

**KERALA STATE ELECTRICITY REGULATORY COMMISSION
THIRUVANANTHAPURAM**

Petition No: OP 29 / 2023

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

In the matter of : Petition for approval of truing up of accounts for the financial year 2021-22

Petitioner : M/s Infopark Kerala

Represented by : 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

Hearing: : 04.07.2023 at the Court Hall,
Office of the Commission

Order Dated 04.10.2023

1. M/s Infopark, Kochi (hereinafter called the licensee or Infopark) is a Government of Kerala Undertaking, engaged in the development of infrastructure for information technology (IT) and information technology enabled services (IT enabled Services). The licensee providing ready to occupy infrastructure including power distribution to IT companies in Kakkanad and Cherthala area. Infopark, Chertala was granted distribution licence vide order dated 10-5-2010 of the Commission and the electricity distribution operations have commenced from 1-7-2013. The Infopark Phase II campus at Kochi was granted distribution licence vide order dated 18-10-2011.
2. The licensee has filed the instant petition as per the provisions of KSERC (Terms and Conditions for Determination of Tariff) Regulations 2018 (hereinafter referred to as the Tariff Regulations, 2018) for the Truing Up of accounts for the year 2021-22. The Commission vide Order in OA No.4/2019 dated 26.08.2019 has approved the ARR&ERC for the Control Period. In the present petition for truing up the accounts, the licensee has claimed a revenue gap of Rs.51.80 lakh

compared to revenue gap of Rs.101.77 lakh approved by the Commission in the Order on ARR&ERC. A comparison of the claim made in the present petition with the ARR&ERC approved by the Commission and with the previous year is tabulated below.

Table 1
Comparison of ARR&ERC for the period 2020-21 and 2021-22

| Particulars | 2020-21 | | 2021-22 | |
|----------------------------------|-------------------------------------|------------------------|-------------------------|-------------------------------------|
| | Truing Up Petition (Rs. lakh) | Trued Up (Rs. lakh) | ARR & ERC (Rs. lakh) | Truing Up Petition (Rs. lakh) |
| Power Purchase Cost | 471.52 | 459.76 | 1428.80 | 490.98 |
| Prior period Power Purchase Cost | - | 1.92 | 0.00 | 0.00 |
| Employee Cost | 11.16 | 11.16 | 49.50 | 14.40 |
| R&M Expenses | 37.44 | 31.55 | | 43.57 |
| A &G Expenses | 2.21 | 2.21 | | 7.67 |
| Depreciation | 44.52 | 44.52 | 0.00 | 44.70 |
| Interest and Finance Charges | 65.53 | 65.53 | 2.43 | 55.22 |
| Return on NFA | 23.70 | 23.70 | 0.00 | 22.44 |
| Total Expenditure | 656.08 | 640.35 | 1480.73 | 678.98 |
| Revenue from Sale of Power | 557.91 | 557.91 | 1577.63 | 602.31 |
| Other Income | 4.83 | 4.83 | 4.87 | 3.24 |
| Wheeling Charges | 16.81 | 16.81 | | 21.63 |
| Total Income | 579.55 | 579.55 | 1582.50 | 627.18 |
| Net Surplus/(Deficit) | (76.53) | (60.80) | (101.77) | (51.80) |

3. The Commission vide letter dated 20-06-2023 sought clarifications to the licensee. The licensee has furnished the details vide letter No. Infopark/KSERC/581/2023 dated 30-06-2023. The Commission admitted the petition as OP No. 29/2023.

Hearing on the Petition

4. The hearing on the petition was conducted at the Court Hall, Office of the Commission on 04-07-2023. Sri. Vijayan V R, AGM- Projects, Sri. Arun S, Asst. Engineer- Electrical and Sri. Abdul Rahim, Consultant represented the petitioner and responded to the queries of the Commission. Sri. Abdul Rahim briefed the petition before the Commission and replied to the queries. The main points mentioned in the presentation are briefed below;
- a) The number of consumers during the year 2021-22 is 157 and the actual sale for the year is 68.95 lakh units.
 - b) There are 133 consumers in Kakkanad and 24 consumers in Cherthala campuses. Sales at Kakkanad area is 63.94 lakh units whereas the sales at Cherthala area is 5.01 lakh units only.

- c) The energy purchased from KSEB Ltd is 71.11 lakh units and solar power injected to the grid is 0.86 lakh units. The Total energy requirement for the year 2021-22 is 71.96 lakh units
- d) The overall distribution loss for the year 2021-22 is 3.15% and the actual power purchase cost for the year is Rs.490.98 lakh. Distribution loss of Cherthala area is 21.99% and that of Kakkanad area is 1.29%
- e) The Commission while approving the norms in the Tariff Regulations 2018 had approved the Operation and Maintenance Expense at Rs.49.50 lakh. The licensee in the petition has claimed total operation and maintenance expense of Rs.65.64 lakh. The major portion of the O&M is towards repair and maintenance for the year
- f) The Employee cost claimed for the year 2021-22 is Rs.14.40 lakh which is the expense towards salary of a resident engineer and an accountant who are common for Kakkanad and Cherthala.
- g) The actual R&M expenses for the year is Rs.43.57 lakh, which includes the O&M cost of the outsourced agency. The licensee has stated that the outsourced agency has been selected through competitive bidding process.
- h) The A&G expenses claimed for the year is Rs.7.67 lakh. For the year 2021-22, the major expenses booked are Inspectorate fee, Bank Charges License fee, petition filing fees, Audit Fees etc. The licensee has also claimed Ele. Duty u/s 3(I) as part of A&G expenses.
- i) The licensee during the year 2021-22 has made an asset addition of Rs. 96.83 Lakh which is met entirely from Own fund. The major replacement and repair work has been done on the 220 kV Siemens Gas Insulated Switchgear.
- j) The depreciation claimed for the year 2021-22 is Rs. 44.70 lakh which is in line with the Tariff Regulations 2018.
- k) The licensee has claimed Interest and finance charges of Rs. 55.22 lakh which includes interest on normative loan of Rs.50.80 lakh, interest on security deposit of Rs.4.08 lakh and Rs. 0.34 lakh as Interest on working capital.
- l) Return on Net Fixed Assets (RoNFA) of Rs.22.44 lakh has been claimed by the licensee.
- m) The total expenditure incurred in 2021-22 is Rs.678.98 lakh.
- n) The Revenue for the sale of 68.95 lakh units in 2021-22 is Rs. 602.31 lakh. Major revenue realisation is from HT I B consumers at Kakkanad

