

**Preliminary Observations on the Applications filed by the GESCOM for approval of APR for FY21 and ARR for FY23-FY25 & Retail Supply Tariff for FY23 under MYT Framework**

**A. Annual Performance Review for FY21**

**1. Sales Other than IP sets for FY21:**

a. General Observations:

- i. D-2 Format for FY21 shall be furnished.
- ii. The BJ/KJ number of installations and sales indicated for less than or equal to 40 units and for installations consuming more than 40 units needs to be interchanged in Table 46.
- iii. At page-99, it is stated that sales to LT categories has increased by 26.79MU and that the sales to HT category has decreased by 194.68MU. The Commission notes that there is a reduction of 264.73MU in LT categories and 380.06 MU in HT categories. This shall be rectified.

b. Observations on Sales for FY21- Other than IP sets:

- i. The Commission, in its Tariff Order 2020 dated 04.11.2020, had approved total sales to various consumer categories at 7647.04MU, as against the GESCOM's proposal of 7766.75 MU. The actual sales of GESCOM as per the current APR filing [D-2 FORMAT] is 7002.24 MU indicating decrease in sales to the extent of 644.80 MU with respect to the approved sales.

The category wise sales approved by Commission and the actuals for FY 21 are indicated in the table below:

<b>Energy Sales in MU</b>			
<b>Category</b>	<b>Approved</b>	<b>Actuals</b>	<b>Difference (Actuals-Approved)</b>
<b>(1)</b>	<b>(2)</b>	<b>(3)</b>	<b>(4)=(3)-(2)</b>
BJ/KJ consuming more than 40 units/month	6.96	6.26	-0.70
LT-2a	1260.26	1305.87	45.61
LT-2b	16.65	9.56	-7.09
LT-3	376.74	329.91	-46.83
LT-4b	10.94	3.29	-7.65

LT-4c	1.25	1.43	0.18
LT-5	180.23	176.66	-3.57
LT-6 WS	446.99	399.04	-47.95
LT-6 SL	284.90	206.48	-78.42
LT-7	27.12	20.87	-6.25
HT-1	130.51	122.38	-8.13
HT-2a	1227.88	911.29	-316.59
HT-2b	81.15	57.75	-23.40
HT-2c	38.74	23.85	-14.89
HT-3a & b	124.75	105.05	-19.70
HT-4	15.29	15.21	-0.08
HT-5	12.78	15.51	2.73
Sub total	4243.15	<b>3710.41</b>	<b>-532.74</b>
BJ/KJ consuming upto 40 units/month	237.95	250.36	12.41
IP Sets	3165.94	3041.47	-124.47
<b>Sub total</b>	3403.89	<b>3291.83</b>	<b>-112.06</b>
<b>Grand total</b>	7647.04	<b>7002.24</b>	<b>-644.80</b>

The Commission notes that excluding LT1 (BJ/KJ consuming upto 40 units/month), LT2a, LT4c and HT5 categories, in all other categories the sales has reduced. The major categories contributing to the reduction in sales with respect to the estimates are LT3, LT6LT4a, HT2a, HT2b, HT2c and HT3.

GESCOM has attributed the reduction in sales in HT categories to Covid-19 which is noted by the Commission. The Commission also notes that the sales in domestic category has increased probably due to work from home and use of gadgets owing to covid-19 lockdown.

- ii. GESCOM shall furnish the following information to further validate the sales: In order to analyse HT sales, GESCOM shall furnish the data of sales to HT2(a), HT2(b), HT-2c and HT-4 categories along with the consumption from open access / wheeling for the years 2019-20 and 2020-21 in the following format:

#### HT2A

Year	Sales by GESCOM	Energy procured by HT Consumers under open access / wheeling	Total of GESCOM Sales & OA/Wheeling consumption	% share of OA energy to Total energy
2019-20				
2020-2021				

**HT2B**

Year	Sales by GESCOM	Energy procured by HT Consumers under open access / wheeling	Total of GESCOM Sales & OA/Wheeling consumption	% share of OA energy to Total energy
2019-20				
2020-2021				

**HT2C**

Year	Sales by GESCOM	Energy procured by HT Consumers under open access / wheeling	Total of GESCOM Sales & OA/Wheeling consumption	% share of OA energy to Total energy
2019-20				
2020-2021				

**HT4**

Year	Sales by GESCOM	Energy procured by HT Consumers under open access / wheeling	Total of GESCOM Sales & OA/Wheeling consumption	% share of OA energy to Total energy
2019-20				
2020-2021				

- iii. The breakup of BJ/KJ installations consuming less than or equal 40 units and above 40 units shall be furnished for FY22 and FY-23 to FY 25, in the following format:

Particulars	No. of Installations	Consumption in MU
Installations Consuming less than or equal to 40 Units		
Installations consuming more than 40 units and billed under LT 2a		

**2. Sales to IP Sets for FY21:**

- GESCOM has not submitted the signed copies of the calculation sheet and the abstract for FY21 and FY22 up to September 2021 as per the format prescribed by the KERC. GESCOM has not even submitted the soft copy of the calculation sheets substantiating its claim of sales in respect of IP sets.
- GESCOM has not submitted the D2 format for FY21 in its tariff filing.
- The Commission, in the APR for FY20, vide its Tariff Order 2021 has approved the total sales to IP sets as 3,054 MU with a specific consumption of 7,823.51 unit per IP set per annum for FY20 for 3,99,627 number of installations.

