



ಸಂಖ್ಯೆ : 16ಸಿ-1, ಮಿಲ್ಲರ್ ಟ್ಯಾಂಕ್ ಬೆಡ್ ಏರಿಯಾ  
ವಸಂತನಗರ, ಬೆಂಗಳೂರು-560 052.

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

B/10/19/1155

Date:20<sup>th</sup> December, 2019

**The Managing Director,  
AEQUS SEZ Pvt, Limited,  
No.437/A, Hattargi Village,  
Hukkeri Taluk,  
Belagavi-591243**

Sir,

**Sub: Preliminary observation on AEQUS's application for approval of APR for  
FY19 and ARR for FY21.**

**Ref: Your letter No. ASEZ/2018-19/064, Dated:29-11-2019.**

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Please refer to your letter cited above, wherein, AEQUS has submitted the application for the approval of the Annual Performance Review (APR) for FY19 and ARR for FY21. I am directed to inform AEQUS that after scrutiny of the application, the Commission has made certain preliminary observations and the same are enclosed to this letter.

AEQUS is requested furnish clarifications/additional information/compliance to these observations within ten days from the date of this letter to enable the Commission to take further necessary action in the matter.

Yours faithfully

  
Secretary

for Karnataka Electricity Regulatory Commission



## AEQUS SEZ

### Preliminary observations on Application file for APR of FY19 and Revision of ARR and Retail Supply Tariff for FY21

#### 1. Energy Sales:

##### 1. APR-19 Sales:

The Commission, in its Tariff Order dated 14.05.2018 had approved sales of 19.90 MU for FY19 against AEQUS proposal of 20.588 MU. The actual sales as per current filing is 22.134 MU indicating increase in sales of 2.234 MU in sales with respect to the approved figures.

At page 21 & 22 of the tariff filing, AEQUS has analyzed the reasons for increase in sales and has attributed the same mainly due to increased consumption by Aerospace Processing India P. Ltd., Aerospace Manufacturing India Pvt. Ltd 1&2, AEQUS Pvt.Ltd.-4, and AEQUS Engineered Plastics P. Ltd.

The Commission notes that the total Contract Demand of consumers of AEQUS as on 31.03.2019 is 9.048 MVA and as on September, 2019 it is 11.648 MVA. However, at page-3, of the filing it is stated that at present power upto 6.9 MVA could be drawn and with installation of express feeder upto 10 MVA could be drawn. **Even though, AEQUS is planning for establishment of a new KPTCL substation, which would take some time, it is not clear how the present CD of 11.648 MVA is being met i.e. whether there is over drawal from the grid or AEQUS is resorting to power cuts? Hence, AEQUS shall clarify the same.**

#### 2. FY20 and FY21 sales

AEQUS in its filing has stated that the FY20 estimates are made considering the actual sales of 12.56 MU upto September,2019 and estimated sales of 13.47 MU for the next half of the year aggregating to 25.11 MU.

The Commission notes that as on September,2019, during the current year, 4-new consumers have added, who have consumed about 0.065 MU. Further, AEQUS has stated that few major consumers have increased their

consumption as they are in the process of diversification of their business activity.

Further, it is stated that the estimates for next five years is made based on the inputs provided by each consumer and anticipated growth within the campus. It is also stated that as on October 2019, twenty-eight units have registered with the SEZ and that 28 consumers would be in operation in FY20, 29 consumers in FY21, 31 consumes in FY22 and 33 consumers in FY 23 & FY24.

The Commission notes that AEQUS has arrived at sales estimates based on the inputs provided by each consumer. However, AEQUS has not furnished any documents submitted by these consumers in this regard. **As such AEQUS shall furnish the requests obtained from the individual consumers or any other documents like minutes of the meeting held with consumers in this regard.**

It is observed that:

- a. In FY21, the CD for AEQUS Pvt. Ltd. Unit -4 has increased to 0.40 MVA from 0.25MVA in FY20. Similarly, for Aero structure manufacturing India Pvt. Ltd. it has increased to 0.40 MVA from 0.30 MVA, for Aerospace processing India Pvt. Ltd U-2, it has increased to 0.35 MVA from 0.25 MVA, AEQUS Force Consumer Products P Ltd has increased to 1.25 MVA from 0.75 MVA
- b. Even though CD for New Unit-1, is indicated as nil, sales of 0.05 MU are considered for FY21.
- c. Even though the CD for Indoschottele Autoparts India Pvt. Ltd, Squad forging India Ltd., Purosil performance Hose LLP and Latecoere India Pvt. Ltd is retained at FY20 level, the sales to these consumers have been increased in FY21.

**AEQUS shall explain the reasons for the same.**

### **3. Power Purchases for FY21:**

AEQUS SEZ, in its tariff application has stated that, during FY21 it is planning to buy short-term power from the exchange and also it has floated tenders for installing 2MW SRTPV plant and that the proposed SRTPV plant is expected to generate energy of upto 2.5 MU for the full year. The delivered

cost of power is expected to reduce the overall cost of power purchase of AEQUS, which can be directly passed on to the consumers.

The Commission notes that as a licensee, within the framework of Rules and the licensing conditions, AEQUS SEZ can explore all possibilities for procuring power at reasonable rates in order to reduce the retail supply tariff to its customers. But, for the purpose of approval of ARR for FY21, the Commission has to invariably rely on facts and figures which are firmed up/crystallized and as furnished by AEQUS, in the Tariff application. Since, the probable energy to be purchased from the exchange and the energy likely to be generated from the SRTPV and the costs thereon are not furnished in the tariff application, the Commission is unable to consider a lower power purchase cost for the purpose of passing on the benefits thereon, to the consumers. In this regard, AEQUS shall submit the probable quantum and cost to enable the Commission to consider the same for approving the ARR and retail supply tariff for FY21. In the absence of specific data on the sources power purchase and costs thereon, the Commission would adopt the usual practice of sourcing the power from the normal source. i.e. HERCS/ HESCOM.

**4. Wheeling Charges and Cross Subsidy Surcharge:**

AEQUS may consider working out the wheeling charges, CSS and Additional surcharge **considering** its own costs and furnish the same to the Commission.

**4. RPO Compliance:**

AEQUS shall furnish the status of solar and non-solar RPO compliance for FY19 and the estimates of RPO to be met in FY20 and FY21 and the plan of action to meet the same in FY21.

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