52	2.07	2.66	3.94	3.94

Table-11(10)
NLC Tamilnadu Power Ltd (NTPL)

Month	Quantum (MU)				Rate (Rs/ kWh)		Addl liability as FS (Rs.Cr)	
	Approved vide the order dated 17.04.2017	Actual	Claimed by KSEB L for 'FS'	Eligible for 'FS' as per Regulation	Approved	Actual	Claimed by KSEB Ltd	Approved for recovery as 'FS'
(1)	(2)	(3)	(4)	(5)= Lesser of (2) & (3)	(6)	(7)	(8)	(9)= (5)x((7)-(6))
Jul-17	43.44	49.48	49.48	43.44	2.09	3.16	5.26	4.63
Aug-17	43.44	51.87	51.87	43.44	2.09	3.11	5.27	4.41
Sep-17	42.04	17.48	17.48	17.48	2.09	3.13	1.81	1.80
Total	128.92	118.83	118.83	104.36	2.09	3.13	12.34	10.84

Table-11(11)
NTPC KUDUGI

Month	Quantum (MU)				Rate (Rs/ kWh)		Addl liability as FS (Rs.Cr)	
	Approved vide the order dated 17.04.2017	Actual	Claimed by KSEB L for 'FS'	Eligible for 'FS' as per Regulation	Approved	Actual	Claimed by KSEB Ltd	Approved for recovery as 'FS'
(1)	(2)	(3)	(4)	(5)= Lesser of (2) & (3)	(6)	(7)	(8)	(9)= (5)x((7)-(6))
Jul-17	19.27	0.55	0.55	0.55	2.69	3.32	0.03	0.03
Aug-17	19.27	30.52	30.52	19.27	2.69	3.46	2.34	1.48
Sep-17	18.65	18.85	18.85	18.65	2.69	3.48	1.48	1.47
Total	57.19	49.92	49.92	38.47	2.69	3.47	3.85	2.99

Table-11(12)
Maithon- contract-1

Month	Quantum (MU)				Rate (Rs/ kWh)		Addl liability as FS (Rs.Cr)	
	Approved vide the order dated 17.04.2017	Actual	Claimed by KSEB L for 'FS'	Eligible for 'FS' as per Regulation	Approved	Actual	Claimed by KSEB Ltd	Approved for recovery as 'FS'
(1)	(2)	(3)	(4)	(5)= Lesser of (2) & (3)	(6)	(7)	(8)	(9)= (5)x((7)-(6))
Jul-17	88.69	90.24	90.24	88.69	2.00	1.96	-0.41	-0.35
Aug-17	88.69	96.72	96.72	88.69	2.00	1.93	-0.71	-0.62
Sep-17	85.83	96.75	96.75	85.83	2.00	2.01	0.09	0.09
Total	263.22	283.71	283.71	263.22	2.00	1.97	-1.03	-0.89

Table-11(13)
Maithon- contract-2

Month	Quantum (MU)				Rate (Rs/ kWh)		Addl liability as FS (Rs.Cr)	
	Approved vide the order dated 17.04.2017	Actual	Claimed by KSEB L for 'FS'	Eligible for 'FS' as per Regulation	Approved	Actual	Claimed by KSEB Ltd	Approved for recovery as 'FS'
(1)	(2)	(3)	(4)	(5)= Lesser of (2) & (3)	(6)	(7)	(8)	(9)= (5)x((7)-(6))
Jul-17	88.69	98.35	98.35	88.69	2.00	1.96	-0.41	-0.35
Aug-17	88.69	104.35	104.35	88.69	2.00	1.93	-0.71	-0.62
Sep-17	85.83	100.72	100.72	85.83	2.00	2.01	0.09	0.09
Total	263.22	303.42	303.42	263.22	2.00	1.97	-1.03	-0.89

Table-11(14) - DVC Meja

Month	Quantum (MU)				Rate (Rs/ kWh)		Addl liability as FS (Rs.Cr)	
	Approved	Actual	Claimed by KSEB L for 'FS'	Eligible for 'FS' as per Regulation	Approved	Actual	Claimed by KSEB Ltd	Approved for recovery as 'FS'
(1)	(2)	(3)	(4)	(5)= Lesser of (2) & (3)	(6)	(7)	(8)	(9)= (5)x((7)-(6))
Jul-17	59.92	45.37	45.37	45.37	2.30	2.31	0.05	0.05
Aug-17	59.92	35.44	35.44	35.44	2.30	2.31	0.04	0.04
Sep-17	57.99	31.18	31.18	31.18	2.30	2.23	-0.21	-0.21
Total	177.83	111.99	111.99	111.99	2.30	2.29	-0.12	-0.12

Table-11(15) - DVC RSTPS

Month	Quantum (MU)				Rate (Rs/ kWh)		Addl liability as FS (Rs.Cr)	
	Approved	Actual	Claimed by KSEB L for 'FS'	Eligible for 'FS' as per Regulation	Approved	Actual	Claimed by KSEB Ltd	Approved for recovery as 'FS'
(1)	(2)	(3)	(4)	(5)= Lesser of (2) & (3)	(6)	(7)	(8)	(9)= (5)x((7)-(6))
Jul-17	28.87	11.77	11.77	11.77	2.30	2.58	0.33	0.33
Aug-17	28.87	10.28	10.28	10.28	2.30	2.59	0.30	0.30
Sep-17	27.94	8.96	8.96	8.96	2.30	2.71	0.37	0.37
Total	85.68	31.01	31.01	31.01		2.62	1.00	1.00

Table-11(16) -Jindal Power Limited

Month	Quantum (MU)				Rate (Rs/ kWh)		Addl liability as FS (Rs.Cr)	
	Approved	Actual	Claimed by KSEB L for 'FS'	Eligible for 'FS' as per Regulation	Approved	Actual	Claimed by KSEB Ltd	Approved for recovery as 'FS'
(1)	(2)	(3)	(4)	(5)= Lesser of (2) & (3)	(6)	(7)	(8)	(9)= (5)x((7)-(6))
Jul-17	114.35	137.64	137.64	114.35	0.81	1.11	4.08	3.39
Aug-17	114.35	120.25	120.25	114.35	0.81	1.11	3.56	3.39
Sep-17	110.66	120.28	120.28	110.66	0.81	1.08	3.20	2.95
Total	339.37	378.17	378.17	339.37	0.81	1.10	10.85	9.73

Table-11(17) -Jhabua Power Limited

Month	Quantum (MU)				Rate (Rs/ kWh)		Addl liability as FS (Rs.Cr)	
	Approved	Actual	Claimed by KSEB L for 'FS'	Eligible for 'FS' as per Regulation	Approved	Actual	Claimed by KSEB Ltd	Approved for recovery as 'FS'
(1)	(2)	(3)	(4)	(5)= Lesser of (2) & (3)	(6)	(7)	(8)	(9)= (5)x((7)-(6))
Jul-17	66.06	57.37	57.37	57.37	1.66	1.88	1.27	1.27
Aug-17	66.06	59.80	59.80	59.80	1.66	1.69	0.21	0.21
Sep-17	63.93	41.03	41.03	41.03	1.66	1.69	0.14	0.14
Total	196.05	158.20	158.20	158.20	1.66	1.76	1.62	1.62

41. The summary of the fuel surcharge claimed by KSEB Ltd and the same admissible as per the Tariff Regulations 2014 is given below.

Table-12
Summary of the fuel surcharge admissible for the second quarter

Sources	Quantum (MU)				Rate (Rs/ kWh)		Addl liability as FS (Rs.Cr)	
	Approved vide the order dated 17.04.2017	Actual	Claimed by KSEB L for 'FS'	Eligible for 'FS' as per Regulation	Approved	Actual	Claimed by KSEB Ltd	Approved for recovery as 'FS'
Talcher-II	755.67	708.32	708.32	708.32	1.48	1.38	-7.01	-7.01
Ramagundam I&II	431.43	489.88	489.87	431.43	2.63	2.34	-14.17	-12.46
Ramagundam-III	108.52	118.40	118.40	108.52	2.69	2.28	-4.87	-4.45
NLC TPS-II Stage-1	94.37	114.22	114.22	94.37	2.42	2.73	3.63	2.99
NLC TPS-II Stage-2	134.84	168.26	168.26	134.84	2.42	2.74	5.47	4.31
NLC-1 Expansion	109.98	130.65	130.65	109.98	2.28	2.55	3.41	2.93
NLC-II Expansion	104.33	67.93	67.93	67.93	2.30	2.53	1.58	1.54
Simhadri	161.47	140.96	140.96	132.57	2.73	2.75	0.28	0.27
Vallur STPS	88.71	66.52	66.52	66.52	2.07	2.66	3.94	3.94
NTPL	128.92	118.83	118.83	104.36	2.09	3.13	12.34	10.84
NTPC Kudgi	57.19	49.92	49.92	38.47	2.69	3.47	3.85	2.99
Maithon-1	263.22	283.71	283.71	263.22	2.00	1.97	-1.03	-0.89
Maithon-2	263.22	303.42	303.42	263.22	2.00	1.97	-1.03	-0.89
DVC-Mejia	177.83	111.99	111.99	111.99	2.30	2.29	-0.12	-0.12
DVC-Regunathpur	85.68	31.01	31.01	31.01	0.00	2.62	1.00	1.00
Jindal Power Ltd	339.37	378.17	378.17	339.37	0.81	1.10	10.85	9.73
Jhabua Power Ltd	196.05	158.20	158.20	158.20	1.66	1.76	1.62	1.62
Total	3500.78	3440.39	3440.38	3164.32	34.57	40.26	19.74	16.35

