

## APPENDIX – 1

**Statement showing the objections of the Stakeholders/Public, BESCOM's  
Response and the Commission's Views thereon**

<b>Objections on Tariff Issues:</b>	
<b>Objections</b>	<b>Replies by BESCOM</b>
1. Petition is not maintainable in view of enormous delay in filing the application.	BESCOM has filed its application for the APR for FY19 and revision of ARR /Tariff for FY-21 on 28.11.2019 vide letter No: BESCOM/D(F)/ DGM(RA) /BC-19/F-1001/2006-07/657 dated 28.11.19.
<b>Commission's Views:</b> BESCOM has filed the Petition within the timeline specified in the MYT Regulations.	
2. Clause 2.8 and 2.9 of the KERC (Terms and Conditions for determination of Tariff for distribution and Retail Sale of Electricity) Regulations, 2006, provides an opportunity to the licensee for determination of tariff for any financial year, in case there is a variation in performance from the approved forecast of ARR and expected revenue from charges based on additional information and reasons, which are not available.	BESCOM has filed the Petition for Annual Performance (truing up) for FY19, based on the actuals as per audited accounts vis-à-vis the approved figures. Further, BESCOM has also filed application for approval of ARR and Tariff revision for FY21.
<b>Commission's Views:</b> The reply furnished by BESCOM is acceptable. Based on the revised ARR for FY19, with reference to the actuals as per audited accounts, the net surplus or deficit has been carried forward to the ARR of FY21.	
3. The information and accounts submitted by BESCOM are unreliable and are not in accordance with various orders passed by the Commission.	BESCOM has prepared the financial statements in accordance with statues prescribed under the Companies Act, 2013. The accounts of the Company are audited by the statutory auditors and also by the Comptroller and Auditor General of India.
<b>Commission's Views:</b> The reply furnished by BESCOM is noted. Though the audited accounts	

<p>are considered for the purpose of Annual Performance Review(truing up), the commission is guided by the MYT Regulation for regulating the expenses and accordingly various expenses are being regulated as per MYT Regulations.</p>	
<p>4. BESCOM should have clearly indicated steps taken for improvement of efficiency, indicating its efficiency gains which could have been transferred to the consumers proportionately. In absence of any specific gains the application is not maintainable.</p>	<p>BESCOM has filed the Truing up of FY19 based on FY19 Audited Accounts. The Annual Revenue Requirement for FY21 and Tariff revision for FY21 is sought based on the projections of sales and power purchase with respect to historical data. Efficiency gains will be measured by the Commission and the Commission will take care of sharing of gains duly considering the approved targets.</p>
<p><b>Commission's Views:</b> The reply furnished by the BESCOM is noted. The APR is carried out as per the MYT Regulations, considering the data as per the audited accounts. The gains and losses are being shared as per the provisions of the MYT Regulations, as discussed in the relevant Chapter of this Order. <b>Further, the Commission reiterates its direction that BESCOM shall consider providing a brief note on the steps taken for improvement of efficiency along with its tariff application in future.</b></p>	
<p>5. In spite of availability of cheap solar power, hike in energy charges is proposed to reduce subsidy burden on the Government.</p>	<p>The power purchase cost of solar power is varying between Rs.2.87 per unit to Rs.10.75 per unit. Thus, per unit cost of solar power is not 'very cheap' as considered by the objector. The average cost of supply to the domestic category is very high on the contrary the revenue realization is low. Thus, high end domestic consumers who can afford are to be barred from cross subsidy and made to share cross subsidy of other domestic consumers.</p>
<p><b>Commission's Views:</b> The reply furnished by the BESCOM is noted. The Commission is determining the tariff on cost plus approach applying the norms as per MYT Regulations and the principles enshrined in Section 62(3) of the EA, 2003.</p>	
<p>6. Decades of load shedding and shortages has led to many consumers installing captive generation and due to this, it is</p>	<p>BTPS-unit 3 (1x700), YTPS (2x800) and Kudgi (3x800) have newly been commissioned due to which there is surplus energy. Further, BESCOM has also received 3288.71 MU more RE energy during FY-19</p>

<p>difficult to absorb the surplus generation in the State. As such power procurement cost should be categorized under Controllable costs.</p>	<p>i.e. than during FY-18. There is a gap of Rs.2224.99 Crores for FY19. The actual average power purchase cost for FY19 is Rs.5.68 per unit, as against the approved purchase cost of Rs.4.81 per unit. BESCOM is paying the power purchase cost as determined by the Commission and GoK Orders. Power Purchase Cost is uncontrollable since it depends upon factors like; Price of Fuel (Coal /Gas), Railway/ Road Freight, installation of New transmission lines, weather conditions etc., making it difficult to accurately estimate power purchase costs at the time of annual tariff fixation.</p>
<p><b>Commission's View:</b> The reply furnished by BESCOM is noted. According to the KERC (Determination of Distribution tariff) Regulations, as amended from time to time, the Power Purchase cost is considered as uncontrollable expense. Further, due to huge injection of RE into the grid the costly thermal power stations is being backed down resulting in incurring higher fixed power purchase cost per unit.</p>	
<p>7. The shortage in the installed capacity is about 4500 MW and the deficit is about 6,000 MW. No new Generating stations are being erected. The Commission may advise the State Govt. to increase the generation so that it commensurate with the load growth and also monitor the addition of Generation.</p>	<p>BESCOM in its tariff application has stated that there is more availability of energy than the quantum required by ESCOMs. Due to penetration of more capacity of renewable mainly solar during peak hours, there is no deficit situation. The load shedding for few minutes/hours may be due to technical constraints in transmission/distribution network. The Commission is monitoring power availability from individual sources of power &amp; power requirement by each ESCOMS during "Review meetings" and advising the PCKL and ESCOMs in the matter.</p>
<p><b>Commission's Views:</b> The reply furnished by the BESCOM is acceptable.</p>	
<p>8. a. There is an increase in power purchase costs despite reduction in quantum of power purchase.</p>	<p>a. BESCOM has attributed the increase in power purchase costs to the increase in fixed costs of YTPS and BTPS unit-3, transmission charges of PGCIL, incentive paid to KPTCL, variable charges of power purchase, inter-ESCOM energy</p>

<p>b. BESCOM could have controlled the increase in power purchase cost by purchasing cheaper Hydropower.</p> <p>c. Increase in power purchase cost of Rs.1460.48 in FY19 due to Medium-term purchases and purchase from CGS should be disallowed.</p> <p>d. The short-term power purchase made by BESCOM during the relevant period and the expenses incurred towards procuring such short-term power are not matching.</p>	<p>exchange and higher RE purchase in comparison to the approved figures.</p> <p>b. As against the approved power purchase quantum and cost for FY19, the actual energy input is less by 300.7 MU than the approved input energy, but there is an increase in power purchase cost by Rs.2713.8 Crores as per actuals. As generation from RE power doesn't come under merit order dispatch, the thermal stations having higher variable cost are being backed down or put into Reserve Shut down (RSD), resulting in BESCOM paying nearly Rs. 528 Crore towards fixed cost without purchasing any power from thermal stations having higher variable cost during June-18 to September, 2018. Further, BESCOM is making payments based on the allocation given by GoK/Commission, with costlier thermal power being allocated to BESCOM.</p> <p>c. The increase in CGS energy and medium-term purchase has resulted in less purchase of costlier KPCL thermal power and UPCL power. BESCOM has saved nearly Rs.350 crore by purchasing power from CGS energy and medium term.</p> <p>d. BESCOM had entered into short term contract for a period of 6 months i.e., from Nov-17 to May-18. Under actuals, the short-term power purchase, UI trading and IEX sale are clubbed and net figure of 67.89 MU is considered resulting in higher per unit cost. But the actual short-term purchase of 482.92 MU, IEX sale is 391.50 Mu.</p>
<p><b>Commission's Views:</b> The reply furnished by BESCOM is noted. The source-wise power purchase</p>	

