

GESCOM

Preliminary observations on Application for Approval of APR for the FY17 and ARR for the FY19

I. Annual Performance Review for the FY17:

A. Sales -other than IP Sets:

The Commission in its Tariff Order 2016 dated 30.03.2016 had approved total sale of 6897.24 MU to various consumer categories, as against the GESCOM's proposal of 6808.08 MU. The actual sales of the GESCOM as per the current APR filing [D-2 FORMAT] is 6358.34 MU indicating a reduction in sales to the extent of 538.90 MU when compared to the approved sales. There is a reduction in sales to LT-categories by 239.89 MU and HT-categories by 299.01 MU.

It is noted that, as against approved sales of 3471.76 MU to categories other than BJ/KJ and IP sets, the actual sale achieved by the GESCOM is 3127.49 MU, resulting in reduction in sales to these categories by 344.27 MU. Further, the GESCOM has sold 3230.85 MU to BJ/KJ and IP category against approved sales of 3425.48 MU resulting in reduced sales to these categories by 194.63 MU.

The category-wise sales approved by Commission and the actuals for the FY 17 are indicated in the table below:

Figures in MUs			
Category	Approved	Actuals	Difference
LT-2a*	1068.07	1041.76	-26.31
LT-2b	9.20	10.45	1.25
LT-3	289.14	278.41	-10.73
LT-4b	11.81	1.91	-9.90
LT-4c	1.44	1.22	-0.22
LT-5	172.17	163.86	-8.31
LT-6	167.15	201.38	34.23
LT-6	237.51	213.77	-23.74
LT-7	18.43	16.90	-1.53
HT-1	86.87	92.81	5.94
HT-2a	1192.42	905.86	-286.56
HT-2b	72.19	70.74	-1.45
HT-2c	11.95	18.07	6.12
HT-3a & b	114.63	89.45	-25.18
HT-4	13.31	13.07	-0.24
HT-5	5.46	7.83	2.37
Sub total	3471.76	3127.79	-344.27
BJ/KJ	118.60	108.14	-10.46
IP	3306.88	3122.71	-184.17
Sub total	3425.48	3230.85	-194.63
Grand total	6897.24	6358.34	-538.90

*Including BJ/KJ installations consuming more than 18 units/month

From the above table it is noted that the major categories contributing to the reduction in sales when compared to the estimate are HT industries (286.56 MU) and LT -4a (184.17 MU). Further, it is observed there is increase in sales to LT-6 WS (34.23 MU). the GESCOM shall analyze and furnish the reasons for the variations.

the GESCOM shall furnish the following information to further validate the sales:

- a) In order to analyze reduction in HT sales, the GESCOM shall furnish the data of sales to HT2(a), HT2(b) and HT-2c categories along with the consumption from open access / wheeling for the period 2014-15, 2015-16 & 2016-17 in the following format:

HT2A

Figures in MUs

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
2014-15				
2015-16				
2016-17				

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
2014-15				
2015-16				
2016-17				

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
2014-15				
2015-16				
2016-17				

- b) The breakup of installations consuming less than or equal 18 units and above 18 units shall be furnished for the FY17 in the following format:

Particulars	No. of Installations	Consumption in MU
Installations Consuming less than 18 Units		
Installations consuming more than 18 units and		

build under LT 2a		
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c) The GESCOM has stated that it has met solar RPO of 0.90% against the target of 0.75% and Non-solar RPO of 5.69% against the target of 5.50% in the FY-17. the GESCOM shall confirm whether the same is in accordance with the Government Order No. EN 43 PSR 2017 dated 26.09.2017 and if not, shall give reasons for deviation from the GO. For validating the RPO compliance and to work out APPC, the GESCOM shall furnish the data as per the format indicated below, duly reconciling the data with the audited accounts for the FY17:

a. Non-solar RPO:

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

b. Solar RPO:

No.	Particulars	Quantum in MU	Cost- Rs. Crs.
1	Total Power Purchase quantum from all sources		
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 [No.2+ 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 % [No.12/No.1]*100		

B. Sales to IP Sets:

- a. The Commission notes that, the overall sales (3,122.71MU for the FY17) have decreased by 184.17 MU (-5.5%) as against the approved sales of 3,306.88 MU as per the Tariff Order dated 30th March 2016 for the FY17. Further, the overall sales have decreased by 45.2 MU (-1.4%) as against the actual sales of 3,167.91 MU. Further, during the KPTCL& ESCOM's Review meeting held on 25.10.2017, the GESCOM had submitted the IP set sales for the FY 17 as 3,020 MU, whereas it has submitted in its tariff filing, the actual sales for IP sets as 3122.71 MU. In view of this, total sales of 3,020 MU will have to be considered for the FY17. This means the GESCOM has claimed 102.71 MU extra sales for the FY17 and the GESCOM shall explain this variation for the FY17 as per its own submissions before the Commission.
- b. The Commission had approved a specific consumption of IP-sets as 9,503 units / installation / annum for the FY17. As per the consumption reported in format D2 of the filing by the GESCOM, the specific consumption works out to 9,314 units / installation/annum for the FY17. This indicates a reduction of 189 units / installation/annum in specific consumption. **If the total sales for the FY17 is considered at 3,020 MU, then the specific consumption will reduce to 9,008 units/installation/annum. The GESCOM is required to clarify on this.**
- c. The actual number of installations for the FY17 has reduced by 18,844 numbers as compared to the approved number of installations of 3,58,483.

