

GESCOM

Preliminary Observations on the Applications filed by the GESCOM for approval of APR for FY18, ARR & Retail Supply Tariff for FY20 to FY22 under MYT Framework

1. Sales:

A. Sales Other than IP sets:

1. Approved sales figures for FY18, indicated at Sl. No.4 & 5 and the total sales, at page7, are not correctly shown. Similarly, the approved figures for the number of installations and sales indicated in the table at page 13, are not correctly shown. The correct figures, as per Tariff Order-2017, page 74, shall be substituted.
1. At page -13, reference has been made to the Tariff Order dated 14.05.2018. In the said order, the Commission has approved sales for FY19 and not FY18. Thus, GESCOM shall refer to page-74 of Tariff Order-2017, for approved sales figures and accordingly rectify the data.
2. The sales of FY18 is compared with sales of FY19 approved figures. GESCOM shall compare the FY18 actuals with respect to FY18 approved figures as per Tariff order, 2017.
3. At page-94, it is stated that APR for FY19 is furnished in chapter-2. However, as per MYT Regulations, APR for FY18 has to be filed.
4. **Annual Performance Review for FY18**
 - a. The Commission, in its Tariff Order 2017 dated 11.04.2017, had approved total sales to various consumer categories at 7188.58 MU, as against the GESCOM's proposal of 7266.02 MU. The actual sales of GESCOM as per the current APR filing [D-2 FORMAT] is 6510.90 MU indicating a decrease in sales to the extent of 677.68 MU with respect to the approved sales. There is decrease in sales to LT-categories by 482.01 MU and HT-categories by 195.67 MU.

It is noted that, as against approved sales of 3608.26 MU to categories other than BJ/KJ and IP sets, the actual sales achieved by GESCOM is 3297.51 MU, resulting in decrease of sales to these categories by 310.75 MU. Further, GESCOM has sold 3213.39 MU to BJ/KJ and IP category against approved sales of 3580.32 MU resulting in decreased sales to these categories by 366.93 MU.

The category wise sales approved by Commission and the actuals for FY 18 are indicated in the table below:

Category	Approved	Actuals	Difference
LT-2a	1205.26	1084.24	-121.02
LT-2b	11.54	11.97	0.43
LT-3	321.72	312.87	-8.85
LT-4b	3.61	1.43	-2.18
LT-4c	1.51	0.92	-0.59
LT-5	168.67	165.13	-3.54
LT-6	227.63	260.18	32.55
LT-6	245.39	236.52	-8.87
LT-7	21.12	18.11	-3.01
HT-1	93.86	107.56	13.70
HT-2a	1106.17	897.53	-208.64
HT-2b	83.31	68.67	-14.64
HT-2c	16.06	22.90	6.84
HT-3a & b	83.82	83.82	0
HT-4	13.16	12.50	-0.66
HT-5	5.43	13.16	7.73
Sub total	3608.26	3297.51	-310.75
BJ/KJ	128.44	256.51	128.07
IP	3451.88	2956.88	-495.00
Sub total	3580.32	3213.39	-366.93
Grand total	7188.58	6510.90	-677.68

From the above table it is noted that the major categories contributing to the reduction in sales with respect to the estimate are LT-2a (121.02 MU), HT-2a Industries (208.64 MU), HT-2b (14.64 MU) and LT -4a (495.00 MU). Further, it is observed there is increase in sales to LT-1 BJ/KJ (128.07 MU). **GESCOM shall analyse the same and furnish the reasons for the above.**

b. GESCO shall furnish the following information to further validate the sales:

In order to analyze reduction in HT sales, GESCO 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 2016-17 to 2017-18 in the following format:

HT2A

Year	Sales by GESCO	Energy procured by HT Consumers under open access / wheeling	Total of GESCO Sales & OA/Wheeling consumption	% share of OA energy to Total energy
2015-16				
2016-17				
2017-18				

