

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

Present: **Shri. Preman Dinaraj, Chairman**

**OP 07/2020**

In the matter of : Petition on Proposal to recover the additional cost incurred during the period from October 2019 to December 2019 over approved level on Generation and Power Purchase due to variation in cost of fuel, from all consumers including Bulk Consumers and other Licensees through fuel surcharge

Petitioner : Kerala State Electricity Board Limited

**OP 10/2020**

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

Petitioner : Kerala State Electricity Board Limited

**Common Order dated 12.07.2022 in OP No 07/2020 and 10/2020**

**OP No 07/2020**

1. KSEB Ltd on 31.01.2020, filed a petition for approval of additional cost incurred by KSEB Ltd during third quarter of the FY 2019-20, on account of variation in power purchase cost as fuel surcharge. The prayer of the petition is given below.
  - a. *The additional financial liability incurred by KSEBL, amounting to Rs 70.10 crore., due to the variation in power purchase cost resulting from the variation in cost of fuel for the period from October to December 2019 for the procurement/ generation of energy from various thermal sources as per Regulation 86 of KSERC Tariff Regulations, 2018 as detailed in **Annexure IV & V** to this petition may kindly be approved.*

- b. This approved additional cost may kindly be allowed to be recovered from consumers including bulk consumers and other licensees as fuel surcharge, as per the Regulation 86 of KSERC Tariff Regulations, 2018, from March 2020 onwards, @ 11 paise per unit.

2. The summary of the petition filed by KSEB Ltd are given below:

- (1) The Commission, vide the Order dated 08.07.2019 in OA No. 15/2018 has approved the ARR, ERC and Tariff of KSEB Ltd for the control period from 2018-19 to 2021-22. The cost of power purchase is one of the expense approved by the Commission in the ARR. The Commission approved the ARR, ERC and the Tariff as per the provisions of the KSERC (Terms and Conditions for Determination of Tariff) Regulations, 2018 (herein after referred as Tariff Regulations, 2018).
- (2) As per the sub Regulation (6) of Regulation 86 of the Tariff Regulation, 2018, KSEB Ltd has to file the petition with all relevant details for the approval of the amount of fuel surcharge to be adjusted from the consumers, within 30 days after the close of each quarter. Accordingly, the petition has to be filed on or before 30<sup>th</sup> of January 2020. The petition was filed on 31.01.2020.
- (3) KSEB Ltd submitted the month wise variation of the fuel cost over the approval during the third quarter of this FY 2019-20, i.e, from Oct -2019 to Dec-2019, the details are given below.

Table 1

Month wise variation of the variable cost- approved and actual for third quarter of the FY 2019-20

SI No	Source	Approved	Actuals (Rs/ kWh)		
		(Rs/ kWh)	Oct-19	Nov -19	Dec -19
<b>Central Generating Stations</b>					
1	NTPC-RSTPS Stage I & II	2.49	2.63	2.62	2.63
2	NTPC-RSTPS Stage III	2.45	2.58	2.58	2.59
3	Talcher	1.73	2.13	2.03	1.95
4	Simhadri TPS Stage II	2.89	3.25	3.35	3.48
5	NLC-Stage-1	2.64	2.78	2.78	2.77
6	NLC-Stage-II	2.64	2.78	2.78	2.77
7	NLC I Expansion	2.44	2.55	2.55	2.54
8	NLC II Expansion	2.44	2.60	2.60	2.60
9	Vallur STPS	3.13	3.74	3.80	4.03
10	NTPL	3.21	2.74	2.80	2.91
11	NTPC Kudgi	3.91	4.05	3.81	3.70
<b>Independent Power Producers</b>					
12	DVC Reghunathpur	2.30	3.21	2.99	3.02
13	DVC Mejia	2.46	3.01	2.98	2.94
14	Maithon Power Ltd- Contract I	2.39	2.64	2.74	2.66
15	Maithon Power Ltd- Contract II	2.39	2.64	2.74	2.66

16	Jindal Power Ltd-Bid I	1.29	1.31	1.31	1.31
17	Jhabua Power Ltd-Bid I	1.91	1.96	1.96	1.96
18	Jindal Power Ltd-Bid II	1.19	1.31	1.31	1.31
19	Jhabua Power Ltd-Bid II	1.73	1.88	1.88	1.88
20	Jindal India Thermal Power Ltd	1.03	1.14	1.14	1.14
21	BALCO	1.19	1.15	1.16	1.16

- (4) The summary of the additional liability claimed by the KSEB Ltd due to the change in variable cost over approved level during the third quarter of the FY 2019-20 is given below.

Table 2  
additional liability claimed by the KSEB Ltd due to the change variable cost  
over approved level during the third quarter of the FY 2019-20

Source	Approved	Actual	Variable cost		Addl liability claimed by KSEBL	
			Approved	Actual	Actuals claimed	Claimed as FS
	(MU)	(MU)	(Rs/kWh)	(Rs/kWh)	(Rs. Cr)	(Rs. Cr)
CGS						
RSTPS I & II	448.77	402.88	2.49	2.62	5.40	5.40
RSTPS III	126.93	107.95	2.45	2.59	1.47	1.47
Talcher Stage-II	741.31	721.11	1.73	2.03	21.32	20.74
Simhadri TPS Stage II	157.82	97.07	2.89	3.40	4.99	4.99
NLC Stage-I	98.68	111.72	2.64	2.78	1.51	1.31
NLC Stage-II	129.76	164.45	2.64	2.77	2.22	1.75
NLC 1 Expansion	117.61	132.96	2.44	2.55	1.41	1.25
NLC II Expansion	75.97	72.53	2.44	2.60	1.14	1.05
Vallur STPS	84.38	51.53	3.13	3.86	3.79	3.79
NTPL	137.40	106.04	3.21	2.83	-3.98	-3.91
Kudgi	169.28	13.92	3.91	3.79	-0.17	-0.17
Sub Total CGS	2287.91	1982.16	2.45	2.51	39.10	37.68
IPPs outside the State						
DVC RTPS	64.70	62.98	2.30	3.05	4.73	3.11
DVC Mejia	194.56	116.07	2.46	2.97	5.94	5.94
Maithon Power Ltd-I	201.93	288.24	2.39	2.68	8.41	5.98
Maithon Power Ltd-II,	304.55	288.24	2.39	2.68	8.41	8.41
Jindal Power Ltd-Bid I	377.56	332.29	1.29	1.31	0.66	0.66
Jhabua Power Ltd-Bid I	217.09	232.88	1.91	1.96	1.15	1.07
Jindal Power Ltd-Bid II*	188.78	202.52	1.73	1.88	3.03	2.82
Jhabua Power Ltd-Bid II	283.18	249.17	1.19	1.31	2.99	2.96
JITPL*	188.78	189.12	1.03	1.14	2.08	2.08
BALCO	188.78	182.79	1.19	1.16	-0.60	-0.60
Sub Total IPPS	2209.91	2144.31	1.49	1.66	36.79	32.43
Total	4497.82	4126.47	1.99	2.07	75.89	70.10

\*Variable cost of these stations were not separately approved.

- (5) The summary of the additional liability claimed by the petitioner is given below.

Table 3

Summary of additional liability claimed by the KSEBL for third quarter

Source	Energy procurement			Per unit cost		Add liability claimed by KSEB Ltd	
	Approved quantity	Actual	Admissible as per regulation	Approved	Actual	Actual	Admissible as per regulation
	(MU)	(MU)	(MU)	(Rs/kWh)	(Rs/kWh)	(Rs. Cr)	(Rs. Cr)
CGS	2287.91	1982.16	1890.40	2.45	2.51	39.10	37.68
IPPs	2209.91	2144.31	1989.38	1.49	1.66	36.79	32.43
Total	4497.82	4126.47	3879.79	1.98	2.07	75.89	70.10

- (6) KSEB Ltd had proposed to recover the additional liability claimed as above from the consumers including the bulk consumers and other licensees @ Rs 0.11/unit from March 2020 onwards.

The Commission admitted the petition as OP 07/2020.

### OP No 10/2020

3. KSEB Ltd on 28.05.2020, filed the petition for approval of additional cost incurred during fourth quarter of the FY 2019-20 from January 2020 to March 2020, on account of variation in cost of power purchase as fuel surcharge. The prayer of the petition is given below.
- a. *The additional financial liability incurred by KSEBL, amounting to Rs 72.55 crore., due to the variation in power purchase cost resulting from the variation in cost of fuel for the period from January to March 2020 for the procurement/ generation of energy from various thermal sources as per Regulation 86 of KSERC Tariff Regulations, 2018 as detailed in **Annexure IV & V** to this petition may kindly be approved.*
- b. *This approved additional cost may kindly be allowed to be recovered from consumers including bulk consumers and other licensees as fuel surcharge, as per the Regulation 86 of KSERC Tariff Regulations, 2018, from December 2020 onwards, @ 12 paise per unit.*
4. The summary of the petition filed by KSEB Ltd is given below.
- (1) Month wise variation of variable cost of CGS and IPPs, - approved and the actuals claimed by KSEB Ltd are given below.

Table 4  
Month wise variation of the variable cost- approved and actual for fourth quarter of the FY 2019-20

SI No	Source	Approved	Actuals (Rs/ kWh)		
		(Rs/ kWh)	Jan-20	Feb-20	Mar-20
<b>Central Generating Stations</b>					
1	NTPC-RSTPS Stage I & II	2.49	2.63	2.60	2.60
2	NTPC-RSTPS Stage III	2.45	2.59	2.56	2.56
3	Talcher	1.73	2.06	2.04	2.08
4	Simhadri TPS Stage II	2.89	3.21	3.23	3.06
5	NLC-Stage-1	2.64	2.77	2.77	2.77
6	NLC-Stage-II	2.64	2.77	2.77	2.77
7	NLC I Expansion	2.44	2.55	2.55	2.55
8	NLC II Expansion	2.44	2.59	2.56	2.56
9	Vallur STPS	3.13	3.70	3.60	3.65
10	NTPL	3.21	2.94	2.79	2.79
11	NTPCKudgi	3.91	3.61	3.60	3.86
<b>Independent Power Producers</b>					
12	DVC Reghunathpur	2.30	3.00	3.00	3.01
13	DVC Mejia	2.46	2.89	2.71	2.84
14	Maithon Power Ltd- Contract I	2.39	2.57	2.60	2.67
15	Maithon Power Ltd- Contract II	2.39	2.57	2.60	2.67
16	Jindal Power Ltd-Bid I	1.29	1.31	1.31	1.31
17	Jhabua Power Ltd-Bid I	1.91	1.96	1.96	1.96
18	Jindal Power Ltd-Bid II	1.19	1.31	1.31	1.31
19	Jhabua Power Ltd-Bid II	1.73	1.88	1.88	1.88
20	Jindal India Thermal Power Ltd	1.03	1.14	1.14	1.14
21	BALCO	1.19	1.16	1.16	1.16

- (2) The summary of the additional liability claimed by the KSEBL due to the change in variable cost over approved level during the fourth quarter of the FY 2019-20 is given below.

