

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

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

**OA 10/2019**

**In the matter of** Application for the approval of ARR& ERC for the control period 2018-19 to 2021-22 filed by M/s Rubber Park India Private Limited (RPIL)

Applicant(s) : The Managing Director,  
Rubber Park India (P) Limited,  
2 A Kautileeyam, Rubberpark,  
Valayanchirangara,  
Ernakulam-683556

Applicant(s) represented by

1. Sri.J. Krishna Kumar, MD, Rubber Park India (P) Ltd.
2. Sri. M.S.Samuel, CFO and Company Secretary, RPIL
3. Sri.Anees.T.M, Resident Engineer, RPIL

**Daily Order dated 16-04-2019**

Conducted public hearing on the application for the approval of ARR& ERC for the control period 2018-19 to 2021-22 filed by M/s Rubber Park India Private Limited (RPIL) at the Conference Hall, Office of RPIL, Valayanchirangara on 04-04-2019. The petitioner was represented by Sri.J.Krishna Kumar MD, Rubber Park India (P) Ltd and other officers of the licensee. Sri.Anees.T.M, Resident Engineer, Rubber Park India (P) Ltd. presented the details of the application responded to the queries of the Commission. The main points submitted in the petition are briefed below.

- The licensee proposes revenue gap for each year of the control period. The licensee has not proposed any increase in the sale for the year 2019-20, compared to the 2018-19, whereas has proposed a 5% increase for each subsequent years of the control period and accordingly the revenue from sale of power has been estimated at the prevailing tariff. The licensee has estimated a distribution loss of 2% for each year of the control period.
- The licensee has projected the power purchase cost for the control period and has also included the cost for meeting the Renewable Power Purchase Obligation. Commission has fixed the RPO target only till 2018-19. The licensee has projected the RPO for the subsequent years of the control period at the same rates fixed by the Commission for the year 2018-19.

- Operation & maintenance includes controllable expenses like Employee cost, Repair & Maintenance Expenses & Administrative & General Expenses. The licensee has projected the Operation and maintenance expenses over and above the ceiling level specified in the regulation
- Employee cost has been escalated for each year of the control period at 4.84% on the actual expense for 2017-18.
- While claiming R&M the licensee has proposed the amount as per the norms. The licensee has also proposed an additional expense as one-time expenses, which is for overhauling of transformers and for painting the sub-station.
- A&G expenses also have been escalated for each year of the control period at 4.84% on the actual expense for 2017-18. The licensee has also stated that 50% of the common expenses are allocated for the licensing business. The licensee has also proposed Section 3(1) duty as part of A&G expense
- The licensee has proposed a total capital investment of Rs. 135.40 lakh for the control period and has stated that the capital works are to be financed from the equity of the company. The licensee has submitted quotations and estimates of the proposed capital investment.
- The licensee has projected interest and financing charges includes interest on normative loan and bank charges for the security provided to KSEB Ltd. The licensee has projected an amount of Rs.2.19 lakh for each year of the control period on account of bank guarantee and letter of credit charges as KSEB Ltd demanded LC as payment security. The claim is for the double security mechanism for executing the PPA as required by KSEB Ltd.
- The licensee in the petition has claimed depreciation in the straight line method as per the schedule prescribed in the Tariff Regulations 2018. The licensee has projected depreciation for each year of the control period including the proposed capital expenditure for each year of the control period.
- The licensee has proposed that open access consumer M/s. M Fuels to wheel 0.067 MU of power through the distribution network of Rubber Park. Accordingly projected the wheeling charges of Rs.0.207 lakh for each year of the control period. The licensee has stated that the forecast is based on the actual income received during the year 2017-18.
- The non-tariff income proposed by the licensee for each year of the control period is Rs.0.604 lakh which is the actual non-tariff income for 2017-18. The amount includes miscellaneous receipts of Rs.0.068 lakh and an amount of Rs.0.536 lakh as commission for collection of electricity duty.

Consumers in the area of the licensee also participated in the public hearing to express their views. Rubber Park Rubber Products Manufacturers Association

(RUPMA) submitted that KSEB Ltd may be directed to raise the height of low hanging electric lines to the minimum statutory clearance required for the smooth transportation of the container vehicles.

Sri.Bipin Shankar, Deputy Chief Engineer TRAC and Sri. Ajith Kumar.G, DAO, TRAC represented KSEB Ltd. Sri.Bipin Shankar presented the counter statement/comments of KSEB Ltd. and stated that the written remarks on the application will be submitted subsequently. The major points presented by KSEB Ltd are abstracted below.

- Distribution loss may be approved considering a loss reduction trajectory, than considering a constant loss for all the years of the control period.
- The licensee has claimed Employee cost, R&M expenses and A&G higher than the norms approved by the Commission. The Commission may limit the expenses to the approved level.
- The capital investment proposed by the licensee may be considered only after detailed analysis and prudence check.

With regard to the request of the Rubber Park Rubber Products Manufacturers Association (RUPMA), KSEB Ltd stated that the issue shall be addressed and requested them to submit a formal submission to the head office of KSEB Ltd.

The Commission during the hearing sought clarifications on the petition. With regard to the capital investment proposal of Rs.60.00 lakh for automated metering infrastructure, the Commission suggested that the licensee may study the latest developments in the sector and frame suitable proposal for implementation in the park considering the limited area and number of consumers. The licensee may seek assistance of KSEB Ltd in this regard, if required so. The Commission also directed the licensee to submit the revised distribution loss trajectory for the control period and the steps initiated by the licensee for reduction in the distribution loss. The Commission also directed the licensee to take necessary steps for procurement of Renewable Energy instead of purchasing Renewable Energy Certificate to meet Renewable Purchase Obligation.

The licensee shall furnish the reply on the counter statement submitted by KSEB Ltd and the details called for by the Commission, on or before 29-04-2019.

Hearing concluded. Reserved for orders.

Sd/-  
**K.Vikraman Nair**  
**Member**

Sd/-  
**Preman Dinaraj**  
**Chairman**

Approved for issue  
Sd/-  
**G.Jyothichudan**  
**Secretary**