KERALA STATE ELECTRICITY REGULATORY COMMISSION
THIRUVANANTHAPURAM

PRESENT: Shri. K.J.Mathew, Chairman
Shri. P.Parameswaran, Member
Shri. Mathew George, Member

July 25, 2012

Petition OP No.23 of 2012

IN THE MATTER OF
Proposals for revision of tariff for all consumers including
Bulk supply to other Licensees

Kerala State Electricity Board ---- Petitioner

ORDER

Background

1. KSEB filed a petition on 29-3-2012 for revising the existing tariff structure for realising an additional revenue of Rs.1546.40 crore on a yearly basis. The major reason cited in the petition for revision of tariff is the phenomenal increase in the cost of power because of adverse changes in hydro-thermal mix. The cost of purchase of power has been increasing due to volatility in short term power prices and increase in cost of generation due to increase in the price of fossil fuel. According to the Board there is also increase in inflation which resulted in increase in expenses and there is significant increase in revenue gap. The overdraft and short term liabilities have been increasing to unsustainable levels and additional financing from the banks has become increasingly difficult. Based on these reasons, the Board has filed the petition for revision of tariff to cover a part of the expected revenue gap for the year 2012-13. The balance revenue gap is to be accounted as regulatory asset to be recovered with carrying cost.

2. As per para 5(1) of the Kerala Electricity First Transfer Scheme, 2008 issued by Government of Kerala vide Order dated 25-9-2008, all interests, rights in properties, all rights and liabilities of the Board had vested in the State Government and shall be administered by the Government in the name as "Kerala State Electricity Board" by appointing a Special Officer and a Managing Committee for this purpose till the date of re-vesting, to be notified by the State Government as provided in sub-section (2) of section 131 of the Act. The second transfer scheme and the revesting process is still not complete. Considering this, for the purpose of this order, the Commission refers to the '*Managing Committee*' as '*the Board*' or *'KSEB'*.

3. After receiving the petition, the Commission has sought clarifications on the petition vide letter dated 3-4-2012. The Commission also sought proposals for recategorisation of certain categories which were already approved by the Commission. Further proposals on transmission charges, wheeling charges, cross subsidy surcharge, proposal on ToD for LT consumers etc., were also sought from the Board. The Commission also had given reminders on the same vide letter dated 19/4/2012. The Commission admitted the petition on 25/4/2012 and directed the Board to publish a summary of the proposals for inviting objections from the stakeholders and general public as required under Clause 5 of KSERC (Tariff) Regulations, 2003. KSEB published the summary of the proposals giving time till 30-5-2012 for furnishing objections/comments by the consumers and the public. The date and venue of the public hearings were also mentioned in the notification. The detailed publication appeared in the following dailies:

   The Hindu dated 9-5-2012
   New Indian Express dated 10-5-2012
   Deshabimani dated 10-5-2012
   Keralakaumudi dated 10-5-2012

4. The Board sought extension of time for submitting the additional details and on 3-5-2012, the additional details sought were given to the Commission. The Commission has decided that since the retail supply tariff in the State is to be uniform, the tariff revision if done is to be made applicable to all the licensees in the State. The Commission in its letter dated 3-5-2012 informed all other licensees to inform their consumers about the petition for revision of tariff filed by the Board for filing their

objections on the petition and to attend the public hearings. The Commission also wrote to the Government vide letter dated 15-5-2012 to inform whether any subsidy is proposed to be given for any categories of consumers under Section 65 of the Act. The Board has given further details in its letter dated 28-5-2012.

5. In response to the notification about 100 written objections were received at the Commission's Office. The Commission forwarded the objections to KSEB for reply. KSEB communicated its reply vide letter dated 27-6-2012.

Deliberations in the State Advisory Committee

6. The Tariff proposal of KSEB was placed in the 25th State Advisory Committee meeting held on 31-5-2012. The members of the Committee in general appreciated and supported the revision of tariff of retail supply considering the fact that a comprehensive revision is attempted after a gap of about 10 years and expressed their hope that the Commission would make the tariff changes fairly and equitably.

Public hearing

7. The Commission conducted public hearings at three places: Kanakakunnu Palace, Thiruvananthapuram on 4-6-2012; Town Hall, Ernakulam on 6-6-2012 and at Conference Hall, PWD Rest House, Kozhikode on 8-6-2012. A total of about 200 persons attended the public hearing. The list of persons who attended the public hearings and those who have submitted written comments are given in Annexure-I.

8. The Commission also convened a meeting of the small licensees on 18-6-2012 to discuss the issue of revision of BST and differential BST considering the different consumer mix of the licensees. In the meeting the licensees in general expressed the opinion that the uniform Retail Supply Tariff is preferable in the State and that the Bulk Supply Tariff is to be fixed in such a way that the licensees recover their costs and earn a reasonable surplus.

9. KSEB in its petition has proposed about 20 to 43% increase in tariff for various categories. In some categories such as agriculture (LTV), charitable

institution (LTVI(D)) etc., the increase is beyond 50%. The proposed increase for the different categories is as shown below:

Tariff increase proposed by KSEB

Tariff Category	Revenue at existing Tariff (Rs.crore)	Revenue at Proposed Tariff (Rs.crore)	Additional Revenue (Rs. crore)	Percentage increase
LT I a Domestic	1563.96	2235.53	671.57	43%
LT 1 b Political parties, clubs etc.,	0.40	0.50	0.13	33%
LT II Colony Supply	**11.38**	13.99	2.62	23%
LT IV Industrial,	417.21	547.83	130.62	31%
LT V Agricultural	22.84	46.09	23.25	102%
LT VI a Temples, Govt. hospital	73.07	85.16	12.09	17%
LT VI b Offices etc.,	156.31	180.74	24.43	16%
LT VI c : Revenue Offices etc.,	143.29	147.61	4.32	3%
LT VI d Charitable instt. Etc.,	**0.22**	0.38	0.16	73%
LT VII a Commercial	828.22	902.07	73.85	9%
LT VII b Bunks etc. <1000W	202.77	241.85	39.08	19%
LT VII c : Cinema theatre etc.	**65.04**	72.67	7.63	12%
Pub lighting	**63.33**	79.16	15.83	25%
LT Total	**3548.04**	**4553.58**	**1005.58**	**28%**
HT-1 Industrial	615.24	758.28	143.04	23%
HT-2 a : Non-indust /Non-comm	50.58	65.64	15.06	30%
HT 3 Agriculture	3.12	4.31	1.19	38%
HT-4 Commercial	**432.98**	600.75	167.77	39%
EHT -66kV	133.93	177.96	44.03	33%
EHT-110 kV	**287.60**	387.86	100.26	35%
Railways	55.38	70.66	15.28	28%
Total HT-EHT	**1578.83**	**2065.46**	**486.02**	**31%**
Bulk Supply - 11 kV	39.49	52.66	13.17	33%
Bulk Supply - 66 kV	13.89	18.40	4.51	32%
Bulk Supply - 110 kV	112.40	148.92	36.52	32%
Total	**5292.65**	**6839.02**	**1546.40**	**29%**

Issues raised in the Public Hearing

10. In the public hearing Shri.Dejo Kappan, Managing Trustee, Centre for Consumer Education pointed out that KSEB has proposed fixed charges for domestic consumers over and above meter hire charges. This proposal shall be dropped. Even meter charges shall be abolished. Pattoor Housing Accommodation scheme Apartment Owners and Allottees Association requested that tariff revision of nearly 40% increase for domestic category

proposed by KSEB may be rejected and only reasonable increases may be allowed to avoid tariff shock. They requested that electricity requirements for statutory common services for domestic use such as waste/sewage treatment, fire fighting equipments etc., should be treated under domestic tariff. Kerala Power Board Officers Association pointed out that prepaid metering system should be introduced. Shri. P.C.John pointed out there is no need to provide electricity free of cost to any category of consumer since even in tribal colonies mobile phones and Seiko watches are common and he further pointed out that there should be 10% increase in power charges every year. Shri.C.V.Vijayan Nair requested that domestic category shall be exempted from increase in tariff. Shri.Ajay Kammat pointed out that KSEB should increase efficiency rather than creating new charges like fixed charges which they cannot justify. Shri. Jose Mathew Arunapuram, Palai has pointed out that the minimum charges levied for three phase consumers even when there is no consumption in a month disproves KSEB's claim that only energy charges and meter charges are realised from domestic consumers. Shri.Valsalan P.K. pointed out that for ordinary domestic consumers under slab 201-300 proposed tariff Rs 5.50 is on the higher side. Mooppathadam Maveli Lane Residents Association pointed out that the concession extended to lower slab consumers should not be extended to those who consume above 200 Units/month. Residents Apex Council (RACE), Ernakulam pointed out that the proposal of KSEB with such exorbitant increase of Rs 7 for Domestic consumers who consume above 500 Units/month is cruel, illegal and unjustifiable and should be turned down. Ernakulam District Residents Associations Apex Council stated that higher charges can be collected from those who consume more than 200 Units/month to control consumption. Fixed charges shall not be introduced for Domestic consumers and non telescopic tariff shall be introduced. Kozhikode District Consumer Protection Committee pointed out that all additional charges like fixed charge, surcharge etc shall be removed. Upabhoktru Samraskshana Samithi, Kuruvattoor Panchayat Committee, Kozhikkode pointed out there should not be fixed charges. Binani Zinc Employees Association has pointed out that all consumers under the Domestic category who consume more than 200 Units/month should share more cross subsidy while extending concessional tariff to those who consume below 30 Units/month. M/s.Binani Zinc Limited pointed out that the rates paid by Domestic consumers in the range 0-40 and 41-80 are too low and shall be increased and to avoid tariff shock, subsidy from GOK shall be requested. Public Welfare Forum pointed out that since billing is done Bi monthy consumers are not able to understand how the bill amount is arrived at and hence monthly billing shall be resorted to. Upabhoktru Samrakshaka Samiti, Beppur Pachayat suggested measures to improve performance of KSEB and avoid tariff increase. Shri M.P.Moideen Koya, Kappad requested that domestic consumers who consume up to 200 Units/month should be provided with subsidy and those who consume more than 200 Units/month should be charged higher and arrears from HT and EHT Industries shall be collected without delay. Kozhikode District Consumer Protection Committee pointed out that KSEB has been collecting meter rent for indefinitely and this practice should be stopped. All additional charges like fixed cost, surcharge must be stopped. Ubhabhokthru Samrakhshana Samithi, Kozhikode requested that consumers with monthly consumption up to 150 Units shall be exempted from increase in tariff. Shri.Krishnan Vennala pointed out that arrears of current charges must be collected on a war footing. Association of Approved and Classified Hotels of Kerala, Cochin suggested many measures that should be taken to improve the performance of KSEB. KSEB Officers Association pointed out that fixed charges for domestic linked with consumption is erratic, linking with actual connected load requires time due to field realities but linking with large span of connected load can be feasible such as : up to 1 kW, 1 to 5kW, 5 to 10 KW, 10 to 20 KW etc.

11. Shri. Shaji Sebastian President Ernakulam District of Kerala State Small Industries Association (KSSIA) pointed out that proposed hike on Industrial consumers is too much on the higher side and not matching with the hike proposed for other category of consumers. KSSIA has proposed kVAh tariff for all LT consumers including industrial consumer as it will ensure higher power factor in the system and incentive for consumers in improving power factor. Represenative of M/s. Manikantan Flour Mill pointed out that Increase in electricity charges will put hardships on flour mill owners and collection of meter rent should be stopped. Shri. Damodar Avanoor, General Secretary KSSIA stated that no consumer shall be given power at less than Rs 2.32/Unit which is 50% of the average cost Rs 4.64/Unit. Even

those who consume less than 20 units/month and are given free power will not suffer if they are made to pay for 20 Units a month. M/s.Thasleej Ice and Cold Storage , Palghat requested that tariff of Agricultural Cold Storages should be Agricultural tariff and not Commercial.

12. Kerala Merchants Association, Cochin pointed out that Commercial Category of consumers are discriminated by charging higher rates and the present high rate should be reduced rather than increased as per the proposal. Kerala Hotel and Restaurant Association pointed out that the tariff charged for Hotels is very high compared to neighbouring States and pleaded for classifying them under the industrial category. They claimed that since the Dept. of Industry is classifying them as an industry in the service sector, there is no justification for them to be billed at commercial tariff. Kozhikode District Petroleum Dealers Association pointed out that they are doing industrial activity and hence shall be categorized under LT IV Industry. Shri M.M Nijabuddin , Member, Consumer Protection Council of India pointed out that luxury consumption for display boards installed by the side of roads and junctions shall be charged Rs20/Unit to discourage consumption and to avoid increasing tariff for domestic consumers. Kerala Vyaparavedi stated that if the arrears are collected then a tariff revision could be avoided. Human Rights Protection Forum also endorsed the same comment. Shri. Deepu James requested that stand alone oil filling and packing units should be categorised under LT IV Industrial tariff as is done in other States like Tamil Nadu, Pondicherry and Himachal Pradesh. Kerala Vyapari Vyavasaya Ekopana Samithi pointed out that if the arrears are collected timely, the functioning of KSEB could be made better and tariff of Commercial and Domestic consumers should be reduced from the present levels. Cable TV Operators Association, Kozhikode requested that the increase in LT VII A tariff puts the industry in hardship and they may be extended a lower tariff. Kerala CBSE School Managements Association requested that they are to be categorized under LT VI A on par with other Government Aided Schools. Shri. S.K.Unnikrishnan Nair stated that KSEB's plea that big amounts to be realised from consumers as arrears cannot be recovered due to litigation, but no Court will direct KSEB to provide electric supply to those who do not pay. Kerala Money Lenders Associations Co

ordination Committee requested that Pawn Brokers/ Money Lenders should be categortised under LT VII A from LT VI (C)

13. M/s.Binani Zinc Limited pointed out that the proposed tariff hike for EHT (110 kV) results in tariff shock with additional expenditure of Rs 18 Crores per year for the Company. The tariff should be fixed in a rational manner maintaining differentiation based on voltage of supply. The tariff for 66 kV Supply has to be lower than that of 11kV and Tariff for 110 kV shall be lower than that of 66 kV. They proposed a difference of Rs 20/kVA and 10 Ps/Unit between 11 kV and 66 kV Tariffs and a difference of Rs 20/kVA and 5 Ps/Unit between tariffs of 66 kV and 110 kV consumers. They have requested for Load Factor incentives and improvement in the existing power factor incentives for Industrial consumers. Open Access charges shall be rationalized and made affordable for consumers. HT and EHT Industrial Electricity Consumers Association also requested for the same. M/s.Hindalco also requested for Load Factor incentive and improvement in the existing Power Factor incentive. M/s.NEST pointed out that the increase in tariff of 43.7% for IT Industry is exorbitant.

14. M/s Hindustan News Print Limited and Kerala News Print Employees Union pointed out that the proposed increase in EHT tariffs will result in additional expenditure of Rs 8 Crore/Year for their company and it is an exorbitant increase which their organisation cannot absorb. HNL Employees Association also endorsed the same. Binani Zinc Employees Union, Sree Sakthi Paper Mills Limited, M/s.FACT Limited and M/s.Western India Plywoods Limited also requested that the increase in tariff requested by KSEB should not be allowed. M/s.Bharat Petroleum Limited, Kochi pointed out that additional financial burden due to tariff hike will adversely affect their pricing and investment plans and hence should not be allowed. Save Indal Trade Union Samithi pointed out that increase in tariff would result in the closure of their plant. M/s.GTN Textiles, M/s.PATSPIN India Limited. Carborandum Universal Trade Union Council, M/s.MRF Limited, Hindustan Paper Corporation Employees Association, M/s.Travancore Cochin Chemicals Limited and HOC Workers Union, pointed out that the present increase in their tariff would affect the very existence of their industry. Kerala State Productivity Council pointed out that Industrial and Commercial segments are subsidising categories and any increase in tariff of these categories without substantial increase for subsidised categories

will only increase the subsidy in violation of the National Tariff Policy (NTP). The Joint Council of Trade Unions objected to the increase in tariff which they fear will end up in closure of many industries. Binani Zinc Employees Association, also expressed similar views. CII, Cochin requested that power restrictions shall not be imposed as this would hamper industrial growth. Kerala Water Authority has requested that the tariff for Public Water Works and Sewage Pumping shall be reduced and for that purpose a separate category shall be created. Southern Railway requested the Commission to direct KSEB to declare cost of supply at each voltage level and cost to serve different category of consumers. KSEB Officers Association pointed out that it is an anomaly that average HT Industrial Tariff is almost the same as that of LT Industry.

15. Shri.Khan C.P.Madathil pointed out that Street Lights in village areas are not working properly after taken over by Grama Panchayat. Trichur Corporation pointed out that the proposal to increase Street Lighting Tariff from 90 Ps/Unit to Rs. 2.75/Unit is 300% and Demand Charge from Rs. 12 to Rs.30 is 250% increase and such huge increase should not be approved by the Commission. Shri. T.V.John suggested that for Street Lights Sodium Vapour Lamps should be replaced by CFL and this will save a lot of energy giving the same level of brightness. Dr M.C.George, INFAM National Trustee stated that considering the contribution of the rural agro sector, electricity shall be supplied to agricultural consumers free.

16. The response given by KSEB on the objections/comments of stakeholders is given as Annexure –II

Analysis and decision of the Commission

17. The Commission has noted that the additional revenue proposed by the Board is Rs.1546.40 Crore, which is based on the energy sales proposed in the ARR petition with 15% power restrictions. The Commission did not approve of round the year power restrictions which would work out as an additional tariff on a section of the consumers. Even though the Board had anticipated a gap of Rs.3240.25 Crores after power restrictions in the ARR Petition, they chose to propose a tariff revision for recovering Rs. 1546.40 Crores only. However, the energy sales approved by the Commission for 2012-13 is 16386 MU. Hence the Commission for the purpose of analysis of

the tariff proposal adopted the approved energy sales. **Accordingly, the additional revenue estimated based on the proposed tariff is estimated as Rs.1652.36 crore instead of Rs.1546.40 crore estimated by the Board.**

18. KSEB in its petition and the additional submissions has proposed many changes in the existing tariff & recategorisation. For the convenience of disposal of the petition, the Commission segregates the proposal as shown below:

    Section 1: Revision of Retail Tariff
    Section 2: Recategorisation of consumer categories
    Section 3 : Time of Day tariff for LT consumers
    Section 4: Revision of BST
    Section 5 : Open Access charges
    Section 6: Miscellaneous

SECTION 1: REVISION OF RETAIL TARIFF

19. Before taking up the proposal of tariff revision, the Commission would address certain objections received from a section of consumers regarding the basic principles for determination of tariff. The Kerala HT & EHT Industrial Electricity Consumers' Association as well as several HT /EHT consumers have raised the argument that the Tariff should be fixed based on the voltage wise or category wise cost of supply. They have pointed out that the Section 61(g) of the Electricity Act 2003 clearly specifies that the tariff charged should reflect the cost of supply and that the cross subsidies should be progressively reduced within a period to be specified by the Commission. It is also pointed out that the crux of the argument relating to this provision is *whether the cost of supply means the average cost of supply at distribution end or the category wise cost of supply* to different categories of consumers connected at different voltage levels. They have also argued that since Clause 8.5 of the Tariff Policy specifies the cross subsidy surcharge as the difference between the tariff applicable to the relevant category of consumers and the cost to supply electricity to the consumer, the cost of supply to a particular category of consumer should be taken as the bench mark to be used for cross subsidy computation as well as tariff fixation. A judgement of the Hon: APTEL in Appeal No 57/2008 has also been quoted to argue that *'cost of supply does not by itself mean average cost of supply'.* The cross subsidy of a particular class of consumers

should be within + or – 20% of such benchmark cost of supply. They also pointed out that the existing tariff as well as the tariff proposed by KSEB shows that domestic, agricultural , public lighting categories of consumers are heavily cross subsidised. This is against the spirit of the Electricity Act 2003 and the Policy formulations and hence are illegal. The cross subsidy should be limited to the life line consumption groups, that is those domestic consumers consuming less than 30 units per month. According to the HT & EHT consumers even for these groups the minimum energy charge should be fixed as 50% of the average cost of supply at LT level. They also argued that special considerations should not be given to public lighting and similar groups of consumers. They argued that such socio economic factors should not be considered by the Commission while fixing tariff. The State Government may provide direct subsidies on the Commission determined tariffs. Several HT & EHT consumers as well as Trade unions of such industries supported the arguments. M/s.Southern Railways have also put forward the argument that since the cost of supply at 110kV, the voltage at which they are taking supply for Railway Traction, is around Rs. 3.24 per unit the tariff applicable to Railway traction should be based on this cost of supply.

20. Several LT consumers and some other stake holders have opposed the above approach on the plea that the LT consumers will have to face steep increase in tariffs and consequent tariff shock. The LT domestic consumers in general have argued that due to all round inflationary pressures the life of the common man is already getting miserable and a tariff shock should be avoided at any cost. Besides it was pointed out that industrial & commercial consumers pass through their additional power costs to their customers and this is borne mostly by domestic consumers who become direct and indirect victims of tariff revision.

21. In view of the conflicting views expressed by the representatives of EHT & HT Consumers on one side and LT Consumers on the other side, the Commission would like to address the various issues raised by the stakeholders on the question of Cost of Supply, Cross subsidy and approach that can be taken in Tariff determination at this juncture. The Commission has carefully considered the views of objectors and stakeholders on all matters related to cross subsidy, cost of supply and tariff shock. The

Commission has carefully examined all the arguments raised by the stake holders in the matter.

22. It is to be noted that cross-subsidy has not been defined anywhere in the Tariff Policy, National Electricity Policy or Electricity Act 2003. Though the definition of cross-subsidy does not find a place in those statutes and policies, we get a definite indication about it through certain policy instruments like Tariff Policy and National Electricity Policy.

As per Tariff Policy Para 8.3.2,

> *"For achieving the objective that the tariff progressively reflects the cost of supply of electricity, the SERC would notify roadmap within six months with a target that latest by the end of year 2010-2011 tariffs are within ± 20 % of the average cost of supply. The road map would also have intermediate milestones, based on the approach of a gradual reduction in cross subsidy. For example if the average cost of service is Rs 3 per unit, at the end of year 2010 - 2011 the tariff for the cross subsidised categories excluding those referred to in para 1 above should not be lower than Rs 2.40 per unit and that for any of the cross subsidising categories should not go beyond Rs 3.60 per unit."*

National Electricity Policy Para 5.5.2 says :

> *"A minimum level of support may be required to make the electricity affordable for consumers of very poor category. Consumers below poverty line who consume below a specified level, say 30 units per month, may receive special support in terms of tariff which are cross-subsidized. Tariffs for such designated group of consumers will be at least 50 % of the **average (overall) cost of supply**. This provision will be further re examined after five years."*

23. The Tariff Policy and National Electricity Policy have been issued by Govt. of India under Section 3 of the Electricity Act, 2003. The appropriate Commission is to be guided by those policies while determining tariff under Section 61(i) of the Electricity Act, 2003. The National Electricity Policy and the Tariff Policy are two policy instruments purposely created under

provisions of Electricity Act to realise the intention of the Parliament in enacting the Electricity Act, 2003.

24. Further, the Forum of Regulators are of the opinion that in view of the prevailing condition of the distribution network, the cross subsidy is to be worked based on the average cost of supply for all types of consumers taken together and not on the basis of cost of supply for the particular group of consumers. The Forum of Regulators (FOR) while deliberating in their 25th meeting held on 29.07.2011 at Suraj Kund, Delhi-NCR on "Model Tariff Guidelines" decided as follows on Cross-subsidy / Tariff Design:

"Cross subsidy/Tariff Design

> *SERC would notify revised road map within six months from the notification of these Regulations (Model Tariff Guidelines) with a target that latest by the end of year 2015-16 tariffs are within ±20% of the average cost of supply. The road map would also have intermediate mile stones, based on the approach of a gradual reduction in cross subsidy.*

Tariff Design

> *SERC shall be guided by the objective that the tariff progressively reflects the efficient and prudent cost of supply of electricity."*

25. The Central Government have constituted the Forum of Regulators in pursuance to Section 166(2) of the Electricity Act, 2003. This Forum consists of the Chairperson of the Central Commission and Chairpersons of the State Commissions. The functions of the Forum of Regulators have been set out in Rule 4 of the Forum of Regulators Rules, 2005, which has been made in exercise of powers conferred under Section 176(1) read with Section 166(2) and (3) of the Electricity Act, 2003. One of the functions under Rule 4(vi) of the said Rules is to evolve measures for protection of consumers and promotion of efficiency, economy and competition in the power sector. Hence, the Forum of Regulators is a statutory body under this Act and its decisions and findings are to be taken as a guiding principle for taking decisions under the various matters regarding implementation of the provisions of the Electricity Act, 2003. It has to be pointed out that according to Para-8.3.2 of the Tariff Policy, which has been further explained in the example given therein, tariff for all categories of consumers i.e. cross-subsidizing categories as well as cross-subsidized

categories (except lifeline consumers) should not normally go beyond +/- 20% of the "average cost of supply". The rate of Rs.3.00 per unit in the example is the average cost of supply for all consumers taken together. The Tariff Policy does not instruct to calculate cost to serve for each category of consumers. Had that been the intention of the Tariff Policy, in the example of Para 8.3.2 of the Tariff Policy, there would not have been one figure of Rs.3.00/unit and the limit of tariff for all categories of consumers would not have been between Rs.3.60 and Rs. 2.40.

26. The Hon: APTEL has through several judgements dwelt upon the issues related to Cost of Supply, Cross Subsidy and principles in setting Tariff which are extracted below:

Order dated 11th January 2012 in Appeal Nos. 57 of 2008, 155 of of 2007, 125 of 2008, 45 of 2010, 40 of 2010, 196 of 2009, 199 of 2009, 163 of 2010, 6 of 2011 and 144 of 2010:

"36. Having heard the learned counsels for the parties, we must first point out what are inherent in the law and what are the ground realities:-
(a) Sections 39, 42, 61(d) & (g) and Section 65 of the Electricity Act, 2003, National Electricity Policy and National Tariff Policy speak of cost of supply, cross-subsidy and subsidy which are co-related to one another.
(b) Where gradual reduction of cross-subsidy is what is contemplated in the law, absolute elimination was at least inconceivable for the periods in respect of which the appeals are being heard.........
(e) Tariff has to reflect the cost of supply progressively and the 2003 Act does not speak of "average" preceding the words "cost of supply" but the Act does not contemplate the eradication of cross-subsidy with the enforcement of the Act and tariff as per the National Tariff Policy has to be fixed within +/- 20% of the average cost of supply although cost of supply does not by itself mean average cost of supply. ………….

38. Cross-subsidy is intrinsically related to the determination of cost of supply. It is the stand of the appellants that tariff is to be based on the cost of supply of electricity to each category of consumers receiving supply at a particular voltage level and there should be no cross-subsidy amongst the different consumer categories. In the order dated 26.5.2006, it was made clear that there cannot be any quarrel with the proposition that the ultimate aim is to go by the concept of cost plus *basis of supply to various categories and classes of consumers but this is impossible* ***to achieve overnight and at one go****. The spirit of the order was that the Commission was required to fix a road-map for achieving the objective to be notified by the Commission. Initially, the approach adopted by the Commission in determining the average cost of supply could not be necessarily faulted although it was made clear that the cost of supply does not mean average cost of supply.*

Judgment dated 11.1.2012 on Appeal No57 of 2008, 199 of 2009, 196 of 2009 and 40 of 2010 :

"107. The cross subsidies have to be brought down by degrees without giving tariff shock to the consumers. Though it is desirable that cross subsidies are reduced through every tariff order but in a given situation, it may not be possible. As long as cross subsidy is not increased and there is a roadmap for its gradual reduction in consonance with Section 61(g) of the Act of 2003 and the National Tariff Policy, the determination of tariff by the Commission on account of existence of cross subsidy in the tariff cannot be flawed.

108. The learned counsel for the Industrial Consumers canvassed that the Commission is required to safeguard the interests of the consumers by fixing a reasonable tariff, which should reflect the cost of supply of electricity. There cannot be any quarrel with the proposition that the ultimate aim is to go by the concept of cost plus basis of supply of electricity to various categories and classes of consumers, but this cannot be achieved immediately in one go. This can be accomplished stage by stage over a period of time by reducing the cross subsidies etc. In case, the cost of supply of electricity is known the inefficiencies of the generator and the licensee cannot be hidden. This will tend to bring transparency and efficiency in the working of the utilities. It will also be conducive to the recovery of the cost of electricity by utility in a reasonable manner, giving boost to cost plus regime. We are conscious of the fact that at present, data on cost of supply has not been made available to the Commission. The data must be supplied by the utilities to the Commission. The cost of supply at different voltages is different. Therefore, data in this regard must be acquired with reference to cost of supply to the different class of consumers by calling upon the Board to furnish the same.

