



the petition for approval of Aggregate Revenue Requirement and determination of tariff for each year of the Control Period.

- 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. The Commission vide Order dated 25th June 2022 in OP 11/2020 had approved the ARR & ERC of KSEB Ltd for the Control Period and the Tariff Order applicable to the consumers and other distribution licensees. The licensee has submitted vide letter dated 03.01.2023 their revised ARR&ERC based on the Tariff Order dated 25th June 2022. The summary of the projected ARR&ERC as per the petition and a comparison of the previous years (Truing up Petition and Order on Truing Up) is shown below.

**Table 1**  
**Projections for the Control Period** (Rs. lakh)

Particulars	2022-23	2023-24	2024-25	2025-26	2026-27
Cost of Power Purchase	564.96	605.79	627.81	673.16	700.03
O&M Expenses	87.80	90.66	94.93	99.64	104.37
Depreciation	44.70	44.70	44.70	44.70	44.70
Interest on Normative Long-Term Loan	57.88	54.08	50.28	46.48	42.68
Interest on Working Capital	0.00	0.00	0.00	0.00	0.00
Interest on Consumer Deposits	5.23	5.59	5.81	6.40	6.69
Return on Equity	21.10	19.76	18.42	17.08	15.74
<b>Aggregate Revenue Requirement</b>	<b>781.67</b>	<b>820.59</b>	<b>841.95</b>	<b>887.46</b>	<b>914.20</b>
Revenue from Sale of power	674.66	721.80	749.66	826.14	862.98
Wheeling Charges	29.69	32.66	37.56	41.32	45.45
Non-Tariff Income	2.97	2.97	3.17	3.07	3.07
<b>Total Revenue/ERC</b>	<b>707.32</b>	<b>757.43</b>	<b>790.39</b>	<b>870.53</b>	<b>911.50</b>
<b>Revenue Surplus / (Deficit)</b>	<b>(-)74.34</b>	<b>(-)63.16</b>	<b>(-)51.55</b>	<b>(-)16.93</b>	<b>(-)2.70</b>

**Table 2**  
**Income and Expenditure for the previous years** (Rs. lakh)

Particulars	2020-21		2021-22	
	Claim for Truing Up	Trued Up	Claim for Truing Up	Trued Up
Purchase of Power	471.52	459.76	490.98	490.98
O&M Expenses	50.81	46.84	68.66	62.22
Depreciation	44.52	44.52	44.70	44.52
Interest and Finance Charges	65.53	65.53	56.20	92.47
Return on NFA	23.70	23.70	22.44	22.36
<b>Total Expenditure</b>	<b>656.08</b>	<b>640.35</b>	<b>682.98</b>	<b>712.55</b>
Revenue from Sale of Power	557.91	557.91	602.31	602.31
Other Income	4.83	4.83	3.24	3.24
Wheeling Charges	16.81	16.81	21.63	21.63
<b>Total Income</b>	<b>579.55</b>	<b>579.55</b>	<b>627.18</b>	<b>627.18</b>
<b>Net Surplus/(Deficit)</b>	<b>(-)76.53</b>	<b>(-)60.80</b>	<b>(-)51.80</b>	<b>(-)85.37</b>

4. The licensee had projected revenue deficit during all the years of the Control Period. The licensee has not proposed any capital investment plan other than mentioning few projects. Considering the revisions made based on the Tariff Order, the petition was admitted as OA 09/2023.

### **Hearing on the Matter**

5. 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.
6. The main points of the petition for approval of ARR & ERC are briefed below.
  - a) 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.
  - b) The licensee has projected year on year distribution loss reduction.
  - c) 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 of renewable power by continuously monitoring the power flow and hence the licensee intends to meet the renewable energy purchase obligation through KSEB Ltd itself.
  - d) Power purchase cost increases year on year, duly considering the increase in sales and contract demand.
  - e) 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.
  - f) 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

- g) 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.
- h) 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.
- i) 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.
- j) 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.
- k) The licensee has projected RoNFA for the Control Period @ 3%
- l) 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.
- m) 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.
- n) Major components of Non-Tariff Income include interest received from bank, Interest on Security Deposit from KSEB, Late payment Surcharge, Meter and installation costs.
- o) 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.

7. Sri. Rajan, Deputy Chief Engineer, TRAC, Sri. Ajith Kumar K.N, Executive Engineer and Sri. Shine Raj, Assistant Engineer represented KSEB Ltd and Sri. Shine Raj submitted the views of KSEB Ltd on the petition and stated that the written comments shall be submitted subsequently.
8. 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 error 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.
9. The Commission directed KSEB Ltd to submit their opinion/stand with regard to KSEB Ltd meeting the RPO of the licensee and directed Infopark to submit their counter, if any on the comments of KSEB Ltd.
10. KSEB Ltd vide letter dated 20.02.2023 submitted their written comments. The Comments are briefed below.
  - a. The projections of energy sales and number of consumers are having variations/mismatches in concerned forms and petition.
  - b. The assets at Cherthala are under-utilised which are in turn leading to a high distribution loss.
  - c. The projection of revenue from wheeling of energy of M/s Infopark is not in line with the proposed energy requirement of M/s SmartCity. The same is to be revised based on the projection of M/s SmartCity.

- d. Operation & Maintenance expense projected is significantly higher than the norms approved by the Commission. The O&M expenses may be limited to the norms fixed as the same comes under controllable expense.
- e. The licensee has claimed Electricity Duty under Section 3 of the Kerala Electricity Duty Act, 1963, as part of A&G expense. It was submitted that electricity duty under Section 3 is to be borne by the licensee and cannot be passed on to the consumers and it was requested that the Commission shall take a uniform approach regarding the same.
11. With regard to opinion/stand on KSEB Ltd meeting the RPO of other licensees, KSEB Ltd vide letter No. KSEBL/TRAC/AE2 General/License-RPO/2022-23/19 dated 10.04.2023 submitted the details with regard to the anticipated renewable energy. The licensee stated that KSEB Ltd is willing to meet the shortage in meeting the renewable purchase obligations of Infopark after accounting their own RE generation as per the existing targets fixed by the Commission, either by own generation or through purchase, with a suitable mechanism to pass the additional expenditure incurred by KSEB Ltd for meeting the RPO.
12. The licensee vide letter dated 10.03.2023 submitted the reply to clarifications sought by the Commission and the rejoinder to the comments of KSEB Ltd. Based on the clarifications submitted, the projected ARR&ERC has been revised which is tabulated below;

**Table – 3**  
**Revised estimates for the Control Period** (Rs. Lakh)

Particulars	2022-23	2023-24	2024-25	2025-26	2026-27
Cost of Power Purchase	557.75	605.79	627.81	673.16	700.03
Employee cost	27.14	28.49	29.92	31.41	32.99
A&G Expense	18.48	17.92	18.60	19.54	20.32
R&M Expense	35.43	37.84	40.42	43.18	46.13
Depreciation	44.70	44.70	44.70	44.70	44.70
Interest on Normative Long-Term Loan	57.88	54.08	50.28	46.48	42.68
Interest on Consumer Deposits	5.15	5.59	5.81	6.40	6.69
Return on Equity	38.68	36.22	33.76	31.31	28.85
<b>Aggregate Revenue Requirement</b>	<b>785.20</b>	<b>830.65</b>	<b>851.31</b>	<b>896.19</b>	<b>922.39</b>
Revenue from Sale of power	664.65	721.80	749.66	826.14	862.98
Wheeling Charges	30.74	35.29	39.47	44.14	50.76
Non-Tariff Income	2.97	2.97	3.17	3.07	3.07
<b>Total Revenue/ERC</b>	<b>698.36</b>	<b>760.06</b>	<b>792.30</b>	<b>873.35</b>	<b>916.81</b>
<b>Revenue Surplus / (Deficit)</b>	<b>(-)86.84</b>	<b>(-)70.59</b>	<b>(-)59.01</b>	<b>(-)22.83</b>	<b>(-)5.57</b>

## **Analysis and decision of the Commission**

13. The Commission considered the petition for approval of ARR & ERC for the Control Period 2022-23 to 2026-27, the additional clarifications and the revised submission vide letters dated 03.01.2023 and 10.03.2023 furnished by the licensee along with the comments of KSEB Ltd vide letters dated 20.02.2023 and 10.04.2023. The analysis and decisions of the Commission on the petition for approval of ARR & ERC for the Control Period are detailed below:

### **No. of Consumers & Sale of power**

14. As per Regulation 10 (8) of Tariff Regulations 2021, the distribution licensee shall develop the forecast of expected revenue from existing charges based on the estimates of contract demand and quantum of electricity to be supplied to the consumers and to be wheeled on behalf of the users of the distribution system for each financial year of the control period. Further, Regulation 72 provides as follows:

*72.Sales Forecast. –*

*(1) The distribution business/ licensee shall file, along with the petition for approval of Aggregate Revenue Requirement and determination of tariff, a forecast of the expected demand and sale of electricity to different categories of consumers and to each consumption slab within each tariff category, in its area of supply for the Control Period.*

*(2) Sale of electricity, if any, to electricity traders or other distribution licensees shall be separately indicated.*

*(3) The Commission shall examine the forecasts for its reasonableness based on the proposed growth in number of consumers and proposed consumption per consumer, the demand for electricity in the preceding financial years, anticipated growth in the succeeding financial years and any other factor, which the Commission may consider relevant and thereafter approve the distribution licensee's forecast of sale of electricity to the consumers, with such modifications as deemed appropriate.*

15. The licensee has projected an increase in the number of consumers and increase in the sales for each year of the control period. The licensee has stated that the trend of past years is considered and the projections are made for the years of the Control Period. Majority of the sales of the licensee is towards LT IV (B) and HT I (B) category of consumers. The number of consumers and energy sales forecasted for the control period compared to previous year is tabulated below;

**Table 4**  
**Comparison of Number of Consumers and Sales**

Year	Number of consumers	Sales (Lakh units)	
<b>Actuals</b>			
2017-18	66	69.77	
2018-19	85	80.31	
2019-20	106	90.65	
2020-21	135	63.06	
2021-22	149	68.74	
<b>Projection</b>			<b>% Increase</b>
2022-23	170	76.05	11%
2023-24	186	82.75	9%
2024-25	205	86.39	4%
2025-26	226	93.90	9%
2026-27	242	98.37	5%

16. The distribution licensee is providing ready to occupy infrastructure including power distribution to IT companies in Kakkanad and Cherthala area. The licensee has submitted the area wise sales and Number of Consumers as tabulated below.

