

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

Present: **Shri. Preman Dinaraj, Chairman**

**Petition No. OP 16/2020**

- In the matter of : Petition for approval of Capital Investment Plan for Financial Year 2012-13 to 2016-17 of the Distribution Licensee TECHNOPARK.
- Petitioner : Electronics Technology Parks – Kerala (Technopark) Park Centre, Technopark Campus, Thiruvananthapuram – 695581
- Petitioner represented by : Shri. Madhavan Praveen, DGM (Projects)  
Shri. Jayanthi. L., CFO  
Shri. Viswanathan, Finance Officer  
Shri. Anfal A., Dy. Manager  
Shri. Viswanathan, FO
- KSEBL represented by : Shri. Manoj.G, AEE, TRAC, KSEB Ltd.

**Order dated 04.09.2020**

1. M/s Electronics Technology Parks – Kerala ( hereinafter referred to as M/s Technopark or the petitioner) filed a petition before the Commission on 10.02.2020, with the following prayers:
  - *Approve the capital investment made in the Financial Years from 2012-13 to 2016-17 mentioned above for a total amount of Rs 37.05 Cr as submitted in this petition shown above and also to,*
  - *Approve the capital investment for the 200kW solar plant by reviewing earlier order.*
2. The summary of the petition filed by M/s Technopark is given below.
  - (1) M/s Technopark is a State Government owned registered society engaged in development of Technology parks for promotion of Electronics and IT business in the State of Kerala. M/s Technopark has the license to distribute electricity within the parks located at Kazhakuttam, Kollam and Pallippuram.

- (2) The land for the development of the park has been provided by the State Government. The capital for the development of the parks has also been provided by the State Government as grants. A portion of the capital also met by loans from banks.
- (3) The capital investment made by the petitioner M/s Technopark includes the investment required to build electrical facilities for receiving power from the State Utility KSEB Ltd at EHT, substations to convert power to HT and LT, and distribute electricity to the consumers.
- (4) In the order on truing up of accounts for the FY 2012-13, the Commission has taken the GFA as Rs 2990.56 lakh at the beginning of the year and Rs 612.06 lakh as grants and consumer contribution for calculating depreciation allowable. The capital investment made since 2012-13 is yet to be approved by the Commission. In this matter, the Commission vide the order dated 02.12.2019 in OA No. 16/2018 in the matter of Truing up of accounts of M/s Technopark for the financial year 2015-16 ordered as follows.

*“47. The licensee has not submitted any separate application for the capital investment approval other than the details as mentioned above. It is also seen that there is difference in the values submitted by the licensee. The Commission has noted the matter seriously. As no proper details are furnished before the Commission, the Commission has no alternative but to consider only for the assets created with the approval of the Commission. Accordingly the Commission considers the assets as on the beginning of the financial year 2012-13 for allowing depreciation. If however the licensee desires to furnish the details of capital investments incurred without the Commission’s approval for the period from 2012-13 to 2016-17, they shall file a separate petition within the next 3 months failing which the Commission shall treat this issue as closed.”*

- (5) Commission vide the Order dated 27.04.2020 in the matter of Truing up of accounts of Technopark for the year 2016-17 has considered 50 % cost as an interim measure and ordered that, the petition will be dealt separately.
- (6) Meanwhile, on 10.02.2020, M/s Technopark submitted the present petition for approval of the GFA addition of Rs 37.05 crore made during the financial years 2012-13 to 2016-17, as detailed below.

Table-1  
GFA claimed by the petitioner

Year	GFA claimed in the Truing Up petition dated 27.03.2019	GFA claimed in the present petition dated 10.02.2020
	(Rs. Cr)	(Rs. Cr)
2012-13	0.19	0.17
2013-14	2.29	0.45
2014-15	43.16	35.45
2015-16	0.06	0.06
2016-17	3.57	0.92
Total	49.28	37.05

M/s Technopark submitted that, in the petition dated 27.03.2019 in the matter of Truing up of accounts for the year 2015-16, Technopark included some of the assets created for the main business of developing the park also in the Capital Investment of distribution business, but in the present petition dated 10.02.2020 the petitioner excluded the same. Also they have deferred the capitalisation of the assets not put into use.

3. The Commission admitted the petition as OP No.16/2020 and conducted hearing on 24.6.2020 at 11 AM, through video conference. Shri Viswanathan, Finance Officer, M/s Technopark presented the petition on behalf of the petitioner. Sri. Manoj. G., AEE presented the counter arguments on behalf of KSEB Ltd.
4. The summary of the presentation made by the petitioner during the hearing is given below.
  - (i) M/s Technopark not included the capitalisation of the assets not put in use till date. Further, some of the assets created as part of the infrastructure development has excluded from the present proposal.
  - (ii) Till the year 2014-15, the fund for the assets created was met from the loan from M/s NABARD, through the State Government. However in the year 2014-15, the State Government has converted all the loan from NABARD as grant from the State Government.

Since the year 2015-16 also, Technopark is getting loan from the State Government for asset addition, however the State Government is yet to decide on converting the same as grant. Hence, the petitioner may be allowed to claim interest on the assets created from the year 2015-16 onwards by availing loans.
  - (iii) The petitioner further submitted that in the case of Technopark, Kollam, the grant received from State Government apportioned for the Distribution Business is at 79.48% of the total Electrical Project Cost.

The capitalisation of the asset created at Technocity is deferred to the FY 2019-20.
  - (iv) The petitioner further submitted that, Commission vide the Order dated 13.11.2019 in OP No. 12/2017, rejected the investment approval of the 200 kWp Roof Top Solar System. The petitioner submitted that, they had already installed the solar plant using grant from the State Government. The plant was installed through KELTRON and the ANERT the State Government agency was the consultant for project. Since the plant was created using Government grant, the asset is not eligible for depreciation and Return on Investment. Hence, the petitioner requested to approve the asset creation and allow to capitalise the expense.

5. KSEB Ltd in its counter arguments submitted the following.

- (i) The petitioner as per the petition sought approval for the capital investment made during the years from 2012-13 to 2016-17. Seeking approval for the capital investment made for prior period is not justifiable.

Commission clarified that, as part of the cleaning up of the balance sheet of all the licensees, the Commission granted one chance for all licensees to seek approval for the pending issues.

- (ii) As per the petition, the petitioner has not created any assets using contributions from the consumers. As per the Section 46 of the EA-2003, and also as per the Regulation 32 and 36 of the Supply Code, 2014, the licensee is authorised to collect the expense for providing supply to a particular consumer, especially having power demand above 1 MW.

KSEB Ltd further submitted that, M/s Technopark is the infrastructure developer having license to distribute electricity within the area of infrastructure created by them. Hence the Technopark as the developer has to collect the cost of providing supply for the infrastructure projects having capacity above 1 MW.

KSEB Ltd requested to issue necessary directions to the petitioner M/s Technopark to clarify the same.

