

AEQUS SEZ

Preliminary observations on Application file for APR of FY20 and Revision of ARR and Retail Supply Tariff for FY22

1. APR-20 Sales:

The Commission, in its Tariff Order dated 30.05.2018 had approved sales of 23.67 MU for FY20 as proposal by the AEQUS SEZ. The actual sales, as per current filing is 25.258 MU, indicating increase in sales by 1.588 MU vis-à-vis the approved sales.

The AEQUS SEZ has stated that in FY20, the actual contract demand and consumption is in line with forecast and the variation is attributable to business cyclical variations. It is noted that for FY20, the Commission had approved sales of 23.67 MU, in its tariff order dated 30.05.2019, whereas at Page-20, the forecast energy consumption is indicated as 24.929 MU. The forecasted data for FY20, shall be as approved in the above tariff order. **In this regard AEQUS SEZ is directed to refer to page-41 of the filing dated 30.11.2018 and AEQUS SEZ shall carry out and submit the variance analysis in sales with respect to the approved sales for FY20.**

The Commission notes that the total Contract Demand of consumers of AEQUS SEZ as on 31.03.2020 is 11.618 MVA and for FY21 it is estimated at 9.243 MVA. The reduction in MVA is attributed by AEQUS SEZ to surrendering of Demand by 8-consumers to the extent of 2.435 MVA. AEQUS SEZ has anticipated sales for FY21 at 21.11 MU which is lower than the Commission approved sales of 27.904 MU, in its Tariff Order dated 04.11.2020. **The Reduction in sales and contract demand in FY21 is attributed to Covid-19 pandemic, which is noted by the Commission.**

At page-3, of the filing, it is stated that at present power upto 6.9 MVA could be drawn and with the commissioning of express feeder, upto 10 MVA could be drawn. Further, the establishment of a new KPTCL substation, is anticipated in April, 2022. **The anticipated MVA demand in FY22 of 9.88 MVA could be met, if the express feeder is commissioned in time and therefore, AEQUS SEZ shall take necessary action to complete the same in time.**

The Commission notes that at page-7 of the filing, four consumers under 'construction activity' consuming 1.835 MU is indicated, whereas at table - 44 the number of installations under 'Construction activity' is indicated as zero. **This shall be reconciled.** Further, for FY21 the sales under 'construction activity' are zero. **AEQUS SEZ shall clarify as to whether in FY21 no construction activity is likely to take place.**

Further, for AEQUS Automotive Pvt. Ltd., the Demand and sales is indicated as zero from FY22 onwards. The reason for the same shall be furnished. Further, for FTWZ Apollo Aerospace Components sales is indicated as zero for all the years, though there is Contracted Demand. As per the details furnished by the FTWZ Apollo Aerospace Components the sales are 0.005 MU. This shall be clarified.

2. FY22 sales

AEQUS SEZ has stated that the estimates for FY21 to FY25 is made based on the inputs provided by each consumer. AEQUS SEZ has furnished the copy of e-mails submitted by the consumers, **except in case of Aerospace Processing India Ltd.- Unit-1, Aerospace Manufacturing India P. Ltd., Unit 1 & 2, VP Aero Solutions P. Ltd., AEQUS Automotive P. Ltd. And for the New units. AEQUS SEZ shall furnish the same.**

3. Wheeling Charges and Cross Subsidy Surcharge:

AEQUS SEZ has requested the Commission to follow the previous year methodology, as there are no OA consumers. The Commission notes that AEQUS SEZ has segregated its cost between distribution business and retail supply business. **As such AEQUS SEZ may consider working out the wheeling charges, CSS and Additional surcharge considering its own costs and furnish the same to the Commission.**

4. Observations on Power Purchases and Capex proposals:

1. AEQUS SEZ, in its application in page- 56 and 65 has claimed the power purchase cost of Rs.14.86 Crores on the purchase 2.46 MU solar energy and 21.29 MU from Hukkeri RECS for FY22. It is observed that the

computation of cost of power purchase of solar energy has been done by considering power purchase cost per unit at Rs.3.07 per unit of solar tariff as approved by the Commission, to be payable to the seller and also considering facilitation charges of Rs.0.46 per unit. As the facilitation charges are to be received from the solar developer, it should be considered as other income to the AEQUS SEZ. AEQUS SEZ shall explain as to how the same is (Rs.0.46 per unit) is considered as expenditure, in computation of power purchase cost for FY22.

2. AEQUS SEZ, in its application has claimed power purchase requirement of 23.746 MU at generation bus, 24.405 MU of energy available at interface point and 22.898 MU as sale to its consumers, for FY22, as against the actual power purchase of 26.182 MU at IF point and sale of 25.258 MU for FY20. The Commission notes that, as per the daily load curve statement generated by the SLDC, the power consumption in the state is steadily showing an increasing trend due to the gradual increase in the economic activities in the State. As such, AUQUES SEZ shall explain the reason for the reduction in the power purchase projections for FY22.
3. AEQUS SEZ has proposed Capex of Rs.0.17 Crores for FY22, in page 49 and 50, which is earmarked for upgradation of infrastructure towards facilitating and evacuating proposed 2 MW solar SRTPV plant. AEQUS, has also considered capex of Rs.0.17 Crores for FY21 for the same work. As these works are required to be completed for connecting the solar power to the AEQUS distribution network, AEQUS SEZ shall furnish the reasons for including the same amount for both FY21 and FY22.

Further, the requirement of such capital works for procurement of power from the Solar rooftop plant, is normally met by the developer, as part of capital cost to be incurred for evacuation of power from the project. Necessary clause for the same is provided for in the power purchase agreement, entered into with the Developer, in terms of KERC Solar Regulations. The need to include the same in the ARR separately, needs to be explained, shall be explained.