approved for FY19 is discussed under the relevant chapter of this Order and the analysis for the variations has also been discussed in the said chapter. Further, it shall be noted that the power from various sources is being purchased by ESCOMs based on the allocation made by GoK.	
9. Power purchase cost is being accounted for and paid as per the capacity allocated by the GoK which is readjusted at the end of the year, based upon actual drawl of energy for the year.	In case there is variation in power purchase allocation and power drawal allocation energy balancing between the ESCOMs is carried out by SLDC. The underdrawals/ overdraws are accounted at average power purchase cost of ESCOM, which is receivable under underdrawal. For 2018-19, BESCOM has overdrawn power and an amount of Rs.485 Crores is accounted as expenditure.
<b>Commission's Views:</b> The reply furnished by BESCOM is acceptable.	
10. BESCOM should have introduced telescopic tariff during power surplus.	The suggestion of Telescopic Tariff is proposed in the present Tariff filing. If the same is approved efforts will be made to handle the surplus power.
<b>Commission's Views:</b> The proposal made by BESCOM in the earlier Tariff proceedings was not accepted and the Commission has explained the reasons thereon in the earlier tariff order.	
11. Interest for the delayed payment made to the Generators should not be passed on to the Consumers.	Commission is not passing on the interest on belated payment to generators. Hence, BESCOM is not seeking for the same, in its tariff filing.
<b>Commission's Views:</b> The reply furnished by BESCOM is acceptable. The Commission is allowing interest on working capital and hence the interests on belated power purchase payments are not being allowed.	
12. Overshooting of Power purchase costs than the approved limits of the total power purchase cost indicate poor planning by BESCOM. BESCOM should call for open tenders while purchasing power in order to reduce the power purchase cost. BESCOM to purchase power at lower prices available in open market through	The actual energy input is 300.7 MU less than the approved energy input for FY19 but there is an increase of Rs.2713.8 Crores in the actual power purchase cost against the approved value for FY19 due to BESCOM paying nearly Rs. 580.60 Crores towards fixed cost without purchasing any power from thermal stations having higher variable cost during June, 2018 to September, 2018 during FY19, increase in Coal and diesel rates and

long term power purchase agreement.	fluctuation in dollar rates, etc. BESCOM has sold 391 MU under IEX and realized Rs 164 crore at Rs 4.21 per unit, resulting in effective increase in power purchase cost of Rs. 164 Crore.
<b>Commission's Views:</b> The reply furnished by BESCOM is noted and the source-wise power purchase approved for FY19 is discussed under the relevant chapter of this Order. As the ESCOMs have tied up long-term power purchase agreements with generators, they cannot come out of the agreements to buy from open market and, if they do so, they have to pay fixed charges to such generators. This will add to the total power purchase costs and hence the suggestion is not practicable.	
13. Any residual energy that needs to be accounted is being booked under IP set consumption. Similarly, T&D losses are also booked under IP set consumption.	The remarks of the objector that "most of the time any residual energy that needs to be accounted will be booked under IP consumption, similar T&D losses are also booked under IP set consumption" is wrong since BESCOM is calculating IP sets consumption based on the NJY Agri-feeders exclusively feeding the IP set, as per the directions of KERC.
<b>Commission's Views:</b> The reply furnished by BESCOM is noted and the sales to IP set are elaborately discussed in the relevant chapter of this Order.	
14. a. Allocation of expensive PPA's to BESCOM is not in accordance with National Electricity Policy.  b. GoK had the authority to allocate PPAs of erstwhile KEB and KPTCL. GoK has no authority to modify the original power allocation notification and also subsequent purchases made by ESCOMs. The Commission should consider Power purchase costs for the power purchased as per the initial power allocation notification issued by GoK and all the subsequent power purchase costs	The GoK, vide Order dated 10th May, 2005 has transferred the rights relating to trading of electricity from KPTCL to five Electricity Supply Companies viz. BESCOM, HESCOM, MESCOM, GESCOM and CESC Mysore w.e.f. 10th June 2005. Further, GOK has reassigned the capacities in CGS, IPPs and the NCES projects to five ESCOMs as per the percentage stipulated in the GoK notification dated 06-07-2005. To ensure uniform tariff in the State, yearly re-allocation of power among the ESCOMs is being done by the GoK.

<p>incurred by PCKL should be apportioned among the ESCOMs at the proportionate average cost of procurement.</p>	
<p><b>Commission's Views:</b> The reply furnished by BESCOM is noted and the allocation of power to ESCOMs comes under the purview of the GoK.</p>	
<p>15. Since FY15, ARR and APPC values have never remained within the Commission's approved level. Despite, the difference between PPC and average realization, falling from INR 1.47 / unit in 2015 to INR 1.35/ unit in 2019, BESCOM has proposed increase in tariff. BESCOM should bring down the percentage of PPC to revenue to 80 % or below and not allow any further increase in the ARR for FY 20-21.</p>	<p>BESCOM is unable to realize the full expenditure as the margin between the ARR and APP cost has reduced drastically. As such, tariff increase is necessary. Due to change in the sales mix and the consumer mix the ARR differs from the approved figures. APP varies from the approved target due to Fixed Cost commitment under Power Purchase agreements. Presently, the State is now faced with surplus power availability situation due to surplus availability from RE. As RE power doesn't come under merit order dispatch, the thermal stations having higher variable cost are being backed down, but ESCOMs continue to pay fixed cost.</p>
<p><b>Commission's Views:</b> The reply furnished by BESCOM is noted. The Commission is determining the tariff based on cost plus approach and the tariff to various categories of consumer categories is being fixed considering the cross-subsidy levels. Further, the power purchase quantum is arrived at considering the estimated sales to various categories of consumers and the power purchase costs depends upon portfolio of various sources in the power purchase. Thus, limiting the power purchase cost to 80% as proposed by the objector is not possible as the power purchase cost is arrived at based on the requirement of the ESCOMs to supply power to its consumers.</p>	
<p>16. BESCOM to provide details of the energy sold in coordination with the State Load Dispatch Centre (SLDC). This data should be validated by an independent auditor.</p>	<p>The details of energy sold category-wise for FY19, are shown at pages 11, 14, 17 and 18 of BESCOM's tariff application. The energy input details furnished by BESCOM is after co-ordination with SLDC.</p>
<p><b>Commission's Views:</b> The reply furnished by BESCOM is noted. The data submitted by the ESCOMs are under affidavit and cost of power purchased/ sold by the ESCOM and other costs</p>	

incurred by the ESCOMs are subject to statutory audit.	
17. BESCOM has not produced calculations to verify the authenticity of the IP set numbers and consumption of 8081.35 units constituting 26% of the total energy. The energy charges could have been reduced by Re.1.00 per unit and fixed charges by Rs.50 per KVA/KW/HP.	The actual IP set consumption is 7202.32MU as against approved consumption of 7123.21MU for FY19. This consumption is nearly 25% of the total consumption of 27762MU for FY19. BESCOM has demanded Rs.2632.78 Crores from the GoK for FY19 towards IP subsidy. BESCOM in its reply, has submitted the GPS survey data depicting the number of IP sets found in the field, the GPS survey is not yet completed as incremental data due to addition of IP sets, needs to be added continuously.
<b>Commission's views:</b> The Commission has noted the reply furnished by BESCOM. The IP set consumption has been elaborately discussed in the relevant chapter of this order.	
18. Total IP set consumption is 7202 MU for FY19 which is more than last year's sales of 6289MU. Thus, subsidy to be claimed from the Govt. will increase. But BESCOM has not claimed higher subsidy.  b. One of the reasons of Gap of Rs.5872.08 Crores for FY21 is increase in power purchase cost during FY 19. This increase in power purchase cost in FY19 is due to additional demand of IP sets. Hence 2713.80 crores should be made good by the State Govt. It should not be loaded on to the consumers.	The IP set consumption approved for FY19 was 7123.21MU as against which BESCOM has consumed 7202.32MU. This consumption is nearly 25% of the total consumption of 27762MU for FY19. BESCOM has demanded Rs.2632.78 Crores from the GoK for FY19 towards IP subsidy. The balance amount will be demanded after the Commission approves the IP set consumption for FY19, after truing up.
<b>Commission's Views:</b> The reply furnished by the BESCOM is noted. Further, the consumption by IP sets as approved by the Commission in its APR is being fully subsidised by GoK at the CDT approved by the Commission.	
19. BESCOM should furnish the number of	GoK has issued a circular in which there is no



<p>illegal IP sets in FY19 and actions initiated against such consumers. The Commission should identify and remove subsidy to multiple IP set per farmer to avoid subsidy to the rich.</p>	<p>concept of unauthorized IP sets. Government of Karnataka in its circular has stated that an approximate 50,000 unauthorised IP applications per year are registered in the State. Since, occurrence of unauthorized pump set is a continuous phenomenon, the said IP sets are treated on par with new IP connections.</p>
<p><b>Commission's Views:</b> The Commission has noted the reply furnished by BESCOM. IP set sales are being subsidized by the GoK at the Commission determined tariff. As the IP set sales are being subsidized by the GoK, removal of subsidy to multiple IP sets belonging to a single consumer, is a policy decision to be taken by GoK.</p>	
<p>20. BESCOM has proposed power purchase quantum of 35121.13 MU as against the approved sales of 30,154.14 MU for FY21 in spite of reduction in HT consumption during FY20. The additional power purchase goes to IP sets resulting in increase in HT tariff. Hence, the tariff of Industrial consumers should be reduced by at least 100 paise per unit.</p>	<p>Based on the actual consumption of FY19, the sales for FY20 and FY21 are modified. The Commission, in Tariff Order 2019 has approved 35373.98MU to BESCOM for FY21 against which BESCOM is seeking modified energy input of 35120 MU, there is a reduction of 254 MU. Further, BESCOM has initiated HT incentive to woo the HT consumers back to the grid. The IP set consumption is retained at 25% of the total consumption.</p>
<p><b>Commission's Views:</b> The sales estimation and power purchase quantum required for FY21 is discussed in detail in the relevant chapter of this Order.</p>	
<p>21. Increase in HT consumption is only 0.93% for FY19. The Commission should consider reducing HT tariff so that HT consumers don't move away from BESCOM grid.</p>	<p>For FY-18 there was increase in HT consumption by 0.31% and for FY-19 there is an increase of 0.93%. BESCOM is striving hard to retain its HT consumers by providing incentives but due to increased power purchase cost, the tariff rates are on the higher side. SIS has been introduced in Tariff Order 2018, to woo HT consumers back to BESCOM grid. Further, BESCOM has proposed incentive scheme for HT consumers during monsoon period.</p>
<p><b>Commission's Views:</b> The reply furnished by BESCOM is noted and the Commission's view on SIS is discussed in the relevant chapter.</p>	

