KERALA STATE ELECTRICITY REGULATORY COMMISSION

THIRUVANANTHAPURAM

PRESENT : Shri P Parameswaran, Member
Shri. Mathew George, Member

December 12, 2012

Petition OP No. 38/2012

In the matter of

Proposal to impose regulations on energy usage and financial disincentive scheme to all consumers including bulk consumers on account of critical power situation in the State due to failure of monsoon.

Kerala State Electricity Board - Petitioner

ORDER

1. The Kerala State Electricity Board on 26-9--2012 filed a petition for imposing regulations on the use of energy for all consumers including bulk consumers in the State immediately till the power situation improves. In the petition, the Board has estimated that, the reduction in hydel energy due to failure of monsoon is to the extent of about 1646MU or about 38% of expected average inflow. Even after scheduling of Liquid Fuel stations, there will be a shortage of about 5.67MU to 8.38MU per day. The additional commitment estimated is about Rs.10.99 crore per day. Since, the Board is not in a position to bear such liability, the proposal for regulating the use of energy up to 75% of the average energy consumption of previous year for HT-EHT, Bulk consumers, LT-II, LT-IV, LT- VI (A), VI(B), VI (C), VII (A), VII(B) VII(C) categories and up to 400 units bimonthly for domestic consumers was placed before the Commission.

2. The Commission based on the request of the Board on 27-9-2012, had allowed the Board to impose ½ hour cyclic load shedding through 11kV feeders in the morning hours between 6:00 AM and 9:00 AM and in the evening peak hours between 6:30

PM to 10:30 PM from 27-9-2012. The Commission also decided to hold a public hearing on the petition of the Board on 8-10-2012. After the public hearing, the Commission on 9-10-2012, issued the following interim order :

i. KSEB and other Licensees shall impose peak load restrictions strictly on all LT/HT/EHT Industrial consumers, where ever such restrictions are provided for, in the Agreement. Dedicated/Exclusive HT feeders may be exempted from load shedding if peak load restrictions are imposed on all the connected HT consumers. All other HT/EHT consumers, including continuous process industries shall voluntarily limit their consumption during peak hours to 75% of their normal average peak consumption from the date of issue of this order. If the power position continues to be bad even after the Northeast monsoon, KSEB may furnish the necessary inputs to the Commission. In the meantime KSEB may also hold discussions with a representative segment of HT/EHT consumers and record their views on various options and forward the same for the information of the Commission. Details of their consumption and the reduction achieved during peak hours by these consumers may be submitted by the Board to the Commission by the end of November 2012 and the Commission will issue its final orders on the present Petition of KSEB on reviewing the situation thereafter.

ii. The Commission hereby make a fervent appeal to all Electricity consumers, especially LT IV (Industry), LT VIIA (Commercial) and Domestic high-end category, of the State to reduce electricity consumption to the maximum extent possible and co-operate with KSEB to tide over the crisis. The Commission also hereby inform the consumers that surcharge corresponding to the additional cost incurred by the Board due to the variation in hydrothermal mix, as a result of reduction in rainfall, if found eligible at the end of the year, may be payable by all consumers on the actual consumption from October 2012 to March 2013 from the second quarter of 2013 as per Sections 12 and 13 of the KSERC (Fuel Surcharge Formula) Regulations 2009.

iii. Electricity from the Grid shall not be used for Display Lighting, hoarding, external illumination of buildings and other publicity and sales - promotion purposes. The Distribution Licensees including KSEB shall be free to discontinue power supply *to the consumers using power for such purposes after giving wide publicity and due Notice.*

iv. *The Commission directs KSEB to initiate immediate action for Medium Term and Long Term Power purchase, aggressive promotional steps for alternative sources of electricity, effective DSM activities and take time bound action on all applications for Open Access, to avoid dependence on high cost Liquid power sources in the future.*

3. As directed in the Order, the Board submitted its report on power situation vide its letter dated 29-11-2012. The Commission also allowed the Board to continue the load shedding in the morning and evening hours till further orders with a change in timings in the Evening hours as between 6:00 PM and 10:00 PM.

