

This application is filed before the Hon'ble Kerala State Electricity Regulatory Commission (KSERC) in accordance with the provisions of the Electricity Act, 2003 and KSERC (Terms and Conditions for Determination of Tariff) Regulations 2018 for the Truing up of Aggregate Revenue Requirement (ARR) and the Expected Revenue from Charges (ERC) for the Financial Year 2018-19.

Background

Cochin Special Economic Zone (CSEZ), is a Government owned Special Economic Zone, under the Ministry of Commerce and Industry, Department of Commerce, Government of India. The Zone, comprising an area of 105 acres, is located at Kakkanad, Kochi. The Cochin Special Economic Zone Authority constituted under the SEZ Act, 2005 is the Developer of the Zone providing the infrastructure and other related services to the Zone.

The Zone has been set up with the objective of promoting exports and creating employment opportunities. Exporting industries are provided with infrastructure facilities like power, water, effluent treatment facility, communication etc. The power distribution network was revamped during the period by the Central Government to provide uninterrupted and quality power to the consumers in the Zone.

Government of Kerala granted Power distribution license to CSEZ vide *G.O.(Rt)No.118/02/PD* dated 20.6.2002. On obtaining NOC from the KSERC, vide their letter *No.KERC/CSEZ/2/71/2005* dated 1.1.2005, CSEZ started power distribution inside the Zone w.e.f. 1.5.2005 from the 110/11 kV 10/12.5MVA Substation. There are different categories of consumers viz HT, LT including temporary connection for construction purpose, etc. and about 84% of the purchased power is being sold to HT consumers alone. CSEZA adopts the same tariff structure of KSEBL as approved by KSERC for the end consumers. Distribution area is limited to the industries and other supporting utility services inside the Zone.

As on 31.3.2019, there were a total of 159 consumers in CSEZA comprising of 29 HT consumers & 130 Nos. LT consumers comprising of 92 LT industrial consumers, 13 LT commercial consumers and 25 other LT consumers (including temporary for construction purposes). The consumer mix, consumption pattern, etc. depends on financial stability around the world as consumers of the Zone are export oriented units. As such, consumer pattern and their demand for power is dynamic and volatile.

1. Features of Distribution System:

The load pattern is not uniform throughout the year since the power distribution is to a Multi-Product Zone consisting of continuous process industries, seasonal industries and other industries whose power demand depends on demand from their foreign buyers. Bulk Power supply at 110 KV is received from KSEB Ltd and stepped down to 11 kV Voltage within CSEZA's 110/11 KV 10/12.5 MVA substation. The Distribution within the zone is using Ring main system and underground cabling.

2. Details of Power Purchase Agreement for procurement of electricity:

A Power Purchase Agreement with KSEB Ltd. for supply of 10000 kVA energy is existing during the Financial year. Based on in principle approval by KSEBL, CSEZA had filed a petition for revision of the Power Purchase Agreement enhancing of contract demand to 13000 KVA from existing 10000 kVA . The petition was approved by KSERC and the new PPA with 13000 KVA Contract Demand was executed with KSEB Ltd with effect from 23rd March 2020.

3. Compliance and regulatory impact related to Commission's directives in the previous and current financial year:

All regulations of the KSERC issued from time to time have been complied with by CSEZA.

4. Performance of Licensee, efficiency parameters and indices:

The performance of the Licensee is periodically reported to the KSERC. This licensee has been functioning within the approved limits of the performance standards prescribed by the Commission. The billing is on pre-paid system and the T&D loss is very low.

5. Consumer category-wise energy consumption:

During the financial year 2018-19, there were a total of 159 consumers in CSEZA comprising of 29 HT consumers & 130 Nos LT consumers comprising of 92 LT industrial consumers, 13 LT commercial consumers and 25 other LT consumers (including temporary for construction purposes).

During the year 2018-19 the total consumption by all categories were 55.911 million units. The category wise consumption for 2018-19 is given below:

| Category | No. of consumers | 2018-19 (Actuals) | |
|---|------------------|---------------------------------------|---------------------------------|
| | | Energy Consumption (In million units) | Percentage of Total Consumption |
| HT – Industrial [HT-I(A) & I(B)] | 28 | 45.471 | 81.33 |
| HT- Agricultural [HT-III(B)] | 01 | 1.300 | 2.33 |
| LT – Industrial [LT-IV(A) & IV(B)] | 92 | 8.548 | 15.29 |
| LT – Commercial [LT-VII(A)] | 13 | 0.254 | 0.45 |
| LT – Other categories [LT- VI(A),VI(B),VI(C),VI(D),VI(F) & VIII(B)] | 25 | 0.338 | 0.60 |
| Total consumption | 159 | 55.911 | 100 |

6. AT & C Losses:

The distribution system has underground cabling and pre-paid meters of 0.5 accuracy class. CSEZA had projected 1.834 % distribution loss for the year 2018-19, at the time of filing MYT petition. In spite of CSEZA's requests during the ARR & ERC hearing to approve reasonable distribution loss, Honorable Commission approved only 1.45 % Loss for the financial year 2018-19. The actual distribution loss for the year 2018-19 came to 2.085 %. It may please be noted that CSEZA avails power at 110 KV and the same is stepped down to 11 KV using two nos. 10/12.5 MVA power transformers in CSEZA's 110 kV/11 KV substation and hence there is transmission loss in 110/11 kV power transformers & substation . Also during the current year there was some metering and communication issue resulting in some commercial loss, which was subsequently corrected based on Energy Audit report. The calculation of T &D loss is given in **Annexure E** & details of Appropriation of Distribution Loss is **given in form no.D6.2(2018-19)Actual**. Hence CSEZA request Honorable Commission to approve the actual loss of 2.085 % for the year 2018-19.