22. The Commission should bring down the tariff for HT industrial and commercial to FY 14 rates at (Rs. 7.41/unit – Rs. 7.91/unit) as it creates employment.	There is a fall in HT sales as compared to the approved sales as the HT consumers are opting for open access. The cost offered by the IPP is much lower than BESCOM tariff as they do not have any social obligation of providing subsidized power.
<b>Commission's Views:</b> The reply furnished by BESCOM is noted. To attract HT consumers, the Commission has approved the SIS as discussed in the relevant chapter.	
23. Formats showing subsidy committed by the Government, Revenue from tariff, tariff subsidy from BJ KJ, and tariff subsidy from IP are blank.	At table 4.65 the total revenue amount received from all categories inclusive of BJ/KJ and IP at existing tariff rates are shown as Rs.23269 Crores for FY21. The details of the same are made available at page 291, D-2 statement of BESCOM's tariff application.
<b>Commission's Views:</b> The reply furnished by BESCOM is noted.	
24. Table 4.65 on page-134, the columns, power purchase cost, transmission charges of KPTCL and transmission charges of PGCIL are blank.	At table 4.65 the total power purchase cost inclusive of KPTCL and PGCIL transmission charges are shown as 22074 Crs. for FY-21. The details of the power purchase cost source wise are made available at page 289 and 290, D-2 statement of BESCOM's tariff application.
<b>Commission's Views:</b> The reply furnished by BESCOM is noted.	
25. The Commission should ensure all the payments to KPTCL are made on the basis of transfer capacity only.	BESCOM is paying transmission charges as per KERC determined charges based on the transmission capacity only.
<b>Commission's Views:</b> The reply furnished by BESCOM is noted.	
26. Whether expected increase in the EV consumption is captured during forecasting the expected load.	EV Tariff Sub-category LT-6(C) falls under LT (6) Tariff Category. The CAGR is computed based on the historical data available. BESCOM has computed CAGR based on past 10 years data available. Since EV was introduced recently the historical data for LT-6(c) for EV vehicles for past years will not be available. Separate CAGR for LT-6(C) is not indicated in filing.
<b>Commission's Views:</b> The reply furnished by BESCOM is noted.	

27. Neither BESCOM nor CEA has attempted to quantify in a reliable manner 'energy not supplied'.	BESCOM has made a forecast of the average and peak load requirement in its Perspective plan which had been submitted to the Commission vide letter dated 14.09.2018 for the 5th control period (FY-20, FY21 and FY22) under MYT framework as specified by the Commission.
<b>Commission's Views:</b> The reply furnished by BESCOM is noted. It may be noted that there is power surplus situation in the State and ESCOMs are selling power in the exchange. In such a situation the question of quantifying 'energy not supplied' will not arise.	
28. a. BESCOM has not submitted "cost to serve" to the Commission. If tariff is fixed as per cost to serve, the tariff of HT2(a) will have to be brought down by 50%. Cost to serve should be worked out for HT 2(a) category.	Hon'ble ATE vide Appeal No.42/2014 has directed the State Commission to indicate category-wise cross subsidy with reference to voltage wise cost of supply. However, for industrial consumers, the Cross-subsidy level of $\pm 20\%$ of Avg. Cost of Supply has already achieved. BESCOM has filed Voltage-wise cost of supply (D23 statement) in its application. Further, BESCOM has proposed to the Commission to reduce the Energy charges for HT consumers and also to continue HT Special Incentive Scheme in BESCOM's application.
<b>Commission's Views:</b> The reply furnished by the BESCOM is noted. The Commission as per the order of Hon'ble ATE in Appeal No.42/2014 is indicating the percentage of level of Cross Subsidy for LT, HT and EHT categories with reference to voltage-wise cost to serve in Annexure 3 of the Tariff Order.	
29. EA 2003 mandates that tariff should be within +20% of cost to serve. Hence, cost to serve should be decided first and then variation of fixed cost and variable cost. BESCOM is trying to hike fixed cost which is totally against the provisions of the ACT.	The +/- 20% of cost to serve is based on Average Realisation rate and not on Fixed Charges or Energy Charges. Hence, BESCOM is retaining the Average Realisation rate and varying the proportion of fixed cost and energy cost.
<b>Commission's Views:</b> The reply furnished by the BESCOM is noted.	
30. a. Increase in the fixed costs are not	BESCOM has proposed increase in Demand

<p>justified as value of assets reduces every year due to depreciation. Also, Fixed charges should relate to functionalization of assets. Since BESCOM has not been able to demonstrate any increase in that respect, the fixed charges should not be increased.</p> <p>b. Increase in Fixed charges for 1-4kW is not justified but BESCOM may consider the fixed charges proposed for new installations.</p>	<p>charges and decrease in Energy charges to arrest HT consumers opting for Open access.</p> <p>Since the contribution of fixed charges is only 22% of the average realization rate the balance i.e. 25% (47%-22%) is concealed in the energy charges. Hence, the energy charges seem to be on a higher side. If the Demand/Fixed charges which is masked in the energy charges are separated then the variable cost can be reduced.</p> <p>The deficit up to FY19 and estimated deficit for FY21 of Rs.5872.08 Crores is proposed to be recovered by Tariff increase. Domestic tariff category is being cross subsidised by other categories. Hence the average cost of supply to this category is very high on the contrary the revenue realization is lower. Loss level, Operation cost and providing infrastructures are very high but utilization of net work is minimal. Thus, fixed charges and energy charges for domestic category needs to be increased.</p>
<p><b>Commission's Views:</b> The reply furnished by the BESCOM is noted. The fixed charges depend upon the fixed costs incurred by the ESCOMs towards Employee cost, O &amp; M expenses, Gen, Administration costs, interest on borrowing, interest on working capital, RoE, etc., which needs to be recovered irrespective of drawal of energy by the consumers. The Tariff approved by the Commission to various categories is discussed in chapter-6 of this Order.</p>	

<p>31. As regards capital expenditure program, BESCOM has utilized Rs.35 Crores and Rs.70 Crore less in metering program and in providing infrastructure to un-authorized IP sets. Thus, BESCOM has failed to utilize the budgeted Capital Expenditure on certain heads of expenses which shows it's inefficiency in utilizing the budget and achieve targets.</p>	<p>The entire Capital expenditure is not considered as a part of tariff hike, Interest and Finance charges and Depreciation expenses are considered for fixation of tariff. If there is a reduction in the said costs the same is considered for truing up. Further, an amount of Rs.134.90 Crores for the works of replacement of faulty transformers by new transformers is booked under revenue expenditure.</p>
<p><b>Commission's Views:</b> The reply furnished by the BESCOM is noted. The capital expenditure incurred by the ESCOMs is subject to prudence check, post-facto and any fixed costs arising out of imprudent capex, is being disallowed by the Commission while determining the tariff.</p>	
<p>32. BESCOM has proposed Capital Expenditure of Rs.6610.61 crores for FY21, which is 2.08 times of capex for FY20 without any justification.</p>	<p>BESCOM has justified its Capital Investment plan for FY21 in its tariff application from page 94 to page 111.</p>
<p><b>Commission's Views:</b> The Commission is allowing capex as per the capex requirement for extension and improvement, system improvement works to maintain quality and reliability of supply etc. Also keeping in view the financial capability to meet the debt serving obligations the capex to be allowed is being decided. The details of Capex allowed for FY21 have been discussed in the relevant chapter of this Order.</p>	
<p>33. Installations of UG cables will ensure quality and uninterrupted supply to the consumers and will also reduce the tapping, pilfering and unauthorized connections.</p>	<p>BESCOM is already implementing "Conversion of 11kV Overhead line into UG cable, Running of new 11kV feeder for bifurcation of loads, Conversion of LT Overhead line into UG/AB cable and laying of Optic Fibre cable along with 11kV/LT UG cable in 52 sub divisions (out of 63 sub divisions) in BESCOM's BMAZ area, in a phased manner as per Annual Budget programme of GoK for the Financial year 2018-19.</p>
<p><b>Commission's Views:</b> The reply of BESCOM is noted. Since the conversion of overhead lines into UG cables involve huge capex, BESCOM is directed to execute these works in a phased manner so as to keep the tariff impact of the additional investment is kept at the minimum.</p>	