4. In the report, the Board has narrated following steps taken for addressing the power situation.

   a) KSEB had conducted a discussion with the representative of the HT/EHT consumers on 18-10-2012.

   b) KSEB had served notice to all HT&EHT consumers to voluntarily limit the peak consumption during peak hours to 75% of the normal average peak consumption.

   c) KSEB had uploaded the previous one year average consumption of all the HT&EHT consumers at the website of the Board for the information of the consumers.

   d) KSEB had issued instructions to the field offices to record the energy consumption of all HT&EHT consumers as on 12-10-2012, 01-11-2012, 15-11-2012 and 01-12-2012 to assess the reduction in peak hour consumption by HT&EHT consumers.

   e) Division level meeting has conducted with selected consumers including shops with high hoardings and also with LT industrial consumers on the critical power situation of the State. The meetings was completed by 22-10-2012.

   f) The Chief Engineers had issued notice to all the commercial consumers that, ' the electricity from the grid shall not be used for 'Display ; lighting' hoardings.

g) KSEB has published a press release on the critical power situation through all print medias.

h) A meeting was held at Board level with Advertising agencies and the Kerala Advertising Industries Association on 05-11-2012.

5. As directed, the Board has also presented the consumption pattern of HT-EHT consumers from 12-10-2012 to 15-11-2012. According to the Board, though the HT&EHT consumers have reduced the peak consumption, the overall consumption has increased. The Board has further pointed out that based on the inflow for the past months, the availability of hydro energy is about 42% less. Considering the expected inflow till June 2013, the average per day hydro availability is about 12.52 MU only. With the commissioning of Vallur JV and Kudamkulam Power plant, the energy availability from CGS is likely to be increased to 26 MU/day from January-2013 onwards. The energy availability through traders, energy exchanges and UI is estimated at 8.00 MU/day. Thus, the power position from December to May is projected as shown below:

Energy demand and availability from other sources for the period from December-2012 to May-2013

Month	Hydro	CGS	Small IPPS	Liquid Fuel stations		Traders & Exchange/ shortages	Total	(%) of liquid fuels & traders on the total consumption
	(MU)	(MU)	(MU)	BDPP + KDPP (MU)	Kayamkulam (MU)	(MU)		
Dec-12	10.0	25.0	0.4	1.5	6.5	12.0	55.3	36.1
Jan-13	10.9	26.0	0.4	1.5	6.5	9.7	55.0	32.1
Feb-13	13.4	26.0	0.3	1.5	6.5	12.2	59.9	33.7
Mar-13	13.9	26.0	0.4	1.5	6.5	13.9	62.2	35.2
Apr-13	13.0	26.0	0.4	1.3	7.0	12.0	59.6	33.9
May-13	13.2	26.0	0.5	1.3	7.0	13.2	61.2	35.1

6. Based on the above, the Board has estimated the additional financial commitment for the above period ie., December 2012 to March 2013 as follows:

Additional liability over approval on generation & power purchase for the period from Dec-2012 to March-2013

Particulars	Quantity			Amount				
	KSERC approval	Availability/ proposed	Excesss / short fall	Approved		Anticipated		Excess over approval
	(MU)	(MU)	(MU)	Unit rate (Rs/kWh)	Amount (Rs. Cr)	Unit rate (Rs/kWh)	Amount (Rs. Cr)	(Rs. Cr)
Hydel (net)	2404.17	1456.87	-947.30					
BDPP + KDPP (net)	87.92	182.87	94.95	9.66	84.95	11.42	208.90	123.95
Central Generating station (at KSEB)	3489.93	3109.38	-380.55	3.41	1191.34	3.20	994.99	-196.35
Kayamkulam	279.34	784.08	504.74	12.82	358.05	12.10	948.68	590.63
BSES & KPCL	6.64	0.00	-6.64	56.73	37.67		30.56	-7.11
Small IPPs	44.34	44.34	0.00	2.33	10.31	1.62	7.19	-3.12
Traders/ exchanges	402.73	1444.10	1041.37	4.50	181.23	6.00	866.45	685.22
Total	6715.06	7021.63	306.57	2.78	1863.55	4.35	3056.77	1193.22

7. According to the Board, additional liability is Rs 1193.22 crore for generation and power purchase for the remaining months of the financial year and this works out to Rs.10Crore per day. Further the liability already incurred by KSEB due to the reduction in hydel availability and the consequent increase in demand for the period from April-2012 to October-2012 is estimated as below.