- o) The licensee has also accounted Rs.21.63 lakh as wheeling charges from M/s Smart City. The total energy wheeled to Smart City is 39.32 lakh units.
 - p) The Non-Tariff Income claimed by the licensee is Rs.3.24 lakh which includes interest on investments and deposits, interest on advances etc.
 - q) The total revenue for the year 2021-22 is Rs.627.18 lakh.
 - r) The petition for the truing up of accounts for the year 2021-22 is submitted with a revenue gap of 51.80 lakh.
5. KSEB Ltd, vide letter dated 20.07.2023 submitted the following comments on the petition;
- a) The energy purchase units of Infopark Cherthala and Infopark Kakkanad tally with the records of KSEB Ltd, whereas the power purchase cost does not tally. KSEB Ltd submitted that actual payment is lower due to adjustment in current charges of KSEB Ltd data centre at the license area Cherthala and due to the adjustment of interest on security deposit held by KSEB Ltd.
 - b) It was stated that the non-tariff income claimed for the year is lower than the previous year. The major reductions are in interest from bank deposit and in interest on security deposit.
 - c) The distribution loss claimed in the petition is higher than the distribution loss level approved by the Commission. It was submitted that distribution loss is a controllable factor and higher loss compared to the approved level is to be disallowed.
 - d) The wheeled energy in units tally with the records of KSEB Ltd where as there is a small difference in the wheeling charges booked by the licensee.
 - e) The Operation and Maintenance expense claimed is higher than the ceiling level specified in the Tariff Regulations, 2018. It was submitted that Operation and Maintenance expense is a controllable factor and higher cost compared to the ceiling norms are to be disallowed after prudence check.

Analysis and decision of the Commission

6. The Commission considered the petition of the licensee for Truing Up of Accounts for the year 2021-22 along with the additional clarifications furnished by the licensee, the clarifications provided in the public hearing and the comments of KSEB Ltd. The analysis and decisions of the Commission as per the provisions of the Tariff Regulations, 2018 on the petition for Truing Up of Accounts for the year 2021-22 are detailed below.

Energy sales and consumer mix

7. The licensee in the petition submitted area wise details of the number of consumers and sales. There are 133 consumers in Kakkanad and 24 consumers in Cherthala campuses. Sales at Kakkanad area is 63.94 lakh units whereas the sales at Cherthala area is 5.01 lakh units only. Out of the total sale of 68.95 lakh units, major sale of 43.98 lakh units is to four HT I B consumers. A comparison of the actual number of consumers and the sale of power claimed for the year 2021-22 and Trued Up figures for the year 2020-21 is shown below.

Table 2
Comparison of no. of consumers and sales for the years 2020-21 and 2021-22

| Category | 2020-21 Trued Up | | 2021-22 For Truing Up | |
|-----------------|---------------------|-------------------------|--------------------------|-------------------------|
| | Consumers | Sale (Units in lakh) | Consumers | Sale (Units in lakh) |
| Industrial | 107 | 12.99 | 128 | 19.49 |
| Commercial | 22 | 2.66 | 23 | 4.13 |
| Street Lighting | 2 | 1.56 | 2 | 1.35 |
| HT 1 B | 4 | 44.89 | 4 | 43.98 |
| Total | 135 | 62.10 | 157 | 68.95 |

8. Compared to the previous year, there is an increase in the number of consumers and increase in sale of power. The sales have started improving from the impact of COVID 19. ***After analyzing the details and duly considering the recovery from COVID 19, the Commission hereby approves the actual energy sales of 68.95 lakh units as per petition for the purpose of Truing Up of Accounts for the financial year 2021-22.***

Energy Requirement and Distribution Loss

9. The total energy input for the year 2021-22 is 71.96 lakh units. The energy purchased from KSEB Ltd is 71.11 lakh units and the solar power injected to the grid is 0.85 lakh units. Corresponding to the sale of 68.95 lakh units, the distribution loss claimed in petition is 3.15%. The Commission in the licensee's ARR & ERC Order dated 26-08-2019 had approved distribution loss reduction for the control period 2018-19 to 2021-22. The Commission had approved a loss reduction trajectory and for the year 2021-22 the approved distribution loss was 2.50%. The claim for the year is higher than the distribution loss target for the year. The licensee had not submitted any details with regard to apportionment of the Distribution Loss in the petition and had just stated that the distribution loss of Cherthala area is 21.99% and that of Kakkanad area is 1.29%.
10. The Commission sought clarifications on the claim vide letter dated 20.06.2023 and the licensee has submitted the area wise distribution loss by including the

energy wheeled for SmartCity through their distribution network for the year 2021-22. The details of the distribution loss including the wheeling energy is tabulated below;

Table 3
Distribution loss including wheeling energy for 2021-22

| Particulars | Cherthala 110 KV | Phase II Kakkanad 220KV | Total |
|--|---------------------|----------------------------|---------------|
| Power Purchase from KSEB Ltd (in lakh units) | 6.42 | 64.68 | 71.10 |
| Solar Generation (in lakh units) | - | 0.86 | 0.86 |
| Wheeled Energy Input (in lakh units) | - | 39.32 | 39.32 |
| Energy Input (in lakh units) | 6.42 | 104.86 | 111.28 |
| Energy sales (in lakh units) | 5.01 | 63.94 | 68.95 |
| Wheeled Energy output (in lakh units) | - | 37.62 | 37.62 |
| Total Energy Output (in lakh units) | 5.01 | 101.56 | 106.57 |
| Distribution loss (in lakh units) | 1.41 | 3.30 | 4.71 |
| Distribution loss (%) | 21.99 | 3.14 | 4.23 |

11. During the hearing the Commission has observed that, the energy loss at Infopark Cherthala campus for the period 2021-22 is 21.99% which is very high compared to the normal standards and it cannot be considered and reasons are also not explained with required back up calculations. Even though the substation is operating at very low load, Commission opined that this abnormally high loss is not convincing. The Commission directed Infopark to make a detailed cross checking of the same and submit calculations and explain with real facts & figures so that the commission can re-examine the matter and arrive at true conclusion on abnormally high loss at Infopark Cherthala.
12. In this regard the licensee vide letter dated 12.07.2023 stated the clarifications and justifications regarding the higher distribution loss in Infopark Cherthala phase. The licensee stated that, Infopark has got 2 Nos 10/12.5 MVA, 110KV/11KV power transformers at Cherthala and 2 Nos 1250 KVA 11KV/0.433 KV distribution transformers are in use. The energy loss during the previous years at Infopark Cherthala and purchase/sales are tabulated below.

