

**KERALA STATE ELECTRICITY REGULATORY COMMISSION  
THIRUVANANTHAPURAM**

Present : Shri. T.M.Manoharan, Chairman  
Shri. P.Parameswaran, Member

**15<sup>th</sup> May, 2013**

Petition No. OP 12 of 2013

In the matter of  
Determination of wheeling charges in M/s Rubber Park India (P) Limited

M/s. Rubber Park India (P) Limited

---- Petitioner

**ORDER**

1. M/s Rubber Park India (P) Limited (*hereinafter referred to as RPIL or Rubber Park*), a distribution licensee under the Electricity Act 2003, has submitted a petition for fixing wheeling charges for providing open access to their distribution system for the use of Kerala State Electricity Board (KSEB) for supplying power to M/s M. Fuels which is a prospective consumer in the licence area of KSEB. The Rubber Park is availing power supply from KSEB at 110 kV level using two tap lines from Kalamassery-Muvattupuzha 110kV double circuit feeders. The Rubber Park has a contract demand of 5 MVA from KSEB and has two 12.5 MVA transformers for catering to the load of its consumers. Thus, at present the Rubber Park is maintaining substantial redundant capacity, the economic operation of which is necessary. Wheeling of power for local distribution by KSEB through RPIL system is one way of utilising the redundant capacity.
2. M/s. M Fuels, manufacturer of biomass briquettes, located about 70 meters away from licence area of RPIL, requires power connection at HT level. If they receive power directly from KSEB power system, 11kV OH line has to be drawn for about 600meters. On a request of M/s. M Fuels for connection from RPIL, the RPIL informed to obtain NOC from KSEB for power connection. However, KSEB did not agree to the same and informed that the power could be supplied through RPL facility, if the consumer pays wheeling charges to RPIL and RPIL is

agreeable to the same. M/s. RPIL agreed to provide open access to KSEB for supplying power to M Fuels, since consumer is situated in the licence area of KSEB. KSEB agreed to provide supply through M/s. RPIL system, if M/s. M Fuel is ready to pay the wheeling charges.

3. M/s. M Fuels later approached the Commission for resolving the issue and the Commission accorded in principle approval for availing power from KSEB, using the open access to the power system of M/s. RPIL. M/s. M Fuel, later requested for obtaining power from the Rubber park's underground distribution system and agreed to meet the wheeling charge. KSEB also sought open access to RPIL system and requested to move before the Commission for determination of wheeling charges. Hence the petition.
4. In the petition, for the approval of ARR&ERC filed by M/s RPIL, the wheeling charge is proposed at Rs.0.68 per unit by the licensee M/s RPIL, and requested to approve the wheeling charges as per the proposal. The Commission admitted the petition as OP No.12 and issued notices to RPIL, M-Fuels and KSEB. Hearing on the petition was fixed for 27-2-2013 at Rubber Park.
5. As per the estimates of the licensee, about 93% of the energy is used by HT consumers. The distribution loss is assumed as 2.5%. The method used by RPIL for determining the wheeling charges is given below:

Proposed Aggregate Revenue Requirements (2013-14):	Rs.1424.68 lakhs
Less Cost of power purchase	: Rs.1227.88 lakhs
Distribution expenses	: Rs.196.80 lakhs.
Expense for HT distribution (93%)	: Rs.183.02 lakhs
Total energy used by HT system (26.09 MU+2.5% loss)	26.74 MU
Wheeling charges payable	Rs..183.024/(26.74 X 10)
	<b>= Rs.0.68 per unit.</b>

### Hearing on the Petition

6. Public hearing on the petition was held on 27.02.2013 at the Conference Hall, RPIL. The licensee was represented by Shri.J.Krishnakumar, Managing Director, and Shri. S.V Pramod, Resident Engineer. Representatives of M/s M Fuels and representatives of KSEB were also present. Shri. Pramod presented the petition and gave clarifications on the petition. The Managing Director, RPIL stated that for supplying power to outside consumer, the Commission should allow a margin of at least 40 paise to cover the cost. Shri.B.Pradeep presented the comments of

KSEB on the petition. The Board stated that the Commission after detailed deliberations allowed in principle approval of wheeling of power by KSEB through 110/11kV substations at Rubber Park as per the order dated 19-7-2012. The distribution cost as per the petition is only Rs.142.05 lakh as against Rs.196.90 lakh claimed in the present petition. The distribution costs may be allowed only after prudence check and considering the comments of the Board on the ARR&ERC petition. The Board pointed out that for wheeling, entire energy available for sale shall be considered for estimating the wheeling charges. The energy sale projected is 27.38 MU, whereas the energy used in HT level alone is used for the calculations. Further additional energy wheeled through the system is also taken into consideration. The additional energy wheeled is estimated at 0.22MU per year. The Board has also given the methodology for estimating the wheeling charge which is taken as the approved distribution cost at HT level divided by the total energy wheeled through the system.

7. During the hearing, the representatives of M/s. M-Fuels stated that they are willing to pay the wheeling charges and open access from the 11kV underground distribution system may be given for them considering the reliability. They are also willing to bear the cost of connection.