Additional liability on generation & power purchase for the period from Apr-12 to Oct-2012

	Particulars	KSERC approvals		Actuals		Excess over approval	
		Quantity (MU)	Amount (Rs.Cr)	Quantity (MU)	Amount (Rs.Cr)	Quantity (MU)	Amount (Rs.Cr)
1	KSEB Hydel	4030.75		3396.76		-633.99	0.00
2	KSEB Thermal						
	(i) BDPP	44.61	40.64	28.06	28.95	-16.55	-11.69
	(ii) KDPP	57.34	55.32	232.83	255.14	175.49	199.82
	Sub total	101.95	95.96	260.89	284.09	158.94	188.13
3	CGS (at KSEB	5365.23	1816.11	5016.12	1605.38	-349.11	-210.73
4	IPPs						
	KYCCP	244.31	376.02	670.33	889.86	426.02	513.84
	BSES	0.00	50.05	21.92	78.88	21.92	28.83
	KPCL	11.64	15.9	16.33	3.96	4.69	-11.94
	Wind	63.25	19.86	50.29	19.94	-12.96	0.08
	Other IPPs	72.17	15.61	50.73	11.79	-21.44	-3.82
	Subtotal	391.37	477.44	809.59	1004.43	418.22	526.99
5	Traders & UI	1058.27	476.22	1841.22	942.94	782.95	466.72
	Total	10947.57	2865.73	11664.57	4019.83	717.00	1154.10

8. As shown above, the total additional liability is estimated to be Rs 2626.20 crore (including for the month of November) for the year 2012-13. Thus, the Board once again requested to impose the power restrictions as proposed in September, 2012 in the original petition, so that the energy demand can be reduced by 8MU per day and the revenue loss by Rs 200.00 crore per month. The specific request is given below:

   (i) to approve the following regulations on energy usages and financial incentives schemes with immediate effect, as proposed by KSEB vide its petition dated 26-09-2012 to all consumers of the State till the end of June-2013 or till power situation improves whichever is earlier.

      (a) KSEB may provide electricity to all HT,EHT, Bulk consumers, LT-II, LT-IV, LT- VI (A), VI(B), VI (C), VII (A), VII(B) and VII(C) upto 75% of the average energy consumption during previous one year at normal tariff approved by the Commission and the balance may be provided on payment of actual cost of additional power purchase based on marginal cost principles. Railway traction, LT-V Agriculture, LT-VI(D) and public lighting may be exempted from the proposed dis-incentives.
      (b) Domestic consumers may be permitted to consume upto 400 units bi-monthly at the normal tariff and the energy usage above the ceiling may be provided on payment of actual cost of additional power purchase based on marginal cost principles.

9. After receiving the status report from the Board, the Commission scheduled a public hearing on the petition to be held on 10-12-2012 and issued a press release for the information of all the stakeholders. The report of the Board was also placed in the website of the Commission.

Hearing on the Petition

10. The matter was heard on 10-12-2012 at the office of the Commission. Representing the Board, Shri. S.Venugopal, Member (Finance) made a detailed presentation on the report. He further stated that the Board has taken steps for contracting 300MW

medium term power, which will be available from next financial year. Further, Case - 1 bidding process will be concluded in March 2013. On a query from the Commission, Shri. Venugopal stated that aggressive DSM activities are planned for the summer months beginning February 2013 and the Board is taking up promotion of solar energy in a big way. He also accepted that no disconnection notice was issued for consumers for violating the directions of the Commission on peak load usage.

