

**KERALA STATE ELECTRICITY REGULATORY COMMISSION**  
**THIRUVANANTHAPURAM**

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

**1007/F&T/2016/KSERC/Suo-motu Tariff Determination**

In the matter of: Determination of Tariff for electricity applicable to the Strategic Business Unit (generation), the Strategic Business Unit (transmission), the Strategic Business Unit (distribution) and the State Load Despatch Centre under KSEB Ltd for the financial year 2016-17 in suo-motu proceedings

**Interim Order dated 11-08-2016**

**Introduction:**

1. The Electricity Act, 2003 provides for determination of tariff applicable to generating company or licensee. Section 61 of the Act empowers the Commission to issue regulations relating to terms and conditions for determination of tariff. Section 62 of the Act deals with determination of tariff and Section 64 of the Act stipulates the procedure for issuance of tariff order. As per sub section 3 of Section 64 of the Act the Commission shall, within 120 days from the receipt of tariff application, issue tariff order after conducting public hearing and considering all suggestions and objections received from the public. It has been stipulated in sub section 4 of Section 62 of the Act that no tariff or part of any tariff may ordinarily be amended more frequently than once in any financial year. The Commission has, in exercise of the powers under Section 61 of the Act, issued KSERC (Terms and Conditions for Determination of Tariff) Regulations, 2014 (hereinafter referred to as the Tariff Regulations 2014). In accordance with the provisions of the said regulations, the Strategic Business Units and SLDC under KSEB Ltd should have, on or before 30.11.2015, filed application for determination of tariff pertaining to 2016-17. The Strategic Business Unit and SLDC under KSEB Ltd have not filed any application for determination of tariff pertaining to 2016-17. Under the above circumstances, the Commission has, in exercise of the powers conferred under Section 62 and Section 64 of the Electricity Act, 2003 (Central Act 36 of 2003) read with sub-regulation (5) of Regulation 11 of the KSERC (Terms and conditions for determination of tariff) Regulations, 2014 and in compliance with the Order dated 11-11-2011 of the Hon'ble Appellate Tribunal for Electricity, in O.P. No. 1 of 2011 and all other powers enabling it in this behalf, initiated the suo-motu proceedings for determination of tariff for the year 2016-17.

### **Enabling Provisions:**

2. Section 62 which deals with determination of tariff and Section 64 which deals with procedure for tariff order.
3. Paragraph 8.1.7 of the National Tariff Policy 2016 notified by the Central Government stipulates as follows.

*“7) Appropriate Commissions should initiate tariff determination and regulatory scrutiny on a suo-moto basis in case the licensee does not initiate filings in time. It is desirable that requisite tariff changes come into effect from the date of commencement of each financial year and any gap on account of delay in filing should be on account of licensee.”*

4. Hon’ble APTEL has, vide its judgment dated 11-11-2011 in OP No. 1/2011, directed the State Commissions as follows,

- (i) *Every State Commission has to ensure that Annual Performance Review, true-up of past expenses and Annual Revenue Requirement and tariff determination is conducted year to year basis as per the time schedule specified in the Regulations.*
- (ii) *It should be the endeavour of every State Commission to ensure that the tariff for the financial year is decided before 1st April of the tariff year. For example, the ARR & tariff for the financial year 2011-12 should be decided before 1st April, 2011. The State Commission could consider making the tariff applicable only till the end of the financial year so that the licensees remain vigilant to follow the time schedule for filing of the application for determination of ARR/tariff.*
- (iii) *In the event of delay in filing of the ARR, truing up and Annual Performance Review, one month beyond the scheduled date of submission of the petition, the State Commission must initiate suo-moto proceedings for tariff determination in accordance with Section 64 of the Act read with clause 8.1 (7) of the Tariff Policy.*
- (iv) *In determination of ARR/tariff, the revenue gaps ought not to be left and Regulatory Asset should not be created as a matter of course except where it is justifiable, in accordance with the Tariff Policy and the Regulations. The recovery of the Regulatory Asset should be time bound and within a period not exceeding three years at the most and preferably within Control Period. Carrying cost of the Regulatory Asset should be allowed to the utilities in the ARR of the year in which the Regulatory Assets are created to avoid problem of cash flow to the distribution licensee.*

