

HESCOM

Preliminary Observations on the Applications filed by the HESCOM for approval of APR for FY20 and ARR & Retail Supply Tariff for FY22 under MYT Framework

1. Sales

A. Sales –other than IP sets

Data inconsistency

At pages 166 & 217, the energy sales indicated for FY19 for LT-4a category is 6729.14 MU, whereas the Commission, in its Tariff Order dated 04.11.2020, has approved sales to an extent of 6726.87 MU. This shall be rectified and accordingly the total for FY19 shall be revised to 11757.72 MU.

I. Annual Performance Review for FY20

The Commission, in its Tariff Order, 2019 dated 30.05.2019, had approved total sales to various consumer categories for FY20, at 11745.40 MU, as against the HESCOM's proposal of 11887.79 MU, excluding sales to HRECS & SEZ. The actual sales of HESCOM as per the current APR filing [D-2 Format], is 11023.34 MU, indicating decrease in sales to the extent of 722.06 MU as compared with the approved sales. The decrease in sales is 14.87 MU in HT-categories and 707.19 MU in LT-categories.

The category-wise sales approved by Commission and the actuals for FY20 are indicated in the table below:

Sales in MU

Category	Approved	Actuals	Difference (Actuals-Approved)
LT-1 BJ/KJ above 40 units/month	44.93	50.23	5.30
LT-2a	1549.40	1512.23	-37.17
LT-2b	23.35	21.47	-1.88
LT-3	497.77	492.90	-4.87
LT-4b	17.94	15.62	-2.32
LT-4c	1.02	0.82	-0.20

LT-5	330.68	324.29	-6.39
LT-6	333.52	328.33	-5.19
LT-6	151.62	148.53	-3.09
LT-7	33.08	33.08	0.00
HT-1	263.20	280.39	17.19
HT-2a	1065.71	1102.46	36.75
HT-2b	129.64	130.12	0.48
HT-2c	94.15	77.19	-16.96
HT-3a & b	338.38	282.51	-55.87
HT-4	14.37	15.93	1.56
HT-5	24.82	26.80	1.98
Sub total	4913.58	4842.89	-70.69
BJ/KJ	212.35	194.55	-17.80
IP	6619.47	5985.90	-633.57
Sub total	6831.82	6180.45	-651.37
Grand total**	11745.40	11023.34	-722.06

****Excludes sale to HRECS and SEZ.**

From the above table it is noted that the major categories contributing to the decrease in sales as compared to the estimates are LT-2a, HT-2c, HT-3 and IP sets. Further, the increase in sales is mainly in HT-1 and HT-2a category.

HESCOM has stated that the variance in sales cannot be explained, in view of diversified geographical nature of area under HESCOM.

HESCOM has submitted that 43 consumers under SIS have consumed 82.79 MU and due to SIS, there is increase in HT-2a sales. The above partly explains the increase in sales to HT-2a category.

Further, in the case of LT-2a, the decrease is attributed by HESCOM to the use of energy efficient appliances like LED bulbs, EE fans etc. The savings computed by HESCOM is 54.83 MU due to LED bulbs, 0.839 MU due to LED tube lights and 0.232 MU EE fans, totalling to 55.901 MU.

The Commission notes that the savings worked out by HESCOM is cumulative. Considering the number of bulbs of 170041 added during FY20, the savings would

be 4.18 MU, for 1403 tube-lights it would be 0.04 MU and for 1550 fans it would be 0.06 MU, totalling to 4.28 MU, whereas the actual reduction is 37.17 MU in LT-2a.

The reduction in sales to HT-2c & HT-3 categories may be due to reduction in the number of installations than the estimates.

Even though the number of installations in **HT-1 has reduced compared to the estimates, the sales have increased by 17.19 MU. HESCOM shall analyse the reasons for the same.**

Further to validate the sales for FY20, HESCOM shall furnish the following information:

In order to analyze reduction in HT sales, HESCOM shall furnish the breakup of sales data of HT2(a), HT2(b), HT 2(c) and HT-4 categories along with the consumption from open access / wheeling for the period 2018-19 to 2019-20 in the following format:

HT2A

Year	Sales by HESCOM	Energy procured by HT Consumers under open access / wheeling	Total of HESCOM Sales & OA/Wheeling consumption	% share of OA energy to Total energy
2018-19				
2019-20				

HT2B

Year	Sales by HESCOM	Energy procured by HT Consumers under open access / wheeling	Total of HESCOM Sales & OA/Wheeling consumption	% share of OA energy to Total energy
2018-19				
2019-20				

HT2C

Year	Sales by HESCOM	Energy procured by HT Consumers under open access / wheeling	Total of HESCOM Sales & OA/Wheeling consumption	% share of OA energy to Total energy
2018-19				
2019-20				

HT4

Year	Sales by HESCOM	Energy procured by HT Consumers under open access / wheeling	Total of HESCOM Sales & OA/Wheeling consumption	% share of OA energy to Total energy
2018-19				
2019-20				

II. Category-wise sales for FY22:

- a) The HESCOM, in their filing have stated that the estimates for FY21 & FY22, are based on the lower of CAGR for the period FY15 to FY20 and FY17 to FY20, except in the case of BJ/KJ. For BJ/KJ the number of installations and sales has been retained at FY20 level.

Also, the Commission has noted that for energy sales estimate for FY21 and FY22, CAGR for the period FY15 to FY20 is considered by HESCOM, for LT-5, LT-7, HT-1, HT-2a, HT-4 & HT-5 categories and for other categories CAGR of FY17 - FY20 is considered.

- b) The observations of the Commission on sales forecast, are as follows:
1. In case of LT-4(b) & 4(c), HESCOM may consider estimating the sales for FY21 and FY22 based on specific consumption of FY20.
 2. The table indicating the growth rates for no. of installations are furnished as below:

Category	Percentage Growth Rates			
	2014-15 to 2019-20 CAGR	2016-17 to 2019-20 CAGR	FY20 growth over FY19	Growth rate proposed by HESCOM for FY22
LT-2a	5.00	5.48	6.17	5.00
LT-2b	6.53	4.73	1.80	4.72
LT-3	5.15	4.97	4.82	4.97
LT-5	4.62	3.83	2.26	3.83

LT-6 WS	9.76	9.32	8.56	9.32
LT-6 SL	4.88	5.02	4.70	4.88
HT-1	11.38	11.77	5.49	11.21
HT-2 (a)	9.89	10.21	8.07	9.90
HT-2 (b)	7.78	9.51	7.31	7.69
HT-2 (c)	10.55	9.15	9.23	9.04
HT-3(a)& (b)	10.45	10.99	11.15	10.56
HT-4	-0.61	2.17	6.67	0

It is noted that, the growth rate considered for HT-1, HT-2b & HT-2c is lower compared to the normal growth rates. Therefore, the HESCOM may consider revising the data for this category.

4. The table indicating the growth rates for the energy sales is furnished as below:

Category	Percentage Growth Rates			
	2014-15 to 2019-20 CAGR	2016-17 to 2019-20 CAGR	FY20 growth over FY19	Growth rate proposed by HESCOM for FY22
LT-2a	4.00	2.98	4.73	2.98
LT-2b	9.43	8.50	11.07	8.50
LT-3	5.84	5.01	6.03	5.01
LT-5	0.53	0.83	-1.30	0.53
LT-6 WS	10.06	6.29	5.34	6.49
LT-6 SL	2.21	0.41	-0.84	0.40
HT-1	7.43	9.18	3.48	7.43
HT-2 (a)	3.55	9.32	-4.96	3.55
HT-2 (b)	2.58	2.56	0.19	2.56
HT-2(c)	10.26	5.19	-0.95	5.18
HT-3(a)& (b)	15.51	9.53	-16.14	9.52
HT-4	0.29	3.18	10.39	0.31

Considering the previous year growth and 3-year CAGR, estimates for HT-4 category is lower. HESCOM may consider revising the data for these categories.