- d. During the KPTCL and ESCOM's Review meeting held on 25.10.2017, the GESCOM has submitted that out of 1,92,527 number of IP sets for which GPS survey was completed, 10,259 IP sets have been declared as not-in-use/dried up installations. That means 10,259 number of installations shall have to be deducted from the number of installations shown in the format D2 for the FY17 (from April, 2016 to March, 2017). Accordingly, month-wise and total IP consumption should have to be revised. the GESCOM shall submit the revised consumption based on the number of revised installations for the FY17, taking into account GPS survey data.
- e. During the ESCOM's & KPTCL's review meeting held on 25.10.2017, the GESCOM has submitted the consolidated consumption for the FY17 without indicating feeder-wise/subdivision-wise details of input arrived as per the prescribed formats. Therefore, the GESCOM is required to revise the IP consumption for the FY17 as per the energy recorded on the segregated feeders clearly indicating the energy input to the feeders on the basis of energy meters reading data (initial reading-final reading* constant). the GESCOM shall furnish month-wise data in support of its claims of IP-consumption for the FY17 duly considering the above issues, as per the format given in the subsequent paras.

C. Distribution loss for the FY17:

The actual distribution losses reported by the GESCOM for the FY17 is 17.33% as against 17% approved by the Commission in its Order dated 30th March, 2016. The actual distribution loss of 17.33% as reported by the GESCOM for the FY17 is higher by 0.33% than the approved loss. As discussed in the observations on sales to IP Sets, the Commission notes that, there is reduction in IP Set consumption and metered sales in other categories of consumers. Since the IP Set sales is not backed up by the consumption figures on the basis of segregated feeder-wise data under NJY, the Commission is unable to accept the distribution loss figures claimed by the GESCOM. Hence, feeder-wise number of IP sets along with consumption figures based on segregated feeders besides Division-wise data of numbers and consumption of IP sets as per DCB shall be furnished along with connected load.

D. Power Purchase for the FY17:

- a. The D1 format which was not submitted along with the filing for the FY 17 has been obtained through e-mail. Hence, a signed copy in the Commission's prescribed D1 format for the FY 17 and the FY 18 needs to be furnished along with the breakup of fixed and the variable charges in respect of all sources having two-part tariff.
- b. In respect of the following Hydro and thermal stations of KPCL and UPCL, indicated in the D1 Format, the fixed cost paid to the generators is on a higher side as compared to the per unit cost paid by the BESCOM. The GESCOM shall examine the same and recover excess payments, if any, from the generators, under intimation to the Commission.

Name of the generating station	Per unit Cost paid by HESCOM during the FY17	Per unit Cost paid by BESCOM during the FY17
Sharavathi	0.526	0.388
Kalinadi(Nagajari)	0.938	0.70
Ghataprabha(GDPH)	2.30	1.314
Almatti	1.81	1.466
Gerusoppa/STRP	2.144	1.314
Kadra	2.629	0.815
Kodasalli	1.975	0.641
Shiva	1.414	0.982
Munirabad	0.969	0.701
Varahi	2.06	1.18
UPCL	4.48	4.11

- c. In respect of RTPS Unit 1 to 7 having common tariff, the differential tariff claimed among these units need to be explained by the GESCOM and also per unit cost indicated in D1 Format is on a higher side compared to the per unit cost paid by the BESCOM. The GESCOM shall examine the same and recover excess payments, if any, from the KPCL, under intimation to the Commission:

Name of the station	Per unit cost paid by the GESCOM during the FY17	Per unit Cost paid by BESCOM during the FY17
RTPS -1 to 2	5.016458	4.066
RTPS 3	5.547912	
RTPS 4	4.212542	
RTPS 5 & 6	4.140806	
RTPS 7	4.173224	

- d. the GESCOM has considered energy of 78.19MU and Rs 46.64 crores as inter-ESCOMs energy charges as indicated in D1 Format. The reconciled energy balancing statement signed by all the ESCOMs shall be furnished.

E. Capital Expenditure for the FY17:

The Commission, considering the capex of **Rs.1810 Cores** proposed for the FY17 and **the likely expenditure to be incurred at Rs.374 Cores, had approved a capex of Rs.500 Cores for the FY17.** the GESCOM has shown a capital expenditure of Rs.486.61 Crores in page No. 10 of the filing, whereas in D17 Format, the capex incurred is shown as Rs.530 Crores. The assets categorized are shown as Rs.551Crores in D17 Format, in D15 Format, it is shown as Rs.572.79 Crores. the GESCOM needs to furnish the reasons for the difference in the amounts stated above. The GESCOM has furnished the category-wise expenditure for the FY17, by mail and the details are as follows:

Capital expenditure for the FY17

Sl No	Schemes	Amount in Rs. Crores		
		Proposed Capex Rs.Crores	Expected to be completed Rs.Crores	Actual expenditure during the FY17 in Rs.Crores
1	33kV Sub-station, 33kV line works & Augmentation of 33kV S/S's	20	8	45.85
2	RGGVY works REC	10	3	4.25
3	RAPDRP works			
	Part-A	25	10	20.39
	Part-B	85	20	13.79
	IPDS	183.1	50	
4	Reconductoring works:			
	a) 33kV lines	3	1	
	b) 11kV lines	5	2	9.67
5	DTC metering works	45	10	0.29
6	Water supply works	5	2	12.53
7	Additional DTC's works:			
	a) New DTC's	5	2	21.75
	b) Enhancement of DTC's	3	1	12.67
8	Replacement failed 11 KV transformers	12	10	53.93
9	Replacement of Power transformers	2	1	0.96
10	Replacement of MNR meters	5	3	2.73
11	Providing ETV meters	1	1	
12	Providing HT metering Cubicles for ring fencing	0.5	0.5	
13	Service Connection works:			
	a) General works	10	10	4.47
	b) IP set works	2	2	4.67
14A	SI works (33KV link line / Express feeders)	1	1	6.48
14B	SI works (11KV Link line / Express feeders.)	15	6	5.07
15	a) Nirantara Jyoti works	125	50	51.32
	b) Deen Dayal Upadhyay Gram Jyothi Yojane	496.8	50	0.64

16	a) Major Replacements in S/S's & lines	5	2	0.2
	b) Replacement of Age old Equipment in existing S/S & lines	5	3	
17	Civil Engineering works	10	6	8.14
18	IT initiatives	3	1.5	
19	HVDS Works	25	12	
20	Providing ABC, UG Cables & RMUs	605	65	18.52
21	SCADA works	1	1	
22	SCP & TSP works			85.36
	a) Energisation of IP sets	1	1	
	b) Electrification of HB's/JC's	0.5	0.5	
	c) KutirJyoti	0.5	0.5	
23	Ganga kalyan scheme works	25	12	66.12
24	T & P Articles	1	1	0.77
25	Replacing of Electro Magnetic meters by Static meters	1	0.5	1.09
26	Metering of IP/St. Lights/BJ&KJ sets	1	0.5	4.12
27	Providing Infrastructure to Regularisation of Unauthorized IP sets	60	20	10.41
28	R.E General works:			
	a) Kutir Jyoti	0	0	
39	Prevention of electrical accident & safety	5	2	20.42
30	Electrification of Rehabilitation villages	2	1.5	
31	Taluka wise segregation of 11kV feeders	0	0	
Total		1810.4	374	486.61

From the above table, it is noted that, though the GESCOM has incurred a capex of Rs.486.61 Crores, which is more than the actual capex of Rs.374 Crores during the FY17 and that the total capex is well within the amount of capex Rs.500 Crores approved by the Commission. However, there are certain categories of works in which the GESCOM has increased/ reduced its capex as indicated below:

- i. In the case of **33kV Sub-station, 33kV line works & Augmentation of 33kV S/S's**, the GESCOM has achieved a capex of Rs.45.85 Crores against Rs.20 Crores approved. The GESCOM needs to explain the reasons for excess capex and the benefits it has accrued from the investment.
- ii. In the case of **IPDS**, though the GESCOM had proposed Rs.183 Crores and stated that it will achieve a capex of Rs.50 Crores during the FY17, it has not achieved any capex during the FY17. the GESCOM needs to furnish reasons for not achieving the capex.

- iii. In the case of **Additional DTC's works**, the GESCOM has achieved Rs.34.42 cores against Rs.8 Crores. the GESCOM shall furnish the reasons for the increased capex and also furnish the benefits gained from the investment.
- iv. In case of **Replacement failed 11 KV transformers**, the GESCOM has achieved Rs.53.93 cores against Rs.12 Crores approved which does not appear to be correct. In the previous year also, the Commission had pointed out the discrepancy in the accounting practice regarding this item and all the ESCOMs had agreed to set right the same. However, the GESCOM seems to have not rectified the anomaly pointed out in accounting of the Repairs and Replacement of transformers. The GESCOM should note that, only the failed burnt/scraped transformers should be replaced by new transformers and can be accounted as capex, whereas the charges incurred for the repairs of the failed Transformers should be debited to the Revenue Expenditure. Hence, the GESCOM needs to set right the accounting anomaly and indicate the actual capex incurred for replacement of failed transformers along with furnishing the details as per the following format:

Particulars	Capacity of Transformer in kVA	Total	
		Nos	Amount
Opening Balance of failed Transformers	250		
	100		
	63		
	25		
No. of transformers failed during the year	250		
	100		
	63		
	25		
No. of transformers scrapped during the year	250		
	100		
	63		
	25		
Total No. of Transformers Repaired during the year	250		
	100		
	63		
	25		
Balance failed Transformers to be repaired (including OB)	250		
	100		
	63		
	25		
Total No. of Repaired Transformers used for replacement of failed Transformers	250		
	100		
	63		
	25		
Total No. of new transformers provided for replacement of failed transformer	250		
	100		
	63		
	25		

II. Annual Revenue Requirement the FY19:

A. Sales -other than IP Sets:

i) The GESCOM in its filing has furnished a statement of estimates for the number of installations and sales for the FY18 as well as the FY19, indicating the Growth rates. The GESCOM has not explained how it has arrived at the growth rates for the FY18 & the FY19. Therefore, the GESCOM shall furnish the working details of estimates made for the FY18 & the FY19, explaining the methodology adopted for forecasting.

ii) LT(1) – BJ/KJ category:

The GESCOM has not indicated the breakup of installations consuming upto 40 units/month and more than 40 units/month under this category. Hence, the GESCOM shall furnish, the breakup of installations consuming less than or equal 40 units/month and above 40 units/month for the FY18 [actuals up to September 17 and estimate for remaining period] and estimates for the FY19 in the following format:

Particulars	No. of Installations	Consumption in MU
Installations Consuming up to 40 Units		
Installations consuming more than 40 units and build under LT 2a		

iii) The table indicating the growth rates for the number of installations is furnished as below:

Category	Percentage Growth Rates			
	2011-12 to 2016-17 CAGR	2013-14 to 2016-17 CAGR	the FY17 growth over the FY16	Growth rate proposed by the GESCOM for the FY19
LT-2a	4	5	4	5
LT-2b	10	13	10	12
LT-3	6	6	6	6
LT-5	6	5	6	5

LT-6 WS	2	3	6	5
LT-6 SL	4	7	3	7
HT-1	13	11	7	11
HT-2 (a)	8	7	8	7
HT-2 (b)	8	9	5	7
HT-2 (c)	-	-	24	22
HT-3(a)& (b)	16	15	15	15
HT-4	-1	-3	0	0

It is observed that growth rate considered for LT-6 WS is higher, and is lower for HT-2b compared to normal growth rates indicated above. The GESCOM may reconsider revising its estimates for these categories

iv) The table indicating the growth rates for the energy sales is furnished below:

Category	Percentage Growth Rates			
	2011-12 to 2016-17 CAGR	2013-14 to 2016-17 CAGR	the FY17 growth over the FY16	Growth rate proposed by the GESCOM
LT-2a	4	5	1	7
LT-2b	10	13	8	7
LT-3	6	6	1	7
LT-5	6	5	-2	1
LT-6 WS	2	3	10	10
LT-6 SL	4	7	1	5
HT-1	13	11	10	7
HT-2 (a)	8	7	-10	10
HT-2 (b)	8	9	1	6
HT-2(c)	-	-	36	20
HT-3(a)& (b)	16	15	17	7
HT-4	-1	-3	2	2

It is observed that while the growth rate considered for LT-2a, LT-3, LT-6WS and HT-2a, is higher, it is lower for LT2b, LT-5, HT-1, HT-2b and HT-3 categories compared to normal growth rates indicated above. The GESCOM may reconsider revising its estimates for these categories.

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

a. No. of Installations

Category	2015-16 Actuals		2016-17 Actuals		2017-18	
	As on 30th Nov 2015	As on 31st March 2016	As on 30th Nov 2016	As on 31st March 2017	As on 30th Nov 2017	As on 31st March 2018 (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						
BJ/KJ						
IP						
Sub Total (BJ/KJ and IP)						
Grand Total						

b. Energy Sales

In MU

Category	2015-16 Actuals		2016-17 Actuals		2017-18	
	1st April 2015 to 30th Nov 2015 (cumulative)	1st Dec 2015 to 31st March 2016 (cumulative)	1st April 2016 to 30th Nov 2016 (cumulative)	1st Dec 2016 to 31st March 2017 (cumulative)	1st April 2017 to 30th Nov 2017 (cumulative actuals)	1st Dec 2017 to 31st March 2018 (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 BJ/KJ						
IP						
Sub Total (BJ/KJ and IP)						
Grand						

I. RPO Compliance:

1. the GESCOM has stated that it would be able to meet the Non-solar RPO target of 7% and solar RPO of 4.0% against the target of 1.75% in the FY19. In this regard the GESCOM shall furnish the following details pertaining to the GESCOM duly tallying with the renewable energy purchase estimates made for the FY19:

Source	Capacity under PPA in MW as on 30.11.2017	Anticipated MW capacity addition under PPA during the remaining period of the FY18	Anticipated MW capacity addition under PPA during the FY19
Wind			
Mini-hydel			
Co-generation			
Biomass			
Waste to Energy			
Solar			

II. Wheeling and Banking

1. the GESCOM while computing wheeling charges has indicated distribution network cost as Rs. 4978.90 Crores, and sales as 7266.01 MU whereas the same is indicated as Rs.1017.04 Crores. in the distribution ARR and 7171.82 MU in D-2 format for the FY19. The GESCOM shall reconcile the figures and resubmit the working for wheeling charges.

2. The GESCOM, for Renewable Sources, has requested the Commission to maintain parity in wheeling charges. The GESCOM shall furnish the reasons for the same.

III. Cross subsidy surcharge:

The GESCOM shall clarify as to whether CSS is calculated as per the Tariff Policy 2006 or Tariff Policy, 2016. Further, it is observed the calculations made by the GESCOM are not correct and need to be rectified. Also the GESCOM has to indicate CSS for all HT-categories.

- IV. **Energy Flow Diagram:** the GESCOM shall furnish energy flow diagrams for the FY19 duly considering the power purchase quantum and voltage-wise losses as per current filing.

