

**KERALA STATE ELECTRICITY REGULATORY COMMISSION  
THIRUVANANTHAPURAM**

PRESENT: Shri. T.M.Manoharan, Chairman  
Shri. P.Parameswaran, Member  
Shri. Mathew George, Member

**27<sup>th</sup> May, 2013**

**Petition OP No.2 of 2013**

IN THE MATTER OF

Proposals for revision of Bulk Supply Tariff (BST) applicable to  
Licensees

Kerala State Electricity Board

---- Petitioner

**ORDER**

**Background**

1. The Special Officer, Managing Committee, Kerala State Electricity Board (*hereinafter referred to as KSEB or the Board*) in accordance with the KSERC (Tariff) Regulations 2003, filed petition for approval of Aggregate Revenue Requirements (ARR) and Expected Revenue from Charges (ERC) for Financial Year (FY) 2013-14 before the Commission on 3-1-2013. The petition also contained proposals for revision of tariff for all categories of consumers as well as for bulk supply to other licensees. The Commission in its order dated 30-4-2013, had issued orders on the petition for approval of ARR&ERC and Retail Tariff applicable to the consumers in the State. In the said order, the Commission had mentioned among other things that revision of BST would be issued separately in due course. The matter is accordingly taken up:
2. The Commission in its order dated 25-07-2012 had approved Differential Bulk Supply Tariff (BST)' considering the revenue surplus earned by each licensee after providing for the distribution cost and provisional return for each of them. The existing BSTs applicable to licensees are as shown below:

**Table 1. Details of Bulk Supply Tariff As per the Petition**

Sl No	Name of the Licensee	Contract Demand	Annual energy consumption	Existing tariff	
				Demand charge	Energy charge
				(MVA)	(MU)
1	KINESCO	13.00	63.70	300	4.15
2	Cochin Special Economic Zone	12.00	55.45	300	4.30
3	Rubber park India Limited	5.50	27.63	300	3.70
4	Technopark	29.00	70.74	300	4.00
5	Cochin Port Trust	9.52	28.39	350	5.30
6	Thrissur corporation	33.48	155.48	350	5.20
7	KDHPCL	8.50	46.81	300	3.70
8	MES	13.70	55.94	350	4.10
9	Ele. Dept. Pudussery (Mahe)	7.50	43.99	350	4.10
10	Ele. Dept. Karnataka	0.24	0.66	350	4.10
	Total	132.44	548.79		

3. The Board had proposed about 15% to 20% increase in the tariff for different categories of consumers. Since the principle of uniform RST is in vogue in the State, there will be proportionate increase in revenue from retail supply to all Licensees. Considering the unbridged revenue gap and also considering the revenue surplus likely to be earned by the other licensees through the increase in 'retail supply tariff' the Board has proposed a uniform increase of about 17% in BST on all licensees.
4. The proposal on bulk supply tariff applicable to the licensees in Kerala including MES, Electricity Department, Pudussery and Karnataka State is as given below:

**Table 2. Proposed BST and Additional Revenue Expected**

Sl No.	Particulars	Existing rate	Proposed rate	Revenue (Rs.Cr)		
				at Existing rate	at Proposed rate	Addl revenue
1	<b><u>KINESCO</u></b>					
	Demand charge (Rs/kVA/month)	300.00	360.00	4.68	5.62	0.94
	Energy Charge (Rs/kWh)	4.15	4.85	26.44	30.89	4.46
	Total			31.12	36.51	5.40
2	<b><u>Cochin Special Economic Zone</u></b>					
	Demand charge (Rs/kVA/month)	300.00	360.00	4.32	5.18	0.86
	Energy Charge (Rs/kWh)	4.30	5.00	23.84	27.73	3.88
	Total			28.16	32.91	4.75
3	<b><u>Rubber Park</u></b>					
	Demand charge (Rs/kVA/month)	300.00	360.00	1.98	2.38	0.40
	Energy Charge (Rs/kWh)	3.70	4.40	10.22	12.16	1.93
	Total			12.20	14.53	2.33
4	<b><u>Technopark</u></b>					
	Demand charge (Rs/kVA/month)	300.00	360.00	10.44	12.53	2.09
	Energy Charge (Rs/kWh)	4.00	4.70	28.30	33.25	4.95