42. As detailed above, the additional liability on power purchase from the approved sources during the second quarter of the FY 2017-18 from 1st July-2017 to 30th September 2017, due to variation in cost of fuel, admissible as fuel surcharge as per the provisions of the Tariff Regulations, 2014 is Rs 16.34 crore as against the claim of Rs 19.76 crore by KSEB Ltd.

OA No. 7/2018, Fuel surcharge for the 3rd quarter of the FY 2017-18

43. The additional liability admissible for purchase of power by KSEB Ltd from each approved sources in the Tariff order dated 17.04.2017 for the financial year 2017-18, as per the provisions of the Tariff Regulations, 2014 for the third quarter from October-2017 to December-2017 is given in the following tables.

Table-13(1).
Talcher-II Super Thermal Power Station

Month	Quantum (MU)				Rate (Rs/ kWh)		Addl liability as FS (Rs.Cr)	
	Approved	Actual	Claimed by KSEB L for 'FS'	Eligible for 'FS' as per Regulation	Approved	Actual	Claimed by KSEB Ltd	Approved for recovery as 'FS'
(1)	(2)	(3)	(4)	(5)= Lesser of (2) & (3)	(6)	(7)	(8)	(9)= (5)x((7)-(6))
Oct-17	254.63	246.86	246.86	246.86	1.48	1.34	-3.33	-3.46
Nov-17	246.41	273.51	246.41	246.41	1.48	1.40	-1.82	-1.97
Dec-17	254.63	294.77	254.63	254.63	1.48	1.42	-1.50	-1.53
Total	755.67	815.14	747.90	747.90	1.48	1.39	-6.65	-6.96

Table-13(2)
Ramagundam Stage –I &II

Month	Quantum (MU)				Rate (Rs/ kWh)		Addl liability as FS (Rs.Cr)	
	Approved	Actual	Claimed by KSEB L for 'FS'	Eligible for 'FS' as per Regulation	Approved	Actual	Claimed by KSEB Ltd	Approved for recovery as 'FS'
(1)	(2)	(3)	(4)	(5)= Lesser of (2) & (3)	(6)	(7)	(8)	(9)= (5)x((7)-(6))
Oct-17	145.37	159.77	145.37	145.37	2.63	2.36	-3.82	-3.93
Nov-17	140.68	147.76	140.68	140.68	2.63	2.40	-3.16	-3.24
Dec-17	145.37	131.43	131.43	131.43	2.63	2.33	-3.96	-3.94
Total	431.43	438.97	417.48	417.48	2.63	2.36	-10.94	-11.10

Table-13(3)
Ramagundam STPS Stage-III

Month	Quantum (MU)				Rate (Rs/ kWh)		Addl liability as FS (Rs.Cr)	
	Approved	Actual	Claimed by KSEB L for 'FS'	Eligible for 'FS' as per Regulation	Approved	Actual	Claimed by KSEB L	Approved for recovery as 'FS'
(1)	(2)	(3)	(4)	(5)= Lesser of (2) & (3)	(6)	(7)	(8)	(9)= (5)x((7)-(6))
Oct-17	36.57	42.27	36.57	36.57	2.69	2.31	-1.39	-1.39
Nov-17	35.39	40.06	35.39	35.39	2.69	2.35	-1.22	-1.20
Dec-17	36.57	40.17	36.57	36.57	2.69	2.27	-1.53	-1.54
Total	108.53	122.50	108.53	108.53	2.69	2.31	-4.14	-4.13

Table-13(4)
NLC-TPS-II Stage-1

Month	Quantum (MU)				Rate (Rs/ kWh)		Addl liability as FS (Rs.Cr)	
	Approved	Actual	Claimed by KSEB L for 'FS'	Eligible for 'FS' as per Regulation	Approved	Actual	Claimed by KSEB Ltd	Approved for recovery as 'FS'
(1)	(2)	(3)	(4)	(5)= Lesser of (2) & (3)	(6)	(7)	(8)	(9)= (5)x((7)-(6))
Oct-17	31.80	32.72	31.80	31.80	2.42	2.75	1.06	1.05
Nov-17	30.77	23.49	23.49	23.49	2.42	2.98	1.32	1.32
Dec-17	31.80	24.69	24.69	24.69	2.42	2.98	1.38	1.38
Total	94.37	80.90	79.98	79.98	2.42	2.89	3.76	3.75

Table-13(5)
NLC-TPS-II Stage-2

Month	Quantum (MU)				Rate (Rs/ kWh)		Addl liability as FS (Rs.Cr)	
	Approved vide the order dated 17.04.2017	Actual	Claimed by KSEB L for 'FS'	Eligible for 'FS' as per Regulation	Approved	Actual	Claimed by KSEB Ltd	Approved for recovery as 'FS'
(1)	(2)	(3)	(4)	(5)= Lesser of (2) & (3)	(6)	(7)	(8)	(9)= (5)x((7)-(6))
Oct-17	45.43	52.87	45.43	45.43	2.42	2.75	1.52	1.50
Nov-17	43.97	49.67	43.97	43.97	2.42	2.98	2.47	2.46
Dec-17	45.43	50.56	45.43	45.43	2.42	2.98	2.55	2.54
Total	134.83	153.10	134.83	134.83	2.42	2.90	6.53	6.51

Table-13(6)
NLC-I- Expansion

Month	Quantum (MU)				Rate (Rs/ kWh)		Addl liability as FS (Rs.Cr)	
	Approved	Actual	Claimed by KSEB L for 'FS'	Eligible for 'FS' as per Regulation	Approved	Actual	Claimed by KSEB Ltd	Approved for recovery as 'FS'
(1)	(2)	(3)	(4)	(5)= Lesser of (2) & (3)	(6)	(7)	(8)	(9)= (5)x((7)-(6))
Oct-17	37.06	44.39	37.06	37.06	2.28	2.55	0.98	0.98
Nov-17	35.86	39.11	35.86	35.86	2.28	2.74	1.64	1.64
Dec-17	37.06	35.99	35.99	35.99	2.28	2.74	1.64	1.64
Total	109.98	119.49	108.91	108.91	2.28	2.67	4.26	4.26

Table-13(7)
NLC-II- Expansion

Month	Quantum (MU)				Rate (Rs/ kWh)		Addl liability as FS (Rs.Cr)	
	Approved vide the order dated 17.04.2017	Actual	Claimed by KSEB L for 'FS'	Eligible for 'FS' as per Regulation	Approved	Actual	Claimed by KSEB Ltd	Approved for recovery as 'FS'
(1)	(2)	(3)	(4)	(5)= Lesser of (2) & (3)	(6)	(7)	(8)	(9)= (5)x((7)-(6))
Oct-17	35.15	21.65	21.65	21.65	2.30	2.53	0.51	0.50
Nov-17	34.02	31.94	31.94	31.94	2.30	2.70	1.29	1.28
Dec-17	35.15	13.58	13.58	13.58	2.30	2.70	0.55	0.54
Total	104.32	67.17	67.17	67.17	2.30	2.65	2.35	2.32

Table-13(8)
Simhadri STPS

Month	Quantum (MU)				Rate (Rs/ kWh)		Addl liability as FS (Rs.Cr)	
	Approved vide the order dated 17.04.2017	Actual	Claimed by KSEB L for 'FS'	Eligible for 'FS' as per Regulation	Approved	Actual	Claimed by KSEB Ltd	Approved for recovery as 'FS'
(1)	(2)	(3)	(4)	(5)= Lesser of (2) & (3)	(6)	(7)	(8)	(9)= (5)x((7)-(6))
Oct-17	54.41	35.31	35.31	35.31	2.73	2.84	0.39	0.39
Nov-17	52.65	49.16	49.16	49.16	2.73	2.76	0.15	0.15
Dec-17	54.41	54.72	54.41	54.41	2.73	2.45	-1.52	-1.52
Total	161.47	139.19	138.88	138.88	2.73	2.66	-0.99	-0.99