GESCOM in its current filing has indicated the sales to IP sets as 3,041.47 MU for FY21 for 4,07,519 number of IP installations. The specific consumption works out to 7,536.36 for a mid-year installation of 4,03,573  $[(399627 + 407519) / 2]$  units per IP set per annum. GESCOM has mentioned the specific consumption as 7,463.38 units per IP set per annum without considering the mid-year installations. The Commission notes that there is a decrease in the specific consumption by 287.15 units per IP set per annum for FY21 as compared to FY20 actuals. The reasons for the decrease in the specific consumption for FY21 needs to be explained, when there is an increase in number of consumers by 7,892 (407519 - 399627) and decrease in sales by 12.53 MU.

- d. The details of sales to IP sets for FY21 as approved by the Commission in its Tariff Order 2020 and the actual sales as furnished by GESCOM in its Tariff Filing for FY22 are as follows;

<b>Particulars</b>	<b>As approved by the Commission in ARR for FY21 in TO</b>	<b>As submitted by GESCOM for APR of FY20 in the TF</b>
Number of installations	4,02,324	4,07,519
Mid-year number of installations	3,98,380	4,03,573 (Commission calculated value)
Specific consumption in units / installation / annum	7,947	7,536.36 (Commission calculated value)
Sales in MU	<b>3,165.94</b>	<b>3,041.47</b>

- e. GESCOM has to furnish the reasons for, decrease in specific consumption by 410.64 units / installation / annum even when there is an increase in installations by 5,195 and decrease in sales by 124.47 MU when compared to the approved figures.
- f. GESCOM has to furnish the data of GPS as on 31.03.2020 and 31.03.2021 by reconciling survey data with the number of installations in the DCB.

**Based on the observations made in the previous Tariff Order, GESCOM shall submit the IP assessed consumption for FY21 and FY22 till September 2021, 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.**

**GESCOM is also directed to submit the data in the following format:**

Particulars	FY-17		FY-18		FY-19		FY-20		FY-21	
	April 2016 to Sept 2016	Oct. to Mar 2017	April 2017 to Sept 2017	Oct. to Mar 2018	April 2018 to Sept 2018	Oct. to Mar 2019	April 2019 to Sept 2019	Oct. to Mar 2020	April 2020 to Sept 2020	Oct. to Mar 2021
<b>LT4a – Installations (Nos)</b>										
<b>Midyear installations (Nos)</b>										
<b>LT4a – sales (MU)</b>										
<b>Specific consumption in units / IP/ annum</b>										

### **3. Observations on Power Purchase -APR for FY21:**

1. The contents/details of D-1 format for FY-21 shall be in line with Annexure-2 of Tariff Order 2020, for easy comparison.
2. A separate statement showing the variable cost in the ascending order from different sources of power shall be attached. Any deviation from the merit order scheduling should be explained fully.
3. The Source wise actual energy purchase and Cost for FY21 is different from approved energy purchase and Cost for FY21. The same needed to be explained Source wise.
4. The GESCOM has considered Energy of -5.23 MU and cost of Rs -2.91 Crores towards previous year difference of energy balance. The basis for payment of this amount needs to be furnished besides submitting a reconciliation statement for the energy balancing among the ESCOMs.
5. The GESCOM has considered Energy of 4.68 MU and cost of Rs 9.38 Crores towards energy balance. The basis for payment of this amount needs to be furnished besides submitting a reconciliation statement for the energy balancing among the ESCOMs.
6. The GESCOM shall explain the reasons for paying high average cost per unit for the following generating station/schemes:
  - a) BTPS Unit-1
  - b) BTPS Unit-3

- c) NTPC Vallur
  - d) Kudgi
  - e) UPCL
7. In the D- Format, for KPCL Hydro projects fixed charges of Rs.45.06 Crores and variable charges of Rs.188.87 Crores is considered. The details of the payment for this fixed charges amount, needs to be furnished.
  8. The Prior period expenditure has been indicated as Rs 35.79 Crores. The details for the same needs to be provided.
  9. The energy towards IEX is indicated as -212.01 MU without indicating corresponding amount. The details of the same needs to be provided with appropriate explanation.
  10. The other/financial charges have been indicated as Rs.5.36 Crores. The details of the same needs to be provided.
  11. GESCOM has indicated in the D-1 statement, energy and charges in respect of UI/south western railways as -36.51 MU and Rs.3.4 Crores. How the amount has been incurred for a negative figure of energy drawn or sent out needs to be explained.
  12. GESCOM has indicated in the D-1 statement, banked (solar/Non solar) energy of 48.02 MU and corresponding charges as Rs.13.02 Crores. The reasons/details for this needs to be furnished.
  13. GESCOM has indicated in the D-1 Statement, infirm(solar/Non-Solar) energy of 44.9 MU and without indicating any amount. The details for this needs to be furnished.