HT2B

Year	Sales by GESCO	Energy procured by HT Consumers under open access / wheeling	Total of GESCO Sales & OA/Wheeling consumption	% share of OA energy to Total energy
2015-16				
2016-17				
2017-18				

HT2C

Year	Sales by GESCO	Energy procured by HT Consumers under open access / wheeling	Total of GESCO Sales & OA/Wheeling consumption	% share of OA energy to Total energy
2015-16				
2016-17				
2017-18				

HT4

Year	Sales by GESCO	Energy procured by HT Consumers under open access / wheeling	Total of GESCO Sales & OA/Wheeling consumption	% share of OA energy to Total energy
2015-16				
2016-17				
2017-18				

- i) The breakup of BJ/KJ installations consuming less than or equal 40 units and above 40 units shall be furnished for FY18 to FY-22, 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		

B. Sales to IP sets for FY18:

- a. As per the tariff order dated 11.04.2017, the approved number of consumers, total sales and specific consumption are 3,62,821 No.s, 3451.88 MU and 9,743 units / IP / Annum respectively, whereas GESCOM has **wrongly** furnished the details of approved number of consumers and sales as 3,71,965 No.s and 3384.48 MU respectively in para 2.4, page 13 of its filing.
- b. GESCOM has to consider the approved figures of the above parameters of FY18 for Annual Performance Review FY18. Instead, it has considered the approved figures of the parameters for FY19.
- c. The actual number of consumers and sales for FY18 as furnished by GESCOM in para 2.4, page 13 and para 5.2.2.1, page 108, 109 (3,51,627 No.s and 2956.88 MU respectively) does not with the figures furnished in para 2.4.2, page 14 and 15 (i.e., 3,52,295, and 2951.94 MU). **The Commission directs GESCOM to work out the appropriate figures and furnish the same for further consideration.**
- d. The GESCOM has conducted a GPS survey in respect of IP sets to find out the number IP sets in use and those which are dried up, defunct and not in use. Hence, GESCOM shall confirm whether the results of such a survey has been reflected in the number of installations indicated in the tariff

application. If the survey has been completed, a copy of the survey report may be submitted to the Commission.

- e. The GESCOM, in its MYT filing has submitted the consolidated consumption for the FY18 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 FY18 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 x constant). The GESCOM shall furnish month-wise data in support of its claims of IP-consumption for the FY18, duly considering the above issues, as per the format given in the previous tariff orders.

C. RPO Compliance for FY18 : GESCOM has stated that it has met solar RPO of 5.31% against target of 2.75% and Non-solar target of 10.31% against target of 6.00% in FY-18. 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 FY18:

i. Non-solar RPO:

No.	Particulars	Quantum in MU	Cost- Rs. Crores
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		

D. Category wise sales for the control period:

- i) GESCOM in their filing has furnished a statement of estimates for number of installations and sales for FY20-22 at pages 106-109 of the ERC filing, indicating the Growth rates. GESCOM has not explained how it has arrived at the growth rates. Therefore, GESCOM shall furnish the working details of estimates made for FY19 & FY20-22 explaining the methodology adopted for forecasting and the growth rates considered.

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

Category	Percentage Growth Rates			
	2012-13 to 2017-18 CAGR	2014-15 to 2017-18 CAGR	FY18 growth over FY17	Growth rate proposed by GESCOM for control period
LT-2a	4.43	5.02	4.29	4.96
LT-2b	9.36	10.26	8.53	10.59
LT-3	5.49	6.00	5.11	5.99
LT-5	5.09	4.97	3.81	4.98
LT-6 WS	6.15	9.77	20.01	8.99
LT-6 SL	2.88	-1.21	-8.60	1.00
HT-1	9.86	5.75	3.82	6.76
HT-2 (a)	6.92	7.13	5.51	6.95
HT-2 (b)	7.16	8.12	4.06	8.03
HT-2 (c)	-	29.85	25.58	28.92
HT-3(a)& (b)	16.24	15.97	18.89	15.84
HT-4	-9.21	-2.20	-3.33	0.00

It is observed that growth rate considered for LT-2b & LT-6 (Street Lights) is higher and is lower for LT-6 (Water Supply) when compared to normal growth rates indicated above. GESCOM may reconsider revising its estimates for these categories.