Table-13(9)
Vallur STPS

Month	Quantum (MU)				Rate (Rs/ kWh)		Addl liability as FS (Rs.Cr)	
	Approved vide the order dated 17.04.2017	Actual	Claimed by KSEB L for 'FS'	Eligible for 'FS' as per Regulation	Approved	Actual	Claimed by KSEB Ltd	Approved for recovery as 'FS'
(1)	(2)	(3)	(4)	(5)= Lesser of (2) & (3)	(6)	(7)	(8)	(9)= (5)x((7)-(6))
Oct-17	29.89	17.84	17.84	17.84	2.07	2.94	1.55	1.55
Nov-17	28.93	20.94	20.94	20.94	2.07	3.03	2.00	2.00
Dec-17	29.89	21.29	21.29	21.29	2.07	3.06	2.11	2.11
Total	88.71	60.07	60.07	60.07	2.07	3.01	5.66	5.66

Table-13(10)
NLC Tamilnadu Power Ltd (NTPL)

Month	Quantum (MU)				Rate (Rs/ kWh)		Addl liability as FS (Rs.Cr)	
	Approved vide the order dated 17.04.2017	Actual	Claimed by KSEB L for 'FS'	Eligible for 'FS' as per Regulation	Approved	Actual	Claimed by KSEB Ltd	Approved for recovery as 'FS'
(1)	(2)	(3)	(4)	(5)= Lesser of (2) & (3)	(6)	(7)	(8)	(9)= (5)x((7)-(6))
Oct-17	43.44	29.52	29.52	29.52	2.09	3.24	3.39	3.39
Nov-17	42.04	39.23	39.23	39.23	2.09	3.23	4.44	4.44
Dec-17	43.44	40.82	40.82	40.82	2.09	3.17	4.39	4.39
Total	128.92	109.57	109.57	109.57	2.09	3.21	12.22	12.22

Table-13(11)
NTPC KUDUGI

Month	Quantum (MU)				Rate (Rs/ kWh)		Addl liability as FS (Rs.Cr)	
	Approved vide the order dated 17.04.2017	Actual	Claimed by KSEB L for 'FS'	Eligible for 'FS' as per Regulation	Approved	Actual	Claimed by KSEB Ltd	Approved for recovery as 'FS'
(1)	(2)	(3)	(4)	(5)= Lesser of (2) & (3)	(6)	(7)	(8)	(9)= (5)x((7)-(6))
Oct-17	19.27	20.01	19.27	19.27	2.69	3.57	1.70	1.70
Nov-17	18.65	18.44	18.44	18.44	2.69	3.69	1.84	1.84
Dec-17	19.27	18.62	18.62	18.62	2.69	3.73	1.94	1.94
Total	57.19	57.07	56.33	56.33	2.69	3.66	5.48	5.48

Table-13(12)
Maithon- contract-1

Month	Quantum (MU)				Rate (Rs/ kWh)		Addl liability as FS (Rs.Cr)	
	Approved vide the order dated 17.04.2017	Actual	Claimed by KSEB L for 'FS'	Eligible for 'FS' as per Regulation	Approved	Actual	Claimed by KSEB Ltd	Approved for recovery as 'FS'
(1)	(2)	(3)	(4)	(5)= Lesser of (2) & (3)	(6)	(7)	(8)	(9)= (5)x((7)-(6))
Oct-17	88.69	84.14	84.14	84.14	2.00	2.02	0.18	0.17
Nov-17	85.83	46.24	46.24	46.24	2.00	1.95	-0.24	-0.23
Dec-17	88.69	52.35	52.35	52.35	2.00	1.98	-0.09	-0.10
Total	263.22	182.73	182.73	182.73	2.00	1.99	-0.15	-0.17

Table-13(13)
Maithon- contract-2

Month	Quantum (MU)				Rate (Rs/ kWh)		Addl liability as FS (Rs.Cr)	
	Approved vide the order dated 17.04.2017	Actual	Claimed by KSEB L for 'FS'	Eligible for 'FS' as per Regulation	Approved	Actual	Claimed by KSEB Ltd	Approved for recovery as 'FS'
(1)	(2)	(3)	(4)	(5)= Lesser of (2) & (3)	(6)	(7)	(8)	(9)= (5)x((7)-(6))
Oct-17	88.69	84.14	84.14	84.14	2.00	2.02	0.18	0.17
Nov-17	85.83	46.24	46.24	46.24	2.00	1.95	-0.24	-0.23
Dec-17	88.69	52.35	52.35	52.35	2.00	1.98	-0.09	-0.10
Total	263.22	182.73	182.73	182.73	2.00	1.99	-0.15	-0.17

Table-13(14)
DVC Mejia

Month	Quantum (MU)				Rate (Rs/ kWh)		Addl liability as FS (Rs.Cr)	
	Approved vide the order dated 17.04.2017	Actual	Claimed by KSEB L for 'FS'	Eligible for 'FS' as per Regulation	Approved	Actual	Claimed by KSEB Ltd	Approved for recovery as 'FS'
(1)	(2)	(3)	(4)	(5)= Lesser of (2) & (3)	(6)	(7)	(8)	(9)= (5)x((7)-(6))
Oct-17	59.92	23.19	23.19	23.19	2.30	2.23	-0.16	-0.16
Nov-17	57.99	29.04	29.04	29.04	2.30	2.23	-0.20	-0.20
Dec-17	59.92	35.34	35.34	35.34	2.30	2.23	-0.25	-0.25
Total	177.83	87.57	87.57	87.57	2.30	2.23	-0.61	-0.61

Table-13(15)
DVC RSTPS

Month	Quantum (MU)				Rate (Rs/ kWh)		Addl liability as FS (Rs.Cr)	
	Approved vide the order dated 17.04.2017	Actual	Claimed by KSEB L for 'FS'	Eligible for 'FS' as per Regulation	Approved	Actual	Claimed by KSEB Ltd	Approved for recovery as 'FS'
(1)	(2)	(3)	(4)	(5)= Lesser of (2) & (3)	(6)	(7)	(8)	(9)= (5)x((7)-(6))
Oct-17	28.87	1.73	1.73	1.73	2.30	2.69	0.07	0.07
Nov-17	27.94	9.68	9.68	9.68	2.30	2.69	0.37	0.37
Dec-17	28.87	10.48	10.48	10.48	2.30	2.14	-0.17	-0.17
Total	85.68	21.89	21.89	21.89		2.43	0.27	0.27

Table-13 (16) Jindal Power Limited

Month	Quantum (MU)				Rate (Rs/ kWh)		Addl liability as FS (Rs.Cr)	
	Approved vide the order dated 17.04.2017	Actual	Claimed by KSEB L for 'FS'	Eligible for 'FS' as per Regulation	Approved	Actual	Claimed by KSEB Ltd	Approved for recovery as 'FS'
(1)	(2)	(3)	(4)	(5)= Lesser of (2) & (3)	(6)	(7)	(8)	(9)= (5)x((7)-(6))
Oct-17	114.35	123.86	114.35	114.35	0.81	1.16	3.96	3.96
Nov-17	110.66	132.30	110.66	110.66	0.81	1.16	3.83	3.83
Dec-17	114.35	134.43	114.35	114.35	0.81	1.17	4.08	4.08
Total	339.37	390.59	339.37	339.37	0.81	1.16	11.87	11.87

Table-13(17) Jhabua Power Limited

Month	Quantum (MU)				Rate (Rs/ kWh)		Addl liability as FS (Rs.Cr)	
	Approved vide the order dated 17.04.2017	Actual	Claimed by KSEB L for 'FS'	Eligible for 'FS' as per Regulation	Approved	Actual	Claimed by KSEB Ltd	Approved for recovery as 'FS'
(1)	(2)	(3)	(4)	(5)= Lesser of (2) & (3)	(6)	(7)	(8)	(9)= (5)x((7)-(6))
Oct-17	66.06	37.15	37.15	37.15	1.66	1.72	0.24	0.22
Nov-17	63.93	61.46	61.46	61.46	1.66	1.75	0.58	0.55
Dec-17	66.06	75.97	66.06	66.06	1.66	1.75	0.62	0.59
Total	196.05	174.58	164.67	164.67	1.66	1.74	1.43	1.37

Table-13(18) BALCO

Month	Quantum (MU)				Rate (Rs/ kWh)		Addl liability as FS (Rs.Cr)	
	Approved vide the order dated 17.04.2017	Actual	Claimed by KSEB L for 'FS'	Eligible for 'FS' as per Regulation	Approved	Actual	Claimed by KSEB Ltd	Approved for recovery as 'FS'
(1)	(2)	(3)	(4)	(5)= Lesser of (2) & (3)	(6)	(7)	(8)	(9)= (5)x((7)-(6))
Oct-17	57.07	57.09	57.07	57.07	1.00	1.04	0.25	0.23
Nov-17	55.23	68.28	55.23	55.23	1.00	1.04	0.24	0.22
Dec-17	57.07	57.52	57.07	57.07	1.00	1.04	0.25	0.23
Total	169.37	182.89	169.37	169.37	1.00	1.04	0.73	0.68

44. The summary of the fuel surcharge claimed by KSEB Ltd and the same admissible as per the Tariff Regulations 2014 is given below.