Table 5  
additional liability claimed by the KSEBL due to the change variable cost over approved level during the fourth quarter of the FY 2019-20

Source	Approved	Actual	Variable cost		Addl liability claimed by KSEBL	
			Approved	Actual	Actuals claimed	Claimed as FS
	(MU)	(MU)	(Rs/kWh)	(Rs/kWh)	(Rs. Cr)	(Rs. Cr)

CGS							
RSTPS I & II	466.91	451.71	2.49	2.61	5.51	5.30	
RSTPS III	116.59	87.86	2.45	2.57	1.12	1.02	
Talcher Stage-II	811.34	844.30	1.73	2.06	28.20	26.70	
Simhadri TPS Stage II	160.26	145.43	2.89	3.17	4.04	4.04	
NLC Stage-I	101.97	120.20	2.64	2.77	1.53	1.30	
NLC Stage-II	154.07	172.51	2.64	2.77	2.20	1.96	
NLC 1 Expansion	96.63	135.78	2.44	2.55	1.47	1.05	
NLC II Expansion	75.15	52.71	2.44	2.57	0.66	0.63	
Vallur STPS	94.42	65.24	3.13	3.65	3.42	3.42	
NTPL	114.00	132.97	3.21	2.84	-4.90	-3.86	
Kudgi	202.69	124.28	3.91	3.69	-2.38	-2.38	
Sub Total CGS	2394.30	2333.11	2.45	2.56	40.87	39.19	
Private IPPs outside the State							
DVC RTPS	92.46	82.95	2.30	3.00	5.88	5.80	
DVC Mejia	189.49	188.96	2.46	2.81	6.68	6.46	
Maithon Power Ltd-I	297.97	267.70	2.39	2.61	5.90	5.89	
Maithon Power Ltd-II	297.97	267.70	2.39	2.61	5.90	5.89	
Jindal Power Ltd-Bid I	369.35	377.91	1.29	1.31	0.76	0.74	
Jhabua Power Ltd-Bid I	212.37	238.60	1.91	1.96	1.19	1.06	
Jindal Power Ltd-Bid II*	277.02	283.38	1.73	1.31	3.40	3.32	
Jhabua Power Ltd-Bid II*	184.68	207.48	1.19	1.88	3.11	2.77	
JITPL*	184.68	185.04	1.03	1.14	2.04	1.98	
BALCO	184.68	190.79	1.19	1.16	-0.57	-0.55	
Sub Total IPPS	2290.67	2290.52	1.76	1.89	34.30	33.36	
Total	4684.70	4623.63	2.11	2.23	75.17	72.55	
*Variable cost of these stations were not separately approved.							

- (3) The summary of the additional liability claimed by the petitioner is given below.

Table 6  
Summary of additional liability claimed by the KSEBL for fourth quarter

Source	Energy procurement			Per unit cost		Add liability claimed by KSEB Ltd	
	Approved quantity	Actual	Admissible as per regulation	Approved	Actual	Actual	Admissible as per regulation
	(MU)	(MU)	(MU)	(Rs/kWh)	(Rs/kWh)	(Rs. Cr)	(Rs. Cr)
CGS	2394.03	2333.11	2155.88	2.45	2.56	40.87	39.19
IPPs	2290.67	2290.52	2204.88	1.76	1.89	34.30	33.36
Total	4684.70	4623.63	4360.77	2.11	2.23	75.17	72.55

- (4) KSEB Ltd has proposed to recover the additional liability claimed from the consumers including the bulk consumers and other licensees as fuel surcharge, @ Rs 0.12/unit from December 2020 onwards.
5. Public hearing on the petition OP 7/2020 was initially scheduled for 11.3.2020, but postponed due to outbreak of Covid 19 Pandemic. Thereafter, the Commission scheduled the public hearing of both the petitions together on 10.7.2020. However, due to triple lockdown announced in the Thiruvananthapuram Corporation area, this was postponed again. Thereafter the public hearing of both the petitions were held together on 11.8.2020 through video conference. The list of participants is attached as Annexure 1. The summary of the deliberations during the hearing is given below.
- (1) Sri K G P Nampoothiri, Executive Engineer, made the detailed presentation on the petitions before the Commission. KSEB Ltd submitted that, the variation in rates are mainly due to the increase in the cost of coal by the coal supplier M/s Coal India Ltd and its subsidiaries and also due to the changes in various operating norms including Station Heat Rate of the Central Generating Stations as per the Tariff Regulations, 2019 notified by CERC.
- (2) Sri. A.R. Satheesh, president, HT&EHT Association submitted the following:
- (i) There is wide variation between the monthly consumption as per the SLDC data and the actual consumption claimed by KSEB Ltd. Commission may direct KSEB Ltd to clarify this anomaly.
- (ii) There is also wide variation in the month wise T&D loss claimed by KSEB Ltd. Bimonthly billing cannot be the reason for such wide variation. In some months, T&D loss achieved is single digit. Hence the Commission may redefine the loss reduction trajectory.
- (iii) Under table-3 in page 12 of the petition OP No. 10/2020, viz, the petition for fuel surcharge for fourth quarter, IEX rate for the month of January is shown as Rs 5.85 per unit, which is not correct, since the IEX rates never touched that rate in the month of January 2020, even for a short period. This resulted into a difference of Rs 14.2 Crores for January 2020 alone.
- (iv) Through the short-term purchases made during the fourth quarter of the FY 2019-20, KSEB has a net benefit of Rs.31.25 crore.
- (v) The variable cost of all CGS stations except Talcher for Jan-20 and Feb-20 and majority of the IPP's were higher than the average short-term market price. Hence KSEB Ltd benefit by way of reduction in availability from CGS and purchase of the shortfall from IEX.

- (vi) All the companies are having high financial crisis due to Covid 19 impact and are implementing measures like salary cut to tide over the crisis. Implementing fuel surcharge will cause additional burden to those companies already ailing to survive.
  - (vii) This year, the hydel availability is comparatively higher. Further KSEB Ltd can make benefit out of Real Time Market recently introduced by IEX.
  - (viii) KSEB Ltd is selling surplus power in short term market at a price of Rs 2.4 per unit recently. The industrial consumers who go for open access may be given an option to take surplus power from KSEB Ltd, with a reasonable margin, so that there will be a win-win situation for both KSEBL and these consumers.
  - (ix) As per the calculation of the Association, the net amount realisable under FSA is Rs 37.322 Cr after accounting the benefit of short term purchase, and considering this benefit, the fuel surcharge may be approved at Rs 0.06/unit instead of Rs 0.12/unit claimed by KSEB Ltd.
  - (x) The association will not object for reasonable recovery of FSA. Considering the circumstances prevailing, the recovery may be spread for more than three months.
- (3) Sri. Pulak Srivasthava, representing Jindal India Thermal Power limited (JITPL) supported the petition filed by KSEB Ltd. He added that all the variable cost claimed may be admitted by the Commission.
- (4) Sri. Rajesh J Kuruvila, representing CUMI, submitted that the variable cost of the stations RTPS, Mejja, Kudgi, Simhadri and Vallur STPS are above the average prevailing rates at IEX. Hence, KSEB Ltd may reconsider the agreement executed with these stations. He sought clarification on whether there is any compulsion to buy power from these stations.
- (5) Sri Pradeep, Hindalco submitted that applicability of fuel surcharge may be made from 1<sup>st</sup> of the month so that meter reading and billing will be easier.
- (6) Sri K G P Nampoothiri clarified that short term purchases are not included in the FSA calculation as per Regulations. However, KSEBL had included the details of the short term power purchase as per the directions of the Commission. KSEB Ltd has been selling electricity to the consumers at the tariff approved by the Commission, and cannot sell the seasonal surplus, especially during few hours etc to avoid spillage of water during the severe monsoon days, to the consumers at the IEX rates.



- (7) The Commission, however, directed KSEB to explain the possibility of selling the surplus power as discussed in Para 15 (viii) so that the consumers of the State stand to benefit and it could be a win – win situation.
- (8) Based on the deliberations during hearing, Commission directed KSEB Ltd to submit the following details latest by 07.09.2020.
- (i) Reasons for the wide variations in the monthly consumption as per the SLDC data, and the actuals claimed by KSEB Ltd.
  - (ii) Reasons for the wide variations in monthly T&D loss levels.
  - (iii) Whether there is any provisions to relook/ review the PPA signed with CGS and other IPPs during its term.
  - (iv) Submit proposals for the period of recovery of the fuel surcharge which is due from second quarter (from July-2019) onwards.
  - (v) Regarding the issue of sale of surplus power, an amendment, if required, in the concerned Regulation could be considered if KSEB Ltd considers it appropriate. KSEB shall examine this proposal and submit their views.

6. In compliance of the direction of the Commission, KSEB Ltd vide the letter dated 14.10.2020 submitted their comments and its summary is given below.

**(1) Reasons for wide variations in the monthly consumption as per the SLDC data and the actuals claimed by KSEB Ltd.**

KSEB Ltd submitted that the energy input data given in the petition corresponding to the energy generated and purchased by KSEB Ltd for meeting the demand of its consumers within the State. This does not include the energy wheeled by open access consumers and the energy generated from captive generating plants for own consumption.

However the SLDC data includes the total energy input into the State Grid, which includes energy wheeled by embedded open access consumers, energy injected to grid by captive generators, energy injected to grid by private generators for sale outside the State.

**(2) Reasons for wide variations in monthly T&D loss levels.**

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

- (i) In KSEB system, 98% of consumers are billed bimonthly and remaining are billed one monthly basis.
- (ii) The energy billed during a particular month consists of the following:
  - Energy consumption of previous month in the case of monthly billed consumers.
  - In the case of bimonthly billed consumers – the consumption as on bill date is the consumption pertaining to previous 60 days

preceding to the bill date. Further only half (50%) of the total bimonthly billed consumers only billed in a month.

