

KERALA STATE ELECTRICITY REGULATORY COMMISSION
THIRUVANANTHAPURAM

Present : Shri T K Jose, Chairman
Adv. A.J Wilson, Member
Shri B Pradeep, Member

OP No. 46/2024

In the matter of : Petition seeking approvals for the “proposals to recover additional liability incurred over the ceiling limit allowed for recovery of fuel surcharge through automatic recovery mechanism during the period April 2024 to July 2024 from all consumers including Bulk consumers and consumers of other Licensees.

Petitioner : Kerala State Electricity Board Ltd.

Order Dated 31.12.2024

1. Kerala State Electricity Board Ltd (hereinafter referred as KSEBL or petitioner), on 30.10.2024 filed a petition before the Commission with the following prayer;

“The financial liability incurred by KSEBL, amounting to Rs 37.70 Cr towards the unrecovered fuel surcharge for the billing period from April 2024 to July 2024 of FY 2024-25 may kindly be allowed to be recovered from consumers including bulk consumers and other licensees @ 17 paise per unit as fuel surcharge, as per the Regulation 87 of KSERC (Terms and Conditions for Determination of Tariff) First Amendment Regulations, 2023, during December 2024.”

2. Summary of the petition filed by the petitioner is given below;

- (1) The Commission vide the Gazette notification dated 29.05.2023 had, notified the KSERC (Terms and Conditions for Determination of Tariff) First amendment Regulations, 2023.
- (2) As per Regulation 87(3) of the Tariff Regulations (First Amendment), 2023, KSEB Ltd is permitted to the automatic recovery of fuel surcharge on a monthly basis from 1st June 2023 onwards to recover the additional liability of fuel surcharge incurred from April 2023, with a ceiling of Rs 0.10/unit.
- (3) Regulation 87(7) of the Tariff Regulations (First Amendment), 2023 permits the licensee to file a petition with all relevant details of the fuel surcharge seeking approval of the excess fuel surcharge amount due to be recovered for the respective billing period after 3 months.

- (4) KSEB Ltd submitted that, the present petition is filed as per the sub Regulation 7 of the Regulation 87 of the KSERC (Terms and Conditions for Determination of Tariff) (1st amendment) Regulations, 2023. KSEBL has been recovering the fuel surcharge through the automatic recovery mechanism from April 2023 onwards.
- (5) The present petition is for recovering the additional fuel surcharge of Rs 37.70 crore incurred over the ceiling rate of Rs 0.10/unit incurred during the period from April-2024 to July-2024 onwards. The details are given below;

Table-1
Details of the fuel surcharge demanded from consumers from April-2024 to July 2024

Sl No	Particulars	Amount (Rs Cr)						
		Fuel surcharge (FS) to be recovered from consumers as per Tariff Reg	Estimate			Actual demand		
			FS approved for collection restricted to ceiling limit	Pending recovery	Cumulative pending recovery	Fuel surcharge demanded	Pending recovery based on actual demand	Cumulative pending recovery
1	Apr-24	29.90	25.54	4.35	4.35	25.25	4.65	4.65
2	May-24	28.15	24.55	3.60	7.95	21.85	6.30	10.96
3	Jun-24	35.60	21.65	13.95	21.90	20.95	14.66	25.61
4	Jul-24	33.90	20.02	13.90	35.80	21.83	12.09	37.70
Total		127.57	91.77	35.80		89.87	37.70	37.70

As above, KSEBL claimed that, the licensee is eligible to recover Rs 37.70 crore towards as additional liability as fuel surcharge over and above the ceiling rate @ Rs 0.10/unit, during the period from April 2024 to July 2024 as fuel surcharge from the consumers.

- (6) The Commission vide the Order dated 25.06.2022 in Petition OP No. 11/2022 has approved the source wise details of the generation and power purchase for the MYT period from 2022-23 to 2026-27. As per the provisions of the Tariff Regulations (1st Amendment) 2023, the difference between the actual variable cost and approved variable cost of power purchase from various sources is eligible to recover as fuel surcharge.
3. KSEBL has submitted the following reasons for the variation in cost of power purchase from the approved level.
- (1) Variation in energy availability from various approved sources of power purchases, due to the following.
- Changes in annual maintenance schedule.
 - Coal Shortage.
 - Unscheduled outages in generating stations as well as transmission lines.

- (2) The variation in the per unit variable cost over the approved level is mainly on account of the following;
- (i) Variation price of primary and secondary fuels,
 - (ii) Variation in calorific value of the fuel,
 - (iii) Variation in cost of transportation.

The energy charges depend on the price of coal notified for each mine by the Coal India Ltd and its subsidiaries. The fuel cost also depends on grade of coal, blending ratio of imported coal with domestic coal, transportation cost etc.

- (3) Ministry of Power, Government of India vide the notification dated 25.10.2023 ordered to blend the imported coal @6% by weight minimum till March 2024. Further MoP vide the Order dated 04.03.2024 has decided to extend the blending required to 4% (by weight) till 15.10.2024.
4. The month wise details of the variable cost of power purchase approved vide the MYT Order dated 25.06.2022 and the actuals for the period from April-2024 to July 2024 is given below.

