

KERALA STATE ELECTRICITY REGULATORY COMMISSION
THIRUVANANTHAPURAM

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

Petition No. OA 02/2020

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

Petitioner : Kerala State Electricity Board Limited.

Daily order dated 27.02.2020

1. Kerala State Electricity Board Limited (hereinafter referred to as KSEB Ltd or the petitioner) filed a petition for the approval of the fuel surcharge for the period from July 2019 to September 2019 on 19.11.2019 with petition for Condonation of delay. The prayers in the petition are:
 - (a) *The additional financial liability incurred by KSEBL, amounting to Rs 57.98 Cr., due to the variation in power purchase cost resulting from the variation in cost of fuel for the period from July to September 2019 for the procurement/ generation of energy from various thermal sources as per Regulation 86 of KSERC Tariff Regulations as detailed in Annexure II & III to this petition may kindly be approved.*
 - (b) *This approved additional cost may kindly be allowed to be recovered from consumers including bulk consumers and other licensees as fuel surcharge, as per the Regulation 86 of KSERC Tariff Regulations, 2018, from December 2019 onwards, @ 10 paise per unit.*

2. As per the sub Regulation (6) of Regulation 86 of the Tariff Regulation, 2018, KSEB Ltd has to file the petition with all relevant details for the approval of the amount of fuel surcharge to be recovered/ adjusted from the consumers, within 30 days after the close of each quarter. Accordingly, the petition for approval for the fuel surcharge for the second quarter has to be filed on or before 31st of October 2019. However, the petition was filed on 11.11.2019 with a delay of 12 days in filing the petition. KSEB Ltd has filed an application for 'condonation of delay' along with the original petition, wherein it is submitted that, the delay occurred mainly on account of the delay in finalizing the regional energy accounts (REA) by the SRPC. Considering the submission of KSEB Ltd, the Commission condoned the delay in filing the petition for the approval of the fuel surcharge for the second quarter of the FY 2019-20 and admitted the petition as OA No 02/2020.
3. The Commission admitted the petition as OA No 02/2020 and published it in the website of the Commission for comments of the stakeholders. Public hearing on the petition was held at the Court Hall of the Commission on 19.02.2020. The list of the stakeholders who participated in the deliberations of the subject petition is given as Annexure-1.
4. Sri K G P Nampoothiri, Executive Engineer presented the petition on behalf of KSEB Ltd and responded to the queries of the Commission. KSEB Ltd submitted that, the total additional liability incurred by KSEB Ltd during the second quarter of the financial year 2019-20 over approved level is Rs 63.73 crore. However as per the provisions of the KSERC (Terms and Conditions of Determination of Tariff) Regulations, 2018, the additional liability admissible as fuel surcharge is Rs 57.98 crore. KSEB Ltd proposed to recover the amount admissible @Rs 0.10/unit from the consumers from December 2019 onwards. The representative of KSEB Ltd further submitted that, increase in variable cost of CGS and other generators whose tariff is determined by CERC is mainly due to the following.
 - (1) Changes in the norms of SHR and auxiliary consumption as per the CERC (Terms and Conditions of Tariff) Regulations, 2019, compared to the CERC (Terms and Conditions of Tariff) Regulations, 2014.
 - (2) Increase in the price of the domestic coal as per the orders of the Coal India Ltd and its subsidiaries.
 - (3) Increase in railway freight charges.
 - (4) Blending of imported coal with domestic coal to overcome the shortage of domestic coal.
5. Sri Ratheesh Kumar, HT & EHT Association made a detailed presentation on the subject petition and its summary is given below.

- (i) T&D loss claimed by KSEB Ltd is 14.91%, 8.77% and 13.10% respectively for the months of Jul'19, Aug'19 and Sep'19, as against the T&D loss of 12.42% approved for the year 2019-20. KSEB Ltd may be directed to clarify the reason for such abnormal variations.
 - (ii) There is wide variation on the variable cost approved and the actuals for the CGS like Talcher-II, Vallur STPS, Ramagundam STPS etc.
 - (iii) There was a reduction in energy availability by 403.90 MU from the IPPs, when compared to the energy schedule approved and actual.
 - (iv) KSEB Ltd has not submitted the reasons for increase in variable cost.
 - (v) HT&EHT Association also requested that, the petitioner may be directed to upload the details of the fuel surcharge collected at the website of the KSEB Ltd.
6. Sri. Saji Mathew, MRF Ltd submitted that, the Commission may deeply appraise the reasons for the monthly variation on the T&D loss approved and the actuals.
7. Based on the deliberations during the hearing, the Commission hereby orders the following.
 - (1) KSEB Ltd, shall submit the reasons in detail for the reduction in energy availability from CGS, and long term contracts from IPPs for each month of the second quarter of the FY 2019-20, with documentary evidence.
 - (2) Commission noted that, there is wide variation on the variable cost claimed during the second quarter of the FY 2019-20. For example, the variable cost of Talcher-II station claimed for the month of July was Rs 1.82/unit, however the variable cost claimed for September 2019 was Rs 2.39/ unit, i.e., an increase of Rs 0.57/unit (31.31%) over July 2019.

KSEB Ltd shall submit a detailed report with the supporting documents on the reasons for such abnormal variations.
 - (3) KSEB Ltd shall submit the reasons for the variations in the cost claimed and approved for the power purchase from the different sources as per the petition on fuel surcharge for the second quarter of the FY 2019-20.
 - (4) It is further directed that, henceforth KSEB Ltd shall include the detailed report with supporting documents on the reasons for the

variations on the variable cost approved and actuals, along with the petitions on fuel surcharge to be filed before the Commission.

- (5) KSEB Ltd shall also publish the details of the fuel surcharge collected in each month at its website on regularly, not later than 10th of subsequent month.

All the details shall be submitted before the Commission by 03.03.2020.

Sd/-
S. Venugopal
Member

Sd/-
Preman Dinaraj
Chairman

Approved for issue

C R Satheesh Chandran,
Administrative Officer,
(in charge of the Secretary)

Annexure 1

List of stakeholders participated in the public hearing held on 19.02.2020

1. Sri. Ratheesh Kumar, HT & EHT Association
2. Sri. K G P Nampoothiri, EE, TRAC, representing KSEBL
3. Smt. Anitha K, AEE, Commercial, representing KSEBL
4. Smt. Seema P Nair, AEE, TRAC, representing KSEBL
5. Saji Mathew, MRF Limited, Kottayam
6. Sarath R, FACT Ltd
7. Arun C Abey PTC India Ltd