#### **4. Observations on Capital Investment for FY21:**

1. Commission, in its Tariff Order dated 4<sup>th</sup> November, 2020, had recognized the capex proposal of GESCOM for Rs.733.23 Crores for FY21. However, the Commission decided to reckon the expected capital expenditure of Rs.603.74 Crores for the purpose of determination of Tariff for FY21 by considering the capital grants, consumer contribution and internal resources for the various proposed works to be executed.
2. GESCOM, in its filling has indicated a capital expenditure of Rs.407.68 Crores in Table-42, whereas in Format D-17, the Capital expenditure is shown as

Rs.404.76 Crores. The GESCOM shall indicate the capex incurred for FY21 correctly vis-à-vis the Commission approved capex. In view of the inconsistency in furnishing the details, GESCOM shall furnish the details of actual capex incurred for FY21 as per **Annexure-1**, besides furnishing the following details:

- a. Details of sources of funding (like grants, debt, equity and internal sources) besides loans raised to meet the capex towards the capex incurred during the FY21, against each of the category of works.
- b. Division-wise abstract of capacity wise replacement of faulty transformers by new transformers with reasons for having incurred amount of Rs.3.31 Crores.

#### **5. RPO Compliance for FY21:**

GESCOM in its filing, has stated that against the target RPO for FY21 of 8% for Non-solar and 8.5% for Solar, it has complied with 29.28% of Non-Solar RPO and 18.97% Solar RPO.

GESCOM shall furnish energy break-up details for Shimsha and Shivanasamudra projects separately. Also, the hydro energy included in energy balance shall be furnished separately.

As per D1 format the energy purchased net of Hydro is 6692.68 (8506.06-1784.96-23.69-4.77), whereas at Table-59, page 105, it is indicated as 6753.75MU. The data shall be reconciled with the audited accounts.

As per D-1 format the solar purchased is as follows:

Source	MU
PPA	1048.11
KPCL	1.81
SRTPV	8.45
<b>Total</b>	<b>1058.37</b>

It is noted that at page 105 the solar energy considered for FY21 compliance is 1280.88 MU against 1058.37 MU as per D-1 format. GESCOM shall clarify and

shall also furnish the break up for bundled power from NTPC, banked and infirm energy from solar separately duly tallying with audited accounts.

As per D-1 format the Non-solar purchased is as follows:

Source	MU
Wind	1369.58
Mimi-Hydel	130.06
Co-gen	53.46
Co-gen medium term	260.16
Bio-mass	76.85
<b>Total</b>	<b>1890.11</b>

It is noted that at page 105, the Non-solar energy considered for FY21 compliance is 1977.70 MU against 1890.11 MU as per D-1 format. GESCOM shall furnish the break up for banked and infirm energy from Non-solar. GESCOM shall reconcile the above data with respect to audited accounts and also consider Shimsha power generation under Non-solar RPO.

For validating the RPO compliance and to work out APPC, GESCOM shall furnish the data as per the format indicated below, duly reconciling the data with audited accounts for FY21 (each item in the table shall be indicated 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 [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 % [No12/No.1]*100		

**6. Legible Copy of Audited Accounts for FY21:**

The copy of the provisional audited accounts submitted by GESCOM for FY21 is not legible and readable. GESCOM is expected to finalize its audited accounts by September, 2021 and submit the same to the Commission. Hence GESCOM shall submit a legible copy of the audited accounts for FY21, with Director's Report along with DCB statement, duly tallied with the audited accounts figures for FY21. GESCOM shall also submit the half year accounts for FY22.

**B. Observations on ARR for FY23-FY25**

**1. Category-wise sales Other than IP sets FY23-FY25:**

- i) GESCOM in their filing at Table-83, page-215 & 216, has submitted the growth rate considered for estimating the number of installations. However, GESCOM has not furnished how this growth rate is arrived at. GESCOM shall clarify as to whether they have considered 3-year or 5-year CAGR or previous year growth. GESCOM shall furnish the working sheet(soft-copy) for the same.

- ii) At page 217, for LT-2b, the number of installations is indicated as 65374 for FY22, 69052 for FY23, 71702 for FY24 & 73687 for FY25, against addition of 147 to 388 installations/year as stated by GESCOM. This shall be rectified.
- iii) For estimating LT-3, LT-4b, LT-4c, LT-5, LT-6a, HT-2a, HT-2b and HT-5 installations, GESCOM has considered the additions considering incremental addition of installations during first half of FY22. Since there would be additions during the second-half of the year also, the number of installations in this categories are under estimated. GESCOM may consider revising the same.
- iv) Regarding the estimates of energy sales, GESCOM has stated that it has worked out specific consumption for each category considering FY21 sales and FY20 mid-year installations. The Commission notes that to arrive at specific consumption for FY21, the mid-year installations of FY21 alone has to be considered. GESCOM shall rectify the same. GESCOM shall furnish the working sheet (soft-copy) of the same. Further, for all categories estimates cannot be done on specific consumption, especially for HT categories and LT commercial & Industries. GESCOM may consider CAGR for these categories.
- v) The table indicating the growth rates for the number of installations is furnished below:

Category	Percentage Growth Rates					
	2015-16 to 2020-21 CAGR	2017-18 to 2020-21 CAGR	FY21 growth over FY20	Growth rate proposed by GESCOM for FY23	Growth rate proposed by GESCOM for FY24	Growth rate proposed by GESCOM for FY25
LT-2a	4.91%	5.40%	3.03%	3.54%	3.55%	3.52%
LT-2b	7.25%	5.83%	2.83%	5.95%	5.72%	5.65%
LT-3	5.44%	5.40%	4.17%	4.27%	4.33%	4.29%
LT-5	4.16%	3.59%	3.37%	4.21%	4.30%	4.42%
LT-6 WS	12.01%	11.40%	11.36%	8.78%	8.25%	7.82%
LT-6 SL	4.26%	9.53%	16.48%	1.88%	2.27%	2.67%
HT-1	6.31%	7.08%	7.05%	6.15%	7.37%	7.35%
HT-2 (a)	6.48%	6.45%	4.90%	5.14%	5.39%	5.55%
HT-2 (b)	5.63%	6.53%	5.34%	6.02%	6.69%	6.46%
HT-2 (c)	17.00%	12.07%	7.04%	16.18%	16.16%	17.03%
HT-3(a)& (b)	10.13%	5.70%	2.13%	7.97%	7.78%	7.41%
HT-4	7.96%	14.91%	12.82%	6.25%	11.76%	14.04%

It is observed that growth rate considered for LT-2a, LT-3 LT-6WS & SL and HT-2a is lower as compared with CAGR. GESCOM may reconsider revising its estimates for these categories.

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

Category	Percentage Growth Rates					
	2015-16 to 2020-21 CAGR	2017-18 to 2020-21 CAGR	FY20 growth over FY19	Growth rate proposed by GESCOM for FY23	Growth rate proposed by GESCOM for FY24	Growth rate proposed by GESCOM for FY25
LT-2a	4.91%	6.40%	7.14%	3.60%	3.55%	3.54%
LT-2b	-0.17%	-7.22%	6.31%	6.10%	5.85%	5.62%
LT-3	3.72%	1.78%	8.39%	5.01%	4.30%	4.31%
LT-5	1.21%	2.28%	0.33%	6.36%	4.26%	4.36%
LT-6 WS	16.84%	15.32%	15.98%	11.66%	8.50%	8.03%
LT-6 SL	-0.42%	-4.43%	-3.35%	3.27%	2.08%	2.47%
HT-1	7.78%	4.40%	-1.35%	6.74%	6.70%	7.36%
HT-2 (a)	-1.91%	0.51%	-4.84%	7.79%	5.26%	5.47%
HT-2 (b)	-3.86%	-5.61%	3.96%	8.86%	6.36%	6.58%
HT-2 (c)	12.44%	1.36%	12.82%	26.45%	16.16%	16.62%
HT-3(a)& (b)	6.63%	7.82%	1.76%	8.66%	7.85%	7.60%
HT-4	3.40%	6.76%	2.43%	7.56%	9.94%	12.27%

The Commission notes that the CAGR as well as FY21 growth rate for energy sales in most of the categories is negative+ or lower, due to reduction in sales during FY21 on account of Covid-19. Thus, comparing with FY20 growth rate, the Commission observations are as follows:

- a. Growth rate is lower for LT-2a, LT-3 & LT-6WS and
- b. Growth rate is higher for LT-5, LT-6 SL & all HT categories

## 2. Projected sales to IP Sets for the FY23 to FY25:

- a) Sales as per actuals and the number of IP installations incurred in the system during the period April 2021 to September 2021 is found not considered for projection of IP sales for FY22 and hence for FY23 to FY25.
- b) GESCOM has to submit the feeder-wise, month-wise calculation sheet in respect of assessment of sales to IP installations for the period April 2020 to March 2021 and April 2021 to September 2021.
- c) GESCOM has not mentioned anything on the methodology adopted for projection of number of consumers as well as sales. GESCOM shall furnish the detailed calculation in respect of consumers and sales projections for FY22 and FY23 to FY25.

- d) The GESCOM, in its tariff application for FY22 has not furnished total IP consumption for the period April to September 2021 without furnishing the month-wise break-up, as per the prescribed formats. In the absence of clear data, the Commission will not accept the sales for FY23 to FY25.

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

**a. No. of Installations:**

Category	2019-20 Actuals		2020-21 Actuals		2021-22	
	As on 30 <sup>th</sup> Nov 2019	As on 31 <sup>st</sup> March 2020	As on 30 <sup>th</sup> Nov 2020	As on 31 <sup>st</sup> March 2021	As on 30 <sup>th</sup> Nov 2021	As on 31 <sup>st</sup> March 2022 (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						
<b>Sub Total (Other than BJ/KJ and IP )</b>						
BJ/KJ<=40units/month						
BJ/kJ > 40 units/month.						
IP sets-LT-4a						
Sub Total ( BJ/KJ and IP )						
<b>Grand Total</b>						

**b. Energy Sales**

Category	2019-20 Actuals		2020-21 Actuals		2021-22	
	1st April 2019 to 30th Nov 2019 (cumulative)	1st Dec 2019 to 31st March 2020 (cumulative)	1st April 2020 to 30th Nov 2020 (cumulative)	1st Dec 2020 to 31st March 2021 (cumulative)	1st April 2021 to 30th Nov 2021 (cumulative actuals)	1st Dec 2021 to 31st March 2022 (cumulative Estimate)
LT-2a						
LT-2b						
LT-3						
LT-4 (b)						
LT-4 (c)						

	2019-20 Actuals		2020-21 Actuals		2021-22	
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 )						
<b>Grand Total</b>						