Table 4
Distribution loss for the past years at Cherthala Phase

| Sl.No. | Year | Purchase (lakh Units) | Sale (lakh Units) | Energy Loss (lakh Units) | Energy Loss (%) |
|--------|---------|--------------------------|----------------------|--------------------------------|--------------------|
| 1. | 2017-18 | 14.33 | 12.57 | 1.76 | 12.28 |
| 2. | 2018-19 | 12.71 | 11.18 | 1.52 | 11.98 |
| 3. | 2019-20 | 11.66 | 10.24 | 1.42 | 12.18 |
| 4. | 2020-21 | 7.26 | 5.85 | 1.41 | 19.34 |
| 5. | 2021-22 | 6.43 | 5.01 | 1.41 | 21.99 |

13. From the above table it can be noticed that the energy purchase is decreasing from 14.33 lakh units in 2017-18 to 6.43 lakh units in 2021-22. The Purchase figure is decreasing in every year due to various reasons like closing down of

companies, Work from Home (WFH) option during Covid-19 period etc. It can also be noted from above table that the loss units in 2019-20,2020-21 & 2021-22 are around 1.40 lakh units whereas the percentage loss increased from 12.18% to 21.99% due to the decrease in purchase units from 11.66 lakh units in 2019-20 to 6.43 lakh units in 2021-22. From the above it is clearly identifiable that the percentage loss increased while the purchase figure decreased, even though the loss in units is almost constant.

14. With respect to 1.40 lakh units as loss, the licensee referred to manufacturer's test certificate and observed that no load loss is 8.73 kW. Hence no-load loss of one transformer will be around 76000 units. Since there are two transformers, the yearly no-load transformer loss at the substation will be around 1.52 lakh units.
15. The licensee further stated that, Infopark conducted a no-load study by observing the energy meter readings when one of the Transformer is ON and entire load is in OFF condition. (i.e., No load condition). This test was conducted on 13/01/2022 and 14/01/2022 and readings observed. As per the observed readings the no load loss for 30 minutes is 4 units (8 units per hour). Based on this annual no load loss (average) of one power transformer will be 70080 units (8 unitsx24 hoursx365 days). Hence for two transformers it will be 1.4 lakh units. This test is repeated on 10/7/23, after the hearing on 4/7/23 to ascertain it and found that the loss figures matching with the earlier test. In addition, around 3 units as load loss, 3 % error due to metering at LT, 11kV cables/LT cables, station transformer, two Nos 1250 kVA distribution transformers etc shall be contributing to the loss component.
16. Another demerit with respect to Infopark Cherthala is the ABT meter at KSEB metering point is 0.2S class whereas all consumer meters are of 0.5 accuracy class. From the technical data sheet provided by the manufacturer of power transformer, M/s. Areva T & D India Ltd. and considering other components, the losses are tabulated below,

Table 5
Transformer losses at Cherthala Phase

| Sl No. | Component | Loss |
|--------|--|--------|
| 1 | No load loss of 10 MVA 110/11kV transformers in Kw | 8.73 |
| 2 | Corresponding no load loss in units | 76432 |
| 3 | Load losses as per data sheet in Kw | 3.42 |
| 4 | Total Load loss in units | 29960 |
| 5 | Total Loss attributable to 110KV/11KV power transformer (2+4) | 106392 |
| 6 | Losses attributable to downstream transformers, 2x1250 KVA & Station trfr) @ 3.6Kw/each trfr | 25576 |
| 7 | Total | 131968 |

The loss due to idle charging component of the 2nd transformer is not included in the above table.

17. In addition, to find out any other omissions/discrepancies Infopark has engaged M/s. Kerala State Productivity Council (KSPC) to conduct an energy audit. As per their report dated December 2021, they have analysed all the metering points and noticed that no major abnormalities are there in the metering part. During the inspection 3 LT meters are found to be showing error readings and on detailed checking of the same the difference of these 3 meters in a year is 10000 units. These meters also replaced recently.
18. From the above points it can be noticed that the loss of 1.41 lakh units (21.99%) is a true figure, even though it is high compared to standards and usual figures in similar installations. The only solution Infopark is looking forward to reduce the same is to have more load/utilization at the substation for which Infopark has already requested KSEB to take over the substation.
19. In addition, Infopark is planning to monitor the loss on a monthly basis and take any other possible improvements in the metering system especially to change the accuracy class of consumer meters. Infopark will more closely monitor the substation and distribution systems at Infopark Cherthala and will submit a detailed report along with next truing up submission. Experts in the field also will be included in finding out any other discrepancies and all possible efforts will be taken to improve the performance of the electrical system.
20. The Commission examined the submission of the licensee and observed that the dismal business performance in Cherthala area is contributing to higher incidence of overall distribution loss. The Commission while issuing the Orders on Truing up of Accounts for the years 2018-19, 2019-20 and 2020-21 had approved a loss of 5.23% considering the dismal business at Cherthala Area. The Commission hereby decides to give one more chance to the licensee to find a solution for the issue. ***Hence, the Commission decides to approve the actual distribution loss of 4.23% for the purpose of truing up of accounts for 2021-22 also.***

Power purchase cost

21. The power purchase cost claimed for the year 2021-22 is Rs.490.98 lakh for 71.96 lakh units which includes Rs.488.46 lakh incurred for power purchase (71.11 lakh units) from KSEB Ltd and Rs.2.52 lakh towards 0.86 lakh units solar power injected to the grid. The details of power purchase cost as per the petition is given below: -

**Table-6
Power Purchase Cost**

| Source | Energy purchased (lakh units) | Fixed charge (Rs.lakh) | Energy charges (Rs.lakh) | Total cost (Rs.lakh) | Average cost (Rs./kWh) |
|-----------------------------|-------------------------------|------------------------|--------------------------|----------------------|------------------------|
| KSEB Ltd | 71.11 | 86.71 | 401.75 | 488.46 | 6.87 |
| Solar energy from prosumers | 0.85 | - | 2.52 | 2.52 | 2.96 |
| Total | 71.96 | 86.71 | 404.27 | 490.98 | 6.82 |

