

Mangalore Electricity Supply Company Limited

REPLIES TO PRELIMINARY OBSERVATIONS

(KERC Letter No.B/03/18/1246/Dt.17-12-2018)

1. Observations on Sales:**A. Sales – Other than IP sets:**

1. Hon'ble Commission has observed that the energy sold to KPCL & wheeled energy is indicated as zero for FY-18 and FY-19 to FY-22 and directed to verify & indicate the same.

In this connection, it is to be submitted that for FY-18 energy sold to KPCL is 3.20 MU which has been included under LT-2a category.

Further, as per the revised guidelines of CEA for calculation of AT&C losses, energy wheeled through open access has to be excluded so as to ensure uniformity in calculation of losses across all the utilities. Hence, MESCOM has not considered the wheeling energy in the sales.

Further, it is to be submitted that the increased in IP consumption can be attributed to (1) increase in number of unauthorized IP sets (2) water level has gone down in some of MESCOM area such as Kadur, Birur, Shikaripura, etc., due to which the consumers may use higher capacity of pumps (3) in Dakshina Kannada & Udupi districts no power supply restrictions and also due to increased water level pumps may be used continuously.

2. MESCOM while comparing the 19th EPS projections with the current estimations of energy sales has termed the MESCOM projections as under restricted conditions in the following sense;

- that in a few areas of MESCOM, due to system constraints it is not possible to cater round the clock supply.
- roastering of IP feeders for catering regulated supply to IP sets.
- that Several HT consumers are catering their partial energy requirement through open access (IEX and wheeling & banking arrangement). While estimating the energy sales for the control period, MESCOM has excluded such open access consumption.

3. At page No.74 of the filing, in the table years are inadvertently mentioned as FY-17, FY-18 and FY-19 which may kindly be corrected & read as FY-20, FY-21 and FY-22.

4. Annual Performance Review for FY-18:

- a. & b.:** Hon'ble Commission has precisely observed that there is increase in energy sales of 205.20 MU in LT categories and reduction of 170.86 MU in HT categories compared to approved sales in the Tariff Order 2017. It has also rightly observed that the major categories contributing to the reduction in sales with respect to the approved sales in the Tariff Order-2017 are LT-2a Domestic and HT-2c.

In this regard, it is to be submitted that MESCOM has furnished the analysis for reduction in sales while proposing the APR for FY-18. However, as directed by the Hon'ble Commission, details of open access consumption in respect of HT-2b category are furnished below;

Year	Sales by MESCOM (in MU)	Energy Procured by consumers under open access / Wheeling (in MU)	Total (in MU)	% of OA energy to total energy
2016-17	186.06	-	186.06	0%
2017-18	193.17	3.41	196.58	1.73%

- c.** Regarding difference in consumption for FY-18 in respect of MSEZ, it is to be submitted that MESCOM is taking the consumption as per DCB i.e., Apr-17 to Mar-18 DCB whereas MSEZ has taken the actual consumption from Apr-17 to Mar-18. In the DCB of MESCOM, Mar-17 consumption is reflected in Apr-17 DCB and so on. The details are as below;

Consumption as per MSEZ	42.19
Less: April-18 consumption as per MESCOM DCB	4.48
Add: April-17 consumption as per MESCOM DCB	1.89
Consumption as per MESCOM	39.60

- d. & e.** Regarding energy sold to KPCL and wheeled energy, it is to be submitted that for FY-18 energy sold to KPCL is 3.20 MU which has been included under

LT-2a category. Accordingly, the projections for FY-19 to FY-22 are included in the LT-2a category.

Further, as per the revised guidelines of CEA for calculation of AT&C losses, energy wheeled through open access has to be excluded so as to ensure uniformity in calculation of losses across all the utilities. Hence, MESCOM has not considered the wheeling energy in the sales for all the years FY-18 to FY-22.

B. Observations on Sales to IP sets:

Sales for FY-18:

- a. & b. In the Tariff Order 2018, while approving APR for FY-17, has approved the actual IP set sales for the year as 1628.06 MU. Compared to the sales of FY-17, sales in FY-18 is 1661.64 MU which is 2.06% only. Hence, Hon'ble Commission is requested to consider the IP set sales of 1661.64 MU for Fy-18 and energy sales for FY-19 to FY-22 as proposed by MESCOM in the filing.

Further, MESCOM is calculating the assessed consumption of IP sets based on the readings of pilot meter fixed to predominantly feeding DTCs every month. MESCOM is submitting the computation details regularly to the Hon'ble Commission. On 29-11-2018, data pertaining to the year FY-18 and FY-19 (upto Sep) has also been submitted to Hon'ble Commission through email.

- c. GPS Survey

MESCOM has extended the period of contract for completion of GPS survey in respect of IP installations upto 18-01-2019. After completion of the survey, report will be obtained from the contract agency and same will be submitted to the Hon'ble Commission. Further, on receipt of the detailed survey report, MESCOM will take appropriate action to either regularize or to disconnect the unauthorized IP sets.

Progress as at the end of November-2018 indicates the following results on the position of authorized and un-authorized IP sets existing on the system.

Total Number of IP sets surveyed : 3,53,603 No.s

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Authorized IP sets	In use	:	2,30,104
	Not in use	:	24,414
	Total	:	2,54,518

Un-authorized IP sets	In use	:	80,503
	Not in use	:	18,582
	Total	:	99,085

5. Category wise sales for the Control Period:

i. ii. iii. iv. & v. The observations of the Commission on sales forecast for the control period:

i. Hon'ble Commission has stated that there is addition of 2210 numbers of BJ/KJ installations in FY-18 and hence, opined to consider revising the installations and sales for the control period.

In this regard, it is to state that in FY-18 number of BJ/KJ installation is 1,91,162 and in FY-17 it was 1,93,372 i.e. a decrease in numbers to 2210. Hence, MESCOM has retained the values of FY-18 in respect of numbers of installations and energy sales for all the years of the control period.

ii. Hon'ble Commission has observed that, MESCOM has not considered any growth in energy sales in respect of LT-4b and LT-4c categories.

In this regard, it is to be submitted that there is decrease in consumption in FY-18 compared to FY-17 under these categories. Hence, MESCOM has retained the quantum of energy sales of FY-18 for all the years of the control period.

Category	FY-17	FY-18	Difference
LT-4b	1.21 MU	0.93 MU	(-) 0.28 MU
LT-4c	8.35 MU	7.91 MU	(-) 0.44 MU

iii. Indicating the growth rates of number of installations for different tariff categories, Hon'ble Commission has observed that the growth

rate considered by MESCOM in respect of LT-2a, LT-5 and HT-3 is lower and opined to consider revising the same.

In this regard, the following are submitted.

- ✓ There are two sub categories under LT-2a category one is for urban and another is for rural.

The recorded growth rate in the number of installations for urban category is (-)0.46% and 3.81% with reference to 3 year CAGR and 5 year CAGR, respectively, whereas in the immediate previous year the growth rate is 3.97%. Hence, MESCOM has considered the 3 year CAGR of 3.81% for projecting the number of installations for the control period.

The recorded growth rate in the number of installations for the rural category is 5.42% and 2.62% with reference to 3 year CAGR and 5 year CAGR, respectively, whereas in the immediate previous year the growth rate is 1.71%. Hence, MESCOM has considered the growth rate of 1.71% for projecting the number of installations for the control period.

- ✓ There are four sub categories under LT-5 category as indicated below;
 - a. With sanctioned load 5 HP & below
 - b. With sanctioned load above 5 HP but below 40 HP
 - c. With sanctioned load 40 HP & above but below 67 HP
 - d. With sanctioned load 67 HP & above

For projecting the number of installations for the control period MESCOM has considered the following.

- Category (a) mentioned above had a CAGR of 3.13% over a period of 3 years from FY 16 to FY 18. Hence, a growth rate of 3.13% has been considered for projection.

- Category (b) mentioned above is indicating a trend of reduction in growth rate. Hence, previous years' growth rate of 1.95% has been considered for projection for the category.
- Category (c) mentioned above had a CAGR of 7.32% over a period of 3 years from FY 16 to FY 18. Hence, a growth rate of 7.32% has been considered for projection for the category.
- Category (d) mentioned above had a negative CAGRs. Hence, the number of installations existing as at the end of March-2018 is maintained for all the years.