B. Sales to IP sets:

1. Sales for FY20:

a. The Commission, in the APR for FY19, vide its tariff order 2020, has approved the total sales to IP sets as 6,726.87 MU (after disallowing 2.27 MU) with a specific consumption of 8,268 units per IP set per annum for FY19. HESCOM, in its current filing has indicated the sales to IP sets as 5,985.90 MU for FY20 with a specific consumption of 6,339.69 [mid-year installations 9,44,195 $\{(957838 + 930551) / 2\}$] units per IP set per annum. The Commission notes that there is a drastic decrease in the specific consumption by 1,928.31 $(8268 - 6339.69)$ units per IP set per annum for FY20 **as compared to FY19 actuals considering an insignificant increase in number of consumers by 27,287 $(9,57,838 - 9,30,551)$** . The reasons for this drastic decrease in the specific consumption for FY20 needs to be analyzed and explained. HESCOM shall furnish the number of installations, mid-year installations, approved sales and specific consumption for the previous 5 years.

b. The details of sales to IP sets for FY20 as approved by the Commission in its tariff order 2019 and the actual sales as furnished by HESCOM in its Tariff Filing for FY21 are as follows;

Particulars	As approved by the Commission in ARR for FY20 in the TO	As submitted by HESCOM for APR of FY20 in the TF
Number of installations	7,69,399	9,57,838
Mid-year number of installations	7,51,211	9,44,195
Specific consumption in units / installation / annum	8,811.73	6,339.69
Sales in MU	6,619.47	5,985.90

c. HESCOM has to furnish the reasons for, drastic decrease in sales by 633.57 MU though there was a considerable increase in number of consumers by 1,88,439 $(957838 - 769399)$ **as compared to the approved figures for FY20**.

d. As per the month-wise data submitted by HESCOM in the Commission's prescribed format, the total sales to IP sets is stated to be 5985.576 MU, whereas in the accounts and tariff filing, it is 5,985.90 MU, with a difference of 0.324 MU. Also, the number of IP installations as furnished in the month-

wise data is 9,41,725. Whereas, the number IP installations as furnished in the Tariff Filing is 9,57,838 indicating a difference of 16,113 number of IP set installations. HESCOM has to furnish the reasons for this variance.

- e. Distribution losses considered for assessment of sales to IP sets varies from 10% to 12%, in the month-wise data of sales to IP set installations furnished. Such distribution losses considered for a specific feeder in each month for FY20 is different. HESCOM shall furnish the rationale for considering such inconsistent distribution losses for assessment of sales to IP sets for FY20.
- f. The net consumption worked out for the month of April 2019 and May 2019 in respect of the Feeders pertaining to the Sub-division indicated as RSD are same, even though the initial and final readings of the energy meters indicated are different during the said months. HESCOM has to furnish the reasons for such consideration.
- g. It is observed that the values of gross consumption are mere values inserted, instead of showing the difference between IR, FR and multiplied with the multiplication factor. e.g., in respect of Amminabhavi Feeder, RSD Sub-division, during the months of April 2019, May 2019 and June 2019. This observation applies to all the feeders of RSD Sub-division for April and May 2019. HESCOM has to examine, rectify and re-submit the entire calculation sheet, substantiating its claim of sales to IP installations for FY20. In the absence of proper calculations, the Commission may not approve the sales for FY20.
- h. HESCOM has considered 1818 number of segregated agricultural feeders for assessment of sales to IP set installations in April 2019. Whereas, the number of segregated agricultural feeders considered for assessment of sales to IP set installations in March 2020 is 1916 feeders. HESCOM shall furnish the reasons for not considering all the segregated IP feeders throughout the year.
- i. HESCOM has not submitted the details of GPS survey of IP set installations taken up in its jurisdiction. It shall furnish the same after reconciliation with the DCB Statement figures.
- j. While furnishing the details of GPS survey, HESCOM has to furnish as to whether it has considered the deleted / defunct / not in use IP sets, for assessing the sales to IP set installation.

- k. HESCOM shall furnish as to whether there is difference in number of consumers in the data as per GPS survey and the IP set assessment data with the DCB Statement figures along with the action taken to reconcile the details of number of consumers with DCB figures and the action taken to regularize the unauthorized IP installations.
- l. As per the actual specific consumption for FY20 i.e., 5,985.9 units per IP set per annum, the average consumption per IP set per month should have been 498.83. From the month-wise, feeder-wise data submitted by HESCOM, it could be seen that, in some of the feeders, the average consumption per IP set per month is as huge as 11,000 units per IP set per month, whereas the same is negative and zero in a few feeders. Such a variation is seen throughout the year. HESCOM has to re-submit the data by fixing all such error and the reasons for such abnormal consumptions/ variations recorded throughout shall be explained furnishing suitable reasons.
- m. There is large inconsistency in feeder-wise, month-wise data. HESCOM shall furnish a consistent data in excel sheets in respect of assessment of sales to IP sets for FY20.
- n. Division wise number of hours of supply provided to IP sets as against the Government of Karnataka Orders for FY20 and up to September 2020 may also be furnished.

Based on the above observations, HESCOM shall submit the data towards assessment of sales to IP sets for FY20, duly furnishing clarity on the data. If the consistent data is not received, the Commission will not consider the data submitted and would take necessary action as deemed appropriate.

2. Projected sales to IP Sets for the FY22:

- i. Sales as per actuals and the number of IP installations existing in the system during the period April 2020 to September 2020 is not considered for projection of IP sales for FY21 and thereafter, for FY22.
- ii. Instead, HESCOM has considered the number of installations added during FY20 for estimating the number of IP installations and has considered the specific consumption for FY20, without even arriving at

the mid-year no. of installations, while estimating the number of installations and sales for FY21 and for FY22.

- iii. The reasons for difference in number of installations approved by the Commission for FY22, as per Tariff Order, 2019 and the projections considered in Tariff Filing by HESCOM, is not substantiated with proper reasons.
- iv. HESCOM has to submit the GPS survey data after reconciling with the DCB Statement data.
- v. **The HESCOM, in its tariff application for FY22 has not furnished total IP set's consumption for the period April to September 2020 and also not furnished the month-wise break-up, as per the prescribed formats. In the absence of clear data, the Commission may not accept the sales for FY22.**

C. To validate the sales, category wise information in the following format shall be furnished:

a. No. of Installations:

Category	2018-19 Actuals		2019-20 Actuals		2020-21	
	As on 30 th Nov 2018	As on 31 st March 2019	As on 30 th Nov 2019	As on 31 st March 2020	As on 30 th Nov 2020	As on 31 st March 2021 (Estimate)
LT-2a						
LT-2b						
LT-3						
LT-4 (b)						
LT-4 (c)						
LT-5						
LT-6						
LT-6						
LT-7						
HT-1						
HT-2 (a)						
HT-2 (b)						
HT2C						
HT-3(a)& (b)						
HT-4						
HT-5						
Sub Total (Other than BJ/KJ and IP)						
BJ/KJ<=40units/month						
BJ/kJ > 40 units/month.						

