

KERALA STATE ELECTRICITY REGULATORY COMMISSION

THIRUVANANTHAPURAM

Petition: OP No 14/ 2021

Present : Shri. Preman Dinaraj, Chairman;
: Adv. A. J. Wilson, Member (Law)

In the matter of : Petition filed by Kerala State Electricity Board Ltd (KSEB Ltd.) for the approval of Composite Tariff for LED street lights having wattages of 35W, 70W and 110W for enabling KSEB Ltd. to raise monthly electricity bills on LSGDs especially for the NILAAVU Scheme

Petitioner: Kerala State Electricity Board Ltd.,
Thiruvananthapuram.

Respondent: Local Self Government Department,
Government of Kerala

Petitioner represented by: Shri. K. G. P. Nampoothiri, EE, TRAC;

Respondent represented by: NONE

Date of E- Hearing: 20.05.2021, 11.00 AM

Order dated 25.05.2021 in OP No: 14/ 2021

1. M/s Kerala State Electricity Board Limited (hereinafter referred to as the petitioner or KSEB Ltd), filed a petition before the Commission for the approval of composite tariffs for LED street lights having wattages of 35W, 70W and 110W. This petition was filed so as to enable KSEB Ltd to raise monthly electricity bills to LSGDs for the NILAAVU Scheme.
2. NILAAVU Scheme is a scheme of the Local Self Government Department (LSGD) with the objective of replacing all conventional street lights with energy efficient LED Street Lights for illuminating all roads and sub roads of Grama Panchayats, Municipalities and Corporations across Kerala, in a phased manner. The Scheme is included in the Chief Minister's 12 point priority projects of Government of Kerala and is in line with Street Light National Program (SLNP), an initiative of the Government of India to promote energy efficiency in the country.

3. KSEB Ltd had on 24.11.2020 filed a prior intimation petition informing the Commission of their intent to take up the role of a Special Purpose Vehicle for the implementation of NILAAVU Scheme. Apart from replacing all conventional street lights with energy efficient LED lights having longer life expectancy for illuminating all roads and sub-roads of Grama Panchayats, Municipalities and Corporations across Kerala, KSEB Ltd. had sought the concurrence of the Commission under Section 51 of Electricity Act, 2003 which is reproduced below:

“Section 51 (1) A distribution licensee may, with prior intimation to the Appropriate Commission, engage in any other business for optimum utilisation of its assets:

Provided that a proportion of the revenues derived from such business shall, as may be specified by the concerned State Commission, be utilised for reducing its charges for wheeling :

Provided further that the distribution licensee shall maintain separate accounts for each such business undertaking to ensure that distribution business neither subsidises in any way such business undertaking nor encumbers its distribution assets in any way to support such business.

Provided also that nothing contained in this section shall apply to a local authority engaged, before the commencement of this Act, in the business of distribution of electricity.”

4. The Commission admitted the petition as OP 38/20 and vide it's Order dated 03.12.2020, approved the role of KSEB Ltd as a Special Purpose Vehicle for carrying out the role and responsibilities for the implementation of the NILAAVU scheme. The relevant portion of the order is quoted below.

“(1) The Commission hereby takes on record KSEB Ltd's intimation regarding its role of Special Purpose Vehicle for carrying out the role and responsibilities as per the G.O dated 10.08.2020 for the implementation of the NILAAVU scheme, targeting replacement of all conventional street lights with energy efficient LED lights with longer life expectancy for illuminating all roads and sub-roads of Grama Panchayats, Municipalities and Corporations across Kerala in a phased manner, subject to the conditions as detailed below;

- (i) KSEB Ltd shall take the role of lead SPV for implementation of NILAAVU strictly as per the Section 51 of the Electricity Act, 2003 and Regulation 6 of the KSERC (Conditions of License for Existing Distribution Licensees), 2006.*
- (ii) KSEB Ltd shall maintain a separate account for the NILAAVU scheme, and account all the direct and indirect costs associated with the implementation of the NILAAVU scheme by utilizing its assets such as manpower, storage and transportation facilities.*