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

Category	Percentage Growth Rates			
	2012-13 to 2017-18 CAGR	2014-15 to 2017-18 CAGR	FY18 growth over FY17	Growth rate proposed by GESCOM for control period
LT-2a	7.01	6.92	4.08	7.06
LT-2b	11.23	14.57	14.55	13.68
LT-3	7.61	7.98	12.38	8.04

LT-5	0.25	0.17	0.78	6.00
LT-6 WS	15.58	20.39	29.20	18.54
LT-6 SL	11.12	5.15	10.64	6.44
HT-1	7.80	11.34	15.89	10.97
HT-2 (a)	-1.26	-5.15	-0.92	5.00
HT-2 (b)	5.32	3.33	-2.93	3.47
HT-2(c)	-	28.31	26.73	28.17
HT-3(a)& (b)	1.99	-6.21	-6.29	0.00
HT-4	-4.55	-0.48	-4.36	37.34

It is observed that the growth rate considered for LT-3, LT-5, HT-2a and HT-4, is higher when compared to normal growth rates indicated above. Further, even though GESCOM has considered positive growth rate for number of installations in case HT-3 category, the sales growth is considered as zero and in the case of HT-4, even though no addition in installations is considered, sales growth is considered at 37.34%. GESCOM may reconsider revising its estimates for these categories.

iv) IP sets Sales for FY20-22:

- a. GESCOM in its MYT filing has not submitted the details on the methodology adopted for forecasting the number of consumers and sales to IP installations.
- b. The Commission in its Tariff Order dated 14th May, 2018 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.
- c. Therefore, the GESCOM shall submit the month-wise consumption based on the agricultural feeders segregated under NJY Scheme, for the FY18 and also for the FY19 (from April to September, 2018) 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 of 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	Mid- month		Beginning of the 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 2017 (FY18) To Mar-17	Subdiv-1 Subdiv-2 Subdiv-3															
Total																
April 2018 (FY19) To Mar-17	Subdiv-1 Subdiv-2 Subdiv-3 Subdiv															

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

a. No. of Installations

Category	2016-17 Actuals		2017-18 Actuals		2018-19	
	As on 30 th Nov 2016	As on 31 st March 2017	As on 30 th Nov 2017	As on 31 st March 2018	As on 30 th Nov 2018	As on 31 st March 2019 (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						
IP sets-LT-4a						
Sub Total (BJ/KJ and IP)						
Grand Total						

b. Energy Sales

Category	2016-17 Actuals		2017-18 Actuals		2018-19	
	1 st April 2016 to 30 th Nov 2016 (cumulative)	1 st Dec 2016 to 31 st March 2017 (cumulative)	1 st April 2017 to 30 th Nov 2017 (cumulative)	1 st Dec 2017 to 31 st March 2018 (cumulative)	1 st April 2017 to 30 th Nov 2018 (cumulative actuals)	1 st Dec 2018 to 31 st March 2019 (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<=40 units/month						
BJ/kJ > 40 units/month						
IP sets LT 4a						
Sub Total (BJ/KJ and IP						
Grand Total						

E. RPO for FY20-22: GESCOM shall furnish the estimates for complying with solar and non-solar RPOs for FY20-FY22, including cost implication for purchasing RECs, if any.

F. Power Purchase:

a) Power Purchase for FY18:

1) The GESCOM shall submit the details of Power Purchase for FY18, for the purpose of APR, as same is not submitted.

