



KARNATAKA ELECTRICITY REGULATORY COMMISSION

TARIFF ORDER 2024

OF

AEQUS SEZ

ANNUAL PERFORMANCE REVIEW FOR FY23

&

**APPROVAL OF REVISED ANNUAL REVENUE
REQUIREMENT FOR FY25**

&

REVISION OF RETAIL SUPPLY TARIFF FOR FY25

28TH FEBRUARY, 2024

No. 16 C-1, Miller Tank Bed Area, Vasanthnagar, Bengaluru-560 052

Phone: 080-22268677/22268678/22268679

Fax: 080-22268667/22370214

Website: <https://karunadu.karnataka.gov.in/kerc>

E-mail: kerc-ka@nic.in

C O N T E N T S

CHAPTER		Page No.
	ORDER	
	CHAPTER – 1	
	ANNUAL PERFORMANCE REVIEW FOR FY23	
1.1	AEQUS's Application for APR for FY23	6
1.2	Sales for FY23	7
1.3	Distribution Losses for FY23	8
1.4	Capex for FY23	9
1.5	Power Purchase for FY23	9
1.6	RPO Compliance for FY23	11
1.7	Operation and Maintenance Expenses	12
1.8	Depreciation	14
1.9	Interest on Capital loan	15
1.10	Interest on Working Capital	17
1.11	Interest on Consumers' Security Deposits	18
1.12	Return on Equity	19
1.13	Income Tax	20
1.14	Other Income	20
1.15	Abstract of Approved ARR for FY23	20
1.16	Revenue from Sale of Power	21
1.17	Surplus in Revenue for FY23	21
	CHAPTER – 2	
	ANNUAL REVENUE REQUIREMENT FOR FY25	
2.1	Annual Revenue Requirement (ARR) for FY25	22
2.2	Determination of ARR for FY25	24
2.3	Capital Investment Plan	24
2.4	Sales Estimate for FY25	24
2.5	Distribution Losses	26
2.6	Power Purchase Cost	27
2.7	O&M Expenses	30
2.8	Depreciation	32
2.9	Interest on Loans	33
2.10	Interest on Working Capital Loan	35
2.11	Interest on Consumer Security Deposits	36
2.12	Return on Equity (RoE)	37
2.13	Other Income	39
2.14	Abstract of Approved ARR for FY25	39
2.15	Average Cost of Supply	40
2.16	Revenue	40
2.17	Surplus in Revenue	40
2.18	Retail Supply Tariff of AEQUS SEZ for FY25	41
2.19	Wheeling Charges	42
2.19.1	Wheeling within AEQUS SEZ Area	43
2.19.2	Wheeling of Energy	44
2.19.3	Charges for Wheeling of Energy by Non-GEOA Renewable Energy Sources (Non-REC Route) to the consumers in the State	46
2.19.4	Charges for Wheeling Energy by Non GEOA RE Sources	46

	Wheeling Energy from the State	
2.19.5	Banking Charges for RE sources	46
2.19.6	Cross Subsidy Surcharge	46
2.19.7	Additional Surcharge	46
2.20	Commission's Order	47

LIST OF TABLES

Table No.	Content	Page No.
1.1	APR for FY23 – AEQUS's Submission	6
1.2	Power Purchase Cost for FY23	10
1.3	O&M Expenses for FY22–AEQUS submission	12
1.4	Computation of Rate of Inflation	13
1.5	Allowable O&M Expenses for FY23	14
1.6	Allowable Depreciation for FY23	15
1.7	Allowable Interest on Capital Loans for FY23	16
1.8	Allowable Normative Interest on Excess Equity for FY23	17
1.9	Allowable Interest on Working Capital for FY23	18
1.10	Allowable Interest and Finance Charges	19
1.11	Allowable Return on Equity	19
1.12	Approved ARR for FY23 as per APR	20
2.1	ARR for FY25 – AEQUS Proposal	22
2.2	Voltage wise distribution loss for FY25 AEQUS SEZ submissions	26
2.3	Power Purchase Quantum and Cost for the period FY25 AEQUS Submission	28
2.4	Power Purchase cost for FY25	29
2.5	Total Approved Power Purchase Cost for FY25	29
2.6	O&M Expenses for FY25	30
2.7	Computation of Inflation Index	31
2.8	Approved O&M Expenses – FY25	32
2.9	Approved Depreciation for FY25	33
2.10	Interest on Loan Capital for FY25 AEQUS SEZs' Submission	34
2.11	Approved Interest on Loan for FY25	35
2.12	Allowable Normative Interest on Excess Equity for FY25	35
2.13	Interest on Working Capital for FY24	36
2.14	Approved Interest on Consumer Security Deposits for FY25	37
2.15	Approved Return on Equity for FY25	38
2.16	Approved ARR for FY25	39
2.17	Average Cost of Supply	40
2.18	ARR for FY25	41
2.19	Approved Retail Supply Tariff of AEQUS SEZ for FY25	41

BEFORE THE KARNATAKA ELECTRICITY REGULATORY COMMISSION**No.16C-1. Miller Tank Bed Area, Vasanthnagar****BENGALURU - 560 052****Dated 28th February 2024****Present:**

Shri P. Ravi Kumar	Chairman
Shri M.D.Ravi	Member

ORDER

In the matter of Approval of ARR for FY23 as per APR, Approval of Revised ARR and Retail Supply Tariff for FY25 in respect of AEQUS SEZ Private Limited.

1. Background:

M/s AEQUS Special Economic Zone Private Limited, (herein after referred to as AEQUS SEZ) is situated at Hattargi Village, Hukeri Taluk, Belagavi District. M/s AEQUS SEZ is a deemed licensee in terms of the GoI Notification dated 03.03.2010 issued by Ministry of Commerce, GoI and has filed an Application for approval revised ARR for FY23 due to Annual Performance Review, approval of revised ARR and Retail Supply Tariff for FY25, 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 26 approved units and seven units pertaining to common facility 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 220/110/11 kV Substation at AEQUS SEZ by the KPTCL is initiated in June 2020 and expected to be commissioned by September 2022.

3. Consumers' Profile:

Apr-22 to March-23			
SI No	Unit	Contract Demand (KVA)	Energy Consumption Units (KWH)
Industrial Units			
1	Aerospace Processing India Pvt Ltd	820	3,390,748
2	Aerostructure Manufacturing India Pvt Ltd Unit 1	650	3,701,775
3	Aerostructure Manufacturing India Pvt Ltd Unit 2	1,000	5,308,787
4	Aequs Private Ltd Unit 2	200	539,915
5	Aequs Private Ltd Unit 3	150	1,900,846
6	Aequs Private Ltd Unit 4	325	487,083
7	Quest Global Engineering Service Pvt Ltd	200	212,588
8	VP Aero Solutions Pvt Ltd	80	123,212
9	UFI Filters India Pvt Ltd	275	454,535