Table-14
Summary of the fuel surcharge claimed for the third quarter

Sources	Quantum (MU)				Rate (Rs/ kWh)		Addl liability as FS (Rs.Cr)	
	Approved	Actual	Claimed by KSEB L for 'FS'	Eligible for 'FS' as per Regulation	Approved	Actual	Claimed by KSEB Ltd	Approved for recovery as 'FS'
Talcher-II	755.67	815.14	747.90	747.90	1.48	1.39	-6.65	-6.96
Ramagundam I&II	431.43	438.97	417.48	417.48	2.63	2.36	-10.94	-11.10
Ramagundam-III	108.53	122.50	108.53	108.53	2.69	2.31	-4.14	-4.13
NLC TPS-II Stage-	94.37	80.90	79.98	79.98	2.42	2.89	3.76	3.75
NLC TPS-II Stage-	134.83	153.10	134.83	134.83	2.42	2.90	6.53	6.51
NLC-1 Expansion	109.98	119.49	108.91	108.91	2.28	2.67	4.26	4.26
NLC-II Expansion	104.32	67.17	67.17	67.17	2.30	2.65	2.35	2.32
Simhadri	161.47	139.19	138.88	138.88	2.73	2.66	-0.99	-0.99
Vallur STPS	88.71	60.07	60.07	60.07	2.07	3.01	5.66	5.66
NTPL	128.92	109.57	109.57	109.57	2.09	3.21	12.22	12.22
NTPC Kudgi	57.19	57.07	56.33	56.33	2.69	3.66	5.48	5.48
Maithon-1	263.22	182.73	182.73	182.73	2.00	1.99	-0.15	-0.17
Maithon-2	263.22	182.73	182.73	182.73	2.00	1.99	-0.15	-0.17
DVC-Mejia	177.83	87.57	87.57	87.57	2.30	2.23	-0.61	-0.61
DVC-Regunathpur	85.68	21.89	21.89	21.89	0.00	2.43	0.27	0.27
Jindal Power Ltd	339.37	390.59	339.37	339.37	0.81	1.16	11.87	11.87
Jhabua Power Ltd	196.05	174.58	164.67	164.67	1.66	1.74	1.43	1.37
BALCO	169.37	182.89	169.37	169.37	1.00	1.04	0.73	0.68
Total	3670.15	3386.15	3177.98	3177.98			30.93	30.25

OA No. 9/2018, Fuel surcharge for the 4th quarter of the FY 2017-18

45. The source wise details of the fuel surcharge claimed by KSEB Ltd from each approved sources in the Tariff order dated 17.04.2014, and the same admissible as per the Tariff Regulations, 2014 for the 4th quarter is given in the following tables.

Table-15(1)
Talcher-II Super Thermal Power Station

Month	Quantum (MU)				Rate (Rs/ kWh)		Addl liability as FS (Rs.Cr)	
	Approved	Actual	Claimed by KSEB L for 'FS'	Eligible for 'FS' as per Regulation	Approved	Actual	Claimed by KSEB Ltd	Approved for recovery as 'FS'
(1)	(2)	(3)	(4)	(5)= Lesser of (2) & (3)	(6)	(7)	(8)	(9)= (5)x((7)-(6))
Jan-18	254.63	291.39	254.63	254.63	1.48	1.53	1.43	1.27
Feb-18	229.99	257.69	229.99	229.99	1.48	1.56	1.89	1.84
Mar-18	254.63	297.46	254.63	254.63	1.48	1.76	7.29	7.13
Total	739.25	846.54	739.25	739.25	1.48	1.62	10.61	10.24

Table-15(2)
Ramagundam Stage –I &II

Month	Quantum (MU)				Rate (Rs/ kWh)		Addl liability as FS (Rs.Cr)	
	Approved	Actual	Claimed by KSEB L for 'FS'	Eligible for 'FS' as per Regulation	Approved	Actual	Claimed by KSEB Ltd	Approved for recovery as 'FS'
(1)	(2)	(3)	(4)	(5)= Lesser of (2) & (3)	(6)	(7)	(8)	(9)= (5)x((7)-(6))
Jan-18	145.37	100.23	100.23	100.23	2.63	2.51	-1.15	-1.20
Feb-18	131.30	144.42	131.30	131.30	2.63	2.48	-1.98	-1.97
Mar-18	145.37	163.11	145.37	145.37	2.63	2.49	-2.00	-2.04
Total	422.05	407.77	376.90	376.90	2.63	2.49	-5.12	-5.21

Table-15(3)
Ramagundam STPS Stage-III

Month	Quantum (MU)				Rate (Rs/ kWh)		Addl liability as FS (Rs.Cr)	
	Approved	Actual	Claimed by KSEB L for 'FS'	Eligible for 'FS' as per Regulation	Approved	Actual	Claimed by KSEB Ltd	Approved for recovery as 'FS'
(1)	(2)	(3)	(4)	(5)= Lesser of (2) & (3)	(6)	(7)	(8)	(9)= (5)x((7)-(6))
Jan-18	36.57	32.68	32.68	32.68	2.69	2.47	-0.73	-0.72
Feb-18	33.03	32.47	32.47	32.47	2.69	2.43	-0.86	-0.84
Mar-18	36.57	42.74	36.57	36.57	2.69	2.43	-0.96	-0.95
Total	106.17	107.89	101.72	101.72	2.69	2.44	-2.55	-2.51

Table-15(4)
NLC-TPS-II Stage-1

Month	Quantum (MU)				Rate (Rs/ kWh)		Addl liability as FS (Rs.Cr)	
	Approved	Actual	Claimed by KSEB L for 'FS'	Eligible for 'FS' as per Regulation	Approved	Actual	Claimed by KSEB Ltd	Approved for recovery as 'FS'
(1)	(2)	(3)	(4)	(5)= Lesser of (2) & (3)	(6)	(7)	(8)	(9)= (5)x((7)-(6))
Jan-18	31.80	26.63	26.63	26.63	2.42	2.96	1.45	1.44
Feb-18	28.72	31.05	28.72	28.72	2.42	2.92	1.45	1.44
Mar-18	31.80	42.70	31.80	31.80	2.42	2.93	1.63	1.62
Total	92.32	100.38	87.15	87.15	2.42	2.93	4.53	4.50

Table-15(5)
NLC-TPS-II Stage-2

Month	Quantum (MU)				Rate (Rs/ kWh)		Addl liability as FS (Rs.Cr)	
	Approved vide the order dated 17.04.2017	Actual	Claimed by KSEB L for 'FS'	Eligible for 'FS' as per Regulation	Approved	Actual	Claimed by KSEB Ltd	Approved for recovery as 'FS'
(1)	(2)	(3)	(4)	(5)= Lesser of (2) & (3)	(6)	(7)	(8)	(9)= (5)x((7)-(6))
Jan-18	45.43	49.25	45.43	45.43	2.42	2.96	2.48	2.45
Feb-18	41.04	45.69	41.04	41.04	2.42	2.92	2.08	2.05
Mar-18	45.43	62.03	45.43	45.43	2.42	2.93	2.33	2.32
Total	131.90	156.97	131.90	131.90	2.42	2.94	6.89	6.82

Table-15(6)
NLC-I- Expansion

Month	Quantum (MU)				Rate (Rs/ kWh)		Addl liability as FS (Rs.Cr)	
	Approved	Actual	Claimed by KSEB L for 'FS'	Eligible for 'FS' as per Regulation	Approved	Actual	Claimed by KSEB Ltd	Approved for recovery as 'FS'
(1)	(2)	(3)	(4)	(5)= Lesser of (2) & (3)	(6)	(7)	(8)	(9)= (5)x((7)-(6))
Jan-18	37.06	28.92	28.92	28.92	2.28	2.70	1.22	1.21
Feb-18	33.47	37.56	33.47	33.47	2.28	2.71	1.42	1.42
Mar-18	37.06	45.45	37.06	37.06	2.28	2.72	1.61	1.61
Total	107.59	111.93	99.45	99.45	2.28	2.71	4.25	4.24

