

**KERALA STATE ELECTRICITY REGULATORY COMMISSION
THIRUVANANTHAPURAM**

PRESENT: Shri. C. Balakrishnan, Chairman
Shri. C. Abdulla, Member
Shri. M.P.Aiyappan, Member

December 3, 2008

Petition OP No.6	DY.No. 002998	Dy.Development Commisser Cochin Special Economic Zone (CSEZ) Ministry of Commerce & Industry	Petitioner
	dated 23-09-08	Department of Commerce Kakkanad, Kochi 682 037 Kerala State Electricity Board, Vaidyuthi Bhavanam, Thiruvananthapuram	Respondent

IN THE MATTER OF

Petition in respect of direction to KSEB to rework formula to fix the power quota
of Cochin Special Economic Zone

ORDER

1. Background

- (1) Cochin Special Economic Zone (CSEZ) has filed a petition stating that they draw power from KSEB in bulk as per terms and conditions of power purchase agreement dated 18-06-2007 and distributes it to HT, DHT and LT Consumers within the Zone. KSERC vide its interim order dated 24-07-2008 ordered " All licensees who avail power from KSEB shall restrict the consumption of their HT and DHT consumers to 75% as mentioned above. The drawl from KSEB will be reduced by such quantity and the overdrawl will be charged at rates as mentioned above".
- (2) It is pointed out by CSEZ that contrary to the above order KSEB imposed a 25% cut on the total consumption of the licensee including LT consumers.

The power consumption details of CSEZ during 2007-08 are as follows

Total Energy purchased from KSEB (2007-08)	43526600 kWh
Total Energy Consumed by DHT and HT	38257154 kWh
Average Monthly Consumption	3217189 kWh
Monthly Quota of DHT and HT Consumers (75%)	2412892 kWh

- (3) Instead of restricting monthly consumption of the HT and DHT consumers to 2412892 units KSEB fixed a total quota of 2720413 kWh per month. This is 75% of the monthly average consumption of CSEZ which includes LT consumers also. KSEB has raised the bill for the month of July on the basis of their erroneous quota fixation resulting in unauthorized excess collection from the licensees. Assuming that within the quota prescribed by KSEB, if the cut is implemented only for HT and deemed HT consumers, then their drawal may be reduced below the stipulated 75% limit.
- (4) The monthly average consumption of HT and DHT units was worked out on the basis of their twelve month's consumption during the financial year 2007-08. Even after rectification of the quota allocation by KSEB in conformity with KSERC's orders, it is submitted that there are units that have commenced production activities during the current year or at some part of the year and monthly average consumption does not reflect their basic requirement let alone 75% of their annual requirement. There are some units which have not been functioning throughout regularly during the period fixed for calculation. Fixing monthly quota for these consumers also on the basis of the last 12 months consumption is unfair since these units are working to full extend now. In such cases a fair methodology will have to be adopted for fixing power quota so that the functioning industries are not crippled at the outset or when they have revived after a slump in the activity.

2. Prayers

- (1) KSEB may be directed not to fix any quota on the licensees but only on EHT/HT/DHT consumers as per KSERC's order dated 24-07-2008. Total excess consumption by HT/DHT consumers, over and above the quota fixed for the group should only be charged at the enhanced rates. The total consumption by EHT/HT/DHT consumers will be intimated every month to KSEB before the 6th of the succeeding month to enable billing on excess consumption.
- (2) KSEB may be directed to recast the bill for the month of July, 2008 already raised on the above basis and refund the excess amount collected.
- (3) There are consumers who would not have been functioning in the previous year up to their installed capacity and hence their drawal of power would have been considerably low. There are consumers who have gone in for expansion of projects resulting in additional / increased power consumption. Fixing a quota based on the previous 12 months average consumption may be disadvantageous to such units. In these cases KSEB may be directed to fix quota on the basis of their consumption during August, 2008.
- (4) As an alternative, KSEB may be directed to keep the quota fixation in *abeyance* and CSEZ may be permitted to place a package to meet the objectives outlined in the order of KSERC after considering the peculiarities of this licensee and in consultation with its consumers. After the approval of KSERC with retrospective effect, additional bill may be raised by KSEB for the differential amount.

3. Public Hearing.

- (1) During the hearing held on 16-10-2008, KSEB submitted that vide letter No Plg.com 4692/2008 dated 24-07-2008 they had requested the petitioner for details regarding average consumption, quota assigned etc. for DHT and HT consumers under them to restrict the marginal cost only to the excess energy consumed by their DHT and HT consumers, as per orders of the Commission. It has been further informed that if they fail to furnish the information, the entire consumption will be restricted to 75% and any consumption over and above the quota shall be charged at the marginal cost. The petitioner vide their letter No 4/3/2001:PLY:CSEZ/7456 dated 12-08-2008 furnished details of quota assigned to their 28 HT consumers based on their average consumption.
- (2) In the report furnished, CSEZ has not provided actual consumption, excess over quota consumed by their HT and DHT consumers during the period from 25- 07-2008 to 31-08-2008 and they stated that those details are not available. So invoice for Rs 9,31,077.00 was issued for 1,03,456 units, the excess quantity over the proportionate quota of HT/DHT consumers of the licensee. The necessary information on individual consumption of DHT and HT consumers was provided only on 13-10-2008. But petitioner has filed the petition before the Commission even before providing necessary details for preparing the bill for July, 2008
- (3) The petitioner has claimed through their letter dated 12-08-2008 that average monthly consumption of their HT and EHT consumers as 24,12,892 units. But as per page 1 of the petition, it is claimed that average annual consumption of their HT and DHT consumers was 3,82,57,154 units for 2007-08. However the petitioner has furnished average monthly consumption of 32,17,189 units which is an erroneous figure, instead of 31,88,096 units. Monthly quota has been fixed by them based on the above wrong value. The Hon Commission may kindly take note of the fact that the petitioner has adopted a totally

different procedure for fixing the quota different from the one approved by the Commission and hence proposal may be rejected.