**Table 5**  
**Area wise Number of Consumers and Sales**

Particulars		2022-23	2023-24	2024-25	2025-26	2026-27
Cherthala	Consumers	28	34	41	46	52
	Sales (Lakh Units)	5.48	5.80	6.17	6.48	6.81
Kakkanad	Consumers	142	152	164	180	190
	Sales (Lakh Units)	70.57	76.95	80.22	87.42	91.56
<b>TOTAL</b>	<b>Consumers</b>	<b>170</b>	<b>186</b>	<b>205</b>	<b>226</b>	<b>242</b>
	<b>Sales (Lakh Units)</b>	<b>76.05</b>	<b>82.75</b>	<b>86.39</b>	<b>93.90</b>	<b>98.37</b>

17. The licensee has stated that relatively high growth can be expected during the first two years of the slump recovery period and also during the fourth year because of the additional load expected from new consumers. The licensee has stated that normal load growth is expected during other financial years. The Commission notes that the sales in Cherthala area are very low compared to the development actually envisaged. The Commission also notes that the number of consumers in Cherthala area is proposed to be increased whereas in reality, the number of consumers in Cherthala has shown decrease in past years. The Commission directs the licensee to make sure that the infrastructure created is utilized at optimum level in order to make the licensee's operations more cost effective. **Considering the increase in the sales proposed for the control period, the Commission hereby approves the sales units and number consumers as projected by the licensee for the Control Period.**



## Energy requirement & Distribution Loss

18. As per Regulation 73, the licensee is to provide voltage level distribution loss and distribution loss reduction trajectory for the Control Period with supporting studies along with the application. The Commission has to approve the target level of losses based on the opening level of losses, the figures filed by licensee and other relevant factors. The licensee has proposed 0.15% loss reduction target for the years of the Control Period. A comparison of the area wise loss of the licensee is shown below.

**Table 6  
Comparison of Area wise Distribution Loss**

Particulars	Actuals				
	2017-18	2018-19	2019-20	2020-21	2021-22
Cherthala (%)	12.28	11.98	12.18	17.96	21.99
Kakkanad (%)	4.55	4.05	3.73	4.80	3.14
<b>Total (%)</b>	<b>6.04%</b>	<b>5.23%</b>	<b>4.77%</b>	<b>6.22%</b>	<b>4.23%</b>

**Table 7  
Comparison of Area wise Distribution Loss Projected**

Particulars	Projection				
	2022-23	2023-24	2024-25	2025-26	2026-27
Cherthala (%)	12.15	12.00	11.85	11.70	11.55
Kakkanad (%)	3.73	3.50	3.30	3.10	2.90
<b>Total (%)</b>	<b>4.65%</b>	<b>4.50%</b>	<b>4.35%</b>	<b>4.20%</b>	<b>4.05%</b>

19. The licensee has stated that the distribution loss projection for the control period is based on the expectation that the proposal of taking over the Substation by KSEB Ltd shall be favourably considered by appropriate authorities. The licensee further stated that, due to the underutilisation of Asset at Cherthala, Infopark has requested KSEB Ltd to take over the substation so that it can be used for the benefit of both the licensees. Infopark will further follow up with KSEB Ltd authorities for a smooth handing over. In the Order on Truing Up of accounts for the year 2019-20, the Commission has directed Infopark to find a solution to limit the distribution loss at Cherthala. The only one solution for the same is to increase the utilisation of Transformer capacity for which Infopark has already approached KSEB Ltd. On follow up it is learnt that report on this is submitted from Dy. CE, Alappuzha Circle to the office of Chief Engineer/Director (Transmission).
20. The licensee has also submitted the details of solar energy and wheeled energy through their system wide letter dated 10.03.2023. The details are shown below.

**Table 8  
Comparison of Area wise Distribution Loss**

Particulars	2022-23	2023-24	2024-25	2025-26	2026-27
Wheeled energy	51.73	57.86	64.71	72.37	83.22
Solar Energy	3.07	10.73	15.33	15.33	15.33

21. The Commission noted that, the licensee has not submitted any detailed calculation of distribution loss regarding the input energy and Output energy (i.e., Solar energy and wheeled energy). The Commission further noted that, the phase wise distribution loss claimed by the licensee does not tally with overall distribution loss claimed by the licensee for the Control Period.
22. The Commission further noted that the distribution loss projected for the first three years of the Control Period is higher than the actual loss already achieved by the licensee. Distribution loss Reduction is a factor which is having direct impact on power purchase cost and available energy for distribution; it is a criterion that the licensee should continuously strive to improve upon. The Commission also notes that the energy loss at Infopark Cherthala campus is very high compared to the normal standard which is due to the dismal business performance in the area which is indeed contributing to higher incidence of overall distribution loss. Considering the limited geographical area of its operation and the nature of infrastructure built up, the Commission is of the opinion that distribution loss can be reduced.
23. As per the Truing Up Order for the year 2021-22, the actual loss of the licensee and Trued Up distribution loss was 4.23%. Since, reduction in distribution loss is an important parameter which has a direct impact on power purchase cost and available energy for distribution; it is a criterion that the licensees should continuously strive to improve upon. Accordingly, the Commission fixes the distribution loss target for the first three year of the Control Period at 4.23% being the loss level already achieved by the licensee and thereafter as proposed by the licensee. **Accordingly, the Commission is constrained to approve the distribution loss as provisionally and directs the licensee to take necessary steps to limit the distribution loss within the specified limits. Thus, the level of distribution loss and the energy requirement approved for the Control Period are shown below.**

**Table 9**  
**Approved Distribution loss for the Control Period**

Particulars	2022-23	2023-24	2024-25	2025-26	2026-27
Sales (lakh Units)	76.05	82.75	86.39	93.9	98.37
Wheeled energy Output (lakh Units)*	49.40	55.25	61.79	69.11	79.48
<b>Total Energy Output (lakh Units)</b>	<b>125.45</b>	<b>138.00</b>	<b>148.18</b>	<b>163.01</b>	<b>177.85</b>
<b>Distribution Loss (%)</b>	<b>4.23</b>	<b>4.23</b>	<b>4.23</b>	<b>4.20</b>	<b>4.05</b>
<b>Distribution Loss (lakh Units)</b>	<b>5.54</b>	<b>6.10</b>	<b>6.55</b>	<b>7.15</b>	<b>7.51</b>
<b>Energy Requirement (lakh Units)</b>	<b>130.99</b>	<b>144.10</b>	<b>154.73</b>	<b>170.16</b>	<b>185.36</b>
Wheeled energy Input (lakh Units)	51.73	57.86	64.71	72.37	83.22
Solar Energy Input (lakh Units)	3.07	10.73	15.33	15.33	15.33
<b>Energy to be Purchased from KSEB Ltd</b>	<b>76.19</b>	<b>75.51</b>	<b>74.69</b>	<b>82.46</b>	<b>86.81</b>

*\*Based on the loss % proposed by the licensee, i.e. 4.50%*

## Power Purchase Cost

24. The licensee has proposed the power purchase cost for each year of the Control Period considering the increase in energy from KSEB Ltd, maximum demand and the applicable tariff for the relevant years of the Control Period. The Commission vide Order dated 25.06.2022 in OP No.11/2020 has approved the Tariff Order and based on this the licensee has revised the power purchase cost in line with revised BST applicable to the licensee. The details of the power purchase cost are tabulated hereunder.

**Table 10**  
**Power Purchase Cost Projected for the Control Period**

Particulars	2022-23	2023-24	2024-25	2025-26	2026-27
Energy purchased from KSEB Ltd (lakh units)	79.54	86.33	89.96	97.56	101.99
Maximum Demand (kVA)	25180	25380	25536	25680	25860
Total Demand Charge (Rs. lakh)	93.17	96.44	97.04	97.58	98.27
Energy Charge (Rs)	5.65/5.90	5.90	5.90	5.90	5.90
Total Energy Charge (Rs. lakh)	464.58	509.35	530.77	575.58	601.76
<b>Total Power Purchase Cost</b>	<b>557.75</b>	<b>605.79</b>	<b>627.81</b>	<b>673.16</b>	<b>700.03</b>

25. Considering the power purchase from KSEB Ltd at the distribution loss reduction targets approved for the Control Period, the increase in the contract demand and the relevant tariff applicable for the years of the Control Period, the power purchase cost approved is shown below. It is clarified that, for the purpose of approval, the BST rates applicable for 2022-23 alone is factored in and any change thereafter will be considered during truing up of accounts of the relevant financial years. **Accordingly, the Commission fixes the distribution loss for the Control Period as preceding paragraphs. Thus, the level of distribution loss and the energy requirement approved for the Control Period are shown below:**

**Table 11**  
**Power purchase cost approved for the control period**

Particulars	2022-23	2023-24	2024-25	2025-26	2026-27
Energy purchased from KSEB Ltd (lakh units)	76.19	75.51	74.69	82.46	86.81
Maximum Demand (kVA)	25180	25380	25536	25680	25860
Total Demand Charge (Rs. lakh)	93.17	96.44	97.04	97.58	98.27
Energy Charge (Rs)	5.65/5.90	5.90	5.90	5.90	5.90
Total Energy Charge (Rs. lakh)	445.07	445.51	440.69	486.51	512.18
<b>Total Power Purchase Cost</b>	<b>538.24</b>	<b>541.95</b>	<b>537.73</b>	<b>584.09</b>	<b>610.45</b>

## Renewable Purchase Obligation

26. The licensee has stated that the company is not having sufficient area to install renewable energy sources for generation of power and the obligation has to be met either by purchasing from IPPs or by purchasing RECs. The licensee has claimed the costs towards meeting RPO as tabulated below;

**Table 12**  
**Renewable Purchase Obligations**

Year		2022-23	2023-24	2024-25	2025-26	2026-27
Sales in Units	Units	7604700	8274913	8639426	9390078	9836950
<b>Solar RPO</b>						
Solar RPO	%	6.75%	6.75%	6.75%	6.75%	6.75%
Solar RPO	Units	513317	558557	583161	633830	663994
RE Generation	Units	0	0	0	0	0
Solar Banking	Units	127546	127546	127546	127546	127546
Rec Purchase*	Nos	386	431	456	506	536
Rec Costs**	Rs	1350201	1508539	1594655	1771996	1877570
<b>Non-Solar RPO</b>						
Non-Solar RPO	%	10.25%	10.25%	10.25%	10.25%	10.25%
Non-Solar RPO	Units	779482	848179	885541	962483	1008287
REC Purchase	Nos	779	848	886	962	1008
REC Costs	Rs	1169223	1272268	1328312	1443724	1512431
Total RE	Rs	2519423	2780807	2922967	3215721	3390001
<b>Total REC Cost In Lakhs</b>		<b>25.19</b>	<b>27.81</b>	<b>29.23</b>	<b>32.16</b>	<b>33.90</b>

