No.: N/163/17

BEFORE THE KARNATAKA ELECTRICITY REGULATORY COMMISSION, BENGALURU

Dated : 26th October, 2017

Present:

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

RP No.08/2017

BETWEEN:

Mangalore SEZ Limited,
3rd Floor,
Mangalore Urban Development Authority Building,
Ashoknagar, Urwa Stores,
Mangaluru – 575 006 .. **PETITIONER**

[Represented by Khaitan & Co., Advocates]

AND:

1) ONGC Mangalore Petrochemicals Ltd.,
Mangalore Special Economic Zone,
Permude,
Mangaluru -574 509

2) Indian strategic Petroleum Reserves Limited,
Mangalore Special Economic Zone,
Chandrahas Nagar,
Permude,
Mangaluru -574 509

3) Cardolite Speciality Chemicals India LLP,
Mangaore Special Economic Zone,
Plots IP-1 and IP-2, Paila, Bajpe,
Mangaluru -574 142 .. **RESPONDENTS**

[Respondents appeared in person]

ORDERS

1. The Petitioner, a deemed distribution Licensee, has filed this Review Petition under Section 94(1)(f) of the Electricity Act, 2003 seeking review of the Commission's Order dated 8th May, 2017 praying to,

    (a) Review the Annual Performance Review (APR) determined for the Financial Year 2015-2016 (FY16), so as to allow,

    (i) the Petitioner to recover the differential Power Purchase Cost;

    (ii) the Petitioner's claim for interest on capital loan, interest on security deposit and Return on Equity;

    (iii) creation of Regulatory Asset over a period of five years starting from FY 2017-2018 (FY18) towards the revised claims;

    (b) Review the Annual Revenue Requirement and Retail Supply Tariff determined for FY 18 so as to,

    (i) allow the Petitioner's claims towards Power Purchase Cost, interest on Capital loans, interest on security deposit and Return on Equity (RoE);

    (ii) delete the observation regarding surplus of Rs.1.03 Crores;

    (iii) arrive at the Annual Revenue Requirement (ARR) for FY18 based on the revised APR and ARR and fix the retail tariff as projected by the Petitioner in its Tariff Application dated 30.11.2016.

2. The Petitioner's submissions in support of the above prayers may be summed up as follows:

(1) On revision of Annual Performance Review (APR) for FY 16:

(a) Power Purchase Cost (PP Cost) for FY16:

(i) The Commission in its Order dated 08.05.2017 has revised the PP Cost for FY16 from Rs.7.36 Crores (at Rs.5.30/ kWh) to Rs.7.96 Crores (at Rs.5.7366/kWh) while directing that the difference of Rs.0.60 Crores in PP Cost be paid by the MSEZL (the Petitioner) to the MESCOM. However, the Petitioner has purchased totally 1,38,79,140 units from the MESCOM in FY16 and at the revised Power Purchase rate of Rs.5.7366/kWh considered by the Commission, the revised PP cost would be Rs.7,96,19,074. Hence, the difference of Rs.0.6264 Crores as against Rs.0.60 Crores approved by the Commission, needs to be considered for approval of APR for FY16.

(ii) In the Tariff Application the Petitioner had prayed that in case of any change in power purchase rate already approved by the Commission for FY16, the effect thereon should be considered while approving the APR for FY16. Hence, the difference on account of increase in the power purchase cost which is required to be paid to MESCOM should be allowed to be recovered from the consumers.

(iii) The revised PP cost for FY 16 therefore works out as under:

(Amt. in Rs. Crores)

Sl. No.	Particulars	Amount (in Rs.)	Remarks
1.	Revised PP cost for 1,38,79,140 units	7,96,19,074	Rate @ Rs. 5.7366/kWh
2.	PP cost actually incurred for FY16	7,33,55,110	
3.	Difference of amount to be paid to the MESCOM	62,63,964	

(iv) The decision of the Petitioner's Management to absorb 50% of revenue deficit in the APR to be approved for FY16, as mentioned in the Tariff Application was made in the context of suffering a revenue deficit of Rs.4.84 Crores which was on account of Return on Equity (RoE) and Depreciation. The recovery of 50% of the revenue deficit was to ensure that the total expenditure charged to Profit & Loss account would be recovered and protected through a minimal tariff increase by protecting the consumers' interests, so as to enable them to remain competitive in the international market.

(v) As per Clause 2.6.3 of the KERC (Terms and Conditions for Determination of Tariff for Distribution and Retail Sale of Electricity) Regulations, 2006, 'Power Purchase Cost' falls within the realm of "uncontrollable" expenses, which is beyond the control of the Distribution Licensee. Further, Clause 3.2 of the aforesaid Regulations, permit a distribution licensee to recover the cost of power purchase.

(vi) The PP cost of Rs.62,63,964 should be allowed to be part of allowable cost of ARR and the differential payment to the MESCOM should be to an extent of Rs. 62,63,964 as against Rs.0.60 Crores.

(b) Interest on Capital Loan for FY16:

(i) The Petitioner had claimed an amount of Rs.3.36 Crores [Rs.3.91 Crores *less* Rs.0.55 Crores (being capitalized interest cost)] towards interest on capital loans in the Tariff Application which is also reflected in the Order dated

8th May, 2017. However, the Commission has computed the interest on capital loan considering a lower rate of interest and has also not considered the normative debt portion and only allowed a sum of Rs.1.90 Crores towards interest on capital loan for FY16.

(ii) The interest on the capital loan (as a whole for the MSEZL) for FY16 was accounted for, as per the Borrowing Cost principles under Accounting Standard 16 (AS 16) issued by the Institute of Chartered Accountants of India, wherein the interest attributable on capitalized assets (including assets of the licensed activity) was charged to Profit and Loss (P&L) account and the interest attributable on qualifying assets and capital work in progress (CWIP) was added to cost of the assets as declared in the Note-1 of MSEZL's Annual Report for 2016, under 'Significant Accounting Policies' and sub-heading Borrowing Cost.