109. According to Section 61(g) of the Act of 2003, the Commission is required to specify the period within which till the Commission progressively reaches that stage, in the interregnum, the roadmap for achieving the objective must be notified by the Commission cross subsidy would be reduced and eliminated so that the tariff progressively reflects the cost of supply of electricity. Under Section 28(2) of the Act of 1998, the Commission while prescribing the terms and conditions of tariff was required to safeguard the interests of the consumers and at the same time, it was to ensure that the consumers paid for the use of the electricity in a manner based on average cost of supply. The word "Average" preceding the words "cost of supply" is absent in Section 61(g) of the Act of 2003. The omission of the word "Average" is significant. It indicates that the cost of supply means the actual cost of supply, but it is not the intent of the legislation that the Commission should determine the tariff based on cost of supply from the date of the enforcement of the Act of 2003. Section 61(g) of the Act of 2003 envisages ***a gradual transition from the tariff loaded with cross subsidies to a tariff reflective of cost of supply to various class and categories of consumers*** *when the tariff Policy was notified by the Government of India, within six months from January 6, 2006, i.e. by July 6, 2006. In consonance with the tariff policy, by the end of the year 2010-11, tariffs are required to be fixed within + 20% of the average cost of supply (pooled cost of supply of energy received from different sources). But the policy has reached only up to average cost of supply. As per the Act, tariff must be gradually fine tuned to the cost of supply of electricity and the Commission should be able to reach the target within a reasonable period of time to be specified by it.* ***Therefore, for the present, the approach adopted by the Commission in determining the average cost of supply cannot be faulted.*** *We, however, hasten to add that we disapprove the view of the Commission that the words "Cost of Supply" means "Average Cost of Supply". The Commission shall gradually move from the principle of average cost of supply towards cost of supply."*

27.The issue concerning extent of cross-subsidy and category-wise cost of supply has been discussed in the Tribunal's decisions in Appeal Nos. 102, 103 and 112 of 2010 rendered on 30th May, 2011 which being relevant is quoted below:-

“17. Section 61(g) of the 2003 Act stipulates that the tariff should progressively reflect the cost of supply and cross subsidies should be reduced within the time period specified by the State Commission. The Tariff Policy stipulates the target for achieving this objective latest by the end of year 2010-11, such that the tariffs are within ± 20% of the average cost of supply. In this connection, it would be worthwhile to examine the original provision of the Section 61(g). The original provision of Section 61(g) “the tariff progressively reflects the cost of supply of electricity and also, reduces and eliminates cross subsidies within the period to be specified by the Appropriate Commission” was replaced by “the tariff progressively reflects the cost of supply of electricity and also reduces cross subsidies in the manner specified by the Appropriate Commission” by an amendment under Electricity (Amendment) Act, 2007 w.e.f. 15.6.2007. Thus the intention of the Parliament in amending the above provisions of the Act by removing provision for elimination of cross subsidies appears to be that the cross subsidies may be reduced but may not have to be eliminated. The tariff should progressively reflect the cost of supply but at the same time the cross subsidy, though may be reduced, may not be eliminated. If strict commercial principles are followed, then the tariffs have to be based on the cost to supply a consumer category. However, it is not the intent of the Act after the amendment in the year 2007 (Act 26 of 2007) that the tariff should be the mirror image of the cost of supply of electricity to a category of consumer.

18. Section 62(2) provides for the factors on which the tariffs of the various consumers can be differentiated. Some of these factors like load factor, power factor, voltage, total electricity consumption during any specified period or time or geographical position also affects the cost of supply to the consumer. Due weightage can be given in the tariffs to these factor to differentiate the tariffs.

19. The National Electricity Policy provides for reducing the cross subsidies progressively and gradually. The gradual reduction is envisaged to avoid tariff shock to the subsidized categories of consumers. It also provides for subsidized tariff for consumers below poverty line for minimum level of support. Cross subsidy for such categories of consumers has to be necessarily provided by the subsidizing consumers.

20. The Tariff Policy clearly stipulates that for achieving the objective, the State Commission has not been able to establish that the tariff *progressively reflects the cost of supply of electricity, latest by the end of the year 2010-11, the tariffs should be within ±20% of the average cost of supply, for which the State Commission would notify a road-map. The road map would also have intermediate milestones for reduction of cross subsidy.*

21. According to the Tariff Regulation 7 (c) (iii) of the State Commission the cross subsidy has to be computed as difference between cost-to-serve a category of consumer and average tariff realization of that category.

22. After cogent reading of all the above provisions of the Act, the Policy and the Regulations we infer the following:

i) The cross subsidy for a consumer category is the difference between cost to serve that category of consumers and average tariff realization of that category of consumers. While the cross-subsidies have to be reduced progressively and gradually to avoid tariff shock to the subsidized categories, the cross-subsidies may not be eliminated.

ii) The tariff for different categories of consumer may progressively reflect the cost of electricity to the consumer category but may not be a mirror image of cost to supply to the respective consumer categories.

iii) Tariff for consumers below the poverty line will be at least 50% of the average cost of supply.

iv) The tariffs should be within ±20% of the average cost of supply by the end of 2010-11 to achieve the objective that the tariff progressively reflects the cost of supply of electricity.

v) The cross subsidies may gradually be reduced but should not be increased for a category of subsidizing consumer.

vi) The tariffs can be differentiated according to the consumer's load factor, power factor, voltage, total consumption of electricity during specified period or the time or the geographical location, the nature of supply and the purpose for which electricity is required.

Thus, if the cross subsidy calculated on the basis of cost of supply to the consumer category is not increased but reduced gradually, the tariff of consumer categories is within ±20% of the average cost of supply except the consumers below the poverty line, tariffs of different categories of consumers are differentiated only according to the factors given in Section 62(3) and there is no tariff shock to any category of consumer, no *prejudice would have been caused to any category of consumers with regard to the issues of cross subsidy and cost of supply raised in this appeal.*

…………………………

31. We appreciate that the determination of cost of supply to different categories of consumers is a difficult exercise in view of non-availability of metering data and segregation of the network costs. However, it will not be prudent to wait indefinitely for availability of the entire data and it would be advisable to initiate a simple formulation which could take into account the major cost element to a great extent reflect the cost of supply. There is no need to make distinction between the distribution charges of identical consumers connected at different nodes in the distribution network. It would be adequate to determine the voltage-wise cost of supply taking into account the major cost element which would be applicable to all the categories of consumers connected to the same voltage level at different locations in the distribution system.

28. The following observations were made by the Hon: APTEL in Appeal No. 04 of 2005 dated 25.06.2006:

119. We further direct that:

i) The Commission shall determine the cost of supply of electricity to different class and categories of consumers;

ii) The Commission shall also determine the average cost of supply;

iii) Once the figures of cost of supply and average cost of supply are known, the Commission shall determine the extent of cross subsidies added to tariff in respect of each class/category of consumers; and

iv) The consumers who are being cross subsidized by the Commission, a limit of consumption shall be specified for which special support through cross subsidy may be provided. Once the consumer exceeds the limit, he shall be charged at normal tariff. These directions shall be applicable from the next tariff year onwards."

29.It has to be noted that nationwide, views of other State Electricity Regulatory Commissions (SERCs), Forum of Regulators (FOR) and Ministry of Power have endorsed the average cost of supply for the purpose of determining regulatory cross subsidy for the purpose of tariff-setting. The

Commission also notes that as of now, tariff setting in most of the states in the country had been based upon the average cost of supply in general. It is clear that if the cost of supply applicable to the consumer categories at different voltage levels is considered in fixing tariff and cross-subsidy for the respective categories, then the cost of supply to the consumers taking power at bulk (i.e. HT and EHT category for Industrial & Commercial purpose) will always be lower than the LT consumers (i.e. LT-domestic , LT industrial etc). This is clearly not the intention of Tariff Policy, as the Tariff Policy [vide para 8.3.1 and para 8.3.3] clearly provides for regulatory cross-subsidy support in tariff as well as cash subsidy support of State Govt. for the vulnerable categories of consumers.

30. While determining tariff for the various categories of consumers of the State, the Commission has to ensure that the approved ARR of KSEB is, as far as possible, matching with the revenue likely to be earned through the approved tariff. The Commission has to factor in various inputs at grassroots level including the advice of the members of the State Advisory Committee and act upon the perception of facts and trends of the economy of the State in general and electricity market in particular. One of the cardinal principles is that there should not be tariff shock to any category of consumers. The State Advisory Committee of the Commission, where HT& EHT consumers and large Commercial consumers are also represented, had advised the Commission that tariff shock should be avoided to the maximum extent possible. The Regulatory Commission by virtue of the powers conferred upon it under Section 62(3) of the Electricity Act, 2003 can fix different tariffs for different class of consumers based up on various factors. Further, the geographical, economic social and historical factors of one State differ from those of another State and the electricity tariff cannot be decided mechanically using some thumb rules and pre-set formulae. The Commission views that the cardinal principles like recovery of reasonable costs of Discoms, avoiding tariff shocks to consumers, ensuring social justice to weaker strata of society, limiting cross subsidy and direct subsidies to sustainable levels etc should also be taken care of.

31. It is to be further stated that as per Section 61(g) of Electricity Act, 2003 cross subsidy is to be reduced. Further, the Para 8.3.2 of Tariff Policy, 2006 stipulates that latest by the end of 2010-11 Tariffs are within ±20% of the

average cost of supply. The road map would also have intermediate mile stones based on the approach of a gradual reduction of cross subsidy. Tariff should be brought to the +/- 20% range through tariff rationalisation over a period. The stipulation to keep the tariff within ±20% of the average cost of supply and gradual reduction of cross-subsidy are to be read conjointly. It means that there should be *gradual reduction of cross-subsidy* so as to reach the benchmark level of ±20% of the average cost of supply. Once that benchmark of ±20% is reached, ideally it should operate within that limit and should not exceed that ±20% limit.

32. It is pertinent to mention here that the FOR while prescribing guidelines for Model Tariff have stipulated that latest by the end of the year 2015-16 tariffs are within ±20% of the average cost of supply. The tariff settings by the Commission follows the approach agreed to in the Forum of Regulators (FOR). As per Section 61 (g) the tariff *progressively* should reflect the cost of supply of electricity and also, should reduce cross-subsidies. The Tariff Policy envisages that the tariff progressively reflects the cost of supply of electricity, as provided in Section 61(g) of the Act. The Policy also stipulates that the Commission shall notify road maps for achieving this goal. Neither the Electricity Act 2003 nor the Tariff Policy insist or envisage that the goals set by the Act and Policy like reduction of cross subsidy, tariff reflecting cost of supply etc., are to be achieved in one stroke. This can be effected often through a number of tariff revisions for a period of time.

33. The Commission puts on record that a draft *Regulation on Principles for determination of Road map for Cross Subsidy reduction* has already been published by the Commission and is available in the public domain. The Regulations, which will be finalised after due process , will define the time frame and methodology for reducing the cross subsidy embedded in the Tariff structure of the state. The Regulation shall provide mandate to the Commission for '*a gradual transition from the tariff loaded with cross subsidies to a tariff reflective of cost of supply to various class and categories of consumers' (APTEL Order dated* 11.1.2012 in Appeal No.57 of 2008 and others). The Commission also notes that the Electricity Act 2003 as well as the various policy documents on the matter specifically state that the exercise of the process of the tuning up of the tariff to reflect the cost of supply as well as reduction of cross subsidy has to be done '*progressively*'. The Commission puts on record that once the above

Regulations are approved after due process , the distribution licensees in the state including KSEB , will be required to segregate their costs based upon the principles approved by APTEL , under the time frame adopted in the Regulations.

34. The Commission wishes to record the following realities, unique and specific to the state, before proceeding further with the analysis:

- Comprehensive tariff revision had not been done in the State after 2002, that is , after the commencement of the regulatory regime.
- The share of hydro generation in total energy input in the State has come down to nearly 35% from around 53% in 2002 and the average cost of supply has gone up from around 340 paise per unit to 464 paise per unit during the period.
- The KSEB had survived through the decade without alarming levels of revenue gap due to the comfortable inflow in a few years and consequent surplus generated. The actual revenue gap had grown to considerable sizes only after the year 2008-09
- Structural reorganisation and reforms in the State have not been taken forward to the desired stages and the major licensee in the State still continue to be an unbundled entity, namely the KSEB, the assets and liabilities of which lie vested in the Government. Revesting of the assets of the erstwhile Electricity Board to the KSEB Ltd company is yet to take place.
- The State has an unusually high share of domestic consumers/domestic consumption with very high density and penetration of electrification .

The Commission feels that all the above specific features are to be taken into consideration while a comprehensive tariff revision is attempted.

35. The Commission also recognises that the main instrument or tool for achieving the goals set in the Act 2003 and policy formulations is tariff rationalisation. However, comprehensive revision of tariff was not done after 2002. The KSEB had appreciable surplus due to good monsoon in the year 2006-07and 2007-08. Consequently the revenue gap was not very high. It had reached alarming levels only by 2011-12. KSEB did not seek tariff revisions/rationalisations when the revenue gap was not considerable. In other words due to the unique situation in the state a comprehensive tariff revision had neither been sought for, nor attempted, after the

commencement of the regulatory regime. Obviously any attempt to rationalise the tariff has to be commenced from now on. The mandate to the Commission to reduce cross subsidy is as important as avoiding tariff shock to some sections of consumers. The Commission believes that the reforms as well as regulatory regime will fail to achieve the goals if the statutes are interpreted in a mechanical manner without considering the ground realities and impact on the people at large. In determining tariff, the Commission has to consider the adverse impact on the LT consumers and other stakeholders also.

36. The average cost of supply in the State approved for 2012-13 is Rs 4.64 per unit. The approximate average cost of supply at Transmission delivery point is Rs 3.39 per unit. If the tariff of EHT consumers is fixed based on the voltage level cost, the average cost for balance consumers becomes approximately Rs.4.79 per unit. The existing average tariff of domestic consumers is Rs. 1.99 per unit. This will have to go up by around 140% to meet the revenue gap. Hence in order to realise the revenue target, the tariff of LT consumers will have to go up by 140%. The Commission cannot inflict such a huge tariff shock on the LT consumers in general and domestic consumers in particular at this stage.

37. As pointed out earlier in the various judgements of Hon. APTEL even though the ultimate aim is to go by the concept of cost plus basis of supply of electricity to various categories and classes of consumers, *'this cannot be achieved immediately in one go'.* This can be accomplished *'stage by stage over a period of time by reducing the cross subsidies etc'.* The Commission can endeavour only *'for a gradual transition from the tariff loaded with cross subsidies to a tariff reflective of cost of supply to various class and categories of consumers'.* The tariff cannot *'be the mirror image of the cost of supply of electricity to a category of consumer'* under the existing circumstances. Therefore the Commission believes that , *'for the present, the approach adopted by the Commission in determining the average cost of supply will not be faulted'.* (Quotes from APTEL orders).

38. Clause 19 of the KSERC (Terms and Conditions of Tariff for Retail Sale of Electricity) Regulations, 2006 also empowers the Commission to fix the Tariff which will reflect the average cost of supply.

39. Hence the Commission concludes that under the prevailing circumstances and considering the various ground realities particular to the State, the Tariff should be designed based on the Average Cost of Supply (ACOS).

40. In accordance with the National Electricity Policy, consumers below poverty line who consume below a specified level, say 30 units per month, may receive a special support through cross subsidy. Consumers with limited paying capacity would not be able to pay the full cost of supply, whereas consumers with higher paying capacity would be able to pay the full cost of supply and in addition such consumers would be able to cross subsidize the consumers who would be paying less than the cost of supply. Such cross subsidization is targeted to be + or –20% of the average cost of supply as per the Tariff Policy in a gradual manner and such cross subsidy need not be eliminated as per Electricity Act, 2003. As such the cross subsidy element is continued in this order.

41. KSERC (Tariff) Regulations, 2003 require the licensees to provide the details of the embedded cost of supply of electricity voltage/ consumer category wise. The absence of data on the embedded cost of supply for each category of consumers is also one reason for the Commission to decide the average cost of supply as the basis for determining the tariff for FY13.

42. The tariff revision petition filed by KSEB and subsequent information and clarifications filed before the Commission have been scrutinised, written and oral representations of the objectors have been carefully examined and the views expressed in the meeting of the State Advisory Committee convened for the purpose of consultation on the tariff determination have been taken into account. The Advisory Committee specifically discussed the issues of subsidy, cross-subsidy, cross subsidy reduction road map, the percentage of increase bearable by consumers and the present level of tariff of industries. It was pointed out by certain members that industrial tariff at present is comparatively lower than the tariff in other states. Some of the Members raised issues specific to the interest groups they represent. But there was near unanimity with regard to certain issues. It was felt that pilferage loss was still high and should be brought down every year so as to justify tariff increase. It was also felt that increase in tariff requested by KSEB deserves favourable consideration since there was no tariff revision in the State since 2002 and also the cost of power purchase has increased beyond limit due to increase in cost of fossil fuel.

43. Before the Commission records its observations and orders on general and specific aspects of the KSEB proposal and proceed to determine the tariff, it is proper to indicate the perspective, principles and the regulatory environment in which tariff has been determined by the Commission in the latter part of this order. KSEB tariff was historically based on the nature and purpose of use. The State Government subsidized the consumers belonging to the economically weaker domestic class, agriculture and irrigation to a considerable extent possibly on considerations of affordability and public policy. The Commission is faced with a formidable predicament in balancing the interest of the ultimate end-users i.e. the consumers *vis-a-vis* the financial health of KSEB. Many objectors during the public hearings and in the written responses submitted to the Commission had alleged that there should be no revision in tariff since licensees have not brought about desired improvements and had not been able to reduce the O & M costs or T&D loss substantially. The Commission has been very much concerned with the performance of the licensees and have been *suo motu* monitoring the performance in various ways. The Commission agrees that the price of electricity has to be linked to performance. But ground realities have to be considered and it has to be admitted that Distribution Licensees cannot bring about improvement overnight because of historical, technical and socio-economic reasons. Also, the tariff fixation and other aspects cannot wait till the performance improves to the desired extent. But it is also to be observed that revenue deficit has also be reduced by increasing productivity, efficiency, economy, and financial discipline apart from tariff revision.

44. Another recurring objection against tariff increase has been the constraint of affordability. The domestic consumers have urged to leave them out of tariff increase because they can neither afford nor pass on the burden which the commercial and industrial consumers can do. On the other hand commercial and industrial consumers have pleaded that their business cannot be competitive and therefore their tariff should be reduced rather than increased. Every objector has pleaded that tariff increase should be least or nil for his category. The Commission cannot ignore the affordability factor because safeguarding the interest of consumers is one of the main functions of the Commission. But affordability cannot be the prime consideration. The Commission observes that these objections are mostly due to inadequate understanding of financial, economic and legal

parameters of power sector and tariff determination. Electricity industry is expected to gird up their loins, reduce expenditure, reduce T&D loss and improve consumer service. But the business of power generation, transmission and distribution has to survive and the industry cannot sustain itself unless the costs for the electricity supplied are reasonably recovered. Licensees of electricity supply and distribution cannot be expected to forego their legitimate costs and charge lower rates to ameliorate the financial stringency of any category of consumers or to make any business competitive in national and international market.

45. It is the statutory duty of the Commission to scrutinise the claims of licensee with due diligence and allow only useful assets for capital base and only properly and prudently incurred expenditure for revenue requirement and approve the ARR after the due process. But once the Commission approves the ARR the revenue gap has to be allowed to be raised principally through increase in tariff. This is the position in Law and has to be appreciated by all stake holders. Keeping the above objective in view, the Commission has gone ahead in deciding the tariff of the licensee in an endeavour to strike a balance between the interests of end consumers on one hand and financial viability of the licensee on the other.

46. Some of the notable features of the proposal submitted by KSEB are noted below. Fixed charges are proposed for Domestic category of consumers. The difference in tariff rates between power intensive consumers (connected up after 17.12.1996) and non power intensive consumers are dispensed with in this proposal. Many consumers in the public hearing questioned the rationale and relevance of Fixed Charge for Domestic Consumers. It is a well established practice in the electricity industry to recover capacity related fixed costs, consumer related costs and also energy related costs. It is to be recognized that when a consumer is connected to a system, the utility has to provide or keep in readiness, certain capacity of the system from generation point to service delivery point, to serve the consumer. Generator capacity, transmission system, work force and supervisory staff is kept on the job of monitoring the system, attending to emergency, restoring the supply in the event of outage, routine and periodic maintenance, meter reading, billing, bill delivery, defraying administrative expenses not directly related to the consumption of energy. This element of the fixed costs , as an accepted practice, is recovered through the mechanism of fixed charges (FC) which

the consumer has to pay even when he is not consuming any energy. KSEB has also suggested that the existing practice of having separate rates for power intensive consumers connected prior to and after the date the date 17.12.1996 is also dispensed with. The Commission feels that classification of consumers based on the date of connection for the purpose of tariff is not rational and decides to accept the proposal.

47. Representatives of HT-EHT consumers had suggested that adequate incentive systems for power factor improvement, high Load Factor , bulk energy consumption, prompt payments etc may be introduced. The implications of these systems in the performance and revenues of the Board and the impact in the consumer's bill amount can be evaluated only after a detailed study. Hence Commission decides that the question of introduction of these incentives will be taken up separately and KSEB shall be directed to submit a detailed report on these issues. However, the Commission accepts the proposal for improving the incentives for Power factor improvement and the details are provided in the order in due course.

48. After carefully considering the proposals put forward by the KSEB, written and oral representations of the objectors, KSEB's response to the objections of the stake holders and the views expressed by the members of the State Advisory Committee convened for the purpose of consultation on the tariff determination etc., the Commission approves the following tariffs:

LT - I(a)

49. The existing tariff and the tariff proposed by KSEB for LT I(a) category applicable for supply of electricity for domestic use is given below:

Existing and Proposed Tariff for LT I(a)

Monthly consumption slab (Units)	Existing Tariff Energy Charges (paise per unit)	**Proposed Tariff**	
		Energy Charges (paise per unit)	Fixed Charges (Rs.)
0-40	115	150	5
41-80	190	250	15
81-120	240	300	30
121-150	300	380	40
151-200	365	480	50
201-300	430	550	60
301-500	530	670	80

Monthly consumption slab (Units)	Existing Tariff Energy Charges (paise per unit)	Proposed Tariff	
		Energy Charges (paise per unit)	Fixed Charges (Rs.)
Above 500	545	700	90
Total Energy Sales (MU)	8093	8093	
Revenue (Rs.crore)*	1610.11	2079.11	215.45
Average Tariff (paise per unit)	199	284	
Tariff increase (%)		42.5%	

**Estimated based on approved sales*

50. The main feature of the above proposal was introduction of fixed charges for the domestic category. The fixed charges are proposed based on the consumption in different slabs ranging from Rs.5 to Rs.90 per consumer. The average realisation of domestic category at present is Rs 1.99 per Unit against average cost of supply (ACOS) of Rs 4.64 per Unit. KSEB has proposed to increase the average tariff to Rs 2.84 per unit. The fixed charges proposed by the Board is based on the consumption in accordance with the slabs.

51. The Commission has considered the proposal of the Board in detail. The existing average tariff for domestic consumers is Rs 1.99 per Unit against average cost of supply (ACOS) of Rs 4.64 per Unit. KSEB has proposed to increase the average tariff to Rs 2.84 per unit. The Commission decided to retain the existing slab structure and the telescopic system upto a consumption of 500 units per month. But the consumption above 500 units shall be converted to non-telescopic system, that is, those consuming more than 500 units per month will have to pay at the prescribed rates of Rs 6.50 per unit for all their consumption. This modification is done for realising higher level of intra- category cross subsidy and for imparting price signals for restricting non essential consumption by high-end domestic consumers. The Commission notes that in the slab structure and rates approved, the average cost of supply (ACOS) of Rs.4.64 per unit will be realised from those consuming around 350 units per month.

52. The Commission does not accept the KSEB proposal for Fixed Charges based on consumption patterns, but decided to prescribe Fixed Charge at the rate of Rs 20/- and Rs 60/- per month for single phase and 3 phase consumers respectively. In order to avoid tariff shock to weaker sections, the **Single Phase domestic consumers** having an average monthly consumption of less than 40 units per month for the previous six months, shall be exempted

from Fixed Charges. The Commission records that the average realisation from domestic consumers shall improve from 43% to 60% by this revision, thus reducing the cross subsidy burden on other sections of consumers. The Commission has also decided to introduce ToD tariff with effect from 1.1.2013 to domestic consumers having an average monthly consumption of 500 units or above for the previous six months, details of which are given elsewhere in this order:

Approved Tariff for LT I (a) Domestic

Fixed charges	Single Phase: Rs.20 per consumer per month Three phase : Rs.60 per consumer per month	
Energy Charges	0-40 units	150 paise per unit
	41-80 units	240 paise per unit
	81-120 units	290 paise per unit
	121-150 units	360 paise per unit
	151-200 units	480 paise per unit
	201-300 units	600 paise per unit
	301-500 units	750 paise per unit
	Above 500 units	**650 paise for all units**

Note: *Fixed charges shall not be applicable for Single phase consumers having average consumption 40 units or below for the previous six months.*

Revenue from proposed and approved Tariff

	Revenue Rs. Crore	Average Realisation (paise/unit)	Increase (%)
Existing tariff	1,610.11	199	
Tariff Proposed by KSEB	2,294.56	284	43%
Approved tariff	2,266.08	280	41%

53. As shown below, even after revision, the effective average rate per unit for first slab, ie., consumers having monthly consumption of 40 units will be 150 paise per unit against the average cost of supply of 464 paise per unit, showing a cost coverage of only 32%. Similarly, the cost coverage for second slab is 41%. This shows that consumers having consumption upto 120 units still pay only less than 50% of the average cost of supply. The consumers in 300 to 500 units slab on average will have to pay the cost of supply.

Average realisation after revision

Slabs	Effective Average realisation (pasie per unit)	Average Cost of Supply (paise per unit)	Cost coverage (%)
0-40 units	150	464	32%
41-80 units	190	464	41%
81-120 units	220	464	47%
121-150 units	240	464	52%
151-200 units	310	464	67%
201-300 units	350	464	75%
301-500 units	462	464	100%
Above 500 units	650	464	140%

LT – I(b)

54. The proposed tariff for LT I(b) given by the Board is shown below. The Board has also proposed fixed charges for this category.

Existing and Proposed Tariff for LT I(b)

Monthly consumption slab (units)	Existing Tariff	Proposed Tariff	
	paise per unit	Fixed charge Rs. per month	Energy charges (paise/unit)
0-40	155	5	200
41-80	240	15	310
81-120	280	30	360
121-150	345	40	450
151-200	405	50	520
201-300	505	60	620
Above 300	630	80	750
Revenue (Rs.crore)	0.61	0.78	
Average Tariff paise per unit	303	392	
Tariff increase		29%	

55. As the consumption and number of consumers in the category are very small, the Commission decided to approve the rates proposed for the energy charges. The Commission does not accept the KSEB proposal for Fixed charges based on consumption patterns, but decided to impose FC at the rate of Rs 20/- and Rs 60/- per month for single phase and 3 phase consumers respectively.

Tariff for LT I(b)

Monthly Consumption slabs (Units)	Proposed Tariff		Approved Tariff	
	Fixed charge Rs. per month	Energy charges (paise/unit)	Energy charges (paise/unit)	Fixed charges
0-40	5	200	200	Single Phase: Rs.20 per consumer per month Three phase : Rs.60 per consumer per month
41-80	15	310	310	
81-120	30	360	360	
121-150	40	450	450	
151-200	50	520	520	
201-300	60	620	620	
Above 300	80	750	750	
Revenue (Rs.crore)	0.78		0.77	
Average Tariff (paise per unit)	392		391	
Tariff increase	29%		29%	

<u>LT-II Colonies</u>

56.The tariff proposed for LT II Colonies by the Board is shown below:

Existing and Proposed Tariff for LT II Colonies

Particulars	Existing tariff	Proposed Tariff
Fixed charge (Rs/ connection)	**1990.00**	**2400.00**
Energy Charge (paise per unit)	**565**	**700**
Revenue (Rs. crore)	9.93	15.02
Average Tariff (paise per unit)	565	855

The Board has proposed about 51% increase in the tariff of LTII category. The Commission approves the tariff for the category with modifications as shown below:

Approved Tariff for LT II Colonies

Particulars	Proposed Tariff	Approved Tariff
Fixed charge (Rs/ connection)	**2400.00**	**2200.00**
Energy Charge (paise per unit)	**700**	**650**
Revenue (Rs. crore)	15.02	13.92
Average Tariff (paise per unit)	855	792
Tariff increase (%)	51%	40%

LT-III Temporary Connection

57. LT III Temporary tariff proposed by the Board is given below:

Existing and Proposed Tariff for Temporary Connection

Particulars	Existing Rate	Proposed Rate
Energy Charge	Rs 12 per unit	Rs 13.50 per unit
	OR	
Daily Minimum Rs/kW or part thereof connected load	Rs 120/kW	Rs 130/kW

The Commission decides to approve the tariff as proposed by the Board.

LT-IV Industry

58. LT IV tariff is applicable to low tension industrial category. There are about 1.35 lakh consumers in the category with annual sales of about 1104MU. The Board has proposed Re.1 increase in energy charges and Rs.15 increase for fixed charges. The tariff proposed by the Board for this category is given below:

Existing and proposed tariff for LT IV Industry

Particulars	Existing tariff	Proposed Tariff
Fixed charge (Rs/ kW per month)	45.00	60.00
Energy Charge (paise per unit)	325	425
Revenue (Rs. crore)	446.32	585.89
Average Tariff (paise per unit)	404	530
Tariff increase		31%

59. The Board has proposed about 31% increase in tariff for the LTIV category. The Board has also requested to increase the optional Maximum demand based tariff for the industrial category. The existing demand charges for such consumers is Rs 75.00/kVA /month, which is proposed to enhance to Rs 100/kVA/month.