11. The representatives of the consumers generally objected to the petition of the Board. Representing the domestic consumers, Shri. Ramachandran Nair, Mannanoola Residents Association, Shri. Ayyappan Nair, Consumer Vigilance Centre, Adv. Sudhakarakurup, Mannanthala Residents' Association, Shri. Krishnapillai, Giri Nagar Residents' Association and Shri. V.Sukumaran, sought to increase the monthly consumption limit of domestic consumers to 300 units. Further, some of them pointed out the mismanagement and lack of planning undertaken by the Board to manage the situation.

12. Shri. Bijukumar, representing KSSIA, stated that the present model of power restrictions is not advisable and suggested that energy auditing is to be made mandatory. Shri. Shaji Sebastain, pointed out certain errors in the data given by the Board on HT-EHT consumption and argued that core-competency of the Board has to be improved. Shri. KK Pillai, representing industries in CSEZ stated that, industrial units in the SEZ should have a 'special' treatment being foreign exchange earners.

13. Representing HT-EHT Industrial consumers' Association, Shri. George Thomas pointed out that the Board though anticipated power restrictions in November 2011 itself, could not take proper remedial action and now proposed to increase the restrictions to 25%. The dependence on liquid fuel stations based estimates of the Association show a maximum of only 13.3% for the remaining months and according to them advocating for 25% restrictions is not justifiable. The impact of 25% restrictions is about Rs.18 to Rs.284 lakhs per month. Though the Commission has directed to provide open access, the Board has not implemented the directions in toto and new hurdles are being created by the Board. They have suggested that even if restrictions are to be imposed it can be limited to 10%. While doing so the

calculation of base average should be reasonable and the methodology existed in 1996 may be followed. Shri. A.R Satheesh, CUMI, stated that 25% power restrictions translated to 46% increase in tariff. He suggested that the peak load contributed by domestic and commercial sector is responsible for the situation and restrictions have to be imposed on those consumers. He also pointed out the failure of the Board to capitalize the UI market effectively.

14. Representatives of GTN Textiles argued for special consideration for textile units. Representing major industrial units, Shri,. Pradeepkumar, MRF Limited, Shri. Ajith, M/s TCC limited, Shri, Avinash Kumar, Shri, AAM Nawas & Jijo Kuriakose, Binani Zinc Limited, C.K. Mathew, HNL, Shri. Madhu Mohan, Hindalco, Shri. Ratheesh K. Pai, Srishakti Paper Mills have also objected to the petition of the Board and suggested to limit the restrictions to the level of 5 to 10%. Some representatives have pointed out the issues in fixation of quota especially the clause of 'excluding only 'nil' consumption', without considering the requirements of minimal power during shut down periods.

15. Shri. K.N Gopinath, Standing Council Trade Unions, Shri. Ragesh Kumar, Shri. P.P Joy, Shri.P Suresh, Shri. Arul Chandra, Shri K.K. Ali and others representing various trade unions have also objected to the proposal of the Board. Shri. Meera Sahib, Ice Manufacturing Association stated that already load shedding and peak load restrictions are in place, and power cut and additional charges on excess consumption shall not be imposed. He has suggested limiting the quota as 500 units per kW in the line with the earlier Government Order.

16. Shri. Gireesh Kumar, representing Advertising Industry Association stated that advertising Boards may be exempted from the restrictions, whereas ornamental lighting may be restricted. Shri. Jaison George, Canana Paper mills stated the problems in fixation of quota during the lockout/ shut down/maintenance periods. Shri. Minto John Mathew, Radiant Solar, Shri. Alexander Vaidyan and representatives of KITCO have advocated for aggressive DSM /energy audit measures and suggested for alternate methods for energy saving. In addition to the above, the Commission also received several written objections on the proposal for power restrictions.