Table-15(7)
NLC-II- Expansion

Month	Quantum (MU)				Rate (Rs/ kWh)		Addl liability as FS (Rs.Cr)	
	Approved vide the order dated 17.04.2017	Actual	Claimed by KSEB L for 'FS'	Eligible for 'FS' as per Regulation	Approved	Actual	Claimed by KSEB Ltd	Approved for recovery as 'FS'
(1)	(2)	(3)	(4)	(5)= Lesser of (2) & (3)	(6)	(7)	(8)	(9)= (5)x((7)-(6))
Jan-18	35.15	36.62	35.15	35.15	2.30	2.71	1.46	1.44
Feb-18	31.75	20.82	20.82	20.82	2.30	2.70	0.85	0.83
Mar-18	35.15	17.01	17.01	17.01	2.30	2.71	0.70	0.70
Total	102.05	74.45	72.98	72.98	2.30	2.71	3.01	2.97

**Table-15(8)
Simhadri STPS**

Month	Quantum (MU)				Rate (Rs/ kWh)		Addl liability as FS (Rs.Cr)	
	Approved vide the order dated 17.04.2017	Actual	Claimed by KSEB L for 'FS'	Eligible for 'FS' as per Regulation	Approved	Actual	Claimed by KSEB Ltd	Approved for recovery as 'FS'
(1)	(2)	(3)	(4)	(5)= Lesser of (2) & (3)	(6)	(7)	(8)	(9)= (5)x((7)-(6))
Jan-18	54.41	57.10	54.41	54.41	2.73	2.92	1.02	1.02
Feb-18	49.14	51.82	49.14	49.14	2.73	2.82	0.45	0.44
Mar-18	54.41	54.61	54.41	54.41	2.73	2.78	0.27	0.27
Total	157.95	163.53	157.95	157.95	2.73	2.84	1.74	1.73

**Table-15(9)
Vallur STPS**

Month	Quantum (MU)				Rate (Rs/ kWh)		Addl liability as FS (Rs.Cr)	
	Approved vide the order dated 17.04.2017	Actual	Claimed by KSEB L for 'FS'	Eligible for 'FS' as per Regulation	Approved	Actual	Claimed by KSEB Ltd	Approved for recovery as 'FS'
(1)	(2)	(3)	(4)	(5)= Lesser of (2) & (3)	(6)	(7)	(8)	(9)= (5)x((7)-(6))
Jan-18	29.89	16.96	16.96	16.96	2.07	2.93	1.45	1.46
Feb-18	27.00	16.30	16.30	16.30	2.07	3.08	1.65	1.64
Mar-18	29.89	25.87	25.87	25.87	2.07	3.10	2.67	2.66
Total	86.78	59.13	59.13	59.13	2.07	3.05	5.77	5.76

**Table-15(10)
NLC Tamilnadu Power Ltd (NTPL)**

Month	Quantum (MU)				Rate (Rs/ kWh)		Addl liability as FS (Rs.Cr)	
	Approved vide the order dated 17.04.2017	Actual	Claimed by KSEB L for 'FS'	Eligible for 'FS' as per Regulation	Approved	Actual	Claimed by KSEB Ltd	Approved for recovery as 'FS'
(1)	(2)	(3)	(4)	(5)= Lesser of (2) & (3)	(6)	(7)	(8)	(9)= (5)x((7)-(6))
Jan-18	43.44	29.65	29.65	29.65	2.09	3.31	3.59	3.62
Feb-18	39.24	36.11	36.11	36.11	2.09	3.26	4.21	4.19
Mar-18	43.44	49.65	43.44	43.44	2.09	3.30	5.26	5.24
Total	126.12	115.41	109.20	109.20	2.09	3.29	13.06	13.04

**Table-15(11)
NTPC KUDUGI**

Month	Quantum (MU)				Rate (Rs/ kWh)		Addl liability as FS (Rs.Cr)	
	Approved vide the order dated 17.04.2017	Actual	Claimed by KSEB L for 'FS'	Eligible for 'FS' as per Regulation	Approved	Actual	Claimed by KSEB Ltd	Approved for recovery as 'FS'
(1)	(2)	(3)	(4)	(5)= Lesser of (2) & (3)	(6)	(7)	(8)	(9)= (5)x((7)-(6))
Jan-18	19.27	19.83	19.27	19.27	2.69	3.63	1.80	1.80
Feb-18	34.81	35.38	34.81	34.81	2.69	3.63	3.27	3.27
Mar-18	38.54	49.29	38.54	38.54	2.69	4.02	5.11	5.11
Total	92.62	104.50	92.62	92.62	2.69	3.81	10.18	10.18

**Table-15(12)
Maithon- contract-1**

Month	Quantum (MU)				Rate (Rs/ kWh)		Addl liability as FS (Rs.Cr)	
	Approved vide the order dated 17.04.2017	Actual	Claimed by KSEB L for 'FS'	Eligible for 'FS' as per Regulation	Approved	Actual	Claimed by KSEB Ltd	Approved for recovery as 'FS'
(1)	(2)	(3)	(4)	(5)= Lesser of (2) & (3)	(6)	(7)	(8)	(9)= (5)x((7)-(6))
Jan-18	88.69	94.15	94.15	88.69	2.00	1.94	-0.50	-0.53
Feb-18	80.11	92.50	92.50	80.11	2.00	1.98	-0.17	-0.16
Mar-18	88.69	98.50	98.50	88.69	2.00	2.01	0.06	0.09
Total	257.50	285.15	285.15	257.50	2.00	1.98	-0.61	-0.60

**Table-15(13)
Maithon- contract-2**

Month	Quantum (MU)				Rate (Rs/ kWh)		Addl liability as FS (Rs.Cr)	
	Approved vide the order dated 17.04.2017	Actual	Claimed by KSEB L for 'FS'	Eligible for 'FS' as per Regulation	Approved	Actual	Claimed by KSEB Ltd	Approved for recovery as 'FS'
(1)	(2)	(3)	(4)	(5)= Lesser of (2) & (3)	(6)	(7)	(8)	(9)= (5)x((7)-(6))
Jan-18	88.69	94.15	94.15	88.69	2.00	1.94	-0.50	-0.53
Feb-18	80.11	92.50	92.50	80.11	2.00	1.98	-0.17	-0.16
Mar-18	88.69	98.50	98.50	88.69	2.00	2.01	0.06	0.09
Total	257.50	285.15	285.15	257.50	2.00	1.98	-0.61	-0.60

Table-15(14)
DVC Mejia

Month	Quantum (MU)				Rate (Rs/ kWh)		Addl liability as FS (Rs.Cr)	
	Approved vide the order dated 17.04.2017	Actual	Claimed by KSEB L for 'FS'	Eligible for 'FS' as per Regulation	Approved	Actual	Claimed by KSEB Ltd	Approved for recovery as 'FS'
(1)	(2)	(3)	(4)	(5)= Lesser of (2) & (3)	(6)	(7)	(8)	(9)= (5)x((7)-(6))
Jan-18	59.92	44.24	44.24	44.24	2.30	2.23	-0.33	-0.31
Feb-18	54.12	58.80	54.12	54.12	2.30	2.19	-0.58	-0.60
Mar-18	59.92	66.62	59.92	59.92	2.30	2.48	1.08	1.08
Total	173.96	169.66	158.28	158.28	2.30	2.31	0.16	0.17

Table-15(15)
DVC RSTPS

Month	Quantum (MU)				Rate (Rs/ kWh)		Addl liability as FS (Rs.Cr)	
	Approved vide the order dated 17.04.2017	Actual	Claimed by KSEB L for 'FS'	Eligible for 'FS' as per Regulation	Approved	Actual	Claimed by KSEB Ltd	Approved for recovery as 'FS'
(1)	(2)	(3)	(4)	(5)= Lesser of (2) & (3)	(6)	(7)	(8)	(9)= (5)x((7)-(6))
Jan-18	28.87	8.23	8.23	8.23	2.30	2.14	-0.13	-0.13
Feb-18	26.08	8.59	8.59	8.59	2.30	2.61	0.26	0.26
Mar-18	28.87	8.77	8.77	8.77	2.30	2.51	0.18	0.18
Total	83.82	25.59	25.59	25.59		2.42	0.31	0.31