### **Analysis and Decision of the Commission**

8. The Commission has considered the petition and clarifications filed by the licensee, oral submissions during the hearing, and the observations presented by the Board on the petition. The issue of allowing open access to the distribution system of M/s. RPIL came up initially. As the Commission noticed the large unutilised capacity of the distribution system maintained by M/s RPIL. The Commission in its order dated 15-5-2012 in the ARR&ERC of M/s RPIL, had directed the licensee to take steps for utilisation of the spare capacity in the substation with arrangements with KSEB. In the meantime, M/s M fuels approached the Commission for open access. The Commission has also held discussion with the licensee and as per letter dated 19-7-2012, allowed open access to KSEB on the following conditions:

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- *The proposal for open access to substation of Rubber park is permitted based on the current capacity utilisation*

- *The power may be supplied by KSEB to the consumers outside Rubber park area. However, the load through open access shall be limited to 50% of the spare capacity of the substations*
- *The expenses for any modification of the existing substation as well as cost of extending the lines will be met by the Board/beneficiary*
- *Board can avail open access from the 110/11kV substation of RPIL by installing 11kV indoor panel at their cost.*

*KSEB will have to make formal request to RPIL for allowing open access and RPIL may in turn make necessary application to the Commission for fixing open access charges, in accordance with provisions of Electricity Act 2003 and the regulations issued by the Commission”*

9. Based on the above direction, the M/s Rubber Park has submitted the petition for determining the wheeling charges. As per the proposal of the M/s RPIL, the wheeling charge is to be fixed at Rs.0.68 per unit, considering the proposed ARR of Rs.196.8 lakhs.

10. In the meantime, the Commission has approved the ARR&ERC for 2013-14 of M/s RPIL. Accordingly, the distribution cost is to be based on the approved ARR. The Commission has noted some deficiency in the methodology of estimation of wheeling charges as pointed by KSEB.

11. As per the approved ARR&ERC, the total energy requirement of RPL for 2013-14 is 27.93 MU. The approved distribution loss is 1.97%. The present requirement of power for M/s M Fuel is about 500kVA, and as per the estimates of the Board, the sales to M/s M Fuels will be 0.22MU. Considering distribution loss at HT level as 1%, the total energy requirement will be 28.15MU (27.93 + 0.222MU). Based on this, the total energy sent out /wheeled at HT level including sales to HT consumers will be 27.86MU.

12. The approved distribution cost for 2013-14 is as given below:

**Approved ARR&ERC for 2013-14**

Particulars	Projected by the licensee	Approved by the Commission
	(Rs.in lakhs)	(Rs.in lakhs)
Purchase of Power	1,282.63	1,222.41
R&M Expenses	24.49	23.67
Employee costs	31.64	24.74

A & G expenses	21.47	16.13
Depreciation	28.38	34.27
Interest & Finance charges	-	-
Other debits	-	-
Return on Equity	36.07	10.00
<b>Total Revenue requirements</b>	1,424.68	1,331.22
<u>Less</u> Power purchase cost	1282.63	1222.41
<b>Distribution cost</b>	<b>142.05</b>	<b>108.81</b>

13. The licensee is not maintaining accounts according to the voltage class. The wheeling at present is through the 11kV network of M/s RPL and the downward systems are not used for wheeling power. Hence, cost up to 11kV network has to be considered for arriving at the Wheeling charges. As per the petition on ARR&ERC for 2013-14, the breakup of GFA is as shown below:

#### **Breakup of GFA of RPL**

	GFA at the beginning of FY 2013-14 (Rs.lakhs)	Percentage share
Land & rights	26.85	3.0%
Transmission lines	99.00	11.0%
Substations	404.59	44.8%
11kV works	108.05	12.0%
LT Lines	30.38	3.4%
Service connections	0.28	0.0%
Metering equipment	5.60	0.6%
Others	228.32	25.3%
<b>Total</b>	<b>903.07</b>	<b>100.0%</b>

14. As per the details, more than 70% of the assets are for catering the HT system. Considering the portion of other assets and metering equipment, the share up to HT level can be taken as 75%. The total approved distribution cost is Rs.108.81 lakhs, of which 75% can be considered as the share at HT level. Based on this, the wheeling charge is estimated as shown below:

Total Distribution cost	Rs. lakhs	108.81
Share of distribution cost at HT level (75%)	Rs.lakhs	81.61
Total energy wheeled at HT level	MU	27.86
Wheeling charges	Rs./unit	0.29

15.As shown above the wheeling charges is worked out as 29 paise per unit and is rounded of to 30 paise per unit.

### **Orders of the Commission**

16. Based on the materials provided by the licensee and the clarifications thereon submitted by the licensee as well as the objections and observations of KSEB, the Commission has determined the charge for wheeling electricity through the power system of M/s Rubber Park India Private Limited at 30 paise per unit for the financial year 2013-14. The wheeling charge determined herein shall continue until further orders. M/s RPIL may approach the Commission for revision of wheeling charges as and when necessary with suitable proposals as per the provisions of the Electricity Act 2003 and Rules made there under.

17.The petition disposed of. Ordered accordingly.

Sd/-  
**P. Parameswaran**  
**Member**

Sd/-  
**T.M.Manoharan**  
**Chairman**

Approved for issue

Secretary