B. Sales to IP Sets:

- i. The Commission in its Tariff Order dated 30th March, 2016 had directed the GESCOM to furnish the monthly consumption of IP-sets based on the readings from the energy Meters provided to 11 kV agricultural feeders at the Sub-stations duly deducting actual energy losses prevailing in 11 kV line, transformers and LT distribution system and other consumption if any. But, the GESCOM has not furnished the month-wise IP-set consumption as directed. However, the GESCOM, in its data submitted to the Commission for the ESCOMs & KPTCLs review meeting held on 25.10.2017 has submitted the consolidated IP consumption for April-June 2017 without furnishing the month-wise details as per the prescribed formats, in support of its claim.
- ii. Therefore, the GESCOM shall submit the month-wise consumption based on the agricultural feeders segregated under NJY Scheme, for the FY17 and also for the FY 18 (from April to November, 2017) in the following format, clearly indicating the energy input to the feeders on the basis of energy meters reading data (initial reading-final reading* constant).

Month	Name of Sub-division	Name of Segregated Agriculture Feeders in the subdivision	Initial energy meter reading in the feeder	Final energy meter reading in the feeder	Meter constant	Monthly Consumption in MU as recorded in all the agricultural feeders at the substations pertaining to the Sub division	Distribution loss (11kV line, DTCs, & LT line) Plus sales to other consumers if any, in MU (losses in all the agri. feeders only to be considered)	Net consumption duly deducting the Distribution loss (11kV & LT) & any other loads if any	No. of IP sets (total-dried up) connected to the agri. feeders in the subdivision			Average consumption of IP / month (specific cons in units /IP/month)	Total no of IP sets in the subdivision (as per DCB)		Total sales of IP sets in MU	
									Beginning of the month	Serviced at the end of month	Mid-month		Serviced at the end of month	Mid-month		
1	2	3	3a	3b	3c	4 = (3b-3a) *3c	5	6=(4-5)	7a	7b	7c= (7a+7b)/2	8=6/7c	9a	9b	9c=(9a+9b)/2	10= 8*9c
April 2016	Subdiv-1 Subdiv-2 Subdiv-3															
Total																
April 2017	Subdiv-1 Subdiv-2 Subdiv-3															

Note:

- (1) If the agricultural feeders are not yet segregated under NJY in any sub-division, then the specific consumption of the division / circle / zone / company (where NJY is taken up) shall be considered to compute the IP consumption of such sub-division.
- (2) No. of dried up IP-set installations shall be deducted from the accounts, while arriving at the month-wise and subdivision-wise specific consumption and total sales.

iii. As per format D2 of its Tariff application, the GESCOM has projected specific consumption of IP-sets for the FY19 as 9,411 units/installation /annum. The GESCOM is required to furnish the rationale for projecting IP set -consumption based on the higher specific consumption for the FY19 whereas the actual specific consumption for the FY17 was 9,314 units / installation / annum. The GESCOM shall furnish the revised IP set consumption for the FY19.

iv. During the ESCOMs & KPTCLs review meeting held on 25.10.2017, the GESCOM was directed, to complete enumeration of IP-sets by November, 2017, to identify defunct/dried up wells in the field and take further necessary action to arrive at correct number of IP-sets in its jurisdiction on the basis of enumeration

report. The GESCOM has not furnished compliance on this. The GESCOM shall furnish compliance on this issue in order to arrive at the correct number of live IP installations/consumption and for projecting correct number of installations/consumption for the FY19. In that meeting, the GESCOM had also submitted that out of 1,92,527 number of IP sets for which GPS survey was completed, 10,259 IP sets have been declared as not-in-use/dried up installations. That means 10,259 number of installations or the latest total number of identified dried up installations shall have to be deducted from the number of installations it has shown in its D2 statement for the FY19 (from April 2017 to November 2017). Accordingly, month-wise/ total IP consumption and specific consumption should have to be revised. The GESCOM shall submit the revised consumption based on the number of installations to be revised for the FY19 taking into account GPS survey data. **In the absence of submission of GPS based survey report of actual number of live IP sets, the Commission will not consider the revised IP consumption for the FY19 as proposed by the GESCOM.**

C. Distribution loss for the FY17:

The Commission, in its Order dated 30th March, 2016 has fixed the distribution loss at 16% and 16.50% for the FY18 and the FY19. The GESCOM in the present filing has projected the revised distribution loss of 16.80% and 16.50% for the FY18 and the FY19. the GESCOM, having reported distribution loss of 17.33% for the FY17 is required to furnish its present status of distribution loss achieved in the FY18 as at the end of November, 2017.

Considering the substantial capital investment incurred in the recent past and and proposed higher Capex for the FY18 and the FY19, and the distribution loss levels achieved in the FY16 and the FY17, the GESCOM is required to reassess the distribution loss for the FY19 besides furnishing the reasons for projecting higher losses for the FY18 and the FY19.

Further, the GESCOM shall furnish the data of Energy Audit for Town and Cities in the following format considering the annual energy sale and input energy at the feeder levels:

Name of the Town/City	the FY17			the FY18 (Cumulative as at the end of Nov, 2017)		
	Energy Input in MU	Energy Sold in MU	% Distribution Losses	Energy Input in MU	Energy Sold in MU	% Distribution Losses
TOTAL						

D. Power Purchase for the FY19:

- a. The actual quantum and cost of solar energy for the FY18 shall be furnished by the GESCO from April, 2017 to November, 2017 and balance shall be projected by considering the projects which are likely to be commissioned up to 31.03.2018. The following data shall be furnished:

