



KARNATAKA ELECTRICITY REGULATORY COMMISSION

TARIFF ORDER 2015

of

KPTCL

on

Annual Performance Review for FY14

&

Revised Transmission Tariff for FY16

2nd March 2015

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ABBREVIATIONS	
AAD	Advance Against Depreciation
AEH	All Electric Home
ABT	Availability Based Tariff
A & G	Administrative & General Expenses
ARR	Annual Revenue Requirement
ATE	Appellate Tribunal for Electricity
BBMP	Bruhut Bangalore Mahanagara Palike
BDA	Bangalore Development Authority
BESCOM	Bangalore Electricity Supply Company
BMP	Bangalore Mahanagara Palike
BST	Bulk Supply Tariff
BWSSB	Bangalore Water Supply & Sewerage Board
CAPEX	Capital Expenditure
CCS	Consumer Care Society
CERC	Central Electricity Regulatory Commission
CEA	Central Electricity Authority
CESC	Chamundeshwari Electricity Supply Corporation
CPI	Consumer Price Index
CWIP	Capital Work in Progress
DA	Dearness Allowance
DCB	Demand Collection & Balance
DPR	Detailed Project Report
EA	Electricity Act
EC	Energy Charges
ERC	Expected Revenue From Charges
ESAAR	Electricity Supply Annual Accounting Rules
ESCOMs	Electricity Supply Companies
FA	Financial Adviser
FKCCI	Federation of Karnataka Chamber of Commerce & Industry
FR	Feasibility Report
FoR	Forum of Regulators
FY	Financial Year
GESCOM	Gulbarga Electricity Supply Company
GFA	Gross Fixed Assets
GoI	Government Of India
GoK	Government Of Karnataka
GRIDCO	Grid Corporation
HESCOM	Hubli Electricity Supply Company
HP	Horse Power
HRIS	Human Resource Information System
ICAI	Institute of Chartered Accountants of India
IFC	Interest and Finance Charges

IW	Industrial Worker
IP SETS	Irrigation Pump Sets
KASSIA	Karnataka Small Scale Industries Association
KEB	Karnataka Electricity Board
KER Act	Karnataka Electricity Reform Act
KERC	Karnataka Electricity Regulatory Commission
KM/Km	Kilometre
KPCL	Karnataka Power Corporation Limited
KPTCL	Karnataka Power Transmission Corporation Limited
KV	Kilo Volts
KVA	Kilo Volt Ampere
KW	Kilo Watt
KWH	Kilo Watt Hour
LDC	Load Despatch Centre
MAT	Minimum Alternate Tax
MD	Managing Director
MESCOM	Mangalore Electricity Supply Company
MFA	Miscellaneous First Appeal
MIS	Management Information System
MoP	Ministry of Power
MU	Million Units
MVA	Mega Volt Ampere
MW	Mega Watt
MYT	Multi Year Tariff
NFA	Net Fixed Assets
NLC	Neyveli Lignite Corporation
NCP	Non Coincident Peak
NTP	National Tariff Policy
O&M	Operation & Maintenance
P & L	Profit & Loss Account
PLR	Prime Lending Rate
PPA	Power Purchase Agreement
PRDC	Power Research & Development Consultants
REL	Reliance Energy Limited
R & M	Repairs and Maintenance
ROE	Return on Equity
ROR	Rate of Return
ROW	Right of Way
SBI	State Bank of India
SCADA	Supervisory Control and Data Acquisition System
SERCs	State Electricity Regulatory Commissions
SLDC	State Load Despatch Centre
SRLDC	Southern Regional Load Dispatch Centre
STU	State Transmission Utility
TAC	Technical Advisory Committee
TCC	Total Contracted Capacity

T&D	Transmission & Distribution
TCs	Transformer Centres
TPC	Tanirbavi Power Company
TR	Transmission Rate
VVNL	Visvesvaraya Vidyuth Nigama Limited
WPI	Wholesale Price Index
WC	Working Capital

**KARNATAKA ELECTRICITY REGULATORY COMMISSION
BANGALORE - 560 001**

Dated this 2nd day of March, 2015

**Order on KPTCL's Annual Performance Review for 14 and
Revision of Transmission Tariff for FY16**

In the matter of:

Application of KPTCL in respect of the Annual Performance Review for FY14 and Revision of Transmission Tariff for FY16.

Present:	Shri M.R.Sreenivasa Murthy	Chairman
	Shri H.D.Arun Kumar	Member
	Shri D.B.Manival Raju	Member

O R D E R

The Karnataka Power Transmission Corporation Ltd (hereinafter referred to as KPTCL) is a Transmission Licensee under the provisions of the Electricity Act, 2003. Under the provisions of the KERC (Terms and Conditions for Determination of Transmission Tariff) Regulations 2006, KPTCL has filed its application on 28th November, 2014 for the Annual Performance Review for the financial year 2013-14 (FY14) and Revision of Transmission Tariff for 2015-16(FY16).

In exercise of the powers conferred under Sections 62, 64 and other provisions of the Electricity Act, 2003, read with KERC (Terms and conditions for Determination of Transmission Tariff) Regulations 2006, and other enabling Regulations, the Commission has carefully considered the application and the views and objections submitted by the consumers and other stakeholders. The Commission's decisions are given in this order, Chapter wise.

CHAPTER – 1

INTRODUCTION

1.0 Brief History of KPTCL:

Karnataka Power Transmission Corporation Ltd., (KPTCL) is a transmission licensee under Section 14 and a State Transmission utility under Section 39 of the Electricity Act, 2003 (hereinafter referred to as the Act). A registered company under the Companies Act, 1956, KPTCL was incorporated on 28th July, 1999. It has commenced its operations from 1st August, 1999 continuing the operations of Transmission and Distribution functions of the erstwhile Karnataka Electricity Board (KEB).

The unbundling of Transmission and Distribution business came into effect in Karnataka from 1st June, 2002, when KPTCL became a Transmission Company and the Distribution business was vested with the newly created Distribution Companies (ESCOMs).

Consequent to the enactment of the Electricity Act, 2003, KPTCL became a wire company with effect from 10th June, 2005 and its bulk power purchase activity was vested with a newly created SPV namely, the State Power Procurement and Coordination Committee (SPPCC) presently renamed as the Power Company of Karnataka Ltd., (PCKL).

KPTCL enables Transmission of power from generating stations to the ESCOMs and to the open access consumers. The company operates **1026** sub stations and maintains **32471** circuit kilometers of transmission lines with voltage of 66 KV and above as detailed below.

Type of Substation	Numbers	Transmission line in C-kms
400 kV	4	2650
220 kV	93	10052
110 kV	359	9703
66 kV	570	10066
Total	1026	32471

The area of operation of the Company is divided into 6 Transmission Zones with 14 Circles and 44 Divisions. In addition, there are 29 Transmission line and Sub-station Divisions (TL&SS) for operation and maintenance of the transmission system and implementation of augmentation works. Further, 4 Relay Testing (RT) Circles and 14 Divisions are responsible for maintenance of protective relays and meters and addressing trouble shooting issues of KPTCL Stations. At the Divisional level, there are accounting units which are responsible for accounting of all transactions of KPTCL.

1.1 Tariff Orders Issued By the Commission

Since its constitution in 1999, the Commission has been issuing Tariff Orders for Transmission as well as Retail Supply of electricity from time to time. The Commission, till now, has issued the following Tariff Orders in respect of transmission tariff:

- i) Tariff Order - 2002 dated 8th May 2002 approving ERC and determining bulk supply and transmission tariff of KPTCL for FY03.
- ii) Tariff Order - 2003 dated 10th March 2003 approving ERC and determining bulk supply and transmission tariff of KPTCL for FY04
- iii) Tariff Order - 2005 dated 25th September 2005 approving ERC and determining bulk supply and transmission tariff of KPTCL for FY06.

- iv) Tariff Order - 2006 dated 7th April 2006 in respect of ERC & Tariff of KPTCL for FY07.
- v) Tariff Order - 2007 dated 6th July, 2007 under MYT frame work in respect of ERC & Tariff of KPTCL for FY08 to FY10.
- vi) Supplementary Tariff Order, 2007 dated 31st December, 2007 in respect of ERC & Tariff of KPTCL for FY08 to FY10.
- vii) Tariff Order - 2009 dated 25th November 2009 in respect of Revised ERC & Transmission Tariff for FY10 of KPTCL under MYT Framework.
- viii) Tariff Order - 2010 dated 7th December 2010 in respect of APR for FY10 and ERC & Transmission Tariff for FY11-13 of KPTCL under MYT Framework.
- ix) Tariff Order – 2012 dated 30th April 2012 in respect of APR for FY11 and revised ARR and Transmission Tariff for FY13.
- x) Tariff Order - 2013 dated 6th May 2013 in respect of APR for FY12 and ERC & Transmission Tariff for FY14-16 of KPTCL under MYT Frame work.
- xi) Tariff Order – 2014 dated 12th May 2014 in respect of APR for FY13 and revised ERC & Transmission Tariff for FY15 of KPTCL.

1.2 Open Access:

The Commission has introduced open access in a phased manner by framing Open Access Regulations, 2004, with the object of encouraging competition in the electricity generation and distribution sectors. The Commission is also determining transmission charges for Open Access consumers.

