

details of the additional revenue expected through the proposed revision is given below.

Table-1.3  
Addl revenue expected through proposed tariff revision from 2023-24 to 2026-27

Year	Tariff increase proposed	Addl Revenue @tariff proposed for 2023-24	Addl Revenue @tariff proposed for 2024-25	Addl Revenue @tariff proposed for 2025-26	Addl Revenue @tariff proposed for 2026-27	Total addl revenue
	(Rs/unit)	(Rs.Cr)	(Rs.Cr)	(Rs.Cr)	(Rs.Cr)	(Rs.Cr)
2023-24	0.406	1044.43				1044.43
2024-25	0.310	1093.16	834.17			1927.33
2025-26	0.168	1145.33	873.98	472.64		2491.95
2026-27	0.010	1202.55	917.65	496.25	29.80	2646.24

- (4) The net unbridged revenue gap after effecting the proposed tariff revision of KSEB Ltd is given below.

Table-1.4  
Net unbridged revenue gap after effecting the tariff revision for the period from 2023-24 to 2026-27

Year	Net revenue gap (after 2022-23 tariff revision)	Addl revenue through tariff revision proposed from 2023-24 to 2026-27	Net revenue gap	Cumulative gap proposed during the MYT period
	(Rs. Cr)	(Rs. Cr)	(Rs.Cr)	(Rs.Cr)
2022-23	916.26		-916.26	-916.26
2023-24	1894.95	1044.43	-850.52	-1766.78
2024-25	1927.44	1927.33	-0.11	-1766.89
2025-26	1692.24	2491.95	799.71	-967.18
2026-27	1679.87	2646.24	966.37	-0.81

- 1.2 The summary of the revision in the tariff and changes proposed in the terms and conditions of tariff by KSEB Ltd for the MYT period from 2023-24 to 2026-27 is given as Appendix-1.
- 1.3 The Commission admitted the petition as OP No. 18/2023. Copy of the petition was displayed at the website of the Commission and also directed KSEB Ltd to upload the petition at its website for information of all stake holders and other interested parties. The Commission has also directed KSEB Ltd to publish the abstract of the petition in dailies as mandated in the Electricity Act, 2003 and KSERC (Conduct of Business) Regulations, 2003 for the information of the public at large regarding the tariff revision proposals of KSEB Ltd. As directed by the Commission, KSEB Ltd has published the abstract of the petition in the following dailies on 18.04.2023.

- (1) Kerala Kaumudi daily dated 18.04.2023,
- (2) Deshabimani daily dated 18.04.2023,
- (3) The Hindu daily dated 18.04.2023.

## Public hearings

- 1.4 Public hearings on the tariff petition filed by KSEB Ltd was held at the following places across the State during the month of May-2023.

Date	Place	Venue	Time
08.05.2023	Kozhikode	Nalanda Auditorium	11:00 AM
09.05.2023	Palakkad	Jilla Panchayat Hall	11:00 AM
10.05.2023	Ernakulam	Corporation Town Hall, Ernakulam North	11:00 AM
15.05.2023	Thiruvananthapuram	Institution of Engineers Hall, Vellayambalam	11:00 AM

The list of persons who attended the public hearings are given as **Annexure-1**. The Commission has also received written comments on the tariff petitions filed by KSEB Ltd. The list of stakeholders who furnished the written comments are enclosed as **Annexure-2**.

- 1.5 The summary of the comments, objections and suggestions on the petition by various stakeholders is given in the **Chapter-2 of this Order**.
- 1.6 KSEB Ltd vide the additional submission dated 02.05.2023 has submitted the proposal for allowing green tariff to the consumers who voluntarily intend to purchase RE power from KSEBL and other licensees. The Commission uploaded the additional submission also at the website of the Commission for the information of the stakeholders.
- 1.7 Subsequently, KSEB Ltd vide its letter dated 19.05.2023 had submitted the clarifications on the various issues raised by the Commission during the public hearings held at Kozhikode, Ernakulam, Palakkad and Thiruvananthapuram. Its summary is given below.
- 1.8 In the mean time, the Kerala High Tension and Extra High Tension Industrial Electricity Consumers' Association (herein after referred to as HT&EHT Association) filed a Writ Petition WP(C) No. 19205 of 2023 before the Hon'ble High Court of Kerala. Among other things, HT&EHT Association also raised the issue of allowing repayment of the principal of the bonds issued by the KSEBL to the Master Trust, in terms of the Regulation 34(iv) of the KSERC (Terms and Conditions for Determination of Tariff) Regulations, 2021. In this issue, Hon'ble High Court vide the judgment dated 7<sup>th</sup> September 2023 in WP(C) No. 19205 of 2023 has ordered as follows.

