

**KERALA STATE ELECTRICITY REGULATORY COMMISSION
THIRUVANANTHAPURAM**

OA 10/2017

In the matter of : Application for the approval of revised ARR & ERC for the year 2017-18 filed by M/s Rubber Park India Private Limited as per the provisions of KSERC (Terms and Conditions for Determination of Tariff) Regulations 2014.

Applicant : M/s Rubber Park India Private Limited

Respondent : M/s Kerala State Electricity Board Limited

**PRESENT : Shri K.Vikraman Nair, Member
Shri S.Venugopal, Member**

ORDER DATED 13/07/2017

1. Rubber Park India Private Limited (*hereinafter called the Licensee or RPIL*) a joint venture company of the Rubber Board and M/s Kerala Industrial Infrastructure Development Corporation (KINFRA), is a distribution licensee in the State under the Electricity Act, 2003. The Licensee receives electricity at 110 kV from the Kerala State Electricity Board Ltd (*herein after called KSEBL*) and distributes to the Industrial units within the licence area i.e., the industrial park at Valayanchirangara near Perumbavoor in Ernakulam District.
2. M/s Rubber Park India Private Limited filed the application for revision of ARR & ERC for the year 2017-18 as per the provision of the KSERC (Terms and Conditions for determination of tariff) Regulations 2014 (*herein after referred to as the Tariff Regulations 2014*) and the application was admitted as OA No.10/17.
3. The Commission had notified the Tariff Regulations, 2014, applicable for the first control period from 2015-16 to 2017-18 on 14.11.2014 vide notification No.787/SEA/2011/KSERC. The licensee has submitted the application as per the regulation 11 of the Tariff Regulations, 2014 which is quoted hereunder;

11. Filing under multi-year tariff (MYT) framework.- (1) every generating business/company or transmission business/licensee or distribution licensee/licensee or state load despatch centre shall file on or before the thirtieth day of November of the current financial year, the following applications for the control period:

(a) Application for approval of revised aggregate revenue requirement, if any, for the ensuing financial year and determination of tariff for the ensuing financial year:

(b) Application for truing up of aggregate revenue requirement for the previous financial year

4. Based on the above provisions RPIL filed the application for revision of ARR & ERC for the year 2017-18. The Commission had on 03-09-2015 issued order in OA 10/2015 approving the ARR & ERC for the first control period (2015-16 to 2017-18) for the licensee. In the application for the revision of ARR, the licensee has projected a **revenue gap of Rs.360.58 lakh** as against a revenue gap of Rs.97.65 lakh approved by the Commission vide order dated 03-09-2015.
5. A comparison on the revised ARR&ERC filed by RPIL for 2017-18 and the order dated 03-09-2015 issued by the Commission for the year 2017-18 is tabulated hereunder.

Table 1
Comparison of approve and revised ARR & ERC for the year 2017-18

Particulars	2017-18	
	Approved (Rs.lakh)	Revised Projection (Rs.lakh)
Purchase of Power	1486.70	1536.49
Repair and Maintenance cost	27.26	49.48
Employee Cost	29.24	58.14
Administrative & General Expenses	20.19	49.86
Depreciation	50.05	50.05
Interest on Normative loan	32.17	32.17
Interest & Finance Charges	0.00	2.19
Return on Equity	37.93	37.93
Adjustment for profit/loss on account of controllable/uncontrollable factors	0.00	130.08
Gross Aggregate Revenue Requirement	1683.54	1946.39
Less Non-Tariff income	8.30	8.30
Less income from wheeling charges	0.04	0.04
Net Aggregate Revenue Requirement	1675.20	1938.13
Revenue from existing tariffs	1577.55	1577.55
Revenue gap/Surplus	(97.65)	(360.58)

