



# Mangalore SEZ Limited

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MSEZL/F&A/KERC/2016-17

03<sup>rd</sup> January, 2017

To,  
The Secretary,  
Karnataka Electricity Regulatory Commission  
6<sup>th</sup>& 7<sup>th</sup> Floor, Mahalaxmi Chambers  
No. 9/2, M.G. Road  
BENGALURU : 560 001.

Dear Sir.

**Sub: Clarification/Additional Information on Application for APR for FY16 and ARR for FY 18 Revision of Distribution and Retail Supply Tariff for FY 18.**

**Ref.: Your letter No. B/10/16/2266 dated 27.12.2016.**

We are in receipt of your letter referred above and have noted the preliminary observations made by Hon'ble Commission on our application for APR for FY16 and ARR for FY 18 and Revision of Tariff for FY18.

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

**Reply to 1<sup>st</sup> Observation:**

We are optimist with energy projection of 84.5 MUs for FY 18 on the following premises:

- a. In pursuance to our filing the ARR for FY 18 and long term perspective plan we vide our letter dated 04.08.2016 requested our consumers to provide a five year energy requirement starting FY 18. Accordingly, OMPL vide their letter dated 18.11.2016 (*which is attached as Annexure IV to our tariff application*) have also given their energy requirement for next five years at 70 MUs/per year. We have factored the estimation submitted by OMPL and also the estimations given by our other consumers for projecting the energy sales of 84.50 Mus for FY 18.
- b. In meetings with OMPL, our major consumer, it is communicated to us that they have planned and endeavor to clear their up-stream grid synchronization (their CPP with the grid power) issue with necessary technical approvals/clearance. The process is expected to be completed by January 2017.





- c. Hence, the OMPL energy projections of 70 MUs for FY 18 is consider in full. However, in-order to ensure that FY 16 & FY 17 scenario is not repeated and to maintain the rigorous of energy sales numbers, the management of MSEZL had taken comfort letter (which is attached as Annexure IV to our tariff application) from OMPL by making them commit to draw and pay for energy requirement upto a minimum of 70 Mus/per year.
- d. Further, the management of MSEZL is in the process of entering into a power supply agreement with OMPL, which amongst other clauses, envisages and proposes OMPL to concretize their requirement of 10 MVA contracted demand and a committed energy requirement of 70 MUs/per year. The agreement would be placed before the Hon'ble Commission for necessary approval. Also, MSEZL would enter into a power supply agreement with other consumers.
- e. Further, we wish to inform that at downstream level we will ensure uninterrupted power supply and that interruptions are at minimum.
- f. *Ceteris Paribus*, we are sanguine that the projections for ARR for FY 18 would be met and achieved.
- g. In view of the above facts, we request the Hon'ble Commission to consider and approved the energy sales projected by us in the ARR filed.

**Reply to 2<sup>nd</sup> Observation:**

- a. Distribution loss for FY 16 was calculated considering the energy input to MSEZL based on the MESCOM meter reading which was 13.879Mu and the recorded metered energy sales at consumers end, but as per the meter readings of all consumers of MSEZL the energy sold for FY16 worked out to be 14.12MU which is more than the energy input which has resulted in negative loss of 1.74%.
- b. The Honorable Commission may please note that MSEZL, on its part has got calibrated the energy meters of all its consumers by KPTCL and as per the meter calibration report (which is attached as Annexure III to our tariff application) of the KPTCL all the energy meters were recording well within the permissible limits of error and therefore all the consumers were billed according to their actual energy consumptions only and none of them were over billed.
- c. Further, MSEZL wishes to bring to the notice of Hon'ble Commission that we have no control over the accuracy of energy input meter. The readings recorded and





- provided at energy input point is considered as energy input and paid for at the rate approved by KERC.
- d. Also, MSEZL had carried out detailed load flow study and distribution loss calculation through a technical consultant based on the assumed load for the year FY16 and the technical energy loss is at 1.16%.
- e. We will be happy to comply with any further advice given by Hon'ble Commission on this issue.
- f. The data of month wise input energy purchase and payments to MESCOM is as under:

Statement showing details of month wise power purchase from MESCOM			
Sl. No	Month	Units as per MESCOM Bill	Bill Amount in Rs.
1	Apr.15	7,12,500	3,740,625
2	May-15	9,21,480	4,731,060
3	Jun-15	10,53,660	5,404,243
4	Jul-15	11,67,000	6,126,750
5	Aug-15	8,28,000	4,347,000
6	Sep-15	7,99,500	4,285,320
7	Oct-15	9,27,000	4,968,720
8	Nov-15	11,71,500	6,279,240
9	Dec-15	14,67,000	7,745,760
10	Jan-16	16,14,000	8,721,491
11	Feb-16	15,67,500	8,276,400
12	Mar-16	16,50,000	8,728,500
	<b>Total</b>	<b>13,879,140</b>	<b>73,355,109</b>

**Reply to 3<sup>rd</sup> Observation:**

MSEZL is currently procuring power from MESCOM at Rs. 5.61/kWh as approved by KERC in its Tariff order dated 30<sup>th</sup> March 2016. MSEZL has a power supply agreement dated 05<sup>th</sup> December 2014 with MESOM for a contracted demand of 20,000 KVA, which is attached as Annexure-1 to this letter.

**Reply to 4<sup>th</sup> Observation**

Observation (a): The details are as under:

Sl. No.	Period	Category	Energy - Rs.in Cr	Demand - Rs. In Cr
1	FY 16	HT	9.19	2.65
2		LT	-	-
	Total		9.19	2.65



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Sl. No.	Period	Category	Energy - Rs.in Cr	Demand - Rs. In Cr
1	FY 17 (upto October 16)	HT	8.95	2.28
2		LT	-	-
	Total		8.95	2.28

Observation (b):

The monthly minimum and maximum load recorded during Jan-2016 to Nov-2016 for the morning (6.00Am to 10.00Am)/Evening (6.00PM to 10.00PM) peak period and off-peak periods (10.00PM to 6.00Am) are as follows:

Sl. No	Month	Maximum Load in KW		Minimum load in KW
		6.00Am to 10.00AM	6.00PM to 10.00PM	10.00PM to 6.00AM
1	Jan -16	2205	2670	2040
2	Feb-16	2290	2655	1895
3	March-16	2265	2715	1650
4	April-16	2190	2280	1830
5	May-16	9165	10170	1500
6	June-16	2115	2280	1845
7	July-16	2295	2310	1200
8	Aug-16	1800	1650	630
9	Sep-16	1485	1815	1080
10	Oct-16	1350	1890	960
11	Nov-16	2265	2220	1185

As per the Tariff Order dated 30<sup>th</sup> March 2016 there is no provision for imposing penalty or to give incentive under TOD, and therefore MSEZL is neither levying penalty nor giving incentive to its consumer.

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

Thanking you,

Yours faithfully,

**For MANGALORE SEZ LTD**

**Authorised Signatory**

13/11/17



26.03.2015

ANNEXURE-1**POWER SUPPLY AGREEMENT FOR SUPPLY OF HIGH TENSION /  
EXTRA HIGH TENSION ELECTRICAL ENERGY**

An agreement made this 5<sup>th</sup> day of December-2014 (date) of ..... (month) two thousand and ..... between the Mangalore ELECTRICITY SUPPLY COMPANY LTD, a body constituted by the Government of Karnataka (hereinafter called the "LICENSEE" which expression, wherever the context so admits shall include its successor and assigns) of the one part; And ..... (hereinafter called the "CONSUMER" which expression, wherever the context so admits shall include its successor or successors in business and permitted assigns or his heirs, executors and administrators) of the other part.

Whereas at the request of the Consumer, the Licensee has agreed to supply to the Consumer electricity for the purpose of Industrial use in his/her/it's premises at MSEZ Grid Sub-station-03 (GSS-03), Kalavar Villag ..... for bonafide purposes and use within the premises.

**1. DEFINITIONS:**

In this Agreement, unless the context otherwise requires:

- a) "ACT" shall mean the Electricity Act, 2003 or such other enactment governing the supply and use of electrical energy as may be in force from time to time.
- b) "Conditions of Supply" shall mean the "Conditions of Supply of Electricity of Distribution Licensee in the State of Karnataka" approved by Karnataka Electricity Regulatory Commission and as amended from time to time.
- c) "Commission" means the Karnataka Electricity Regulatory Commission.