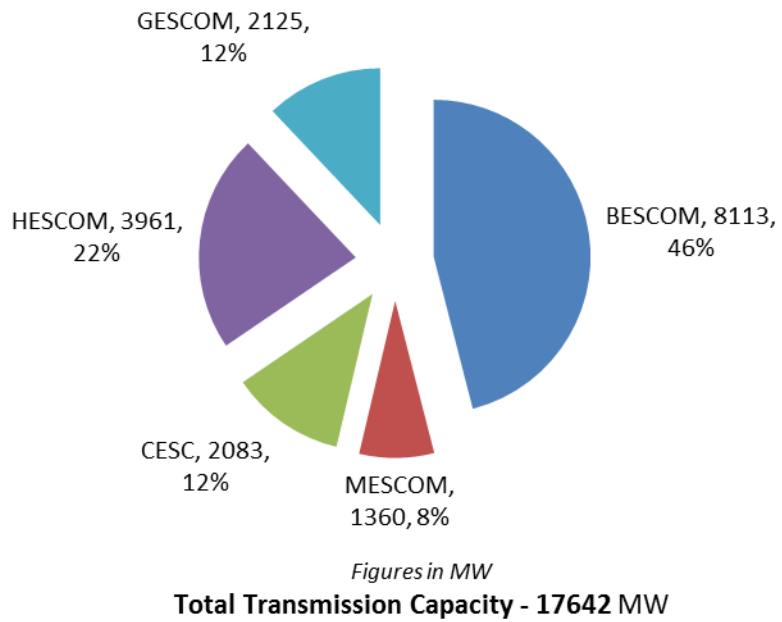
1.3 KPTCL at a glance:

Sl. No	Particulars (As on 31-03-2014)		2013-14
1.	Generation Capacity (connected to Transmission System)	MW	14028
	a) KPC Hydro and Thermal	MW	6498
	b) CGS (Karnataka Share)	MW	1921
	c) NCE, IPPs and Others	MW	5609
2.	No. of Receiving Sub- Stations /Length of Tr. Lines	Nos./CKms .	1026/3247 1
	a) 400 kV	Nos./CKms .	4/2650
	b) 220 kV	Nos./CKms .	93/10053
	c) 110 kV	Nos./CKms .	359/9703
	d) 66 kV	Nos./CKms .	570/10066
3.	Assets as at the end of FY14	Rs. in Crores	12240
4.	Total employees:		
	a) Sanctioned	Nos	14645
	b) Working	Nos	9034
5.	Demand (FY-14) Charges for Transmission of Power to ESCOMs	Rs. in Crores	2324.38

1.4 Transmission capacity of KPTCL in FY14:

The total transmission capacity in the State was 17642 MW during FY14.

The ESCOM wise transmission capacity for FY14 is as follows:



CHAPTER – 2

VALIDATION AND PUBLIC HEARING PROCESS

2.1 BACKGROUND:

In its order dated 6th May, 2013, the Commission had approved the ARR and transmission tariff for KPTCL for FY14-16. KPTCL in its application dated 28th November, 2014, has sought approval for the Annual Performance Review for FY14 with consequent revision of Transmission Tariff for FY16.

2.2 Commission's Directives & Compliance by KPTCL:

The Commission, in its tariff order dated 7th December, 2010, 30th April 2012, 6th May, 2013 and 12th May, 2014 has issued directives on various matters pertaining to KPTCL. The Commission had directed KPTCL to ensure full compliance of the directions in a time bound manner. KPTCL has stated that:

- i) It has been making sincere efforts to comply with the directives issued by the Commission.
- ii) There has been substantial improvement in processes like commercial operation and financial management.

A summary of the various directives issued by the Commission and their compliance by KPTCL is annexed vide Appendix.

2.3 Public hearing process

On receipt of the application of KPTCL, the Commission conveyed its preliminary observations on 12th December, 2014. KPTCL has furnished its replies vide its letter dated 19th December, 2014.

The Commission in its letter dated 30th December, 2014 has treated the application of KPTCL as petition in terms of the Tariff Regulations subject to further verification and validation. Accordingly, KPTCL was directed to publish a summary of the application in the news papers within a week in accordance with the Clause 5(1) of the KERC (Tariff) Regulations, 2000, as amended on 1st February 2012.

In compliance with the above directions of the Commission, KPTCL has published the summary of its application in the following newspapers on 2nd & 3rd January, 2015.

- The Hindu
- Deccan Herald
- Prajavani
- Udayavani

KPTCL's ERC and Tariff Application were also made available on the websites of KPTCL & KERC. In response to the notices published in the above newspapers, calling for objections on the APR and the tariff application of KPTCL for FY14, the Commission has received two written objections.

The Commission held a Public Hearing on KPTCL's APR petition on 6th February, 2015 in the Court Hall of the Office of the Commission. The objections raised, and the responses from KPTCL thereon, are discussed in Chapter – 3 of this order.

2.4 Consultation with Advisory Committee of the Commission

A meeting of the Advisory Committee of the Commission was held on 25th February, 2015. The members of the Committee discussed the various issues involved in the Annual Performance Review application for FY14 of KPTCL and offered valuable suggestions. These suggestions have been taken note of by the Commission while finalising this order.

CHAPTER – 3

PUBLIC CONSULTATION

SUGGESTIONS / OBJECTIONS & REPLIES

3.1 The Commission undertook the process of public consultation in order to obtain suggestions/views/objections from the interested stakeholders on the Application for APR filed by KPTCL. In the written submissions as well as during the public hearing, some Stake-holders and public have raised objections to the Application for APR filed by KPTCL. The names of the persons who filed written objections and made oral submissions are given below:

List of persons who filed written objections:-

Sl.No	Application No.	Names & Addresses of Objectors
1	KA-01	Sri. N.C. Gopinathan, Hon. General Secretary, KASSIA, Bengaluru
2	KB-01	Sri A Raja Rao, Consumer Care Society, Bengaluru

List of the persons who made oral submissions during the Public Hearing on 6.02.2015.

SL.No.	Names & Addresses of Objectors
1	Sri A. Raja Rao, Consumer Care Society, Bengaluru
2	Sri Mallappa Gowda & Sri M.G. Rajagopal, KASSIA, Bengaluru
3	Sri G.N. Krishnappa, Electrical Contractor, Bengaluru
4	Managing Director, BESCOM, Bengaluru

3.2 The main issues raised in the written objections are as follows:

- 1) KPTCL has not explained the Intra State ABT billing and payment monitoring properly.

KPTCL's RESPONSE:

As a part of implementing ABT billing, mock billing is under progress and weekly bills are being sent to ESCOMs and the issue of methodology and procedure is being discussed for commencing financial transactions.

- 2) Voltage wise transmission losses are given but, action plan to reduce transmission losses is not furnished.

KPTCL's RESPONSE:

Transmission losses in KPTCL network is showing downward trend over the last few years. Loss reduction is a continuous process.

- 3) KPTCL has not furnished the details of accidents and action taken to reduce the accidents.

KPTCL's RESPONSE:

The information on the accidents is submitted to the Commission on quarterly basis. The Number of accidents in FY13 was 32 (Fatal Departmental = 02, fatal non departmental = 4, Non-fatal departmental = 10 and non-fatal non departmental = 16)

- 4) KPTCL has not furnished the details of reliability index for FY14, failure of transformers and the expenditure to repair the transformers.

KPTCL's RESPONSE:

Reliability index of feeders pertains to ESCOMs. 31 out of 2215 (1.39%) power transformers have failed during FY14. The expenditure incurred for repairs in FY14 is Rs.5.52 Crores. RT and R&D wing is conducting routine lab and field tests to assess the health of power transformers to reduce failures.

- 5) The Directives issued by the Commission should be adhered to by KPTCL on a continuous basis.

KPTCL's RESPONSE:

KPTCL is taking continuous measures to adhere to the directives issued and submitting compliance to the Commission.

- 6) The O & M expenditure is shown to have increased by Rs.130.09 Crores for which no explanation is given by KPTCL. It has not justified the additional expenditure of Rs.397.30 Crores as against the approved ARR of Rs.2183.07 Crores.

KPTCL's RESPONSE:

The O & M expenses are approved by the Commission on normative basis in MYT order. The audited figures are based on the actual expenses. Hence, there is a difference of Rs.130.09 Crores.

- 7) The approved ARR for FY14 was Rs.2183.07 Crores but the actual expenditure is shown as Rs.2580.39 Crores, resulting in increased expenses of Rs.399.32 Crores. KPTCL has not justified the additional expenses.

KPTCL's RESPONSE:

The actual expenses always differ from the proposed or normative expenses. The justification for each of the item has been furnished in the APR filing.

- 8) KPTCL has not furnished details of the agreement entered into with each ESCOM depicting the transmission capacity.

KPTCL's RESPONSE:

KPTCL has entered into agreements with ESCOMs during May, 2012 duly indicating the transmission capacity and the same is shown below:

Name of the ESCOM	Transmission Capacity in MW		
	FY14	FY15	FY16
BESCOM	9201	9966	11326
MESCOM	1615	1615	1955
CESC	2083	2253	2253
HESCOM	2295	2635	2805
GESCOM	3867	3867	4207
Total	19067	20336	22546
Transmission Tariff in Rs/MW/Month	95442	96862	96064

- 9) KPTCL has to take note of the requirement of Generation to Transmission points and Transmission to Distribution points and design the network. It is not clear whether the requirements have been furnished by the ESCOMs and what action is taken by KPTCL in this regard. KPTCL has not stated the action taken for network expansion and system studies for such expansion.

KPTCL's RESPONSE:

KPTCL is designing its network as per the requirements of the Distribution companies and claiming transmission tariff as approved by the Commission. KPTCL is seeking the revenue gap to be added to the already approved ARR of FY16. The transmission requirements are provided by ESCOMs to KPTCL. Based on such request, the network is developed. KPTCL conducts Technical Co-ordination Committee Meeting (TCCM) on a periodical basis in which the Director (Technical) of ESCOM is a member and approves the transmission network projects to meet the ESCOM's requirements.

10) KPTCL's statement of capacity for all ESCOMs shows 19060 MW but, the peak load met is shown as 9223 MW only. This needs to be explained.

KPTCL's RESPONSE:

The installed capacity of 19060 MW cannot be compared with the peak load met as it depends on the generation availability and the present peak load met is only the restricted peak load and the unrestricted load may be much more. Also, the KPTCL network should have redundancy to meet N-1 and N-2 conditions.

