

THE STATE ELECTRICITY OMBUDSMAN

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**Appeal Petition No. P/010/2025
(Present A. Chandrakumaran Nair)
Dated: 07-04-2025**

Appellant : Sri. T. Satheesh Kumar
Deputy General Manager(Plant)
M/s. Indian Oil Corporation,
LPG Input Terminal,
Puthuvypin,Kochi-Ernakulam(Dist.) 682508

Respondent : The Executive Engineer(ELE)
Cochin Port Authority, Administrative
Building, Willingdon Island, Cochin,
Ernakulam(Dist.)- 682009

ORDER

Background of the case

The appellant is the Dy. General Manager of Indian Oil Corporation, LPG Terminal situated at Puthuvypin. The Indian Oil Corporation, LPG Input Terminal is the HT consumer under the Licensee Cochin Port Authority. The Cochin Port Authority has established a Special Economic Zone(SEZ) in Puthuvypin and land has been allotted to the Indian Oil Corporation to set up a LPG Import Terminal. The Terminal is known as LPG Import Terminal Ernakulam(LITE). The IOC used to Import Butane and Propane in very low temperature and pumped in to the storage tanks. This Propane and Butane are mixed at the ratio 1:1 along with small quantity of Ethyl Mercaptan to make LPG gas for the sale. The gas made at the LITE is pumped to various bottling plants for the retail/wholesale sale. The appellant has applied for power supply mentioning the purpose of use as Industrial. The Licensee was charging on commercial tariff which was disputed by the consumer. They have filed the petition to the CGRF of CoPA. The CGRF issued order stating that the appellant is eligible for industrial tariff with prospective effect. The plant was commissioned on 17/10/2023, their request is to apply the industrial tariff effective from the date of commissioning. Aggrieved with the order of the CGRF this appeal petition is filed to this Authority.

Arguments of the Appellant

IOC LPG Import Terminal, Puthuvype is manufacturing unit producing LPG by blending Propane & Butane and dosing ethyl mercaptan. It shall also be noted we come under SEZ unit category and category and declared as a manufacturing unit. Based on the above facts we requested COPA to put forward our request for the modification of electrical connection from its current commercial to Industrial category.

According to the CGRF document no. CoPA/OP No. 1/2024-25 dt 06.09.2024 the conversion of the Electricity supply from Commercial tariff to industrial tariff for our location LPG Import Terminal Ernakulam was done. The terminal is the manufacturing unit in SEZ. The terminal has been operational since October 17, 2023, and we have submitted electricity payments based on the commercial tariff during this period. Therefore, we kindly request reimbursement for the differential amount already paid due to this incorrect categorization, covering the period from October 17, 2023, to August 31, 2024.

Arguments of the Respondent

Cochin Port Authority, CoPA is a distribution licensee in Port area at Willingdon Island and Vallarpadam & Puthuvypi. M/s. IOCL is an HT consumer at Puthuvypin. M/s IOCL has 2 nos. of HT connections, one at their LPG Import Terminal and second one at Multi User Liquid Terminal (MULT). Application for 500 KVA HT connection submitted by M/s. IOCL on 28/04/2020. In the application, the purpose for which supply is required was mentioned as " Handling LPG". Subsequent application for 1000KVA at LPG Import Terminal was submitted on 10.12.2020. The purpose was mentioned as "Handling LPG". Exclusive Licence from PESO was obtained in 19.05.2009, for the proposed storage of LPG gas in pressure vessels. M/s IOCL have not put the claim for Industrial Tariff while executing the agreement,. LPG handling comes under HT Commercial as per the KSERC Tariff.

LPG Import Terminal was not commissioned as on 22/07/2023. HT supply was used for construction, lighting and other operations. So their request for Industrial Tariff was not considered. Unit rate for Petronet LNG (PLL) Limited is an Industrial rate. The activity at PLL and IOCL is not identical in nature. Honourable Ombudsman may kindly see the KSERC order Dated- 31/01/2025 in OP no.41/2024. KSERC has ordered a separate tariff for PLL as HT-1©.

LPG Import Terminal was not commissioned as on 21/08/2023. HT supply was used for construction, lighting and other operations. So their request for Industrial Tariff was not considered. Email Dated: 11/05/2024 addressed to Sri. Ajithkumar.D, the then Executive Engineer(Ele). Value addition letter

was verified and discussions were held Departmentally and it was decided to refer the case to CGRF. In COPA, CGRF was 3 member committee as per the old CGRF Regulations. Chairperson was Dy. Chief Mechanical Engineer (Mechanical). So it was felt that it is better to discuss and finalize such a grievance with the newly proposed 4 member forum with Superintending Engineer (Electrical) as Chairperson. Since Deputy Chief Mechanical Engineer (Mechanical) was not so familiar with KSERC Tariff Regulations, KES Code 2014, EC Act 2023 etc.

