

## CHAPTER – 2

### SUMMARY OF FILING & TARIFF DETERMINATION PROCESS

#### 2.0 Background for Current Filing:

The Commission in its Tariff Order dated 14<sup>th</sup> May, 2018 had approved the revised ARR for FY17 consequent on APR of FY17, Revised ARR for FY19 and the revised Retail Supply Tariff of BESCOM for FY19 under the MYT principles. The BESCOM in its present application filed on 30<sup>th</sup> November, 2018, has sought Annual Performance Review for FY18 based on the audited accounts, approval of ARR for the fifth control period i.e. FY20-22 and Revised Retail Supply Tariff for FY20.

The BESCOM, in its application, has also made certain new proposals as discussed in the Chapter-6 of this Order.

#### 2.1 Preliminary Observations of the Commission:

After the scrutiny of applications, the Commission communicated its preliminary observations to the BESCOM on 12<sup>th</sup> December, 2018. The preliminary observations were mainly on the following points:

- Energy Sales
- Capital Expenditure
- Assessment of IP set consumption
- Power Purchase
- RPO Compliance
- Distribution Losses
- Cross Subsidy Surcharge
- Issues pertaining to items of revenue and expenditure
- Compliance to Directives.

The BESCOM has furnished its replies to the Preliminary observations on 21<sup>st</sup> December, 2018. The replies furnished by the BESCOM are considered in the respective Chapters of this Order.

## 2.2 Public Hearing Process:

As per the provisions of the Electricity Act 2003, the Karnataka Electricity Regulatory Commission (Terms and Conditions for Determination of Tariff for Distribution and Retail Sale of Electricity) Regulations, 2006, read with the KERC Tariff Regulations 2000, and the KERC (General and Conduct of Proceedings) Regulations, 2000, the Commission, vide its letter dated 27<sup>th</sup> December, 2018 treated the application of the BESCOM as a petition and directed the BESCOM to publish the summary of the application for APR of FY18, approval of Revised ARR for FY20-22 and retail supply tariff for FY20 in the newspapers, to call for objections, from the interested persons/stakeholders.

Accordingly, the BESCOM has published the Notices in the newspapers as follows:

Name of the News Paper	Language	Date of Publication
The Indian Express	English	31.12.2018 & 01.01.2019
The Hindu		
Prajavani	Kannada	
Vijaya Karnataka		

The BESCOM's application on APR of FY18, Revised ARR for FY20-22 and Revision of Retail supply tariff for FY20, were also hosted on the web-sites of the BESCOM and the Commission for the ready reference and information of the stakeholders and the general public.

In response to the application of the BESCOM, the Commission has received 11 written objections. The BESCOM has furnished replies to all the objections. The Commission has also held a Public Hearing on 4<sup>th</sup> February, 2019 at the Court Hall of the Commission in Bengaluru. The details of the written / oral submissions made by various stake holders and the response from the BESCOM thereon have been discussed in **Chapter – 3** and Appendix-1, appended to this Order.

### **2.3 Consultation with the State Advisory Committee of the Commission:**

The Advisory Committee discussed the proposals of the KPTCL and all the ESCOMs in the State Advisory Committee meeting held on 20<sup>th</sup> February, 2019. During the meeting, the KPTCL and ESCOMs made brief presentations on important issues in the tariff application filed before the Commission. The Committee discussed various issues involved in the tariff application.

The Members of the Committee made valuable suggestions on the proposals. The Commission has taken note of these suggestions while passing this Order.