

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.

Interim Order Dated 27.11.2024

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 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) approved	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	71.60	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;
- Variation price of primary and secondary fuels,
 - 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
Month wise 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 for the period from April 2024 to July 2024, which are given below;

- (1) Fuel surcharge 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 surcharge 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 surcharge 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	$F_p = Q_p \times (P_1 - P_2) / 10$
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 surcharge 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. Hence, 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. The Commission has examined the petition filed by KSEBL in detail. The Commission noted that, as detailed in Table-2 above, there is considerable variation in the variable cost of power purchase over the approval, as per the MYT Order dated 25.06.2022 in OP No. 11/2022. KSEBL has been making payments to the generators at the actual variable cost claimed by them. Thus, the amount claimed by KSEBL is the amount already incurred by the licensee.
9. The Commission vide the notification dated 29.11.2023, has notified the KSERC (Terms and Conditions for Determination of Tariff) (1st amendment) Regulations, 2023 (herein after referred as Tariff Regulations 2023). As per the Regulation 87(3) of the said Regulations, KSEBL is permitted for the automatic recovery of the additional liability incurred for power purchase due to variation in actual variable cost over the approval vide the MYT Order dated 25.06.2022 as fuel surcharge on monthly basis from 1st June 2023 onwards, with a ceiling at Rs 0.10/unit.

Further, the said Regulations also permits the licensee to carry forward the balance fuel surcharge amount, if any, into the next month, subject to the condition that the fuel surcharge recovery shall not exceed Rs 0.10/unit. It is also specified therein that such carry forward shall not exceed a maximum period of six months.

It is further specified in the Regulations that, if the amount pending to be adjusted is significant after three months, KSEBL is permitted to approach the Commission to adjust the balance amount of fuel surcharge recovery through the regulatory process as per Regulation 87(7) of the Tariff Regulations, 2023.

10. As per the provisions of the Tariff Regulations, 2023, KSEBL has been recovering the fuel surcharge through automatic cost recovery mechanism from April 2023 onwards, and the same has been continuing.
11. Further, the Commission vide the order dated 25.06.2024 has approved Rs 55.24 crore as unrecovered fuel surcharge incurred for the period from April-2023 to September-2023 over the ceiling rate @ Rs 0.10/unit, and the same was

allowed to recover @9 paise per unit for the period from 1st July 2024 to 30th September 2024.

12. Subsequently, the Commission vide the Order dated 24.09.2024 has approved Rs 30.51 crore towards the unrecovered fuel surcharge for the period from October 2023 to March-2024, incurred over the ceiling rate of Rs 0.10/unit. The Commission further ordered to recover the approved amount of Rs 30.51 crore @ 9 paise unit from 1st October, 2024 to 30th November-2024.
13. The instant petition is filed by KSEBL for the approval of the unrecovered fuel surcharge of Rs 37.70 crore incurred during the period from April-2024 to July-2024 over the ceiling rate @Rs 0.10/unit for automatic recovery, and requested to allow to recover the same @Rs 0.17/unit in the month of December-2024.

The Commission further noted that, the fuel surcharge claimed by KSEBL is certified by the Chief Internal Auditor (CIA) of KSEBL. Further, KSEBL has also submitted the actual demand of fuel surcharge claimed from the consumers @Rs 0.10/unit during these months from April-2024 to July 2024.

14. The Commission has noted that, the amount of fuel surcharge claimed by KSEBL is already incurred by the licensee and paid to the generators who supplied power during the said period. The Commission has also verified the details submitted by KSEBL with available records. The Commission has also noted that, the average monthly recovery of fuel surcharge @9 paise unit is about Rs 19.00 crore.
15. Considering these reasons, the Commission is of the considered opinion that, the fuel surcharge may be allowed to continue to collect @ 9 paise per unit till 31.12.2024 for recovering part of the unrecovered fuel surcharge over ceiling rate claimed by KSEBL for the period from April-2024 to July-2024.
16. The Commission may take appropriate decision on levying fuel surcharge over and above the automatic fuel surcharge recovery from 01.01.2025 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 the stakeholder consultation.

Hence, 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. A copy of the same shall be published at its website for the information of the stakeholders.

Orders of the Commission

17. The 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 the 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.

**Sd/-
T K Jose
Chairman**

**Sd/-
Adv. A J Wilson
Member**

**Sd/-
B Pradeep
Member**

Approved for issue

**Sd/-
C R Satheesh Chandran
Secretary**