

# **THE STATE ELECTRICITY OMBUDSMAN**

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## **Appeal Petition No. P/011/2025 (Present A. Chandrakumaran Nair) Dated: 08-04-2025**

Appellant : Sri. T. Satheesh Kumar  
Deputy General Manager(Plant)  
M/s. Indian Oil Corporation,  
LPG Input Terminal,  
Puthuvypin,Kochi-Ernakulam(Dist.) 682508

Respondent : The Executive Engineer(ELE)  
Cochin Port Authority, Administrative  
Building, Willingdon Island, Cochin,  
Ernakulam(Dist.)- 682009

## **ORDER**

### **Background of the case**

The appellant Shri. T.Satheesh Kumar is the Deputy General Manager of M/s. Indian Oil Corporation Ltd(IOCL). M/s. IOCL is the Consumer of the Licensee M/s. Cochin Port Authority and had availed an HT connection for the functioning of the Multi User Liquid Terminal (MULT) situated at Puthuvypin. The Cochin Port Authority had developed a Special Economic Zone(SEZ) at Puthuvypin and land had been allotted to M/s. Indian Oil Corporation for establishing the LPG Import Terminal and Multi User Liquid Terminal. The appellant company had availed two HT connections one for the LPG Import Terminal and second for the MULT. The MULT facility is used for pumping the Butane and Propane from the vessels and send to the storage tanks of LPG Import Terminal which makes LPG by mixing these Propane and Butane. The MULT is used for transferring the raw material from the ship to the production centre. The transfer of raw material from the arriving dock to the production centre is also part of the industrial activity.. The Licensee was charging this connection on commercial tariff. The appellant disputed the same and filed the petition to CGRF and the order of CGRF is not in favour of the appellant. Aggrieved by the order of CGRF, this appeal petition is filed to this Authority.

## **Arguments of the Appellant**

IOC Multi User Liquid Terminal is a manufacturing unit producing LPG by blending propane and butane and dosing ethyl mercaptan. It shall be noted that we come under SEZ unit Category and declared as a manufacturing unit. Based on the above facts we requested CoPA to put forward our request for modification of electricity connection category from Commercial to Industrial.

According to CGRF document ref: CoPA O.P No.2 /2024- 25 dated 13.12.2024 the electricity connection category for IOCL Multi User Liquid Terminal, Puthuvypin, Cochin is not converted from Commercial to Industrial stating "at IOCL's MULT Jetty electricity used for manufacturing process is less than 15% of their total electricity consumption". It is to be noted that IOCL has two separate electricity connections for MULT and LPG Import Terminal (LITE) and both are considered combinedly as a single plant. We are manufacturing the LPG at both the units. alternatively for each ship parcels that we are receiving. Since MULT is also having all the required equipment and the manufacturing of LPG is also being carried out at IOCL MULT unit hence our demand of conversion of. conversion of electricity category from Commercial to.. industrial category for MULT unit is rational.

## **Arguments of the Respondent**

Cochin Port Authority, CoPA is a distribution licensee in Port area at Willingdon Island and Vallarpadam & Puthuvypin. M/s. IOCL is an HT consumer at Puthuvypin. M/s IOCL has 2 nos. of HT connections, one at their LPG Import Terminal and second one at Multi User Liquid Terminal (MULT) and Jetty.

Application for 1950 KVA HT connection for MULT was submitted by M/s. IOCL on 19/09/2022. In the application, the purpose for which supply is required was mentioned as " Industrial". As per the approval from PESO Dtd - 27/09/2016, plant is proposed for storage of Propane gas in pressure vessels. Environmental Clearance for LPG Import Terminal at Puthuvypin SEZ from Ministry of Environment & Forests dated on 05.07.2010: In the order, it is stated that the proposal involves establishment of facilities for receipt, storage and dispatch of imported LPG at Puthuvypin. The import facility for 0.6 MMTPA capacity. The main activity involves

- a) Unloading of LPG from ships
- b) Transfer to mounted bullets through thermal insulated pipelines
- c) Storage under pressurized conditions in mounted bullets
- d) Loading in road tanker for distribution of the same.

The LPG is unloaded MULT in COPA and transferred to the LPG terminal. The storage facility consist of 08 nos. of mounded bullets constructed in 2 clusters. Manufacturing activity is not mentioned in the above activities. Work was completed by M/s. IOCL and supply energised on 16/12/2022 for a contract demand of 600 kVA. Activity at MULT Jetty is unloading and pumping of Cargo. Hence HT agreement was executed under HT-IV commercial. Also ship work was not commenced in December 2022. Supply was used for construction and other purposes. LPG handling do not come under HT-I Industrial.

According to CGRF document ref: COPA O.P NO.2/2024-25 dated 13.12.2024 the electricity connection category for IOCL Multi User Liquid Terminal (MULT), Puthuvypin, Cochin is not converted from Commercial to industrial stating "at IOCL's MULT Jetty electricity used for manufacturing process is less than 15% of their total electricity consumption."