- (iii) KSEB Ltd pointed out that, the asset addition claimed by Technopark for distribution business includes installation of High Mast System, Street light. KSEB Ltd requested that, the cost of installation of the Street lights, High Mast System etc. has to be accounted as part of the infrastructure created for park development, and to be excluded from the assets of distribution business.
- (iv) KSEB Ltd raised the issue that, the electrical installation at Technopark, Kollam with huge investment is not yet energised and the assets is kept as redundant. At Kollam, M/s Technopark is directly availing 11 kV supply from KSEB Ltd. In regulatory regime, the assets after put into use only is allowed to be capitalised. Hence the assets created at Technopark, Kollam cannot be capitalised at this stage.
- (v) The Commission vide the order dated 13.01.2019, rejected the investment made for the installation of the 200 kWp solar power plant. Hence the proposal in the present petition may be rejected.

6. The Commission, during the hearing further clarified the following.

- (i) The investment made for street lights, installation of High Mast Systems etc shall be accounted towards the assets created for the main park business, and shall be excluded from electricity business.
- (ii) As per the petition, own fund is used for creating the assets excluding the grant from the State Government.

- (iii) As per the provisions of the Companies Act, 2003 and also as per the Regulations in force, the assets created which are not put into use cannot be capitalised.
  - (iv) The petitioner may take up the approval of the capital investment of 200 kWp solar plant commissioned in 2017-18, separately with the Commission.
7. Based on the deliberations during the hearing, the Commission vide the daily order dated 26.06.2020, directed M/s Technopark to provide the following details on or before 10<sup>th</sup> July 2020.
- (1) Reason for not creating any asset addition through consumer contribution during the period from 2012-13 to 2016-17, as per the Section 46 of the EA-2003 and, Regulations 32 and 36 of the Supply Code, 2014
  - (2) Present status of the assets created at the Technopark, Kollam. Whether these are put into use? If so provide the details.  
If not, provide the rationale for capitalisation of such assets before they were put into use.
  - (3) Orders issued from the State Government to convert the loans sanctioned from NABARD as 'Government grant' for creating 'assets for distribution business'.
  - (4) Details of the loans availed if any, from 'financial institutions with documentary evidence, for creating assets explicitly for 'distribution business;.
  - (5) M/s Technopark claimed Rs 1.9152 crore towards the expenditure of constructing one 11 kV substation in the year 2014-15. This cost appears to be excessively high. Technopark may provide clarifications for the same with supporting documents.
  - (6) M/s Technopark claimed Rs 16.33 lakh for relocation one 500 kVA unitised substation at Phase-III in the year 2013-14. This seems to be very high. Please clarify.
  - (7) The rationale for the capitalisation of the cost incurred for providing temporary supply to the consumers as the cost of 'creating assets for distribution business'.
  - (8) As per the provisions of the Supply Code, 2014, electrification of a multi-storied high rise building has to be done by the developer of the building. However, M/s Technopark has for instance in phase-III claimed Rs 9.01 crore as the cost incurred for the electrification of the IT building and included it as 'distribution assets'. Please clarify the rationale with documents, with reference to the provisions of the EA-2003 and Supply Code, 2014.

- (9) The amount spent on consultancy fees (Rs 15.79 lakh) and tender advertisement cost (Rs 5.11 lakh) appears to be excessive. Please provide a detailed justification for such large claims.
8. In compliance of the direction of the Commission, M/s Technopark submitted its clarifications on 05.08.2020. Summary of the clarifications provided by Technopark is given below.

**(1) Asset addition and consumer contribution:**

The primary mission of Technopark is to provide infrastructure for electronic and information technology business establishment in the Technopark Campus which includes supply of electricity and other things such as air-conditioned office space, water etc. The business and other establishment occupy space in the office buildings constructed within the Campus. The supply to such consumers up to the meter point are provided by Technopark and the expenses are included in the Capital Expenditure of Technopark.

Technopark also provides land to business developers to build their own building and infrastructure facilities. In such cases, the supply is provided at HT level and the such facilities are built by the developer themselves.

One of the conditions of agreement with prospective occupant business entities in Technopark campuses promises them to provide electric supply up to their premises. Such conditions are incorporated to attract business community to the Technopark and generate employment potential and developments within the state.

The applicability of the provisions contained in the Supply Code regulations in respect of levying consumer contributions are limited in the case of Technopark Campuses and that such levies would become counterproductive in achieving the objective of Technopark. However, wherever the same becomes applicable Technopark will comply with the regulation and collect such contributions from such consumers.

**(2) Assets put-to-use in Kollam Campus:**

The major objective of Kollam campus was to develop it as a Rural Special Economic Zone for 100% export-oriented Information Technology businesses infrastructure. The original proposal was to build 4 lakh square feet in stages. For meeting the power requirement, a 110 kV Substation with 110 kV underground feeding cables was proposed to ensure reliable power supply. However, the business in the campus did not pick up as expected. The project was, therefore, put on hold after commissioning of the first stage. The work for the power supply was far advanced. As on date the laying of the 110 kV UG cable from the KSEB substation has been completed, but has not been commissioned. The work of 110 kV substation has also been

completed but the final testing and commissioning has to be completed. At present, Commissioning of the substation would require some investment. But, because of the slow business development, it is not very prudent to invest further and for the time being, the commissioning is put on hold. The losses would also increase if the new substation is commissioned without sufficient load. Therefore, at present, the supply is taken at 11 kV level from KSEBL.

The application for the approval of capital investment as per the original proposed plan was made and included in this petition to provide a complete picture of the capital expenditure made in the Kollam campus. Hon'ble Commission may kindly approve the investment, but may exclude these assets not put to use from fixed assets that are considered for depreciation and Return on NFA. Technopark may please be allowed to resubmit the project cost for inclusion in the asset after commissioning. All other assets created at Kollam Campus has been commissioned and in service. Technopark is also considering to find alternate use of this asset with State utility until the business expands as envisaged in the original plan.

(3) **Government letter on Grant:**

Principal Secretary to Government, vide the letter No. IT/A2/151/14/ITD dated 22-12-2014, intimated that the entire loan assistance released by NABARD to Technopark Kollam project was released as capital grant. Technopark, Kollam has no liability in repaying the loan amount.

(4) **Loans from financial Institutions:**

Technopark had taken loan from consortium of four Banks (South Indian Bank, Federal bank, Catholic Syrian Bank, and Indian Bank) for an amount of Rs. 219.03 Cr for two Information Technology Buildings (Ganga and Yamuna) with a combined floor area of one million square feet. Subsequently, the loan has been swapped with Federal Bank and South Indian Bank for reducing the interest burden and revising the term of loan. The revised loan amount is Rs.177 crores. The cost of the Project and the power distribution component on the same is given below.

Table-2  
Details of the total assets created by Technopark as the infrastructure developer

SI. No.	Description	Amount(Rs)
1	Land development	8,51,51,325
2	I.T. Building (WIP)	2,21,69,34,290
3	Sub Station	12,10,19,533
4	Internal Roads & Boundary wall	12,32,04,237
5	Water Treatment & Distribution	4,50,03,771
6	Embankment Protection	5,30,81,552
7	Power Supply Infrastructure	11,30,74,459

8	Sewage Treatment Plant	2,00,27,999
9	Smart Business Centre	12,03,53,280
<b>Total(Rs)</b>		<b>2,89,78,50,445</b>

Loan as on 2015-16	1,77,00,00,000
Electrical Assets(Rs)	23,40,93,992
Proportion of Electrical Assets in loan(Rs)	14,29,84,041
Loan already provided in Power accounts(Rs)	10,69,56,093
Balance to be provided(Rs)	3,60,27,948
Loan % on distribution assets	8.08
Percentage earlier taken	5.72

(5) **Cost of 11 kV Substation:**

The existing two receiving stations were fully utilized and there was no spare capacity to feed additional loads. Therefore, a third 11 kV main receiving station was proposed to meet the power demand in Phase I. The new station had two incomers and seven outgoing feeders. The load in feeders were also rearranged and balanced. Though the project name given in the accounts refer only to sub-station, the project scope, in fact, did include modification of an indoor substation, the cost of laying incoming and outgoing cables. It may kindly be noted that the cost of this substation cannot be compared with standard pole mounted substations, because of the variation in type, capacity, scope of work and components. The work was awarded after inviting e-tenders. However, the work had to be re-tendered twice because response to the tender was poor.

