

KERALA STATE ELECTRICITY REGULATORY COMMISSION
THIRUVANANTHAPURAM

Present: Shri. T.M.Manoharan, Chairman
Shri. S Venugopal, Member
Shri. K.Vikraman Nair, Member

O.P. No.13/2016

**In the matter of revision of cross subsidy surcharge for the year 2016-17
and additional surcharge for the year 2015-16 and 2016-17**

Petitioner : KSEB Ltd

Petitioner represented by :Sri. Bipin Sankar, Deputy CE, TRAC, KSEB Ltd
:Sri. K G P Namboothiri, EE, TRAC, KSEB Ltd
:Smt.Rajashree Sreedharan, AEE, TRAC, KSEB Ltd
:Smt. Seema P Nair, AE, TRAC, KSEB Ltd
:Sri Anoop M, SA, TRAC, KSEB Ltd

Public Hearing Date & Time: 8-12-2016; 11.00 AM
Venue: COURT ROOM, Kerala State Electricity Regulatory Commission

Daily order 13.12.2016

1. KSEB Ltd, on 09-08-2016, has filed a petition before the Commission for determination of cross subsidy surcharge for the year 2016-17 and additional surcharge for the year 2015-16 and 2016-17.
2. The Commission admitted the petition filed by KSEB Ltd for the approval of the cross subsidy surcharge and additional surcharge as OP No. 13/201. The hearing on the petition was conducted on 8.12.2016, at the office of the Commission.
3. Sri Bipin Sankar, Deputy Chief Engineer, TRAC, KSEB Ltd presented the petition on behalf of KSEB Ltd and submitted that,
 - (i) The cross subsidy surcharge as proposed in the petition may be approved, which is arrived by adopting the formula specified in the National Tariff Policy, 2016.
 - (ii) The additional surcharge as proposed in the petition may be approved for the year 2015-16 and 2016-17, however, the additional surcharge proposed in the petition is not the exact amount of the fixed cost liability of the stranded capacity on account open access availed by the embedded consumers due to the following.
 - time fluctuation of energy drawl by open access consumers.

- the quantum of power surrendered everyday due to open access is not uniform
- power surrendered everyday is not from a specific plant and hence the fixed cost of the stranded capacity on account of providing open access is different.

Considering these reasons, there is difficulty in arriving the additional surcharge as per the Regulation 41 of the Open Access Regulation 2013. KSEB Ltd therefore appealed before the Commission that,

- (i) The Regulation 41 of the KSERC (Connectivity and Inter State Open Access) Regulation, 2013 may be modified.
- (ii) Determine the 'additional surcharge' at per unit basis.

4. Sri. A R Satheesh, President, the Kerala HT and EHT Electricity Industrial Consumers' Association (herein after referred to as the HT&EHT association) presented the views on behalf of the association.

- (1) KSEB Ltd has made a factually incorrect statement in para 1.3 of its Petition in stating that "at present there is no CSS for the HT and EHT consumers". KSEB Ltd in its own Petition (Annexure I) has detailed the applicable CSS to different HT and EHT categories.
- (2) The revised formula for determining the CSS is yet to be notified by the Commission.
- (3) The CSS or additional surcharge approved, if any, can be levied from prospective date only.
- (4) Paying open access charges with retrospective effect will be against natural justice.
- (5) all the open access consumers are embedded consumers and hence fixed charge is recovered through demand charges.
- (6) As per tariff policy 2016, discriminatory power has been conferred on State Electricity Regulatory Commissions for deciding the cross subsidy limit.
- (7) As per 8.5.1 of the NTP-2016,
"The computation of cross subsidy surcharge, therefore, needs to be done in a manner that while it compensates the distribution licensee, it does not constrain introduction of competition through open access"
- (8) Regulatory Commissions of Himachal Pradesh and Bihar have modified the formula given in tariff policy 2016.
- (9) KSEB Ltd has not provided any documentary evidence to prove that the quantum of power surrendered is on account of the open access availed by open access consumers.
- (10) KSEB Ltd also availed power from power exchanges during the period when it had surrendered contracted power on long term basis.
- (11) KSEB Ltd also drawing power under UI mechanism, which is an indication of requirement of power over and above the scheduled quantum.