Table-2
Monthwise details of the actual variable cost of power purchase

Sl No	Source	Approved	Actual (Rs/ kWh)			
		(Rs/ kWh)	Apr-24	May-24	Jun-24	Jul-24
I	Central Generating Stations					
1	RSTPS-Stage I & II	2.920	3.953	3.943	4.131	4.163
2	RSTPS-Stage III	2.790	3.881	3.874	4.051	4.096
3	Talcher Stage II	2.050	1.619	1.700	1.818	1.858
4	Simhadri Stage II	3.100	3.837	3.739	3.511	3.435
5	NLC -II Stage I	2.950	3.186	3.237	3.238	3.235
6	NLC -II Stage II	2.940	3.186	3.237	3.238	3.235
7	NLC-I Expansion	2.680	2.848	2.870	2.837	2.836
8	NLC-II Expansion	2.840	3.073	3.241	3.269	3.175
9	Vallur JV	3.430	3.980	3.884	3.738	3.853
10	NTPL	3.270	3.975	3.785	4.155	4.210
11	Kudgi Unit I,II&III	3.780	5.017	4.746	4.925	4.876
12	NNTPP	2.480	2.712	2.698	2.706	2.688
II	Independent Power Producers					
13	Maithon I	2.790	2.913	2.910	2.932	2.955
14	Maithon II	2.790	2.913	2.911	2.932	2.955
15	DVC Mejia	3.160	3.617	3.630	3.527	3.374
16	DVC RTPS	3.360	3.438	3.372	3.556	3.433
17	Jindal 200 MW	1.450	1.380	1.390	1.390	1.390
18	BALCO	1.290	1.190	1.190	1.193	1.190

5. KSEB Ltd submitted the month wise details of the fuel surcharge determined through automatic recovery mechanism the period from April 2024 to July 2024, which are given below;

- (1) Fuel surcharged determined by KSEBL through automatic recovery mechanism for the month of April-2024 is given below.

Table-3
Fuel surcharge arrived for the month of April 2024

Station	Energy purchased at generator bus			Variable cost		Fuel surcharge as per regulation
	Approved	Actuals	Admissible for Fuel surcharge	Approved	Actuals	
	(MU)	(MU)	(MU)	(Rs/kWh)	(Rs/kWh)	(Rs. Cr)
			Qp	P2	P1	Fp=Qpx(P1-P2)/10
Central Generating stations						
RSTPS-Stage I & II	139.46	161.63	139.46	2.920	3.953	14.41
RSTPS-Stage III	35.01	39.42	35.01	2.790	3.881	3.82
Talcher Stage II	245.01	263.38	245.01	2.050	1.619	-10.56
Simhadri Stage II	49.32	54.54	49.32	3.100	3.837	3.63
NLC -II Stage I	34.71	30.86	30.86	2.946	3.186	0.74
NLC -II Stage II	49.58	47.73	47.73	2.943	3.186	1.16
NLC-I Expansion	38.15	35.83	35.83	2.675	2.848	0.62
NLC-II Expansion	42.04	14.94	14.94	2.835	3.073	0.36
Vallur JV	28.83	19.49	19.49	3.433	3.980	1.07
NTPL	41.62	41.80	41.62	3.268	3.975	2.94
Kudgi Unit I,II&III	64.17	74.58	64.17	3.784	5.017	7.91
NNTPP	18.59	22.79	18.59	2.480	2.712	0.43
Independent Power Producers						
Maithon I	85.06	100.88	85.06	2.790	2.913	1.05
Maithon II	85.06	100.88	85.06	2.790	2.913	1.05
DVC Mejia	57.99	59.28	57.99	3.160	3.617	2.65
DVC RTPS	28.61	13.60	13.60	3.360	3.438	0.11
Jindal 200 MW	123.12	136.65	123.12	1.450	1.380	-0.86
BALCO	61.56	68.40	61.56	1.290	1.190	-0.62
Total	1227.88	1286.66	1168.42			29.90
Change in cost of the energy purchased, due to the variation in in fuel cost: Fp (Rs Cr)						29.90
Rate of fuel surcharge for the above fuel surcharge amount						12 paise
Rate of fuel surcharge for the month of April 2024 for monthly and bimonthly consumers restricted to ceiling limit						10 paise
Fuel surcharge for the month of April 2024 for monthly and bimonthly consumers restricted to ceiling limit						25.545
Carry Forward to next month(Rs Cr)						4.355

- (2) Fuel surcharged determined by KSEBL through automatic recovery mechanism for the month of May-2024 is given below.

Table-4
Fuel surcharge arrived for the month of May 2024

Station	Energy purchased at generator bus			Variable cost		Fuel surcharge as per regulation
	Approved	Actuals	Admissible for Fuel surcharge	Approved	Actuals	
	(MU)	(MU)	(MU)	(Rs/kWh)	(Rs/kWh)	(Rs. Cr)
			Qp	P2	P1	$F_p = Q_p \times (P_1 - P_2) / 10$
Central Generating stations						
RSTPS-Stage I & II	144.11	142.56	142.56	2.920	3.943	14.58
RSTPS-Stage III	36.18	31.74	31.74	2.790	3.874	3.44
Talcher Stage II	253.18	272.15	253.18	2.050	1.700	-8.86
Simhadri Stage II	50.96	49.74	49.74	3.100	3.739	3.18
NLC -II Stage I	35.87	29.95	29.95	2.946	3.237	0.87
NLC -II Stage II	51.23	43.77	43.77	2.943	3.237	1.29
NLC-I Expansion	39.42	39.50	39.42	2.675	2.870	0.77
NLC-II Expansion	43.44	16.65	16.65	2.835	3.241	0.68
Vallur JV	29.79	20.10	20.10	3.433	3.884	0.91
NTPL	43.00	37.99	37.99	3.268	3.785	1.96
Kudgi Unit I,II&III	66.31	60.63	60.63	3.784	4.746	5.83
NNTPP	19.21	22.73	19.21	2.480	2.698	0.42
Independent Power Producers						
Maithon I	87.90	99.54	87.90	2.790	2.910	1.05
Maithon II	87.90	99.56	87.90	2.790	2.911	1.07
DVC Mejia	59.92	49.97	49.97	3.160	3.630	2.35
DVC RTPS	29.56	13.21	13.21	3.360	3.372	0.02
Jindal 200 MW	127.22	140.97	127.22	1.450	1.390	-0.76
BALCO	63.61	70.38	63.61	1.290	1.190	-0.64
Total	1268.81	1241.14	1174.77			28.15
Change in Power purchase cost , due to the variation in in fuel cost: Fp (Rs Cr)						28.15
Rate of fuel surcharge for the above fuel surcharge amount						12 paise
Rate of fuel surcharge for the month of May 2024 for monthly and bimonthly consumers restricted to ceiling limit						10 paise
Fuel surcharge for the month of May 2024 for monthly and bimonthly consumers restricted to ceiling limit						24.554
Carry Forward(Rs Cr)						3.597
Cumulative Carry Forward(Rs Cr)						7.952

- (3) Fuel surcharged determined by KSEBL through automatic recovery mechanism for the month of June-2024 is given below.