#### 4. Power Purchase FY23 – FY25:

- a. As per the perspective plan, GESCOM has furnished the CAGR projection, to estimate the quantum of energy considered, for the control period FY23 to FY 25 is as detailed below:

Particulars	FY23	FY24	FY25
Sales(MU)	7610.45	7799.10	7929.00
Distribution loss in %	12.90	11.83	11.46
Energy at IF points(MU)	8737.39	8845.40	8955.24
Transmission loss in %	3.17	3.17	3.17
Energy requirement at Generation point (MU)	9023.10	9134.65	9248.08

- b. As per the tariff application filed by GESCOM, the projections filed for the control period FY23 to FY25 as shown below, are different from projections made in the perspective plan, earlier submitted to the Commission:

Particulars	FY23	FY24	FY25
Sales (MU)	7710.16	8004.53	8320.33
Distribution loss in %	10.70	10.65	10.60
Energy available at interface points (MU)	8634	8958.62	9306.86
Transmission loss (MU)	265.01	274.98	285.67
Energy available at generation points (MU)	8899.01	9233.60	9592.52

- c. GESCO shall furnish the reasons for the modified quantum of energy for the control period, which is different from the figures shown in the perspective plan.
- d. In respect of Renewable Energy (RE), month-wise break up of source-wise capacity and energy shall be furnished. This is essential to analyse the month-wise variations of requirement of energy and availability from different sources.
- e. GESCO, in its projection has not shown any sale of surplus energy. The planned for sale of surplus energy may be furnished.
- f. In respect of thermal energy, GESCO has considered high rate of variable cost for the control period. GESCO shall furnish a detailed analysis for projecting the variable cost source-wise for KPCL thermal, UPCL and CGS duly comparing it with the previous control period.

**5. Capital Investment Plan for FY23-FY25:**

1. GESCO has proposed the Capex of Rs.791.45 Crores, Rs.782.22 Crores and Rs.765.27 Crores for FY23, FY24 and FY25 respectively for the control period, under MYT regime. The total capex proposed for the control period is Rs. 2338.94 Crores. Commission notes that the proposed capex for the control period in tariff filing is not in line with capex proposed under perspective plan. This shows that GESCO is not planning its capex properly. These proposals are not backed up with proper data to justify the huge capex. No specific strategy / plan is set to improve the techno commercial efficiency of the GESCO by considering reform parameters to cover grey areas, to ensure reliable power supply to increase operational performance, which intern gives the real benefits to the consumers are not furnished and no proper justification is given for taking up each category of works is furnished.
2. GESCO shall provide necessary justification on each of the works in terms of its purpose, requirement, physical progress, cost and timelines of completion along with Division-wise abstract of works, no. of works proposed to be taken in each of the year for the Control Period.

3. Division-wise abstract of no. of beneficiaries and works pertaining to creation of infrastructure to UAIP to be carried out for the proposed capex of Rs.50.12 Crores, Rs.50.05 Crores and Rs.10.00 Crores for FY 23 to FY25 respectively.
4. Division-wise, work-wise abstract pertaining to preventive measures to reduce the accidents for proposed capex of Rs.22.18 Crores, Rs. 22.10 Crores and Rs. 22.05 Crores for the control period and GESCOM shall also furnish the progress achieved in terms of reduction in accidents in comparison with previous control period till date.
5. Complete details of works to be carried out under replacement of HT conductor by of 11KV AB cable for the proposed capex of Rs.10.00 Crores, Rs.15.00 Crores and Rs.20.00 Crores for FY 23 to FY25 respectively, need to be furnished.
6. GESCOM shall furnish the tariff impact on consumers for the proposed capex to be met from borrowing.
7. Revised Capex for FY22: GESCOM has indicated revised capex for FY22 in its filing. It may be noted that while GESCOM shall incur the capex within the approved capex for FY22, the Commission would examine the truing up of actual capex during the course of APR for FY22.

#### **6. Cross-subsidy surcharge:**

GESCOM has proposed the following CSS for FY23 based on formula specified in tariff policy, 2016:

	<b>Paise/unit</b>						
<b>Voltage</b>	<b>HT1</b>	<b>HT2a</b>	<b>HT2b</b>	<b>HT2c</b>	<b>HT3</b>	<b>HT4</b>	<b>HT5</b>
66kV & above	230.36	189.15	279.064	86.43	25.02	323.894	599.738
HT level	189.79	-6.85	279.064	-109.57	-170.98	323.894	599.738

GESCOM shall file CSS 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. GESCOM shall furnish working details for cost of supply at HT level and EHT level.

## **7. Additional surcharge:**

GESCOM has proposed additional surcharge of 78 paise/unit for FY23 considering the ARR of FY23.

In the previous tariff orders the Commission has reduced ASC for RE generators. GESCOM may provide its comments regarding continuing of the reduced ASC for RE sources.