Table-15(16)
Jindal Power Limited

Month	Quantum (MU)				Rate (Rs/ kWh)		Addl liability as FS (Rs.Cr)	
	Approved vide the order dated 17.04.2017	Actual	Claimed by KSEB L for 'FS'	Eligible for 'FS' as per Regulation	Approved	Actual	Claimed by KSEB Ltd	Approved for recovery as 'FS'
(1)	(2)	(3)	(4)	(5)= Lesser of (2) & (3)	(6)	(7)	(8)	(9)= (5)x((7)-(6))
Jan-18	114.35	129.03	114.35	114.35	0.81	1.24	4.88	4.88
Feb-18	103.29	106.30	103.29	103.29	0.81	1.24	4.42	4.40
Mar-18	114.35	71.82	71.82	71.82	0.81	1.26	3.21	3.19
Total	332.00	307.15	289.46	289.46	0.81	1.24	12.50	12.47

Table-15(17)
Jhabua Power Limited

Month	Quantum (MU)				Rate (Rs/ kWh)		Addl liability as FS (Rs.Cr)	
	Approved vide the order dated 17.04.2017	Actual	Claimed by KSEB L for 'FS'	Eligible for 'FS' as per Regulation	Approved	Actual	Claimed by KSEB Ltd	Approved for recovery as 'FS'
(1)	(2)	(3)	(4)	(5)= Lesser of (2) & (3)	(6)	(7)	(8)	(9)= (5)x((7)-(6))
Jan-18	66.06	81.28	66.06	66.06	1.66	1.85	1.28	1.26
Feb-18	59.67	54.98	54.98	54.98	1.66	1.87	1.18	1.15
Mar-18	66.06	64.98	64.98	64.98	1.66	1.86	1.35	1.30
Total	191.79	201.24	186.02	186.02	1.66	1.86	3.81	3.71

Table-15(18)
BALCO

Month	Quantum (MU)				Rate (Rs/ kWh)		Addl liability as FS (Rs.Cr)	
	Approved vide the order dated 17.04.2017	Actual	Claimed by KSEB L for 'FS'	Eligible for 'FS' as per Regulation	Approved	Actual	Claimed by KSEB Ltd	Approved for recovery as 'FS'
(1)	(2)	(3)	(4)	(5)= Lesser of (2) & (3)	(6)	(7)	(8)	(9)= (5)x((7)-(6))
Jan-18	57.07	61.85	57.07	57.07	1.00	1.13	0.76	0.74
Feb-18	51.55	55.36	51.55	51.55	1.00	1.15	0.79	0.77
Mar-18	57.07	29.06	29.06	29.06	1.00	1.15	0.45	0.44
Total	165.69	146.27	137.68	137.68	1.00	1.14	1.99	1.95

46. The summary of the fuel surcharge claimed by KSEB Ltd and the same admissible as per the Tariff Regulations 2014 for the 4th quarter is given below.

Table-16
Summary of the fuel surcharge claimed by KSEB Ltd and admissible as per Tariff Regulation's 2014 for the 4th quarter

Sources	Quantum (MU)				Rate (Rs/ kWh)		Addl liability as FS (Rs.Cr)	
	Approved vide the order dated 17.04.2017	Actual	Claimed by KSEB L for 'FS'	Eligible for 'FS' as per Regulation	Approved	Actual	Claimed by KSEB Ltd	Approved for recovery as 'FS'
Talcher-II	739.25	846.54	739.25	739.25	1.48	1.62	10.61	10.24
Ramagundam I&II	422.05	407.77	376.90	376.90	2.63	2.49	-5.12	-5.21
Ramagundam-III	106.17	107.89	101.72	101.72	2.69	2.44	-2.55	-2.51

NLC TPS-II Stage-1	92.32	100.38	87.15	87.15	2.42	2.93	4.53	4.50
NLC TPS-II Stage-2	131.90	156.97	131.90	131.90	2.42	2.94	6.89	6.82
NLC-1 Expansion	107.59	111.93	99.45	99.45	2.28	2.71	4.25	4.24
NLC-II Expansion	102.05	74.45	72.98	72.98	2.30	2.71	3.01	2.97
Simhadri	157.95	163.53	157.95	157.95	2.73	2.84	1.74	1.73
Vallur STPS	86.78	59.13	59.13	59.13	2.07	3.05	5.77	5.76
NTPL	126.12	115.41	109.20	109.20	2.09	3.29	13.06	13.04
NTPC Kudgi	92.62	104.50	92.62	92.62	2.69	3.81	10.18	10.18
Maithon-1	257.50	285.15	285.15	257.50	2.00	1.98	-0.61	-0.60
Maithon-2	257.50	285.15	285.15	257.50	2.00	1.98	-0.61	-0.60
DVC-Mejia	173.96	169.66	158.28	158.28	2.30	2.31	0.16	0.17
DVC-Regunathpur	83.82	25.59	25.59	25.59	0.00	2.42	0.31	0.31
Jindal Power Ltd	332.00	307.15	289.46	289.46	0.81	1.24	12.50	12.47
Jhabua Power Ltd	191.79	201.24	186.02	186.02	1.66	1.86	3.81	3.71
BALCO	165.69	146.27	137.68	137.68	1.00	1.14	1.99	1.95
Total	3627.05	3668.71	3395.60	3340.29			69.93	69.17

47. The summary of the fuel surcharge claimed and admissible, as per the Regulation 88 of the Tariff Regulations, 2014, due to the variation in fuel cost from the approved sources of thermal power purchase for the 2nd quarter to 4th quarter is given below.

Table-17

Summary of the fuel surcharge admissible for 2nd to 4th quarter of the FY 2017-18

Sl No	Quarter	Claimed by KSEBL	Admissible as per Regulations
		(Rs. Cr)	(Rs. Cr)
1	Second quarter (July-07 to Sep-07)	19.74	16.35
2	Third quarter (Oct-07 to Dec-07)	30.93	30.25
3	Fourth quarter (Jan-08 to Mar-08)	69.93	69.17
	Total	120.60	115.77

48. Further, the Commission vide its order dated 24.01.2018 in petition No. OA 16/2017 has approved Rs 64.78 crore as fuel surcharge as against the claim of Rs 74.59 crore, however its recovery is deferred due to the reasons explained in detail in the said order.
49. Thus the total amount, admissible as fuel surcharge as per the Regulation 88 of the Tariff Regulations, 2014, due to the variation in fuel cost from the approved source of thermal power purchase is (115.77+64.78) Rs 180.55 crore for the financial year 2017-18.
50. The fuel surcharge determined as above is without considering the variation in cost of power purchase from short-term market during the year 2017-18. The Commission vide the suo-motu tariff order dated 17.04.2017, has approved to purchase 1946.98 MU from short-term market at the average purchase rate of Rs 4.00/unit. The interstate transmission charges of Rs 0.33/kWh was also allowed so the total average purchase cost for short term market at KSEBL end approved in the ARR is Rs 4.33/kWh. The short-term purchase includes

the electricity purchase from energy exchanges at competitive rate, energy accounted under deviation settlement (formerly UI mechanism), and also the energy procured, if any, from day ahead market through bi-lateral transactions. Since it is not practical to interfere in the day-to-day power purchase and other related activities of the licensee KSEB Ltd, the Commission has approved the average ceiling rate of short-term power purchase at Rs 4.33 per unit for the year 2017-18.

51. Hitherto, the Commission has not considered the variation of cost of power purchase from short-term market, while computing the fuel surcharge. As per the fuel surcharge formula notified by the Commission as per Regulation-88 of the Tariff Regulations, 2014 and also the repealed KSEB (Fuel Surcharge Formula) Regulations, 2009, does not contain a provision to factor the additional liability in short-term power purchase at a rate higher than the rate over approved in the tariff orders
52. However, during the public hearings, the HT&EHT Association and other stakeholders argued that, the savings due to power purchase from short-term market at the rate less than the average ceiling rate may be considered while approving the fuel surcharge during the financial year 2017-18. The Commission has also noted the argument of the KSEB Ltd that, the fuel surcharge petition is mainly for the thermal power stations having two part tariff structure in which the fuel cost is met through the variable cost of two part tariff.
53. The Commission has examined the argument of the KSEB Ltd and the stakeholders. For the year 2017-18, the Commission has approved 1946.98 MU, which is about 7.7% of the anticipated electricity demand of the year 2017-18. The Commission has also approved the anticipated monthly requirement of the electricity to be met from short-term market. As stated earlier, the Commission has adopted the average ceiling rate of Rs 4.33 /unit at KSEBL end for estimating the anticipated cost of power purchase from short term market for the year 2017-18. The fact being so, the Commission is of the considered view that, the savings in cost of power purchase from short term market, due to the reduction in short term market rate over the average ceiling rate of Rs 4.33/unit, for the approved quantum may also be considered while determining the fuel surcharge. The Commission is of the view that, the increase and decrease in cost of power purchase from short-term market due to the variation in short-term market rate in monthly basis, over the approved average ceiling rate of Rs 4.33/unit shall be considered while approving the fuel surcharge, provided the cumulative weighted average cost of power purchase from short-term market till the month under consideration is less than or equal to the average ceiling short-term market rate of Rs 4.33/unit, approved for the financial year 2017-18.
54. Accordingly the Commission has computed the savings/additional liability on short term power purchase for the approved quantum due to the variation in the rate of power purchase from short-term market rate over the average ceiling rate of Rs 4.33/unit for the entire months of the FY 2017-18 from April 2017 to March 2018.