Hearing on the matter

6. Public hearing on the application was held at the Court Room, Office of the Commission on 16-05-2017. M/s Rubber Park India (P) Ltd. was represented by Sri.J.Krishna Kumar MD, Rubber Park India (P) Ltd and other officers of the licensee. Sri.Anees.T.M, Resident Engineer, Rubber Park India (P) Ltd. presented the details of the application on the presented the details of the application on the revised ARR&ERC for the year 2017-18 and Wheeling charge & Cross subsidy Surcharge for open access consumers and gave clarifications on the queries of the Commission.
7. Smt. Mehrunisa, Executive Engineer, TRAC and Sri. Manoj.G, AEE, TRAC, represented for KSEB Ltd. Sri. Manoj.G, Assistant Executive Engineer, TRAC, KSEBL presented the observations of KSEB Limited and submitted written remarks on the application. The summary of the comments of KSEB Ltd are abstracted below:
 - a) The claim of the licensee on the Operation and Maintenance costs such as R&M expense, Employee cost and A&G expense are higher by 81%, 98.83% and 146% respectively as compared to the amounts approved by the Commission. It was submitted that the Operation and Maintenance cost may be limited to the norms fixed by the Commission.
 - b) The Commission may kindly take a uniform approach on the Section (3) duty claimed by the licensee.
 - c) KSEB Ltd submitted that the claiming of interest on normative basis and additional interest and finance charges as per actual is not justifiable.
 - d) Commission may limit capital expenditure plan to the approved levels.
 - e) The Commission may adopt the figures in the approved true up order or in the approved ARR for calculating the wheeling charge instead of the claimed value in the application for truing up filed by the licensee.
 - f) The cross subsidy surcharge applicable to KSEB Ltd and the small licensee being the same as per the tariff order dated 17-04-2017, KSEB Ltd did not make any comment on the calculation of cross subsidy surcharge made by RPIL.
8. The Commission sought clarifications and substantiation on the projections made in the application. The licensee vide letter No.RP/E/02/B/12233 dated 25-05-2017 submitted the details sought for by the Commission.

Analysis and decision of the Commission

9. The Commission considered the application of the licensee's revised ARR & ERC for the year 2017-18, the additional submissions along with the comments of KSEB Ltd. The analysis and decisions of the Commission on the application for revised ARR & ERC for the year 2017-18 are detailed below:

10. **Sale of Power:** - The licensee, in the application has not revised the sale of energy approved by the Commission in the ARR order. The Commission had approved a sale of 27.45 MU in the order on ARR&ERC for the year 2017-18. The details of the sales are as given below.

Table 2
RPIL-Sale of power to various consumer categories

Category	Number of consumers	2017-18 ARR Approved
		Energy sold in MU
HT Consumers	16	25.42
LT IV	17	1.85
LT VI B	1	0.04
LT VI C	1	0.01
LT VII A	15	0.11
Public lighting	8	0.02
Total	58	27.45

The major quantum of sale of power is to the HT category of consumers.

Distribution Loss:

11. The licensee has not proposed any revision in the energy input for the year 2017-18. The Commission had approved a total input of 28.02 MU with a distribution loss of 2.00%. The licensee has not revised the energy input and the distribution loss for the year 2017-18. The details on the distribution loss as per the application submitted are shown below.

Table 3
RPIL- Details on the distribution loss for 2017-18

Particulars	ARR Approved
Total Energy sales (MU)	27.46
Distribution loss(MU)	0.56
Total Energy Requirement (MU)	28.02
Distribution loss	2.00%

Power Purchase Cost:

12. The licensee has not proposed any revision in the power purchase cost for the year 2017-18 except an additional claim made for the purchase of renewable

energy certificates for meeting the renewable power purchase obligation. The same was neither proposed in the initial application for ARR&ERC nor approved by the Commission. The licensee has estimated a cost of Rs.49.80 lakh for the purchase of certificates for meeting the renewable power purchase obligation. The details of the power purchase cost proposed are shown below.