- (iii) *The Commission shall regulate the income received by KSEB Ltd by taking the role of SPV in NILAAVU scheme, strictly as per the Regulations 83 of the KSERC (Terms and Conditions for 12 Determination of Tariff) Regulations, 2018 and its amendments from time to time.*
- (iv) *KSEB Ltd shall, within 3 months from the date of issue of this Order, a. submit documents from Finance Department and KIIFB as mentioned in para 2 (ix) of this order. b. Government Order and decision of KIIFB regarding funding of the project.*

(2) KSEB Ltd shall, in the petition for Truing Up of accounts of the relevant years concerned, submit all the details including the direct and indirect costs, and also the revenue earned by utilizing its manpower, storage and transportation facility as per the Government Order dated 10.08.2020 for taking the role of SPV for the implementation of NILAAVU scheme.”

5. Thereafter, the Commission admitted the present petition as OP No. 14/2021 and Form 3 (A) notice was issued. In view of the restrictions imposed due to Covid-19, the hearing was conducted on 20.05.2021 through video conferencing. The petitioner was represented by Shri. K. G. P. Nampoothiri, Executive Engineer, TRAC who presented the petition before the Commission and answered the queries raised during the hearing.
6. The Commission further records that though the LSG Department was a respondent in this case and was issued due notice, nobody from the respondent's side appeared before the Commission to present their views and objections, if any. In view of the priority given to the Scheme and considering the fact that KSEB Ltd was required to raise electricity bills as per appropriate tariff approved by the Commission, ex-parte hearing was conducted through video conference mode.

Proceedings before the Commission:

7. Shri K. G. P. Nampoothiri, EE, TRAC in his statement before the Commission mentioned that the NILAAVU Scheme of the Government of Kerala was one of the flagship Projects included in the Chief Minister's 12 point priority projects. The Scheme has the objective of replacing in a phased manner, all existing conventional street lights with energy efficient LED Street Lights having longer life expectancy for illuminating all roads and sub roads of Grama Panchayats, Municipalities and Corporations across Kerala. This Scheme is in line with the Street Light National Program (SLNP), an initiative of the Government of India to promote energy efficiency in the country.

8. Shri K. G. P. Nampoothiri, EE, TRAC also submitted that KSEB Ltd. has filed the instant petition before the Commission seeking composite tariff approval for LED street lights having wattages of 35W, 70W and 110W. He explained that while the Commission's Tariff Notification dated 08.07.2019, did have the tariff for LED lamps of 18 watts, no composite tariff was available for wattages of 40, 60 and 100 watts under LT VIII (A) & (B) tariffs. Since the Scheme involved the replacement of these conventional lamps by lower wattage and higher energy efficient lamps of 35, 70 and 110 watts and the Commission's Tariff Notification did not have these wattages, there was an urgent requirement for the Commission to amend the Tariff Notification by including LED lamps of these wattages also. He also submitted that once the Commission notifies the composite tariff for these lamps and wattages, KSEB Ltd. will be able to raise appropriate electricity bills with the concerned local bodies.
9. The petitioner's representative submitted that the NILAAVU scheme was in the implementation stage and the scheme envisaged the installation of LED street lights across the State in two phases – i.e. 2 lakh street lights being installed between January and March 2021 and 8.5 lakh street lights between February and June 2021 in the second phase. He further submitted that Energy Efficiency Services Limited (EESL), the firm responsible for the Project Management Consultancy (PMC) has been entrusted with the supply of LED street lights of 18W, 35W, 70W and 110W. The first phase of the project involves the installation of 18W and 35W LED street lights only. The LSG bodies are currently paying KSEB Ltd. bills at the street light tariff as approved by the Commission. KSEB Ltd submitted that they expect the Scheme to be completed by April 2021 and hence KSEB Ltd. will be raising the electricity bill on these LSG bodies from the month of April 2021, for the newly installed LED lamps under the scheme.
10. Since there was no representation from the respondent LSG Department and considering the fact that raising of appropriate and timely bills by KSEB Ltd. is essential, the Commission proceeded with the video hearing on ex-parte basis.

