



Mangalore SEZ Limited

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MSEZL/F&A/KERC/2018-19

21st December, 2018

To,
Secretary,
Karnataka Electricity Regulatory Commission,
No. 16, C-1, Millers Tank Bed Area,
Vasanth Nagar, Bengaluru, 560 052,
Karnataka, India.

Dear Sir,

Sub: Clarification/Additional Information on Application for APR for FY18 and ARR and retail tariff for FY 20 to FY 22 under MYT framework.

Ref.: Your letter No. B/08/18/1267 dated 18.12.2018.

In pursuance to the above referred letter, we have noted the preliminary observations made by Hon'ble Commission on our application for APR for FY18 and ARR and retail tariff for FY 20 to FY 22 under MYT framework.

We would like to furnish below point-wise reply to your observations:

Reply to 1st Observation:

Details of HT bulk consumers estimated sales and actual sales for FY 18:

Sl. No.	Consumers	Estimated projections for FY 18 - MUs	Actual Energy sales in FY 18 - MUs
1.	ONGC Mangalore Petrochemicals Limited	70.00	27.03
2.	Indian Strategic Reserve Petroleum Limited	6.47	4.85
3.	Cardolite Speciality Chemicals India LLP	6.1	6.91
4.	JBF Petrochemicals Limited	-	0.22
5.	Anthea Aromatics Pvt., Ltd	0.22	-
6.	Syngene International Ltd	0.22	0.01
7.	Authentic Ocean Treasure	0.792	1.64
8.	Shree Ulka	-	0.05
9.	Yashaswi Fish Meal & Oil	-	0.01
10.	MSEZL Utilities	0.8	1.08
	Total	84.60	41.80





Reply to 2nd Observation:

1. The FY 19 sales are estimated at 42.64 MUs against 44.69 Mus approved by the Hon'ble Commission. The estimation of 42.64 MUs is made considering actual sales upto October 2018 at 25.38 MUs and projection for balance period from November 18 to March 19 at 16.81 MUs. The projection of 16.81 MUs is based on the average consumption pattern of the consumers for the first seven months of FY 19. Further, as one of our major consumers has synchronized their captive power plant to KPTCL grid and hence, during monsoon period due to lightning impact etc they have reduced their energy consumption.

2. Details of sales estimation for FY 20 to FY 24:

The sales estimation for FY 20 to FY 24 is made considering energy requirements from (i) Existing consumers –those who have already commenced production/operations and (ii) New Consumers - who are in the process of setting up their industry and yet commencing their operations.

(i) Energy estimation of Existing consumers: The current energy consumption pattern of these consumers is analyzed while estimating their future energy requirements. We have assumed that the energy consumption at their current level to remain constant throughout the period.

(ii) Energy estimation of New Consumers: The energy requirement of these consumers is two-fold (i) energy for undertaking/execution of their construction works and (ii) energy required for their production/operations. We have based on the inputs from such consumers have projected energy considering their likely completion of construction work and commencement of production/operations. These consumer are also expected to enlarge/increase their production activity/operations gradually over the years. Hence, while estimating the energy requirement for period FY 21 to FY 24 we have considered their future requirement and have assumed gradual increase in the load/energy in a progressive manner.

Thus, effectively the increase in contract demand by 10 MVA i.e. from 27 MVA to 37 MVA and in energy by 14.93 MUs i.e. from 50.54 MUs to 65.47 MUs is expected to come from these new consumers only.





Our analysis on the energy requirement of consumers (both existing and new consumers) vis-à-vis their contract demand is given in Annexure I to this letter.

3. Energy sales numbers – reconciliation between numbers in page 44 and page 48.

Chapter 6 on 'Sales forecast' covers page 44, wherein under Table B we have given category wise demand and sales projection.

Chapter 9 on 'Power procurement plan' covers page 48, wherein under Table B we have given year wise sales projections (as in page 44) and power purchase/energy required at IF, after considering distribution loss.

Reply to 3rd Observation:

- The area of operation of MSEZL is limited and options/avenues available for managing the demand side management is also limited.
- However, at the consumer level, solar streetlight; LED lamps etc., have been installed.
- On our part, we have also fixed LED lamps for streetlights in the entire SEZ.
- Further, as per KERC Orders, MSEZL is giving ToD benefit to the consumers to encourage power consumption during non-peak hours.

Reply to 4th Observation:

We once again request the Hon'ble Commission to consider our prayer for approving the wheeling and CSS for MYT control period FY 20 to FY 22, as approved for the previous year.

Reply to 5th Observation:

The Hon'ble Commission regulations on RPO obligations provides that deemed licensees procuring bulk power, partly or wholly, from ESCOMs shall be deemed to have complied with the RPO if such ESCOMs have complied with the RPO.

Further, for arriving at the retail power purchase cost for FY 18 from MESCOM the Hon'ble Commission has considered at rates applicable to the generators falling within the 5% energy at the margin of the total MESCOM's power purchases (including short-term power purchases/Renewable/solar Power).





Also, the Hon'ble Commission from FY 18-19 onwards has approved the PP cost considering the total power Purchase cost per kWh for the entire State of Karnataka and from that it deducted the cost per kWh of Hydro power and then added the trading margin and grossed it up with the losses. The rate included all the costs, including Non-conventional.

Hence, a standalone compliance of RPO may not be required.

We trust our reply clarifies your observations made in the above referred letter.

Thanking you,

Yours faithfully,

For MANGALORE SEZ LTD

Authorized Signatory

