

**BEFORE THE KARNATAKA ELECTRICITY REGULATORY COMMISSION****No.16C-1. Miller Tank Bed Area, Vasanthanagar****BENGALURU - 560 052****Dated 4<sup>th</sup> November, 2020****Present:****Shri Shambhu Dayal Meena                      Chairman****Shri H.M. Manjunatha                              Member****Shri M.D. Ravi                                        Member****ORDER****In the matter of Approval of revised ARR for FY19 due to APR, Approval of ARR for FY21 and determination of Retail Supply Tariff for FY21 in respect of AEQUS SEZ Private Limited.****1. Background:**

M/s AEQUS Special Economic Zone Private Limited, situated at Hattargi Village, Hukeri Taluk, Belagavi District, has filed an Application for approval revised ARR for FY19 due to Annual Performance Review, approval of ARR for FY21 and determination of Retail Supply Tariff for FY21, under Section 61 and 62 of the Electricity Act, 2003, the KERC (Tariff) Regulations, 2000 read with the KERC (Terms and Conditions for Determination of Tariff for Distribution and Retail Sale of Electricity) Regulations, 2006.

In exercise of the powers conferred under Section 62, 64, and 86 of the Electricity Act, 2003, read with the KERC (Terms and Conditions for determination of Tariff for Distribution and Retail Sale of Electricity) Regulations 2006, as amended from time to time and other enabling Regulations, the Commission has considered the applications of the AEQUS SEZ Pvt. Ltd, and after considering the views and objections of the consumers and other stakeholders, has passed this Order.

The details of the Licensee's proposals, Commission's analysis and the decision thereon, are discussed in this Order.

## 2. Licensee's Profile:

The AEQUS SEZ Private Limited (formerly Quest Global SEZ Private Limited) (hereinafter referred as AEQUS SEZ) is a company registered under the Companies Act, 1956. The Company is engaged in development, maintenance, leasing and operation of industrial infrastructure and facilities in its SEZ area situated in Hattargi village, Hukkeri Taluk, Belagavi District. The AEQUS SEZ is India's first sector specific-"Precision Engineering" industry, SEZ.

Currently the AEQUS SEZ has 17 approved units which are in operation. At present the energy is sourced from the HRECS, through dedicated 11KV feeders from the KPTCL's sub-station at Hattargi. However, to cater to the growing needs of the industrial units at AEQUS SEZ, establishment of a 110/11 kV Substation by the KPTCL is under consideration.

## 3. Consumers' Profile:

The consumers' Profile of AEQUS SEZ is as follows:

**TABLE - 1**

**AEQUS Consumer's Profile- From April 2018- to March 2019**

Sl. No.	Industrial	Load (kVA)	Actual Energy Consumption Units (kWh)
1	Aerospace Processing India Pvt Ltd	700	2,662,740
2	Aerostructure Manufacturing India Pvt Ltd Unit 1	800	3,577,853
3	Aerostructure Manufacturing India Pvt Ltd Unit 2	800	4,094,644
4	Aequs Pvt Limited Unit 2	200	860,129
5	Aequs Pvt Limited Unit 3	200	422,242
6	Aequs Pvt Limited Unit 4	250	1,137,138
7	Quest Global Engineering Pvt Ltd	200	630,521
8	Deephole Solution India Pvt.Ltd.	80	20,390
9	Aequs Automotive India Pvt Ltd	150	476,398
10	UFI Filters India Pvt Ltd	100	184,311
11	Indoschottle Autoparts India Pvt Ltd	750	2,191,740
12	Squad forging India Pvt Ltd	3000	2,325,500
13	Aerostructure Assemblies India Pvt Ltd	320	203,141
14	Aequs Engineered Plastics India Pvt	300	2,174,202
15	Apollo Aerospace components India Pvt.Ltd.,	8	7,345
16	All Metal Service India Pvt. Ltd.,	450	19,328
17	Aerostructure Manufacturing India Pvt. Ltd., Unit 3	300	91,930

	<b>Total (A)</b>	<b>8,608</b>	<b>21,079.552</b>
	Common Facility		
<b>1</b>	<b>ASEZ-Common facility-Total (B)</b>	340	670,863
	Construction Activity Consumers-Total (c)	100	384,071
	<b>Total (A)+(B)+(C)</b>	<b>9,048</b>	<b>22,134,486</b>

#### 4. Application filed by the Licensee:

AEQUS SEZ Pvt. Ltd., has filed application on 29.11.2019 for Annual Performance Review(APR) for FY19 and revision of ARR thereon, approval of revise ARR for FY21 and approval of retail supply tariff for FY21. The Commission in its letter dated 20<sup>th</sup> December, 2019 communicated the preliminary observations. The replies to the preliminary observations have been submitted to the Commission vide letter dated 30<sup>th</sup> December, 2019.

In its application the AEQUS has made the following prayers:

1. As part of APR exercise for FY19, approve the increase in power purchase rate above Rs.5.936 per unit and order the passing on of the entire increase to their consumers.
2. Consider the ARR for FY21;
3. Consider the tariff proposals as per the application and approve appropriate tariff duly considering:
  - a. In the event of increase in the power purchase cost approved for FY20, the same may be passed on to the consumers;
  - b. FAC to be approved during FY21, will be pass through to the consumers;
  - c. Reclassification of the tariff as proposed for construction activities.
4. Pass Orders or issue directions to the concerned authorities with regard to early commissioning of 220/110/11KV, KPTCL sub stations at AEQUS premises
5. Pass appropriate Orders on the application submitted.

#### 5. Acceptance of Applications and Publication of Notices:

The Commission, vide its letter dated 31<sup>st</sup> December, 2019, informed the AEQUS that, its application filed on 29.11.2019, for APR for FY19, approval of ARR for FY21 and determination of retail supply tariff for FY21 in the AEQUS SEZ area, has

been treated as a petition, in terms of the Tariff Regulations, subject to further verification and validation and directed it to publish a summary of the application in the leading newspapers in the distribution area of AEQUS SEZ.

Accordingly, the AEQUS SEZ has published the summary of its application on 8<sup>th</sup> and 9<sup>th</sup> January, 2020, in The New Indian Express and Kannada Prabha respectively.

**Public consultation Process:**

The Commission undertook the process of public consultation in pursuance of Section 64 of the Electricity Act, 2003, in order to obtain suggestions / views / objections from the interested stake-holders on the Tariff application filed by AEQUS for the Annual Performance Review for FY19, approval of ERC and ARR for FY21 and also approval of revised retail supply tariff for FY21, under the provisions of the MYT Regulations.

The Commission did not receive any written objection from the Consumers / stakeholders.

As a part of the Public consultation, the Commission also held a public hearing on 18.02.2020 at the premises of AEQUS SEZ, Hattargi village, on the Tariff Applications filed by AEQUS. In the public hearing, AEQUS SEZ made a presentation on the facilities made available in its campus, initiatives undertaken, business growth along with the performance achieved during FY19 and the Annual Revenue Requirement for FY21. None of the consumers / stakeholders present in the public hearing made any oral submissions before the Commission during the hearing.

**Commission's views:**

The Commission has taken note of the presentation made by the AEQUS SEZ. However, in the absence of any written / oral objection from the Consumers / stakeholders, the Commission directed AEQUS to continue with its best services and address any issues concerning power supply to the consumers by taking appropriate remedial measures.