

**KERALA STATE ELECTRICITY REGULATORY
COMMISSION
THIRUVANANTHAPURAM**

Petition No: OP 54/2022 & OP 11/2023

Present : **Adv. A. J. Wilson, Member**
Sri. B. Pradeep, Member

In the matter of : Petitions filed by M/s Cochin Port Trust for approval of ARR & ERC for the Control Period 2022-23 to 2026-27 and for approval of capital expenditure for the years 2019-20, 2020-21 and 2022-23

Petitioner : M/s Cochin Port Trust

Represented by : Sri V.Thuraipandian, CME, CoPT
Sri S.K.Sahu, FA & CAO,
Smt. Surya Madhu, Sr.AO, CoPT
Smt. Jayalakshmi, Assistant Engineer, CoPT

Respondent : M/s Kerala State Electricity Board Limited

Represented by : Sri. M.P.Rajan, Deputy Chief Engineer, TRAC, KSEB Ltd
Sri. Rajesh R, Assistant Executive Engineer, KSEB Ltd
Smt. Biji Christudas, Assistant Engineer, KSEB Ltd

Date of Hearing: : 24.02.2023 at the Conference Hall
Office of Cochin Port Trust, Kochi

Daily Order Dated 28.02.2023

1. M/s Cochin Port Trust (CoPT) is a Deemed Distribution Licensee under Electricity Act 2003 for the distribution of electricity at Willingdon Island and Vallarpadam & Puthuvypin area. The licensee has filed the petitions for approval of ARR & ERC for the Control Period 2022-23 to 2026-27 and for approval of capital expenditure for the years 2019-20, 2020-21 and 2022-23 which has been admitted by the Commission as OP 54/2022 and OP 11/2023 respectively. The Commission vide letter dated 14.12.2022 had directed the licensee to submit revised submission based on the Tariff Order dated 25.06.2022, which was submitted vide letter dated 08.02.2023.

2. The public hearing on the petitions were conducted on 24-02-2023 at the Conference Hall of Cochin Port Trust, Kochi. The licensee was represented by Sri V.Thuraipandian, CME, Sri S.K.Sahu, FA & CAO, Smt. Surya Madhu, Sr.AO, Smt. Jayalakshmi, Assistant Engineer and other officers of the licensee. Sri. Rajan, Deputy Chief Engineer, TRAC, Sri. Rajesh R, Assistant Executive Engineer and Smt. Biji Christudas, Assistant Engineer represented KSEB Ltd. The consumers in the license area also participated in the hearing.
3. Smt. Surya Madhu presented the petition for approval of ARR & ERC for the Control Period 2022-23 to 2026-27 clarified to the queries of the Commission. The main points on the petition for approval of ARR and ERC for the control period are briefed below.
 - It was stated that the projections in the petition are based on the actuals for nine month period from April 2021 to December 2021.
 - Considering the Energy Audit Report, the distribution loss has been revised and the licensee has projected year on year reduction. There is increase in the sales without any increase in the number of consumers.
 - There is significant increase in the power purchase cost for the years of the Control Period in view of the anticipated increase in the power requirement.
 - The licensee submitted that O&M expenses may be allowed, as proposed in the petition. Compared to the norms prescribed in the Tariff Regulations 2021, the amount claimed is very much on the higher side.
 - The licensee has proposed a total capital investment of Rs. 1153 lakh for the years of the control period and depreciation is claimed considering the asset additions.
 - The interest and finance charges claimed by the licensee for the control period includes Interest and finance charges on long term loans (GoI), interest on normative loan, Interest on Working Capital and Interest on consumer security deposits
 - The licensee has projected RoNFA for each year of the Control Period @ 5.5%.
 - The licensee has projected the Revenue from Sale of Power as per the revised tariff. Major Revenue realisation is from HT IV category.
 - The licensee has not proposed any increase in the Non-Tariff income during the years of the Control Period.