27. The licensee in the petition has stated that they engage only minimal manpower for the distribution business and it is not possible for them to purchase Renewable energy from IPPs because of complexity involved in the tendering, negotiation and purchase renewable power by continuously monitoring the power flow. The licensee has further stated that they may be allowed purchase the renewable energy directly from KSEB Ltd itself as envisaged in the Renewable Energy Regulation by issuing suitable direction to the seller licensee by invoking provisions of Section 86(k) of the Electricity Act 2003. The licensee has further stated that they are not claiming any cost towards RE for the control period in anticipation of the above.
28. As per the Regulation 4(6) of the KSERC (Renewable Energy and Net Metering) Regulations, 2020,
- “A distribution licensee which is engaged in bulk purchase of electricity from another licensee shall not have separate obligation for purchase of renewable energy if, -(i) the seller licensee meets the renewable purchase obligation for the energy sold to the licensee or (ii) The licensee reimburses to the seller licensee the additional cost incurred as approved by the Commission by the seller licensee for the generation or purchase of renewable energy to meet the renewable purchase obligation of the licensee.”*
29. The power supplied by KSEB Ltd to other distribution licensee is a mix up of energy from various sources inclusive of renewable sources, the cost for meeting the renewable power purchase obligation of the buyer licensees through KSEB Ltd will always be lower than directly meeting the RP obligation. The licensee has stated that a renewable energy plant of at least 3 MW of capacity is required to meet the entire RP Obligation of RPIL.

30. KSEB Ltd vide letter No. KSEBL/TRAC/AE2 General/License-RPO/2022-23/19 dated 10.04.2023 submitted the details with regard to the anticipated renewable energy. KSEB Ltd further stated that, it is willing to meet the shortage in the renewable purchase obligations of RPIL after accounting their own RE generation as per the existing targets fixed by the Commission, either by own generation or through purchase, with a suitable mechanism to pass the additional expenditure incurred by KSEB Ltd for meeting the RP Obligations.
31. The Commission considered the above submissions by the licensee and KSEB Ltd and noticed that KSEB Ltd is willing to meet the RP Obligations of RPIL also with a suitable mechanism to pass through the additional expenditure. ***As such, the Commission hereby orders KSEB Ltd to meet the RP obligation of the Infopark also and directs Infopark to pay the additional cost to KSEB Ltd at the rates as may be fixed by the Commission from time to time.***

### Operation and Maintenance Expenses

32. Operation and Maintenance expenses consist of three components. Employee Cost, Repair and Maintenance Expenses and Administrative and General Expenses. The Commission as per Regulation 80 (2) of the KSERC (Terms and conditions for determination of tariff) Regulations, 2021, has approved the operation & maintenance cost for the control period. The Commission has taken an escalation of 4.454% for the years of the Control Period considering 2020-21 as the base year. The licensee has projected the Operation and maintenance expenses over and above the normative limit specified in the regulation. A comparison of the projected O&M expenses against the approved norms is tabulated below.

**Table 13**  
**Comparison of Operation & Maintenance Expenses as per norms and projected by the licensee (Rs. lakh)**

Particulars	2022-23		2023-24		2024-25	
	Projected	Norms	Projected	Norms	Projected	Norms
Employee Expenses	27.14	22.95	28.49	23.98	29.92	25.04
A&G Expense	18.48	4.68	17.92	4.89	18.60	5.11
R&M Expenses	35.43	24.21	37.84	25.28	40.42	26.41
<b>Total</b>	<b>81.05</b>	<b>51.84</b>	<b>84.25</b>	<b>54.15</b>	<b>88.94</b>	<b>56.56</b>

Particulars	2025-26		2026-27	
	Projected	Norms	Projected	Norms
Employee Expenses	31.41	26.16	32.99	27.33
A&G Expense	19.54	5.34	20.32	5.57
R&M Expenses	43.18	27.59	46.13	28.82
<b>Total</b>	<b>94.13</b>	<b>59.08</b>	<b>99.44</b>	<b>61.71</b>

33. Based on the projections made by the licensee, the per unit O&M cost is tabulated hereunder.

**Table 14**  
**Per unit O&M cost based on projections**

	<b>2022-23</b>	<b>2023-24</b>	<b>2024-25</b>	<b>2025-26</b>	<b>2026-27</b>
<b>Sales (Lakh units)</b>	<b>76.05</b>	<b>82.75</b>	<b>86.39</b>	<b>93.90</b>	<b>98.37</b>
Employee Expenses	27.14	28.49	29.92	31.41	32.99
Administrative & General Expenses	18.48	17.92	18.60	19.54	20.32
Repair & Maintenance Expenses	35.43	37.84	40.42	43.18	46.13
<b>Total O&amp;M Expense</b>	<b>81.05</b>	<b>84.25</b>	<b>88.94</b>	<b>94.13</b>	<b>99.44</b>
Per Unit Employee Expense	0.36	0.34	0.35	0.33	0.34
Per Unit A&G Expense	0.24	0.22	0.22	0.21	0.21
Per Unit R&M Expense	0.47	0.46	0.47	0.46	0.47
<b>Per Unit Operation &amp; Maintenance</b>	<b>1.07</b>	<b>1.02</b>	<b>1.03</b>	<b>1.00</b>	<b>1.01</b>

34. The analysis of each head under operation and maintenance expense projected by the licensee for each year of the Control Period is detailed below.

### **Employee Expense**

35. The employee cost projected for each year of the control period is higher than the norms approved by the Commission. A comparison of the employee cost projected for the years of the control period and previous years is tabulated below.

**Table 15**  
**Comparison of Employee cost (Rs. lakh)**

<b>Particulars</b>	<b>Truing Up Petition</b>	<b>Trued Up</b>
2019-20	12.98	11.80
2020-21	11.16	11.16
2021-22	14.40	14.40
	<b>Projected</b>	<b>As per norms</b>
2022-23	27.14	22.95
2023-24	28.49	23.98
2024-25	29.92	25.04
2025-26	31.41	26.16
2026-27	32.99	27.33

36. The licensee in the petition has 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. However, the salary of two electrical engineers has been included for the Control Period.

37. The licensee further submitted that, revision of basic salary and other allowances due are not considered for projecting the expenses and five percent growth in expenses are considered in line with the escalation rate of 4.84% applied by the Commission in estimating the normative employee cost. Licensee has also requested to allow the actual expenses relating to pay revision, during the Control Period of distribution business may please be considered for pass through after due prudence check as stated in the Regulation 14(3). The licensee further stated that, the major reason for variation of O&M expenses from the normative expenses in the regulation is due to the non-consideration of one Resident Engineer employee cost in Infopark Phase-II. The split-up details of the employee cost projected for the years of the control period is tabulated below;

**Table 16**  
**Split Up of the projected Employee cost**

Particulars	2022-23	2023-24	2024-25	2025-26	2026-27
Basic Salary	16.07	16.87	17.71	18.60	19.53
Dearness Allowance (DA)	5.78	6.07	6.38	6.70	7.03
House Rent Allowance	0.86	0.90	0.95	1.00	1.05
Conveyance Allowance	0.79	0.83	0.87	0.91	0.96
Earned Leave encashment	1.82	1.91	2.01	2.11	2.21
Medical Reimbursement	1.82	1.91	2.01	2.11	2.21
<b>Total Employee Costs</b>	<b>27.14</b>	<b>28.49</b>	<b>29.92</b>	<b>31.41</b>	<b>32.99</b>

38. The Commission notes that the Employee cost projected for the years of the Control Period is significantly higher when compared to actual expenses incurred during the previous years. Being a distribution licensee, it is bound to limit/reduce the expenses. Employee expenses being a controllable expense, the Commission is of the considered view to go by the norms as per Regulations and approves as prescribed by the norms. The Commission further noted that, regarding the additional expenses or one-time expenses, ***the licensee shall submit all data to substantiate the expenses if any while truing up the accounts for the relevant years of the Control Period which shall be considered if prudent.***

### **Administrative & General Expenses**

39. The Administrative & General expenses projected for the year is higher than the norms specified by the Commission in the Tariff Regulations, 2021. A comparison of the A&G Expenses projected for the years of the control period and previous years is tabulated below.

**Table 17**  
**Comparison of A&G Expenses (Rs. lakh)**

Particulars	Truing Up Petition	Trued Up
2019-20	12.41	6.16
2020-21	2.21	2.21
2021-22	6.69	6.69
	<b>Projected</b>	<b>As per norms</b>
2022-23	18.48	4.68
2023-24	17.92	4.89
2024-25	18.60	5.11
2025-26	19.54	5.34
2026-27	20.32	5.57

40. The licensee has 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. Now these expenses have been estimated and included which is also a reason for the increase in the projection. Electricity duty under Section 3 (1) paid to the Government is also considered as part of A&G expenses. The split up of the A&G expenses claimed for the years of the control period is tabulated below.

**Table 18**  
**Split Up of the projected Administrative and General Expenses**

Particulars	2022-23	2023-24	2024-25	2025-26	2026-27
Audit Fees	0.21	0.22	0.23	0.24	0.26
Rate and Taxes	3.68	3.86	4.05	4.25	4.47
Consultancy charges	2.00	2.00	2.00	2.00	2.00
Vehicle hiring	0.74	0.77	0.81	0.85	0.89
Electricity charges	0.25	0.26	0.27	0.28	0.29
Insurance	3.15	3.31	3.47	3.65	3.83
Licence and Filing Fee	2.00	0.60	0.60	0.60	0.60
Inspectorate Fee	1.00	1.00	1.00	1.00	1.00
Printing & Stationery	0.37	0.39	0.41	0.43	0.45
Telephone & Postage, etc.	0.53	0.55	0.58	0.61	0.64
Gross A&G Expenses	13.91	12.96	13.42	13.91	14.42
Electricity Duty u/s 3(I), KED Act	4.56	4.96	5.18	5.63	5.90
<b>Net A&amp;G Expenses</b>	<b>18.48</b>	<b>17.92</b>	<b>18.60</b>	<b>19.54</b>	<b>20.32</b>

41. The Commission had gone through the actual A&G expenses for the years 2020-21 and 2021-22 which is tabulated below;



**Table 19**  
**Administrative & General Expenses for 2020-21 and 2021-22 (Rs. lakh)**

Particulars	2020-21 Trued Up	2021-22 Trued Up
Insurance	0.60	0.63
License and filing fee	-	0.96
Inspectorate fee	-	1.41
Telephone and postage etc.	0.22	0.20
Audit Fees	0.50	2.60
Vehicle Hiring Expenses Truck/ Delivery Van	0.69	0.69
Printing and Stationery	0.19	0.20
Conveyance	0.01	-
<b>Total</b>	<b>2.21</b>	<b>6.69</b>

42. The A&G expenses include the claim of Electricity duty under Section 3 (1) amounting to Rs.4.56 lakh, Rs.4.96 lakh, Rs.5.18 lakh, Rs. 5.63 lakh and Rs.5.90 lakh respectively for the years of the control period. The Commission in the previous Orders had already taken a considered stand and had decided that Duty under Section 3 cannot be passed on to the consumers in view of the statutory provisions of the Kerala Electricity Duty Act, 1963. If considered appropriate, the licensee may approach the Government of Kerala with regard to the Duty under section 3 for an appropriate decision on the matter. Until then Section 3 Duty cannot be considered as a pass-through as part of ARR. The administrative and general expenses excluding the section 3 duty is tabulated hereunder.