Table 4
RPIL-Details of the cost of power purchase for 2017-18

Particulars	As per the application
Energy purchase (MU)	28.02
Contract Demand (kVA)	5883
Demand Charge (Rs./kVA)	300
Total Demand Charges (Rs in Lakh)	211.79
Energy Charges (Rs./kWh)	4.55
Energy Charges (Rs in Lakh)	1274.91
RPO Purchase (Rs in Lakh)	49.80
Total (Rs in Lakh)	1536.49

13. The Commission has not revised the BST applicable to Rubber park vide the tariff order dated 17-04-17. The applicable BST of Rubberpark is shown below.

Particulars	Tariff
Energy Charge	4.55/unit
Fixed Charge	Rs.300/kVA

14. The licensee vide letter No.RP/E/02/B/12233 dated 25-05-2017 submitted details the proposed purchase of certificates for meeting the renewable purchase obligation as shown below.

Table 5
RPIL-Details of the renewable purchase obligation for 2017-18

Total sales approved (MU)	Non solar RPO (%)	Solar RPO (%)	RPO Obligation of the Licensee		No. of Certificates Required (A)		Cost per certificate (Rs.) (B)		Cost for certificates (Rs in Lakh)		
			Non solar RPO (kWh)	Solar RPO (kWh)	Non Solar REC	Solar REC	Non solar REC	Solar REC	Non solar REC	Solar REC	Total
27.45	4.95	0.55	1358775	150975	1359	151	3000	2400	40.77	3.624	44.394

15. The licensee as per the application had proposed an amount of Rs.49.50 lakh for renewable purchase obligation. Whereas as per the details submitted as per the clarifications submitted, the proposed amount is Rs 44.39 lakh.

16. The Commission is of the view that the licensee has to take all possible efforts to source renewable energy for meeting the RPO and purchase of certificates shall be resorted to only if all the efforts to source the renewable have been exhausted. Purchase of renewable certificates shall not be construed as an easy way out for meeting RPO. Hence, cost of meeting the RPO shall only be considered at time of truing up and after examining the efforts made by the licensee for meeting the RPO. Accordingly the Commission approves the power purchase cost as shown below.

Table 6
RPIL- Approved cost of power purchase for 2017-18

Particulars	As per the application	Revision Approved
Energy purchase (MU)	28.02	28.02
Contract Demand (kVA)	5883	5883
Demand Charge (Rs./kVA)	300	300
Total Demand Charges (Rs in Lakh)	211.79	211.79
Energy Charges (Rs./kWh)	4.55	4.55
Energy Charges (Rs in Lakh)	1274.91	1274.91
RPO Purchase (Rs in Lakh)	49.50	-
Total power purchase cost (Rs in Lakh)	1536.49	1486.70

Interest and Finance Charges:

17. The licensee has claimed a total interest and financing charges of **Rs.34.36 lakh** in the application for revised ARR&ERC for 2017-18 including interest on normative loan. The Commission in the order on ARR had approved an amount of Rs.32.17 lakh as interest on normative loan. In the revised application, the licensee has considered the same amount for the year 2017-18. The details of the claim made as per the accounts are tabulated hereunder.

Table 7
RPIL – Interest and Finance Charges claimed for 2015-16

Particulars	2017-18
Opening level of NFA (Rs.lakh)	473.80
70% of the Net Fixed Assets (Rs.Lakh)	331.66
Base Rate (%)	9.70%
Normative interest (Rs.lakh)	32.17

18. In this context, the Commission is not revising the interest on normative loan at present. However, such interest charges will be allowed only as per the provisions of the Tariff Regulations 2014 at the time of truing up.