22. Infopark has commissioned grid tied solar plants of 105 kWp capacity consisting of 3 units with individual capacity of 25 kWp, 30 kWp and 50 kWp. The licensee has stated that the solar plant was constructed by the Infopark administration utilising its own funds and no amount has been incurred by the distribution licensee. The electricity injected to the distribution network from the solar plants are treated as power generated by a prosumer, which is required to be dealt with as per the relevant provision of Kerala State Electricity Regulatory Commission (Renewable Energy and Net Metering) Regulation 2020.
23. As per the provision of Kerala State Electricity Regulatory Commission (Renewable Energy and Net Metering) Regulation 2020 (Regulation No.29 (4)), the licensee shall pay for the net electricity banked by the eligible consumer at the end of the settlement period at the APPC of electricity as approved by the Commission for that year. As per the Order on ARR&ERC and Tariff Order dated 08-07-2019 pertaining to KSEB Ltd, the APPC of KSEB Ltd shall also be applicable to the distribution licensees, other than KSEB Ltd. The Commission vide Order dated 16.02.2022 had approved APPC rate for the settlement period 2021-22 as Rs.3.22/unit. However, as the licensee has actually paid to the prosumers at a lower rate of Rs.2.96/unit, the Commission is inclined to approve only the actual amount paid. **Therefore, the Commission hereby provisionally approves the solar power (0.85 lakh units) purchased from the prosumer at the rates of Rs.2.96/ unit at a total cost of Rs.2.52 lakh. Also, the Commission hereby directs that the shortfall in the amount paid shall be adjusted in the consumer account and to carry out necessary book adjustments with the prosumer to incorporate the solar power purchase cost in the annual financial statements and submit the necessary details with supporting documents for admitting such claims while filing the Truing up petition for the subsequent period.**
24. **Accordingly, the Commission hereby approves Rs.490.98 lakh as power purchase cost for the year 2021-22 as claimed in the petition.**

Operation & Maintenance expenses

25. As per Regulation 12(2) of the Tariff Regulations 2018, the Operation and Maintenance expenses are controllable expenses. Further, as per Regulation

79(9) of Tariff Regulations 2018, Infopark shall be allowed to recover Operation & Maintenance expenses as per the norms specified in Annexure-IX to the Regulations for each year of the Control Period. The Operation & Maintenance Expense of the licensee as per the Regulation for the year 2021-22 is Rs.49.50 lakh. Against this, the licensee has claimed Rs.65.64 lakh. Item wise comparison of the claim made by the licensee for 2021-22, amount approved in Truing Up Order for 2020-21 and that of the amount approved in the ARR&ERC Order dated 26.08.2019 are as follows;

Table-7
Comparison of the O&M expenses for 2020-21 and 2021-22 (Rs. Lakh)

| Particulars | 2020-21 | | | 2021-22 | |
|----------------------|--------------------|---------------|--------------|--------------------|---------------|
| | ARR & ERC Approved | For Truing Up | Trued Up | ARR & ERC Approved | For Truing Up |
| Employee Cost | 12.76 | 11.16 | 11.16 | 13.37 | 14.40 |
| R & M Expenses | 22.11 | 37.44 | 31.55 | 23.18 | 43.57 |
| A & G Expenses | 12.35 | 2.21 | 2.21 | 12.95 | 7.67 |
| Total O&M | 47.22 | 50.81 | 44.92 | 49.50 | 65.64 |

Employee Cost

26. The employee cost claimed by the licensee for the year 2021-22 is Rs.14.40 lakh which is the expense towards the salary of a resident engineer and an accountant who are common for Kakkanad and Cherthala. As per the Tariff Regulations, 2018, the Commission had approved the norm of Rs.13.37 lakh as Employee Cost for the year 2021-22. The comparison of the claims made in 2020-21 and 2021-22 is tabulated below.

Table-8
Comparison of the Employee expenses for 2020-21 and 2021-22(Rs. lakh)

| Particulars | 2020-21 | | 2021-22 | |
|--------------------------------|---------------|--------------|--------------|--------------|
| | For Truing Up | Trued Up | ARR Approved | Actual |
| Basic Salary | 10.43 | 10.43 | 13.37 | 8.05 |
| Dearness Allowance (DA) | | | | 2.80 |
| House Rent Allowance | | | | 0.42 |
| Conveyance Allowance | | | | 0.08 |
| Earned Leave encashment | 0.73 | 0.73 | | 1.03 |
| Medical Reimbursement | | | | 1.46 |
| Interim Relief / Wage Revision | | | | 0.40 |
| Arrears | | | | 0.16 |
| Total Employee Costs | 11.16 | 11.16 | 13.37 | 14.40 |

27. The licensee has stated the following reasons for the increase in employee cost compared to previous year.
- a) Medical reimbursement made amounting to Rs 1.46 lakh.

- b) Release of one month salary withheld in 2020-21 as directed by the State Government.
- c) Earned leave and salary arrears paid in 2021-22.
28. As per the details submitted in the petition, the licensee has considered full salary of the Resident engineer at Cherthala and has apportioned 50% of the salary of the accountant for the distribution business of the licensee.
29. The Commission observed that during the year 2020-21, as against the norm of Rs.12.76 lakh, the actual amount of employee cost claimed was only Rs.11.16 lakh and the Commission approved the actual amount claimed. Now the licensee submitted that one month salary withheld during the previous year has been paid during the current year as directed by State Government. In addition, Earned leave and salary arrears were paid during the current year. The Commission is of the view that the amount short claimed during the previous year ie, Rs.1.60 lakh (Rs.12.76 lakh – Rs.11.16 lakh) can be allowed over and above the norm of Rs.13.37 lakh during the current year. The actual employee cost claimed during the year 2021-22 is Rs.14.40 lakh which is less than the above amount. **After considering the above details, the Commission hereby approves the actual employee cost of Rs.14.40 lakh for the year 2021-22 as claimed in the petition.**

Repair and Maintenance Expenses

30. The licensee has claimed Rs.43.57 lakh towards R&M expenses for the year 2021-22 as against Rs.23.18 lakh specified in the Tariff Regulations, 2018. The comparison of the claims made in 2020-21 and 2021-22 is tabulated below.

Table 9
R&M expenses for the years of 2020-21 and 2021-22

| Particulars | 2020-21 | | | 2021-22 | |
|--------------|-----------------------------------|-------------------------------|---------------------|-----------------------------------|-------------------------------|
| | ARR Order/ Regulations (Rs. lakh) | Truing Up Petition (Rs. lakh) | Trued Up (Rs. lakh) | ARR Order/ Regulations (Rs. lakh) | Truing Up Petition (Rs. lakh) |
| R&M Expenses | 22.11 | 37.44 | 31.55 | 23.18 | 43.57 |

31. The licensee has in the petition 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 split up of the R&M claimed is tabulated below;

Table 10
Split up of R&M expenses for the 2021-22 (Rs. lakh)

| Particulars | 2021-22 |
|---------------------------|---------|
| | Actual |
| R&M Contracts (Cherthala) | 11.56 |
| R&M Contracts (Kakkanad) | 20.62 |
| Cost Of Spares used (CTL) | 0.0 |

| | |
|---------------------------|--------------|
| Cost Of Spares used (KKD) | 0.0 |
| One time Repair expenses | 11.39 |
| Total | 43.57 |