*“23. It is not in dispute that as per the draft regulations (Regulation 34), only interest on the bonds was proposed to be approved for computation of ARR and the repayment of principal was not proposed to be reckoned*

*for computation of ARR. The KSEBL did not propose the repayment of principal amount on the Master Trust Bonds to be charged on to the ARR. Ext. P21(d) final tariff regulations which approved the repayment of principal amount on Master Trust Bonds to be charged on to the ARR would, no doubt, create tariff shock for consumers. Ext. P21(d) final tariff regulations published is substantially different from Ext. P21(c) draft tariff regulations so far as it approved the repayment of principal amount on Master Trust Bonds to be charged on to the ARR, contrary to the draft Regulation that only repayment of interest on Master Trust Bonds will be charged on to the ARR. Ext. P21(d) regulations to the aforesaid extent do not conform to the requirement of Section 181 (3) of the Electricity Act, 2003 and the Electricity (Procedure for Previous Publication) Rules, 2005. When the draft regulations is published providing that only the payment of interest on the bonds issued to the Master Trust will be approved for computation of ARR and the amount of repayment of such bonds shall not be reckoned for computation of ARR, and when changes are made to the draft regulations providing that repayment of such bonds will be reckoned for computation of ARR, which proposal was not conceivable in the draft regulation, the Regulatory Commission ought to have followed the requirement of previous publication as contemplated under Section 181 (3) of the Electricity Act, 2003 and the Electricity (Procedure for Previous Publication) Rules, 2005. When changes are made to the draft regulations which are not incidental or ancillary to the draft regulations, but foreign to the draft, such changes should be notified/published for the information of persons likely to be affected and inviting their objections and suggestions thereto. Relying on the decision in Association of Residents of Mhow (ROM) and another v. Delimitation Commission of India [(2009) 5 SCC 404], it was contended that every suggestion or objection cannot ultimately result in any fresh proposal and there cannot be fresh proposal depending upon every objection and suggestion as may be received in response to the proposal. Here, it is to be noted that the change to the draft proposal was not pursuant to any objection or suggestion received by the Regulatory Commission. Ext. P21(d) final tariff regulations notified the repayment of principal amount on Master Trust Bonds to be charged on to the ARR without calling for any objection or suggestion of persons likely to be affected. The same is impermissible and defeats the object of previous publication contemplated under the Electricity Act and Rules. The decision in Association of Residents of Mhow (supra) was rendered in the context of delimitation of constituencies and considering the Constitutional mandate of conducting timely elections and in the light of bar of interference of Courts in the matter of delimitation of constituencies under Article 329 (a) of the Constitution. The changes to the draft regulations were not notified and no objections or suggestions were invited with respect to the changes made in the draft regulations as regards repayment of such bonds to be reckoned for computation of ARR. Ext. P21(d) final tariff regulations to the aforesaid extent does not conform to the requirement of Section 181 (3) of the Electricity Act, 2003 and the Electricity (Procedure for Previous Publication) Rules, 2005. Accordingly, Regulation 34 (iv) of Ext. P21(d) final Tariff Regulations to the extent it differs from Regulation 34 (iv) of Ext. P21(c) draft Tariff Regulations is*

*declared as illegal and is, set aside. It will be open to the Regulatory Commission to specify the terms and conditions for the determination of tariff as regards repayment of principal amount on Master Trust Bonds after complying with the requirement of Section 181 (3) of the Electricity Act, 2003 and the Electricity (Procedure for Previous Publication) Rules, 2005 and in accordance with law.*

*The writ petition is disposed of.”*

- 1.9 There was considerable delay happened in determination of tariff due to the stay imposed by Hon'ble High Court in Writ Petition WP(C) 19205 filed by HT&EHT Electricity Consumers Association.
- 1.10 The Commission, after duly considering the petition filed by KSEBL, additional details submitted by KSEBL, the objections, suggestions and comments of the stake holders, the judgement of the Hon'ble High Court dated 7<sup>th</sup> September 2023 in WP(C) No. 19205, has determined the tariff for the remaining period of the MYT period from 2023-24 to 2026-27. The details of the tariff determination is discussed in Chapter-3 of this Order.