✓ In respect of HT-3 (a) & (b) category, the growth is not continuous and hence, MESCOM has retained the number of installations existing as at the end of Mar-2018 for all the years of the control period.

In view of the above, Hon'ble Commission is requested to approve the number of installations as proposed in the filing for the control period.

iv. Hon'ble Commission's observations on growth rate in respect of energy sales considered for LT-2b, LT-3, LT-5, HT-2a, HT-2c and HT-4 are as follows;

a. Growth rate considered for LT-2b & LT-3 appears to be lower:

In this regard, it is submitted that there are two sub categories under LT-2b category one is for urban and another is for rural.

The recorded growth rate for energy sales for urban category is (-)2.77% with reference to 3 years CAGR and with reference to FY-17 is (-)5.24%.

Further, the recorded growth rate for rural category is 5.68% with reference to 3 year CAGR. The same growth has been considered to project the sales for this sub category.

In respect of LT-3 category, MESCOM has considered the 5 year CAGR growth rate of 3.78% for urban sub category and 7.06% for rural category, which appears to be prudent.

- b. Since the growth rate for the number of installations for HT-2a, HT-2c and HT-4 has been considered as positive, the sales to these categories should also have been slightly increased.

In this regard it is submitted that:

- In respect of HT-2a category, MESCOM has considered the growth rate of 3 year CAGR for projecting both numbers of installations as well as energy sales. Considering the past trend of decreased consumption due to open access / wheeling transactions, the 3 year CAGR growth rate of 0.84% is appears to be appropriate.
- In respect of HT-2c category, it can be observed that in FY-18 increase in number of installations is 27 compared to FY-17; however, growth in energy sales is negative. This has been due to increased open access / wheeling consumption under the category. Hence, MESCOM has not considered any growth rate for this category.
- In respect of HT-4 category, MESCOM has considered a considerable growth rate of 6.31%, 3 year CAGR, for the category though the growth rate compared to FY-17 is only 1.49%.

In view of the above explanation, Hon'ble Commission is requested to approve the energy sales as proposed in the filing for the control period.

- c. Hon'ble Commission desired to furnish the data projecting the energy sales in respect of HT-2a category considering the OA/wheeling consumption and to arrive at the projection of sales for the control period on the ratio of energy sold by MESCOM in FY-18 to the total energy consumed by the consumers (including OA / wheeling consumption).

Accordingly, the following computation details are furnished for kind needful.

Year	Energy Procured from MESCOM (in MU)	Open Access + Wheeled Energy (in MU)	Total (in MU)
2014-15	710.79	62.92	773.71
2015-16	600.27	120.12	720.39
2016-17	566.60	241.47	808.07
2017-18	596.27	283.26	879.53
CAGR	(-)5.69%	65.12%	4.37%
		2018-19 (projections)	917.97
		2019-20 (projections)	958.09
		2020-21 (projections)	999.96
		2021-22 (projections)	1043.66
		Ratio of MESCOM sales in FY-18 w.r.t. to total sales	67.79%
Projections for MESCOM			
	2018-19 (projections)	622.29	Growth Rate 4.37%
	2019-20 (projections)	649.49	
	2020-21 (projections)	677.87	
	2021-22 (projections)	707.50	

d. Projected sales to IP sets for the FY-19 and FY20 – 22:

Feeder segregation work, under DDUGJY scheme, is under progress. The works have been awarded on 28.04.2017 and the scheduled date of completion is 2 years from the date of award.

Further, during the year FY-17 and FY-18 energy sales to IP set category under LT-4a is 1628.06 MU and 1661.64 MU, respectively. Accordingly, specific consumption worked out for FY-17 and FY-18 is 5720 units and 5565 units, respectively. However, MESCOM has considered the growth in consumption in FY-18 with reference to FY-17 sales, i.e. 2.06%, for projecting the energy sales for the period from FY-19 to FY-22.

C. Validation of Sales:**a. No. of installations:**

Statement indicating the number of installations, in the desired format, is furnished in Annexure-P01.

b. Energy Sales:

c. Statement indicating the energy sales, in the desired format, is furnished in Annexure-P02.

D. Sales to MSEZ:

In the past years, MSEZ has never achieved the energy sales even nearer to their estimations. Hence, MESCOM has proceeded to retain the sales of FY-18 for FY-19 and all the years of the control period. Since, over estimations of energy sales by MSEZ is affecting MESCOM's ARR and thereby the tariff, Hon'ble Commission is requested to consider the energy sales projected by MESCOM.

2. RPO Compliance:

As desired by the Hon'ble Commission, RPO compliance for the year 2017-18 (Actuals), as per SLDC report, and estimations for the period from FY-18 to FY-22 are furnished below.

a. Non-solar RPO:**2017-18 (Actuals) Non-solar RPO**

No.	Particulars	Quantum in MU	Cost- Rs. Crs.
1	Total Power Purchase quantum from all sources excluding Hydro energy	4734.74	2426.16
2	Non-solar Renewable energy purchased under PPA route at Generic tariff including Non-solar RE purchased from KPCL	625.98	229.42
3	Non-solar Short-Term purchase from RE sources, excluding sec-11 purchase	-	-
4	Non-solar Short-Term purchase from RE sources under sec-11	-	-
5	Non-solar RE purchased at APPC	-	-
6	Non-solar RE pertaining to green energy sold to consumers under green tariff	-	-
7	Non-solar RE purchased from other ESCOMs	-	-
8	Non-solar RE sold to other ESCOMs	-	-
9	Non-solar RE purchased from any other source like banked energy purchased at 85% of Generic tariff	0.47	0.14
10	Total Non-Solar RE Energy Purchased [No 2+ No.3+No.4+No.5 +No.7+No.9]	626.45	229.56
11	Non-Solar RE accounted for the purpose of RPO [No.10- No.5-No.6-No.8]	626.45	229.56
12	Non-solar RPO complied in % [No11/No1]*100	13.23	

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2019-20 (projected) Non-solar RPO

No.	Particulars	Quantum in MU	Cost- Rs. Crs.
1	Total Power Purchase quantum from all sources excluding Hydro energy	3855.08	1997.68
2	Non-solar Renewable energy purchased under PPA route at Generic tariff including Non-solar RE purchased from KPCL	636.55	237.32
3	Non-solar Short-Term purchase from RE sources, excluding sec-11 purchase	-	-
4	Non-solar Short-Term purchase from RE sources under sec-11	-	-
5	Non-solar RE purchased at APPC	-	-
6	Non-solar RE pertaining to green energy sold to consumers under green tariff	-	-
7	Non-solar RE purchased from other ESCOMs	-	-
8	Non-solar RE sold to other ESCOMs	-	-
9	Non-solar RE purchased from any other source like banked energy purchased at 85% of Generic tariff	-	-
10	Total Non-Solar RE Energy Purchased [No 2+ No.3+No.4+No.5 +No.7+No.9]	636.55	237.32
11	Non-Solar RE accounted for the purpose of RPO [No.10- No.5-No.6-No.8]	636.55	237.32
12	Non-solar RPO complied in % [No11/No1]*100	16.51	

2020-21 (projected) Non-solar RPO

No.	Particulars	Quantum in MU	Cost- Rs. Crs.
1	Total Power Purchase quantum from all sources excluding Hydro energy	4001.41	2064.51
2	Non-solar Renewable energy purchased under PPA route at Generic tariff including Non-solar RE purchased from KPCL	636.55	239.46
3	Non-solar Short-Term purchase from RE sources, excluding sec-11 purchase	-	-
4	Non-solar Short-Term purchase from RE sources under sec-11	-	-
5	Non-solar RE purchased at APPC	-	-
6	Non-solar RE pertaining to green energy sold to consumers under green tariff	-	-
7	Non-solar RE purchased from other ESCOMs	-	-
8	Non-solar RE sold to other ESCOMs	-	-
9	Non-solar RE purchased from any other source like banked energy purchased at 85% of Generic tariff	-	-
10	Total Non-Solar RE Energy Purchased [No 2+ No.3+No.4+No.5 +No.7+No.9]	636.55	239.46
11	Non-Solar RE accounted for the purpose of RPO [No.10- No.5-No.6-No.8]	636.55	239.46
12	Non-solar RPO complied in % [No11/No1]*100	15.91	

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2021-22 (projected) Non-solar RPO

