

CHAPTER – 2

SUMMARY OF FILING & TARIFF DETERMINATION PROCESS

2.0 Background for Current Filing:

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

2.1 Preliminary Observations of the Commission

After a preliminary scrutiny of the application the Commission had communicated its observations to the CESC on 17th December, 2018 which were mainly on the following points:

- Capital Expenditure
- Sales Forecast
- Assessment of IP set consumption
- Distribution Losses
- Power Purchase
- Issues pertaining to items of revenue and expenditure
- Other new proposals
- Compliance to Directives

The CESC has furnished its replies on 26th December, 2018. The replies furnished by the CESC are considered in the respective Chapters of this Order.

2.2 Public Hearing Process:

As per 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 28th December, 2018 treated the application

of CESC as a petition and directed CESC to publish the summary of ARR and Tariff proposals in the newspapers calling for objections, if any, from interested persons.

Accordingly, the CESC published the same in the following newspapers:

Name of the News Paper	Language	Date of Publication
Deccan Chronicle	English	04-01-2019 & 05-01-2019
The New Indian Express		
Hosadigantha	Kannada	
Prajavani		

The CESC's applications on APR of FY18, Revision of ARR for FY20-22 and revision of retail supply tariff for FY20 were also hosted on the web-sites of the CESC and the Commission for the ready reference and information of the general public.

In response to the application of the CESC, the Commission received eleven statements/letters of objections. The CESC has furnished its replies to all these objections. The Commission has held a Public Hearing on 5th February, 2019 at Mysore. The details of the written/oral submissions made by various stakeholders and the response from the CESC thereon have been discussed in Chapter - 3 /Appendix 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 20th February, 2019. During the meeting the KPTCL and ESCOMs made brief presentations on the 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 the Order.