



# KERALA STATE ELECTRICITY BOARD LIMITED

(Incorporated under the Companies Act, 1956)

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## ABSTRACT

**Filing of fuel Surcharge petition for the period from April to June 2021 –  
sanctioned-Orders issued**

### **CORPORATE OFFICE (COMMERCIAL & PLANNING)**

B.O.(FTD) No.654 /2021 (KSEB/TRAC/FSP/29/FY2020-21) Dtd 14.09.2021

Read: 1. Note No. KSEB/ TRAC/ FSP/29/FY2020-21/ dated 27.08.2021 of the Chief Engineer (Commercial & Tariff) submitted to the Full Time Directors. (Agenda 34/9/21)

## ORDER

Kerala State Electricity Regulatory Commission (KSERC) as per notification No. 2076/F&T/2017/KSERC dated 26th October, 2018 notified the KSERC (Terms and Conditions for Determination of Tariff) Regulations, 2018. As per the Regulation 86 of Tariff Regulation 2018, (Fuel surcharge formula), every distribution licensees can recover/remit the additional expenditure/savings due to the difference between the actual cost of fuel and the cost of fuel approved in Aggregate Revenue Requirement by the Commission for the generation of electricity in the generating stations owned by the distribution business/licensee; and the difference on account of the change in cost of fuel, between the actual cost of power purchase and the cost of power purchase as approved by the Commission in the Aggregate Revenue Requirement.

The KSERC as per order dated 08.07.2019 had approved the total power purchase cost of KSEB Ltd as Rs 8964.44 crore and the quantum of generation and power purchase as 29106.51 MU, for the year 2021-22. The Honourable Commission approved 7051.05 MU as internal hydro generation, 11274.77 MU from Central Generating Stations and 8647.06 MU through long term contracts for the year 2021-22. As per the Regulation 86 (4) (c) of the Tariff Regulations, the difference between the actual cost of power purchase and the approved cost of power purchase on account of change in cost of fuel shall be computed with respect to the month wise quantity of power purchase as approved in the ARR of the licensee based on merit order.

There has been considerable change in the actual per unit variable cost of power purchase in the first quarter of the FY 2021-22. The savings on account of Central Generating stations amounts to Rs 5.85 Cr during the first quarter of FY 2021-22 as per the Regulations. There is a net additional liability of Rs 2.89 Cr as per regulation on account of purchase of energy from various IPPs approved by the Honorable

Commission vide order dated 08.07.2019, for scheduling energy. Thus the admissible savings as per fuel surcharge regulations is Rs 2.95 Cr (5.85-2.89).

The Honorable Commission has not admitted the fuel price variation in respect of three IPP stations viz Jindal India Thermal Power Ltd- 100 MW, Jhabua Power Ltd- 100 MW and Jindal Power Ltd -150 MW, which were contracted by KSEBL based on tenders invited under DBFOO basis in 2014. The Honorable Commission has considered drawal of power from these stations at a cost equivalent to that being paid to M/s. BALCO, for the provisional estimation of cost of power while approving the ARR & ERC for the control period, 2018-2022.

It is also ordered that approval for power purchase from the stations mentioned above shall be given only after getting approval from the Government of India as well as from the Government of Kerala on the entire power purchase under DBFOO. It was also mentioned in the order that the actual tariff paid by KSEBL for procuring power from these three stations were much higher and reiterated that, during truing up of accounts for the respective financial years, the excess amount incurred for procuring power from these three generators shall not be considered, unless KSEBL gets the approval for power purchase from Government of India for deviations from the guidelines and on getting the approval of Government of Kerala on the entire power purchase under DBFOO.

Complying the direction of Honorable Commission, from August 2020 onwards, KSEBL has limited payment towards power purchase of three stations (M/S JITPL, M/s Jindal Power Ltd- PSA II, M/s Jhabua Power Ltd-PSA-II) by limiting the rate of purchase to the rate of M/s BALCO at Kerala periphery, KSEBL withheld Rs 18.46 Cr during the first quarter by limiting the payment towards power purchase from the above mentioned three stations. Hence KSEBL may not claim the additional liability on account of fuel cost from these stations amounting to Rs 6.01 crores. KSEBL may request before the Honorable Commission to pass on the amount payable (Rs 6.01 Cr) as per final orders of the Honorable Supreme Court in the case of above mentioned stations, as and when the same materializes. Thus the additional liability from IPPs including the above three stations is Rs 2.89 Cr. As KSEBL is not claiming the additional liability of Rs 6.01 Cr the net additional savings from IPPs is Rs 3.11 Cr (Rs 2.89- Rs 6.01 Cr) . Accordingly there is a net additional savings of Rs 8.96 Crores (Rs 5.85 Cr for CGS and +Rs 3.11Cr for IPPs) only for the first quarter of financial year 2021-22.

