



## Mangalore SEZ Limited

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CIN: U45209KA2006PLC038590

Ref: MSEZ/KERC/ARR/01/2018-19/02

Dated: 07.12.2018

To,  
The Secretary,  
Karnataka Electricity Regulatory Commission,  
No.16, C-1, Miller Tank Bed Area,  
Vasanthanagara, Bengaluru -560052.

Sir,

Sub: Time of Day (TOD) Scheme – Request for review on applicability to Mangalore SEZ Limited (MSEZL) – Reg.

Ref: Our application for Annual Performance Review for FY 2017-18 and Annual Revenue Requirement for the Distribution and Retail Supply Business for MYT control period FY 2019-20, FY 2020-21 and FY 2021-22 and Tariff Petition for FY 2019-20 submitted on 29.11.2018.

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MSEZL, a distribution licensee, has submitted the tariff application for FY 2019-20 on 29<sup>th</sup> November, 2018 and in pursuance to the prayer already made in the tariff application, we pray through this letter seeking a review on making applicable the Time of Day (TOD) scheme on energy supplied by us to the consumers in our distribution area.

### A case for Review on TOD Scheme:

1. The Hon'ble Commission considering the fact that we are a *deemed distribution licensee* has been following a methodology to arrive at the power purchase rate per unit payable to MESCOM. As per this methodology, it considers, the pooled power purchase cost for the Karnataka State as a whole per unit plus the trading margin & other transmission costs.
2. The Hon'ble Commission, considering the above method, has fixed a rate of Rs.5.936/kWh for each unit of energy purchased by MSEZL from MESCOM for FY 18-19.
3. The Hon'ble Commission through its letter No.B/10/16/2266 dated 27<sup>th</sup> December, 2016 had asked us to furnish the penalty and incentives given under the then TOD scheme. We replied through our letter dated 03<sup>rd</sup> January, 2017 stating that the TOD scheme is not applicable to us for the





reason that there was not TOD scheme in the tariff order dated 30<sup>th</sup> March, 2016 for FY 2016-17

4. Subsequently, the Hon'ble Commission while approving the tariff for FY 2017-18 had made the TOD tariffs applicable to MSEZL also on the energy supplied to the consumers.
5. Hence, MSEZL implemented the TOD scheme from FY 2017-18 and based on the actual energy recorded in the peak hours – penalty levy and non-peak hours – reward levy, the cumulative reward given during the period is more by Rs.0.14 Crores.
6. With the power purchased rate per kwh remaining the same (except for distribution loss), the additional TOD amount –reward of Re.1/unit is additional cost for MSEZL.
7. The net cumulative reward through the TOD scheme being more by Rs.0.14 Crore our revenue collections is lower by Rs.0.14 Crore. The additional cost in the form of Rs.0.14 Crore being uncontrollable in nature and has contributed to the revenue deficit.
8. We have brought to the kind notice of Hon'ble Commission the above points in our tariff submissions part on 'APR for FY 17-18' and proposed that revenue deficit of Rs.0.14 Crore on account of TOD scheme may be allowed for recovery either as under:
  - a. Through recovery in the ARR of FY 20, as expenditure.

**OR**

  - b. As an adjustment to the increase, if any, in the FY 18 power purchase cost.

**PRAYER:**

Considering the impact of TOD scheme on the financials, we through this letter pray to the Hon'ble Commission that TOD scheme need not be made applicable to MSEZL in the future tariff orders.

Thanking you,

With regards,

**For Mangalore SEZ Limited**

*V. Suresh Kumar*

**Authorised Signatory**

*Rjm*