It means that the consumption shown in the bills of bimonthly billed consumers corresponding to the consumption during the previous 60 days prior to the date of billing. Hence it is not possible to find exact sales corresponds to the energy input in a particular month, especially from the bills raised for bi-monthly billed consumers.

- The following are the options available before KSEB Ltd to tackle this issue accurately.

(a) KSEB Ltd can furnish the energy input and energy billed of a particular month. But the monthly loss cannot be arrived based on this data., since the energy sale data consists only a portion of energy consumption against the energy input due to the bi-monthly billing followed. However if the monthly energy consumption of all consumers are uniform throughout the year (for the entire 12 months), there may not be wide variations in the losses so arrived. But in the State of Kerala, the energy demand varies month over month, especially the energy demand during the summer months from March to May are much higher, however during the June and July the energy demand in the State is less.

(b) KSEB Ltd can furnish the billed data of subsequent month as against the energy input in a particular month. For example as against the energy inputs in October 2020, the energy billed from 1<sup>st</sup> November to 30<sup>th</sup> November may be used as the energy sale for arriving T&D loss. In this case the energy sale details of monthly billed consumers can be correctly included in the data. But in the case of bimonthly billed consumers a portion of the energy billed in November corresponds to energy input during October.

In the fuel surcharge petition KSEB Ltd submitted the energy sale corresponding to energy billed during the months of November and December is compared against the energy input in the month of October and November. However the energy sales during the month of January are not available at the time of preparing fuel surcharge petition. KSEB Ltd estimated the energy billed against the consumption of December based on the approved T&D loss. However while determining the T&D loss on financial year basis, the error or anomaly due to the monthly variations in energy consumption will be even out.

**(3) Provisions to relook/review the PPA signed with CGS and IPPS during its term**

KSEB Ltd submitted that there is no provision in the PPA to relook / review during the term of the agreement in the case of CGS and IPPs except for DVC stations.

**(4) Submit proposals for the period of recovery of fuel surcharge which is due from second quarter onwards.**

KSEB Ltd submitted that it has no jurisdiction to propose the period of adjustment of amount of fuel surcharge as per the provisions of Tariff Regulations. Hence KSEB Ltd requested before the Commission to decide the period as per the Regulation 86(6), 86(8) & 86(10) of Tariff Regulations for the recovery of the fuel surcharge approved vide order dated 27.04.2020.

**(5) Proposal for sale of surplus power to industrial consumers who go for open access**

KSEB Ltd submitted that the consumers avail power through open access whenever rate of energy procured from power exchanges rate at consumer end is less than the energy rate determined by Commission for a particular tariff category. i.e. "The IEX market rate + Inter-state transmission charges + cost associated with interstate transmission losses + Intrastate transmission charge + Intrastate wheeling charges + cross subsidy surcharge + cost associated with intrastate transmission and wheeling losses + GST on open access charges + SRLDC charges" is less than the energy charge.

KSEB Ltd has been selling surplus power only when marginal cost of power likely to be surrendered is less than the rate of power at power exchanges at Kerala periphery. i.e. the marginal cost of power + charges associated with transmission losses upto SR periphery is less than the rate of energy at exchanges - exchange overhead.

KSEB Ltd submitted the following three likely scenarios on this subject issue.

**Scenario-1**

Cost of surplus power is less than market rate, and KSEBL is selling the surplus power in the market and at the same time embedded open access consumers avail quantum of power from market.

In this case revenue / charge received by KSEBL = Revenue through surplus sale at market rate + Intrastate open access charges + intrastate wheeling charges + cross subsidy surcharge + cost associated with intra state transmission and wheeling losses + 75% of interstate transmission charges payable by open access consumers (as per the CERC order, 75% of the revenue earned by CTU/PGCIL has to be shared with the long term beneficiaries). This revenue is passed through in tariff to all consumers of the State. If KSEB Ltd supply the power to the embedded open access consumers at market rate with a margin, KSEB Ltd has to recover all the above charges and has to fix the margin accordingly. Otherwise this will cause additional burden to common consumers of the state for the sole benefit of few selective embedded open access consumers.

### Scenario-2

Cost of surplus power is more than market rate and hence KSEB Ltd is surrendering the power and at the same time embedded open access consumers avail power from market.

In this case the revenue / charges received by KSEB Ltd = Savings in power purchase cost due to reduction in energy charges on surrendering of power + open access charges received from embedded consumers (intrastate transmission charge + intrastate wheeling charges + cross subsidy charges) + cost associated with intra state transmission and wheeling losses + 75% of interstate transmission charges. This revenue passed through tariff to all consumers of the State as part of true up. If KSEB Ltd is to supply the surrendered power to embedded open access consumers at a rate with a margin, KSEB Ltd has to recover all above charges and has to fix the rate accordingly.

### Scenario 3

Cost of surplus power is less than market rate & KSEB Ltd is selling power in market whereas embedded open access consumers is not availing power from market. In this case since market rate is already not viable for the embedded open access consumers, the market rate + other related charges as margin could not be workable for such consumers.

KSEB Ltd further submitted that the market rate of power cannot be known in advance. Hence there is a risk of opportunity loss for both sides. Also the cost of surplus power available with KSEBL keeps on changing depending on daily demand variation, generated outages, monsoon behaviour etc.

Considering the above issues, KSEB Ltd recommended that the Commission may publish a consultation paper on this matter, so that all probable issues can be deliberated by all stakeholders before finalizing the issue.

## **Analysis and Decision of the Commission**

7. The Commission has examined in detail the petitions filed by KSEB Ltd for the approval of fuel surcharge for the 3<sup>rd</sup> quarter (October-2019 to December-2019) and 4<sup>th</sup> quarter (January-2020 to March 2020) of the financial year 2019-20, 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, 2018 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.
8. 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.”*

9. 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 fuel surcharge as follows.

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

.....

*(vi) Fuel and Power Purchase cost is a major expense of the distribution Company which is uncontrollable. Every State Commission must have in place a mechanism for Fuel and Power Purchase cost in terms of Section 62 (4) of the Act. The Fuel and Power Purchase cost adjustment should preferably be on monthly basis on the lines of the Central Commission’s Regulations for the generating companies but in no case exceeding a quarter. Any State Commission which does not already have such formula/mechanism in place must within 6 months of the date of this order must put in place such formula/ mechanism.”*

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

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

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

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

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

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

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

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

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

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

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

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

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

(8) The adjustment on account of fuel surcharge as approved by the Commission shall be 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 source wise and month-wise details of the changes in the cost of power purchase with respect to the approved cost of power purchase on account of change in cost of fuel, for each quarter separately.

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

(12) (a) Distribution licensees who purchase electricity from KSEB Limited in bulk for retail sale, shall within fifteen days of the close of each month, provide to

KSEB Limited with a copy to the Commission, the month-wise details of retail sale of energy to facilitate the estimation of fuel surcharge.

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

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

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

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

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

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

Where,-

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

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

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

$$= \sum_1^n Q_g \times (R_1 - R_2)$$

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

$$= \sum_1^n Q_p \times (P_1 - P_2)$$

( $F_g$  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

$R_1$  = Actual price of fuel in rupees per metric ton

$R_2$  = Approved price of fuel in rupees per metric ton

$P_1$  = Actual price of purchased energy in rupees per kWh

$P_2$  = Approved price of purchased energy in rupees per kWh

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

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

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

### Fuel surcharge for approved sources in the MYT Order dated 08.07.2019

#### I. OA No. 07/2020, Fuel surcharge for the third quarter (Oct-2019 to Dec-2019) of the FY 2019-20

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

Table-7  
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	Actual	Approved for recovery as 'FS'
(1)	(2)	(3)	(4)	(5)= Lesser of (2) & (3)	(6)	(7)	(8)	(9)= (5)x((7)-(6))
Oct-19	224.57	200.19	200.19	200.19	1.73	2.13	7.93	7.93
Nov-19	217.32	236.36	217.32	217.32	1.73	2.03	7.19	6.52
Dec-19	299.42	284.56	284.56	284.56	1.73	1.95	6.20	6.26
Total	741.31	721.11	702.07	702.07	1.73	2.03	21.32	20.71



Table-8  
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	Actual	Approved for recovery as 'FS'
(1)	(2)	(3)	(4)	(5)= Lesser of (2) & (3)	(6)	(7)	(8)	(9)= (5)x((7)-(6))
Oct-19	170.15	145.19	145.19	145.19	2.49	2.63	1.97	1.97
Nov-19	148.98	131.04	131.04	131.04	2.49	2.62	1.69	1.69
Dec-19	129.64	126.64	126.64	126.64	2.49	2.63	1.74	1.74
Total	448.77	402.87	402.87	402.87	2.49	2.63	5.40	5.40

Table-9  
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	Actual	Approved for recovery as 'FS'
(1)	(2)	(3)	(4)	(5)= Lesser of (2) & (3)	(6)	(7)	(8)	(9)= (5)x((7)-(6))
Oct-19	42.77	31.99	31.99	31.99	2.45	2.58	0.42	0.42
Nov-19	41.39	33.42	33.42	33.42	2.45	2.58	0.44	0.43
Dec-19	42.77	42.54	42.54	42.54	2.45	2.59	0.61	0.60
Total	126.93	107.95	107.95	107.95	2.45	2.58	1.47	1.45

Table-10  
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	Actual	Approved for recovery as 'FS'
(1)	(2)	(3)	(4)	(5)= Lesser of (2) & (3)	(6)	(7)	(8)	(9)= (5)x((7)-(6))
Oct-19	28.12	40.83	28.12	28.12	2.64	2.78	0.56	0.39
Nov-19	34.70	36.56	34.70	34.70	2.64	2.78	0.50	0.48
Dec-19	35.86	34.33	34.33	34.33	2.64	2.77	0.45	0.45
Total	98.68	111.72	97.15	97.15	2.64	2.78	1.51	1.31

Table-11  
NLC-TPS-II Stage-2

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	Actual	Approved for recovery as 'FS'
(1)	(2)	(3)	(4)	(5)= Lesser of (2) & (3)	(6)	(7)	(8)	(9)= (5)x((7)-(6))
Oct-19	52.41	52.60	52.41	52.41	2.64	2.78	0.72	0.72
Nov-19	38.04	55.32	38.04	38.04	2.64	2.78	0.76	0.52
Dec-19	39.31	56.53	39.31	39.31	2.64	2.77	0.74	0.51
Total	129.76	164.45	129.76	129.76	2.64	2.78	2.22	1.75

