

KERALA STATE ELECTRICITY REGULATORY COMMISSION

Thiruvananthapuram

Petition No.TP-3 of 2004

November 10, 2004

Present : Shri.M.K.G.Pillai, Chairman
Shri.C.Balakrishnan, Member

KINFRA Export Promotion Industrial Petitioner
Parks Ltd. IX/159 A, Kusumagiri.P.O.
Kakkanad, Kochi-30

ORDER

The Kerala State Electricity Regulatory commission having scrutinized the Petition on ARR&ERC for 2004-05 filed by KINFRA Export Promotion Industrial Parks Limited *vide* their letter No.KEPIP/ERC/2004 dated June 10, 2004 and considered the comments of the KSEB on the petition, heard the views of the petitioner and KSEB in Commission's proceedings on 5th October 2004 and having considered other documents and materials on record passes the following order in exercise of the powers vested in it under the Electricity Act, 2003 in this behalf.

C.Balakrishnan
Member

M.K.G.Pillai
Chairman

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Chairman

Authenticated copy for issue

Secretary

KERALA STATE ELECTRICITY REGULATORY COMMISSION

THIRUVANANTHAPURAM

1. Background

KINFRA Export Promotion Industrial Parks Limited is a licensee for distribution of power in the KINFRA Industrial park covering an area of 180 acres of land situated with boundary of Chithrapuzha thode on the eastern side and Kakkanad - Edathara PWD road on the western side in Kakkanad, Kochi.

Presently, the Park receives power at 11kV from the Kerala State Electricity Board (KSEB) at grid tariff and supply to the establishments/industrial units within the park area through prepaid meters at industrial tariff rates of KSEB.

KINFRA Export Promotion Industrial Parks Limited has presently three HT consumers at 11kV and twenty five LT consumers. The number of HT consumers is expected to grow to seven and the LT consumers to fifty by the end of 2004-05 and to twelve and sixty respectively, by 2005-06. During the year 2004-05, KINFRA Export Promotion Industrial Parks Limited is expected to receive electrical energy to the extent of 25.2MU from the KSEB and in turn supply 23.56 MU to the ultimate consumers. During the year 2005-06, the intake of energy is expected to increase to 30.25 MU with supply of 28.27 MU to the consumers. The difference between the intake and supply of energy accounts for selfconsumption of energy and distribution losses. KINFRA has reported an average distribution loss of 4.5%.

2. ARR&ERC for the year 2004-05

The ARR&ERC for 2004-05 filed by KINFRA Export Promotion Industrial Parks Limited projected a revenue gap of Rs.35.52 lakhs during 2004-05 as per details given below:-

(Rs.lakhs)

Sl.No	Particulars	2003-04 (15.1.04 to 31.3.04)	2004-05	2005-06
1	Power Purchase Cost	70.24	805.95	1021.40
2	Interest charges	-	-	-
3	Depreciation	13.55	80.48	108.10
4	Employee cost	0.81	4.50	5.40
5	Repair & Maintenance Cost	3.20	32.40	41.00
6	Administration&General Expenses	0.80	16.64	12.16
7	Other Expenses	6.35	30.50	30.50
8	Gross Expenses (total 1 to 7)	94.95	970.47	1218.56
9	Less Expenses capitalized	-	-	-
10	Interest capitalised	-	-	-
11	Aggregate Revenue Requirement	94.95	970.47	1218.56
12	Revenue from Tariff	84.96	931.95	1175.52
13	Non tariff Income	0.07	3.00	6.00
14	Total Revenue	85.03	934.95	1181.52
15	Revenue Gap	9.92	35.52	37.04

The Commission sought the comments of the KSEB and the KSEB *vide* letter No.KSEB/TRAC/T/SERC/KINFRA/405 dated 29.7.04 confirmed the offtake of power during the year 2003-04 mentioned in the petition and also confirmed the average rate of Rs.3.14 per unit of electricity supplied by KSEB to KINFRA Export Promotion Industrial Parks Limited during 2003-04. The Commission directed KINFRA Export Promotion Industrial Parks Limited to furnish a copy of the ARR&ERC to each of their consumers, which was complied with by KINFRA. However, only one stakeholder responded to the ARR&ERC who merely informed his projection for electricity charges for 2004-05.

3. Proceedings of the Commission

In considering the ARR&ERC for 2004-05, the Commission held proceedings on 5th October 2004 at Commission's Office at Thiruvananthapuram for hearing KINFRA Export Promotion Industrial Parks Limited, Kerala State Electricity Board and consumers availing supply from them, on the petition for ARR&ERC filed by KINFRA. Only KINFRA and KSEB attended the proceedings.

After hearing the views of KINFRA and KSEB on the petition, the Commission directed KINFRA Export Promotion Industrial Parks Limited to modify the ARR&ERC for 2004-05 on the following lines.

- a. Provision for interest against loans availed should be provided for.
- b. Depreciation shall be calculated by SLM method at the rate applicable to continuous process industry.
- c. Depreciation shall also be calculated for the works executed by KSEB as OYEC scheme instead of provision for amortization of OYEC charges.
- d. Expenditure towards O&M, which was on the higher side, should be reviewed and rationalized.

In accordance with the above directives, the KINFRA Export Promotion Industrial Parks Limited filed a revised ARR&ERC on November 9, 2004. The revised ARR&ERC projected a revenue gap of Rs.1.33 Lakhs during 2004-05, details of which are furnished below:-

(Rs.lakhs)				
Sl. No.	Particulars	2003-04 (15.1.04 to 31.3.04)	2004-05	2005-06
1	Power Purchase Cost	70.24	805.95	1021.40
2	Interest charges	9.69	53.48	70.93
3	Depreciation	7.30	24.65	35.62
4	Employee cost	0.81	4.50	5.40
5	Repair&Maintenance Cost	3.20	28.40	36.50
6	Administration&General Expenses	0.80	16.64	12.16
7	Other Expenses	-	-	-
8	Gross Expenses (total 1 to 7)	92.04	933.62	1182.01
9	Less Expenses capitalized	-	-	-
10	Interest capitalised	-	-	-
11	Aggregate Revenue Requirement	94.04	933.62	1182.01
12	Revenue from Tariff	84.96	931.95	1175.52
13	Non tariff Income	0.07	3.00	6.00
14	Total Revenue	85.03	934.95	1181.52
15	Revenue Gap	7.01	1.33	0.49

4. Commission's Order on ARR&ERC for 2004-05

The Commission hereby approves an Aggregate Revenue Requirement of Rs.933.62 lakhs and total Expected Revenue from Charges of Rs.934.95 crores leaving a revenue gap of Rs.1.33 Lakhs as projected in the revised ARR&ERC of KINFRA. The Commission directs KINFRA Export Promotion Industrial Parks Limited to absorb the marginal revenue gap of Rs.1.33 lakhs in their overall business operations. **The Commission approves the continuance of the existing tariffs and other charges by KINFRA Export Promotion Industrial Parks Limited till further orders.**