Electricity used for manufacturing of LPG is less than 15% of their total consumption as stated in the CGRF order. The main purpose for electricity use is not manufacturing. It is to be noted that IOCL has two separate electricity connections for MULT and LPG Import Terminal and together considered as a single plant. We are manufacturing the LPG at both the units alternatively for each ship parcels that we are receiving. Since MULT is also having all the required equipment and the manufacturing of LPG is also being carried out at IOCL MULT unit hence our demand of conversion of electricity category from Commercial to industrial category for MULT unit is rational.

MULT and LPG Import Terminal could not be considered as a single plant in the case of electricity connection. Locations of both premises are different. LPG Import Terminal and MULT Jetty which are at two different locations, could not be considered as a single plant as per KES Code 2014.. Even though MULT is also having manufacturing facility, electricity used for manufacturing of LPG is less than 15%. The main purpose of electricity usage at MULT Jetty is for pumping. Hence Industrial Tariff could not be made applicable at MULT Jetty. Ship wise Mercaptan dosing record for manufacturing LPG- MULT Jetty need not be considered for electricity tariff fixing. Total connected load as on date at MULT Jetty Cochin LPG Import Terminal.

Facility	Total load in KW
Lighting	13.665
Booster Pump House	1104.54
Mercaptan	0.92
Compressors	78.8

HSD	16
MULA	22
Heat exchanger	0.54
Blending Skid	0.54
<b>Total Connected Load</b>	<b>1237.429</b>

The usage of electricity for blending is only 0.54 KW and pumping is the core activity.

## **Counter Arguments of the appellant**

CoPA, in their counter statement (Ref. No. D3/CGRF/IOCL/2024), mentioned that "Activity at the MULT Jetty involves unloading and pumping of cargo." However, we wish to clarify that the IOC MULT Ernakulam facility is primarily designed for the manufacturing of LPG. This process involves blending propane and butane and adding ethyl mercaptan through the blending skid unit located at MULT. The blending and manufacturing of LPG is a significant aspect of MULT's operations. According to the Cochin Special Economic Zone (SEZ) regulations, both the IOC Cochin LPG Import Terminal and IOC MULT, Ernakulam, are considered as a single unit. To qualify for SEZ status, one of the primary criteria is the manufacturing of a product, which, in our case, is the production of LPG from propane and butane at both facilities.

Please find below a detailed explanation of the connected load of various facilities at MULT, Ernakulam, and their role in the manufacturing process of LPG:

Facility	Role in Manufacturing of LPG at MULT, Cochin	Total Load(KW)
Lighting	Provides essential lighting for visibility during the operation of LPG manufacturing units, especially at night.	13.665
Booster Pump House	Pumps the product from unloading arms to the blending unit	1104.54
Mercaptan	Adds ethyl mercaptan, a necessary component for LPG, serving as a smelling agent.	0.92
Compressors	Operates various valves and units, as the plant functions pneumatically	78.8
HSD(High Speed Diesel)	Ensures continuous LPG manufacturing during electricity supply disruptions	16
MULA (Marine Unloading Arms)	Used for unloading propane and butane from ships, which are primarily components of LPG.	22
Heat Exchanger	Heats cryogenic propane and butane, stored at sub-zero temperatures in ships, to room	0.54

	temperature.	
Blending Skid	Blends propane and butane and adds ethyl mercaptan in precise proportions.	0.54
<b>Total connected Load</b>		<b>1237.429 KW</b>

As demonstrated in the table above, each of the listed facilities plays a crucial role in the manufacturing of LPG. The operational functions and requirements of these units were also explained to COPA officials during their site visit concerning the CGRF application from IOCL. We trust that the information provided clarifies the role and purpose of the facilities at IOC MULT, Ernakulam. We appreciate your attention to this matter and remain available for any further clarifications.

## **Analysis and findings**

The hearing of this appeal petition was conducted on 25/03/2025 at 11:00 a.m. in the O/o the State Electricity Ombudsman, D.H.Road, Foreshore Road Junction, Ernakulam. The hearing was attended by the appellant Sri. T. Satheesh Kumar, DGM (P), IOCL, Sri.Chiranjeev Sharma, Operations Officer, IOCL,YVNMR Trinadh, GM(P), IOCL and the respondent Sri.Jayalakshmi.S, Executive Engineer, Sri. Ajith Kumar.D,SE, Electric Department, Cochin Port Authority, Administrative Building, Willingdon Island, Kochi, Ernakulam(Dist.)

The Cochin Port Authority owns a Special Economic Zone(SEZ) at Puthuvypin. The Cochin Port Authority (CoPA) have allotted land to M/s. IOCL to set up a LPG Import Terminal. There was a Jetty and other infrastructure to handle the LPG components brought by ships. This facility is called Multi User Liquid Terminal (MULT). This is mainly used to transfer the Gas brought by the ships to the LPG Import Terminal. MULT is a joint venture with M/s. IOCL & CoPA. The main power requirement is for pumps which pumps the Butane and Propane from the ship to the LPG Import Terminal and also for the compressor to make compressed air for the phematic operation of control valves.

