

**KERALA STATE ELECTRICITY REGULATORY
COMMISSION**

THIRUVANANTHAPURAM

Petition No: OP 09/2023

Present : **Sri.T.K.Jose, Chairman**
Adv. A. J. Wilson, Member
Sri. B. Pradeep, Member

In the matter of : Petition filed by M/s Infoparks Kerala for approval of ARR & ERC for the Control Period 2022-23 to 2026-27

Petitioner : M/s Infopark Kerala

Represented by : Sri.Susanth Kurunthil, CEO, Infopark
Sri. Vijayan V R, AGM- Projects
Sri. Arun S, Asst. Engineer- Electrical
Sri. Abdul Rahim, Consultant

Respondent : M/s Kerala State Electricity Board Limited

Represented by : Sri. Rajan, Deputy Chief Engineer, TRAC, KSEB Ltd
Sri. Ajith Kumar K.N, Executive Engineer, KSEB Ltd
Sri. Shine Raj, Assistant Engineer, KSEB Ltd

Date of Hearing: : 17.02.2023 at the Conference Hall
Office of Infopark, Kakkanad, Kochi

Daily Order Dated 22.02.2023

1. M/s Infopark, Kochi is a Government of Kerala undertaking, engaged in the business of providing ready to occupy infrastructure including distribution of power to IT companies in Kakkanad and Cherthala area. The licensee has filed the present petition for the approval of ARR & ERC for the Control Period 2022-23 to 2026-27 as per the provisions of Tariff Regulations 2021.
2. The public hearing on the petition was conducted on 17-02-2023 at the Conference Hall, Office of Infopark, Kakkanad, Kochi. The licensee was represented by Sri.Susanth Kurunthil, CEO, Infopark, Sri. Vijayan V R, AGM- Projects, Sri. Arun S, Asst. Engineer- Electrical and Sri. Abdul Rahim, Consultant to Infopark. Sri. Rajan, Deputy Chief Engineer, TRAC, Sri. Ajith Kumar K.N, Executive

Engineer and Sri. Shine Raj, Assistant Engineer represented KSEB Ltd. The consumers in the license area also participated in the hearing. Sri. Abdul Rahim presented the petition before the Commission and Sri. Vijayan V R and Sri. Abdul Rahim clarified the queries of the Commission.

3. The main points of the petition for approval of ARR & ERC are briefed below.

- The licensee has projected increase in the number of consumers and sales in both Kakkanad and Cherthala area for the control. The licensee has stated that growth can be expected during the first two years and fourth year of the control period considering additional load expected from new consumers.
- The licensee has projected year on year distribution loss reduction.
- With regard to Renewable Purchase Obligation of the licensee, the licensee stated that they do not have the space and infrastructure to generate renewable energy. The obligation has to be met either by purchasing from IPPs or by purchasing RECs. Infopark stated that it is not possible to purchase Renewable energy from Independent Power Producers because of the complexity involved in the tendering, negotiation and purchase renewable power by continuously monitoring the power flow and hence company intends to purchase the renewable energy from KSEB Ltd itself.
- Power purchase cost increases year on year, duly considering the increase in sales and contract demand.
- The licensee submitted that O&M expenses may be allowed, as proposed in the petition as against the norms prescribed in the Tariff Regulations 2021.
- With regard to employee cost, the licensee submitted that they have included the full salary of two engineers and half salary of one accountant as part of employee cost. The licensee has stated that the salary expenses of only one engineer have been included in the truing-up submissions, as one of the engineers has been transferred to elsewhere during that period and requested to consider the employee cost as proposed
- With regard to Administrative and General Expenses, the licensee stated that they had not claimed the complete expenses actually met by Infopark, (Licence fee and other fee paid to the Commission, electricity charges etc). in the previous truing up petitions filed before the Commission. The projections for the control period have been estimated considering the same. Electricity duty under Section 3 (1) paid to the Government is also considered as part of A&G expense.

- The R&M expenses claimed is the outsourced cost of the R&M of plant and equipment. The licensee has stated that the contracts are awarded after the due process of competitive bidding.
 - The licensee has not proposed any additions to fixed assets for the years of the Control Period and depreciation is claimed as per the provisions of the Tariff Regulations.
 - The interest and finance charges claimed by the licensee include the interest on normative loan and interest on security deposits. The licensee has not claimed any Interest on Working Capital.
 - The licensee has projected RoNFA for each year of the Control Period @ 3%
 - The licensee has projected the Revenue from Sale of Power as per the revised tariff. Being an IT park, major revenue realisation is from LT IV B and HT I B category.
 - Infopark provides transmission facility to M/s. Smart City and wheeling charges for each year of the control period is projected as per the tariff approved by the Commission.
 - Major components of Non-Tariff Income include interest received from bank, Interest on Security Deposit from KSEB, Late payment Surcharge, Meter and installation costs.
 - The licensee for each year of the Control Period proposes a Revenue Gap which decreases year on year and presented the petition with the following prayers;
 - ❖ Approve the ARR, ERC and Revenue Gap after the due prudence check.
 - ❖ Allow the petitioner to file a Capital Investment Plan petition later.
 - ❖ Revise the present Bulk Supply Tariff to cover the revenue deficit projected.
4. Sri. Rajan, Deputy Chief Engineer, TRAC and , Sri. Ajith Kumar K.N, Executive Engineer and Sri. Shine Raj, Assistant Engineer. and Sri. Shine Raj submitted the views of KSEB Ltd on the petition before the Commission and submitted that the written comments shall be submitted subsequently.
5. After hearing the licensee and the respondent, the Commission sought for the following clarifications;
- a. The details on the solar generation of the distribution licensee
 - b. Plans to optimize the utilisation of the installations at Cherthala area of the licensee.
 - c. There is calculation errors in all the projections on Revenue from sale of power

- and the tariff applied for the full year 2022-23 is the revised tariff instead of applying the pre-revised tariff upto June 2022.
- d. In purchase of power, the revised tariff is applied for the full year 2022-23 instead of applying the pre revised tariff for the first three months.
 - e. Calculation details of power purchase and sales for the entire control period may be furnished to substantiate the amounts claimed in the petition.
 - f. The licensee has claimed RoNFA @ 3% instead of eligible rate of 5.5% as per Tariff Regulations, 2021.
 - g. With regard to the projection of the licensee on the wheeling charges for the years of the control period, Commission viewed that wheeling charges proposed are understated when compared to the quantum projected by Smart City and directed the licensee to revise the wheeling charges in line with the projections of Smart City.
6. KSEB Ltd was directed to submit their opinion/stand with regard to KSEB Ltd meeting the RPO of Infopark on or before 10.03.2023. Commission also directed Infopark to submit their counter, if any on the comments of KSEB Ltd.
 7. The details shall 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 accordingly.

Sd/-
Sri. B. Pradeep
Member

Sd/-
Adv. A. J. Wilson
Member

Sd/-
Sri. T.K Jose
Chairman

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