

**KERALA STATE ELECTRICITY REGULATORY COMMISSION**  
**THIRUVANANTHAPURAM**

Present: **Shri. R. Preman Dinaraj, Chairman**  
**Shri. S. Venugopal, Member**  
**Shri. K. Vikraman Nair, Member**

**OA 04/2019**

**In the matter of** Application for the approval of ARR& ERC for the control period 2018-19 to 2021-22 filed by M/s Infopark

**Applicant(s)** : Chief Executive Officer  
Infopark,  
Thapasya, Kusumagiri  
Kakkanad  
Cochin 682030

**Applicant(s) represented** : Sri. V.R.Vijayan, Head- Projects & Engineering,  
Sri.Sarathchandran, Engineer-Projects  
Sri.Santhosh. V, Manager - Finance

**Daily Order dated 01-04-2019**

Conducted hearing on the application for the approval of ARR& ERC for the control period 2018-19 to 2021-22 filed by M/s Infopark at the Conference Hall of Infopark, Phase II, Kochi on 22-03-2019. The licensee was represented by Sri. V.R.Vijayan, Head- Projects & Engineering, Sri.Sarathchandran, (Engineer-Projects) & Sri. Santhosh. V, (Manager – Finance). Sri.Sarathchandran presented the details of the application and Sri Vijayan responded to the queries of the Commission. The main points submitted in the petition are briefed below.

- The licensee has projected revenue from sale of power considering the proposed increase in the sales for the control period. The major sale expected is towards the HT I B at Phase II- Kakkanad Campus. The licensee has estimated a distribution loss of 6.14%.
- The licensee has proposed interest on security deposit, meter installation charges and application fee for new connection as part of the Non Tariff Income.
- Employee cost for the control period is projected considering the full salary of resident engineer in Cherthala and Infopark Phase II and half salary of an accountant with a 10% for each year of the control period which was higher than the normative amount fixed by the Commission.

- R&M expense mainly comprised of the O&M cost and the AMC of the licensee. The licensee submitted that the increase in the R&M expense is mainly on account of the expiry of the warranty period for 220 KV GIS substation at phase II and hence the park had to incur the maintenance expense. The licensee has escalated the amount by 5% for subsequent years of the control period. The O&M for both the phases are escalated by 10% for each year.
- The A & G Expenses proposed, includes Insurance, telephone, postage, audit charge, vehicle expenses, bank charges, licensee fee etc. The licensee has proposed the interest paid to consumers as part of A&G expenses, instead of interest and finance charges.
- The licensee has claimed an amount of Rs.228.03 lakh as depreciation under the straight line method for the assets at Cherthala and Kakkanad.
- The licensee has claimed Return on net fixed assets at the rate of 3%.

Smt. Mehrunisa, Executive Engineer TRAC, Sri. Manoj.G, AEE, TRAC and Sri. Ajith Kumar.G, DAO, TRAC represented KSEB Ltd. Sri. Manoj.G presented the counter statement/comments of KSEB Ltd. and submitted written remarks on the application. The major points raised by KSEB Ltd are abstracted below.

- As per regulation 12 of Tariff Regulation, 2018 the licensee having more than one area of supply shall submit separate details for each area of supply, where as in the petition most of the data is common to both license areas.
- The licensee has claimed a distribution loss of 6.14 % for the control period 2018-19 to 2021-22. KSEB Ltd stated that the loss can be reduced considerably as the 110kV substation at Cherthala is to be handed over to KSEBL and the 220 kV substation at Kakkanad is going to be shared between Smart City and Infopark. Thus the transformer losses would be shared and the same can be reduced considerably. KSEB Ltd submitted that the loss may be fixed at less than 2%.
- The depreciation claimed is Rs 228.03 lakh. Commission may allow deprecation considering the source of funding. Further, it is stated that the 110 KV substation is to be handed over to KSEBL.
- The repair & maintenance and employee cost claimed by the licensee is more than the approved norms. The O&M expenses may be limited to the approved level.
- KSEB Ltd also submitted that the Commission may conduct a prudence check on the expenses and may approve only reasonable levels, in accordance with the applicable regulations.

The Commission during the hearing sought clarifications on the petition and directed the licensee to submit the following:

- The category wise details of the number of consumers, sales and revenue from sale of power for each area separately.
- Area wise actual distribution loss for the year 2017-18
- The distribution loss reduction target for the control period.
- The reason for the proposed reduction in the energy requirement at Cherthala for 2021-22 compared to previous years of the control period.
- The reason for the reduction in the average power purchase cost for 2019-20.
- The licensee may re-calculate the depreciation and the return on net fixed assets for the control period as per the provisions of the Tariff Regulations 2018.
- Area wise details of the actual amount of O&M contract for 2017-18 and the details of the number of employees engaged for the purpose
- Details of the apportionment made for the O&M expenses and the items & percentage of apportionment made.
- Details of the capital additions including solar energy project proposed for the control period along with documents to substantiate the proposed investment and its funding.
- Infopark have omitted the revenue received from street lighting for a sale of 0.19 MU in year 2021-22. The same may be clarified.
- The methodology for estimating the revenue from sale of power for the control period is to be furnished.

The licensee shall furnish the reply on the counter statement submitted by KSEB Ltd and the details called for by the Commission, on or before 20-04-2019.

Hearing concluded. Reserved for orders.

Sd/-  
**K.Vikraman Nair**  
Member

Sd/-  
**S.Venugopal**  
Member

Sd/-  
**Preman Dinaraj**  
Chairman

Approved for issue  
Sd/-  
**G.Jyothichudan**  
Secretary