11) The transformer capacity shown in the KPTCL's presentation during the transmission capacity discussion was only 20105 MVA whereas 49845 MVA is shown in APR document.

KPTCL's RESPONSE:

The presentation before the sub-committee set by the Commission for determination of transmission capacity of KPTCL was shown with only the 220 kV transformation capacity at 220 kV level. However, in the APR, the installed capacity of transformers at voltage level from 400 kV to 66kV level is indicated, which is 49845 MW.

12) SLDC should have filed an ARR application to the Commission independently, but it is shown as a part of KPTCL in the filing.

KPTCL's RESPONSE:

SLDC is still working under KPTCL and is having a separate accounting unit but KPTCL is filing the APR and the SLDC account is separately shown.

3.3 During the Public Hearing the following additional major issues were raised:

1) SLDC is not adhering to the merit order dispatch.

- 2) Industrial areas in Malur, Machenahalli, Magadi Road and Tumkur are not getting reliable power supply.
- 3) Leave encashment of Rs.106 Crores shown by KPTCL needs to be verified.
- 4) The assets created out of consumer contribution are not separately shown in the KPTCL assets.
- 5) The 11kV lines are not completed in Kachamaranahalli substation even after two years.
- 6) The 66kV substations are to be increased to reduce the distribution losses. The substation log books are to be computerized.
- 7) The Standards of Performance Regulations should be stipulated for KPTCL.
- 8) SLDC should be updated to use new technologies for load forecast and analysis of data.

3.4 Commission's Views:

1. On Intra State ABT billing and payment monitoring:

The Commission notes that implementation of Intra-State ABT will not be complete, unless the 11 KV interface points and State generators are included in billing and the UI charges are shared between the ESCOMs as per the drawal of energy by the respective ESCOMs. KPTCL shall start implementing the intra-state ABT and report the same to the Commission.

2. Regarding Voltage wise losses:

Though the transmission losses are showing a downwards trend, the losses at the various voltage levels need to be identified properly and action should be taken to identify the transmission bottlenecks causing losses in the transmission system and remedy them. A compliance report on the above shall be furnished to the Commission within three months.

3. Details of Accidents:

KPTCL shall identify the reasons for the fatal accidents and work out a strategy to minimize them.

4. Details of Reliability Index, Transformer failures and expenses thereon:

Reply furnished by KPTCL is in order.

5. Compliance to Directives of the Commission:

The Commission has been reviewing the compliance to its directives regularly. The status thereon is shown in Appendix to this order.

6 & 7. O & M Expense and ARR:

The O & M expenses are being allowed as per the MYT regulations, based on norms. The actual expenses over and above the normative expenses are being absorbed by KPTCL.

8. Agreements with ESCOMs on transmission Capacity:

Reply furnished by KPTCL is in order.

9. Network expansion and system studies:

Reply furnished by KPTCL is in order.

10. Installed transmission capacity and Peak load met:

Reply furnished by KPTCL is in order.

11. Transmission capacity with reference to 220 kV and downstream substations

Reply furnished by KPTCL is in order.

12. Filing of Tariff Application Independently by SLDC:

Reply furnished by KPTCL is in order

3.5 Regarding additional major issues raised during Public Hearing:

KPTCL has furnished suitable replies to the points raised during the public hearing. The Commission also takes note of these points and would address the issues appropriately.

CHAPTER – 4 ANNUAL PERFORMANCE REVIEW FOR FY14

4.0 *KPTCL's application for APR for FY14:*

KPTCL in its application dated 28th November, 2014, has sought approval of the Annual Performance Review (APR) for FY14 based on the Audited Accounts for FY14. The Commission vide its letter dated 12th December, 2014 had communicated its preliminary observations on the filings of KPTCL. KPTCL in its letter dated 19th December, 2014 has replied to the preliminary observations of the Commission.

The Commission in its tariff order dated 6th May, 2013, had approved the Annual Revenue Requirement (ARR) and Transmission tariff for the period FY14 – FY16. In this Chapter, the Commission has taken up the Annual Performance Review for FY14 based on the Audited Accounts filed by KPTCL as discussed below:

4.1 *KPTCL's Submission:*

KPTCL has submitted its proposal for revision of ARR for FY14 as follows:

TABLE – 4.1
KPTCL's filing – APR FY14

Amount in Rs.Crs.			
Sl. No	Particulars	As Approved	As per Filing
	Revenue		2324.38
	Expenditure		
1	O&M Expenses	717.98	848.07
2	Depreciation	562.55	557.07
3	Interest & Finance Charges	618.82	543.67
4	Interest on working capital	62.85	19.95
5	RoE	431.21	298.62
6	Provision for taxation	0.00	7.58
7	Other Debits	0.00	115.24
8	Extraordinary items	0.00	315.91
	Less		
9	SLDC charges	0.77	14.04
10	Interest & Finance Charges capitalized	99.61	41.58

11	Other Expenses capitalized	36.34	38.59
12	Other Income	117.00	59.74
13	Net Prior Period Charges	0.00	28.11
14	Carry forward deficit of FY11-12	43.38	
	NET ARR	2183.07	2580.37
	Gap	0.00	255.99

As shown in the table, KPTCL has reported a deficit of Rs.255.99 Crores for FY14. KPTCL has proposed to carry forward this gap to the ARR for FY16 approved by the Commission in its Tariff Order dated 6th May, 2013.

4.2 KPTCL's Financial Performance as per Audited Accounts for FY14:

The overview of the financial performance of KPTCL for FY14 as per their Audited Accounts is as follows:

TABLE – 4.2
Financial Performance of KPTCL – FY14

Amount in Rs. Crs.		
Sl. No	Particulars	FY14
	Revenue (including other income)	2384.12
	Expenditure	
1	O&M Expenses	809.58
2	Depreciation	557.07
3	Interest & Finance Charges	522.04
4	Current tax	7.58
5	Other Debits	114.52
6	Extraordinary items	315.91
7	Transmission and wheeling charges	0.72
8	Net Prior Period Charges	28.11
	Total Expenditure	2355.53
	Profit for the Year	28.59

As per the Audited Accounts, KPTCL has earned a profit of Rs.28.59 Crores for FY14. Considering the surplus earned by the Company in the previous years, the cumulative surplus is Rs.254.62 Crores (inclusive of profit in FY14).

Commission's Analysis and decisions:

The Annual Performance Review for FY14 is being reviewed duly considering the actual expenses as per the Audited Accounts against the expenses approved by the Commission in its tariff order dated 6th May, 2013.

The Commission, in accordance with the provisions of the KERC (Terms and Conditions for Determination of Transmission Tariff) Regulations, 2006 and amendment notified on 1st February, 2012 has taken up the Annual Performance Review of KPTCL for FY14. The itemwise review of expenditure and the decisions of the Commission thereon are discussed in the following paragraphs:

i) Transmission Losses for FY14:

The Commission had approved the annual average transmission loss of 3.94% for FY14. KPTCL, in its filing has reported a transmission loss of 3.88%.

The Commission in its tariff order dated 6th May, 2013, had fixed the target transmission losses of 3.94% for FY14 on the basis of the methodology suggested by KPTCL, wherein the energy input from generation bus into the KPTCL grid is deducted from the total energy at interface points of the ESCOMs, to arrive at the transmission losses in KPTCL system.

The actual transmission losses of 3.88% reported by KPTCL are based on the input energy and energy supplied at interface points of KPTCL transmission system exclusively. Since the actual transmission losses are within the approved range of transmission losses (3.84% to 4.04%) for FY14, the Commission decides not to allow any incentive on the actual transmission losses for FY14.

ii) System Availability:

KPTCL's Submission:-

The transmission system availability as submitted by KPTCL for FY14 is as under:

TABLE – 4.3

System Availability - FY14

Name of the Transmission Zone	Total No of AC Tr. Lines	% Availability	Total No of ICT's	% Availability	Total MVAR of Static VAR Compensators	% Availability	Total No of switched BUS reactors	% Availability	% System Availability for the system
BAGALKOT ZONE	343	99.64%	493	99.72%	1077	99.92%	0	0.00%	99.72%
B' LORE ZONE	294	99.89%	521	99.93%	650	99.92%	4	99.86%	99.92%
GULBARGA	258	99.78%	325	99.79%	572.45	99.78%	0	0.00%	99.79%
HASAN ZONE	174	99.18%	271	99.67%	397.36	99.83%	0	0.00%	99.51%
MYSORE ZONE	138	99.95%	240	99.96%	591.68	99.75%	0	0.00%	99.91%
TUMKUR ZONE	103	99.85%	355	99.94%	630.13	99.98%	0	0.00%	99.92%
TOTAL	1310	99.64%	2205	99.84%	3918.62	99.87%	4	99.86%	99.78%

Commission's Analysis:

On a verification of the data furnished by KPTCL, the Commission has observed that:

- a) In the transmission zone Bagalkot, Ghataprabha-Chikodi- I & II transmission lines were found to have recorded unscheduled interruptions of 325.53 and 325.57 Hours, leading to 93.42% & 93.41% availability respectively. However, the availability of transmission lines works out to 99.63% and the overall percentage availability of Bagalkot transmission zone works out to 99.72%.
- b) In the Hassan transmission zone, the transmission line JST1 & JST2 between MGHE and Sagar substation has recorded 3624 Hrs of unscheduled interruptions leading to 58.63% availability. However, the availability of transmission lines works out to 99.18% and the overall percentage availability of Hassan transmission zone works out to 99.51%.

- c) In Gulbarga Transmission zone, the 220 kV RTPS - Raichur-2 transmission line was found to have recorded an unscheduled interruptions of 906.88 Hrs resulting in reduction in percentage availability of the said line to 89.65%. However, the overall percentage availability of Gulbarga transmission zone works out to be 99.79%.