- (v) *Truing up should be carried out regularly and preferably every year. For example, truing up for the financial year 2009-10 should be carried out along with the ARR and tariff determination for the financial year 2011-12.*
- (vi) *Fuel and Power Purchase cost is a major expense of the distribution Company which is uncontrollable. Every State Commission must have in place a mechanism for Fuel and Power Purchase cost in terms of Section 62 (4) of the Act. The Fuel and Power Purchase cost adjustment should preferably be on monthly basis on the lines of the Central Commission's Regulations for the generating companies but in no case exceeding a quarter. Any State Commission which does not already have such formula/mechanism in place must within 6 months of the date of this order must put in place such formula/ mechanism."*

**Background of initiating Suo-motu Proceedings:**

5. Kerala State Electricity Regulatory Commission (KSERC) had issued the Tariff Regulations, 2014, which specifies the principles, procedures, methodology and time lines for filing the ARR&ERC of each licensees in the State including KSEB Ltd and its SBUs before the State Commission. The regulations also specifies the technical and financial norms for determination of tariff applicable to the Strategic Business Units (SBUs) of KSEB Ltd including Generation, Transmission and Distribution and the normative values for determination of various components of the aggregate revenue requirements and tariff. As per the Tariff Regulation, 2014 the first control period is 2015-16 to 2017-18.
6. As per the Regulation-11 of the Tariff Regulations 2014, the application for approval of aggregate revenue requirement and determination of tariff for the first year (2015-16) of the first control period 2015-16 to 2017-2018 should have been filed before the Commission on or before 31-12-2014. The regulation 11(2) of the Tariff Regulation stipulates that, during the subsequent years, an application for the approval of the revised aggregate revenue requirement, if any, for the ensuing financial year and for the determination of tariff for the ensuing financial year shall be filed, on or before 30<sup>th</sup> November of every subsequent financial year. Accordingly the Strategic Business Units and SLDC under KSEB Ltd should have, filed on or before 30-11-2015, the application for determination of tariff for 2016-17.
7. KSEB Ltd has filed Writ Petition No. 465/2015 against the provisions of the Tariff Regulations, 2014, before the Hon'ble High Court of Kerala, stating that the

norms for expenditure specified in the Tariff Regulations are inadequate resulting in under recovery of expenses. The petition was admitted by Hon'ble High Court as WP 465/2015 (G). Hon'ble High Court vide the interim order dated 07-01-2015 has ordered that,

*'The tariff petition if any submitted by the petitioner KSEB Ltd shall not be rejected on the basis of Tariff Regulations, 2014'.*

8. KSEB Ltd had, on 30-03-2015, filed before the Commission, a single application for the approval of a composite ARR&ERC exclusively for the year 2015-16 without segregating the accounts for SBU (G), SBU (T) and SBU (D). As ordered by Government in the Second Transfer Scheme issued under Section 131 of the Act. The said application was not prepared and filed according to the relevant provisions of the Tariff Regulation, 2014. However, duly complying with the interim order of the Hon'ble High Court dated 07-01-2015, the Commission has not rejected the application though it is not filed as per the provisions of the Tariff Regulations, 2014.
9. As per the sub regulation (1) of Regulation 99 Tariff Regulations, 2014, which came into force with effect from 14.11.2014, the earlier regulations issued by the Commission for determination of tariff were repealed and any application for determination of tariff submitted by a licensee or a generating company can be processed only in accordance with the provisions of Tariff Regulations, 2014 which are in force. Therefore the Commission sought clarification from the Hon'ble High Court on implementation of the said order. The clarification is yet to be issued by the Hon'ble High Court. Admittedly, there is no stay on the implementation of the said regulation. The ARR&ERC of all licensees other than KSEB Ltd have been approved as per the provisions of the Tariff Regulations, 2014. However, the Commission could not process the application submitted by KSEB Ltd for want of clarifications from the Hon'ble High Court.
10. The Commission had, vide its orders dated 14.08.2014, 25.09.2014 and 30.09.2014 in OP No. 9/2014, determined the retail supply tariff (RST), bulk supply tariff (BST), transmission charges, wheeling charges etc. for the period till 31.03.2015. The Commission had, in view of the pendency of the order of the Hon'ble High Court dated 07.01.2015, extended the validity of the said orders till 31-03-2016, the details of which are given hereunder,-