60. The average realisation from this category before the revision was 87% of the ACOS and the KSEB has proposed to increase this to 114% . The per unit rate shall go up from Rs 4.04 to Rs 5.30 resulting in an increase of 31%. The Commission had received several representations from very small and tiny

industrial units on the burden of fixed charges they had to bear even though the total consumption of such units is comparatively low. The Commission has decided to address this grievance and provide some relief to such consumers. It is decided that in the case of consumers under this category with Connected load of less than or equal to 10HP, the fixed charges will be Rs 60/- per month (per consumer). **Segregation and separate metering of Light and Power circuits shall not be insisted for all LT IV consumers**. Subject to this , the approved tariff is given below:

Approved Tariff for LT IV Industry

Particulars	Proposed Tariff	Approved Tariff
Fixed charge (Rs/ kW per month)	60.00	60.00
Energy Charge (paise per unit)	425	425
Revenue (Rs. crore)	585.89	568.43
Average Tariff (paise per unit)	530	515
Tariff increase	31%	27%

For Consumers having connected load of 10 HP or below fixed charge shall be Rs.60 per consumer per month. The demand charges applicable to maximum demand based tariff will be Rs.100/kVA per month.

61. The Commission has also decided to introduce mandatory TOD tariff to all LT IV industrial consumers with connected load above 20kW with effect from 1.1.2013. Details are given elsewhere in this order.

LT V Agriculture

62. The Board has proposed about 100% increase for the agricultural category. According to the Board, considering the present average cost of supply, the existing tariff for the agricultural category is highly subsidized. KSEB proposed to revise the fixed charges from Rs 6.00/ KW/ month to Rs 8/kW/month and the energy charge from Rs 0.65/unit to Rs 1.50 per unit. The existing and proposed tariff is given below:

Existing and Proposed Tariff for LT V Agriculture

Particulars	Existing tariff	Proposed Tariff
Fixed charge (Rs/ kW per month)	6.00	8.00
Energy Charge (paise per unit)	65	150
Revenue (Rs. crore)	22.84	46.09
Average Tariff (paise per unit)	92	187
Tariff increase (%)		102%

63. The additional revenue expected due to revision is Rs 23.26 Crores. Though on an absolute level the increase is not substantial, on a percentage basis it is about 102%. However, the proposed tariff is much lower than the average cost of supply and is comparable to the lowest slab of domestic consumers. Average Tariff will increase from Rs 0.92/Unit to Rs 1.87/Unit and cost coverage will increase from 20% to 40% thereby reducing cross subsidy considerably. The consumption for agricultural purposes in the State is around 2.5% and the services are metered. Considering the fact that the KSEB proposal involves an increase of around 102%, the Commission decided to avoid the increase in Fixed Charges.

Approved Tariff for LT V Agriculture

Particulars	Proposed Tariff	Approved Tariff
Fixed charge (Rs/ kW per month)	8.00	6.00
Energy Charge (paise per unit)	150	150
Revenue (Rs. crore)	46.09	43.83
Average Tariff (paise per unit)	187	177
Tariff increase	102%	92%

LT-VI Non Domestic tariff

64. There are four categories under the LT VI Non-domestic category. The tariff proposed by the Board is shown below:

65. The proposal of the Board for LT VI(A) is as shown below:

Existing and Proposed Tariff for LT VI(A) category

Particulars	Existing tariff	Proposed Tariff
Fixed charge (Rs/ kW per month)	40.00	50.00
Energy Charge (paise per unit)		
Upto 500 units	385	480
Above 500 units	520	550
Revenue (Rs. crore)	78.22	91.10
Average Tariff (paise per unit)	511	595
Tariff increase (%)		17%

66. The LT VIA category has an existing cost coverage of 110% and KSEB proposal raises it to 128% with an increase of per unit rates from Rs. 5.11 to Rs. 5.95, which is around 17%. Even though the cost coverage is already high, Commission considers that minimal increase in these categories is essential. The increase suggested is much less than the increase in most other categories. As such the Commission approves the rates proposed by the KSEB in this category. The Approved tariff is as shown below:

Approved Tariff for LT VI(A)

Particulars	Proposed Tariff	Approved Tariff
Fixed charge (Rs/ kW per month)	50.00	50.00
Energy Charge (paise per unit)		
Upto 500 units	480	480
Above 500 units	550	550
Revenue (Rs. crore)	91.10	91.10
Average Tariff (paise per unit)	595	595
Tariff increase	17%	17%

LT VI (B)

67. The tariff proposed by the Board for LT VI (B) category is given below:

Existing and Proposed Tariff for LT VI(B)

Particulars	Existing tariff	Proposed Tariff
Fixed charge (Rs/ kW per month)	55.00	70.00
Energy Charge (paise per unit)		
Upto 500 units	450	550
Above 500 units	590	650
Revenue (Rs. crore)	168.16	194.22
Average Tariff (paise per unit)	620	716
Tariff increase (%)		16%

68. The LT VIB category has an existing cost coverage of 134% and the KSEB proposal raises it to 154% with an increase of per unit rates from Rs 6.20/Unit Rs 7.16/Unit, that is, around 16%. Even though the cost coverage is already high, Commission considers that minimal increase in these categories is essential. The increase suggested is much less than the increase in many other categories. As such the Commission approves the

rates proposed by the KSEB in this category. Accordingly, the approved tariff for the category is as shown below:

Approved Tariff for LT VI (B)

Particulars	Proposed Tariff	Approved Tariff
Fixed charge (Rs/ kW per month)	70.00	70.00
Energy Charge (paise per unit)		
Upto 500 units	550	550
Above 500 units	650	650
Revenue (Rs. crore)	194.22	194.22
Average Tariff (paise per unit)	716	716
Tariff increase	16%	16%

Since this category is intended to include the Offices of Central/State Govt. Corporations, KHRWS, Boards etc., the Commission has decided to include the offices of Kerala Water Authority, Kerala State Road Transport Corporation and Kerala Water Transport Corporation under LT VI(B) shifting them from LT VI(C).

LT- VI (C)

69. The tariff for the category is the highest in the State. Considering, this, the Commission has reduced the tariff of this category by 20 ps in 2007. In the present proposal, KSEB has proposed an increase of 25 paise per unit upto 500 units and 10 paise per unit for above 500 units. The fixed charge is proposed to be increased by Rs.10 per kW as shown below:

Existing and Proposed Tariff for LT VI(C)

Particulars	Existing tariff	Proposed Tariff
Fixed charge (Rs/ kW per month)	170.00	180.00
Energy Charge (paise per unit)		
Upto 500 units	675	700
Above 500 units	840	850
Revenue (Rs. crore)	152.68	157.19
Average Tariff (paise per unit)	1022	1053
Tariff increase (%)		3%

70.The LT VIC category has an existing cost coverage of 220% and the KSEB proposal raises it to 227% with an increase of per unit rate from Rs 10.22 per Unit Rs 10.53/Unit, that is around 3%. The cost coverage is already high due to the high Fixed charges existing. Increase in Energy charges proposed is minimal. As such the Commission does not wish to alter the tariff pattern for this category now and approves the rates proposed by the KSEB in this category:

Approved Tariff for LT VI (C)

Particulars	Proposed Tariff	Approved Tariff
Fixed charge (Rs/ kW per month)	180.00	180.00
Energy Charge (paise per unit)		
Upto 500 units	700	700
Above 500 units	850	850
Revenue (Rs. crore)	157.19	157.19
Average Tariff (paise per unit)	1053	1053
Tariff increase	3.0%	3.0%

71.This category encompasses all revenue earning departments of Central / State Government and Commercial institutions like banks and Airport Authority of India. Hence, **the Commission decides to exclude the offices of Kerala Water Authority, Kerala State Road Transport Corporation and Kerala Water Transport Corporation from this category and include them under LT VI (B).**

LT- VI (D)

72. The tariff proposed by the Board for LT VI (D) is as shown below:

Existing & proposed tariff for LT VI (D)

Particulars	Existing tariff	Proposed Tariff
Fixed charge	Nil	Nil
Energy Charge (paise per unit)	85.00	150.00
Revenue (Rs. crore)	0.26	0.45
Average Tariff (paise per unit)	85	150
Tariff increase (%)		77%

73.Consumption of this group is very little and by nature the group deserves special treatment. The cost coverage is proposed to be increased from 18% to 32% and the increase in rates is from Rs 0.85 to Rs 1.50 involving increase of around 77%. The Commission does not intend to make any modifications and approves the rates proposed by KSEB:

Approved Tariff for LT VI (D)

Particulars	Proposed Tariff	Approved Tariff
Fixed charge (Rs/ kW per month)	Nil	Nil
Energy Charge (paise per unit)	150	150
Revenue (Rs. crore)	0.45	0.45
Average Tariff (paise per unit)	150	150
Tariff increase	77%	77%

LT VII Commercial:

74.There are three categories under LT VII Commercial. The tariff proposed by the Board is as shown below:

LT VII (A)

75.The tariff proposed by the Board for LT VII (A) is given below:

Existing and Proposed Tariff for LT VII (A)

Particulars	Existing tariff	Proposed Tariff
Fixed charge (Rs/ kW per month)		
Single Phase	50.00	60.00
Three phase	100.00	120.00
Energy Charge (paise per unit)		
Upto 100 units per month	545	600
Upto 200 units per month	605	660
Upto 300 units per month	675	740
Upto 500 units per month	730	800
Above 500 units per month	805	850
Revenue (Rs. crore)	890.75	969.02
Average Tariff (paise per unit)	845	920
Tariff increase (%)		9%

76.Average tariff is to increase from Rs 8.45/Unit to Rs 9.20/Unit and cost coverage increases from 182% to 198% as per KSEB proposal. The Commission does not wish to accept the proposal as it is. In this category the existing cost recovery is 182% and the cross subsidy level is already high. Hence further increase in tariff may not be desirable. Hence the Commission decides to retain the existing slab rates for consumption upto 500 units. But the Commission decides to impose higher rate of Rs 8.50 for consumption above 500 units. The Commission expects that the higher rates for consumption above 500 units per month would act as a deterrent for wasteful consumption and act as a price signal for initiating conservation and management of demand (DSM). The Commission approves the tariff for the category as shown below:

Approved Tariff for LT VII (A)

Particulars	Proposed tariff	Approved Tariff
Fixed charge (Rs/ kW per month)		
Single Phase	60.00	60.00
Three phase	120.00	120.00
Energy Charge (paise per unit)		
Upto 100 units per month	600	545
Upto 200 units per month	660	605
Upto 300 units per month	740	675
Upto 500 units per month	800	730
above 500 units (all units)	850	850
Revenue (Rs. crore)	969.02	941.11
Average Tariff (paise per unit)	920	893
Tariff increase	9%	6%

**The demand charges applicable to maximum demand based tariff shall be Rs.192/kVA per month.*

LT-VII (B)

77.The proposed Tariff applicable for LT VII (B) is as shown below:

Existing and proposed Tariff for LT VII (B)

Particulars	Existing tariff	Proposed Tariff
Fixed charge (Rs/ kW per month)	30.00	40.00
Energy Charge (paise per unit)		
Upto 100 units	330	400
Above 100 units	520	600
Revenue (Rs. crore)	218.71	260.58
Average Tariff (paise per unit)	474	565
Tariff increase (%)		19%

78. The existing cost coverage is 102% which would go up to 122% by the revision and the effective per unit rates shall go up from Rs 4.74 to Rs 5.65 entailing a rise of 19%. The Commission does not propose any changes in the rates suggested by KSEB and approves the proposed rates. The approved tariff is as shown below:

Approved Tariff for LT VII (B)

Particulars	Proposed Tariff	Approved Tariff
Fixed charge (Rs/ kW per month)	40.00	40.00
Energy Charge (paise per unit)		
Upto 100 units	400	400
Above 100 units	600	600
Revenue (Rs. crore)	260.58	260.58
Average Tariff (paise per unit)	565	565
Tariff increase	19%	19%

LT-VII (C)

79. The Board has proposed the tariff for LT VII (C) category as shown below:

Existing and Proposed Tariff for LT VII (C)

Particulars	Existing tariff	Proposed Tariff
Fixed charge (Rs/ kW per month)	80.00	90.00
Energy Charge (paise per unit)		
Upto 1000 units	440	500
Above 1000 units	590	650
Revenue (Rs. crore)	69.08	77.17
Average Tariff (paise per unit)	727	812
Tariff increase (%)		12%

80.The existing cost coverage is around157% which will go up to 175% and the per unit rates will go up from Rs 7.27 to Rs 8.12 entailing a rise of around 12% only. The Commission does not propose any changes in the rates suggested by KSEB and approved the proposed rates.

Approved Tariff for LT VII (C)

Particulars	Proposed Tariff	Approved Tariff
Fixed charge (Rs/ kW per month)	90.00	90.00
Energy Charge (paise per unit)		
Upto 1000 units	500	500
Above 1000 units	650	650
Revenue (Rs. crore)	77.17	77.17
Average Tariff (paise per unit)	812	812
Tariff increase	12%	12%

LT VIII Temporary Extension

81.This tariff is applicable to extension taken from consumers premises for various purposes. **The Board has proposed to increase the rates from Rs.50/kW per day as fixed charges to Rs.65/kW per day. The Commission approves the proposal of the Board in this regard.**

LT IX Public Lighting

82. This tariff is applicable to street lights managed by local self governments in the State. The Board has composite tariff for the unmetered streetlights and also has tariff for the metered supply. The Board has proposed to increase the metered supply tariff to 275 paise from 90 paise. In the case of composite tariff also about 25% increase is proposed. The proposal of the Board is given below:

Existing & proposed tariff for metered Streetlights

Particulars	Existing tariff	Proposed Tariff
Fixed charge (Rs/ meter per month)	12.00	30.00
Energy Charge (paise per unit)	90	275

Existing and proposed Composite tariff or streetlights

<table>
<tr><th rowspan="4">Type of Lamp</th><th rowspan="4">Watts</th><th colspan="3">Existing composite tariff</th><th colspan="3">Proposed composite tariff</th></tr>
<tr><th colspan="3">Rs/Lamp/month</th><th colspan="3">Rs/Lamp/month</th></tr>
<tr><th colspan="3">Burning Hours per day</th><th colspan="3">Burning Hours per day</th></tr>
<tr><th>4 hours</th><th>6 hours</th><th>12 hours</th><th>4 hours</th><th>6 hours</th><th>12 hours</th></tr>
<tr><td>Ordinary</td><td>25/40</td><td>22</td><td>23</td><td>27</td><td>28</td><td>30</td><td>35</td></tr>
<tr><td>Ordinary</td><td>60</td><td>28</td><td>29</td><td>34</td><td>35</td><td>36</td><td>45</td></tr>
<tr><td>Ordinary</td><td>100</td><td>30</td><td>33</td><td>41</td><td>38</td><td>42</td><td>52</td></tr>
<tr><td>Fluoroscent tube</td><td>40</td><td>32</td><td>33</td><td>38</td><td>40</td><td>42</td><td>50</td></tr>
<tr><td>Fluoroscent tube</td><td>2*40</td><td>36</td><td>40</td><td>48</td><td>45</td><td>50</td><td>60</td></tr>
<tr><td>Flood Light</td><td>1000</td><td>94</td><td>123</td><td>213</td><td>118</td><td>155</td><td>270</td></tr>
<tr><td>Mercury Vapour Lamp</td><td>80</td><td>44</td><td>46</td><td>56</td><td>55</td><td>60</td><td>70</td></tr>
<tr><td>Mercury Vapour Lamp</td><td>125</td><td>47</td><td>56</td><td>71</td><td>59</td><td>70</td><td>90</td></tr>
<tr><td>Mercury Vapour Lamp</td><td>160</td><td>53</td><td>62</td><td>72</td><td>66</td><td>80</td><td>95</td></tr>
<tr><td>Mercury Vapour Lamp</td><td>250</td><td>64</td><td>75</td><td>102</td><td>80</td><td>95</td><td>130</td></tr>
<tr><td>Mercury Vapour Lamp</td><td>400</td><td>82</td><td>96</td><td>140</td><td>103</td><td>120</td><td>175</td></tr>
<tr><td>Sodium Vapour Lamp</td><td>70</td><td>42</td><td>45</td><td>53</td><td>53</td><td>57</td><td>67</td></tr>
<tr><td>Sodium Vapour Lamp</td><td>80</td><td>44</td><td>46</td><td>56</td><td>55</td><td>60</td><td>70</td></tr>
<tr><td>Sodium Vapour Lamp</td><td>100</td><td>45</td><td>48</td><td>59</td><td>56</td><td>60</td><td>75</td></tr>
<tr><td>Sodium Vapour Lamp</td><td>125</td><td>47</td><td>51</td><td>65</td><td>59</td><td>65</td><td>82</td></tr>
<tr><td>Sodium Vapour Lamp</td><td>150</td><td>52</td><td>58</td><td>74</td><td>65</td><td>75</td><td>95</td></tr>
<tr><td>Sodium Vapour Lamp</td><td>250</td><td>64</td><td>72</td><td>100</td><td>80</td><td>90</td><td>125</td></tr>
<tr><td rowspan="11">CFL Automatic on/off CFL</td><td>1*11</td><td>17</td><td>18</td><td>20</td><td>21</td><td>23</td><td>25</td></tr>
<tr><td>2*11</td><td>18</td><td>20</td><td>21</td><td>23</td><td>25</td><td>27</td></tr>
<tr><td>4*11</td><td>21</td><td>22</td><td>27</td><td>26</td><td>28</td><td>34</td></tr>
<tr><td>1*18</td><td>18</td><td>18</td><td>20</td><td>23</td><td>23</td><td>25</td></tr>
<tr><td>2*18</td><td colspan="3" rowspan="8">NIL</td><td>30</td><td>33</td><td>38</td></tr>
<tr><td>4*18</td><td>36</td><td>39</td><td>55</td></tr>
<tr><td>1*15</td><td>28</td><td>28</td><td>33</td></tr>
<tr><td>2*15</td><td>30</td><td>31</td><td>38</td></tr>
<tr><td>1*36</td><td>30</td><td>31</td><td>36</td></tr>
<tr><td>2*36</td><td>33</td><td>36</td><td>47</td></tr>
<tr><td>4*36</td><td>39</td><td>47</td><td>67</td></tr>
<tr><td>LED based street light</td><td>1*18</td><td>23</td><td>23</td><td>25</td></tr>
<tr><td>Mercury vapour lamp on semi high mast only for 12 hours burning/day</td><td>3*400</td><td></td><td></td><td>755</td><td></td><td></td><td>950</td></tr>
<tr><td>Sodium vapour lamp on semi high mast only for 12 hours burning/day</td><td>250</td><td></td><td></td><td>375</td><td></td><td></td><td>470</td></tr>
</table>

83. KSEB had computed the per unit rates of street light composite tariff as Rs 2.12 per unit based on the reported consumption data of street lights. Since the power supply to street lights under the composite tariff is not metered in most of the places these consumption figures are based on assumptions of burning hours, types of lamps etc. On the above per unit rate KSEB proposed an increase of 25% and computed the revenue figures. On analysing the existing composite tariff rates, it can be seen that the per unit rates charged at present do not have any rational basis. The Commission wishes to adopt a more rational basis.

84. Even though Tariff revision proposals were given good publicity, the Commission had not received any response from Local Self Government institutions except Thrissur Corporation on the KSEB proposals for revision of Public lighting Tariff. Representatives from these local bodies had not attended any public hearings. However HT&EHT Industrial Electricity Consumers' Association and some representatives of industries opposed the proposal of KSEB on the ground that cross subsidy should not be extended to the Public lighting of the Local bodies.

85. The Commission notes that if suggestions of the objectors are accepted and full recovery of cost (ACOS) is aimed, the tariff of public lighting would go up drastically. KSEB has computed the annual consumption of street lights as 299MU and present realization as Rs 2.12 per unit. They have proposed a per unit realization of Rs 2.75 per unit resulting in around 59% cost realization.

Tariff for unmetered Supply (Composite Tariff)

86. The Commission is of the view that in order to determine the composite tariff for unmetered supply, implied rate of Rs.3.00 per unit can be used. However, to promote energy conservation, it seems appropriate to offer concessional rates for CFL and LED based public lighting lamps. Accordingly, the composite tariffs for CFL and LED lamps are fixed based on an implied rate of Rs. 1.50 per unit. The Commission expects that the concessional tariff for CFL/LED lights would incentivize shifting of public lighting from high energy consuming Sodium Vapour / Mercury Vapour lamps to CFL/LED lamps. Based on the premise, the composite tariff is approved as shown below:

Proposed and Approved Tariff for Unmetered Street lights

TYPE OF LAMP		Proposed Tariff			Approved Tariff			
		Rs./lamp /Month			Effective energy rate (paise per unit)	Rs./lamp/Month		
	Watts (W)	4 Hours	6 Hours	12 Hours		4 Hours	6 Hours	12 Hours
Ordinary	40	28	30	35	300	14	22	43
Ordinary	60	35	36	45	300	22	32	65
Ordinary	100	38	48	52	300	36	54	108
Fluo tube	40	40	42	50	300	14	22	43
Fluo tube	80	45	50	60	300	29	43	86
Floodlight	1000	118	155	270	300	360	540	1080
MV Lamp	80	55	60	70	300	29	43	86
MV Lamp	125	59	70	90	300	45	68	135
MV Lamp	160	66	80	95	300	58	86	173
MV Lamp	250	80	95	130	300	90	135	270
MV Lamp	400	103	120	175	300	144	216	432
SV Lamp	70	53	57	67	300	25	38	76
SV Lamp	80	55	60	70	300	29	43	86
SV Lamp	100	56	60	75	300	36	54	108
SV Lamp	125	59	65	82	300	45	68	135
SV Lamp	150	65	75	95	300	54	81	162
SV Lamp	250	80	90	125	300	90	135	270
CFL	11	21	23	25	150	2	3	6
CFL	22	23	25	27	150	4	6	12
CFL	44	26	28	34	150	8	12	24
CFL	18	23	23	25	150	3	5	10
CFL	36	30	33	38	150	6	10	19
CFL	72	36	39	55	150	13	19	39
CFL	15	28	28	33	150	3	4	8
CFL	30	30	31	38	150	5	8	16
CFL	36	30	31	36	150	6	10	19
CFL	72	33	36	47	150	13	19	39
CFL	144	39	47	67	150	26	39	78
LED	18	23	23	25	150	3	5	10
MV Lamp	1200			950	300			1296
SV Lamp	250			470	300			270

Tariff for metered Supply:

87. KSEB reported that local bodies have shown reluctance to switch over to metered street lighting system due to various reasons. Prevailing tariff for metered supply to street lights is Fixed charge at Rs 12.00 /meter/ month and Energy charge at Rs. 0.90 per unit. KSEB proposed that the fixed charge may be increased to Rs. 30/meter/month and energy charge to Rs. 2.75 per unit. The Commission has decided that the proposal of KSEB for metered supply be accepted even though the cross subsidy component is high in this segment. The increase in the energy charges is more than 2 times the existing rates which makes any further revision not desirable now. Also the Commission expects that the difference in energy charges between the metered and unmetered supply would incentivize more local bodies to switch over to metered supply. The approved metered tariff for public lighting is given below:

Approved Tariff for metered Street lights

Particulars	Proposed Tariff	Approved Tariff
Fixed charge (Rs/ meter/month)	30.00	30.00
Energy Charge (paise per unit)	275	275

HT Tariff

HT-I Industrial

88. This tariff is applicable to HT I Industrial consumers and the proposal by the Board is shown below:

Existing and Proposed Tariff for HT I Industrial

Particulars	Existing tariff	Proposed Tariff
Demand charge (Rs/ kVA per month)	270.00	300.00
Energy Charge (paise per unit)		
Normal tariff	300	410
Power intensive category (applicable to power intensive industries allotted power on or after 17-12-1996)	350	410
Revenue (Rs. crore)	639.68	809.94
Average Tariff (paise per unit)	412	521
Tariff increase (%)		27%

89. The Board has proposed about 27% increase in the tariff of HT industrial category. The Board has also proposed to remove the distinction of power intensive category having power connection after 17-12-1996. According to KSEB there is no rationale for having such distinction based on the year in which connection was availed. The Commission decided to accept the proposal to remove the above distinction based on date of connection. Power intensive and non-power intensive consumers will have the same tariff rates.

90. The realisation rate from HT I Industrial category based on ACOS at present is around 89% which will go up to 112% by the proposed revision of rates and the effective rates will go up by 27% only. The circumstances under which the Commission is constrained to confine to the ACOS for the HT / EHT category has been explained earlier. The HT I Industrial category will provide subsidy to the extent of 12% only by the proposed revision and hence the Commission decided to approve the proposal of KSEB without modifications. The approved tariff is given below:

Approved Tariff for HT I Industrial

Particulars	Proposed Tariff	Approved Tariff
Demand charge (Rs/ kVA per month)	300.00	300.00
Energy Charge (paise per unit)		
Normal tariff	410	410
Power intensive category	410	410
Revenue (Rs. crore)	809.94	809.94
Average Tariff (paise per unit)	521	521
Tariff increase	27%	27%

HT-II Non-Industrial/ Non- commercial

91. The tariff proposed by the Board for HT II Non-industrial/non-commercial category is given below:

Existing and Proposed Tariff for HT II

Particulars	Existing Tariff	Proposed Tariff
Demand charge (Rs/ kVA per month)	300.00	350.00
Energy Charge (paise per unit)	300	410
Revenue (Rs. crore)	50.23	69.64
Average Tariff (paise per unit)	4.18	5.59
Tariff Increase (%)		39%

92.The average realisation rate of this category will go up from 90% to 125% with an increase of 39% in the per unit rates. As explained in the case of HT I category the Commission decided to approve the proposed rates without modifications. **The existing sub category of HT II(b) meant for Offices of Political parties approved by Election Commission of India shall be abolished and merged with this category.** The approved tariff for HT II is as shown below:

Approved Tariff for HT II

Particulars	Proposed Tariff	Approved Tariff
Demand charge (Rs/ kVA per month)	350.00	350.00
Energy Charge (paise per unit)	410	410
Revenue (Rs. crore)	69.64	69.64
Average Tariff (paise per unit)	5.59	5.59
Tariff increase	39%	39%

HT-III Agriculture :

93. This tariff is applicable to HT agricultural category and the rates proposed by the Board is shown below:

Existing and Proposed Tariff for HT III Agriculture

Particulars	Existing Tariff	Proposed Tariff
Demand charge (Rs/ kVA per month)	165.00	200.00
Energy Charge (paise per unit)	130	230
Revenue (Rs. crore)	2.45	4.46
Average Tariff (paise per unit)	3.12	5.67
Tariff increase (%)		82%

94.The Commission has noted that the present cost recovery is about 67% for this category. The increase proposed by the Board is about 82%, which is very high. The agriculture category is always a subsidised category and there is no rationale for increasing the tariff to about 122% of average cost of supply. Considering this, the Commission decided to approve the tariff as shown below:

Approved Tariff for HT III Agriculture

Particulars	Proposed Tariff	Approved
Demand charge (Rs/ kVA per month)	200.00	165.00
Energy Charge (paise per unit)	230	180
Revenue (Rs. crore)	4.46	3.60
Average Tariff (paise per unit)	5.67	4.58
Tariff increase	82%	47%

HT-IV Commercial

The proposal of the Board for HT IV Commercial category is given below:

Existing and Proposed Tariff for HT IV Commercial

Particulars	Existing Tariff	Proposed Tariff
Demand charge (Rs/ kVA per month)	350.00	400.00
Energy Charge (paise per unit)	370	550
Revenue (Rs. crore)	447.92	641.17
Average Tariff (paise per unit)	494	707
Increase in Tariff (%)		43%

95.Existing cost recovery from this category is 106%. In LT Commercial the cost recovery post revision will be around 171%. Hence it would be fair to increase the cost recovery of HT Commercial also to nearby levels. There are around 1900 commercial consumers in this group and their monthly consumption is around 75 MU, that is average consumption is around 40,000 units. Out of the above, around 500 consumers consume more than 40,000 units per month. Star rated hotels, large Jewelleries, large Textile shops, large private hospitals etc., come under this group. These consumers use electricity largely for air conditioning, display lighting etc., for commercial purposes. These high – end business consumer groups should provide more cross subsidy for other weaker sections of consumers. They should also be prompted to seek alternate captive sources through price signals. With these objectives, the Commission decided to modify the rates proposed by the KSEB. The increase has been from 43% to 59% with a recovery rate of 169%. The approved tariff for the category is as shown below:

Approved Tariff for HT IV Commercial

Particulars	Proposed Tariff	Approved Tariff
Demand charge (Rs/ kVA per month)	400.00	400.00
Energy Charge (paise per unit)		
upto 30,000 units (all units)	550	550
above 30,000 units (all units)		650
Revenue (Rs. crore)	641.17	711.43
Average Tariff (paise per unit)	707	785
Tariff increase	43%	59%

EHT Tariff

96.The tariff proposed by the Board for 66kV and 110kV consumers is as shown below:

Existing and Proposed Tariff for EHT category

Particulars	**Existing Tariff**		**Proposed Tariff**	
	66kV	110kV	66kV	110kV
Demand charge (Rs/ kVA per month)	260.00	245.00	300.00	290.00
Energy Charge (paise per unit)				
Normal tariff	290	290	400	400
Power intensive category	340	340	400	400
Revenue (Rs. crore)	141.22	300.55	186.26	404.65
Average Tariff (paise per unit)	377	349	497	470
Tariff increase (%)			32%	35%

97.As in the case of HT I industrial, the Board has proposed to remove the distinction of power intensive category in EHT Tariff. The EHT Industrial tariff prevailing in the State is one of the lowest in the country. The cost realisation is around 81% in 66kV and 75% in 110kV based upon ACOS. This will go up to 107% and 101% respectively by the proposed revision of rates and the effective per unit rates will go up by 32% and 35% only. The circumstances under which the Commission is constrained to confine to the ACOS for the HT / EHT category has been explained earlier. The EHT category will provide negligible cross subsidy only by the proposed revision and hence the Commission decided to approve the proposal of KSEB without modifications.