The total estimated cost of the work was Rs 1.5054 crore, however the quoted amount was Rs 1.7462759 crore.

Table-3  
Capital cost claimed for 11 kV substation

No	Item / Scope / work (Supply, Installation, Testing and Commissioning)	Cost (Rs)
1	HT Panel comprising of 2 incomer, 1 bus-coupler and 7 outgoing VCBs	5957735
2	TOD Meter and accessories (5 Nos)	154528
3	Current Transformers (Metering & Protection) (25 Nos) + Lamps	33732
4	DC Power Supply: 24V, 120 AH Battery and charger etc	630802
5	HT Cable Laying, Termination etc (6.9 km)	6425513
6	Earthing (Earth Plates, GI Strips, CI Cover, Excavation and refill)	132941
7	Earthing CU strips (260 m)	131846
8	HT Cable Laying (9 x 500 Sq mm SC x 750 meters), marker earthwork,	651092
9	Safety equipment (DCP Extinguisher, Buckets, Checker plates, etc)	23718
10	Control Room Wiring	14640
11	Trench Covering works and Plates (MS and SMC)	451800

12	Preparation of drawings and approval	25000
13	Civil Works	429489
	Total Estimate Value	1,50,62,836
	Quoted Value and Work Order value	1,74,62,759

The Project has been commissioned and have since been in service.

**(6) Relocation of Unitized substation:**

The 500 kV Unitized substation (USS) was shifted from Pallippuram campus to the Phase III Campus in Kazhakkuttam for providing supply for consumers, occupants in floors to facilitate setting up of their offices and start business. At that time, there were delay in getting statutory approvals for effecting permanent supply. It took almost one year for effecting permanent supply to consumers. Therefore, the USS was shifted from Pallippuram for providing supply immediately. The transportation and installation charges were just Rs 35,000 only. But the cost shown in the petition includes cost of panels, cabling, Distributions Boards etc., for effecting the temporary supply.

**(7) Capitalization of Cost of Temporary supply:**

The equipment and installations used for providing temporary supply are assets of the distribution licensee and these same assets are often used to provide permanent supply after the construction. In the case of dismantled assets, the equipment are also used to provide further temporary connections or used as replacement-spares for taking faulty equipment for repair or service. Thus, the temporary connection assets are put into use whenever necessary. Such a stock of assets does become necessary and handy in maintaining supply and reliability.

**(8) Distribution Assets in the IT Buildings:**

Technopark, as a distribution licensee, has to provide supply to the individual occupant in a building up to the metering point, which is the "point of supply" defined in the Supply Code 2014. "Consumer installation", as per the definition in the Supply Code, begins from the point of supply. Therefore, it naturally follows that the License's installations ends at the point of supply and all installations behind the point of supply can be treated as developer's installations. These definitions are used to segregate the asset that belongs to the business of distribution and that of the main business of Technopark. Now, for effecting supply to individual consumers, the power is brought to the building at 11 kV and step-down to low voltage in transformer stations within the building or nearby location. The low voltage supply is then taken to different floors in the building using sandwich buses through busducts or cables and to the Distribution Board in each floor. The meter panels are installed in the same electrical room. Therefore, the cost incurred up to the meter point of the consumer is taken as cost incurred by the distribution business. Thus, the cost of 'electrification of

a building' includes cost incurred by Technopark for taking supply to the point of supply.

**(9) Consultancy Fees and Advertisement cost:**

Technopark has conducted a complete energy audit study of all Technopark campuses through the Kerala State Productivity Council.

The scope of study, include the complete auditing of the entire distribution network in the Kazhakuttam Campus starting right from the KSEBL energy meters to the entire consumer spread across the campus. A copy of the study report containing recommendations had been already submitted to the Commission. The study revealed certain major issues with consumer metering and had been corrected already. Technopark was able to bring down the distribution losses substantially after the corrective measures were taken.

Earlier, the advertisement for tenders and other things had been done through an advertising agency for the whole business of Technopark. Long advertisement was published in many newspapers for good coverage and for getting a number of quotations. However, this practice has now been discontinued. Tenders invited are e-tenders and the advertisements are placed through the Public Relation Department of the Govt of Kerala.

**Analysis and Decision of the Commission:**

9. The Commission has examined in detail, the petition filed by M/s Technopark for the approval of the capital investment plan of Technopark for the period from the FY 2012-13 to 2016-17 as per the provisions of the Tariff Regulations, 2014, Tariff Regulations, 2018 and other Rules and Regulations in force, and the decisions of the Commission is detailed in the following paragraphs.
10. M/s Technopark is an autonomous organisation fully owned by Government of Kerala registered under the Travancore-Cochin Literary, Scientific and Charitable Societies Registration Act, 1955. Technopark aims to provide all the infrastructure and support facilities needed for IT/ITES and electronic companies to function. In addition to built up office space, it also provides all utility services as well as data connectivity. The units in Technopark includes domestic firms, joint ventures and subsidiaries of foreign companies engaged in software development, smart card technology, enterprise resource planning (ERP), process control software design, IT Enabled services (ITES), process re-engineering etc. Technopark is owned by State Government and administered through a Chief Executive Officer.

The Government of Kerala as per GO (P) No. 19/99/PD dated 12.07.1999 granted licence status to M/s Technopark for supplying electrical energy to various establishments within the Technopark campus. M/s Technopark has been purchasing electricity from KSEB Ltd at the Bulk Supply Tariff (BST)

approved by the Commission from to time and distributing the same within their licensed area at the Retail Supply Tariff (RST) approved by the Commission.

The Technopark has now four phases: Phase I, which is the existing park (156 Acres), Phase II (86 acres) is leased out to M/s.Infosys and M/s.UST Global. Phase III extending over 93 acres of land, adjacent to Phase I which is a special economic zone (SEZ). Phase IV is the Technocity (450 acres). Technopark, Kollam (44 acres) is also part of its expansion. M/s Technopark is authorised to distribute electricity in all the above campuses.

11. As per the Section 42 of the Electricity Act, 2003, M/s Technopark as a licensee for supplying electricity within their campuses, have to develop and maintain an efficient, coordinated and economical distribution system in their area. Further as per the Section 43 of the Electricity Act, 2003, M/s Technopark has to provide electricity supply on request by the consumers within their area of supply. Further, as per the Section 46 of the Electricity Act, 2003, the State Commissions may permit the distribution licensees to charge from a person requiring electricity supply under Section 43 of the EA-2003, the reasonable expenses incurred in providing any electrical line or electrical plant used for the purposes of giving supply to that particular consumer.