No.	Particulars	Quantum in MU	Cost- Rs. Crs.
1	Total Power Purchase quantum from all sources excluding Hydro energy	4152.47	2132.81
2	Non-solar Renewable energy purchased under PPA route at Generic tariff including Non-solar RE purchased from KPCL	533.51	185.76
3	Non-solar Short-Term purchase from RE sources, excluding sec-11 purchase	-	-
4	Non-solar Short-Term purchase from RE sources under sec-11	-	-
5	Non-solar RE purchased at APPC	-	-
6	Non-solar RE pertaining to green energy sold to consumers under green tariff	-	-
7	Non-solar RE purchased from other ESCOMs	-	-
8	Non-solar RE sold to other ESCOMs	-	-
9	Non-solar RE purchased from any other source like banked energy purchased at 85% of Generic tariff	-	-
10	Total Non-Solar RE Energy Purchased [No 2+ No.3+No.4+No.5 +No.7+No.9]	533.51	185.76
11	Non-Solar RE accounted for the purpose of RPO [No.10- No.5-No.6-No.8]	533.51	185.76
12	Non-solar RPO complied in % [No11/No1]*100	12.85	

b. **Solar RPO:****2017-18 (Actuals) Solar RPO**

No.	Particulars	Quantum in MU	Cost- Rs. Crs.
1	Total Power Purchase quantum from all sources excluding Hydro energy	4734.74	2426.16
2	Solar energy purchased under PPA route at Generic tariff including solar energy purchased from KPCL	169.14	111.03
3	Solar energy purchased under Short-Term, excluding sec-11 purchase	-	-
4	Solar Short-Term purchase from RE under sec-11	-	-
5	Solar energy purchased under APPC	-	-
6	Solar energy pertaining to green energy sold to consumers under green tariff	-	-
7	Solar energy purchased from other ESCOMs	-	-
8	Solar energy sold to other ESCOMs	-	-
9	Solar energy purchased from NTPC (or others) as bundled power	34.50	22.53
10	Solar energy purchased from any other source like banked energy purchased at 85% of Generic tariff	-	-
11	Total Solar Energy Purchased [No2+ No.3+No.4+No.5+No.7+No.9+No.10]	203.64	133.56
12	Solar energy accounted for the purpose of RPO [No.11- No.5-No.6-No.8]	203.64	133.56
13	Solar RPO complied in % [No12/No.1]*100	4.30	

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2019-20 (projected) Solar RPO

No.	Particulars	Quantum in MU	Cost- Rs. Crs.
1	Total Power Purchase quantum from all sources excluding Hydro energy	3855.08	1997.68
2	Non-solar Renewable energy purchased under PPA route at Generic tariff including Non-solar RE purchased from KPCL	615.34	285.94
3	Non-solar Short-Term purchase from RE sources, excluding sec-11 purchase	-	-
4	Non-solar Short-Term purchase from RE sources under sec-11	-	-
5	Non-solar RE purchased at APPC	-	-
6	Non-solar RE pertaining to green energy sold to consumers under green tariff	-	-
7	Non-solar RE purchased from other ESCOMs	-	-
8	Non-solar RE sold to other ESCOMs	-	-
9	Non-solar RE purchased from any other source like banked energy purchased at 85% of Generic tariff	-	-
10	Total Non-Solar RE Energy Purchased [No 2+ No.3+No.4+No.5 +No.7+No.9]	615.34	285.94
11	Non-Solar RE accounted for the purpose of RPO [No.10- No.5-No.6-No.8]	615.34	285.94
12	Non-solar RPO complied in % [No11/No1]*100	15.96	

2020-21 (projected) Solar RPO

No.	Particulars	Quantum in MU	Cost- Rs. Crs.
1	Total Power Purchase quantum from all sources excluding Hydro energy	4001.41	2064.51
2	Non-solar Renewable energy purchased under PPA route at Generic tariff including Non-solar RE purchased from KPCL	666.55	300.58
3	Non-solar Short-Term purchase from RE sources, excluding sec-11 purchase	-	-
4	Non-solar Short-Term purchase from RE sources under sec-11	-	-
5	Non-solar RE purchased at APPC	-	-
6	Non-solar RE pertaining to green energy sold to consumers under green tariff	-	-
7	Non-solar RE purchased from other ESCOMs	-	-
8	Non-solar RE sold to other ESCOMs	-	-
9	Non-solar RE purchased from any other source like banked energy purchased at 85% of Generic tariff	-	-
10	Total Non-Solar RE Energy Purchased [No 2+ No.3+No.4+No.5 +No.7+No.9]	666.55	300.58
11	Non-Solar RE accounted for the purpose of RPO [No.10- No.5-No.6-No.8]	666.55	300.58
12	Non-solar RPO complied in % [No11/No1]*100	16.66	

2021-22 (projected) Solar RPO

No.	Particulars	Quantum in MU	Cost- Rs. Crs.
1	Total Power Purchase quantum from all sources excluding Hydro energy	4152.47	2132.81
2	Non-solar Renewable energy purchased under PPA route at Generic tariff including Non-solar RE purchased from KPCL	666.55	300.58
3	Non-solar Short-Term purchase from RE sources, excluding sec-11 purchase	-	-
4	Non-solar Short-Term purchase from RE sources under sec-11	-	-
5	Non-solar RE purchased at APPC	-	-
6	Non-solar RE pertaining to green energy sold to consumers under green tariff	-	-
7	Non-solar RE purchased from other ESCOMs	-	-
8	Non-solar RE sold to other ESCOMs	-	-
9	Non-solar RE purchased from any other source like banked energy purchased at 85% of Generic tariff	-	-
10	Total Non-Solar RE Energy Purchased [No 2+ No.3+No.4+No.5 +No.7+No.9]	666.55	300.58
11	Non-Solar RE accounted for the purpose of RPO [No.10- No.5-No.6-No.8]	666.55	300.58
12	Non-solar RPO complied in % [No11/No1]*100	16.05	

3. Wheeling Charges for FY-20:

Hon'ble Commission requested to clarify whether the wheeling charges proposed by MESCOM for FY-20, in cash and kind, are also applicable to RE sources.

In this regard, it is to be submitted that all the relevant charges as is being made applicable to OA / wheeling transactions of other than RE sources needs to be applicable for the wheeling transactions of RE sources also.

4. Cross-subsidy surcharge:

Hon'ble Commission has directed to revise the Cross Subsidy surcharge proposed by MESCOM for FY-20 based on the voltage-wise costs at different voltage levels.

In this regard, it is to be submitted that MESCOM has proposed the Cross Subsidy surcharge for FY-20 considering different voltage level costs itself. Annexure-3 may kindly be referred.

5. Power Purchase ARR FY-18:

- 1) The details of power purchase, with station wise / source wise, for FY-18 in the format as in Annexure-II of Tariff Order 2017 is furnished in Annexure-P03.

- 2) The details of power purchase showing the variable cost in the ascending order from different sources of power is furnished in Annexure-P04.

Further, it is to be submitted that SLDC is scheduling the power to all ESCOMs by generally following the merit order dispatch.

3) PGCIL Charges:

Hon'ble Commission has rightly observed that the PGCIL charges are increasing year on year which is resulting in huge burden on the end consumers. This situation is being faced by majority of the States. As such, all the affected States, including Karnataka, have approached Ministry of Power (MOP) GOI, for modification of POC Charges, bringing the following discrepancies in the computation of POC charges.

- The Load flow studies are said to be totally not accurate and do not mirror the actual usage of each for assigning element.
- There is no scope for truing up for actuals under sharing regulations.
- The Grid sub stations cost should be apportioned to the State/Regions where they are located, as per CERC Tariff Regulations. But it is added in transmission line cost and shared in the same proportion among all Beneficiaries.
- The POC Charges are not reflecting the actual usage of transmission system by the Beneficiary.

On the above background, MOP had constituted a committee where in the Additional Chief Secretary to Government (ACS) GOK is one of the members in the Committee. ACS, GOK had entrusted, to study and report the POC issues, to PCKL. The draft Report on POC with available data for the year 2016-17 was prepared and submitted to the MOP by the Committee.