**Table 20**  
**A&G Expenses excluding Section 3 Duty**

Particulars	2022-23	2023-24	2024-25	2025-26	2026-27
	Projected	Projected	Projected	Projected	Projected
<b>A&amp;G Expenses excluding Section 3 Duty</b>	<b>13.91</b>	<b>12.96</b>	<b>13.42</b>	<b>13.91</b>	<b>14.42</b>

43. **After going through the submissions and clarifications by the licensee, the Commission is of the considered view that A&G expenses are controllable expenses and the Commission approves A&G expenses as per the norms fixed by the Regulations.**

#### **Repair & Maintenance Expense**

44. The Repair and Maintenance expenses projected for the Control Period is higher than the normative expense approved by the licensee. A comparison of the R&M Expenses projected for the years of the control period and previous years is tabulated below.

**Table 21**  
**Comparison of R&M Expenses (Rs. lakh)**

Particulars	Truing Up Petition	Trued Up
2019-20	30.09	30.09
2020-21	37.44	31.55
2021-22	43.57	41.13
	<b>Projected</b>	<b>As per norms</b>
2022-23	35.43	24.21
2023-24	37.84	25.28
2024-25	40.42	26.41
2025-26	43.18	27.59
2026-27	46.13	28.82

45. The R&M of the plant and equipment have been outsourced by the licensee. The licensee has stated that the contracts are awarded after the due process of competitive bidding. Existing contract with M/s Sterling & Wilson has expired and the licensee floated a new tender for next 3 years, which is presently under finalisation. The licensee has not submitted an update.

**Table 22**  
**Split Up of the projected R&M Expenses**

Particulars	2022-23	2023-24	2024-25	2025-26	2026-27
R&M Contracts (Cherthala)	12.37	13.24	14.16	15.15	16.21
R&M Contracts (Kakkanad)	22.06	23.61	25.26	27.03	28.92
Cost Of Spares used (CTL)	0.50	0.50	0.50	0.50	0.50
Cost Of Spares used (KKD)	0.50	0.50	0.50	0.50	0.50
<b>Total</b>	<b>35.43</b>	<b>37.84</b>	<b>40.42</b>	<b>43.18</b>	<b>46.13</b>

46. The licensee has stated that the claim is higher because of hike in the R&M contract costs which were discovered through a transparent process of tendering. The Commission further noted that, the licensee has proposed the R&M expenses which is significantly higher than norms approved in the Regulations and one-time emergency R&M works if any during the control period may be allowed during the truing up process. The licensee shall submit all data to substantiate the one-time emergency R&M works if any while truing up the accounts for the relevant years of the control period which shall be considered if prudent. ***The Commission is of the view that the licensee should take all efforts to limit the R&M expenses within the normative level and any expenses relating to uncontrollable factors or one-time expenses can be considered in Truing Up of accounts by the Commission only after prudence check.***

### **O&M Expenses Approved**

47. The Commission has fixed the normative O&M expenses in the Tariff Regulations, 2021 by applying the escalation rate of 4.454%. While fixing the norms relying on historical inflation data, the Commission decided that actual

escalation rates based on the actual inflation existing for each year of the Control Period would be considered at the time of Truing Up of the concerned financial year. As per the Regulation 80(2) of the Tariff Regulations, 2021 all components of O&M expenses are controllable expenses and as per Regulation 14 (2), the aggregate loss on account of controllable factors shall be borne by the distribution licensee and shall not be passed on to the consumer in any manner. **The Commission is of the view that the licensee should take all efforts to limit the O&M expenses within the normative level and any additional expenses relating to uncontrollable factors or one-time expenses can be considered at the time of Truing Up of accounts only after prudence check by the Commission. Accordingly, the Commission is of the considered view that the O&M expense is to be approved only in line with Regulation 80(2) and details are shown below.**

**Table 23  
Operation & Maintenance Expenses Approved (Rs. lakh)**

Particulars	2022-23		2023-24		2024-25	
	Projected	Approved/ Norms	Projected	Approved/ Norms	Projected	Approved/ Norms
Employee Expenses	27.14	22.95	28.49	23.98	29.92	25.04
A&G Expense	18.48	4.68	17.92	4.89	18.60	5.11
R&M Expenses	35.43	24.21	37.84	25.28	40.42	26.41
<b>Total</b>	<b>81.05</b>	<b>51.84</b>	<b>84.25</b>	<b>54.15</b>	<b>88.94</b>	<b>56.56</b>

Particulars	2025-26		2026-27	
	Projected	Approved/ Norms	Projected	Approved/ Norms
Employee Expenses	31.41	26.16	32.99	27.33
A&G Expense	19.54	5.34	20.32	5.57
R&M Expenses	43.18	27.59	46.13	28.82
<b>Total</b>	<b>94.13</b>	<b>59.08</b>	<b>99.44</b>	<b>61.71</b>

### Capital Investment Plan for the Control Period

48. The licensee has not proposed any capital investments for the Control period whereas has mentioned few proposals for capital projects.

**Table 24  
Capital Investments mentioned**

Campus	Project	Remarks
Cherthala	Solar Plant	500 kWp
	Smart Metering	For balance customers
	Solar Plant	250 kWp
Kakkanad	Solar Plant	500 kWp
	Smart metering	For all customers
	Additional 220 kV feeder	From KSEB for reliability

49. The Tariff Regulations 2021 clearly specifies procedure to be followed by the licensee while proposing the capital investment plan. Regulation 71 of the Tariff Regulations 2021 is quoted below;

**“ 71. Capital Investment Plan. –**

*(1) It is the primary responsibility of the distribution business/ licensee to ensure optimum utilization of the capital expenditure in its projects to enhance economy, efficiency and productivity and to meet the Performance Standards specified by the Commission.*

*(2) The distribution business/ licensee shall, along with the petition for determination of aggregate revenue requirements for the Control Period, file to the Commission for its approval, a detailed yearly capital investment plan, financing plan and the physical targets for meeting the requirement of load growth, reduction in distribution losses, improvement in the quality of supply, reliability, metering, consumer services etc., in accordance with the ‘Guidelines for Provisional Clearance of Capital Investment’ specified in Annexure 4 to these Regulations.*

*(3) The Capital Investment Plan shall be accompanied by all such information, particulars and documents as may be required by the Commission to substantiate the investment, justification of the proposed investments, project wise Detailed Project Report, basis of estimate, alternate solutions considered, and shall also include the capitalization schedule and financing plan.*

*(4) The Commission may approve the capital investment plan of the distribution business/ licensee, with appropriate modifications, if required, or reject the same:*

*Provided that the Commission shall afford to the distribution business/ licensee, a reasonable opportunity of being heard, before rejecting the proposal for approval of the Capital Investment Plan.*

*(5) The costs corresponding to the capital investments which are capitalised as per the approved Capital Investment Plan of the distribution business/ licensee for a given financial year shall be considered for its revenue requirement.”*

50. The licensee has submitted that they may be permitted to file separate petition for approval of capital investments. The Commission observed that, the licensee has not furnished any information and documents relating to the Capital Investment Plan. In the absence of detailed quantification of benefits and costs arising from such projects, the Commission is unable to fully ascertain necessity of investment. **Accordingly, the Commission hereby directs the licensee to submit the detailed proposal as a petition before the Commission at the earliest. The capital investment plan proposed shall be heard separately and based on the decision of the Commission, the approval of asset addition will be considered only after the prudence check by the Commission.**

**Depreciation**

51. The licensee has claimed Depreciation as per the provisions of the Tariff Regulations, 2021. As per the details furnished by the licensee, depreciation has only been claimed for the assets created out of loans in Cherthala Area. No depreciation for assets has been claimed for Kakkanad Area as the assets were created out of Government grant. The Commission while issuing the Order in OP 17 / 2021 on capital expenditure had disallowed depreciation and other

claims on capital expenditure of Rs.4311.95 lakh incurred for Kakkanad Phase II due to the reason that expenditure was met out of Government grant. The licensee has claimed Rs.44.70 lakh as depreciation for each year of the Control Period for the assets created out of loans in Cherthala Area as tabulated below.