- 2) The details of station -wise / Source-wise power purchased quantum & cost in the format as in Annexure-II of Tariff Order 2017 (with the same order and the same contents), shall be furnished.
- 3) A separate statement showing the variable cost in the ascending order from different sources of power shall be attached. Any deviation from merit order scheduling should be explained fully.
- 4) Following are the observations on the Power Purchase for FY18, made from the soft copy of D1 Format made available to the Commission. The hard copy of the same shall be submitted by GESCOM:

- i. The PGCIL Charges have increased by around 18%, the reason for such a raise in the charges shall be explained with details. This has been increasing year after year which is resulting huge burden on the end consumers. Whether, GESCOM has taken any initiative to address this issue of abnormal increase in the PGCIL POC charges, may be informed to the Commission.
- ii. In respect of the following Hydro and thermal stations, indicated in the D1 Format, the per unit total cost paid to the generators is on a higher side as compared to the per unit cost paid by the BESCO (in between compared with MESCOM). The GESCOM shall examine the same and recover excess payments, if any, from the generators, under intimation to the Commission, while explaining the reasons for the difference:

Sl. No.	Source	Avg. P.P cost as per GESCOM (Rs/kWh)	Avg. P.P Cost as per BESCO/ MESCOM (Rs/kWh)	GESCOM's Avg. P.P. Cost is higher by (Rs/kWh)
	<u>KPCL-Thermal</u>			
1	RTPS Unit I to VII	4.27	3.91	0.36
2	RTPS Unit VIII	4.42	4.26	0.16
	<u>KPCL-Hydel</u>			
3	Kadra Power House	2.04	0.95	1.09
4	Kodasalli Power House	1.54	0.72	0.82
5	Gerusoppa Power House	1.64	0.93	0.71
6	Ghataprabha Power House	1.99	1.42	0.57

SL. No.	Source	Avg. P.P cost as per GESCOM (Rs/kWh)	Avg. P.P Cost as per BESCO/MESCO (Rs/kWh)	GESCOM's Avg. P.P. Cost is higher by (Rs/kWh)
7	Bhadra	3.68	3.23 (MESCOM)	0.45
8	Almatti Power House	1.65	1.36	0.29
	<u>CGS</u>			
	Ramagundam -III	2.92	2.75	0.17
	NTPC-Talcher	2.45	2.05	0.40
1	NLC TPS-Stage 2	3.60	3.37	0.23
2	Simhadri Unit -1 &2	4.44	4.25	0.19
	Other			
1	Jurala HEP	57.00	7.13	49.87

- iii. The GESCOM has not furnished any details in respect of BTPS Unit III, YTPS, KPCL wind mill, Kudgi TPS, SLDC Charges and Short term power purchase. The same shall be furnished. Further, GESCOM has furnished incomplete details in respect of Varahi-1 & 2 units and Mani Project. Complete details of the same needs to be submitted by GESCOM. Energy is being drawn from 'NLC TPS I Exp' and NLC TPS II Exp. But while giving the details, other plants namely 'NLC II expansion I and NLC II expansion -2' have been shown besides NLC TPS I Exp. GESCOM needs to furnish the correct details in respect of the plants from which GESCOM is actually drawing the power. Also the reason for not including Tuticorin Power Plant needs to be furnished.
- iv. In respect of the following generating stations the tariff indicated in the D1 Format is higher than the Commission approved tariff for FY18. The GESCOM shall furnish the basis thereof.
- Vallur TPS, MAPS, Kudankulam, Gerusoppa HEP, Kali Valley projects, shivanasamudram, Munirabad, Jurala HEP, Co-Generation plants, Wind Power Projects, Mini-Hydel Projects, Solar Power Projects, Captive Projects and Biomass projects.

b) Power purchase for FY20 – FY22:

1. GESCOM has furnished the CAGR projection, to estimate the quantum of energy considered, for the control period FY20 to FY 22. The projection filed for the control period FY20 to FY22 for the quantum of energy is different from projection made in the perspective plan earlier submitted. GESCOM

shall furnish the reasons for the changed quantum of energy and also furnish the Generator-wise, Month-wise projections- Generator-wise / Sources-wise in capacity and energy (in terms of MW and in terms of MU). In respect of Renewable Energy (RE), month-wise break up of source-wise capacity and energy may be furnished. This is essential to analyze the month-wise variations of requirement of energy and availability from different sources.