	Total			38.74	45.78	7.04
5	<b>Cochin Port Trust</b>					
	Demand charge (Rs/kVA/month)	350.00	420.00	4.00	4.80	0.80
	Energy Charge (Rs/kWh)	5.30	6.00	15.05	17.03	1.99
	Total			19.05	21.83	2.79
6	<b>Thrissur Corporation</b>					
	Demand charge (Rs/kVA/month)	350.00	420.00	14.06	16.87	2.81
	Energy Charge (Rs/kWh)	5.20	5.90	80.85	91.73	10.88
	Total			94.91	108.61	13.70
7	<b>KDHPCL</b>					
	Demand charge (Rs/kVA/month)	300.00	360.00	3.06	3.67	0.61
	Energy Charge (Rs/kWh)	3.70	4.40	17.32	20.60	3.28
	Total			20.38	24.27	3.89
8	<b>MES</b>					
	Demand charge (Rs/kVA/month)	350.00	410.00	5.75	6.74	0.99
	Energy Charge (Rs/kWh)	4.10	4.80	22.94	26.85	3.92
	Total			28.69	33.59	4.90
9	<b>Ele. Dept. Pudukkottai (Mahe)</b>					
	Demand charge (Rs/kVA/month)	350.00	410.00	3.15	3.69	0.54
	Energy Charge (Rs/kWh)	4.10	4.80	18.04	21.12	3.08
	Total			21.19	24.81	3.62
10	<b>Ele. Dept. Karnataka</b>					
	Demand charge (Rs/kVA/month)	350.00	410.00	0.10	0.12	0.02
	Energy Charge (Rs/kWh)	4.10	4.80	0.27	0.32	0.05
	Total			0.37	0.43	0.06
	Grand Total			294.80	343.27	48.47

- With a flat increase in BST, the Board expects additional revenue of about Rs.48.5 crore for a full year in 2013-14.
- The Commission has approved the ARR&ERC of small licensees for the year 2013-14. The revenue surplus and gap arrived at by the Commission for 2013-14 are as shown below:

**Table 3. Approved Revenue Surplus/ Gap for 2013-14 (Rs.lakhs)**

	<i>KPUPL</i>	<i>CSEZ</i>	<i>RPL</i>	<i>Technopark</i>	<i>CPT</i>	<i>Thrissur Corporation</i>	<i>KDHPCL</i>
Revenue from Sale of Power	3,322.21	2,934.20	1,323.40	4,523.61	2,538.60	7,943.51	1,953.75
Non – Tariff Income	23.00	120.00	13.97	20.40	12.83	262.95	8.43
<b>Total Revenue</b>	<b>3,345.21</b>	<b>3,054.20</b>	<b>1,337.37</b>	<b>4,544.01</b>	<b>2,551.43</b>	<b>8,206.46</b>	<b>1,962.18</b>
Power purchase cost	3,215.54	3,038.23	1,222.41	4,172.03	2,349.40	8,526.08	1,844.11
Distribution Cost	190.34	251.71	108.81	468.22	452.04	1,486.74	134.31
<b>Total expenses</b>	<b>3,405.88</b>	<b>3,289.94</b>	<b>1,331.22</b>	<b>4,640.25</b>	<b>2,801.44</b>	<b>10,012.82</b>	<b>1,978.42</b>
<b>Revenue Surplus/(gap) Approved</b>	<b>-60.67</b>	<b>-235.74</b>	<b>6.15</b>	<b>-96.24</b>	<b>-250.01</b>	<b>-1,806.36</b>	<b>-16.24</b>

7. The power purchase cost approved by the Commission at the existing tariff for 2013-14 for the licensees was Rs.245.39 crore as against the estimates of Rs.244.55 crore by the Board. The Commission sought the details of additional revenue from the licensees based on the proposal of retail tariff submitted by the Board. In the mean time the Commission had approved the retail supply tariff applicable to the consumers in the State. The Commission has also made re-categorisation of certain consumer categories. Accordingly, in the ARR&ERC Order of the respective licensees, it was made clear that the revised retail supply tariff would be applicable for their consumers with effect from 1-5-2013 onwards. The Commission vide letter dated 2-5-2013 to the small licensees sought the details of estimation of revenue from revised retail supply tariff. The licensees have provided the details as shown below:

**Table 4. Revenue from Revised Tariff for Full Year (2013-14) projected by the licensees**

Particulars	Energy Sales (MU)	Revenue from pre-revised Tariff (Rs.lakhs)	Revenue from Revised Tariff (Rs.lakhs)
KPUPL	65.27	3,322.21	3,808.23
CSEZ	60.00	2,934.20	3,256.85
RPL	27.38	1,323.40	1,567.45
Technopark	78.64	4,523.61	5,357.96
Cochin Port Trust	36.03	2,538.60	2,676.63
Thrissr Corporation	128.18	7,943.51	8,655.05
KDHPCL	37.04	1,953.75	2,023.78