**Table 25**  
**Depreciation for the year 2022-23 (Rs. lakh)**

Description	Rate of Depreciation	Gross Fixed Assets		At the end of the year	Cumulative Depreciation			Net Value	
		At the beginning of the year	Additions in the year		At the beginning of the year	during the year	At the end of the year	At the beginning of the year	At the end of the year
Land & land rights	0.00%	150.00	0.00	150.00	0.00	0.00	0.00	150.00	150.00
Civil Works	3.34%	186.94	0.00	186.94	37.44	6.24	43.68	149.50	143.26
HV Distribution lines	5.28%	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
HV Substation - Transformers	5.28%	180.30	0.00	180.30	57.12	9.52	66.64	123.18	113.66
HV Substation Switchgears etc	5.28%	288.03	0.00	288.03	91.26	15.21	106.47	196.77	181.56
HV Substation - Batteries	5.28%	13.45	0.00	13.45	4.26	0.71	4.97	9.19	8.48
HV Substation - Others	3.34%	52.70	0.00	52.70	10.56	1.76	12.32	42.14	40.38
LT Distribution lines	5.28%	14.61	0.00	14.61	4.62	0.77	5.39	9.99	9.22
LV Substation - Transformers	5.28%	20.26	0.00	20.26	6.42	1.07	7.49	13.84	12.77
LV Substation - Switchgears Etc	5.28%	110.00	0.00	110.00	34.86	5.81	40.67	75.14	69.33
LV Substation - Batteries	5.28%	1.67	0.00	1.67	0.54	0.09	0.63	1.13	1.04
LV Substation - Others /DG	3.34%	99.97	0.00	99.97	20.04	3.34	23.38	79.93	76.59
Tariff Meters	5.28%	3.38	0.00	3.38	0.90	0.18	1.08	2.48	2.30
Gross Asset		1121.31	0.00	1121.31	268.02	44.70	312.72	853.29	808.59
<b>GFA Less Land Value</b>		<b>971.31</b>	<b>0.00</b>	<b>971.31</b>	<b>268.02</b>	<b>44.70</b>	<b>312.72</b>	<b>703.29</b>	<b>658.59</b>

**Table 26**  
**Depreciation for the year 2023-24 (Rs. lakh)**

Description	Rate of Depreciation	Gross Fixed Assets		At the end of the year	Cumulative Depreciation			Net Value	
		At the beginning of the year	Additions in the year		At the beginning of the year	during the year	At the end of the year	At the beginning of the year	At the end of the year
Land & land rights	0%	150.00	0.00	150.00	0.00	0.00	0.00	150.00	150.00
Civil Works	3.34%	186.94	0.00	186.94	43.68	6.24	49.93	143.26	137.01
HV Distribution lines	5.28%	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
HV Substation - Transformers	5.28%	180.30	0.00	180.30	66.64	9.52	76.16	113.66	104.14
HV Substation Switchgears etc	5.28%	288.03	0.00	288.03	106.47	15.21	121.68	181.56	166.35
HV Substation - Batteries	5.28%	13.45	0.00	13.45	4.97	0.71	5.68	8.48	7.77

HV Substation - Others	3.34%	52.70	0.00	52.70	12.32	1.76	14.08	40.38	38.62
LT Distribution lines	5.28%	14.61	0.00	14.61	5.39	0.77	6.16	9.22	8.45
LV Substation - Transformers	5.28%	20.26	0.00	20.26	7.49	1.07	8.56	12.77	11.70
LV Substation - Switchgears Etc	5.28%	110.00	0.00	110.00	40.67	5.81	46.48	69.33	63.52
LV Substation - Batteries	5.28%	1.67	0.00	1.67	0.63	0.09	0.72	1.04	0.95
LV Substation - Others /DG	3.34%	99.97	0.00	99.97	23.38	3.34	26.72	76.59	73.25
Tariff Meters	5.28%	3.38	0.00	3.38	1.08	0.18	1.26	2.30	2.12
Gross Asset		1121.31	0.00	1121.31	312.72	44.70	357.41	808.59	763.90
<b>GFA Less Land value</b>		<b>971.31</b>	<b>0.00</b>	<b>971.31</b>	<b>312.72</b>	<b>44.70</b>	<b>357.41</b>	<b>658.59</b>	<b>613.90</b>

**Table 27**  
**Depreciation for the year 2024-25** (Rs. lakh)

Description	Rate of Depreciation	Gross Fixed Assets		At the end of the year	Cumulative Depreciation			Net Value	
		At the beginning of the year	Additions in the year		At the beginning of the year	during the year	At the end of the year	At the beginning of the year	At the end of the year
Land & land rights	0.00%	150.00	0.00	150.00	0.00	0.00	0.00	150.00	150.00
Civil Works	3.34%	186.94	0.00	186.94	49.93	6.24	56.17	137.01	130.77
HV Distribution lines	5.28%	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
HV Substation - Transformers	5.28%	180.30	0.00	180.30	76.16	9.52	85.68	104.14	94.62
HV Substation Switchgears etc	5.28%	288.03	0.00	288.03	121.68	15.21	136.88	166.35	151.15
HV Substation - Batteries	5.28%	13.45	0.00	13.45	5.68	0.71	6.39	7.77	7.06
HV Substation - Others	3.34%	52.70	0.00	52.70	14.08	1.76	15.84	38.62	36.86
LT Distribution lines	5.28%	14.61	0.00	14.61	6.16	0.77	6.93	8.45	7.68
LV Substation - Transformers	5.28%	20.26	0.00	20.26	8.56	1.07	9.63	11.70	10.63
LV Substation - Switchgears Etc	5.28%	110.00	0.00	110.00	46.48	5.81	52.28	63.52	57.72
LV Substation - Batteries	5.28%	1.67	0.00	1.67	0.72	0.09	0.80	0.95	0.87
LV Substation - Others /DG	3.34%	99.97	0.00	99.97	26.72	3.34	30.06	73.25	69.91
Tariff Meters	5.28%	3.38	0.00	3.38	1.26	0.18	1.44	2.12	1.94
Gross Asset		1121.31	0.00	1121.31	357.41	44.70	402.11	763.90	719.20
<b>GFA Less Land value</b>		<b>971.31</b>	<b>0.00</b>	<b>971.31</b>	<b>357.41</b>	<b>44.70</b>	<b>402.11</b>	<b>613.90</b>	<b>569.20</b>

**Table 28**  
**Depreciation for the year 2025-26** (Rs. lakh)

Description	Rate of Depreciation	Gross Fixed Assets			Cumulative Depreciation			Net Value	
		At the beginning of the year	Additions in the year	At the end of the year	At the beginning of the year	during the year	At the end of the year	At the beginning of the year	At the end of the year
Land & land rights	0.00%	150.00	0.00	150.00	0.00	0.00	0.00	150.00	150.00
Civil Works	3.34%	186.94	0.00	186.94	56.17	6.24	62.42	130.77	124.52
HV Distribution lines	5.28%	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
HV Substation - Transformers	5.28%	180.30	0.00	180.30	85.68	9.52	95.20	94.62	85.10
HV Substation Switchgears etc	5.28%	288.03	0.00	288.03	136.88	15.21	152.09	151.15	135.94
HV Substation - Batteries	5.28%	13.45	0.00	13.45	6.39	0.71	7.10	7.06	6.35
HV Substation - Others	3.34%	52.70	0.00	52.70	15.84	1.76	17.60	36.86	35.10
LT Distribution lines	5.28%	14.61	0.00	14.61	6.93	0.77	7.71	7.68	6.90
LV Substation - Transformers	5.28%	20.26	0.00	20.26	9.63	1.07	10.70	10.63	9.56
LV Substation - Switchgears Etc	5.28%	110.00	0.00	110.00	52.28	5.81	58.09	57.72	51.91
LV Substation - Batteries	5.28%	1.67	0.00	1.67	0.80	0.09	0.89	0.87	0.78
LV Substation - Others /DG	3.34%	99.97	0.00	99.97	30.06	3.34	33.40	69.91	66.57
Tariff Meters	5.28%	3.38	0.00	3.38	1.44	0.18	1.61	1.94	1.77
Gross Asset		1121.31	0.00	1121.31	402.11	44.70	446.81	719.20	674.50
<b>GFA Less Land value</b>		<b>971.31</b>	<b>0.00</b>	<b>971.31</b>	<b>402.11</b>	<b>44.70</b>	<b>446.81</b>	<b>569.20</b>	<b>524.50</b>

**Table 29**  
**Depreciation for the year 2026-27** (Rs. lakh)

Description	Rate of Depreciation	Gross Fixed Assets			Cumulative Depreciation			Net Value	
		At the beginning of the year	Additions in the year	At the end of the year	At the beginning of the year	during the year	At the end of the year	At the beginning of the year	At the end of the year
Land & land rights	0.00%	150.00	0.00	150.00	0.00	0.00	0.00	150.00	150.00
Civil Works	3.34%	186.94	0.00	186.94	62.42	6.24	68.66	124.52	118.28
HV Distribution lines	5.28%	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
HV Substation - Transformers	5.28%	180.30	0.00	180.30	95.20	9.52	104.72	85.10	75.58
HV Substation Switchgears etc	5.28%	288.03	0.00	288.03	152.09	15.21	167.30	135.94	120.73
HV Substation - Batteries	5.28%	13.45	0.00	13.45	7.10	0.71	7.81	6.35	5.64
HV Substation - Others	3.34%	52.70	0.00	52.70	17.60	1.76	19.36	35.10	33.34
LT Distribution lines	5.28%	14.61	0.00	14.61	7.71	0.77	8.48	6.90	6.13
LV Substation - Transformers	5.28%	20.26	0.00	20.26	10.70	1.07	11.77	9.56	8.49

LV Substation - Switchgears Etc	5.28%	110.00	0.00	110.00	58.09	5.81	63.90	51.91	46.10
LV Substation - Batteries	5.28%	1.67	0.00	1.67	0.89	0.09	0.98	0.78	0.69
LV Substation - Others /DG	3.34%	99.97	0.00	99.97	33.40	3.34	36.73	66.57	63.24
Tariff Meters	5.28%	3.38	0.00	3.38	1.61	0.18	1.79	1.77	1.59
Gross Asset		1121.31	0.00	1121.31	446.81	44.70	491.50	674.50	629.81
<b>GFA Less Land value</b>		<b>971.31</b>	<b>0.00</b>	<b>971.31</b>	<b>446.81</b>	<b>44.70</b>	<b>491.50</b>	<b>524.50</b>	<b>479.81</b>

52. The Commission examined the submission of the licensee and noted that the licensee has not considered the assets addition for the year 2021-22 for the calculation of depreciation. The Commission had approved an asset addition of Rs.47.61 lakh for the Kakkanad Phase after adjusting the insurance claim (Rs.96.83 lakh- Rs.49.22 lakh) and Rs.3.38 lakh for prepaid metering at Cherthala Campus vide Truing Up Order dated 04.10.2023. The licensee had not claimed depreciation and other finance charges for the assets addition of Rs.47.61 lakh for the year 2021-22 and licensee stated that, licensee had considered only from 2022-23 onwards. Therefore, the Commission had not considered the depreciation and RoNFA for the asset additions of Rs.47.61 lakh for the year 2021-22.

53. **Accordingly, the Commission hereby additionally approves Rs.2.51 lakh (47.61\*5.28%) as depreciation for the assets addition approved in the Truing Up Order 2021-22. Based on this the Commission hereby approves Rs.44.70 lakh as claimed by the licensee and Rs.2.51 lakh additionally to the claim of the licensee for each year of the Control Period is tabulated below.**

**Table 30**  
**Depreciation approved for the control period (Rs. in lakh)**

Particulars	2022-23	2023-24	2024-25	2025-26	2026-27
Depreciation claimed by the licensee	44.70	44.70	44.70	44.70	44.70
Depreciation additionally Approved	2.51	2.51	2.51	2.51	2.51
<b>Total Depreciation Approved</b>	<b>47.21</b>	<b>47.21</b>	<b>47.21</b>	<b>47.21</b>	<b>47.21</b>

### **Interest and Finance Charges**

54. The licensee has projected interest and finance charges for each year of the Control Period which includes interest on normative loan and bank charges for the security provided to KSEB Ltd. The details of the projections made by the licensee for each year are shown below.

