

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

Present: **Shri. Preman Dinaraj, Chairman**

**Petition No. OP 16/2020**

In the matter of : Petition for approval of Capital Investment Plan for Financial Year 2012-13 to 2016-17 of the Distribution Licensee TECHNOPARK.

Petitioner : Electronics Technology Parks – Kerala (Technopark) Park Centre, Technopark Campus, Thiruvananthapuram – 695581

Respondent : Kerala State Electricity Board Limited (KSEB Ltd)

Petitioner represented by : Shri. Madhavan Praveen, DGM (Projects)  
Shri. Jayanthi. L., CFO  
Shri. Viswanathan, Finance Officer  
Shri. Anfal A., Dy. Manager

KSEBL represented by : Shri. Manoj.G, AEE, TRAC, KSEB Ltd.

**Daily Order dated 26.06.2020**

1. M/s Electronics Technology Parks – Kerala (hereinafter referred to as M/s Technopark or the petitioner) filed a petition before the Commission on 10.02.2020, with the following prayers:
  - *Approve the capital investment made in the Financial Years from 2012-13 to 2016-17 mentioned above for a total amount of Rs 37.05 Cr as submitted in this petition shown above and also to,*
  - *Approve the capital investment for the 200kW solar plant by reviewing earlier order.*
2. The summary of the petition filed by M/s Technopark is given below.
  - (1) M/s Technopark is a State Government owned registered society engaged in development of Technology parks for promotion of Electronics and IT business in the State of Kerala. M/s Technopark has the license to distribute electricity within the parks located at Kazhakuttam, Kollam and Pallippuram.

- (2) The land for the development of the park has been provided by the State Government. The capital for the development of the parks has also been provided by the State Government as grants. A portion of the capital also met by loans from banks.
- (3) The capital investment made by the petitioner M/s Technopark includes the investment required to build electrical facilities for receiving power from the State Utility KSEB Ltd at EHT, substations to convert power to HT and LT, and distribute electricity to the consumers.
- (4) In the order on truing up of accounts for the FY 2012-13, the Commission has taken the GFA as Rs 2990.56 lakh at the beginning of the year and Rs 612.06 lakh as grants and consumer contribution for calculating depreciation allowable. The capital investment made since 2012-13 is yet to be approved by the Commission. In this matter, the Commission vide the order dated 02.12.2019 in OA No. 16/2018 in the matter of Truing up of accounts of M/s Technopark for the financial year 2015-16 ordered as follows.

*“47. The licensee has not submitted any separate application for the capital investment approval other than the details as mentioned above. It is also seen that there is difference in the values submitted by the licensee. The Commission has noted the matter seriously. As no proper details are furnished before the Commission, the Commission has no alternative but to consider only for the assets created with the approval of the Commission. Accordingly the Commission considers the assets as on the beginning of the financial year 2012-13 for allowing depreciation. If however the licensee desires to furnish the details of capital investments incurred without the Commission’s approval for the period from 2012-13 to 2016-17, they shall file a separate petition within the next 3 months failing which the Commission shall treat this issue as closed.”*

- (5) Commission vide the order dated 27.04.2020 in the matter of Truing up of accounts of Technopark for the year 2016-17 has considered 50 % cost as an interim measure and ordered that, the petition will be dealt separately.
- (6) Subsequently on 10.02.2020, M/s Technopark submitted the present petition for approval of the GFA addition of Rs 37.05 crore, made during the financial years 2012-13 to 2016-17, as detailed below.

Year	GFA claimed in the Truing Up petition dated 27.03.2019	GFA claimed in the present petition dated 10.02.2020
	(Rs. Cr)	(Rs. Cr)
2012-13	0.19	0.17
2013-14	2.29	0.45
2014-15	43.16	35.45
2015-16	0.06	0.06
2016-17	3.57	0.92
Total	49.28	37.05

M/s Technopark submitted that, in the petition dated 27.03.2019 in the matter of Truing up of accounts for the year 2015-16, include the assets created for the main business of developing the park also in the Capital Investment of distribution business, but in the present petition dated 10.02.2020 the petitioner excluded the same. Also they had deferred the capitalisation of the assets not put into use.

3. The Commission admitted the petition as OP No.16/2020 and conducted hearing on 24.6.2020 at 11 AM, through video conference. Shri Viswanathan, FO, M/s Technopark presented the petition on behalf of the petitioner. Sri. Manoj. G., AEE presented the counter arguments on behalf of the respondent KSEB Ltd.
4. The summary of the presentation made by the petitioner during the hearing is given below.

- (i) M/s Technopark not included the capitalisation of the assets not put in use till date. Further, some of the assets created as part of the infrastructure development has excluded from the present proposal.
- (ii) Till the year 2014-15, the fund for the assets made till the year 2014-15 was met from the loan from M/s NABARD, through the State Government. However in the year 2014-15, the State Government has converted entire loan from NABARD as grant from the State Government.

However, from the year 2015-16 also, Technopark is getting loan from the State Government for asset addition, however State Government is yet to decide to convert the same as grant. Hence, the petitioner may be allowed to claim interest on the assets created from the year 2015-16 onwards by availing loans.

- (iii) The petitioner further submitted that in the case of Technopark, Kollam, 79% of the fund requirement is met from Government grant.

