

KERALA STATE ELECTRICITY REGULATORY COMMISSION
THIRUVANANTHAPURAM

Present: Shri. K.Vikraman Nair, Member
Shri. S.Venugopal, Member

OA No.09/2017

In the matter of

Application for the approval of the Revised ARR & ERC for the year 2017-18 filed under Regulation 11 of the KSERC (Terms and Conditions for determination of Tariff) Regulations 2014 by M/s Electronics Technology Park (Technopark), Kerala

Applicant (s):

The Chief Executive Officer
Technopark
Technopark Campus
Thiruvananthapuram

Applicant (s)
represented by

: Smt. Jayanthi.L C.F.O, Technopark
Sri.E.V. Einstein, Assistant Manager (Electrical)
Sri. Viswanathan, F.O, Technopark
Sri. M.Ravindran Nair, Consultant, Technopark

Daily Order dated 10.05.2017

Conducted public hearing at the Court Room, Office of the Commission, Thiruvananthapuram on 21-04-2017. Heard the applicant represented by Smt. Jayanthi.L, Chief Financial Officer, Sri. E.V.Einstein, Assistant Manager (Electrical) and other officers of Technopark. Sri. E.V.Einstein, Assistant Manager (Electrical) presented the details of the application on revised ARR & ERC for the year 2017-18 filed under the MYT framework of the KSERC (Terms and Conditions for determination of Tariff) Regulations 2014 and gave the clarifications on the queries of the Commission.

KSEB Ltd. was represented by Sri.Bipin Shankar, Deputy Chief Engineer (TRAC), Smt. Meharunisa, Executive Engineer (TRAC) and Sri.Manoj.G, Assistant Executive Engineer (TRAC). Sri.Bipin Shankar, Deputy Chief Engineer (TRAC),KSEB Ltd. presented the observations/comments of KSEBL and submitted written remarks on the application which are abstracted below.

- a. As the licensee is having more than one area of supply, it shall submit separate accounts for each area of supply as per Regulation 11(14) of the KSERC (Terms and Conditions for determination of Tariff) Regulations 2014.
- b. The projection of the licensee on the Operation and Maintenance cost such as R&M expenses, Employee cost and A&G expenses are higher than the same approved by the Commission. It was submitted that the Operation and Maintenance cost may be limited to the norms fixed by the Commission.
- c. It was submitted that huge infrastructural investments for providing higher quality service should either be recovered from the beneficiary consumers within the area of supply or through appropriate financial assistance from the Government. The cost incurred for such investments may not be allowed to be passed on to the consumers of KSEB through BST applicable to Technopark. It was further requested that the Commission may fix a ceiling of such infrastructural investments made by the licensee.
- d. The claim of the licensee on the interest and finance charges for the huge capital expenditure without the approval of the Commission may be declined.
- e. The Commission may allow depreciation only after considering the vintage of assets. It was further submitted that the depreciation may be allowed in accordance with the KSERC (Terms and Conditions for determination of Tariff) Regulations 2014.
- f. It was submitted that the Return on Equity estimated by the licensee was after the consideration of the huge capital expenditure without the approval of the Commission. The Commission may allow only the reasonable Return on Equity as per the KSERC Tariff Regulations, 2014.

The Commission observed that interest and finance charges, depreciation, RoE, repair and maintenance expenses can only be allowed for the capital additions and investments made with the approval of the Commission. The Commission also mentioned that, the licensee shall review the requirement of the operating staff for their electrical installations. The Commission sought additional clarifications on various aspects of the application and directed the licensee to submit the necessary details to the Commission for proper financial analysis. The Commission also directed the licensee to submit the following;

- a. Detailed project report on the capital expenditure proposed for the year and funding plan
- b. Detailed write up on the apportionment of the O&M charges for new capital expenditure.

- c. Details of the actual works undertaken for reduction in the distribution loss
- d. Energy audit report of the licensee
- e. Details of each area of supply on energy input & cost, revenue from sale of power and O&M costs
- f. The power purchase cost and the revenue from sale of power based on the revised tariff as per tariff order dated 17-04-2017
- g. The details of the capital expenditure incurred during the control period and the source of funding.
- h. The licensee should submit the tender document on O&M contract.
- i. Reason for the decrease in the per unit realization for 2017-18
- j. The audited accounts and the annual report of Technopark for the year 2015-16
- k. The licensee should also submit the annual audited accounts of the society for the year 2015-16.
- l. Government subsidies/grants received by Technopark and the basis of apportionment made for distribution business
- m. The sources of financing made for power distribution.
- n. The status and details loans/grants allowed to Technopark for distribution business

The Commission hereby directs that the applicant shall submit written statements on the clarifications sought and submit additional remarks, if any on the comments made by KSEBL. The required details shall be submitted on or before 19-05-17

Hearing concluded. Reserved for orders.

Sd/-
K.Vikraman Nair
Member

Sd/-
S.Venugopal
Member

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