<p>34. Smart meters should also be implemented with disconnection facility.</p>	<p>The National Tariff Policy 2016 has mandated the use of smart meters with prepayment functionalities for all users with a monthly consumption of above 200 units by 2022. Ministry of Power letter Dated: 02.08.2019 and Energy Department, GoK letter Dated: 19.08.2019 states that States/ DISCOM must switch over to Smart meters in the pre-paid mode. BESCOM in its capex proposal has submitted detailed project report for implementation of smart meters for kind consideration of the Commission.</p>
<p><b>Commission's Views:</b> Replacement of electronic meters by smart meters requires huge capex and the costs thereon will have significant cost implications, in view of the fact that in the recent past, BESCOM has replaced electro-mechanical meters with electronic meters. Hence, BECOM shall implement this program as a pilot in one or two sub-divisions and after seeing the cost benefits can take up the same in a phased manner. The matter has been discussed in detail the relevant chapter of this Tariff Order.</p>	
<p>35. BESCOM has incurred capital expenditure more than the amount approved by the Commission, which shows undisciplined attitude towards reduction of expenditure. Further, BESCOM has proposed more than Rs.6000 Crores for conversion of OH cables to UG cables without any Govt. aid or scheme. This will pose additional burden on the consumers with negligible technical and financial advantage.</p>	<p>The actual capital expenditure booked by BESCOM is Rs.2869.37 Crores as against approved capital expenditure Rs.2836.44 Crores for FY19. The entire Capital expenditure is not considered as a part of tariff hike. Expenses like Interest &amp; Finance charges and Depreciation are considered towards tariff hike. BESCOM has prepared its capital expenditure plan within the limit of CAPEX approved by the Commission. Further, BESCOM plans to lay OFC network along with UG cable laying for the purpose of improving its internal communication network. The UG cable works are spread over a span of 3 years and this project is required to improve the quality of power supply to the consumers and mitigate accidents and power failure, reduction in number of breakdown of poles/ conductors and unforeseen damage.</p>
<p><b>Commission's Views:</b> The reply of BESCOM is noted and the above issue is discussed in detail in</p>	

the relevant chapter of this Order.	
36. Huge O&M expenses are being incurred towards replacement of faulty assets in the name of new capex works. No considerable cost incurred towards maintenance of assets. Life audit of assets has to be done and proposal works has to be reduced.	Commission is approving O&M Expenses through formula on normative basis and this expenditure is controllable based on MYT norms. The factors contributing for increase in O&M expenses are Inflation and consumer growth indices. Increases in these indices are reduced to an extent of predetermined BESCOM's efficiency factor of 1%. BESCOM field officers are taking up pre-monsoon maintenance works well in advance i.e. during the months of January to April to meet the exigencies in the monsoon period to minimize interruption in power supply, which would result in reducing revenue loss besides saving assets of BESCOM, from damages due to natural calamities.
<b>Commission's Views:</b> The reply furnished by the BESCOM is noted and the Commission is allowing O&M expenses as per the norms specified under the MYT Regulations duly applying the efficiency factor.	
37. Comparing the awarded price of BESCOM for their works on all projects is abnormally high when compared to the rates awarded for same kind of works in BDA, KIADB and BMRCL.	In BDA, KIADB, BMRCL the works are limited to the approved industrial area and layouts where the ROW issues are non-existent and also involvement of labour is less with a limited period of completion. Whereas in BESCOM, the works have to be carried out in the existing corridor in the public area at the time of execution, have to face a number of ROW issues and have to obtain necessary approvals from several authorities like BBMP/Police etc. and in order to maintain continuity of Power supply to the consumer, prior planning of scheduling of works has to be made by obtaining line clear with publication of paper notification, prior to taking up the work. With all the above activities, labour involvement and statutory charges are more as compared with BDA/KIADB/BMRCL works.

<b>Commission's Views:</b> The reply furnished by the BESCOM is noted and as stated earlier the capex is subject to prudence check by the Commission.	
38. Unnecessary locality allowances added for the HDD work, even though work has done through machinery by considering this as labour charges.	In BMAZ area the works are to be carried out during night hours only than in the day time, there are more number of ROW issues and also necessary approval has to be obtained from BBMP and Police authority in view of the traffic congestion. Hence, the labour involvement in night hours is more than the day time and the labour rate is also twice the day time actual rate. For the operation of HDD machine, it requires most specialized skilled person and after completion of the work, restoration is to be done immediately for clearing the traffic which involves more labour. In view of the above factors, higher provision for labour has been made to allow special locality allowances using prevailing SR of ESCOMs.
<b>Commission's Views:</b> The reply furnished by the BESCOM is acceptable.	
39. High remuneration paid to contract employee. In spite of huge manpower in BESCOM, additional manpower is taken on contract.	The posts of Meter Readers are neither created as per work load norms for the ever-growing Consumer base nor filled up through recruitment since a long time. Maintenance staffs (ALM / JLM) were carrying out the meter reading work in RAPDRP area. The Out-sourced personnel are being engaged for meter reading work until the regular Meter readers posts are filled up. BESCOM is paying Rs.9.20 (excluding Tax) per month for reading one installation whereas the average cost of meter reading by departmental meter readers works out to around Rs.13.70 per bill.
<b>Commission's Views:</b> O&M expenses are controllable expenses and the Commission, in its Tariff Orders, has been advising the ESCOMs to control the O&M expenses and incur the same reasonably.	
40. There is no regulation on rate of	Rates of materials are: FORD rates (Free on



<p>materials. Rates fixed in the SR book is 16-20% more than the market rates. BESCOM is not following E-procurement policy and are purchasing material at very high costs. Purchase Orders are being modified to circumvent the provisions of E-procurement and purchase awards are given to their favored suppliers.</p>	<p>Road/Rail Destination) or inclusive of GST and freight &amp; insurance as applicable at the time of preparation of the CSR. SR rates do not include the statutory charges applicable to temporary workforce like Employees Contribution towards ESI, Provident Fund, Income Tax paid by the agency and Other statutory charges. A Committee chaired by MD, BESCOM has been formed for framing Common SR.</p> <p>BESCOM is purchasing the materials by inviting tenders through E-Procurement portal. Purchase orders are placed on Techno commercially qualified L1 bidders in the tenders floated in E-Procurement portal duly following the KTPP Act</p>
<p><b>Commission's Views:</b> The reply furnished by the BESCOM is noted. While arriving at the schedule of rates (SR), BESCOM/ Committee shall compare the rates from the neighboring states and try to fix reasonable rates and ensure that the rates are not too high.</p>	
<p>41. New rates were continuously added as and when they required without bringing it to the knowledge of the committee members or without any discussion.</p>	<p>Approval is being taken for any additional material/ labour which has to be added in the SR from MD, BESCOM &amp; Chairman of the SR Committee.</p>
<p><b>Commission's Views:</b> The reply furnished by the BESCOM is noted.</p>	
<p>42. Works can be awarded on partial turnkey or labour contract at lower cost as internal staff can monitor the quality of materials and works.</p>	<p>For completion of work within prescribed time limit and avoid the cost overrun of the project, the total turn key is awarded.</p>
<p><b>Commission's Views:</b> The reply furnished by the BESCOM is noted.</p>	
<p>43. Contract works for up-keep of lines are being awarded when such works are not required.</p>	<p>BESCOM has to maintain the Distribution Network in its area for providing uninterrupted Power Supply. The works which are deemed necessary for up keeping the lines and equipment, are being taken up and awarded.</p>
<p><b>Commission's Views:</b> The reply furnished by the BESCOM is noted. The O&amp;M expenses being</p>	

controllable, ESCOMs shall exercise maximum care and prudence in incurring such expenditure.	
44. BESCOM officials are not being held responsible for mismanagement of works and purchases. Offers on orders for Heat shrinkable cable joining kits were rejected and orders at very high rates were placed. Similarly, safety belts were purchased at higher rates as compared to other ESCOMs.	For Supply of 11 kV UG cable & PILC cable heat shrinkable jointing and termination kits, bids were invited by BESCOM, through tender on E-Procurement portal under Rate Contract for a period of two years for Rs.818.84 Lakhs based on Schedule of Rates 2016-17. Bids received in the E-Procurement portal were techno-commercially evaluated and the awards were issued to L1 bidders after approval of Central purchase committee headed by the Managing Director, BESCOM. The rates mentioned by the objector, as market rates are less by 70% when compared to rates specified in Common Schedule of rates of all ESCOMs. The brand of the material is also not mentioned by the objector. In case of safety belts tender was invited and since this type of belts were procured for the first time, SR rate for new safety belt was not available in BESCOM. Hence, the amount put to tender was worked out by considering prevailing market rate & the market rates for the same was Rs. 12,000/-. Rate quoted by L1 bidder was lesser by 4.8% when compared with the market rates. Hence the rates of HESCOM and MESCOM cannot be compared.
<b>Commission's Views:</b> The reply furnished by the BESCOM is noted.	
45. BESCOM should bring down the receivables in order to reduce the finance cost. The Commission should direct all ESCOM's to give clarity on the doubtful debts written off in every financial year. The Commission should set targets for each financial year for all ESCOM's to bring down	BESCOM has earmarked Rs.1144.49 Crores as doubtful receivables for FY20. 85% of total doubtful receivables is towards IP set dues, 8% is towards permanently disconnected installations and 7% is towards dues outstanding as at end of the year for which 4% of the outstanding debtors is created as per the Company's Accounting Policy. The collection efficiency has decreased for FY19 due

