



4. *The review petition filed by KSEB on the Commission's Order on ARR & ERC of KSEB for 2006-07*
5. *The petition filed by Technopark on refund of the interest paid on permitted installment & demand of the incentive given in invoices from April 2005 to September 2005*
6. *The petition filed by KSEB for the approval of categorization of "packing units of cashew kernels"*
7. *The petition filed by Rubber Park India (P) Ltd on their ARR & ERC for 2006-07*
8. *The petition filed by Technopark on their ARR & ERC for 2006-07*
9. *The petition filed by KSEB on tariff categorization of HT Milk Marketing Societies, Milma and other Milma processing units*
10. *The petition filed by KINFRA Export Promotion Industrial Parks Ltd on their ARR & ERC for 2006-07*
11. *The petition filed by Technopark requesting Additional Power Allocation*
12. *KSEB's request for sale of surplus power during March 2007 - economic utilisation of storage, thermal capacity and CGS allocation*
13. *Transfer of Distribution Licence in Munnar of KDPL*

13. Regulations Issued by the Commission

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Notified:

1. *KSERC (Licensees' Standards of Performance) Regulations, 2006*
2. *KSERC (Licensees' Standards of Performance) Regulations, 2006- Postponement of enforcement in the case of KSEB*
3. *Power Procurement from Renewable Sources by Distribution Licensees Regulations, 2006*
4. *Terms and Conditions for Determination of Tariff for Distribution and Retail Sale of Electricity Under MYT Frame work Regulations, 2006.*

Pre Publication stage

1.	<i>Terms and Conditions for determinations of Hydro Generation Tariff Regulations, 2005</i>	
2.	<i>Consultative paper on purchase requirement of Non-conventional energy &amp; determination of tariff for small hydro generation stations &amp; wind Energy</i>	
3.	<i>Terms and Conditions of Tariff for Transmission of Electricity Regulations, 2006</i>	
4.	<i>Terms and Conditions of Supply of power from Captive Generating Plants to Distribution Licensees Regulations, 2006</i>	
5.	<i>Intra State ABT Regulations, 2006</i>	
6.	<i>Kerala State Electricity Regulatory Commission (Consumer Grievance Redressal Forum and Electricity Ombudsman) (First Amendment) Regulations, 2007</i>	
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# **KERALA STATE ELECTRICITY REGULATORY COMMISSION**

## **ANNUAL REPORT**

**2006-07**

### **1. INTRODUCTION**

The Kerala State Electricity Regulatory Commission, established in year 2002, entered the 5<sup>th</sup> year of service. During this period, this statutory body has taken all efforts to set up a fair, transparent, modern and objective electricity regulatory process in the State of Kerala. The 4<sup>th</sup> Annual Report, of the Commission, hereby presents its activities during the financial year 2006-07.

Like the previous reports, this annual report also gives an insight into the earnest and honest attempt of the Commission in achieving its stipulated goals.

### **2. THE COMMISSION**

The Kerala State Electricity Regulatory Commission was constituted under the provisions of Sub-section (1) of Section 17 of the Electricity Regulatory Commissions Act, 1998 vide Government Order G.O.(Ms).No.34/ 2002/PD dated 14<sup>th</sup> November, 2002 notified in the Government of Kerala Gazette, Extra-Ordinary dated 18<sup>th</sup> November, 2002. The Commission is a body corporate having perpetual succession and a common seal, with power to acquire, hold and dispose off property, both movable and immovable, and to contract and shall, by the said name, sue or be sued. In addition, the Commission, a quasi-judicial body, w.e.f. 10<sup>th</sup> June, 2003 has come under the purview of the Electricity Act, 2003, as the Electricity Regulatory Commissions Act, 1998 has since been repealed.

The Commission consists of Chairman and two Members. In recognition of the need for multi-disciplinary approach while addressing issues related to independent regulation, the statute prescribes that the Chairman and Members shall be persons of ability, integrity and standing who have adequate knowledge of, and having shown

capacity in dealing with problems relating to engineering, finance, commerce, economics, law or management. The Chairman and Members are appointed by the Government of Kerala from a panel recommended by a Selection Committee constituted as prescribed under the statute. The statute also provides for the appointment of a Secretary, to the Commission, whose powers and duties are defined by the Commission.

### **3. FUNCTIONS OF THE COMMISSION**

The Commission is vested with the responsibility of discharging the following functions:

- (a) Determine the tariff for generation, supply, transmission and wheeling of electricity, wholesale, bulk or retail, as the case may be, within the State;
- (b) Regulate electricity purchase and procurement process of distribution licensees including the price at which electricity shall be procured from the generating companies or licensees or from other sources through agreements for purchase of power for distribution and supply within the State;
- (c) Facilitate intra-State transmission and wheeling of electricity;
- (d) Issue licenses to persons seeking to act as transmission licensees, distribution licensees and electricity traders with respect to their operations within the State;
- (e) Promote co-generation and generation of electricity from renewable sources of energy by providing suitable measures for connectivity with the grid and sale of electricity to any person, and also specify, for purchase of electricity from such sources, a percentage of the total consumption of electricity in the area of a distribution licensee;
- (f) Adjudicate upon the disputes between the licensees and generating companies and to refer any dispute for arbitration;
- (g) Levy fee for the purposes of the Electricity Act, 2003;
- (h) Specify State Grid Code;

- (i) Specify or enforce standards with respect to quality, continuity and reliability of service by licensees;
- (j) Fix the trading margin in the intra-State trading of electricity, if considered, necessary;
- (k) Discharge such other functions as may be assigned to it under the Electricity Act, 2003;
- (l) Advise the State Government on all or any of the following matters, namely:–
  - (a) Promotion of competition, efficiency and economy in activities of the electricity industry;
  - (b) Promotion of investment in electricity industry;
  - (c) Reorganization and restructuring of electricity industry in the State;
  - (d) Matters concerning generation, transmission, distribution and trading of electricity or any other matter referred to the State Commission by the State Government.

#### **4. MISSION OF THE COMMISSION**

The mission of the Commission is:

- a) To promote competition, efficiency and economy in the activities of the Electricity Industry within the State of Kerala.
- b) To regulate the power purchase and procurement process of the distribution licensees for sale, distribution and supply of electricity within the State of Kerala.
- c) To determine the tariff for generation, transmission, wheeling and supply of electricity, wholesale, bulk or retail, as the case may be, within the State of Kerala.

## 5. CHAIRMAN AND MEMBERS OF THE COMMISSION

The Commission is headed by Shri C.Balakrishnan as Chairman and Shri C.Abdulla and Shri M.P.Aiyappan as Members during the period of the reporting year.

## 6. OFFICE OF THE COMMISSION

The Commission is functioning in the KPFC Bhavanam at the C.V. Raman Pillai Road, Vellayambalam, Sathamangalam P.O., Thiruvananthapuram – 695010, since 18<sup>th</sup> September, 2006.

## 7. HUMAN RESOURCES

### 7.1 Existing Manpower

The staff position of the Commission as on 31.03.2007 is as below:

<i>Sl.No.</i>	<i>Name</i>	<i>Designation</i>	<i>Remarks</i>
1	Shri A M Narayanan	Deputy Director	On contract
2	Dr. B. Jayasankar	Senior Economic Analyst	On deputation
3	Shri. K. Mathew Kurien	Administrative Officer cum Secretary-In Charge	On contract
4	Shri K Rajan	U.D. Clerk	On contract
5	Smt. Sreedevi.P.G	Computer Operator	On Daily wages
6	Smt Mathimukhi Sooraj	Receptionist	On Daily wages
7	Shri P V Priyesh	Peon	On contract
8	Shri K Anil Kumar	Peon	On contract
9	Shri Vishnu H R	Peon	On contract
10	Shri R Achuthan Thampi	Driver	On contract
11	Shri K Rajesh Kumar	Driver	On contract
12	Shri C. Chandra Mohan	Driver	Daily wages

Shri C.K.Jayachandran, former Deputy Chief Engineer, KSEB has been engaged as a Consultant on contract basis from the middle of February 2004 to assist the Commission in tariff matters and is still continuing.

Shri M.Shivathanu Pillai, former Chief of Generation, KSEB has been engaged as a Consultant on contract basis from the middle of December, 2005 to assist the Commission in tariff and ARR related matters of the various Licensees and is still continuing.

## 8. STATE ADVISORY COMMITTEE

The State Advisory Committee reconstituted by the Commission on 31st October, 2006 continued to function during the year. The major role of the Advisory Committee as assigned to it under Section 88 of the Electricity Act, 2003 is to advise the Commission on major questions of policy; matters relating to quality, continuity and extent of service provided by the licensees; compliance by the licensees with the conditions and requirements of their license; protection of consumer interest and electricity supply and overall standards of performance by utilities.

### 8.1 Members of the State Advisory Committee

As per KSERC Business Regulations, the term of the Committee members shall be normally 3 years and 1/3<sup>rd</sup> of the Committee members shall be replaced by new members annually. As per the above condition, the Advisory Committee was re-constituted on 31<sup>st</sup> October 2006 with the following members.

1. Sri C.Balakrishnan, Chairman  
Kerala State Electricity Regulatory Commission : Chairman
2. Sri C.Abdulla, Member (Engineering)  
Kerala State Electricity Regulatory Commission : Member
3. Sri M.P.Aiyappan, Member (Finance)  
Kerala State Electricity Regulatory Commission : Member
4. Secretary, Food, Civil Supplies and  
Consumer Affairs Department, Government of Kerala : Member
5. Additional Secretary  
Power Department, Government of Kerala : Member
6. Member (Distribution), Kerala State Electricity Board,  
Pattom, Thiruvananthapuram : Member
7. Chief Electrical Inspector,  
Electrical Inspectorate, Housing Board Building,  
Thiruvananthapuram – 695 001 : Member
8. Director, National Transportation Planning & Research  
Centre, Shasthra Bhavan, Pattom : Member  
Thiruvananthapuram 695 004



9. Managing Director  
KINFRA Export Promotion Industrial Parks Ltd : Member  
Kusumagiri P.O, Kakkanad, Cochin – 30
10. Dr. M.Sivaraman  
Director, Centre for Management Development : Member  
Thycaud, Thiruvananthapuram – 695 014
11. General Manager, NTPC : Member  
Kayamkulam - 690 506
12. Sri.M.S.Rawther, General Secretary  
Kerala Electricity Employees Confederation : Member  
Sasthamangalam, Thiruvananthapuram
13. Sri.T.Naziruddeen, President  
Kerala Vyapari Vyavasayi Ekopana Samithi, : Member  
Vyapara Bhavan, Bank Road, Kozhikode
14. Sri.N.T.Nair, Knowledge House,  
Mathrubhumi Road, Thiruvananthapuram : Member
15. President, Chamber of Commerce, T.T.C. Road,  
Jawahar Nagar, Kowdiar, Thiruvananthapuram : Member
16. President,  
Kerala State Small Industries Association : Member  
Veekay Towers, Beerankunju Road, Kochi - 18
17. Sri.M.Raveendran Nair, CONTIPS, Vijaya Plaza,  
S.S Koil Road, Thiruvananthapuram - 695 001 : Member
18. Sri. K.Viswanathan  
Director, Mithra Nikethan P.O, Vellanad, : Member  
Thiruvananthapuram - 695 543
19. Advocate K.G.M. Nair  
Founder General Secretary : Member  
Kerala Upabhokthru Samrekshana Samithi  
153, AKG Nagar, Thiruvananthapuram - 695 016
20. President, Trivandrum Management Association, TMA  
House, Lions Centre, Jawahar Nagar, Kowdiar (P.O.), : Member  
Thiruvananthapuram 695 003
21. Chairman,  
Institution of Engineers of (India), Kerala State Centre, : Member  
Observatory (P.O.), Thiruvananthapuram-33

## 8.2 Meetings of the State Advisory Committee

Three meetings of the State Advisory Committee, *viz.*, 11<sup>th</sup>, 12<sup>th</sup>, and 13<sup>th</sup> were held during the year 2006-07.

In addition to the orders issued by the Commission, the Regulations and draft Regulations issued after the previous meeting were discussed. The Principles and methodologies specified by the Central Commission for determination of the tariff applicable to Generating Companies and Transmission Licensees notified in the National Electricity Policy and National Tariff Policy were also deliberated in the meetings. The Minutes of the meeting are appended below:

### MINUTES OF THE ELEVENTH MEETING OF THE STATE ADVISORY COMMITTEE HELD ON 25.04.2006 AT THIRUVANANTHAPURAM

Present:

- 1) Shri. C. Balakrishnan, Chairman, Kerala State Electricity Regulatory Commission
- 2) Shri.M.P.Aiyappan, Member, Kerala State Electricity Regulatory Commission
- 3) Shri.S.Girijathmajan, Additional Secretary (Power), Govt. of Kerala, Thiruvananthapuram
- 4) Shri.K.N.Santhakumaran, Chief Electrical Inspector to Government of Kerala
- 5) Shri.A.K.Singhal, Chief Electrical Distribution Engineer, Southern Railway, Chennai
- 6) Shri.M.J.Andrews, Member (Distribution), Kerala State Electricity Board
- 7) Shri.G.S.Pillai, Deputy General Manager, RGCCP, NTPC, Kayamkulam
- 8) Shri.Xavier Thomas Kondody, President, Kerala State Small Industries Association
- 9) Shri.K.Viswanathan, Director, Mithraniketan, Vellanad, Trivandrum
- 10) Adv.K.G.M.Nair, Founder General Secretary, Consumer Protection Council of Kerala, Mavelikara - 690 101

Shri. C.Abdulla, Member, Kerala State Electricity Regulatory Commission, Shri.Raju Narayana Swamy, Director, ANERT, and Shri.M.S.Rawther, General Secretary, Kerala Electricity Employees' Confederation, Shri.V.N.P.Kaimal, Managing Director, KINFRA Export Promotion Industrial parks Ltd. and Shri.M.G.Rajagopal, Director, Energy Management Centre sought leave of absence, which was granted. President Confederation of Indian Industry, Managing Director, Kerala Water Authority,

Dr.M.Sivaraman, Director, Centre for Management Development, Shri.T.Nazeeruddin, State President, K.V.V.E.S., Calicut, Secretary, Food and Civil Supplies Department, Government of Kerala and Managing Director, Kerala Power Finance Corporation Ltd. were not present in the meeting.