Also as per the provisions of the KSERC (Terms and Conditions for Determination of Tariff) Regulations, 2014, and KSERC (Terms and Conditions for Determination of Tariff) Regulations, 2018, depreciation, return on equity and interest charges shall not be allowed on the assets created out of Government grant.

12. The capital investment made by the petitioner M/s Technopark includes the investment required to build electrical facilities for receiving power from the State Utility KSEB Ltd at EHT substations to convert power to HT and LT, and distribute electricity to the consumers. As per the provisions of the Electricity Act, 2003 and various Regulations notified by this Commission, prior approval of the Capital investment has to be taken by the licensee before making investment. However, due to various reasons known to M/s Technopark, they have not filed proper petition for the approval of the capital investment made during the FY 2012-13 to 2016-17 and thus the approval of the capital investments made by M/s Technopark for the FY 2012-13 to 2016-17 is still pending. In this matter, Commission vide the Order dated 02.12.2019 in OA No. 16/2018 in the matter of Truing up of accounts of M/s Technopark for the financial year 2015-16 ordered as follows.

*“47. The licensee has not submitted any separate application for the capital investment approval other than the details as mentioned above. It is also seen that there is difference in the values submitted by the licensee. The Commission has noted the matter seriously. As no proper details are furnished before the Commission, the Commission has no alternative but to consider only for the assets created with the approval of the Commission. Accordingly the Commission considers the assets as on the beginning of the financial year 2012-13 for allowing depreciation. If however the licensee desires to furnish the details of capital investments incurred without the Commission’s approval for the period from 2012-13*

to 2016-17, they shall file a separate petition within the next 3 months failing which the Commission shall treat this issue as closed.”

13. Subsequently, the Commission vide the Order dated 27.04.2020, on the petition dated 27.03.2019 in the matter of Truing up of accounts of Technopark for the year 2016-17 ordered as follows.

“57. The Commission notes that in violation of the Regulation 21 of the KSERC (Conditions of Licence for Existing Distribution Licensee) Regulations, 2006 and Regulation 72(2) of Tariff Regulations 2014, licensee did not obtain the prior approval for the assets addition from 2012-13 to 2016-17. In the truing up petition, the licensee has furnished the details of assets added during the financial years from 2012-13 to 2016-17, which are shown below.

**Table 19**  
**Details of GFA addition during the years from 2012-13 to 2016-17**

Financial Year	Asset addition	Remarks
2012-13	Rs. 19.38 Lakh	Own funds
2013-14	Rs.229.28 Lakh	Own funds/ loan
2014-15	Rs.4316.18 Lakh	Own fund / Loan/Govt grant Rs.2290.01 lakh Govt. Grant.
2015-16	Rs.6.20 Lakh	Own funds
2016-17	Rs.357.27 lakh	Own funds
<b>Total</b>	<b>Rs.4928.31 lakh</b>	

58. Table above indicates that the total asset addition from 2012-13 to 2016-17 is Rs.4928.31 lakh. Out of this, government grant is Rs.2290.01 lakh and the balance Rs.2638.30 lakh is funded from licensee’s own funds/loans. Since the licensee failed to furnish the complete details for the approval of capital expenditure for the said period, the Commission in the Order dated 2-12-2019 in the truing up of accounts for 2015-16 has directed as follows:

“Accordingly the Commission considers the assets as on the beginning of the financial year 2012-13 for allowing depreciation. If however the licensee desires to furnish the details of capital investments incurred without the Commission’s approval for the period from 2012-13 to 2016-17, they shall file a separate petition within the next 3 months failing which the Commission shall treat this issue as closed.”

59. Based on the above direction, the licensee has filed the petition for approval of capital expenditure from 2012-13 to 2016-17. The Commission will consider this capital expenditure petition in due course. In the meantime, the Commission is provisionally providing depreciation for the 50% cost of asset addition from 2012- 13 to 2016-17 as an interim measure. “

14. M/s Technopark on 10.02.2020, has filed a separate petition for the approval of the capital investments made from the FY 2012-13 to 2016-17. In this petition, M/s Technopark claimed to have excluded all the assets created other than distribution business from the earlier petition dated 27.03.2019 in the matter of truing up of accounts for the FY 2016-17.

Summary of the year wise details of the Gross Fixed Assets (GFA) claimed in the present petition dated 10.02.2020 with the earlier claims is given in the Table-1 above.

15. Summary of the capital investment made in each licensed area of M/s Technopark during the FY 2012-13 to 2016-17 is given below.

Table-4

Summary of the capital investment claimed in each campus owned by Technopark

Year	Phase-I	Phase-III	Phase-5 Kollam	Total
	(Rs.Cr)	(Rs.Cr)	(Rs.Cr)	(Rs.Cr)
2012-13	0.09	0.08		0.17
2013-14		0.45		0.45
2014-15	2.29	6.22	26.94	35.45
2015-16	0.06			0.06
2016-17	0.39	0.48	0.05	0.92
Total	2.83	7.22	27.00	37.05

### I. Capital Investment at Technopark, Kollam

16. As detailed in the Table-4 above, out of the GFA addition of Rs 37.05 crore, major portion of the capital investment amounting to Rs 27.00 crore pertains to Technopark Kollam. Commission noted the following from the details submitted by the petitioner M/s Technopark for the approval of the capital investment made at Technopark, Kollam.

- (1) Capital work of the 110 kV substation and laying of 110 kV UG cable laying from the KSEB Ltd substation at Kollam campus was completed.
- (2) As per the letter No. IT-A2/151/14/ITD dated 22.12.2014 of the Principal Secretary to the Government, IT Department, Government of Kerala, the entire investment at Technopark Kollam was met by State Government through grants.
- (3) Petitioner claimed that, some more investment is required for commissioning the 110 kV substation. But because of the slow business development, the commissioning of the substation is put on hold.
- (4) At present supply at Technopark Kollam is taken at 11 kV level from KSEB Ltd.
- (5) Technopark also is considering to find alternate use of the redundant assets at Kollam campus with State Utility KSEB Ltd until the business at Kollam expand as envisaged in the original plan.

Commission examined the submission of the petitioner in detail. As per the petition and additional clarification submitted, the 110 kV substation constructed at Technopark, Kollam is yet to be commissioned and put into use. As per the provisions of the Tariff Regulations, 2014 and Tariff Regulations, 2018, capitalisation of any assets is permitted only after its commissioning and after it is put into use. However, the 110 kV substation and associated assets at Kollam campus is yet to be commissioned and put into use. **Hence the Commission cannot approve the GFA addition of Technopark Kollam, till the assets declared commercial operation and the assets put into use. However, since the entire 110 kV substation and associated assets at Technopark, Kollam is created using State**

**Government grants, Commission as per Regulations cannot allow Return on Equity (RoE), depreciation and interest on loan etc on these assets.**

Further, Commission noted with concern that, the capital investment at Kollam campus was made during the FY 2014-15. However, till date (as on August 2020), even after a gap of six years, this investment is kept as redundant. The investment at Kollam campus was made from the Government exchequer. Further, due to the low demand at Kollam campus, there is only a remote chance for full utilisation of the assets created so far in the near future. Commission is of the view that, investment which are made without proper studies on electricity demand projections should be avoided in future. Due to these reasons, the Commission once again directs the licensee to obtain prior approvals before making any capital investments.