IP sets-LT-4a						
Sub Total (BJ/KJ and IP)						
Grand Total						

b. Energy Sales

Category	2018-19 Actuals		2019-20 Actuals		2020-21	
	1st April 2018 to 30th Nov 2018 (cumulative)	1st Dec 2018 to 31st March 2019 (cumulative)	1st April 2019 to 30th Nov 2019 (cumulative)	1st Dec 2019 to 31st March 2020 (cumulative)	1st April 2020 to 30th Nov 2020 (cumulative actuals)	1st Dec 2020 to 31st March 2021 (cumulative Estimate)
LT-2a						
LT-2b						
LT-3						
LT-4 (b)						
LT-4 (c)						
LT-5						
LT-6						
LT-6						
LT-7						
HT-1						
HT-2 (a)						
HT-2 (b)						
HT2C						
HT-3(a)& (b)						
HT-4						
HT-5						
Sub Total (Other than BJ/KJ and IP sets)						
BJ/KJ<=40units/month						
BJ/kj > 40 units/month.						
IP sets LT 4a						
Sub Total (BJ/KJ and IP)						
Grand Total						

D. Sales to HRECS:

For FY20 to FY22, HRECS has considered the following quantum of purchase (interface points) from HESCOM (including AEQUS sales):

	FY20	FY21	FY22
HRECS Estimate-MU	323.66	343.99	364.60

HESCOM shall confirm, whether the above quantum of sales to HRECS is considered, while arriving at the overall power purchase requirement for HESCOM.

2. Power Purchases:

A. APR for FY 20:

1. HESCOM, in D1- Format, has indicated the actual per unit cost of Rs.9.53 for the BTPS unit-1 Generating station which is on the very higher side, when compared with the approved per unit cost for FY20. In this regard, HESCOM shall submit the reason for the same duly furnishing the month-wise computation sheet for FY20.
2. HESCOM shall indicate the actual energy sold to IEX in the D1 statement and also furnish the month-wise details of the energy traded.
3. The Commission, in its Tariff Order dated 30th May, 2019 has directed HESCOM as under:

“The Commission notes an abnormal contribution from the State towards payment of PGCIL transmission charges. Due to this there will be a substantial financial impact, resulting in an increase in the retail supply tariff to the end consumers. The Commission, therefore, directs ESCOMs/PCKL to take appropriate action immediately, to resolve the issues with the appropriate authorities regarding the PGCIL transmission tariff. Henceforth, ESCOMs/PCKL shall constitute a dedicated team, which studies the pros and cons of any methodologies/amendments proposed to PGCIL's Transmission tariff or in any such other relevant matters, and shall effectively communicate the same to the concerned authorities, at the draft stage itself. The Commission will not allow such tariff in future, if it considers that the ESCOMs/PCKL have not taken effective and prompt steps to ensure that the PGCIL's transmission tariff is fair and equitable to the State”

HESCOM shall furnish the latest status on the issue and the action taken in the matter.

4. The Source-wise consolidated energy reconciliation statement done by SLDC for the energy for FY20, shall be furnished.
5. HESCOM shall furnish the plant-wise details of total energy utilized and unutilized in the format annexed at **Annexure-1**, considering the merit order dispatch. Any deviation from merit order scheduling should be explained fully.

B. ARR for FY22 (ARR):

- b) HESCOM, in its filing has indicated its power purchase requirement of 14491.67MU at a cost of Rs. 6973.27 Crores, with a per unit cost of Rs.4.81 for the FY22. The Commission, under MYT Tariff Order 2019, had approved energy requirement of 15886.61 MU at a cost of Rs.7783.18 Crores with a per unit cost of Rs.4.90 for FY22. HESCOM shall furnish the basis of projecting the source- wise energy for FY22 duly explaining the reasons for projecting reduced quantum of energy, which is contrary to the steadily increasing daily consumption in the State, as is evident in the daily load curve statement, generated by the SLDC.
- c) HESCOM, in its filling has indicated the energy balancing figure of 528.44MU at a cost of Rs.268.31 Crores for FY22. The basis for the said projection shall be furnished.
- d) HESCOM, in its filing has not submitted D-1 Format with the actual source-wise energy and its cost for the FY21. Hence HESCOM shall furnish the details in D-1 Format by taking the actuals upto November, 2020 and projection for the remaining period of FY21, along with the cost thereon.
- e) The basis and the computation sheet for reckoning the fixed cost and variable charges in respect of each of the conventional energy generating stations, shall be furnished.
- f) HESCOM shall furnish the basis and the document in consideration of the fixed cost and the variable cost in respect of BTPS unit-3, YTPS units.
- g) HESCOM shall furnish source-wise capacity and quantum of energy to be procured from RE projects, for which it has executed the PPAs.
- h) HESCOM shall furnish the methodology for forecasting the RE energy from different sources for FY22.
- i) HESCOM, in its filing as per D-1 Format, has claimed the actual amount of Rs.432.75 Crores as PGCIL charges as against Rs.392.05 Crores approved by the Commission for FY 20. HESCOM shall furnish month-wise computation/ details for having paid the charges to PGCIL for FY20 and for FY21 up to 30th November, 2020.

3. Distribution Losses:

A. APR for FY 20:

1. HESCOM, in its APR filing for FY 20, has indicated the actual distribution loss of 14.10% as against the approved distribution loss of 14.40%, and has shown a reduction by 0.52% over FY19 Losses. The Commission desires to know the action taken by HESCOM in reducing of distribution loss much below the approved level.
2. HESCOM in its filing, has not indicated the transmission loss energy for FY20 in their distribution area network and hence HESCOM shall explain the reason for the any substantial variance in the transmission losses for FY 20 as compared with the approved transmission losses by the Commission.
3. HESCOM shall furnish the actual data of Energy Audit for Town and Cities covered in its area of supply in the following format:

Name of the Town /City	FY20			FY21(upto Nov'2020)		
	Energy Input in MU	Energy Sold in MU	% distribution loss	Energy Input in MU	Energy Sold in MU	% distribution loss
Total						

B. ARR for FY 22:

1. HESCOM, in its application, has projected the distribution losses of 14.00% for both FY21 and FY22 as against the Commission approved revised losses of 14 % for FY21. The Commission notes from the audited accounts that, HESCOM has achieved the distribution losses of 14.62% and 14.10% during FY19 and FY20, a reduction of 0.52% for FY19. Considering the capital expenditure incurred by the HESCOM in the previous years, up to FY20 and the proposed capex for FY21 and FY22, a meager proposed reduction of losses by 0.10% over 2 years, cannot be considered as reasonable and acceptable. Hence, HESCOM shall reassess the loss reduction targets and submit the revised distribution losses for FY21 and FY22.

2. HESCOM, while proposing the capital expenditure shall prioritize investments specifically to reduce losses and improve reliability of distribution system in order to reduce the distribution losses. HESCOM should also identify high loss making feeders and the high loss making subdivision, division and circles to prioritize investments. But no such details are indicated in the filing. HESCOM has to monitor the optimal distribution system to ensure that the loss should be less than 10% even to maintain the voltage regulations within the permissible limits of 9% for 11kV system and 6% for LT distribution system. In order to bring down the distribution system losses below 10% , HESCOM has to draw an action plan and submit the same to the Commission.

