

**KERALA STATE ELECTRICITY REGULATORY
COMMISSION**

THIRUVANANTHAPURAM

Petition No: OP 08/2023

Present : **Adv. A. J. Wilson, Member**
Sri. B. Pradeep, Member

In the matter of : Petition filed by Rubber Park India Private Limited for approval of ARR & ERC for the Control Period 2022- 23 to 2026-27

Petitioner : M/s Rubber Park India Private Limited

Date of Hearing: : 13.02.2023 at the Conference Hall
Office of Rubber Park India Private Limited.
Valayanchirangara

Represented by : Sri.George.V.James, Managing Director
Sri. M S Samuel, CFO & CS
Sri. Anees T.M, Asst. Manager (Electrical)

Daily Order Dated 15.02.2023

1. M/s. Rubber Park India (P) Limited is a distribution licensee of the Kerala State Electricity Regulatory Commission under the Electricity Act, 2003 for distribution of electricity to the Industrial units within the industrial park at Valayanchirangara near Perumbavoor in Ernakulam District. The licensee has filed the present petition for the approval of ARR & ERC for the Control Period 2022-23 to 2026-27 as per the provisions of Tariff Regulations 2021.
2. The public hearing on the petition was conducted on 13-02-2023 at the Conference Hall, Office of Rubber Park India Private Limited, Valayanchirangara, Ernakulam. The licensee was represented by Sri.George.V.James, Managing Director, Sri. M S Samuel, CFO & CS and Sri. Anees T.M, Asst. Manager (Electrical) and other officers of the licensee. Sri. Rajan, Deputy Chief Engineer, TRAC and Smt. Biji Christudas, Assistant Engineer representing KSEB Ltd, consumers in the license area and other stakeholders also participated in the hearing. Sri. Anees T.M presented the petition before the Commission and Sri.George.V.James and Sri. Anees T.M clarified the queries of the Commission.

3. The main points of the petition for approval of ARR & ERC are briefed below.

- The sales for the control period are projected after duly considering the trend of past five years. A 3% increase in the energy sales and increase in contract demand is proposed for each year of the control period. The licensee expects increase in the sales of HT I and LT IV consumer category.
- The licensee proposes a distribution loss of 1.90% for each year of the Control Period.
- With regard to Renewable Purchase Obligation of the licensee, it is stated that the company is not having sufficient area to install renewable energy sources for generation and hence company intends to purchase the renewable energy from KSEB Ltd itself.
- Power purchase cost increases year on year, duly considering the increase in sales and contract demand.
- The licensee submitted that O&M expenses may be allowed, as proposed in the petition as against the norms prescribed in the Tariff Regulations 2021. The licensee submitted that the provisions of Bureau of Energy Efficiency (Manner and Intervals for Conduct of Energy Audit in electricity distribution companies) Regulations, 2021 leads to additional expense towards Energy Audit and posting of additional officers as prescribed in the regulations.
- The licensee has proposed a total capital expenditure of Rs. 64.90 lakh for the years of the Control Period and depreciation is claimed as per the provisions of the Tariff Regulations.
- The licensee also has proposed for interest on normative loan.
- The licensee submitted that RoE may be allowed for the equity share capital approved by the Commission for the assets put to use at the commencement of the financial year and on fifty percent of equity share capital portion of the capital cost for the investment put to use during the financial year.
- It was further submitted that Tax on RoE may be allowed.
- The revenue from sale of power is proposed based on the revised tariff as approved by the Commission. The licensee has projected an increase in the Non Tariff Income and Income from wheeling of energy for each year of the Control Period.
- The licensee for each year of the Control Period proposes a Revenue Gap which increases year on year and presented the petition with the following prayers;

- ❖ The Employee Cost projected for the control period may kindly be approved. In addition, the cost of full time Energy Manager and Electrician may kindly be approved.
 - ❖ The R&M Cost including the Statutory Annual Energy Audit cost may kindly be approved.
 - ❖ The ROE & Tax on ROE projected for the control period may kindly be approved.
 - ❖ The interest on the accumulated surplus may kindly be excluded from Non-Tariff income.
 - ❖ The interest on normative loan may kindly be approved.
 - ❖ The bulk supply tariff for RPO from the buyer licensee may kindly be introduced as part of BST.
4. Sri. Rajan, Deputy Chief Engineer TRAC and Smt. Biji Christudas, Assistant Engineer represented KSEB Ltd. Smt. Biji Christudas submitted the views of KSEB Ltd on the petition before the Commission.
 5. During the hearing, the Commission sought the necessity of the proposed capital expenditure and directed the licensee to submit detailed analysis, justifying the necessity of the proposed capital expenditure. The licensee shall submit the details with regard to break down/power outages along with details of time for recovery (past three years). Commission notes that the asset additions proposed are for the replacement of equipment. The licensee shall submit the details of the age of the assets proposed to be replaced along with depreciation claimed over the years and the balance WDV of the same.
 6. KSEB Ltd was directed to submit their opinion/stand with regard to KSEB Ltd meeting the RPO of RPIL on or before 28.02.2023. Commission also directed RPIL to submit their counter, if any on the written comments of KSEB Ltd. The details shall be furnished on or before 28.02.2023. In case submission of details are not made within the date stipulated, the Commission shall presume that the licensee has no further submissions to make, and the Order shall be finalized accordingly.

Sd/-

Sri. B. Pradeep
Member

Sd/-

Adv. A. J. Wilson
Member

Approved for issue

Sd/-

C.R.Satheesh Chandran
Secretary