The following agenda items were then taken up for discussion.

(I) THE MINUTES OF THE TENTH MEETING OF THE COMMITTEE HELD ON 24TH JANUARY 2006 WERE CONFIRMED.

Shri.K.G.M. Nair, Founder General Secretary, Consumer Protection Council of Kerala, made a submission that some of the members of the Committee who were to present their suggestions and comments in the meeting were giving statements to the media against the decision of the Commission. They should present their views and suggestions in the meeting instead of going to the media and presenting statements questioning the authority of the Commission.

Chairman explained that the members of the Committee were representing different sectors and the unanimous decision of the Advisory Committee was to reduce the employee cost of KSEB and it was not the decision of the Commission. The appearance of the press release in the media was unfortunate.

Shri.S.Girijathmajan, Additional Secretary (Power), Government of Kerala stated that in a democratic setup anybody can express their views so the members cannot be restrained from issuing press statements.

Shri.M.P.Aiyappan, Member of the Commission pointed out the necessity of self-imposed code of conduct and discipline among the members of the Advisory Committee.

Shri.S.Girijathmajan, Additional Secretary invited the attention to para 5 of item 1 of the minutes and clarified that "prospective entrepreneurs selected through bidding process does not mean all the entrepreneurs".

## (II) ORDERS ISSUED BY THE COMMISSION SINCE THE LAST MEETING:

### II.1 Reduction in tariff for Domestic LT- I (a) and Commercial LT - VII (A) and LT - VII (B) Consumers

Chairman stated that the KSEB submitted a petition for approval of reduction of tariff in respect of Domestic LT - 1 (a) and Commercial LT - VII (A) and LT - VII (B) category of consumers as per direction of Government of Kerala. The Commission sought the views of Government of Kerala in compensating the revenue loss of the Board arising out of the proposed reduction in tariff as subsidy to the Board. The Commission decided to treat the petition under Section 65 of the Electricity Act, 2003 and issued orders accordingly.

Shri.M.P.Aiyappan, Member also pointed out that the Commission could take actions only as per the provisions of the Electricity Act, 2003.

### II .2 Approval of Terms and Conditions of Supply of Cochin Special Economic Zone

Commission approved the Terms and Conditions of Supply of Cochin Special Economic Zone with modifications vide Order dt 3<sup>rd</sup> February 2006. Chairman stated that each licensee has to get their Terms and Conditions of Supply approved by the Commission.

### II .3 Approval of Terms and Conditions of Supply of Technopark

Terms and Conditions of Supply of Technopark was approved by the Commission vide order No. KSERC/Technopark/T&C of supply/2006.

### II .4 Price preference to Small Scale Industrial Units

Chairman informed that after detailed deliberations the Commission decided not to allow any price preference to Small Scale Industrial Units as well as to Central / State PSUs for purchase of materials by KSEB as ordered in the GO (P) No. 448/05/Fin dated 13/10/2005, because it affects the revenue of the Board which in turn reflects in the tariff of the consumers.

## II .5 Sale of Surplus power during April and May 2006

Chairman stated that the Commission approved the proposal of KSEB for enhancing the sale of upto 250 MW of off - peak power for 18 hours per day in April and May 2006 @ Rs.3.60/unit through M/s. NVVN. Sale of off - peak power for the month of June was not sanctioned by the Commission for the time being.

## II .6 Order on ARR & ERC for FY 2006-07 filed by Cochin Port Trust

Chairman stated that Cochin Port Trust had submitted the ARR & ERC for the FY 2006-07. The Commission after detailed deliberations found that the Port Trust was having a revenue surplus of 1.8701 crore. Port Trust was directed to submit a Tariff petition along with proposals regarding the utilization of this surplus fund.

## (III) REGULATIONS ISSUED BY THE COMMISSION

### III .1 Conditions of Licence for Existing Distribution Licensees Regulations, 2006

The Existing Distribution Licensees have to be governed by certain regulations and in order to comply with this the Commission issued the Conditions of Licence for Existing Distribution Licensees Regulations, 2006.

### III .2 Terms and Conditions of Tariff for Retail Sale of Electricity Regulations, 2006

Section 61 of the Electricity Act, 2003 stipulates that the appropriate Commission shall, subject to the provisions of the Act specify the Terms and Conditions for the determination of tariff, and in doing so, shall be guided interalia by the principles and methodologies specified by the Central Commission for determination of the tariff applicable to generating companies and transmission licensees, the National Electricity Policy and Tariff Policy notified by the Central Government. Sub-section (1)(d) of Section 62 of the Electricity Act, 2003 stipulates that the appropriate Commission shall determine the tariff for retail sale of electricity in accordance with the provisions of the Act. The Regulation was framed in pursuance of the above provisions of the Act. Chairman further stated that as per the Tariff Policy resolved by the Government of India on 6th January 2006 the tariff should progressively reflect the cost of supply of

Electricity, the State Electricity Regulatory Commission would notify a road map within six months with a target that, latest by the end of year 2010 - 2011 tariffs are within plus or minus 20% of the average cost of supply. For example if the average cost of service is Rs.3 per unit, at the end of the year 2010 - 2011 the tariff for the cross subsidized categories should not be lower than Rs.2.40 per unit and that for any of the cross subsidizing categories should not go beyond Rs.3.60 per unit.

Chairman further called for the opinion of the members in this regard since being a very important matter.

Shri.A.K.Singhal, Chief Electrical Distribution Engineer, Southern Railway and Shri. Xavier Thomas Kondody, State President, Kerala State Small Industries Association expressed their views. Shri.Xavier Thomas Kondody stated that the rate of 20% of the average cost notified in the Tariff Policy was very high and it should be brought down to 10 to 15%.

Shri.K.G.M.Nair stated that the Tariff Policy was announced by the Central Government unilaterally, it should have been put for discussion among the State Governments as the State Government were to be taken into confidence when such policies are implemented. He further stated that the Commission should take a realistic appraisal of the situation prevailing in this State.

Shri.S.Girijathmajan, Additional Secretary stated that the issue is to be discussed with the public first and then brought before the Advisory Committee for further discussion.

Chairman clarified that the tariff policy has been involved in consultation with the State Governments and the Central Electricity Authority (CEA) and keeping in view of the advise of the Central Electricity Regulatory Commission and suggestions of various stakeholders.

Chairman invited the attention of the members to item 8.1 of the Tariff Policy regarding implementation of Multi-Year Tariff which would minimize risks for utilities and consumers, promote efficiency and appropriate reduction of system losses and attract investments and would also bring greater predictability to consumer tariffs on the whole by restricting tariff adjustments to known indicators on power purchase prices and inflation indices.

Shri.A.K.Singhal suggested to have a three year tariff setting.

Shri.Xavier Thomas Kondody was in favour of a five year tariff setting.

Shri.K.G.M.Nair favoured a five year period with annual review in which changes can be incorporated.

Shri.S.Girijathmajan, suggested a Muti Year Tariff for a period of two years in which case the errors if any shall be getting reduced.

#### (IV) PRE-PUBLICATION OF REGULATIONS

##### IV .1 Fees Regulations, 2006

The comments of the members on the draft Fees Regulations, 2006 was invited.

Shri.A.K.Singhal, suggested that Clause 3(c) may be modified as "all fees received by the Commission under these Regulations shall be credited to the fund; however when the applicant / petitioner is Central Government / Government of Kerala, no fees shall be levied.

Shri.Xavier Thomas Kondody opinioned that there should be fee for application only, not for the petition.

Shri.K.G.M.Nair suggested that the fees should be reduced to Rs.1,000/- because fixing such a huge amount will scare away the people from filing an individual

application before the Commission for the redressal of their Grievance. He further insisted that the fees prescribed in item No. 16 & 17 should definitely be reduced because it scares the individual approaching the Commission to get justice.

Most of the members favoured reduction of the fee for executing power purchase agreement for capacity below 1 MW to Rs. 50,000/- from the proposed amount of Rs.1,00,000/- in order to promote generation of Electricity especially for Small Hydro projects.

Sri.M.J.Andrews, Member, KSEB informed the committee that the Consumer Grievance Redressal Fora under the Kerala State Electricity Board has started functioning. Three Fora has been constituted, with head quarters at Kottarakkara, Kochi and Kozhikode.

The Members requested to publish the details of the Consumer Redressal Forum and Ombudsman in all the Section Offices so that the consumers and the general public can approach them for getting their grievances redressed.

#### IV .2 Draft Kerala State Electricity Regulatory Commission - Terms and Conditions of Tariff for Transmission of Electricity, Regulations, 2006

Chairman stated that the Commission has issued draft Terms and Conditions of Tariff for Transmission of Electricity and has been circulated to all members of the Committee.

#### IV .3 Draft on Procurement of Power from Renewable Sources by Distribution Licensees Regulation, 2006

Chairman stated that as per Section 86 (1)(e) of the Electricity Act, 2003 the Commission has to promote cogeneration and generation of electricity from renewable sources of energy by providing suitable measures for connectivity with grid and sale of electricity to any person and to specify the quantum of purchase. A draft paper was published for comments from the consumers, stakeholders, licensees, and the



developers. Based on the comments, suggestions and the matters presented at the time of hearing a draft Regulation was prepared and published for further comments. The Committee was to deliberate on the draft Regulation published by the Commission in this regard. Chairman explained the different factors constituting the tariff structure for Small Hydro and Wind Energy Plants.

Shri.S.Girijathmajan enquired whether the 5% quantum fixed from the Non-conventional energy sources will be available for purchase by the licensee. He further stated that the Non-conventional energy sources especially wind energy sources are located at remote areas in Kerala compared to the neighbouring State of Tamil Nadu and expressed concern whether the quantum of 5% fixed can be achieved.

Chairman then invited the attention of the members to the Standards of Performance of Licensees Regulations issued by the Commission.

Shri.Xavier Thomas Kondody appreciated the improvement in the performance of Kerala State Electricity Board. He also requested for speedy disposal of the applications for pending electricity connections.

Shri.K.G.M.Nair expressed concern over classification of areas into Urban and Rural. Majority of the rural areas in Kerala are accessible by road and hence there should not be any discrimination in attending rectification works. If it is so inevitable certain areas can be given exemptions which was legally correct.

Shri.S.Girijathmajan informed that the fine imposed as per the Regulation is to be withdrawn. But Shri.K.G.M.Nair insisted that the element of fine imposed should never be withdrawn and in case if the provision for fine is withdrawn then the Regulation will not be effective.

Almost all the members informed that the implementation of the Standards of Performance should not be delayed. Member Distribution, KSEB informed that even

without the performance Regulation the performance of KSEB was improving and instead of imposing fine in individual cases, penalty can be imposed in case the performance of the licensee specified in the schedule is below the prescribed level.

Chairman stated that the fine proposed in the Regulation is only nominal and is with the intention of creating awareness among the employees of the licensee and for the satisfaction of the consumers.

Shri.Xavier Thomas Kondody requested the Commission to allow to continue the price preference given to the Small Scale Industrial Units in the State of Kerala and requested to review the order dated 27th February issued by the Commission in this regard. Chairman agreed to convene a meeting in this regard for further detailed discussion.

The meeting ended with vote of thanks by the Chairman for the valuable contribution and suggestions made by the members of the Committee.

The 12<sup>th</sup> meeting of the State Advisory Committee was held on 31.7.2006.

Orders and Regulations issued since the previous meeting was discussed in addition to the Draft Regulations published. On the draft Regulation members voiced their views on the Standard of Performance of Licensees in the meeting.

**EXCERPTS FROM THE MINUTES OF THE TWELFTH MEETING OF THE STATE ADVISORY COMMITTEE HELD ON 31.07.2006 AT GOVT. GUEST HOUSE, THYCAUD, THIRUVANANTHAPURAM.**

**Present**

1. Shri.C.Balakrishnan, Chairman, Kerala State Electricity Regulatory Commission.
2. Shri.C.Abdulla, Member, Kerala State Electricity Regulatory Commission.
3. Shri.M.P.Aiyappan, Member, Kerala State Electricity Regulatory Commission.
4. Shri.M.Balakrishnan, Member (Generation), Kerala State Electricity Board
5. Shri.U.C.D.Shreni, Chief Electrical Engineer, Southern Railway, Chennai
6. Shri.D.K.Sood, A.G.M.in charge, Kayamkulam, National Thermal Power Corporation
7. Shri.T.Naziruddeen, President, K.V.V.E.S, Vyapara Bhavan, Calicut.
8. Shri.K.Viswanathan, Director, Mithraniketan, Vellanad, Trivandrum

9. Shri.Xavier Thomas Kondody, State Present, Kerala State Small Industries Association
10. Shri.T.P.Mohanlal, Managing Director, Kerala Water Authority
11. Shri.J.M. Jayamohan, Project Director, ANERT
12. Shri.K.M.Dhariesan Unnithan, Director, Energy Management Centre
13. Smt.K.S.Beena, Chief Electrical Inspector
14. Shri.M.A.Mohan, Additonal Secretary, Food & Civil Supplies
15. Shri.M.S.Rawther, General Secretary, Kerala Electricity Employees' Confederation.
16. Shri.S.Girijathmajan, Additional Secretary (Power), Govt. of Kerala

Shri.V.N.P. Kaimal, Managing Director, KINFRA Export Promotion

Industrial Parks Ltd sought leave of absence, which was granted. President, Confederation of Indian Industry, Adv.K.G.M.Nair, Founder General Secretary, Consumer Protection Council of Kerala, Mavelikara, Dr.M.Sivaraman, Director, Centre for Management Development and Managing Director, Kerala Power Finance Corporation Ltd. were not present in the meeting.