4. Smt. Jayalakshmi presented the petition for approval of capital expenditure for the years 2019-20, 2020-21 and 2022-23. The main points on the petition for approval of capital expenditure for the years 2019-20, 2020-21 and 2022-23 are briefed below.
5. The major Capital expenditure incurred for the period 2019-20, 2020-21 are with regard to Providing Shore Power to UTL & near berth, Supply & Erection of 100 KWP Solar Panel, Strengthening Distribution Network (Standardization) and Replacing the old HT cable from E/Wharf. The total amount incurred for the period 2019-20 and 2020-21 is Rs. 212.99 lakh.
6. With regard to the expenditure proposal of 2022-23, the expenses are for providing Smart Metering / Pre paid metering infrastructure for Consumers in Urban area under IPDS scheme, Replacement of old/ damaged panels with new 11KV RMU & LT panels at Q9 Substation and SITC of shore supply Points at Q8/Q9 Berth at Willingdon Island, Supply, Installation, Testing & commissioning of Electrical Infrastructure like 500 A MV Panel, one number 500 KVA transformer etc at North End Substation (done along with North End Admin Building (NAB) Distribution infrastructure revamping), Replacement of old 11KV VCB Panels with new 11KV SF6 RMU panel at Mattancherry Halt Substation of Cochin Port Trust, Smart metering Works (RDSS) and Loss reduction works (RDSS) amounting to Rs.254.80 lakh.
7. The Commission viewed the projections in the ARR & ERC petition are not realistic and reasoning to substantiate the projection is not clearly mentioned. The Commission directed the licensee to submit a proper petition incorporating necessary modifications. The licensee was also directed to submit the following details.
 - a. A proper petition with all necessary forms as required in the KSERC (Terms and Conditions for Determination of Tariff) Regulations, 2021.
 - b. The methodology adopted with proper reasoning on each head with regard to the projections made in the petition.
 - c. Soft copy of the petition with detailed calculations
 - d. Revisions based on the Energy Audit Report and a copy of the Energy Audit Report for the years 2020-21 and 2021-22
 - e. The power purchase cost and revenue from sale of power for the year 2022-23 is to be revised applying the pre-revised tariff upto June 2022
 - f. There are wide fluctuations/variations in the average realisation of revenue during the control period, indicating that entire data needs to be reviewed and

confirmed by the licensee for its accuracy.

- g. The Commission had directed the licensee to submit a detailed study report with regard to employee expenses. The direction has not yet been complied with.
- h. It is to be noted that there are fluctuations in the depreciation claimed for the years of the Control Period and it is not clear how the proposed decommissioning of the assets is dealt with. The licensee may clarify the same and submit details to substantiate the same.
- i. Licensee shall furnish full details of the assets created out of grant/own funds or both separately, showing the details of the assets, scheme of grant, date of commissioning of the asset, total cost on commissioning the assets, amount of grant availed etc.
- j. For the schemes implemented with Government of India (IPDS) financial support (grant), the licensee is entitled for additional grant (@15%) subject to fulfillment of certain milestones. It may be clarified why the licensee has not availed the eligible additional grants during 2019-20, 2020-21 and 2022-23.
- k. With regard to capital expenditure submitted as part of ARR & ERC petition, the total expenditure estimated to be met towards 40% share of the centrally assisted schemes for the control period worked out to Rs.1153 lakh. However as per Form D 2.7, the amount of grant (60%) expected from Government towards IPDS and RESCO projects is Rs.1547 lakh. Split up details of grant in aid due on account of IPDS and RESCO schemes has to be furnished by the licensee for scrutiny.
- l. The licensee has not proposed any increase in the Interest on consumer security deposits though there is increase in sales proposed for the years of the control period. The interest claim is to be revised accordingly.
- m. The licensee has claimed meter hire charge and penal interest as part of revenue from sale of power which should be claimed as part on non-tariff income.
- n. The licensee shall submit the copy of Government of India Orders approving IPDS/ RDSS/Solar projects and DPR of all the proposed capital investments for the control period.
- o. Commission vide order dated 15.12.2014 in OP 23/2014 had determined the tariff for providing shore power to vessels at berth by CoPT. It is not clear whether the revenue has been booked and considered in the petition for approval of ARR & ERC. The licensee is directed to clarify the same.
- p. The licensee shall include proposals for revision of tariff for shore power supply as part of its ARR&ERC petition for this control period as well as for future control periods on a regular basis.

8. With regard to approval of capital expenditure, Commission notes that the licensee has included capital expenditure plan for the year 2022-23 both in the petition for approval of ARR&ERC and in CAPEX petition. The year 2022-23 being part of the new MYT control period, Commission is of the considered view that the capital expenditure for 2022-23 shall be treated as part of the petition for approval of ARR & ERC for the control period.
9. With regard to the capital expenditure for the years 2019-20 and 2020-21, the licensee is directed to submit the details including DPRs, cost benefit analysis and other documents, if any, to substantiate the necessity of the said investments.
10. In the case of solar power projects proposed, the licensee expressed concerns in the matter of handling surplus power. The Commission directed the licensee and KSEB Ltd to sort out the issue and the details shall be furnished to the Commission.
11. KSEB Ltd submitted that they shall furnish their detailed written comments subsequently as the licensee has revised the petition for approval of ARR & ERC. KSEB Ltd shall furnish their detailed written comments on the petitions and their opinion/stand with regard to KSEB Ltd meeting the RPO of the licensee on or before 10.03.2023. The details sought from CoPT shall also be furnished on or before 10.03.2023. In case submission of details are not made within the date stipulated, the Commission shall presume that the licensee has no further submissions to make and the Order shall be finalized drawing adverse inference.

Sd/-
Sri. B. Pradeep
Member

Sd/-
Adv. A. J. Wilson
Member

Approved for issue
Sd/-
C.R.Satheesh Chandran
Secretary