

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 MESCOM for FY17 under the MYT principles for the control period of FY17 to FY19. MESCOM 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 Revised Retail Supply Tariff for FY19.

2.1 Preliminary Observations of the Commission:

After preliminary scrutiny of the application, the Commission had communicated its observations to MESCOM on 20th December, 2017. The preliminary observations were mainly on the following points:

- Capital Expenditure for FY17
- Proposed capex for FY19
- Estimation of Sales for FY19
- Estimation of sales to IP sets consumption for FY19
- Distribution Losses
- RPO Compliance
- Power Purchase
- Interest and Finance charges
- Issues pertaining to items of Revenue and Expenditure
- Compliance to Directives issued by the Commission

MESCOM in response had furnished its replies on 27th December, 2017. The replies furnished by MESCOM 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 29th December, 2017 treated the application of the MESCOM as a petition and directed the MESCOM to publish the summary of ARR and Tariff proposals in the newspapers calling for objections, if any, from interested persons.

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

Name of the News Paper	Language	Date of Publication
The Hindu	English	03-01-2018 & 04-01-2018
The New Indian Express		
Deccan Herald		
Udayavani	Kannada	
Vijayakarnataka		
Vijayavani		

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

In response to the application of MESCOM, the Commission has received 42 statements / letters of objections. MESCOM has furnished its replies to all these objections. The Commission has held a Public Hearing on 2nd March, 2018 at Mangaluru. The details of the written / oral submissions made by the various stakeholders and the responses from MESCOM 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 Tariff proposals of the 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

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