(iii) The actual interest expense incurred on the total capital loan during FY16 was a sum of Rs.60,33,58,682 and not Rs.40,88,00,526, as considered by the Commission to arrive at the weighted average interest cost. Interest on capital loan of Rs.60,33,58,682 was apportioned by the statutory auditors, considering Accounting Standard 16 (AS16), while certifying MSEZL's annual audited financial statements for the year ending 31.03.2016 as follows:

Sl. No.	Particulars	Amount (in Rs.)
1	Interest on Term Loan charged to statement of Profit & Loss account for year ended 31.3.2016	40,88,00,526
2	Interest attributable on qualifying asset	96,15,276
3	Interest on CWIP	18,49,42,880
	TOTAL	60,33,58,682

(iv) The actual capital loan is not Rs.544,78,49,407 as at 31.3.2015 or Rs.4,71,25,70,881 as at 31.03.2016, as considered by the Commission to arrive at the weighted average borrowing. The outstanding opening and closing capital loan as at 31.03.2015 and 31.03.2016 are actually as follows:

Particulars	Amount as at 31.3.2015 (in Rs.)	Amount as at 31.3.2016 (in Rs.)
Long Term Capital Loan – Forms part of Long Term Liabilities in Balance Sheet Presentation	544,78,49,407	471,25,70,881
Current Maturities long term debt – Forms part of Current Liabilities (presentation as per Part I - Balance Sheet - Schedule III, Companies Act 2013)	55,97,00,000	118,94,00,000
Total loan outstanding	600,75,49,407	590,19,70,881
Average borrowing	595,47,60,144	

(v) As per Clause 3.7.2 of the KERC (Terms and Conditions for Determination of Tariff for Distribution and Retail Sale of Electricity) (Second Amendment) Regulations, the Commission may also consider the current maturities of long term debt to determine the opening and closing total loan outstanding as at 31.03.2015 and 31.03.2016 respectively and accordingly, the weighted average rate of interest on capital loans for FY 16 would be as under:

Sl. No.	Particulars	Amount (in Rs.)
1.	Interest on Term Loan (A)	60,33,58,682
2.	Average Borrowing (B)	595,47,60,144
3.	Weighted average rate of interest on capital loans (A/ B x 100)	10.1323%

(vi) The Commission should, therefore, consider the weighted average interest on capital loan at 10.1323% and not 8.0469%.

(vii) Whereas, the Commission has considered Rs.1.81 Crore as repayment of capital loan, the actual repayment of loan during FY 16 is Rs.2.42 Crores.

(viii) Whereas, the Commission has considered Rs.24.53 Crores as opening balance of capital loan (Table 5) to arrive at interest on capital loan, the actual opening balance for FY 16 is Rs.26.95 Crores and considering the repayment of Rs.2.42 Crores the closing balance for FY 16 is Rs.24.53 Crores.

(ix) Whereas, the Commission has observed that as per the D9 (format), the MSEZL has not availed any fresh capital loan during FY 16, actually there is a fresh capital loan borrowing in FY16 to the tune of Rs.3.33 Crores.

(x) The Commission has considered the capital loan at Rs.24.53 Crores and Rs.22.72 Crores as at 31.03.2015 and 31.03.2016 respectively, while allowing the interest on capital loan of Rs.1.90 Crores. However, the actual current maturities for long term debt in respect of business of the licensed activity is Rs.2.42 Crores and Rs.5.15 Crores as at 31.03.2015 and 31.03.2016 respectively, and the average borrowing for FY16 is Rs.27.41 Crores. The interest component on capital loan for the Licensed Activity would be as under:

Sl. No.	Particulars	Details
1	Average Borrowing (A)	Rs. 27.41Crores
2	Weighted average rate of interest (p.a.) on capital loans (B)	10.1323% p.a.
3	Interest on the capital loan(C) (C = A x B)	Rs.2.78 Crores
4	Interest capitalized loan (D)	Rs.0.55 Crores
	TOTAL INTEREST	Rs.3.33 Crores

(xi) As per Clauses 3.5 and 3.6 of the KERC (Terms and Conditions for Determination of Tariff for Distribution and Retail Sale of Electricity) Regulations, 2006, the actual capital cost should be allowed.

(xii) Though the Debt Equity (DE) ratio of the MSEZ licensed activity, as per its Balance sheet, is 46:54, the Commission ought to have considered the debt at the normative level of 70% as per the prevailing Regulations following which the interest on capital loan would be Rs.3.91 Crores, as claimed by the Petitioner in its Tariff Application.

(xiii) The interest on capital loan being a controllable expense, the Petitioner has claimed only net interest on capital loan of Rs.3.36 Crores [Rs.3.91 Crores less Rs.0.55 Crores, being capitalized interest cost], as against the net interest on capital loan of Rs.3.31 Crores allowed by the Commission in the Tariff Order dated 03.03.2015 for FY 16 [Rs.4.15 Crores less Rs.0.84 Crores (being the capitalized interest cost)]. Therefore, the Commission should allow Rs.3.36 Crores, as interest on capital loans.

(c) Interest on Security Deposit:

As against the Petitioner's claim of Rs.0.38 Crore towards payment of interest on consumer security deposits for FY16, the Commission has allowed an amount of Rs.0.16 Crores. The total Security Deposit on which the MSEZL paid interest to the consumers was Rs.4.89 Crores (consumer-wise details filed) and not Rs.1.89 Crores as considered by the Commission. The Commission should therefore approve adjustment of the interest of Rs.0.34 Crores (net of TDS) on security deposit, made against the bills of the respective consumers in April, 2016, by considering the rate of interest at 8.50% p.a.

(d) Return on Equity:

(i) As against the Petitioner's claim of Rs.2.77 Crores towards Return on Equity (RoE), the Commission has allowed Rs.0.11 Crores for FY16. The Commission has arrived at an equity of Rs. 5.0955 Crores against gross fixed assets of Rs.64.90 Crores for the licensed activity business as indicated in the Tariff Application. The Commission has wrongly considered an amount of Rs.2.37 Crores as the GFA as at the beginning of FY 16 for allowing RoE of Rs.0.11 Crores. However, out of Rs.56.22 Crores of capital work in progress assets as at 31.03.2015, Rs.50.48 Crores has been capitalized as at 01.04.2015 and the details of the capital investment are as follows:

Sl. No.	Particulars	Amount in Rs. Cr
1	Opening capital investment - GFA – i.e., 01.04.2015 - A	2.37
2	Opening CWIP – i.e.01.04.2015 - B	56.22
3	Total Capital Investment - as at 01.04.2015-C (C = A+B)	58.59
4	Total capital investment – capitalized w.e.f.01.04.2015 - D	50.48
5	Total GFA – as at 01.04.2015 (A + D) (Opening GFA to be considered for RoE under clause 3.9 of KERC Tariff Regulations)	52.85
6	Capital Investment made in FY 16 – E	6.31
7	Total Capital Investment –GFA as at 31.03.2016 – (F= C+E)	64.9

(ii) An amount of Rs.52.85 Crores is therefore required to be treated as the base GFA as on 01.04.2015, for calculating the Return on Equity.