Further, the LTA quantum of UPCL considered in Regional Transmission Account by SRPC is 939 MW which includes the capacity transmitted in 220 KV Kemar lines also. The capacity transmitted in Kemar line is to be relinquished and cost of 400 KV Hassan-Mysore line is to be shared by all Beneficiaries as it is system strengthening asset but not by ESCOMs alone. These issues are pending before APTEL in the Appeal filed by ESCOMs/PCKL. The transmission charges of DVC and transmission charges of bundled coal power of NTPC under NSM have contributed increase in transmission charges of PGCIL.

4) Energy balancing among ESCOMs:

SLDC is undertaking energy balancing / reconciliation exercise among the ESCOMs on monthly basis to balance the quantum of energy drawn by each of the ESCOMs. In the reconciliation exercise, quantum of inter-ESCOM energy payable / receivable is being arrived. Cost of such power is arrived by considering the average power purchase cost approved by Hon'ble KERC in the Tariff order of the respective year. For computing the power purchase cost, in a particular month, average power purchase cost of the ESCOM from where energy is drawn is being considered.

Reconciliation statement furnished by SLDC for FY-18 energy balancing is enclosed as Anenxure-P05.

5) & 6) Hon'ble Commission has observed that in respect of Hydro and Thermal stations, per unit cost paid by MESCOM to the generators is on a higher side as compared to BESCOM.

In this regard, it is to be submitted that MESCOM has admitted the claims of the generators as per their invoices only.

In respect of DVC, it is found that the transmission charges of Rs.16.71 Cr are included in the total power purchase cost which has resulted in higher per unit cost. Otherwise per unit cost of DVC will be Rs.3.71 only.

In respect of UPCL, infirm energy bill of Rs.10.66 Cr (pertaining to period from 6/2010 to 11/2010 & 2/2011 to 8/2012) is admitted by MESCOM in 2017-18, which is the reason for higher per unit cost.

In respect of NCE sources, MESCOM is admitting the invoices of the generators as per the tariff agreed in the PPA.

In respect of co-gen units, Hon'ble Commission has approved the cost based on the interim order dated 05-12-2016 in which per unit cost is Rs.3.47. However, in the order dated 11-04-2017, Hon'ble Commission has determined the final tariff as per which date of commissioning of the co-gen units have to be considered for admitting the claims and MESCOM has taking action accordingly. Hence, there is increased per unit cost.

6. Power purchase for FY20 – FY22:

1. Hon'ble Commission has directed to furnish generator wise, month wise projections indicating generator wise / sources wise capacity and energy for the power procurement plan proposed by MESCOM for the control period.

In this regard, it is to be submitted that PCKL has made available the generator wise / sources wise data relating to the control period and hence, PCKL has been requested to furnish the same. On receipt of the same, MESCOM will submit to the Hon'ble Commission.

2. ,3. & 4.: MESCOM has obtained the source wise / station wise power procurement details from PCKL. As such, write up furnished by PCKL is enclosed as Annexure-P12.
5. Details pertaining to power purchase from new RE projects for which PPAs haven't executed is furnished in Annexure-P11.

7. Observations on Losses, expenses and Revenue etc. - APR for FY-18 / ARR for FY-20 - 22:

1. Distribution Losses:

Hon'ble Commission has observed that the MESCOM has reported the distribution loss of 11.32% for FY-18 as against the approved distribution loss of 11.05% which is higher by 0.27%.

In this regard, it is to be submitted that in the Tariff Order 2017, Hon'ble Commission has approved an average distribution loss of 11.05% for FY-18 with 11.25% being the upper limit and 10.85% being the lower limit. MESCOM's position of distribution loss in FY-18 is 11.32% which is higher by 0.07% compared to the upper limit of 11.25%.

Further, with the increase in infrastructure the distribution losses also increase.

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The status of distribution loss for FY-18 is as shown below.

Sl. No.	Name of the Division	Net Energy input in MU	Net Sales in MU	% Loss
1	Mangaluru	670.38	632.35	5.67%
2	Kavoor	647.35	609.02	5.92%
3	Puttur	322.09	276.48	14.16%
4	Bantwal	517.40	454.37	12.18%
5	Udupi	672.44	604.68	10.08%
6	Kundapura	208.75	188.43	9.73%
7	Shivamogga	539.22	481.45	10.71%
8	Bhadravathi	292.22	257.15	12.00%
9	Sagar	314.27	274.53	12.65%
10	Shikaripura	431.14	378.51	12.21%
11	Chikkamagalur	225.78	185.14	18.00%
12	Koppa	107.75	87.44	18.85%
13	Kadur	556.03	452.36	18.64%
Total		5504.81	4881.91	11.32%

The status of distribution loss for FY-19 (upto Oct) is as shown below.

Sl. No.	Name of the Division	Net Energy input in MU	Net Sales in MU	% Loss
1	Mangaluru	395.05	374.26	5.26%
2	Kavoor	355.21	347.54	2.16%
3	Puttur	167.44	155.33	7.23%
4	Bantwal	284.43	244.23	14.13%
5	Udupi	392.40	354.60	9.63%
6	Kundapura	118.40	111.70	5.66%
7	Shivamogga	317.52	284.79	10.31%
8	Bhadravathi	153.40	138.50	9.71%
9	Sagar	157.35	140.99	10.39%
10	Shikaripura	221.04	192.56	12.89%
11	Chikkamagalur	125.26	106.79	14.75%
12	Koppa	48.45	42.64	11.98%
13	Kadur	240.74	198.88	17.39%
Total		2976.69	2692.82	9.54%

2. Carry forward deficit:

At the outset MESCOM is very grateful to the Hon'ble Commission for carrying out the Annual performance review of the MESCOM since 25.11.2009 onwards as on date regularly.

It is submitted that MESCOM is not requesting for reopening or redoing of the APR of the any earlier years for determination of the surplus or deficit of the respective years from the FY 2007-08 to FY 2014-15. MESCOM has already conceded for the APR results carried out by the Hon'ble Commission. The only appeal to the Hon'ble Commission is that, to pass on the result of APR of the respective years to this Company. This is very evident from the records that though the Hon'ble Commission is taking into account the surplus or the deficit of the relevant year for determining the tariff for ensuring financial year, it has not passed the deficit or surplus, as it is considering the entire revenue as the revenue of the year under consideration for APR.

In the APR of the subject year, the revenue pertaining to the earlier year where deficit or surplus has occurred due to consideration of deficit / surplus in the tariff determination process has been included in the revenue of year under consideration for APR. That means the Hon'ble Commission may kindly arrive the revenue pertaining to the year under consideration for APR by deducting the revenue deficit or adding the surplus which has been taken into account while determining tariff for the said financial year. This process has not happened in arriving the APR of earlier years. Or on the other hand, if the Hon'ble Commission considers the entire revenue as revenue of the year under consideration for APR, in such cases it is submitted that, it would be appropriate to take the deficit or the surplus of the previous year which has been considered in determination of the tariff. The Hon'ble Commission has not considered either of the above two methods while arriving APR results. Due to this reason though the Hon'ble Commission has done APR exercise and arrived the surplus or deficit it has not passed the same to the ESCOMs in the state.

Hence an appeal is made in the current filing for the APR to pass on the deficit of the earlier years from FY 2007-08 to 2014-15 to the extent of 162.41 crs (which includes the surplus as well as deficit of the relevant years making it to a net deficit) and also the deficit of FY 2015-16 to the extent of Rs.395.74 crs.

Further it is submitted that, the Hon'ble Gujarat Electricity Regulatory Commission and the Hon'ble Delhi Electricity Regulatory Commission are also passing on the above stated deficit or surplus to the distribution companies in their APR.

For the ready reference, Tariff Order of the Hon'ble Gujarat Electricity Regulatory Commission (GERC) Gandhinagar, Truing up for FY 2016-17 and determination of Tariff for FY 2018-19 for Torrento Power Ltd., Distribution Ahmedabad, case No 1696 of 2018 31.03.2018 order are taken as the reference in support of MESCOM claim for the passing over of deficit of earlier years (Copy enclosed for kind reference Annexure-P13). The Delhi Electricity Regulatory Commission is also carrying out the APR exercise in the similar manner. (The two state Commissions quoted above are taken only for reference).

Under the above circumstances, MESCOM would like to submit that MESCOM is following the regulatory accounting as enshrined in the Indian Accounting Standards (IND AS) and there is no violation of the MYT regulations in its claims.