32. The licensee has stated in the petition that the one time repair expenses of Rs.11.39 lakh is towards works carried out in the 220 kV GIS substation in Kakkanad along with the repair and replacement work of the 220 kV GIS faulty Breaker and components. The licensee has stated that the maintenance works included replacement of transformer oil, SCADA Testing and configuration, and associated works. It is also stated that a faulty potential transformer was also replaced in the KSEB Ltd end of 220 kV substation. The licensee has also clarified that the below works are carried out as per the general maintenance activities of the substation only. The licensee vide letter dated 12.07.2023 submitted the revised classification of one-time expenditure based on the direction during the hearing. The split up of the one-time expense is tabulated below;

Table 11
Split up of one-time repair works in the 220 kV GIS Substation in 2021-22

| No | Particulars | Category | (Rs. lakh) |
|----|--|--------------------------------|--------------|
| 1 | SCADA Testing and configuration | One time repair | 1.40 |
| 2 | Transformer tan delta measurement etc | Routine test (Once in 5 years) | 0.89 |
| 3 | Faulty Feeder PT replacement | One time repair | 4.04 |
| 4 | OEM supervisor service charges | One time cost | 1.00 |
| 5 | Transformer oil replacement cost | Recurring O & M | 3.34 |
| 6 | Removal and refixing of tubular conductors | One time cost | 0.72 |
| | Total | | 11.39 |

33. The Commission in the Tariff Regulations, 2018 has approved an amount of Rs.23.18 lakh as R&M expense for the year considering an escalation rate of 4.84% to the previous year. It is seen that the R&M contract costs discovered through a transparent tendering process is lower than the previous year (i.e., Rs. 37.44 lakh for 2020-21 and Rs.35.52 lakh for 2021-22). During the previous year, while allowing the R&M expenses, the Commission had adopted the methodology of escalating the previous year trued up amount by applying the escalation factor of 4.84%. The Commission adopts the same methodology during the current year also for allowing the R&M expenses. With regard to one-time expenses of Rs.11.39 lakh, Commission is of the considered view that the one-time expenses of Rs.8.05 lakh (Rs.11.39 lakh- Rs.3.34 lakh) incurred for the works in the 220 kV GIS Substation are to allowed separately. **Thus the Commission works out Rs.33.08 lakh as the R&M expense for the year 2021-22 by escalating the trued up amount of previous year ie. Rs.31.55 lakh with an escalation rate of 4.84%. Accordingly, an amount of Rs.41.13 lakh (Rs.33.08 lakh + Rs.8.05 lakh) is approved for the year 2021-22.**

Administration & General Expenses

34. The licensee in the petition has claimed A&G expense of Rs.7.67 lakh as against the approved amount of Rs.12.95 lakh in the Tariff Regulations, 2018. The licensee had in the claim wrongly booked bank charge paid for bank guarantees and letter of credit facility, as A&G expense and had also shown Rs.0.28 lakh towards Electricity Duty under Section 3(1) of the Duty Act 1963 which was not considered as part of A&G expense. The Commission while seeking clarifications on the petition had stated that the bank charges amounting to Rs.0.98 lakh paid for bank guarantees and letter of credit facility is to be considered as part of Interest and Finance Charges.
35. Accordingly, the licensee had revised the claim. The claim for the year 2021-22 is higher than the claim made in 2020-21. A comparison of the revised Administrative and General expenses with the previous year is tabulated hereunder.

Table 12
Administrative & General Expenses for 2020-21 and 2021-22 (Rs. lakh)

| Particulars | 2020-21 Trued Up | 2021-22 For Truing 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 | - |
| Sports and Related Activities | - | - |
| Electricity Charges | - | - |
| Sub Total | 2.21 | 6.69 |
| Ele. Duty u/s 3(I), KED Act | - | 4.00 |
| Total | 2.21 | 10.69 |

36. During the year 2020-21, the licensee had claimed Rs.2.21 lakh. The licensee has stated that they had employed Kerala State Productivity Council (KSPC) for conducting energy audit which has led to increase in the Audit Fee expenses compared to previous year. The licensee has also claimed license fee, petition filing fees and Inspectorate fee which is also reason for increase in the claim. The other expenses are vehicle hiring charges, Insurance fee, Printing and stationery expenses, telephone and postage for which the increase is only nominal.

37. The licensee in the revised submission has booked Rs.4.00 lakh towards Electricity Duty under Section 3 (1) of the Kerala Electricity Duty Act under A&G expenses. The claim cannot be admitted as an item of expenditure in the truing up petition as the Electricity Duty payable by the licensee under Section 3 (1) of the Kerala Electricity Duty Act cannot be passed on to the consumers. **Hence, the Commission disallows the licensee's claim of Rs.4.00 lakh as Section 3(1) duty. Accordingly, the Commission after disallowing the claim under Section 3(1) duty approves an amount of Rs.6.69 lakh as the A&G expense for the year 2021-22.**

O&M Expenses Approved

38. The O&M expense, which is inclusive of Employee costs, R&M expenses, and A&G expenses, approved by the Commission for the year 2021-22, is as shown in Table below:

Table 13
O&M Expenses approved for 2021-22(Rs. lakh)

| Particulars | 2021-22 | | |
|----------------------|--------------------|---------------|--------------|
| | ARR & ERC Approved | For Truing Up | Trued Up |
| Employee Cost | 13.37 | 14.40 | 14.40 |
| R & M Expenses | 23.18 | 43.57 | 41.13 |
| A & G Expenses | 12.95 | 7.67 | 6.69 |
| Total O&M | 49.50 | 65.64 | 62.22 |

39. **The Commission hereby approves the O&M expenses of Rs.62.22 lakh for the period 2021-22 against Rs.65.64 lakh claimed in the petition.**

Asset Addition

40. The licensee during the year 2021-22 has made an asset addition of Rs.96.83 lakh at Kakkanad campus which is met entirely from Own fund. The licensee has stated that in 2020-21, the major replacement and repair work has been done on the 220 kV Siemens Gas Insulated Switchgear. The Circuit Breaker unit of One of the 220 kV GIS bay became faulty and was malfunctioning during the year which was inspected by the GIS expert from Original Equipment Manufacturer, Siemens and intimated that the bay breaker needs to be replaced. The licensee has stated that the bay breaker and other necessary parts were replaced and put back into service after comprehensive testing. The licensee has also stated that they have employed a consultant for supervising and verifying the work done by the OEM and others. The details of the asset addition for the year 2021-22 claimed by the licensee is as given in the Table below;

Table-14
Asset addition in Kakkanad for the year 2021-22

| Particulars | Rs.lakh |
|--------------------------------------|----------------|
| Spares for 220 kV Circuit Breaker | 32.58 |
| Supply of SF6 Gas | 4.22 |
| Technical Consultancy | 1.30 |
| High Voltage Testing Charges | 10.68 |
| HV Partial Discharge Testing Charges | 2.32 |
| Circuit Breaker Replacement work | 42.46 |
| Inspection Charges for GIS Expert | 2.89 |
| DG set Hiring charges for testing | 0.38 |
| Total Amount | 96.83 |