(iii) The equity for licensed business activity as at 01.04.2015 was Rs.31.82 Crores, after considering capital investment of Rs.58.59 Crores as on 01.04.2015. Therefore, the observation of the Commission that the equity base on the gross fixed assets is less than the actual equity indicated by the MSEZL in its audited accounts for FY16 is not correct.

(iv) As per Regulation 3.5 on Capital Investment read with Regulation 3.9.1 *on* Return on Equity, the Commission has to consider the normative allowable equity base at 30% on Rs.52.85 crores being the GFA as at 01.04.2015 and not Rs.0.711 Crores as equity base as considered by the Commission.

(v) The Commission should allow Return on Equity at Rs.2.43 Crores as against an amount of Rs.2.77 Crores claimed in the Tariff Application for FY16 on the following basis and computation:

- As per Tariff Regulation 3.9, the RoE shall be limited to 30% of the gross assets at the beginning of the financial year.
- The capital investment (opening GFA – 01.04.2015) at the beginning of FY 16 is Rs.50.48 Crores.

Statement Showing Details of RoE for FY16	
Particulars	Amount (Rs. in Cr.)
Equity based on 30% of the opening balance of GFA i.e. as at 01.04.2015 (Rs.52.85 crores x 30%)	15.855
Reserves & Surplus as at 01.04.2015	(0.18)
Total Equity	15.675
RoE @ 15.5%	2.43

(e) Considering the consequent financial impact of revising the above claims, the Petitioner should be allowed revised revenue gap of Rs.5.25 Crores on the APR calculation for FY 16 as follows:

Amount in Rs. Crores

Sl. No.	Particulars		As per Tariff application dated 30.11.2016		As approved in the impugned order		As revised
1	Receipts						
a	Revenue from Sale of Power		11.88		11.88		11.88
b	Subsidy from Government		-		-		-
	Total		11.88		11.88		11.88
2	Expenditure						

a	Power Purchase Cost		7.36		7.96		7.99
b	Employee Expenses	0.40		0.40		0.40	
c	R&M Expenses	0.34		0.34		0.34	
d	A&G Expenses	0.39		0.39		0.39	
	O & M Expenses		1.13		1.13		1.13
e	Depreciation		2.19		2.19		2.19
f	Interest on Loan Capital	3.91		1.90		3.91	
	Interest on Working Capital	-		0.12		0.12	
	Interest on Consumers' Security Deposit	0.38		0.16		0.38	
	(Less) Expenses Capitalized	0.55		0.55		0.55	
	Interest & Finance Charge		3.74		1.63		3.86
	Total Expenditure		14.42		12.91		15.17
3.	Return on equity		2.77		0.11		2.43
4.	Other Income		0.47		0.47		0.47
5.	Net Annual Revenue Requirement (2)+(3)-(4)		16.72		12.55		17.13
6.	Surplus (+)/Shortfall (-): (1) – (5)		(4.84)		(0.67)		(5.25)

(f) Thus as against a revenue deficit of Rs.4.84 Crores claimed in the Tariff Application, the revenue deficit should be revised to a sum of Rs.5.25 Crores and such deficit should be allowed to be recovered as follows:

(i) The revenue deficit of Rs.0.6263 Crores on account of increase in PP cost entirely from the Petitioner's consumers.

(ii) Out of balance of revenue deficit of Rs.4.61 Crores (Rs.5.24 Crores less Rs.0.63 Crores),

(1) 50% of the balance revenue deficit i.e. Rs.2.305 Crores to be absorbed by the Petitioner, without being passed on to the consumers; and

(2) the remaining 50% of the balance revenue deficit i.e.Rs.2.305 Crores, to be passed on to the consumers by treating the same as Regulatory Asset for recovery on a straight line basis over the next five years, commencing from FY18 without any carrying cost.

(2) On revision of Annual Revenue Requirement (ARR) for FY18:

(a) Power Purchase Cost:

(i) As against the projected amount of Rs.47.87 Crores towards power purchase cost at Rs.5.61 per unit, the Commission has allowed an amount of Rs.49.49 Crores for FY18 at Rs.5.80 per unit by including Solar power.

(ii) As per the provisions of Clause 4(i) of the KERC (Procurement of Energy from Renewable Sources) Regulations, the SEZs that procure power from the ESCOMs, which comply with the requirement of Renewable Power Purchase, are deemed to have complied with the Renewable Power Purchase requirements. Since, the MESCOM has been complying with the Renewable Power Purchase obligations (RPO) and as the Petitioner is a deemed licensee procuring bulk power from MESCOM, the Petitioner is deemed to have complied with the said RPO obligations.

(iii) The front loading of the solar power cost in the Power Purchase cost for FY18, would not only lead to double compliance of RPO on the part of the Petitioner but would also burden the Petitioner with higher PP cost in the form of higher Solar Power Cost per unit and would constrain its working capital and unnecessarily burden the end consumers in Mangalore SEZ.

(iv) The Commission should adopt the same approach followed for FY17 while determining the Power Purchase Cost for FY18 and revise the cost formulae adopted in the Tariff Order for arriving at the PP rate for FY18 by excluding the solar power source and consequent reduction in the PP cost for FY18.

(b) Interest on Consumers' Security Deposit:

(i) As against the Petitioner's claim of interest on consumers' security deposit of Rs.0.25 Crores, the Commission has approved a sum of Rs.0.04 Crores for FY18.

(ii) The Commission has considered Security Deposit of only Rs. 0.56 Crores as against an amount of Rs.3.71 Crores held for the year ending 31st March, 2016 under the heading Contributions, Grants & Subsidies towards Cost of Capital Assets and the same amount for the years ending 31st March, 2017 and 1st March, 2018. The MSEZL (the Petitioner) has considered the same bank rate at 6.75% p.a., as considered by the Commission to calculate the interest on security deposit and therefore an amount of Rs.0.25 Crores should be allowed towards interest on consumers' security deposit for FY18.

(c) Interest on Loan Capital and Return on Equity:

The Commission has not considered the Clauses 3.5, 3.6 and 3.9 of the KERC (Terms and Conditions for Determination of Tariff for Distribution and Retail Sale of Electricity) Regulations, 2006 while allowing the interest on debt and return on equity as claimed in the Tariff Application, which however should be allowed.