In this context, it is entreated to the Hon'ble Commission to approve the claim of the MESCOM to consider the net deficit of the earlier financial years (2007-08 to 2014-15) amounting to Rs.162.41 crs and Rs.395.74 crs pertaining to FY 2015-16 in the APR of FY 2017-18.

3. Additional Employee Cost:

As desired by the Hon'ble Commission, actual amount of pay revision arrears paid to the employees for the period from 01-04-2017 to 31-03-2018 is furnished below;

Particulars	Provision made in FY-18 Accounts	Actual Paid during FY-19	Remarks
Difference on account of revision of pay & allowances	47.94	54.35	
Provision made for contribution payable to P&G trust on account of revision of pay w.e.f. 01-04-2017.	10.91	10.91	
Provision made for contribution payable to P&G trust on account of revision rate due to Actuarial Valuation (for FY-18)	10.87	-	(*)
Total:	69.72	65.26	

(*) Rate of contribution payable to the Trust has been revised w.e.f. 01-04-2016, but provision is made in the accounts only for 2017-18 amounting to Rs.10.87 Cr. Provision to be made for in the ensuing accounts is Rs.8.86 Cr. Hence, total additional liability to be discharged in respect of P&G trust contribution for the years FY-17 and FY-18 will be Rs.19.73 Cr.

4. Break-up of Civil Engineering Works:

As desired by the Hon'ble Commission, the details of the works proposed under the head 'Civil Engineering Works' is furnished as Annexure-P14

5. Regularization of Un-authorized IP sets for FY18:

In the preliminary observations, Hon'ble Commission has stated that in the APR filing MESCOM has claimed Rs.126.17 Cr for regularization of unauthorized IP sets and further stated that Rs.75 Cr, Rs.82 Cr, Rs.9.70 Cr and Rs.75 Cr for FY-19 to FY-22, respectively, has been proposed for regularization of IP sets.

In this regard, it is to be submitted that the above stated capital expenditure is for providing infrastructure to the regularized IP sets and not for regularizing the unauthorized IP sets.

Division-wise details of infrastructure provided to the regularized unauthorized IP sets during FY-18 and the balance infrastructure to be provided are given below:

Sl. No.	Division	Regularized Unauthorized IP sets	Infrastructure provided during 2017-18			Balance infrastructure to be provided
			service Mains	by creating infrastructure	Total	
1	Mangaluru-1	0	0	0	0	0
2	Mangaluru-2	0	0	0	0	0
3	Puttur	854	0	0	0	0
4	Bantwal	0	0	0	0	0
	Mangaluru Circle	854	0	0	0	0
5	Udupi	0	0	0	0	0
6	Kundapura	0	0	0	0	0
	Udupi Circle	0	0	0	0	0
7	Shivamogga	2207	0	338	338	1423
8	Bhadravathi	705	0	143	143	350
9	Sagar	4599	0	990	990	3278
10	Shikaripura	2832	25	818	843	1564
	Shivamogga Circle	10343	25	2289	2314	6615
11	Chikkamagalur	804	1	96	97	541
12	Koppa	479	0	0	0	300
13	Kadur	3719	0	1299	1299	2195
	Chikkamagalur Circle	5002	1	1395	1396	3036
	MESCOM	16199	26	3684	3710	9651

6. Observations on Capex – ARR FY18:

Hon'ble Commission has observed that as against the total capex incurred during FY-18 of Rs.419.39 Cr but the figure reflected in Format D17 is Rs.616.50 Cr. In this regard, it is to be submitted that Rs.616.50 Cr is inclusive of works-in-progress.

For incurring capital expenditure during FY-18, MESCOM has mobilized the resources by borrowings from commercial banks to the extent of Rs.313.54 Cr and rest of the capex has been met out of internal resources.

7. Capital Investment Plan for FY20 – 22:

CAPEX for FY-19:

The Capital Investment Programme of MESCOM for the fiscal year 2018-19 is prepared for a total amount of Rs. 816.65 Crores of which Rs. 420.65 Crores is allocated for regular works and Rs. 396.00 Crores for GoI and GoK schemes [Page 77 of the filing, Rs.471 Cr – Rs.75 Cr]. In the proposed CAPEX the details of Budget requirement are as below:

a) System Augmentation & Strengthening: The System improvement works like providing additional transformers, Link-Lines, Re-conductoring of HT/LT/33kV lines are being carried out regularly. Hence a Budget provision of Rs.100.00 Crores is made for FY-19. The progress of improvement works during 3 years is given below:

Sl. No.	Particulars	2015-16	2016-17	2017-18	2018-19 (upto Nov-18)
1	No. of DTC's added	1740	1225	1391	726
2	New 11 KV lines & Link-Lines(RKms)	716.52	542.49	555.29	448.69
3	HT lines reconductoring in RKms	252.47	171.00	160.02	94.98
4	LT line	136.10	82.26	135.09	71.29
5	LT line reconductoring in RKms	579.45	537.44	602.07	346.28
6	Expenditure Booked (In Lakhs)	8864.26	6308.66	8878.00	4181.00

b) DTC metering: As per the guidelines of the Hon'ble Commission, the DTC metering work is already taken up during 2016-17 and under progress. Further, a Budget provision of Rs. 30.00 Crores is made for FY19, which is required for providing meters to additional DTCs and for ongoing works.

c) Providing Infrastructure to already regularized UIPs: As per GoK order (dated 14th July 2014), 14,117 regularized UIPs are pending for providing infrastructure. For speedy execution of providing infrastructure to these balance UIPs, works have been awarded on total turnkey basis (Rate Contract) at a cost of Rs. 330.00 Crores during FY-17. Accordingly a budget provision of Rs.75.00 Crores is made for the year 2018-19.

The brief description of the budget proposed for GoI and GoK Scheme works for FY-19 is as follows:

- a. Improvement works for Model Electricity village: As per the Budget Speech 2017-18 by Hon'ble Chief Minister, 6 numbers of villages in each assembly constituency are to be converted as model electricity villages. It is proposed to execute some of the improvement works in the selected villages for which budget provision of Rs. 50.00 Crores was made for the year 2017-18. Since the works were held up due to court cases during 2017-18 budget provision of Rs. 50.00 Crores is made for the year 2018-19.
- b. Improvement works for Model Sub Division: Mangaluru and Shivamogga are selected as Smart Cities under flagship programme of Central Government. MESCOM has selected prominent areas of Mangaluru and Shivamogga i.e. Attavara Sub-division in Mangaluru and City Sub Division-1 in Shivamogga.

The works have been awarded on Total Turnkey (rate contract) basis at a cost of Rs. 212.79 Crores. Accordingly a Budget provision of Rs. 105.00 Crores is made for the year 2018-19.

- c. DDUGJY (Deen Dayal Upadhyaya Grama Jyothi Yojana): Scope of work includes feeder separation, strengthening of sub-transmission and distribution system, metering, rural electrification etc. 'In-Principle' approval for an amount of Rs.395.65 Crores has been communicated from REC/GoK during January-2017 for all 4 districts of MESCOM. Hence Budget provision of Rs. 170.00 Crores is made for FY19.
- d. i) IPDS (Integrated Power Development Scheme): Scope of work includes strengthening of sub-transmission and distribution network, metering, provision for solar panels, IT enablement works etc. in the selected towns. Sanction for an amount of Rs.157.80 Crores has been communicated from PFC for 29 numbers of statutory towns for the above works excluding IT enablement works. Hence Budget provision of Rs. 65.00 Crores is made for the year 2018-19.
- ii) IPDS (Integrated Power Development Scheme) Phase II-IT: The scope of work involves ERP and IT applications in IPDS towns i.e. establishing IT infrastructure etc. The DPR amounting Rs. 5.84 Crores has been submitted to MoP and approval

has been accorded for Rs. 4.75 Crores. On behalf of all ESCOMs, BESCO has floated the tender on 05.06.2018 for implementation of IT enablement Projects(Phase-II-IT) in MESCOM under IPDS scheme at a cost of Rs.5.84 Crores.(amount of submitted DPR).

Hence the budget provision of Rs. 6.00 Crores is made for FY-19.