New Deputy Chief Mechanical Engineer (Electrical) had joined only in June 2024. The consumer was guided for filing grievance to the CGRF and M/s IOCL had submitted the grievance before the CGRF on 06/07/2024. Approval of Competent Authority for reconstituting CGRF with 4 member forum in accordance with KSERC (CGRF & Ombudsman) Regulation 2023 was received on 16.07.2024. Newly constituted CGRF had conducted hearing and additional documents and details submitted by IOCL were verified. CGRF order issued on 06.09.2024 and HT-I Industrial tariff allotted with prospective effect, since the truing up order and ARR and ERC orders were already issued by KSERC for the previous period.

Counter Arguments of the appellant

IOC Cochin LPG Import Terminal was commissioned on 17.10.2023. Since then, we have been actively following up with CoPA regarding the conversion of our electricity tariff from Commercial to Industrial, as we had commenced the manufacturing of LPG at our premises. Subsequent to submitting the CGRF Form A to CoPA on 06.07.2024, COPA issued a verdict on 06.09.2024 (vide letter No. CoPA/OP No.1/2024-25) reclassifying the consumer, M/s. IOCL LPG Import Terminal, Vypin, to HT-I Industrial tariff, effective prospectively.

Despite the fact that our location was commissioned, and we began manufacturing LPG from 17.10.2023, the electricity tariff was changed to HT-I Industrial tariff only prospectively. As a result, IOC Cochin LPG Import Terminal had been incorrectly categorized under the Commercial tariff for the period from 17.10.2023 to 06.09.2024. Consequently, we request reimbursement of the differential amount paid to CoPA during this period, as the tariff was incorrectly classified. We have attached all relevant electricity bills raised by CoPA for the mentioned period for your reference. We respectfully request the reimbursement of the differential amount already submitted to CoPA, due to the erroneous categorization of our electricity tariff as Commercial instead of Industrial, from 17.10.2023 to 06.09.2024.

Analysis and findings

The hearing of this appeal petition was conducted on 25/03/2025 at 11:30 a.m. in the O/o the State Electricity Ombudsman, D.H.Road, Foreshore Road Junction, Ernakulam. The hearing was attended by the appellant Sri. T. Satheesh Kumar, DGM (P), IOCL, Sri.Chiranjeev Sharma, Operations Officer, IOCL,YVNMR Trinadh, GM(P), IOCL and the respondent Sri.Jayalakshmi.S, Executive Engineer, Sri. Ajith Kumar.D,SE, Electric Department, Cochin Port Authority, Administrative Building, Willingdon Island, Kochi, Ernakulam(Dist.)

The Special Economic Zone (SEZ) at Puthuvypin is established by the Cochin Port Authority (CoPA). They have allotted 15 hectors land to Indian Oil Corporation (IOCL) for 30 years for building LPG Import Terminal which is named as LPG Import Terminal Ernakulam (LITE). They have availed power supply from the Licensee (CoPA) at 11 KV with demand 1000 KVA and the agreement was executed on 28/10/2022. Initially the power was used for the construction of the facilities and the plant was commissioned on 17/10/2023.

The process happening in LITE have been examined. They are importing Butane and Propane in refrigerated carriers. The Propane is a Liquefied Petroleum Gas with chemical formula C_3H_8 . This is a byproduct of Natural gas process and Crude oil refining. Butane is also flammable gas with chemical formula C_4H_{10} . This also obtained from Natural gas or Crude oil. The imported Propane and Butane were unloaded and store in the tanks. The LPG is made by mixing Propane and Butane in the ratio 1:1. Then ethyl mercaptan is also added with small quantity. This ethyl mercaptan is a colour less liquid with strong skunk like odour. This is mixed with this LPG to detect the gas leaks if any through the smell of this material. The LPG which is made in this Terminal is transferred through pipe line to the bottling plants and other sales outlets. Then it is very clear that they are manufacturing or making LPG and hence this could be considered as an Industrial Unit.