(d) Interest on Capital Loan:

(i) The Commission has allowed an amount of Rs.1.90 Crores at the weighted average rate of interest of 8.05% as against Rs.3.54 Crores claimed in the Petitioner's application for FY16 while considering Rs.20 Crores as the opening balance of capital loan for FY18 without any basis. The interest rate considered at 8.05%, based on figures pertaining to FY16, is also incorrect.

(ii) The Commission has considered Rs.2.72 Crores as repayment of capital loan, whereas actual repayment of loan during FY 18 is Rs.0.43 Crores as in Form D-9 at Page No.84 of the Tariff Application.

(iii) The Commission has considered Rs.20 Crores as opening balance of capital loan (Table 7) to arrive at interest on capital loan, whereas the opening balance for FY 18 is Rs.38.27 Crores and after considering repayment of Rs.0.43 Crores, the closing balance for FY 16 is Rs. 37.83 Crores, as in Form D-9 at Page. 84 of the Tariff Application.

(iv) The Commission has not considered the debt at normative levels of 70% in line with the relevant Debt: Equity Regulations though correctly mentioned in the Petitioner's Tariff Application. The opening balance of secured loan at normative level of 70%, is Rs.38.27 Crores and with a sum of Rs.0.43 Crores considered towards quarterly loan repayments in FY18, the closing balance was Rs.37.83 Crores. On the average loan of Rs.38.05 Crores at interest rate of 9.30%, the interest on capital loan works out to Rs.3.54 Crores for FY18 and the Commission should approve the same.

(e) Return on Equity (RoE):

(i) As against the Petitioner's claim for Rs.2.92 Crores towards Return on Equity (RoE), based on normative equity of Rs.19.76 Crores by considering 30% of the capital investment of Rs. 65.83 Crores, the Commission has allowed an amount of Rs.1.10 Crores towards RoE for FY18. The equity amount of Rs.5.583 Crores at the rate of 6.5329% recognized by the Commission for FY18 is not correct.

(ii) The Commission has not considered equity at normative levels of 30% in line with Regulation 3.5. The equity base for the purpose of RoE has been computed by restricting the equity at 30% against actual equity considered at 54%. The Commission should allow RoE of Rs.2.92 Crores as claimed by the Petitioner.

(f) Net Revenue Surplus:

The revised ARR of Rs.57.39 Crores and the net revenue surplus of Rs.1.03 Crores for FY18 with the inclusion of revenue deficit of Rs.0.34 Crores for FY16 as approved by the Commission are not correct. As approved by the Commission, in its Tariff Order dated 30th March, 2016, the average realization rate / cost of supply in respect of FY17 is Rs.6.91 / unit, whereas the average rate for FY18 is considered at Rs.6.78 / unit. On the sale of 84.6

MUs, the net loss by considering these average realization rate is Rs.1.03 Crores for FY18 as follows:

Sl. No.	Particulars	Rate	Units (in MUs)	ARR (in Rs.)
1	Average Realization Rate as per FY17 Order – A	6.91	84.6	58.42 Crores
2	Average Realization Rate as per FY18 Order - B	6.78	84.6	57.39 Crores
	Revenue Deficit (C = B-A)			1.03 Crores

Therefore, the issue of making surplus from the tariff for FY18 does not arise and the Commission should not recognize the approved surplus revenue of Rs.1.03 Crores for FY18.

(g) In light of the above submissions, the revised ARR for FY18 should be calculated as under:

Amount in Rs. Crores

Particulars	ARR as per tariff application	ARR as per the impugned order	ARR as per the Revised petition
Power Purchase Cost	47.87	49.49	49.49
O & M Expenses	1.43	1.30	1.30
Depreciation	2.73	2.73	2.73
Interest on Capital Loan	3.54	1.50	3.54
Interest on Working Capital	1.29	1.15	1.15
Interest on Consumers' Security Deposit	0.25	0.04	0.25
RoE	2.92	1.10	2.92
Less Other Income	0.26	0.26	0.26
Add:1/5th of FY16 revenue deficit proposed for recovery	0.48	0.34	0.461
Total ARR for FY 18	60.25	57.39	61.581

(h) The increase in the average realization rate by 5 Paise/kWh at an average realization rate of Rs.7.05 / kWh should be considered for ARR requirement of Rs. 59.67 Crores for FY18 as under:

Particulars	ARR as per Tariff Application (in Rs. Crores)	Per kWh (in Rs.)
Revenue from existing tariff (A)	58.34	6.90
FY 18 – Revenue Deficit proposed for recovery @ 10 paise/kWh (B)	0.85	0.10
FY 16 - Revenue deficit proposed for recovery @ 5 paise/kWh (C)	0.48	0.05
Total ARR Proposed (D= A+B+C)	59.67	7.05
Revenue Deficit proposed to be managed through efficiency in operations (E)	0.56	
Total ARR for FY 18 (F= D+E)	60.25	

(i) As the Petitioner has already proposed tariff increase in its Tariff Application, it is not proposed again now. Considering the increase in the approved PP cost of Rs.1.62 Crores by the Commission and the Petitioner's submissions made now, the Commission should approve the revised ARR of Rs.61.581 Crores, and the retail supply tariff should be fixed duly considering the increase in the PP cost for FY 18.

(3) The Commission should also suitably modify/ clarify the following aspects:

(i) Adjusting belated/non-payments of bills by consumers from the interest payable on security deposits;

(ii) Adjusting invoices raised on contractors against their outstanding dues;

(iii) Sending signed invoices/ bills by email to a valid email id of the customer.

3. After admitting the Review Petition and hearing the counsel for the Petitioner, the Commission finding that the consumers of the Petitioner were not made parties to the Review Petition, caused them to be made parties and notices issued to them.

4. Such consumers made as Respondents have filed written Objections to the Review Petition, which may be summed up as follows:

(a) ONGC Mangalore Petrochemicals Ltd. and India Strategic Petroleum Reserves Ltd., have contended that,

(i) acceding to the Petitioner's request to recover differential power purchase cost of Rs.62,63,964 from consumers would adversely affect the consumers and therefore the interest of consumers should be protected;

(ii) the Petitioner's claim towards interest etc, and review of tariff should be addressed in future Tariff Orders; and,

(iii) if any increase in energy charges is considered, then proportionate reduction in fixed charges should be made to protect the interest of consumers.