19. The licensee has also claimed an amount of Rs.2.19 lakh for the year 2017-18 on account of bank guarantee and Letter of credit charges as demanded by KSEB Ltd. The claim is for the double security mechanism for executing the PPA for additional power of 2200kVA at 110kV. In this context the licensee has stated that though the Commission in the order dated 17-02-2016 had ordered that double security mechanism for purchase of power from KSEB Ltd should be discussed and finalised mutually by KSEB Ltd and RPIL, KSEB Ltd did not relax the provision on double security mechanism. Accordingly, Rs.1.85 lakh for 2016-17 was incurred for availing additional 2200 kVA at 110kV. However, the amount of Rs.2.19 lakh is proposed for additional power allocation of 1300kVA for the year 2017-18. The licensee may execute the PPA for the said enhanced quantity of power during 2017-18.

20. The Commission examined the details furnished by the licensee. The proposed item of expenditure is genuine since as per the terms of PPA, the licensee has to provide payment security mechanism in the form of bank guarantee/LC. Hence the Commission approves the amount provisionally and the same will be firmed up in the truing up based on the actual expense.

Depreciation:

21. The Commission had approved a depreciation of Rs.50.05 lakh for the year 2017-18. The licensee has not sought any revision on the amount of depreciation.

O&M expenses:-

22. The licensee has sought escalated amount on O&M expenses as against the provisions of Tariff Regulation 2014 as shown below:

**Table 8
RPIL- Details of O&M for the year 2017-18**

O&M Expenses	As per the Regulations/ approved in the ARR (Rs. lakh)	As per the revised application (Rs. lakh)
Employee expenses	29.24	58.14
R&M expenses	27.26	49.48
A&G expenses	20.19	49.86

Employee cost:

23. The Commission approved Rs 29.24 lakh for employee cost in the ARR order. In the revised application for ARR&ERC, the licensee has proposed an amount of

Rs.58.14 lakh towards employee cost for carrying out the distribution business. The licensee has stated that the company had appointed a full time Managing Director on 06.07.2015 with pay scale and remuneration equivalent to the CEO of class B PSU under Govt. of Kerala which was the reason for the increase in the employee cost. The Hon. Commission had arrived at the employee expenses for the MYT period based on the actual employee expenses of the company for the year 2011-12 when there was no full time Managing Director. The licensee had further stated that another reason for the increase is the net effect of wage revision and DA revision. The details of the claim made by the licensee are tabulated hereunder.

Table 9
RPIL- Details of employee cost estimated for the year 2017-18

Particulars	As per the Regulations (Rs.lakh)	As per accounts (Rs.lakh)
Basic Salary		20.40
Dearness Allowance (DA)		21.71
House Rent Allowance		1.71
Conveyance Allowance		0.29
Earned Leave Encashment		2.47
Other Allowances	29.24	0.30
Medical Reimbursement		2.66
Staff welfare expenses		1.10
Net Employee Costs		50.63
Provident Fund Contribution		5.31
Gratuity Payment		2.20
Gross Employee Expenses	29.24	58.14

24. The proposed employee cost is Rs.28.90 lakh higher than the norms approved by the Commission. As per the prevailing Tariff Regulations, 2014, the employee cost can be approved only as per regulation 81(5) of the Tariff Regulations, 2014 which states as follows:

“The distribution business of Rubber Park of India (P) Ltd (RPIL) shall be allowed to recover operation and maintenance expenses as per the norms specified in Annexure-IX to these Regulations for each financial year of the control period.”

25. Further, employee expenses is considered as a controllable item of expenses. Hence, in the present proceedings, the Commission can approve the employee cost only as per the provisions of the regulations i.e., Rs.29.24 lakh for the year 2017-18

Table 10
RPIL- Employee cost approved for the year 2017-18

Particulars	As per the application (Rs. lakh)	Revision Approved (Rs. lakh)
Employee cost	58.14	29.24

Repair and Maintenance Charges:

26. The amount booked by the licensee for R&M expenses in the application is higher than that approved for the year. The Commission had approved an amount of Rs.27.26 lakh as R&M cost for the year. The revised amount projected by the licensee is Rs.49.48 lakh for the repair and maintenance of transmission lines, substations, 11 kV lines & associated works, LT line service etc. The licensee has submitted that the increase in the R&M expenses is for properly maintaining the distribution system.