Table-5.
Fuel surcharge arrived for the month of June 2024

Station	Energy purchased at generator bus			Variable cost		Fuel surcharge as per regulation
	Approved	Actuals	Admissible for Fuel surcharge	Approved	Actuals	
	(MU)	(MU)	(MU)	(Rs/kWh)	(Rs/kWh)	(Rs. Cr)
			Qp	P2	P1	$Fp = Qp \times (P1 - P2) / 10$
Central Generating stations						
RSTPS-Stage I&II	139.46	156.02	139.46	2.920	4.131	16.89
RSTPS-Stage III	35.01	41.28	35.01	2.790	4.051	4.41
Talcher Stage II	245.01	207.43	207.43	2.050	1.818	-4.81
Simhadri StageII	49.32	38.84	38.84	3.100	3.511	1.60
NLC -II Stage I	34.71	21.03	21.03	2.946	3.238	0.61
NLC -II Stage II	49.58	30.12	30.12	2.943	3.238	0.89
NLC-I Expansion	38.15	39.72	38.15	2.675	2.837	0.62
NLC-II Expansion	42.04	19.52	19.52	2.835	3.269	0.85
Vallur JV	28.83	23.95	23.95	3.433	3.738	0.73
NTPL	41.62	35.66	35.66	3.268	4.155	3.16
Kudgi Unit I,II&III	64.17	58.82	58.82	3.784	4.925	6.71
NNTPP	18.59	17.98	17.98	2.480	2.706	0.41
Independent Power Producers						
Maithon I	85.06	98.67	85.06	2.790	2.932	1.21
Maithon II	85.06	98.67	85.06	2.790	2.932	1.21
DVC Mejia	57.99	65.08	57.99	3.160	3.527	2.13
DVC RTPS	28.61	16.65	16.65	3.360	3.556	0.33
Jindal 200 MW	123.12	129.67	123.12	1.450	1.390	-0.74
BALCO	61.56	68.36	61.56	1.290	1.193	-0.60
Total	1227.88	1167.47	1095.41			35.60
Fuel Surcharge for the month of June 2024: Fp (Rs Cr)						35.60
Rate of fuel surcharge for the above fuel surcharge amount						16 paise
Rate of fuel surcharge for the month of June 2024 for monthly and bimonthly consumers restricted to ceiling limit						10 paise
Fuel surcharge for the month of June 2024 for monthly and bimonthly consumers restricted to ceiling limit						21.65
Carry Forward to next month(Rs Cr)						13.951
Cumulative carry forward						21.903

- (4) Fuel surcharged determined by KSEBL through automatic recovery mechanism for the month of July -2024 is given below.

Table-6.
Fuel surcharge arrived for the month of July 2024

Station	Energy purchased at generator bus			Variable cost		Fuel surcharge
	Approved	Actuals	Admissible for Fuel surcharge	Approved	Actuals	
	(MU)	(MU)	(MU)	(Rs/kWh)	(Rs/kWh)	(Rs. Cr)
			Qp	P2	P1	$F_p = Q_p \times (P_1 - P_2) / 10$
Central Generating stations						
RSTPS-Stage I & II	144.11	135.22	135.22	2.920	4.163	16.81
RSTPS-Stage III	36.18	40.38	36.18	2.790	4.096	4.72
Talcher Stage II	253.18	213.27	213.27	2.050	1.858	-4.09
Simhadri Stage II	50.96	20.65	20.65	3.100	3.435	0.69
NLC -II Stage I	35.87	25.05	25.05	2.950	3.235	0.71
NLC -II Stage II	51.23	28.33	28.33	2.940	3.235	0.84
NLC-I Expansion	39.42	39.31	39.31	2.680	2.836	0.61
NLC-II Expansion	43.44	16.50	16.50	2.840	3.175	0.55
Vallur JV	29.79	33.37	29.79	3.430	3.853	1.26
NTPL	43.00	44.97	43.00	3.270	4.210	4.04
Kudgi Unit I,II&III	66.31	42.66	42.66	3.780	4.876	4.68
NNTPP	19.21	11.66	11.66	2.480	2.688	0.24
Independent Power Producers						
Maithon I	87.90	87.87	87.87	2.790	2.955	1.45
Maithon II	87.90	87.87	87.87	2.790	2.955	1.45
DVC Mejia	59.92	57.21	57.21	3.160	3.374	1.22
DVC RTPS	29.56	17.97	17.97	3.360	3.433	0.13
Jindal 200 MW	127.22	127.82	127.22	1.450	1.390	-0.76
BALCO	63.61	68.82	63.61	1.290	1.190	-0.64
Total	1268.81	1098.93	1083.37			33.92
Fuel surcharge for the month of July 2024 (Rs Cr)						33.92
Rate of fuel surcharge for the above fuel surcharge amount						17paise
Rate of fuel surcharge for the month of July 2024 for monthly and bimonthly consumers restricted to ceiling limit						10 paise
Fuel surcharge for the month of July 2024 for monthly and bimonthly consumers restricted to ceiling limit(Rs Cr)						20.024
Carry Forward to next month(Rs Cr)						13.90
Cumulative carry forward						35.80