8. The total revenue from existing tariffs for the licensees is Rs.245.39 crore against the revenue from revised tariffs of Rs.273.46 crore. The increase in revenue projected for full year by the above licensees was Rs.28.07 crore. As against this, the total net revenue gap for the year 2013-14 approved by the Commission for these licensees was Rs. 24.59 crore. The projections on revenue given by some of the licensees are not complete as the recategorisation of consumer categories to be implemented as per the tariff order dated 30-4-2013 has not been fully taken into consideration. In this context, it can be seen that the tariff effective from 1-7-2012 was applicable till 30-4-2013 and the revised revenue is applicable from 1-5-2013. As per the ARR&ERC for 2013-14 approved by the

Commission revenue gap/surplus of the licensees as per the pre-revised tariff (ie., tariff effective from 1-7-2012 till 30-4-2014) are given in table 3.

9. Since one month has already elapsed in the current financial year (2013-14) and the approved retail tariff which is effective from 1-5-2013, the additional revenue at revised tariff will be applicable for 11 months. In a similar manner, additional power purchase cost that is payable by the licensees also has to be estimated for the balance 11 months. Based on the approved ARR&ERC of the licensees for the year 2013-14 and the revenue based on the approved retail tariffs, the power purchase cost that is payable by the licensees for the balance 11 months, is estimated as shown below:

**Table 5. Estimation of Balance revenue available for power purchase (Rs.lakhs)**

Licensees	Revenue 2013-14				Revenue available for power purchase		
	Revenue at existing tariff for April 2013	Revenue at revised tariff for May 2013 to April 2014	Non-Tariff income	Total revenue for the year	Approved Distribution Cost	Power purchase cost at existing rate for April 2013	Balance revenue available for Power purchase for 11 months
1	2	3	4	5	6	7	8=5-(6+7)
KPUPL	276.85	3,490.87	23.00	3,790.72	190.34	267.96	3,332.42
CSEZ	244.52	2,985.45	120.00	3,349.96	251.71	253.19	2,845.07
RPL	110.28	1,436.83	13.97	1,561.08	108.81	101.87	1,350.41
Technopark	376.97	4,911.46	20.40	5,308.83	468.22	347.67	4,492.94
Cochin Port Trust	211.55	2,453.58	12.83	2,677.96	452.04	195.78	2,030.13
Thrissur Corporation	661.96	7,933.80	262.95	8,858.71	1,486.74	710.51	6,661.46
KDHPCL	162.81	1,855.13	8.43	2,026.37	134.31	153.68	1,738.39

10. Based on the above, the Commission decided to revise the BST as shown below, which will cover the approved revenue gap of some of the licensees and also reduce the surplus of others. The Board has sought revision of BST for MES and sale to Pudussry Electricity Department (Mahe) and Karnataka. As per the information available, the supply is at 11kV. The Commission in the previous tariff order had decided to benchmark the tariff for these entities with HT II Tariff applicable to non-industrial, non-commercial HT consumers such as Public Offices. Accordingly, the revenue estimates based on the revised BST including that of Military Engineering Services (MES), Electricity distribution agencies of Pudussery and Karnataka, are given below:

**Table 6: Estimated Power Purchase Cost at Revised Tariff for 11 Months**

	Revenue available for power purchase for 11 months (Rs.lakhs)	Demand charge (Rs./kVA)	Energy charge (Rs./kWh)	Demand Charge (Rs.in lakhs) for 11 months	Energy Charges for 11 months (Rs.lakhs)	Total Power Purchase cost for 11 months
KPUPL	3,332.42	300	4.75	426.94	2,885.07	3,312.01
CSEZ	2,845.07	300	4.40	396.00	2,444.60	2,840.60
RPL	1,350.41	300	4.55	173.25	1,164.91	1,338.16
Technopark	4,492.94	300	4.85	826.65	3,634.74	4,461.39
Cochin Port Trust	2,030.13	300	5.05	313.50	1,703.53	2,017.03
Thrissur Corporation	6,661.46	300	4.40	1,016.24	5,609.96	6,626.20
KDHPCL	1,738.39	300	3.80	231.00	1,498.88	1,729.88
MES	NA	350	4.45	527.45	2,281.89	2,809.34
PED	NA	350	4.45	288.75	1,794.43	2,083.18
Karnataka	NA	350	4.45	9.24	26.92	36.16
						27,253.95