Approved Tariff for EHT Category

Particulars	Proposed Tariff		Approved Tariff	
	66kV	110kV	66kV	110kV
Demand charge (Rs/ kVA per month)	300.00	290.00	300.00	290.00
Energy Charge (paise per unit)				
Normal tariff	400	400	400	400
Power intensive category	400	400	400	400
Revenue (Rs. crore)	186.26	404.65	186.26	404.65
Average Tariff (paise per unit)	497	470	497	470
Tariff increase	32%	35%	32%	35%

EHT 220 kV Tariff :

98. The State has no tariff for supply at 220KV at present. The tariff proposed by the Board is shown below:

Particulars	Proposed
Demand charge (Rs/kVA per month)	275.00
Energy Charge (paise per unit)	400

The Commission approves the tariff as proposed by the Board.

Tariff for Railway Traction

99. KSEB has been supplying electricity to the Railways for Traction at 110 kV EHT tariff. However, ToD tariff is not made applicable to them. The Board has proposed an increase of about 28% in the existing tariff mainly on cost increases. The Board has stated that the Railway Traction Tariff in the State is the lowest in the Country. The Tariff proposed by the Board is shown below:

Existing and proposed Tariff for Railway Traction

Particulars	Existing Tariff	Proposed Tariff
Demand charge (Rs/ kVA per month)	245.00	250.00
Energy Charge (paise per unit)	290	400
Revenue (Rs. crore)	58.86	75.46
Average Tariff (paise per unit)	398	510
Tariff increase (%)		28%

100. The cost recovery from railway traction is proposed to be increased from 86% to 110%. The per unit rate will go up by 28%. By the proposal the per unit rate of Railway Traction will be lower than 110kV EHT tariff due to lower MD charges. The argument raised by Railways that the increase in tariff should be equal to the increase in cost of supply from FY 2011-12 to FY 2012-13 is without any basis and hence rejected. However the grievance raised by the Railways on the duplication/increase in MD due to feed extension consequent to incoming power failure in the nearby supply point shall be addressed by KSEB. The Commission approves the rates proposed by the KSEB as shown below.

Approved Tariff for Railway Traction

Particulars	Proposed Tariff	Approved Tariff
Demand charge (Rs/ kVA per month)	250.00	250.00
Energy Charge (paise per unit)	400	400
Revenue (Rs. crore)	75.46	75.46
Average Tariff (paise per unit)	510	510
Tariff increase (%)	28%	28%

Summary of Retail Tariff Revision

101. Based on the above, the average tariff increase and additional revenue realisation on an yearly basis is worked out as shown below:

Change in revenue based on proposed and approved tariff (full year basis)

Tariff Category	Revenue at Existing Tariff (Rs.Crore)	KSEB proposed Tariff			Approved Tariff		
		Revenue at the tariff proposed by KSEB (Rs.Crore)	Increase in Revenue at proposed Tariff (Rs.crore)	Increase (%)	Revenue at the Approved tariff (Rs.Crore)	Increase in Revenue at approved Tariff (Rs.crore)	Increase (%)
LT I & II Domestic Total	**1,620.65**	**2,310.36**	**689.71**	**42.6%**	**2,280.78**	660.13	**40.7%**
LT IV Industrial,	446.32	585.89	139.57	31.3%	568.43	122.12	27.4%
LT V Agricultural	22.84	46.09	23.26	101.8%	43.83	21.00	91.9%
LT VI Non-Domestic Total	**399.32**	**442.95**	**43.63**	**10.9%**	**442.95**	**43.63**	**10.9%**
LT VII Commercial Total	**1,178.53**	**1,306.78**	**128.25**	**10.9%**	**1,278.87**	100.34	**8.5%**
LT IX Pub lighting	63.33	82.23	18.89	29.8%	82.23	18.89	29.8%
LT Total	**3,730.99**	**4,774.30**	**0.19**	**28.0%**	**4,697.09**	**966.10**	**25.9%**
HT- I Industrial	639.68	809.94	170.26	26.6%	809.94	170.26	26.6%
HT-II Non-indu/Non-comm	50.23	69.64	19.41	38.6%	69.64	19.41	38.6%
HT III Agriculture	2.45	4.46	2.00	81.5%	3.60	1.14	46.7%
HT-IV Commercial	447.92	641.17	193.25	43.1%	711.43	263.51	58.8%
Total HT	**1,140.35**	**1,525.27**	**384.93**	**33.8%**	**1,594.67**	**454.32**	**39.8%**
EHT -66kV	141.22	186.26	45.04	31.9%	186.26	45.04	31.9%
EHT-110 kV	300.55	404.65	104.10	34.6%	404.65	104.10	34.6%
Railways	58.86	75.46	16.61	28.2%	75.46	16.61	28.2%
HT-EHT Total	**1,640.98**	**2,191.65**	**550.67**	**33.6%**	**2,261.05**	**620.07**	**37.8%**
Total (except Bulk supply)	**5,371.97**	**6,965.95**	**1,593.98**	**29.7%**	**6,958.14**	**1,586.17**	**29.5%**

Level of Cross subsidy and changes in Cross subsidy

Tariff Category	Sales (MU)	Average Tariff at Existing Tariff (Rs./kWh)	Cost coverage at Existing tariff (%)	Average Tariff at Proposed tariff (Rs./kWh)	Cost coverage at Proposed tariff (%)	Average Tariff at approved tariff (Rs./kWh)	Cost coverage at approved tariff (%)	Change in Cost coverage based on approved tariff
LT I & II Domestic Total	**8113**	**2.00**	**43%**	**2.85**	**61%**	**2.81**	**61%**	**18%**
LT IV Industrial,	1104	4.04	**87%**	5.30	**114%**	5.15	**111%**	24%
LT V Agricultural	247	0.92	**20%**	1.87	**40%**	1.77	**38%**	18%
LT VI Non-Domestic Total	**577**	**6.93**	**149%**	**7.68**	**166%**	**7.68**	**166%**	**16%**
LT VII Commercial Total	**1610**	**7.32**	**158%**	**8.12**	**175%**	**7.95**	**171%**	**13%**
LT IX Pub lighting	299	2.12	**46%**	2.75	**59%**	2.75	**59%**	**14%**
LT Total	**11949**	**3.12**	**67%**	**4.00**	**86%**	**3.93**	**85%**	**17%**
HT- I Industrial	1554	4.12	**89%**	5.21	**112%**	5.21	**112%**	24%
HT-II Non-indu/Non-comm	120	4.18	**90%**	5.79	**125%**	5.79	**125%**	35%
HT III Agriculture	8	3.12	**67%**	5.67	**122%**	4.58	**99%**	31%
HT-IV Commercial	907	4.94	**106%**	7.07	**152%**	7.85	**169%**	63%
Total HT	**2589**	**4.41**	**95%**	**5.89**	**127%**	**6.16**	**133%**	**38%**
EHT -66kV	375	3.77	**81%**	4.97	**107%**	4.97	**107%**	26%
EHT-110 kV	860	3.49	**75%**	4.70	**101%**	4.70	**101%**	26%

Tariff Category	Sales (MU)	Average Tariff at Existing Tariff (Rs./kWh)	Cost coverage at Existing tariff (%)	Average Tariff at Proposed tariff (Rs./kWh)	Cost coverage at Proposed tariff (%)	Average Tariff at approved tariff (Rs./kWh)	Cost coverage at approved tariff (%)	Change in Cost coverage based on approved tariff
Railways	148	3.98	**86%**	5.10	**110%**	5.10	**110%**	24%
HT-EHT Total	**3972**	**4.13**	**89%**	**5.52**	**119%**	**5.69**	**123%**	**34%**
Total (except Bulk supply)	**15921**	**3.37**	**73%**	**4.38**	**94%**	**4.37**	**94%**	**21%**

SECTION 2: RECATEGORISATION OF CONSUMER CATEGORIES

102. KSEB in their petition proposed various proposals for re-categorization of certain tariff categories. The recategorisation was proposed as per the direction of the Commission, orders of Ombudsman and CGRF, recommendations from field offices etc., Further, certain consumers and consumer organisations through written responses and also in their submissions during the public hearings conducted at Thiruvananthapuram, Ernakulam and Kozhikode have also put up various proposals for re-categorization of certain categories. Each of the proposals are dealt below:

i. **LPG Bottling Units**: According to KSEB, the Commission in its order dated 19-3-2009 had brought LPG bottling units with LT connections under LT-VII (A) tariff. However, no classification is specified for HT category. KSEB requested that, the same principles may be followed for all LPG Bottling plants for HT connection also and thus they may be categorized under HT-IV Commercial category.

The Commission has examined the proposal. In the Order dated 19-3-2009, the Commission had concluded that LT Commercial Tariff could be applied for LPG bottling plants. Hon. High Court of Kerala in its order dated 3-4-2012 (in WPC 6530/2009, WPC 13747/2009 WPC 1866/2012 Indian Oil Corporation Vs KSEB, HPCL Vs KSEB) had referred the matter to the Commission for appropriately deciding on categorisation of LPG bottling plants, after affording opportunity of hearing for the petitioners, within three months. The Commission heard the matter on 28-6-2012. The contention of the petitioners that LPG Bottling is an industrial activity and it is so classified in other States could not be established. Considering all relevant aspects, the Commission is of the considered view that the appropriate category of LPG bottling plants for HT connections shall be HT IV Commercial category.

ii. **Blood Banks:** KSEB stated that Blood banks of IMA/Govt.Hospitals/Local Self Govts are presently billed under LT VI(A) tariff, in view of the charitable nature of the activities performed by them, along with Government hospitals, laboratories and private hospitals registered under scientific and charitable societies Act. KSEB requested to include the same in the tariff notification, which is approved by the Commission.

iii. **Seafood processing units** : KSEB pointed out that LT connections of sea food processing units as per the order issued by the Commission on 23.04.2009 are billed under LT-IV industrial tariff. KSEB requested to include it in the tariff notification.

The Commission in its order dated 23-4-2009 has ruled that Sea Food Processing is an industrial activity and shall be billed under LT industrial Tariff. In this connection, M/s Seafood Exporters Association of India, M/s. Abad Exports (P) Ltd Cochin, M/s. Accelerated Freeze Drying Company, Ezhupunna, and M/s. Bhatsons Aquatic Products filed a petition (DP78/2010) on 16-01-2010 requesting to place 'Sea Food Processing Units' in HT under HT-I Industrial Tariff, to bring a new category under LT industrial as 'Sea Food Processing Units' and also to bring back 'Industrial Cold Storage' and 'Commercial Cold Storage' which existed earlier in LT category. They also requested to place Sea Food Cold Storages of sea food manufacturers in 'Industrial Cold Storages' under LT IV Industry. The Commission in its meeting held on 24-6-2010 had decided that:

"All cases of reclassification will be clubbed together and a public hearing will be held before a decision is taken. Relevant judgment of APTEL in the matter will also be taken into consideration. The petition of Sea Food Industry will be disposed of along with this"

Thus the said petitions are still under the consideration of the Commission and a decision is due on the issue. At present HT Sea food processing units are billed under HT IV commercial tariff, whereas the LT consumers are under industrial category. It is not reasonable to have consumers distinguished based on voltage level for the same purpose. Hence, having considered all the details in the matter, the Commission is of the view that Sea food processing units under HT commercial shall be now on be categorised under HT I Industrial. Accordingly all the pending petitions in this regard are also disposed of. Accordingly, necessary changes are made in the Schedule of tariff, which will be applicable from the date of effect of this order.

iv. **Home Stay :** KSEB requested that, 'home stay' approved by Department of tourism may be allowed to be billed under LT-VII(A) tariff and such consumers may be directed to install sub meters for the portion of the building allowed as 'home stay' facilities. If sub meters are not installed, the entire consumption of such buildings may be allowed to be charged under LT-VII (A) tariff.

The concept of 'homestay' is primarily for providing tourists an opportunity to experience the lifestyle in the State by living along with local families. The activity is essentially 'domestic' in nature and helps to promote tourism in the State and self employment. Hence, the activity cannot be treated otherwise. ***Hence, homestay will be classified under the domestic category and billed accordingly henceforth.***

v. **Aquaculture** : At present aquaculture is billed under LT-IV industrial tariff. Fisheries Department, Government of Kerala has requested for treating it at par with agriculture and to assign LT V tariff. KSEB requested that the request of the Government may be considered and aquaculture activity may be brought under LT V Agricultural Category.

The Commission has deliberated on the matter in detail and decided to allow LT V tariff for aquaculture with effect from the effective date of this order.

vi. **Milk Processing/Milk Chilling Plants:** KSEB stated that in the case of Milk Processing Unit/ Milk Chilling Plants the Commission in its order dated 21-6-2010 had decided as follows: *"The complete processing of Milk by pasteurization, storage, packing etc is to be considered as industry and LT IV Tariff shall be applicable to them. Units having cold storage, chilling, freezing and or packing alone, shall be treated as Commercial and LT VII (A) Tariff shall apply. The clause 'the dairy farms/ milk chilling plant with or without chilling / freezing /cold storage activity shall be charged under industrial category provided the chilling / freezing /cold storage load is limited to 20% of total connected load. If it exceeds 20% LT VII A Tariff shall be applicable.' shall be deleted and the order amended accordingly*". KSEB requested that Commission may include the above in the 'Schedule of Tariff and Terms and Conditions for retail supply by KSEB'.

As per the Order dated 21-6-2010, the Commission has decided to exclude item (e) of Note under LT IV Industrial, in the Schedule of Tariff. The same is decided accordingly.

vii. **Stone cutting units:** KSEB requested to include the Granite sheets manufacturing units under LT IV industrial category in the Schedule of Tariff considering the Order of the Commission dated 8-7-2009.

In the said order the Commission had ruled as follows: "*…the granite manufacturing units were consuming electricity mainly for the purpose of cutting granite boulders into sheets/slabs, and for chisteling them into shapes and polishing them to the required level of fineness ie producing a new product through the processes in the factory, are classified under LT IV Industrial tariff and not under LT VII (A) Commercial tariff. In units where such process is not taking place but only granite slabs manufactured elsewhere are brought and cut into pieces according to the requirement of customers and sold to them only can be classified as Commercial like the marble cutting units*."

Since the matter is already decided, the same shall be included in the Schedule of Tariff under LT IV Industrial as "<u>Granite slabs manufacturing units</u>"

viii. **Institutions imparting religious education:** The Board in its petition requested that since the tariff applicable to premises of religious worship is billed under LTVI(A), the institutions imparting religious education may be assigned LT VI(A) Tariff.

The Commission is of the view that the request of KSEB is reasonable and the same can be included under LT VI(A). This shall be effective from the date of effect of this Order.

ix. **Television Channels:** The Board has suggested to include the television channels under HT IV commercial tariff considering the nature of use. The same was suggested while considering the request of the Kerala Television Federation for a change of category to industrial tariff.

The Commission has considered the proposal of the Board in this regard. All the similarly placed activities are at present charged under Commercial Tariff. Hence, the Commission is of the view that the suggestion of the Board is reasonable and the television channels can be categorised under HT IV Commercial.

x. **Houseboats**: As per the Order of the Commission, dated 07-05-2010, power supply to house boats are ordered to be billed under LT-VII (A) tariff. KSEB requested that the same may be included in the tariff notification.

The Commission notes that since the decision on the same has already been taken, the request of KSEB can be considered and Schedule of Tariff amended accordingly.

xi. **Rabbit Farms:** The Board requested that the 'rabbit farms' are not included in the present tariff notification. Since, similar activities like piggery farms, poultry farms etc are categorized under LT-V, KSEB proposes to categorize the 'Rabbit farms' under the same category.

The Commission considers the request of KSEB and decided to include 'Rabbit farms' under LT V category since similar activities are classified under LT V.

xii. **Ornamental fish breeding:** The Board requested for proper classification of 'Ornamental fish breeding'. According to KSEB, the activities involved in 'Ornamental fish breeding' is of commercial nature, the same can be categorised under LT-VII (A) Commercial category.

The Commission considered the request of KSEB and decided to include 'Ornamental Fish breeding' under LT VII A category.

xiii. **Telemetry Stations of KWA**: The Board requested that telemetry stations involving computerised monitoring and control of drinking water schemes be categorised under LT IV Industrial.

The Commission considered the request. Since the telemetry stations are associated with pumping stations of KWA, the tariff applicable to pumping stations of KWA can be made applicable to such connections.

xiv. **Offices of Company Secretary/Consulting Engineers etc.,** According to KSEB, the Offices of the Company Secretary/ Consulting Engineers are not included at present in the tariff schedule. The tariff category for similar activities including offices of Advocates, Chartered Accounts, Tax consultants, Architects are categorized under LT-VI (B). Considering the similar nature of activities of the offices of the Company Secretary/ Consulting Engineers, KSEB requested to include the same under LT-VI (B) category.

The Commission accepts the request of KSEB and the Schedule of Tariff will be amended accordingly.

xv. **Office of Sub-Registrars, Micro Financing Institutions:** KSEB stated that as per the present tariff notifications, all tax/revenue collecting departments of State/Central Government are included under LT-VI (C). Similarly the activities of micro finance institutions are similar to banks. Hence, KSEB requested that these connections may be categorized under LT-VI (C) category

The Commission considered the proposal of KSEB and decided to accept the same considering the fact that similar activities are categorised under LT VI(C). Accordingly, necessary changes are included in the Schedule of Tariff.

xvi. **Computerised Wheel Alignment Centres**: KSEB requested to categorize the computerized wheel alignment centres under LT VII (A).

The Commission considers that the wheel alignment centres are commercial in nature and hence decides to categorise them under LT VII(A).

103. In addition to the above, in the public hearings and through written responses many consumers requested for recategorisation. Rotary Club of Kalamassery has requested that Anganvadis which have not been included under any category in the existing tariff order may be included under LT VI (B) Tariff. M/s. Thasleej Ice and Cold Storage, Palghat requested that the Agricultural Cold Storage be categorised under Agricultural Tariff from the present Commercial category. Apartment Owners Association of Kerala and Pattoor Housing Accommodation Scheme Owners Association (PHASOAA) requested that common facilities like fire fighting equipments, sewage

treatment plants/waste disposal treatment plants for common use in housing apartment complexes are to be charged under domestic tariff. Palakkad District Mini Millers Association requested that mini Rice Mills having connected load upto and including 10 HP be categorized under Agricultural tariff since it is connected to agricultural activity. One consumer argued that Pumping water to tanker lorries for transportation to different destinations for distribution as drinking water shall be provided tariff even lower than agriculture. Representatives of Restaurants and Hotels Association requested to include hotels and restaurants to be classified under industrial tariff since preparation of food is a manufacturing process. Small scale money lenders association requested to include them under commercial tariff or lower considering the higher tariff of LT VI(C) applied to them. Cable TV operators have also requested for shifting their tariff category. Representative of INFARM, requested that the process of converting latex in to rubber sheets now charged under LT VIIA, should be categorised under LT IV industrial.

104. The Commission has considered the above requests of the different consumer categories. Anganavadis are at present not included in any of the categories. Considering the nature of activities, the Commission is of the view that the **Anganavadies can be included under LT VI(D).** As pointed out by the Apartment Owners Associations, the sewage treatments facilities, waste disposal facilities, fire fighting, water pumping etc. in apartment complexes and individual houses for domestic use are to be treated as domestic purpose. Further some of these are statutory in nature in apartment complexes. Hence, the **same can be treated as domestic purpose and domestic tariff shall be applied**.

105. The cold storages, whether used for storage of agricultural products or otherwise are at present categorised under Commercial tariff. It is not practically possible to distinguish based on the commodities for categorisation. Hence, the request that agricultural cold storage should be categorised under Agricultural tariff cannot be accepted. Regarding the request of small Rice mill owners Association, the Commission is of the view that a separate categorisation in industrial category is required for 10HP or below consumers mainly to address the issue of fixed charges. The Commission has already taken a decision to reduce the fixed charges to Rs.60 per consumer per month for LT IV category with connected load of 10 HP or below, instead of Rs.45/kW at present and hopes that this will

address the grievances of mini–rice mills and other small industrial consumers. As suggested by some stake holders during public hearing, processing plants for rubber-sheet making from latex of Planters' Co-operatives and other institutions will be included under LT IV Industrial category.

106. However, the request of changing categories such as pumping water for distribution through tanker lorries, Hotels & Restaurants, Cable TV operators, Money lenders etc., cannot be considered as a convincing case has not been established.

107. As concluding remarks, the Commission wishes to point out that, considering the large scale demands for reclassification & recategorisation, a comprehensive exercise will be taken up by the Commission after conducting a detailed study if necessary with the help of consultants, by following the procedures envisaged under the Act.

SECTION 3: TOD TARIFF FOR LT CONSUMERS

(a) Domestic Category

108. The Board has proposed optional ToD tariff for domestic consumers having connected load 10kW and above. According to KSEB, the major part of the energy consumption of domestic category is during the evening peak hours especially between 6.30pm to 10.30pm mainly due to the use of domestic appliances. If such use is shifted to off-peak, considerable reduction in peak load can be achieved. The usage of the domestic appliances can be shifted to off-peak hours through awareness programs as well as introducing differential rates for the consumption during off-peak and peak hours. Since the scheme requires installation of ToD meters, it may not be practicable to introduce ToD meters to all domestic consumers. Hence, in the first stage, only three phase domestic consumers having connected load of 10 kW and above having consumption above 500 units per month are proposed to be included.

109. The scheme is proposed with 'demand and energy charges' . Based on certain assumptions, KSEB proposed demand charges as Rs 50.00 per KVA per month and energy charges of Rs.5.20 per unit, considering the fact that

the average proposed tariff for domestic category above 500 units is about Rs.5.89/unit without fixed charges. The energy charge proposed is for the entire units consumed. The rates proposed are for normal hours and different rates for peak and off peak are also proposed as shown below.

ToD tariff proposed for Domestic category as a percentage of Ruling Tariff

Particulars	(% of Ruling Charges)		
	Normal period (6:00 hrs to 18:00 hrs)	Peak period (18:00 hrs to 22:00 Hrs)	Off peak (22:00 hrs to 6:00 hrs)
Demand Charges	100%	140%	80%
Energy Charges	100%	135%	80%

110. According to KSEB, the introduction of ToD tariff for domestic consumers with connected load above 10kW (monthly consumption above-500 units) would result in revenue of Rs.152.51 crore instead of Rs.152.71 crore under the proposed tariff. However, the shift of consumption from peak to off-peak hours, may compensate the revenue short fall of about 0.13% due to the implementation of ToD. KSEB also requested to allow three months' time for introducing the tariff for making necessary modifications in the ORUMA billing software, installation/ making necessary changes in the meters, issuing necessary instructions for raising invoices etc.

(b) LT- VII (A) and LT-VII (C) commercial consumers

111. The Commission has introduced Maximum Demand based Tariff as an optional tariff scheme for LT-VII (A) and LT-VII(C) commercial consumers with connected load above 20KW. KSEB requested that, ToD tariff may be extended to all LT-VII (A) and VII (C) Commercial consumers with connected load above 10KW as an optional scheme. The ToD tariff structure proposed by KSEB as a percentage of the normal ruling tariff is shown below:

ToD tariff proposed for LT Commercial as a percentage of Ruling Tariff

Particulars	(% of Ruling Charges)		
	Normal period (6:00 hrs to 18:00 hrs)	Peak period (18:00 hrs to 22:00 Hrs)	Off peak (22:00 hrs to 6:00 hrs)
Demand Charges	100%	135%	80%
Energy Charges	100%	130%	85%

112. According to the Board, the ToD is proposed for LT consumers with connected load of 10kW and above only, hence ToD tariff can be made applicable to the three phase consumers only. The ruling demand charge applicable for the LT- VII(A) and LT-VII (C) commercial consumers is detailed below.

(i) LT-VII (A) - Rs 200/kVA/month
(ii) LT-VII (C) – Rs 150/kVA/month

113. Billing demand shall be the recorded maximum demand or 75% of the contract demand whichever is higher. Excess demand charges shall be applicable to the recorded maximum demand in excess of the contract demand which shall be charged at 50% extra. The ruling energy charges is the proposed energy charges for different consumption slab of LT-VII (A) and LT-VII(C) category as detailed in the Tariff petition.

(c) LT-IV industrial consumers

114. In the case of LT industrial consumers, the Board has stated that, the prevailing ToD tariff structure of the LT-IV industrial consumers seems to be not attractive to shift the load from peak load to off-peak hours. Hence, KSEB proposed to approve the ToD tariff for LT-IV industrial consumers with following modifications.

ToD tariff proposed for LT industrial consumers

Particulars	Approved by the Commission vide the order dated 2-12-2009 (% of Ruling Charges)			Proposed rate for LT-IV industrial category (% of Ruling Charges)		
	Normal period (6:00 hrs to 18:00 hrs)	Peak period (18:00 hrs to 22:00 Hrs)	Off peak (22:00 hrs to 6:00 hrs)	Normal period (6:00 hrs to 18:00 hrs)	Peak period (18:00 hrs to 22:00 Hrs)	Off peak (22:00 hrs to 6:00 hrs)
Demand Charges	100%	125%	85%	100%	135%	80%
Energy Charges	100%	120%	90%	100%	130%	85%

115. Billing demand shall be the recorded maximum demand or 75% of the contract demand whichever is higher. Excess demand charges shall be applicable to the recorded maximum demand in excess of the contract demand which shall be charged at 50% extra. KSEB proposed ToD tariff for

LT- Industrial consumers with connected load above 10kW. The tariff proposed for the same is as follows:

Ruling Energy charge - Rs 4.25 per unit
Ruling Demand charge - Rs 100 KVA /month

Analysis and decision of the Commission

116. KSEB has proposed ToD tariff for LT- Domestic consumers and LT-VII(A) & LT-VII(C) commercial consumers with connected load above 10 kW as an optional scheme in response to the directives of the Commission. The Board also has proposed changes in the incentive/disincentive structure of existing ToD scheme for LT IV Industrial category. The Commission had been directing KSEB to submit proposals for introducing demand based ToD tariff for all Domestic, Commercial and Industrial consumers above 10kW as a measure to flatten the peak load. KSEB has submitted the scheme as an optional program. An optional ToD program would work only if it sends strong commercial signals to tempt consumers to shift their consumption to off peak hours. That cannot be worked out without considerable fall in revenue from the consumer. Optional ToD scheme and demand based tariff was introduced in the state for LT Industrial and Commercial consumers from December 2009 onwards But not even 1% consumers had opted and shifted to ToD system. The Commission has to come to the conclusion that the optional ToD program will not be successful unless appreciable differentials between peak and off peak rates are introduced at the cost of steep fall in revenue. The KSEB during the hearing informed that they want more time to switch over to non-optional ToD scheme since they will have to procure large number of state-of-the-art ToD meters suitable for KW class consumers for extending the ToD scheme to all LT Industrial commercial and Domestic consumers with connected load above 10 KW. While the above point is appreciated, the Commission has to record that the half-hearted manner with which KSEB has approached the whole program is not appreciated. Further, the Commission has noted that several assumptions have been made to arrive at the revenue impact, rate differentials as well as computations of ‘ruling rates’, without sufficient analytical support. Under the above circumstances the Commission is constrained to reject the proposal for extension of TOD tariff to more sections/categories of consumers as an optional scheme as submitted by KSEB.

117. However the Commission has decided to introduce ToD scheme to certain sections of Domestic consumers and Industrial consumers on compulsory basis as explained below:

118. In Kerala residential consumers dominate electricity consumption profile not only in terms of numbers but also in terms of load and consumption. Owing to their dominance in overall consumption profile, residential consumers also contribute to the high incidence of Peak Load. Implementation of ToD require adequate metering infrastructure to be in place as it requires metering of demand and energy consumed in different time slots. Normally domestic consumers have a tendency to operate Pump Motor, Washing Machine, Mixi /Grinder, Iron Box, Fridge, Water heater, Air conditioner etc during peak hours. The usage of Television and essential light cannot be restricted during peak hours. KSEB is giving publicity through advertisement in the media for enlighting the general public about the need of reduction in consumption of Electricity during peak hours. But unless incentives/penalties are embedded in the tariff, consumers may not reduce their non-essential consumption during peak hours or shift such consumption to off peak hours, thus reducing the Maximum Demand of the system.

119. Since the TOD system provides incentives for shifting of load from peak hours to off peak hours it is likely that there is reduction in the peak demand of KSEB as the peak load contribution of Domestic consumers is around 1100 MVA in the System Maximum Peak Demand of 3919 MVA. The shifting of peak demand will definitely reduce dependence on expensive power during peak hours reducing cost of operation which will be passed on to consumers by way of reduction in tariff.

120. Hence a system to introduce TOD metering and billing for LT domestic Consumers having consumption above 500 Units/Month is approved by the Commission. **This system shall be in place by 1st January 2013.**

121. Non Telescopic Tariff of Rs 6.50 per unit has been approved for consumers who consume above 500 Units/Month in this order. This unit rate includes both capacity charges and energy charges. If ToD Tariff is applied to this combined tariff rate of Rs 6.50/Unit. ToD system can be made simpler and understandable for common man and the complexities of

two part tariff can be avoided. ToD Meters for this range of consumption is understood to be available in the market. KSEB may procure them in bulk and install the same so that buying ToD meter will not be a burden to the consumer. The meter rent can be collected from the consumers after the Commission fixes the appropriate rate.

122. The domestic consumers who consume more than 500 units a month on an average during six months' will be compulsorily brought under ToD tariff w.e.f 1.1.2013. The six months consumption shall be monitored from normal bimonthly readings during January/February and July/August every year. If the average monthly consumption for the 1st half or 2nd half of the year is above 500 units, he will be put under ToD system after installing TOD meter in his premises. There after ToD based billing will be done when ever his monthly consumption goes above 500 units. If the consumption falls below 500 in any month the slab based billing will be done.