6. KSEB Ltd further submitted that, as detailed in Table-1 above, an amount of ₹127.57Cr is to be recovered during the period from April to July 2024, as additional liability on account of the variation in energy charge over approved level for the purchase of power from various sources. However, as per Regulation 87 of the Tariff Regulations (First Amendment), 2023, an amount of ₹91.77 Cr only be recovered at the ceiling on fuel surcharge rate @Rs 0.10 paise per unit, and Rs 37.70 crore is the pending recovery over the ceiling rate.
7. Considering these facts, in order to alleviate the financial burden of the utility, the power purchase cost already expended needs to be recovered urgently, KSEB Ltd requested before the Commission to allow the recovery of the unrecovered fuel surcharge amounting to Rs 37.70 Cr @ 17 paise/unit for the period from April to July 2024 pertaining to FY 2024-25 from the month of December 2024.
8. In the meanwhile, the Commission, after examining the petition filed by KSEBL dated 28.10.2024, vide the interim Order dated 27.11.2024 orders the following;

“ 17The Commission after detailed examination of the petition filed by KSEBL dated 28.10.2024, the provisions of the Electricity Act, 2003 and the KSERC (Terms and Conditions of Tariff) (First Amendment) Regulations 2023, and the facts and circumstances of the subject matter as discussed in the previous paragraphs, provisionally orders the following;

 - (1) KSEBL is allowed to continue to recover the fuel surcharge @9 paise per unit from 1st December 2024 to 31st December-2024, over and above the fuel surcharge, if any, to be collected by KSEBL through automatic recovery of fuel surcharge as per the Regulation 87 of the KSERC (Terms and Conditions of Tariff) (1st Amendment) Regulations, 2023.*
 - (2) The Commission may take appropriate decision on the fuel surcharge to be collected from 01.01.2025, over and above the automatic cost recovery, after detailed appraisal of the fuel surcharge claimed in this petition, the fuel surcharge collected by KSEBL from July 2024 to November 2024 and also after stakeholder consultation.*
 - (3) Within 10 days from the date of this Order, KSEBL shall submit the month wise details of the fuel surcharge collected from the consumers, over and above the ceiling rate @Rs 0.10/unit, approved vide its Orders dated 25.06.2024 and 24.09.2024, during the months from July 2024 to November-2024.”*
9. In compliance of the direction of the Commission, KSEBL vide the letter dated 09.12.2024 has submitted the details of the actual demand of fuel surcharge against the approval granted by the Commission vide the Orders dated 25.06.2024 and 24.09.2024. The details are given below.

Table-7
Details of the excess recovery of fuel surcharge collected from July-2024 to November-2024 against the approval

Sl No	Details of the Orders of the Commission	FS period	Recovery period	Amount approved	Actual demand from consumers @9 ps/ unit	Excess recovery
				(Rs.Cr)	(Rs.Cr)	(Rs. Cr)
1	Order dated 25.06.2024 in Petition OP No. 06/2024	Apr-23 to Sep-23	July-24 to Sep-24	55.24	58.12	2.88
2	Order dated 24.09.2024 in Petition OP No. 18/2024	Oct-23 to Mar-24	Oct-24 to Nov-24	30.51	40.156	9.65
	Excess recovery from Jul-24 to Nov-24					12.53

As above, KSEBL had recovered an excess amount of Rs 12.53 crore from July-24 to Nov-24 as against the amount approved as fuel surcharge over the ceiling rate incurred during the period from April-2023 to March-2024.

10. Public hearing on the petition was conducted on 10.12.2024 at the Court Hall of the Commission. Adv. Ajith Joy, appeared before the Commission along with Smt. Latha. S.V, Executive Engineer and Smt. Seema P. Nair, Asst: Executive Engineer on behalf of KSEBL.

(1) The summary of the issues raised by KSEBL is given below.

- (i) For the timely recovery of the cost of power purchase by the distribution licensee from the consumers, Ministry of Power (MoP), Government of India has issued the Electricity (Amendment) Rules, 2022 on 29th December, 2022. The said rules mandates the automatic recovery of variation in the power purchase cost by distribution licensees on monthly basis using the formula specified in the Rules.

The Commission has notified the KSERC (Terms and Conditions for Determination of Tariff) (First Amendment) Regulations, 2023 on 29th May 2023, after incorporating the provisions in the Electricity (Amendment) Rules, 2022 regarding the automatic pass through of fuel surcharge.

As per Regulation 87 of the Tariff regulation, 2021 a ceiling of 10 paise/unit is fixed for the automatic recovery of fuel surcharge by the licensee. Provided further that the balance fuel surcharge amount, if any, in a month can be carried forward to the next month, subject to the condition that the total rate of fuel surcharge recovery during that month under consideration shall not exceed the ceiling rate.

The Regulation also stipulates that, the amount of pending recovery of fuel surcharge carry forward to the subsequent month shall not exceed a maximum duration of six months. If the amount pending to be adjusted under the fuel surcharge is significant after three (3) months, the licensee may approach the Commission to adjust the amount through the regulatory process.

The Regulation also specifies that every distribution business/ licensee shall, within twenty-five days after the close of each month, calculate the amount of fuel surcharge to be adjusted from the consumers for the previous month and get it verified with the Chief Internal Auditor of the licensee and publish it in the website of the licensee for the recovery in the next month. KSEB Ltd has been publishing these details at its website as specified in the Regulations.

- (ii) The present petition was filed before the Commission as per the Regulation 87(7) of the KSEB (Terms and Conditions for Determination of Tariff) First Amendment Regulations, 2023. The amount claimed in the petition is the amount eligible to recover as fuel surcharge during the period from April-2024 to July-2024, over the ceiling rate of fuel surcharge @10 paise per unit allowed to recover as automatic recovery of fuel surcharge during the said period.