The capitalisation of the asset created at Technocity is deferred to the FY 2019-20.

- (iv) The petitioner further submitted that, Commission vide the order dated 13.11.2019 in OP No. 12/2017, rejected the investment approval of the 200 kWp Roof Top Solar System. The petitioner submitted that, they had already installed the solar plant using grant from the State Government. The plant was installed through KELTRON and the ANERT the State Government agency, which was the consultant for the project. Since the plant was created using Government grant, the asset is not eligible for depreciation and Return on Investment. Hence the petitioner requested to approve the asset creation and allow capitalising the expense.

5. KSEB Ltd in its counter arguments submitted the following.

- (i) The petitioner as per the petition sought approval for the capital investment made during the years from 2012-13 to 2016-17. Seeking

approval for the capital investment made for prior period is not justifiable.

Commission clarified that, as part of the cleaning up of the balance sheet of all the licensees, the Commission has granted one chance to all licensees to seek approval for the pending issues.

- (ii) As per the petition, the petitioner has not created any assets using contributions from the consumers. As per the Section 46 of the EA-2003, and also as per the Regulation 32 and 36 of the Supply Code, 2014, the licensee is authorised to collect the expense for providing supply to a particular consumer, especially having power demand above 1 MW.

KSEB Ltd further submitted that, M/s Technopark is the infrastructure developer having license to distribute electricity within the area of infrastructure created by them. Hence the Technopark as the developer has to collect the cost of providing supply for the infrastructure projects having capacity above 1 MW.

KSEB Ltd requested to issue necessary directions to the petitioner M/s Technopark to clarify the same.

- (iii) KSEB Ltd pointed out that, the asset addition claimed by Technopark for distribution business includes installation of High Mast System, Street light. KSEB Ltd requested that, the cost of installation of the Street lights, High Mast System has to be accounted as part of the infrastructure created for park development, and exclude the same from the assets of distribution business.
- (iv) KSEB Ltd raised the issue that, the electrical installation at Technopark, Kollam with huge investment is not yet energised and the assets are kept as redundant. At Kollam, M/s Technopark is directly availing 11 kV supply from KSEB Ltd. In regulatory regime, the assets are allowed to be capitalised only after it is put in use. Hence the assets created at Technopark, Kollam cannot be capitalised at this stage.
- (v) The Commission vide the order dated 13.01.2019, rejected the investment made for the installation of the 200 kWp solar power plant. Hence the proposal in the present petition may be rejected.

6. The Commission, during the hearing further clarified the following.

- (i) The investment made for street lights, temporary supply/connection, installation of High Mast Systems etc shall be accounted towards the assets created for the main park business, and shall be excluded from the electricity distribution business.
- (ii) As per the petition, many assets have been created using and excluding the grant from the State Government. The approvals for this expenditure may be provided.

- (iii) As per the provisions of the Companies Act, 2003 and also as per the Regulations in force, the assets created which are not put into use cannot be capitalised.
- (iv) The capital investment of 200 kWp solar plant commissioned in 2016-18, Stands rejected. If deemed appropriate it can be taken up separately with the Commission.

7. Based on the deliberations during the hearing, the Commission hereby issue the following directions to the petitioner M/s Technopark for immediate compliance, and not later than 10<sup>th</sup> July 2020.

- (1) Reason for not creating any asset addition through consumer contribution during the period from 2012-13 to 2016-17, as per the Section 46 of the EA-2003 and, Regulations 32 and 36 of the Supply Code, 2014
- (2) Present status of the assets created at the Technopark, Kollam. Whether these are put into use? If so provide the details.  
If not, provide the rationale for capitalisation of such assets before they were put into use.
- (3) Orders issued from the State Government to convert the loans sanctioned from NABARD as 'Government grant' for creating 'assets for distribution business'.
- (4) Details of the loans availed if any, from 'financial institutions with documentary evidence, for creating assets explicitly for 'distribution business'.
- (5) M/s Technopark claimed Rs 1.9152 crore towards the expenditure of constructing one 11 kV substation in the year 2014-15. This cost appears to be excessively high. Technopark may provide clarifications for the same with supporting documents.
- (6) M/s Technopark claimed Rs 16.33 lakh for relocation one 500 kVA unitised substation at Phase-III in the year 2013-14. This is seems to be very high. Please clarify.
- (7) The rationale for the capitalisation of the cost incurred for providing temporary supply to the consumers as the cost of 'creating assets for distribution business'.
- (8) As per the provisions of the Supply Code, 2014, electrification of a multi-storied high rise building has to be done by the developer of the building. However, M/s Technopark has for instance in phase III claimed Rs.9.10 Crores as of the cost incurred for the electrification of the IT building and included it as 'distribution assets'. Please clarify the rationale with documents, with reference to the provisions of the EA-2003 and Supply Code, 2014.

- (9) The amount spent on consultancy fees (Rs.15.79 lakh) and tender advertisement cost (Rs. 5.11 lakh) appears to be excessive. Please provide detailed justification for such large claims.

**Sd/-**  
**Preman Dinaraj**  
**Chairman**

Approved for Issue,

C.R Satheesh Chandran  
Administrative  
Officer in charge of  
Secretary