123. For initiating change over to the ToD system, KSEB shall provide wide publicity through media that the consumption of domestic consumers having higher consumption levels will be monitored for the period from 1-07-2012 to 31-12-2012 and based on the average for the six month period , they will be brought under TOD Scheme from 1-01-2013 if their average monthly consumption for the period exceeded 500 Units/Month. This will provide opportunity to the consumers in the marginal levels to keep out of TOD metering.

124. Since consumers as well as KSEB are getting a time span of six months for change over and since the number of consumers coming under this category is only about 24,400, introduction of ToD tariff for those who consume more than 500 Units/Month can be done smoothly.

125. **ToD Tariff for Domestic Category:** Rates of ToD tariff for the LT domestic consumers (mandatory for monthly consumption above 500 units)

Approved ToD Tariff for Domestic Category

	Normal Period (06 hrs to 18hrs)	Peak Period (18 hrs to 22 hrs)	Off Peak Period (22hrs to 06 hrs)
Normal Charges for consumption above 500 Units/Month (Rs.6.50/Unit)	100% (Rs 6.50/Unit)	120% (Rs 7.80/Unit)	90% (Rs 5.85/Unit)

ToD tariff for the LT Industrial consumers (Connected load 20kW & above)

126. ToD tariff shall be made mandatory for all **LT Industrial consumers** with Connected load 20kW and above, **with effect from 01-01-2013**. The ruling tariff for such consumers shall be as given below:

- Demand Charges : Rs 100/- per kVA
- Energy Charges : Rs 4.25 per unit.

127. For the LT industrial consumers coming under ToD tariff the contract demand shall be treated as the Connected load for all billing and assessment purposes. The Commission approves the peak and off peak rates as stated below in the case of LT industrial consumers.

Approved ToD tariff rate for LT-IV industrial category

(% of Ruling Charges : Both Demand and Energy charges)		
Normal period (6:00 hrs to 18:00 hrs)	Peak period (18:00 hrs to 22:00 Hrs)	Off peak (22:00 hrs to 6:00 hrs)
100%	125%	80%

128. The Commission hereby directs the Board to submit a scheme before 1st April, 2013 for extension of ToD metering and Demand based billing for all LT industrial, Commercial and Domestic consumers, with connected load above 10 kW on compulsory basis, after conducting necessary sample studies on the different categories of consumers and evaluating the experience of the above extensions approved in this order.

SECTION 4: REVISION OF BULK SUPPLY TARIFF:

129. The Board has proposed increase in Bulk Supply tariff applicable to the licensees in Kerala including MES, Electricity Department, Pudussery and Karnataka State. The reason for increase was same as that given for retail supply tariff. According to the Board, about 95% of the consumers of the small licensees (except KDHPCL and Thrissur Corporation) are subsidising

industrial and commercial consumers. In the case of KDHPCL, the subsidised category of domestic accounts only 17% of the total consumption and about 62% of the total consumers of Thrissur Corporation consist of high value commercial consumers. KSEB has been continuing existing arrangements and meeting energy requirement till date. Accordingly the licensees are expected to share the risks associated with the procurement of power including the increase in cost of procurement. KSEB has stated in the petition that in view of the social responsibility and the need for industrial growth of the State, KSEB is ready to fulfil their future electricity requirements provided these licensees are willing to share the incremental cost of power procurement for meeting their additional demand.

130. According to the Board, the average realisation of the Board is lower than average realisation of other licensees and hence the revenue and surplus is much higher for the small licensees compared to the Board. The Board has attributed many reasons such as its supplying electricity at subsidised rates to licensees, advantageous consumer profile of licensees, limited area of operation of licensees, risk of power procurement on KSEB etc., The Board further stated that the licensees are allowed to reap the advantages of the tariff structure of KSEB, where as the licensees are not supplying power to subsidized groups. According to the Board, it is thus reasonable to have separate/different BST for each of the licensee. Hence the Board requested to decide the BST in such a way that the surplus after allowing the statutory reasonable return of the licensees may be passed on to KSEB to meet the cross subsidy needs of the state as a whole. Based on the above contentions, the Board has proposed a provisional Tariff Proposal for the licensees. The Board has proposed an overall increase of about 33% in BST applicable to the licensees as follows:

Provisional Tariff proposed by KSEB for licensees

Category	Demand Charge (Rs/kVA/ Month		Energy Charge (Rs/ kWh)		Revenue		Increase
	Existing	Proposed	Existing	Proposed	Existing	Proposed	(%)
Bulk Supply- 11 kV	270	350	3.28	4.40	39.49	52.66	33.30%
Bulk Supply- 66 kV	260	340	3.16	4.20	13.89	18.40	32.46%
Bulk Supply- 110 kV	245	320	3.16	4.20	112.40	148.92	32.49%

131. The Commission has examined the matter in detail. The Commission had separately revised the BST applicable to the licensees with effect from 1-12-2010 by increasing 15% in energy charges. Since complete energy requirements of the licensees are presently met by the Board and the revenue earning potential of the licensees are different considering the consumer mix of the different licensees, there is a possibility of earning excess/shortage in revenue if Bulk Supply is decided on a uniform basis. In the order dated 2-12-2009, the Commission has mentioned as follows:

> *"The distribution margin approach inter alia provides for regulation of distribution costs except power purchase cost, which needs to be addressed separately considering the loss level and consumer mix in each distribution area. The Commission is of the view that uniform retail supply tariff would be a preferable option within the State. In such a situation, licensees having better consumer mix could earn higher profit and vice versa. An increase in Bulk Supply Tariff is warranted if any licensee earns higher profits, at the same time the concerns of the licensees on financial viability should also be considered by the Commission."*

132. In this context, the Commission has engaged a consultant for recommendation of the suitable policy on determination of BST/RST in the State. The final report of the consultants is awaited, but the consultants have opined that differential BST and uniform RST is preferable in the State considering the provisions in the Tariff Policy.

133. In the meeting held on 18-6-2012 with the small licensees, the representatives of the licensees in general opined that differential BST is ideal considering the diverse revenue mix of the licensees. Most of the licensees have also expressed that it is ideal to have a uniform tariff (RST) across the State for different consumer categories. In this count, the Commission is of the view that the licensees have to earn reasonable return after meeting the distribution margin (expenses towards distribution, except power purchase cost) at the same time the Board which is supplying the electricity has to meet its cost in a reasonable manner.

134. It is also pertinent to note that the batch of appeals filed (Appeal No. 25/127/107/151 of 2011) against the revision of BST vide the Commissions' order dated 2-12-2010 has been dismissed by the Hon: APTEL. Hon: APTEL has noted as follows:

"In the circumstance, we shall direct the State Commission to re-examine the bulk supply tariff in respect of the appellants and others who have not come up in these appeals after examination and finalization of truing up their financials after Financial Year 2010-11. The appellants shall submit their true up petitions with all materials and data before the Commission so as to enable the Commission to revisit the issue and pass appropriate orders as may be found necessary. Subject to these observations, we dismiss the appeals but without cost."

135. The Commission would consider the observations of Hon. APTEL. The APTEL has directed to examine the BST after the truing up of accounts of the licensees pertaining to 2010-11. In any case in the truing up, the surplus/revenue gap after the reasonable return will be adjusted. In the present case, the Commission has to consider the additional revenue due to revision of retail supply tariff and the increase in BST applicable to the licensees are adjusted in such a way that the licensees are ensured a reasonable return.

136. While deciding the BST, there are many pertinent considerations in order to have a uniform Retail Supply Tariff. KSEB in their petition states that additional requirements of power will be met if the incremental cost of power procurement for meeting the additional demand is met. The Board further requests that the BST is to be decided in such a way that surplus after the reasonable return is passed on to the Board to meet the cross-subsidy needs of the state as a whole. Hence, the Board in principle advocates for differential BST and uniform RST in the State. This would require that the BST is to be decided in such a way that it is a balancing figure after meeting the distribution margin and statutory return of the licensees. However, it may also be noted that the present surplus is due to the revenue mix of the licensees and as per the provisions of the Act, as and when the cross subsidy levels are reduced the surplus would wane. Further if the BST is decided as a balancing figure, any cost increase of licensees would be adjusted against the power purchase cost. Hence the consideration of the Commission would be that the Board should be allowed to meet the cost of electricity in a reasonable manner at the same time licensees are also ensured of cost recovery and a reasonable return. Any disturbance in the balance may affect the financial viability of the entities if the uniform RST is to be followed considering the diverse

consumer mix. Thus, the Commission has to address the issue in such a way that the BST is decided based on the consumer mix of the licensees. The Consumer mix of the licensees based on the information submitted by them is given below:

Consumer Wise Sales Mix of Licensees

	KPUPL	CSEZ	RPL	Technopark	CPT	Thrissur Corporation	KDHPCL
Domestic	0%	0%	0%	0%	7%	33%	17%
Industrial	100%	87%	99%	93%	0%	5%	65%
Commercial	0%	13%	0%	5%	84%	59%	13%
Others	0%	0%	1%	3%	9%	3%	4%
Total	100%	100%	100%	100%	100%	100%	100%

137. As shown above, the licensees such as KPUPL, CSEZ, RPL and Technopark have similar sales mix and the industrial consumption is substantial. In the case of Cochin Port Trust and Thrissur Corporation, the share of commercial consumers is more. The KDHPCL consumer mix is different from that of other licensees.

138. The Commission has approved the ARR&ERC of small licensees for the year 2012-13. The revenue surplus and gap arrived at by the Commission for 2012-13 is as shown below:

Approved Revenue surplus/ Gap for 2012-13 (Rs.lakhs)

	KPUPL	*CSEZ*	*RPL*	*Technopark*	*CPT*	*Tcr Corph*	*KDHPCL*
Revenue from Sale of Power	2,667.54	2,371.03	963.58	3,147.26	2,093.01	6,743.43	1,568.93
Non – Tariff Income	19.06	105.90	13.00	28.00	8.70	629.92	9.48
Total Revenue	**2,686.60**	**2,476.93**	**976.58**	**3,175.26**	**2,101.71**	**7,373.35**	**1,578.41**
Power purchase cost	2,516.04	2,203.27	965.89	2,820.12	1,375.68	4,889.12	1,563.44
Distribution Cost	186.34	233.90	95.83	370.44	445.48	1,225.06	135.60
Total expenses	**2,702.38**	**2,437.17**	**1,061.72**	**3,190.56**	**1,821.16**	**6,114.18**	**1,699.04**
Revenue Surplus/(gap) Approved	**(15.78)**	**39.76**	**(85.14)**	**(15.30)**	**280.55**	**1,259.17**	**(120.63)**

139. Based on the approved power purchase, the impact on the revision of BST proposed by the Board for a full year is given below:

Estimate of Increase in power purchase cost of licensees based on KSEB Proposal

	Approved Power Purchase cost (Rs. lakhs)	Power Purchase cost at the proposed Tariff (Rs.lakhs)	Increase (%)
KPUPL	2516.04	3,338.10	32.7%
CSEZ	2203.27	2,921.64	32.6%
RPL	965.89	1,240.31	28.4%
Technopark	2820.12	3,736.60	32.5%
CPT	1375.68	1,824.17	32.6%
Thrissur Corporation	4889.12	6,478.91	32.5%
KDHPCL	1563.44	2,197.44	40.6%

140. The Commission sought the details of additional revenue from the licensees based on the proposal of retail tariff by the Board. The licensees have provided the estimated additional revenue. The Commission noted several discrepancies in the estimation of revenue from the existing tariff in the case of some of the licensees and the filing made as part of the ARR&ERC petitions. The additional revenue based on the retail tariff proposal of KSEB and approved revenue for 2012-13 estimated after adjusting for corrections are given below:

Additional revenue expected by Licensees based of revision proposal of KSEB

Licensees	Additional revenue for one year (Rs.lakhs)
KPUPL	815.23
CSEZ	744.23
RPL	258.91
Technopark	720.33
Cochin Port Trust	382.22
Thrissur Corporation	1,128.06
KDHPCL	439.82

141. Since three months have already been completed in the current year and the Commission has approved the retail tariff which are different from the tariff proposed by the KSEB for some of the consumer categories, the additional revenue has to be estimated with the approved tariff applicable for 9 months. In a similar manner, additional power purchase cost that is

payable by the licensees also has to be estimated for the balance 9 months. Based on the approved ARR&ERC of the licensees for the year 2012-13 and the additional revenue based on the approved retail tariffs, the power purchase cost that is payable by the licensees for the balance 9 months, is estimated as shown below:

Estimation of Balance revenue available for power purchase

	Revised Revenue 2012-13				**Revenue available for power purchase**			
Licensees	Revenue for 3 months at existing tariff (based on approved ARR)	Revenue for 9 months at the approved tariff	Approved Non-Tariff income	Total revenue for the year	Approved Distribution Cost for 2012-13	Power purchase cost at existing rate (3 months)	Balance revenue available for Power purchase for 9 months	Average Tariff that can be charged for 9months
1	2	3	4	5	6	7	8=5-(6+7)	9
KPUPL	666.89	2,610.85	19.06	3,296.80	186.34	629.01	2,481.45	4.86
CSEZ	592.76	2,336.45	105.90	3,035.11	233.90	550.82	2,250.39	4.97
RPL	240.90	917.89	13.00	1,171.78	95.83	241.47	834.48	4.48
Technopark	786.82	2,955.04	28.00	3,769.85	370.44	705.03	2,694.38	4.90
Cochin Port Trust	523.25	2,013.77	8.70	2,545.73	445.48	343.92	1,756.33	6.87
Thrissur Corpn	1,685.86	6,057.96	629.92	8,373.74	1,225.06	1,222.28	5,926.40	6.18
KDHPCL	392.23	1,534.05	9.48	1,935.76	135.60	390.86	1,409.30	4.34

142. 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.

Approved BST from 1-7-2012

	Demand charge (Rs./kVA)	Energy charge (Rs./kWh)
KPUPL	300	4.15
CSEZ	300	4.30
RPL	300	3.70
Technopark	300	4.00
CPT	350	5.30
Thrissur Corporation	350	5.20
KDHPCL	300	3.70

143. The above tariff for each licensee is applicable irrespective of the voltage level. The average tariff for the above licensees taken together will be about Rs.5.24 per unit instead of Rs.5.04 per unit sought by the Board (for 9 months).

144. The Board has sought revision of BST for MES and sale to Pondicherry Electricity Department (Mahe) and Karnataka. As per the information available, the supply is at 11kV. The Commission after considering all aspects, 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, for Military Engineering Services (MES), Electricity distribution agencies of Pondichery and Karnataka, the rates applicable shall be:

BST Applicable for MES, PED & Karnataka

	Demand Charges Rs./kVA	Energy Charges Rs. per unit
Existing Tariff	270	3.28
KSEB Proposal	350	4.40
Approved Tariff	350	4.10

145. On an yearly basis, the Board's proposal to increase the revenue from BST was Rs.58.38 crore which is about 33% over the existing rates. As per the approved rates, the additional revenue on an annual basis would be about Rs.90 crore, which is about 51%. Thus, from all licensees taken together, the cost recovery is about 120%., ie., selling to licensees is more advantageous to the Board. Accordingly, the Commission has addressed the cost recovery for the Board for bulk supply. ***The Commission also expects that the KSEB would meet the power requirements of the small licensees in the State and enter into PPA with them since the concerns related to Cost recovery are addressed by the Commission in this Order***.

146. As pointed out earlier, the projections given by some of the licensees for estimation of revenue for existing and revised rates were not consistent with the projections given for ARR&ERC approval. Considering this, and also to address the uncertainty in variations in sales, the Commission has provided a reasonable error margin to cushion the variations in the projections. Further, the Commission has introduced differential BST for the first time. ***The approved BST rates are applicable till March 31, 2013, unless revised or extended by the Commission.***

SECTION 5: OPEN ACCESS CHARGES

(Transmission Charges, Wheeling Charges & Cross subsidy Surcharge)

147. As directed by the Commission, the Board has given the proposal for Transmission charges, wheeling charges and cross subsidy surcharge for open access consumers applicable for the year 2012-13. The Board has prepared the petition as per the methodology adopted by the Commission in its order dated 4-8-2009.

Transmission & Wheeling charges:

148. Transmission charges proposed by the Board based on the projections given in the ARR& ERC petition for 2012-13 as shown below:

Proposed Transmission charges

(1)	ARR for Transmission (Table-8-49 of the ARR &ERC petition)	754.14	Rs. Cr
(2)	Energy input into the System (Table 7-31 of the ARR)	19350.84	MU
(3)	Transmission loss (5%)	967.542	MU
(4)	Net energy available for sale to Distribution = (2)-(3)	18383.30	MU
(5)	**Transmission charges payable = (1)/(4)**	**0.41**	**Rs/unit**

149. The transmission charges estimated by the Board is 41 paise per unit based on the ARR segregated for Transmission. Similarly, the wheeling charges estimated by the Board are given below:

Proposed wheeling charges

(1)	ARR for Distribution (Table 8-49 of the ARR)	2660.85	Rs. Cr
(2)	ARR for 11/22/ 33 kV (50% of the total distribution expense)	1330.43	Rs. Cr
(3)	Energy input into the System (Table 7-31 of the ARR)	19350.84	MU
(4)	Consumption by EHT consumers (including bulk licensees and railway traction)	1782.49	MU
(5)	Transmission loss	967.54	MU
(6)	Energy carried by 33/22/ 11kV = (3)-(4)-(5)	16600.81	MU
(7)	Loss in the 11 kV/ 22 kV / 33 kV system (10%)	1660.08	MU
(8)	Net energy carried by 33/22/11 kV = (6)-(7)	14940.73	MU
(9)	Wheeling charges payable = (2)/(8)	0.89	Rs/unit

150. KSEB has estimated the cost of distribution as Rs.2660.85 crore and adopted 50% of the total distribution expense as HT level (11 kV /22kV/ 33 kV) expenses. The losses in the HT system is taken as 10% of the energy input. Based on the figures in the ARR&ERC petition of KSEB for the year 2012-13, the wheeling charges for the year 2012-13 is estimated as Rs 0.89 per unit. A comparison of existing and proposed transmission and wheeling charges is given below:

Existing and proposed transmission and wheeling charges

	Existing (Rs. per unit)	Proposed by KSEB (Rs. per unit)
Transmission charges	0.32	0.41
Wheeling Charges (HT Level)	0.50	0.89

151. The Commission has examined the proposal of the Board. Many consumers especially HT-EHT Association has objected to the estimation of the Board. According to them, if 5% loss in EHT level and 10% loss in HT is assumed, the distribution losses at the approved level will only be less than 2%. According to them, by considering the EHT level losses as 3%, the transmission charges will be 28 paise per unit and wheeling charges at HT will be 20 paise per unit. According to the Commission, the objections of the Association are reasonable. Based on the approved level of losses of 14.81%, the transmission losses (EHT level) of 5% and losses at the HT level of 10% assumed by the Board is not reasonable. The loss at EHT level at 3% and at the HT level at 4.5% can be a reasonable approximation leaving LT level losses at about 11.22%. Based on this premise, the Commission estimates the transmission and wheeling charges as follows:

152. Based on the provisional accounts of KSEB for the year 2010-11, the split up of generation, transmission and distribution will be approximately 12.5%, 17.2% and 70.3% respectively if expenses under the heads ‘construction, Stores & Management and administration are apportioned based on GFA. Accordingly, the split up of approved ARR is as follows:

Split up of function wise Approved ARR

Function	**Share of each function**	Split up of Approved Net ARR (Rs. crore)
Generation	**12.5%**	299.33
Transmission	**17.2%**	413.66
Distribution	**70.3%**	1,685.62
Total	**100.0%**	2,398.61
Power Purchase		5,201.64
Total		7,600.25

153. Based on the above, transmission charges are given below:

Proposed and Approved Transmission charges

	Proposed by the Board	Approved by the Commission
Transmission ARR (Rs. crore)	754.14	413.66
Energy Handled (MU)	18383	18658
Transmission Charges (paise per unit)	41	22

154. The split up of distribution ARR into HT & LT level based on the value of network will be about 25% and 75% respectively. Accordingly, the approved wheeling charges at HT level is given below:

Proposed and Approved wheeling charges

	Proposed by the Board	Approved by the Commission
Distribution ARR (HT Level) (Rs.crore)	1330.43	421.41
Energy Handled (MU)	14940	16160
Wheeling Charges at HT level (paise per unit)	89	26

155. Based on the above, the transmission charges is fixed as 22 paise per unit and wheeling charges at HT level is fixed as 26 paise per unit.

Cross subsidy Surcharge :

156. As per the formula given in the Tariff Policy, Board has estimated the surcharge for the approval of the Commission. The Board estimated average cost of power purchase from top 5% sources for the year 2012-13 excluding the power purchase from liquid fuel stations and energy from renewable sources as shown below:

Weighted average cost of top 5% power purchase as proposed by the Board

Source	Energy Produced /Purchased	Fixed Cost	Incentive, Tax, etc.	Total VC	Total Cost	Average cost
	MU	Rs. Cr	Rs. Cr	Rs. Cr	Rs. Cr	(Rs/kWh)
MAPS	128.55	25.51	0.56	0.00	26.07	2.03
RSPTS Stage I & II	2359.28	141.28	35.78	389.28	566.34	2.40
NLC-II- Stage-2	553.31	34.10	9.02	107.90	151.02	2.73
NLC-II- Stage-1	388.54	23.97	6.85	75.76	106.58	2.74
NLC - II Exp	293.93	29.39		52.61	82.01	2.79
Vallur JV with	187.58	18.76		37.52	56.27	3.00
KAIGA Stg II	225.05	68.28		0.00	68.28	3.03
KAIGA Stg I	242.74	73.64	1.95	0.00	75.59	3.11
Farakka STP	438.89	34.42		103.14	137.56	3.13
Thalcher - II	3113.74	237.94	27.00	731.73	996.67	3.20
Talcher-I	253.30	21.74		59.53	81.27	3.21
Kahalgon	227.49	20.42		53.46	73.88	3.25
NLC- Exp-stage-1	436.32	60.80	14.91	78.10	153.81	3.53
Total	8848.72	790.25	96.07	1689.03	2575.35	
5% of the power	442.44					
Weighted average rate for the top 5% power purchase (Rs/kWh)	3.52					

157. The Board has stated that the final tariff for Simhadri-II STPS is not approved by CERC and the purchase from the station has been excluded while arriving at the average power purchase cost of top 5% of the different sources. As shown, the the cost of power purchase for the top 5% of the power purchase for the year 2012-13 is about Rs 3.52 per unit. Based on the above, the cross subsidy surcharge for EHT-1 66 kV, EHT-II 110 kV, HT-1 Industrial and HT-IV commercial categories is estimated by the Board by adopting the surcharge formula as per the Tariff Policy is shown below:

Cross subsidy surcharge payable by open access consumers

Sl No	Particulars		EHT-66 kV	EHT- 110 kV	HT-1 Industry	HT-IV Commercial
(1)	Average tariff (as per the tariff proposal dated 30-03-2012) for the year 2012-13= 'T'	(Rs/ kWh)	5.17	4.90	5.31	7.21
(2)	Weighted average cost of power purchase of top 5% = 'C'	(Rs/ kWh)	3.52	3.52	3.52	3.52
(3)	Transmission charge/ Wheeling charge 'D'	(Rs/ kWh)	0.41	0.41	0.89	0.89
(4)	System losses for the applicable voltage level 'L'	(%)	5.00	5.00	10.00	10.00
(5)	**Surcharge 'S'= T-[1+(L/100)+D)**	(Rs/ kWh)	**1.06**	**0.79**	**0.55**	**2.45**

158. The HT-EHT Association in their calculation estimated the surcharge for EHT and HT I industrial as zero, where as for HT IV is Rs.1.74 per unit. After considering the proposal of the Board and the objections of the consumers, the surcharge arrived at by the Commission is explained in following sections.

159. As per the approved power purchase for FY 2012-13, the power purchase at the top 5% margin is purchase from traders at Rs.4.5 per unit. Of the total purchase of 11290 MU other than liquid fuel stations and renewable power, 1599 MU is purchase from traders. The formula as per the Tariff Policy is given below:

Surcharge formula :

$$S = T - [C\ (1+L/100) + D]$$

Where

S is the cross subsidy surcharge

T is the Tariff payable by the relevant category of consumers;

C is the Weighted average cost of power purchase of top 5% at the margin excluding liquid fuel based generation and renewable power.

D is the Wheeling charge

L is the system Losses for the applicable voltage level, expressed as a Percentage.

160. Based on the surcharge formula, the surcharge applicable to different categories is estimated as shown below:

Power purchase at 5% margin based on Approved cost

Source	Net Energy Input to KSEB T&D system	Total Cost	Average Cost/kWh
	MU	Rs. Cr	Rs./kWh
Traders	**1599**	**719.69**	**4.50**
Simhadri Exp	579	242.67	4.19
Kahalgon	216	73.88	3.42
Talcher-I	241	81.27	3.37
Koodamkulam	665	223.30	3.36
NLC- Exp-stage-1	414	138.90	3.36
Thalcher – II	2958	989.67	3.35
Farakka STP	417	137.56	3.30
KAIGA Stg II	214	68.28	3.19
KAIGA Stg I	231	73.64	3.19

Source	Net Energy Input to KSEB T&D system	Total Cost	Average Cost/kWh
	MU	Rs. Cr	Rs./kWh
Vallur JV with	178	56.27	3.16
NLC - II Exp	279	82.01	2.94
NLC-II- Stage-1	369	99.73	2.70
NLC-II- Stage-2	526	142.00	2.70
RSPTS Stage I & II	2241	530.56	2.37
MP Steel	41	9.42	2.30
MAPS	122	25.51	2.09
Total Power purchase excluding LFS & RE	**11290**		

Energy at the 5% Margin	**564.5**	**MU**	

Weighted Average cost of Energy at 5% Margin	**4.50**

161. Based on the power purchase cost at top 5% margin arrived at as shown above and the average tariff for different consumer categories based on approved tariff, the surcharge applicable is arrived at as shown below:

Estimate of Cross subsidy surcharge

Category	Average Tariff (T) (Rs./kWh)	Weighted Average Cost of Power purchase (C) (Rs./kWh)	System Losses (L)	Wheeling Charge (D) (Rs./kWh)	Cost (C+D) (Rs./kWh)	**Surcharge Applicable (Rs./kWh)**
EHT -66kV	4.97	4.50	3.0%	0.22	4.86	**0.11**
EHT-110 kV	4.70	4.50	3.0%	0.22	4.86	**0.00**
Railways	5.10	4.50	3.0%	0.22	4.86	**0.24**
HT-I Industrial	5.21	4.50	7.0%	0.48	5.30	**0.00**
HT-II Non Industrial	5.79	4.50	7.0%	0.48	5.30	**0.49**
HT-IV Commercial	7.85	4.50	7.0%	0.48	5.30	**2.55**

162. Thus the surcharge arrived at by the Commission is much lower than the existing and the rates proposed by the Board. Accordingly, the Commission is of the view that, lower surcharge will encourage open access transactions in the State and provide choice for the Consumers as provided under the Act. **The approved cross subsidy surcharge applicable for different consumer categories** is given below:

Existing, Proposed and Approved cross subsidy Surcharge

	Existing (paise/unit)	Proposed (paise/unit)	Approved (paise/unit)
EHT 66kV	130	106	11
EHT 110kV	119	79	0
Railways	NA	NA	24
HT-I Industrial	81	55	0
HT-II Non-Industrial	NA	NA	49
HT-IV Commercial	177	245	255

Tariff applicable for Stand by Supply:

163. The Commission in its order dated 4-8-2009 had approved the standby charges for default supply by the incumbent licensees as the average rate (including both fixed and energy charges) of the category applicable to the consumer. The same principle shall be continued for the standby charges. The standby charges shall be applicable for the actual energy consumed by the open access consumers in case of availing default supply from incumbent licensees.

SECTION 6 : MISCELLANEOUS

Incentive program for solar generation

164. Several stakeholders had suggested that Commission should initiate a program for providing incentives for Solar Electricity Generation in the State. Roof Top Solar generation both by individuals and institutions should be promoted. The Commission accepts this suggestion and decides to initiate the following steps for promoting Roof Top Solar generation:

a) Commission will in the near future come out with a proposal for Solar Feed – in – Tariff , that is, the rates at which the Licensees will pay to the Generator for the solar energy pumped in to the grid, and approve it after hearing the views of all stake holders.
b) Solar Electricity Generators who are technically capable and prepared to be connected up with the Licensee's grid will be allowed to be connected to the grid and feed the solar generation to the grid. The

connectivity standards will be finalised after discussions with the stake holders.

c) Further measures for encouraging generation, consumption and purchase by the licensees will also be finalised.

Power Factor Incentive

165. The existing structure of Power Factor Incentive in the state has a maximum incentive of 1.5% at unity PF and maximum penalty of 10% at 0.8PF. The representatives of HT/EHT Industrial consumers have requested for revising the Power Factor Incentive in such a way that the maximum incentive would be 7.5% at unity PF and maximum penalty would be 1.25% at 0.8PF. The Commission has considered the matter and the structure of incentives and penalty existing in a few other states have also been examined. After having convinced that the existing structure has to be modified in such a manner that any effort for PF improvement has to be cost effective for the consumers at large , and at the same time considering the positive advantages for the power system as a whole, **the Commission decided to modify the Incentive structure in such a way that the maximum incentive for PF improvement shall be 2.5% for unity PF. The incentive rate shall be incremented at 0.25% for every 0.01points (1%) increase in PF from 0.9 to 1.0 in the existing schedule. The penalty for PF below 0.9 shall remain unchanged.**

Orders of the Commission:

166. After considering the petition filed by the KSEB, the views of stakeholders, additional submissions, clarifications etc., filed by the KSEB, the Commission in exercise of its powers under Section 62 and Section 86(1) of Electricity Act 2003 and after taking into consideration the stipulations in National Electricity Policy, Tariff Policy and KSERC (Terms and Conditions of Retail Sale of Electricity) Regulations 2006, has decided as follows:

(a) To approve the Retail Tariff applicable to the consumers of KSEB, with appropriate modifications as mentioned in respective sections given above. **The Order shall be effective from 1-7-2012 till 31-3-2013.** The Commission based on the information available has arrived at the additional revenue from revision of tariffs (including BST) as Rs.1676.84 Crore on a full year basis as against the revenue of Rs.1546.40 Crore proposed by the Board based on 15% power restrictions.