The amount claimed as fuel surcharge includes the variable cost of generation from coal and lignite based power stations only. The variations in the fixed costs, other levies etc are not permitted to claim to recover through fuel surcharge. The additional short term power purchase for meeting the peak demand was not claimed in the present petition.

The amount claimed as fuel surcharges related to the power purchases from twelve Central Generating Stations, and six Independent Power Producers which are permitted by the Commission vide the MYT Order dated 25.06.2022. KSEBL further submitted that, there is considerable variation in the variable cost of generation from CGS and IPPs from the variable cost considered in the MYT Order dated 25.06.2022 for the approval of the cost of power purchase during the said period, due to the following reasons;

- Variation in the landed price of fuel due to the price notification of coal by Coal India Ltd and its subsidiaries, and increase in transportation of coal.

- Blending of imported coal with the domestic coal for meeting the shortage in the domestic coal.

As per the latest Order of the MoP dated 27.06.2024, a blending of imported coal upto 4% by weight is allowed till 15.10.2024.

- (iii) KSEBL submitted that they had claimed and implemented the fuel surcharge through automatic recovery mechanism from April 2023 onwards, with the ceiling on fuel surcharge recovery @ Rs 0.10/unit.

As against the total amount of 127.57 Crore assessed as fuel surcharge from April 2024 to July 2024, the total amount claimed was limited to Rs 91.77 crore, resulting the pending recovery of Rs 37.70 crore. Thus the balance amount to be recovered over the ceiling rate is Rs 37.70 crore for the period from April 2024 to July 2024.

KSEBL further submitted that, the total amount of fuel surcharge claimed is already incurred by the licensee and paid to the generators who supplied power to KSEBL during the said period.

- (2) Shri. Saji Mathew, on behalf of the HT&EHT Association submitted the following during the hearing;

The Commission vide the Order dated 05.12.2024 has revised the electricity tariff in the State w.e.f 05.12.2024. Hence, the approval of fuel surcharge at this stage may create additional burden to the consumers.

KSEBL has filed the instant petition for the approval of fuel surcharge incurred over the ceiling rate for the period from April-2024 to July 2024 (four months) only. He requested to the Commission to issue necessary direction to KSEBL to file fuel surcharge recovery on quarterly/ half yearly basis instead of the time period of four months.

- (3) The Commission has noted that, in the year 2022, blending of imported coal is allowed upto 20% upto 31.10.2022. However, after that, the blending ration was reduced to 6% by weight from January 2023 to September-2023, and the same was extended till March-2024. However, thereafter the blending ratio was further reduced to 4% (by weight) and the same has been continued till 15.10.2024. Hence, there is chances for reduction in the amount to be claimed as fuel surcharge in the coming months.

The Commission further noted that, the details of power purchase from August 2024 to September-2024 and the fuel surcharge incurred for the

over the ceiling rate during this period may be available with KSEBL. Hence the Commission directed KSEBL to file the details of the fuel surcharge incurred over the ceiling rate for the months of August-2024 to September-2024 within two days. The Commission has clarified that, the decision on the recovery of fuel surcharge for the period from January 2025 may be decided based on the details to be submitted by KSEBL.

- (4) The representatives of KSEBL assured that, the details of the fuel surcharge incurred in the months of August-2024 to September-2024 shall be submitted within two days, latest by 13.12.2024.
11. KSEBL vide the affidavit dated 23.12.2024, submitted the details of the fuel surcharge incurred in the months of August-2024 to September-2024, with the following prayer;

“The financial liability incurred by KSEBL, amounting to Rs 16.77 Cr towards the unrecovered fuel surcharge for the months of August 2024 and September 2024 of FY 2024-25 and the remaining unrecovered amount of Rs 17.70 Cr towards the recovery of fuel surcharge for the period pertaining to April to July 2024 may kindly be allowed to be recovered from consumers including bulk consumers and other licensees through fuel surcharge, as per the Regulation 87 of KSERC (Terms and Conditions for Determination of Tariff) ,First Amendment Regulations, 2023, @ 8 paise per unit during the month of January and February 2025.”

The Commission has noted the substantial delay in filing the details of fuel surcharge for the months of August-2024 to September-2024 as against the assurance given during the hearing held on 10.12.2024.

12. The summary of the details of the fuel surcharge claimed through automatic recovery mechanism and the balance to be recovered from consumers with the approval of the Commission is given below.

Table-8
Summary of the fuel surcharge demanded through automatic recovery mechanism in the months of Aug-24 to Sep-24, and balance to be recovered from consumers

Sl No	Particulars	Amount (Rs Cr)						
		Fuel surcharge (FS) to be recovered	Estimate			Actual demand		
			FS approved for collection restricted to ceiling limit	Pending recovery	Cumulative pending recovery	Fuel surcharge demanded	Pending recovery based on actual demand	Cumulative pending recovery
1	Aug-24	32.64	19.38	13.26	13.26	21.91	10.73	10.73
2	Sep-24	28.73	20.14	8.59	21.85	22.69	6.04	16.77
Total		61.37	39.52	21.85	21.85	44.60	16.77	16.77

13. The month wise details of the variable cost of power purchase approved vide the MYT Order dated 25.06.2022 and the actuals for the months of August-2024 and September-2024 is given below.