**Table 7: Increase in Revenue due to Revision of BST**

	Power purchase cost at pre-revised tariff for 11 months (Rs.lakhs)	Power purchase cost at revised tariff for 11 months (Rs.lakhs)	Increase in revenue to Board (Rs.lakhs)
KPUPL	2,947.58	3,312.01	364.43
CSEZ	2,785.04	2,840.60	55.56
RPL	1,120.54	1,338.16	217.62
Technopark	3,824.36	4,461.39	637.02
Cochin Port Trust	2,153.62	2,017.03	(136.58)
Thrissur Corporation	7,815.57	6,626.20	(1,189.37)
KDHPCL	1,690.43	1,729.88	39.44
MES	2,410.76	2,809.34	398.58
PED	1,780.55	2,083.18	302.63
Karnataka	31.09	36.16	5.07
Total	26,559.55	27,253.95	694.40

11. Based on the above, the approved BST applicable for the licensees is as shown below:

**Table 8. Approved BST from 1-5-2013**

	Existing Tariff		Revised Tariff	
	Demand Charges (Rs./kVA)	Energy Charges (Rs./kWh)	Demand Charges (Rs./kVA)	Energy Charges (Rs./kWh)
KPUPL	300	4.15	300	4.75

CSEZ	300	4.30	300	4.40
RPL	300	3.70	300	4.55
Technopark	300	4.00	300	4.85
Cochin Port Trust	350	5.30	300	5.05
Thrissur Corporation	350	5.20	300	4.40
KDHPCL	300	3.70	300	3.80
MES	350	4.10	350	4.45
PED	350	4.10	350	4.45
Karnataka	350	4.10	350	4.45

12. The Commission has noted that the revenue projections of the licensees are not accurate and the estimation of revenue is relatively moderate even after the revision of tariff. Some of the licensees pointed out that revenue estimation is not accurate due to the re-categorisation. The Commission is inclined to accept the reason on the difficulties in revenue projection. The licensees are directed to forward the details of actual demand raised and categorywise consumption of energy for June, July and August 2013. on monthly basis for verification. Based on the actual data, the Commission will take suitable decision on revision of BST if any required. Hence, the Commission places on record that the above tariff rates are provisional and will be subjected to modification if necessary based on the actual data.

### **Orders of the Commission**

13. Based on the above, the Bulk Supply Tariff applicable for the purchase of power by the licensees is decided as shown below:

	Demand charge (Rs./kVA)	Energy charge (Rs./kWh)
KPUPL	300	4.75
CSEZ	300	4.40
RPL	300	4.55
Technopark	300	4.85
CPT	300	5.05
Thrissr Corporation	300	4.40
KDHPCL	300	3.80
MES	350	4.45
PED	350	4.45
Karnataka	350	4.45

14. The above tariff for each licensee will be applicable irrespective of the voltage level. ***The approved BST rates are applicable from 1-5-2013 and effective till it is revised by the Commission.***
15. M/s Infopark, Cherthala has started operation as a licensee though ARR&ERC have not been approved so far. Hence, BST for Technopark effective from 1-5-2013 shall be the rates applicable to Infopark Cherthala provisionally.
16. It is directed that M/s KPUPL shall continue to remit the power purchase bill to the Board at the pre-revised rates (ie., rates effective from 1-7-2012), till the PPA is signed. The difference in amount between the electricity charges of pre-revised tariff and revised tariff shall be deposited in a separate account maintained by M/s KPUPL for this purpose. Once the PPA is signed and effective as directed by the Commission, the difference amount shall be paid to the Board with prior consent of the Commission. The carrying cost if any for the delay in execution of PPA shall not be applicable for the amount.
17. The Commission also wishes to record that in the tariff revision order dated 25-7-2012 as well as this order, the licensees are allowed the prudent distribution costs along with provisional return and the excess revenue is transferred to KSEB by way of BST since KSEB is meeting the power requirements of the licensees now. Hence KSEB is directed to take necessary steps to allot power as requested by the licensees without any more delay and enter into revised Power Purchase Agreements with them in a time bound manner.

Sd/-

**P. Parameswaran  
Member**

Sd/-

**Mathew George  
Member**

Sd/-

**T.M. Manoharan  
Chairman**

Approved for Issue

Secretary