(I) THE MINUTES OF THE ELEVENTH MEETING OF THE COMMITTEE HELD ON 25TH APRIL 2006

Shri.M.S.Rawther, pointed out that some reference has been made in the minutes about his opinion published in the media regarding employee costs. He stressed that being a Member of an Organization he has the right to express his opinion and the Commission cannot prohibit him in doing so. Chairman clarified that the minutes actually exhibit what has happened in the meeting. Shri.M.S.Rawther also questioned the opinion of Shri.M.P.Aiyappan, Member of the Commission regarding the necessity of self imposed discipline among the Members of the Committee.

Shri.Xavier Thomas Kondody pointed out that in the last but one para of the minutes it was reported that he had requested for price preference. It was not for price preference but for preferential procurement policy. He also pointed out that the meeting that was proposed to be convened did not materialize. Chairman asked him to propose a suitable day for the same. With the above modifications the minutes of the 11th meeting held on 25/04/06 were confirmed.

## (II) ORDERS ISSUED BY THE COMMISSION SINCE THE LAST MEETING

II .1 Order dated 10.05.06 on the ARR & ERC for the FY 2006-07 filed by M/s.Tata Tea Ltd., Munnar.

Chairman stated that the Commission had approved the ARR & ERC for the FY 2006-07 filed by M/s.Tata Tea Ltd., Munnar and the detailed order was available in the website of the Commission. He also stated that the public hearing on the above ARR was held at Munnar so as to ensure maximum public participation.

II .2 Order dated 11.05.06 on Sea foods exporting Companies Change of tariff requested from HT -IV Commercial to HT - I Industrial.

Chairman stated that the Commission after examining the petition filed by Seafood Exporting Companies in detail and conducting public hearing, decided to accept the arguments of the Board that, since the petitioners were consuming electricity mainly for the purpose of coldstoring of seafood items they were to be classified under HT - IV Commercial Tariff and need not be reclassified under HT - I Industrial category as requested by the petitioners.

II .3 Order dated 19.05.06 on Binani Zinc for Additional Cash Deposit

Chairman stated that as per sub clause (5) of clause 13 of the Kerala Electricity Supply Code, 2005 the licensee shall review the adequacy of the Security deposit of all consumers in the first quarter of every FY or when tariff revision is effected based on the average consumption of the proceeding FY and charges and tariff in force. Based on the review, the licensee can demand for the shortfall or refund the excess security as the case may be, by giving 30 days notice to the consumer. In this particular case the demand for Additional Cash Deposit was issued by the Board only on 26.07.05 i.e. after the first quarter of the financial year and hence invalid. The Board was further directed to issue a fresh demand notice as per relevant provision of the Kerala Electricity Supply Code, 2005.

Shri.Xavier Thomas Kondodi complained that the above procedure is not being followed by many of the Section Offices and even three months current charges are demanded as Security deposit.

Shri.T.Naziruddeen also pointed out that for shops three months current charges are collected as Security deposit. Over and above this, notices are issued for Additional Cash Deposit. He also requested to make it clear as to whom the consumer has to approach for getting justice.

Chairman, clarified that Kerala State Electricity Board can collect Additional Cash Deposit as per Kerala Electricity Supply Code, 2005 only and if there is any violation the consumer is free to approach the local Assistant Engineer and then the Consumer Grievance Redressal Forum.

Shri.C.Adbulla, Member of the Commission informed the Committee that it is reliably learnt that the Board has not issued the Terms and Conditions of Supply approved by the Commission to Electrical Section Officers and that is why the Terms and Conditions as per Supply Code is not implemented. He further stated that the Board should take action to issue directions to the Section Officers to implement the Supply Code.

The review petition filed by Kerala State Electricity Board was discussed. Chairman explained that the Commission had approved the ARR & ERC of KSE Board for FY 2006-07 and had directed the Board to forward the proposed tariff petition based on the surplus available with them. But infact the Board submitted a review petition on the order of the Commission stating that the findings of the Commission is not correct, especially on expenditure towards payment of salary, pension etc. Chairman further stated that the hearing was conducted by the Commission and in the course of hearing no new points were raised by Kerala State Electricity Board and hence the review petition was rejected. Further Kerala State Electricity Board was informed that any over expenditure on account of pay revision may be allowed as a passthrough expenditure.

### (III) REGULATIONS ISSUED BY THE COMMISSION

The Regulations issued by the Commission were discussed. Meanwhile Shri.Rawther wanted to know the exact position regarding the revenue of Kerala State Electricity Board. He stated that Kerala State Electricity Regulatory Commission has stated that Kerala State Electricity Board is having revenue surplus, whereas KSEB's contention was that they expect a revenue gap during the FY 2006-07.

Chairman explained in detail how the Commission arrived at a revenue surplus of Rs.184 Crores. He informed the Advisory Committee that as per the data available with the Commission, it was expected that KSEB would have a surplus of 500 mu of power that could be sold to outside States after fully meeting the requirement of the State. This surplus is mainly due to the good rainfall we had during the last monsoon. If the surplus power is sold @ of Rs.3 per unit it will fetch a revenue of about Rs. 150 Crores. But after attending the meeting of the Forum of Regulators at Delhi recently it was understood that power had become very precious in North India and the selling rate of power had gone up to Rs.5 per unit. In that case KSEB was in a position to get about Rs. 250 Crores on sale of surplus power alone. But the Commission had estimated a surplus of 184 Crores considering all the aspects.

Shri.Xavier Thomas Kondody criticized the Board for the frequent supply failure and consequent difficulties experienced by the consumers.

Then, Licensees Standards of Performance Regulation was discussed. Chairman stated that after finalizing the Regulation Kerala State Electricity Board has brought to the notice of the Commission the difficulties in implementing it. Chairman invited the opinion of all the Members regarding implementation of the Regulation. Kerala State Electricity Board intimated that it was not equipped enough to implement the performance Standards and wanted time upto May 2007 for implementing this Regulation without insisting fine. Member Generation, the Board appreciated the spirit behind the Standards of Performance Regulation because as a licensee or supplier the

intention of the Board was to serve the consumers. The concern that the Board was not ready to implement the penalty part of the Regulation was not because of limitation but due to deficiencies. He further stated that in most of the places it may be possible to attend the fuse off calls within six hours as prescribed in the Regulation, but it may not be possible in all the areas. He explained in detail the difficulties in adhering to the time limit prescribed by the Commission. He insisted on more clarity on definition of fuse off calls, the mechanism for calculating the duration of interruption etc. He assured that the KSEB would take drastic steps to equip themselves to these Standards but wanted more time before introducing fine. He further stated that the Standards have improved considerably compared to 2002 or 2003.

Shri.Abdulla, Member intervened and expressed the inordinate delay in processing service connection papers in the Section Offices especially in cases where party is ready with their installation and the Board has only to process the service connection papers.

Shri.U.C.D. Shreni, Chief Electrical Engineer, Railways informed that the time period given in the Regulation are very reasonable and amounts to be paid to the affected consumers are very nominal. So there should be no problem in implementing the Regulation. If transformers etc are readily available it should be arranged. Railways are doing all these things. But if Kerala State Electricity Board wanted some more time it could be allowed. He further invited the Member of the Board to visit their 110 KV Substation where the Board's substation also exist side by side. One can see the difference between these two with regard to the maintenance. While seeing these he said one can realize the reason for frequent failure of transformer of Kerala State Electricity Board. He remarked that if maintenance is improved there would not be any difficulty in implementing the schedule. He further suggested to postpone penalty portion to March 2007.

Shri.D.K.Sood, Addl. General Manager, NTPC, Kayamkulam stated that if KSEB wanted some more time it could be allowed as otherwise they would have to face a lot of litigation, by that time they can improve the maintenance.

Shri.T.Naziruddeen opined that no change is required in implementing this Regulation. Things were not properly done in KSEB due to the absence of a competitor.

Shri.Rawther, said that it was very easy to frame rules and regulations. But to get it implemented we have to consider the ground realities, still he appreciated the intention behind the Regulation. He further stated that wherever privatization has taken place the performance has not improved. He further cited the examples of Delhi and Orissa where privatization was in existence. The current charges will increase 4 to 5 times if privatization comes. He pointed out the scarcity of employees in the Organization. He stated that there is a shortage of about 10,300 employees in Kerala State Electricity Board, out of which 6,000 vacancies are in the area of maintaining power supply. He further requested the Commission to direct KSEB to fill the vacant post of employees. He requested the Commission to direct KSEB for completing computerization. Implementation of Standards of Performance may be done after a second thought. He further expressed concern on the increased number of electrical accidents.

Chairman intimated that Commission had arranged workshops on giving awareness to the public as well as consumers on electrical accidents at Trivandrum, Cochin and Calicut, but the response was poor.

Shir. Naziruddeen and Shri. Rawther stated that vide publicity should be given while arranging such classes. Shir.Viswanathan pointed out the inconvenience experienced due to frequent failure of power supply at Nedumagaud area.

Shri.Xavier Thomas Kondody stated that while discussing the draft Regulation on Standards of Performance no serious note was taken by Kerala State Electricity Board and it is not justifiable to come out with difficulties, point by point after the Regulation is notified. He further stated that penal provision may be deleted and the second part of the



Regulation got implemented if the Commission think it fit. He opined that the investment in transmission sector was to be drastically increased. He concluded that the Standards of Performance should be implemented probably after one year as requested by the Board.

Shri.T.P.Mohanlal, Managing Director, Kerala Water Authority, intimated that emergency maintenance works were outsourced in KWA, which can be tried in the Board also.

Shri.J.M.Jayamohan, Project Director, ANERT, stated that in the USA power supply failed after 40 years. This has to be studied and implemented here also. He further stated that wheeling, banking etc are to be implemented. Non- Conventional Energy sources are to be promoted.

Smt. K.S.Beena, Chief Electrical Inspector agreed with the time schedules in the Regulation. She also suggested that time for building infrastructure may be given.

The Regulation on Terms and Conditions of Tariff for Distribution and Retail sale of Electricity under MYT framework was discussed. Chairman explained that the above Regulation has been notified on 25/10/06.

The meeting ended with vote of thanks by the Chairman for the valuable contribution and suggestions made by the members of the Committee.

The 13<sup>th</sup> Meeting of State Advisory Committee was held on 20.12.2006. It was the first meeting of the newly re-constituted members. The ARR & ERC of KSEB for the Financial Year 2007-08 was discussed in detail. Minutes appended.

EXCERPTS MINUTES OF THE THIRTEENTH MEETING OF THE STATE ADVISORY COMMITTEE HELD ON 20.12.2006 AT GOVT. GUEST HOUSE, THYCAUD, THIRUVANANTHAPURAM.

Present

1. Shri.C.Balakrishnan, Chairman, Kerala State Electricity Regulatory Commission.
2. Shri.C.Abdulla, Member, Kerala State Electricity Regulatory Commission.
3. Shri.M.P.Aiyappan, Member, Kerala State Electricity Regulatory Commission.

4. Shri.K.S.Velayudhan, Member, Kerala State Electricity Board
5. Shri.M.Sivaraman, Director, Centre for Management Development
6. Shri.J.Mammen, Dy. General Manager(Commercial), NTPC
7. Shri.T.Elangovan, Director, NATPAC
8. Shir.M.Ravindran Nair, Executive Director, CONTIPS
9. Shir.N.T.Nair, Chief Editor, Knowledge House, Trivandrum
10. Shri.S.Girijathmajan, Additional Secretary (Power), Govt. of Kerala,
11. Smt. Beena.K.S., Chief Electrical Inspector
12. Shri.S.R.K.Rasalam, Chairman, Institution of Engineers (India)
13. Shri.A.P.M.Abdul Rahim, President, Kerala State Small Industries Association
14. Adv. K.G.M.Nair, Founder General Secretary, Kerala Upabhokthru Samrekshana Samithi, Trivandrum
15. Shri.M.R.Narayanan, President, Chamber of Commerce
16. Shri.E.M.Najeeb, President, Trivandrum Management Association
17. Shri.K.Viswanathan, Director, Mithraniketan, Vellanad, Trivandrum
18. Shri.M.S.Rawther, General Secretary, Kerala Electricity Employees' Confederation.

The Secretary, Food Civil Supplies and Consumer Affairs Department, Shri.T.Naziruddeen, President, Kerala Vyapari Vyavasayi Ekopana Samithi, The Managing Director, Kinfra Export Promotion Industrial Parks Ltd, were not present in the meeting.

#### (I) REGULATIONS ISSUED BY THE COMMISSION SINCE THE LAST MEETING

Chairman Sri.C.Balakrishnan informed that since the 12th meeting, two Regulations *viz.* KSERC (Licensees' Standards of Performance) Regulations, 2006 postponement of enforcement in KSEB and KSERC (Terms and Conditions of Tariff for Distribution & Retail Sale of Electricity Under MYT Framework) Regulations, 2006, were issued, the details of which were taken up for discussion.

##### I.1 KSERC(Licensees' Standards of Performance) Regulations, 2006- Postponement of enforcement in the case of KSEB

Chairman stated that in the light of the discussions in the last advisory Committee meeting it was decided to postpone the implementation of KSERC (Licensees' Standards of Performance) Regulations, 2006 by another 6 months in KSEB for enabling them to develop the required infrastructure for implementing the performance standards.

All other Distribution Licensees in the State were to implement the above regulation with effect from 1.11.06.

## I.2 KSERC ( Terms and Conditions of Determination of Tariff for Distribution and Retail Sale of Electricity under MYT Framework) Regulation, 2006

Chairman informed that all the State Electricity Regulatory Commissions were to implement Multiyear Tariff with effect from 1.4.07. But the Forum of Regulators has subsequently allowed time upto 1.4.08 for the same in the absence of robust and reliable data. So KSEB has been allowed to submit the ARR & ERC for the single year 2007-08.

## I.3 ARR & ERC of KSEB

The ARR & ERC of KSEB for 2007-08 was taken up for deliberations. All participants were requested to offer remarks on the various heads of ARR & ERC.