## **8. Distribution Losses:**

GESCOM, in its application has indicated the actual distribution losses for FY 21 as 10.72%, as against the approved loss of 14.00% and the actual distribution losses of 14.89% for FY20. The actual distribution losses for FY21 is reduced by 4.17% over the actual distribution losses of FY20. Further, GESCOM has projected the revised distribution losses of 10.75% for FY22, an increase over the actual loss of FY21 and 10.70%, 10.65% and 10.60% for FY23 to FY25, a meager reduction of 0.05% in each year of FY23 to FY25. Compared with the actual distribution losses achieved by GESCOM during the previous years up to FY21 and the amount of capex already invested and also the proposed higher amount of capex for the next control period of FY23 to FY25, the projected distribution losses with a year on year reduction of mere 0.05% for FY23 to FY25 is not desirable and acceptable. The Commission notes that, to achieve this level of the proposed reduction in the distribution losses, the requirement of capital investment as proposed by GESCOM with various capital works schemes, may not be required. To justify its investment, GESCOM shall re-assess and submit the revised projected distribution losses for FY23 to FY25.

## **9. Balances under GFA:**

GESCOM in its filing as per Format D-15, has projected the opening and closing balance of GFA for FY21 to FY25. GESCOM shall submit the details of GFA created out of consumer's contribution & grants and for the other assets created, amounts from internal resources & borrowings at the end of FY20 and

FY21. Also the amount included in the projected closing balances of GFA for FY23 to FY25 towards assets created out of consumer contribution may be furnished, to verify the compliance of the directive in terms of Hon'ble ATE Order in OP 46/2014.

**10. Depreciation on Assets created from Consumer Contribution:**

GESCOM, as per Format D-8, has indicated Rs.50.57 Crores towards depreciation withdrawn on the asset created out of consumer contribution and grants for FY21, as per Audited Accounts and has projected Rs.67.91 Crores, Rs.74.65 Crores and Rs.81.63 Crores respectful for FY23 to FY25. GESCOM shall submit the details of assets created out of consumer contributions and grants for having claimed the withdrawal of depreciation on such assets for FY21 to FY25 (OB, CB of GFA and depreciation rate and amount of depreciation thereon).

**11. Interest on Working Capital:**

GESCOM in its application, has claimed Rs.124.82 Crores, Rs.130.34 Crores and Rs.135.95 toward interest on working capital at 11.00% for FY23 to FY25. GESCOM, by taking into account the Gol circular issued to reduce the interest burden on consumers and also keeping in view the trend of fall in interest rates in the last 2 years, shall examine and re-compute the interest and submit the same to the Commission for FY23 to FY25.

**12. Interest on Consumer Security Deposits:**

GESCOM, in its filing has claimed Rs.36.19 Crores, Rs.42.70 Crores and Rs.46.18 Crores towards interest on consumer security deposits at the rate of 5.50% and 6.00% for FY23 to FY25 respectively, in contravention of the provisions of MYT Regulations. GESCOM shall examine and re-compute the interest by considering the applicable Bank Rate as notified by the RBI and submit the same to the Commission for FY23 to FY25.

**13. Terminal benefit:**

GESCOM in its filing of APR for FY21 and ARR for FY23 to FY25 has projected Rs.190.13 Crores, Rs.142.03 Crores Rs.156.10 Crores and Rs.165.25 Crores

respectively towards Contribution to provident and other funds for FY21 and for FY22 to FY25. GESCOM shall furnish the basis and the computation details for having claimed the amount of contributions to Pension and Gratuity Trust in respect of employees recruited prior to 31.03.2002 and those employees covered under NDCPS scheme separately.

- 14.** Interest on GESCOM, as per Format –D9, has included Rs.54.01 Crores towards interest liability component of loan from Shareholders for FY21. GESCOM shall submit a detailed explanation for this amount along with computation sheet.

**15. Bifurcation of Loans:**

GESCOM as per Format-D9, has clubbed both the long Term (Capital Loan) and the short term loans (working capital) for FY21 to FY25. GESCOM shall bifurcate the loans into Long Term (capital loan) and Short Term (working capital loan) and submit the details for each loan, that is, name of the bank/ FI, amount of loan sanctioned, purpose of availing the loan, opening balance, rate of interest, term of the loan, repayment, interest amount and closing balance duly tallied to the audited accounts for FY21 and also for the projections made for FY22 to FY25.

**16. Tariff Subsidy to BJ/KJ and IP set installations for FY 21:**

GESCOM in its filing, has not submitted the Format– D-2 for FY21. GESCOM shall submit the required details under Format- D-2 duly tallied with the audited accounts figures for FY21. GESCOM shall submit the details of energy consumption and revenue demand raised as per the audited accounts and amounts claimed from the government towards release of subsidy for FY21 from the GoK.

- 17.** GESCOM as per Format D-21 and D-21 (a) has considered the total sanctioned load under each slab in each of the tariff categories. GESCOM shall submit the total sanctioned load under each slab of tariff category as on 30<sup>th</sup> September 2021, along with slab-wise consumption detail to estimate the revenue at both existing and proposed tariff.

## 18. Discontinuation of Incentive Schemes:

GESCOM, in its filing has proposed to discontinue the Discounted Energy Rate Scheme approved by the Commission in the previous tariff Order. The Commission, with a view to increase the energy sales in the ESCOMs under HT category has approved the scheme keeping in view the availability of surplus power in the State. The other ESCOMs in the State have proposed to continue the Schemes with some modifications. In this regard, GESCOM shall submit the reasons for its proposal to discontinue the schemes along with an analysis of impact of the scheme on its revenues in case of its continuation. As per the projections, there is surplus power available in the State for FY23 and GESCOM shall submit its plan of action to sell the surplus power to reduce the fixed charge burden on the company and to the consumers in the State. GESCOM shall also submit its action plan to increase the energy sales within its area of supply to reduce its accumulated revenue losses.