4. RPO Compliance:

A. RPO for FY20:

- a. The Commission notes that HESCOM has submitted the RPO data for both solar and non-solar compliance for FY20. Excluding, hydro the input energy for as per D1-Format should be 8536.55 MU FY20 [13736.93-5183.69 (KPCL-hydro) +16.97 (Shimsha)-27.88MU(Jurala)-5.78 MU(TBHE)], whereas HESCOM has indicated the same as 8989.28 MU at page 185 for RPO calculations. Further as per D-1 Format the energy purchased is 13736.93 MU against 13413.26 MU indicated at page-184. Similarly, KPCL Hydel & KPCL Total at Page 175 does not tally with D-1 Format data. Mini-hydel in D- Format is 43.34 MU whereas at pg.182, it is indicated as 46.736 MU. **The source-wise data shall be reconciled as per audited accounts. Also, HESCOM shall indicate the hydro energy accounted in energy balancing separately and consider power purchased from Shimsha for compliance of Non-solar RPO.**
- b. For validating the RPO compliance and to work out APPC, HESCOM shall furnish the data as per the format indicated below, duly reconciling the data with audited accounts for FY20 [indicating each item distinctly]:

i. Non-solar RPO:

No.	Particulars	Quantum in MU	Cost- Rs. Crs.
1	Total Power Purchase quantum from all sources excluding Hydro energy		

2	Non-solar Renewable energy purchased under PPA route at Generic tariff including Non-solar RE purchased from KPCL		
3	Non-solar Short-Term purchase from RE sources, excluding sec-11 purchase		
4	Non-solar Short-Term purchase from RE sources under sec-11		
5	Non-solar RE purchased at APPC		
6	Non-solar RE pertaining to green energy sold to consumers under green tariff		
7	Non-solar RE purchased from other ESCOMs		
8	Non-solar RE sold to other ESCOMs		
9	Non-solar RE purchased from any other source like banked energy purchased at 85% of Generic tariff		
10	Total Non-Solar RE Energy Purchased [No.2+ No.3+No.4+No.5 +No.7+No.9]		
11	Non-Solar RE accounted for the purpose of RPO [No.10- No.5-No.6-No.8]		
12	Non-solar RPO complied in % [No11/No1]*100		

ii. Solar RPO:

No.	Particulars	Quantum in MU	Cost- Rs. Crs.
1	Total Power Purchase quantum from all sources excluding Hydro energy		
2	Solar energy purchased under PPA route at Generic tariff including solar energy purchased from KPCL		
3	Solar energy purchased under Short-Term, excluding sec-11 purchase		
4	Solar Short-Term purchase from RE under sec-11		
5	Solar energy purchased under APPC		
6	Solar energy pertaining to green energy sold to consumers under green tariff		
7	Solar energy purchased from other ESCOMs		
8	Solar energy sold to other ESCOMs		
9	Solar energy purchased from NTPC (or others) as bundled power		
10	Solar energy purchased from any other source like banked energy purchased at 85% of Generic tariff		
11	Total Solar Energy Purchased [No2+ No.3+No.4+No.5+No.7+No.9+No.10]		
12	Solar energy accounted for the purpose of RPO [No.11- No.5-No.6-No.8]		
13	Solar RPO complied in % [No12/No.1]*100		

B. RPO-FY21 and FY22

HESCOM shall furnish the estimates for complying with solar and non-solar RPO for the years FY 21 and FY22.

5. Cross subsidy surcharge:

For FY22 HESCOM has proposed the following CSS:

Voltage level	HT-1	HT-2a	HT-2b	HT-2C	HT-4	HT-5
66kV & above	43.74	299.58	702.69	271.66	148.08	405.42
HT-11kV or 33 kV	0	202.48	605.59	174.55	50.98	308.31

Even though HESCOM has stated that it has followed Tariff Policy 2016 for computing CSS, it is observed that the calculations are done as per the earlier tariff policy. **HESCOM shall file CSS computations for each of the HT- tariff sub-categories separately, as per the KERC Regulations, wherein the computations as per Tariff Policy, 2016 is adopted. Further, if the CSS computed is negative, it shall be made zero.**

6. Additional Surcharge (ASC):

HESCOM has proposed additional surcharge of 64 paise per unit based on FY-20 actuals. The Commission in its previous tariff order dated 04.11.2020, has considered the data as approved for the year for which tariff is determined. In view of the above, HESCOM shall compute the ASC as per the estimates for FY22.

HESCOM shall furnish the breakup of EHT and HT sales under HT categories for FY-20, FY21 and FY22 respectively.

7. HESCOM Capex

a) Capex for FY20:

- i. The Commission in the Tariff Order-2019, had recognized the Capex of Rs.1200 Crores as against the proposed expected Capex Rs.1877.75 Crores by HESCOM for FY20, subject to prudence check and with the conditions that HESCOM shall prioritize the works and incur expenditure within the approved capex. HESCOM, in its APR filing has indicated that an amount of Rs.1267.61 Crores has been incurred towards Capex incurred for FY20, which exceeds the approved Capex by Rs.67.61 Crores. On examining the category-wise Capex

incurred, HESCOM has not indicated the actual expenditure incurred under the following category of works:

- a) Providing additional DTC's
- b) Enhancement of Distribution transformers
- c) Replacement of Broke poles/ Disaster management
- d) Madari Vidyut Grama
- e) OTM/Refurbishing works

HESCOM, had submitted the details of capital expenditure incurred on the above works, while submitting the details of works completed for FY19 and FY20 to enable the Commission to carry out the Prudence check, vide its letter Dated:06.10.2020. However, in the APR filing, the expenditure against these works is shown as blank, which means HESCOM has not incurred any expenditure on the above works. Hence, HESCOM may clarify the actual status of these works. HESCOM shall submit the reasons for not considering the actual Capital expenditure incurred on these works (mentioned in Page no 171 and 172 of the filing).

HESCOM, in its APR filing has indicated in page no. 173, the actual incurred Capex of Rs.1267.61 Crores and in the page number 357, it is indicated as Rs.1684.53 Crores in Format D-17 for FY20. Hence HESCOM shall furnish the correct actual Capex incurred, as per the audited, for the FY20.

- ii. In view of the above, HESCOM shall furnish the following details:
 - a) the statement of comparison of actual Capital expenditure incurred with reference to the amounts of expenditure made under different category of works as proposed and recognized by the Commission as per Table 5.2 of Tariff Order 2019, in the format approved by the Commission, with reasons for deviations, if any.
 - b) Break-up details for actual capex incurred during FY20 as per the **Annexure-5**.
 - c) HESCOM shall furnish the details of works under different categories and sources of funding for the same against the approved Capex, for FY20.

iii. The Commission had directed, HESCOM to prioritize the works and incur expenditure within the approved capex. It shall not incur the capex over and above the approved capex and shall not approach the Commission for approval of additional capex in the middle of the financial year. While prioritizing the works, HESCOM shall take up such work which ensure system improvement to enable quality and reliable power to the consumers besides ensuring reduction of distribution losses in order to reduce the burden of losses to the consumers. Further, the Commission had also directed the HESCOM to put in effective efforts towards achieving the following objectives of the proposed schemes under capex on a priority basis:

1. Reducing distribution losses;
2. Reducing the HT:LT Ratio;
3. Reduce Transformer failures;
4. Segregate the loads in the feeders;
5. Reduce Power theft;
6. Taking up programs for the awareness among the people on usage and conservation of energy;
7. Improve the sales to metered category to improve its cash flows;
8. Improve the Power factor of the IP set loads by installing switched capacitors of suitable capacity to the secondary of the transformers.

In this regard, HESCOM shall submit the compliance to the above directives issued by Commission and the details of results achieved thereon.

iv. HESCOM, has indicated the actual expenditure in respect of the following works as nil, for FY20:

- a) electrification of BPL households (Not covered under RGGVY)
- b) Providing new Link lines
- c) Construction of new 33KV lines to the cost incurred on establishment on the new 33kv stations
- d) Providing numerical Relays
- e) Enumeration of IP sets
- f) IPDS IT initiative
- g) replacement of more than 10-year-old electromechanical energy meters by static meters,
- h) Maadari Grama (Model village)

HESCOM shall submit the actual expenditure incurred in respect of the above works duly tallied with the amount booked under 14 series of accounts, as per

audited accounts and the reasons for not furnishing the details of actual Capex incurred.