<b>Particulars</b>	<b>Date of order</b>	<b>Period of extension</b>
Tariff order in OP No.9/2014	14.08.2014	16.08.2014 to 31.03.2015
	25.03.2015	01.04.2015 to 30.09.2015
	25.09.2015	01.10.2015 to 31.12.2015
	14.12.2015	01.01.2016 to 31.03.2016
BST order in OP No. 9/2014	25.09.2014	16.08.2014 to 31.03.2015
	25.03.2015	01.04.2015 to 30.09.2015
	25.09.2015	01.10.2015 to 31.12.2015
	14.12.2015	01.01.2016 to 31.03.2016
Transmission charges, wheeling charges, open access charges	30.09.2014	16.08.2014 to 31.03.2015
	25.03.2015	01.04.2015 to 30.09.2015
	25.09.2015	01.10.2015 to 31.12.2015
	14.12.2015	01.01.2016 to 31.03.2016

11. Though as per the provisions contained under section-64 of the Electricity Act-2003 and Tariff Regulation, 2014, KSEB Ltd has to file the application for the approval of aggregate revenue requirements for the years 2016-17 and 2017-18, and determination of tariff for the year 2016-17, on or before 30<sup>th</sup> November 2015, KSEB Ltd had not submitted the same till 30<sup>th</sup> March-2016. Hence, the Commission vide the letter dated 31-03-2016 communicated to the KSEB Ltd that, it has not filed any application for the approval of the aggregate revenue requirement and for determination of tariff for the year 2016-17 and that the validity of the tariff orders dated 14-08-2014 and 30-09-2014 in OP No. 9/2014 applicable to KSEB Ltd would expire on 31-03-2016. The Commission also directed KSEB Ltd to take appropriate action.
12. In response to the letter of the Commission dated 31-03-2016, KSEB Ltd vide its letter dated 04-04-2016, filed a petition for the extension of the validity of the tariff order dated 14-08-2014, 25-09-2014 and 30-09-2014 in OP No. 9/2014 till 30-09-2016 or the date of effect of the new tariff order pertaining to the financial year 2016-17, whichever is earlier. KSEB Ltd vide its petition dated 04.04.2016 - without submitting any relevant records, documents and data- requested the Commission, to extend the validity of the tariff orders for a period up to 30.09.2016 or till the present rates are revised by the Commission. It would not be appropriate for the Commission to fix the tariff applicable to 2016-17, without considering any relevant facts.
13. The Commission therefore, in exercise of the powers conferred on it under Section 61, Section 62 and Section 64 of the Electricity Act, 2003, read with the provisions of Tariff Regulations, 2014, and other powers enabling it in this behalf and in

compliance of the order dated 11.11.2011 of the Hon'ble APTEL in OP No. 1/2011, initiated proceedings to determine the tariff suo-motu in accordance with the principles and procedures as specified in the Tariff Regulations, 2014. Accordingly the Commission issued a public notice on 22.06.2016 for determination of tariff for the year 2016-17 for initiating suo-motu proceedings and invited suggestions and objections from all stake holders.