Type of Solar Plant	Capacity in MWp	Estimated Energy and cost contribution for the FY17		Estimated Energy and cost contribution for the FY18		Approved by the Commission
		Qty (MU)	Cost (RS Cr)	Qty (MU)	Cost (RS Cr)	Yes/No
1-3 MW Projects allotted to Farmers by KREDL.						
1150 MW Projects Taluk wise issued by KREDL.						
970MW Projects entered PSA with SECI						
Solar Park						
Others MW projects through competitive biddings						
SRTPV projects i. 500kW & above ii.more than 500kW						

- b. In the case of Renewable Energy (excluding Solar), the GESCOM is required to consider the latest actual available data of the FY18 (till the end of November, 2017) and projects which are likely to be commissioned up to 31.03.2018, for projecting the power purchase for the FY19, which shall also include projects to be Commissioned up to 31.3.2019.
- c. The GESCOM shall furnish an abstract of month-wise, source-wise energy requirement projected for the FY19 duly tallying with the D1 Format.
- d. The GESCOM shall furnish the basis of the Tariff consideration for BTPS unit-III.

E. Capital Expenditure for the FY19:

the GESCOM has proposed a capex of Rs.911.15 Crores for the FY19 against Rs.954.6 Crores approved in the MYT order dated 30th March, 2016. The GESCOM has not furnished the reasons for increase/decrease of capex proposed for the FY19, except submitting the category-wise capex requirement in a table. The category-wise capex revised is shown in the table below:

Capital expenditure proposed by the GESCOM for the FY19

Amount in Rs. Crores			
Sl No.	Categories pf works	Apprd. Capax For the FY-19 Rs. Crores	Revised Capex For the FY-19 Rs. Crores
1	33kV Sub-station, 33kV line works & Augmentation of 33kV S/S's	22	50
2	RGGVY works REC	70	2
3	RAPDRP Works		
	Part-A	2	0.00
	Part-B	5	0.00
	IPDS	33.1	133
4	Reconductoring works:		
	a) 33kV lines	2	0.00
	b) 11kV lines	13	10
	c) L.T Lines	0	20
5	5(a)DTC metering works (RAPDRP area)		0
	5(b) DTC metering for Non RAPDRP		5
6	Water supply works	4	15
7	Additional DTC's works:		
	a) New DTC's	4	5
	b) Enhancement of DTC's	2	10
8	Replacement failed 11 KV transformers	8	20
9	Replacement of Power transformers	1	5
10	Replacement of MNR meters	4	4
11	Providing ETV meters	1	0
12	Providing HT metering Cubicles for ring fencing	0.5	0.5
13	Service Connection works		

	a) General works	13	10
	b) IP set works (General Category)	1	3
14	a) SI works (33KV link line /Express feeders)	1	1
	b) SI works (11KV Link line /Express feeders,)	10	10
15	a) Nirantara Jyoti works	0	10
	b) Deen Dayal Upadhay Gram Jyothi Yojane	309	299
16	a) Major Replacements in S/S's & lines	0.5	2
	b) Replacement of Age old Equipment in existing S/S & Lines	4	4
17	Civil Engineer Works	6	10
18	IT initiatives and enumeration of IP sets	1	1
19	HVDS Works	60	0
20	Providing ABC, UG Cables & RMUs		
21	SCADA Works	0.5	0.5
	SCP & TSP Works		
22	a) Energization of IP Sets	0.5	0.5
	b) Electrification of HB's /JC's	0.5	0.5
	c) Kutir Jyoti	0.5	0.5
23	Ganga Kalyan scheme Works	20	50
24	T&P Articles	0.5	0.5
25	Replacing of Electro Magnetic Meters by Static Meters	0.5	0.5
26	Metering of IP/St. Lights / BJ&KJ Sets and Water supply	0.5	0.5
27	Providing Infrastructure to Regularization of Unauthorized IP Sets	25	25
28	R.E General Works		
	a)Kutir Jyoti	8	4
29	Prevention of electrical accident & safety	3	9
30	Electrification of Rehabilitation Villages	3	5
31	Replacement of Broken poles		10
32	Feeder Metering		
33	DDG		1
34	a) LT Line Conversion of 1 Ph 2 wire or 1 Ph 3 wire to 3Ph 5 Wire (Including providing ABC, UG cable etc)		5
35	Providing SMC Box to DTCs		2
36	a) Energisation of IP Sets Under General category		
	b) Energization of IP Sets Under General category (Shigra Samparka Yojane)		2
37	Stations Augmentation		5
38	Providing meters to IP Sets above 10 HP		0.5
39	Distribution Automation System (DAS)		15.15
40	DSM		0.5
41	Safety Materials		2
42	SDP Works		40
43	HT Conductor by 11 KV AB Cable	305	10
44	Computers and Printers (T & P Materials)		5
45	Refurbishment of 11 KV lines		50
46	Providing OLP relaps to stns.		2
47	Shifting of meter from I to O		10
48	R&M to stations		25
49	DTC metering	10	
	Total	954.6	911.15