Table-12  
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	Actual	Approved for recovery as 'FS'
(1)	(2)	(3)	(4)	(5)= Lesser of (2) & (3)	(6)	(7)	(8)	(9)= (5)x((7)-(6))
Oct-19	39.63	44.94	39.63	39.63	2.44	2.55	0.48	0.44
Nov-19	38.35	41.89	38.35	38.35	2.44	2.55	0.45	0.42
Dec-19	39.63	46.13	39.63	39.63	2.44	2.54	0.48	0.40
Total	117.61	132.96	117.61	117.61	2.44	2.55	1.41	1.25

Table-13  
NLC-II- 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	Actual	Approved for recovery as 'FS'
(1)	(2)	(3)	(4)	(5)= Lesser of (2) & (3)	(6)	(7)	(8)	(9)= (5)x((7)-(6))
Oct-19	25.60	31.29	25.60	25.60	2.44	2.60	0.49	0.40
Nov-19	24.77	18.55	18.55	18.55	2.44	2.60	0.29	0.29
Dec-19	25.60	22.69	22.69	22.69	2.44	2.60	0.36	0.36
Total	75.97	72.53	66.84	66.84	2.44	2.60	1.14	1.05

Table-14  
Simhadri STPS

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	Actual	Approved for recovery as 'FS'
(1)	(2)	(3)	(4)	(5)= Lesser of (2) & (3)	(6)	(7)	(8)	(9)= (5)x((7)-(6))
Oct-19	53.18	13.16	13.16	13.16	2.89	3.25	0.47	0.47
Nov-19	51.46	31.62	31.62	31.62	2.89	3.35	1.44	1.44
Dec-19	53.18	52.29	52.29	52.29	2.89	3.48	3.08	3.08
Total	157.82	97.07	97.07	97.07	2.89	3.41	4.99	4.99

Table-15  
Vallur STPS

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	Actual	Approved for recovery as 'FS'
(1)	(2)	(3)	(4)	(5)= Lesser of (2) & (3)	(6)	(7)	(8)	(9)= (5)x((7)-(6))
Oct-19	31.90	13.25	13.25	13.25	3.13	3.74	0.80	0.80
Nov-19	20.58	19.99	19.99	19.99	3.13	3.80	1.34	1.34
Dec-19	31.90	18.28	18.28	18.28	3.13	4.03	1.64	1.64
Total	84.38	51.52	51.52	51.52	3.13	3.87	3.78	3.78

Table-16  
NLC Tamilnadu Power Ltd (NTPL)

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	Actual	Approved for recovery as 'FS'
(1)	(2)	(3)	(4)	(5)= Lesser of (2) & (3)	(6)	(7)	(8)	(9)= (5)x((7)-(6))
Oct-19	46.30	25.77	25.77	25.77	3.21	2.74	-1.21	-1.21
Nov-19	44.80	31.56	31.56	31.56	3.21	2.80	-1.29	-1.29
Dec-19	46.30	48.71	46.30	46.30	3.21	2.91	-1.46	-1.39
Total	137.40	106.04	103.63	103.63	3.21	2.84	-3.97	-3.89

Table-17  
NTPC- Kudgi

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	Actual	Approved for recovery as 'FS'
(1)	(2)	(3)	(4)	(5)= Lesser of (2) & (3)	(6)	(7)	(8)	(9)= (5)x((7)-(6))
Oct-19	57.04	3.35	3.35	3.35	3.91	4.05	0.05	0.05
Nov-19	55.20	0.38	0.38	0.38	3.91	3.81	0.00	0.00
Dec-19	57.04	10.19	10.19	10.19	3.91	3.70	-0.21	-0.21
Total	169.28	13.92	13.92	13.92	3.91	3.79	-0.17	-0.17

Table-18  
Maithon- contract-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	Actual	Approved for recovery as 'FS'
(1)	(2)	(3)	(4)	(5)= Lesser of (2) & (3)	(6)	(7)	(8)	(9)= (5)x((7)-(6))
Oct-19	0.00	94.92	0.00	0.00	2.39	2.64	2.42	0.00
Nov-19	99.31	93.34	93.34	93.34	2.39	2.74	3.28	3.28
Dec-19	102.62	99.98	99.98	99.98	2.39	2.66	2.70	2.70
Total	201.93	288.24	193.32	193.32	2.39	2.68	8.40	5.98

Table-19  
Maithon- contract-2

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	Actual	Approved for recovery as 'FS'
(1)	(2)	(3)	(4)	(5)= Lesser of (2) & (3)	(6)	(7)	(8)	(9)= (5)x((7)-(6))
Oct-19	102.62	94.92	94.92	94.92	2.39	2.64	2.42	2.42
Nov-19	99.31	93.34	93.34	93.34	2.39	2.74	3.28	3.28
Dec-19	102.62	99.98	99.98	99.98	2.39	2.66	2.70	2.70
Total	304.55	288.24	288.24	288.24	2.39	2.68	8.40	8.40

Table-20  
DVC Mejia

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	Actual	Approved for recovery as 'FS'
(1)	(2)	(3)	(4)	(5)= Lesser of (2) & (3)	(6)	(7)	(8)	(9)= (5)x((7)-(6))
Oct-19	65.56	23.97	23.97	23.97	2.46	3.01	1.32	1.32
Nov-19	63.44	51.00	51.00	51.00	2.46	2.98	2.64	2.64
Dec-19	65.56	41.11	41.11	41.11	2.46	2.94	1.97	1.97
Total	194.56	116.08	116.08	116.08	2.46	2.97	5.93	5.93

Table-21  
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	Actual	Approved for recovery as 'FS'
(1)	(2)	(3)	(4)	(5)= Lesser of (2) & (3)	(6)	(7)	(8)	(9)= (5)x((7)-(6))
Oct-19	32.35	13.27	13.27	13.27	2.30	3.21	1.21	1.21
Nov-19	0.00	23.42	0.00	0.00	2.30	2.99	1.62	0.00
Dec-19	32.35	26.30	26.30	26.30	2.30	3.02	1.90	1.90
Total	64.70	62.99	39.57	39.57	2.30	3.05	4.74	3.11

Table-22  
Jindal Power Limited- Bid-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	Actual	Approved for recovery as 'FS'
(1)	(2)	(3)	(4)	(5)= Lesser of (2) & (3)	(6)	(7)	(8)	(9)= (5)x((7)-(6))
Oct-19	127.22	80.82	80.82	80.82	1.29	1.31	0.16	0.16
Nov-19	123.12	121.07	121.07	121.07	1.29	1.31	0.24	0.24
Dec-19	127.22	130.40	127.22	127.22	1.29	1.31	0.26	0.25
Total	377.56	332.29	329.11	329.11	1.29	1.31	0.66	0.66

Table-23  
Jhabua Power Limited- Bid-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	Actual	Approved for recovery as 'FS'
(1)	(2)	(3)	(4)	(5)= Lesser of (2) & (3)	(6)	(7)	(8)	(9)= (5)x((7)-(6))
Oct-19	73.15	80.48	73.15	73.15	1.91	1.96	0.40	0.37
Nov-19	70.79	74.72	70.79	70.79	1.91	1.96	0.36	0.34
Dec-19	73.15	77.68	73.15	73.15	1.91	1.96	0.39	0.37
Total	217.09	232.88	217.09	217.09	1.91	1.96	1.15	1.07

Table-24  
BALCO- Bid-2

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	Actual	Approved for recovery as 'FS'
(1)	(2)	(3)	(4)	(5)= Lesser of (2) & (3)	(6)	(7)	(8)	(9)= (5)x((7)-(6))
Oct-19	63.61	56.48	56.48	56.48	1.19	1.15	-0.23	-0.23
Nov-19	61.56	61.73	61.56	61.56	1.19	1.16	-0.19	-0.18
Dec-19	63.61	64.59	63.61	63.61	1.19	1.16	-0.19	-0.19
Total	188.78	182.80	181.65	181.65	1.19	1.16	-0.60	-0.60

**II. OA No. 10/2020, Fuel surcharge for the fourth quarter (January -2020 to March 2020) of the FY 2019-20**

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

Table-25  
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	Actual	Approved for recovery as 'FS'
(1)	(2)	(3)	(4)	(5)= Lesser of (2) & (3)	(6)	(7)	(8)	(9)= (5)x((7)-(6))
Jan-20	273.83	287.34	273.83	273.83	1.73	2.06	9.60	9.15
Feb-20	238.09	271.43	238.09	238.09	1.73	2.04	8.52	7.48
Mar-20	299.42	285.53	285.53	285.53	1.73	2.08	10.08	10.08
Total	811.34	844.30	797.45	797.45	1.73	2.06	28.20	26.70

Table-26  
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	Actual	Approved for recovery as 'FS'
(1)	(2)	(3)	(4)	(5)= Lesser of (2) & (3)	(6)	(7)	(8)	(9)= (5)x((7)-(6))
Jan-20	170.15	155.33	155.33	155.33	2.49	2.628	2.14	2.14
Feb-20	126.61	144.56	126.61	126.61	2.49	2.603	1.63	1.43
Mar-20	170.15	151.82	151.82	151.82	2.49	2.604	1.73	1.73
Total	466.91	451.71	433.76	433.76	2.49	2.612	5.51	5.30

Table-27  
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	Actual	Approved for recovery as 'FS'
(1)	(2)	(3)	(4)	(5)= Lesser of (2) & (3)	(6)	(7)	(8)	(9)= (5)x((7)-(6))
Jan-20	42.77	42.51	42.51	42.51	2.45	2.59	0.60	0.60
Feb-20	31.05	39.80	31.05	31.05	2.45	2.57	0.46	0.36
Mar-20	42.77	5.55	5.55	5.55	2.45	2.56	0.06	0.06
Total	116.59	87.86	79.11	79.11	2.45	2.58	1.12	1.02

Table-28  
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	Actual	Approved for recovery as 'FS'
(1)	(2)	(3)	(4)	(5)= Lesser of (2) & (3)	(6)	(7)	(8)	(9)= (5)x((7)-(6))
Jan-20	35.86	39.77	35.86	35.86	2.64	2.766	0.50	0.45
Feb-20	30.25	39.47	30.25	30.25	2.64	2.768	0.51	0.39
Mar-20	35.86	40.96	35.86	35.86	2.64	2.768	0.52	0.46
Total	101.97	120.20	101.97	101.97	2.64	2.767	1.53	1.30