(b) The retail tariffs approved as per this order **shall be applicable to the consumers of all other Licensees in the State from 1-7-2012 till 31-3-2013** and the existing categorisations/classifications of tariffs for consumers of the Licensees shall be realigned accordingly.

(c) The recategorisation proposals of the Board as well as the consumers has been approved with modifications as given above. Such changes shall be *mutatis mutandis* applicable to all other licensees.

(d) The Commission has decided to introduce ToD Tariff for domestic consumers having monthly consumption above 500 units. **The Scheme shall be effective from 1-1-2013.**

(e) The ToD scheme approved in this order for LT industrial consumers with a connected load of 20kW and above shall also be **mandatory from 1-1-2013**. Segregation and separate metering of light & power circuits shall not be insisted for LT industrial consumers.

(f) The TOD tariff and other conditions applicable to the consumers of KSEB shall be applicable to the consumers of other Licensees also.

(g) The Commission has revised the BST based on the consumer mix of the licensees, except MES, bulk supply to Pondussery Electricity Department (PED) & Karnataka. **The revised BST shall be effective from 1-7-2012 till 31-3-2013.**

(h) The BST applicable for MES, PED and Karnataka, shall be the same tariff as that of HT II.

(i) The Charges for Open Access such as transmission charges, wheeling charges and cross subsidy surcharge have been approved. Accordingly, the transmission charges shall be 22 paise per unit and wheeling charges at HT level shall be 26 paise per unit. The cross subsidy surcharge applicable for EHT 66kV consumer shall be 11 paise, Railways 24 paise, HT II 49 paise and HT IV Commercial 255 paise. There shall be no cross subsidy surcharge for EHT 110 kV and HT I Industrial category. The standby charges for open access consumers shall be the average tariff applicable to the respective consumer category for the actual energy availed from the incumbent licensee.

(j) Incentive for power factor shall be a maximum of 2.5% for unity PF. The incentive rate shall be incremented at 0.25% for every 0.01point (1%) increase in PF from 0.9 to 1.00 in the existing schedule. Penalty for power factor below 0.9 shall remain unchanged.

167. Petition disposed of. Ordered accordingly

Sd/-	*Sd/-*	*Sd/-*
P.Parameswaran **Member**	**Mathew George** **Member**	**K.J.Mathew** **Chairman**

Approved for Issue

Secretary

ANNEXURE – I

A. LIST OF PERSONS ATTENDED THE PUBLIC HEARING

1. KANAKAKUNNU PALACE, TRIVANDRUM ON 04-06-2012

1) Shri.B.V.Chandra Sekhar, Chief Engineer Distribution, Southern Railway
2) Shri.R.S.Shenai, Senior Engineer(Traction, Thiruvananthapuram), Southern Railway
3) Smt.R.Gayathri Nair, Chief Engineer (C & T), Kerala State Electricity Board
4) Smt.B.SreeDevi, DCE (TRAC), Kerala State Electricity Board
5) Smt. Latha.S.V, AEE, Kerala State Electricity Board
6) Shri.Einstein.E.V, EE, Technopark
7) Shri.Narayanan.A.M, Head – EED, EMC
8) Shri.Sajith.G.R, EE Infosys IT Industry
9) Shri.Manikantan, Manikantan Flour Mill
10) Shri.Deepu James, M/S Vianney Enterprise
11) Shri.Sabu.E.S, Anayara Beach Road, Thiruvananthapuram
12) Shri.Dinesh.D, Chief Engineer, KSEB
13) Smt.Beena Pious, EE & Second Member of CGRF, KTR
14) Shri.Girish Kumar.V.S, F.O., TRAC, KSEB
15) Smt.Gigy Elzy John, AE, TRAC, KSEB
16) Smt.Ambili.S.P, AEE, TRAC, KSEB
17) Smt.Suma P.Nair, AE, TRAC, KSEB
18) Shri.Ratheesh Kumar.N, Senior Engineer, Nest Technopark
19) Shri.R.Suku, Chairperson, CGRF (S) KTR
20) Shri.N.S.Unnithan, Member, CGRF (S) KTR
21) Shri.Firoz, Assistant Executive Engineer, Travancore Titanium Products Limited
22) Shri.B.Pradeep, EE, TRAC, KSEB
23) Shri.Jahangir.M, M(E), KMML, Kollam
24) Shri.Rana.T, Revenue Med India Pvt Ltd.
25) Shri.Evans M.Joseph, Revenue Med India Pvt Ltd.
26) Shri.V.Sukumaran, C.V.C Exe Committee Member
27) Shri.T.Murugan, KHRA, Thiruvananthapuram Office Section
28) Shri.Prabhakaran.P, Kesavadasapuram
29) Shri.A.M.Paniker, Secretary Apartment Owners Association, Kerala
30) Shri.Vinod.C.S, Secretary Apartment Owners Association, Kerala

31) Shri.T.C.Vijayan Nair, Balaramapuram
32) Shri.Edward P.Boniface, Assistant Engineer, TRAC, KSEB
33) Shri.John Samuel, Secretary, PHAS AO & PR
34) Shri.B.Vijayakumar, Kerala Hotel & Restaurant Association.

2. THE TOWN HALL, ERNAKULAM ON 06-06-2012

1) Shri.Dejo Kappen, Centre for Consumer Education
2) Shri.Shaji Sebastian, KSSIA, Ernakulam
3) Shri.George Thomas, HT & EHT Association
4) Shri.Ajith.R, Chief Engineer, TCC Ltd
5) Shri.Ramesh.S, SEEL, TCC Ltd
6) Shri.Biju T.Nair, DGM, Indus Towers Ltd
7) Shri.K.R.Radha Krishnan, Senior Manager CUMI
8) Shri.Navas, Binani Zinc Limited
9) Shri.John Mathew, HNL
10) Shri.E.A.Aliyar, HNL
11) Shri.P.P.Joy, Secretary Binani Zinc employees Organaisation
12) Shri.P.Suresh, Vice President (CITU) HNL
13) Shri.M.A.Shaji, Joint Secretary, Binani Zinc Employees Association
14) Shri.K.Somadas, Secretary (HNEA)HNL
15) Shri.M.R.Raghesh Kumar, Binani Zinc Limited
16) Shri.C.K.Mathew, Secretary (HPCA)HNL
17) Shri.Johny George, Senior Manager, MRF, Kottayam
18) Shri.Ranjith Jacob, Appolo Tyres
19) Shri.K.K.George, Electrical Consultant
20) Shri.Jose Mohan, General Secretary Kerala Hotel & Restaurant Association
21) Shri.M.P.Shijo, Kerala Hotel & Restaurant Association
22) Shri.T.C.Raffeeque, Kerala Hotel & Restaurant Association
23) Shri.K.B.Muralidharan, Muppathadam Maveli Line Residence Association
24) Shri.M.Ramadas, CUMI, Kalamassery
25) Shri.K.M.Amanulla, INTUC
26) Shri.K.Krishna Kumar, GTN Textiles Ltd, Aluva
27) Shri.Rajesh.K.A, Patspin India Ltd, Kanjikode, Palakkad
28) Shri.M.Suresh, CUMI, Koratty
29) Shri.M.Sambasivan, Hindalco, Eloor
30) Shri.Chandrasekharan, Residents Association
31) Shri.MadhuMohan, Hindalco, Eloor
32) Shri.Sasidharan Nair.K.G, KSEB
33) Shri.Anji N.Kollemparamp, Resident Engineer, CSEZ
34) Shri.T.V.Chandran, Assistant Dev.Commissioner, CSEZ

35) Shri.Venu Gopalakurup, Deputy General Manager, Bharat Petroleum Corporation Ltd, Kochi Refinaries
36) Shri.R.Baiju, Carborandum Universal, Koratty
37) Shri.Aboobakar.K.H, Carborandum Universal, Koratty
38) Shri.P.V.Siva Prasad, Executive Engineer, TRAC, KSEB
39) Shri.Girish Kumar, FO, TRAC, KSEB
40) Shri.K.K.Jayan, Consumer
41) Shri.S.K.UnniKrishnan Nair, Elamakkara
42) Shri.Dr.Indira Rajan, General Secretary, Kerala CBSE School Manager's Association
43) Joint Council of Trade Union, GTN Textiles Ltd, Aluva
44) Shri.T.V.John, No.XIV/415, Sando Gopalan Road, Kochi – 682 005
45) Shri.M.Kapil Varma, GE(NS)Naval Base
46) Shri.A.Appa Rao, GE(NS)Naval Base
47) Shri.John, GE(NS)Naval Base
48) Shri.T.H.Badarudeen, Race, District Vice President, Ernakulam
49) Shri.M.U.Kuriachan, H.O.C.Workers Union, CITU
50) Shri.G.Venugopal, G.M(Ele) HOCL, Kochi
51) Shri.P.M.Ali, President CITU, Kalamassery Area Committee
52) Shri.LtCdr I.V.Nelson (MES), HQSNL, Naval Base, Kochi
53) Shri.M.N.Divakaran, HOC (SWU)INTUC
54) Shri.S.A.Maulan, Kerala Merchants Union
55) Shri.Jijo Kuriakose, Binani Zinc Limited
56) Shri.Jose Paul, Nalpat South Angady, Koratty -680 308
57) Shri.Anoop.V, CUMI Edapally Plant II
58) Shri.Murali.C.K, CUMI Edapally Plant II
59) Shri.A.F.Antony, Join Direcator (MES)
60) Shri.T.V.Chandran, Cochin Special Economic Zone
61) Shri.Hashim, Binani Zinc
62) Shri.C.N.Bhasi, Chirayil , KBM
63) Shri.B.Vishnu Sharma, Chirayil , KBM
64) Shri.P.T.Inasi, Kaloor
65) Shri.Haridas Varma, Executive Secretary CEP & Industrial Association
66) Shri.Rajappan, CKL
67) Shri.A.J.Joseph &C.M.Jacob,
68) Shri.T.S.Jose, EE, Trichur Corporation
69) Smt.Sathi Devi.S.S, Trichur Corporation
70) Shri.Thresiamma Kurian, Trichur Corporation
71) Shri.Baburaj.S.A, Trichur Corporation
72) Shri.Aneesh R.Appollo Tyres
73) Shri.K.J.Antony, Ernakulam
74) Shri.Sujatha Gopalan, Deputy Chief Engineer, KSEB
75) Shri.R.Ashokan, Madhyamam
76) Shri.Dr.M.C.George, Advocate, INFAM, National Trustee

77) Shri.K.M.Chandrasekharan, Secretary, RACE Ernakulam North Zone
78) Shri.A..Unni Krishnan, RACE
79) Shri.Mohan Prasad, Kerala Electric Traders Association
80) Shri.Kuruvila Mathews , President, Apex Council Ernakulam RACE
81) Smt.Lijo T.John, CII
82) Shri.P.V.ARaj Kumar, TCL
83) Shri.T.R.Palaniappan
84) Shri.V.J.Sebastian, Binani
85) Shri.S.B.Rao, Thrippunithura
86) Shri.M.Suresh,Mala
87) Shri.Athul Danichan, The New Indian Express
88) Shri.Julius V.D, Carborundum Universal Ltd, Koratty
89) Shri.Balachandran.M.G, Carborundum Universal Ltd, Koratty
90) Shri.K.V.S.Bose, Advocate
91) Shri.P.Mohan Kumar, Carborandum
92) Shri.Pramod.S.V, Rubber Park
93) Shri.N.Sukumarn, EDRAAC
94) Shri.Shyju Kelanthara, INTUC
95) Shri.Khan C.P.Madathil, Idukki
96) Shri.K.A.Unnithan,EDRAAC
97) Shri.M.T.Varghese, EDRAAC
98) Shri.Ratheesh K.Pai, SSPML
99) Shri.T.A.Nazar, S.C.I.L
100) Shri.M.A.Mohmmed Shamir, S.C.I.L
101) Shri.M.M.Noushad, S.C.I.L
102) Shri.P.S.Srivas, S.C.I.L
103) Shri.K.S.Dilip Kumar, RACE
104) Shri.T.C.Ayyappan, EURAPC
105) Smt.Lijo M.G.Deepika Daily
106) Shri.K.K.Thilakan, Binani Zinc Limited
107) Shri.K.V.Unni Krishnan, Binani Zinc Limited
108) Shri.Lal Kumar.K.R, Binani Zinc Limited
109) Shri.Umesh.K
110) Shri.Shaji.K.A, Kerala Merchant Union
111) Shri.S.Shereef, KSEB
112) Smt.Susan Jacob, KSEB
113) Shri.B.P.Stephen, Binani Zinc Limited
114) Shri.Davis Samual, GTNWA
115) Shri.Firos.C.P, Assistant Editor, I&PRD
116) Shri.K.K.Muhammadali, G.T.N
117) Shri.George Joseph
118) Shri.M.Krishnan, KEJ Pulleppady Residents Association
119) Shri.Threesa John

120) Shri.Jose J.J
121) Shri.Shaji Varghese, Chithirapilli
122) Shri.C.P.Sajeevan
123) Shri.Gopinatha Kamath, TDRCWA
124) Shri.N.S.Anil Kumar
125) Shri.C.K.Joseph, President, Pallichal Residents Association, Palluruthi
126) Shri.T.K.Unni Krishna Prasad, FACT
127) Shri.K.P.Aravidakhan, GTN Textiles JA
128) Shri.M.G.Sivasankaran, FACT (BMS)
129) Shri.A.V.Narayanan Nair, Pushpagiri, Mulanthuruthi
130) Shri.P.Rangadasa Prbhu, President, EDRAAC

3. CONFERENCE HALL, PWD REST HOUSE, KOZHICODE ON 08-06-2012

1. Shri.M.G.Suresh Kumar, KSEB Officers Association
2. Shri.K.P.Sivanandan, President, Kozhicode District Petroleum Dealers Association
3. Shri.M.Moideenkutty Hagiee, Malappuram District KHRA
4. Shri.A.Ahammed Koya, (GM Production), The Western India Ply woods Limited, Valapattanam, Kannur
5. Shri.Haridas.A.K, Harsham, Thondayad, Nellikkode
6. Shri.Damodar Avanoor, General Secretary, KSSIA
7. Shri.Preman.V.K, Assistant Executive Engineer, Electrical, M/S ITI Ltd, Kanjikode, Palakkad
8. Shri.K.Unnikrishnan, Secretary ITI Employees Association, ITI Ltd, Kanjikode, Palakkad
9. Shri.A.Rajan, Working President, Residents Apex Council of Kerala, "Raj" North of Feroke, Kozhicode
10. Shri.T.Ramachandran, Consumer Protection Cell, Kozhicode
11. Shri.P.T.Valsalan, Secretary, Residents Apex Council of Kozhikode (RACK)
12. Shri.K.V.Shaiju, Secretary, Kerala Janavedi, State Committee, Palayam, Kozhikode, 3rd Floor, Room – 11
13. Shri.K.N.Gopinath, General Convener, Standing Council of Trade Union, Ernakulam
14. Shri.M.R.Ragesh Kumar, Joint Convener, Standing Council of Trade Union
15. Shri.M.P.Moideen Koya, Social Worker, Kannankadavu, Kappad – 673 304, Calicut
16. Shri.V.Sunil Kumar, K.V.V.E.S Calicut
17. Shri.K.Sethumadhava Menon, Kodicky House , Ozhur
18. Shri.V.P.Zakhariya, V.P.House, Kuttayi
19. Shri.C.J.Antappan, Indsil Hydro Power and Manganese Ltd, Palakkad
20. Shri.Asokan.M, Melveettil House, Malaparambu P.O, Cochin – 9,
21. Shri.K.Arif, Nelloli Parambu House, Cheruvannoor P.O, Faroke
22. Shri.Sabheesh.M.M, Surabhi House, Palazhi, Calicut, Kerala Soaps Employees Union
23. Shri.V.Chandrasekhara, ITIEU
24. Shri.Vijju.P.N, Senior Suprend, Electrical Circle
25. Shri.C.K.Jaya Kumar, AEE Electric Sub Division, Nadakavu

26. Shri.Sunil Babu.S, Executive Engineer, RRTI, Kozhikode
27. Shri.N.B.Krishna Kurup, President, Hotel & Restaurant Association, 2. President, East Hill Residents Association
28. Shri.Raghunanthan.P, Police Lane, Tirur (Director)
29. Shri.Suresh Kumar.C, Secretary, Cable T.V.Operation Association, Malappuram District Committee
30. Shri.N.K.Premanathan, Secretary, Steel Complex Ltd, Feroke
31. Shri.K.Abdulkhader, Secretary, Steel Complex Ltd, Feroke
32. Shri.M.Raju, Secretary, CITU Steel, Feroke
33. Shri.K.P.Prakasan, B.M.S.Secretary, Steel Complex
34. Shri.K.Shaji, I.N.T.U.C, President Steel Complex, Feroke
35. Shri.Sreejith.M.P, Senior Assistanat CGRF, KKD.
36. Shri.K.Sami Master, Consumer Protection Committee, Kozhicode
37. Shri.T.K.A.Azees, President, Jilla Upabhokthru Samrakshana Samithi
38. Shri.Dr.Prbhakaran, SRI Kollengode, Palakkad
39. Shri.K.N.Narendren, Mini Rise Millers Association Secretary, Palakkad District
40. Shri.P.V.Kannappan, Panthampadam P.O, Edathara
41. Shri.Sreenivasan, C.O.A. Calicut
42. Shri.Mansoor, C.O.A. Calicut
43. Shri.K.Karunakaran Nair, Karunattur Panchayath Consumer Protection Samithy
44. Shri.Nishadh, C.O.A. Calicut
45. Shri.V.Kuttiali, Manager (Electric cell), Steel Complex Ltd.
46. Shri.Viju Rajan John, CGRF Kozhicode
47. Smt.R.Gayathri Nair CE (Commercial Tariff), KSEB
48. Shri.Siva Prasad, EE (TRAC), KSEB

B. LIST OF PERSONS WHO HAVE RESPONDED IN WRITING

1. Trivandrum Chamber of Commerce and Industry
2. Shri.Vincent M.Paul, Menachery, Trichur
3. Shri.A.Joseph, S.Alice, Kanjirakode
4. Secretary, All India Organisation of Pensioners, Kerala, Althara, Thiruvananthapuram
5. Cochin Port Trust
6. Kerala Electric Trades Association, Kochi
7. Mini Rice Mill Owners Association, Kochi.
8. Shri.Bakker V.A.Kozhikode
9. Residents Apex Council of Kozhikode (Rack), Chevayyur
10. Shri.Nandanan, Nambiar Veetil, Balussery
11. Ulloor Lane Residents Association, Jagathy
12. Kinesco Power and Utilities Private Limited, Kochi – 682 030
13. Forum for Consumer Justice, Palghat

14. Kannan Devan Hill Plantations Company Private Limited, Munnar
15. Karunya Residents Association, Udayamperoor
16. Shri.P.Rajasekharan Nair, Trivandrum
17. Shri.G.Ajitkumar, Kozhikode
18. Shri. Shaji Sebastian, District President, The Kerala State Small Industries Association, Ernakulam
19. Shri. P.P.Joy, Secretary, Binani Zinc Employees Organisation
Binani zinc Ltd., Binanipuram - 683 502, Kerala State, South India.
20. Secretary, Thrissur Corporation, Thrissur - 680 101
21. Shri. K.A.Shaji, General Secretary, Kerala Merchants' Union
22. Shri. K.N.Chandrasekharan, Secretary, Resident's Apex Council Ernakulam (Race), North Zone Committee 45/1827, K.S.Udayan Road Pachalam, Thiruvananthapuram
23. M/S Binani zinc Ltd, Binanipuram – 683 502, Kerala State, South India
24. Shri. John Mathews, Sr.Manager (Electrical), Hindustan Newsprint Limited, Newsprintnagar, Kottayam – 686616
25. Shri. Biju T.Nair, Head-Deployment (Indus Towers Ltd), Cochin
26. Shri. P.Suresh, Vice President, Kerala Newsprint Employees Union (CITU)
HNL, Newsprint Nagar
27. Shri.Anilkumar.P.C., Hon.Secretary, Cochin Export Processing Zone Industries Association, CEPZ Industries Association, CSEZ Administrative Building (Ground Floor), CSEZ.P.O, Kakkanad, Kochi-682 037
28. Shri.K.Somadas, Secretary, HNL Exployees Association, HNL, Newsprint Nagar P.O, Kottayam
29. Binani Zinc Employees Union, Binani Zinc Ltd, Binanipuram – 683 502
Kerala State, South India
30. Shri.Ratheesh K.Pai, Chief Electrical Engineer, Sree Sakthi Paper Mills Limited, "SREE KAILAS" 57/2993-94, Paliam Road, Ernakulam,
Cochin- 682 016
31. Chief Engineer (Electrical), The Fertilisers and Chemicals Travancore Limited,
Udyogamandal Complex, Udyogamandal – 683 501
32. Shri.V.V.Kurup, Dy.General Manager (Engineering &Construction), Bharat Petroleum Corporation Limited, Kochi Refinery, Ambalamugal 682 302
33. Shri.K.Kumaravel, Unit Head, Alupuram Works, Aditya Birla, HINDALCO Industries Ltd, PB No.21, Kalamassery 683 104
34. Save Indal Trade Union Samithy Floor, Alupuram, Pin : 683 504, Ernakulam.
35. GTN Textile Limited, Regd. Office and Factory, Door No.VIII/911,
Erumathala.P.O, Aluva – 683 112
36. Patspin India Limited, Marketing/Regd.Office 3rd/5th Floor, Palal Towers,
M.G.Road, Ravipuram, Kochi- 682 016.
37. Carborandum Universal Trade Union Council, K.D.Plot P.O, Kalamassery -683 109
38. Shri. Shaji Vargheese, Plant Head, MRF Limited, Vadavathoor, Kottayam – 686 010.
39. Shri.C.K.Mathew, Secretary, HPCEA (INTUC), HNL, Newsprint Nagar
Kottayam – 686 616.

40. Ernakulam District Resident's Associations Apex Council, Corporation shopping complex, Subhash Chandra Bose Road Jn., Ponnurunni, Vyttila.P.O., Kochi – 19
41. Shri.T.V.John, No.XIV/415, Sando Gopalan Road, Kochi – 682 005
42. Shri. P.V.Girish, Deputy General Manager (Engineering) Udyogamandal – 683 501, Kochi.
43. Sri.K.B.Muraleedharan, Vice President, Muppathadam Maveli lane residents Association, Muppathadam.P.O., Aluva – 683 110.
44. Shri.Kuruvila Mathews, Race District Secretary, Resident Apex Council Ernakulam, Krishna Nivas, Adv.Easwara Iyer Road, Kochi -682 035
45. Shri.A.V.Narayanan Nair, Pushpagiri, Mulanthuruthi P.O, Ernakulam
46. Shri.G.Sudhiesh Kumar,President, Kerala Hotel & Restaurant Association (ER495/87) II Floor, K.H.R.A. Bhavan, M.G.Road, Kochi – 682 035.
47. Public Welfare Forum, Room No: 110, Tirur Tourist Home, Railway station Road, Tirur – 676 101.
48. Indsil hydro power and manganese Limited, Pallatheri (PO), Palakkad, Kerala – 678 007.
49. Shri. K.P.Sivanandan, President, Kozhikode District Petroleum Dealers Association 31, Vrindavan Tourist Home, Nadakkavu Calicut – 673 011.
50. Shri. P.K.Mohammad, Managing Director , The western India Plywoods Ltd, Balipatam, Cannanore – 670 010.
51. Shri. M.M.Nijabddin, All India Member, Consumer Protection Council 19/1705-C, East Kallai, Calicut – 673 003.
52. Shri.K.V.Kutty Krishnan, Asst.Accounts Officer, K.S.E.B(Retd) & President, Upabhokthru Samrakshana Samithy, Beppur Grama Panchayat.
53. Shri. K.Hassan Koya, Universal Trade Links, Kerala Vyapari Vyavasayi Ekopana Samithi, Kozhikode, Vyapara Bhavan, Bank Road, Calicut – 673 001.
54. Steel Complex Co-ordination Committee.
55. Shri. VKC Mammed Koya Ex.MLA, Veekesy Rubber Industries Pvt. Ltd. The Kerala State small Industries Association, HMT Ancillary Industrial Estate, Kalamassery, Cochin – 683 503.
56. Shri. M.P.Moideen Koya, Kunnankadavu, Rahath Manzil, Kappad P.O.
57. Shri.K.N.Gopinath, General Convenor, Standing Council of Trade Unions Ernakulam.
58. Shri.K.Narendran, General Secretary, Palakkad District, Mini Rice Miller's Association, Sathyananda Rice Mill, Mudappallur – 678 705.
59. Kerala Janavedi State Committee, Room No 11 3rd Floor, Jayanthi Building, Palayam, Kozhikode.
60. Shri.Suresh Kumar. C, Secretary, Cable TV Operators Association, Kerala, Malappuram District Committee C/o Kerala Vision XX/1335, Mannil Building, Police Lane, Tirur –1.
61. Shri. Suresh Kumar, Satwaves Cable T.V.N/W, Kandanakam, Kalady P.O.
62. Shri.K.S.Devadethan, Dy.General Manager (Works), Steel Complex Limited, Calicut.
63. Shri.Jose Mohan, General Secretary, Kerala Hotel & Restaurant Association.
64. Shri. Jose Paul, Nalpattu veedu, Thekke Angadi, Koratty – 680308 , Thrissur.
65. Shri.Mansoor M.Atholy, Secretary, Cable T.V.Operators Association

Kozhikode District Committee3/20, Jayanthi Building, Palayam, Kozhikode.