2. GESCOM shall furnish the source for taking FC and VC for BTPS unit -3, YTPS.
3. GESCOM shall furnish the source and calculation sheet for taking the FC and VC for UPCL.
4. GESCOM has considered the same amount in respect of POSOCO charges payable for FY21-22 for each of the years of the control period. The GESCOM shall furnish the reasons for considering the same amounts for the years FY21-22 of the control period, ignoring the likely inflation/ revision of charges during the control period.
5. GESCOM to furnish the basis to consider the increase in the PGCIL charges for every year for the control period FY20 to FY22.
6. The GESCOM shall furnish the reasons for not considering KPTCL, PCKL, SLDC charges in the D1 format.
7. GESCOM shall furnish the capacity and quantum of energy to be procured in respect of new RE projects for which it has executed the PPAs.

3. Wheeling and Banking

1. GESCOM has proposed wheeling charges of 206 paise/unit at HT level and 480 paise/unit at level and losses of 4.36% at HT and 6.32% at LT. However, in page 170, in the last table, the figures indicated are not correct and shall be rectified.

2. The GESCOM, has referred to Tariff Order 2012, regarding wheeling & banking charges for NCE sources. However, the Commission has issued revised orders on banking and wheeling charges in the year 2018, which shall be referred to. Further, GESCOM may submit its proposals, if any, regarding W & B charges for RE sources.

4. Capital Expenditure for the FY18:

- a) **APR for FY18:** The GESCOM shall submit the details of capex incurred for FY18, as same is not submitted. The Capex approved by Commission for FY18 is Rs.698 Crores and Capex as indicated in format D17 for FY18 is Rs.499.96 Crores. The GESCOM shall explain the reasons for the difference in these capex figures along with reasons for difference, if any, in actual expenditure incurred for FY18.
- b) **ARR: Capital Investment Plan:** GESCOM shall provide necessary justification on each of the works in terms of its purpose, requirement, physical progress, cost and timelines of completion along with the No. of works to be taken in each of the year for FY19 to FY24.

5. Cross subsidy surcharge:

GESCOM has calculated the CSS as per Tariff Policy 2006. GESCOM shall calculate the same as per the formula specified in the MYT Regulations, which is based on Tariff Policy, 2016. Further, GESCOM needs to indicate CSS for all HT-sub-categories.

6. **Energy Flow Diagram:** GESCOM shall furnish energy flow diagrams for FY18-FY19 duly considering the power purchase quantum and losses as per current filing.

7. Observations on Losses, Expenses & Revenue:

1. **Comparison of Figures:** GESCOM in its APR filing for FY 18, Under Chapter 2.1, has wrongly compared the actuals with the figures as approved by the Commission for FY19 in the Tariff Order,2018 dated 14.05.2018. The

differences as arrived at by the GESCO are not correct figures. GESCO shall submit the revised statement by considering the figures as approved by the Commission for FY18.

