

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

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

**Petition No. OP 43/19**

In the matter of : 1. Petition filed CSEZA for the approval of the additional Capital Expenditure for the FY 2017-18.

: 2. Approval of CAPEX plan for the MYT period from 2018-19 to 2021-22.

Petitioner : Cochin Special Economic Zone Authority

Petitioner represented by : Shri. K.C Ramakrishnan, Secretary,  
Shri. Krishna Varma K, Consultant  
Shri. K.C Sethuraman, CA  
Shri. Ratheesh Pandey, Engineer (Electrical)  
Shri. Harish  
Shri. Jai Ganesh

KSEB Ltd represented by : Shri. K.G.P Nampoothiri, EE, TRAC.  
Shri. Manoj G, AEE, TRAC.

**Daily Order dated 27.06.2019**

1. M/s Cochin Special Economic Zone Authority (hereinafter referred to as the petitioner or CSEZA), on 20.02.2019, had filed a petition for the approval of additional capital expenditure of Rs 5,08,80,000/- incurred during the financial year 2017-18, for the installation of 636 kWp Roof Top Solar Plants in the buildings within the area of CSEZA. The petition is admitted as OP No. 43/19.
2. M/s CSEZA, on 13.05.2019 has submitted the details of the Capital Investments proposed for the MYT period from 2018-19 to 2021-22. The summary of the capital investment proposed for the MYT period is given below.

SL No.	Year	Estimated Amount- Rs in Lakh
1	2018-19	24.97
2	2019-20	377.36
3	2020-21	14.69
4	2021-22	14.15
	Total	431.17

3. The Commission conducted hearing on the petition on 17.06.2019 at Court Hall of the Commission at Thiruvananthapuram. During the hearing, Sri. Krishna Varma, consultant, CSEZA presented the matter on behalf of CSEZA. Sri. K.G.P Nampoothiri, Executive Engineer, KSEB Ltd presented the comments on behalf of KSEB Ltd.

4. The summary of the issues presented by the petitioner is given below.

- (i) As per the directions of the Ministry of Commerce, the CSEZA has to set up roof top solar plants at the available roof tops on the buildings owned by it. MNRE has given a deadline of 31<sup>st</sup> March 2017 to complete the installation. CSEZA has installed 636 kWp roof top solar plants through M/s PEC Ltd, a public sector undertaking under Ministry of Commerce. The total project cost is Rs 5,08,80,000/-.

The work was fully completed and capitalized on 25<sup>th</sup> August 2017. A total of 512356 units was generated from the plant from the date of commissioning till 31.03.2018, and thus avoided the purchase of power from KSEB Ltd to that extent.

The petitioner also submitted that, out of the total capital cost of Rs 5,08,80,000/-, MNRE will provide achievement linked incentive @Rs 18750/kWp totaling Rs 1,19,25,000/- for 636 kWp capacity. The incentive is yet to be received.

- (ii) In order to provide better service to the 156 consumers within the area of supply of 105 acres of land, CSEZA authority proposed a capital investment of Rs 431.17 lakh during the MYT period from 2018-19 to 2021-22. The proposed capital investments are mainly proposed under the following heads.
- (a) For purchasing 3G/4G modems and energy meters for facilitating the web enabled pre-paid energy metering.
  - (b) Additional works proposed at 110 kV substations.
  - (c) Installation of additional 650 kWp grid connected solar PV.
  - (d) Purchase of spare transformers, additional computers and other accessories etc.

5. KSEB Ltd has submitted the written comments on the petition filed by M/s CSEZA for the approval of the Capital Investment plan.
6. The observation and directions of the Commission on the subject issues, based on the deliberations during the hearing for immediate compliance of the licensee is given below.

- (i) The capital cost claimed for the 636kWp solar plant is much higher than the benchmark capital cost fixed by the CERC for the year. The petitioner has claimed that, the capital cost is within the benchmark capital cost fixed by MNRE. However, the petitioner has not produced the documentary evidence in support of their claim in this regard, the same has to be produced by return.

Hence, the petitioner shall produce a copy of the orders issued by the MNRE on the cost of the roof top solar plants installed during the financial year 2017-18.

- (ii) The petitioner shall also submit the details on the selection of the EPC contractor by M/s PEC Limited and the basis of the EPC contract price of Rs 5,08,80,0000/-.
- (iii) The Commission hereby clarifies that, the petitioner has to get the 'achievement linked incentive' of Rs 1,19,25,000/- from MNRE immediately. The Commission may approve the capital cost after prudence check, duly considering the incentive available from MNRE.
- (iv) The average cost of the prepaid energy meter including modem proposed in the MYT period from 2018-19 to 2021-22, claimed is more than Rs 40000/- per meter. The Commission observed that, the average cost of a smart meter including modem is less than Rs.10,000/-.

Hence Commission direct that, the licensee shall submit a comprehensive proposals for metering and data communications for the purchase of energy meters, modems and associated accessories through open tenders.

The licensee shall also substantiate with supporting documents the essentiality for replacing the existing pre-paid meters. In this regard, the licensee has to submit the details of the existing meters and modems, including the month and year of the purchase of meters, cost of the meters, warranty period, working or not, and any other relevant details.

- (v) In the capital investment plan submitted for the MYT period, the petitioner proposed to replace the number of existing assets with new

one. However, the petitioner CSEZA has not submitted the details of the existing assets proposed to be replaced with new one.

Hence the licensee has to submit the following details of the existing assets proposed to be replaced with new one, with necessary supporting details and documentary evidences,

- (a) Date of purchase/ installation
- (b) Total cost of the assets as on date of commissioning/ installation
- (c) Source of the assets,
- (d) Depreciation allowed,
- (e) Balance useful life.

The licensee also need to submit the supporting documents for the cost of the new assets claimed in the MYT petition.

- (vi) It is also noted that, the licensee has proposed to purchase transformers, tripole isolators etc as spares. M/s CSEZA has to substantiate with reasons, the need for maintaining these items as spares.
- (vii) M/s CSEZA shall submit the basis of the estimated cost of installation of the 650 kWp Grid Tied Solar Power Plant proposed in the year 2019-20.

M/s CSEZA has to submit the above details within 10 days from the date of this order, with a copy to the respondent KSEB Ltd. The respondent KSEB Ltd shall offer its comments, if any, within seven days from the date of receipt of the details from M/s CSEZA.

**Sd/-**

**K. Vikraman Nair**  
**Member**

**Sd/-**

**S. Venugopal**  
**Member**

**Sd/-**

**Preman Dinaraj**  
**Chairman**

**Approved for issue**

**Secretary**

**G. Jyothichudan**