66. Shri.K.K.Pavithrarajan, H.O.C (SWU) INTUC, Geneal Secretaries, H.O.C. Workers Union CITU.
67. Shri.C.P.Sajeevan, Secretary, Cochin Kagaz Employees Union (CITU) Karukutty – 683 576, Angamaly, Ernakulam.
68. Shri.K.Karunakaran Nair, President, Upabhokthru Samrakshana Samithy, Kuruvattoor Panchayath committee, Kozhikode.
69. Shri.T.K.A.Azeez, Pantheerankave, Kozhikode District Consumer Protection, Committee, Gandhi Griham, Cherootty Road, Kozhikode – 673 032.
70. Shri. S.Jayathilakan, Past President, Kerala State Productivity Council, Procuctivity House, HMT Road, Kalamassery – 683 104
71. Joint Council of Trade Unions GTN Textiles Limited, Aluva.
72. Shri. K.Nanthan, Executive Director, Hindustan Organic Chemicals Limited,Ambalamugal 682 302, Ernakulam.
73. Shri. G.Arul Chandra, Secretary, Binani Zinc Employees Organisation Binani zinc Ltd., Binanipuram - 683 502 , Kerala State, South India.
74. Shri.Dr.Indira Rajan, General Secretary, Kerala CBSE School, Managements Association (Regd.), Door No./44-448, Penta Towers, 7^{th} Floor, Kochin, Ernakulam.
75. Shri.Khansi P. Manzil, Ernakulam.
76. Shri.V.K.Mathews, Chairman, Kerala State Council, Confederation of Indian Industry.
77. Shri.Krishnan Vennala, Vennala P.O, Kochi.
78. Shri. G.Gopinathan, President, Association of Approved and Classified Hotels of Kerala Seagul Roadm Willingdon Island, Cochin – 682 003
79. Shri. P.K.Vijayan, Poothadan House, Nandikkara P.O, Thrissur – 680 301.
80. Shri. T.V.Chandran, Secretary (I/C) Cochin Special, Economic Zone Authority (CSEZA) Ministry of Commerce & Industry, Govt. of India, Kakkanad, Cochin – 682 037
81. Shri. A.S.Chaudhary, Chief Engineer (E), Kerala Electrical Zone 1 Floor, AddlAdmn.Building, Telephone Exchange Compound, Manacaud, Trivandrum 695 009
82. Shri. S.K.Unnikrishnan Nair, Vinayaka Buisiness Centre, Elamakkara, Kochi – 26.
83. Human Rights Protection Forum, Venjaramood, Trivandrum – 695 607, Kerala, S.India
84. Shri.Deepu James, S/403, Sahyadri Colony, Chandranagar, Palakkad – 678 007
85. Chief Electrical Distribution Engineer, Southern Railway, Electrical Branch, Chennai-600 003
86. Shri.P.B.Sasidhran Pillai, President, Rotary Club of Kalamassery32/900,Karthika, Kalavath Road, Palarivattom
87. Shri.Dejo Kappen, Managing Trustee, Centre for Consumer Education, Kaloor, Kochi 682 017.
88. The Managing Director, Kerala Water Authority, Jalabhavan, Vellayambalam Thiruvananthapuram.
89. Shri. C.Vijayan Nair, Uthram Kesava Mandiram, Anthiyoor, Balaramapuram.
90. Cochin Port Trust, Willington Island, Cochin – 9.
91. Shri.Ajay R. Kamath, IC.16/570-1(EVRA-56), Jagathy, Thycaud P.O, Thiruvananthapuram

92. Shri. Manikantan, Manikantan Flour Mill, T.C.39/1744, Ganga Nagar 4, Near Kuriyathy L.P.S,
Manacaud P.O, Thiruvananthapuram – 9.
93. Thasleej Ice and Cold Storage, Shornur Road, Kallekkad P.O., Palakkad.
94. Secretary, Pattoor Housing Accommodation scheme, Apartment owners & allotees association, EMS Nagar, Pattoor, Thiruvananthapuram – 35.
95. Network systems & Technologies (P) Ltd, NeST Towers.
96. Shri. Jose Mathew, Cappil House, Arunapuram P.O., Pala – 686 575.
97. Chief Engineer (NW), Naval Base P.O, Kochi – 682 004.
98. Shri. Valsan.P.K, Swathy, Devaprabha Colony, Puthur Palakkad – 678 001
99. Shri. P.V.Kannappan, President, Vijaya Rice Mill, Edathara P.O.
100. The Western India Plywoods Ltd., Baliapatam, Cannaore – 670 010.
101. Kerala Vyaparavedhi, State Committee Office, P.B.No.15, Kunnamkulam – 680503,
102. Shri. Mathew, Modern Electricals, St.Joseph Hospital Junction, Pathanapuram.
103. The Kerala HT& EHT Industrial Electricity Consumers' Association, Ernakulam.
104. Shri. P.M.Srikrishnan, Executive Director, Kanan Devan Hills Plantations Company, Private Limited, KDHP House, Munnar – 685 612.
105. Shri.K.G.Girish Babu, Chief Executive Officer, ETPK
106. Shri.A.Sivadas, Thykkattussery House, Muthuvana, Kollam
107. Shri.Brig Gurdyal Singh, Chief Engineer (NW), Katari Bagh, Naval Base P.O, Kochi – 682 004
108. Residents' Apex Council Ernakulam (RACE), North Zone Committee 45/1827, K.S.Udayan Road, Pachalam, Ernakulam – 682 012
109. Kinesco Power and Utilities Private Limited, Residential Engineer, Kusumagiri P.O, Kakkanad
110. KSEB Officers Association
111. Shri.P.C.John, VIII/562, N.S.H Mount P.O, Kottayam – 686 006
112. Shri.M.C.George, Infam-National Trustee, Ayavana P.O, Muvattupuzha, Kerala – 686 676
113. Rubber Park India (P) Limited, Valayanchirangara, Ernakulam – 683 556
114. Shri.K.B.Krishna Kumar, Pazhavoor, Maruthadi, Kollam-3

ANNEXURE - II

KSEB's Comments and Objections on the 'Responses of Stake Holders on Tariff Petition filed by KSEB for the year 2012-13	
Objections	**KSEB's comments**
Respondent: The Trivandrum Chamber of Commerce and Industry	
The present tariff structure overloading certain category of consumers like commercial and subsidy to certain category. As per Tariff Policy , all consumers have to be charged at tariffs which are within +/- 20% of the average cost of that category. The overall average for ARR&ERC for 2012-13 approved by the Commission is Rs. 4.64/unit. Hence tariff of all categories of consumers within +/- 20% of Rs 4.64/- per unit , ie. between Rs 3.71 per unit and Rs 5.57/unit	The tariff policy notified by the Central Government in pursuance of section-3 of the Electricity Act-2003 is only one among the nine guiding factors to be considered by the State Electricity Regulatory Commissions while specifying the terms and conditions for determination of tariff. It may be noted that, considering the socio-economic conditions prevailing in the State, the lower slabs of domestic category, agriculture tariff and tariff applicable to orphanages, old age homes etc are highly subsidised. If the tariff of these subsidised categories are brought to +/- 20% of average cost of supply, it may lead to tariff shock to these categories. However, KSEB proposes that, Hon'ble Commission may reduce the subsidy and cross subsidy progressively considering the socio-economic conditions and paying capacity of the consumers.
Since KSEB is in the transitory phase, all the accumulated losses shall be made up by Govt. subsidies and all truing up shall be completed by the Commission and the accumulated losses shall be cleared using Govt. subsidies.	The modalities of revesting the assets and liabilities of KSEB into a new corporate entity are yet to be finalised. However, Government is not likely to offer any type of subsidy to compensate the accumulated losses.
The objector requested the Hon. Commission not to increase the tariff for consumers having average tariff of Rs 5.57 or above.	The respondent may please note that, the present tariff revision has proposed after a period of ten years. The cost of power purchase, inflation etc has increased many fold during these period. Further, the cost of all facets of life has increased many fold during this period. Hence, KSEB proposed tariff increase for all categories of consumers.
Respondent: Sri Vincent M Paul, Menachery, Trichur	

KSEB shall be directed to explore the possibility of generation of electricity from wind, solar or tide instead of atomic power.	The suggestion of the respondents may be duly considered by KSEB. KSEB and the State Government has been encouraging the development of energy through non-renewable sources.
Permission may also be given to private parties for generating power.	Many private producers including Carborandum Universal, INDISIL, M/s BSES Kochi, M/s KPCL etc has started generation plants in the private sector.
Respondent:Sri A Joseph, S Alice, Kanjirakode	
The objector reported that, this tariff petition is a protest against the reorganisation of the Board . There is no need of tariff revision if increase the efficiency of the staff and reduce the expenditure of the Board	The objection raised by the respondent is without appreciating the facts. Honorable Commission has approved a revenue gap of Rs 1889.15 crore for the year 2012-13. Honorable Commission has also directed to submit the tariff proposal for filling the revenue gap. The widening of revenue gap is due to the increase in cost of generation in all thermal projects, absence of increase in the availability of power from CGS and other state sector projects to meet the increase in demand, increase in inflation rates . Due to the above factors there has been a significant increase in the expenditure of the Board. But the tariff applicable to various categories of consumers has not been revised in tune with the increase in cost .Further the additional revenue requirement of KSEB during the last few years has been met by availing overdraft from financial institutions. At present KSEB is not in a position to pull on with this sort of financial distress. Banks are reluctant to lend to power sector. If this situation continues, KSEB may not be able to meet its obligations including power purchase cost, repair and maintenance activities etc. The only solution before the Board is to raise the tariff so as to reflect the present average cost of supply. Hence based on Section –61 of Electricity Act 2003, National Electricity policy , National Tariff Policy, Board has filed tariff petition for mobilizing an additional revenue of Rs 1540.45 crore during the year 2012-13.

Respondent: Secretary, All India Organisation of Pensioners, Kerala	
Cross subsidy elimination should be avoided	KSERC may take an appropriate decision on the matter.
Respondent: The Kerala HT&EHT Industrial Electricity Consumer's Association M/s Binani Zinc Limited M/s Hindustan Newsprint Limited, Sree Sakthi Paper mills limited M/s FACT Ltd M/s MRF Limited M/s The Travancore- Cochin Chemicals Ltd The Western India Plywoods Ltd	
Para 1.3 Industrial consumers are the subsidizing category of consumers for the Board. Hence they are the revenue earners ensuring better returns for the Board.	The statement is false. As per the approved ARR for the year 2012-13, the HT&EHT consumers of the State are also subsidized categories, i.e., the EHT consumers are subsidized upto 24% and HT Industrial categories are subsidized by 11.21%.
Para 2.1 to 2.10 Non revision of tariff is solely due to the Board's refusal to file tariff petition despite it having been emphasized in NTP. There is no justification for proposing to recover less than 50% of the projected gap through tariff adjustment.	It is submitted that, the tariff applicable for the HT&EHT Industrial consumers have also not been revised since October-2002 despite the fact that cost of power purchase, other over head expenses etc has increased many fold. Thus these consumers also benefited by way of enjoying the reduced tariff despite the increase in costs. It is further submitted that, KSEB could mange its business through various efficient measures despite Hon'ble Commission has approved revenue gap during the past. However, now Board is in a situation that, it could not survive without mobilizing additional revenue through tariff revision. However, KSEB is aware of the fact that, if the entire revenue gap is mobilized through tariff in a single year, it may result in tariff shock to the consumers. Hence, KSEB proposes to recover a part of the revenue gap through tariff revision and requested the Hon'ble Commission to treat the balance gap as regulatory asset and to allow carrying cost for the same.

Para 2.11 to 2.21 There is no provision for the creation of Regulatory Asset in KSERC (Tariff) Regulation, 2003. Moreover 8.2.2 of NTP, 2006 allows creation of RA only through circumstances clearly defined through regulations and should only include natural causes and force majeure conditions. Petition should be rejected.	As submitted earlier, KSEB has made the tariff proposal after a gap of 10 years. Now the financial position of the Board is such that, Board cannot survive without mobilizing additional revenue through tariff. It is also submitted that, the approved unbridged revenue gap till date is more than Rs 4000.00 crore. If the entire gap is proposed to be bridged through a single tariff revision, the tariff for all categories of consumers may increase by 65% and result in tariff shock to the consumers. Hence, KSEB proposes a moderate increase of 10 to 30% on the existing tariff and the additional revenue expected to be collected through the tariff revision is about Rs 1546.40 crore and recommended before the Hon'ble Commission to treat the balance gap as regulatory asset. Most of the other regulatory Commissions in the country has also been keeping a part of the approved revenue gap as regulatory asset inorder to avoid Tariff shock. It is also submitted that, the para 8.2.2 of the National Tariff Policy address the 'regulatory asset'. Further, regulation-18 of the KSERC (Terms and Conditions of Tariff for retail sale of electricity) regulations, 2006 also address the same issue. Hence the argument of the respondent is false.
Para 2.22 to 2.26 The Commission should reject the petition owing to the non compliance of Regulation 4(5) regarding submission of information.	The objection raised by the respondent is not as per the facts. It is submitted that, KSEB has filed the tariff petitions, strictly as per the provisions in the KSERC (Tariff) Regulations, 2003.
Para 3.9 to 3-17. Category wise cost of supply	The respondent may please note that, the Electricity Act-2003 do not specify that the tariff revisions shall be based on the category wise cost of supply of each consumer category. The relevant provisions in the Electricity Act-2003 and Tariff Policy dealing with tariff determination and cross subsidy is extracted below. Electricity Act, 2003. **Section 61.g** "…that the tariff progressively reflects the cost of supply of electricity and also, reduces cross-subsidies within the period to be specified by the Appropriate Commission."

	Section 62. (3) "The Appropriate Commission shall not, while determining the tariff under this Act, show undue preference to any consumer of electricity but may differentiate according to the consumer's load factor, power factor, voltage, total consumption of electricity during any specified period or the time at which the supply is required or the geographical position of any area, the nature of supply and the purpose for which the supply is required." **Section 39 (2) (d) (ii)** -Any consumer as and when such open access is provided by the State Commission under sub section 2 of 42 on payment of the transmission charges and a surcharge thereon, as may be specified by the State Commission. Section 8.3, National Tariff Policy " For achieving the objective that the tariff progressively reflects the cost of supply of electricity, the SERC would notify roadmap within six months with a target that latest by the end of year 2010-2011 tariffs are within ± 20 % of the average cost of supply. The road map would also have intermediate milestones, based on the approach of a gradual reduction in cross subsidy." It is evident from the provisions in the Electricity Act-2003 and Tariff policy as extracted above that, the provisions in the Act-2003 or 'Tariff Policy' don't specifies that tariff determination shall be based on category wise cost of supply.
Para 3.18 to 3-24. Capping cross subsidized consumption 21 Hon'ble APTL has directed that the consumers who are being cross subsidized by the Commission, a limit of consumption shall be specified for which special support through cross subsidy may be provided. Once the consumer exceeds the limit, he shall be charged at normal tariff. Para 3.23 It is the mandatory responsibility of the Hon'ble Commission to determine the level of consumption to consumers to whom the Commission	Hon'ble Commission vide the draft "Kerala State Electricity Regulatory Commission (Principles for determination of roadmap for cross-subsidy reduction for Distribution Licensees) regulations,2012 has taken initiatives to address the issue.

wishes to extend the benefit of cross subsidized consumption.	
Para 3-25 to 3-34. Effecting targeted subsidies. Commission Determined Tariff (CDT) and 'Retail Supply Tariff'.	It is submitted that, so far the State Government has not made any commitment on providing subsidy to any category of consumers. Since the Government has not made any commitment, there is no need to determine two sets of tariffs, i.e., CDT and BST. The tariff approved by the Hon'ble Commission is the BST applicable to different category of the consumers of KSEB.
Para 3.35 to 3.51. Reduction of cross subsidy.	As submitted earlier, there is no provisions in the Electricity Act-2003 and Tariff Policy that, the tariff for each consumer category shall be determined based on cost of supply of different categories of consumers. Hon'ble Commission vide the draft "Kerala State Electricity Regulatory Commission (Principles for determination of roadmap for cross-subsidy reduction for Distribution Licensees) regulations, 2012 has taken initiatives to address the issue. Further, cross subsidy can be reduced only in a phased manner, to avoid tariff shock. Since the present tariff revision is made after a gap of ten years, the reduction of cross subsidy as mentioned in the Tariff policy could not be addressed all of a sudden.
Para 4.6 4. 119. Objections on tariff revisions proposed for different categories	KSEB has proposed the tariff proposals in line with the provisions in the Electricity Act-2003, Tariff policy-2006 notified by the Central Government and other relevant regulations and directions issued by the KSERC. As submitted earlier, the present tariff revision has proposed after a gap of 10 years. The entire issue of cross subsidy reduction cannot be addressed in full through the current tariff revision exercise. Since there was no revision of tariff since October-2002, the petitioner has also immensely benefited of having reduced tariff irrespective of cost. The data provided in the objections is without any basis and totally wrong. KSEB could not analyze and correlate the data provided by the respondent with the actuals.

	Further, due to lack of sufficient authentic data, KSEB could conduct the cost of supply at different voltage levels. Further, as submitted earlier, the Electricity Act-2003 or National Tariff Policy do not mandate to determine the tariff based on actual cost of supply to different consumer categories. Hence the details of tariff proposed by the respondent are without any basis and the same may be kindly rejected. <u>In this matter, it is also submitted that, the average cost of supply approved by the Hon'ble Commission for the year 2012-13 was Rs 4.64 per unit.</u> <u>As per the tariff proposed by KSEB, the average tariff of the EHT industrial category was Rs 4.99 per unit ,i.e., +7.5% higher than the average cost of supply. Further, the average tariff for the HT-1 Industrial consumers was Rs 5.31 per unit, which is about +14.50% higher than the average cost of supply. As detailed above, even with the proposed tariff revision, the average tariff including fixed cost of the HT&EHT industrial consumers is with in +_20% of the average cost of supply as stipulated in the National Tariff Policy.</u>
Para 5.0. Open access charges 4 Power procurement from traders has to be treated as the marginal cost source of power at Rs. 4.50/kwh.	The energy rate for short-term power purchase through traders is highly volatile and cannot be considered as a firm source of power and it may vary from month over month. Further, the short-term power purchase rate approved by the Commission is the indicative rate for the year 2012-13. Hence, it is most appropriate to adopt the average cost of the top 5% power purchase from the CGS for computing the cross subsidy surcharge.
Para 5.6 Transmission and wheeling charges should be Rs 0.28/kwh and Rs.0.20/kwh respectively.	The methodology adopted by the respondent is totally wrong
Para 5.9 Cross Subsidy Surcharge values derived from the formula are less than zero hence CSS for EHT1, EHT2 and HT1 categories should be set at zero.	
Incentives for efficient consumption to be introduced- 1. PF incentive 0.25% to 0.75% for every 1% improvement in PF ranges 0.85 to 0.90, 0.91 to 0.95 and 0.96 to 1.00 and 0.25% for every 1%	This issue may be considered separately.

reduction in the case of PF less than 0.85. 2. Load Factor incentive Rebate @ 0.50% to 10% of electricity charges for LF range 70% to more than 91%. 3. Bulk consumption incentive @ 0.25% to 1% reduction for every mu for consumption ranging from 1 mu to 15 mu. 4. ToD Tariff Percentage increase for peak consumption and percentage decrease of off peak consumption should be equal. 5. Prompt payment incentive of 0.25% be given for payment within 10 days of bill being received by the consumer.	
Respondent:The Kerala State Small Industries Association	
The objector opined that the proposal of KSEB to hike the tariff is not scientific and properly presented and compiled. The percentage increase even for domestic is more than 30% with the introduction of fixed charge. The tariff policy envisages $\pm$ 20% variation from the cost of supply. The variation which was $\pm$ 65% in the domestic sector still remains the same. The increase in agricultural Tariff is more than 100%. Even with this increase the total difference is more than 200%.	The respondent may please note the tariff in the State has not revised since the October-2002 through the cost of power purchase, other over head expenses etc were increased many fold during the same period. All the consumers of the State including the respondent has benefited out of this. The total unbridged revenue gap till date is more than Rs 4000.00 crore. If KSEB propose to revise the tariff to bridge the total approved revenue gap, KSEB has to revise the tariff by about 65% from the present level.
<u>Implementation of removal of difficulty Third order 2005</u> The objector opined that if the electricity from the Hydro Electric Power plant is distributed as per the Third order hike is not required. It may be possible to reduce the Tariff The Government may decide to provide the supply from hydel Stations to Domestic consumers whose consumption is below 30 units per month, agricultural consumers, and small scale industrial consumers	There is no provision in the Electricity Act-2003 or the National Electricity Policy and National Tariff policy regarding such type of allocation. Hence the proposal may be summarily rejected.
<u>LT IV Tariff</u> The objector pointed out that the proposed hike in LT IV is not matching with the pattern of the hike for the other consumers and also too much on higher side. Instead of increase in tariff the objector proposed KVAh tariff fort LT IV industrial consumers.	The average increase in tariff proposed for LT-IV industrial category is 31% only. The respondent may please note that, this increase was proposed after a gap of 10 years since October-2012.

<table>
<tr><td><u>KVAh tariff for LT IV consumers</u>
The objector stated that
Honorable Commission may restrict the increase in fixed charge by Rs ie; Rs 45 may be increased to Rs 50/- and per unit charge may be increased to Rs 3.50/-
The increase of per KVA charge from Rs 75/- to Rs 100/- in case of TOD consumers is not at all reasonable and may be dispensed with .
At present only 300 nos of consumers have converted to TOD tariff. They can be easily brought into the purview of KVAhtariff and TOD KVAh tariff can be made optional .
KVA tariff for fixed charge and KVAh tariff for energy charge should be the future bench mark. For the last few years Commission have been insisting KSEB to give proposal for introducing KVAh tariff and till date KSEB have not introduce the same or given proposal hence Commission may introduce KVAh tariff at the same rate ie; Rs 75/KVA and Rs 3.25 / KVAh</td><td>Considering the approved revenue gap and critical financial position of KSEB, Hon'ble Commission may kindly approve the tariff rates for LT-IV industries as proposed by KSEB.

KSEB would like to continue the present kWh billing on account of the following.
At the present method of billing, the energy rate, power factor and the penalty / incentive et are shown separately in the invoices. If penalty is imposed for not maintaining the power factor, the consumer may install the capacitor or other measures to improve the power factor and thus it may be beneficial to the utilities. However if the kVAh billing is implemented, the consumers may not be aware of the power factor and may not take any measures to improve the system, though the consumers are paying the penalty in the form of kVAh tariff. Thus it may be not beneficial to the power system.</td></tr>
<tr><td><u>Domestic Tariff</u>
The objector suggested to avoid telescopic tariff system by introducing slab system. There will be a slight hike when the tariff cross over each slab but in general it will be easy for computing</td><td>Hon'ble Commission may take appropriate decision on the suggestion</td></tr>
<tr><td colspan="2">Respondent: Indus Towers Ltd.</td></tr>
<tr><td>Re-categorization
The petitioner requests to consider classifying Telecom Towers under a separate sub-category within the existing commercial category with a suitable relaxation in the applicable tariff</td><td>The activity of the respondent is of commercial nature and they can recover the cost incurred for their service including the cost of electricity from their users/ customers. Hence there is no reason for sub-categorising them under a separate category. Hon'ble Commission may kindly reject the proposal of the respondent.</td></tr>
</table>

Respondent: Bharat Petroleum Corporation Kochi refinery	
The objector pointed out that they are availing power at 220 KV . losses tend to decrease with increase in voltage. Hence the objector requested to a. fix 220 KV demand charge at Rs 230/KVA or lower , which is the comparable derived rate from 66 KV, 110 KV and 220 KV levels. b. Fix energy charges at a lower rate compared to 110 KV tariff c. Permit only a nominal and reasonable hike in tariff	Considering the request of the respondent, KSEB has already submitted the proposal for 220 kV tariff.
Respondent: Hindalco Industries	
1. Suggested to introduce kVAh billing or PF incentive, load factor incentive etc.	KSEB would like to continue the present kWh billing on account of the following. At the present method of billing, the energy rate, power factor and the penalty / incentive et are shown separately in the invoices . If penalty is imposed for not maintaining the power factor, the consumer may install the capacitor or other measures to improve the power factor and thus it may be beneficial to the utilities. However if the kVAh billing is implemented, the consumers may not be aware of the power factor and may not take any measures to improve the system, though the consumers are paying the penalty in the form of kVAh tariff. Thus it may be not beneficial to the power system.
2. Introduce TOD tariff to all domestic consumers.	As directed by the Hon'ble Commission, KSEB has proposed ToD tariff for domestic consumers with connected load above 10 kW.
3. Open access to be made possible at no loss no profit basis and encourage industrial growth	Hon'ble Commission has already notified the 'open access regulations' in the State. Since the HT&EHT tariff was much lower than the prevailing electricity price in the short-term market, no consumers has availed the open access facility till date.
4. Tariff shock to the industrial consumers must be the lowest.	The respondent may please note that, KSEB has proposed the present revision after a period of 10 years. Further, the percentage of increase proposed was less than 30% for the HT&EHT industrial consumers.

Respondent: Chief Engineer , Naval Base (MES)	
1. The proposed rates for bulk consumers/11KV licensees are very high and it requires reconsideration. 2. Requested to consider a separate lower tariff for the Defence installations.	The respondent may please note that, the cost of power purchase and overhead costs has increased substantially during the last few years. The details are given in the Tariff proposals dated 30-03-2012 submitted before the KSERC. The respondent may kindly note that, Hon'ble Commission has approved a revenue gap of Rs 1889.15 core for the year 2012-13. Further the unbridged revenue gap approved by the Commission is more than Rs 4000.00 crores. However, in order to avoid the tariff shock to its consumers, KSEB has proposed a moderate increase of 10 to 30% on the consumer tariff for mobilising an additional revenue amounts to Rs 1540.40 crore during the year 2012-13. It is further submitted that, the additional revenue proposed to recover through tariff revision is less than the approved revenue gap for the year 2012-13. Considering the critical financial position, KSEB is not in a position to recommend for a separate reduced tariff for Military Engineering Service.

Respondent: KERALA STATE PRODUCTIVITY COUNCIL .	
1. Honourable Commission has directed Board to file a tariff petition to bridge the gap of Rs 1889.15 crores; but the licensee has filed tariff petition for only Rs 1546.40 crores, thereby still maintaining a gap of Rs 342.75 crores for which no clear cut proposal has been furnished. This itself gives an indication that the figures presented are not realistic or rather inflated.	The respondent may please note that, inorder to avoid the tariff shock to the consumers, KSEB has proposed a moderate tariff increase between 10% to 30% among various consumer categories. The additional revenue targeted to mobilise through the present proposal was Rs 1546.40 crore only and KSEB has reqested before the Hon'ble Commission to allow KSEB to account the balance gap as regulatory asset and allows carrying cost for the same.
2. Neither the honourable Commission nor the licensee had made attempts to fill the revenue gaps approved during previous years in time. This leads to the continuation of highly subsidized tariff rates for certain categories of consumers.	The respondent may please note that, the present tariff revision was proposed after gap of 10 years since October-2002. All the consumers including the respondent and its associated members are benefited out of it.

3. The objector pointed out that EA 2003 as well as NTP envisages stage wise reduction of cross subsidy to bring the tariff to such a level as $\pm$ 20% of the average cost of supply. The time frame fixed for this cross subsidy reduction is already over	Hon'ble Commission vde the draft "Kerala State Electricity Regulatory Commission (Principles for determination of roadmap for cross-subsidy reduction for Distribution Licensees) regulations,2012 has taken initiatives to address the issue. Further, cross subsidy can be reduced only in a phased manner, to avoid tariff shock. Since the present tariff revision is made after a gap of ten years, the reduction of cross subsidy as mentioned in the Tariff policy could not be addressed all in a sudden.
3. The objector requested that while arriving a decision the Commission should keep in mind the following crucial points • The tariff to each category of consumers shall be based on the category wise cost to serve. • Voltage wise cost of supply has to be worked out and the tariff determination shall be based on voltage wise cost of supply also. • The CDT based on above aspects shall be the final and the Government's policy for cross subsidy shall not play any role in CDT fixation • The Government has every right to determine the tariff to be paid by any category of consumer, the difference in tariff between CDT and Government determined tariff shall be borne by the Government as subsidy for which payment will have to be made by the Government to the licensee as envisaged in EA 2003. • The Industrial and Commercial are the subsidizing category and any increase in tariff for these categories will only increase the subsidy violating NTP. • Honourable Commission may look into the possibilities of increasing the power factor incentive as well as other incentives prevailing in other states.	As submitted earlier, there is no provisions in the Electricity Act-2003 and Tariff Policy that, the tariff for each consumer category shall be determined based on cost of supply of different categories of consumers. So far the State Government has not made any commitment on providing subsidy to any category of consumers. Since the Government has not made any commitment, there is no need to determine two sets of tariffs, i.e., CDT and BST. The tariff approved by the Hon'ble Commission is the BST applicable to different category of the consumers of KSEB. As per the approved ARR for the year 2012-13, the HT&EHT consumers of the State are also subsidized categories, i.e., the EHT consumers are subsidized upto 24% and HT Industrial categories are subsidized by 11.21%

Respondent: Cochin Port Trust	
Para 4 : Since KSEB functions as a state generating entity, all power generations in the state and allocation from CGS are given to KSEB only as a representative of Kerala State. No power from CGS is allocated to any other licensees in Kerala . The consumers of small licensees are also entitled to enjoy its share from state resources such as hydel power generated by KSEB., water supply etc are availed by other consumers. Moreover when any additional amount incurred by KSEB on account of increase in cost of power purchased from other traders in the state cost of imported power or fuel cost adjustment prices payable for imported energy etc are shared by CPT also. Hence the contention of KSEB vide para 95 is not correct.	KSEB has been meeting the energy requirement of all these licensees till date. It is also submitted that, a major part of the energy provided to the licensees includes the share from hydel and CGS. Hence the argument of the licensee is without appreciating the facts.
Para 5&14 : The power consumption of CPT for its consumers is only 2% of total power requirement of entire state. Moreover, loading pattern of CPT is beneficial to KSEB as peak hour consumption is only 60%of consumption during normal time .Hence Cochin port trust is entitled for a positive discrimination as no additional burden is shouldered by KSEB on account of CPT for procuring high cost power during peak hours. Thus CPT is eligible for enjoying a positive discrimination under 62(3) of electricity act.	The statement is not correct. The respondent is a distribution licensee as per the Electricity Act-2003. It may be noted that, the consumer profile of the licensees mainly comprises of Industrials and Commercial categories.
Para 6: The consumer mix of CPT area contains domestic, LT industrial, HT category, public lighting system and other subsidised category of consumers. The subsidy being given to certain domestic consumers are met by CPT itself and are not passed on to other consumers. No subsidy is availed from the Government for availing power to such category of consumers. Hence the statement of KSEB vide para 98 is not correct.	The statement is false. As detailed under Table-67 of the tariff petition, about 94% of the total consumption of CPT is by elite consumer groups including HT Industrial and Commercial categories. The subsidised categories comprise 5.46% of the total consumption. Hence the cross subsidy burden of CPT is a meagre amount as compared to KSEB.
Para 7: KSEB's statement vide para 99, of tariff proposal that KSEB is ready to fulfil the future electricity requirement of small licensees is well appreciated. It is submitted that the Honorable Commission may kindly incorporate the said assurance of KSEB in the final order so that there would be no ambiguity in this regard in near future.	In para 99 of Tariff proposal KSEB stated that "Considering the social responsibility and need for industrial growth of the state, KSEB is ready to fulfil the future electricity requirements of the licensees, provided these licensees are willing to share the incremental cost of power procurement for meeting their additional demand." However, these licensees require the additional demand at the grid tariff approved by the Hon'ble Commission. This is not agreeable to KSEB as such.