55. The Commission has noted that, during the first quarter from April-2017 to June 2017 and the second quarter from July-2017 to September-2017, KSEB Ltd has resorted to the power purchase from energy exchanges (IEX and PXIL) and deviation settlement (formerly UI) for meeting the short-term requirement of power. However, during the third quarter from October-2017 to December-2017 and fourth quarter from January-2018 to March-2018, KSEB Ltd has also purchased 350MW from long term power supply contracts entered in DBFOO guidelines, over and above the approved sources of power purchase. However the rate of power purchase under these contracts was yet to be adopted, though the Commission has granted permission to schedule power from the said contracts duly considering the approval granted by the State Government for scheduling power from the said contracts for meeting the power requirements of the State. Though KSEB Ltd had accounted the schedule of power from the said contracts against the short-term requirement approved by the Commission, the variation in cost of power purchase from the said sources cannot be considered at this stage as part of the fuel surcharge. KSEB Ltd also not claimed the additional liability incurred on power purchase from the above long term contracts under DBFOO as part of fuel surcharge. KSEB Ltd also purchased 53.80 MU during third quarter and 79.08MU during fourth quarter under SWAP arrangement with the trader GMRETL, and the said power is returnable during 16th June 2018 to 30th September-2018.
56. The savings/ additional liability for the power purchase from the short-term markets for the first, second, third and fourth quarter of the financial year 2017-18 is given in the following tables.

Table-18(1)
Additional liability on short-term power purchase for 'first quarter'

Month	Quantum (MU)			Rate (Rs/ kWh)		Approved for recovery as 'FS' (Rs. Cr)
	Approved	Actual	Considered for FS	Approved	Actual	
(1)	(2)	(3)	(4)= Lesser of (2) & (3)	(5)	(6)	(7)= (4)x((6)-(5))
Apr-17	210.00	253.11	210.00	4.33	3.07	-26.46
May-17	186.00	259.45	186.00	4.33	3.05	-23.81
Jun-17	36.10	90.67	36.10	4.33	2.79	-5.56
Total	432.10	603.23	432.10			-55.83

Table-18(2)
Additional liability on short-term power purchase for 'second quarter'

Month	Quantum (MU)			Rate (Rs/ kWh)		Approved for recovery as 'FS' (Rs. Cr)
	Approved	Actual	Considered for FS	Approved	Actual	
(1)	(2)	(3)	(4)= Lesser of (2) & (3)	(5)	(6)	(7)= (4)x((6)-(5))
Jul-17	37.31	94.20	37.31	4.33	3.17	-4.33
Aug-17	37.31	187.79	37.31	4.33	3.81	-1.94
Sep-17	36.10	50.60	36.10	4.33	5.61	4.62
Total	110.72	332.59	110.72			-1.65

Table-18(3)
Additional liability on short-term power purchase for 'third quarter'

Month	Quantum (MU)			Rate (Rs/ kWh)		Approved for recovery as 'FS' (Rs. Cr)
	Approved	Actual	Considered for FS	Approved	Actual	
(1)	(2)	(3)	(4)= Lesser of (2) & (3)	(5)	(6)	(7)= (4)x((6)-(5))
Oct-17	294.12	56.39	56.39	4.33	3.20	-6.37
Nov-17	284.63	41.92	41.92	4.33	2.46	-7.84
Dec-17	211.47	37.73	37.73	4.33	2.26	-7.81
Total	790.22	136.04	136.04			-22.02

Table- 18(4)
Additional liability on short-term power purchase for 'fourth quarter'

Month	Quantum (MU)			Rate (Rs/ kWh)		Approved for recovery as 'FS' (Rs. Cr)
	Approved	Actual	Considered for FS	Approved	Actual	
(1)	(2)	(3)	(4)= Lesser of (2) & (3)	(5)	(6)	(7)= (4)x((6)-(5))
Jan-18	211.47	19.83	19.83	4.33	1.90	-4.82
Feb-18	191.01	32.87	32.87	4.33	2.40	-6.34
Mar-18	211.47	54.23	54.23	4.33	2.81	-8.24
Total	613.95	106.93	106.93			-19.40

57. The summary of the additional liability/ savings in power purchase from short-term market to be considered for fuel surcharge is given below.

Table-19
Summary of the addl liability/savings from short-term power purchase

Sl No	Quarter	Addl liability (+)/ savings (-) due to variation in short-term market rates
		(Rs. Cr)
1	First quarter (Apr-07 to June-07)	-55.83
2	Second quarter (July-07 to Sep-07)	-1.65
3	Third quarter (Oct-07 to Dec-07)	--22.02
4	Fourth quarter (Jan-08 to Mar-08)	-19.40
	Total	-98.90

58. Accordingly, additional liability on fuel surcharge for the purchase of power from the thermal sources after accounting the savings on power purchase from short term market is as given below.

Table 20
Additional liability eligible to recover as fuel surcharge for the FY 2017-18

Sl No	Quarter	Addl liability eligible for Fuel surcharge		
		Thermal sources under two part tariff	Short-term market	Total
		(Rs. Cr)	(Rs. Cr)	(Rs. Cr)
1	First quarter (Apr-07 to June-07)	64.78	-55.83	8.95
2	Second quarter (July-07 to Sep-07)	16.35	-1.65	14.70
3	Third quarter (Oct-07 to Dec-07)	30.25	--22.02	8.23
4	Fourth quarter (Jan-08 to Mar-08)	69.17	-19.40	49.77
	Total	180.55	-98.9	81.65

As detailed above, for the financial year 2017-18, KSEB Ltd is eligible to recover Rs 81.65 crore as fuel surcharge as per the Regulation-88 of the Tariff Regulations, 2014.

59. The Commission has also examined the over all cost of power purchase incurred by KSEB Ltd during the year 2017-18, which is about Rs 7471.83 crore as against the approval of Rs 7339.35 crore, i.e., the actual power purchase was increased only Rs 132.48 crore over approval. Further, the total cost of power purchase includes a provision of Rs 51.82 crore towards the swap purchase, the liability of which is likely to be incurred only during this financial year. Thus, the total additional liability on power purchase incurred during the year is only about Rs 80.66 crore as against the fuel surcharge of Rs 180.55 crore without accounting the savings on account of short term power purchase during the year. The savings in short-term power purchase is a reality, definitely this is on account of the concerted efforts taken by KSEB Ltd. Moreover, the quantum and ceiling rate of the short-term power purchase was approved by the Commission in the tariff order for the year 2017-18. Hence, the Commission is of the view that, while admitting the claim of fuel surcharge, this savings also has to be accounted and the balance liability after accounting the savings on short-term purchase only allowed to pass on to the consumers as fuel surcharge.

Considering all these aspects in detail the Commission is of the considered view that, the net fuel surcharge amounts to Rs 81.65 crore, after accounting the savings on short term power purchase only allowed as fuel surcharge vide this order. The over all power purchase, and its cost, the revenue shortfall on account of reduction in energy demand etc will be examined in detail by the Commission along with the truing up of accounts for the year 2017-18.

60. The Commission decided to allow KSEB Ltd to recover the fuel surcharge as above, at the rate and period of adjust as decided below.
61. The rate of fuel surcharge recovery, for recovering the approved fuel surcharge within a period of three months is estimated as below.

- (i) Along with the surcharge petitions, through affidavit KSEB Ltd had submitted the source wise details of the energy input into the Kerala power system on quarterly basis.
- (ii) The T&D loss approved by the Commission for the year 2017-18 is 13.65%.
- (iii) The energy sale to the consumers including bulk sale to small licensees are estimated based on the energy input and T&D loss approved by the Commission.
- (iv) As per the Regulation 88(9) of the Tariff Regulations, 2014, the fuel surcharge is applicable to all consumers of the State except domestic consumers with connected load of and below 500W and having monthly consumption of and below 20 units.
- (v) The Commission decided to allow to recover the fuel surcharge approved within a period of three months from August-2018 onwards.