KSEBL has prepared fuel surcharge petition based on the variation in fuel cost on actual monthly power purchase from approved sources for an amount of Rs 8.96 crores as savings for the first quarter of the financial year 2020-21. As about Rs 269.99 Cr is pending for recovery/approval towards the additional liability due to

variation of fuel charges from approved sources for the period from July 2019 to March 2021, KSEBL may request before the Honorable Commission to adjust the net savings of Rs 8.96 Cr towards the amount pending for recovery/approval.

As per the KSERC (Conduct of Business) Amendment Regulations, 2015, a petition fee of (@0.015% of the increase in revenue expected) is to be submitted along with the petition. As there is no net additional revenue, a petition fee(for miscellaneous petition) of Rs 10000/- has to be filed alongwith the petition.

This petition had to be filed on or before 30<sup>th</sup> July 2021. KSEBL could prepare the fuel surcharge petition for the first quarter of FY-21 only on 18<sup>th</sup> August 2021. The fuel surcharge petition is prepared based on the monthly invoice raised by the power suppliers including the Central Generating Stations (CGS). The power from each CGS is being allocated to different beneficiaries of the southern region including KSEBL. KSEBL has been making payments to the CGS for the energy scheduled at the respective generator bus. The bills are prepared based on the energy scheduled to each beneficiary from the CGS in provisional Regional Energy Accounts by Southern Regional Power Committee at Bangalore and other Regional Power Committees. Provisional REA for all stations will be available by 8<sup>th</sup> of the month only and the power suppliers raise the bill thereafter. KSEBL has been taking three to four weeks to admit the bills and finalize the power monthly purchase statement which includes the details of the power purchase from different sources, which was also duly certified by State Load Despatch Center. Moreover the office works have been affected to some extent consequent to the lock down due to Covid pandemic. Due to the above reasons a delay has been occurred in filing the petition. As there is a delay in filing the petition, KSEBL has to file a petition for condonation of delay along with a petition fee of Rs 10,000/-

The Chief Engineer (Commercial & Tariff) as per note read above has submitted the draft petition to be submitted before KSERC, before the Full Time Directors for approval.

Having considered the recommendations of the Chief Engineer (Commercial & Tariff), the Full Time Directors in its meeting held on 10.09.2021

- i. Resolved to approve the Draft Petition on fuel surcharge for the first quarter of FY 2021-22 amounting to Rs 8.96 crores as savings for filing before KSERC.
- ii. Further resolved to authorize the Deputy Secretary (Administration) to release two cheques one for Rs 10000/- (Rs Ten thousand only) towards the fee for filing fuel surcharge petition and other for Rs 10,000/- (Rs

Ten thousand only) as fee for filing the application for condonation of delay for the first quarter of FY 2021-22.

Orders are issued accordingly.

By Order of the Full Time Directors

Sd/-  
Lekha.G  
Company Secretary (I/c)

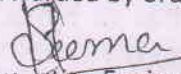
To

The Chief Engineer (Commercial & Tariff)  
The Deputy Secretary (Administration)

Copy to:

Financial Advisor,  
Legal Advisor & Disciplinary Enquiry Officer  
Chief Internal Auditor  
Deputy Chief Engineer (TRAC)  
T.A to (Chairman & Managing Director),  
T.A to Director (Distribution & IT),  
T.A to Director (Trans. & System Operation)  
T.A to Director (Generation Civil), T.A to Director (Generation Electrical)  
T.A to Director (REES including SOURA, Sports and Welfare)  
T.A to Director (Planning & Safety, Supply Chain Management)  
PA to Director (Finance)/ Sr. CA to Secretary  
CA to IGP (CVO, KSEB), Chief Public Relations Officer  
Fair Copy Superintendent / Library

Forwarded by order

  
Asst. Executive Engineer