**2. CONDITIONS OF SUPPLY:**

- a) The Licensee shall supply electrical energy to the premises of the consumer from its distributing main at high tension / extra high tension as specified in the "Conditions of Supply" under classification of supply and the Consumer shall take from the Licensee electricity required for the purpose herein above recited at the single point of supply up to the maximum extent of 20000 KVA, being the contracted demand.
- b) Electrical energy supplied to the premises shall not be utilized by the Consumer in any manner prejudicial to the Licensee and all usage must be according to such method or methods approved by the Licensee. The use of power must be confined to such places as shall have been previously approved in writing by Licensee. In case prejudicial use of power is detected, the Consumer shall pay penal charges in accordance with the provisions of the "Conditions of Supply" as in force from time to time. Besides, for dishonest abstraction/ use / consumption electricity or interference with the metering equipment or accessories, Consumer shall also be liable for prosecution under the Act and any other law the time being in force, and the installation shall be liable for disconnection.



- c) The Consumer agrees and undertakes not to resell any part of the power supplied to him/her/it without the previous written consent of the Licensee.
- d) The Consumer shall carryout the work of extension of lines, installation of apparatus/equipments at his/her/its cost on self execution basis and shall be liable to pay supervision charges to the Licensee at the rates specified in the "Conditions of Supply" and shall be bound to carryout such works within a period of six months from the date of such intimation by the Licensee.
- e) If the Consumer defaults in completing such work as referred to here in above, within the stipulated time, then the Licensee shall be entitled to deduct 10% of the total amount paid by the Consumer forthwith and shall further be entitled to cancel the sanction of power.
- f) The Licensee shall be entitled to deduct 10% of the total amount paid by the consumer in the event of the Consumer desiring not to avail power supply after the execution of this Agreement.
- g) The Consumer shall permit the Licensee, free of cost, to erect the posts, distribution lines, structures, equipments, cables and other apparatus necessary for the supply of electrical energy under this Agreement on the land belonging to, or in the possession of, the consumer.
- h) The Consumer agrees to take supply under any conditions of restrictions of load and time that may be fixed by the licensee from time to time and to pay fixed charges under this Agreement in full not with standing such restrictions.
- i) The supply of electrical energy under this Agreement is liable to be restricted, staggered or cut off altogether, as the case may be, if the power position or any other emergency warrants such a course of action. The Licensee reserves the right to periodical shutdown as and when required for the purposes of routine maintenance after giving reasonable intimation to the Consumer.
- j) Subject to the provisions of the Act, the "Conditions of Supply" and any other law for the time being in force, the supply under this Agreement shall be valid initially for a period of two years from the date of commencement of supply and shall stand automatically renewed from year to year thereafter until expressly terminated in writing by either of the parties.
- k) Without prejudice to the rights and liabilities of the parties in respect of any matter antecedent to termination and subject to payment of demand charges as per applicable Tariff for the unexpired period of the initial period of Agreement, either party to this Agreement may terminate this Agreement by giving three months prior notice in writing.
- l) The Licensee shall not be liable to pay damages/compensation in connection with loss of life or property arising, occurring or resulting from the use of power.
- m) Where the Consumer is required to obtain a licence or permit or 'No Objection Certificate' for running his Industrial/ Commercial concern or Lift Irrigation Scheme and the Licence or permit is suspended or cancelled or the validity of the 'No Objection Certificate' Issued by the competent authority to lift water has expired, the Licensee shall have the right to discontinue power supply during the period when the License or permit is cancelled or suspended or the validity of the 'No objection Certificate' Issued by the competent authority has expired, without prejudice to the obligation of the Consumer to pay the minimum charges during this period.

*[Signature]*  
 Head (Technical)  
 Mangalore SEZ Limited



**3. METERS :**

The energy supplied shall be measured and registered by a meter or meters in or upon the said premises to be provided, fixed and kept in proper order by the Licensee.

The procedure for billing when the meter is not provided or is faulty shall be regulated as per the relevant provisions of the Act and the "Conditions of Supply".

**4. SECURITY DEPOSIT :**

The Consumer, on a request made by the Licensee in this regard, shall renew or replenish all security deposits in the event of the same becoming exhausted or insufficient.