Table-29  
NLC-TPS-II Stage-2

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	Actual	Approved for recovery as 'FS'
(1)	(2)	(3)	(4)	(5)= Lesser of (2) & (3)	(6)	(7)	(8)	(9)= (5)x((7)-(6))
Jan-20	52.41	60.08	52.41	52.41	2.64	2.766	0.76	0.66
Feb-20	49.25	56.21	49.25	49.25	2.64	2.768	0.72	0.63
Mar-20	52.41	56.22	52.41	52.41	2.64	2.768	0.72	0.67
Total	154.07	172.51	154.07	154.07	2.64	2.767	2.20	1.96

Table-30  
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	Actual	Approved for recovery as 'FS'
(1)	(2)	(3)	(4)	(5)= Lesser of (2) & (3)	(6)	(7)	(8)	(9)= (5)x((7)-(6))
Jan-20	19.93	45.85	19.93	19.93	2.44	2.547	0.49	0.21
Feb-20	37.07	43.54	37.07	37.07	2.44	2.549	0.47	0.40
Mar-20	39.63	46.39	39.63	39.63	2.44	2.549	0.51	0.43
Total	96.63	135.78	96.63	96.63	2.44	2.548	1.47	1.05



Table-31  
NLC-II- 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	Actual	Approved for recovery as 'FS'
(1)	(2)	(3)	(4)	(5)= Lesser of (2) & (3)	(6)	(7)	(8)	(9)= (5)x((7)-(6))
Jan-20	25.60	12.12	12.12	12.12	2.44	2.593	0.19	0.19
Feb-20	23.95	26.52	23.95	23.95	2.44	2.556	0.31	0.28
Mar-20	25.60	14.07	14.07	14.07	2.44	2.556	0.16	0.16
Total	75.15	52.71	50.14	50.14	2.44	2.565	0.66	0.63

Table-32  
Simhadri STPS

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	Actual	Approved for recovery as 'FS'
(1)	(2)	(3)	(4)	(5)= Lesser of (2) & (3)	(6)	(7)	(8)	(9)= (5)x((7)-(6))
Jan-20	53.18	52.30	52.30	52.30	2.89	3.207	1.66	1.66
Feb-20	48.64	47.24	47.24	47.24	2.89	3.231	1.61	1.61
Mar-20	58.44	45.89	45.89	45.89	2.89	3.059	0.78	0.78
Total	160.26	145.43	145.43	145.43	2.89	3.168	4.04	4.04

Table-33  
Vallur STPS

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	Actual	Approved for recovery as 'FS'
(1)	(2)	(3)	(4)	(5)= Lesser of (2) & (3)	(6)	(7)	(8)	(9)= (5)x((7)-(6))
Jan-20	31.90	23.34	23.34	23.34	3.13	3.705	1.34	1.34
Feb-20	30.62	22.00	22.00	22.00	3.13	3.603	1.04	1.04
Mar-20	31.90	19.90	19.90	19.90	3.13	3.650	1.03	1.03
Total	94.42	65.24	65.24	65.24	3.13	3.654	3.42	3.42

Table-34  
NLC Tamilnadu Power Ltd (NTPL)

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	Actual	Approved for recovery as 'FS'
(1)	(2)	(3)	(4)	(5)= Lesser of (2) & (3)	(6)	(7)	(8)	(9)= (5)x((7)-(6))
Jan-20	46.30	48.35	46.30	46.30	3.21	2.940	-1.31	-1.25
Feb-20	21.40	44.62	21.40	21.40	3.21	2.786	-1.89	-0.91
Mar-20	46.30	40.00	40.00	40.00	3.21	2.785	-1.70	-1.70
Total	114.00	132.97	107.70	107.70	3.21	2.842	-4.90	-3.86

Table-35  
NTPC- Kudgi

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	Actual	Approved for recovery as 'FS'
(1)	(2)	(3)	(4)	(5)= Lesser of (2) & (3)	(6)	(7)	(8)	(9)= (5)x((7)-(6))
Jan-20	68.45	16.97	16.97	16.97	3.91	3.607	-0.51	-0.51
Feb-20	65.79	51.43	51.43	51.43	3.91	3.598	-1.60	-1.60
Mar-20	68.45	55.98	55.98	55.98	3.91	3.864	-0.26	-0.26
Total	202.69	124.38	124.38	124.38	3.91	3.719	-2.38	-2.38

Table-36  
Maithon- contract-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	Actual	Approved for recovery as 'FS'
(1)	(2)	(3)	(4)	(5)= Lesser of (2) & (3)	(6)	(7)	(8)	(9)= (5)x((7)-(6))
Jan-20	102.62	103.59	102.62	102.62	2.39	2.57	1.90	1.88
Feb-20	92.73	92.33	92.33	92.33	2.39	2.60	1.97	1.97
Mar-20	102.62	71.78	71.78	71.78	2.39	2.67	2.03	2.03
Total	297.97	267.70	266.73	266.73	2.39	2.61	5.90	5.88

Table-37  
Maithon- contract-2

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	Actual	Approved for recovery as 'FS'
(1)	(2)	(3)	(4)	(5)= Lesser of (2) & (3)	(6)	(7)	(8)	(9)= (5)x((7)-(6))
Jan-20	102.62	103.59	102.62	102.62	2.39	2.57	1.90	1.88
Feb-20	92.73	92.33	92.33	92.33	2.39	2.60	1.97	1.97
Mar-20	102.62	71.78	71.78	71.78	2.39	2.67	2.03	2.03
Total	297.97	267.70	266.73	266.73	2.39	2.61	5.90	5.88

Table-38  
DVC Mejia

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	Actual	Approved for recovery as 'FS'
(1)	(2)	(3)	(4)	(5)= Lesser of (2) & (3)	(6)	(7)	(8)	(9)= (5)x((7)-(6))
Jan-20	65.56	67.02	65.56	65.56	2.46	2.891	2.90	2.84
Feb-20	58.37	64.68	58.37	58.37	2.46	2.706	1.59	1.44
Mar-20	65.56	57.26	57.26	57.26	2.46	2.839	2.17	2.17
Total	189.49	188.96	181.19	181.19	2.46	2.812	6.66	6.44

Table-39  
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	Actual	Approved for recovery as 'FS'
(1)	(2)	(3)	(4)	(5)= Lesser of (2) & (3)	(6)	(7)	(8)	(9)= (5)x((7)-(6))
Jan-20	32.35	25.50	25.50	25.50	2.30	3.003	1.81	1.81
Feb-20	27.76	28.91	27.76	27.76	2.30	2.998	2.03	1.95
Mar-20	32.35	28.54	28.54	28.54	2.30	3.011	2.04	2.04
Total	92.46	82.95	81.80	81.80	2.30	3.004	5.88	5.80

Table-40  
Jindal Power Limited- Bid-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	Actual	Approved for recovery as 'FS'
(1)	(2)	(3)	(4)	(5)= Lesser of (2) & (3)	(6)	(7)	(8)	(9)= (5)x((7)-(6))
Jan-20	127.22	129.99	127.22	127.22	1.29	1.31	0.26	0.25
Feb-20	114.91	120.77	114.91	114.91	1.29	1.31	0.24	0.23
Mar-20	127.22	127.15	127.15	127.15	1.29	1.31	0.25	0.25
Total	369.35	377.91	369.28	369.28	1.29	1.31	0.76	0.74

Table-41  
Jhabua Power Limited- Bid-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	Actual	Approved for recovery as 'FS'
(1)	(2)	(3)	(4)	(5)= Lesser of (2) & (3)	(6)	(7)	(8)	(9)= (5)x((7)-(6))
Jan-20	73.15	81.28	73.15	73.15	1.91	1.96	0.41	0.37
Feb-20	66.07	76.04	66.07	66.07	1.91	1.96	0.36	0.32
Mar-20	73.15	81.28	73.15	73.15	1.91	1.96	0.41	0.37
Total	212.37	238.60	212.37	212.37	1.91	1.96	1.18	1.05

Table-42  
BALCO- Bid-2

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	Actual	Approved for recovery as 'FS'
(1)	(2)	(3)	(4)	(5)= Lesser of (2) & (3)	(6)	(7)	(8)	(9)= (5)x((7)-(6))
Jan-20	63.61	65.40	63.61	63.61	1.19	1.16	-0.20	-0.19
Feb-20	57.46	60.63	57.46	57.46	1.19	1.16	-0.18	-0.17
Mar-20	63.61	64.76	63.61	63.61	1.19	1.16	-0.19	-0.19
Total	184.68	190.79	184.68	184.68	1.19	1.16	-0.57	-0.55

## **Fuel surcharge for the provisionally approved/ unapproved DBFOO contracts**

16. The Commission has noted that KSEB Ltd has claimed fuel surcharge for the following provisionally approved/ unapproved DBFOO contracts as shown in the Table below.

Table-43  
Details of procurement from provisionally approved/ unapproved DBFOO contracts

N o	Trader/Source	contracte d capacity (MW)	Auxillary consumptio n %	LTA approved capacity (MW)	PLF	Ex-bus Energy (MU)	Energy at periphery (MU)
					(%)		
1	Jhabua Power Limited-1	115	5.000	109.25	90%	861.33	831.78
2	Jindal Power Limited-II	150	5.000	142.5	90%	1123.47	1084.93
3	Jindal India Thermal -II	100	5.000	95	90%	748.98	723.29
4	Jhabua Power Limited-II	100	5.000	95	90%	748.98	723.29
	Total	465				3482.7 6	3363.2 9

17. The Commission has carefully examined the KSEB Ltd's claim of the above purchases and the observations and conclusions regarding each of the provisionally approved/ unapproved PSAs regarding the fuel surcharge claimed by KSEB Ltd is as follows:

### **(a) Power purchase from Jhabua Power Ltd (L2 of Bid-1)**

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

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

19. As mentioned above, the Commission had only given a conditional provisional approval for purchase of power from M/s Jhabua Power Ltd, subject to the approval of the Central Government on this matter. In the meantime, in

response to the request of the Government of Kerala, the Ministry of Power, vide its letter dated 18.11.2016 clarified that,

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

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

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

21. The Commission also noted that while the Central Government had refused to approve the unauthorized deviations by KSEB Ltd in the tender process, the State Government has neither approved the deviations pointed out by KSERC nor accorded final approval to the purchase of the unapproved DBFOO contracts. Further, the approval for any deviations from the standard bidding documents could be issued only by the Ministry of Power, Government of India. However, as stated above, the Ministry of Power has already refused the request of the State Government twice to approve post facto the deviations made by KSEB Ltd.