The Commission had also forwarded the transmission system availability to the ESCOMs for their view/comments and the following are the views submitted by ESCOMs:

- 1) HESCOM has concurred with the transmission availability submitted by KPTCL.
- 2) CESC has stated that, they have only 11kV data for analysis and have not extended any comment on the transmission availability.
- 3) The other ESCOMs have not furnished the comments/views on the issue.

Further, KPTCL in their letter dated 13th February, 2015 has submitted that, as per the Regulations transmission availability has to be computed considering the transmission lines, ICTs, switched reactors and SVCs only and KPTCL was furnishing Shunt Capacitors details against the SVCs which is not as per Regulations. Accordingly, KPTCL has submitted following revised transmission availability considering only transmission lines, ICTs and switched reactors only.

TABLE – 4.4

Revised System Availability - FY14

Name of the Transmission Zone	Total No of AC Tr. Lines	% Availability	Total No of ICT's	% Availability	Total No of switched BUS reactors	% Availability	% System Availability for the system
BAGALKOT ZONE	343	99.637%	493	99.721%	0	0.000%	99.6867%
B' LORE ZONE	294	99.895%	521	99.929%	4	99.859%	99.9161%
GULBARGA	258	99.782%	325	99.795%	0	0.000%	99.7893%
HASAN ZONE	174	99.180%	271	99.667%	0	0.000%	99.4762%
MYSORE ZONE	138	99.955%	240	99.956%	0	0.000%	99.9557%
TUMKUR ZONE	103	99.853%	355	99.941%	0	0.000%	99.9213%
TOTAL	1310	99.636%	2205	99.842%	4	99.859%	99.7653%

In view of the above, the Commission has computed the transmission system availability submitted by KPTCL and found that, the availability works out at 99.77 %.

In accordance with Clause 3.17(1) of the MYT Regulations, the transmission licensee is allowed an incentive for achieving system availability above the target availability of 98%. As per Clause 3.17(2) of the MYT Regulations, 50% of the incentive is to be shared with long term customers in the ratio of their average allotted transmission capacity for the year.

The incentive admissible to KPTCL is worked out as follows:

TABLE – 4.5

Approved Incentive for better Transmission System Availability for FY14

Incentive for better Transmission System Availability	
Particulars	FY14
System Target Availability	98%
Actual System Availability for FY14	99.77
No incentive allowed beyond 99.75% as per MYT Regulations	99.75%
Availability beyond target levels	1.75
Incentives for Availability beyond target levels linked to approved ARR in Rs. Crs	41.64
50% to be shared with the ESCOMs and balance to be retained by KPTCL Rs.Crs	20.82

The Commission directs KPTCL to recover Rs.20.82 from the ESCOMs in proportion of the transmission capacity allocated for FY14.

iii) Operation and Maintenance Expenses:

The actual O&M Expenses reported by KPTCL is Rs.848.07 Crores. This includes Employee costs of Rs.698.04 Crores, Administrative & General Expenses of Rs.49.83 Crores and Repairs & Maintenance expenses of Rs.100.20 Crores. The Commission in its Tariff Order dated 6th May, 2013, had approved O&M Expenses of Rs.717.98 Crores inclusive of additional O & M expenses of Rs.134.40 Crores on account of P&G contribution for FY14. The actual O&M Expenses are more than the approved expenses by Rs.130.09 Crores.

KPTCL in its application has requested the Commission to approve O & M expenses as per actuals as the normative O & M expenses will not take into account the escalations due to revision of pay scale, increase in R&M expenses, P&G contribution as per actuarial valuation and expenses on account of unforeseen events and massive repair works during the year. Further, KPTCL has stated that the CERC norms allows O&M expenses of Rs.45.82 lakhs / bay (220 KV) as compared to the KERC norms of Rs.0.91 lakhs / bay which are not comparable.

KPTCL has also state that it has filed review petition RP 05 of 2013 and RP06 of 2014, before the Commission which are yet to be decided. Further, KPTCL has furnished the O & M expenses as filed and approved of other State's Transmission Utilities by as follows:

Figures in

Rs.Crs.

Year	Gujarat		Tamil Nadu		Andhra Pradesh		Chattisgarh	
	Filed	Approved	Filed	Approved	Filed	Approved	Filed	Approved
2011-12	708	708	640.34	618.43	336.18	315.03	310.55	302.23
2012-13	797	801	667.97	643.69	377.94	348.33	371.129	356.60

As per the provisions of the MYT Regulations, the normative O & M expenses are determined based on the actual O & M expenses incurred by KPTCL in the base year, actual number of bays and circuit

kilometers of transmission lines in KPTCL and the inflation factor, duly considering the actual inflation for the year, the actual number of bays and the actual length of transmission line.

The Commission in its Tariff Order dated 6th May, 2013, had considered 19624 No of Bays and 32089 Ckt. Kms of Lines as projected by KPTCL for FY14. Now, as per the actual data reported by KPTCL, the No. of Bays is 19617 and the length of transmission lines is 32471 Ckt. Kms.

The Commission notes that, about 80% of the O & M expenses pertain to employee cost and 20% pertains to A&G and R&M expenses. Hence the Commission decides to allow 80% weightage to CPI and 20% weightage to WPI to compute composite inflation index. Considering this composite inflation index, the Commission has computed the inflation factor based on the similar methodology adopted by the CERC in its orders on escalation rates issued from time to time as shown below:

Year	WPI	CPI	Composite Series	Yt/Y1=Rt	Ln Rt	Year (t-1)	Product [(t-1)* (LnRt)]
2002	87.92	103	99.984				
2003	92.6	107	104.12	1.04	0.04	1	0.04
2004	98.72	111	108.544	1.09	0.08	2	0.16
2005	103.37	116	113.474	1.13	0.13	3	0.38
2006	109.59	123	120.318	1.20	0.19	4	0.74
2007	114.94	131	127.788	1.28	0.25	5	1.23
2008	124.92	142	138.584	1.39	0.33	6	1.96
2009	127.86	157	151.172	1.51	0.41	7	2.89
2010	140.08	176	168.816	1.69	0.52	8	4.19
2011	153.35	192	184.27	1.84	0.61	9	5.50
2012	164.93	209	200.186	2.00	0.69	10	6.94
2013	175.35	232	220.67	2.21	0.79	11	8.71
A= Sum of the product column							32.75
B= 6 Times of A							196.49
C= (n-1)*n*(2n-1) where n= No of years of data=12							3036.00
D=B/C							0.06
g(Exponential factor)= Exponential (D)-1							0.0669
e=Annual Escalation Rate (%)=g*100							6.69

Considering the inflation rate of 6.69%, the normative O & M expenses for FY14 will be as follows:

TABLE – 4.6
Approved Normative O & M Expenses – FY14

Particulars	FY14
O&M cost in terms Rs. thousands/bay	92.92
O&M cost in terms Rs. thousands/Km of Line	129.69
Inflation rate in %	6.69
No. of Bays	19617
Length of Line in Kms	32471
O&M Expenses for Bays Rs.Crs	182.28
O&M Expenses for Lines Rs.Crs	421.10
TOTAL O&M Expenses as per Norms Rs.Crs	603.39

The Commission in its tariff order dated 6th May, 2013, while approving the O & M expenses for the control period FY14 to FY16 had considered an amount of Rs.134.40 Crores towards additional employee costs, contribution to Pension and Gratuity fund and increase in HRA. These additional expenses were treated as uncontrollable O & M expenses besides the normative O & M expenses.

The Commission, in its preliminary observations had sought details of additional employee cost incurred for FY14 on account of pension and gratuity contribution to P & G trust and Newly Defined Contributory Pension Scheme, increase in HRA and additional employee cost on account of recruitment of employees. KPTCL in its replies has stated that, it has incurred Rs.106.16 Crores towards provision for leave encashment and Rs.116.09 Crores towards P&G contribution.

The Commission in its preliminary observations had requested KPTCL to furnish O & M expenses incurred for maintenance of 11 KV bays. KPTCL in its replies has stated that the maintenance charges of 11 KV bays are included in 66 KV substations. As such there is no breakup of maintenance charges incurred exclusively for 11 KV bays. The comparison of O & M expenses allowed by CERC to PGCIL and the O & M expenses being allowed by KERC for KPTCL may not be relevant as KPTCL is claiming O & M expenses on all the bays from 400 KV to 11 KV voltage levels. The methodology adopted by this Commission

provides for considering the actual O & M expenses in the base year and providing inflation for the future period.

The Commission notes that, KPTCL is incurring higher employee cost on account of contribution to P&G trust and making provisions for leave encashment annually, in addition to the normal employee cost which is inclusive of basic pay, dearness allowance and HRA. Considering, the plea of KPTCL that O & M expenses as per norms are not sufficient to meet the actual O & M expenses incurred, the Commission decides to allow contribution to P&G trust and leave encashment as uncontrollable O&M expenses. This component will be allowed in addition to the normative O&M expenses to enable KPTCL to meet its O&M expenses.

The O& M expenses on account of additional employee costs incurred by KPTCL due to Pension & Gratuity contribution (as per the existing approved actuarial valuation report) and leave encashment are treated as uncontrollable O & M expenses as follows:

TABLE – 4.7

Approved Additional Employee Cost (Uncontrollable O&M Expenses)

Particulars	Amount in Rs.Crs.
P&G Contribution for FY14 with pension contribution computed at 30% of (Basic + DP + DA) and gratuity contribution at 6.01% of (Basic + DP)	103.49
Provisions for earned leave encashment	106.16
Increase in HRA due to revision of pay	4.79
Total Uncontrollable O&M Expenses -FY14	214.44

Thus the allowable O & M expenses for FY14 are as follows:

TABLE – 4.8
Approved Allowable O & M expenses for FY14

Amount in Rs.Crs.	
Particulars	FY14
Total normative O&M Expenses	603.39
Additional employee cost	214.44
Total O&M Expenses allowable in Rs.Crs.	817.83

Thus, the Commission decides to allow O & M expenses of Rs.817.83 Crores for FY14.

iv) Depreciation:

KPTCL, in its audited accounts has indicated an amount of Rs.557.07 Crores towards depreciation for FY14. The Commission in its tariff order dated 6th May, 2013, had approved an amount of Rs.562.55 Crores. As such the actual depreciation is lower by Rs.5.48 Crores.