Table-9
Month wise details of the approved variable cost and actuals for the months of
August 2024 and September-2024

SI No	Source	Approved vide the MYT Order dated 25.06.2022 (Rs/ kWh)	Actual (Rs/ kWh)	
			Aug-24	Sep-24
I	Central Generating Stations			
1	RSTPS-Stage I & II	2.920	4.165	3.972
2	RSTPS-Stage III	2.790	4.101	3.909
3	Talcher Stage II	2.050	1.802	1.745
4	Simhadri Stage II	3.100	3.512	3.506
5	NLC -II Stage I	2.950	3.243	3.237
6	NLC -II Stage II	2.940	3.243	3.237
7	NLC-I Expansion	2.680	2.831	2.821
8	NLC-II Expansion	2.840	3.171	3.130
9	Vallur JV	3.430	3.626	3.641
10	NTPL	3.270	4.167	4.393
11	Kudgi Unit I,II&III	3.780	4.762	4.790
12	NNTPP	2.480	2.689	2.701
II	Independent Power Producers			
13	Maithon I	2.790	2.962	2.889
14	Maithon II	2.790	2.962	2.889
15	DVC Mejia	3.160	3.628	3.449
16	DVC RTPS	3.360	3.545	3.259
17	Jindal 200 MW	1.450	1.390	1.390
18	BALCO	1.290	1.190	1.190

14. The month wise details of the fuel surcharge claimed through automatic recovery mechanism for the months of August-2024 to September-2024 is given below.

- (1) Fuel surcharge claimed by KSEBL for the month of August-2024 is given below.

Table-10
Fuel surcharge claimed by KSEBL for the month of August-2024

Station	Energy purchased at generator bus			Variable cost		Fuel surcharge as per regulation
	Approved	Actuals	Admissible for Fuel surcharge	Approved	Actuals	
	(MU)	(MU)	(MU)	(Rs/kWh)	(Rs/kWh)	(Rs. Cr)
			Qp	P2	P1	$F_p = Q_p \times (P_1 - P_2) / 10$
Central Generating stations						
RSTPS-Stage I & II	144.11	119.30	119.30	2.92	4.17	14.85
RSTPS-Stage III	36.18	39.37	36.18	2.79	4.10	4.74
Talcher Stage II	253.18	272.06	253.18	2.05	1.80	-6.28
Simhadri Stage II	50.96	48.11	48.11	3.10	3.51	1.98
NLC -II Stage I	35.87	17.19	17.19	2.95	3.24	0.50
NLC -II Stage II	51.23	37.52	37.52	2.94	3.24	1.14
NLC-I Expansion	39.42	40.61	39.42	2.68	2.83	0.60
NLC-II Expansion	43.44	7.07	7.07	2.84	3.17	0.23
Vallur JV	29.79	32.23	29.79	3.43	3.63	0.58
NTPL	43.00	45.51	43.00	3.27	4.17	3.86
Kudgi Unit I,II&III	66.31	52.28	52.28	3.78	4.76	5.13
NNTPP	19.21	12.69	12.69	2.48	2.69	0.27
Sub Total	812.70	723.94	695.73			27.61
Independent Power Producers						
Maithon I	87.90	99.53	87.90	2.79	2.96	1.51
Maithon II	87.90	99.53	87.90	2.79	2.96	1.51
DVC Mejia	59.92	59.71	59.71	3.16	3.63	2.80
DVC RTPS	29.56	31.18	29.56	3.36	3.55	0.55
Jindal 200 MW	127.22	132.45	127.22	1.45	1.39	-0.76
BALCO	63.61	56.90	56.90	1.29	1.19	-0.57
Sub Total	456.11	479.30	449.19			5.04
Total	1268.81	1203.22	1144.92			32.64
Change in cost of the energy purchased, due to the variation in fuel cost: F_p (Rs Cr)(A)						32.64
Energy sales in MU(B)						1937.72
Rate of fuel surcharge for the above fuel surcharge amount(C) = $A \times B / 10$						17paise/ kWh
Rate of fuel surcharge for the month of August 2024 for monthly and bimonthly consumers restricted to ceiling limit						10 paise/ kWh
Fuel surcharge for the month of August 2024 for monthly and bimonthly consumers restricted to ceiling limit(Rs Cr)						19.38
Carry Forward to next month(Rs Cr)						13.26

15. Fuel surcharge claimed for the months of September-2024 is given below.

Table-11
Fuel surcharge claimed by KSEBL for the months of September-2024

Station	Energy purchased at generator bus			Variable cost		Fuel surcharge as per regulation
	Approved	Actuals	Admissible for FS	Approved	Actuals	
	(MU)	(MU)	(MU)	(Rs/kWh)	(Rs/kWh)	(Rs. Cr)
			Qp	P2	P1	$F_p = Q_p \times (P_1 - P_2) / 10$
Central Generating stations						
RSTPS-Stage I & II	139.46	136.92	136.92	2.92	3.97	14.40
RSTPS-Stage III	35.01	39.94	35.01	2.79	3.91	3.92
Talcher Stage II	245.01	250.22	245.01	2.05	1.75	-7.47
Simhadri Stage II	49.32	51.77	49.32	3.10	3.51	2.00
NLC -II Stage I	34.71	25.59	25.59	2.95	3.24	0.73
NLC -II Stage II	49.58	26.04	26.04	2.94	3.24	0.77
NLC-I Expansion	38.15	34.95	34.95	2.68	2.82	0.49
NLC-II Expansion	42.04	10.46	10.46	2.84	3.13	0.30
Vallur JV	28.83	28.93	28.83	3.43	3.64	0.61
NTPL	41.62	44.72	41.62	3.27	4.39	4.67
Kudgi Unit I,II&III	64.17	60.51	60.51	3.78	4.79	6.11
NNTPP	18.59	19.39	18.59	2.48	2.70	0.41
Sub Total	786.48	729.45	712.84			26.96
Independent Power Producers						
Maithon I	85.06	96.96	85.06	2.79	2.89	0.84
Maithon II	85.06	96.96	85.06	2.79	2.89	0.84
DVC Mejia	57.99	61.24	57.99	3.16	3.45	1.67
DVC RTPS	28.61	27.40	27.40	3.36	3.26	-0.28
Jindal 200 MW	123.12	132.81	123.12	1.45	1.39	-0.74
BALCO	61.56	56.66	56.66	1.29	1.19	-0.57
Sub Total	441.40	472.04	435.30			1.78
Total	1227.88	1201.49	1148.14			28.73
Change in Power purchase cost , due to the variation in in fuel cost: F_p (Rs Cr)(A)						28.73
Energy sales in MU(B)						2014.38
Rate of fuel surcharge for the above fuel surcharge amount(Paise per Unit)(C)= $A \times 10 / B$						14 paise
Rate of fuel surcharge for the month of September 2024 for monthly and bimonthly consumers restricted to ceiling limit						10 paise
Fuel surcharge for the month of September 2024 for monthly and bimonthly consumers restricted to ceiling limit						20.14
Carry Forward(Rs Cr)						8.59
Cumulative Carry Forward(Rs Cr)						21.85