22. In view of the fact that the Central Government has affirmatively communicated that, it shall not grant approval for the deviations made by KSEB Ltd in accepting the L2 bid of Bid-1 at a rate higher than the L1 rate of this bid, the Commission is of the firm view that the tender finalisation procedure adopted by KSEB Ltd and its further actions of entering into a PSA did not comply with the requirements of Section 63 of the Electricity Act, 2003, which is reproduced below.

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

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

#### **Fuel surcharge claim of Unapproved contracts**

23. The Commission has also examined in detail the power purchase proposal submitted by KSEB Ltd from the following three unapproved DBFOO contracts of Bid-2 for the MYT period from 2018-19 to 2021-22.

- (1) 150MW from Jindal Power Limited
- (2) 100MW from Jindal India Thermal Limited
- (3) 100 MW from Jhabua Power Limited.

24. In this matter, the Commission noted the following.

- 26.1 KSEB Ltd had invited two separate bids, on Design, Build, Finance, Own and Operate (DBFOO) basis for procuring 450 MW power from December-2016 onwards for 25 years, and for procuring 400 MW power from October-2017 onwards for 25years. Accordingly, the first bid was invited on 05.03.2014 (referred to as Bid 1) and the second bid was invited on 25.04.2014 (referred to as Bid 2). Bid 1 was opened on 31.10.2014 and Bid 2 was opened on 14.11.2014.
- 26.2 KSEB Ltd sought approval of the Commission for the purchase of 865 MW of power under Section 63 of the Act as per petition No. OP 13 of 2015 dated 21-04-2015. The Commission vide order dated 31-8-2016 gave approval for purchase of 200 MW of power from M/s Jindal Power Ltd at the rate of Rs.3.60/ kWh being L1 of Bid -1 only. In the same order, the Commission had also approved the purchase of 100 MW of power by KSEB Ltd from M/s Bharat Aluminium Company Ltd, Chhattisgarh at the rate of Rs.4.29/ kWh being the L1 of the Bid -2 dated 25.04.2014. The relevant portion of the order is extracted below.

*“40. In view of the facts, circumstances and legal provisions explained above the Commission hereby issues the following orders,-*

*(1) The purchase of 200 MW of power by KSEB Ltd from M/s Jindal Power Ltd, New Delhi at the rate of Rs.3.60 / kWh as per the Bid -1 dated 05.03.2014 which was opened on 31.10.2014, is approved.*

*(2) The purchase of 100 MW of power by KSEB Ltd from M/s Bharat Aluminium Company Ltd, Chhattisgarh at the rate of Rs.4.29/ kWh as per the Bid -2 dated 25.05.2014 which was opened on 14.11.2014, is approved.*

*(3) The approval of the following purchases of power by KSEB Ltd from the bidders other than the lowest bidder (L1) will be considered on getting the approval from Government of India for the deviations from the guidelines and on getting the views from Government of Kerala on the issues raised in paragraphs 34 and 38 of this order.*

*(a)The purchase of 115 MW of power by KSEB Ltd from M/s Jhabua Power Ltd, Gurgaon at the rate of Rs.4.15/ kWh as per the Bid -1 dated 05.03.2014 which was opened on 31.10.2014.*

*(b) The purchase of 100 MW of power at the rate of Rs.4.29/ kWh by KSEB Ltd from M/s Jindal India Thermal Power Ltd, New Delhi (L2) as per the Bid -2 dated 25.05.2014 which was opened on 14.11.2014.*

*(c) The purchase of 100 MW of power at the rate of Rs.4.29/ kWh by KSEB Ltd from M/s Jhabua Power Limited, Gurgaon (L3) as per the Bid -2 dated 25.05.2014 which was opened on 14.11.2014.*

(d) The purchase of 150 MW of power at the rate of Rs.4.29/ kWh by KSEB Ltd from M/s Jindal Power Limited, New Delhi (L4) as per the Bid -2 dated 25.05.2014 which was opened on 14.11.2014.

(e) The purchase of 100 MW of power at the rate of Rs.4.29/ kWh by KSEB Ltd from M/s East Coast Energy Private Limited, Andhra Pradesh (L5) as per the Bid -2 dated 25.05.2014 which was opened on 14.11.2014.

(4) A copy of this order will be submitted to Government of Kerala with request to communicate their views after duly considering the relevant facts and legal provisions in view of the Government Order GO (MS) No. 45/2014/PD dated 20.12.2014 sanctioning the purchase of 865 MW of power by KSEB Ltd on DBFOO basis.

(5) KSEB Ltd is directed to follow up the matter in Government of India and in Government of Kerala and to submit the results to the Commission as early as possible, considering the fact that the power purchases as per Bid-1 will have to commence with effect from December, 2016.

- 26.3 As is clear from the foregoing paras, the Commission had not given approval for the purchase of the following 450 MW of power contracted through DBFOO basis under Bid 2, for want of approval from the Ministry of Power and approval of the State Government for the purchase.

Table 44

Details of contracted quantum for which approval is not given

Name of generator	Quantum contracted
Jindal Power Ltd Bid-II,	150 MW
Jhabua Power Ltd-Bid II	100 MW
Jindal India thermal power Limited-Bid-II	100 MW
East coast energy Pvt Ltd-Bid-II	100 MW
Total	450 MW

The Commission also noted that since M/s East Coast Energy Pvt Ltd did not commission the project as scheduled, their PSA was cancelled by KSEB Ltd, thereby reducing the quantity of the provisionally approved/ unapproved contract to 350MW.

- 26.4 Subsequently, as per the request of KSEB Ltd and in view of the Government Order G.O.(Ms) No.22/2017/PD dated 21-10-2017, the Commission as per the letter dated 22-12-2017, allowed KSEB Ltd to schedule the contracted power of 350MW from 1-10-2017 from three projects of bid 2, ie., 100 MW of power from M/s Jindal India Thermal Power Ltd, New Delhi, 100 MW of power from M/s Jhabua Power Limited and 150 MW of power M/s Jindal Power Limited. The State



Government vide the GO (Ms) No.22/2017/PD dated 21.10.2017 ordered as follows

*“ KSEB Ltd has concluded long term agreements for 25 years for 550MW of power on the basis of e-tenders on DBFOO terms with effect from 01.01.2017. These contracts were concluded on the basis of an analysis of the demand-supply gap in Kerala and the projected availability of transmission corridors from the States in which the generating plants are located, to Kerala. Pending detailed consideration of the matter, Government are pleased to hereby permit KSEB Ltd to draw the contracted power with effect from 01.10.2017. Final orders in the matter shall be issued in due course.”*

The letter of the Commission dated 22.12.2017 is extracted below for ready reference.

*“ The Commission has examined the order of State Government vide order No G.O.(Ms)No.22/2017/PD dated 21.10.2017 permitting K S E B Ltd. to draw the power contracted power and the request of K S E B Ltd., to grant approval to draw the power contracted power under DBFOO from 01/10/2017 on wards.*

*In view of the State Government order dated 21.10.2017, K S E B Ltd. may draw the contracted power on DBFOO from 01/10/2017 onwards. It may please be noted that the Power Department G.O dated 21.10.2017 is only an interim measure and final orders are yet to be issued. Since the Government is yet to give its final decision, it is informed that, the Commission may approve the power purchase proposal including the rate for the pending approvals under DBFOO only after the State Government accords the final approval for the entire power purchase under DBFOO.”*

As seen from the Commission's letter, the Commission has made it clear that since the G.O dated 21-10-2017 is only an interim measure and final orders are yet to be issued, the Commission may approve the power purchase proposal including the rate for the pending approvals under DBFOO only after State Government accords final approval for the entire power purchase under DBFOO.

- 26.5 KSEB Ltd in the MYT petition OP No. 15/2018 dated 31.10.2018 for the period from 2018-19 to 2021-22 had included the schedule of power from the three unapproved DFBOO contracts also as the sources of power purchase.

- 26.6 The Commission after detailed examination of the projected power requirement vis-à-vis the availability, permitted scheduling of power from the unapproved DBFOO contracts vide the MYT Order dated 08.07.2019 strictly at the rate to be paid to BALCO generator, which is the L1 in Bid-2. It is here important to note that the Commission had used the word “rate” which is singular and not “rates” which means more than one. Further, as per the tender this “rate” is for delivery at Kerala Periphery. The Commission further clarifies that, though the price of electricity may have a fixed and variable cost, usage of the term “rate” is clearly indicative of the fact that it is the total of both these cost and is a unitary price at Kerala Periphery.
- 26.7 Hence , KSEB Ltd is not at liberty to separately calculate the fixed and variable cost component for these 3 unapproved contracts, but instead must pay exactly the same ‘rate’ i.e., the fixed cost plus variable cost paid to M/s BALCO at the Kerala periphery on each and every bill. No deviation from this rate is allowed and any amount paid over and above the rate paid to L1 of Bid-2 BALCO is irregular and is an overpayment .
- 26.8 In addition, the Commission had also clearly stated in the Order that, the consideration of schedule strictly as per the request of KSEB Ltd shall not be **construed as an approval of the power purchase, rate or of the PPA itself as per Section 63 of the Act 2003.**

The relevant portion of the MYT Order is extracted below.

***“5.104 Hence the Commission has considered scheduling power from the three projects of Bid-2, ie., 100 MW of power from M/s Jindal India Thermal Power Ltd, New Delhi, 100 MW of power from M/s Jhabua Power Limited and 150 MW of power M/s Jindal Power Limited for the limited purpose of estimating the ARR&ERC for the control period. Since the required approvals from Gol and State Government is still awaited, the Commission is constrained to use the rate equivalent to the cost of power from Balco, which is the L1 of Bid 2. The Commission emphasises that this consideration is only for the purposes of estimating the cost of power provisionally in the ARR and shall not be construed as an approval of the power purchase, rate or of the PPA itself as per Section 63 of the Act which can be considered only after the fulfilment of conditions specified by the Commission in its order dated 31-8-2016. It is relevant here to note that the Commission in their Order on suomotu determination of Tariff dated 17-4-2017 had approved Rs.4.00 per unit for the purchase of additional quantity of power for meeting the deficit from traders and exchanges.”***

- 26.9 At this stage, it is important for the Commission to clarify the difference between “approval of PPA” and “allowing to schedule power” from the DBFOO unapproved generators. It is to be noted that scheduling of power is based on SLDCs assessment of power demand and its availability. Hence ‘scheduling of power” is directly dependent upon demand and does not give a free licence to KSEB Ltd to construe it as “approval of PPA or power purchase”.
- 26.10 The Commission had allowed the scheduling of power considering the request of KSEB Ltd regarding the anticipated shortage of power vide letter dated 22-12-2017. Hence, the Commission had allowed KSEB Ltd to schedule power of 350MW from 01-10-2017 from the three projects of Bid-II, i.e., 100 MW of power from M/s Jindal India Thermal Power Ltd, New Delhi, 100 MW of power from M/s. Jhabua Power Limited and 150 MW of power M/s Jindal Power Limited. It is to be specifically noted that in the said letter, ***the Commission has made it clear that since the State Government’s G.O dated 21-10-2017 is only an interim measure and final orders are yet to be issued, the Commission may approve the power purchase proposal including the rate for the pending approvals under DBFOO only after State Government accords final approval for the entire power purchase under DBFOO.*** The details are given below:

Table 45  
Details of power scheduling

Source	Contracted Capacity (MW)	Date of Commission’s Letter
Jindal Power Ltd-Bid II (DBFOO)*	150	Letter dated 22.12.2017
Jhabua Power Ltd-Bid-II (DBFOO)*	100	Letter dated 22.12.2017
JITPL* - Bid-II (DBFOO)	100	Letter dated 22.12.2017

- 26.11 The Commission further notes that in the MYT tariff Order for 2018-19 to 2021-22 dated 08-07-2019, the Commission has stated specifically that the scheduled power from the three unapproved PSAs in Bid II shall be at the rate equivalent to the cost of power of BALCO, which is L1 of Bid-II.