### Generation

Shri. M.Ravindran Nair

- In calculating the average inflow, the inflow for 2002-03 and that of 2003-04 may not be accounted as the inflow for 2002-03 and that of 2003-04 were comparatively very much on the lower side. Meteorological projection do not anticipate such a draught spell in FY 08. By excluding these two years, the average inflow will be 6932 MU, which is about 500 MU more than KSEB's estimation and appears to be more reasonable.
- Table 7.11 rate of Rs. 2.50 per unit seems to be on the higher side; this may be conformed. The table projects UI as 529.92 MU and a corresponding provision of 105.98 Crore., as per this UI rate would be about Rs. 2 per unit only.
- Provision for UI import as well as export may be reviewed separately.
- Provision for surplus sales to other states may be considered.

Shri. N.T.Nair

- Provision for power purchase from Non Conventional Sources is not separately shown (in compliance with the concerned regulations)
- Sale of power to outside states may also be accounted.

Shri. M.R.Narayanan

- Kerala lags behind the other states in the share of Non Conventional energy, which will have to be considered in the provision for power purchase. This would also encourage Non Conventional Energy based private power producers, as envisaged in the Policy and Act.

Shri. E.M. Najeeb

- Sale of power to out side state may be included.

Shri.K.G.M. Nair

- Provision for power purchase from NCES based schemes can avail substantial subsidy available from Govt. of India.

Smt.K.S. Beena

- Provision for power purchase from non Conventional Sources was not separately shown.

Shri.S. Girijathmajan

- Government of Kerala is encouraging NCES based generation through “ANERT” and “EMC”.

Purchase of Power

Shri. J. Mamman

- BSES has been given a schedule for generation of 110.09 MU where as Kayamkulam project had been given only 0.01 MU schedule for the FY 07-08. In the case of NTPC station at Kayamkulam Government of India had issued an additional allocation for 180 MW from Thalchar - II station having a variable

cost of around Rs.0.42 only and the total cost at the bus bar was only around Rs.1.50 and even the delivered cost at KSEB periphery was even less than Rs.2/- which is one of the lowest rates in the country today. This cheaper power had been given to KSEB so that pooled rate of NTPC Kayamkulam power as well as Thalchar power would work out to a reasonable limit. In the case of BSES or other private IPPS such a facility was not available. So keeping in view of the spirit of this allocation and also the fact that there was only a marginal difference between BSES and Kayamkulam power, i.e in the order of Rs 0.20, his suggestion was that these two plants at least have to be clubbed together for the purpose of scheduling. He further stated that Kayamkulam should be given a preferential treatment in scheduling because of additional allocation of 180 MW cheaper power. He informed that a written submission had been handed over to the Hon. Commission in this regard. He requested that in view of the heavy demand of power in various parts of the country Kayamkulam Power pooled with other surplus power available might be offered for bid in interstate trading. The pooled cost would be closer to the highest UI rate of RS.5.70. He mentioned that if surplus power is there it should be sold. But the entire ARR should not be based on assuming the best of monsoon, and sale of surplus power as the very basis of Tariff.

Shri.T.Ealngovan

- RGCCPP,NTPC, Kayamkulam may review the option of “Water ways transportation of fuel” so that fuel transportation charges to the RGCCPP may be reduced, which in turn may reflect in cost of RGCCPP, NTPC, Kayamkulam power.

Shri.M.Ravindran Nair, CONTIPS

- Estimation of requirement of energy for FY08 needs to be rechecked. For e.g.only 9 MU shown as consumption of Railways; this may be much higher say, 16 MU by Jan,07, considering the commissioning of recent railway electrification projects.

- Captive generation is not being considered in power purchase; the Act/Policies also refer on availing power from CPP by licensees, especially to encourage power purchase from NCEs and cogeneration based CPPs.
- While appreciating loss reduction of KSEB, Commercial loss reduction may be further pursued, so that power purchase could be correspondingly reduced.

Shri.M.R.Narayanan

- Power purchase from Kudamkulam was shown as effective from Jan 08. What about the Kudamkulam-Kochi transmission project for availing this power? Would it materialize?

Shri. N.T.Nair

- Means to increase hydel generation may be prioritized to reduce power purchase.

Shri. A.P.M. Abdul Rahim

Provisions for supply augmentation /less costlier generation such as the following were not shown in the ARR:

- i. New major hydel projects, with physical and financial progress and targets.
- ii. Natural Gas based power generation from RGCCPP, Kaymakulam, NTPC
- iii. New Wind turbine projects of considerable capacity

Chairman, replied that power purchase would be as per the Commission's approved merit order stack

Sri.C.Abdulla,Member, KSERC told that the existing Madurai - Trivandrum transmission line was lightly loaded; therefore, even if Kochi line is not commissioned, Kudamkulam power can be availed through Madurai line.

Interest and Finance Charges

Shri. M.Sivaraman

- "Clarify, interest on PF, which amounts to Rs. 40 crore. Is it given by KSEB? Also explain the utilization of PF by KSEB.
- More details may be provided regarding Source of funds and working capital.
- Generally in the payment terms of any trade agreement there used to be a clause on rebate, for e.g: 2% rebate for spot payment etc. KSEB may clarify whether there are such clauses existing in KSEB's PPA with IPPS, CGS, traders etc?"

Shri. M.Ravindran Nair

- Complimented KSEB for the reducing trend of interest and finance charges
- Borrowing vs. CWIP should be linked: ie., borrowing, and in turn interest thereof, should be linked with Capital Works.

Shri. N.T.Nair

- appreciated KSEB's financial management as far as reducing trend of Interest and Financing charges over the years were concerned.
- He sought Clarification on the legality of utilizing PF fund by KSEB.

Shri. E.M.Najeeb

- "refer page 83, Table 7.26: rate of interest on loan availed from Government is very high: this loan may be repaid and closed.
- Explore the option of repaying and closing all high interest rate bearing loans; even by paying pre-closure charges. This would be beneficial in the long run; it may be worthwhile to relook at the loans availed from REC, GoK etc."

Shri.M.R.Narayanan

Rate of interest on loan availed from Government is very high; it should be repaid and closed.

- All high interest loans may be repaid and closed, even by paying pre-closure charges. High interest bearing loans from REC, GoK. etc. may be reconsidered for early repayment and closure.
- Option of utilizing commercial real estate, tourism projects etc. for bringing down the financing cost need to be reviewed.

Shri. N.T. Nair

- There is still scope to reduce interest burden considering the high interest bearing loans from Gok, REC etc.

Shri. A.P.M.Abdul Rahim

- All high interest loans should be repaid, as lower interest loans are available now.
- Interest is not being paid by KSEB on Security Deposit to all consumers, as stipulated in the Supply Code and provision shown in the ARR.

Shri. S.R.K. Rasalam

- Appreciated the efforts of KSEB in reducing the Interest and Finance charges over the years. However, further scope for reduction shall be pursued.

Shri. S. Girijathmajan

Provision for 4% rebate provided for consumers for advance remittance of energy charges, may not attract the consumers for making upfront advance payment. He suggested that higher rates might be thought of.

#### Depreciation and Other Components in the ARR&ERC Petition

Shri. J. Mamman

- CERC norms should be followed for deprecation rates, as Forum of Regulators had already approved the CERC deprecation rates as applicable to distribution Licensees.



All Other SAC members

- SAC members unanimously suggested to follow CERC stipulated depreciation rates.

Shri. E.M. Najeeb

- Efficient use of human resources may be looked into.

Shri. J. Mamman

- KSEB may consider more provisos for renovation and modernization, in the wake of aging plants and equipments and improvement of capital assets
- Provision for R & M may consider the requirement of meeting the Standards of Performance regulations specified by KSERC.
- The capitalization may be improved on such expenses in tandem with the improvement in asset use efficiency

Shri. M. Sivaraman

- A detailed study may be conducted regarding manpower and employee cost reduction.

Shri. T. Ealngovan

- The terminal benefit of employees was higher than the salary. KSEB may look for alternative methods to meet the cost of terminal benefits.

Shri. M. Ravindran Nair

- Provision for safety training of KSEB employees may be improved, especially that of contract workers/employees, as the accident rate is showing an increasing trend.
- Instead of cutting down the employee cost, there may be productivity-linked incentives/payments than blanket salary and allowances hike.

Shri. N.T. Nair

- KSEB may resort to increase the share of outsourcing services in all possible areas.
- Safety training may be improved

- Modernization and technology upgrade may be intensively pursued, for improving the service quality, optimizing manpower utilization and overall performance

Shri. K. Viswanathan

- Accident rate is showing an accelerating trend over the years, which may be seriously addressed with appropriate provisions in the ARR such as training, safe working environment, safety gadgets etc.

Shri. E.M. Najeeb

- Employee Cost reduction is as such a difficult task; a detailed HRM audit may be conducted with professional agencies/consultants. Measures to improve Employee productivity need to be explored, like the similar efforts being implemented in many PSUs.

Shri. M.R. Narayanan

- Cost of terminal benefits of employees is a cause of concern in the ARR, necessitating review of alternative options
- Incentives based on the performance of employees may be implemented rather than hike in fixed salary.

Shri. N.T. Nair

- Employee cost accounts for about 20% of the ARR. At least alternative methods may thought of in the case of terminal benefits for newly recruited employees.
- Productivity norms may be evolved for the employees.
- Technological substitution for employee productivity improvements may be evaluated.
- Mindset of employees may be oriented towards productivity.

Shri. M.S. Rawther

- The figures given in the ARR are not factual. Escalation of power purchase cost and erroneous norms for depreciation are cited as examples.
- Present employee strength was only two-third of the sanctioned strength and outsourcing for critical and technically intensive operations are objectionable from efficiency and safety point of view. Therefore reducing the employee strength was not a sustainable argument.
- The subject of terminal benefits was beyond the preview of this SAC.

Shri. A.P.M.Abdul Rahim

- KSEB may resort to outsourcing and reducing the employee cost. Much more critical and technical services are being outsourced these days in various organizations, including government owned firms.

Shri. S.R.K. Rasalam

- The special nature of Kerala' labour force may be considered
- Training of employees may be taken as very important.

Shri. S. Girijathmajan

- Table 7.31 of the ARR well describes the trend in employee cost over the years, which highlights the positive trend of the per unit employee cost.

Income

Shri. T. Ealngovan

- Sale of surplus power outside the state may be considered as income

Shri. N.T. Nair

- Considering trend in the past years, income from outside state sale of surplus power may be considered.

Shri. K.S. Velayudhan

- Blending of less costly power with costly power from RGCCPP, Kayamkulam NTPC etc. and scheduling the same for outside sales/trading are in the active consideration of KSEB.
- The suppliers of the meters are assuring improved delivery of meters and correspondingly KSEB expects progress in the replacement of faulty meters.
- Considering the special features of Kerala State, electrical accidents cannot be completely avoided. Thick vegetation is causing danger to the electrical lines. Also there were cases of charging of disconnected lines through generator sets and consequent accidents.

Chairman stated that the forum has discussed all the aspects of ARR & ERC. The ARR & ERC has been made available only recently and SAC members might not have obtained sufficient time for perusing it. He requested that they should further study the proposal and offer their valuable comments early in writing. It may not be possible to conduct another meeting. Mr.Najeeb of Trivandrum Management Association asked whether commission may obtain revised proposal from KSEB. Chairman replied that the views of members will be considered seriously while finalizing the ARR. Member (Engg.) stated that there will be public hearings at Kozhicode, Kochi and Trivandrum. Members may give information to respective stake holders and ensure maximum participation in public hearing. Apart from publication of approved ARR & ERC, Chairman stated that this year there would be a Tariff order considering the views expressed by the various stake holders and petitions received by the Commission. Sri. A.P.M. Abdul Rahim requested that the recent raising of KVA limit to 100 KVA for getting HT connection is causing great difficulties to prospective consumers and the limit should be made as 150KVA as in the past. Also he requested that TOD metering should be permitted for LT consumers also as in the case of HT consumers, so that consumption of power can be transferred to off-peak hours at reduced tariff rate. Standby motors should not be added to connected load and spared from levying fixed charges. He also requested that small enterprises who are actually using power for industrial purpose should be classified under LT IV in

future. Chairman clarified on the points and stated that any change in already published supply code could be made through Code Revision committee. Sri. M.S. Rawther stated that even though KSERC had ordered that the subsidy amount for reducing domestic and commercial Tariff by 20 ps had to be released to KSEB by Govt. of Kerala, the amount had not been released yet. KSERC should persuade the Government to release the amount so as to save KSEB from financial crisis.

## **9. STATE CO-ORDINATION FORUM**

The State Government constituted a Co-ordination Forum consisting of the Chairman and Members of the State Commission, representatives of the Generating Companies, transmission licensees and distribution licensees in generation, transmission and distribution of electricity in the State for the smooth and co-ordinated development of Power System in the State. The following persons are the Members of the Forum.

1. Sri.C.Balakrishnan, Chairman  
Kerala State Electricity Regulatory Commission
2. Sri.C.Abdulla, Member  
Kerala State Electricity Regulatory Commission
3. Sri.M.P.Aiyappan, Member  
Kerala State Electricity Regulatory Commission
4. Sri.T.M.Manoharan, Chairman  
Kerala State Electricity Board
5. Sri.A.G.Bhadran, Member (Transmission & Distribution)  
Kerala State Electricity Board
6. Sri.K.K.Karuppankutti, Chief of Generation  
Kerala State Electricity Board
7. Sri.K.P.Kunhi Marakkar, Chief Engineer (System-Operation)  
Kerala State Electricity Board, Kalamassery
8. Dr.P.S.Chandra Mohanan Nair, Director, ANERT

9. Sri.K.M. Dharesan Unnithan, Director  
Energy Management Centre, Thiruvananthapuram
10. Smt.K.S.Beena, Chief Electrical Inspector
11. Sri.S.S.Mani, Deputy General Manager (Commercial), SRHQ,  
NTPC Limited, Secunderabad
12. Sri.R.Raveendran Nair, Chief Engineer, BSES Kerala Power Limited,  
Kochi
13. Sri.K.Sushil Nair, Manager (Public Relations and Co-ordination)  
Kasargod Power Corporation Ltd, Thiruvananthapuram
14. Sri.T.Sunil, Chief Manager, Power Grid Corporation of India Limited,  
Thiruvananthapuram
15. Sri.M.Mathew, Deputy Chief Engineer (Electrical)  
Cochin Port Trust
16. Sri. V.J.Jayakumar, General Manager (Technical)  
Electronics Technology Parks, Kerala (Technopark)  
Thiruvananthapuram
17. Sri.K.M.Michael, Electrical Engineer  
Thrissur Corporation
18. Sri. P.P.Mahanta, Manager, Munnar Workshop and Engineering Dept.  
Tata Tea Ltd, Munnar
19. Sri.V.N.P.Kaimal, Chairman and Managing Director  
KINFRA Export Promotion Industrial Parks Limited, Kochi
20. Sri.George Joseph, Managing Director  
Rubber Park India (P) Ltd, 5th Floor, Kochi
21. Sri.K.Srinivasa Rao, IDSE, Deputy Director (E/M)  
Chief Engineer (Naval Works), Naval Base.P.O, Kochi
22. Sri.T.V.Chandran, Assistant Development Commissioner  
Cochin Special Economic Zone, Kochi

The first meeting of the Forum was held at Thiruvananthapuram on 21.2.2007.