- 2. O & M Expenses, Interest etc.:** GESCO has not furnished the computation sheet for having claimed the O&M expenses, interest on long term loans, working capital interest, interest on consumer deposit and RoE for FY18 (APR) and FY19 to FY22. GESCO shall furnish computation sheets duly considering the MYT norms.
- 3. Prior Period Expenses:** GESCO shall furnish the basis for claiming Rs.20 Crores each for FY18 and FY19 under prior period debit/ credit item.
- 4. Distribution Losses:** GESCO in its application, as per the audited accounts has reported the actual distribution loss of 16.39%, as against 16.00% approved by the Commission in its Tariff Order dated 11th April 2017, which is more than the approved loss level by 0.39 percentage point for FY18. The efforts made by the GESCO in deduction of distribution losses for FY18 is not up to the mark. Further, GESCO has projected the distribution losses of 15.00% for FY19 and 14.89%, 14.84% and 14.79% for FY20-22. The Commission notes that considering the actual distribution losses of 17.33% for FY17 and 16.39% achieved by the GESCO, the projected losses with the meagre reduction of 0.05 percentage points in each year for FY20-22, even with the substantial amount of Capex of Rs.911.14 Crores proposed for FY19 and Rs.1032.75 Crores, Rs.663.53 Crores and Rs. 659.95 Crores respectively for FY20-22 is insignificant. GESCO may reconsider the projected distribution losses for FY20-22.
- 5. O & M Expenses:** GESCO in its APR filing, has claimed an amount of Rs.580.63 Crores as the O&M expenses as against the approved amount of Rs.516.20 Crores for FY18. The Commission notes that, as per the audited accounts for FY18, the actual employees cost for FY17 and FY18 is Rs.335.17 Crores and Rs.444.71 Crores respectively. Thus, there is an increase in the employees cost by Rs.109.54 Crores for one year in FY18. Further, GESCO has projected Rs.572.80 Crores as employees cost for

FY19, and further there is an increase of Rs.128.09 Crores over FY18. GESCOM shall furnish the basis for claiming the abnormal increase in the employees cost along with the computation sheets for FY18 and FY19.

- 6. Employee Cost:** GESCOM its filings of APR for FY18 and ARR for FY20-22 under format D6- employees cost, has claimed Rs.69.48 Crores for FY18, and projected Rs.86.85 Crores, Rs.108.56 Crores, Rs.135.70 Crores and Rs.169.63 Crores towards contribution to Provident and other funds for FY19 to FY22 respectively. The GESCOM shall furnish the break up details with computation sheet for the same along with submission of the relevant Actual Valuation Report.
- 7. Funding of Capex for FY18:** GESCOM in its APR filing has not furnished the details for having incurred the capital expenditure for FY18. GESCOM shall furnish the item-wise details of expenditure incurred during FY18 with source of funding and also the actual expenditure incurred up to November,2018 for FY19.
- 8. Funding of Capex for FY20-22:** GESCOM in its filing has projected Rs.833.17 Crores, Rs.531.33 Crores and RS.530.05 as the expected capital expenditure under various heads for FY20-22. GESCOM shall furnish the source of fund to meet each item of expenditure projected for the same period.
- 9. Civil Works for FY20-22:** GESCOM has projected the capex of Rs.15 Crores, Rs.12 Crores, and Rs.12 Crores towards civil engineering works for FY 20 to FY 22 respectively. GESCOM shall furnish the details of the works proposed for FY20 to FY22.
- 10. Regularisation of un-authorized IP Sets:** GESCOM in its filings has projected Rs.30 Crores, Rs.24 Crores and Rs.21 Crores for FY20-22, respectively as the capital expenditure for regularisation of UNIP installations. GESCOM has not furnished any information on the regularisation of UNIP installations during FY18 and FY19. GESCOM shall furnish the division-wise details of number of un-authorized IP set installations existing, regularised during FY18 and up to November, 2018, for FY19 and the balance number of UNIP installations yet to be

regularised. For the balance work, GESCOM shall furnish the division-wise action plan for regularisation of UNIP installations both in numbers and the amount of capex required and accordingly revise and submit the Capex programme for FY19-22.