Analysis by the Commission

17. Commission carefully examined all the facts, objections and views presented by the stakeholders and KSEB on the matter of imposing power restrictions. While issuing the interim order on the Petition on 9/10/2012 Commission had hoped that the North East Monsoon would be reasonably good and had ordered some restrictions in consumption. Commission had appealed to the Consumers in general to reduce consumption to tide over the crisis. It has been reported that even though peak load consumption had reduced to some extent, the energy usage on a round the clock basis had gone up.

18. On receipt of a report from KSEB on the latest power situation on 29/11/2012 and taking into account the various facts presented by the stakeholders on the matter, Commission independently analysed the power scenario for the year 2012-13. The Monsoon had failed in an unprecedented scale in the State during the current water year. The inflow received in the reservoirs of KSEB this year till 30th November 2012 and the comparative figures of the previous years are given below:

2003-04 (Recent worst): 3657 MU
2007-08 (Recent best) : 8678 MU
2009-10 : 5818 MU
2010-11: 5831 MU
2011-12 : 6580 MU
2012-13 : 3386 MU

The Hydro storage available in the reservoirs as on 30th November 2012 is given below:

2003-04 (Recent worst): 1956 MU
2007-08 (Recent best) : 3625 MU
2009-10 : 3339 MU
2010-11: 3634 MU
2011-12 : 3423 MU
2012-13 : 1937 MU

19. In contrast to the projection of 6954 MU hydro availability in the ARR&ERC for the FY 2012-13 the expected hydro availability shall be only 5192 MU consequent to the

failure of both the monsoons. In addition to the fall in hydro availability, there had been an unexpected reduction of CGS power due to the delay in commissioning of Kudamkulam Nuclear station, Vallur thermal station etc. The Kerala power system is relying very heavily on the costly liquid fuel based power stations. It has also been observed that KSEB is depending heavily on the short term power market, comprising of Power Exchanges, short term trades and UI transactions for meeting the power demands on a day to day basis. Due to the transmission constraints in the Southern Region the rates in the SR had also shot up when compared to the rates elsewhere in the country. The anticipated rates of market based purchases of power was only Rs 4.50 per unit in the ARR for FY 2012-13. In contrast to this, electricity is being procured by KSEB at an average price of approximately Rs 6/- per unit from the market to meet the demand. The dependence of Kerala power system on the short term power market had grown up to unhealthy levels. With such heavy dependence on market, the power planning and procurement machinery in KSEB needs to be strengthened to take full advantage of the markets without falling into costly pitfalls.

20. In these circumstances the energy availability projections and the expected power purchase cost of KSEB for FY 2012-13 has to be revised as follows:

	Approved as per ARR&ERC				Actuals Projected			
	Energy input (MU)	Cost (Cr.)	Energy %	**Cost (%)**	Energy input (MU)	Cost (Cr.)	Energy %	**Cost (%)**
Hydro	6954	-	36%	**0%**	5,192	-	25%	**0%**
CGS	9650	2965	50%	**61%**	9,072	2,632	44%	**36%**
Small IPPs etc	192	49	1%	**1%**	241	60	1%	**1%**
Traders Exchange etc	1599	720	8%	**15%**	2,841	1,465	14%	**20%**
Own LFS	196	193	1%	**4%**	2328	2772	11%	**39%**
Other LFS	642	949	3%	**19%**				
Unch Interch	-	-	-	**-**	1036	310	5%	**4%**
Total	19234	4876	100%	**100%**	20,712	7,239	100%	**100%**

21. The above it can be seen that an amount of Rs 2363 crores has to be expended this FY 2012-13 to meet the existing demand, over and above the power purchase cost projected in the approved ARR&ERC for the year. Out of this Rs 1630 crores is

the outgo for drawing power from Liquid Fuel based stations alone. So also 39% of the power purchase cost is for acquiring 11% energy from Liquid fuel stations. The Commission in the interim order dated 9/10/2012 had pointed out that :

