

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/16/15/

1575

Date: 15<sup>th</sup> December 2015

The Managing Director  
Mangalore SEZ Ltd.,  
3<sup>rd</sup> Floor, MUDA Building  
Ashoknagar, Urwa Stores  
MANGALURU - 575 006.

Sir,

Sub: Application for APR for FY15 and ARR for FY17-19 &  
Revision of Tariff for FY17

Ref: Your letter No.MSEZL/KERC/ARR/01/2015/16 dated 27.11.2015

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.

ok I am directed by the Commission to request you to furnish clarification / additional information / compliance to these observations on or before 28<sup>th</sup> 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

## MANGALORE SEZ

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

#### 1. General Observations:

- a) In accordance with Clause 10 of the KERC (Conditions of Licensee for ESCOMs) Regulations, 2004 notified on 28.04.2004, Mangalore SEZ is required to maintain separate accounts for the electricity distribution business, as a deemed licensee. Hence, Mangalore SEZ is directed to file its audited accounts for FY15 exclusively for the electricity distribution business. Also, in terms of the KERC (Tariff) Regulations 2000, the half yearly accounts for FY16 shall also be furnished.
- b) The segregated Balance Sheet for licensee activity indicates share capital of Rs.31.64 Crores out of the total available share capital of Rs.50.00 Crores. However, in terms of gross assets, the assets of the licensee activity is only Rs.2.37 Crores out of the total asset of Rs.780.73 Crores. The basis for allocation of share capital between non licensee activity and licensee activity shall be explained.
- c) The power purchase for FY16 from MESCOM is made as per the power purchase tariff indicated in the Tariff Order dated 3<sup>rd</sup> March, 2015. In this regard, Mangalore SEZ is required to clarify whether power purchase agreement has been entered into with MESCOM and whether has MESCOM has agreed to supply the power requirement of the SEZ for the period FY17-19 at the same rates as approved for FY16. If so, the letter of commitment by MESCOM to supply power at the rates indicated in Tariff Order dated 3<sup>rd</sup> March, 2015, for further period of three years (FY17-19) shall be furnished.
- d) In case of any variations in power purchase cost for FY17-19, Mangalore SEZ shall submit the proposal for absorption of such variations.