the doubtful debts/ receivables.	to non-payment from BBMP, local bodies and village panchayats. Field officers have been instructed to achieve 100% collection in respect of Water Supply and Street Light Installations. Since the provision for Bad and doubtful debts created for earlier and carried notionally for half year ending 30th September 2019 and it is not bearing any impact on P&L statement.
<b>Commission's Views:</b> The reply furnished by the BESCOM is noted. The Commission is not allowing any provisions towards bad and doubtful debts. It is considering the actual bad debts written off by BESCOM during the year. As regards the recovery of dues from Government, the Commission directs the BESCOM to pursue the matter with the Government effectively so as to recover the arrears at the earliest.	
46. Due to demonetization and decrease in demand in the global market, industries are running half shift. Increase in tariff will pose additional burden on the industries.	BESCOM is bound by the Acts and norms prescribed by the Government towards consumers' needs, environment protection and national policies and cannot act with prejudice towards a certain category. To address the problems of sick industries, as per the Commission's Order dated 30.05.2019, in the general terms and conditions of tariff, serial number 24 & 27, reliefs are extended to sick industrial units and seasonal industries for their survival/rehabilitation for Industrial Development and Director of Industries & Commerce, GoK. Hence sick industries shall seek relief under the said provisions.
<b>Commission's Views:</b> The reply furnished by the BESCOM is noted. The tariff is determined to recover reasonable costs incurred by the ESCOMs. If any concession is required in the tariff, consumer can approach the government to provide subsidy to the extent of reduction in tariff for such category.	
47. a. The cost of the power for BSWSSB, at the prevailing tariff, represents about 64% of its gross revenue and the single largest item of expenditure. BESCOM's has proposed 10%	The budget for 2019-20 statement obtained from BSWSSB website shows that the Power charges contributes 27% of the total expenditure. For FY21, Tariff fixed to HT-1 category is Energy charges at Rs.5.70 per unit and Demand charges at Rs.360

<p>increase in the energy charges and 70% increase in demand charge.</p> <p>b. According to Section 27 (5) (a) of the Karnataka Electricity Reform Act, 1999, the nature and purpose for which the electricity supply is required is a relevant factor for the purpose of fixing the tariff. BSWSSB is eligible for a special treatment in order to extend the benefit to its consumers.</p> <p>c. In the absence of any value-added services from the BESCOM, tariff hike adversely impacts the financial position of BWSSB which is in deficit since 2005-06.</p>	<p>per KVA per month as against the estimated average cost of supply of Rs.9.73 per unit for FY21 and as against an average cost of supply of Rs.7.83 per unit for FY19.</p> <p>According to Section 27 (5) (a) of the Karnataka Electricity Reform Act, 1999, the nature and purpose for which the electricity supply is required is a relevant factor for the purpose of fixing the tariff. BSWSSB is eligible for a special treatment in order to extend the benefit to its consumers.</p> <p>The outstanding dues from BSWSSB is more than 10 months' average demand and BESCOM has continued supplying without disconnection, which itself is a valued added service extended to BWSSB.</p>
<p><b>Commission's Views:</b> The reply furnished by the BESCOM is noted. The revision of tariff for water supply is dealt with appropriately in the relevant chapter of this Tariff Order.</p>	
<p>48. BESCOM has not submitted the perspective plan as required under the KERC Regulations.</p>	<p>Perspective plan has been submitted to the Commission vide letter dated 14.09.2018 for the 5<sup>th</sup> control period under MYT framework, as specified by the Commission.</p>
<p><b>Commission's Views:</b> The reply furnished by BESCOM is noted.</p>	
<p>49. The items of expenditure are based on earlier inflated projections for earlier years which were inaccurate.</p>	<p>Projections of power purchase (generation and cost) for FY21 are estimates based on actuals for FY19 considering new projects commissioned during FY20 and power from expected new projects during 2020-21 and estimates cannot be accurate.</p>
<p><b>Commission's Views:</b> The reply furnished by BESCOM is noted and the Commission's decisions on various issues have been discussed in detail in the respective chapters of this Orders.</p>	
<p>50. BESCOM has totally disregarded the</p>	<p>Regulations under Chapter-II of MYT Regulations,</p>

<p>Regulations specified under Chapter-2 of the KERC Regulations, which specifies that every ESCOM must comply with the guidelines laid down for the purpose of seeking ARR and/or ERC and also the retail supply tariff for relevant year.</p>	<p>2006, in respect of Distribution Business, have been fully complied with. BESCOM requested the objector to specifically furnish the details of violation of the Regulations by them.</p>
<p><b>Commission's Views:</b> The reply furnished by BESCOM is noted. The objector should bring out specific cases of regulations being disregarded.</p>	
<p>51. BESCOM could not achieve the targeted sales for the HT category for FY21. In spite of the same, BESCOM is seeking an upward revision in the tariff charges which is un reasonable.</p>	<p>The actual sales recorded for HT-1 sales for FY19 is 726.15 MU as against approved sales of 702.42 MU. Hence, the contention of the objector that the targeted sales could not be achieved for the HT-1 category is not true. Further, the major reason for seeking upward revision in the Tariff is due to increase in power purchase cost by Rs.1182.17 Crores for FY19 and Rs.2177.16 Crores as proposed for FY21.</p>
<p><b>Commission's Views:</b> The reply furnished by BESCOM is noted.</p>	
<p>52. BESCOM's proposal for increase in BMRCL tariff under the HT2(a)(ii) category from Rs.5.20/unit to Rs.5.70/unit should be disapproved.</p>	<p>The average realization of BMRCL is approximately Rs.6.60/unit. Reduced tariff can be proposed to BMRCL if the power purchase rates are reduced.</p>
<p><b>Commission's Views:</b> The reply furnished by BESCOM is noted. The consumers are expected to pay the cost of supply for the electricity used. In case any concession is given to any consumer, the under-recovery of cost thereon shall have to be either borne by other consumers or has to be met by the Government through subsidy. Since, the Government is not extending any subsidy to the BMRCL, the cost towards under recovery has to be borne by other consumers as the BMRCL is a public mode of transport which will ease out the traffic conjection of Bangalore city, without carbon emission. The tariff for BMRCL is discussed in the relevant chapter of this Order.</p>	
<p>53. Proposed increase in tariff under LT – 6 (c) categories for EV charging stations should be disallowed as EVs</p>	<p>The tariff for EV prescribed by the Commission enables recovery of only 75% of the Average realisation rate and balance is cross subsidized by</p>

help to achieve sustainable and green mobility.	the other consumer categories. BESCOM has proposed marginal increase in EV tariff. Further, BESCOM, in its letter dated 23.01.2020 has proposed incentivizing the EV charging units under LT6c tariff by 50 paise/unit.
<b>Commission's Views:</b> The reply furnished by BESCOM is noted. The tariff for EV charging station is discussed in the relevant chapter of this Order.	
54. The actual sales for FY19 are 1.9% less than the sales approved by the Commission. BESCOM has been requesting for tariff increase YoY to make up for the loss in sales.	BESCOM is not seeking tariff hike for the loss in sales but for the expenditure already incurred (FY19) and to be incurred for FY21, by the Company.
<b>Commission's Views:</b> The reply furnished by BESCOM is noted.	
55. Application does not contain details of components like depreciation, Advance against depreciation and Interest and finance charges have duly been considered to arrive at the tariff.	Objector is requested to look into the page No. 38 to 46 of the filing of BESCOM which comprises of all the component of expenditure for FY19 and from page No.121-130 for FY-21.
<b>Commission's Views:</b> The reply furnished by BESCOM is noted.	
56. At least figures of preceding two years should be provided as per Regulation 3.10 of the KERC Regulations.	BESCOM had provided the details during filing of MYT for the 5 <sup>th</sup> Control period.
<b>Commission's Views:</b> The reply furnished by BESCOM is noted.	
57. BESCOM has been found lacking in various areas in relation to compliances under the Regulations. BESCOM has not addressed the same.	Details sought by the Commission have been submitted. BESCOM has complied with all the directions/directives issued by the Commission and the same is available in chapter-5 of its filing.
<b>Commission's Views:</b> The reply furnished by BESCOM is noted and the compliance to directives is discussed in the relevant portion of the order.	
58. If correct IP set consumption figures are considered, the distribution losses	BESCOM has compared the upper limit of approved distribution loss of 12.50% with the actual