The Commission further clarify that, in the in the MYT Tariff Order dated 08-07-2019, the Commission has stated that for the scheduling of power from the unapproved PSAs in Bid II, the Commission will consider only the rate same as that of BALCO, which is L1 of Bid-II. At this stage, it is important to specifically state as to what the

Commission meant by the word 'rate'. It is an established fact in all conventional power purchase, that the cost of power has two elements – fixed cost and variable or fuel costs. While the fixed cost is generally predetermined and included in the PPAs, the variable fuel cost will vary based on factors such as cost of fuel, calorific value, transportation cost, heat rate, etc.,

26.12 It is to be noted that till date, the Commission has not approved the PSA of the above three DBFOO contracts. Hence, KSEB Ltd has not been permitted by this Commission to make payments to these generators as per the unapproved PSA rates and conditions entered into therein. It was very clearly and emphatically directed in the MYT Order that, the rate considered for the purpose of ARR is the same as BALCO rate, i.e, the rate at Kerala periphery for the purchase of power from BALCO generator, the L1 bidder in Bid-2.

26.13 The Commission further notes that, vide Order dated 14.02.2020 in OA No.29/2019 in the matter of fuel surcharge the period April 2019 to June 2019 of KSEB Ltd, the Commission had ordered as follows.

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

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

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

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

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

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

*“Hence the Commission has considered scheduling power from the three projects of Bid-2, ie., 100 MW of power from M/s Jindal India Thermal Power Ltd, New Delhi, 100 MW of power from M/s Jhabua Power Limited and 150 MW of power M/s Jindal Power Limited for the*

*limited purpose of estimating the ARR&ERC for the control period. Since the required approvals from Gol and State Government is still awaited, the Commission is constrained to use the rate equivalent to the cost of power from Balco, which is the L1 of Bid 2. The Commission emphasises that this consideration is only for the purposes of estimating the cost of power provisionally in the ARR and shall not be construed as an approval of the power purchase, rate or of the PPA itself as per Section 63 of the Act which can be considered only after the fulfilment of conditions specified by the Commission in its order dated 31-8-2016”.*

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

26.14 Similar Order was issued in OA 02/2020 vide Order dated 27.04.2020 in the matter of fuel surcharge the period July 2019 to September 2019 of KSEB Ltd.

26.15 In response to the above orders, KSEB Ltd filed a review petitions No RP 02/2020 and RP 04/2020. The Commission after due process including conduct of public hearing through video conference on 15.07.2020 had dismissed the review petition and ordered vide Common Order dated 14.08.2020 as follows.

“

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

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

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

*(3) Second prayer of both the Review Petitions RP No. 02/2020 and RP No. 04/2020 is 'to "(2) To issue appropriate directions on the drawal of power contracted against these PSAs if Hon'ble Commission is not inclined to pass on the liabilities of 350MW PSAs executed on DBFOO basis under Bid 2.'" This is a new issue raised by KSEB Ltd, which was neither included nor deliberated in the original petitions OA 29/209 and OA No. 02/2020. Hence this prayer cannot be decided through Review Petitions filed by KSEB Ltd and the prayer is rejected."*

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

26.16 The Commission has also noted that KSEB Ltd vide letter 09-09-2020 informed to Jindal India Thermal Power Limited as follows.

*"You are aware that, KSEB Ltd, after entering into long-term Power Sale Agreement ( PSA ) vide reference 1 above , had filed petition before Hon'ble KSERC for the adoption of tariff as envisaged under clause 4.1.2 of the PSA . This petition had been disposed by the Hon'ble KSERC on 30-08-2016 wherein the adoption of tariff as per this PSA was kept pending for want of approval of Govt. of India and for obtaining the views of Govt of Kerala (GoK). KSEB Ltd had apprised GoK on the matter and requested to convey the decision on this matter to KSERC.*

*Based on the clarification requested by GoK, Ministry of Power (MoP) had communicated that Govt of Kerala may take action as appropriate in consultation with KSERC. This clarification obtained from MoP had also been intimated to GoK and KSERC on time*

*Meanwhile, as you are aware, Govt of Kerala vide order dated 21-10-2017 had permitted KSEB Ltd to draw power from the entire DBFOO contracts contracted by KSEB Ltd, pending detailed consideration of the matter. It was also stated that final orders in this matter shall be issued in due course. Based on this order of GoK, KSERC vide letter dated 22-12-2017 had also permitted KSEB Ltd to draw the entire power , stating that the Commission may approve the power purchase proposal including the rate for the pending approvals under DBFOO only after GoK accords the final approval for the entire power purchase under DBFOO . The final decision of the Government on this matter is awaited.*

*Meanwhile, KSERC while issuing orders on 14-02-2020 and 27-04-2020, in respect of the fuel surcharge petitions filed by KSEB Ltd for*

*the approval of the additional cost incurred due to the increase in fuel charges by various generators for the period from April 2019 to June 2019 (Quarter 1) and July to September 2019 (Quarter 2) respectively, had limited the amount payable against 350 MW non approved PSAs executed under Bid 2, to the amount paid to L1 bidder, M/s Balco under Bid 2. KSERC has also ordered that same principle would be applicable during the truing up stage also. Accordingly, the excess amount paid against 350 MW PSAs under Bid 2 had already been disallowed by KSERC for the first quarter and second quarter of 2019-20.*

*In this regard KSEB Ltd filed review petitions RP-2/2020 on 30-03-2020 and RP-4/2020 on 04-06-2020 before the Hon'ble KSERC. The matter was intimated to you vide reference 4 above wherein it was mentioned that the outcome in the review petition is likely to impact the administration of the related PSAs. Now, KSERC had rejected these review petitions in the Common Order issued on 14-08-2020.*

*In this order, KSERC has reiterated that the contracts do not have approval of KSERC and any amount paid above the rate applicable to L1 bidder will not be passed on. Apparently, with this order of KSERC, the conditions precedents mandated under the PSA remains unfulfilled. In this circumstances, KSEB Ltd is filing a separate petition before KSERC seeking specific order on the approval or otherwise, of the respective PSAs. Meanwhile, KSEB Ltd is constrained to limit the payment against the monthly bills with respect of the power scheduled from your Station to that of the tariff rate of BALCO in the respective monthly bills, in compliance with the orders of Hon'ble Commission. The difference in amounts, if any, is sought to be settled in accordance with specific orders of KSERC in the petition.”*

- 26.17 Thereafter, M/s Jindal India Thermal Power Ltd (JITPL) filed a petition against the Commission's order before the Hon'ble APTEL as DFR No. 369 of 2020. Hon'ble APTEL vide judgment dated 20.11.2020 ordered as follows.

*“During the hearing today, we were informed that the second Respondent i.e. Kerala State Electricity Board Ltd. (KSEB Ltd) has approached the State Commission (first Respondent) by a fresh petition seeking approval for procurement of power from the Appellant and the PSA as also adoption of tariff discovered in bid process. The State Commission, we are further informed, has issued notice to the Appellant as well.*

*All sides through their respective counsel submitted that they would rather await the decision of the State Commission on the fresh petition referred to above. The Appellant, at the same time, seeks protection of its interest in the context of the impugned order dated 14.02.2020 on the fuel surcharge. The learned counsel representing KSEB Ltd also*

*expressed the difficulties that would arise as consequences flowing from the said order. In the facts and circumstances and bearing in mind also the fact that the approval of the State Commission for the PSA and the prayer for tariff adoption is still awaited, we feel it just and proper to direct stay against the operation of the impugned orders dated 14.02.2020 and 27.04.2020 on subject of fuel surcharge and, in the consequence, restoring status quo ante to the dispensation prevailing immediately anterior thereto, as an ad-interim arrangement, such ad-interim order to continue till the application for stay and appeal are adjudicated upon after final hearing. We clarify that the appeal and application filed therewith will be taken up for final hearing after the decision on the fresh petition for approval/adoption has been rendered by the State Commission. Ordered accordingly.*

*Since the matter is simmered too long before the State Commission, we would expect the State Commission to conclude the proceedings on the fresh petition expeditiously and render its decision as early as possible. Be listed on 15.02.2021. The State Commission will submit its status report well in advance.”*

- 26.18 Since the above decision of the Hon’ble APTEL was not acceptable to the Commission, it filed an Appeal Petition, Civil Appeal No.41/2021 before the Hon’ble Supreme Court and the APEX Court was pleased to stay the proceedings in Hon’ble APTEL vide Order dated 27.01.2021 and issue interim order as follows.

*“Until further Orders, there shall be an ad interim stay of the impugned order dated 20.11.2020 passed by the Appellate Tribunal Electricity, New Delhi in DFR no.369 of 2020.”*

25. In view of the foregoing facts and developments, the Commission cannot allow fuel surcharge for the above four provisionally approved/ unapproved DBFOO contracts for 450 MW during the year 2019-20. Hence the Commission decided to dis-allow the fuel surcharge claimed for the above four provisionally approved/ un approved DBFOO contracts at this stage.
26. The Commission noticed from the invoices and other documents submitted by KSEB Ltd that, the actual rate paid by KSEB Ltd for procuring power from these four provisionally approved/ unapproved DBFOO contracts were much higher than the amount paid to L1 bidder in Bid-2, BALCO.



