

Mangalore SEZ

Preliminary Observations on the Application for approval of APR for FY17, ARR and Retail Supply Tariff for FY19

1. APR-17 Sales:

The Commission had in its Tariff Order dated 8th May, 2017, had approved sales of 79.40 MU for FY-17 as proposed by MSEZ. The actual sales as per current filing is 18.60 MU indicating substantial reduction in sales to an extent of 60.80 MU. MSEZ has stated that the estimated sales to HT industries could not be achieved due to demand constraints and poor off-take by major bulk consumers on account of delayed synchronization of their CPP with KPTCL grid, which occurred in February,2017.

The Commission notes that the reduction in sales is attributed to poor off-take by major bulk consumers. In this regard HT bulk consumer-wise details of estimated sales and actuals for FY-17 shall be furnished.

2. ARR- sales for FY19

a. MSEZ has estimated the revised sales for FY18 as 42.87 MU, which is 2.3 times the sales in FY17. Earlier, MSEZ had estimated 84.60 MU as the sales for FY18 and the downward revision is attributed by MSEZ to one major bulk consumer, whose actual off take is about 37 MU against earlier estimate of 70 MU per annum. Further, it is stated that the off-take of power from MSEZ was lower by the bulk consumer due to grid interruptions even after synchronization of CPP (29 interruptions till October,2017 reported). Therefore, to validate the sales for FY-18, MSEZ shall furnish the consumer-wise details as under:

Name of the	Actual Electricity	Actual	Estimated production
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Consumer/ Company	Consumption up to 30.11.2017	production in relevant units up to 30.11.2017-	in relevant units from 01.12.2017 to 31.03.2018-

b. MSEZ has revised the estimates for FY19 to 52.27 MU, owing to reduction in sales in FY18 for the reasons stated earlier. In this regard, the Commission notes that for FY19, MSEZ has estimated sales to HT industrial category as 50.60MU.

Further, for the industries, the details as per the following format shall be furnished

Name of the Company	Actual Electricity Consumption in FY17- kWh	Revised Estimates of production in relevant units for FY18	Estimated production in relevant units in FY19

Regarding the number of installations, the Commission notes that FY19 there would be 22 installations as against 19 in FY18, which indicates growth of 15.79%.

3. Demand Side Management:

The Commission vide letter dated 13.01.2017 had directed the following

- i. To submit the assessed technical potential for demand side management.
- ii. To carry out load research and market surveys to establish base line data.
- iii. To take up capacity building for employees in DSM.
- iv. To create consumer awareness on DSM and.
- v. To submit annual DSM plan during the tariff petition filing.

In view of the above directions, the MSEZ shall furnish the annual DSM plan for FY19 indicating the various DSM programs to be taken up during FY19. Further, if the cost of such DSM programs is being incurred by MSEZ, the same shall be included in the Capex program. MSEZ shall also furnish the compliance on items i) to iv) listed above.

4. Wheeling Charges and Cross Subsidy Surcharge:

As required under MYT Regulations, MSEZ shall propose wheeling charges and Cross Subsidy Surcharge for their area of supply as per Regulations.

5. RPO Compliance:

MSEZ shall furnish the status of solar and non-solar RPO compliance for FY17 and also the estimates of RPO to be met in FY19 and the plan of action to meet the same in FY19.