**Hearing of Suo-motu Petition:**

14. The Commission conducted the public hearing on 27-07-2016 at the Court Room of the Commission in the matter of determination of tariff for electricity for the financial year 2016-17 on suo-motu basis. The Chairman welcomed all the participants present in the hearing including stakeholders and the mass media and briefed the reasons for initiating suo-motu proceedings for determination of tariff for the year 2016-17. During the hearing, representatives of various consumer categories including domestic consumers, HT-EHT consumers and other associations, various stake holders and KSEB Ltd presented the comments/suggestions, grievances and other prayers before the Commission on the determination of Tariff for the financial year 2016-17.
15. On behalf of the Commission, Director (Finance & Tariff) of the Commission, briefly presented the details of the suo-motu petition including the reasons for initiating the same before the stakeholders. The details are given below.
  - (1) Section 62 and Section 64 of the Electricity Act-2003, deal with 'determination of tariff' and 'procedure for tariff order' respectively. The Commission has, under Section 61 of the Act, published the Kerala State Electricity Regulatory Commission (Terms and Conditions for Determination of Tariff) Regulations, 2014 (hereafter mentioned as the Tariff Regulations, 2014) vide the notification No. 787/SEA/2011/KSERC dated 14<sup>th</sup> November 2014. As per regulation 11 of the Tariff Regulations, 2014, KSEB Ltd is bound to make, on or before 30.11.2015, an application for determination of tariff relating to the year 2016-17.
  - (2) The Government of Kerala has issued the First Transfer Scheme and Second Transfer Scheme under Section 131 of the Act re-organizing the erstwhile Kerala State Electricity Board which was constituted under Section 5 of the Electricity (Supply) Act, 1948. As per the First Transfer Scheme issued vide GO (MS) 37/2008/PD dated 25.09.2008 and published as Statutory Rules and Orders (SRO) No 990/2008 in Kerala Gazette Extra

Ordinary No.2090 dated 25.09.2008, the assets, liabilities, rights, and interests of the erstwhile KSEB stood transferred to and vested in Government. The Government of Kerala has, thereafter incorporated a Government Company namely, KSEB Ltd, with effect from 14.01.2011. As per the Second Transfer Scheme issued vide GO (P) No. 46/2013/PD dated 31.10.2013 and published as Statutory Rules and Orders (SRO) No 871/2013 in Kerala Gazette Extra Ordinary No.3103 dated 31.10.2013, the assets, liabilities, rights and interests of the erstwhile KSEB which were vested in the Government as per the First Transfer Scheme, were re-vested in the three Strategic Business Units (SBUs) namely, the Strategic Business Unit (Generation), the Strategic Business Unit (Transmission) and the Strategic Business Unit (Distribution) under a Government Company namely, KSEB Ltd. As per the Second Transfer Scheme, the above strategic business units shall undertake the functions of generating company, State Transmission Utility and the distribution licensee. Sub-clause (viii) of clause 3 of the Second Transfer Scheme stipulates as follows,-

*Within the provisional period of one year from the date of re-vesting, the accounts of three SBUs will be segregated by the transferee so as to facilitate the evaluation of financial performance of these units. Separate balance sheet will be prepared for the three SBUs and suitable transfer pricing mechanism between the SBUs shall be worked out by the transferee taking into consideration the financial soundness of the three SBUs.*

In view of the statutory provisions in the second proviso under sub-section (2) of Section 31, the first proviso under sub-section (1) of Section 39 and the third proviso under Section 41 of the Act, these Strategic Business Units shall function independent of each other.

- (3) Based on the information available with the Commission, the Commission has provisionally assessed the aggregate revenue requirements and expected revenue from charges of the SBU-G, SBU-T and SBU-D of KSEB Ltd for the years 2016-17 and 2017-18 as follows.

