

KERALA STATE ELECTRICITY REGULATORY COMMISSION

Thiruvananthapuram

Petition No.TP-8 of 2005

ARR&ERC OF TECHNOPARK, THIRUVANANTHAPURAM

June 28, 2005

Present : Shri.M.K.G.Pillai, Chairman
Shri.C.Balakrishnan, Member

Technopark Petitioner
Thiruvananthapuram 695581

ORDER

The Kerala State Electricity Regulatory Commission having scrutinized the Petition on ARR&ERC for 2005-06 filed by Technopark *vide* their letter dated 15th February 2005 and considered the comments of the KSEB on the petition, heard the views of the petitioner and the KSEB in the Commission's proceedings on 25th April 2005 and having considered other documents and materials on record passes the following order in exercise of the powers vested in it under the Electricity Act, 2003 in this behalf.

C.Balakrishnan
Member

M.K.G.Pillai
Chairman

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O R D E R

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Sd/-
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Chairman

Authenticated copy for issue

Secretary

KERALA STATE ELECTRICITY REGULATORY COMMISSION

THIRUVANANTHAPURAM

Order on Petition No.TP- 8 of 2005

ARR&ERC FOR FY 2005-06 OF TECHNOPARK, THIRUVANANTHAPURAM

1. Background

Government of Kerala had issued an electricity distribution licence to Technopark as per G.O.(P) No. 19/99/PD dated 12th July 1999 published in Kerala Gazette No. 1409 dated 19th July 1999 for distribution of power to various establishments within the Technopark Campus, Thiruvananthapuram. Accordingly, Technopark is a deemed distribution Licensee under the first proviso of Section 14 of Electricity Act, 2003.

Technopark receives electricity through three 11kV feeders from the Kazhakootam 110kV substation of the Kerala State Electricity Board (KSEB) with a Contracted Demand of 4000 kVA, and the supply is deemed to be at 110kV (EHV). Technopark in turn supplies electricity to the establishments within the Technopark campus, Thiruvananthapuram.

Technopark has thirty two HT consumers and ninety five LT consumers in FY 2004-05 and the number of consumers is expected to remain same in FY 2005-06.

During the year 2004-05, Technopark purchased 16.11 MU of electrical energy from the KSEB and in turn supplied 13.35 MU to the ultimate consumers at an average power factor (p.f) of 0.90 and load factor (LF) of 0.75. The selfconsumption for the year 2004-05 is reported to be 1.30 MU. For the year 2005-06, the energy purchase is expected to be 18.88 MU with an estimated sale of 16.01MU and selfconsumption of 1.57 MU.

The difference between the intake and supply of energy accounts for self consumption of energy and distribution losses. The average distribution loss is found to be 9.06 % for the FY 2004-05 and expected to be 6.89% in FY 2005-06 as given below.

Consumption & Loss	2004-05	2005-06
Total units purchased, MU	16.11	18.88
Energy sold to consumers, MU	13.35	16.01
Self consumption, MU	1.30	1.57
Distribution Loss, MU	1.46	1.30
%	9.06 %	6.89 %

2. ARR&ERC for the year 2005-06

The original filing of ARR&ERC for the FY 2005-06 made by Technopark projected a revenue requirement of Rs. 717.06 Lakhs and total income of Rs. 730.26 Lakhs with a surplus of Rs.13.20 Lakhs, as per details given below:

(Rs. Lakhs)			
Sl.No	Particulars	2004-05	2005-06
1	Power Purchase Cost	481.51	585.39
2	Interest charges	30.24	30.45
3	Depreciation	30.66	45.36
4	Employee cost	4.95	5.44
5	Repair & Maintenance Cost	25.00	28.58
6	Administration&General Expenses	18.21	21.84
7	Other Expenses	-	-
8	Gross Expenses (total 1 to 7)	590.57	717.06
9	Less Expenses capitalized	-	-
10	Less Interest capitalised	-	-
11	Aggregate Revenue Requirement	590.57	717.06
12	Revenue from Tariff, including self consumption	608.10	730.26
13	Non tariff Income	-	-
14	Total Revenue	608.10	730.26
15	Surplus	17.53	13.20

The Commission *vide* letter dated 25.2.2005 sought the comments of the KSEB on the filing made by Technopark. The KSEB *vide* letter No.KSEB/TRAC/T/SERC/ERC/TECPARK/328/R1/05/203 dated 16.3.2005 replied that Technopark has not complied with the directive given in the order on ARR &ERC for FY 2004-05 regarding the distribution loss and harmonics. The KSEB stated that the power purchase data for FY 2004-05 given in the filing made by Technopark required reconciliation with the Board's data. The KSEB commented that the employee cost furnished by Technopark is arbitrary. The Board pointed out anomaly in the interest liability shown in Form O and the figures arrived at in the calculation sheet. The Board

stated that Technopark has not submitted several forms stipulated by the Commission for filing the ARR&ERC.

The Commission directed Technopark to furnish a copy of the ARR&ERC to each of its consumers, which was complied with by Technopark. However, none of the stakeholders responded to the ARR&ERC.

3. Proceedings of the Commission

Commission held proceedings on 25th April, 2005 at the Commission's Office for hearing the Technopark, the Kerala State Electricity Board and the consumers availing supply from them on the ARR&ERC for 2005-06. Only Technopark and KSEB attended the proceedings.