- i. In the case of **IPDS**, the GESCOM has increased the capex from Rs.33.1 Crore to 133 Crores. It is to be noted here that, the GESCOM had proposed a capex Rs.183 Crores for the FY17, but, it has not achieved any capex during the FY17. Keeping in view of this and the progress of achievement of capex for this category of works in the FY18, the GESCOM shall revise its capex for the FY19.
- ii. In the case of **Distribution Automation System (DAS)**, the GESCOM has indicated a capex of Rs.15.15 Crores. The GESCOM shall explain as to what are the works being taken up under this category for the FY19.
- iii. The GESCOM has proposed a capex of Rs.50 Crores for **Refurbishment of 11 KV lines**. The GESCOM needs to furnish the details of number of lines taken up for refurbishing, type of work taken up in refurbishing, alternatives considered etc.,
- iv. **The GESCOM needs to bring all the E & I sub works under the heading - E & I works, such that, the total amount being proposed for E&I works is clearly indicated and would enable proper monitoring and making impact analysis.**
- v. **Further, the GESCOM is required to furnish the details for increase/decrease of capex in each category of works along with reasons for adding new categories of works as shown in Sl. No. 33 to 48 (except Sl No. 43) in the table above.**

F. Observations on Revenue Expenditure and Revenue:

- i. the GESCOM in its filing has projected the number of employees sanctioned and working strength for the FY17 to the FY19 as detailed below:

Sl. No.	Period	Sanctioned	Working	Increase in working employees
1	the FY17	10348	6130	
2	the FY18	10310	7508	1378
3	the FY19	10310	8996	1488

Though there is reduction in the sanctioned employees number, the working strength of number of employees has been increased by 1378 and 1488 for the FY18 and the FY19. The GESCOM, while projecting the additional employee cost of Rs 32.76 Crores and Rs.38.45 Crores for the FY18 and the FY19 has considered the total recruitment of 1300 employees during the FY18. There is a difference in the figures furnished under format D6(a) and the number of new

employees considered for projecting the additional employees cost for the FY18 and the FY19. The GESCOM shall submit the revised format D6(a) for the FY18 and the FY19, besides explaining the reasons for projecting reduction sanctioned strength and increase in working strength for the FY18 and the FY19 over the FY16.

- ii. The GESCOM in its filing under format D6-employee cost has projected steep increase in salaries from actual amount as per the audited accounts of Rs. 153.67 Crores for the FY17 to Rs.298.96 Crores and Rs.309.78 Crores for the FY18 and the FY19 respectively. The GESCOM has also projected dearness allowance of Rs.136.59 Crores and Rs.162.63 Crores for the FY18 and the FY19 respectively as against the actuals of Rs.58.09 Crores for the FY17. Further, the GESCOM has considered 15% increase in salaries on account of revision of pay scale for the FY18 and the FY19. The GESCOM shall furnish the reasons for projecting higher employees cost and recast the same for the FY18 and the FY19.
- iii. The GESCOM, while projecting the contribution to P&G Trust under employee cost for the FY18 and the FY19, has considered 2.5% to 4% increase over the actual contribution as per the audited accounts of the FY17, instead of considering the same on the basis of actuarial valuation. The GESCOM shall furnish the reason for deviation in projecting the contribution to P&G Trust under employee's cost for the FY18 and the FY19.
- iv. The GESCOM shall furnish the details of the actual amount of RS.35.69 Crores incurred towards professional charges for the FY17. The GESCOM shall also furnish the basis for projecting Rs.38.55 Crores and Rs.40.67 Crores for the FY18 and the FY19 respectively.
- v. The GESCOM shall furnish the revised Format D9, duly bifurcating the long term and short term loan details. The GESCOM shall also furnish the details of loan amount sanctioned, loan availed, repayment, rate of interest, amount of interest, and purpose of the loan with Opening Balance and Closing Balance for the FY17 to the FY19.

- vi. The GESCOM has projected an amount of Rs.4.28 Crores as interest and finance charges capitalized for the FY19. Considering the actual capital loan availed during the FY17 and the projected capital loan for the Capex and the interest thereon for the FY18 and the FY19, the projected capitalized portion of interest and finance charges is very meager. The GESCOM shall reconsider the same.
- vii. The GESCOM in its filing, has not submitted the half yearly accounts for the FY18. The same shall be submitted.
- viii. The GESCOM in its filing, has considered Rs.78.34 Crores as Bad debts written off and Provision thereon, for the FY17. The GESCOM shall furnish the details of bad debts written off and the Provision for bad & doubtful debts amount included in this amount separately for the FY17.
- ix. The GESCOM, under format D11-Other Debits has considered an amount of Rs.109.29 Crores and Rs.20 Crores under format D13-Net prior period debit/credit for the FY 19. The GESCOM shall furnish the provisions for claiming such amount in the ARR for the FY19.
- x. The GESCOM shall furnish the amount of subsidy claimed and received from GoK along with sales figures in respect of BJ/KJ and IP set installations for the FY17.
- xi. The GESCOM shall furnish the amount of equity received from GoK along with Government Order number and date and the actual date of receipt during the FY17 and up to November, 2017 during the FY18.
- xii. The GESCOM shall furnish the details for the expenditure incurred towards consumer relations/education for the FY17.
- xiii. The GESCOM in its filing has indicated the existing and the proposed ToD tariff rate of (+)125 and (-)100 paise per unit as against the existing approved rate of (+)100 and (-)100 paise per unit. The GESCOM shall set right the error and resubmit the revised proposal for the FY19.
- xiv. **Simplification of Tariff:**

- a) The GESCOM in its filing, has informed that the detailed Report of the Simplification of Tariff Committee has been submitted to the Energy Department. The GESCOM shall furnish the copy of the Report along with its proposals to examine implementation of the recommendations.
- b) The BESCOM, in its filing, has proposed the following new proposals. The GESCOM shall examine the same and submit its comments/ proposals with justification on:
- i. Separate Tariff for 1 MW and above consumers:
 - ii. Additional charges for maximum demand exceeding the C.D:
 - iii. Increase in Re-connection charges:
 - iv. Billing Cycle for Temporary installations:
 - v. Separate Tariff for battery charging facility for motor vehicles.