will be more than 12.27%.	distribution loss percentage for FY19. Capital investment plan of BESCOM includes reducing the distribution loss. Loss reduction is a slow process and to maintain the rate with which it has been decreasing is a difficult task. The reduction in HT Sales and increase in LT sales has also impacted the distribution losses.
<b>Commission's Views:</b> The reply furnished by BESCOM is noted. The basis for considering IP set consumption is discussed in detail in this Order.	
59. HVDS is not done. HT : LT ratio is not reduced.	BESCOM is taking up conversion of 11kV overhead line by underground cables from FY20 to FY22. This will increase the HT lines. The HT: LT ratio was 1:1.90 during FY14 and 1:1.54 for FY19. Correspondingly losses have also reduced from 13.89% during FY14 to 12.54% during FY19.
<b>Commission's Views:</b> The reply furnished by BESCOM is noted. As per the Commission's directive, ESCOMs shall not carry out any work under HVDS until further orders.	
60. a. BESCOM has submitted that HVDS work is completed only in 68 feeders in 4 subdivisions. BESCOM should furnish the status of implementation of HVDS system in the remaining 111 subdivisions. BESCOM should also furnish the third-party evaluation reports to the consumers. BESCOM should submit the details of expenditure incurred and the percentage losses reduced. b. BESCOM has spent more amount on HVDS than that approved by the Commission. The excess amount spent on HVDS should be disallowed along with interest charges.	HVDS work is completed in 243 feeders in 17 subdivisions. The work is under progress in balance 33 feeders. The Commission, vide its letter dated 23.10.2017 has directed not to submit HVDS proposals. BESCOM has already submitted completed HVDS phase-1 Third party pre & post analysis reports to Hon'ble KERC & as per the third party report the line losses has been reduced by an average of 10%. The remaining third party pre and post analysis report will be submitted after completion of balance phase-wise works. The total expenditure incurred by BESCOM till date for implementation of HVDS works is Rs.1057.37 crores.
<b>Commission's Views:</b> The reply furnished by BESCOM is noted. The prudence check of the	

<p>Capex is being done through third party evaluation by the Commission and the cost towards imprudent work, if any, is being disallowed based on the reports furnished by the consultants. As of now, the Commission has directed BESCOM not to submit any further proposal for HVDS works until further orders.</p>	
<p>61. The Commission should disallow the variation in distribution loss and transmission loss of 0.91% (252.63 MU) amounting to an excess loss of INR 177.60 Crores.</p>	<p>BESCOM has compared the upper limit of approved distribution loss percentage with the actual distribution loss percentage for FY19. BESCOM has proposed capital investment plan for reduction of distribution losses. However, loss reduction is a slow process. The reduction in HT Sales and increase in LT sales has also impacted the distribution losses. The transmission loss is handled by KPTCL.</p>
<p><b>Commission's Views:</b> The reply furnished by BESCOM is noted. The Commission computes the distribution loss based on the input and sales figures as approved by the Commission during APR. The Commission decides to allow incentives or impose penalty depending upon loss levels achieved by BESCOM vis-a-vis the target losses.</p>	
<p>62. The Commission has to standardize the methodology for computing the Distribution losses and should set targets for T&amp;D losses at each zonal level and then narrow down to division and sub-division level instead of aggregating it at BESCOM level.</p>	<p>The Commission is requested to standardize the methodology for computing the distribution losses considering open access, wheeled energy, and energy from Solar roof top and by specifying which month input and sales are to be considered for computation.</p> <p>The town-wise T&amp;D loss data furnished were only for the month of March-18 and March-19 and not for the FY18 and FY19. The differences in the losses for five towns in these two months are majorly due to the cable fault, change overs and breaker breakdowns there by feeding of load to the rural area from urban feeder. It is difficult to maintain the losses in rural areas within the targets as specified by the Commission due to lengthy lines.</p>
<p><b>Commission's Views:</b> The computation of losses is being done based on the sales as per audited accounts. The ESCOMs shall clearly indicate in their tariff applications the details of wheeled energy, energy through Open Access, solar rooftop energy etc, so that the loss</p>	



<p>computation is done in accordance with the MYT Regulations. If BESCOM feels that there is need to standardize the loss computation methodology, it should suggest the same in consultation with other ESCOMs so that the Commission could examine and adopt a standardized methodology.</p>	
<p>63. BESCOM should not impose CSS to LT 2(b)(i) and LT 2(b)(ii) categories (educational institutions and hospitals) opting Open Access since they provide emergency services.</p>	<p>If the LT2b consumers opts to procure energy from external source then cross subsidy surcharge will be levied.</p>
<p><b>Commission's Views:</b> The reply furnished by BESCOM is not acceptable. At present LT consumers are not allowed open access since open access is limited to consumers having a sanctioned load of one MW and above. Nevertheless, the Cross-subsidy surcharge is computed as per the formula stipulated in the National Tariff Policy. In accordance with the Law, if the consumer opts for Open Access, he needs to pay Cross subsidy surcharge, so as to compensate the licensee for the loss of cross-subsidy.</p>	
<p>64. BESCOM has failed to take any steps to prevail upon the Commission to frame Regulations for prescribing the manner for reduction in surcharge and cross-subsidy.</p>	<p>Clause 8.5.1 of the Tariff Policy, 2016 stipulates that a consumer who is permitted open access will have to make payment to the generator, the transmission licensee whose transmission systems are used, distribution utility for the wheeling charges and, in addition, the cross-subsidy surcharge. As per the provision to the cross-subsidy surcharge formula in clause 8.5.1, the cross-subsidy surcharge cannot be more than 20% of the applicable tariff to the category of consumer seeking open access.</p>
<p><b>Commission's Views:</b> As directed by the Hon'ble ATE, the Commission has endeavoured to reduce the cross subsidy gradually which is reflected in the current order as well. The voltage wise cross subsidy levels have also been indicated in the tariff order, as directed by the Hon'ble ATE. The Commission is determining the cross-subsidy surcharge as per the methodology specified in the MYT Regulations.</p>	
<p>65. Government has claimed considerable success in convincing a large number of gas consumers to</p>	<p>BESCOM has not replied.</p>

giving up subsidy. A similar approach may be adopted to electricity sector.	
<b>Commission's Views:</b> Extending subsidized power to the IP sets is the Policy of the Government of Karnataka and the objector should take up this issue with the Government.	
<p>66. a. Unscheduled interruptions in power supply affect the services provided by BSWSSB by disrupting water supply to Bangalore city apart from causing damages to the system.</p> <p>b. The unscheduled load shedding and frequent interruptions have caused unbearable loss to the industries. HT industries are moving out of the grid. Hence tariff revision petition of BESCOM should be rejected.</p>	<p>Load shedding is intimated to the consumers through Newspapers. Further, BESCOM has developed BESCOM MITRA mobile app to provide information to consumers through SMS in advance about the date, time and duration of the scheduled interruption. The objector is requested to be more specific on the unscheduled interruptions.</p>
<b>Commission's Views:</b> The reply furnished by BESCOM is acceptable.	
67. Form No. D-18 illustrating the Demand, Collection and Balance is left blank. Therefore, the collection efficiency of BESCOM is not known to consumers.	BESCOM has complied with KERC directions by submitting the details in soft copy.
<b>Commission's Views:</b> The reply of BESCOM is noted. The DCB statement indicating division-wise details is a voluminous data and BESCOM is furnishing the data in the soft copies. The objectors can seek the soft copies from the BESCOM,	
68. BESCOM has not taken any action to refund various claims pending with them.	The objector requested to state specific refund claims pending with BESCOM.
<b>Commission's Views:</b> The reply of BESCOM is noted.	
69. a. Since the directives issued by the Commission were quid pro quo for implementation of revised tariffs. Any failure to implement the directives	Objectors had to specifically point out the inefficiency factor of BESCOM, and seek Commission's attention on the issue.