During the year 2019-20, the Commission has noted that KSEB Ltd had paid an excess amount of Rs 11.66 crore to the provisionally approved contracts M/s Jhabua Power Ltd -115 MW. Similarly, KSEB Ltd had paid an excess amount of Rs 93.70 crore to the three unapproved DBFOO contracts during the year 2019-20.

However, vide the letter dated 11<sup>th</sup> December 2019, the Central Government has again rejected the request of the State Government to grant post facto approval to the post tender deviations, made by KSEB Ltd. ***Under such circumstances, the Commission hereby dis-allows the additional payment of Rs 105.39 crore paid to the above four provisionally approved/ unapproved DBFOO contracts.***

27. Accordingly, the summary of the fuel surcharge claimed by KSEB Ltd for the third quarter of the FY 2019-20 and the same admissible as per the Tariff Regulations 2018 is given below.

Table-2.46  
Additional liability claimed by KSEB Ltd and admissible as per Tariff Regulation's 2018 for the third quarter of the FY 2019-20 (Oct-19 to Dec-19)

Sources	Quantum (MU)				Addl liability as FS (Rs.Cr)	
	Approved	Actual	Claimed by KSEB L for 'FS'	Eligible for 'FS' as per Regulation	Claimed by KSEB Ltd	Approved for recovery as 'FS'
Talcher-II	741.31	721.11	702.07	702.07	20.74	20.71
Ramagundam I&II	448.77	402.87	402.87	402.87	5.40	5.40
Ramagundam-III	126.93	107.95	107.95	107.95	1.47	1.45
NLC TPS-II Stage-1	98.68	111.72	97.15	97.15	1.31	1.31
NLC TPS-II Stage-2	129.76	164.45	129.76	129.76	1.75	1.75
NLC-1 Expansion	117.61	132.96	117.61	117.61	1.25	1.25
NLC-II Expansion	75.97	72.53	66.84	66.84	1.05	1.05
Simhadri	157.82	97.07	97.07	97.07	4.99	4.99
Vallur STPS	84.38	51.52	51.52	51.52	3.79	3.78
NTPL	137.40	106.04	103.63	103.63	-3.91	-3.89
NTPC Kudugi	169.28	13.92	13.92	13.92	-0.17	-0.17

Maithon-1	201.93	288.24	193.32	193.32	5.98	5.98
Maithon-2	304.55	288.24	288.24	288.24	8.41	8.40
DVC-Mejia	194.56	116.08	116.08	116.08	5.94	5.93
DVC-Regunathpur	64.70	62.99	39.57	39.57	3.11	3.11
JPL- 200 MW - Bid1	377.56	332.29	329.11	329.11	0.66	0.66
BALCO - Bid2	188.78	182.80	181.65	181.65	-0.60	-0.60
Jhabua - 115 MW- Bid1	217.09	232.88	217.09	217.09	1.07	0.00
JPL- 150 MW Bid-2	283.18	249.17	246.82	0.00	2.96	0.00
Jhabua-100 MW Bid-2	188.78	202.52	188.78	0.00	2.82	0.00
Jindal Thermal -Bid-2	188.78	189.12	188.73	0.00	2.08	0.00
Total	4497.82	4126.47	3879.78	3255.45	70.10	61.12

As detailed above, as per the provisions of the Tariff Regulations 2018, KSEB Ltd is eligible to recover Rs 61.12 crore as fuel surcharge during the third quarter of the FY 2019-20 i.e., from October-2019 to December-2019 , due to variation in fuel cost on purchase of power from the approved sources.

28. Similarly, the summary of the fuel surcharge claimed by KSEB Ltd for the fourth quarter of the FY 2019-20 and the same admissible as per the Tariff Regulations 2018 is given below.

Table-47  
Additional liability claimed by KSEB Ltd and admissible as per Tariff Regulation's 2018 for the fourth quarter of the FY 2019-20 (Jan -19 to Mar-19)

Sources	Quantum (MU)				Addl liability as FS (Rs.Cr)	
	Approved	Actual	Claimed by KSEB L for 'FS'	Eligible for 'FS' as per Regulation	Claimed by KSEB Ltd	Approved for recovery as 'FS'
Talcher-II	811.34	844.30	797.45	797.45	26.70	26.70
Ramagundam I&II	466.91	451.71	433.76	433.76	5.30	5.30
Ramagundam-III	116.59	87.86	79.11	79.11	1.02	1.02
NLC TPS-II Stage-1	101.97	120.20	101.97	101.97	1.30	1.30
NLC TPS-II Stage-2	154.07	172.51	154.07	154.07	1.96	1.96
NLC-1 Expansion	96.63	135.78	96.63	96.63	1.05	1.05
NLC-II Expansion	75.15	52.71	50.14	50.14	0.63	0.63
Simhadri	160.26	145.43	145.43	145.43	4.04	4.04
Vallur STPS	94.42	65.24	65.24	65.24	3.42	3.42
NTPL	114.00	132.97	107.70	107.70	-3.86	-3.86
NTPC Kudugi	202.69	124.38	124.38	124.38	-2.38	-2.38

Maithon-1	297.97	267.70	266.73	266.73	5.89	5.88
Maithon-2	297.97	267.70	266.73	266.73	5.89	5.88
DVC-Mejia	189.49	188.96	181.19	181.19	6.46	6.44
DVC-Regunathpur	92.46	82.95	81.80	81.80	5.80	5.80
JPL- 200 MW - Bid1	369.35	377.91	369.28	369.28	0.74	0.74
BALCO - Bid2	184.68	190.79	184.68	184.68	-0.55	-0.55
Jhabua - 115 MW- Bid1	212.37	238.60	212.37	212.37	1.06	0.00
JPL- Bid-2	277.02	283.37	276.96	0.00	3.32	0.00
Jhabua-100 MW Bid-2	184.68	207.48	184.68	0.00	2.77	0.00
Jindal Thermal -Bid-2	184.68	185.04	180.45	0.00	1.98	0.00
Total	4684.70	4623.59	4360.75	3718.66	72.55	63.38

As detailed above, as per the provisions of the Tariff Regulations 2018, KSEB Ltd is eligible to recover Rs 63.38 crore as fuel surcharge during the fourth quarter of the FY 2019-20 i.e., from January-2020 to March -2020 , due to variation in fuel cost on purchase of power from the approved sources.

29. Summary of the additional liability approved as fuel surcharge for the third and fourth quarter of the financial year 2019-20, as above is given below.

Table-48  
Summary of the additional liability approved

Sl No	Particulars	Amount (Rs. Cr)
1	Additional liability approved as fuel surcharge for third quarter	61.12
2	Additional liability approved as fuel surcharge for fourth quarter	63.38
	Total	124.50

30. In addition to the above, the Commission vide the order dated 27.04.2020 in petition No. OA No. 02/2020 had approved Rs 52.68 crore as additional liability in power purchase as fuel surcharge for the second quarter (July-2019 to September-2019) of the financial year 2019-20. However, due to the outbreak of Covid-19 pandemic and consequent lockdowns, the Commission deferred the recovery of the said amount till further orders. Thus, the total additional liability in cost of power purchase approved as fuel surcharge for second, third and fourth quarter of the financial year is given in the Table below.

Table-49  
Summary of the additional liability approved

Sl No	Particulars	Amount (Rs. Cr)
1	Additional liability approved as fuel surcharge for the second quarter vide the order dated 27.04.2020 in OA 02/2020	52.68
2	Total additional liability approved as fuel surcharge for the third and fourth quarter vide this order	124.50
	Total	177.18

As detailed above, the total outstanding additional liability approved as fuel surcharge for pending recovery during the financial year 2019-20 is Rs 177.18 crore.

31. In the meantime, the Commission vide the Order dated 21.06.2022 in petition OP No. 22/2022 in the matter of Truing up of accounts for the year 2019-20 has approved the cost of power purchase after prudence check. Since the cost of power purchase and revenue gap for the year 2019-20 is already approved and carrying cost is also being allowed for the approved revenue gap since then, there is no requirement to allow the recovery of the fuel surcharge of Rs 177.18 crore approved for the year 2019-20 from the consumers.

### **Orders of the Commission**

32. Based on the petitions filed by KSEB Ltd for the approval of the fuel surcharge for the third and fourth quarter of the financial year 2019-20, the objections raised by the stake holders, the additional details submitted by the petitioner, and after having duly considering the provisions of the Electricity Act, 2003 and the Tariff Regulations 2018 , the Commission hereby ordered the following.
- (1) The amount admissible for recovery as fuel surcharge for the third quarter of the FY 2019-20 is Rs 61.12 crore and the same admissible for the fourth quarter of the FY 2019-20 is Rs 63.38 crore, totally Rs 124.50 crore.
  - (2) The total approved amount, pending recovery of fuel surcharge for the second quarter, third quarter and fourth quarter of the FY 2019-20 is Rs 177.18 crore.

- (3) The additional payment made to the four provisionally approved/unapproved DBFOO PSAs for the year 2019-20 is Rs 105.39 crore which is hereby dis-allowed.
- (4) Since the cost of power purchase including the fuel surcharge has already been approved by the Commission in the Truing up order dated 21.06.2022 in OP No.22/2022 and the revenue gap for the year 2019-20 is already approved vide the above Order and carrying cost is being allowed on the approved revenue gap, there is no requirement to allow recovery of fuel surcharge over and above the approved revenue gap for the year 2019-20 from consumers as per the provisions of the Tariff Regulations, 2018.

The petition is disposed off. Ordered accordingly.

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

Approved for issue

C R Satheeshchandran  
Secretary

## Annexure 1

### List of participants

1. Sri. Neelesh Neema, Jindal India Thermal Power limited (JITPL)
2. Sri. Pulak Srivasthava, Jindal India Thermal Power limited (JITPL)
3. Sri KGP Nampoothiri, K S E B Ltd.
4. Sri Satheesh A R , HT &EHT Association
5. Sri Pradeep M, Hindalco Industries Ltd
6. Sri. Renjit Jacob Appolo Tyres
7. Sri Rajesh J Kuruvila, Carborandum Universal Limited
8. Sri Ratheesh K Alikkal, EICL
9. Sri Saji Mathew, MRF Ltd
10. Smt. Prini Peter Carborandum Universal Limited
11. Sri. Nair Nandakumar P, Carborandum Universal Limited
12. Sri Prabhakaran K V , HT&EHT Association