**Table 31**  
**Interest and Finance Charges proposed for the control period (Rs. lakh)**

Particulars	2022-23	2023-24	2024-25	2025-26	2026-27
Interest on Normative Long-Term Loan	57.88	54.08	50.28	46.48	42.68
Interest on Consumer Deposits	5.15	5.59	5.81	6.40	6.69
Interest on Working Capital	0.00	0.00	0.00	0.00	0.00
<b>Total</b>	<b>63.03</b>	<b>59.67</b>	<b>56.09</b>	<b>52.88</b>	<b>49.37</b>



## A. Interest on Normative Loan

55. The main source of fund for the capital investment at Cherthala was met from the loan availed by Infopark from South Indian Bank Ltd. The loan was sanctioned in the year 2010-11 and the entire loan availed by Infopark was repaid by 21st July 2017, using internal funds including lease rentals. As per Regulation 29 of Tariff Regulations 2021, the rate of interest shall be the weighted average rate calculated on the basis of the actual loan portfolio at the beginning of each financial year. Further, provided that if the regulated business of the licensee does not have actual loan, but normative loan is outstanding, then interest shall be allowed at the base rate.
56. The licensee has claimed interest on normative loan as per the provisions of the Tariff Regulations, 2021 and in line with the methodology considered by the Commission while truing up the accounts for the previous years. The interest rate considered is 8.50% for each year of the control period. The interest on normative loan claimed by the licensee for the control period is tabulated below;

**Table 32**  
**Interest on Normative loan proposed for the control period (Rs.lakh)**

Particulars	2022-23	2023-24	2024-25	2025-26	2026-27
Gross Normative loan - Opening	971.31	971.31	971.31	971.31	971.31
Cumulative repayment	268.02	312.72	357.41	402.11	446.81
Net Normative loan - Opening	703.29	658.59	613.90	569.20	524.50
Increase/Decrease due to ACE/de-capitalization during the Year	0	0	0	0	0
Repayments of Normative Loan during the year	44.70	44.70	44.70	44.70	44.70
Net Normative loan - Closing	658.59	613.90	569.20	524.50	479.81
Average Normative Loan	680.94	636.24	591.55	546.85	502.15
WA Rate of Interest of actual Loans*	8.5%	8.5%	8.5%	8.5%	8.5%
<b>Interest on Normative loan</b>	<b>57.88</b>	<b>54.08</b>	<b>50.28</b>	<b>46.48</b>	<b>42.68</b>

57. The Commission examined the submission of the licensee and noted that the licensee has not considered the assets addition for the year 2021-22 for the calculation of Interest on normative loan. The Commission had approved an asset addition of Rs.47.61 lakh for the Kakkanad Phase after adjusting the insurance claim (Rs.96.83 lakh- Rs.49.22 lakh) and Rs.3.38 lakh for prepaid metering at Cherthala Campus vide Truing Up Order dated 04.10.2023. The licensee had not claimed depreciation and other finance charges for the assets addition of Rs.47.61 lakh for the year 2021-22 and the licensee stated that they had considered the same only from 2022-23 onwards. Therefore, the Commission had not considered the depreciation and other finance charges for the asset additions of Rs.47.61 lakh in the Truing Up Order 2021-22.
58. The Commission had taken a considered decision that the licensee is eligible to claim interest on normative loan for the value of assets created at Cherthala

and Kakkanad as per Regulation 29 of the Tariff Regulations, 2021. The Commission hereby allows interest on normative loan only for the asset additions made up to 2021-22. The base rate as per Tariff Regulation, 2021 is External Benchmark based Lending Rate (EBLR) as on 01.04.2022. **Accordingly, the Commission considers the assets created during the Control Period for computation of interest on normative loan. The approved amount is shown below.**

**Table 33**  
**Interest on Normative loan Approved for the control period (Rs. lakh)**

Particulars	2022-23	2023-24	2024-25	2025-26	2026-27
Net Normative loan - Opening	703.29	703.69	656.48	609.27	562.06
Increase/Decrease due to ACE/de-capitalization during the Year	47.61*	0	0	0	0
Repayments of Normative Loan during the year	47.21	47.21	47.21	47.21	47.21
Net Normative loan - Closing	703.69	656.48	609.27	562.06	514.85
Average Normative Loan	703.49	680.09	632.88	585.67	538.46
WA Rate of Interest of actual Loans**	6.65%	6.65%	6.65%	6.65%	6.65%
<b>Interest on Normative loan</b>	<b>46.78</b>	<b>45.23</b>	<b>42.09</b>	<b>38.95</b>	<b>35.81</b>

\*The asset addition approved in previous year

\*\* EBLR of 6.65 % as on 01-04-2022

#### **B. Interest on Consumers Security Deposit**

59. The licensee has claimed interest on security deposit at the rate of 4.65% as part of Interest and Finance Charges. The projection made by the licensee is tabulated below;

**Table 34**  
**Interest on Security Deposit for the control period (Rs.lakh)**

Particulars	2022-23	2023-24	2024-25	2025-26	2026-27
Energy Sales Projected (Lakh Units)	76.05	82.75	86.39	93.90	98.37
Revenue Expected (Rs Lakhs)	664.65	721.80	749.66	826.14	862.98
Security Deposit (Rs Lakhs)	110.77	120.30	124.94	137.69	143.83
<b>Interest on Deposit @ 4.65%</b>	<b>5.15</b>	<b>5.59</b>	<b>5.81</b>	<b>6.40</b>	<b>6.69</b>

60. As per Regulation 72 of the Kerala Electricity Supply Code, 2014, the licensee has to pay interest on the security deposit at the bank rate prevailing in the first April of that year. The licensee has also submitted the cash security deposit in the working capital calculation. **Considering this and the bank rate of 4.25% prevailing as on 01-04-2022, the Commission provisionally allows interest on security deposit for the control period as shown below.**

**Table 35**  
**Approved Interest on Security Deposit for the Control Period (Rs. lakh)**

Particulars	2022-23	2023-24	2024-25	2025-26	2026-27
Security Deposit at the beginning of the year.	117.27	110.77	120.30	124.94	137.69
<b>Interest on Deposit @ 4.25%</b>	<b>4.98</b>	<b>4.71</b>	<b>5.11</b>	<b>5.31</b>	<b>5.85</b>

### C. Interest on working Capital

61. In the petition the licensee stated that, the normative level of working capital and the interest thereon is computed as stipulated in the Regulation 32 (5) of the Tariff Regulation, 2021. As per the projections in Form D 3.7, the licensee noticed that working capital allowable as per the calculations is NIL during the Control Period. Accordingly, licensee has not claimed any amounts towards interest on working capital. The details of Interest on working capital estimated by the licensee is given below.

**Table 36**  
**Interest on Working Capital for the control period (Rs. lakh)**

Particulars	2022-23	2023-24	2024-25	2025-26	2026-27
O&M expenses - 1 month	2.95	3.15	3.37	3.60	3.84
Maintenance Spares - 1 month average	1.00	1.00	1.00	1.00	1.00
Receivables for Two months of ERC	112.44	120.30	124.94	137.69	143.83
Less : Security Deposits (Cash)	51.16	54.81	56.97	62.67	65.52
Less :Two months payable to KSEB Ltd	94.16	100.97	104.64	112.19	116.67
Calculated Working Capital	-28.92	-31.32	-32.29	-32.57	-33.52
Working Capital Allowable	0.00	0.00	0.00	0.00	0.00
Interest Rate (SBI-1Yr-MCLR+2%)*					
<b>Interest on Working Capital (actual)</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>

62. The Commission examined the submission of the licensee and noted that, the computation made is not as per the provisions of the Regulations. Interest on working capital is to be worked out as per Regulation 32 (5) of the Tariff Regulations, 2021, which is quoted below;

#### **32. Interest on Working Capital. –**

*(1) The generation business/ company or transmission business/ licensee or distribution business/ licensee or the State Load Despatch Centre shall be allowed interest on the normative level of working capital for the financial year, computed as under,-*

*(v) In the case of distribution business/ licensee the working capital shall comprise of,-*

*a) operation and maintenance expenses for one month; plus*

*b) cost of maintenance spares equivalent to one-twelfth of the average of the book value of stores, materials and supplies at the beginning and end of the financial year; plus*

*c) receivables equivalent to the expected revenue from sale of electricity for two months at the prevailing tariff:*

*Provided that the amount, if any, held as security deposits except the security deposits held in the form of Bank Guarantee from the users of the distribution system and consumers shall be reduced while computing the working capital requirement:*

*Provided further that, in the case of distribution business/ licensees, who are supplying electricity to their consumers on prepaid metering system, interest on working capital shall not be allowed.*

63. Based on the above provisions, the working capital requirement for the Control Period as per the Regulations and the interest thereon considering the security deposit amount shown in the claim of Interest on Consumers Security Deposit as approved for the Control Period is given below.

**Table 37**  
**Interest on Working Capital Approved for the control period (Rs. lakh)**

Particulars	2022-23	2023-24	2024-25	2025-26	2026-27
O&M expenses - 1 month	4.32	4.51	4.72	4.92	5.14
Maintenance Spares - 1-month average	-	-	-	-	-
Receivables for Two months of ERC	110.77	120.30	124.94	137.69	143.83
Less: Security Deposits (Cash)	110.77	120.30	124.94	137.69	143.83
Working Capital	4.32	4.51	4.72	4.92	5.14
Interest Rate (SBI-EBLR+2%) *	8.65%	8.65%	8.65%	8.65%	8.65%
<b>Interest on Working Capital</b>	<b>0.37</b>	<b>0.39</b>	<b>0.41</b>	<b>0.43</b>	<b>0.44</b>

\* EBLR of 6.65 % as on 01-04-2022

#### **D. Carrying cost for past revenue gaps**

The Commission had in the Trued-up Order 2021-22 had approved Rs.811.01 lakh as the cumulative revenue gap till 2021-22. As per the provision of Tariff Regulations, 2021 the licensee is also eligible for carrying cost on past or revenue gap on account of truing up of accounts of previous years. The relevant portion of the Regulation is given below.