Table-21
Rate of fuel surcharge recovery

	Quarter	Unit	
1	Energy input		
(i)	First quarter (Apr-07 to June-07)	(MU)	6194.80
(ii)	Second quarter (July-07 to Sep-07)	(MU)	5753.25
(iii)	Third quarter (Oct-07 to Dec-07)	(MU)	5886.61
(iv)	Fourth quarter (Jan-08 to Mar-08)	(MU)	6165.06
(v)	Total	(MU)	23999.72
2	Average monthly consumption	(MU)	1999.98
3	T&D loss approved by the Commission for the year 2017-18	(%)	13.65%
4	Average monthly sales	(MU)	1726.98
5	Anticipated sale for three months	(MU)	5180.94
6	Fuel surcharge approved	(Rs.Cr)	81.65
7	Rate of fuel surcharge for recovering the surcharge within three months	(Rs/unit)	15.76
(Rounded off to 15 paise/ kWh)			

62. The approved amount of Rs 81.65 crore, as fuel surcharge shall be recovered from the consumers @ 15 paise per unit from 16th August 2018 onwards, for a period of three months or till the approved amount is recovered fully, which ever is earlier. The fuel surcharge is applicable to all consumers including the consumers of all licensees, except the 'domestic consumers with connected load of and below 500 watt and monthly consumption of and below 20 units'. Further, the fuel surcharge shall be collected in addition to the normal electricity charges as per the tariff schedule in force.

Orders of the Commission

63. Based on the petitions filed by KSEB Ltd, the objections raised by the stake holders, the additional details submitted by the petitioner, and also duly considering the provisions of the Electricity Act, 2003 and the Tariff Regulations 2014, the Commission hereby orders the following.

- (1) The amount admissible as fuel surcharge, for recovery for the financial year 2017-18 is approved at Rs 81.65 crore.
- (2) The fuel surcharge is allowed to be recovered from the consumers at the rate of Rs 0.15/unit, for the consumption from 16.08.2018 to 15.11.2018, or until the approved amount of Rs 81.65 crore is fully realized, whichever is earlier.
- (3) The fuel surcharge is applicable to all consumers including the consumers of KSEB Ltd and all other licensees except the 'domestic consumers with connected load of and below 500 watt and monthly consumption of and below 20 units'.
- (4) Distribution licensees other than KSEB Ltd shall collect the fuel surcharge as per this order and remit the amount promptly to KSEB Ltd on a monthly basis, with a copy to the Commission.
- (5) KSEB Ltd shall provide the details of the fuel surcharge collected in each month to the Commission, within 10 days from the end of the month concerned.
- (6) KSEB Ltd and all other licensees shall indicate the rate of fuel surcharge and the amount of surcharge in the bills issued to consumers separately.
- (7) KSEB Ltd and other licensees shall account the fuel surcharge collected from each category of consumers separately.
- (8) KSEB Ltd and other licensees shall strictly adhere to the Section 65 of the Electricity Act-2003 while providing any subsidy or exemption to the consumers.

The petition is disposed off.

Sd/-
K.Vikraman Nair
Member

Sd/-
S.Venugopal
Member

Order of the Chairman dated 13.08.2018, KSERC in Petitions No. OA 16/2017, 1/2018, 7/2018 and 9/2018.

The undersigned has carefully perused the majority order of the Commission Members and respectfully differ on the following points of the Order of the Commission, based on the following considerations:

KSERC (Terms and Conditions for Determination of Tariff), Regulations, 2014-Regulation 13. *Controllable and uncontrollable factors.*

(1) For the purpose of these Regulations, the term "uncontrollable factors" shall include of the following factors which are beyond the

control of and cannot be mitigated by the applicant, as determined by the Commission,-

xxx

(iv) variation in prices of coal, oil and all primary/secondary fuel;

Regulation 88- fuel surcharge-

88 (2) Fuel surcharge is the amount approved by the Commission for adjustment by the distribution business/licensee, by way of recovery from or by way of refund to the consumer, to enable the distribution business/licensee to pass through to the consumer additional expenditure or savings due to,

(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.

88 (4) (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.

88 (5) Every distribution business/licensee shall, within thirty days after the close of each quarter, submit to the Commission an application with all relevant details required for the approval of the amount of fuel surcharge to be adjusted from the consumers and of 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.

88 (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.*

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

In addition to the Regulations mentioned above, the Hon'ble APTEL in OP No. 1/2011 on 11.11.2011 had issued directions to all State Commissions in the country to approve all claims of fuel surcharge in a timely manner. The relevant portion of this order is extracted below.

65. In view of the analysis and discussion made above we deem it fit to issue the following direction to the State Commission:

(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 64 (4) of the Act. The fuel and power purchase cost adjustment should preferably be on monthly basis on the lines of the Central Commission Regulations for the generating companies but in no case exceeding a quarter.

Further, **KSEB Ltd in their fuel surcharge petition** for the 3rd quarter has also stated -

“The fuel surcharge regulations allow only the additional liability / savings due to variation in the cost of fuel in the power purchase cost to pass through to the consumers. Fuel surcharge petition is for the thermal power stations having two part tariff structure in which the fuel cost component is met through the variable cost of two part tariff. Thus regulation 88 of Tariff Regulation 2014 does not provide to factor the additional liability on short term power purchase on account of increased rates over approved levels. Hence, KSEB Ltd has not included short term power purchase from exchanges, power transfer

through deviation settlement mechanism and swap while calculating additional liability as per fuel surcharge regulations.”

In the light of KSERC Tariff Regulations, 2014 and order of Hon'ble APTEL stated above, the undersigned have arrived at the following conclusions;

Regulation 13 has classified the variation in the price of coal, oil etc. as an uncontrollable factor beyond the control and mitigation ability of the licensee. In addition, Regulations 88 and APTEL direction clearly reveal that the fuel surcharge to be approved by the Commission is only on account of the change in the cost of fuel i.e., between the actual cost incurred on fuel vis-à-vis the cost of fuel approved by the Commission, in the Aggregate Revenue Requirement.

Hon'ble APTEL direction states that the objective of providing fuel surcharge provision is ***to ensure, as far as practically possible, the fuel cost adjustment in a timely and preferably monthly basis*** as in the Central Commission's Regulations and not in any case beyond a quarter. Timely adjustment of fuel cost is essential to facilitate the finances and cash flow of the licensee. Such timely recoveries mitigate against avoidable borrowings and interest payments by the licensee and its subsequent pass through in the consumer's electricity bills.

It is true that there has been a delay on the part of KSEB Ltd in filing their fuel surcharge petitions. However, on their application, the Hon'ble Commission has condoned this delay. It is also a fact that KSEB Ltd in their petitions have not claimed the additional cost on account of fuel surcharge for a part of the power purchase under DBFOO, which has not been approved by the Commission.

However, the Regulations does not have any provision permitting savings / less expenditure on account of short term power purchases to be deducted / adjusted from the actual additional fuel costs incurred by the licensee and therefore, any such action by the Commission is ultra vires. Fuel surcharge claims pertains to the two part tariff regime, whereas the short term power purchases are generally market driven i.e. demand and supply based and has a single price. Hence, comparing two different tariff regimes is not correct and any deduction on account of such savings from the fuel surcharge claim is neither warranted nor permitted as per Regulations.

Hence, the undersigned is of the opinion that the total saving of Rs.98.90 crore, resulting from diligent short term power purchases by KSEB Ltd, should not be deducted / adjusted against the Commission's approval of Rs. 180.55 crore, on account of KSEB Ltd's total fuel surcharge claim for 2017-18. On the other hand, if KSEB Ltd had to resort to short term power purchases at a cost higher than the Commission's ceiling, then such additional expenses too, cannot be claimed by them as a part of the fuel surcharge.

It is also relevant to mention that the annual accounts of KSEB Ltd and its Truing up Petitions for 2017-18 is not due in the Commission. Since the overall adjustment of power purchase cost is required to be settled at this stage, attempting a power purchase cost settlement at this stage is not correct.

Timely reimbursement of all permissible expenses ensures the financial health of the licensee and mitigates against unnecessary interest burden on the consumers. It is to be noted that the Commission has not permitted any recovery till date, on account of fuel surcharge for the entire financial year 2017-2018. Even the recovery of fuel surcharge approved by the Commission in OP No.16/2017 dated 24.01.2018 for the 1st quarter has been deferred.

Under such circumstances, the undersigned begs to differ from the majority decision to deduct/adjust savings of Rs. 98.90 Crores on account of short term power purchase from the Commission's approval of Rs. 180.55 Crore, on account of fuel surcharge for 2017-18, since such a deduction is not supported by KSEB (Terms and Conditions for Determination of Tariff), Regulations, 2014 and hence ultra vires. Consequently the undersigned does not agree with para 63, sub-para (1) and (2) of the majority order of the Commission.

Sd/-

Preman Dinaraj
Chairman

Approved for issue

K B Santhosh Kumar
Secretary