Petitioner M/s Technopark also reported that, they are considering alternate use of the assets at Kollam campus with the State Utility, KSEB Ltd. Commission is of the view that, since the 110 KV substation and associated assets at Kollam were constructed with Government funds, it has to be properly utilised for the benefits of the consumers of the State instead of keeping the assets as 'redundant'. **Hence it is directed that, Technopark shall take up the matter with IT Department & Power Department in Government of Kerala, and the incumbent licensee KSEB Ltd for appropriate and optimum utilisation of the assets for the benefits of the State. A report on the progress of this matter shall be submitted to the Commission within three months from the date of this order.**

## **II. Capital investment at Technopark Phase-1 Campus**

17. The total capital investment claimed by the petitioner at Phase-1 campus for the FY 2012-13 to 2016-17 is summarised below.

Table-5  
Capital investment claimed at Phase-1 campus

Sl No	Particulars	Amount (Rs)
<b>1</b>	<b>FY 2012-13</b>	
	<b>Electrical Installation at Phase-1</b>	
	Service Tax reimbursed	2,30,025.00
	Consultancy charges for phase-1	7,505.00
	Hi-mast system	6,84,427.00
	Sub total	9,21,957.00
<b>2</b>	<b>2013-14</b>	Nil
<b>3</b>	<b>FY 2014-15</b>	
	<b>(a) Electrical substation phase-1</b>	
	Consultancy fees	97,652.00
	Consultancy fees	5,99,606.00
	New 11 kV s/s	1,91,52,230.00
	Inspectorate testing fee	1,23,718.00
	<b>Sub total</b>	<b>1,99,73,206.00</b>

<b>(b) Electrical Installation phase-I</b>		
	High Mast+B23:E29 system	23,49,391.00
	APFC panel (200kVAr)	5,33,025.00
	Inspectorate fee	20,369.00
	Sub total	29,02,785.00
	Total for the year 2014-15	2,28,75,991.00
<b>4</b>	<b><u>FY 2015-16</u></b>	
	Software packages	46500
	Tender advertisement for electrical s/s Phase-1	573516
	Sub total	620016
<b>5</b>	<b><u>FY 2016-17</u></b>	
	<b>Street light system-phase-I</b>	<b>39,35,102.00</b>
	Grand Total	2,83,53,066.00

The Commission has examined the above capital expenditure carefully and have the following comments.

18. Capital investment claimed for street light installation etc.

As detailed in the table above, one of the major components of the capital investments claimed at Phase-1 totalling Rs 69.69 lakh is the cost of installation of public lighting and Hi-mast system as detailed below.

Table-6  
Cost incurred at Phase-I campus for street light installation etc

Year	Particulars	Amount (Rs)
2012-13	Hi-mast system	6,84,427.00
2014-15	High Mast system	23,49,391.00
2016-17	Street light system-phase-I	39,35,102.00
	Total	69,68,920.00

The Commission has carefully considered the claim of the petitioner, and enquired as to whether this investment can be accounted under the capital investment head of the Technopark under electricity distribution licensee business.

As already stated under paragraph 10 of this order, M/s Technopark is the developer and infrastructure provider in the Phase-1 campus. This work includes building of necessary roads, street lights, water supply, buildings and other infrastructure within the Phase-1 campus. Public lighting and street light installation are part of the main park development activities and hence such assets has to be treated as the capital asset of the park developer M/s Technopark, and it cannot be treated as part of its electricity distribution business. **Hence the Commission rejects the amount of Rs 69.69 lakh claimed for installation of High Mast System and Street light system as part of the electricity distribution business of Technopark.**

19. Capital investment for new 11 kV system for the year 2014-15.

Capital investment claimed under this head is given below.

Table-7  
Capital investment claimed for 11 kV s/s

Electrical substation phase-1	Amount (Rs)
Consultancy fees	97,652.00
Consultancy fees	5,99,606.00
New 11 kV s/s	1,91,52,230.00
Inspectorate testing fee	1,23,718.00
<b>Sub total</b>	<b>1,99,73,206.00</b>

Commission noted that, the amount claimed for the construction of the 11 kV substation is excessively. Hence the Commission vide the Daily Order dated 26.06.2020, directed the petitioner to provide clarification on the same. M/s Technopark vide the letter dated 05.08.2020 submitted clarifications and the same is extracted under paragraph 8(5) above.

Commission noted the clarifications submitted by the petitioner. As per the details submitted by the petitioner, the estimated cost of the 11 kV s/s and associated system was Rs 1,50,62,836/- and the work order value was Rs 1,74,62,759/-, as against the claim of Rs 1,91,52,230.00/-. The Commission noted the petitioners submission dated 05.08.2020 that the work had to be retendered twice due to poor response. Considering this aspect, the Commission approves the capital investments for electricity distribution business, limited to the cost of installation of the 11 kV s/s and associated system at Phase-1 campus to the work order value of Rs 1,74,62,759.00.

In addition to the above, petitioner claimed Rs 6,97,258.00 towards consultancy charges and Rs 1,23,718.00 towards inspectorate testing fee. Commission approve the inspectorate testing fee claimed in total. Though the petitioner had not submit the reason with documentary evidence for claiming the consultancy fee for the installation of the 11 kV s/s, Commission provisionally approve the same on the condition that necessary documents shall be submitted along with the petition for amending the orders truing up of accounts for the year 2014-15.

Accordingly, the capital investment approved for the installation of the 11 kV s/s is given below.

Table-8  
Capital investment admitted for 11 kV s/s

Electrical substation phase-1	Claimed (Rs)	Admitted (Rs)
Consultancy fees	97,652.00	97,652.00
Consultancy fees	5,99,606.00	5,99,606.00
New 11 kV s/s	1,91,52,230.00	1,74,62,759.00
Inspectorate testing fee	1,23,718.00	1,23,718.00
<b>Sub total</b>	<b>1,99,73,206.00</b>	<b>1,82,83,735.00</b>

20. In the FY 2012-13, petitioner also claimed Rs 2,30,025/- towards service tax pertaining to the capital works done earlier and also Rs 7,505.00/- towards consultancy charges as claimed by the petitioner in Table-5. **The Commission cannot approve such claims without documentary evidence, and hence the claim is deferred and can be considered**

**subject to production of documentary evidence within three months of the date of this order.**

For the year 2014-15, petitioner claimed Rs 5,33,025/- towards Automatic Power Factor Control (APFC) panels for ensuring supply quality to the consumers. Petitioner also claimed Rs 20,369/- towards inspectorate fee. **Commission admit the amount claimed by the petitioner under this head.**

In the year 2016-17, petitioner claimed Rs 46,500/- towards software packages and Rs 5,73,516/- towards tender advertisement charges. **Commission approve the amount claimed by the petitioner under this heads.**

21. **Summary of the capital investment claimed by the petitioner M/s Technopark at Phase-1 campus and the amount approved by the Commission is given below.**

Table-9  
Capital investments claimed and approved for Phase-I campus of Technopark