16. KSEBL further submitted that, as detailed in Table-7 above, the balance amount to be recovered as fuel surcharge over the ceiling limit of automatic fuel surcharge recovery mechanism for the months of August 2024 to September-2024 is Rs 16.77 crore. KSEBL further submitted that, out of the total claim of Rs 37.70 crore as balance recovery of fuel surcharge for the months April-2024 to July-2024, the amount may be recovered in the months of December-2024 is about Rs 20.00 crore only @9 paise unit approved by the Commission vide the interim Order dated 27.11.2024.

Thus the unrecovered fuel surcharge for the period from April-2024 to September-2024 amounts to Rs 34.47 crore (Rs 17.70 crore+ Rs 16.77 crore).

KSEBL requested to approve the unrecovered fuel surcharge over the approved level @8 paise per unit from January-2025 to February-2025.

Analysis and Decision of the Commission

17. The Commission has examined in detail the petition dated 30.10.2024 filed by KSEBL for the recovery of the additional liability incurred over the approved level of Generation and Power Purchase, over the ceiling limit, due to variation in cost of fuel through fuel surcharge, during the period from April-2024 to July-2024, and also the additional affidavit dated 23.12.2024 for the recovery of the additional liability incurred over the approved level of Generation and Power Purchase, over the ceiling limit during the months of August 2024 to September-2024, Electricity Act. 2003, KSERC (Terms and Conditions for Determination of Tariff) (First Amendment) Regulations 2023, Judgment of the Hon'ble Appellate Tribunal for Electricity (APTEL), and other relevant documents and records, hereby decide as follows;
18. The Commission has carefully examined the details of the fuel surcharge implemented through automatic recovery mechanism from April-2024 to July-2024, as given in in Table-3 to Table-6 of this Order, and the same for the months of August-2024 and September-2024 as detailed in Table-10 and Table-11 above, and noted the following;
- (1) The month wise details of the actual variable cost of CGS and IPPs during the period from April-2024 to July-2024 is given in Table-2 above, and the same for the month of August-2024 and September-2024 is given in Table-9 above. It is noted that, except Talcher-II station, the variable cost of other CGS has increased over the approved level during the months of April-2024 to September-2024. Similarly, except BALCO and Jindal, the variable cost of other IPPs also increased during the period from April to September-2024.
 - (2) KSEBL has claimed and implemented the fuel surcharge recovery through

automatic recovery mechanism strictly as per the Regulation 87 of the KSERC (Terms and conditions for Determination of Tariff) (First Amendment) Regulations, 2023.

- (3) As mandated under Regulation 87(5) of the KSERC (Terms and conditions for Determination of Tariff) (First Amendment) Regulations, 2023, the rate of fuel surcharge recovered through automatic cost recovery mechanism was duly certified by the Chief Internal Auditor of KSEBL.
19. The Commission has also examined the month wise details of the pending recovery of fuel surcharge claimed by KSEBL, over and above the automatic recovery of the fuel surcharge claimed @Ps 10/unit. The details of the pending recovery from April-2024 to July-2024 is given in Table-1 of this Order and the same from August-2024 to September-2024 is given in Table-8 of this Order. The summary of the fuel surcharge claimed by KSEBL through automatic recovery mechanism and the balance to be recovered from consumers with the approval of the Commission is given below.

Table- 11
Details of the pending recovery of fuel surcharge through automatic cost recovery mechanism

Sl No	Month	Fuel surcharge (FS) arrived as per Tariff (1st Amendment) Regulation, 2023	KSEBL estimate of FS @10 ps/unit at the beginning of each month		Actuals	
			FS approved for recovery at the ceiling rate @Ps 10/unit	Pending recovery	Actual demand of FS at the ceiling rate @Ps 10/unit	Pending recovery
		(Rs. Cr)	(Rs. Cr)	(Rs. Cr)	(Rs. Cr)	(Rs. Cr)
(1)	(2)	(3)	(4)	(5)= (3)-(4)	-6	(7) = (3)-(6)
1	Apr-24	29.90	25.54	4.36	25.25	4.65
2	May-24	28.15	24.55	3.60	21.85	6.30
3	Jun-24	35.60	21.65	13.95	20.95	14.65
4	Jul-24	33.90	20.02	13.88	21.83	12.07
5	Aug-24	32.64	19.38	13.26	21.91	10.73
6	Sep-24	28.73	20.14	8.59	22.69	6.04
Total		188.92	131.28	57.64	134.48	54.44

As detailed above, based on actual demand, the balance amount of pending recovery of fuel surcharge over and above the fuel surcharge claimed @Ps 10/unit through automatic cost recovery mechanism as per the KSERC (Terms and Conditions of Tariff) (First amendment) Regulations, 2023 is Rs 54.44 crore during the period from April-2024 to September-2024.

20. As discussed in paragraph- 8 above, the Commission vide the interim Order dated 27.11.2024 in Petition OP No. 46/2024 has approved to continue to recover the fuel surcharge @9 paise per unit in the month of December-2024, over and above the fuel surcharge, if any, implemented by KSEBL through

automatic recovery mechanism, against the pending recovery of fuel surcharge over the ceiling rate of automatic recovery claimed from April-2024 to July-2024.