The allowable depreciation for FY14 has been determined by the Commission in accordance with the KERC (Terms and Conditions for Determination of Transmission Tariff) Regulations, 2006 as amended on 1st February, 2012. Considering the actual average gross block of fixed assets for FY14, the weighted average rate of depreciation works out to 4.52% after excluding withdrawal of depreciation of Rs.24.36 Crores towards assets created out of consumer contribution and grants.

As per the decision of the Hon'ble Appellate Tribunal for Electricity in Appeal No.108/2010 and consequential orders of the Commission dated 17th October, 2013, KPTCL was required to factor in depreciation on grants, consumer's contribution etc. in accordance with the accounting standards 12 of the Institute of Chartered Accountants.

KPTCL in its audited accounts has indicated an amount of Rs.24.36 Crores towards depreciation on account of assets created out of consumers contribution / grants for FY14. The same has been factored in while determining the allowable depreciation for FY14.

Further, an amount of Rs.0.20 Crores has been shown as capitalization of depreciation for FY14 in the audited accounts of KPTCL. The same has been factored in while determining the allowable depreciation for FY14.

Thus, the Commission decides to consider depreciation of Rs.532.71 Crores for FY14.

v) Capital Investment for FY14:

KPTCL has reported a capital expenditure of Rs.887.58 Crores as against an approved capex of Rs.1400 Crores for FY14. The following table indicates the details of actual expenditure incurred by KPTCL for FY 14:

TABLE – 4.9
Actual Capital expenditure for FY14

Rs.Crs.		Amount in
SI NO	Particulars	FY14
1	New substations	446.00
2	Transmission Lines	318.00
3	Extension and improvement works relating to transformers, Lines and Stations	145.30
4	Installation of capacitors	0.07
5	Load dispatch centre & Communications	4.21
6	Buildings	18.94
7	Vehicles	1.44
8	Furniture and Fixtures	0.48
9	Office Equipment and others	7.34
10	Sub total	941.78
11	Less: Capital Expenditure transferred among KPTCL Units through IUA	(-)54.20
12	Total	887.58

Further, KPTCL has furnished the progress of works envisaged for meeting additional load, Voltage improvement, Evacuation of power from new generating stations and strengthening existing system as under:

TABLE – 4.10

Progress of Capital Works for FY14

Works classified for	Capex proposed	Total works proposed	Completed	On going	Tendering Stage	work not in annual plan
Additional load	828.54	407	147	118	141	1
Voltage improvement	72.1	36	7	10	19	0
Evacuation of power from new generating stations	141.37	9	0	1	8	0
Strengthening existing system	358	212	30	70	84	28
	1400	664	184	199	252	29

Commission's Analysis and decision:

The approved and actual capital expenditure of KPTCL for the past five years is indicated below:

TABLE – 4.11

Approved Capex Vs Actual Capex during the period FY10 to FY14

YEAR	Proposed & Approved Capex	Actual Capex	% age Achievement	Short fall
FY-10	1600	1452	91%	148
FY-11	1692	1133	67%	559
FY-12	1692	944.86	56%	747.14
FY-13	1150	1011.38	88%	138.62
FY-14	1400	887.58	63%	512.42

From the above table it is seen that, only 63% of the planned expenditure has been incurred by the KPTCL during FY14. The average actual capex during the period FY10 - FY13 has been Rs.1135 Crores whereas in FY14 the actual capex is Rs.887.58 Crores, a reduction by Rs.247.73 Crores, compared to the average capex of the last four years.

The Commission having taken note of the actual capital expenditure of Rs.887.58 Crores decides to allow this capital expenditure in the APR for FY14.

vi) Prudence Check:-

The prudence check of capex of MESCOM was taken in two parts:

- i) Prudence check of execution of the capital works of FY13 & FY14
- ii) Prudence check of Material Procurement process of FY13 & FY14

i) Prudence check of execution of the capital works of FY13 & FY14

The Commission has been allowing the capital expenditure proposed by KPTCL in its tariff filing every year, subject to prudence check. The capital expenditure incurred by KPTCL against the approved Capex for FY13 and FY14 and the cost of completed and categorized works is as shown below:

Proposed & Approved Capex Vs Actual Capital expenditure for FY13 to

FY14

Year	Proposed Capex	Approved Capex	Capital Expenditure (Actuals)	% age Achievement	Asset categorized	Asset categorized	
						plants & machinery	Lines & cables
FY13	2500	1150	1011.38	87.94	1560.60	398.06	1090.30
						Total=1488.36	
FY14	1400	1400	887.58	63.39	865.97	468.34	343.14
						Total=811.48	

The Prudence check of capital expenditure being an annual exercise, the Commission has entrusted the prudence check of capital expenditure of KPTCL to M/s TERI.

In the prudence check carried out by M/s TERI, a total of One hundred (100) capital works costing both above and below Rs.5 Crores (with a total expenditure of Rs.1564.95 Crores) each were selected for prudence check.

M/s TERI have conducted the prudence check as per the guidelines and the scope of the works, issued by the Commission.

After completing the prudence check work, the Consultants have submitted a Report. A gist of the findings is as under:

Gist of Prudence check findings for FY13 & FY14	Particulars	Numbers	Amount in Rs.Crs.
No. of works costing Rs. 5 Crores and above examined		52	1580.09*
No. of works costing less than Rs. 5 Crores examined		48	115.97*
No. of works costing Rs. 5 Crores and above not meeting the norms of prudence as stipulated in the guidelines issued by this Commission		3	17.37
No. of works costing less than Rs. 5 Crores not meeting the norms of prudence as stipulated in the guidelines issued by this Commission		4	10.73
Total Number of works not meeting the norms of prudence as stipulated in the guidelines issued by this Commission		7	28.10

* DPR values

Some of the other findings of the prudence check are summarized in the following Table:

Gist of other findings of Prudence check for FY13 & FY14

Particulars	Status of the Project
Number of projects completed with one year time delay	19
Number of projects completed with 1 to 2 year time delay	29
Number of works completed with delay of more than two years	23
Number of works exceeding estimated cost by 10% to 25%	14
Number of works exceeding estimated cost by more than 25%	24

The Commission had forwarded the Report on the findings of the Prudence Check to the KPTCL for their comments/justification etc.

KPTCL in its reply has furnished the replies on each of the works which are considered as not meeting the norms of prudence. A summary of the same are shown below:

TABLE - 4.12

Summary of Replies furnished by KPTCL

Sl.No	Details of Works considered as imprudent	Amount Rs. in Lakhs	Replies furnished by KPTCL to Justify the capex
1	Est. 1x 10MVA, 110/11 kV S/s at Aski and Const. of 110 kV SC line 17.956 Kms from 110 kV Kembhavi S/s	685	Substation was constructed as per the request of HESCOM and intimated the commissioning of the substation and requested to construct 5 Nos. 11kV feeders.
2	Creating 33 kV reference by installing 10MVA,110/33 kV Tr. at Laxmeshwar	35.6	HESCOM had proposed a 33kV substation at Gadageri. It had requested for 33 kV reference with a 110/33 kV transformer and 33kV terminal Bay.
3	Est 2x20 MVA, 66/11KV S/s at Konadasanapura. Construction of 66 kV LILO line on DC towers from Hoddy-Hosakote DC line 0.03kms	508.6	This S/s was proposed to ease the loads on ITI, Hoskote and Kadugodi substations. But, the upstream line constraint due to non-commissioning of proposed 220 kV substation at Manyatha Tech park (which was delayed due delay in handing over the land) resulted in not achieving the goals.
4	Est. 1 X 10 MVA 110/11kV S/s at Gajanur and const. of 110 kV LILO line from Shimoga-SK V3 (0.285kms)	544.29	Five 11kV feeders were proposed. Hydro power injection has started on 6.6.2014. MESCOM has to complete another two lines to load the substation.
5	Establishing 1x8MVA, 66/11kV Sub-Station at Magala and Const. of 66 kV SC line from Hirehadagali S/s 7.52 Kms	447.53	Four 11kV feeders were proposed but only two lines were completed by GESCOM.
6	Up-gradation of existing 1x5MVA, 33/11kV S/s to 1x10MVA, 110/33-11kV and 1x10MVA, 110/11kV S/s at Turvihal along with construction of 110 kV SC line from Sindhanur S/s 17.46 kms.	324.74	The proposed 33kV substation at Gunda has not been taken up by GESCOM
7	66kV DC Drake ACSR line from 220 kV Bidadi to Kumbalagodu (13.44kms) along with construction of 02 No. of 66kV TBs at Kumbalagodu.	265.41	The part of the line up to Hejjala 66/11kV substation has been completed. From Hejjala to Kumbalagodu severe right of way problems encountered. A decision to short close this line is under consideration. The decision to upgrade to Kumbalagodu 66/11 kV substation to 220 kV has been taken up in consultation with BESCOM.

KPTCL, in its replies has stated that, the five works of establishing substations and creating terminal bay by augmentation are carried out as per the request of the ESCOMs. KPTCL has provided justification for communications it had made quoting the TCCM minutes, earlier correspondence made with ESCOMs for constructing the downstream lines. Further, with respect to the works involving severe RoW issues KPTCL has stated that, the loads are being met with alternative sources and also RoW issues are being addressed appropriately and requested the Commission to consider the capex as prudent.