(b) Cardolite Specialty Chemicals India LLP has contended that:

(i) it would be unfair to allow unabsorbed overheads of the Petitioner, created for existing and future consumers, to be charged to the existing limited number of consumers;

(ii) a different Multi Year Tariff Regulations should be framed for SEZ developers like the Petitioner so as to limit the capital investment based on the demand of power, the capital required to meet such demand, the interest on loan for such required capital and proportionately limit the depreciation on required assets, Return on Equity and interest on working capital; and,

(iii) considering that many of the existing units are not availing power as anticipated by the Petitioner who has created infrastructure to meet even future requirement, the demand charges may be increased from Rs.200 per month per kVA to at least Rs.250 and the energy charges proportionately reduced.

The representative of Cardolite Speciality Chemicals India LLP, in his oral submission made, reiterated the written submission.

5. The Petitioner in its rejoinder has contended that the:

(a) Objections filed by Cardolite Speciality Chemicals India LLP are not maintainable as they traverse beyond the issues raised in the Review Petition.

(b) ONGC Mangalore Petro Chemicals Ltd. and Indian Strategic Petroleum Reserves Ltd.,

(i) have conceded that there is a case for increase in energy charges as projected by the Petitioner by seeking reduction in fixed charges; and,

(ii) are not justified in objecting to the Petitioner's prayer for increase in loss from Rs.4.84 Crores to Rs.5.25 Crores by correcting the errors in the Tariff Oder.

6. We have heard the learned Counsel for the Petitioner and one of the consumers of the Petitioner who made its oral submissions. We have carefully considered their submissions and pleadings as well as the documents filed. Our findings on each of the issues raised by the Petitioner are as follows.

7. Issue of reviewing of Annual Performance Review for FY16 (APR):

(1) Power Purchase Cost:

(a) The Commission in its Tariff Order dated 08.05.2017, while approving the APR for FY16, has allowed the actual power purchase quantum of 13.88 MU for Rs.7.96 Crores as claimed in the APR application for FY16. The Petitioner in its filing had considered Power Purchase of 13.88 MU, energy sales of 14.12 MU and distribution loss of (-) 1.74%. The Commission in its letter dated 27.12.2016 had communicated its Preliminary Observations on the negative distribution losses with the energy being purchased at 13.88 MU. The Petitioner in its reply dated 03.01.2017 had reiterated its earlier submission made in its filing that there is a gain in the distribution system. The Petitioner, even in its filing under Formats A-1 and D-1 and the bifurcated audited accounts for FY16 has shown the same quantum of energy of 13.88 MU at a cost of Rs.7.36 Crores. Accordingly, the Commission has considered the same figures while approving the APR of the Petitioner for FY16.

(b) The Petitioner in this petition has claimed Power Purchase of 13879140 Units at a rate of Rs.5.7366 per kwh at Rs.7,96,19,074/- for FY 16 with actual expenditure at Rs.7,33,55,110/- as against the Commission's approved figure of 13.88 MU at a cost of Rs. 7.96 Crores, computed on the basis of the actual source-wise Power Purchase cost of MESCOM as indicated in "Table -2 - Revised Power Purchase cost for FY16" of the Tariff Order.

(c) Considering the claim made by the Petitioner in the Tariff Application towards reduction of 44606 units of Rs.0.02 Crores at Rs.5.25 per unit made by MESCOM in the PP bills and accounted under the Other Income head, the Commission has recognized Rs.0.02 Crores as "Other Income" in the approved APR of the Petitioner for FY16. The Petitioner has now claimed this amount twice under "Other Income" and also under "deduction in the PP cost" heads, which is not permitted.

(d) The Commission, on the basis of the audited accounts submitted by the Petitioner, has considered in the Tariff Order the actual quantum of Power Purchase of 1,38,79,140 units at the rate of Rs.5.7366 per unit amounting to Rs.7.96 Crores for FY16 (after rounding off the figures). The Commission has further directed that the difference of Rs.0.60 Crores in PP cost be paid by the Petitioner to MESCOM. It is not the case of the Petitioner that the MESCOM has demanded payment of difference of Rs.62,63,964 or that the Petitioner has paid the actual difference in full. Nor has the Petitioner claimed that the quantum of power purchase mentioned in the audited accounts is wrong. Hence, we do not consider that there is any case for revising these figures.

(e) Regarding the Petitioner's claim to allow and pass on the entire deficit in the PP cost to be recovered from the consumers in the retail supply tariff without considering the Petitioner's earlier stand taken to absorb 50% of the revenue deficit as made out in the Tariff Application, the Commission after considering that the Petitioner's earlier stand was not binding and was not required to be made under any Regulations, decides to pass on the entire deficit of the PP cost of Rs.0.60 to the consumers by considering the same in the revised ARR of the Petitioner for FY18.

(2) Interest on Capital loan:

(a) The Commission in its Tariff Order has approved the interest on capital loan at Rs.1.90391 Crores as against Rs. 3.36 Crores claimed by the Petitioner for FY16.

(b) The Petitioner in its original filing had claimed net interest of Rs.3.91 Crores for the licensed activity by considering debt portion of financing the capital cost of the project at 70% at the weighted average rate of interest of 10.13% for FY 16.

(c) The Commission while allowing the interest on capital loan had considered the opening and closing balance of capital loan at Rs.24.53 Crores and 22.72 Crores respectively for FY16. On the average capital loan of RS.23.63 Crores at the weighted average interest rate of 8.0469% computed on the total capital loan balance and interest payment as per the Consolidated audited accounts of the Petitioner for FY16, the Commission has allowed Rs.1.90 Crores as the interest on capital loan for FY16 for the licensed business. The Commission, in arriving at the weighted average interest rate of 8.0469%, has considered the opening and closing balance of long term capital loan at Rs.544.78 Crores and Rs.471.257 Crores respectively without taking into account the opening and closing balances of Current Maturities of Long Term Debt of Rs.55.97 Crores and Rs.118.94 Crores respectively of Petitioner for FY16. The interest on long term debt of the Petitioner was considered at Rs.40.88 Crores without taking into account the interest attributable on qualifying assets of Rs. 0.9615 Crores and interest on CWIP of Rs.18.4942 Crores as the same was not specifically made clear in the original Tariff Application.

(d) The Petitioner in this petition has claimed the average capital loan of Rs.27.41 Crores by considering Rs.24.53 Crores and Rs.27.86 Crores as the opening and closing balance respectively, new borrowings of Rs.3.33 Crores and repayment of Rs.2.42 Crores of capital loan for FY16. The Petitioner has claimed that the interest on capital loan of MSEZL as a whole was accounted as per the Borrowing Cost principles under Accounting Standard-16 (As-16) issued by the ICAI, wherein the interest attributable on capitalized assets was charged to P&L account and interest attributable on qualifying assets and capital work in progress (CWIP) was added to asset cost. The Commission notes that the Annual Report of the MSEZL for 2016 deals with Significant Accounting Policies of MSEZL under sub-heading Borrowing cost.