- 11. Break-up of Capital Loans:** GESCOM in its filings under format D9 has clubbed the both the long term capital loans and the short term loans for FY18 to FY22. GESCOM shall furnish the Bank / Financial Institution-wise details in the D9 format, **for long term and short term loan separately** for FY18 and the actuals up to November,2018 and the projections for the remaining period of FY19 and the projection for FY20 to FY22. The details shall include the opening balance, receipt, repayment, term of loan, rate of interest, purpose of loan, interest amount and the closing balance of loans.
- 12. Consumer Education Fund:** GESCOM shall furnish the break up details of for having incurred the expenditure towards consumer's relation/education during FY18 and up to November, 2019 during FY19.
- 13. Subsidy claimed and Received from GoK:** GESCOM shall furnish the details of quantum of sales and the amount of subsidy claims submitted to the GOK in respect of BJ/KJ and IP set installations for FY18.
- 14. Submission of AG Audited Accounts:** The GESCOM shall furnish the C.A.G.s audited accounts for FY 18.
- 15. Additional Equity infusion by GoK:** GESCOM shall furnish the amount of equity infused by the GoK in various Government Orders and the actual date of receipt during FY 18 and up to date during FY 19.
- 16. Revenue Projections for FY20:** In D-21 Format, GESCOM has considered abnormal/subnormal average sanctioned load per installation in respect of the following tariff categories. This needs to be examined and the correct sanction load details shall be submitted to the Commission:

Tariff Category	Average load per installation
a) LT4 (c) (ii)- Private Nurseries –Above 10HP	5.38 HP
b) LT 2(b) (ii)- Private Education Institutions/Hospitals	More than 2 KW -1.50 KW
c) HT 5 Temporary	500 HP

17. Additional Surcharge:

The Commission, in its Order dated 14th May, 2018 had approved recovery of additional surcharge from the OA consumers for FY19 based on the actuals for FY17. In the order to continue the recovery of additional surcharge, the GESCOM shall furnish the details of computation of Additional Surcharge as per Annexure enclosed to these observations in Table-1 to Table-3, with reference to the actual power purchase costs and Revenue realized for FY18 and also as per the estimates for FY20 separately. These details are required to establish the under-recovery of stranded cost in the generation, transmission and distribution activities. The computation of additional surcharge with reference to estimates in the ARR for FY20 is required to demonstrate that the costs continue to be stranded even during the year 2020.

18. Compliance to directives issued by the Commission:

Sl No	Directives Issued by the Commission	Observation made
1	Consumer interaction meeting at Subdivision level.	GESCOM was directed to conduct consumer interaction meetings at Subdivision level chaired by the SEE once in a quarter to redress the consumer complaints. GESCOM has submitted the summary of consumer interaction meetings conducted in all the subdivisions during 1 st & 2 nd quarter of the FY19 in its filing. If such meetings are conducted on only one day of a month in its entire area covering all subdivisions, it is not clear as to how SEE or EE can attend and chair such 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 HESCOM shall clarify this and submit the details of CIMs conducted in each of the subdivision indicating the date

SI No	Directives Issued by the Commission	Observation made
		<p>and the officers who has chaired the CIMs for FY18 and 1st and 2nd Quarter FY19.</p> <p>The GESCOM shall furnish compliance thereon.</p>
2	Directive on preparation of energy bills on monthly basis by considering 15 minute's time block period	GESCOM shall 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 for FY18 along with the details of revenue gain.
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 to service all streetlight installations with LED / energy efficient lamps.</p> <p>The GESCOM has not submitted compliance regularly on the above directive. GESCOM has not informed on the action taken while servicing the installations with EE appliances, especially street lights.</p> <p>GESCOM has not indicated in its compliance, measures taken to ensure use of five star rated equipment in all the existing domestic, commercial and industrial consumers.</p> <p>The GESCOM shall submit the compliance thereon.</p>
4	Directive on implementation of Standards of Performance (SoP)	The GESCOM was directed to display the SoP parameters in all its O&M Subdivisions and O&M Sections and submit the quarterly progress . But the GESCOM is not submitting the compliance periodically. GESCOM shall submit the compliance regularly.
5	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> <p>From the statistics furnished in the MYT filing, it is not very</p>