EXCERPTS FROM THE MINUTES OF THE FIRST MEETING OF THE CO-ORDINATION FORUM HELD ON 21.02.2007 AT GOVT. GUESTHOUSE, THYCAUD, THIRUVANANTHAPURAM.

## Present

1. Shri.C.Balakrishnan, Chairman, Kerala State Electricity Regulatory Commission.
2. Shri.C.Abdulla, Member, Kerala State Electricity Regulatory Commission.
3. Shri.M.P.Aiyappan, Member, Kerala State Electricity Regulatory Commission.
4. Smt.Beena K.S, Chief Electrical Inspector
5. Shri.K.M.Dharsan Unnithan, Director, EMC
6. Shri.N.Kannan, General Manager, NTPC
7. Shri.P.P.Mehenta, Manager – Engineering, Tata Tea Limited, Munnar
8. Shri. K.M.Michael, Electrical Engineer, Thrissur Corporation
9. Shri. V.J.Jayakumar, Chief Operating Officer, Technopark, Trivandrum
10. Shri.K.Sushil Nair, Manager(PR), Kasargod Power Corporation Ltd
11. Shri. T.Sunil, Powergrid, Corporation of India, Trivandrum
12. Shri.K.Ramachandran Nair,Chief Engineer(Trans), System Operation, KSEB
13. Shri. S.R.Anand, Exe. Engineer (LD), System Operation, KSEB

Shri.C.Balakrishnan, Chairman of the Commission extended a warm and hearty welcome to all the participants of the first meeting of the Co-ordination forum. The Chairman stated that for smooth and co-ordinated development of the power system in the state the Government have constituted a Co-ordination forum consisting of the Chairperson and Members of the State Commission, representatives of the generating companies, transmission licensees, and distribution licensees in the power sector in the state. Apart from this co-ordination forum the state Govt. shall constitute a committee in each district to co-ordinate and review the extension of electrification in each district. They are to review the quality of power supply and consumer satisfaction issues and above all to promote energy efficiency and its conservation. The Act envisages all these measures for the smooth and co-ordinated development of the power system. As per the act the private players are likely to come into the power sector in generation and distribution. Transmission is to be carried out by the central and state transmission

utilities. The distribution is mainly performed by the distribution companies. So the situation is entirely different from what was existing prior to the 2003 Act. The power generation, distribution and transmission including trading were done by the same authority namely the State Electricity Boards formerly. Since the enactment of 2003 Act the activities have been diversified. The Electricity Board has to mainly perform the function of State Transmission Utility and the act envisages the formation of the Co-ordination Forums and committees to encourage competition and development in the power sector. Today power is becoming very precious and it is very costly. Since the power trading has been started, the cost of traded power has gone up. There is a restriction that the trading margin should be limited to 4 paise per unit. But nobody is sticking on to that. Presently, UI rate is fixed at Rupees 5.70 per unit when frequency is 49.02c/s. The maximum UI rate is likely to be increased to Rs.9 per unit for which the Central Electricity Regulatory Commission is in the process of conducting deliberations. That means all the captive units idling in the country are to be put back into the system. KSEB 's selling price to other states is more than Rs. 6.34. That means maximum priority is to be given for the generation of power. In our state, our capacity is only about 50% of the requirement. Balance 50% of the power is received from outside. Maximum effort should be made to exploit the available resources in our state. We have harnessed only less than half of the present available sources. So the state has to concentrate on exploiting the hydel power, whether it is small quantity or even if it is seasonal. Tamilnadu is at present generating 3000 MW of wind power, where as in Kerala our installed capacity is less than 3 MW. So in that direction also we must try to generate maximum power from the wind energy. Similarly from the municipal waste also we can generate power. Biomas, Solar and so many other sources are there but only thing which prohibit, generation of power from these resources is the high cost. KSERC has worked out the cost and have fixed rate for the small hydel power at Rs.2.44 paise per unit. The necessity of the forum is to smoothen the disputes between Licensees and generating companies, co ordinate and act as a catalyst for the overall development of the power sector. In this respect we had invited write ups from all the members of the forum, but we



had received only 3; one from the Chief Electrical Inspector, one from the Rubberpark and a lengthy and informative one from the NTPC. The write up of NTPC is very elaborate and very informative, it alone invites discussions and deliberations for days. He requested the members to present their views and discuss the issues and find out ways and means of improving the power sector of our state.

Sri. Kannan, NTPC stated that Infrastructure development was very important for development of any economy. Electricity is considered as the most important of all the infrastructure facilities. Many industries are leaving the state, since the infrastructure facilities were not adequate. Keeping that in view NTPC has presented some comments.

Integrated and holistic development in the areas of capacity addition, means that even the existing capacity can be better utilized, since the capacity utilization is very low. Cases of Uchar, Thalchar, Small Thalachar from Orissa, Badanpur , etc. so it is possible to really improve the capacity utilization.

First priority should be for the renovation and modernization of old assets wherever it is possible to ensure their life extension. Then we can go for large scale capacity addition. We have tried to see how with minimum investment maximum power can be made available in the state.

Strengthening of transmission and distribution system will reduce technical losses. Of course technical losses are inevitable in any power transmission and distribution system. But it must be reduced to 12% to 13%. This can be achieved through implementation of APDRP schemes.

Next point mentioned was the formulation of a 15 year Corporate plan in line with the above, followed by five year rolling business plan and annual plan with firm targets. There should be a review in every five year to find out the level of achievement, how realistic are the targets, and what were bottlenecks for achieving these targets and what

can be done to eliminate them. Thus we can constantly monitor the progress in the power sector.

**Project Management:** He elaborated that all the aspects of project management ultimately impact on the pricing. Price per unit of electricity supplied by power station will very much depend up on how early we are able to commission it. Project management has become an inevitable and important part of planning. We can use modern techniques like PERT-CPM and computerized mechanisms by which we can daily identify as to where we are lagging and what are the steps to be taken for reducing the time gap. So we need to spend minimum resources within the valuable time and meet our targets and avoid cost and time over runs.

Regarding reducing Technical losses he stated that, if LT line requirement is reduced, copper losses are reduced. Many of the lines have become old, so all that is required is to invest for efficient new conductors for additional lines and reconducting the existing lines for the reduction of losses. HT/LT rates should also be reduced. Installation of capacitors should be encouraged.

For the reduction of commercial losses, he stated that about Rs.800 crores are due from Govt. departments to KSEB. This is a very serious situation; who were buying power have to pay for it, whether it is Govt. or not. KSEB Should call for a high level meeting for settling this issue and highlight the points, and the difficulties faced when the dues are not paid in time.

Another point which he elaborated was about Regular Energy Audit. He stated that  $(\text{Power purchased} + \text{power produced}) - \text{power billed and collected}$  should be the minimum. It should not be more than the admissible technical losses. Whatever that we purchased has to be sold. The difference is only permissible technical losses and that should be allowed. So we require energy audit and then keep on monitoring and we can see whether how much was purchased and produced whether it had been metered and

sold and billed. Another point was that more importance has to be given for energy conservation.

Creation of self sustainable revenue model for the state Power sector. There is no need for the subsidy from the state govt. Domestic and agriculture have relatively lesser tariff, compared with the HT and the revenue contribution by the domestic is only 25% and their consumption is 45%, where as industries they are consuming 40% of the energy and contribute more than 50% of the revenue. Commercial Tariff is over Rs. 6 and industrial tariff is about Rs.4 and domestic is Rs.1.70. For the Economic development industries are to be encouraged since they contribute more to the economy. It should be charged with low tariff.

When we segregate the transmission function of SEB's or SLDC function of STU in future many number of players will be in the market rather than govt. bodies, so justice is not only to be done but its seems to have been done. If we have separate entity to find out the power flows from the power stations to the various consumer category, we can manage them successfully. SLDC is to see that the power drawn by various constituents does not affect the grid. So he was suggesting the segregation of transmission function and also the separation of SLDC function from STU.

Another point he stated was that Open access regulations from SERC, should be for encouraging competitions and to help the consumers get reasonably cheaper power. If anyone within the state or outside the state is in a position to give cheaper power, it is not to be discouraged due to high open access charges and non-subsidy charges. SEB may not be able to cater to the entire needs of the state as they have their own limitations. If there are entrepreneurs within the state or outside the state who are ready to contribute to this sector, they have to be encouraged by having a more realistic reasonable open access charges and transmission charges. KSERC has only one Open access sanction given till now.

Regarding Tariff rationalization, he opined that lower tariff should be given to only really poor people, small agriculture and small-scale industries only. There should be verification as to whether the section who get cheaper power are really deserving it.

Sri.Abulla, Member (Engg.) stated that the forum is constituted for improving the system of Kerala State, ie. Improvement of generation, transmission, and distribution sectors, certain points raised by Mr. Kannan regarding the commercial aspects did not come in the scope of this Forum and those aspects can be discussed in the SAC meetings in which the NTPC is also a member or in public hearings. He further stated that, out of the points put up by NTPC, many of them can be done by KSEB. As the Chairman or Board members of KSEB were not present, the points will be brought to the notice of KSEB in writing. Regarding rural rectification, he stated that NTPC itself is going to be a partner of Rajiv Gandhi Grameen Vydhyuthikaran Yojna. So NTPC can enlighten the forum about that aspect. Regarding Kerala experience on energy conservation, the energy management centre can elaborate on those aspects.

Capacity addition in the state, as far as the wind energy is concerned there is immense potential in the state of Kerala, only ANERT can say what is happening in this sector. ANERT eventhough is a member of the forum has not turned out.

Performance Standards of the Licensees: small licensees has started to implement regulation on performance standards. They are Tata Tea, Thrissur Corporation, Technopark, Kinfra, Rubber Park, Port Trust and CSEZ. These agencies have introduced Performance Standards from November 2006 onwards. KSEB had asked for 6 months time for implementing the regulation, which was granted by KSERC.

In the case of renewable energy, KSERC has also issued a regulation that 5% of the total purchase of power, should be from renewable energy sources. But out of that, even though the Commission has announced 5% till now only 0.2% has been the achievement. Out of this 5%, 2 % is set forth for small hydro, 2% for wind and 1% for biomas and others. Nobody has come forward till now.

Regarding the 11<sup>th</sup> point of NTPC, Preparation of perspective transmission plan to match the generation plan, the system operation wing of KSEB can do much on that. Because they know what is the power being transmitted, whether the lines are overloaded or lightly loaded etc. Also he pointed out that in the case of Kuttiyadi power station, which is going to generate 225 mega watts, the transmission line is not adequate to transmit the power. No work is going on to improve the transmission. Only 2 double circuit 110 KV lines are there from Kuttiyadi. But it is not possible, to transmit the 225 megawatts through that line. So System operation people can study what is going on, whatever power is generated, should it be transmitted easily and they can assist in the perspective transmission plan.

Sri. Dharesan Unnithan, Energy Management Centre stated that, household electrification in Kerala was less than 80% in the rural area and 91% in the urban area. Regarding the energy conservation experience, Kerala is one of the leading states of India. Energy management Centre is focusing on students and housewives because domestic energy usage is very high in Kerala, 45%, and commercial is about 8% and altogether 53%. Energy consumption in these sectors are very high. Energy conservation act and building rules will be operational within 2-3 months. If the connected load is above 500 KVA, there will be a standard to conduct an Energy Audit as per the act. He also stated that a district level committee as proposed in the act should be constituted at the earliest.

Sri. Unnithan also stated that Govt. of India had sent a delegation to Japan for studying the energy conservation act and programmes. A training programme was conducted by the Ministry of Economic Trade and Industry Office from Japan; they had very much appreciated the school children's programme and domestic housewife's programme in Kerala. But the problem was mainly on the finance side. Scope for energy conservation is very high, 27 industries competed for the last year's energy conservation award. Total number of units saved was 40 million ie. 8 megawatts.

Chairman, KSERC stated that, 40% of the energy is consumed by the domestic sector. So concentration should be given for that side, and if school children are properly educated it will yield results, then the housewives program also can be intensified. The Chairman agreed to constitute the district level committee.

Sri. Dharesan further stated that the rate fixed for small hydro plants by KSERC is very low ie. 2.44 only. Because KSEB has given 61 projects to EMC for tendering, where there are only 1 or 2 projects which offer less than 2.6, all others are above 2.7, So when we are taking the energy cost wise for a 3 – 4 years period it would not be viable for them. It should be around 2.75. KSERC have already fixed the wind energy rate at 3.14.

Chairman stated that the rate was fixed by KSERC only after consultation with all the stakeholders and the public. There is a notion that the rate fixed is very high. He also stated that Commission was here to exploit all sources like wind, hydel or biomass, municipal waste and everything had been encouraged. The 2 -3 small hydro projects came to KSERC, have been cleared and the rate quoted by them are less than 2.44. He enquired about the difficulties in implementing the standards of Performance Circulation and complaints from the consumers.

Mr.K.M. Michael , Thrissur Corporation, stated that when there are transformer or 11KV line breakdown the rectification could not be done immediately. After rectification only we can give the supply, arrangements for transformer supply rectification etc. are being done. He stated that they have constituted a separate wing for fault rectification for 24 hrs of the day.