<u>Para 9:</u> KSEB's argument that BST hike is warranted due to the fact that CPT is having sufficient surplus is not correct. Neither in act nor in tariff regulation stipulates that BST may be hiked based on the financial position of licensee	The reason for filing the tariff proposals was detailed in the tariff petition. The tariff petition has proposed to recover a part of the unbridged revenue gap from consumers. KSEB has proposed to revise the tariff of all categories of consumers including the licensees. Since uniform tariff has been adopted for all consumers of the state, irrespective of the choice of the licensees, the licensees including CPT may earn considerable additional revenue through the tariff revision. Further, Hon'ble Commission has approved considerable surplus to the licensees. Hence the moderate increase in the tariff revision proposed for the licensees may not results in additional financial constraints on the licensees.
<u>para 10:</u> Honourable Commission has appointed a consultant to conduct a comprehensive study on distribution business of all licensees with a view to formulate a uniform procedure on many regulatory issues. The present proposal of BST hike may be kept in abeyance till the aforesaid exercise is completed.	Honorable Commission may please note that BST hike is not based on financial position of licensee. As the Hon'ble Commission allows uniform tariff across the State among all licensees, the bulk supply tariff to each bulk supply licensees should be fixed in such a way that the surplus after allowing the statutory surplus should be passed on to KSEB.
<u>Para 11:</u> Honorab le Commission has revised BST upwards on 26.11.2007 and 13.12.2010, without increasing RST on the ground that the licensees were earning more profit due to better consumer mix. Some licensees including CPT are challenged the order before APTEL.CPT expects a favourable decision from APTEL soon. Hence it is proposed that BST hike is kept in abeyance until Honourable APTEL issues final judgement in this regard.	Hon'ble APTEL issued final judgment on the matter and dismissed the plea of the petitioner.
<u>Para 12:</u> The risk associated for providing power supply to the consumers of KSEB and licensees are same and only 0.25 of the total requirement is consumed by CPT. As per present tariff structure , HT industrial consumers at 11 KV is paying less electricity charges than the licensee of same voltage level which is unjust and against the spirit of EA 2003.	At one side , the objector stated that they are entitled to enjoy the rights of licensee but on other side they want to enjoy the rights of consumers also.
<u>Para 13:</u> The present proposal of KSEB , to hike BST further while requiring the licensees to maintain a uniform tariff policy is clearly anti competitive and will result the bulk licensees becoming unviable and is against the spirit of the Section 61 of EA 2003, National Electricity policy and the tariff policy.	As submitted earlier, as a distribution licensee of the State, the respondent can source power as their own as per the provisions of the Electricity Act-2003. The respondent want to become competitive at the cost of KSEB.

Para 15: The average rate of RST hike proposed by KSEB is Rs 1.2 per unit from the rates prevailed in 2007 whereas KSEB has proposed a BST hike of Rs 1.45 per unit from the rates prevailed in the same period. If at all BST hike is warranted a reasonable tariff may be fixed for bulk consumers in consonance with increase in RST so that financial strength of the licensees could be guaranteed as envisaged in the electricity act.	The respondent may please note that, Hon'ble Commission has approved a surplus of Rs 1.42 per unit for the year 2010-11, even after the tariff hike effected during the year 2010. It may be noted that, the respondent has earned the surplus not through their efficiency of operation, but mainly due to the better consumer mix, limited area of operation etc. Further, Hon'ble Commission has already taken the stand of uniform BST in the State. Since KSEB has proposed an average hike of about Rs 1.20 per unit, the same increase shall be available to the respondent.
Respondent: Secretary Thrissur Corporation	
1. Request Hon'ble Commission to make the bulk supply rate similar to the rate of 110KV and 66KV EHT consumers.	The respondent is a distribution licensee as per the provisions of the Electricity Act-2003. The respondent may please note that, the licensees cannot be treated at par with the consumers of the State. Further, there is no mandatory provisions in the Electricity Act-2003 that, a distribution licensee like KSEB has to supply energy to other licensee. Further, the criterion and other factors to be considered for fixing the Bulk supply tariff applicable to other licensees is entirely different from the criterion adopted for the fixation of the tariff applicable to HT&EHT consumers.
2. As a representative of the local bodies of Kerala the petitioner requests that the proposal to increase the street light tariff may be rejected.	The respondent may please note that, the street light tariff has not revised since August-2001. It may be noted that, during these period the cost of power purchase, other overhead costs etc has increased may fold. At present the street light tariff is subsidised to the extent of 54.31%. Considering all these reasons, KSEB has proposed an increase of about 25% on the tariff applicable to street lights.
Respondent: M/s Kannan Devan Hills Plantations Company Pvt. Ltd	
1. In the petition there is not even an iota of evidence for rationalisation of the tariff .The minimum particulars required to study the petition like consumption per each category of consumers are not available in the petition	The title of the petition is 'proposals for revising the existing tariff structure of all categories of consumers including Bulk supply to other licensees. Hence the argument raised by the respondent is without any basis.

2. The respondent has raised the allegation that, the petition has not filed as per the KSERC (Tariff regulations, 2003) and not submitted the forms 'T1 to T3'.	The statement is false. KSEB has submitted all the forms T1 to T5 along with the tariff petitions. The respondent is raising baseless arguments without appraising the tariff petitions properly.
The bulk supply tariff was last revised w.e.f 1.12.2010. but for the retail supply last revision was in 2002. If tariff is revised it will be an additional financial burden on licensees. Hence requests, the proposal for revision of BST to licensee may be considered after commission passed order on the proposal of KSEB to increase retail tariff.	Hon'ble Commission has detailed the rational for revising the BST tariff vide its order dated 01-12-2010. As per the provisions of the Electricity Act-2003, the respondent is a distribution licensee. Further, there are no mandatory provisions in the Electricity Act-2003 that KSEB shall provide power supply to another licensee like M/s Kanan Devan Hills Plantations Company Private Limited. The respondent can source power from any source by availing open access facilities. However, KSEB has been fulfilling the energy demand of the respondent till date. The respondent may not be aware of the fact that, the cost of electricity from CGS and short-term market has been increasing considerable over the years. The respondent may please note that, average cost of power purchase for the year 2009-10 was Rs 3.48 per unit; however the same was increased to Rs 4.21 per unit during 2011-12. However, the respondent is totally shielded from the increase in cost of power purchase by way of getting electricity at Grid Tariff approved by the Hon'ble Commission.
Hon'ble Commission in its order dated 13th December-2011 had appreciated the fact that all licensees cannot have uniform BST since surplus generated by each varies due to variations in consumer mix etc.	Kind attention of the respondent is invited to the paragraph 8.4 of the Tariff policy notified by the Central Government, where in it is specified that uniform tariff in the State for different categories of consumers.
Compares to all other licensees, KDHP operates in a very difficult geographical terrain and adverse consumer mix.	The statement is misleading. KSEB is the distribution licensee extending power supply across the length and breadth of the State except few isolated locations. The respondent may please note that, KSEB has been extending power supply directly to about 99.5% of the consumers of the State and they contribute 98% of the total consumption. The total energy sale by the licenses including KDHP was less than 2%. Further, the respondent has been supplying 87% of their sale to elite group of consumers including industrial and commercial categories. The power supply to subsidised categories accounts for 13% of their total energy sale. Hence, the licensee does not require any special support.

As per the order on ARR, Hon'ble Commission has approved deficit of Rs 120.63 crore.	The respondent may please note that, KSEB has proposed an increase upto 49% for domestic, about 120% avg. increase for agriculture, 30% increase of HT industrial and about 40% increase for HT-IV commercial categories. With the proposed increase, the revenue is likely to increase by 36%, however the cost of power purchase as per the proposed Grid tariff was only about 33%.
Additional details submitted by the respondent vide the letter dated 11th June-2012. The respondent has proposed for the uniform increase in RST for KDHP consumers also. The respondent want to limit the BST rate as Rs 3.94 per unit	KSEB agree with the proposal for uniform RST. KSEB do not agree for any reduction on the BST proposed by KSEB
Respondent: :Rubber Park India Limited	
The objector requested that the honourable commission may fix the BST at least 7% below the HT-I industrial tariff.	There is no rational for linking the BST tariff with the HT Industrial tariff. KSEB has proposed the BST considering the increase in cost of power purchase and other overhead costs , revenue gap and financial position of KSEB. However, while proposing the BST, the revenue surplus/ revenue gap approved by the Commission for the licensees over the years, their consumer mix an additional revenue expected by extending the RST proposed by KSEB to other licensees etc.
Honourable commission has revised the BST just 17 months back upon the petition of KSEB. The hike was 14.9 % in the energy charges. Proportionate revision was not given to RST at that time. The Honourable Commission may consider this while fixing the tariff.	Hon'ble Commission has detailed the rational for revising the BST tariff vide its order dated 01-12-2010. However, the respondent may please note that, the cost of electricity from CGS and short-term market has been increasing considerable over the years. The respondent may please note that, average cost of power purchase for the year 2009-10 was Rs 3.48 per unit, however the same was increased to Rs 4.21 per unit during 2011-12. Further, Hon'ble Commission has approved a revenue gap of Rs 1889.15 crore for the year 2012-13 for KSEB. Considering all these factors, KSEB has proposed a moderate increase of about 32% for licenses.

The Honourable commission may allow only 21.7% hike in energy charge and 11.7% hike in demand charges of BST, since the Commission has already given 14.9% hike in BST during December 2010.	The respondent may please note that, KSEB has proposed an increase upto 49% for domestic, about 120% avg. increase for agriculture, 30% increase of HT industrial and about 40% increase for HT-IV commercial categories. Once the proposed RST is extended to the consumers of the respondent, their annual revenue may be increased to the extent of 35 to 36%. Further, Hon'ble Commission has allowed huge revenue surplus to the extent of Rs 1.53 crore with the respondent. Hence there is no need to reduce the BST tariff proposed for the licensees.
All the distribution licensees are eligible for proper return on equity. The proper return on equity shall only be recovered through RST. Since majority of the consumers of all the distribution licensees are HT-I industrial category and by considering the fact that the existing RST was revised long time back, the tariff proposed for HT-I and LT-IV consumers by KSEB may be approved by the Honourable commission.	KSEB agree with the suggestion of the respondent.
Respondent: Cochin Special Economic Zone Authority	
The licensee pointed out that the rate proposed by KSEB to HT category is Rs 300/ KVA as fixed charges and Rs 4.10/unit as energy charges and that of the licensee is Rs 320/KVA and energy charges at Rs 4.20/unit. The licensee proposes to retain the tariff structure of KSEB to its consumers who constitute 95% HT and the remaining LT consumers. The licensee stated that it will be difficult for them to sustain at the proposed rates structuring the purchase price at rs 4.20/ unit and selling price at Rs 4.10/unit.There is a negative advantage of Rs 20KVA/month on demand charges also. Therefore there should be a direct linkage between the rate of the end consumer of the KSEB and supply rate to the licensee which should be invariably lower than the rate of the end consumer to allow a margin to meet the end expenditures.	Since the Hon'ble Commission is for extending uniform RST for all the consumers of the State, there shall be an increase in RST of the consumers of all the licensees and there shall be corresponding increase in tariff also. The respondent may please note that, KSEB has proposed an increase upto 49% for domestic, about 120% avg. increase for agriculture, 30% increase of HT industrial and about 40% increase for HT-IV commercial categories. Once the proposed RST is extended to the consumers of the respondent, their annual revenue may be increased to the extent of 35 to 36%. Further, Hon'ble Commission has allowed huge revenue surplus to the extent of Rs 1.53 crore with the respondent. Hence there is no need to reduce the BST tariff proposed for the licensees.
KSEB proposal should be rational . the proposal contains a tariff structure of rs 290/KVA and Rs 4/unit to the 110 KV EHT comnsumers. The rates for the licensees should be below than the rate fixed for EHT consumers.	There is no rational for linking the BST tariff with the HT Industrial tariff. KSEB has proposed the BST considering the increase in cost of power purchase and other overhead costs , revenue gap and financial position of KSEB. However, while proposing the BST, the revenue surplus/ revenue gap approved by the Commission for the licensees over the years, their consumer mix an additional revenue expected by extending the RST proposed by KSEB to other licensees etc.

Respondent: Southern Railway	
Para 3 to Para 6 : The objector pointed out that electric traction was extended to Kerala on the specific invitation and assurance given by the Government of Kerala and Kerala State Electricity Board that electricity will be provided at a cheaper rate for railway traction to offset the huge capital investment on railway electrification and meagre freight traffic from the State of Kerala when compared with other states.	Honourable Commission may please note that the aforesaid assurance was given before the enactment of Electricity Act 2003 and the formation of Hon'ble Electricity Regulatory Commission.
The objector also stated that rail traffic in Southern railway is loss making proposition on commercial terms due to very little originating freight traffic in southern region. Train operation in Kerala is more loss making as the traffic in Kerala is mainly passenger oriented. However Ministry of Railways have considered the request of Government of Kerala and agreed to extend the electric traction in the area served by KSEB considering the fact that electrification in Kerala region is not economically viable unless electricity is provided at a cheaper rate. Hence there is an imperative need to keep the railway traction tariff at a reasonable level with minimal cross subsidy burden	It is further submitted that, after the enactment of the Electricity Act-2003, the tariff of various consumer categories is being determined as per the section-61 and section-62 of the Electricity Act-2003. The section 62(3) of the Electricity Act-2003 deals with the differentiation of different categories of consumers, the same is extracted below for ready reference. Quote: Section 62 (3) of the Electricity Act-2003 "The Appropriate Commission shall not, while determining the tariff under this Act, show undue preference to any consumer of electricity but may differentiate according to the consumer's load factor, power factor, voltage, total consumption of electricity during any specified period or the time at which the supply is required or the geographical position of any area, the nature of supply and the purpose for which the supply is required." Unquote. KSEB as a distribution licensee has to function as per the provisions of the Electricity Act-2003. The Electricity Act-2003 mandates to recover the cost of electricity in a reasonable manner from its consumers Further it is also noted that the power scenario has completely changed from 1993-1994 to 2012-13. The hydel thermal ratio has changed from 74:26 in 1993-1994 to 35:65 in 2012-13. KSEB has to sought resort on costly thermal power and volatile traders to meet the increasing energy demand . KSEB has no other means to meet its cost of power purchase except raise in tariff.

<table>
<tr>
<td>Para 7: The objector stated that in the tariff revision petition KSEB has proposed a disproportionate increase in tariff for Railway Traction when compared to the increase in “Average cost of Supply” approved by the Hon’ble Commission in the ARR&ERC for the years 2011-12 and 2012-13 the average cost of supply for the year 2011-12 is Rs 3.92 per unit and that for 2012-13 is Rs 4.64/ unit, wherein the increase is 18.37% , whereas KSEB proposed an increase of 28.14% in Railway Traction Tariff
<table>
<tr><td></td><td>Demand Charges</td><td>Energy Charges</td></tr>
<tr><td>Existing tariff</td><td>Rs 245/KVA</td><td>Rs 2.90/unit</td></tr>
<tr><td>Proposed tariff</td><td>Rs 250/KVA</td><td>Rs 4.00/unit</td></tr>
</table>
</td>
<td>The statement is totally misleading. The traction tariff was last revised during the year 2007-08. The respondent may please note that, the cost of power purchase for the for the year 2007-08 was Rs 2.72 per unit and the same has increased to Rs 4.40 per unit during the year 2012-13. Further, there is an increase in inflation to the extent of 36% since the year 2007-08.

Further, the average cost of supply approved for the year 2007-08 was Rs 2.94 per unit, where as the same for the year 2012-13 was Rs 4.64 per unit. The respondent may please note that, the percentage of increase in average approved ARR was increased by 57.80 % since the year 2007-08. Despite these facts, KSEB has proposed a moderate increase of 28% only for the traction tariff. Considering the realities, the respondent may kindly agree with the moderate and reasonable increase proposed by KSEB.</td>
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<tr>
<td>Para 8.0 to 16.0
As per the tariff policy the tariff should progressively approach ‘Cost to service’ and accordingly the tariff for subsidized consumers should be increased and that of subsidizing consumers to be reduced to approach the permitted subsidy level. Railway traction being a subsidizing consumer the tariff need to be brought down where as KSEB has proposed a steep hike of 28.14 % against all the guiding principles and law.
The petitioner quoted paras from Electricity act 2003,tariff regulations 2006 etc.
a) Section 61(g) of Act 2003 stipulates that cross subsidy should be reduced and tariff should progressively approach cost of supply.
b) Tariff should be based on average cost of supply to various categories of consumers. The licensee should conduct a study indicating the cost of providing electricity to various consumers and should form part of tariff revision proposal.
c) KSEB has not furnished the ‘Cost of Supply’ to different category of consumers.</td>
<td>The respondent may please note that, the Electricity Act-2003 do not specify that the tariff revisions shall be based on the category wise cost of supply of each consumer category. The relevant provisions in the Electricity Act-2003 and Tariff Policy dealing with tariff determination and cross subsidy is extracted below.
Electricity Act, 2003.

Section 61.g
“…that the tariff progressively reflects the cost of supply of electricity and also, reduces cross-subsidies within the period to be specified by the Appropriate Commission.”
Section 62. (3)
“The Appropriate Commission shall not, while determining the tariff under this Act, show undue preference to any consumer of electricity but may differentiate according to the consumer's load factor, power factor, voltage, total consumption of electricity during any specified period or the time at which the supply is required or the geographical position of any area, the nature of supply and the purpose for which the supply is required.”</td>
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	Section 39 (2) (d) (ii) -Any consumer as and when such open access is provided by the State Commission under sub section 2 of 42 on payment of the transmission charges and a surcharge thereon, as may be specified by the State Commission. **Section 8.3, National Tariff Policy** " For achieving the objective that the tariff progressively reflects the cost of supply of electricity, the SERC would notify roadmap within six months with a target that latest by the end of year 2010-2011 tariffs are within ± 20 % of the average cost of supply. The road map would also have intermediate milestones, based on the approach of a gradual reduction in cross subsidy." It is submitted that, the section 61(g) of the Electricity Act-2003 is one among the nine guiding factors to be considered while specifying the terms and conditions of determination of tariff by the State Commission. Further, the National Tariff Policy is another guiding factor to be considered by the Commission while specifying the terms and conditions for determination of tariff. It is evident from the provisions in the Electricity Act-2003 and Tariff policy as extracted above that, the provisions in the Act-2003 or 'Tariff Policy' don't specifies that tariff determination shall be based on category wise cost of supply Since KSEB do not have the required data for conducting the cost of supply study, KSEB could not provide same to the Hon'ble Commission.
The petitioner also opined that KSEB has worked out Rs 3.24/ unit as cost of supply whereas the average cost for Railway traction at the proposed tariff is Rs.5.10/unit which indicate cross subsidy burden of Rs.1.86/unit on Railway Traction.	The average cost arrived by the respondent as Rs 3.34 per unit is arbitrary and without any basis. Hence the same may be rejected. As per the approved ARR, the average cost of supply approved by the Commission is Rs 4.64 per unit. Hon'ble Commission may adopt the average cost of supply approved for the year 2012-13 as the cost of supply for railway traction for the year 2012-13.

Railway requests for a separate category for Railway Traction with reduced demand charges considering the unique moving nature of traction loads. During power supply failures from KSEB to any traction substation railways are forced to extend feed from the adjacent traction substations. Railway requests KSEB that the Recorded maximum demand due to power supply and reasons beyond the control of Railway should be ignored for billing purpose.	KSEB do not find any valid reason for separate category for railway traction.
<u>**Para 27**</u> The petitioner requested before the Commission to direct KSEB i. declare cost of supply at each voltage level and cost to serve different category of consumers. ii. Fix energy charges for railway traction at Rs.3.60/kWh and demand charges at Rs.250/kVA,such that the percentage increase in average cost per unit for Railway Traction is equivalent to thepercentage increasew in average cost of energy.	As submitted earlier, the Electricity Act-2003 or the National Tariff Policy does not mandate to declare the cost of supply at each voltage level and cost to serve for different category of consumers. The prayer of the respondent may not be agreed to. As submitted earlier, through the average cost of supply has increased to the extent of 57% since the last revision of traction tariff during the year 2007-08, KSEB has proposed a moderate increase of about 28% only for railway traction.
Respondent: K.V Kuttikrishnan, Upabhokthru Samrakshana Samithi	
1. Board should take steps to generate electricity from other sources like solid waste, organic waste 2. Board should take steps to generate electricity from wind,tides and solar energy 3. Board should tender the unserviceable, deteriorated RCC posts, teakwood posts and accumulate the revenue from that to the Board. 4. Faulty meters should be replaced 5. Tariff hike should be avoided	KSEB may consider the suggestions of the respondent. However, regarding the tariff revision proposals, the respondent may please note that, the electricity tariff in the State has not revised since October-2002. However, the cost of power purchase, overhead costs etc has increased many fold. Further, Hon'ble Commission has approved a revenue gap of Rs 1889 crore for the year 2012-13. Further, the total approved accumulated revenue gap was more than Rs 4000.00 crore till date. Considering the increase in cost of electricity and critical financial position, KSEB has proposed a moderate increase of about 10 to 30% on all categories of consumers.
Respondent: Sijo Cappan	
ARR & ERC of KSEB shall be prepared by categorizing Domestic and non domestic separately. And supply the low cost electricity from Hydel stations to this category only. Accordingly these categories may exempted from tariff revision.	The Electricity Act-2003 or the National Tariff Policy notified by the Central Government or the various regulations notified by the State Commission has not permitted such an allocation of hydel power to a specific category including domestic. Hence the plea of the respondent may be rejected.

Respondent : Kerala Hotel and Restaurant Association Kozhikode District Petoleum Dealers Associations	
The objector requested to include them under industrial category	The activity of the respondent is of commercial nature and they can recover the cost incurred including the cost of electricity from their customers. Hence there is no reason for sub-categorising them under a separate category. Hon'ble Commission may kindly reject the proposal of the respondent.
Respondent: K.Narendran, Mini Rice millers association	
Rice mills using 10 HP motor should be categorised under agricultural tariff	Since rice mill is an industrial activity it cannot be classified under agricultural tariff.
Respondent: CABLE TV OPERATORS ASSOCIATION	
The objector requested to include them under low tariff category by considering them as small scale industrial unit.	The activity of the respondent is of commercial nature and they can recover the cost incurred including the cost of electricity from their customers. Hence there is no reason for sub-categorising them under a separate category. Hon'ble Commission may kindly reject the proposal of the respondent.
Respondent: KERALA CBSE SCHOOL MANAGEMENT ASSOCIATION	
The objector requested to reverse the tariff structure in respect of CBSE/ICSE schools from LT VII A (Commercial) to LT VIA (non domestic) so that the tariff should be at par with the other Government and aided schools.	The respondent cannot be compared with the Government & aided schools, since the respondent can recover all the expenses through the fees charged from the students. Hence, LT-VII(A) tariff may be continue to be made applicable to the respondent.
Respondent: Mr. Dejo Kappen	
As per EA 2003 SEB's should be separated into 3 companies Generation, Transmission and distribution. Even after 10 years neither the Government of Kerala nor KSEB had done this. If bifurcation done the Generation Company in Kerala might have made a surplus of Rs 1390 crores by selling 6954 MU of hydropower @ Rs 2 per MU	The respondent may please note that, there is no mandatory provision in the Electricity Act-2003 that, SEB's should be segregated into three companies.

The average cost as per petition is 566 paise/unit and average realization is 368 paise per unit .Thus the Generating Company might have made a surplus of Rs 2559 crores. The surplus of the Generating Company can be utilized by the State government to subsidize the deficit in the Domestic consumer group. This can be decided by the Government of Kerala under section 65 and 108 of electricity Act 2003 Any further discussions of Tariff increase can be considered only after bifurcating the KSEB into three separate entities and its balance sheet build up. Instead of drawing a common Balance sheet and Revenue and Expenditure Account for KSEB incorporating the revenue from all types of consumers be stopped till the KSEB is bifurcated into three companies, two separate notional entities to be created. One for domestic consumers and other for all other consumers. Domestic Consumers are the only category of consumers who use electricity for their existence, all others use electricity for generating income and profit. Hence Separate balance sheet and Income and expenditure account be created for the Income generating and Non income generating categories. The cheapest electricity generated/purchased/available to the state should be earmarked to the non income generating domestic consumers. By doing so the deficit from domestic category is just Rs 9.57 crores.This may be transferred by the State of Kerala to KSEB as subsidy reimbursed as per EA 2003. So there is no need to increase the power tariff for domestic consumers. Based on this Regulatory commission may direct KSEB to draw the Income and expenditure for other sector and fix the charges accordingly	The argument is without appreciating the facts. KSEB as the distribution licensee has been utilising the entire energy generated from its hydel plants and supplying same to its consumers. If the distribution company purchase the same at Rs 2.00 per unit, the its total expenses and the revenue gap also shall be increased by that extend. The argument of the respondent do not has legal backing. Further, the Electricity Act-2003 or National Electricity Policy has do not permit separate balance sheet for different categories of consumers,
The objector pointed out that the proposed tariff is very much on the higher side. Introduction of fixed charges for domestic consumers should be dropped in total. Even the meter rental charges should be abolished.	The respondent may be aware that, electricity tariff is the only one item which has not increased during the last 10 years. The costs of power purchase, overheads expenses and the cost of production at all facets of life have increased many folds during this period. Though the present tariff revision has proposed after a gap of 10 years, KSEB has proposed only a moderate increase to the extent of about 30% for the domestic category. Further, KSEB has proposed a small sum as fixed cost recovering the sunk cost incurred by KSEB for making the system ready for use.

Compared to 33% increase in domestic consumers, the increase in HT/EHT category is only 17%. The tariff principle for HT and EHT should be the cost incurred by them to generate 1 KW of diesel power using in house with 200 to 500 KVA Diesel gen sets. The average cost per unit in this case works out to 1200 paise and 50% of it is 600 paise. So no power shall be sold to HT/EHT consumers at less than 600 paise. Income figures for Non domestic category be reworked accordingly. Maximum increase in Domestic category be fixed at 18%.	The Electricity Act-2003 or the Tariff Policy has no such provision.
Respondent: The Managing director KWA	
Reduction in Electricity tariff: The objector requested that the Commission may evolve a separate lower tariff both under HT and LT for drinking water and sewerage service providers considering the social and public healthg hazards that might arise as a result of high cost of such services or poor services from the agencies. Removal of discrimination: According to prevailing KSEB tariff electricity used for water supply projects for pumping water solely for domestic purpose coming under local self government and beneficiary committees , schemes under Jalanidhi, Jaladhara, Swajaladhara and similar water supply projects coming under water supply societies , drinking water supply schemes in SC/ST and Lakshamveedu settlement colonies and taken over and managed by three tier panchayats all social drinking water supply schemes which are established through MP/MLA fund/PPS/three tier panchayat fund and Rajeev Gandhi Drinking water schemes managed by beneficiary groups where water is usede only for domestic purpose shall be charged under domestic tariff . where as drinking water schemes run by KWA , City corporations and municipalities are charged at LT IV and HT I tariff. The drinking water schemes run by KWA , City corporations and municipalities specially the rural water supply schemes run by KWA have to be considered deserving on the same footing for lower power tariff. The discrimination among the service providers in the sector may be removed by grouping all service providers into one single group.	Kerala Water Authority is the major defaulter of Electricity Tariff. The total arrear of KWA as on 31-03-2012 amounts to Rs 301.00 crore. It is also submitted that, domestic tariff is allowed to Jalanidhi, Jaladhara, Swajaladhara and similar water supply under water supply societies on the condition that, water is only used for domestic purposes ,where as a major part of the water supply by KWA is for purposes other than domestic use. Hence the domestic tariff allowed to Jalanidhi, Jaladhara, Swajaladhara and similar water supply under water supply societies may not be allowed to KWA.

<u>Respondent: Domestic categories.</u> **Shri Becker VA Kozhikkode, Shri Nandanan,Balusserry, Shri P. Rajasekharan Nair,Trivandrum, Sri G.Ajit Kumar,Kozhikkode, Shri C.Vijayan nair, Balaramapuram,Sri Ajay.R.Kammath,Thiruvananthapuram, Shri Jose Mathew,Pala, Shri Valsan P.K, Shri AV Narayanan Nair, Shri M.M Nijabddin, Consumer Protection Council All India Member, Shri Krishnan Vennala, Shri S.K.Unnikrishnan Nair, Shri P.K. Vijayan,K.B , Shri Krishnakumar, Kollam, Shri P.C John,Kottayam,Shri A.Sivadas,Kollam, Shri TV John,Shri M.P. Moideen Koya** **Residents Apex Council of Kozhikkode, Muppathadam Maveli Lane Residents association, Residents Apex Council of Ernakulam, Ernakulam District Residents Association Apex Council** **Ulloor Lane Residents Association, Karunya Residents Association, Pattoor house accommodation scheme** **Forum for consumer justice,Human Rights Protection Forum , Public welfare forum** The above stake holders has requested before the Hon'ble Commission to not to revise the tariff applicable to the domestic categories.	The respondents may please note that KSEB has not revised the tariff for Domestic category since October 2002. However, during the same period, cost of electricity has increased many fold due to the following factors. • Change in hydro thermal mix • Increase in cost of power purchase due to the two tariff revisions imposd by CERC for Central Generating Stations. • High rate of inflation • Increase in overall expenses including R& M expenses ,A&G expenses, employee cost etc • Stringent standards of performance regulations issued by KSERC. • Increase in the cost of liquid fuels • Increasing trend in energy prices in short term markets It may further note that the gap approved by KSERC for the year 2012-13 is Rs 1889.15 crores. Further Honourable Commission has approved a gap of Rs 928.62 crores for the year 2011-12 and Rs 457.48 crores for the year 2010-11. The revenue gap for the year 2009-10 as per C&AG audited accounts is Rs 1227.49 crores and the same for the year 2010-11 was Rs 1229.62 crore.. Now KSEB has reached a position so that it cannot survive without mobilizing additional revenue through tariff revision or without adequate budgetary support from the Government. However Government has also not offered any subsidy till date for bridging the revenue gap. Due to the above reasons , KSEB has filed the present tariff petition for mobilising the additional revenue of Rs 1546.40 crores through tariff revision. The respondent may please note that the domestic tariff is highly subsidised in the State to the extent of 57% as per approved ARR for the year 2012-13. As per Electricity Act 2003 and National Tariff policy , the tariff applicable for subsidized category like domestic has to be increased to the level of at least -20% of average cost of supply. ie; at least Rs 3.71 per unit as against the present tariff Rs 1.96 per unit. Considering the above reasons KSEB has proposed a moderate increase of about 20 to 30% on the tariff of domestic category. Details are given in the Tariff Petition filed before the Honourable Commission vide KSEB petition dated 30.03.2012.KSEB expect that all the consumers including domestic category may appreciate the above facts and may co-operate with KSEB for the reasonable tariff hike.