In view of this, the Commission considers the reply given by KPTCL and decides to allow the capex as prudent. Further, the Commission notes that the investment made by KPTCL on behalf of ESCOMs has not been utilised by ESCOMs. The Commission therefore decided that such works which are not made use of by the ESCOMs would be considered as attributable to the ESCOMs only and the interest and depreciation on the capex amount should be disallowed in the APR of respective ESCOMs. The Commission also directs KPTCL to resolve RoW and other issues immediately in respect of two projects to put the assets created for the optimal utilization and report to the Commission.

ii) Prudence check of Material Procurement process of FY13 & FY14:

The programme of capital works in KPTCL are mainly categorized as:

- a) Main capital works and
- b) General capital works.

The “main capital works”, basically are the infrastructure works and are capital intensive in nature and the “General capital works” are the works which covers routine maintenance for up keep of the transmission system which are less capital intensive in nature.

The “Main Capital works” broadly comprises of the following;

- a) Construction of new sub-station with associated lines and also exclusive lines to link the transmission system.
- b) Augmentation of station capacity and transmission lines capacity.
- c) Pure civil works such as construction of buildings, etc.

The "General capital works" includes works related to replacement of faulty transformers, EHV breakers, CT's, PT's, Relays, station battery & battery chargers, providing new/additional switchgears, and other associated equipment like T & P articles etc.

Main capital works are carried out both on partial turnkey and total turnkey concept. KPTCL procures major materials like, Power Transformers and Circuit breakers and issues them to the partial turnkey contractor, who will execute the work as per award and includes some of the other various associated materials, which are covered under contractor's scope.

The procurement of materials for general capital works, has been planned by KPTCL, KPTCL has procured materials worth of Rs. 94.37 Crores and Rs.32.33 Crores during FY13 and FY14 respectively which forms less than 1% of the total capex of each year. The detailed procedure for the procurement of Major materials are given below.

- a) KPTCL complies with the provisions of KTP act for material
- b) Materials required for the execution of general capital works are procured based on the Initial requisitions placed to the KPTCL corporate office by the concerned transmission zone chief engineers covering all the divisions and the circles.
- c) KPTCL Project and Monitoring (P & M) division will consolidate all the requirement for the execution of works in six transmission zones
- d) Based on the existing stock of the major materials available in the stores of TL & SS divisions (oral communication between corporate office & transmission zone engineers), required quantity that has to be procured are finalized by P & M division.

It was found that, the material stock position /stock inventory is not maintained and monitored at any level and the list of materials at the

end of each quarter and at the end of financial year was not available at corporate office. It was informed that, the material stock on real time was hosted on the web based portal which can be accessed only by the department people to know present stock position of major materials, but it was not accessible for verification.

vii) Interest and Finance Charges:

KPTCL has claimed an amount of Rs.543.67 Crores towards interest and finance charges. The Commission in its tariff order dated 6th May, 2013, had approved an amount of Rs.618.82 Crores. Thus, the actual interest and finance charges is lower by Rs.75.15 Crores.

As per the Audited Accounts and data furnished under format T9, considering the opening and closing balances of loans, the average loan for the year FY14 would be Rs.5020.78 Crores. The weighted average rate of interest works out to 10.83%.

TABLE – 4.13**Allowable Interest and Finance Charges**

Amount in Rs.Crs.

Particulars	FY14
Secured Loans	4986.28
Unsecured Loans	17.24
Total	5003.52
Less Interest accrued & dues	0.00
Long term secured & unsecured loans	5003.52
Add new Loans	1361.16
Less Repayments	1326.65
Total loan at the end of the year	5038.03
Average Loan	5020.78
Interest on long term loans (as filed)	543.63
Weighted average rate of interest based on the actual interest proposed on long term loans in FY14 as per audited accts in %	10.83
Other interest and finance charges	0.04
Allowable Interest on long term loans	543.67

Since the weighted average rate of interest is less than the prevailing interest rates for long term loans, the Commission decides to allow actual interest and finance charges of Rs.543.67 Crores for FY14. Further, considering the actual capitalization of interest of Rs.41.58 Crores the net interest and finance charges would be Rs.502.09 Crores.

viii) Interest on Working Capital:

KPTCL has incurred interest on short term loans to an extent of Rs.19.95 Crores. As per the norms under MYT Regulations as amended, KPTCL is entitled to interest on working capital. Accordingly, the allowable interest on working capital for FY14 is as follows:

TABLE – 4.14**Allowable Interest on Working Capital**

Particulars	FY14
One-twelfth of the amount of O&M Exp.	68.15
Opening GFA as per Audited Accts	11418.52
1% of Opening balance of GFA	114.19
One-sixth of the expected revenue from Transmission user at the prevailing tariffs	387.40
Total Working Capital	569.73
Rate of Interest (% p.a.)	11.75
Interest on Working Capital	66.94
Actual interest on working capital as per audited accounts	19.95
Allowable interest on working capital as per Regulations	43.45

As per the provisions of the KERC (Tariff) Regulations as amended on 01.02.2012, the Commission decides to allow the interest on working capital of Rs.43.45 Crores for FY14 on a normative basis.

ix) Other Debits:

KPTCL in its Audited Accounts has indicated an amount of Rs.115.24 Crores towards other debits. This includes an amount of Rs.103.39 Crores towards interest on belated payment for cost of power purchase. As the cost of power purchase is not a component of transmission charges, the Commission hereby decides not to consider this expenditure for the purpose of the annual review of performance for FY14. Further, KPTCL may claim such cost of power purchase if the same pertains to period prior to 10.06.2015 from ESCOMs as ESCOMs have inherited KPCL's business of power purchase under the statutory transfer scheme. The balance amount of Rs.11.85 Crores pertains to cost of decommissioning of assets, small and low value items written off and miscellaneous losses and write offs. **As such the Commission decides to allow an amount of Rs.11.85 Crores towards other debits for FY14.**

x) Return on Equity:

KPTCL has claimed RoE of Rs.298.62 Crores for FY14 as follows:

TABLE – 4.15**Return on Equity - KPTCL's Submission**

Amount in Rs.Crs.

Calculation of RoE	FY14
Paid up share capital and share deposits	1575.32
Capital Reserves and Surplus	351.29
Total Equity	1926.61
RoE @ 15.50%	298.62

The Commission in its tariff order dated 6th May, 2013, had approved RoE of Rs.431.21 Crores.

In accordance with the provisions of the MYT Regulations, the allowable RoE for FY14 is computed as follows:

TABLE – 4.16**Allowable Return on Equity**

Amount in Rs.Crs.

Particulars	FY14
Paid up share capital	1575.32
Share deposits	350.00
Capital Reserves and Surplus	226.03
Total Equity	2151.35
RoE @ 15.50%	333.46

The Commission decides to allow RoE of Rs.333.46 Crores for FY14.

Further, in compliance to the Order of the Hon'ble ATE in appeal No. 46 of 2014, wherein it is directed to indicate the opening and closing balance of gross fixed assets along with break-up of equity and loan component in the tariff order hence forth, the details of GFA, debt and equity (Networth) for FY14 are as follows:

Particulars	Estimated GFA	Estimated Debt	Estimated Equity (Networth)	Normative Debt @ 70% of GFA	Normative Equity (Networth) @ 30% of GFA	% of actual Debt on GFA	% of actual Equity (Networth) on GFA
Opening balance	11418.51	5003.52	2151.35	7992.96	3425.54	43.82%	18.84%
Closing balance	12171.29	5038.04	2320.19	8519.90	3651.39	41.39%	19.06%

From the above table it is evident that the estimated debt is 41.39% as against normative debt of 70% on closing balance of GFA. Also the estimated equity (networth) is 19.06% as against normative equity of 30%. Hence, the RoE on equity (networth) has been allowed within the normative levels as per Regulations.

xi) Provision for Taxation:

KPTCL in its Audited Accounts has indicated an amount of Rs.7.58 Crores towards income tax for FY14. Since the Commission has allowed RoE @ 15.5% without considering allowable MAT, the Commission decides to allow the actual expenses towards payment of tax of Rs.7.58 Crores for FY14.

xii) Net Prior Period Charges:

KPTCL in its Audited Accounts has indicated an amount of Rs.28.11 Crores as net prior period charges. This amount pertains to net of excess / under provisions pertaining to depreciation, employee cost and other administrative expenses.

The Commission allows an amount of Rs.28.11 Crores as net prior period charges for FY14.

xiii) Extraordinary items:

KPTCL in its Audited Accounts has indicated an amount of Rs.315.91 Crores being the RE subsidy amount accounted during FY06 withdrawn in accordance with the Energy Department, GoK letter No.EN 29 PSR 2014 dated 23.05.2014. KPTCL has also furnished the copy of this letter to justify the claims. As per the Commission's Tariff Order dated 6th July, 2007, while truing up the ARR for FY06, an amount of Rs.315.91 Crores has been considered as revenue subsidy based on the audited accounts of KPTCL for FY06. Since this amount which was considered as revenue earlier true up exercise for FY06 and in view of the same being withdrawn by KPTCL in FY14 based on the GoK's decision, the Commission decides to consider this amount of Rs.315.91 Crores as extraordinary item of expenditure for FY14.

xiv) Other Expenses Capitalized:

KPTCL in its filing has indicated an amount of Rs.38.49 Crores towards capitalization of other expenses. This pertains mainly to capitalization of employee cost, A&G and R&M.