Sl No	Particulars	Amount claimed (Rs)	Amount admitted (Rs)
1	FY 2012-13		
	<b>Electrical Installation at Phase-1</b>		
	Service Tax reimbursed	2,30,025.00	Deferred (see para 20 above)
	Consultancy charges for phase-1	7,505.00	
	Hi-mast system	6,84,427.00	Nil
	Sub total	9,21,957.00	Nil
2	<b>2013-14</b>	Nil	Nil
3	<b>FY 2014-15</b>		
	<b>(a) Electrical substation phase-1</b>		
	Consultancy fees	97,652.00	97,652.00
	Consultancy fees	5,99,606.00	5,99,606.00
	New 11 kV s/s	1,91,52,230.00	1,74,62,759.00
	Inspectorate testing fee	1,23,718.00	1,23,718.00
	<b>Sub total</b>	<b>1,99,73,206.00</b>	1,82,83,735.00
	<b>(b) Electrical Installation phase-I</b>		
	High Mast system	23,49,391.00	Nil
	APFC panel (200kVAr)	5,33,025.00	5,33,025.00
	Inspectorate fee	20,369.00	20,369.00
	Sub total	29,02,785.00	5,53,394.00
	Total for the year 2014-15	2,28,75,991.00	1,88,37,129.00
4	<b>FY 2015-16</b>		
	Software packages	46500	46500
	Tender advertisement	573516	573516
	Sub total	620016	620016
5	FY 2016-17		
	<b>Street light system-phase-I</b>	<b>39,35,102.00</b>	Nil
	Grand Total	2,83,53,066.00	1,94,57,145.00

### III. Capital Investment for Phase-III campus

22. Summary of the capital investment plan claimed at Phase-III campus is given below.

Table-10  
Capital investment claimed at Phase-III campus

Sl No	Particulars	Amount (Rs. Cr)
1	2012-13	
	Electrical Installation Phase-III	
	MCCB for temporary supply	16,746.00
	Cables & accessories for temporary supply	4,99,655.00
	Road cutting charges	9,560.00
	Cable laying	42,168.00
	Load bank for temporary supply	87,370.00
	Transformer oil testing	926.00
	Sub total	6,56,425.00
	Purchase of ToD meters	1,16,506.00
	Sub total	7,72,931.00
2	2013-14	
	Electrical Installation Phase-III	
	Busbars for connecting LT panels	11,65,152.00
	Temporary connection for lifts	2,21,075.00
	Earth pit chambers	77,279.00
	Modifications for existing panels	4,19,750.00
	Adapter boxes for transformers and ACB panels	9,46,640.00
	Sub total	28,29,896.00
	Relocation of 500 kVA USS	16,33,365.00
	Total	44,63,261.00
3	2014-15	
	Electrical installation phase-III	
	Electrification of IT buildings	5,23,19,865.00
	Tender advertisement	2,03,884.00
	Consultancy fees	8,24,721.00
	Consultancy fees	26,110.00
	Busbar segregation	2,49,949.00
	Electrical inspectorate fees	13,82,195.00
	ToD meters	3,23,876.00
	Other items (street lights)	7,20,058.00
	Street lighting system phas-III	<b>61,44,378.00</b>
	Sub total	<b>6,21,95,036.00</b>
4	2016-17	
	Main LT panels	18,17,656.00
	Sub panels	8,000.00
	Sub panels	3,82,386.00
	Street light system-phase-III	25,53,541.00
	Total for 2016-17	47,61,583.00
	Grand Total	7,21,92,811.00

23. Capital investment claimed for providing temporary supply

Petitioner had claimed Rs 6,56,425.00 as capital expenditure under 'Electrical Installation – Phase-III' for the year 2012-13 for providing temporary supply for construction works undertaken in Phase-3 area. Similarly, the petitioner claimed Rs 28,29,896.00 for providing temporary supply in the year 2013-14, excluding Rs 16,33,365.00 which was the cost of relocating the 500 kVA USS. Since these amounts are incurred for providing supply to the consumers, Commission approves Rs 6,56,425.00 in the year 2012-13 and Rs 28,29,896.00 under this works. However, the petitioner shall provide the present status of the these assets, whether these assets are still in use or dismantled after effecting permanent supply to the consumers.

24. Electrification of IT building for the year 2014-15.

Petitioner claimed to have incurred Rs 5,23,19,865.00 towards electrification of IT buildings.

Regulation 49 of the Supply Code 2014 and its amendments in 2020 deals with electric connection to high rise buildings. The relevant Regulations is extracted below.

49. Electricity connection to high rise building, colony and to residential, commercial or industrial complex.-

(1) The expenditure for modification, upgradation and uprating of the distribution system of the licensee executed, if any, exclusively for giving connection shall be realised from the applicants in the following cases:- (a) colony developed by development authority or private builder or promoter or developer with a total load demand more than one megawatt (MW); (b) domestic or commercial or industrial complex with multiple consumers with a total load demand more than one megawatt (MW); (c) high rise buildings, irrespective of the load demand; (d) a single consumer with a load demand above one MW.

.....

“(5) The development authority or the promoter or the builder or the developer or such other person, as the case may be, who constructs such colony or complex or high rise building under the clauses (a), (b) and (c) of sub Regulation(1) above, shall, at his cost, construct the required internal distribution network including the service line, transformer, switchgear, metering cubicles etc., as per the detailed scheme approved by the Electrical Inspector, for receiving power from the licensee and for distributing it and shall handover the metering cubicle to the licensee before the commencement of supply of electricity. The internal distribution network **including the transformer and switchgears and the underground service line cable of transformers are to be maintained by the development authority or the promoter or the builder or the developer or present occupier/building association or** any other person who is the present registered consumer of the colony or residential complex or a commercial complex or an Industrial complex or a high rise building”;

As per the Regulation 49 of the Supply Code, 2014, the cost of electrification of a high rise building has to be borne by the developer itself and such cost cannot be borne by the distribution licensee. Here, M/s Technopark is the developer of the building and also the distribution licensee in the area concerned, hence the confusion arises on who should bear the cost of

electrification of the IT buildings. However, it is to be noted that the park development and power distribution business of Technopark are separate activities for which separate accounts is to be maintained. As per the Regulation 49 of the Supply Code, 2014 and its amendments, Technopark as the developer of the Phase-III has to bear such costs.

**Considering the above, Commission cannot approve the cost incurred for electrification of IT building as the capital investment and for the asset addition of the distribution licensee and hence rejected.**

25. Cost incurred for street light installation at Phase-III campus.

Details of the cost incurred by M/s Technopak for the installation of street lights at Phase-III campus is detailed below.

Table-11  
Capital investment claimed for street light installation at Phase-III campus

Year	Particulars	Amount (Rs)
2014-15	Other items (street lights)	7,20,058.00
	Street lighting system phase-III	61,44,378.00
2016-17	Street light system-phase-III	25,53,541.00
	Total	94,17,977.00

As already discussed under paragraph 18 above, street light installation within the Phase-III campus is the responsibility of the Technopark as the developer of the campus. **Hence the Commission reject the cost of street light installation at Phase-III campus as part of the electricity distribution business of M/s Technopark.**

26. Consultancy fees

The petitioner claimed to have incurred Rs 8,24,721/- and Rs 26,110.00 towards consultancy fees. M/s Technopark vide the additional clarification dated 05.08.2020 clarified that, the consultancy fees claimed was for conducting a complete energy study of all Technopark campuses as per the direction of the Commission in the previous orders on truing up of accounts. M/s Technopark engaged M/s Kerala State Productivity Council at a total cost of Rs 6,75,000/- exclusive of taxes for conducting energy audit study.