The argument of the respondent is that the land allotted is for handling LPG.The process as they have explained is seems to be a unit which is making LPG by blending two products imported for outside India. While submitting the application for power connection, it is mentioned that category of tariff opted is as Industrial. Initial period the power was utilized for the construction and then the tariff applied would have been commercial tariff. When the plant was commissioned it had became a production unit. On commissioning of the LITE, the appellant have requested for tariff change. As per the tariff order issued by the KSERC, the HT 1 A industrial tariff is applicable to the following categories LT IV A industry.

LT- IV (A) – INDUSTRY

LT-IV (A) Industrial tariff is applicable for the general purpose industrial loads (single or three phase) which include,-

(i) manufacturing units,

(ii) grinding mills, flour mills, oil mills, rice mills,

(iii) saw mills, units using electric hydraulic axe machine to break down logs into small pieces.

(iv) ice factories,

(v) rubber smoke houses, tyre vulcanizing/re-treading units, units manufacturing rubber sheets from latex, coconut drying units,

(vi) workshops using power, mainly for production and/or repair,

(vii) public waterworks, drinking water pumping for public by Kerala Water Authority, Corporations, Municipalities and Panchayats, telemetry stations of KWA, pumping water for non- agricultural purposes, sewage pumping units,

(viii) power laundries,

(ix) screen printing of glass ware or ceramic, SSI units engaged in computerized colour printing excluding photo studios/ colour labs.

(x) audio/video cassette/CD manufacturing units,

(xi) printing presses including presses engaged in printing dailies,

(xii) bakeries (where manufacturing process and sales are carried out in the same premises)

(xii) diamond- cutting units, stone crushing units, granite cutting units (where boulders are cut into sheets in the same premises)

(xiv) book binding units with allied activities,

(xv) garment making units,

(xvi) seafood processing units, prawn peeling and processing units, granite cutting units (where large granite blocks are cut into sheets in the same premises),

(xvii) plantations of cash crops, tea factories, cardamom drying and curing units,

(xviii) units carrying out extraction of oil in addition to the filtering and packing activities carrying out in the same premise and under the same service connection,

(xix) dairy, processing of milk by pasteurization and its storage and packing,

(xx) soda manufacturing units, bottling plants/ packaging drinking water.

(xxi) Crematoria.

(xxii) Dewatering of agriculture land.

(xxiii) Dewatering of waterlogged areas

(xxiv) De-siltation plants

(xxv) Units engaged in cleaning, grading, blending and storage of food grains.

(xxvi) Units engaged in catering services without facility for retail sales as that of restaurants and hotels.

(xxvii) Manufacturing of concrete rings and concrete tanks

Then they are eligible for HT 1 A tariff. Then next question is what date is applicable for the industrial tariff? The appellant stated that the Terminal was commissioned on 17/10/2023. The letter given by IOC in charge to the Development Commissioner dated 02/11/2023 states that the Terminal was commissioned on 17/10/2023. The database of SEZ also shows that the facility was commissioned on 17/10/2023. The CGRF of COPA agreed that the appellant is eligible for HT 1 A but only prospectively. The reason the COPA says is that the electricity duty amount collected from the consumer is already remitted to the Government. This will not be refunded at all, even if the bills are revised. The appellant had agreed that revision of tariff without considering the electricity duty is acceptable to them.

Decision

On verifying the documents submitted and hearing both the petitioner and respondent and also from the analysis as mentioned above, the following decision are hereby taken.

1. The appellant is eligible for H.T 1 A tariff effective from 17/10/2023.
2. The Licensee shall revise the electricity bills with HT 1 A tariff and the additional amount collected is to be adjusted in further payments or to be refunded.
3. The revision of bill is to be done without considering the electricity duty already paid. The difference in power charges and demand charges only to be refunded.
4. No order on cost.

ELECTRICITY OMBUDSMAN

No. P/010/2025/ dated: 07-04-2025 .

Delivered to:

1. Sri. T.Satheesh Kumar, Deputy General Manager (Plant), M/s. Indian Oil Corporation, LPG Input Terminal, Puthuvypin, Kochi- Ernakulam - 682508.
2. The Executive Engineer, Electrical Department, Cochin Port Authority, Administrative Building, Willingdon Island, Kochi, Ernakulam(DT)

Copy to:

- 1) The Secretary, Kerala State Electricity Regulatory Commission, KPFC Bhavanam, Vellayambalam, Thiruvananthapuram-10.
- 2) The Chairperson, Consumer Grievance Redressal Forum, Cochin Port Trust, Willingdon Island, Cochin - 682003