- v. HESCOM shall furnish the capacity-wise details of replacement of failed, repaired and opening and closing balance of transformers, replaced with new transformers and its cost against Capex incurred for FY20 and for FY21, up to November 2020.
- vi. HESCOM shall furnish the division-wise total number of Pump sets energized under Ganga Kalyana Schemes, total amount spent, total amount of capital grants received from the Government of Karnataka and the total balance amount to be received from the Government of Karnataka and the action taken thereon.
- vii. HESCOM shall furnish the target date of completion of the projects sanctioned, total number of BPL beneficiaries serviced under DDUGVY, SOUBHAGYA and IPDS Schemes, amount spent, amount of capital grants received from the Government of India, additional grants of 15% from GOI on achievement of prescribed milestones set by GOI from the date of inception of the project till date and the balance amount to be received from the Government of India and the action taken thereon with documentary evidence.
- viii. HESCOM shall furnish the brake-up details for UNIP works and the actual capital expenditure incurred in providing infrastructure to UNIP connections for FY20. HESCOM shall furnish the actual number of UNIP connections existing as on 01.04.2019, works completed and closing balance of UNIP installations to be provided with infrastructure for FY20 and for FY21 up to November 2020.
- ix. The HESCOM has indicated that it has utilized 'nil' amount in respect of DSM activities (Ag-DSM and Others). This clearly shows lack of seriousness on the part of HESCOM, in analysing and managing the peak Load, chalking out Load Strategies, Demand Response, reducing technical and commercial losses etc. HESCOM shall submit the reason thereof.
- x. The Commission, in its Tariff order 2020, has disallowed the Capex incurred for the following Capital works as imprudent works attributable to HESCOM:
 - a) almost all the sample works in FY17 and FY18, related to DTC metering / providing modems & GPRS.

b) Design, Manufacture, Supply installation of RTPV @ Mahalingapur Section.

The Commission in its Tariff Order 2020, the Commission has decided to review the status of these works after obtaining the explanation thereon from the HESCOM and to take further decision in the matter, in the next Tariff Order.

Hence, HESCOM shall furnish the present status of the work which were considered as imprudent, in Tariff Order 2020 to take further necessary action on the disallowance of related costs.

- xi. HESCOM in its filling of Capex details for FY20 has incurred Rs. 198 Crores towards NEF (REC) for replacing 11 KV OH feeders by UG Cables in Hubballi and Belagavi. HESCOM shall submit work-wise details for having incurred this amount despite issue of directions.
- xii. HECOM in submitting the Capital expenditure details for FY20, has not indicated any Budget provision and actual expenditure under drinking water supply works. The Commission notes that these works are very essential and carried out in all other ESCOMs on priority basis, as the cost of these works were paid by the respective department. HECOM shall submit the reasons for not indicating the expenditure under this head of works, besides furnishing the details of works carried out with cost, during FY20 and upto November 2020, for FY21.
- xiii. HESCOM shall submit the compliance and the details sought in the Tariff Order 2020, both the physical progress as well as the financial progress, in respect of all the schemes taken up by HESCOM in the format annexed at **Annexure-2,3 & 4.**

b) Capex proposal for FY22:

- i. As per the Tariff application, HESCOM has proposed Capex of Rs.1329.50 Crores as against the Commission approved Capex of Rs.825 Crores for FY22. The HESCOM shall explain the rationale behind submitting the revised proposal, as against the Commission approved capital expenditure of Rs.825 Crores for FY22 in the Tariff Order 2019.

- ii. HESCOM shall furnish the details of sources of funding to works proposed under different category of works for FY22.
- iii. HESCOM has proposed Rs.20 Crores of Capex towards energization of IP sets under Sheegra Samparka Scheme for FY22. HESCOM shall submit the breakup details about the no of DTC proposed and its cost no IP sets energized under the scheme FY20 upto November 2020 for FY21 and also the proposed Capex for FY22.
- iv. Reasons for not including the Capital Budget for Drinking water supply works for FY22 shall be submitted.
- v. For refurbishing works on HT/LT/DTC in O & M Divisions, Rs.35 Crores has been proposed for FY22 as compared to Rs. 140 Crores proposed for the previous year. HESCOM shall furnish the Division-wise number of works awarded, completed, balance works to be taken up, target date of completion and the details of objectives achieved, as envisaged in the DPR and Capex Proposal for Refurbishing works.
- vi. HESCOM, in its filing, has proposed a Capex of Rs.250 Crores towards providing infrastructure to UNIP for FY20. HESCOM shall furnish the actual number of UNIP connections existing as on 01.12.2020 and the action plan to undertake these works during FY22. HESCOM shall also furnish sources of funding for execution of these works for FY22.
- vii. HESCOM has proposed Rs.75 Crores for Ganga kalyana works and Rs.40 Crores for replacement of electromechanical energy meters by static meters for FY22. HESCOM, has proposed Rs.10 Crores for enhancement of distribution transformers and Rs 50 Crores for Additional DTC. HESCOM shall submit Division-wise brake up details for the proposed expenses for FY22.
- viii. HESCOM has proposed Rs .20 Crores towards Smart meter for the FY22. HESCOM shall furnish the achievements for the works already under taken by furnishing the details regarding number of works sanctioned, completed for FY20 and up to 30th November 2020 and works to be taken up in the remaining period for FY21 and FY22.
- ix. HESCOM shall furnish the work-wise abstract for the proposed Rs.50 Crores towards preventive measures to reduce the accidents for FY22, duly indicating the achievements in terms of reduction of electrical accidents as compared with last 3 years (FY18, FY19 and FY20).

8. Observations on Other Items of ARR filing by HESCOM:

A. ARR FY20:

1. Data Inconsistency: HESCOM in its tariff application in page No.1 has indicated the number of employees working strength as 9637 as against the sanctioned strength of 16942 employees as on 30.09.2020. It is observed from the details that, as against 15923 number of sanctioned post of all other staff below the officer's grade, 8942 employees are working. HESCOM shall furnish the cadre-wise details of employees covered under all 'other staff' and explain how it is managing its affairs with the existing staff. HESCOM shall also furnish the number of persons working on outsource/on-contract basis and remuneration incurred thereon during FY 20 and up to October 2020.
2. HESCOM, in its filing, has not submitted the details of employees in Format-D6(a) for FY20 to FY22. HESCOM shall submitted the same.
3. HESCOM, in its filing in Format - D7 and in page 194, has claimed the actual expenditure of Rs.66.22 Crores towards 'Professional charges' for FY20 and has projected Rs.74.50 Crores for FY21 and Rs.83.81 Crores for FY22. Further, HESCOM, in its application has claimed the actual expenditure of Rs.16.60 Crores for FY20 and projected Rs.18.68 Crores and Rs.21.00 Crores towards the remuneration payable to Contract Agencies engaged in computerization activities for FY21 & FY22 respectively. HESCOM shall submit the number of persons outsourced on contract basis, besides furnishing the reasons for claiming higher amount under this head of expenditure.
4. HESCOM in its filing, has claimed the actual expenditure of Rs.48.60 Crores towards conveyance, vehicle hiring and travelling expenses for FY20 and has projected Rs.54.68 Crores for FY21 and Rs.61.51 Crores Rs. 22.14 Crores for FY22. The Commission, in its earlier Tariff Orders has directed HESCOM to control the expenses under A&G head of account. In spite of the direction, the expenditure under this head of account is increasing year on year. HESCOM shall explain the reason for having incurred higher expenses under this head of account, covered under A&G expenses, besides furnishing the details about the actual expenditure incurred on behalf of regular employee's and service station maintenance along with number of vehicle hired.
5. HESCOM, in its filing has claimed an amount of Rs.217.96 Crores towards un-controllable additional employees cost (Terminal Benefits) for FY20 as

against the actual expenditure of Rs.174.96 booked for FY19. Further, HESCOM has projected Rs.275.86 Crores as terminal benefits for FY22. HESCOM shall furnish the detailed computation sheet for having incurred / proposed expenditure under this head of account for FY20 and FY22, along with the Actuarial Valuation Report.

