



Mangalore SEZ Limited

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MSEZL/F&A/KERC/2018-19

21st December, 2018

To,
Secretary,
Karnataka Electricity Regulatory Commission,
No. 16, C-1, Millers Tank Bed Area,
Vasanth Nagar, Bengaluru, 560 052,
Karnataka, India.

Dear Sir.

Sub: Clarification/Additional Information on Application for APR for FY18 and ARR and retail tariff for FY 20 to FY 22 under MYT framework.

Ref.: Your letter No. B/08/18/1267 dated 18.12.2018.

In pursuance to the above referred letter, we have noted the preliminary observations made by Hon'ble Commission on our application for APR for FY18 and ARR and retail tariff for FY 20 to FY 22 under MYT framework.

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

Reply to 1st Observation:

Details of HT bulk consumers estimated sales and actual sales for FY 18:

Sl. No.	Consumers	Estimated projections for FY 18 - MUs	Actual Energy sales in FY 18 - MUs
1.	ONGC Mangalore Petrochemicals Limited	70.00	27.03
2.	Indian Strategic Reserve Petroleum Limited	6.47	4.85
3.	Cardolite Speciality Chemicals India LLP	6.1	6.91
4.	JBF Petrochemicals Limited	-	0.22
5.	Anthea Aromatics Pvt., Ltd	0.22	-
6.	Syngene International Ltd	0.22	0.01
7.	Authentic Ocean Treasure	0.792	1.64
8.	Shree Ulka	-	0.05
9.	Yashaswi Fish Meal & Oil	-	0.01
10.	MSEZL Utilities	0.8	1.08
	Total	84.60	41.80





Reply to 2nd Observation:

1. The FY 19 sales are estimated at 42.64 MUs against 44.69 Mus approved by the Hon'ble Commission. The estimation of 42.64 MUs is made considering actual sales upto October 2018 at 25.38 MUs and projection for balance period from November 18 to March 19 at 16.81 MUs. The projection of 16.81 MUs is based on the average consumption pattern of the consumers for the first seven months of FY 19. Further, as one of our major consumers has synchronized their captive power plant to KPTCL grid and hence, during monsoon period due to lightning impact etc they have reduced their energy consumption.

2. Details of sales estimation for FY 20 to FY 24:

The sales estimation for FY 20 to FY 24 is made considering energy requirements from (i) Existing consumers –those who have already commenced production/operations and (ii) New Consumers - who are in the process of setting up their industry and yet commencing their operations.

(i) Energy estimation of Existing consumers: The current energy consumption pattern of these consumers is analyzed while estimating their future energy requirements. We have assumed that the energy consumption at their current level to remain constant throughout the period.

(ii) Energy estimation of New Consumers: The energy requirement of these consumers is two-fold (i) energy for undertaking/execution of their construction works and (ii) energy required for their production/operations. We have based on the inputs from such consumers have projected energy considering their likely completion of construction work and commencement of production/operations. These consumer are also expected to enlarge/increase their production activity/operations gradually over the years. Hence, while estimating the energy requirement for period FY 21 to FY 24 we have considered their future requirement and have assumed gradual increase in the load/energy in a progressive manner.

Thus, effectively the increase in contract demand by 10 MVA i.e. from 27 MVA to 37 MVA and in energy by 14.93 MUs i.e. from 50.54 MUs to 65.47 MUs is expected to come from these new consumers only.





Our analysis on the energy requirement of consumers (both existing and new consumers) vis-à-vis their contract demand is given in Annexure I to this letter.

3. Energy sales numbers – reconciliation between numbers in page 44 and page 48.

Chapter 6 on 'Sales forecast' covers page 44, wherein under Table B we have given category wise demand and sales projection.

Chapter 9 on 'Power procurement plan' covers page 48, wherein under Table B we have given year wise sales projections (as in page 44) and power purchase/energy required at IF, after considering distribution loss.

Reply to 3rd Observation:

- The area of operation of MSEZL is limited and options/avenues available for managing the demand side management is also limited.
- However, at the consumer level, solar streetlight; LED lamps etc., have been installed.
- On our part, we have also fixed LED lamps for streetlights in the entire SEZ.
- Further, as per KERC Orders, MSEZL is giving ToD benefit to the consumers to encourage power consumption during non-peak hours.

Reply to 4th Observation:

We once again request the Hon'ble Commission to consider our prayer for approving the wheeling and CSS for MYT control period FY 20 to FY 22, as approved for the previous year.

Reply to 5th Observation:

The Hon'ble Commission regulations on RPO obligations provides that deemed licensees procuring bulk power, partly or wholly, from ESCOMs shall be deemed to have complied with the RPO if such ESCOMs have complied with the RPO.

Further, for arriving at the retail power purchase cost for FY 18 from MESCOM the Hon'ble Commission has considered at rates applicable to the generators falling within the 5% energy at the margin of the total MESCOM's power purchases (including short-term power purchases/Renewable/solar Power).





Also, the Hon'ble Commission from FY 18-19 onwards has approved the PP cost considering the total power Purchase cost per kWh for the entire State of Karnataka and from that it deducted the cost per kWh of Hydro power and then added the trading margin and grossed it up with the losses. The rate included all the costs, including Non-conventional.

Hence, a standalone compliance of RPO may not be required.