27. The major part of the R&M expenditure is the cost of the O&M contractor M/s. Electrotek Engineers (P) Ltd. M/s RPIL has stated that the company had outsourced the operation and maintenance of the substation and distribution network to M/s. Electrotek Engineers (P) Ltd through open tendering. The licensee has submitted that the R&M cost approved by the Commission in the Tariff Regulation 2014 based on the actual expenses in 2011-12. The licensee has made detailed comparison of the R&M cost approved for M/s RPIL and other similar licensees and has prayed to consider the importance of the proper maintenance of the assets owned by Rubber Park in order to provide quality power to the consumers, and approve the R&M expense of Rs. 49.48 lakh estimated by the company for the year. The details of the claim made by the licensee are tabulated hereunder.

Table-11
RPIL- Details of R&M expenses estimated for the year 2017-18

Particulars	As per the Regulations (Rs.lakh)	As per accounts (Rs.lakh)
Service Bill of O&M of substation (M/s. Electrotek)	27.26	28.87
Maintenance of substation		6.40
Transformer Overhauling		8.18
Substation Painting		6.03
Total		49.48

28. In this context, the Commission notes that the R&M expense is a controllable expense. As per the details furnished by the licensee, the major part of the R&M expenditure is the cost of the O&M contractor M/s. Electrotek Engineers (P) Ltd. The licensee during the hearing and in the application had stated that the company had outsourced the operation and maintenance of the substation and distribution network to M/s. Electrotek Engineers (P) Ltd through open tendering. The company had invited open tender for the work of operation and maintenance of the substation and distribution network on 06.03.2013. The company received only one quotation against this tender which was from the existing contractor M/s. Electrotek Engineers P Ltd. The work was re-tendered on 10.04.2013. The company again received only one tender from the very same contractor M/s Electrotek Engineers and the work was awarded to them with effect from 01/05/2013. In this context the contention of the licensee that the cost of work of operation and maintenance of substation to M/s Electrotek Engineers (p) Ltd during 2013-14 has resulted in a hike of 33% is untenable. Generally transparent process of bidding involving competitive bids is resorted to for minimising the cost and cost escalated on account of open tender is unreasonable. The Commission also notes that the same contractor has been employed before and after the open tender process.

29. In any case, re-determination of the O&M expenses cannot be taken up in the present proceedings. As per the Regulations, the controllable expenses of RPIL have to be approved only as per the regulation 81(5) of Tariff Regulations, 2014. Accordingly, the R&M expenses approved for the year 2017-18 is Rs.27.26 lakh.

Table – 12
RPIL- R&M expenses allowed for 2017-18(Rs.lakh)

Particulars	As per the application	Revision Approved
R&M expenses	49.48	27.26

Administration and General Expenses:

30. The A&G expense claimed by the licensee is higher than the amount approved by the Commission. The Commission had approved Rs.20.19 lakh in the ARR for the year 2017-18. The amount booked by the licensee in the application is **Rs.49.86 lakh** including electricity duty of Rs.16.50 lakhs. Thus, the net A&G expenses proposed is Rs.33.36 lakhs. The details of the projections made by the licensee are tabulated hereunder.

Table 13
RPIL- Details of A&G Expenses

Particulars	As per the Regulations (Rs.lakh)	As per accounts (Rs.lakh)
Rent Rates & Taxes	20.19	1.10
Insurance		3.75
Telephone & Postage, etc.		0.71
Legal charges		2.01
Audit Fees		1.10
Conveyance		1.90
Vehicle Running&Hiring Expenses Truck		9.19
Electricity charges		0.77
Water charges		0.66
Printing & Stationery		0.39
Advertisements, exhibition publicity		0.69
Training Expenses		0.70
Miscellaneous expenses		1.65
Office Expenses		0.27
License Fee and other related fee		1.08
Security arrangements		6.28
Others		1.10
Electricity Duty		16.50
Gross A&G Expenses		49.86