- (4) When computing the monthly quota as per the orders of the Hon. Commission based on total consumption of 2007-08 as 31,88,096 units, corresponding 75% quota should be 23,91,072 units only. The petitioner has mentioned the quota as 24,12,892 units instead of the average fixed. The petitioner has attempted to put a quota contrary to the orders of the Commission through their request for approving a different quota, which will result in increasing the quota above 75% limit as decided by the Hon. Commission. Hence the above request of the petitioner may please be rejected.
- (5) On account of the lapse of the petitioner in providing consumption details of their HT and DHT consumers in time, KSEB served the bill for the month of July 2008 by calculating the excess over quota based on the available information and there is no ground for this petition and hence the same may be rejected.
- (6) CSEZ pointed out that their prayers (1) and (2) has already been rectified by the KSEB and hence only prayers (3) and (4) need be considered.
- (7) KSEB informed that procedure for implementation of power restrictions, B.O No 1817/2008(Plg.Com 4649/2008/08-09)/312 dated 24-07-2008, provides methodology for fixing quota as explained under prayer (3) by the petitioner.

4. Findings of the Commission

The KSEB vide B.O.No 1817/2008(Plg.Com 4649/2008/08-09)/312 dated 24-7-2008 detailed the procedure for implementation of power restriction for HT/EHT consumers ordered by the Commission.

As per the order:

“2. Base Average Calculations

- a) The twelve months period from 1-04-2007 to 31-03-2008 (excluding months of nil consumption)shall be taken as the base period. The total consumption during the months excluding nil consumption divided by number of months will be taken for the average consumption. The base average consumption will be arrived at by eliminating months in which the consumption was more or less by 30% from the average monthly consumption as calculated above.
- b) For new industrial consumers, who are provided with electric connections between 1-04-2007 and 31-03-2008, the average consumption will be calculated taking the actual consumption divided by the number of months for which they have availed supply of energy. Base average will be calculated applying the same principle as in 2(a)

Sample Calculation

Service effected on 15-09-2007

Month	Consumption
15-09-2007	300
10/2007	800
11/2007	825
12/2007	0
1/2008	500
2/2008	800
3/2008	700

(Average is by excluding Nil & part of month consumption)

$$\begin{aligned} \text{ie Average} &= (800+825+ 500+800+700)/5 \\ &= 725 \end{aligned}$$

$$30\% \text{ of } 725 = 217.7$$

The consumption in between 725 Plus or Minus 217.5 is taken for calculating base average.

(01/2008 is less than 507.5, hence excluded)

Base Average shall be the average consumption of 10/2007, 11/2007, 2/2008 and 3/2008 is 781.25 =781 Units/Month

c) In respect of industries provided with connection on or after 1-04-2008 whose average cannot be worked out , the consumption as detailed below shall be taken as the base average consumption to work out monthly quota of energy.

- | | |
|-----------------|---|
| 1) EHT Consumer | 400 Units/kVA - Contract Demand/Month |
| 2) HT Consumer | 250 Units/kVA - Contract Demand/Month “ |

Hence the same procedure can be adopted by CSEZ for fixing the quota of consumers requested in prayer (3)

5. Order of the Commission

In the light of the discussions made and based on the findings of the Commission it is ordered that the following procedure shall be adopted by CSEZ regarding prayers (3) & (4).

5.1. Base Average Calculations

The twelve months period from 1-04-2007 to 31-03-2008 shall be taken as the base period. The total consumption during the months, excluding nil consumption, divided by number of months will be taken for the average consumption. The base average is the average of eligible months consumption. The eligible months are arrived at by eliminating those months in which the consumption was less than 70% or more than 130% of the above average. The quota will be 80% of the base average.

5.2. For New industrial consumers,

For new industrial consumers who are provided with electric connection between 1-04-2007 and 31-03-2008, the average consumption will be calculated taking the actual consumption divided by the number of months for which they have availed supply of energy. Base average will be calculated applying the same principle as in 5.1 above.

5.3. In respect of industries provided with connection on or after 1-04-2008 whose average cannot be worked out.

In such cases the consumption as detailed below shall be taken as the base average consumption to work out monthly quota of energy.

- | | |
|-----------------|-------------------------------------|
| 1) EHT Consumer | 400 Units/kVA Contract Demand/Month |
| 2) HT Consumer | 250 Units/kVA Contract Demand/Month |

The petition is disposed of accordingly.

Sd/-
MEMBER (F)

Sd/-
MEMBER (E)

Sd/-
CHAIRMAN

Authenticated copy for issue

Secretary (in charge)