41. The licensee in the petition has stated that they have raised claims with the insurance company for the breakdown work. It was also stated that no amount was released till the end of the year 2021-22 and therefore had not deducted from the capitalised asset value. It was further stated that they shall adjust the capital accounts in the financial year the claim is approved and released by the insurance company. The licensee vide letter No.INFOPARK/KSERC/611/2023 dated 12.07.2023 has submitted that they have received an insurance claim of Rs.49.22 lakh in September 2022. It is also stated that since the insurance claim was received after the finalisation of the accounts for the year 2021-22, the same can be adjusted in the year 2022-23 only.
42. The licensee further stated that, as per the Order dated 09.08.2021, the Commission had approved a gross fixed asset of Rs.967.93 lakh in Infopark Cherthala Campus eligible for financing costs from 2016-17. However, the cost of the pre-paid tariff metering system commissioned during FY 2016-17 amounting to Rs.3.38 lakh was not included in the above approval and requested Commission to condone this inadvertent mistake and allow the petitioner to include this amount from FY 2017-18 and claim the corresponding financing costs.
43. ***The Commission examined the claim of the licensee and observed that, the major assets addition made during the year was for the purpose emergency repair and replacement work of 220 kV Circuit Breaker for providing uninterrupted supply of power to the consumers of the licensee. Considering necessity of assets addition and other information submitted by the licensee the Commission hereby approves the asset addition as claimed by the licensee after deducting the insurance amount of Rs.49.22 lakh received by the licensee towards compensation for replacing/repairing the asset. The Commission also approves the cost of prepaid metering system installed in the Cherthala campus and was omitted to be included earlier which amounts to Rs.3.38 lakh and eligible***

for depreciation from 2017-18 onwards. The Commission thus approves Rs.47.61 lakh of assets 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.

Depreciation

44. The Commission while issuing the Order in OP 17/2021 in the matter on the capital expenditure of the licensee 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. Accordingly, the licensee for the year 2021-22 has claimed a depreciation of Rs.44.70 lakh for the assets of Cherthala campus only in the straight line method for the total assets of Rs.971.31 lakh. The claim made by the licensee for the year 2021-22 is tabulated below;

Table 15
Depreciation claimed for the year 2021-22 for assets at Cherthala Phase

| Assets group | Rate of depreciation (%) | GFA beginning of the year (Rs. lakh) | 2021-22 (Rs. lakh) |
|--|--------------------------|--------------------------------------|--------------------|
| Other Civil works | 3.34% | 186.94 | 6.24 |
| HV Distribution System | | | |
| Transformers | 5.28% | 180.30 | 9.52 |
| Switchgears, Control gear & Protection | 5.28% | 288.03 | 15.21 |
| Batteries | 5.28% | 13.45 | 0.71 |
| Others | 3.34% | 52.70 | 1.76 |
| LT Distribution System | | | |
| Distribution lines | 5.28% | 14.61 | 0.77 |
| Transformers | 5.28% | 20.26 | 1.07 |
| Switchgears, Control gear & Protection | 5.28% | 110.00 | 5.81 |
| Batteries | 5.28% | 1.67 | 0.09 |
| Tariff Meters | 5.28% | 3.38 | 0.18 |
| Others | 3.34% | 99.97 | 3.34 |
| Total | | 971.31 | 44.70 |
| Land and land rights | NA | 150.00 | 0.00 |
| Grand Total | | 1121.31 | 44.70 |

45. The Commission while truing up the accounts for the year 2020-21 had approved depreciation of Rs.44.52 lakh for the total assets of Rs.967.93 lakh. The licensee has now in the petition stated that the cost of the pre-paid tariff metering system commissioned during the year 2016-17 amounting to Rs.3.38 lakh was not included in the computation and has requested the Commission to kindly condone the inadvertent mistake and allow the petitioner to include this amount from the year 2017-18 and claim the corresponding financing costs.
46. The Commission examined the details furnished in the petition and the additional submissions/clarifications of the licensee. As mentioned in the forgoing

paragraphs, the licensee is eligible for depreciation for the assets of Rs.3.38 lakh in Cherthala Phase for the years onward 2017-18. **Accordingly, the Commission hereby approves Rs.0.72 lakh (0.18*4) as prior period depreciation for the years 2017-18 to 2020-21.** Regarding the current year addition of Rs.47.61 lakh (after adjusting insurance claim), the licensee has not claimed depreciation for the current year asset additions and depreciation is eligible from next year onwards. **Therefore, the Commission can consider only the depreciation and RoNFA for the current year asset additions from the year 2022-23 onwards. After Considering this, deprecation approved for the year 2021-22 is Rs.44.70 lakh and the details are shown below.**

**Table 16
Depreciation approved for the year 2021-22 at Cherthala Phase**

| Assets group | Rate of depreciation (%) | GFA beginning of the year (Rs. lakh) | 2021-22 (Rs. lakh) |
|--|--------------------------|--------------------------------------|--------------------|
| Other Civil works | 3.34% | 186.94 | 6.24 |
| HV Distribution System | | | |
| Transformers | 5.28% | 180.30 | 9.52 |
| Switchgears, Control gear & Protection | 5.28% | 288.03 | 15.21 |
| Batteries | 5.28% | 13.45 | 0.71 |
| Others | 3.34% | 52.70 | 1.76 |
| LT Distribution System | | | |
| Distribution lines | 5.28% | 14.61 | 0.77 |
| Transformers | 5.28% | 20.26 | 1.07 |
| Switchgears, Control gear & Protection | 5.28% | 110.00 | 5.81 |
| Batteries | 5.28% | 1.67 | 0.09 |
| Others | 3.34% | 99.97 | 3.34 |
| Prepaid Tariff Meters | 5.28% | 3.38 | 0.18 |
| Total | | 971.31 | 44.70 |
| Land and land rights | NA | 150.00 | 0.00 |
| Grand Total | | 1121.31 | 44.70 |

47. **Based on the above paragraph, the total depreciation approved is Rs.45.42 lakh. Out of this approved depreciation amount, Rs.44.70 lakh for 2021-22 and Rs.0.72 lakh for the prior period of 2017-18 to 2020-21.**

Interest and finance charges

48. The licensee in the petition has claimed interest and finance charges which include interest on normative loan, interest on working capital and interest on security deposit. Subsequently, bank charges paid for bank guarantees and for letter of credit facility has been included in the claim. Accordingly, the total interest and finance charges claimed for the year is tabulated below;