<p>does not entitle the applicant for hike in tariffs.</p> <p>b. The power supply situation and quality of power supply in the rural areas have deteriorated during the current year. Compliance to other directives is also very poor and no tangible results have come out, so far.</p>	
<p><b>Commission's Views:</b> The reply of BESCOM is acceptable. The tariff approved is to recover the revenue deficit for the financial year and therefore cannot be termed as quid-pro quo for compliance to directives. Nevertheless, the compliance to directives is discussed in detail in the tariff order.</p>	
<p>70. 24*7 uninterrupted Power supply needs to be ensured. BESCOM should confirm that all restrictive measures need to be scrapped. KPTCL should confirm the availability of adequate energy transfer capacity to cater the consumers. BESCOM in its Petition had not proposed any storage facility for RE.</p>	<p>24hrs power supply is being arranged in Bangalore city and in other towns. The average hours of Power supply for the month January-20 is 23:48hrs. In rural areas continuous 24hrs power supply is being arranged for non-agricultural activities. In a Report prepared by M/s. PRDCL regarding comprehensive study of long-term power procurement, it is stated that Karnataka State will be in deficit from 2024-25 and can look for having storage plants (battery or pumped) of 1000 MW to meet the peak demand deficit. The approximate annual storage cost will be Rs.280 Lakhs /MW/year for Battery storage for 8 hour operation with its own RE capacity.</p>
<p><b>Commission's Views:</b> The reply of BESCOM is noted.</p>	
<p>71. BESCOM has submitted that there is excess energy availability in the State during FY21. As such, BESCOM should give TOD power to HT consumers at Rs.2.00 per unit less than the tariff during day time (i.e., between 6 AM &amp; 10 AM)</p>	<p>There is surplus energy available, but the power purchase cost of power from the thermal sources is higher due to high fixed and variable charges.</p>

<b>Commission's Views:</b> The reply of BESCOM is noted and regarding relaxing the morning peak ToD usage has been discussed in relevant chapter of this Order.	
72. BESCOM has stated that Timer Switches are yet to be provided for 39,391 street light installations. Thus, BESCOM has failed to implement Demand Side Management in bringing down the peak load.	The BBMP is responsible for installing the timer switches. BESCOM cannot burden itself by providing timer switches to street lights. BESCOM has taken up the issue with BBMP and has educated them about the benefits of installation of timer switches to street light installations.
<b>Commission's Views:</b> The reply of BESCOM is noted.	
73. PIA insists that independent feeders should be provided for feeding to the industries to reduce interruptions and load shedding.	BESCOM, on its part is striving hard to provide uninterrupted power supply to all categories of consumers. BESCOM requested the objector to mention the specific area for which independent feeders are to be provided for industries.
<b>Commission's Views:</b> The reply of BESCOM is noted and suggests the objector to approach the BESCOM with specific proposal. However, the Commission notes that there have been several instances of unscheduled interruptions and shutdowns. In the light of this BESCOM's claim of providing 24X7 un-interrupted power supply to the consumers, leaves much to be desired.	
74. a. Solar rebate should be continued as it helps in bringing down the morning peak load. BESCOM has not given the details of number of installations yet to be serviced with solar water heaters.  b. The solar rebate is not financed by the Government and is met by cross-subsidizing other consumers which is not permissible under Act or law.	Solar rebate is being extended only to domestic consumers. The only reason behind this is that the Government, KERC and BESCOM wants reduction in sales for domestic category. (Because it is subsidized tariff) Hence, the question of rebate does not arise. However, BESCOM intends to withdraw the solar rebate gradually.
<b>Commission's Views:</b> The solar rebate is discussed in the relevant chapter. Section 86 1(e) of EA, 2003 mandates the Commission to promote generation of electricity from renewables. Accordingly, as a promotional measure, the Commission is providing incentives towards installation of solar water heaters to domestic category. Further, the Government of Karnataka, as a Policy has made it mandatory to install solar water heaters on all new building	

with as specific load. Providing solar water heaters will result in energy conservation and reduce the additional power purchase costs which is beneficial to all the consumers.	
75. BESCOM has not quantified the improvement in power supply and reduction in losses in the rural areas due to implementation of NJY. Since NJY is being done as per the directions of the Govt. the entire cost of NJY should be borne by the Govt.	The NJY scheme is partly funded by the Government equity up to 40%. The balance is funded by borrowing loans. BESCOM has taken up the segregation of 414 Nos. of feeders under NJY Phase-3 scheme and provided 24 hrs 3 phase power supply to non-agricultural loads. The Distribution losses of commissioned NJY feeders reduced to 10-15%. Further, energy audit is being done on all NJY feeders every month. The BESCOM is providing 7 hours 3-phase power supply to agricultural feeders as per policy of GOK.
<b>Commission's Views:</b> The reply furnished by BESCOM is noted.	
76. In surplus energy scenario, whether DSM expenditure is justified. Proposal to acquire solar roof top PV generation capacity and to enter the generation business by BESCOM is not justified	DSM Regulation notified on 28.07.2015, and the objectives of DSM are to mitigate peak and energy shortages by conservation and more efficient use of electricity, reduce greenhouse gas emissions and conserve scarce conventional energy resources. Section 51 of the EA 2003, allows the distribution licensee to engage in any other business for optimum utilisation of its assets. BESCOM has submitted the proposal for installation of 1060 MW of Solar Rooftop with 300 MWhr of storage solution so that energy generated from Solar panels are stored in the battery during day time and the same is discharged during peak load of the feeder thereby mitigate peak load / shave the peak curve, which is also a DSM activity.
<b>Commission's Views:</b> The issue has been discussed in the relevant chapter under CAPEX.	
77. BESCOM has not started replacement of 1,00,403 less efficient pump sets by more efficient pump sets as proposed in 2013. Providing	BESCOM has taken up 'Surya Raitha' a pilot project and the project promotes energizing the pump sets with solar power by replacing existing pump sets by energy efficient pump sets These

<p>Solar PV power to 310 IP sets is not DSM as it will not reduce any load and during day time there is no peak. BESCOM has not reported anything on DSM implementation.</p>	<p>pump sets will not utilize energy from BESCOM. Due to these reasons project comes under DSM.</p>
<p><b>Commission's Views:</b> The reply furnished by BESCOM is noted. The Commission has made some observations on the surya Raitha scheme and BESCOM is yet to furnish compliance thereon. Further, replacement of energy efficient motors to IP sets requires huge capex, which would burden the other consumers. Hence, if the IP set consumers come forward to replace their motors at their cost, it would be welcome step. However, the GoK, which is subsidising the entire IP set consumption, may take a call on this, in order to reduce the subsidy burden on the Government.</p>	
<p>78. BESCOM has failed to complete the metering of installations at the DTC level.</p>	<p>The data of DTC metering have been uploaded monthly from Sept-2019 on BESCOM website as per the direction of the Commission. Further, the ESCOMs were directed not to take up the DTC metering work until completion of energy audit work in respect of DTCs already metered by the Commission, in the 58th Advisory Committee proceedings.</p>
<p><b>Commission's Views:</b> The reply furnished by the BESCOM is noted and BESCOM is directed to take up energy audit in respect of DTCs already metered and submit a report to the Commission.</p>	
<p>79. The losses are more than 15% in five talukas. 95388 DTCs are yet to be metered. BESCOM has not made attempts to get the Energy Meters calibrated and efforts to reduce the losses.</p>	<p>BESCOM is carrying out the energy audit of BMAZ, 24 towns, BRAZ and CTAZ and based of the energy audit results, necessary action is initiated to reduce the distribution losses. The loss levels are monitored on a monthly basis. Also tagging of Consumer installations is under progress. As on September, 2019, the total Number of DTCs existing in BESCOM area is 366412 Nos. out of which 98063 Nos. are metered and for around 172961 Nos. of DTCs doesn't require metering, and balance DTCs to be metered are 95388 Nos.</p>

<b>Commission's Views:</b> The reply furnished by BESCOM is noted. BESCOM has to analyse the reasons for high distribution losses and take timely remedial action to minimize the same, including timely calibration of meters.	
80. BESCOM has spent a lot of money towards installation of DTC meters without deriving the required results. As such the capital expenditure along with the interest charges (if any) incurred towards DTC metering should be disallowed.	The data of DTC metering have been uploaded monthly from Sept-2019 on BESCOM website. The Commission in its 58 <sup>th</sup> Advisory Committee meeting had directed the ESCOMs not to take up the DTC metering work until completion of energy audit work in respect of DTCs already metered. To ensure proper operation of meters and modems already fixed to DTCs, a Joint survey between BESCOM officers and agency who has maintained the DTC meters has been called. Further, BESCOM has proposed Smart metering of all consumers and DTCs.
<b>Commission's Views:</b> The reply furnished by BESCOM is noted. Regarding investment made on meters, the Commission wherever, the investments are not prudent, after prudence check by third party, the related costs are not being allowed to be passed on to the consumer through tariff. The proposal for replacement of smart meters involves huge capex affecting the retail supply tariff. However, the matter is discussed in the tariff Order.	
81. BESCOM has not been able to do periodical maintenance. BESCOM resorted to third party for maintenance of equipment.	Periodical maintenance of distribution HT/LT lines, Distribution transformers, Service mains have been taken up regularly and strict instructions have been issued for adaption of safety measures & safety guidelines in their day to day routine works, stringent action is being taken for maintenance of electrical line clearance as per IE rules and 10718 nos. installations have been identified. Notices are served to the consumers wherever the clearance of the building is not under permissible limits with joint inspection of KPTCL & BBMP for needful action.
<b>Commission's Views:</b> The reply furnished by BESCOM is noted.	
82. BESCOM has not given the accident	BESCOM has taken up safety awareness