SI No	Directives Issued by the Commission	Observation made
		<p>clear on what %age of the linemen staff are provided with the safety gear. GESCOM shall submit the compliance and the definite timeline for providing a complete set of safety gear to all the linemen. Details of the action taken on erring staff also be furnished.</p>
6	<p>Directive on providing Timer Switches to Street lights by ESCOMs</p>	<p>The GESCOM 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 during the ESCOMs review meeting held on 16.11.2018, 6,084 SL installations are required to be provided with timer switches.</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 on the same.</p>
7	<p>Directive on Load shedding</p>	<p>GESCOM is not submitting to the Commission, its projections of availability and demand for power and any unavoidable load shedding for every succeeding month in the last week of the preceding month for approval, regularly.</p> <p>GESCOM shall submit compliance on the same.</p> <p>GESCOM is directed to inform whether it is making use any of the application, media for initiating message to its consumers, informing them on the scheduled / un-scheduled power outages in their area. If not, GESCOM has to submit the action plan for implementation of any such platforms.</p>
8	<p>Directive on establishing a 24 X 7 fully equipped centralized consumer service centers</p>	<p>The GESCOM has not furnished the details of number of service stations it has established till September 2018, by providing infrastructural requirements at the subdivisions / sections and the balance service stations required to be established in the Subdivisions / Sections for effective monitoring of complaints and the likely time to be taken for establishing such service stations.</p>

Sl No	Directives Issued by the Commission	Observation made
		<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> <p>The GESCOM shall furnish compliance in this regard. Comparison of the downtime analysis for FY17 and FY18 shall be furnished.</p>
9	Directives on Energy Audit	<p><u>Energy Audit of cities / towns</u></p> <p>The GESCOM is not furnishing the energy audit reports regularly to the Commission. GESCOM shall furnish details of feeder-wise energy audit as per the formats prescribed by the Commission vide letter No. KERC/D/137/14/91 dated 20.04.2105 along with the details of measures initiated to reduce loss levels wherever the same are above 15% up to September 2018.</p> <p>GESCOM shall furnish the comparative statement of losses recorded in Towns & Cities for the FY18 as against the FY17.</p> <p><u>DTCs Energy Audit:</u></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>GESCOM has not submitted the details of energy audit conducted in respect of 74,295 DTCs for which meters have been said to be fixed.</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>The GESCOM has not furnished the details of feeder segregation work undertaken in phase3 (DDUGJY). The same shall be furnished with the latest progress/status and</p>

SI No	Directives Issued by the Commission	Observation made
		the likely time to complete the same.
11	DSM in Agriculture	<p>GESCOM has not mentioned clearly the details of the project taken up under DSM Agriculture. Instead it has furnished the details of SWP (Solar Water Pumps) systems under Phase – I, Phase – II and Phase – III.</p> <p>The GESCOM is required to furnish the reasons for inordinate delay in taking up DSM in Agriculture and submit the action plan for implementation immediately.</p>
12	Directive on Lifeline Supply to (Electrification of) un - electrified Households	The details submitted by GESCOM in respect of the balance Rural un-electrified House Holds to be electrified is not clear. GESCOM shall submit the details clearly and the action plan for completion of electrification of Rural House Holds.
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.</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 at least for FY18.</p>
14	Prevention of Electrical Accidents	<p>As per the details furnished in the MYT filing, there are still 913 of number of hazardous locations / installations pending to be rectified.</p> <p>Also, GESCOM has identified 111 number of Distribution transformers on foot paths as on 30.09.2018 and informed that only 2 such transformers are shifted.</p> <p>GESCOM, shall submit an action plan to rectify the balance hazardous locations and shifting the transformers located on foot paths.</p> <p>GESCOM has to furnish the summary of the analysis made on the reports submitted by the Electrical Inspectorate for FY19 up to September, 2018, on accidents and action taken to prevent such accidents in future.</p>