Commission noted the submission of M/s Technopark. However, vide the order dated 27.04.2020, in the matter of Truing up of Accounts of M/s Technopark for the FY 2016-17, Commission approved the consultancy fee of Rs 10.72 lakh paid to Kerala State Productivity Council for conducting the energy audit study under A&G expenses. The relevant paragraphs of the order is extracted below.

50. The licensee also claimed Rs.10.72 lakh towards professional charges paid to Kerala State Productivity Council for energy audit study. The licensee has claimed the same as onetime expenses. The Commission notes that there has been substantial improvement in distribution loss in the year 2016-17. Accordingly, the same is allowed as onetime expenses.

.....

53. Based on the above and after excluding the Electricity Duty payable to the Government under Section 3(1) of the Kerala Electricity Duty Act 1963, the total A&G expenses approved for the year 2016-17 is as shown below:

**Table 17**  
**A&G expenses approved for 2016-17**

	Rs. Lakh
A&G expenses approved in the ARR for 2016-17	51.62
Additional security charges allowed (Rs.9.67 lakh -Rs.8.79 lakh)	0.88
Consultancy charges for Energy audit study	10.72
Cost of REC	46.51
<b>Total</b>	<b>109.73</b>

As discussed above, the Commission vide the order dated 27.04.2020, in the matter of approval of truing up of accounts for the year 2016-17, has already approved Rs 10.72 lakh towards the consultancy charges for energy audit study. **Hence the claim of the petitioner to approve the consultancy charges of Rs 6,75,000.00 paid to Kerala State Productivity Council as capital investment is rejected.**

27. Cost incurred for the purchase of ToD meters  
M/s Technopark claimed to have incurred Rs 1,16,506.00 towards the cost of purchase of ToD meters in the FY 2012-13. Similarly, M/s Technopark claimed Rs 3,23,876.00 towards the purchase of ToD meters in the year 2014-15. **Commission approve Rs 3,23,876.00 as the cost incurred for the purchase of ToD meters as its capital investment in the relevant years concerned.**
28. Cost incurred for the re-location of 500 kVA USS.

Petitioner claimed Rs 16,33,365.00 towards the relocation of one 500 KVA USS at phase-III campus in the year 2013-14. Commission vide the daily order dated 26.06.2020, directed M/s Technopark to clarify the reason for such excessive cost for the re-location of the 500 kVA USS.

M/s Technopark vide the letter dated 05.08.2020 submitted that, the 500 kV Unitized substation (USS) was shifted from Pallippuram campus to the Phase III Campus in Kazhakkuttam for providing supply for consumers, occupants in floors to facilitate setting up of their offices and start business. At that time, there were delay in getting statutory approvals for effecting permanent supply. It took almost one year for effecting permanent supply to consumers. Therefore, the USS was shifted from Pallippuram for providing supply immediately. The transportation and installation charges were just Rs 35,000 only. But the cost shown in the petition includes cost of panels, cabling, Distribution Boards etc for effecting temporary supply. As per the work order submitted by the petitioner, the cost for re-location of the 500 KVA USS was awarded to M/s Linsta Services at a total cost of Rs 15,03,034.00 as against the claim of Rs 16,33,365.00. No further details were submitted before the Commission for justifying the excess claim.

**Commission noted the submission of the petitioner, and approve the amount of Rs 15,03,034.00 towards the cost of relocation of the USS.**

## 29. Cost of Electrical Installation at Phase-III

The petitioner claimed the following amount as the cost of Electrical Installation in phase-III in the FY 2016-17.

Table-12  
Cost for electrical installation claimed at Phase-III campus

Main LT panels	18,17,656.00
Sub panels	8,000.00
Sub panels	3,82,386.00
Sub Total	22,08,042.00

Petitioner claimed that, the amount claimed under 'Electrical Installation – Phase-III' included addition of main and sub panel for providing supply to consumers and Distribution Boards.

**Commission noted the submission of the petitioner, and approves the cost of Rs 22,08,042.00 incurred towards the 'cost of electrical installation at Phase-III' as the capital investment in electricity distribution business.**

## 30. Other claims

Petitioner claimed Rs 2,03,884.00 towards tender advertisement charges in the year 2014-15. Petitioner vide the letter dated 05.08.2020 submitted that, earlier advertisement for tenders and other things had been done through an advertisement agency for the whole business of Technopark. Long advertisement was published in many news papers for good coverage and for getting a number of quotations. However this practice has now been discontinued. Tenders invited are e-tenders and advertisement are placed through Public Relation Department of the Government of Kerala. **Commission noted the submission of the petitioner and hereby approves the cost incurred towards advertisement charges.**

**Petitioner claimed Rs 2,49,949.00 towards the cost of 'busbar segregation'. Commission hereby approve the said amount.**

Petitioner claimed Rs 13,82,195.00 under the head 'electrical inspectorate fee'. The petitioner had not submitted the details of such excessive claim under this head. **However, since this expense is already incurred, and such payments having been made into the Government accounts, Commission approve the said amount.**

## 31. Summary of the capital investment claimed by the petitioner M/s Technopark at Phase-III campus and the amount approved by the Commission is given below.

Table-13  
Summary of the capital investments claimed and admitted at Phase-III campus

Sl No	Particulars	Amount claimed (Rs)	Amount Approved (Rs)
1	2012-13		
	MCCB for temporary supply	16,746.00	16,746.00
	Cables & accessories for temporary supply	4,99,655.00	4,99,655.00
	Road cutting charges	9,560.00	9,560.00
	Cable laying	42,168.00	42,168.00
	Load bank for temporary supply	87,370.00	87,370.00
	Transformer oil testing	926.00	926.00
	Purchase of ToD meters	1,16,506.00	1,16,506.00
	Sub total	7,72,931.00	7,72,931.00
2	2013-14		
	Electrical Installation Phase-III		
	Busbars for connecting LT panels	11,65,152.00	11,65,152.00
	Temporary connection for lifts	2,21,075.00	2,21,075.00
	Earth pit chambers	77,279.00	77,279.00
	Modifications for existing panels	4,19,750.00	4,19,750.00
	Adapter boxes for transformers and ACB panels	9,46,640.00	9,46,640.00
	Sub total	28,29,896.00	28,29,896.00
	Relocation of 500 kVA USS	16,33,365.00	16,33,365.00
	Total	44,63,261.00	44,63,261.00
3	2014-15		
	Electrical installation phase-III		
	Electrification of IT buildings	5,23,19,865.00	Nil
	Tender advertisement	2,03,884.00	2,03,884.00
	Consultancy fees	8,24,721.00	Amount approved vide the order dated 27.04.2020
	Consultancy fees	26,110.00	
	Busbar segregation	2,49,949.00	2,49,949.00
	Electrical inspectorate fees	13,82,195.00	13,82,195.00
	ToD meters	3,23,876.00	3,23,876.00
	Other items (street lights)	7,20,058.00	Nil
	Street lighting system phas-III	<b>61,44,378.00</b>	<b>Nil</b>
	Sub total	<b>6,21,95,036.00</b>	<b>21,59,904.00</b>
4	2016-17		
	Main LT panels	18,17,656.00	18,17,656.00
	Sub panels	8,000.00	8,000.00
	Sub panels	3,82,386.00	3,82,386.00
	Street light system-phase-III	25,53,541.00	Nil
	Total for 2016-17	47,61,583.00	22,08,042.00
	Grand Total	7,21,92,811.00	96,04,138.00

32. Year wise and the campus wise details of the capital investment claimed and approved for the financial years from 2012-13 to 2016-17 is given below.