## 19. Increase in Fixed Charges:

BESCOM, in its filing has proposed to levy Fixed / demand charges on slab-wise sanctioned load basis. GESCOM shall submit its opinion on the proposal. GESCOM shall submit the following details certified by the senior officers of the company on the basis of the data available in the computerized billing system by considering the existing consumers as on 30<sup>th</sup> September 2021.

	No. of Consumers	Total Sanctioned Load	Sanctioned Load/consumers
LT2(a) up to 1 KW About 1KW up to 5 KW Above 5 KW up to 25 KW Above 25 KW up to 50 KW Above 50 KW			
LT2(b) Up to 1 KW Above 1 KW to 10 KW Above 10 KW to 50 KW Above 50 KW			
LT3 Up to 1 KW Above 1 KW to 10 KW Above 10 KW to 50 KW Above 50 KW			
HT2 (Separately for (a) (b) (c) Up to 200 KVA Above 200 KVA to 1000 KVA Above 1000 KVA			
HT2(a) Consumption up to 2 lakhs Above 2 lakhs			

## 20. Observations on Directives:

Directive No	Directives Issued by the Commission	Observation made
3	Directive on Energy Conservation	<p>GESCOM is not furnishing the compliance on quarterly basis as directed. GESCOM shall submit the compliance as per the directions. It has not informed on the action taken for promoting energy conservation by the use of EE appliances while servicing the installations, especially street lights. GESCOM has not furnished in detail the implementation of the directive on energy conservation in its offices, number of offices covered, energy saved etc.,</p> <p>The GESCOM shall submit the compliance thereon.</p>
4	Directive on implementation of Standards of Performance (SoP)	<p>The GESCOM was directed to display the SoP parameters in all its O&amp;M Subdivisions and O&amp;M Sections. Also directed the GESCOM to carry out effective supervision over the functioning of field offices particularly in rendering of services to the consumers, relating to restoration of supply of electricity and to submit the details of number of violations of SoP by officers, sub-division wise, month wise, amount of penalty levied on the officers and the amount paid to the consumers for any delay in service.</p> <p>The Commission directed GESCOM to conduct awareness campaign at the Hobli levels for educating the public about the Standards of Performance prescribed by the Commission. GESCOM is required to conduct necessary orientation programme 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>GESCOM has not reported anything on the conduct of awareness campaigns in the Hobli levels for educating consumers and about the orientation programs for educating the officers and field staff up to the level of lineman especially during FY21.</p> <p>GESCOM shall submit the compliance regularly.</p>
5	Directive on use of safety gear by linemen	<p>GESCOM is not submitting the quarterly compliance report to the Commission.</p> <p>The GESCOM has submitted that it is procuring safety equipment to all working in the field on need basis regularly. GESCOM shall submit the details indicating the number of linemen – both regular and working on contract basis, 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 be furnished.</p>
6	Directive on providing Timer Switches to Street lights by ESCOMs	<p>The GESCOM is not submitting the quarterly compliance report in respect of installation of timer switches, to the Commission.</p> <p>GESCOM has furnished in detail the statistics of, number of Street Light installations existing as at the beginning of the year, serviced during the year, provided with timer switches etc., for FY21. GESCOM is directed to furnish the same for FY22 i.e. upto September 2021.</p> <p>GESCOM has also not submitted the compliance as to whether LED / energy efficient lamps are being used and timer switches are provided while servicing of new streetlight installations.</p> <p>GESCOM shall submit the compliance thereon.</p>
7	Directive on Load shedding	<p>It is observed that GESCOM has not taken action to update the entire consumer data into the application used for public information system on power system interruption etc., GESCOM shall furnish the timeline for updating the entire consumer data into the application.</p> <p>GESCOM shall submit compliance on the same.</p>
8	Directive on establishing a 24x7 fully equipped centralized	<p>GESCOM was directed to reduce the consumer downtime to address the complaints. GESCOM is directed to report average time taken to attend to a complaint as at present and the efforts made to reduce the downtime further in future.</p>