6. HESCOM, in its application under Format - D9 has indicated Rs.720.31 Crores as new long-term loan borrowings during FY20. HESCOM shall submit the capital loan details (loan-wise) along with the purpose for which the capital loan amounts were drawn for FY20 and up to 30.11.2020 for FY21 in the format enclosed **(Annexure-6)**.
7. HESCOM, in its filing has indicated the actual capital expenditure as Rs.1267.61 Crores in page-173 and considered under format D17, Rs.667.39 Crores for FY20. HESCOM shall submit the actual capital expenditure incurred during FY20 duly tallied to the figures booked under each sub head of accounts under 14 series as per audited accounts for FY20.
8. HESCOM shall submit loan-wise details for short term/overdraft (working capital) drawn up to November, 2020 in FY21 in the format enclosed. **(Annexure – 7)**

B. Observations on ARR/ tariff Revision for FY 22:

- 1) HESCOM, in its filing of ARR for FY22, under Format - D9, has projected Rs.100.14 Crores as new long term loan borrowings for FY22 as against the proposed Capex of Rs.1329.50 Crores. HESCOM shall submit how it can manage with this amount of new loan borrowing to meet the proposed Capex of Rs.1329.50 Crores for FY22.
- 2) The Commission notes from the details under Format – D9 that that, majority of capital loan were proposed to be drawn from PFC/REC at the interest rate of above 11% and the working capital from commercial banks / REC / GoK at a higher rate of interest. HESCOM shall submit the reasons for not availing the loans at a lower rates offered by the banks in the financial market. HESCOM shall submit the source of funding to each category capital works proposed for FY22.

- 3) HESCOM shall submit the details about the measures taken / action plan drawn to reduce the interest burden on Capital loans / working capital loans and late payment surcharge to the power generators as per the guidelines issued by the Govt. of India to reduce the financial burden of the transmission and distribution Companies suffering due to slowdown of economic activities on account of COVID-19 Pandemic.
- 4) HESCOM, in its filing in page 244 has claimed Rs.45.62 Crores and Rs.48.32 Crores as interest on consumer security Deposits for FY21 and FY22, without giving the basis for reckoning the Bank Rate of 5.40% for FY21. HESCOM shall submit the documents in support of claiming the Bank Rate as per the provisions of KERC Regulation on payment of interest on consumer's security deposit.
- 5) HESCOM shall submit the actual details of slab-wise of number of consumers, sectioned load and sales for FY 20 and up to October,2020 for FY21 under LT-2 (a) domestic category as made out in the following Table:

Slab	No. of Consumers	Sanctioned load in Kw	Sales in MU	Demand in Rs. Crores
0-50				
50-40				
101-150				
150-200				
Above 200				

7. HESCOM, in page No. 47 has indicated Rs.2338.97 Crores as arrears of long term disconnected installations as on 30.09.2020 and the recovery from April – September, 2020 is shown as nil. HESCOM shall submit the categorise wise breakup details for this arrears amount and the action taken to recover the arrears thereon. Further, HESCOM shall immediately chalk out an action plan to recover the amount by following the provisions of Recovery of Dues Act and submit the same to the Commission within 15 days' time.
8. HESCOM under format A-2 (Balance sheet), has indicated Rs.1534.92 Crores and Rs.1723.32 Crores as opening and closing balance of receivable from consumers for sales of power, as against the actual revenue demand of Rs.4262.88 Crores for FY 20. Full (100%) recovery of the amounts towards billing demand is the key to running the Company financially viable. This will also a

key factor in arriving at the lower percentage of AT &C losses of the Company, besides reducing the interest burden towards power purchase dues and outstanding bank loans. HESCOM shall furnish the reasons for the accumulation of revenue receivables from the consumers during FY20 and efforts made and the action plan drawn for the recovery of arrears. HESCOM shall also explain the basis for projecting same figures of closing balance of receivables of Rs.2360.95 Crores for FY21 and FY22.

9. HESCOM shall submit the following category / sub-category-wise details under LT and HT, in respect of Poultry Farms, Cold Storage Plants and Ice Manufacturing Plants based on the actual as on 31.03.2020 and as on 30.11.2020.

Category of consumers	No. of consumers	Sanctioned load in Kw/HP	Sales in MU

10. HESCOM in its application has indicated the actual closing balance of work in progress of Rs.679.90 Crores for FY20, Rs.1097.50 Crores for FY21 and Rs.1496.35 Crores for FY22. Considering the actual Capex of FY20 and the proposed Capex for FY21 and FY22, the actual / proposed closing balance of work-in-progress is on the higher side.
11. As regards, the year on year increase in the balance under work-in-progress, HESCOM has to take necessary action to complete the capex works on time so that the desired benefit of the works should reach the ultimate consumers. HESCOM shall furnish the reasons for the high accumulation of balances under work-in progress account and also submit an action plan thereon for the reduction of amounts under work-in-progress.
12. BESCO, in its ARR filing under 'New Proposals for FY22', has proposed the new scheme to HT consumers with the objective of bring back the HT consumers, who have opted for open access/wheeling/ captive power and also to sell the surplus power in the state at the reduced rate of energy charges. HESCOM shall submit, its views on the proposal of BESCO.

13. HESCOM shall submit its views on continuation of present incentive scheme approved by the Commission for FY22.
14. HESCOM shall submit the Audited Accounts with note / explanation / Director Reports on audited accounts for FY20.
15. HESCOM, in page-193, has submitted the details of the additional equity amount received from the Government of Karnataka during FY20 without indicating the actual date of receipt of the equity amount. HESCOM shall submit the actual date of receipt of equity amount against various Government Orders for FY20 and upto November, in FY21.
16. HESCOM, in page-172, has indicated Rs.151.90 Crores towards replacement of failed distribution transformer and Rs.1.47 Crores on Replacement of Power Transformer as against Rs.10 Crores and Rs.6.38 Crores approved by the Commission for FY21 and FY22. The Commission, in its earlier Tariff orders, has made it clear that, the cost of written down value of the repaired failed transformers when issued to the works under 14 series of account does not involve any cash out flow on booking of capital expenditure and is only accounting treatment in the book of accounts. As such, the expenditure incurred on repair of failed transformers need to be booked under Repair and Maintenance expenditure. Hence, HESCOM shall submit the details by considering the above aspects for proposing Rs.151.90 Crores as capital expenditure for FY 20 and Rs.74.51 Crores incurred up to September 2020, besides recasting the projected Capex figures for FY21 and FY22.
17. HESCOM in page 200, has indicated Rs.116.96 Crores as the Capex to carry out the Disaster Management Works due to massive flood up to September 2020 and projected Rs.55 Crores for FY22. HESCOM shall submit the total number of transformer, poles, lines affected due to flood, the works already carried out and the balance work to be carried out and its cost.