Provisional assessment of ARR of SBU-G, SBU-T and SBU-D of KSEB Ltd for the years 2016-17 and 2017-18 are summarised below:

	2016-17				2017-18			
	SBU-G	SBU-T	SBU-D	Total	SBU-G	SBU-T	SBU-D	Total
Particulars	(Rs. Cr)	(Rs. Cr)	(Rs. Cr)	(Rs. Cr)	(Rs.	(Rs.	(Rs. Cr)	(Rs. Cr)
Power Purchase			6700.33	6700.33			7098.57	7098.57
Interest & Finance	177.85	256.49	1154.51	1588.85	178.30	257.43	1175.47	1611.20
Depreciation	172.43	184.25	58.12	414.80	172.43	184.25	58.12	414.80
O&M expenses	72.07	176.89	1376.76	1625.72	76.28	190.18	1491.04	1757.50
RoE	90.38	96.57	30.47	217.42	90.38	96.57	30.47	217.42
Total ARR	512.73	714.20	9320.20	10547.12	517.39	728.43	9853.68	11099.49
Less Non tariff			431.00	431.00			439.00	439.00
Net ARR	512.73	714.20	8889.20	10116.12	517.39	728.43	9414.68	10660.49
Revenue from Tariff				10690.87				11260.88
Revenue surplus				574.74				600.39

- (4) The Commission will take appropriate decision on the determination of tariff for the year 2016-17, after finalising the revenue surplus/ gap for the year 2016-17 and adjusting the same against the revenue surplus/gap, if any determined in the process of truing up of accounts of KSEB Ltd for the previous years, which are already filed with the Commission. As per the previous orders on truing up of accounts upto the year 2010-11, the net unbridged revenue gap approved by the Commission as on 31-03-2011 is Rs 424.11 crore. KSEB Ltd has filed the application for truing up of accounts for the year 2011-12 before the Commission on 19-11-2014, with a revenue gap of Rs 1934.13 crore. As per the application for truing up of accounts for the year 2011-12, the increase in cost of generation and power purchase over the approved level is Rs 731.71 crore. KSEB Ltd had also filed the application for truing up of its accounts for the year 2012-13 before the Commission on 21-04-2015, with a revenue gap of Rs 3998.89 crore. Out of the above, the increase in cost of generation and power purchase incurred for the year 2012-13 over the approved level is Rs 2562.96 crore. The KSEB Ltd is yet to file the applications for truing up of its accounts relating to financial years 2013-14 and 2014-15.
16. Sri. DijoKappan representing the domestic Consumer association, has submitted that the price of power in the open market has reduced drastically and prayed that the reduction in the cost of power purchase shall be passed on to the consumers through reduction in tariff. As per the regulations, KSEB Ltd should have filed ARR and tariff petition in time. The reason for not filing tariff petition on the part of KSEB Ltd is illegal and improper. The intention behind non-filing of tariff petition is mala-fide. He pointed out that huge amounts are outstanding against Government & non- Government organizations. The increase in number of



standing counsel engaged by KSEB Ltd should be minimized for avoiding unnecessary legal expenses. He also submitted that collection of electricity charges in the absence of a valid tariff order is illegal.

17. Adv. J.Venugopalan Nair, Vice President, Kissan Sabha submitted that the small agricultural farmers of cardamom cultivation are facing huge difficulty due to the categorizing them under LT IV category and prayed that they may kindly be re-categorised under LT VA agriculture tariff.
18. Sri. George Thomas presented suggestions/ objections on behalf of the Kerala HT & EHT Industrial Electricity Consumers' Association. He requested the Commission to comply with directives of the Hon'ble APTEL and determine tariff based on voltage-wise cost of supply only. He further submitted that, if there is a contradiction between APTEL Order and regulations, the regulations will prevail and therefore requested that RoE as per the regulations should only be considered. He also requested that the Hon'ble Commission to initiate separate proceedings under section 142 and 146 of the Electricity Act, 2003 against KSEB Ltd for non-compliance with the Tariff Regulations, 2014. He also highlighted the recent daily order dated 18-07-2016 of the Commission on the admissibility hearing on the petition filed by KSEB Ltd seeking for extension of validity of tariff orders dated 14-08-2014, 25-09-2014 and 30-09-2014 in OP No.9/2014, wherein the Commission observed that it is for the KSEB Ltd to submit application for determination of tariff with all necessary and sufficient documents; and to get orders thereon, without delay. It is not appropriate to request for orders on tariff, without submitting any details. In this context, he pointed out that since there is no valid tariff at present, the tariff being charged presently by KSEB Ltd. is illegal. He humbly requested the Commission to consider the energy demand/ requirement computed based on bottom-up approach instead of top-down approach. The association computed T&D loss as 13.50% and 13.10% for FY 2016-17 and FY 2017-18 respectively, by applying the annual reduction of 0.50% for two years (FY 2015-16 and FY 2016-17). The association submitted that the interest on the Bonds to be issued to the Master Trust amounting to Rs.814 crore may not be allowed and requested that RoE of 14% only, may be allowed on the reduced equity capital of Rs.283.91crore. The HT&EHT Industrial Electricity Consumers' Association has assessed a revenue surplus of Rs 1925.81 crore for the year 2016-17 as against the revenue surplus of Rs 574.75 crore estimated by the Commission. Similarly, the revenue surplus arrived at for the year 2017-18 is Rs 2014.01 crore as against the revenue surplus of Rs 600.39 crore arrived by the Commission. The HT&EHT Industrial Electricity Consumers Association also requested that, direction may be given to KSEB Ltd to upload their comments on