(e) The Petitioner, in this Petition has claimed that the actual interest on total capital loan of MSEZL during FY16 was Rs.60.3358682 Crores on the opening and closing balance of capital loan of Rs.600.75 Crores and Rs.590.197 Crores respectively including balance under "Current Maturities of Long Term Debt". The average long term debt of Rs.595.476 Crores has been considered to arrive at the weighted average interest rates of 10.1323% for FY16. The Commission has taken note of the certified General Ledger extract of MSEZL submitted by the Petitioner, as per which the interest on term loan charged to Profit & Loss account, interest attributed on qualifying assets and the interest on CWIP are at Rs.40.88 Crores, Rs.0.9615 Crores and Rs.18.4943 Crores, respectively.

(f) The Petitioner has claimed Rs.3.91 Crores as the interest on capital loan by considering the debt at normative level of 70% on the Gross Fixed Assets (GFA) as being as per the prevailing MYT Regulations. The Petitioner has claimed interest on capital loan of Rs.2.78 Crores at 10.1323% on the average capital loan and the difference of Rs.0.58 Crores by considering the debt at normative level of 70% of GFA.

(g) The Commission notes that the accounts of the licensed and non-licensed activities of MSEZL have not been maintained separately by keeping subsidiary books of account and that the opening and closing GFA as on 01.04.2015 and 31.03.2016 of the licensed business being Rs.2.37 Crores and Rs.64.9 Crores respectively as per format D-15 submitted by the Petitioner. The assets capitalized on 01.04.2015 which is that day's transaction cannot be included in the opening balance of GFA as on 01.04.2015 as claimed by the Petitioner and therefore we are not allowing the GFA as claimed by the Petitioner and retain it at Rs.2.37 Crores.

(h) The Commission has taken note of the present submission made by the Petitioner in support of its claim on interest on long term loan and decides to recognize the weighted average rate of interest of 10.1323% on the average long term loan (inclusive of current maturity of long term debt) of Rs.27.41 Crores (OB - Rs.26.95 Crores and CB - Rs.27.87 Crores) for FY16 and decides to allow interest on capital loan of the licensed activity at Rs.2.78 Crores for FY16. We find the Petitioner's claim for allowing Rs.3.36 crores as interest untenable.

(3) Interest on Security Deposit:

The Commission in its Tariff Order has approved interest on consumer's security deposit of Rs.0.16 Crores for FY16 as against Rs.0.38 Crores claimed by the Petitioner. The Commission while approving the interest on consumers' security deposit has considered opening balance of Consumer Deposits of Rs.1.89 Crores as depicted in the

Consolidated Balance Sheet of MSEZL for FY16. The Commission has taken note of the details of the amount of consumer-wise security deposit amounts held and the payment of interest thereon during FY16 submitted by the Petitioner. The Commission, therefore decides to allow Rs.0.38 Crores as the interest on consumer security deposit for FY16.

(4) Return on equity:

(a) The Commission in its Tariff Order has approved Rs.0.11Crores towards Return on Equity(RoE) as against Rs.2.77 Crores claimed by the Petitioner for FY16. The Commission while approving the RoE, has considered the opening balance of equity of Rs.5.095 Crores out of the total share capital of Rs. 50 Crores and the accumulated surplus of Rs.27.86 Crores of the MSEZL. The equity of the licensed activity was computed on the total equity of the MSEZL at 6.5329% worked out in proportion to the opening GFA of the licensed activity. As per the provisions of MYT Regulations, the Commission has recognized the normative equity of Rs.0.711 Crores by considering the opening GFA of Rs.2.37 Crores, which is less than the actual equity of Rs.5.095 Crores for FY16.

(b) The Petitioner in this petition has submitted that the opening GFA of the licensed activity was Rs.52.85 Crores by including the categorized CWIP of Rs.50.48 Crores on 01.04.2015 as against Rs.2.37 Crores recognized by the Commission in the Tariff Order. The Commission notes that out of the opening balance of CWIP of Rs.56.22 Crores, the assets of Rs.50.48 Crores capitalized on 01.04.2015 cannot be treated as opening balance of

GFA for FY16. The assets capitalized on 01.04.2015 which being that day's transaction though made during FY16 cannot be treated and included as the opening balance of GFA as on 01.04.2015. The closing balance of GFA as on 31.03.2015 would be the opening balance of GFA for FY16. Thus, the Commission has not recognized Rs.50.48 Crores of assets capitalized on 01.04.2015 and not included it in the opening balance of GFA of Rs.2.37 Crores as opening balance of GFA for FY16 for allowing the RoE of the licensed activity. Therefore, the Petitioner's claim to recognize the equity of Rs.31.82 Crores and opening GFA of Rs.58.59 Crores as against the opening GFA of Rs.2.37 Crores for approval of RoE for FY16 has no merit and hence cannot be accepted.

(c) On the Petitioner's claim that the Commission in its Tariff Order dated 03.03.2015 had approved Rs.2.59Crores as the RoE in the approved ARR for FY16 and that therefore, Rs.2.43 Crores should be approved in the APR filing for FY16, the Commission is of the considered view that there is no merit in the submission made by the Petitioner, as the ARR deals with the approval of the estimated revenue expenditure and revenue receipts for the ensuing year, whereas the APR is the approval of the revenue expenditure and revenue receipts on the basis of actual audited accounts, duly following the provisions of the MYT Regulations.

(d) Thus, we find that there is no merit in the RoE claims of the Petitioner and the same are rejected.

(5) Consequent financial impact of revision of above items on the APR for FY16:

The Petitioner has now claimed net deficit of Rs.5.25 Crores for FY16 as against the Commission approved amount of Rs.0.67 Crores. Based on the findings and decisions of the Commission as discussed above, the revised ARR of the Petitioner for FY16 as per APR would be as is shown in the following table:

Amount in Rs. Crores.