Table 17
Comparison of Interest and Finance Charges for 2020-21 and 2021-22

| Particulars | 2020-21 Trued Up (Rs. lakh) | 2021-22 For truing up (Rs. lakh) |
|-----------------------------|-----------------------------------|--|
| Interest on Normative Loan | 59.49 | 50.80 |
| Interest on working capital | - | 0.34 |
| Interest paid to Consumers | 5.22 | 4.08 |
| Bank charges | 0.82 | 0.98 |
| Total | 65.53 | 56.20 |

A. Interest on Normative Loan

49. The main source of fund for the capital investment at Cherthala was met from the loan availed by Infopark from South Indian Bank Ltd at a rate of 10%. 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(4) of Tariff Regulations 2018, 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.
50. 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 26 of the Tariff Regulations, 2018. **The Commission hereby allows interest on normative loan only for the asset additions made up to 2020-21. Accordingly, the interest on normative loan approved at base rate is shown below**

Table 18
Interest on Normative loan approved for 2021-22

| Particulars | Rs. lakh |
|--|--------------|
| Opening Normative loan (A) | 745.33 |
| (Add) Additional normative loan* | 3.38 |
| (Less) Allowable depreciation/ Repayment | 45.42 |
| Closing Normative Loan (B) | 703.29 |
| Average Normative Loan [(A+B)/2] | 724.31 |
| Rate of Interest (%)** | 7.00% |
| Interest on Normative loan | 50.70 |

*The asset addition omitted in previous year

**SBI 1-year MCLR of 7.00% on 01-04-2021

51. **Accordingly, the Commission hereby approves an interest on normative loan of Rs.50.70 lakh for the year 2021-22.**

B. Interest on security deposits and Bank charges

52. The licensee has claimed an amount of Rs.4.08 lakh as the interest on security deposit and Rs.0.98 lakh towards bank charges for the year 2021-22. The details of the claim made by the licensee for the year 2020-21 and 2021-22 are given below.

Table 19
Details of Interest on security deposits and Bank charges

| Particulars | 2020-21 | 2021-22 |
|----------------------------|----------------------|---------------------------|
| | Trued Up Rs. lakh | For Truing Up Rs. lakh |
| Interest paid to Consumers | 5.22 | 4.08 |
| Bank charges | 0.82 | 0.98 |
| Total | 6.04 | 5.06 |

53. The claim of interest on security deposit is lower than the previous year, whereas there is increase in the bank charges. The licensee has stated that the reduction in interest rate is the reason for the decrease in the interest on security deposit compared the previous year. ***The Commission examined the above submission in detail and approves Rs.5.06 lakh as claimed by the licensee towards the Interest on security deposits and Bank charges.***

C. Interest on working Capital

54. The licensee has claimed an amount of Rs.0.34 lakh as interest on working capital for the year 2021-22. The claim made by the licensee is tabulated below;

Table 20
Details of Interest on working capital (Rs. lakh)

| Particulars | 2021-22 |
|--------------------------------------|---------|
| O&M expenses - 1 month | 4.23 |
| Maintenance Spares - 1 month average | 0.00 |
| Receivables for Two months of ERC | 100.38 |
| Less: Security Deposits (Cash) | 100.83 |
| Calculated Working Capital | 3.79 |
| Allowable Working capital | 3.79 |
| Interest Rate (SBI-1Yr-MCLR+2%) * | 9.00% |
| Interest on Working Capital (actual) | 0.34 |

55. Interest on working capital is to be worked out as per regulation 32 of the Tariff Regulations, 2018, 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,-

.....

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

- (i) operation and maintenance expenses for one month; plus
- (ii) 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
- (iii) 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 users of the distribution system and consumers shall be reduced while computing the working capital requirement; Provided further that for distribution business/licensees who supply electricity to their consumers on prepaid metering system, no interest on working capital shall be allowed.

.....

(2) Interest on normative level of working capital as per this Regulation shall be allowed at a rate equal to two percent higher than the base rate as on the First day of April of the financial year in respect of which the petition for approval of Aggregate Revenue Requirement and determination of tariff is filed.

56. Based on the above provisions, the working capital requirement for the year 2021-22 as per the Regulations and the interest thereon is as estimated below.

Table 21
Approved Interest on working capital (Rs. lakh)

| Particulars | 2021-22 |
|--|----------------|
| O&M expenses - 1 month | 5.18 |
| Maintenance Spares - 1 month average | 0.00 |
| Receivables for Two months of ERC (Revenue from sale of power) | 100.38 |
| Total (A) | 105.56 |
| Less: Security Deposits (B) | 100.83 |
| Working Capital (A-B) | 4.73 |
| Interest Rate (SBI-1Yr-MCLR+2%) * | 9.00% |
| Interest on Working Capital | 0.43 |

*SBI 1-year MCLR of 7.00% on 01-04-2021

57. **Accordingly, the Commission hereby approves Rs.0.43 lakh as interest on working capital for the year 2021-22.**

D. Carrying cost for past revenue gaps

58. The Commission had in the Trued-up Order 2020-21 had approved Rs.725.64 lakh as the cumulative revenue gap till 2020-21. 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 5.00% per annum (the retail term deposit rate of SBI for a tenure of one year as on 01-04-2021). **Accordingly, the carrying cost for past revenue gaps to be considered for an amount of Rs.725.64 lakh works out to Rs.36.28 lakh (Rs.725.64 lakh*5.00%).**
59. **Accordingly, the total interest and finance charges approved for the year 2021-22 is Rs.56.10 lakh.** Details are as shown below;

Table 22

| Particulars | For Truing up | Trued Up |
|------------------------------------|---------------|--------------|
| Interest on Normative Loan | 50.80 | 50.70 |
| Interest on working capital | 0.34 | 0.43 |
| Interest paid to Consumers | 4.08 | 4.08 |
| Bank charges | 0.98 | 0.98 |
| Carrying Cost for past Revenue Gap | 0.00 | 36.28 |
| Total | 56.20 | 92.47 |

Return on Net Fixed Assets

60. The licensee in the petition for Truing up of accounts for the year 2021-22 has claimed an amount of Rs.22.44 lakh as Return on Net Fixed Assets. The licensee has reckoned 3% of the value of net fixed assets at the beginning of the year (Rs.748.00 lakh x 3%). The Commission while approving the truing up of accounts in 2020-21 had allowed RoNFA of Rs.23.70 lakh in accordance with the provisions of the Regulations.
61. As per Regulation 28 of Tariff Regulations, 2018, if the equity capital of the licensee is not clearly identifiable, the return shall be allowed at three 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 of Rs.22.36 lakh for the year 2021-22.**

Table 23

Return on NFA approved for 2021-22 (Rs. lakh)

| Particulars | Amount |
|---------------------------------|--------------|
| Opening Gross Fixed Assets | 967.93 |
| Opening Cumulative Depreciation | 222.60 |
| Opening NFA | 745.33 |
| Return on NFA@3% | 22.36 |

Revenue from Sale of Power

62. The licensee in the petition has claimed an amount of Rs.602.31 lakh as revenue for the sale of 68.95 lakh units. The Commission while truing up the accounts for the year 2020-21 had approved a sale of 62.10 lakh units and revenue of Rs.557.91 lakh. As per the petition, major share of revenue from sale of power is from HT I B and Industrial category. Category wise comparison of the revenue from sale of power for the years 2020-21 and 2021-22 are as shown below.