Sri. Abdulla, Memeber (Engg.) suggested that Trouble call management system with a single number telephone should be introduced in Thrissur Corporation.

Sri. V.J. Jayakumar, Technopark stated that they had no difficulty to maintain performance standards as their was a very compact area with cable network, each building having their own maintenance staff. He also stated that, they would be facing

problems in the near future due to the slow response of KSEB regarding power allocation.

Chairman opined that if Technopark had its own 110KV substation, they would be in a very comfortable position. Also he noted that the technopark could buy power from other sources utilizing open access through power grid line.

Sri. Ramachandran Nair, CE, KSEB told that, Construction of transmission lines were in progress for evacuating power from Kuttiyadi.

The Chairman enquired about the present condition of our transmission system. Did it require any immediate attention? He stated that the forum is mainly intended to sort out the issues of the operational difficulties of the system.

Mr.Susheel Nair from Kasargode Power Corporation stated that they usually generate power only during peak hours and the variable cost is Rs. 3.80. They kept the system for boosting and not for total generation.

The chairman stated that it is better to operate Thermal stations whenever these variable cost is less than Rs. 4 and whenever power is in demand outside the state at higher rates.

Shri.K.M.Michael, of Thrissur Corporation stated that their installed capacity was 20 MVA, now 19.65 MVA. MB is coming in the existing system. Now they are drawing 66 KV, and have two power transformers 10MV each and 20 MVA. Requirement is 21 MVA, They are gradually planning to shift from 66KV to 110KV so that the rate will be cheaper. KSEB has agreed for giving power allocation provided that arrear is cleared in full. He also stated that the payment after making a council resolution, will be made immediately and as such there are no problem with KSEB.

Sri.M.P. Aiyappan, Member (Finance) stated that Trichur Corporation was having sufficient funds to clear the arrears and it will have to be done without any further delay,

since they have already sold the power purchased from KSEB and had realized the cost from consumers (majority in the commercial category).

Chairman told that without making proper payment KSEB is unable to give more power. This issue has been taken with highest tribunal and they have delivered their judgement.

Ms.K.S.Beena, Chief Electrical Inspector stated that the main problem in power sector formerly was the low voltage. But now the main problem is harmonics. She explained the points already raised by her in the note submitted early.

1. There should be a limit to harmonics. Specification should be issued.
2. T & D loss shall not go below national average.
3. There should be a ratio, based on loss, for EHV/HV/LV lines
4. Wherever possible pre-paid metering system may be adopted.
5. The condition that HV supply is to be availed by individual consumers when load exceeds 100KVA may be avoided, in case of consumers in multistoried buildings.
6. In the case of shop malls/commercial/residential flats, it may be better to give distribution inside the buildings to the association of incumbents and the association may be treated as a franchisee for that premises only.

Sri.Abdulla, Member (Engg.) informed that whatever be the quality of power required, we could control the licensees regarding voltage, frequency etc. like that we could insist on the harmonics also and till a rule is formulated by CEA, we can give advise to consumers. For certain cases in the Electricity Board, for example regarding TOD meter the KSEB is compelling consumers to provide harmonic filters, otherwise the energy meter reading will be distorted. There is an instruction that, only TOD meters with harmonic filters can be used. Like that licensees can give advise to the consumers to have a limit of THD.



Smt.K.S.Beena, stated that they will give advice to the consumers to stick on to the limits of THD. They have conducted study also at formatting and in all the cases the harmonics are not within the limits. They have given directions to provide harmonics to filters. Most of the steel industry in Kanjikode werea are using variable frequency drives which generate harmonic currents.

The second point was regarding the losses in Kerala, which was assumed as 23% including technical & commercial losses. Technical loss range is 17-20 %, the new distribution licensees like Technopark, Rubberpark, Kinfra etc have brought down the distribution losses.

Smt. Beena suggested to limit the distribution loss to 10% by new licensees. It is also noticed that power loss at joints in lines, cable termination etc. are very high due to non-standard construction practice and lack of proper periodical maintenance. If proper attention is given to these factors, distribution losses can be reduced considerably. That can be done by the Licensees. The distribution losses can be reduced considerably if length of LV line is reduced. The REC recommended ratio for HT to LT line is 1:1. In Kerala in the case of KSEB, present HT to LT line ratio is approximately 1:6. This is a major reason for the high distribution loss. KSEB is trying to bring down it to 1:4. New distribution licensees may be insisted to keep this ratio to 1:1 as recommended by REC.

The prepaid metering system has an advantage of getting energy cost in advance. Such metering system is adopted successfully at Kinfra, Rubberpark. By adopting the system the energy consumption can be closely monitored and theft can be reduced.

Then discussion was initiated by the Chairman regarding the request for LT supply to be given up to 500KVA by CSEZ.

Smt.Beena stated that distribution of power to individual consumers in residential/commercial building may be entrusted to the association of inmates. In the present regulation if the connected load itself is 100KVA then they have to provide one

more transformer. Thus the number of transformers will be more in multistoried buildings.

Chairman stated that, if a common transformer is there, it will be convenient. That is why commission was thinking on having a discussion on it. CSEZ has put forward a proposal for installation of a transformer having capacity of 1250 KV in the ground floor. From there the connection can be taken to higher floors so that machines can be installed in each floor.

Sri.Dhaharan Unnithan stated: For individual consumers there should be a separate transformer. Otherwise there will be difficulty in future, because every time they are increasing their load. Dry type transformers can be provided in every floor. He stated that if there is harmonics problem in individual consumer premises the main transformer will be effected.

Sri.V.J.Jayakumar from Technopark stated that in IT buildings, they have a main transformer in the basement and from these LT busbars are drawn to all the floors.

Sri. Dhaharan Unnithan opined that if the same company occupy all the floors of a building, using of one transformer will not be a problem. He told that the same issue had been discussed when the study of Energy conservation was held at Japan. They have come to the conclusion that every individual consumer will have to install their own transformer, so as to avoid harmonic distortion, damaging the common transformer.

A discussion followed on the provision for transformers in Highrise buildings. The Chairman, Sri.C.Balakrishnan and Members, Sri.C.Abdulla and Sri.M.P.Aiyappan, Smt.Beena, Sri.Dhaneshan Unnithan and Sri. Ramachandran Nair participated in the discussions.

The chairman introduced the next item of agenda namely meter regulation issued by CEA. CEA has issued certain metering regulations and enquired whether all licensees

have implemented the use of electro static meters by replacing other meters by 28<sup>th</sup> October 2006, about which the Commission had written to all the licensees.

Shri. T.Sunil of Power Grid Corporation stated that now they have 4 lines at Pothencode, and one more additional EHT transformer is being erected and by 2008 it will be completed. But KSEB has not started any work on that. The system is not there to load the transformer.

Sri. Ramachandran Nair from KSEB told that, in Trivandrum the load is low and voltage will be high, so they are planning to install the reactor for reducing the voltage. He also requested that the new transformer at Pothencode may be transferred to Madakkathara. Even if it is an expensive project, it will be good for the present situation.

Chairman suggested that the installation work of transformer at Pothencode can be stopped immediately. The materials also should be diverted to Madakkathara at the earliest.

## **10. MEETINGS HELD BY THE COMMISSION**

Upto 31<sup>st</sup> March 2007, the Commission held one hundred and twenty one internal meetings, and thirty-nine proceedings to hear the parties on the petitions filed with the Commission.

### **10.1 Internal meetings of the Commission**

Internal meetings of the Commission were held mainly to transact administrative matters, framing and finalization of regulations, admission of petitions, matters relating to the staff, State Advisory Committee, Co-ordination Forum, ARR&ERC of the licensees and other matters related to the day today functioning of the Commission.

### **10.2 PROCEEDINGS HELD BY THE COMMISSION**

In order to hear the parties to the petitions filed with the Commission, 39 proceedings were held as listed below: -

<b>Sl.No.</b>	<b>Date</b>	<b>Venue</b>	<b>Subject Matter</b>
1	7-4-2006	Office of the Commission	Hearing on M/s. Binani Zinc vs Kerala State Electricity Board
2	17.04.2006	Office of the Commission	Hearing on M/s. Binani Zinc vs Kerala State Electricity Board
3	24-4-2006	Office of the Commission	Hearing on M/s. Bharat Sea Foods, Geo Sea Foods and Baby Marine Exdports
4	26.04.2006	Office of the Commission	Public Hearing on ARR & ERC for 2005-06 filed by M/s. Tata Tea LTd, Munnar
5	26.04.2006	Office of the Commission	Public Hearing on ARR & ERC for 2005-06 filed by M/s. Technopark, Thiruvananthapuram
6	5-5-2006	Office of the Commission	Hearing on M/s. Bharat Sea Foods, Geo Sea Foods and Baby Marine Exports
7	24-5-2006	Office of the Commission	Public Hearing on Renewable source of energy
8	25-5-2006	Office of the Commission	Public hearing on the Terms and conditions for determination of Hydro Generation Tariff and Terms and conditions of Tariff for Transmission of Electricity
9	12-6-2006	Office of the Commission	Public hearing on Approval of Tariff and PPA for Eruttukanam Small Hydro Project
10	20-6-2006	Thrissur	Public Hearing on ARR & ERC for 2005-06 filed by the Thrissur Corporation
11	22-6-2006	Office of the Commission	Public Hearing on ARR & ERC for 2005-06 filed by Kerala State Electricity Board
12	23.06.2006	Office of the Commission	Public hearing on the Terms and conditions of Tariff for Distribution and Sale of Electricity under MYT frame work Regulation
13	24.06.2006	Office of the Commission	Public hearing on petition for approval of categorization of packing units of Cashew Kernels under LT-VII Tariff
14	10.07.2006	CSEZ, Kochi	Public hearing on ARR & ERC for 2006-07 filed by Kinfra and Rubber Park
15	12.07.2006	Office of the Commission	Hearing on petition to refund interest paid on permitted instalments & demand in the incentive given to Technopark
16	14.07.2006	Govt. Guest House, Trivandrum	Discussion on Approval of Tariff and PPA for Eruttukkanam SHP
17	20.07.2006	Office of the Commission	Hearing on the petition for Approval of Categoraization of Packing units of Cashew Kernals under LT VII Tariff
18	21.07.2006	Office of the Commission	Discussion on ARR&ERC for 06-07 of Technopark

19	07.08.2006	Office of the Commission	Discussion on APDRP
20	08.08.2006	Office of the Commission	Hearing on the petition of approval and categorization of HT Milk Marketing Societies, Milk processing units/ Cold storages under HT- IV Commercial tariff
21	18.08.2006	Office of the Commission	Hearing on the petition for Approval of Arippara SHP
22	22.8.06	Office of the Commission	Hearing on the petition of approval of categorization of HT Milk Marketing Societies under HT-IV Commercial Tariff
23	12.09.2006	Office of the Commission	Public Hearing on SHP at Meenvallom - Approval of PPA
24	28.11.2006	Office of the Commission	Hearing on the petition for Refund of Excess claimed by KSEB from M/s.Tata Tea Ltd.
25	15.12.2006	Office of the Commission	Hearing on change of Tariff of Hostels of an Education Institution
26	19.12.2006	Office of the Commission	Hearing on Refund of Excess claimed by KSEB - Tata Tea Ltd
27	28.12.2006	Office of the Commission	Hearing on petition for Change of Tariff of Hostels of an Education Institution - Visveswaraya Institute of Engg.
28	02.01.2007	Kozhikode	Public Hearing on ARR & ERC for 2007-08 submitted by KSEB
29	04.01.2007	YMCA Hall, Ernakulam	Public Hearing on the ARR & ERC for 2007-08 submitted by KSEB
30	08.01.2007	Office of the Commission	Public Hearing on the ARR & ERC for 2007-08 submitted by KSEB
31	09.01.2007	Office of the Commission	Hearing on the petition for withdrawal of the concession of 20 paise per kWh granted to M/s.Technopark
32	11.01.2007	Office of the Commission	Hearing on petition for requesting additional power allocation to M/s.Technopark
33	20.01.2007	Office of the Commission	Public Hearing on ARR & ERC for 2007-08 submitted by KSEB
34	22.01.2007	KSEB Guest House, Kannur	Public Hearing on the petition filed by Service Station Owners Association
35	07.03.2007	Office of the Commission	Public Hearing on the Draft Regulation on Terms and Conditions for Supply of Power for Captive Generating Plants
36	08.03.2007	Office of the Commission	Public Hearing on the petition filed by M/s.CSEZ for amendment to the clause on the ceiling for giving supply at LT which has now been limited at 100KVA in the supply code
37	17.03.2007	Kinfra Park, Kochi	Public Hearing on ARR & ERC for the FY

			2007-08 filed by M/s.Kinfra Export Promotional Industrial Parks Ltd
38	19.03.2007	Panchayat Community Hall, Munnar	Public Hearing on ARR & ERC for the FY 2007-08 filed by M/s.Tata Tea Ltd.
39	27.03.2007	Technopark Campus, Thiruvananthapuram	Public Hearing on ARR & ERC for the FY 2007-08 filed by M/s.Technopark.

## 11. PETITIONS RECEIVED BY THE COMMISSION

During the reporting year, the Commission received 25 Petitions from different Organizations including the petition related to the ARR&ERC of the KSEB and other licensees for the year 2007-08. Out of these the Commission disposed off 14 petitions including three petitions received during the previous year. Details are furnished below:

Following important petitions were disposed off by the Commission during the reporting year i.e. from April 2006 to March 2007.