- the suo-motu petition at their website and also permit all stake holders to offer remarks on the submission of KSEB Ltd.
19. Sri. Noby Joseph, KSSIA, presented the views of Kerala Small Scale Industries Association and submitted that the quality of the power supply and the standards of performance of the licensee should be improved.
  20. Representing all Kerala Small Scale Flour & Rice Mill Owners Association (AKSSFROA), Sri. Augustin, President, presented the views of the association and submitted written remarks before the Commission. They prayed that the tariff of the category may be reduced.
  21. Sri. Sambasivan, HINDALCO submitted that there is surplus power in the entire country at cheaper rates, and there is no plausible reason for increase in tariff. He also submitted that the Commission may interfere on the present denial of open access to HT&EHT consumers association.
  22. Sri. M.G.Suresh Kumar, represented the Kerala State Electricity Board Officers Association (KSEBOA) and presented their views. He submitted that the suo-motu action initiated by the Commission was sub judice in view of the writ petition pending before the Hon'ble High Court of Kerala.
  23. Sri. John Mathew representing the Hindustan News Print (HNL) presented the views and submitted written remarks during the hearing. Sri. Johnny George, MRF submitted that, as there is power surplus in the country, the power can be procured at lower rate, and hence the tariff can be reduced.
  24. Sri. Shaji Sebastian, KSSIA, on behalf of Kerala Small Scale Industries Association submitted that the small scale industries are taking efforts to reduce the load during peak hours by rescheduling their production pattern. He pointed out that KSEB Ltd should avoid getting involved in minor generation projects, as their overhead expenses will be more resulting in higher project cost. The necessity of giving stress on renewable energy sources was also highlighted.
  25. Sri.A.R.Satheesh, Carborandum Universal, presented his views on the suo-motu action initiated by the Commission and pointed out that the price of Naphtha has reduced in 2015-16 by more than half when compared with the price during 2014-15. He stated that KSEB Ltd is selling excess power through power exchanges at a very low price. He submitted that, the anticipated surplus in ERC may be passed on to the consumers through reduction in tariff.
  26. KSEB Ltd was represented by Sri.V.K.Joseph, Chief Engineer (Commercial & Tariff), KSEB Ltd, Sri. Bipin Shankar P, Deputy Chief Engineer (TRAC),