- (12) During the months of May'15, June'15, July'15, October'15, November'15, December'15, January'16 and February'16, the energy surrendered by KSEB Ltd is exactly equal to the quantum of Open Access Power availed by the Open Access consumers in Kerala
 - (13) In Kerala, with substantial quantum of Hydel capacity, it is quite possible to reduce Hydel generation and manage the situation without surrendering a single unit.
5. The HT&EHT Electricity Industrial Consumers Association, further requested before the Commission to direct KSEB Ltd to provide the following information to verify the additional surcharge claimed by KSEB Ltd.
 - a. *Total contracted capacity in MW.*
 - b. *Hourly availability declared by the generator in MW.*
 - c. *Hourly schedules given by the Petitioner in MW.*
 - d. *Hourly schedules of Open Access transactions by the Open Access consumers in MW.*
 - e. *List of Power Purchases under Bilateral contracts, long term contracts, and Medium term contracts with all relevant details such as Price, Quantum and Period for the period considered for calculation of Additional Surcharge.*
 - f. *Details of all the Generators with their average PLF during the period under consideration.*
 - g. *Data regarding backing down due to distribution & transmission constraints.*
 - h. *Details of energy banked and return banked energy received for each 15 minute time block for whole year.*
 - i. *Details of stranded power for each 15 min time block for whole year.*
 - j. *Total fixed charges paid by the Petitioner for each station.*
 - k. *Total Transmission Charges paid by the Petitioner.*
 - l. *Total energy scheduled by the Petitioner in MU.*
 - m. *Total energy consumed by the Open Access consumers from KSEB Ltd. in MU.*
 - n. *Total demand charges paid by the HT/EHT consumers and total sale of energy to the HT/EHT consumers.*
 - o. *Total demand charges paid by the Open Access consumers having contracted demand with KSEB Ltd.*
 6. Sri. P Suresh, Secretary, Kerala News Print Employees Union (CITU), Hindustan News Print Ltd, submitted that CSS and additional surcharge may not be approved. Availing power through open access helped them improving the financials of the company. Imposing CSS and additional surcharge will adversely affect the industries who avail cheaper power through open access.
 7. Sri Ghana Shyam Nair, Chief Executive Officer, Sud-Chemie submitted that the State of Kerala is not an industrialized state. Many industries are on the verge

of close down and increase in charges may further deteriorate their financial position. The Commission may consider the proposed industrial policy of the Government of Kerala also before finalizing the CSS and additional surcharge.

8. The Chairman, Kerala State Electricity Regulatory Commission stated that the open access is a right conferred to the consumers by Electricity Act 2003. The Commission is duty bound to act as per the provisions of the Electricity Act-2003, and its own regulations. The Chairman also explained the provisions in the Tariff Policy, 2016 regarding the determination of the cross subsidy surcharge and additional surcharge. The Member (Finance) of the Commission has stated that, the calculation of the computation of additional surcharge was not logical and not backed by actual figures and KSEB Ltd failed to demonstrate the actual loss sustained by the licensee on account of open access availed by the embedded consumers. Member (Engineering) also stated that, the calculation of the additional surcharge is not based on the provisions in the Open Access Regulation, 2013. The Commission directed KSEB Ltd to provide detailed calculation on the additional surcharge claimed.

Order of the Commission

- (i) KSEB Ltd may submit the revised calculation on additional surcharge, as per the provisions of the Electricity Act-2003, Tariff Policy 2016 and Open Access Regulation, 2013, latest by 22nd December-2016. A copy of the same may be provided to the HT&EHT Association.
- (ii) The HT&EHT Association and other stakeholders may also submit their written comments if any on the subject petition, on or before 31st December 2016, with copy to KSEB Ltd.

Reserved for orders.

Sd/-

K.Vikraman Nair
Member

Sd/-

S Venugopal,
Member

Sd/-

T.M.Manoharan,
Chairman

Approved for issue

Santhosh Kumar. K.B
Secretary