Table-14  
Summary of the Capital Investments claimed and approved for the FY 2012-13 to 2016-17  
(in Rs. Crore)

Year	Phase-I campus		Phase-III campus		Phase-5 Kollam		Total	
	Claimed	Admitted	Claimed	Admitted	Claimed	Admitted	Claimed	Admitted
2012-13	0.09	0.00	0.08	0.08			0.17	0.08
2013-14	0.00	0.00	0.45	0.45			0.45	0.45
2014-15	2.29	1.88	6.22	0.22	26.94	Nil	35.45	2.10
2015-16	0.06	0.06					0.06	0.06
2016-17	0.39	0.00	0.48	0.22	0.05		0.92	0.22
Total	2.84	1.95	7.22	0.96	27.00		37.05	2.91

The petitioner in the petition dated 10.02.2020 claimed that, the capital works in the FY 2012-13 and 2013-14 is done with their own funds. The capital investment made at Technopark Kollam was done using Government grants. As detailed under paragraph 16 above, Commission has not approved the capital investment made at Technopark Kollam since the commercial operation of these assets are still uncertain and the assets are not put into use. However, the source of funds for the investments made at Phase-1 and Phase-III campus from 2014-15 to 2016-17 is not specified by the petitioner. But the petitioner submitted that, out of the total investment of Rs 289.78 crore investment made by the Technopark as developer, Rs 177.00 crore was met by availing loans, i.e., the loan availed by the Technopark as the developer is about 61.08% of the total investments made so far. The same percentage of loan may be considered by the petitioner for claiming interest on the loan availed for the capital investment approved for electricity distribution business as above.

***The petitioner is allowed to claim depreciation, interest on loan and O&M cost for the assets approved from the FY 2012-13 to 2016-17 as above. The petitioner has to file a separate petition for making amendments in the earlier orders on Truing up approved by the Commission for the years 2012-13 to 2016-17.***

33. Capital investment during the year 2017-18 for the supply and installation of 200 KV Grid connected Solar Power Plant.

M/s Technopark submitted that, Commission vide the Order dated 13.11.2019 in OP No. 12/2019 has not approved the capital investment made for Installation of 200 kWp Roof Top Solar System. However, the petitioner installed the solar plant at a total cost of Rs 1,14,93,000/- for 200 kWp plant, by availing the Government grant for the entire investment. The total cost of installation is about Rs 5.75 crore/MW. The solar installation was done by M/s KELTRON, Government organisation, and the contractor was selected

through transparent e-tendering process for which ANERT as the consultant. The plant was commissioned in March 2018 itself.

Commission noted the submission of M/s Technopark. Commission vide the order dated 13.11.2019 in OP No. 12/2019, in the matter of approval of capital investment plan of Technopark for the financial year 2017-18 ordered as follows.

*“Item No.7: Supply, Installation, Testing and Commissioning (SITC) of 200kWp Grid Connected Solar Power Plant at Ganga & Yamuna IT Building, ETPK Phase-III SEZ Thiruvananthapuram.*

*Technopark proposed to install 200 kWp grid connected solar power plant at Ganga and Yamuna IT building at Phase-III, with a total capital investment of Rs 1.76 crore. The project was tendered and the L1 bidder has quoted an amount of Rs.115 lakhs. Therefore, the total amount of the project cost including the consultancy charges is Rs.124.6 lakhs. The funding pattern for the project is proposed through government grant. The annual energy generation anticipated 0.30 MU. As per the details submitted, the cost per MW of the scheme including consultancy charges is Rs 6.23 crore/MW.*

*KSEB Ltd submitted that, the capital cost of the solar installation is on the higher side, hence the investment cannot be justifiable though the source of funding is from Government grant.*

*The Commission has examined the proposal of Technopark and the comments of KSEB Ltd. The capital investment of installing 200 kWp grid connected solar power plant as per the L1 bid including consultancy charge is about Rs 1.246 crore, i.e., Rs 6.23 crore/kW. Comparing the present market price of solar panels and the cost of installation of the solar PV systems, the cost of installation proposed by the petitioner is on the higher side and the Commission cannot approve such excessive cost. The petitioner may cancel the original bid and select the bidder through e-reverse bid so that most competitive rates may be offered by the bidders for the 200 kWp solar PV installation.*

*Decision of the Commission*

*The Commission reject the proposal. However, the petitioner can invite fresh bid through e-reverse bid so that the most competitive rates can be obtained for the 200kWp solar PV plant proposed by the petitioner.”*

However, as per the submission of the petitioner, 200 kW Roof Top Solar Plant was installed at a total cost of Rs 1.1493 crore (@Rs 5.75 crore/MW or Rs 57.5/ Wp). The amount claimed by the petitioner is less than the benchmark cost of Rs 60/Wp fixed by MNRE for Grid connected roof top solar plants with capacity 100-500 kWp for the year 2017-18. Further, the entire cost of installation of the solar plant was met from the Government grant. Considering these reasons and since the plant was already commissioned in the FY 2017-18 itself, **Commission decided to approve the capital investment for the installation of the 200 kWp solar plant @ Rs 1.1493 crore, by using Government grant.** Since the investment is made with Government grant, the petitioner is not eligible to claim ‘depreciation’, ‘return on equity’ and ‘interest on loan’ for this investment.

### **Orders of the Commission**

34. Commission, has examined the petition filed by M/s Technopark for the approval of the capital investment plan of Technopark for the period from the FY 2012-13 to 2016-17 as per the provisions of the Electricity Act, 2003, Tariff Regulations, 2014, Tariff Regulations, 2018, Supply Code, 2014 and its amendments, and other relevant Rules and Regulations in force, hereby orders the following.

- (1) Approve the Capital Investment made by M/s Technopark for the financial years 2012-13 to 2016-17, for electricity distribution business as detailed in the paragraph 32 above.
- (2) Technopark, shall submit necessary proposal to the IT Department & Power Department in Government of Kerala to share/use the redundant assets at Technopark Kollam created with State Government grants, by the incumbent licensee KSEB Ltd for the benefits of the State. A report on the progress on this matter shall be submitted to the Commission as per paragraph 16 of this order.
- (3) Approve the installation of the 200 kWp Roof Top Solar Power Plant, at a total cost of Rs 1.1493 crore in the FY 2017-18 by using Government grants, subject to the condition that, 'depreciation, return on equity and interest on loan' shall not claimed for this investment.
- (4) M/s Technopark shall produce documentary evidence within three months from the date of this order to approve the claims on service tax and consultancy charges as detailed under paragraph 20 of this order.

Petition disposed as above.

**Sd/-  
Preman Dinaraj  
Chairman**

Approved for issue.

Satheeshchandran.C.R  
Secretary (i/c)