CAPEX for FY-20 – 22 :

The Capital Investment Programme of MESCOM for the fiscal year 2019-20, 2020-21 and 2021-22 is prepared for a total amount of Rs. 1091.44 Crores, Rs. 809.55 Crores and Rs. 695.85 Crores, respectively [page No.77 of the filing]. In the proposed CAPEX the details of Budget requirement are as given below:

- a) System Augmentation & Strengthening: The System improvement works like providing additional transformers, Link-Lines, Re-conductoring of HT/LT/33kV lines are being carried out regularly. Hence a yearly Budget provision of Rs.100.00 Crores is made for FY 20-22.

Further, it is proposed to replace conductors of around 15,000 number of 25 year old DTCs for which additional budget requirement of Rs.150.00 Crores is made for FY 21 and 22.

Hence, a total budget provision of Rs. 100.00 Crores, Rs. 250.00 Crores and Rs. 250.00 Crores is made for FY 20-22. The physical targets are given below:

Sl. No.	Particulars	2019-20	2020-21	2021-22
1	No. of DTC's added	1400	1400	1400
2	New 11 KV lines & Link-Lines in RKms	500.00	500.00	500.00
3	HT lines re-conductoring in RKms	250.00	250.00	250.00
4	LT line	100.00	100.00	100.00
5	LT line re-conductoring in RKms	650.00	650.00	650.00
6	Replacement of 25 year old DTCs		7500	7500

- b) Service Connection works: As per GoK order works pertaining to electrical infrastructure required for energisation of drinking water supply installations are to be executed by ESCOMS. As large number of drinking water supply applications are being received in MESCOM the capital budget of Rs. 50.00

Crores, Rs. 55.00 Crores and Rs. 60.00 Crores is proposed for FY20-22 under Service connections including water supply works.

631, 1018, 818 number of drinking water supply installations have been energized during last 3 years and 384 during 2018-19 upto Nov-18.

- c) Energisation of IP sets: Yearly Budget provision of Rs. 45.00 Crores, Rs. 55.00 Crores and Rs. 65.00 Crores is proposed for FY20-22 is made for energisation of new IP sets under general including Ganga Kalyana schemes.
- d) Energisation of IP sets (Providing Infrastructure to regularized UIP sets) : As per GoK order dated 14.07.2014, 14,117 numbers of regularized UIP sets were pending for providing infrastructure. For speedy execution of providing infrastructure to these balance UIP sets works have been awarded on total turnkey basis (Rate Contract) at a cost of Rs. 330.00 Crores during March-2017. Accordingly the budget provision of Rs.165.00 Crores, Rs.75.00 Crores, Rs. 82.00 Crores and Rs.9.5 Crores is made for FY 18 to FY 21 duly considering the anticipated expenditure.

Further, a Budget provision of Rs.75.00 Crores is made for FY 22 for regularizing and providing infrastructure to the UIP sets existing in the field.

The details of new IP sets serviced, UIP sets regularised and Infrastructure provided to regularised IP sets are as given below:

Sl. No	Year	New IP set serviced	UIP regularised	Infrastructure provided
1	2012-13	7965	8137	7645
2	2013-14	9490	-	1761
3	2014-15	2668	14897	2421
4	2015-16	12447	639	1567
5	2016-17	12243	-	5408
6	2017-18	14602	-	6898
7	2018-19 (Upto Nov-18)	7038	-	968

- e) Station and line works: It is proposed to establish 3 new 33/11 substations and 2 additional Power transformers existing 33/11 substations during 2018-19. Hence budget provision of Rs. 34.00 Crores is made.

Further, It is proposed to establish 4 new 33/11 substations and 2 additional Power transformers existing 33/11 substations, renovation of 1 sub-station and 33kV link lines during 2019-20. Hence budget provision of Rs. 82.00 Crores is made.

As per the proposed plan for 2020-21, 1 new 33/11 substations and 4 additional Power transformers existing 33/11 substations are enlisted. However budget provision of Rs. 100.00 Crores is made for future requirements.

f) Other Major allocations:

- Improvement works for Model Electricity village: As per the Budget Speech 2017-18 by Hon'ble Chief Minister, 6 numbers of villages in each assembly constituency are to be converted as model electricity villages. It is proposed to execute some of the improvement works in the selected villages for which budget provision of Rs. 50.00 Crores was made for the year 2017-18.

Since the works were held up due to court cases during 2017-18 budget provision of Rs. 50.00 Crores is made for the year 2018-19.

After the clearance of court case on 14.06.2018, the subject was placed before the board for seeking approval for variation of 31% additional cost quoted by the bidder. As per the directions of board re-tendering is under process.

Since, the works are not taken up till date, Budget provision of Rs. 25.00 Crores, Rs. 25.00 Crores and Rs. 5.20 Crores is made for FY 20-22 duly considering the additional amount required for balance works if any.

- Deendayal Upadhyaya Gram Jyoti Yojana (DDUGJY): GOI has launched DDUGJY for Rural areas. REC is the Nodal Agency. Scope of work includes feeder separation, strengthening of sub-transmission and distribution system, metering, rural electrification etc. 'In-Principle' approval for an amount of Rs.395.65 Crores has been communicated from REC/GoK during January-2017 for all 4 districts of MESCOM.

Further, feeder segregation and rural electrification works have been awarded on 28.04.2017 and metering component works awarded on 28.9.2017. The works are under progress and the scheduled date of completion is 2 years from the date of award. Hence Budget provision of Rs. 59.90 Crores was made for FY18 and Rs. 170.00 Crores is made for FY-19.

Further, Budget provision of Rs. 290.00 Crores and Rs. 50.00 Crores is made for FY 20 and FY 21 duly considering the additional requirements

○ A) Integrated Power Development Scheme(IPDS):

GoI has launched IPDS for Urban/ Semi-urban areas. PFC is the Nodal agency. Scope of work includes strengthening of sub-transmission and distribution network, metering, provision for solar panels, IT enablement works etc. Sanction for an amount of Rs.157.80 Crores has been communicated from PFC for 29 numbers of statutory towns for the above works excluding IT enablement works.

Further, strengthening of distribution networks and provision for solar panels on roof top of government buildings works have been awarded on 28.04.2017 and metering component works awarded on 28.9.2017. The works are under progress and the scheduled date of completion is 2 years from the date of award. Hence Budget provision of Rs. 34.17 Crores is made for FY18 and Rs. 65.00 Crores is made for FY-19.

Further, Budget provision of Rs. 121.50 Crores, Rs. 15.00 Crores and Rs. 5.00 Crores is made for FY 20-22 duly considering the additional requirements.

○ IPDS:Gas insulated substations: Under IPDS it is proposed to establish 6 numbers of Gas insulated substations at a cost of Rs. 118 Crores.

Hence a Budget provision of Rs. 75.00 Crores, Rs. 75.00 Crores and Rs. 30.00 Crores is made for FY 20-22.

○ IPDS (Integrated Power Development Scheme) Part -II: The scope of work involves ERP and IT applications in IPDS towns i.e. establishing IT infrastructure etc. The DPR amounting Rs. 5.84 Crores has been submitted to

MoP and approval has been accorded for Rs. 4.75 Crores. On behalf of all ESCOMs, BESCO has floated the tender on 05.06.2018 for implementation of IT enablement Projects(Phase-II-IT) in MESCOM under IPDS scheme at a cost of Rs.5.84 Crores. (amount of submitted DPR).

Hence the budget provision of Rs. 6.00 Crores is made for FY-19.

Since the tender is under process by BESCO the budget provision of Rs. 6.00 Crores is carry forwarded FY-20.

- IPDS : RT- DAS: DPR of Rs.10.43 crores for RT-DAS SAIDI/SAIFI measurement system under IPDS is submitted to PFC and approval awaited.

Hence a Budget provision of Rs. 5.00 Crores and Rs. 5.50 Crores is made for FY 20-21

- Model Sub-division: Mangaluru & Shivamogga are selected as Smart Cities under flagship programme of Hon'ble Central Government. MESCOM has selected prominent area of Mangaluru & Shivamogga ie. Attavara Sub-division in Mangalore and City Sub Division-1 in Shivamogga. DPRs amounting Rs. 267.00 Crores have been prepared and approved by Hon'ble KERC to take up the following works.
 - Laying of 11kV/LT UG Cable.
 - Establishing & Commissioning of RMU.
 - Establishing of LT Feeder Pillar Boxes.

The works have been awarded on Total Turnkey (rate contract) basis at a cost of Rs. 212.79 Crores.