31. The licensee has claimed section (3) duty while computing the aggregate revenue requirement. The licensee has submitted that the claim towards the section (3) duty remitted to Kerala State Electrical Inspectorate. The licensee in the application has also submitted that they cannot find an alternate means to meet the amount and prayed that the matter of disallowance of section 3(1) duty may be re-considered.
32. The amount of electricity duty under Section 3 (1) of the Kerala Electricity Duty Act, 1963 cannot be admitted as an item of expenditure in view of the above statutory provisions. The Commission has, in its previous orders also, had taken this consistent stand on the issue relating to electricity duty payable by the licensee under Section 3 (1) of the Kerala Electricity Duty Act. If the licensee has any grievance on payment of Electricity Duty, the same can be taken up with the Government for proper redressal. As mentioned above, the Commission can approve the A&G expense duly considering the provisions of the regulation only. Accordingly the Commission approves only Rs.20.19 lakh as the A&G expenses as per the Tariff Regulations, 2014. **The licensee has to limit the controllable expenses at the approved level.**

Table – 14
RPIL - A&G expenses approved for 2017-18

Particulars	ARR Approved (Rs lakh)	As per accounts (Rs lakh)	Trued Up (Rs lakh)
A&G expenses	20.19	49.86	20.19

33. **Others Expenses:** - The licensee in the application has estimated Rs.130.08 lakh as an amount for adjustment for profit/loss on account of controllable/uncontrollable factors. The Commission sought details of the amount estimated by the licensee. In the letter dated 25-05-2017 the licensee has revised the estimate at Rs.140.77 lakh and has stated that the amount is the carry forward of the profit/loss on account of controllable/uncontrollable factors for the financial year 2015-16.

34. The split up of the claim made in form D.8 submitted in the application for the truing up of accounts for the financial year 2015-16 is shown below:

Table – 15
RPIL – Details of other expenses for 2017-18 (Rs.lakh)

Particulars	Approved	Actual	Difference
Power purchase cost	1349.62	1461.197	111.577
Employee Expenses	26.1	44.822	18.722
Administration & General Expenses	18.02	23.715	5.695
Repair & Maintenance Expenses	24.33	31.909	7.579
Depreciation	50.05	45.95	-4.100
Interest on Normative Loan	38.97	40.266	1.296
Total Expenditure	1507.09	1647.86	140.77

35. The above claim is for the year 2015-16. The licensee has already filed truing up petition for the year and is under the consideration of the Commission. Hence, the same is not considered in the present proceedings.

Return on Equity:

36. The licensee has not sought any revision on the Return on Equity that was approved in the ARR&ERC order for the control period. Hence the same amount as approved in the original ARR ie, Rs.37.93 lakh is maintained.

37. **Gross Revenue requirements:** Based on the above, the Gross revenue requirement for the year 2015-16 after truing up is as shown below:

Table 16
RPIL-Gross Revenue Requirements approved for 2017-18

Particulars	2017-18 (Rs.lakh)		
	Approved	Revised Projection	Revision Approved
Purchase of Power	1486.70	1536.49	1486.70
Repair and Maintenance cost	27.26	49.48	27.26
Employee Cost	29.24	58.14	29.24
Administrative & General Expenses	20.19	49.86	20.19
Depreciation	50.05	50.05	50.05
Interest on Normative loan	32.17	32.17	32.17
Interest & Finance Charges	0.00	2.19	2.19
Return on Equity	37.93	37.93	37.93
Adjustment for profit/loss on account of controllable/uncontrollable factors	0.00	130.08	0.00
Aggregate Revenue Requirement	1683.54	1946.39	1685.73

Revenue from sale of power

38. The licensee has proposed the revenue from sale of power as per the revised tariff effective from 18-4-2017. Based on the revised tariff, revenue from sale of power is Rs.1693.39 lakh as shown below.