7. Power Purchase:

CSEZA purchases power in bulk from the KSEB for distribution within the Zone. CSEZA had projected power purchase of 55.60 MU for 2018-19 in the MYT petition, considering 55.488 MU Energy Sale , 0.922 MU internal solar generation and 1.834 % distribution loss. Honorable Commission had approved only 55.38 MU as power purchase based on the approved distribution loss of 1.45%. Accordingly, a purchase cost of Rs.3374.89 lakh was approved by Honorable Commission in the ARR order dated 02-12-2019, against CSEZA's projection of Rs 3419.898 lakh. The actual energy purchased from KSEB Ltd for 2018-19 came to 56.189MU and purchase cost was Rs. 3435.903 lakh. Details of Power Purchase and Purchase Cost is given in **form No.D3.1(2018-19)Actual**.

8. Return On Equity/Return on Net Fixed Assets:

Return on Investment to the tune of Rs.37.79 lakh was projected by CSEZA in the ARR & ERC petition for 2018-19 being 3% of NFA(Rs 1259.69lakh) at the beginning of the year. Honorable Commission had approved only Rs 21.86 lakh as ROE/Return on NFA . Actual Return On Investment/ Return on NFA now claimed in this truing up petition is 37.79 lakh being 3 % of the actual NFA at the beginning of year 2018-19. Details are given in **form No. D 3.8**

9. Depreciation:

The Honorable Commission had approved an amount of Rs 72.03 lakh as depreciation for 2018-19 against CSEZA's projected figure of 76.94 lakh. Actual Depreciation for 2018-19 worked out to Rs. 76.68 lakh. This actual depreciation claimed includes depreciation for the assets added during the year 2018-19, in addition to the depreciation provided for the already existing assets. Details of Assets added during the financial year is given in **form No D4.2 (2018-19) Actual**. **Details of fixed assets and depreciation claimed for 2018-19 is given in form No.D3.5 (2018-19) Actual**.

10. Employee cost:

An amount of Rs.116.40 lakh was paid in 2018-19 to the outsourced O&M agency as annual fee towards man hour charges for the O&M services provided .Further, Rs.21.18 lakh was apportioned as proportionate employee cost of CSEZ staff. As such, the total employee costs came to Rs.137.58 lakh. Details of Employee expenses are given in **form No.D 3.4 (a)**.

11. Admin. & General Expenses:

The total A&G expenses incurred for 2018-19 was Rs.29.16 lakh . The details of the various expenditure are explained in **Form No. 3.4 (b)**.

12. Repairs and Maintenance:

Actual expenses incurred towards Repairs and Maintenance works undertaken during 2018-19 came to Rs. 12.24 lakh. Details of R & M Expenses are given in **form No. D 3.4(c)**.

13. Non Tariff Income:

Honorable Commission had considered and approved Non Tariff Income of Rs 112.13 lakh for 2018-19 vide ARR Order dated 2.12.2019. Actual amount during the period came to Rs 114.60 lakh .Details of Non Tariff Income is given in **form No. D2.4**.

14. Revenue from Sale of Power:

In 2018-19, 55.911 MU million units of energy were sold to different categories of consumers, as against CSEZA's projection for 55.488 MU . Total Revenue from Sale of Power came to Rs. 3556.29 lakh as against KSERC approval for 3490.34 Lakh . Details are given in **Form No.D 2.1(2018-19) Actual**.

16. Summary of ARR & ERC for 2018-19:

| S.No | Description | Amount Rs. In Lakh |
|------|--|--------------------|
| 1 | Aggregate Revenue Requirement(ARR) | |
| 1.1 | Cost of Power Purchase | 3435.903 |
| 1.2 | Employee Expenses | 137.58 |
| 1.3 | Administration & General Expenses | 29.16 |
| 1.4 | Repair & Maintenance Expenses | 12.24 |
| 1.5 | Depreciation | 76.68 |
| 1.6 | Return On Equity/ Return on Net Fixed Assets | 37.79 |
| | Total | 3729.353 |
| 2 | Revenue from Charges (ERC) | |
| 2.1 | Revenue from Sale of Power | 3556.29 |
| 2.2 | Non Tariff Income | 114.60 |
| | Total | 3670.89 |
| 3 | Revenue (Gap)/Surplus | (58.463) |

Prayer

It is prayed that Honorable Commission may approve the ARR & ERC figures as per the above actual while truing up of the accounts. The explanation to variations from Approved ARR & ERC figures is attached as **Annexure D** to this petition. Copy of the Audited Accounts for CSEZA for the year 2018-19 is also attached as **Annexure-F(1) & F(2)**.