**5. TARIFF AND PAYMENT OF ELECTRICITY CHARGES :**

From the date of this Agreement comes into force, the Consumer shall be bound by, and shall pay the Licensee, fixed charges, energy charges and additional security deposit in accordance with the tariffs approved by the commission and the "Conditions of Supply" from time to time for the appropriate class of Consumers. The Consumer shall pay the Licensee the tax on electricity charges as determined by the Government of Karnataka from time to time. In case even after disconnection, if the dues remains unpaid, then the Licensee shall be entitled to take recourse to the provisions stipulated in the "Conditions of Supply" and other laws for the time being in force to recover the arrears.

**6. DISCONNECTION FOR ARREARS AND RECONNECTION :**

In case the consumer fails to pay the charges due for the electricity supplied within the due date. The Licensee shall be entitled to cut off the supply after giving due notice as provided in the Act and "Conditions of Supply" and power supply shall be restored only on payment of all arrears including interest and reconnection charges as stipulated from time to time in the "Conditions of Supply".

**7. CONTINUITY OF POWER SUPPLY :**

The Licensee shall take all reasonable precautions to ensure continuity of supply of power to the Consumer at the point of commencement of supply. However, the Licensee shall not be liable to the Consumer for any loss due to the interruption in the supply of power by reason of damage to the equipment of the Licensee during war, mutiny, riot, strike or by earth-quake, hurricane tempest or any accident or causes beyond the control of the Licensee.

**8. ENTRY INTO CONSUMER'S PREMISES :**

The Licensee shall have access to the premises of the Consumer at all reasonable times without notice for meter reading, inspection, , testing and/or for any other purpose incidental to or connected with the proper maintenance of supply.

The Licensee shall have access to the premises at any time for inspection, if there is any reason to suspect breach of the provisions of this Agreement, the Act, and the "Conditions of Supply".

If the Consumer, his agent, employees or any one else purporting to act on his behalf attempt to obstruct or impede the Licensee or its employees or authorised person in this regard, the Licensee shall be entitled to immediately cut off power supply. The Consumer shall also be liable to pay such penalty as may be imposed by the Licensee in this regard.

*[Handwritten Signature]*  
Head (Technical)



9. **ASSIGNMENTS OR TRASFER OF THE BENEFIT OF THIS AGREEMENT BY THE CONSUMER :**

The Consumer shall not, without the previous consent in writing of the Licensee, assign, transfer or part with the benefit of this Agreement and shall not in any manner part with or create any partial/ separate interest in it.

10. **APPLICATIONS OF THE PROVISIONS OF THE ACT AND THE "CONDITIONS OF SUPPLY"**

In all matters not herein specifically provided for, the provisions of the act, the "Conditions of Supply" and other laws for the time being inforce shall apply.

11. **SAVING CALUSE :**

Nothing contained in this Agreement or any amendment thereof shall restrict any rights and obligations which the Licensee or the Consumer has derived under any legislation relating to supply and consumption of electricity enacted during the period of this agreement.

In witness whereof, the Licensee through its duly authorised representative and the Consumer has executed this Agreement on the day month and year first above written.

Consumer/ Authorised Signatory

1) Devesh Kumar  
Head (Electrical)  
Mangalore SEZ Limited  
Name .....

For..... [Signature] ELECTRICITY SUPPLY COMPANY LIMITED

[Signature]  
(Signature)  
Name..... Executive Engineer (EI)  
O & M Division - 2  
Destination..... MESCOM, MANGALORE

Witnesses :

1) [Signature]  
(Signature)

Name PRAKASH KASARGOD  
Address Manager (Electrical)  
M SEZ Ltd  
Mangalore

Witnesses :

1) [Signature]  
(Signature)  
ಬೆಂಗಳೂರು ಶಿಕ್ಷಣ ಮತ್ತು ಅಭಿವೃದ್ಧಿ ಇಲಾಖೆ  
ಬೆಂಗಳೂರು - 575 019

Name DEEPAK C R  
Address .....

2) [Signature]  
(Signature)

Name Jayaprakash  
Address Sr. Engineer (Electrical)  
Mangalore SEZ Ltd  
Mangalore

2) .....  
(Signature)

Name .....  
Address .....