The main function of the MULT is to unload the consignment (gas) from the vessel and pump this gases to the tanks situated in the LPG Import Terminal. The appellant states that this facility is a part of the LPG Import Terminal. Due to the lack of space available in the Import Terminal this MULT have been installed few kilometers away from the LITE. The unloading of Gas from the ship is happening with a pressure around 6 Kg/cm<sup>2</sup> . The storage tanks are pressurized tank and the gas is to be pumped at a pressure of 13 to 14 Kg/cm<sup>2</sup>. The booster pumps required to increase the pressure from 6 Kg/cm<sup>2</sup> to 13 to 14 Kg/cm<sup>2</sup>. The pumps installed in the MULT is for this purpose only which boosts the pressure to the required

level to push the gas to the pressurised storage tanks. The sea water of temperature around 25 degree celsius to 27 degree celsius is used for converting the cryogenic gas to the liquid of normal temperature. This sea water is circulated through the heat exchanger for the conversion of material.

Then it is very evident that the pumps at the MULT is used only for transferring the raw material from the jetty to the production unit. The function of transfer of raw material is also an essential part of production unit. If the materials are not transferred, then the production may not happen. The transportation of raw materials as well as finished products are the part of production activities and as such the power requirement at this MULT is for the production of LPG gas. The appellant also states that the MULT facility also designed for manufacturing LPG, by blending Butane and Propane. However at present this process is happening in LITE only. Accordingly they are eligible to get the power in industrial tariff HT 1 A. As per the tariff order issued by KSERC, the tariff HT 1 A is applicable for the following LT IV A industry.

#### **LT- IV (A) – INDUSTRY**

*LT-IV (A) Industrial tariff is applicable for the general purpose industrial loads (single or three phase) which include,-*

*(i) manufacturing units,*

*(ii) grinding mills, flour mills, oil mills, rice mills,*

*(iii) saw mills, units using electric hydraulic axe machine to break down logs into small pieces.*

*(iv) ice factories,*

*(v) rubber smoke houses, tyre vulcanizing/re-treading units, units manufacturing rubber sheets from latex, coconut drying units,*

*(vi) workshops using power, mainly for production and/or repair,*

*(vii) public waterworks, drinking water pumping for public by Kerala Water Authority, Corporations, Municipalities and Panchayats, telemetry stations of KWA, pumping water for non- agricultural purposes, sewage pumping units,*

*(viii) power laundries,*

*(ix) screen printing of glass ware or ceramic, SSI units engaged in computerized colour printing excluding photo studios/ colour labs.*

- (x) audio/video cassette/ CD manufacturing units,*
- (xi) printing presses including presses engaged in printing dailies,*
- (xii) bakeries (where manufacturing process and sales are carried out in the same premises)*
- (xii) diamond- cutting units, stone crushing units, granite cutting units (where boulders are cut into sheets in the same premises)*
- (xiv) book binding units with allied activities,*
- (xv) garment making units,*
- (xvi) seafood processing units, prawn peeling and processing units, granite cutting units (where large granite blocks are cut into sheets in the same premises),*
- (xvii) plantations of cash crops, tea factories, cardamom drying and curing units,*
- (xviii) units carrying out extraction of oil in addition to the filtering and packing activities carrying out in the same premise and under the same service connection,*
- (xix) dairy, processing of milk by pasteurization and its storage and packing,*
- (xx) soda manufacturing units, bottling plants/ packaging drinking water.*
- (xxi) Crematoria.*
- (xxii) Dewatering of agriculture land.*
- (xxiii) Dewatering of waterlogged areas*
- (xxiv) De-siltation plants*
- (xxv) Units engaged in cleaning, grading, blending and storage of food grains.*
- (xxvi) Units engaged in catering services without facility for retail sales as that of restaurants and hotels.*
- (xxvii) Manufacturing of concrete rings and concrete tanks*

As this is an essential part of the manufacturing facility the tariff applicable will be industrial tariff HT 1 A.

## **Decision**

On verifying the documents submitted and hearing both the petitioner and respondent and also from the analysis as mentioned above, the following decision are hereby taken.

1. The appellant is eligible for the Industrial tariff HT 1 A with effect from the date of commissioning of this facility is from 17/10/2023.
2. The Licensee shall revise the electricity bills with HT 1 A tariff and the additional amount collected is to be adjusted in further payments or to be refunded.
3. The revision of bill is to be done without considering the electricity duty already paid. The difference in power charges and demand charges only to be refunded.
4. No order on cost.

## **ELECTRICITY OMBUDSMAN**

No. P/011/2025/ dated: 08-04-2025 .

### Delivered to:

1. Sri. T.Satheesh Kumar, Deputy General Manager (Plant), M/s. Indian Oil Corporation, LPG Input Terminal, Puthuvypin, Kochi- Ernakulam - 682508.
2. The Executive Engineer, Electrical Department, Cochin Port Authority, Administrative Building, Willingdon Island, Kochi, Ernakulam(DT)

### Copy to:

- 1) The Secretary, Kerala State Electricity Regulatory Commission, KPFC Bhavanam, Vellayambalam, Thiruvananthapuram-10.
- 2) The Chairperson, Consumer Grievance Redressal Forum, Cochin Port Trust, Willingdon Island, Cochin - 682003