> “This shortfall can be made up by extra generation from Liquid Fuel stations as well as by purchases through Traders, Power Exchanges and UI. No doubt this results in additional financial commitments to KSEB which has to be recovered from the consumers. The KSERC (Fuel Surcharge Formula) Regulations 2009 provide for the recovery of such variations in inflow availability. The relevant clauses are quoted below:
>
> *“The Board or the distribution licensees as the case may be shall file separately the additional cost due to change in hydro thermal mix on account of excess /reduction in rainfall and subsequent excess/shortfall in purchase of energy within 30 days of the close of the every financial year. The Commission may approve the excess/shortfall in cost on account of mix change after receiving all information from the Board or Distribution licensee as the case may be on a provisional basis considering the merit order and the approval of purchase rates. The recovery shall be effective from the second quarter of the next financial year. The provisional estimates will be adjusted along with the first quarter FRR and allowed from the second quarter onwards.”*
>
> While the statutes provide for such recovery of the additional burden of licensees on the above account, the request of the KSEB for recovery of the additional expenses by restricting the normal tariff to 75% of the consumption and enforcing marginal cost of liquid stations for the balance consumption for the period ‘till the power position improves’ cannot be accepted.”

22. Commission undoubtedly reiterates the above position even now. But consequent to further worsening of the power situation a review of the approach is needed. If the expected additional liability of Rs 2363 crores due to the change in hydro thermal mix and short fall in CGS share is to be recovered from the consumers , approximately 150 paise per unit will have to be recovered from all consumers for one year from July 2013 . This would result in a hike of more than 30% in current charges of every consumer in the state over and above the 30% hike in current

charges made effective from July 2012. Commission do not want to inflict such tariff shock within a span of one year on the consumers. This tariff shock or surcharge shock next year can be eliminated to some extent if power consumption is restricted in the coming months. This situation had arisen primarily due to the failure of both South West and North East Monsoons this year. Short fall in CGS share as well as failure of KSEB in arranging long term/ medium term contracts for outsourcing power on time and implementing DSM measures also contributed to the crisis.

23. Under the above circumstances Commission has no option other than imposing power restrictions in the state to halt the uncontrollable rise in power purchase cost consequent to the unhealthy dependence on Liquid Fuel stations and irrational market price of the power in the Southern Region. Power restrictions by load shedding on 11KV feeders had already been imposed with effect from 27/9/2012. HT/EHT consumers do not come under the load shedding and hence they are out of any restrictions till date.

24. Permissible limits of monthly consumption shall be fixed for HT/EHT, LT Industrial and LT Commercial/non domestic consumers as explained elsewhere. The concerns expressed by the EHT /HT consumers on computation of base average shall be addressed by providing suitable provisions for excluding the months of lockout, strike etc.

25. In the case of LT domestic consumers KSEB had proposed to implement restrictions in consumption above 200 units per month. During the hearing several domestic consumers pointed out that the limit proposed by KSEB is inadequate for minimum needs of a family and suggested 300 units as reasonable limit. Commission accepts the suggestion and decides that the domestic consumers shall limit their consumption to 300 units per month.

26. However charging of excess consumption on marginal cost basis as sought for by KSEB is not tenable now immediately after a comprehensive exercise of tariff revision based on average pricing, average losses, cross subsidy considerations etc. as recent as July this year. There is no denying the fact that the basic presumptions of the ARR of 2012-13, that formed the very basis for the tariff revision, have gone completely awry demanding an inevitable intervention of the Commission. Hence the

Commission has decided to implement restriction and control measures and impose penal charges on the excess consumption with a view to reduce the overall consumption. The option for either submitting to restrictions or paying penal charges is left to the Consumers themselves.

Orders of the Commission

27. Based on the submissions and arguments made by the parties and taking into account the unprecedented monsoon failure, the projections of allocation from Central Generating Stations going amiss, the corridor constraints for procurement of power from outside the State and lack of adequate funds with KSEB for additional generation/purchase of power from Liquid Fuel Stations, the Commission is convinced of the urgent necessity for imposing power restrictions.