### 1. Petition from Licensee:

Sl. No.	Date of Petition	Petitioner	Respondent	Subject matter	Disposal by the Commission
1	LP-2/ 12.06.06	Tata Tea Ltd. & Kanan Devan Hills Plantations Co. Pvt Ltd Munnar	The State of Kerala represented by the Secretary to Govt., Power Department.  The Kerala State Electricity Board, Thiruvananthapuram	Transfer of Distribution license from Tata Tea to Kanan Devan Hills Plantations Co. Pvt Ltd	Order issued on 26.03.07

### 2. Dispute Petitions:

Sl. No	Date of Petition	Petitioner	Respondent	Subject matter	Disposal by the Commission
1	DP-22/ 08.05.06	Baby Marine Exports	(1) KSEB  (2) Chief Engineer (Distribution North), KSEB, Kozhikode  (3) Special Officer (Revenue), KSEB, TVM	Change of Tariff from HT-IV to HT-I	Order issued on 11.05.06

2	DP-23 / 10.05.06	Geo Sea Foods	(1) KSEB  (2) Chief Engineer (Distribution North), KSEB, Kozhikode  (3) Special Officer (Revenue), KSEB, TVM	Change of Tariff from HT-IV to HT-I	Order issued on 11.05.06
3	DP-24 / 11.05.06	Bharat Seafoods	(1) KSEB  (2) Chief Engineer (Distribution North), KSEB, Kozhikode  (3) Special Officer (Revenue), KSEB, TVM	Change of Tariff from HT-IV to HT-I	Order issued on 11.05.06
4	DP-25 / 22.05.06	Technopark	KSEB	Refund of Interest Charged	Order issued on 20.07.06
5	DP-27 / 08.06.06	Chief Engineer, (C&T), KSEB,TVM	Managing Director Kerala Co-operative Milk Marketing Federation Ltd, TVM	Approval of categorization of HT Milk Marketing Societies	Order issued on 12.09.06
6	DP-28 / 07.06.06	Director, Visweswara ya Institute of Engineering Technology	KSEB	Tariff applicable to the hostels of Visweswaraya Institute of Engineering Technology	Order issued on 08.02.07
7	DP-29 / 26.07.06	Tata Tea Ltd, Munnar	KSEB	Refund of Excess claimed by KSEB	Order issued on 14.03.07
8	DP-32 / 11.12.06	Technopark	KSEB	Additional Power Allocation	Order issued on 14.02.07
9	DP-33 / 13.12.07	Service Station Owners Association, Kannur	KSEB	Restoration of LT IV Tariff to Service Stations	Order issued on 26.03.07

### 3. Tariff Petitions:

Sl. No.	Date of Petition	Petitioner	Respondent	Subject matter	Disposal by the Commission
1	TP-18 / 04.03.06	KINFRA	--	ARR&ERC for 2006-07	Order issued on 09.10.06
2	TP-19 / 28.04.06	Rubber Park India (P) Ltd	--	ARR&ERC for 2006-07	Order issued on 21.08.06
3	TP-19(2) 22.06.06	Cashew Kernels	--	Petition for approval of categorization of packing units	Orders issued on 19.08.06
4	TP-21 / 30.06.06	Cochin Special Economic Zone	--	ARR&ERC for 2006-07	Orders issued on 28.10.06

## 12. ORDERS ISSUED BY THE COMMISSION (EXCERPTS)

12.1 Order dated 10<sup>th</sup> May 2006 on the petition filed on 27<sup>th</sup> January 2006 by Tata Tea Ltd. on the ARR & ERC for the year 2006-07.

Tata Tea Ltd filed ARR & ERC for the year 2006-07 vide letter No. SIED/130/143/2006 dated 27<sup>th</sup> January 2006. The Commission approved an Aggregate Revenue Requirement of Rs.10.6541 crore and total Expected Revenue from Charges of Rs.11.7297 crore for the year 2006-07 as against as Rs.11.7377 crore and Rs.11.7297 crore projected respectively by the Licensee leaving a surplus is Rs.1.0736 crores.

12.2 Order dated 11<sup>th</sup> May 2006 on the petition dated 11.05.2006 of Sea Food Exporting Companies regarding change of tariff from HT- IV to HT-I

The Commission observed that since the petitioners were consuming electricity mainly for the purpose of cold storing of seafood items, they were to be classified under HT - IV Commercial and need not be reclassified under HT-I Industrial Category as requested by the petitioners. Regarding the order dated 6-09-2005 issued by the Special Officer revenue directing the petitioner viz M/s.Baby Marine Exports to remit an amount of Rs.25,92,950 being the difference of reassessed electricity charges in HT-IV commercial tariff from 5/99 to 7/05, as per Sub Clause (5) Clause 24 of Kerala Electricity Supply Code, 2005, if the licensee establishes that it has undercharged the consumer either by review or otherwise, the Licensee may recover the amount undercharged from the consumer by issuing a bill and in such cases at least 30 days shall be given for the consumer to make payment against the bill. Since the arrear bill was issued due to system error as stated by KSEB, no interest shall be charged from the petitioner, M/s.Baby Marine Exports for the delay in payment. Also considering the difficulties of the consumer in remitting the amount in full, if the consumer requested in writing, the KSE Board may sanction suitable installments without interest to M/s.Baby Marine Exports



for making payment of the amount being the difference of the reassessed electricity charges in HT-IV tariff from 5/99 to 7/05.

12.3 Orders dated 23<sup>rd</sup> May 2006 on KSEB's request for sale of off-peak surplus power during June 2006 to July 2006

KSEB vide letter No.KSEB/TRAC/Sale of power/P/311 dated 19.5.2006 and letter No. KSEB/TRAC/Sale of Power/P/191 dated 17.3.2006 had requested sanction for the sale of off-peak surplus power during June 2006 and July 2006.

The Commission after detailed discussion approved the proposal of KSEB, subject to availability, with a provision to exit in case of "below normal actual rainfall" and subject to the condition that the above sale shall not in any way, directly or indirectly impose any technical and/or commercial adverse effect and/ or constraints in the State's power system, connected Grid and service obligations of the Board to the existing as well as prospective consumers of the Board.

12.4 Order dated 24<sup>th</sup> June 2006 on the petition filed on 29<sup>th</sup> April 2006 by Kerala State Electricity Board towards the Review petition on the Commission's order on ARR & ERC of KSEB for the year 2006-07

The Commission found no merit to change either the approved expenditure nor the approved revenue in the original order on the ARR& ERC of the Board for the FY 2006-07, dated March 30, 2006.

The Commission recognized that any legitimate commitments arising out of DA hikes, arrears, terminal benefits, and pay revisions may have to be a pass through expense in the ARR and the same shall be considered in the truing up petition.

The Board was permitted to execute Capital Projects exceeding the provision given in the Order, subject to the prior approval of the investment plan by the Commission, for which the Board shall submit the DPR, including project management proposal, source of the funding and borrowing details.

Commission's Order dated January 5, 2006 in the matter of reduction of LT-1(a) Domestic and LT-VII(A) and LT-VII(B) Commercial Tariff was based on the provision under Section 65 of the Electricity Act, 2003; and consistent with the same, the Board shall take up the matter with the Government and intimate the Commission accordingly.

The substantial delay already made by the Board in initiating the petition on rationalized tariff proposal is viewed with concern and allowed time upto July 29, 2006 for submission of tariff petition for the FY 2006-07.

The Commission emphasized that the Board shall furnish pertinent response in compliance with all the directives in the Commission's Order on ARR & ERC for 2006-07 well within the stipulated time schedule.

The review petition filed by the Board on the Commission's Order on ARR & ERC of Kerala State Electricity Board for 2006-07 was disposed off accordingly.

12.5 Order dated 20<sup>th</sup> July 2006 on the petition filed on 22<sup>nd</sup> May 2006 by Technopark on refund of the interest paid.

Commission's Order dated January 14,2005 in the matter of incentives to HT/EHT consumers on power factor improvement and TOD pricing is applicable in respect of consumers only. Technopark being a licensee receiving power from KSEB grid is therefore not eligible for incentive on power factor improvement.

As the arrear invoice amounting to Rs.56,19,161/- was issued by KSEB on no fault of Technopark and since they had remitted instalments to KSEB within the stipulated dates, the interest charged @24% per annum by KSEB was not in order. Commission ordered that the interest amount collected is to be adjusted in the next invoice to Technopark.

12.6 Order dated 11<sup>th</sup> August 2006 on petition dated 25<sup>th</sup> March 2006 filed by Kerala State Electricity Board for the approval of categorization of "packing units of cashew Kernels"

The Commission ordered that the Cashew Packing Units shall pay electricity charges applicable to the LT-VII(A) tariff category, as per the bills raised on these Units by the Board in line with the tariff Orders in force from time to time, from 1.4.2003 onwards, the effective date of the Commission's Order on ARR & ERC of the Board for FY 2003-04.

Considering the right of the Board prior to the inception of the Commission in determining the tariff and Terms and Conditions for Supply as per Section 49, 59 and Subsection (j) of Section 79 and other enabling provisions under repealed statute, viz., The Electricity (Supply) Act, 1948, the Board is entitled to collect the charges as per the tariff revisions and orders applicable before 1.4.2003.

12.7 Order dated 21<sup>st</sup> August 2006 on petition filed on 28<sup>th</sup> April 2006 by Rubber Park India (P) Ltd., on the ARR & ERC for the year 2006-07

Rubber Park India (P) Ltd filed the ARR & ERC for the year 2006-07 vide letter No. RPIL/KSEB/2006-07/3231 dated 28<sup>th</sup> April 2006. After detailed deliberations the Commission approved the Aggregate Revenue Requirement of Rs.4.0147 crore and total Expected Revenue from Charges of Rs.3.804 crore for the year 2006-07 as against Rs.4.0674 crore and Rs.3.804 crore projected respectively by the Licensee. The Commission directed Rubber Park India (P) Ltd. to submit the actual audited accounts for the electricity distribution business for the FY 2005-06 on finalization of accounts along with following details:

- Actual monthly TOD meter recording of kWh, kVAh, kVARh, maximum demand, average PF and LF for normal, peak and off-peak period and similar recorded meter reading for self consumption and for energy sold to consumers, category wise and voltage wise.
- Monthly cyclic billing and collection data in respect of all categories of consumers.
- Payments to the KSEB along with billing details
- Actual distribution loss based on the metered figures.

Licensee shall conduct energy audit and take loss reduction measures to bring down AT&C losses to 2.75% in 2006-07 from the projected figures of 3%.

Licensee shall file petition for rationalization of tariff. In the proposal the deficit should be brought to zero. The petition should be filed before 31<sup>st</sup> August 2006.

Licensee should gradually introduce Ring Main System for 11 KV SCADA so that reliability of supply is increased. Reliability Index should be published in the website of the Licensee. A road map for achieving 100% Reliability may be prepared and submitted early.

12.8 Order dated 23<sup>rd</sup> August 2006 on petition filed on 26<sup>th</sup> November 2005 by Technopark on the ARR & ERC for the year 2006-07

Technopark filed the ARR & ERC for the year 2006-07 vide letter No. ETPK / ARR-Tech/2005-06/26 dated 26.11.2005. The Commission approved the Aggregate Revenue Requirement of Rs.968.406 lakh and total Expected Revenue from Charges of Rs.981.36 lakh for the year 2006-07 as against Rs.1045.82 lakh and Rs.981.36 lakh projected respectively by the Licensee. The Commission directed Technopark to submit the actual audited accounts for electricity distribution business for the FY 2005-06 on finalization of the accounts along with following details:

- Actual monthly TOD meter recording of kWh, kVAh, kVARh, maximum demand, average PF and LF for normal, peak and off-peak period and similar recorded meter reading for self consumption and for energy sold to consumers, category wise and voltage wise.
- Monthly cyclic billing and collection data in respect of all categories of consumers
- Payment to the KSEB along with billing details
- Actual distribution loss based on the metered figures.

Technopark shall file petition for rationalization of tariff. In the proposal the 50% of the surplus should be passed on to the consumers by way of reduction in tariff. The petition should be filed before 31st August 2006.

Reliability Index should be published in the website of the Licensee

Technopark should submit a proposal for reduction in losses within two months from the date of the order

In future, while filing the petition for approval of ARR & ERC all detailed calculations and assumptions should be clearly spelt out

Draft PPA initialed by Technopark and KSEB should be submitted to the Commission for approval within one month from the date of the order.

12.9 Order dated September 12, 2006 on petition filed by KSEB in the matter of tariff categorization of HT Milk Marketing Societies, Milma and other Milma processing units.

The Commission Ordered that:

- the Dairy plants of KCMMF engaged in production of milk and milk products in a given premise having HT Electricity service connection shall pay electricity charges applicable to the HT-I, Industrial category, as per the bills raised on those plants by the Board in line with the Tariff Orders in force from time to time.
- KCMMF Units engaged in chilling and / or cold storage unit(s) under a given HT Electricity service connection shall pay electricity charges applicable to the HT-IV, Commercial category, as per the bills raised on those Units by the Board in line with the Tariff Orders in force from time to time.
- The Board should allow interest free installments to KCMMF in the case of arrears payable, thereof, if any.

12.10 Order dated 9<sup>th</sup> October 2006 on petition filed on 4<sup>th</sup> March 2006 by Kinfra Export Promotion Industrial Parks Ltd on the ARR & ERC for the year 2006-07

Kinfra Export Promotion Industrial Parks Ltd filed the ARR & ERC for the year 2006-07 vide letter No. KEPIP/ERC/252/2006 dated 9.3.2006. After detailed deliberations the Commission approved the ARR of Rs.17.95 crore and total Expected Revenue from Charges of Rs.18.38 crore for the year 2006-07 as against Rs.18.14 crore and Rs.18.38 crore projected respectively by the Licensee. The Commission further directed Kinfra to submit the actual audited accounts for electricity distribution business for the FY 2005-06 along with the following details:

- Actual monthly TOD meter recording of kWh, kVAh, kVARh, maximum demand, average PF and LF for normal, peak and off-peak period and similar recorded meter reading for self consumption.
- Monthly cyclic billing and collection data in respect of all categories of consumers
- Payments to the KSEB along with billing details
- Actual distribution loss based on the metered figures.
- Kinfra should conduct energy audit and take loss reduction measures to bring down AT & C losses by 0.5% in 2006-07 from the projected figure.
- Kinfra should file petition for rationalization of tariff as envisaged in Tariff Policy. In the proposal 50% of the surplus should be used for tariff adjustment.
- Kinfra should explore the possibility of availing loan under APDRP for system improvement works.
- Kinfra should implement Performance Standards Regulations with effect from November 2006.
- Next Tariff Petition along with ARR & ERC should be submitted in the MYT frame work for a control period of 3 years.