G. Compliance to directives issued by the Commission

Sl. No	Directives issued by the Commission	Observations made
1	Consumer interaction meeting at Subdivision level.	It was directed to conduct consumer interaction meetings at Subdivision level chaired by the SEE once in a quarter to redress the consumer complaints. The GESCOM has submitted the details of consumer interaction meetings conducted in 42 of the total 53 subdivisions. The GESCOM needs to furnish the reasons for not conducting consumer interaction meetings in the above 11 subdivisions. Further, if such meetings are conducted on one day in its entire area covering all subdivisions, SEE or EE cannot attend and chair the meetings. The dates of such meetings in subdivisions should have been spread over in a quarter so that SEE or EE can attend and chair the meetings. The GESCOM shall furnish compliance thereon.
2	Directive on preparation of energy bills on monthly basis by considering 15 minute's time block period	The GESCOM shall indicate the date from which monthly bills were prepared by considering 15 minute's time block period and furnish 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.

3	Directive on Energy Conservation	<p>The GESCOM was directed to service all the new installations only after ensuring that the BEE ***** (Bureau of Energy Efficiency five-star rating) rated Air Conditioners, Fans, Refrigerators, etc., are being installed in the applicant consumers' premises and also to service all streetlight installations with LED/energy efficient lamps.</p> <p>The GESCOM has not submitted compliance regularly to the Commission on the above directive. The GESCOM shall submit the compliance on the above.</p>
4	Directive on use of safety gear by linemen:	<p>The Commission had directed the GESCOM to take action to sensitize the linemen about the need for adoption of safety aspects in their work through suitably designed training / awareness programs. the GESCOM is required to furnish the details of the number of linemen given training and balance linemen to be given training.</p>
5	Directive on providing Timer Switches to Street lights by ESCOMs	<p>It is stated that the work of installing timer switches was to be completed in March, 2017, the GESCOM should explain as to why even as on November, 2017. The work has not commenced yet in other areas except a small number of timer switches provided in Kalaburagi.</p>
6	Directive on establishing a 24X 7 fully equipped centralized consumer service centers	<p>The GESCOM has not submitted the progress of establishing the service stations in the subdivisions/Sections for attending to consumer complaints.</p> <p>The GESCOM shall furnish the details such as the total number of service stations established in the subdivisions/Sections, remaining service stations required to be established and the likely time for establishing the remaining service stations equipped with proper infrastructure for addressing consumer complaints effectively.</p>
7	ENERGY AUDIT	<p>Energy Audit of cities / towns</p> <p>The GESCOM is not furnishing the energy audit reports regularly to the Commission. The GESCOM shall furnish the same up to November, 2016 along with the details of specific measures initiated to further reduce loss levels wherever the same are above 15% since in many of the towns/cities the loss levels are reported as being more than 15%.</p> <p>DTCs Energy Audit:</p> <p>The GESCOM has not furnished the details of energy audit conducted in respect of 68,102 DTCs for which meters have already been provided and the remedial measures initiated</p>

		to reduce losses based on the energy audit results. Also, the GESCOM needs to furnish the reasons for delay in conducting the energy audit of DTCs which are provided with meters. Further, the GESCOM has not furnished the consolidated energy audit report for the FY17 and the FY18(up to November, 2017). The GESCOM shall furnish the same as per the approved formats.
8	Implementation of NJY	The GESCOM has not furnished the details of feeders segregation work undertaken in phase3 (DDUGJY). The same shall be furnished with the latest progress/status and the likely time to complete the same.
9	DSM in Agriculture	The progress is the same as last year. The GESCOM is required to furnish the reasons for inordinate delay in taking up DSM in Agriculture.
10	Electrification of un-electrified Households	The GESCOM has stated that totally 1,23,334 un-electrified households are there in the GESCOM's jurisdiction and the same will be electrified in 12 th Plan under DDUGJY/RGGVY scheme. However, total households covered under these schemes are only 89881 leaving a balance of 33,493 households. the GESCOM shall clary the same.
11	Subdivision as Strategic Business Units (SBU)- Financial Management Framework	The GESCOM has not implemented the directive on Financial Management Framework in its jurisdiction on the basis of PWC's report. The GESCOM shall furnish the reasons for not implementing the directive on Financial Management Framework with the existing staff to assess the performance of the divisions/subdivisions in its jurisdiction, to the Commission.
12	Prevention of Electrical Accidents	The GESCOM has not submitted the Division-wise action plan to minimize accidents. It has also not submitted the details of number of hazardous installations identified and rectified in the distribution system for the FY17. The GESCOM is required to furnish the details of number of hazardous locations/installations identified in its distribution network in the FY17 and the number of such installations rectified in the FY18 up to November, 2017. Also, The GESCOM shall furnish the action taken to minimize the accidents, on the basis of the Safety Technical Manual which has been forwarded by the Commission.