Sri.K.G.P.Namboothiri, Executive Engineer (TRAC), Sri. Girish Kumar, Finance Officer (TRAC) Smt. Meharunisa, Executive Engineer (TRAC) and Smt.Latha S.V, Assistant Executive Engineer (TRAC). Sri. Bipin Shankar, Deputy Chief Engineer, KSEB Ltd presented their views on the suo-motu proceedings initiated by the Commission and responded to the queries of the Commission. KSEB Ltd submitted that, as against the revenue surplus of Rs 574.75 crore estimated by the Commission for the year 2016-17, KSEB Ltd estimated a revenue gap of Rs 1677.99 crore. Similarly for the year 2017-18, KSEB Ltd would have a revenue gap of Rs 2127.25 crore as against the revenue surplus of Rs 600.39 crore estimated by the Commission. KSEB Ltd has presented the details of estimation of various components of ARR and prayed before the Commission to consider the revenue gap as projected by KSEB Ltd for the years 2016-17 and 2017-18. However, KSEB Ltd has not submitted any tariff proposals for bridging the revenue gap for the year 2016-17. KSEB Ltd further prayed that the Commission may kindly allow the existing Tariff to continue which was approved by the Commission vide orders dated 14-08-2014, 25-09-2014 and 30-09-2014 in petition No. OP No.9/2014 till the Commission determine the tariff on the instant suo-motu proceedings.

27. The Commission directed KSEB Ltd to submit the copy of the approval from the Commission for extending the validity of the PPA with NTPC's RGCCPP, Kayamkulam plant and copy of the existing PPA and to submit the documents on special allocation from NTPC's Talcher-II power station as quid pro quo for availing RGCCPP Kayamkulam plant.
28. The Chairman KSERC directed that, KSEB Ltd shall take all efforts to contain the cost and to provide quality electricity at affordable price to the consumers of the State. KSEB Ltd shall redeploy its employees for improving productivity and efficient utilization of its resources. Chairman has further directed that, KSEB Ltd shall submit all the information in accordance with the regulations in force.
29. On the request of HT&EHT Industrial Electricity Consumers Association and other stakeholders, the Commission directed KSEB Ltd to upload the copy of their comments at their website. Three weeks time is granted to all the stake holders and other interested parties to submit comments on the argument of others.
30. Commission has examined the argument of the stakeholders that, there is no valid retail electricity supply tariff applicable to KSEB Ltd at present and the practice of KSEB Ltd levying electricity charges at the tariff approved by the Commission for the year 2014-15 is invalid considering the fact that, the tariff order issued on 14-8-2014, 25-09-2014 and 30-09-2014 were applicable only up to 31-3-2016. The

Commission after carefully weighing the existing conditions, considers it appropriate that allowing such a condition to continue is not in best interest of all the stakeholders. Hence taking into consideration the present trends of power purchase price, the un-bridged approved Regulatory Asset and the power purchase cost reflected in the true up petitions of 2011-12 and 2012-13 the Commission consider it expedient that the tariff approved by the Commission, vide the orders dated 14-8-2014, 25-09-2014 and 30-09-2014 shall be applicable on interim basis till the issuance of the final tariff for the year 2016-17. The Commission also clarify that, the electricity sold to the consumers and licensees from 1<sup>st</sup> April-2016 till date, and transmission charges, wheeling charges and cross subsidy charges etc applicable to open access consumers, may also be charged as per the tariff orders approved by the Commission vide the orders dated 14-08-2014, 25-09-2014 and 30-09-2014. This interim tariff and charges are subjected to firming up as may be decided, as and when the tariff for the year 2016-17, is finally approved by the Commission.

#### **Interim order**

31. The Commission here by issues the following interim orders,-

(1) The tariff approved by the Commission vide the orders dated 14-8-2014, 25-09-2014 and 30-09-2014 in OP 9/2014 shall continue to be applicable on an interim basis from 01.04.2016 till the date of issuance of the final tariff order under these proceedings for the year 2016-17 or till 30-09-2016 whichever is earlier.

(2) KSEB Ltd shall immediately upload its response on the suo-motu proceedings in its website.

(3) All the stakeholders and interested parties can submit till 31-08-2016, their comments / objections on the arguments and information submitted by the stakeholders and KSEB Ltd during the hearing dated 27.07.2016.

Sd/-  
**K.Vikraman Nair**  
Member

Sd/-  
**S.Venugopal**  
Member

Sd/-  
**T.M.Manoharan**  
Chairman

Approved for issue

Sd/-  
Santhosh Kumar.K.B  
Secretary