Particulars	FY16		
	As filed	As approved 08.05.2017	Revised ARR as per APR
Revenue			
Revenue From Sale of Power	11.88	11.88	11.88
Subsidy from Government	0.00	0.00	0.00
Total Revenue	11.88	11.88	11.88
Expenditure			
Power Purchase Cost	7.36	7.96	7.96
Employee Expenses	0.40		
R&M Expenses	0.34		
A&G Expenses	0.39		
O&M Expenses	1.13	1.13	1.13
Depreciation	2.19	2.19	2.19
Interest on Loan Capital	3.91	1.90	2.37
Interest on Working Capital	0.00	0.12	0.12
Interest on Consumer Deposit	0.38	0.16	0.38
(Less) Expenses Capitalised	0.55	0.55	0.55
Return on equity	2.77	0.11	0.11
Other Income	0.47	0.47	0.47
Net ARR	16.72	12.55	13.24

Thus the Commission decides to approve Rs.13.24 Crores as the Revised ARR of the Petitioner for FY16 as per APR. Considering the revenue receipt of Rs.11.88 Crores, the net revised revenue deficit is Rs.1.36 Crores for FY16.

(6) Recovery of deficit for FY16

(a) The Commission in its Tariff Order, as per the admission of the Petitioner to absorb 50% the revenue deficit of FY16 in its books and to equally spread over the next five years the balance 50% as Regulatory Assets, had decided to carry forward Rs.0.34 Crores being the 50% of the revenue deficit of FY16 to the proposed ARR of FY18.

(b) The Petitioner in this petition has submitted that the entire deficit on account of power purchase cost be allowed to be recovered from the consumers and out of the remaining revenue deficit, 50% should be allowed to be absorbed by the Petitioner and the balance 50% should be allowed to be passed on to consumers over the next 5 years as Regulatory Asset.

(c) The Commission considering the modified stand of the Petitioner decides to allow the entire deficit in PP cost of Rs.0.60 Crores to be passed on to the consumers and carry forward 50% of the remaining revenue deficit of Rs.0.38 Crores (1.36 – 0.60 = 0.76, 50% of 0.76 = 0.38) to the revised ARR of the Petitioner for FY18.

8. Issue of reviewing the ARR for FY18:

   (1) Power Purchase Cost:

      (a) The Commission in its Tariff Order has approved power purchase cost of Rs.49.49 Crores on the IF energy of 85.33 MU at the rate of 5.80 per unit for FY18. The Commission, while allowing the power purchase quantum and cost has considered the source of power and its cost, keeping in view the approved power purchase cost of the MESCOM which is the source of power purchase to the Petitioner, duly factoring 5% of the high cost power of MESCOM which includes 5% of Solar power and the remaining energy from BTPS 3 Unit and UPCL sources, on merit order basis, as against the PP cost of Rs.47.87 Crores projected at Rs.5.61 per unit, by the Petitioner.

      (b) The Petitioner citing the provisions of clause 4(i) of the KERC (Procurement of energy from Renewable Sources) Regulations has submitted that the power is being procured from the MESCOM by the Petitioner and that MESCOM has complied with the RPO requirement. That Inclusion of solar power for computation of power purchase cost of Petitioner would mean that the Petitioner is again made to comply with the RPO and it would lead to double compliance of RPO on the part of the Petitioner and burden it with higher PP cost per unit and also burden its end consumers. The Petitioner has requested the Commission to adopt the same approach as adopted in the approval of ARR of the Petitioner for FY16 and FY 17. The Petitioner has submitted that the PP cost is subject to true up during the approval of APR. That front loading of higher power purchase cost would constrain the working capital of the Petitioner. It has requested to revise the formula adopted in the Commission's Tariff Order for arriving of the PP cost, by excluding solar power sources and its cost.

(c) The Commission after examining the submissions made by the Petitioner, notes that the Commission while approving the power purchase cost for FY18, has adopted the same approach as adopted in the previous Tariff orders. The Petitioner has misconstrued the inclusion of solar power as imposition of solar RPO on the MSEZ. It is to be made clear that solar power is considered as one of the sources of power purchase and is included in the power purchase mix. The request for excluding the solar power from the computation of PP cost for the reasons cited by the Petitioner, is misplaced. The Commission in the computation of the PP cost has considered the source of power on the basis of marginal cost of power purchase from long term sources of the MESCOM (Solar power is a costly power, falling under the 5% margin of Power Purchase of the MESCOM). Since the MESCOM has to comply with the provisions of RPO obligation as per the provisions of the KERC (Procurement of Energy from Renewable sources) Regulations with respect to its total quantum power purchase including the power requirement of the Petitioner, the Petitioner is not required to separately comply with the RPO.

(2) Interest on consumer security deposits:

(a) The Commission in its Tariff Order has approved Rs.0.04 Crores towards the interest on consumer security deposits on the average deposit of Rs.0.56 Crores at the bank rate of 6.75% for FY18. As projected by the Petitioner, since there is no addition of consumers for FY17 and FY18, the Commission has reckoned the closing balance of Rs.0.56 Crores as the opening balance for FY17 and FY18.

(b) The Commission has analyzed the Balance Sheet of the Petitioner for FY16, the projections made for FY17 and FY18 under A2 format of the Tariff Application and the submission made in the present Petition. Based on the documents submitted in support of the amount of consumer deposits held by the Petitioner, the Commission decides to recognize the opening balance of consumer security deposit of Rs.3.71 Crores and allow interest on consumer security deposits of Rs.0.25 Crores at the Bank rate of 6.50% for FY18.

(3) Interest of capital loan:

(a) The Commission in its Tariff Order has approved interest on capital loan of Rs.1.50 Crores for FY18, at the interest rate of 8.05%, being the actual weighted average rate of interest of the Petitioner during FY16, as against Rs.3.54 Crores claimed by the Petitioner. The Commission has considered the average capital loan of Rs.18.64 Crores for FY18 by factoring the closing balance of Rs.22.72

Crores of FY16 and repayment of Rs.2.72 Crores each for FY17 and FY18 as projected by the Petitioner in its filing.

(b) The Commission as discussed earlier, decides to recognize Rs.27.87 Crores as the closing balance of the effective capital loan for FY16. The Commission has examined the Accompanying Financial Statement of the Petitioner's Consolidated Balance Sheet for FY16, showing the repayment of loan amount for the period from 2015-16 to 2024-25. In the statement, the total repayment of loan amount is indicated as Rs.118.92 Crores and Rs.97.96 Crores for FY17 and FY18 respectively. Based on the total amount of repayment and total closing balance of capital loan of Rs.590.197 Crores as on 31.03.2016 (as per the bifurcated Balance Sheet, Rs.27.86 Crores for licensed business and Rs.562.197 Crores for non-licensed business), the Commission, for FY18, considers the same amount of repayment of Rs.2.72 as projected by the Petitioner for FY17.

