

BEFORE THE KARNATAKA ELECTRICITY REGULATORY COMMISSION, BENGALURU**Dated 14th May, 2018****Present:**

Sri M.K.Shankaralinge Gowda	Chairman
Sri H.D.Arun Kumar	Member
Sri D.B.Manival Raju	Member

ORDER**In the matter of determination of revised ARR and Retail Supply Tariff for FY19
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 of revised Annual Revenue Requirement and Retail Supply Tariff for FY18 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 12 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- Actuals Up to September, 2017

Sl. No.	Industrial	Load (KVA)	Consumption- In KWh
1	Aerospace Processing India Pvt Ltd	700	1,112,259
2	Aerostructure Manufacturing India Pvt Ltd Unit 1	600	1,500,176
3	Aerostructure Manufacturing India Pvt Ltd Unit 2	400	1,679,395
4	Aequs Pvt Limited Unit 2	200	497,286
5	Aequs Pvt Limited Unit 3	200	255,745
6	Quest Global Engineering Pvt Ltd	200	271,574
7	Deephole Solutions India Pvt Ltd	110	1
8	Aequs Automotive India Pvt Ltd	150	275,696
9	UFI Filters India Pvt Ltd	80	134,275
10	Indoschottle Autoparts India Pvt Ltd	750	814,070
11	SQuAD forging India Pvt Ltd	3000	672,500
12	Aerostructure Assemblies India Pvt Ltd	320	74,834
13	Aequs Engineered Plastics India Pvt	300	712,918
14	FTWZ-Apollo Aerospace Components India Pvt	20	1,775
	Total (A)	7030	8,002,503
	Common Facility		
1	ASEZ-Common facility- Total (B)	200	284,700
	Construction Activity Consumers-Total (c)		21,481
	Total (A)+(B)+(C)	7230	8,,308,684

4. Background for filing the Tariff application:

The Commission, in its letter dated 5th November, 2012, had informed the SEZ that, AEQUS SEZ is a deemed licensee, in terms of the GoI Notification dated 03.03.2010 and that it should file appropriate tariff applications in respect of its distribution operations. The AEQUS SEZ had sought time for filing the tariff application. Thereafter it has filed application for approval of ARR for the control period FY17-19 and also for approval of retail tariff for FY17. The Commission in its Tariff Order dated 30th March, 2016, has approved the ARR for the control period FY17-19 and retail supply tariff for FY17. In its application dated 30th November, 2017, AEQUS SEZ has prayed for revision of ARR for FY19 and revision of retail supply tariff for FY19 in case there is increase in cost of power purchase.

5. Acceptance of Applications and Publication of Notices:

The Commission, vide its letter dated 29th December, 2017, informed the AEQUS that, its application filed on 30.11.2017, for approval of revised ARR and determination of retail supply tariff for FY19 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 03rd and 04th January, 2018, in The Indian Express and Kannada Prabha respectively. The Commission had published a Notice of Public Hearing on 9th February, 2018, in the Hindu, Deccan Herald, and Samyuktha Karnataka In response, the Commission has received no written objections.

The Commission has held a Public Hearing on 27th February, 2018, at the premises of AEQUS SEZ, Hattaragi village, Hukkeri Taluk to elicit the views of the stakeholders. The details thereon are dealt with in the subsequent para.

6. Public consultation Process:

In pursuance of the provisions of section 64 of the Electricity Act, 2003, the Commission undertook the process of public consultation in order to obtain

suggestions/views/objections from the interested stake-holders on the application for approval of ARR and Retail Supply Tariff Application for FY 19.

The Commission did not receive any written objection from the Consumers/ stakeholders. However, two of the consumers of AEQUS have made oral and written submissions during the public hearing held on 27.02.2018 at the premises of AEQUS SEZ, Hattargi village, on the Tariff Applications filed by AEQUS. The names of the persons who have made oral submissions are given below:

SL. No	Names & Addresses of Objectors
1	Sri Arun Kumar, General Manager, SQUAD FORGING
2	Sri S.G. Sreevatsa, G.M, Plastics & Product Manufacturing Company

The gist of the submissions made during the Public Hearing, held on 27.02.2018

Objections	Replies
1) In spite 15 acres of land provided to KPTCL by AEQUS SEZ, there is no action from the KPTCL to establish 220kV substation intended for supply to AEQUS. The reason is not known and KPTCL should expedite the 220 kV substation works for providing quality and reliable power.	The land for the approached road for the proposed 220 kV substation to be established by KPTCL in the 15 acres' land given by AEQUS is yet to be acquired. This land belongs to the Zilla Panchayat and few private land owners are not ready to give the land. Also legal scrutiny of documents for the said land is being done. Regarding the cost of leveling of identified land for the proposed 220 kV substation, is yet to be finalized.
2) AEQUS should purchase cheaper power from RE sources as the prices of solar power are on declining trend.	The representative AEQUS stated that, suggestion will be noted.
3) Since, the industry has to	The representative AEQUS stated that,

<p>compete with Chinese market, the power tariff should come down by procuring the cheaper power. Same submission made during the previous year public hearing but no progress has been made in this regard. SEZ to update the status and initiate the power trading at the earliest.</p>	<p>suggestion will be noted.</p>
<p>4) quality of power supply especially during evening peak hours is poor due to low voltage and SEZ should take action on war footing basis to rectify this issue, as it is affecting the end products.</p>	<p>The representative AEQUS stated that, suggestion will be noted.</p>

Commission's Views:

The Commission has taken note of the suggestions and the replies furnished. AEQUS is directed to address the issues concerning the consumers by taking up remedial measure on all the issue raised by the consumers/stakeholders.