

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 revised Annual Revenue Requirement (ARR) for FY19 consequent on APR of FY17, and has revised the Retail Supply Tariff of BESCOM for FY19 under the MYT principles. The BESCOM, in its present application filed on 28th November, 2019, has sought APR for FY19 based on the audited accounts, approval of revision of ARR and Retail Supply Tariff for FY21.

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 the applications, the Commission communicated its preliminary observations to the BESCOM on 11th December, 2019. The preliminary observations were mainly on the following points:

- Energy Sales
- Capital Expenditure
- Assessment of IP set consumption
- Power Purchase
- RPO Compliance
- Distribution Losses
- Wheeling Charges
- 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 21st December, 2019. The replies furnished by the BESCOM are considered and discussed in 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 31st December, 2019 treated the application of the BESCOM as a petition and directed the BESCOM to publish the summary of the application for APR of FY19, approval of Revised ARR for FY21 and retail supply tariff for FY21 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
Deccan Herald	English	04.01.2020
Times of India		
Udaya Vani	Kannada	05.01.2020
Vijaya Vani		

The BESCOM's application on APR of FY19, Revised ARR and revision of Retail Supply Tariff for FY21, 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 thirteen written objections within the time stipulated for filing the objections. The BESCOM has furnished replies to all the above objections. The Commission has also held a Public Hearing on 7th February, 2020 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 11th March, 2020. During the meeting, the KPTCL and ESCOMs made brief presentations on important issues in the tariff application filed before the Commission. Discussions were held on various issues pertaining to the tariff revision.

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