TABLE – 4.17

Other Expenses Capitalized – KPTCL's Submission

Amount in Rs.Crs.	
Particulars	FY14
Repairs and Maintenance	0.29
Administration and General Expenses	4.88
Employee Cost	33.32
Total expenses capitalized	38.49

The Commission allows an amount of Rs.38.49 Crores towards capitalization of other expenses.

xv) Other Income:

KPTCL in its Audited Accounts has indicated an amount of Rs.59.74 Crores as other income. This amount also includes the withdrawal of depreciation of Rs.24.36 Crores on assets created out of grants / consumer contribution. This amount has already been factored while computing allowable depreciation. The balance amount of Rs.35.38 Crores mainly pertains to rent from staff quarters, rent from ESCOMs and interest on bank deposits.

The Commission decides to consider this amount of Rs.35.38 Crores as non-tariff income.

xvi) SLDC Charges:

KPTCL in its filing has claimed an amount of Rs.14.04 Crores pertaining to SLDC charges from the ARR for FY14. This amount pertains to depreciation of assets pertaining to SLDC. Further, as per the audited accounts, an amount of Rs.14.00 Crores has been deducted from the O&M expenses as the same pertains to expenses shared by ESCOMs. Thus the SLDC charges to be shared by ESCOMs/Long term transmission network users will be Rs.28.04 Crores.

xvii) Adjustment of AAD as per KERC Order dated 17.10.2013:

The Commission in its order dated 17.10.2013 in case No.B/06/9 had decided to adjust the advance against depreciation provided during FY11 in the APR for FY14. Hence, an amount of Rs.159.21 Crores is adjusted in the APR for FY14.

xviii) Abstract of Approved ARR for FY14:

As per the above itemwise decisions of the Commission, the consolidated Statement of ARR for FY14 is as follows:

TABLE – 4.18

Abstract of approved ARR for FY14 as per APR

Sl. No	Particulars	FY14		
		As appd (T.O dtd 06.05.2013)	As filed (28.11.2014)	As per APR
1	Revenue from Transmission of power in Rs.Crs	2183.07	2324.38	2324.38
	Expenditure in Rs.Crs			
2	Employee Cost		698.04	
3	Repairs & Maintenance		100.20	
4	Admin & General Expenses		49.83	
5	Total O&M Expenses	717.98	848.07	817.83
6	Depreciation	562.55	557.07	532.71
7	Interest & Finance Charges	618.82	543.67	543.67
8	Interest on working capital	62.85	19.95	43.45
9	Return on Equity	431.21	298.62	333.46
10	Provision for taxation	0.00	7.58	7.58
11	Other Debits	0.00	115.24	11.85
12	Extraordinary items	0.00	315.91	315.91
	Less			
13	Interest & Finance Charges capitalised	99.61	41.58	41.58
14	Other Expenses capitalised	36.34	38.49	38.49
15	Other Income	117.00	59.74	35.38
16	Net Prior Period Charges	0.00	28.11	28.11
17	Carry forward of deficit(-) of FY11 & FY12	-43.38		
18	SLDC Charges	0.77	14.04	28.04
19	Deduction of AAD -Case No.B/06/9 Dtd.17.10.2013			159.21
20	Net ARR	2183.07	2580.37	2331.87

Thus, as against an approved ARR of Rs.2183.07 Crores and KPTCL's proposed ARR of Rs.2580.37 Crores, the Commission after the annual review of performance for FY14 decides to allow an ARR of Rs.2331.87 Crores for FY14. Considering the actual revenue of Rs.2324.38 Crores, there is a deficit of Rs.7.49 Crores for FY14. The Commission decides to carry forward this deficit to the proposed ARR for FY16 as discussed in the subsequent chapter of this Order.

CHAPTER – 5
REVISED ANNUAL REVENUE REQUIREMENT & TRANSMISSION
TARIFF FOR FY16

5.0 KPTCL's application for ARR for FY16:

KPTCL in its application dated 28th November, 2014, has sought approval of the Commission to consider the revenue gap of Rs.255.99 Crores of FY14 and allow the same to be recovered from the ESCOMs from 1st April, 2015.

Commission's Analysis and Decision:

The Commission in its Tariff Order dated 6th May, 2013, had approved ERC and Transmission tariff for FY14 – FY16. As per this Tariff Order, the Commission had approved an ARR of Rs.2599.03 Crores for FY16 as detailed below:

TABLE – 5.1
Approved ARR FY16

Amount in Rs.Crs.

Sl. No	Particulars	As approved
	Expenditure	
1	O&M Expenses	847.54
2	Depreciation	652.95
3	Interest & Finance Charges	709.18
4	Interest on working capital	74.07
5	RoE	575.24
	Less	
6	SLDC charges	0.77
7	Interest & Finance Charges capitalized	103.63
8	Other Expenses capitalized	38.55
9	Other Income	117.00
	NET ARR	2599.03

KPTCL in its application has sought to add the revenue gap of FY14 to the approved ARR of FY16 without any changes in the existing approved ARR for FY16 as per the Commission's order dated 6th May, 2013.

As discussed in the previous chapter, the Commission has decided to carry forward a deficit of Rs.7.49 Crores based on the APR for FY14. Considering this deficit, the revised ARR for FY16 would be as follows:

TABLE – 5.2
Revised ARR for FY16

Particulars	Amount in Rs.Crs.
	FY16
Approved ARR for FY16 as per tariff order dated 6 th May 2013	2599.03
Deficit as per APR for FY14	7.49
Revised ARR for FY16 including deficit of FY14	2606.52

The Commission decides to approve the revised ARR of Rs.2606.52 Crores for FY16.

i) Revised Transmission tariff for FY16:

KPTCL in its application dated 28th November, 2014 had not indicated the projected transmission capacity for FY16. The Commission had sought data of ESCOM wise transmission capacity to be considered for FY16. As per the information furnished by KPTCL, the revised transmission capacity was stated as 19380 MW for FY16. The ESCOM wise Transmission capacity is as follows:

TABLE- 5.3
ESCOM wise capacity Allocation

ESCOMs	Capacity Allocation in MW
BESCOM	9048
MESCOM	1615
CESC	2253
HESCOM	3999
GESCOM	2465

TOTAL (MW)	19380
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Based on the above transmission capacity, the ESCOM wise transmission tariff to be recovered from the ESCOMs and users of transmission network for FY16 are determined as follows:

TABLE – 5.4
Transmission Charges payable by ESCOMs for FY16

Particulars	Capacity Allocation in MW	Transmission charges for FY16 Rs.Crores per annum	Transmission charges for FY16 Rs.Crores per Month
BESCOM	9048	1216.91	101.41
MESCOM	1615	217.21	18.10
CESC	2253	303.02	25.25
HESCOM	3999	537.85	44.82
GESCOM	2465	331.53	27.63
TOTAL (MW)	19380	2606.52	217.21

The revised transmission charges for FY16 are Rs.112079 per MW per month.

The revised transmission charges for short term open access consumers for FY16 are as follows:

TABLE – 5.5
Revised transmission charges for short term open access consumers - FY16

Transmission Charges (Rs/MW)	Amount in Rs/MW
More than 12 hrs & upto 24 hrs in a day in one block	921.20
More than 6 hrs & upto 12 hrs in a day in one block	460.60
Upto 6 hrs in a day in one block	230.30

ii) SLDC Charges:

The Commission in its Tariff Order dated 6th May, 2013 had approved the ESCOM wise SLDC charges for FY16 as follows:

TABLE – 5.6
SLDC charges – Approved in Tariff Order 2013

Amount in Rs. Crs		
ESCOMs	Capacity Allocation	Share of SLDC Charges included in ARR of ESCOMs
BESCOM	11326	10.53
MESCOM	1955	1.82
CESC	2253	2.10
HESCOM	4207	3.91
GESCOM	2805	2.61
TOTAL (MW)	22546	20.97

The revised SLDC charges as per the APR for FY14 and approved ARR for FY16 as per the Commission's Order dated 6th May, 2013, to be collected from ESCOMs during FY16 are as follows:

TABLE – 5.7
Revised SLDC charges of FY16

Amount in						
Rs.Crs.						
Particulars	Capacity Allocation in MW	SLDC Charges for FY14 as per APR	SLDC Charges for FY14 as approved in Order dated 6th May 2013	Difference to be collected in FY16	Approved SLDC charges for FY16 (TO dated 6th May 2013)	Total SDLC charges included in ARR of ESCOMs
BESCOM	9048	13.09	9.33	3.76	10.53	14.29
MESCOM	1615	2.34	1.64	0.70	1.82	2.52
CESC	2253	3.26	2.11	1.15	2.1	3.25
HESCOM	3999	5.79	3.92	1.87	3.91	5.78
GESCOM	2465	3.57	2.33	1.24	2.61	3.85
TOTAL	19380	28.04	19.33	8.71	20.97	29.68

The Commission decides to allow KPTCL to collect the above difference of Rs.8.71 Crores pertaining to SLDC charges for FY14 along with the approved SLDC charges of Rs.20.97 Crores for FY16 totaling to Rs.29.68 Crores.

Commission's Order

- 1. In exercise of the powers conferred on the Commission under Sections 62 and 64 and other provisions of the Electricity Act 2003, the Commission hereby determines and notifies the revised transmission tariff of KPTCL for FY16 as approved in this order.**
- 2. The tariff determined in this Order shall come into effect from 1st April 2015.**
- 3. This Order is signed dated and issued by the Karnataka Electricity Regulatory Commission at Bangalore this day, the 2nd March, 2015.**

Sd/-

**(M.R.Sreenivasa Murthy)
Chairman**

Sd/-

**(H.D.Arun Kumar)
Member**

Sd/-

**(D.B.Manival Raju)
Member**

APPENDIX

COMMISSION'S DIRECTIVES AND COMPLIANCE BY KPTCL

1. The following are the new directives issued by the Commission:

i) Reactive Power compensation and restoration of failed Capacitors:

The Commission has taken note that the availability of 3913.61 MVAR Capacitors in the KPTCL system against the installed capacity of 5588.32 MVAR. The Commission therefore directs KPTCL to develop an action plan for restoration of failed capacitors immediately and submit a monthly status report.

ii) Transmission System Availability – Monthly Report:

The Commission directs KPTCL to submit the monthly report of transmission system availability duly certified by SLDC with effect from March 2015.