Accordingly, Budget provision of Rs. 105.00 Crores, Rs. 50.00 Crores, Rs. 58.00 Crores and Rs. 5.00 Crores is made for FY 19-22 duly considering the additional amount required for balance works if any.

- Saubhagya: “Pradhan Mantri Sahaj Bijli Har Ghar Yojana- Saubhagya” is a flagship program launched by Govt. of India to achieve universal household electrification in Urban & Rural areas.

District wise DPRs have been prepared for electrification of total 5716 nos of households and the works have been awarded on Total Turnkey basis (inclusive of all turnkey parameters) as per Standard Bidding Documents circulated by REC for IPDS/DDUGJY at a cost of Rs.20.53 Crores.

Accordingly, Budget provision of Rs. 15.00 Crores and Rs. 7.00 Crores is made for FY 20 and FY 21.

8. Breakup of Loans:

As desired by the Hon’ble Commission, breakup of loan details for the period from FY-18 (Actuals), FY-19 to FY-22 are furnished in Annexure P06A to Annexure-P06F.

9. Additional Equity infused by the GoK:

The details of equity infused by GOK for FY-18 and FY-19 (upto Nov) is furnished in Annexure-P07.

10. Consumer’s relation / education:

The details relating to the amount utilized for consumer relation / education during FY-18 is furnished in Annexure-P08.

11. Subsidy claims submitted to the GoK:

The details subsidy claim with GoK during FY-18 is furnished in Annexure-P09.

12. Half yearly accounts for the FY19:

Half yearly accounts for FY-19 is enclosed as Annexure-P15.

13. Special Incentive Scheme:

As at the end of November-2018, 153 numbers of HT installations have opted for Special Incentive Scheme. Out of this number, data of about 61 HT installations are available for 4 months after the date of implementation of the Scheme. Hon’ble Commission desired that month on month data be collected and analyzed, with and without application of the SIS (at normal tariff by including the demand charges).

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In this regard, it is to be submitted that MESCOM will obtain the data of all the installations after at least 50% of the installations completed 9 to 10 months period after implementation of the scheme, so as to reflect the seasonal variations, and report will be submitted to the Hon'ble Commission.

14. Other Income: Comparison of earlier years' data revealed that the 'Other Income' is inconstant to be projected. Hence, MESCOM has proceeded to retain the amounts under the head 'Other Income' of FY-18 for all the years of the control period.

15. Terminal Benefits:

MESCOM has claimed Rs.63.02 Cr as terminal benefits for FY-18. The breakup details for this amount is as below;

Particulars	Rs.in Cr.			Total
	Regular Expenditure For FY-18	Provision made on account of pay revision	Provision made on account of revision of rates of contribution	
PF – Company Contribution	0.24	-	-	0.24
Pension – Company Contribution	29.95	7.95	10.87	48.77
Gratuity – Company Contribution	3.80	1.07	-	4.87
Company Contribution to NDCPS	7.14	1.88	0	9.02
Pension & leave contribution for employees on deputation.	0.12	-	-	0.12
Total	41.25	10.90	10.87	63.02

In this regard, it is to be submitted that KPTCL & ESCOMs Pension & Gratuity Trust has issued order dated 22-11-2018, revising the pension contribution with effect from 01-04-2016 as 42.53% from 33.05%. However, gratuity contribution has been retained as 6.08%. (copy enclosed as Annexure-P16).

Accordingly, MESCOM has made the additional provision of Rs.10.87 Cr towards pension contribution for FY-18 in the Annual Accounts for 2017-18. In the Annual Accounts for FY-19, MESCOM will make the additional provision towards pension contribution relating to the year 2016-17 to make good the contribution to the revised rates.

Further, for the years FY-19 to FY-22 MESCOM has applied the normative growth rate of 10.53% considering the inflation index rates, as detailed in page No.81 of the filing.

16. Details of Fixed Assets Created out of Govt. Grants and Consumer Contribution:

MESCOM has prepared its Financial Statements for FY 2017-18 in accordance with the provisions of Ind AS. In the process, the opening Balance of FY 2016-17 was also restated. The assets created out of Govt. Grants and Consumer Contribution till 31.03.2016 amounting to Rs. 51516.63 lakh have been shown as a reduction in the Cost of fixed Assets and depreciation was not charged on these Assets. The depreciation is reduced by Rs. 27.20 Crs on account of this.

The Govt. Grants and Consumer Contribution received after 01.04.2016 are accounted as deferred income and depreciation chargeable on these assets is taken to P&L Account as income under heads Other Income.

The details of depreciation on the assets created out of Govt. Grants and Consumer Contribution till 31.03.2016 is submitted vide Annexure –P10. Abstract of year wise depreciation chargeable on assets created out of Govt. Grants and Consumer Contribution is given below:

Sl. No	Year	Amount of Depreciation in Lakhs.
1	2017-18	2720.08
2	2018-19	2710.96
3	2019-20	2673.79
4	2020-21	2537.50
5	2021-22	2422.24

17. Submission of AG Audited Accounts: MESCOM has already submitted the AG Audited Accounts for FY-18 in the filing.

18. Additional Surcharge:

As desired by the Hon'ble Commission, the details for computation of additional surcharge for FY-18 (Actuals) and FY-20 (Projections with proposed tariff) is furnished below. The required data for the computation has been extracted from energy flow diagram and Form-D23A submitted in the filing.

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Table-1 (2017-18 Actuals)

Sl. No.	Particulars	Unit	220 kV, 110 kV & 66 kV	33 kV, 11 kV	LT	Total
1.	Total Energy Sales as per flow diagram	MU	171.26	934.06	3776.6	4881.92
2.	Share of sales Voltage –wise	%	3.51%	19.13%	77.36%	100.00%
3.	Distribution Losses	MU		56.3	566.59	622.89
4.	Total IF energy (1+3)	MU	171.26	990.36	4343.19	5504.81
5.	Transmission Loss	MU	5.04	29.13	127.75	161.92
6.	Total Energy at Gen Bus (4+5)	MU	176.3	1019.49	4470.94	5666.73
7.	Share of energy procured at different voltages (voltage wise energy / total energy*100)	%	3.11%	17.99%	78.90%	100.00%
8.	Total PP Cost	Rs.in Cr.				2508.01
9.	Share of PP Cost = 8*7	Rs.in Cr.	78.03	451.21	1978.77	2508.01
11.	Other Cost (Trans. & Dist. Network)	Rs.in Cr.				1376.84
12.	Share of other cost = 2*11	Rs.in Cr.	48.30	263.43	1065.11	1376.84
13.	Total Cost=9+12	Rs.in Cr.	126.33	714.64	3043.88	3884.85
14.	Voltage wise per unit cost =13/1*10	Rs./Unit	7.38	7.65	8.06	7.96

Table-2 (2017-18 Actuals)

Sl. No.	Particulars	Unit	220 kV, 110 kV & 66 kV	33 kV, 11 kV	LT	Total
1.	Total PP Cost (Sl.No.8 of Table-1)	Rs.in Cr.				2508.01
2.	Share of PP Cost=Sl.No.7 of Table-1)	%	3.11%	17.99%	78.90%	100.00%
3.	Share of PP Cost=Sl.No.9 of Table-1)	Rs.in Cr.	78.03	451.21	1978.77	2508.01
4.	Total Fixed Charges of Power Purchase at Gen. Bus	Rs.in Cr.				801.48
5.	Voltage wise Fixed Charge=2*4	Rs.in Cr.	24.93	144.19	632.36	801.48
6.	Total Variable Charges of Power Purchase at Gen. Bus	Rs.in Cr.				1706.53
7.	Voltage wise VC=6*2	Rs.in Cr.	53.07	307.00	1346.46	1706.53
9.	Other Cost as per Sl.No.11 of Table-1	Rs.in Cr.	48.30	263.43	1065.11	1376.84
10.	Total Fixed Expenditure=7+9	Rs.in Cr.	101.37	570.43	2411.57	3083.37

Table-3 (2017-18 Actuals)