(c) Accordingly, the Commission on the closing balance of capital loan of Rs.27.87 Crores for FY16 and the repayment of Rs.2.72 Crores each for FY17 and FY18, decides to factor the closing balance of Rs.22.42 Crores for FY18. Thus, the average balance of effective capital loan for FY18 works out to Rs.23.78 Crores.

(d) As discussed earlier, by considering the rate of interest at 10.1323%, the Commission decides to approve the interest on capital loan at Rs.2.41 Crores for FY18.

(e) The Commission having decided to recognize the closing balance of GFA of the licensed business at Rs.65.02 Crores and recognize Rs.32 Crores as being the actual equity as on 31.03.2016 as per the audited accounts for FY16, considers the equity amount in excess of 30% Gross Fixed Assets as being used to finance the acquisition of assets of the Petitioner and allows the interest as per the provisions of Clause 3.6 of the KERC (Terms and Conditions for Determination of Tariff for Distribution and Retail sale of Electricity) Regulations,2006 as under:

(Amount in Rs. Crs)

Gross Fixed Assets as on 31.03.2018	62.02
30% of GFA (Eligible for allowances of RoE)	19.51
70% of GFA (Eligible for loan component)	45.51
Equity as on 31.03.2016 considered as the closing balance of equity for FY18.	32.00
Closing balance of capital Loan (31.03.2018)	25.14
Equity in excess of 30% GFA(32.00 – 19.51) treated as amount of equity used to finance the creation of assets.	12.49
Weighted average rate of interest	10.1323%
Interest eligible for allowance for FY18	1.2655

Thus, the Commission decides to allow Rs.3.67 Crores (Rs. 2.41 Crores Plus Rs.1.26 Crores) as the interest on capital loan for FY18.

(4) Return on equity:

(a) The Commission in its Tariff Order has approved an amount of Rs.1.10 Crores towards Return on Equity as against the Petitioner's claim of Rs.2.92 Crores for FY18. The Commission has considered Rs.5.583 Crores as the opening balance of the equity of the Petitioner for FY18 in proportion to the opening balance of GFA of the licensed and non-licensed activities of the Petitioner.

(b) The Commission as stated earlier, as per the Petitioner's audited accounts of for FY16 decides to recognize the opening balances of equity of Rs.32 Crores for FY18. In accordance with the provisions of the MYT Regulations, the Commission by deciding to recognize Rs.32 Crores as the opening balance of equity of the Petitioner for FY18 recognizes Rs.19.51 Crores as the normative equity at 30% of GFA of Rs.65.02 Crores for FY18, decides to allow RoE of Rs.3.02 Crores at 15.5% for FY18.

(c) The Commission notes that the Petitioner in its Tariff Application has submitted that under Section 80-21AB of the IT Act, it is availing tax holiday and has not claimed the tax on the RoE for FY18. Hence, the Commission has not considered the allowance of MAT on the RoE for FY18.

(5) Issue of surplus Tariff:

(a) The Commission in its Tariff Order has approved the ARR of the Petitioner for FY18 at Rs.57.39 Crores which includes revenue deficit of Rs.0.34 Crores being 50% of the gap in revenue of FY16. Based on the approved revenue at existing tariff of Rs.58.42 Crores, the projected surplus in revenue was Rs.1.03 Crores for FY18. The Commission finds that the submission of the Petitioner that the revenue deficit would increase by taking into consideration the average realization rate of Rs.6.91 per unit as per the Tariff Order for FY17 and the average realization rate of Rs.6.78 per unit approved by the Commission for FY18, is not acceptable.

(b) The Commission notes that the revenue realization, as approved by the Commission for FY17 and FY18 depends mainly on the approved ARR and the approved sales. Projecting revenue losses on the basis of average revenue realization of two different periods is incorrect. The Annual Revenue Requirement of the licensees in the State is being met through the retail supply tariff, on the sales under each category of consumers, as approved by the Commission. In the Tariff Order dated 08.05.2017, the revenue of Rs.58.42 Crores at existing tariff was found sufficient to meet the approved ARR of Rs.57.39 Crores of the Petitioner, which resulted in the revenue surplus of Rs.1.03 Crores for FY18. Thus the same was in order. However, the Commission has now decided to revise the ARR for FY18 considering the submissions of the Petitioner and therefore, the treatment of the revenue gap for FY18, is discussed in the subsequent paragraphs.

(6) Consequent modifications in the ARR for FY18:

(a) Petitioner in this petition has claimed net deficit of Rs.3.24 Crores as against net surplus of Rs1.03 Crores approved by the Commission in the Tariff Order for FY18. Based on the above discussions, the revised ARR of the Petitioner for FY18 would be as shown in the following table:

Amount in Rs. Crores

Particulars	FY18
Power Purchase Cost	49.49
O&M Expenses	1.30
Depreciation	2.73
Interest on Capital Loan	3.67
Interest on Working Capital	1.15
Interest on Consumer Security Deposit	0.25
RoE	3.02
Less: Other Income	0.26
Add: Gap in revenue of FY16	0.98
Net ARR	62.33

Thus, the Commission decides to approve revised ARR of Rs.62.33 Crores for FY18, which also includes the net deficit of Rs.0.98 Crores for FY16. After considering the revenue of Rs.58.42 crores from the existing tariff, the net revenue deficit for FY18 is Rs.3.91Crores. The Commission decides to carry forward this net deficit to the ARR for FY19 without disturbing the retail tariff already fixed for FY18.

(b) We are not inclined to accept the request of the Petitioner, to treat a part of the deficit as Regulatory Asset to be recovered over the next five years, as even in respect of other distribution licensees, the Commission has taken similar stand.

9. The Petitioner, in this Petition, has also sought specific directions from the Commission on certain other issues. The Commission notes that these issues fall under the purview of the Commission's "Conditions of Supply of Electricity by the Distribution Licensee in the State of Karnataka" (Cos)and other relevant Orders which directly affect the consumers' interest. These are not part of the Tariff Order which is under review in the current Petition. The Petitioner may address these issues under the General Conditions of Supply, as applicable to other Distribution licensees in the State and if it is unable to address these issues, the Petitioner may seek remedies in separate proceedings by filing suitable petition, before this Commission, if so advised.

10. In view of the above discussions, we pass the following order:

ORDER

The Review Petition is partly allowed and disposed of, in terms of the findings of the Commission in paragraphs 7 and 8 above.

Sd/-	Sd/-	Sd/-
(M.K. SHANKARALINGE GOWDA) CHAIRMAN	(H.D. ARUN KUMAR) MEMBER	(D.B. MANIVAL RAJU) MEMBER