2. Review of Compliance of Existing Directives:

The Commission, in its Tariff Order dated 12th May, 2014 and in the earlier Tariff Orders under the MYT framework, had issued the following directives for compliance by KPTCL. Compliance of those directives by KPTCL is discussed in this section.

I. Directive on Management Information System- MIS

The KPTCL shall improve its Management Information System in the next filing to give greater details and explain the basis for all the projections indicating the sources of data and the method of estimating projected values. The Commission notes that the progress in MIS needs improvement. This has also resulted in the KPTCL furnishing inconsistent data at different points of time.

The Commission, besides reiterating its earlier directives, had directed the KPTCL to furnish consistent data on time regarding the following:

- i) Details of Transmission Losses
- ii) Voltage-wise Losses
- iii) Details of capex as per formats issued by the Commission
- iv) Implementation of Intra-State ABT

The Commission had directed the KPTCL to furnish the status of implementation of the Intra-State ABT. Further, the Commission also had directed the KPTCL to furnish the ESCOM-wise UI charges to ensure that the cost of over drawal of power at frequencies below the permissible band, should be borne by the respective ESCOMs.

Compliance by KPTCL

As directed, the KPTCL reported the compliance on implementation of Intra-State ABT to the Hon'ble Commission vide letter No. KPTCL/B36/124 dated 11.07.2014. The Commission was informed that Intra State ABT bill (CGS Portion) is being sent to the ESCOMs from 01.04.2013 and for the current year 52 bills have been sent.

Commission's Views

The Commission observes that there is no tangible progress achieved in implementation of Intra-State ABT by the KPTCL/ESCOMs. KPTCL/ESCOMs had conducted Mock exercises at 220 kV level long back but failed to take forward the implementation of the Intra-State ABT regime in the State. It seems that the KPTCL has not followed up with the ESCOMs with all the seriousness that this matter deserves. In the Review Meeting held in the Commission on 29th July, 2013, with KPTCL and ESCOMs, the Managing Director of KPTCL, had agreed to expedite implementation of Intra-State ABT by including generators also in the ABT exercise and complete the same in time duly obtaining concurrence of the ESCOMs for the methodology to be adopted. But, KPTCL is yet to comply with the directives as agreed in the meeting despite continuous follow up by the Commission. The Commission directs the KPTCL and the ESCOMs to initiate immediate measures to

achieve full implementation of Intra-State ABT and report compliance thereon within the next three months.

II. Directive on Energy Audit

Metering plan for energy audit of KPTCL grid system, voltage level wise such as 400 KV, 220 KV etc., shall be prepared and submitted to the Commission. The work of procurement of metering equipment with accessories and their installation shall also be completed. Further, KPTCL shall ensure that accuracy class of meters match with that of CT/PT so as to measure the parameters accurately. The interface metering system shall be in conformity with the CEA Regulations on (Installation and Operation of Meters) 2006 and its amendments from time to time.

The Commission directs the KPTCL to furnish voltage-wise losses on a monthly basis. Further, the KPTCL is directed to maintain the entire Interface metering system in healthy condition, as accurate readings of the meters are required to be recorded for accurate energy audit/accounting purpose and this is also one of the sound practices to be followed by any power transmission utility.

Compliance by KPTCL

Month wise, voltage wise transmission losses for the year 2013-14 has already been furnished to the KERC vide letter No. KPTCL / B36/4249/2014-15/101-04 dated 21.06.2014

\The details of voltage wise transmission losses for FY 14 are indicated as below:

Voltage Class in kV	% Transmission Loss
400	0.329
220	2.052
110	0.399
66	1.103
Total	3.882

Commission's Views

On observing variations in voltage wise losses and the losses arrived at between the generation and Interface Points in the energy loss data submitted by the KPTCL, the Commission in its letter dated 26.12.2014, had directed the KPTCL to reconcile the energy data with ESCOMs and furnish compliance thereon. The KPTCL is directed to submit the compliance for the same.

Further, the KPTCL is directed to analyse the losses in its transmission system regularly on the basis of energy audit conducted and the appropriate remedial measures aimed at further bringing down the transmission loss levels needs to be taken without any let up. To ensure this, KPTCL has to review the energy audit conducted and the remedial measures initiated regularly so that a proper follow up and corrective actions are initiated to bring down the losses. The Commission reiterates its directive to KPTCL to furnish voltage-wise losses on a monthly basis, regularly.

III. Directive on Quality of Service

KPTCL shall take all measures to improve the Quality of Service i.e. reduction in interruptions and maintenance of good voltage and frequency. The KPTCL shall display on its web site the details of interruptions of major Sub-Stations and lines with maximum and minimum voltage at Station bus of each Sub-Station on a monthly basis.

The Commission had directed to take note of the permissible frequency band for operation of the grid between 49.80 Hz and 50.20 Hz as per the IEGC (first amendment) Regulations of CERC dated March 5, 2012. Also, as per the decision taken in the meeting of Forum of Regulators (FOR) held during June 11 & 12, 2009, the penal UI charges for any over drawal will not be allowed to be passed on to the consumers through tariff. Any such penal charges have to be borne by the ESCOMs from their own finances. In the light of this, the KPTCL, through SLDC/ALDCs, shall take necessary steps to avoid overdrawal from the Southern grid when frequency level goes below 49.80 Hz to ensure that payment of additional UI charges is avoided.

Compliance by KPTCL

The SLDC is adhering to the IEGC norms as amended from time to time for grid operation. Further, the Relay Testing Wing of KPTCL has taken measures for auditing of protective system. Compliance in this regard has already been furnished to the Hon'ble Commission vide letter No. KPTCL/B36/124 dated 11.07.2014.

Commission's Views

The KPTCL and the SLDC shall ensure that grid frequency is maintained within the specified frequency band as per IEGC norms. The KPTCL shall also take up auditing of all its protective system in the grid at regular intervals to prevent recurrence of the grid collapse of the kind witnessed in the north during 2012 and report compliance thereon. The KPTCL was also directed to display on its web site the details of interruptions occurred in major Sub-Stations and transmission lines with maximum and minimum voltage at Station bus of each Sub-Station on a monthly basis and compliance in this regard shall also be submitted to the Commission.

The Commission reiterates its directive to adhere to the norms of IEGC as amended from time to time in grid operation.

IV. Directive on Capital Works Programme

- a) To submit the details of capex actually incurred and capitalisation of assets in the formats already prescribed by the Commission to undertake necessary prudence check during Annual Performance Review.
- b) To maintain separate accounts with respect to the costs incurred in respect of lines and bays respectively.

The KPTCL is directed to furnish the details in specified formats used in respect of capex incurred to enable the Commission to carry out prudence check during APR. Further, it is directed to maintain separate accounts with respect to the costs incurred for lines and bays.

Compliance by KPTCL

The Information relating to costs incurred in respect of lines and bays are being submitted to the KERC based on the Audited Accounts. The details of capex actually incurred for the year 2013-14 as per the prescribed format was submitted to the KERC vide letter No. KPTCL/B36/4253/2014-15/193 dated 5.9.2014.

Commission's views

The Commission has noted the data on transmission lines and substation bays submitted by the KPTCL and direct KPTCL to continue to

- i. Submit the details of capex incurred and capitalisation of assets to undertake necessary prudence check during the APR.
- ii. Maintain separate accounts with respect to the costs incurred in respect of lines and bays.

V. Directive on Studies conducted

The Commission has directed KPTCL to have a fresh look into its manpower requirements keeping in view the technological advancements and the changed organisational set-up [i.e. corporatization].

The Commission in its earlier Tariff Orders had directed KPTCL to complete the manpower studies at the earliest and submit the interim report of ASCI.

Compliance by KPTCL

ASCI's final Report was referred to an internal Committee to re-examine the adoptability of the recommendations and final report from the Committee is awaited.

Commission's Views

The Commission notes that the KPTCL has not taken any action on the ASCI's manpower study recommendations and directs the KPTCL to initiate immediate measures to finalise the same and the compliance/progress achieved in the matter whether the recommendations of the said report have been fully accepted or otherwise shall be submitted to the Commission at

the earliest. The Commission directs the KPTCL to furnish a detailed action plan for implementation of the measures to streamline the operational structure for optimum utilisation of its manpower.

VI. Directive on prevention of electrical accidents

The Commission had directed the KPTCL to prepare an action plan to effect improvements in the transmission network and implement safety measures to prevent electrical accidents. Detailed Transmission Line and Sub-Station Division wise action plans were to be submitted to the Commission within two months.

Compliance by KPTCL

The compliance on the measures taken in prevention of electrical accidents has been furnished to the Hon'ble commission vide letter No. KPTCL/B36/4248/2014-15/124 dated 11.07.2014. Further, Zone wise action plan for prevention of electrical accidents has been furnished to the Hon'ble Commission vide letter No. KPTCL/B36/4248/140 dated 06.08.2014.

Commission's views

The KPTCL has to effect necessary improvements and expedite rectification of hazardous installations in its transmission network which are prevalent in public places to prevent possible accidents to the public. Further, the KPTCL has to conduct regular review of action plan works relating to rectification of hazardous installations in its network and take necessary measures aimed at prevention of electrical accidents. The endeavour should always be on creation of continuous awareness on electrical safety aspects so that the campaign is

kept alive for everyone to be alert which will have a positive impact as far as adhering to safety aspects is concerned. Further, the concerned Transmission and Substation staff has to be sensitised on various safety measures to be adopted while carrying out the work on the transmission network by imparting them with adequate training.

The Commission reiterates its directive to KPTCL to regularly submit transmission line and Substation wise details of action plan for prevention of electrical accidents.