Table-24
Comparison of Revenue from Sale of Power for 2020-21 and 2021-22

| Category | 2020-21 | | | 2021-22 | | |
|-----------------|------------|-----------------------|---------------------------------------|------------|-----------------------|---------------------------------------|
| | Consumers | Sale (Units in lakhs) | Revenue from Sale of Power (Rs. lakh) | Consumers | Sale (Units in lakhs) | Revenue from Sale of Power (Rs. lakh) |
| Industrial | 107 | 12.99 | 110.31 | 128 | 19.49 | 168.06 |
| Commercial | 22 | 2.66 | 31.36 | 23 | 4.13 | 44.82 |
| Street Lighting | 2 | 1.56 | 6.74 | 2 | 1.35 | 5.85 |
| HT 1 B | 4 | 44.89 | 409.50 | 4 | 43.98 | 383.58 |
| Total | 135 | 62.10 | 557.91 | 157 | 68.95 | 602.31 |

63. Compared to the previous year, there is increase in the sales and revenue which in turn shows signs of recovery from the general industrial slowdown due to the Covid-19 pandemic. **Accordingly, the Commission hereby approves the revenue from sale of power at Rs.602.31 lakh as claimed by the licensee for the purpose of Truing Up of Accounts for the year 2021-22.**

Wheeling Charges

64. The licensee has accounted Rs.21.63 lakh as wheeling charges from M/s Smart City. The total energy wheeled to Smart City is 39.32 lakh units during the year 2021-22. During the previous year, the licensee had claimed Rs.16.81 lakh for 30.57 lakh units as wheeling charge. The Commission noted that, as per the Order on ARR&ERC and Tariff Order dated 08-07-2019 pertaining to KSEB Ltd, the wheeling charge at HT level of KSEB Ltd shall also be applicable to other distribution licensees. In the above said Order, the Commission had approved Rs.0.55/unit as wheeling charge at the HT level. **Considering this, the Commission hereby approves Rs.21.63 lakh as the wheeling charge for the year 2021-22.**

Non-Tariff Income

65. The Non-tariff income claimed by the licensee includes interest on deposits, interest on delayed payments and meter rent. It is seen that the non-tariff income

for 2021-22 is lower than the previous year. The split-up details of non-Tariff income are shown below.

**Table 25
Comparison of Non-Tariff Income**

| Particulars | 2020-21 | 2021-22 |
|--|------------------------|-----------------------------|
| | Trued Up (Rs. lakh) | For truing up (Rs. lakh) |
| Interest on investments, fixed and call deposits and bank balances | 2.00 | 1.00 |
| Interest Received from others (KSEB Ltd) | 2.53 | 1.38 |
| Interest on delayed or deferred payment of bills | - | 0.30 |
| Meter Cost | 0.23 | 0.30 |
| Meter Installation Charge | 0.08 | 0.26 |
| Ele Duty Collection Charge | - | 0.30 |
| Total | 4.83 | 3.54 |

66. The licensee has stated that the reason for the decrease in the non-tariff income compared to the previous year is on account of decrease in the interest rate. ***The Commission considers the claims and approves Rs.3.54 lakh as actual non-tariff income for the year 2021-22.***
67. Based on the above, the approved expenditure and revenue for the year 2021-22 after Truing Up is as shown below:

**Table 26
Income and Expenditure Statement after Truing Up for 2021-22 (Rs. lakh)**

| Particulars | 2021-22 | | |
|------------------------------|-----------------|--|----------------|
| | ARR & ERC | For Truing Up (Revised based on clarifications submitted) | Trued Up |
| Power Purchase Cost | 1428.80 | 490.98 | 490.98 |
| Employee Cost | | 14.40 | 14.40 |
| R&M Expenses | 49.50 | 43.57 | 41.13 |
| A &G Expenses | | 10.69 | 6.69 |
| Depreciation | 0.00 | 44.70 | 44.52 |
| Interest and Finance Charges | 2.43 | 56.20 | 92.47 |
| Return on NFA | 0.00 | 22.44 | 22.36 |
| Total Expenditure | 1480.73 | 682.98 | 712.55 |
| Revenue from Sale of Power | 1577.63 | 602.31 | 602.31 |
| Other Income | | 3.24 | 3.24 |
| Wheeling Charges | 4.87 | 21.63 | 21.63 |
| Total Income | 1582.50 | 627.18 | 627.18 |
| Net Surplus/(Deficit) | (101.77) | (55.80) | (85.37) |

Revenue Surplus/Gap for 2021-22

68. As against the approved Revenue gap of Rs.101.77 lakh for the year 2021-22, the licensee for Truing Up of Accounts has claimed a Revenue gap of Rs.55.80 lakh. After examining the petition, details briefed during the hearing, the clarifications submitted, the approved Revenue (Gap)/ Surplus for the year 2021-22 after Truing Up the accounts is as shown below.

Table 27

Revenue (Gap)/ Surplus Approved for the year 2021-22 (Rs. lakh)

| Particulars | 2021-22 | | |
|------------------------------|-----------------|----------------|----------------|
| | ARR & ERC | For Truing Up | Trued Up |
| Total Expenditure | 1480.73 | 682.98 | 712.55 |
| Total Income | 1582.50 | 627.18 | 627.18 |
| Net Surplus/(Deficit) | (101.77) | (55.80) | (85.37) |

Orders of the Commission

69. The Commission after considering the petition filed by M/s. Infopark for Truing Up of Accounts for the year 2021-22, views presented by the licensee during the hearing and the clarifications and details provided by the licensee approves the following:

- a) Total income is Rs.627.18 lakh**
- b) Total expenditure is Rs.712.55 lakh**
- c) The revenue gap for the year 2021-21 is Rs.85.37 lakh**
- d) Total cumulative revenue gap till 2021-22 will be Rs.811.01 lakh (Rs.725.64 lakh as opening cumulative revenue gap + current year revenue gap of Rs.85.37 lakh)**

Directives

70. The Commission directs the licensee to make sure that the infrastructure created are utilized at optimum level in order to make the licensee's operations more cost effective.
71. The petition is disposed of. Ordered 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