##### **“76. Components of Aggregate Revenue Requirement.–**

(1) The Aggregate Revenue Requirement of the distribution business/ licensee shall comprise of the following items of expenditure:-

- (i) cost of own power generation;
- (ii) cost of power purchase;
- (iii) transmission charges;
- (iv) NLDC/ RLDC/ SLDC charges, if any;
- (v) operation and maintenance expenses;
- (vi) Contribution to the Master Trust for discharging the pension liability;
- (vii) interest and finance charges;
- (viii) depreciation;
- (ix) interest on working capital and on the consumer security deposits and deposits from users of the distribution system;
- (x) contribution to the contingency reserves, if any;
- (xi) actual write off of bad debts, if any;
- (xii) return on equity/ net fixed assets;
- (xiii) Revenue surplus or revenue gap on account of truing up of accounts of previous years and the carrying cost, if any;
- (xiv) Amortization, if any, approved by the Commission, based on the approved revenue gap of the previous years, as provided.”

64. Based on the above Regulations the Carrying cost of cumulative revenue gap is to be allowed considering the cost of funds actually incurred by the entity for funding the revenue gap. The rate of interest to be considered for computing the carrying cost is at the rate of 6.65% per annum (EBLR rate of SBI as on

01-04-2022). Accordingly, the carrying cost for past revenue gaps to be considered for an amount of Rs.811.01 lakh works out to Rs.53.93 lakh (Rs.811.01 lakh\*6.65%) and is allowed for each year of the Control Period.

65. Accordingly, the Interest and Finance Charges approved for the Control Period is shown below

**Table 38**  
**Interest and Finance Charges Approved for the control period (Rs.lakh)**

Particulars	2022-23	2023-24	2024-25	2025-26	2026-27
Interest on Normative Long-Term Loan	46.78	45.23	42.09	38.95	35.81
Interest on Consumer Deposits	4.98	4.71	5.11	5.31	5.85
Interest on Working Capital	0.37	0.39	0.41	0.43	0.44
Carrying cost for past revenue gaps	53.93	53.93	53.93	53.93	53.93
<b>Total</b>	<b>106.06</b>	<b>104.26</b>	<b>101.54</b>	<b>98.62</b>	<b>96.03</b>

### Return on Net Fixed Assets

66. As per Regulation 28(2) of the Tariff Regulations 2021, if there is no equity invested in the business or equity invested in the regulated business of the distribution licensee is not clearly identifiable, return at the rate of 5.50 percent shall be allowed on the net fixed assets at the beginning of the financial year for such regulated business. Accordingly, the licensee has claimed a RoNFA at the rate of 5.50% on the net fixed assets at the beginning of the financial year as shown below.

**Table 39**  
**Return on Net Fixed Assets projected for the control period (Rs.lakh)**

Particulars	2022-23	2023-24	2024-25	2025-26	2026-27
Gross Fixed Assets Beginning of the year	971.31	971.31	971.31	971.31	971.31
Cumulative Depreciation	268.02	312.72	357.41	402.11	446.81
Net Fixed assets at the Beginning of the Year	703.29	658.59	613.90	569.20	524.50
<b>Total Return at 5.5% NFA</b>	<b>38.68</b>	<b>36.22</b>	<b>33.76</b>	<b>31.31</b>	<b>28.85</b>

67. Regulation 28 of the Tariff Regulations, 2021 provides for Return on equity share capital or net fixed assets.

28. Return on Paid up Equity or Net Fixed Assets. –

(1). Return on equity shall be computed in rupee terms, on the paid-up equity share capital and shall be allowed at the rate of fourteen percent (14%) per annum:

Provided that in the case of increase in the equity share capital of the generating business/ company, transmission business/ licensee, distribution

*business/ licensee and State Load Despatch Centre, the additional amount of equity share capital infused into the generating business/ company, transmission business/ licensee, distribution business/ licensee and State Load Despatch Centre, and approved by the Commission for the assets put to its intended use shall be provided with ROE at 14% per annum on pro rata basis from the date of issuance of the equity shares:*

*Provided further that the generating business/ company, transmission business/ licensee, distribution business/ licensee and State Load Despatch Centre shall provide the complete details of the source of funding for such equity share capital.*

*(2). If there is no equity share capital invested in the business or the equity invested in the regulated business of the generating business/ company or transmission business/ licensee or distribution business/ licensee or State Load Despatch Centre or such equity share capital is not clearly identifiable, return at the rate of 5.50 percent shall be allowed on the net fixed assets at the beginning of the financial year for such regulated business:*

*Provided that the net fixed assets shall be exclusive of the assets created out of consumer contribution, deposit works, capital subsidy or grants.*

68. Based on above Regulation 28 of Tariff Regulations, 2018, the return shall be allowed at 5.50 percent on the net fixed assets at the beginning of the financial year for such regulated business. Accordingly, the Commission hereby approves Return on Net Fixed Assets for the Control Period as shown below.

**Table 40**  
**Return on Net Fixed Assets approved for the Control Period (Rs. lakh)**

<b>Particulars</b>	<b>2022-23</b>	<b>2023-24</b>	<b>2024-25</b>	<b>2025-26</b>	<b>2026-27</b>
Net Fixed assets at the Beginning of the Year	750.90*	703.69	656.48	609.27	562.06
Depreciation for the Year	47.21	47.21	47.21	47.21	47.21
Closing NFA	703.69	656.48	609.27	562.06	514.85
<b>Total Return at 5.5% NFA</b>	<b>41.30</b>	<b>38.70</b>	<b>36.11</b>	<b>33.51</b>	<b>30.91</b>

*\*The asset addition approved in previous year is also included*

### **Revenue from Sale of Power**

69. The licensee while filing the petition for approval of ARR&ERC for the control period had projected the revenue from sale of power as per the pre-revised tariff. The Commission vide order dated 26.06.2022 has issued the schedule of tariff and terms and conditions for retail supply of electricity. Accordingly, the licensee submitted revised calculation for revenue from sale of power. The category wise revenue from sale of power claimed by the licensee for each year of the control period applicable for the years of the control period is tabulated hereunder.

**Table 41**  
**Revenue from Sale of Power for Control Period 2022-23 and 2023-24**

Particulars	Phase	2022-23			2023-24		
		No. of Consumers	Total Sales (lakh Units)	Total Charges (Rs. lakh)	No. of Consumers	Total Sales (lakh Units)	Total Charges (Rs. lakh)
LT – IV B : IT & ITS	CTL	23	0.65	6.14	29	0.82	7.60
LT VI (C)	CTL	1	0.04	0.41	1	0.04	0.44
LT VI (F)	CTL	1	0.01	0.09	1	0.01	0.10
LT VII (A) COML	CTL	0	0.00	0.00	0	0.00	0.00
LT VIII (B) Street Lights	CTL	1	0.16	0.82	1	0.18	0.92
Self-Consumption	CTL	1	0.36	2.39	1	0.36	2.44
Total (LT) Cherthala	CTL	27	1.22	9.85	33	1.41	11.50
HT -IB Industrial	CTL	1	4.26	36.39	1	4.39	38.18
Total Cherthala	CTL	28	5.48	46.24	34	5.80	49.68
LT – IV B : IT & ITS	KKD	113	18.33	155.96	120	19.58	168.00
LT VI (C)	KKD	0	0.00	0.00	0	0.00	0.00
LT VI (F)	KKD	22	4.39	41.94	25	4.92	47.38
LT VII (A) COML	KKD	1	0.07	0.84	1	0.08	0.91
LT VIII (B) Street Lights	KKD	1	1.32	6.19	1	1.45	6.95
Self-Consumption	KKD	1	1.99	13.50	1	2.01	13.79
Total (LT) Kakkanad	KKD	138	26.10	218.43	148	28.03	237.02
HT -IB Industrial	KKD	4	44.47	399.98	4	48.92	435.10
Total Kakkanad	KKD	142	70.57	618.41	152	76.95	672.12
<b>Grant Total</b>		<b>170</b>	<b>76.05</b>	<b>664.65</b>	<b>186</b>	<b>82.75</b>	<b>721.80</b>

**Table 42**  
**Revenue from Sale of Power for Control Period 2024-25 and 2025-26**

Particulars	Phase	2024-25			2025-26		
		No. of Consumers	Total Sales (lakh Units)	Total Charges (Rs. lakh)	No. of Consumers	Total Sales (lakh Units)	Total Charges (Rs. lakh)
LT – IV B : IT & ITS	CTL	36	1.05	9.64	41	1.21	10.97
LT VI (C)	CTL	1	0.04	0.45	1	0.04	0.46
LT VI (F)	CTL	1	0.01	0.10	1	0.01	0.10
LT VII (A) COML	CTL	0	0.00	0.00	0	0.00	0.00
LT VIII (B) Street Lights	CTL	1	0.19	0.94	1	0.19	0.97
Self-Consumption	CTL	1	0.36	2.47	1	0.37	2.49
Total (LT) Cherthala	CTL	40	1.65	13.60	45	1.82	14.99
HT -IB Industrial	CTL	1	4.52	39.05	1	4.65	39.94
Total Cherthala	CTL	41	6.17	52.65	46	6.48	54.94
LT – IV B : IT & ITS	KKD	128	20.96	179.00	138	22.49	191.16
LT VI (C)	KKD	0	0.00	0.00	0	0.00	0.00
LT VI (F)	KKD	29	5.26	51.23	34	5.61	55.00
LT VII (A) COML	KKD	1	0.08	0.93	1	0.09	1.05
LT VIII (B) Street Lights	KKD	1	1.50	7.15	1	1.54	7.36
Self-Consumption	KKD	1	2.03	13.92	1	2.05	14.05
Total (LT) Kakkanad	KKD	160	29.83	252.22	175	31.78	268.63
HT -IB Industrial	KKD	4	50.39	444.79	5	55.65	502.58
Total Kakkanad	KKD	164	80.22	697.01	180	87.43	771.21
<b>Grant Total</b>		<b>205</b>	<b>86.39</b>	<b>749.66</b>	<b>226</b>	<b>93.90</b>	<b>826.14</b>