Directive No	Directives Issued by the Commission	Observation made
	consumer service centers	The GESCOM shall furnish compliance in this regard. Comparison of the downtime analysis for FY20 and FY21 shall be furnished.
9	Directives on Energy Audit	<p><b>Energy Audit of cities / towns</b></p> <p>The GESCOM is not <b>furnishing the energy audit reports regularly to the Commission</b>. GESCOM 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 2021.</p> <p>GESCOM shall furnish the comparative statement of losses recorded in Towns &amp; Cities for the FY21 as against the FY20.</p> <p><b>DTCs Energy Audit:</b></p> <p>GESCOM 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>From the data submitted, the Commission has observed that out of the <b>28,757 metered DTCs</b>, energy audit is conducted for only <b>12,482</b> DTC which accounts for only 43%. In the previous years' tariff filing GESCOM has informed that <b>14,239</b> number of DTCs are audited out of <b>87,329</b> number of metered DTCs. GESCOM has to submit the reasons for conducting energy audit on such a low number of DTCs even though substantial number of DTCs are metered and shall furnish the correct statistics on the energy audit of DTCs. GESCOM shall also explain the inconsistency in figures on the no. of DTCs provided with DTC meters during the previous tariff filing and the current tariff filing.</p> <p>It has come to the notice of the Commission that, GESCOM has taken initiative and invested huge capital on remote reading of energy meters provided to various DTCs for achieving efficient energy auditing. GESCOM has not clearly mentioned on the status of communication system provided, action taken to achieve 100% communication and to analyze the data towards remedial measures for setting right the issues, conducting energy audit etc., GESCOM shall furnish the details on the number of meters provided to DTCs to have AMI in place by the earlier agencies, % of communication achieved, % age energy audit conducted with the AMI fetched readings etc.,</p> <p>GESCOM shall submit the details of energy audit conducted for the metered DTCs and the timeline by which all the remaining DTCs will be metered and audited.</p>
10	Implementation of NJY	<p>GESCOM in table 29, page No 72 of its tariff filing has informed that the number of hours of power supply given on agricultural feeders is 22-24 hours. GESCOM shall furnish the guidelines for providing power supply to agricultural feeders as per the GoK and the reasons for extending 22-24 hours of power supply to the agricultural feeders.</p> <p>It is observed from table 31, page number 73 that the IP set consumption from April 2020 to March 2021 as 3029.06 MU, whereas, as per the tariff filing data in page No 98, 99 the sales for the same period is mentioned as 3041.47 MU.</p> <p>GESCOM has neither submitted the signed hard copies of calculation sheet of month-wise assessment of sales to IP installations nor the soft copy of the same for FY21 and FY22. GESCOM has also not submitted the D-2 Format for FY21. GESCOM is directed to submit all the relevant documents towards its claims of sales to IP installations.</p>

Directive No	Directives Issued by the Commission	Observation made
13	Directive on Implementation of Financial Management Framework	<p>GESCOM has to submit the compliance in respect of implementation of Financial Management Framework, on quarterly basis regularly to the Commission <b>as per the directions issued considering all the parameters indicated in the Tariff Order 2021.</b></p> <p>GESCOM shall submit the detailed analysis and the result of Financial Management Framework Model introduced in its divisions / subdivisions to improve their performances for FY21 as well.</p> <p>GESCOM shall submit the action taken towards the recovery of arrears along with the action plan.</p>
14	Prevention of Electrical Accidents	<p>GESCOM, shall submit an action plan to rectify the balance hazardous locations and shifting the transformers located on foot paths.</p> <p>GESCOM shall furnish the summary of the analysis made on the reports submitted by the Electrical Inspectorate for FY21 and up to September, 2021, on accidents and action taken to prevent such accidents in future.</p> <p>GESCOM shall also furnish the details of hazardous locations for the FY21.</p>

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	providing ABC,UG cable etc).								
16	Providing SMC Box to DTCs.								
17	Replacement of Damaged poles								
18	Energisation of IP Sets under General category								
19	Energisation of IP Sets under General category (Shighra Samparka Yojane)								
20	Service Connection works other than IP/BJ/KJ/Water works.								
21	Sub Stations.								
22	Stations Augmentation								
23	Providing 33kV new link Lines for bifurcation load and Express Feeder								
24	Providing 11kV new link Lines for bifurcation load and Express Feeder								
25	Nirantara Jyoti Yojana								
26	RAPDRP Part-A								
27	RAPDRP Part-B								
28	Un Authorized IP Sets								
29	Providing meters to IP Sets above 10 HP								
30	Providing meters to BJ/KJ								
31	Providing meters to Street Lights and Water Supply.								
32	Replacement of Faulty / MNR energy meters other than BJ/KJ/ Street Light.								

33	Replacement of EM meters by Static meters								
34	DTC Metering of RAPDRP								
35	DTC Metering of non RAPDRP								
36	Replacement of 33kV Line Rabbit Conductor by Coyote Conductor								
37	11kV Re-Conductoring								
38	LT Re-Conductoring								
39	IT Initiatives, Automation and Call Centers								
40	Establishing ALDC & SCADA								
41	Distribution Automation System (DAS)								
42	DSM								
43	Replacement of failed Distribution Transformers by New Transformer by Scraping failed Transformer which is beyond Repair.								
44	Replacement of Power Transformers								
45	Replacement of Old and failed equipments and other works of existing 33kV Stations & Lines.								
46	Preventive measures to reduce the accidents (Providing intermediate poles, Re-stringing of sagging lines, providing guy and stud, guarding, shifting of lines, fencing of DTCs)								
47	Safety Materials								
48	Civil works								
49	SCP/TSP								
50	SDP works								

51	DDUGJY								
52	IPDS								
53	HT Conductor by 11KV AB Cable/UG cable								
54	T&P Materials i) Furniture								
55	Computer and Printers (T & P materials)								
56	Shifting of meter from I to O								
57	Creation of Electrical Infrastructures for conversion of Existing various villages to Model villages								
58	SOUBHAGYA Scheme								
59	CWIP- Capital Expenditure booked for restoration of infrastructure in flood affected areas.								
60	Solar Roof Top on existing GESCOM buildings and substations under 13th Finance Commission schemes.								
<b>TOTAL</b>									