It may take some more time to get the actual demand of fuel surcharge @9 paise per unit implemented in December-2024 as per the interim Order dated 27.11.2024, the Commission has estimated the amount collected @9 paise per unit based on the approved energy sales for the month of December -2024 as per the MYT Order dated 25.06.2022. The details are given below.

Table-12
Estimate of the fuel surcharge recovered @9 paise per unit for the month of December-2024

Particulars	
Energy Demand approved for December-2024 (MU)	2506.97
T&D Loss approved for 2024-25	10.42%
Energy sale estimated for the month of December-2024	2245.74
Fuel surcharge recovery estimated for Dec-2024 @9 paise/unit	20.21

21. The Commission further noted that, as detailed in Table-7 above, KSEBL has collected an excess recovery of Rs 12.53 crore towards fuel surcharge @9 paise per unit during the recovery period from July-2024 to November-2024. This amount has also to be adjusted in the fuel surcharge to be recovered over the automatic recovery mechanism from January-2025 onwards.

Thus the balance amount of fuel surcharge to be recovered from January-2025 onwards as additional liability over the ceiling limit during the period from April-2024 to September-2024 is given below.

Table-13
Balance amount of additional liability of FS incurred from April-2024 to September-2024 to be recovered from January 2025 onwards

Sl No	Particulars	Amount (Rs.Cr)
1	Pending recovery of fuel surcharge over the ceiling limit of automatic recovery, during the months of April-2024 to September-2024	54.44
2	Fuel surcharge recovered @9 paise per unit in the month of December-2024	20.21
3	Excess recovery of fuel surcharge @9 paise per unit over the approval in the months July-2024 to November-2024	12.53
4	Balance amount to be collected from January-2025 onwards= (1)-(2)-(3)	21.70

As above, as against the claim of Rs 34.47 crore by KSEBL towards the pending recovery of fuel surcharge during the months of April-2024 to September-2024, the amount arrived by the Commission as pending recovery during the same period is Rs 21.70 crore only.

22. The Commission has decided to recover the approved amount during the month of January 2025, at the rate determined as below.

Table -14
Rate of recovery of fuel surcharge during the month of January-2025

Particulars	
Energy demand approved for the month of January-2025 (MU)	2577.36
T&D loss approved for 2024-25	10.42%
Energy sale estimate for January 2025	2308.80
Balance fuel surcharge over ceiling rate incurred in the months from April-2024 to September-2024 to be recovered from January 2025 onwards	21.73
Fuel surcharge rate for the period from January 2025 (Paise/unit)	9.41
(Rounded of to Paise 9/unit)	

23. As above, the Commission hereby approve to collect fuel surcharge @9 paise per unit in the month of January-2025 also towards balance recovery of fuel surcharges incurred over the ceiling limit of automatic recovery of fuel surcharge incurred in the months from April-2024 to September-2024. The excess/ shortfall in recovery, if any, shall be adjusted against the future recovery of fuel surcharge incurred over the ceiling limit of fuel surcharge recovered through automatic fuel surcharge recovery mechanism.

The fuel surcharge as approved as above is applicable to all consumers including the consumers of small licensees, except the 'domestic consumers with connected load of and below 1000 watt and monthly consumption of and below 40units'. Further, the fuel surcharge shall be collected in addition to the 'normal electricity charges as per the tariff schedule in force and fuel surcharge, if any, collected through the automatic cost recovery mechanism as provided under Regulation 87 of the Tariff (First Amendment) Regulations, 2023 from January 2025 onwards.

Orders of the Commission

24. The Commission after detailed examination of the petition filed by KSEB Ltd dated 30.10.2024, additional affidavit dated 23.12.2024, public hearing held on 10.12.2024, the provisions of the Electricity Act, 2003 and the Tariff (First Amendment) Regulations 2023, hereby orders the following;

- (1) Approve Rs 54.44 crore towards pending recovery of fuel surcharge , during the period from April-2024 to September-2024, over and above the fuel surcharge collected at the ceiling rate of Rs 0.10/unit as per the

Regulations 87 of the KSERC (Terms and Conditions of Tariff) (First Amendment) Regulations, 2023.

Against the approved amount of Rs 54.44 crore, the balance amount to be recovered from the consumers for the month of January 2025 is Rs 21.70 crore as detailed in Table 13 above.

- (2) The balance amount allowed to recover from consumers @9 paise per unit in the month of January-2025.
- (3) The fuel surcharge is applicable to all consumers including the consumers of KSEB Ltd and all other licensees except the 'domestic consumers with connected load of and below 1000 watt and monthly consumption of and below 40 units.
- (4) Distribution licensees other than KSEB Ltd shall also collect the fuel surcharge as per this order and remit the amount promptly to KSEB Ltd on a monthly basis.
- (5) KSEB Ltd and all other licensees shall indicate the rate of fuel surcharge and the amount of surcharge in the bills issued to consumers separately.
- (6) KSEB Ltd and other licensees shall account the fuel surcharge collected from each category of consumers separately.
- (7) KSEB Ltd and other licensees shall strictly adhere to the Section 65 of the Electricity Act-2003 while providing any subsidy or exemption to the consumers.
- (8) Month wise consolidated statement of the Fuel surcharge collected from each tariff category shall be submitted to the Commission within 1 week (latest by 7th of the subsequent month) and a copy of the same shall be uploaded at the website of KSEB for information of the Stake holders.

The petition OP No. 46/2024 is disposed of. Ordered accordingly.

Sd/-
T K Jose
Chairman

Sd/-
Adv. A J Wilson
Member

Sd/-
B Pradeep
Member

Approved for issue

Sd/-
C R Satheesh Chandran
Secretary