

ಕರ್ನಾಟಕ ವಿದ್ಯುಚ್ಛಕ್ತಿ
ನಿಯಂತ್ರಣ ಆಯೋಗ



KARNATAKA ELECTRICITY
REGULATORY COMMISSION

6 ಮತ್ತು 7ನೇ ಮಹಡಿ, ಮಹಾಲಕ್ಷ್ಮೀ ಛೇಂಬರ್ಸ್
ನಂ. 9/2, ಎಂ.ಜಿ. ರಸ್ತೆ, ಬೆಂಗಳೂರು - 560 001

6th & 7th Floor, Mahalaxmi Chambers
No. 9/2, M.G. Road, Bengaluru-560 001

No.B/17/15/

1574

Date: 15th December 2015

The Managing Director
AEQUS SEZ Pvt. Ltd.,
No.2, 21/2, First Floor,
Bhattarahalli, Benniganahalli
K.R.Puram Hobli
BENGALURU - 560 049.

Sir,

Sub: Application for APR for FY15 and ARR for FY17-19 &
Revision of Tariff for FY17
Ref: Your letter dated 30.11.2015

Please refer to your letter cited above wherein the application for APR for FY15 and ARR for FY17-19 & Revision of Tariff for FY17 has been filed before the Commission. After scrutiny of the application, the Commission has made certain preliminary observations which are enclosed to this letter.

I am directed by the Commission to request you to furnish clarification / additional information / compliance to these observations on or before 28th December, 2015 to enable the Commission to take further action in the matter.

It may please be noted that no extension of time would be allowed by the Commission for furnishing the replies to the preliminary observations.

Thanking you,

Yours faithfully,
For Karnataka Electricity Regulatory Commission

SECRETARY

AEQUS SEZ

**Preliminary Observations on APR of FY15 and ARR for FY17-19 with
Revision of Tariff for FY17**

- 1) In accordance with Clause 10 of the KERC (Conditions of Licensee for ESCOMs) Regulations, 2004 notified on 28.04.2004, AEQUS SEZ is required to maintain separate accounts for the electricity distribution business, as a deemed licensee. Hence, AEQUS SEZ is directed to file its audited accounts for FY15 for its entire activity as an SEZ and segmental audited accounts exclusively for the electricity distribution business. Also, in terms of the KERC (Tariff) Regulations 2000, the half yearly accounts for FY16 for the electricity distribution business shall also be furnished.
- 2) The basis for allocation of share capital between non licensee activity and licensee activity shall be furnished.
- 3) AEQUS SEZ shall clarify whether power purchase agreements have been initiated for procuring power required for the control period FY17-19. If, so the copies of the PPA shall be furnished. If not, the basis for computing the power purchase cost for the control period shall be furnished. In case of any variations in power purchase cost for FY17-19 from the sources indicated viz. HRECS / HESCOM, AEQUS SEZ shall submit the proposal for absorption of such variations.
- 4) AEQUS SEZ has requested for determination of tariff in respect of only one category of consumer for retail supply business. It shall be clarified whether any commercial / residential installations are expected to be included in the premises and if so, proposal of tariff for such categories shall also be included.
- 5) The distribution losses indicated in Form A-1 shows that the losses are increasing year on year. AEQUS SEZ is required to justify such proposal.