Sl. No.	Particulars	HT	LT	Total
1.	Revenue for the year	897.88	2248.64	3146.52
2.	Total Demand Charges (FC) realized for the year in respect of EHT 7 HT consumers (except LT)	132.41	-	-
3.	Fixed Charge recoverable as per Sl.No.10 (Total of EHT+HT consumers of Table-2)(except LT)	671.80	-	-
4.	Under recovery of FC from EHT & HT consumers	539.39	NA	-
5.	Per unit under recovery from EHT & HT consumers to be recovered as Additional Surcharge	4.88	NA	-

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Table-1 (2019-20 Projections)

Sl. No.	Particulars	Unit	220 kV, 110 kV & 66 kV	33 kV, 11 kV	LT	Total
1.	Total Energy Sales as per flow diagram	MU	174.14	963.66	3997.12	5134.92
2.	Share of sales Voltage –wise	%	3.39%	18.77%	77.84%	100.00%
3.	Distribution Losses	MU	0.00	57.56	590.09	647.65
4.	Total IF energy (1+3)	MU	174.14	1021.22	4587.21	5782.57
5.	Transmission Loss	MU	5.74	33.65	151.15	190.54
6.	Total Energy at Gen Bus (4+5)	MU	179.88	1054.87	4738.36	5973.11
7.	Share of energy procured at different voltages (voltage wise energy / total energy*100)	%	3.01%	17.66%	79.33%	100.00%
8.	Total PP Cost	Rs.in Cr.				2441.81
9.	Share of PP Cost = 8*7	Rs.in Cr.	73.50	431.22	1937.09	2441.81
11.	Other Cost (Trans. & Dist. Network)	Rs.in Cr.				1711.70
12.	Share of other cost = 2*11	Rs.in Cr.	58.03	321.29	1332.39	1711.71
13.	Total Cost=9+12	Rs.in Cr.	131.53	752.51	3269.48	4153.52
14.	Voltage wise per unit cost =13/1*10	Rs./Unit	7.55	7.81	8.18	8.09

Table-2 (2019-20 Projections)

Sl. No.	Particulars	Unit	220 kV, 110 kV & 66 kV	33 kV, 11 kV	LT	Total
1.	Total PP Cost (Sl.No.8 of Table-1)	Rs.in Cr.				2441.81
2.	Share of PP Cost=Sl.No.7 of Table-1)	%	3.01%	17.66%	79.33%	100.00%
3.	Share of PP Cost=Sl.No.9 of Table-1)	Rs.in Cr.	73.50	431.22	1937.09	2441.81
4.	Total Fixed Charges of Power Purchase at Gen. Bus	Rs.in Cr.				859.68
5.	Voltage wise Fixed Charge=2*4	Rs.in Cr.	25.88	151.82	681.98	859.68
6.	Total Variable Charges of Power Purchase at Gen. Bus	Rs.in Cr.				1582.13
7.	Voltage wise VC=6*2	Rs.in Cr.	47.62	279.4	1255.11	1582.13
9.	Other Cost as per Sl.No.11 of Table-1	Rs.in Cr.	58.03	321.29	1332.39	1711.71
10.	Total Fixed Expenditure=7+9	Rs.in Cr.	105.65	600.69	2587.50	3293.84

Table-3 (2019-20 Projections)

Sl. No.	Particulars	HT	LT	Total
1.	Revenue for the year	1070.98	3009.09	4080.07
2.	Total Demand Charges (FC) realized for the year in respect of EHT 7 HT consumers (except LT)	200.17	-	-
3.	Fixed Charge recoverable as per Sl.No.10 (Total of EHT+HT consumers of Table-2)(except LT)	706.34	-	-
4.	Under recovery of FC from EHT & HT consumers	506.17	NA	-
5.	Per unit under recovery from EHT & HT consumers to be recovered as Additional Surcharge	4.45	NA	-

19. Observation on Directives:

1. Consumer Interaction Meeting at Sub division level:

Strict instructions have been issued to all the Superintending Engineers (Ele.) of the O&M Circles to conduct Consumer Interacting Meetings in all the sub divisions once in a quarter, particularly the Superintending Engineers (Ele.) of Udupi & Chikkamagaluru circles. They are also instructed to take into cognizance of the Hon'ble Commission's directions to levy penalty for non-conducting of meetings. They are also informed that in case of any deviation from this, their names will be furnished to the Hon'ble Commission for taking further action.

2. Preparation of energy bills on monthly basis by considering 15 minute's time block period:

As desired by the Hon'ble Commission, month-wise details of number of open access consumer sourcing power from energy exchange as below;

Total No. of Consumers	Month	Total consumption in MU	OA energy procured in MU	OA energy consumed in the corresponding time slot	Inadvertently banked energy (which should not be accounted)
1	2	3	4	5	6
17	Apr-18	39.40	15.50	13.74	1.77
17	May-18	26.18	9.46	7.94	1.52
17	Jun-18	32.35	12.06	11.66	0.40
17	Jul-18	33.11	12.76	11.05	1.71
17	Aug-18	32.65	10.99	9.27	1.72
17	Sep-18	43.53	10.01	7.35	2.66
TOTAL		207.22	70.78	61.00	9.78

3. Energy conservation:

MESCOM is insisting all the new consumers to install only BEE 5 star rated equipment / accessories.

4. Implementation of standards of performance (SoP):

As per directive of Hon'ble commission, MESCOM has directed its field officers to following Standards of Performance while rendering services as per KERC(Licensee's Standards of Performance) Regulations, 2004 and have also directed the filed officers display of Provisions of SoP in all 60 O&M sub-divisions and 234 O&M consistently.

5. Use of safety gear by linemen:

MESCOM has already provided safety gears to all the linemen working the field and also suitable instructions were issued to use the safety gadgets while working on the distribution network.

Further action has been initiated to procure 3700 Pairs of insulated gloves for replacement, if any. This is expected to be supplied during first quarter FY-20.

6. Providing time switches to street lights by ESCOMs:

MESCOM has addressed letter to Commissioner of Mangalore City Municipal Corporation for taking action to provide timer switches to all the streetlight points and to maintain the timer / control switches for the existing streetlight points. Further, MESCOM is ensuring that the timer switches are provided while servicing the new streetlight connections.

7. Load shedding:

MESCOM has moved to implement the Management & Notification Platform of Urja Mitra, a GOI initiative, through which power outage information can be sent to the consumers through automated SMS/call/web portal/mobile application.

In this regard, the provision has been implemented in RAPDRP town of Udupi and action has been initiated to collect the contact mobile numbers email IDs for porting the data to the Urja Mitra platform.

Further, MESCOM has already initiated action to publicize the circle wise notification of scheduled power outages on its website www.mesco.in, in advance.

8. Establishing a 24x7 fully equipped centralized consumer service centers:

The details of service stations at the service of consumers are as below;

24x 7 Service Stations	-	24 No.s
12 Hr Service Stations	-	9 No.s

The above service stations are provided with adequately required infrastructure.

Further, compared to previous year downtime for redressing the consumer complaints have considerably come down, the details as gathered from 24x7 customer care center, is indicated below;

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	2017-18	2018-19 (as at Dec)
'A' category (power supply failure)	7.22 Hr	6.95 Hr
'B' category (voltage complaints)	15.71 Hr	12.05 Hr
'F' category (TC failure)	95.39 Hr	50.60 Hr

Further, general fuse of calls are being attended as early as possible.

9. Energy Audit: It is to submit before the Hon'ble Commission that the monthly reports of energy audit in respect of cities / towns will be furnished in due course.

10. Implementation of NJY:

In this regard, it is to be submitted that under the DDUGJY scheme, MESCOM has contemplated separation of 134 rural feeders (Shivamogga Circle-78 feeders chikkamagaluru Circle 56 feeders) to segregate the IP feeders.

As at the end of November-2018 feeder line work has been completed for 21 feeders (Shivamogga Circle 10 feeders & Chikkamagaluru 11 feeders) but not commissioned as bay work at KPTCL stations are underway.

11. DSM in Agriculture:

In the feeder segregation program under DDUGJY scheme, MESCOM has already completed the works of 16 feeders. Out of these 16 feeders, MESCOM is in consideration for system study of 4 feeders to initiate action for a pilot project of introducing high efficient pump sets as a Demand Side Management in Agriculture.

13. Prevention of Electrical Accidents:

MESCOM has issued instructions to the field officers to rectify the identified hazardous locations / installations which are prone to accidents, immediately.

Action has been taken to replace the deteriorated conductors in the distribution network to prevent such accidents in future.

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