Analysis and decision of the Commission:

11. The Commission has carefully examined the petition as per the provisions of the Electricity Act, 2003, the relevant Regulations and Tariff Notification issued by the Commission and observed as follows:-
 - (i) In current petition, KSEB Ltd. has prayed before the Commission to consider and fix the composite tariff for non-metered LED street lights

having wattages of 35 W, 70 W and 110 W till the date of effect of Tariff Order dated 08.07.2019 i.e. till 31.03.2022. KSEB Ltd., mentioned that the Commission's Tariff Order dated 08.07.2019, did not have these wattages, since such lamps were not in use at the time of promulgation of the Tariff Order. KSEB Ltd. has proposed the composite tariff as tabulated below.

Table 1
Composite tariff proposed by KSEB Ltd.

Type of Lamp.	Wattage (W)	Composite tariff		
		(Rs.)/Lamp/Month		
		Burning Hours/day		
		4hrs.	6hrs.	12hrs.
LED	35	10	15	30
	70	20	30	60
	110	30	46	91

- (ii) As per the prevailing Tariff Order dated 08.07.2019 in OP No. 15/2018, the Commission has approved the composite tariff for the LED street lights having the following wattages as shown below.

Table 2
Composite tariff for the LED street light as approved in Tariff order dated 08.07.2019 in OP No. 15/2018

Type of Lamp.	Wattage (W)	(Rs.) /Lamp/Month		
		Burning Hours/day		
		4hrs.	6hrs.	12hrs.
LED	12	3	4	10
	18	4	8	15
	20	6	8	17
	24	7	10	22
	30	8	12	28
	40	11	17	33
	45	12	18	39

- (iii) The Commission had fixed the tariff for the above wattages after duly complying with the due process and after considering the proposal of KSEB Ltd and other licensees. During the deliberations of the Tariff Order dated 08.07.2019, KSEB Ltd had not submitted any proposal for consideration, of composite street light tariff for LED street lights having wattages of 35W, 70W and 110 W.

12. The Commission has carefully perused the proposal submitted by KSEB Ltd in detail. The Commission notes that in order to promote the installation of energy efficient LED street lights instead of ordinary and CFL type street lights, the tariff of LED street lights was fixed at a subsidised rate of 50%, compared to that of ordinary and CFL type street lights.
13. Considering the request of KSEB Ltd for fixing the tariff for LED street lights having wattages 35W, 70W and 110 W, for which the tariff was not covered in the Tariff Order dated 08.07.2019, the Commission based on the same methodology as that of the Tariff Order dated 08.07.2019 has arrived at the following tariffs as tabulated below.

Table 3
Tariff approved by the Commission for
35W/70W & 110 watts LED Street Lights

Type of lamp	Wattage (W)	(Rs.)/Lamp/Month		
		Burning Hours/day		
		4hrs.	6hrs.	12hrs.
LED	35	10	15	29
	70	19	29	58
	110	30	47	91

Order of the Commission

14. The Commission after due consideration of the petition filed by M/s KSEB Ltd, the video hearing held on 20.05.2021, the clarifications given by the petitioner during the hearing and in exercise of the powers conferred to it by the provisions of the Electricity Act, 2003;
- a) Hereby fix the tariff for the LED street lights having 35W, 70W and 110W as indicated in the Table 3 under paragraph 13 above.
 - b) The above tariff rates shall be notified through an amendment to the Tariff Order dated 08.07.2019.
 - c) The above tariff shall be effective from the date of its publication in the Official Gazette of the State.

The Petition is disposed off as ordered above.

Sd/-
Adv. A.J.Wilson
Member

Sd/-
Preman Dinaraj
Chairman

Approved for issue

Sd/-
Secretary