9. Compliance to directives issued by the Commission:

Sl. No.	Directives Issued by the Commission	Observation made
1	Consumer interaction meeting at Subdivision level.	<p>c. HESCOM was directed to conduct consumer interaction meetings at Subdivision level chaired by the SEE once in a quarter to redress the consumer complaints.</p> <p>As per the details furnished in Annexure-1, it is observed that, most of the CIMs are chaired by the Assistant Executive Engineers and not chaired by the jurisdictional Superintending Engineers or Executive Engineers. HESCOM shall submit a separate data clearly showing the CIMs chaired by the officers as directed by the Commission once in each sub-division apart from the ones chaired by the Assistant Executive Engineers.</p> <p>d. As directed, the HESCOM is not furnishing the details of the CIMs conducted once in three months to the Commission. HESCOM has to confirm on, whether the proceedings of such meetings are being hosted on its website. HESCOM shall furnish compliance thereon.</p>
2	Directive on preparation of energy bills on monthly basis by considering 15 minute's time block period	HESCOM has furnished the month-wise details of number of open access consumers sourcing power from power exchange, open access, units scheduled / consumed in MU and illegally banked energy, if any, for FY20 and for FY21 up to September 2020. HESCOM has to furnish the details of revenue gain for the above periods.
3	Directive on Energy Conservation	The HESCOM is not submitting the compliance regularly. It has not informed the action taken for promoting energy conservation by the use of EE appliances, while servicing the installations, especially the street lights. HESCOM shall submit the compliance as per the Commission's directions.
4	Directive on implementation of Standards of Performance (SoP)	The HESCOM was directed to display the parameters on SoP, in all its O&M Subdivisions and O&M Sections. Also directed the HESCOM to carry out effective supervision over the functioning of field offices particularly in rendering various services to the consumers such as restoration of supply of electricity, replacement of failed transformers etc. and to submit the details of number of violations of SoP by officers, sub-division-wise, month-wise and the amount of penalty levied on the officers and the amount paid to the consumers for any delay in service.

Sl. No.	Directives Issued by the Commission	Observation made
		<p>HESCOM was also directed to conduct awareness campaigns at Hobli levels for educating the public about the Standards of Performance prescribed by the Commission. HESCOM was also required to conduct necessary orientation programmes for all the field officers and the staff up to linemen to educate them on the SoP and the consequences of non – adherence to the SoP.</p> <p>HESCOM has not reported anything on the conduct of awareness campaigns in the Hobli levels for educating consumers and orientation programs for educating the officers and field staff up to the level of lineman. HESCOM shall submit the compliance regularly.</p>
5	Directive on use of safety gear by linemen	<p>HESCOM is not submitting the quarterly compliance report to the Commission. However, HESCOM has informed that it has provided safety gear to all Linemen / Power men. HESCOM shall submit the details indicating the number of linemen, both regular and engaged on contract, who are provided with complete set of safety gear and the definite timeline by which all the remaining linemen will be provided with the complete set of safety gear including the additional tools, if any, proposed to be given. Details of the action taken on erring staff also may be furnished.</p>
6	Directive on providing Timer Switches to Street lights by ESCOMs	<p>The HESCOM has not submitted the quarterly compliance report in respect of installation of timer switches, to the Commission.</p> <p>As per the statistics furnished in the present tariff filing in 19,789 SL installations are required to be provided with timer switches. Whereas, as per the information furnished in the previous year tariff filing, 19,203 number of SL installations are to be provided with the timer switches. This shows that, in spite of the directions of the Commission, HESCOM is servicing the SL installations without timer switches, thereby increasing the inventory of SL installations to be provided with timer switches.</p> <p>HESCOM has also not submitted the compliance as to whether LED / energy efficient lamps are being used while servicing of new streetlight installations. HESCOM shall submit the compliance on the same.</p>
7	Directive on Load shedding	<p>HESCOM, in its tariff filing has informed that it is making use of "URJA MITRA" app developed by MoP for the dissemination of SMS on outage information to the citizens,</p>

Sl. No.	Directives Issued by the Commission	Observation made
		by field staff. However, it is observed that the details of only 37.73 lakhs consumer are uploaded in the Application out of 49.27 lakh consumers. HESCOM shall submit the action plan for updating the details of 100% of consumers, in order to utilize the Application effectively.
8	Directive on establishing a 24 X 7 fully equipped centralized consumer service centers	<p>HESCOM was directed to reduce the consumer downtime to address the complaints. HESCOM is directed to report the average time taken to attend to a complaint as at present and the efforts made to further reduce the downtime in future.</p> <p>The HESCOM shall furnish compliance in this regard. Comparison of the downtime analysis for FY19 and FY20 shall be furnished.</p>
9	Directives on Energy Audit	<p><u>Energy Audit of cities / towns</u></p> <p>The HESCOM is not furnishing the energy audit reports regularly to the Commission. HESCOM shall furnish details of feeder-wise energy audit along with the details of measures initiated to reduce loss levels wherever the same are above 15% up to September, 2020.</p> <p><u>DTCs Energy Audit:</u></p> <p>HESCOM was directed to furnish the details of energy audit conducted in respect of DTCs for which meters have been fixed and the remedial measures initiated to reduce losses in those DTCs every month to the Commission regularly.</p> <p>HESCOM is said to have conducted Energy Audit for only 19,000 to 24,000 number of DTCs, out of 64,511 number of metered DTCs. HESCOM shall furnish remedial measures initiated to reduce losses in those DTCs and the timeline by which all the balance DTCs will be metered, and audited. It has come to the notice of the Commission that, HESCOM has taken initiative and invested huge capital on remote reading of energy meters provided to various DTCs for achieving efficient energy auditing. HESCOM has not clearly furnished the status of communication facility, action taken to achieve 100% communication and to analyse the data towards remedial measures for setting right the issues, conducting energy audit etc., HESCOM shall furnish the details on the number of meters provided to DTCs to have AMI in place by the earlier agencies, % of</p>

Sl. No.	Directives Issued by the Commission	Observation made
		<p>communication achieved, percentage energy audit conducted with the AMI fetched readings etc.,</p> <p>HESCOM is directed to comply with the directives of the Commission issued in all the preceding Tariff Orders, in respect of energy audit of DTCs.</p> <p>HESCOM shall also indicate the definite timeline by which it will complete the consumer indexing for taking up energy auditing effectively.</p>
12	Lifeline Supply to Un - Electrified households	<p>The Commission observed that out of 88 707 number of identified households under DDUGJY scheme, HESCOM has reported that only 86,846 households are electrified as on 30.09.2020. HESCOM shall submit the compliance as to the action plan for completing the electrification of all the households identified.</p>
13	Implementation of Financial Management Framework	<p>HESCOM is not submitting the compliance on the directive regularly to the Commission. HESCOM has not submitted the O&M Division wise target fixed as per the directive, performance analysis etc.,</p> <p>HESCOM has reported arrears to the extent of Rs. 2,338.97 Crores as on 30.09.2020. Commission also observed a huge gap in recovery from RLB and ULB in the jurisdiction of HESCOM.</p> <p>HESCOM shall submit the action taken towards the recovery of arrears along with the action plan.</p>
14	Prevention of Electrical Accidents	<p>As per the details of hazardous locations furnished, it is found that, as high as 5,426 number of hazardous locations are yet to be rectified as on October 2020. HESCOM shall furnish the stringent action plan for rectifying the hazardous locations.</p> <p>HESCOM has to furnish the summary of the analysis made on the reports submitted by Electrical Inspectorate for FY20 and FY21 up to September, 2020, action taken to prevent such accidents in future.</p>

Annexure-1

Plant wise details considering the merit order dispatch:

SL. NO.	Plant name and capacity (in MW)	Capacity Charges (Rs/Unit)	Variable Charges (Rs/Unit)	Total Per Unit Cost (Rs/Unit)	Total Energy Available (in MU)	Total energy utilized				Total Energy unutilized	
						Energy sold to consumers (in MU)	Energy sold through power exchanges and tender (in MU)	Energy utilized under UI mechanism (in MU)	Total energy utilized (in MU)	Energy unutilized due to backing down and reserve shutdown (in MU)	Capacity Charges paid for the unutilized energy (Rs in Crores)
1	2	3	4	5	6	7	8	9	10=7+8+9	11=6-10	12