12.11 Order dated 14<sup>th</sup> February 2007 on petition filed on 15<sup>th</sup> December 2006 by Technopark on the petition requesting Additional Power Allocation

M/s. Technopark filed a petition for additional power allocation. Commission ordered that additional power of 2 MVA requested by Technopark has to be sanctioned by Board without further delay.

12.12 Order dated 7<sup>th</sup> March 2007 KSEB's request for sale of surplus power during March 2007 - economical utilization of storage, thermal capacity and CGS allocation.

KSEB vide letter No. KSEB/TRAC/Sale of Power/P/2 dated 01/3/07 requested the Commission for the sale of surplus power during March 2007.

The Commission after detailed discussion approved the proposal of KSEB for off-peak sale of power upto 250MW through M/s.PTC during 06:00 hours to 18:00 hours at Rs.6.72 per unit during March 2007 at Kerala periphery.

12.13 Order dated 26<sup>th</sup> March 2007 on Transfer of Distribution Licence in Munnar of KDPL

In exercise of power conferred under Section 181 of Electricity Act 2003 (Central Act 36 of 2003) and all other powers enabling it in this behalf, the KSERC ordered that Tata Tea should transfer all the assets used for carrying out the business of distribution of electricity to Kanan Devan Hills Plantations Company Pvt. Ltd within three months from date of publication of the amendment order in the official gazette. The transfer should also cover the assets in the area where the ownership of land had not been transferred to Kanan Devan Hills Plantations Company Pvt. Ltd.

### **13. REGULATIONS ISSUED BY THE COMMISSION**

During the year, Commission notified the following Regulations:

- 2) KSERC (Licensees' Standards of Performance) Regulations, 2006
- 3) KSERC(Licensees' Standards of Performance) Regulations, 2006 - Postponement of enforcement in the case of KSEB
- 4) Power Procurement from Renewable Sources by Distribution Licensees Regulations, 2006
- 5) Terms and Conditions for Determination of Tariff for Distribution and Retail Sale of Electricity Under MYT Frame work Regulations, 2006

The following Regulations were under pre-publication stage:

1. Terms and Conditions for determinations of Hydro Generation Tariff Regulations, 2005
2. Consultative paper on purchase requirement of Non-conventional energy & determination of tariff for small hydro generation stations & wind Energy
3. Terms and Conditions of Tariff for Transmission of Electricity Regulations 2006
4. Terms and Conditions of Supply of power from Captive Generating Plants to Distribution Licensees Regulations, 2006
5. Intra State ABT Regulations, 2006
6. Kerala State Electricity Regulatory Commission (Consumer Grievance Redressal Forum and Electricity Ombudsman)(First Amendment) Regulations, 2007

#### **14. APPLICATION OF INFORMATION TECHNOLOGY**

Computers are extensively used in day-to-day work and in all activities of the Commission.

Letters, regulations, minutes, orders and other documents are prepared using computers. For facilitating the work, adequate hardware and software have been installed in the office of the Commission and connected over a Local Area Network. The various orders passed by the Commission from time to time, Regulations issued by the Commission, notices and minutes of the meetings, etc., are uploaded on the website of the Commission, [www.erckerala.org](http://www.erckerala.org). In addition, Internet services are made available for the official use of Officers and Staff members of the Commission.

#### **15. MEMBERSHIP OF THE FORUM OF INDIAN REGULATORS AND FORUM OF REGULATORS**

The secretariat of the Forum is located at the Central Electricity Regulatory Commission, New Delhi. The Forum is an association of the Chairpersons and members of the Central Electricity Regulatory Commission and the State Regulatory Commissions. The Forum provides a venue for exchange of views and information among Indian Electricity Regulators and preparation of common ground and agenda in respect of various regulatory issues.

The Annual subscription for membership of the Forum is Rs.1.50 lakh per Commission, for the year 2006-07. The meeting of the Forum is being held once in every six months. The Chairman and Members of the Commission have been regularly attending the meetings of the Forum and exchanging views and information, with other regulators.

19th General Body Meeting of FOIR was held on 12th - 14th January 2007 at Surajkund, Faridabad (Haryana). Following were the important deliberations in the meeting.

- Status of implementation of ABT at State level

- Status of separation of Transmission and Trading as required under the Act
- Discussion on the recommendation of "Abraham Committee Report" on restructuring APDRP
- Presentation on "Developing a Common Platform for Electricity Trading"
- Review on the status of Metering

In accordance with the provisions of Subsection (2) of Section 166 of the Electricity Act, the Central Government have constituted the Forum of Regulators on 16.02.2005 in which Chairman of the Commission is a Member.

The 3rd Meeting of FOR was held on 20th - 21st April 2006 at New Delhi. Following were the important deliberations in the meeting.

- Presentation on the Role, Functions and Initiatives of CERC/SERCs
- Discussion on issues arising out of Tariff Policy notified by the Government of India
- Issues relating to creation of an enabling environment for harnessing surplus captive generation
- Issues relating to rising cost of traded power
- Consumer advocacy - measures to make consumer grievance redressal mechanism more effective

The 4th Meeting of FOR held on 23rd - 26th July 2006 at Leh, Jammu & Kashmir discussed the following:

- Review of reports on
  - (a) Distribution Margin and Return on Equity
  - (b) Operating Norms for Distribution
- Discussion on Proposal for preparation of code of Ethics for Regulators
- Presentation by M/s.Pricewaterhouse Coopers on "MYT - Regulating and Incentivising Quality of Service (QoS)"



The 5th Meeting of FOR was held on 10th November 2006 at Kolkata. Following were the important deliberations in the meeting.

- Review of actions arising out of Tariff Policy and National Electricity Policy
- Issue of metering including TOD metering
- Harnessing of surplus Captive Generation
- Issues in operationalization of Open access in distribution
- Reorganization of State Electricity Boards
- Recommendations on Distribution Margin

The 6th Meeting of FOR was held on 28th February 2007 - 2nd March 2007 at Raipur, Chhattisgarh. Discussion and interaction were held on

- Issues of Metering including TOD metering\
- Issues of Depreciation Rates
- Issues in operationalization of open access in distribution
- Discussion on draft report of TERI on "Code of Ethics"
- Discussion on the proposal of Consumer Unity & Trust Society , Jaipur
- Review and adoption of "Development of RIMS Report"

## 16. FINANCE AND ACCOUNTS

### Audited statement of Income and Expenditure for the Financial Year 2005-06

(01.04 2005 to 31.3.2006) is furnished below:

(In Rupees)

Sl. No.	Particulars	Income	Expenditure
1	<b>By grants / Loans / Subsidies</b>		
	1.1 Govt. of Kerala	47,47,550.00	
	1.2 Other Grants from Power Finance Corporation for infrastructural activities to the extent	1,22,175.00	
2	By Sales / Services		
3	By Licence fee	96,83,640.90	
4	By Consultancy		
5	By Fees / Subscription / Fines		
6	By Investments		

7	By Royalty, Publications etc		
8	By Interest		
9	By Other Income	7,41,944.00	
10	By increase in stock of finished goods and works-in-progress		
11	By Excess of Expenditure over Income (transferred to Capital Fund Account)		
12	<b>To Establishment Expenses</b>		
	12.1 Salaries (Chairman & Member of the Commission)		11,13,478.00
	12.2 Salaries (Officers Establishment)		13,07,264.00
	12.3 Allowances & Bonus		16,000.00
	12.4 Payment for Professional & Other Services		2,83,026.00
	12.5 Wages		1,05,165.00
13	<b>Other Establishment Charges</b>		5,268.00
14	<b>Travel Expenses</b>		
	14.1 Domestic Travels – Chairman & Members of the Commission		2,09,489.00
	14.2 Domestic Travels – Officers		90,203.00
	14.3 Domestic Travels – Staff		
15	<b>To Administrative Expenses</b>		
	15.1 Purchases		
	15.2 Cartage & Processing Expenses		
	15.3 Electricity & Power		45,630.00
	15.4 Water Charges		1,161.00
	15.5 Rent, Rates, and Taxes		2,08,747.00
	15.6 Vehicle Running & Hire Charges		1,65,344.00
	15.7 Postage, Telephone & Communication charges		1,43,910.30
	15.8 Expenses on Seminar / Workshops		
	15.9 Subscription Expenses		1,55,444.00
	15.10 Advertisement and Publicity		69,125.00
	15.11 Bank Charges		
	15.12 Internet Subscription		55,100.00
	15.13 Website Design and Hosting Expenses		15,208.00
	15.14 Office expenses		62,057.00
	15.15 Other charges		22,384.00
16	<b>To Stationery &amp; Printing</b>		
	7.1 Stationery		50,258.00
	7.2 Printing		
17	<b>To Publications</b>		--
18	<b>To Miscellaneous and Other Expenses</b>		320.00
19	<b>To Repairs and Maintenance</b>		39,848.00
	10.1 Furniture & Fixture		
20	<b>To Vehicles</b>		

	20.1 Vehicle Insurance		47,285.00
21	<b>To Hospitality Expenses</b>		15,264.00
22	<b>To Audit Fees</b>		
23	<b>To Legal Charges</b>		2,26,543.00
24	<b>To Meeting Expenses</b>		49,154.00
25	<b>To Sitting Fee</b>		5,500.00
26	<b>Provident Fund &amp; other contributions</b>		
	14.1 Pension Contribution		91,318.00
	14.2 Contribution to CPF		
	14.3 Leave Salary Contributions		1,06,025.00
	14.4 Leave Surrender		11,945.00
27	<b>To Loss on Sale of asset</b>		9,580.00
28	<b>Depreciation</b>		4,76,462.69
25	<b>Excess of Income over Expenditure</b> (Transferred to Capital Fund Account)		10,091,804.21
<b>TOTAL</b>		<b>15,295,309.90</b>	<b>15,295,309.90</b>

## 17. CONSUMER GRIEVANCE REDRESSAL FORUM AND ELECTRICITY OMBUDSMAN

The Electricity Act, 2003 requires every distribution licensees to establish a Forum for redressal of grievances of consumers. Electricity Ombudsman is a statutory authority to be appointed or designated by the State Commission to hear and settle the non-redressal of grievances at the level of Consumer Grievance Redressal Forum. All the licensees have established the forum and their addresses are given below: -

Sl.No	Name of Licensee	Redressal Forum
1	Kerala State Electricity Board	<p>(1) Southern Region: Deputy Chief Engineer (Ele), Consumer Grievance Redressal Forum, KSEB, Vydhyuthi Bhavanam, Kottarakkara – 691 506</p> <p>(2) Central Region: Deputy Chief Engineer (Ele) Consumer Grievance Redressal Forum, KSEB, Power House Building Kochi – 18</p> <p>(3) Northern Region: Deputy Chief Engineer (Ele) Consumer Grievance Redressal Forum, KSEB Vydhyuthi Bhavanam, Gandhi Road Kozhikode – 673 011</p>

2	Cochin Port Trust	Shri K.Velayudhan, Deputy Chief Engineer Consumer Grievance Redressal Forum Cochin Port Trust, W.Island, Cochin – 682 003
3	Kanan Devan Hills Plantations Co. Pvt Ltd	Shri R.Suresh Babu Consumer Grievance Redressal Forum KDHP, Munnar Workshop Munnar – 685 612
4	Technopark, Thiruvananthapuram	Shri N.Radhakrishnan Nair, Chief Executive Officer Consumer Grievance Redressal Forum Technopark, Technopark Campus Thiruvananthapuram – 695 581
5	Cochin Special Economic Zone, Cochin	Shri T.V.Chandran Assistant Development Commissioner Consumer Grievance Redressal Forum Cochin Special Economic zone Ministry of Commerce and Industry Government of India, Kakkanad Cochin – 682 037
6	Rubber Park India Pvt. Ltd, Cochin	Shri George Joseph, Managing Director Consumer Grievance Redressal Forum Rubber Park India Pvt. Ltd, 2A, Kautileeyam RubberPark, Valayanchirangara, Ernakulam
7	KINFRA Export Promotion Industrial Parks Ltd, Cochin	Resident Engineer Consumer Grievance Redressal Forum KINFRA Export Promotion Industrial Parks Ltd. IX/159 A, Kusumagiri P.O., Kakkanad, Cochin-30
8	Thrissur Corporation	Electrical Engineer Consumer Grievance Redressal Forum Thrissur Corporation, Thrissur

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Sri.M.Sivathanu Pillai, Consultant (Engineering) was designated as Electricity Ombudsman with effect from 19.11.2006 in the absence of a permanent posting. During the reporting year 15 petitions were received and 10 of them have been disposed off.

Summary of CGRF case details for the year 2006-07

CGRF	RECEIVED	DISPOSAL	PENDING
Kozhikode	82	64	18
Ernakulam	142	129	13
Kottarakkara	167	143	24
<b>Total</b>	<b>391</b>	<b>336</b>	<b>55</b>

**18. REPORTS AND SURVEYS**

The Kerala State Electricity Regulatory Commission has entrusted Central Power Research Institute, Bangalore to conduct estimation on technical losses in KSEB's power transmission system. The study is in progress.

**19. ENGAGEMENT OF INTERNAL AUDITORS**

Shri Sathyavageshwaran has been engaged as Chartered Accountant for auditing the accounts of the Commission from 01.04.2006 to 31.03.2007.

**20. PUBLIC INFORMATION ACT**

Dr.B.Jayasankar, Senior Economic Analyst is designated as the Public Information Officer of the Commission. Sri.K.Rajan, U.D.Clerk is designated as the Assistant Public Information Officer. The Secretary of the Commission will act as the Appellate Officer with regard to Public Information Act.

**21. CONCLUSION**

With the sincere co-operation of the Government of Kerala and the licensees operating within the State, particularly the KSEB, the Commission was able to fulfill the tasks set for the year 2006-07. The biggest achievement of the Commission is that it could bring down the revenue gap of KSEB substantially without any increase in tariff to any category of consumers in the State of Kerala since its inception.