



INSTITUTE FOR SUSTAINABLE DEVELOPMENT AND ENERGY STUDIES

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BEFORE THE HONOURABLE KERALA ELECTRICITY REGULATORY COMMISSION

Sub: Comments on KSEBL petition on ARR, ERC, Tariff Proposal & Capital Investment Plan For Control Period 2018-22

We welcome the initiative taken by the Hon'ble Commission and KSEBL to change the existing practice of Yearly Tariff proposal and adopting Multi Year Tariff policy. This will certainly ensure both the license and consumers for long term planning.

Institute for sustainable development and energy studies (In- SDES) is always striving for the continuous improvement and sustainable development of power sector with an objective of the overall development of the country and welfare of the people. We understand that development of power sector is directly linked to the development of the country. Hence state Regulatory commission has an important role to play in framing regulations considering the specific characteristics of the power sector in the state. Tariff structure is an important step in determining the future of the sector.

The financial stability of the licensee especially KSEBL is very much important for the overall development of our state. Being a public utility carrying generation, transmission and distribution activities in single umbrella the financial stability is much important for its sustainable operation. But at the same time the consumer is more important and their satisfaction regarding the service of the licensee is also to be taken into account.

Regarding the multiyear ARR proposal following points may please be considered:

1. We are appreciating the SERC and KSEBL in breaking the deadlock in submitting ARR and connected documents for public scrutiny instead of suo-moto orders
2. Capital investment proposal the capital outlay proposed for solar plants are not sufficient comparing to national level target for the year 2022.
3. Tariff rationalisation is essential. Instead of reducing no of LT Tariffs, it is increasing in each revision.
4. KSEBL should diversify into consultancy services with its work force to increase the non-tariff revenue
5. KSEBL proposes several new and ongoing hydel projects for the control period. The investment proposed in hydel projects is insufficient to meet the rising demand. Out of several projects KSEBL is planning to complete only one or two projects during the control period. Timely Completion of above said projects are also doubtful taking the past experience of KSEBL. Timely completion of ongoing projects should give utmost priority for reducing the project cost and thereby reducing future tariff



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6. Master Trust. The master trust is intended for smooth disbursement of pension benefit to employees. At present the pension benefits are only covered in the ARR. SERC should take more attention and constant watch to make the trust viable by allowing sufficient funds repayment of principle and interest to trust.
7. We appreciate the KSEBL in handling the unprecedented flood occurred in our state during August 2018 and request the commission to allow the onetime expense in connected with it including the donation made by KSEBL to Chief Ministers Relief Fund.
8. Intra Category subsidy. The Tariff proposal is not as per the above policy and hence the overall increase of certain category of domestic consumers (0-200 units) is very high, whereas it is decreasing for high consumption consumers (above 500 units)
9. The proposed increase in fixed tariff component of retail tariff is essential in the present circumstances in-order to make financial stability of utilities considering the open access facilities for consumers and increase in generation of non-conventional energy by prospective consumers. Hence we support the policy of fixed charges for all type of consumers.
10. Under the head for capital outlay for SBU-T there is provisions for Transgrid Projects for the control period. As per our calculations the reduction in transmission loss during 2021-22 comes only 85 MU. The KSEBL has not provided the cost benefit analysis due this project. Hon'ble commission may consider the fact while allowing capital outlay.


K.A. SIVADASSAN 10/12/2018

SECRETARY
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