Annexure-2: physical and financial progress, in respect of the schemes taken up by HESCOM for FY 20

Sl.No.	Name of the Scheme	Total No. of works	Total Cost of Scheme (Rs in Crores)	Funding mechanism for the scheme	Objectives of the Scheme	Scheduled date for completion of the scheme	No. of works completed till FY20*	Objectives achieved with figures	Total expenditure till FY20*	Balance no. of works to be completed**	Expected expenditure for completion of balance works**	Expected date of completion of balance works	Cost to Benefit Ratio
1	DDUGJY												
2	IPDS												
3	R-APDRP												
4	RGVY												
5	Maadari Grama (Model Village)												
6	Special Development Programme												
7	DTC metering												
8	Soubhagya Scheme												
9	Any other schemes												

***Annexure-3 Year wise break up of no. of works completed and corresponding expenditure incurred from the first year of inception of the scheme to till FY20**

Sl. No.	Name of the Scheme	1 st year		2 nd year			Total no. of works completed	Total expenditure till FY20
		No. of works completed	Expenditure incurred (Rs in Cr)	No. of works completed	Expenditure incurred (Rs in Cr)	No. of works completed	Expenditure incurred (Rs in Cr)		
1	DDUGJY								
2	IPDS								
3	R-APDRP								
4	RGGVY								
5	Maadari Grama (Model Village)								
6	Special Development Programme								
7	DTC metering								
8	Refurbishing Works								
9	Soubhagya Scheme								
10	Any other schemes								

**** Annexure-4: Year wise break-up of no. of balance works that will be completed and corresponding expenditure for completion of balance works of the scheme from FY21 onwards**

Sl.No.	Name of the Scheme	FY21		FY22		FY23			Total no. of balance works to be completed	Total of the expected expenditure (Rs in Cr)
		Balance no. of works to be completed	Expenditure (Rs in Cr)	Balance no. of works to be completed	Expenditure (Rs in Cr)	Balance no. of works to be completed	Expenditure (Rs in Cr)	Balance no. of works to be completed	Expenditure (Rs in Cr)		
1	DDUGJY										
2	IPDS										
3	R-APDRP										
4	RGGVY										
5	Maadari Grama (Model Village)										
6	Special Development Programme										
7	Any other schemes										

***** Annexure-5: Break up of actual capital expenditure.**

Sl. No.	Head of works	expenditure in Rs. Crores submitted as per tariff filing 2020	Total Number of works	Expenditure pertaining to spill over works in Rs. Crores	Number of Spill over works	Expenditure pertaining to Fresh/New works in Rs. Crores	Number of Fresh/New works
1	Mandatory works, Social obligation and other works						
a	Gangakalyan total						
b	Special Development Plan for backward talukas under Nanjundappa scheme(SDP)						
c	Electrification of Hamlets(Not covered under RGGVY)						
d	Electrification of HB/DB/JC/AC (Habitations) including IP Sets under SCSP						
e	Electrification of TC(Habitations) including IP Sets under TSP						
f	Electrification of BPL Households (Not covered under RGGVY)						
g	RGGVY						
h	DDUGVY						
i	Soubhagya Yojane						
j	DDG (Phase-1 & Phase-2)						
k	Rehabilitation of flood affected villages (special programme).						
l	Water works						
	Sub - total						
2	Expansion of network and system improvement works.						
a	E & I works.						
b	Additional DTCs						
c	Enhancement of Distribution Transformers						
d	Shifting of existing transformer of load centre						
e	LT line conversion of 1 Ph 2 wire or 1 Ph 3 wire to 3 Ph 5 wire						

f	Providing new link lines for bifurcation of load						
g	Providing SMC box to distribution transformer						
h	Other E & I Works(DP & GOS)						
i	Replacement of broken poles / Disaster Management Works						
j	Energisation of IP sets under general.						
k	Energisation of IP sets as per GOK						
l	Service connections other than IP/BJ/KJ/Water works.						
m	Construction of new 33 KV stations						
n	Construction of new 33 KV lines.						
o	Augmentation of 33 KV stations.						
p	Construction of 11 KV lines for 33 KV / 110 KV sub-stations.						
q	Nirantara Jyoti Yojana.						
r	Improvement Works at 5 Nos of Villages in each MLA Constituency & 5 Nos of Villages in each MP Constituency under MADARI VIDUYAT GRAM .						
s	Providing prepaid meters to temporary installations						
t	Providing numerical relays to provide power supply to farm houses						
u	Providing 16KVA Transformers for A/P/S to farm houses in Chikodi Division						
v	The work of Supply of Hardware, Supervisory Manpower (for Technical Support) and Development of Software (End to End Solution including Google Map Subscription for 2 Years, if applicable) to Support Enumeration of IP Sets in HESCOM Jurisdiction (except Bailhongal O & M Division) through GIS Application and Maintenance for 2 Years						
w	R- APDRP.						

	R-APDRP exclusively for Modem and meters						
x	IPDS IT initiative Phase II						
y	IPDS						
z	Creating infrastructure to UAIP Sets						
ii	Sub - total						
3	Reduction of T & D and ATC loss						
a	Providing meters to un-metered IP sets.						
b	Providing meters to un-metered BJ/KJ installations.						
c	Replacement of faulty / MNR energy meters by static meters.						
d	Replacement of more than 10 year old electromechanical energy meters by static meters.						
	Fixing of boxes to single phase meters						
e	DTC's metering (Other than APDRP)						
f	Replacement of 33 KV lines Rabbit conductor by Coyote conductor.						
g	11 KV Re-conductoring.						
h	LT Re-conductoring.						
i	HVDS						
j	NEF (REC) for replacing 11 KV OH feeders by UG Cables in Hubli Dharwad and Belgaum cities.						
k	Replacing 11 KV OH feeders by UG Cables in Dharwad and Vijayapur cities.						
l	Refurbishing works on HT/LT/DTC in O & M Divisions						
m	Commissioning of 3 Ph 4 wire HT Metering Cubicle with meter, CTs, PTs						
iii	Sub - total						
4	New initiatives works						
a	IT initiatives, automation and call centre						
b	Pilot project of installation of energy efficient motors						

c	Pilot for smart grid/sprinklar/drip irrigation system						
d	Providing solar lighting to corporate office building						
e	Establishing ALDC & SCADA.						
f	Thermal Imaging and GIS Mapping of DTCs						
g	Special pilot project for Strategic Business Centre at Shiggaon sub-Division						
h	Smart Meters						
i	DSM						
iv	Sub - total						
5	Replacement and other miscellaneous works						
a	Replacement of failed distribution transformers.						
b	Replacement of Power Transformers.						
c	Replacement of old and failed equipments and other works of existing 33 KV stations and lines.						
d	Preventive measures to reduce the accidents. (Providing intermediate poles, Restrtring of sagging lines, providing guy & struds, providing guarding, DTC earthing)						
e	T&P materials.						
f	Civil Engineering works.						
g	Others						
v	Sub - total						
Total	(i+ii+iii+iv+v)						

(Annexure – 6)

Capital Loan Details for FY20 to FY22

(Amount in Rs. Crores)

Bank/Financial Institution name	Opening Balance as on 01.04.2019	New Loan amount Borrowed	Tenure amount	Rate of Interest	Repayment of Loan	Interest amount	Closing Balance as on 31.03.2020	Scheme/ Works/purpose of availing loans

(Annexure – 7)

Short Term/OD Details UP TO November,2020 in FY21

(Amount in Rs. Crores)

Bank/ Financial Institution Name	Opening Balance as on 01.04.2020	New Loan Borrowed	Tenure	Rate of Interest	Repayment of Loan	Interest amount	Closing Balance as on 30.11.2020