The following position emerged as a result of the proceedings:

- a. In compliance with the directive in the Commission's order on ARR &ERC for FY 2004-05, Technopark had awarded a detailed energy audit study *vide* work order No. ETPK/WO/030/2004-05 dated 13.3.2005 to the Central Power Research Institute, Bangalore. The study report is expected by middle of June 2005. The terms of reference includes study of harmonics and distribution losses.
- b. The collection efficiency of Technopark is presently at a low level of 71%.
- c. Reconciliation of the energy consumption and billing data filed by Technopark with the data given by KSEB shall be carried out by Technopark.
- d. Technopark shall furnish the selfconsumption details as per actual metered values.
- e. The selfconsumption shall be accounted at HT-1 tariff under revenue from charges.
- f. Depreciation shall be calculated as per the guidelines given by CERC

In accordance with the above, the Technopark submitted the revised ARR&ERC for 2005-06 on 31.5.2005 which projected an aggregate revenue requirement of Rs. 900.67 Lakhs and expected revenue from charges of Rs. 744.49 Lakhs leaving a gap (deficit) of Rs.156.18 Lakhs for FY 2005-06. Details are furnished below:

(Rs. Lakhs)

Sl.No	Particulars	FY 2004-05	FY 2005-06
1	Power Purchase Cost	492.83	585.39
2	Interest charges	30.24	28.35
3	Depreciation	36.44	49.53
4	Employee cost	6.02	6.62
5	Repair & Maintenance Cost	26.39	30.19
6	Administration&General Expenses	19.41	23.20
7	Other Expenses	---	---
8	Gross Expenses (total 1 to 7)	611.33	723.28
9	Less Expenses capitalized	-	-
10	Interest capitalised	-	-
11	Revenue return at 14% on Capital Base	124.65	177.39
12	Aggregate Revenue Requirement	735.98	900.67
13	Revenue from Tariff, including self consumption	620.16	744.49
14	Other Income-Self Consumption	-	-
15	Total Revenue	620.16	744.49
16	Revenue Gap	115.82	156.18

4. Analysis of revised ARR &ERC for 2005-06

Commission's views on the revised ARR&ERC is given below:

i. Depreciation:

Technopark had estimated the depreciation for Civil Works at 3.6% whereas it is 2.6% as per CERC guide lines. Commission recalculated the depreciation as given below:

(Rs.Lakhs)

Asset Category	2004-05	Additions	FY 2005-06
Civil Works	151.82	60.00	207.87
Depreciation @ 2.6%	3.95	--	5.41
Electrical Items	860.31	340.00	1169.34
Depreciation @ 3.6%	30.97		42.09
Total Depreciation	34.92		47.50

ii. ROE:

Technopark has proposed 14% ROE on the total capital base. On the basis of normative debt equity ratio of 70:30, applicable to distribution licensees, the Commission admits a ROE of 14% on 30% of the total capital as tabulated below.

(Rs.Lakhs)

Description	FY 2004-05	FY 2005-06
Total Capital Base	890.37	1267.10
30% as equity portion	267.11	380.13
ROE on equity portion @14%	37.40	53.22

iii. Interest on Security Deposit:

An amount of Rs. 30 Lakhs is shown as security deposit from consumers. As per the Electricity Supply Code, the Licensee has to pay interest at bank rate on the security deposit to the consumers. Technopark had not shown any outflow on this amount. The Commission however seeks to provide interest on security @6%. An amount of Rs.1.8 lakhs on this account is added to the provision under interest charges. Accordingly, the Commission approves an Aggregate Revenue Requirement of Rs.776.27 lakhs and Expected Revenue from Charges of Rs.744.49 leaving a revenue gap of Rs.31.78 lakhs, as per details below:

(Rs.Lakhs)

Sl.No	Particulars	FY 2004-05	2005-06
1	Power Purchase Cost	492.83	585.39
2	Interest charges	30.24	30.15
3	Depreciation	34.92	47.50
4	Employee cost	6.02	6.62
5	Repair & Maintenance Cost	26.39	30.19
6	Administration&General Expenses	19.41	23.20
7	Other Expenses	---	---
8	Gross Expenses (total 1 to 7)	609.81	723.05
9	Less Expenses capitalized	-	-
10	Interest capitalised	-	-
11	ROE	37.40	53.22
12	Aggregate Revenue Requirement	646.21	776.27
13	Revenue from Tariff, including self consumption	620.16	744.49
14	Other Income-Self Consumption	-	-
15	Total Revenue	620.16	744.49
16	Revenue Gap	26.05	31.78

5. Commission's Order on ARR&ERC for 2005-06

The Commission hereby approves an Aggregate Revenue Requirement of Rs.776.27 Lakhs and total Expected Revenue from Charges of Rs.744.49 Lakhs which leaves a revenue gap of Rs.31.78 Lakhs for the year 2005-06.

The Commission approves the continuance of the existing tariffs and other charges by Technopark till further orders. The revenue gap may be absorbed in the other business activities of Technopark.

6. Commission's Directives

1. Technopark shall submit to the Commission a copy of the report on energy audit conducted by CPRI with action plan to minimize the Distribution Loss.

2. Technopark shall submit the actual audited accounts for the electricity distribution business for the FY 2004-05, on finalization of the accounts for the FY 2004-05. The following information may also be furnished for 2004-05.

- Actual monthly TOD meter recording of kWh, kVAh, kVARh, maximum demand, average PF and LF for normal, peak and off-peak period in respect of various categories of consumers
- Cyclic billing and collection data in respect of various categories of consumers.
- Payment made to the KSEB along with the details of bills.

3. Technopark shall improve the collection efficiency against the bills, from the present level of 71 % to 99%. Measures taken in this direction along with the results shall be submitted to the Commission. Technopark shall explore the possibility of introducing prepaid meters for its consumers and report the position in this regard to the Commission at the earliest.

4. The draft power purchase agreement for supply of electricity from KSEB initialed by KSEB and Technopark shall be submitted for Commission's approval within one month from the date of this order.