**Table 43**  
**Revenue from Sale of Power for Control Period 2026-27**

Particulars	Phase	2026-27		
		No. of Consumers	Total Sales (lakh Units)	Total Charges (Rs. lakh)
LT – IV B : IT & ITS	CTL	47	1.39	12.55
LT VI (C)	CTL	1	0.04	0.47
LT VI (F)	CTL	1	0.01	0.10
LT VII (A) COML	CTL	0	0.00	0.00
LT VIII (B) Street Lights	CTL	1	0.20	1.00
Self-Consumption	CTL	1	0.37	2.51
Total (LT) Cherthala	CTL	51	2.02	16.64
HT -IB Industrial	CTL	1	4.79	40.87
Total Cherthala	CTL	52	6.81	57.50
LT – IV B : IT & ITS	KKD	146	23.97	202.73
LT VI (C)	KKD	0	0.00	0.00
LT VI (F)	KKD	36	6.53	66.31
LT VII (A) COML	KKD	1	0.09	1.08
LT VIII (B) Street Lights	KKD	1	1.59	7.58
Self-Consumption	KKD	1	2.07	14.18
Total (LT) Kakkanad	KKD	185	34.24	291.88
HT -IB Industrial	KKD	5	57.32	513.60
Total Kakkanad	KKD	190	91.56	805.48
<b>Grant Total</b>		<b>242</b>	<b>98.37</b>	<b>862.98</b>

70. In the petition the licensee stated that, during the years 2020-21 & 2021-22 due to Covid Lock downs and work from home options of IT companies there was a major decrease in sale of energy. While projections for the Control period was done, the licensee has projected that most of the companies will come back to work from office in the year 2022-23. An 7% to 10 % increase in energy is estimated from the existing consumers and additional load from the new consumers is estimated for 2022-23. A total 11% increase in energy is estimated for the year 2022-23. For the year 2023-24 overall 9% increase from the previous year is estimated. For 2024-25 only a 4% increase from the previous year is estimated and in 2025-26 a 9% increase in sales is estimated due to addition of an HT consumer in Phase-II and gradual increase in sales from the existing consumers is also projected. For 2026-27 the licensee has estimated only 5% increase in the overall sales.
71. Being an IT park, major revenue realisation is from LT IV B and HT I B category. The income from sale of power to its consumers has been around 98.5 % of the total income. The sales data for February and March of current financial is estimated based on monthly trend. **After due consideration of all facts, figures and comments, the Commission provisionally approves the revenue from sale of power as estimated by the licensee for the Control Period on the condition that, the actuals only be allowed at the time of Truing up of accounts of the respective years.**



## Income from Wheeling of Energy

72. Infopark provides transmission facility to M/s. Smart City and has been collecting Wheeling Charges as per the rates approved by the Commission. The licensee has projected the wheeling charges for the control period in line with the projections of Smart City for the Control Period. The wheeling charges projected for the Control Period is tabulated below;

**Table 44**  
**Wheeling Charges projected for the control period**

	2022-23	2023-24	2024-25	2025-26	2026-27
<b>Energy Wheeled (LU)</b>	51.73	57.86	64.71	72.37	83.22
<b>Wheeling Charge (Rs. lakh)</b>	30.74	35.29	39.47	44.14	50.76

73. The licensee has proposed increase in the wheeling charges for the Control Period considering the increase in the energy wheeled to Smartcity. As per the Order on ARR&ERC and Tariff Order pertaining to KSEB Ltd, the wheeling charge at HT level of KSEB Ltd shall also be applicable to other distribution licensees. Accordingly, the Commission in the Tariff Order dated 25.06.2022 had approved Rs.0.61/unit as wheeling charge at the HT level for the year 2022-23 and the approved rate is applicable only up to 31.03.2023. ***After considering this, the Commission hereby provisionally approves the wheeling charges as projected by the licensee for each year of the control period subject to the changes in wheeling charges as approved by the Commission from time to time.***

### Non-Tariff / other Income:

74. The licensee has projected only a minimal change in the Non-Tariff Income for each year of the Control Period. Major components of Non-Tariff Income includes interest received from bank, Interest on Security Deposit from KSEB Ltd, Late payment Surcharge, Meter and installation costs and Application fee.

**Table 45**  
**Non-Tariff Income**

Particulars	2022-23	2023-24	2024-25	2025-26	2026-27
Interest form Bank	0.80	0.90	1.00	1.00	1.10
Interest on Security Deposit (KSEB)	1.50	1.50	1.50	1.50	1.50
Surcharge on belated payment	0.10	0.10	0.10	0.10	0.10
Meter Cost / Meter Rent	0.15	0.15	0.15	0.15	0.15
Meter installation Charges	0.12	0.12	0.12	0.12	0.12
Application Fees	0.30	0.20	0.30	0.20	0.10
<b>Total</b>	<b>2.97</b>	<b>2.97</b>	<b>3.17</b>	<b>3.07</b>	<b>3.07</b>

75. As per the split-up details, the major component of the non-tariff income of the licensee is the Interest on security deposits with KSEB Ltd & Bank fixed Deposits. The licensee has proposed increases during the control period. **Hence, the Commission hereby approves the projected Non-tariff income as claimed by the licensee for the Control Period.**

#### Revenue Surplus/Gap:

76. Based on the above, the revenue surplus/gap for the control period estimated by the licensee and that approved by the Commission are as follows.

**Table - 46**  
**Revenue Surplus/ Gap, projected by the licensee and Approved by the Commission for the Control Period (Rs. lakh)**

Particulars	2022-23		2023-24	
	Projected	Approved	Projected	Approved
Cost of Power Purchase	557.75	538.24	605.79	541.95
Employee cost	27.14	22.95	28.49	23.98
A&G Expense	18.48	4.68	17.92	4.89
R&M Expense	35.43	24.21	37.84	25.28
Depreciation	44.70	47.21	44.70	47.21
Interest on Normative Long-Term Loan	57.88	46.78	54.08	45.23
Interest on Consumer Deposits	5.15	4.98	5.59	4.71
Interest on Working Capital	0.00	0.37	0.00	0.39
Carrying cost for past revenue gaps	0.00	53.93	0.00	53.93
Return on Equity	38.68	41.3	36.22	38.7
<b>Aggregate Revenue Requirement</b>	<b>785.20</b>	<b>784.65</b>	<b>830.65</b>	<b>786.27</b>
Revenue from Sale of power	664.65	664.65	721.80	721.8
Wheeling Charges	30.74	30.74	35.29	35.29
Non-Tariff Income	2.97	2.97	2.97	2.97
<b>Total Revenue/ERC</b>	<b>698.36</b>	<b>698.36</b>	<b>760.06</b>	<b>760.06</b>
<b>Revenue Surplus / (Deficit)</b>	<b>(86.84)</b>	<b>-86.29</b>	<b>(70.59)</b>	<b>-26.21</b>

Particulars	2024-25		2025-26	
	Projected	Approved	Projected	Approved
Cost of Power Purchase	627.81	537.73	673.16	584.09
Employee cost	29.92	25.04	31.41	26.16
A&G Expense	18.60	5.11	19.54	5.34
R&M Expense	40.42	26.41	43.18	27.59
Depreciation	44.70	47.21	44.70	47.21
Interest on Normative Long-Term Loan	50.28	42.09	46.48	38.95
Interest on Consumer Deposits	5.81	5.11	6.40	5.31
Interest on Working Capital	0.00	0.41	0.00	0.43
Carrying cost for past revenue gaps	0.00	53.93	0.00	53.93
Return on Equity	33.76	36.11	31.31	33.51
<b>Aggregate Revenue Requirement</b>	<b>851.31</b>	<b>779.15</b>	<b>896.19</b>	<b>822.52</b>
Revenue from Sale of power	749.66	749.66	826.14	826.14
Wheeling Charges	39.47	39.47	44.14	44.14
Non-Tariff Income	3.17	3.17	3.07	3.07
<b>Total Revenue/ERC</b>	<b>792.30</b>	<b>792.30</b>	<b>873.35</b>	<b>873.35</b>
<b>Revenue Surplus / (Deficit)</b>	<b>(59.01)</b>	<b>13.15</b>	<b>(22.83)</b>	<b>50.83</b>

Particulars	2026-27	
	Projected	Approved
Cost of Power Purchase	700.03	610.45
Employee cost	32.99	27.33
A&G Expense	20.32	5.57
R&M Expense	46.13	28.82
Depreciation	44.70	47.21
Interest on Normative Long-Term Loan	42.68	35.81
Interest on Consumer Deposits	6.69	5.85
Interest on Working Capital	0.00	0.44
Carrying cost for past revenue gaps	0.00	53.93
Return on Equity	28.85	30.91
<b>Aggregate Revenue Requirement</b>	<b>922.39</b>	<b>846.32</b>
Revenue from Sale of power	862.98	862.98
Wheeling Charges	50.76	50.76
Non-Tariff Income	3.07	3.07
<b>Total Revenue/ERC</b>	<b>916.81</b>	<b>916.81</b>
<b>Revenue Surplus / (Deficit)</b>	<b>(5.57)</b>	<b>70.49</b>

### Order of the Commission

77. The Commission considered the petition for approval of ARR & ERC for the Control Period 2022-23 to 2026-27, the additional clarifications and submissions furnished by the licensee along with the comments of KSEB Ltd. **Accordingly the approved ARR & ERC for the Control Period 2022-23 to 2026-27 are as shown below.**

**Table 47**  
**Revenue Surplus/ Gap approved by the Commission for the Control Period (Rs. lakh)**

Particulars	2022-23		2023-24		2024-25	
	Projected	Approved	Projected	Approved	Projected	Approved
Total Revenue Expenditure	785.20	784.65	830.65	786.27	851.31	779.15
Total Income	698.36	698.36	760.06	760.06	792.30	792.30
<b>Net Surplus/Gap</b>	<b>(-)86.84</b>	<b>(-)86.29</b>	<b>(-)70.59</b>	<b>(-)26.21</b>	<b>(-)59.01</b>	<b>13.15</b>

Particulars	2025-26		2026-27	
	Projected	Approved	Projected	Approved
Total Revenue Expenditure	896.19	822.52	922.39	846.32
Total Income	873.35	873.35	916.81	916.81
<b>Net Surplus/Gap</b>	<b>(-)22.83</b>	<b>50.83</b>	<b>(-)5.57</b>	<b>70.49</b>

## **Directives of the Commission**

78. In view of the facts and reasons explained in earlier paragraphs, the Commission gives the following directives.

- a) The licensee shall take necessary steps to limit the distribution loss within the specified limits.
- b) The dismal business performance in Cherthala area is contributing to higher incidence of overall distribution loss. The Commission hereby grants one final chance to find a considered solution for address the issue.
- c) KSEB Ltd shall meet the RP obligation of the Infopark also and the licensee is directed to pay the additional cost to KSEB Ltd at the rates as fixed by the Commission from time to time.

79. With the above, the petition is disposed of. Ordered accordingly.

Sd/-  
**Sri. T K Jose**  
**Chairman**

Sd/-  
**Adv. A. J. Wilson**  
**Member**

Sd/-  
**Sri. B. Pradeep**  
**Member**

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