28. Under these circumstances, in exercise of the powers vested in the Commission under Section 23, 45, 62, 86 and other enabling provisions of the Electricity Act 2003, the Commission issues the following orders:

a) There shall be restrictions on usage of power by all categories of consumers, except Railway Traction, Public lighting, LT VI(D) Non-domestic, and LT (V) Agriculture to the extent specified below. Each unit of consumption beyond the prescribed limits will attract penalty of an amount equal to the per unit rate of energy charges at the applicable tariff.

b) There shall be no restriction on maximum demand but excess above Contract Demand shall be charged at 3 times the applicable demand charges during this period

c) All HT/EHT Consumers shall limit their energy consumption to 75% of their base average consumption in the previous year. Consumption beyond this shall attract penalty as at (a) above.

d) All HT Consumers who are provided supply through combined feeders and coming under cyclic load shedding shall limit their consumption to 80% of their base average consumption in the previous year. Consumption beyond this shall attract penalty as at (a) above.

e) All LT-II, LT-IV, LT-VI (A), (B)& (C), LT-VII (A), (B) & (C) category consumers shall limit their consumption to 80% of their base average consumption in the previous year. Consumption beyond this limit shall attract penalty as at (a) above.

f) All consumers under LT-1 (LT IA Domestic and LT IB) category shall limit their monthly consumption to 300 units. Consumption beyond this limit shall attract penalty as at (a) above

g) These restrictions shall be applicable to the consumers of all the Licensees in the State.

h) The restrictions shall be effective from 15/12/2012 to 31/5/2013. The Commission may *suo-moto* review the power situation and adequacy/continuation of restrictions every month. KSEB shall submit all supporting data for the review by 15^{th} of every month.

i) For estimating the base average consumption, 12 months upto 30^{th} September 2012 excluding the two months of April and May 2012 (i.e.from August 2011 to September 2012), shall be reckoned. Base average shall be arrived at by estimating the average excluding the months of minimal consumption, and then arriving at the base average by leaving out the months of consumption above or below 30% of that average. Months of minimal consumption means the months where the consumption is below 5% of the average of 3 months' highest values during the period of reckoning. However, for LT consumers if such average is below 105 units/kW, the norm of 105 units/kW of connected load shall be applied and quota shall be fixed accordingly.

j) In the case of new consumers who has availed power connection from April 2012 onwards, the base average consumption shall be fixed as 250kWh/kVA of contract demand for HT consumers and 400kWh/kVA of contract Demand for EHT consumers.

k) For new LT consumers other than domestic category, who have started operation from April 2012, the base average consumption shall be fixed as 105kWh/kW of connected load. However, for new consumers under TOD system the base average consumption shall be 200kWh/kVA of contract demand

l) The Board shall constitute empowered Grievance Redressal Committees at the Head Quarters for HT/EHT consumers and at Circle level for LT consumers consisting of senior officers for addressing all genuine complaints regarding base average calculations and permissible limits .

m) The Licensees other than KSEB shall follow the same principles as above in base average calculations for power restrictions. Additional revenue from consumers towards penalty shall be transferred to KSEB promptly on a monthly basis.

n) All licensees including KSEB shall indicate the base average, permissible limit, excess consumption and penalty levied etc., separately in the bills issued to the consumers. Licensees shall take steps to resolve the disputes or doubts of the consumers on this issue in a time bound manner, without causing hardship to the consumers.

o) Copy of this order shall be issued to all licensees for compliance.

p) All the amounts collected as penalty shall be accounted in a separate head and this will be offset against the Fuel surcharge to be collected from July 2013 due to variations in Hydro Thermal mix in accordance with the Sections 12 and 13 of KSERC (Fuel Surcharge) Regulations 2009

29. The Commission would like to place on record its appreciation of various stakeholders who furnished their comments and also appeared before the Commission, in expressing their views enabling the Commission to pass this Order.

30. The petition is disposed of accordingly.

Appeal

An appeal under Section 111 of the Electricity Act 2003 against this order shall lie to the Appellate Tribunal for Electricity within a period of 45 days.

Sd/-	**Sd-**
P.Parameswaran Member	Mathew George Member

Approved for Issue

Secretary