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

Thanking you,

Yours faithfully,

For MANGALORE SEZ LTD

Authorized Signatory



Sale Forecast from 2019-2020 to 2023-2024

ANNEXURE-I

Sn	Description	FY 2019-20		FY 2020-21		FY 2021-22		FY 2022-23		FY 2023-24		Remarks
		Estimated by MSEZL		Estimated by MSEZL		Estimated by MSEZL		Estimated by MSEZL		Estimated by MSEZL		
		MVA	MU	MVA	MU	MVA	MU	MVA	MU	MVA	MU	
A. Existing Consumers												
1	ONGC Mangalore Petrochemicals Limited	6	27	6	27	6	27	6	27	6	27	M/s OMPL is a processing industry and they have got their own captive power plant which is synchronised with the KPTCL grid. Hence, the consumer is not dependent on the grid power for their critical operations. The power is used for non critical load and also they rely on the grid power during their plant maintenance or any planned shutdown. Thus, the contract demand is kept for any exigencies or use in any emergency situations as a back-up. We have estimated their energy requirement considering their energy drawl at current levels.
2	Indian Strategic Reserve Petroleum Limited	4.5	4.73	4.5	4.73	4.5	4.73	4.5	4.73	4.5	4.73	The consumer does not undertake any production activity. Their activity is to store petroleum in under ground crude oil storages (which would be used for strategic energy needs of India). The peak power would be required only to pump crude oil received in oil tankers through their 12 KM pipeline. The pumping activity would happen once/twice in a year. Further, to prevent solidification of stored oil they would once/twice in year refuel the oil by pumping out the oil. Hence, for major portion of year they require power to maintain they facilities. Since, ISPRL is a critical and strategic project of India the contract demand is kept at this level to met any emergency situations. Accordingly, we have assumed their power consumption over the period to remain constant at the current levels.
3	Cardolite Speciality Chemicals India LLP	1.45	8.4	1.45	8.4	1.45	8.4	1.45	8.4	1.45	8.4	M/s Cardolite is a processing industry with constant out put and they do not have their own CPP but dependent fully on Grid power. Their energy requirement at current levels are assumed to remain constant during the period.
4	Authentic Ocean Treasure	1.5	2.5	1.5	2.5	1.5	2.5	1.5	2.5	1.5	2.5	The consumer is into food processing (sea based fish) and their process is seasonal. In a year, when fishing ban is in place for 3-4 months there would be no fishing activity. Also, they are a new consumer in our area of operation. They have started taking firm power from July 17 onwards and based on the current consumption pattern we are assuming the energy requirement to remain constant through out.
5	SR Caterers	0.00375	0.01	0.00375	0.01	0.00375	0.01	0.00375	0.01	0.00375	0.01	
6	MSEZL Utilities (totalling 13)	2.993	1.56	2.993	1.56	2.993	1.56	2.993	1.56	2.993	1.56	Considering the previous years consumption the demand and energy drawl have been observed to be almost constant.
Total (A)		16.45	44.20	16.45	44.20	16.45	44.20	16.45	44.20	16.45	44.20	
B. New Consumers												
Sn	Description	FY 2019-20		FY 2020-21		FY 2021-22		FY 2022-23		FY 2023-24		
		Estimated by MSEZL		Estimated by MSEZL		Estimated by MSEZL		Estimated by MSEZL		Estimated by MSEZL		
		MVA	MU	MVA	MU	MVA	MU	MVA	MU	MVA	MU	
7	Syngene International Limited	1	0.54									M/s Syngene is a pharmaceutical based drug production company. Based on the inputs and our analysis we have estimated that for a major duration in FY 19-20 they would be engaged in construction activities and commence production during end of FY 19-20. Also, considering their inputs on future production activity they are likely to gradually step up thier production from FY 20-21 to FY 23-24. Based on this contract demand and energy enhancement has been worked out
			0.55	1.25	2.25	3	3.62	4	4.82	5	6.03	
8	Shree ULKA LLP	2.25	1.25	2.5	1.55	2.5	1.55	3	1.86	3.5	2.04	
9	Yashaswi Fish meal & Oil company	2.25	1.75	2.5	1.55	2.5	1.55	3	1.86	3.5	2.04	These consumers are into food processing (sea based fish) and their process is seasonal. In a year, when fishing ban is in place for 3-4 months there would be no fishing activity. Also, they are a new consumer in our area of operation. Currently, these consumers are in varied stages of completion of their construction works and we are expecting them to start production activity from FY 19-20 onwards and enhance their requirement in future periods.
10	Gadre Marine Exports Pvt Ltd	2.25	1.75	2.5	1.55	2.5	1.55	3	1.86	3.5	2.04	
11	Catasynth Speciality Chemicals Pvt Ltd	2.8	0.5	2.8	5.07	5.04	7.16	5.04	9.12	5.04	9.12	M/s Catasynth is a manufacturing industry and they will commence production from FY 19-20 Onwards . As per the inputs received from them they will gradually step up thier production from FY 20-21 to FY 2023-24. Based on this thier demands and energy requirements have been worked out
Total (B)		10.55	6.34	11.55	11.97	15.54	15.43	18.04	19.52	20.54	21.27	
Grand Total (A+B)		27.00	50.54	28.00	56.17	31.99	59.63	34.49	63.72	36.99	65.47	