Table 17
RPIL- Approved Revenue from Sale of Power for 2017-18

Particulars	Energy Sales (MU)	Revenue in Rs. Lakh
HT Consumers	25.42	1564.11
LT IV Consumers	1.85	114.95
LT VI B	0.04	3.02
LT VI C	0.01	0.78
LT VII A	0.11	9.71
Public lighting	0.02	0.82
Total	27.45	1693.39

Other revenue:

39. Revenue other than sale of power includes, wheeling charges recoveries, reactive energy charges, miscellaneous charges from consumers etc., The Commission in the order on ARR for the year 2017-18 had approved an amount of Rs.0.04 lakh as wheeling charges for providing open access to M/s M fuels. In the revised application, the licensee has not revised the estimate. The Commission approves the wheeling charges as claimed in the application

Non tariff income:

40. The non-tariff income estimated by the licensee is Rs 8.30 lakh as approved by the Commission in the order on ARR & ERC for the year 2017-18. The details of the claim are shown below.

Table - 18
RPIL- Non tariff income 2017-18

Particulars	Rs.lakh
Interest on Bank Fixed Deposits	7.30
Misce. Recoveries	1.00
Total	8.30

41. The Commission approves the non-tariff income as claimed by the Licensee for the year 2017-18.

42. Accordingly, based on the application for revision of ARR&ERC for the year 2017-8, the Commission has approved the same as given below:

Table 19
RPIL- Details of amounts approved for the year 2017-18

Particulars	2017-18		
	Approved (Rs.lakh)	Revised Projection (Rs.lakh)	Revision Approved (Rs.lakh)
Purchase of Power	1486.70	1536.49	1486.70
Repair and Maintenance cost	27.26	49.48	27.26
Employee Cost	29.24	58.14	29.24
Administrative & General Expenses	20.19	49.86	20.19
Depreciation	50.05	50.05	50.05
Interest on Normative loan	32.17	32.17	32.17
Interest & Finance Charges	0.00	2.19	2.19
Return on Equity	37.93	37.93	37.93
Adjustment for profit/loss on account of controllable/uncontrollable factors	0.00	130.08	
Gross Aggregate Revenue Requirement	1683.54	1946.39	1685.73
Less Non-Tariff income	8.30	8.30	8.30
Less income from wheeling charges	0.04	0.04	0.04
Net Aggregate Revenue Requirement	1675.20	1938.13	1677.39
Revenue from existing tariffs	1577.55	1577.55	1693.39
Revenue Surplus/(gap)	(97.65)	(360.58)	16.00

Proposal for revision of wheeling charges and cross subsidy surcharge

43. The licensee has in its application for revision of ARR&ERC had also proposed for revision of wheeling charges and cross subsidy surcharge. The wheeling charges proposed was Rs.0.87 per unit and the cross subsidy surcharge for HT-I category was proposed at Rs.2.29 per unit. In this context, it is to be noted that the Commission in its order dated 17-4-2017 on the *suo motu* determination of tariff has determined the open access charges applicable to all the licensees in Kerala. Hence the said charges are applicable to M/s RPL also.

Orders of the Commission

44. After considering the proposal of revision of ARR&ERC for the year 2017-18 of the licensee and the views expressed by M/s KSEB Ltd thereof, the Commission hereby revises the ARR and ERC for the licensee for the year 2017-18 as stated below,-

Financial Year	2017-18
Net ARR (Rs. in lakh)	1677.39
ERC (Rs. in lakh)	1693.39
Revenue Surplus (Rs. in lakh)	16.00

45. It is hereby directed that the licensee shall limit the expenses at the approved level. The application is disposed of. Ordered accordingly.

Sd/-
K.Vikraman Nair
Member

Sd/-
S.Venugopal
Member

Approved for issue
Sd/-
Santhosh Kumar.K.B
Secretary