

CHAPTER – 2

SUMMARY OF FILING & TARIFF DETERMINATION PROCESS

2.0 Background for Current Filing:

The Commission in its Tariff Order dated 30th March, 2016 had approved the ARR for FY17 to FY19 and Revised Retail Supply Tariff of GESCOM for FY17 under the MYT principles for the control period of FY17 to FY19. GESCOM in its present application filed on 30th November, 2017, has sought approval for the Annual Performance Review (APR) for FY17 based on the audited accounts, Revision of ARR for the third year of the fourth control period i.e. FY19 and revision of Retail Supply Tariff for FY19.

2.1 Preliminary Observations of the Commission:

After a preliminary scrutiny of applications, the Commission had communicated its observations to GESCOM on 21st December, 2017, which were mainly on the following points:

- Capital Expenditure
- Sales Forecast
- Projected IP set consumption for FY19
- RPO Compliance
- Wheeling and Banking
- Cross subsidy surcharge
- Power Purchase
- Issues pertaining to items of revenue and expenditure
- Energy flow diagram
- Compliance to Directives

In response, GESCOM had furnished its replies on 29th December, 2017. The replies furnished by GESCOM 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 KERC (General and Conduct of Proceedings) Regulations, 2000, the Commission in its letter dated 3rd January, 2018 treated the application of GESCOM as a petition and directed GESCOM to publish the summary of ARR and Tariff proposals in the newspapers calling for objections, if any, from the interested persons.

Accordingly, the GESCOM has published the same in the following newspapers:

Name of the News Paper	Language	Date of Publication
Indian Express	English	06-01-2018
Deccan Herald		
Kannada Prabha	Kannada	07-01-2018
Udayavani		
Vijaya Karnataka		

The GESCOM's application on APR of FY17, Revision of ARR for FY19 and revision of retail supply tariff for FY19 was also hosted on the web-sites of the GESCOM and the Commission for the ready reference and information of the general public.

In response to the application of GESCOM, the Commission has received five statements / letters of objections. GESCOM has furnished its replies to all these objections. The Commission has held a Public Hearing on 23rd February, 2018, at Gulbarga. The details of the written / oral submissions made by various stakeholders and the responses from GESCOM thereon have been discussed in Chapter – 3 / Appendix to this Order.

2.3 Consultation with the Advisory Committee of the Commission:

The Commission has also discussed the proposals of KPTCL and all ESCOMs in the State Advisory Committee meeting held on 14th March, 2018. During the meeting the following important issues were also discussed:

- Performance of KPTCL / ESCOMs during FY17
- Major items of expenditure of KPTCL / ESCOMs for FY19

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