<p>figures of FY19. The accidents have increased. Compensation paid to the victims are passed on to the consumers.</p>	<p>programmes to educate public and the field Staff as well.</p>
<p><b>Commission's Views:</b> The reply furnished by BESCOM is vague. The objector has sought the details of number of accidents during FT19. Nevertheless, the Commission periodically monitors the accidents figures during the ESCOMs review meeting and directs ESCOMs to take appropriate action to reduce the accidents.</p>	
<p>83. BESCOM has not provided the information regarding improvement in the reliability Index in the feeders.</p>	<p>Monthly reliability index in the prescribed format is being submitted to the Commission and the same is available on BESCOM website.</p>
<p><b>Commission's Views:</b> The reply furnished by BESCOM is accepted. The details of Reliability Indices are also published on the KERC Website.</p>	
<p>84. Improved power system reliability would have increased the additional energy consumption by 5-10%</p>	<p>In Bangalore city and in other towns continuous 24hrs power supply is being arranged to all consumers. As per SCADA report average hours of Power supply for the month January-20 is 23:48hrs. Monthly reliability indices are available on BESCOM website. As per the data available, reliability of BMAZ area is more than 98%.</p>
<p><b>Commission's Views:</b> The reply furnished by BESCOM is noted and the Commission is reviewing regularly the reliability of power supply by the BESCOM.</p>	
<p>85. BESCOM has not given the number of IP sets after enumeration and to what extent this number differs from DCB figures. Whether enumerated figures are incorporated in DCB. How it affects the subsidy calculations. Getting it checked by third party is required. But present impact due to the difference has not been worked out.</p>	<p>Out of total of 1,65,724 DTCs, 8,84,274 installations have been covered under enumeration. Subsidy calculations are based on the NJY Agri-feeder details, which is extrapolated to the entire subdivision. The unauthorized IP consumption is also recorded when feeder details are considered. BESCOM has computed the IP sets consumption based on the NJY Agri-feeder exclusively feeding IP set. The month-wise IP set details for FY19 are furnished to the Commission.</p>
<p><b>Commission's Views:</b> The reply of BESCOM is noted and the enumeration of IP sets is discussed</p>	



in the relevant chapter of this Order.	
86. BESCOM has not regularized unauthorized IP set. BESCOM has not stated how many un-authorized IP sets are there in FY19.	Number of IP sets registered as on January, 2020 is 3,32,756. Number of IP sets regularized by paying Rs.10,000/- & other deposits are 2,32,122. Number of IP sets yet to pay Rs.10,000/- & other deposits are 98,657. Cumulative number of IP sets in which Infrastructure/ Service mains have been provided are 2,02,999. Balance to be energised: 29,123 (work in progress)
<b>Commission's Views:</b> The reply of BESCOM is noted.	
87. Assessment of IP sets consumption made on the basis of sample meters is questionable and will result in wrong line losses, wrong subsidy, wrong forecast of power sector planning.	BESCOM is metering NJY Agri-feeder which is exclusively feeding IP sets. By taking up NJY phase III, BESCOM is able to meter all the agricultural feeders feeding the IP sets.
<b>Commission's Views:</b> The estimation of IP set consumption is discussed in the relevant chapter of this Order.	
88. BESCOM has not stated how they would reduce the failure rates of distribution transformers and bring down the expenditure towards repair the failed transformers.	BESCOM has submitted that the Cumulative Transformer failure rate (from April-19 to Dec-19) is 5.96%. Transformer failure rate has reduced from 9% to 5.96%.
<b>Commission's Views:</b> The reply furnished by the BESCOM is noted.	
89. BESCOM has not achieved segregation of technical and commercial losses as per the tariff policy announced in 2006	BESCOM has submitted D-19 format wherein the segregation of technical and commercial losses is computed.
<b>Commission's Views:</b> The reply submitted by BESCOM is noted.	
90. BESCOM is not quoting AT&C losses. Loss estimation by Simulation should be abandoned. Actual losses should be automated.	AT&C loss for FY19 as per accounts is 14.70%. Further reduction in AT&C loss depends on the payment of dues from the ULBs. BESCOM is computing the T&D and AT&C losses based on actual field details and DCB statement data and

	no simulation is being done for calculation of losses.
<b>Commission's Views:</b> The reply furnished by the BESCOM is noted. The AT & C losses depends on collection efficiency also. The Commission has been computing the distribution losses by considering the actual sales to consumers and energy received at the interface point.	
91. The banked energy should be allowed to be used in the next 12 months.	Banking energy for 12 months caused loss to BESCOM. Hence, BESCOM had proposed reduction of Banking period from 12 months to 3 months during the last tariff filing. The Commission, vide its Order dated 14.05.2018, reduced the banking period to six months, but the said Order has been set aside by the Hon'ble APTEL.
<b>Commission's Views:</b> The reply furnished by the BESCOM is noted and presently the matter is pending before the Hon'ble Supreme Court.	
92. BESCOM has not monitored the implementation of Standard of Performance (SOP). BESCOM has not mentioned in how many cases BESCOM Officers failed, how much penalty was imposed etc.	Implementation of SOP is being monitored at the corporate office; the details are also being furnished to the Energy Department and the KERC for review. Any negligence on the part of BESCOM to perform within the stipulated time, the Company is liable to pay the stipulated penalty.
<b>Commission's Views:</b> The reply furnished by the BESCOM is noted. BESCOM is directed to monitor the cases where there is abnormal delay in attending to the cases and fix responsibility on the concerned for the delay, so that the all the standards as per the SoP are implemented in their letter and spirit.	
93. DAS system has not been commissioned and optimal utilisation of the assets created has not been made. Thus, investment made on DAS to be disallowed.	DAS project comprising of multiple inter-related construction packages have been deployed and is in operation. All related infrastructural construction packages works are completed. Two state of art control center facilities are commissioned and SCADA devices monitored from these centers. Remote monitoring of feeders, fault detections in the feeders is being monitored and restorations of healthy sections are being carried out. GIS up-dation of the feeders in the

	balance divisions is in the process to complete the network model for operations.
<b>Commission's Views:</b> The reply furnished by the BESCOM is noted.	
94. The Automation project started in Peenya is not completed even after five Years.	The 11kV distribution automation project (DAS) undertaken by BESCOM in BMAZ area (including Peenya) through JICA assistance is in commercial operation from April 2019. SCADA devices in 102 feeders of Peenya divisions are being remotely monitored.
<b>Commission's Views:</b> The reply furnished by the BESCOM is noted.	
95. Hourly based day ahead projections for each substation is not informed	Estimate of hourly requirement of BESCOM is done on daily basis and submitted to SLDC
<b>Commission's Views:</b> The reply furnished by the BESCOM is noted.	
96. Load shedding is done more on industrial consumers.	When Load shedding is initiated, Rural and agricultural loads are shed first, industrial loads are shed only as a last resort.
<b>Commission's Views:</b> The reply furnished by the BESCOM is noted.	
97. There is no co-ordination among the ESCOMS. Each ESCOM wants to draw more power.	ESCOMs are allocated power beforehand by GoK.
<b>Commission's Views:</b> The reply furnished by the BESCOM is accepted.	
98. BESCOM is not putting on its website the demand and availability.	BESCOM's demand and availability are available on a daily basis on BESCOM website.
<b>Commission's Views:</b> The reply furnished by the BESCOM is noted.	
99. BESCOM is not putting on its website how much spot purchase of power is done.	Power trading is carried out by PCKL on behalf of all the ESCOMS. The same is submitted in the APR filing for true up exercise.
<b>Commission's Views:</b> The reply furnished by the BESCOM is noted.	
100. BESCOM is not putting on its website, the substation and feeder-wise average number and duration of interruptions per consumer every month.	Substation-wise and feeder-wise details are available on BESCOM website, <a href="https://bescom.org/en/daily-statistics-of-operations-wing/">https://bescom.org/en/daily-statistics-of-operations-wing/</a>
<b>Commission's Views:</b> The reply furnished by the BESCOM is noted.	

101. Directives in respect of the universal metering, cost of supply, paying capacity, and pre-paid meters are yet to be implemented.	BESCOM has been complying with the directives of the Commission. BESCOM has implemented prepaid meters using keypad Technology along with vending system for temporary installations. As on 23.01.2019 total 35909 No's prepaid meters are installed. Prepaid meter technology for HT installations is not installed as there are certain technical issues.
<b>Commission's Views:</b> The reply furnished by the BESCOM is noted and the compliance to directives is discussed in the relevant portion of the tariff Order.	
102. The billing MD may be brought down to 70%.	BESCOM has developed its infrastructure for the full load. In order to meet the peak load, BESCOM has to equip itself to meet the full demand requested by the consumer. If BESCOM is not prepared for meeting the peak demand, the system may collapse. Hence, it necessitates increasing the billing demand to 85%.
<b>Commission's Views:</b> The reply furnished by the BESCOM is noted. The Commission has discussed and decided about this issue in the Tariff Order 2018.	
103. The Service of reconnection should be free. Existing Reconnection charges should be continued or they should be dropped as a matter of service to the consumers.	BESCOM has not proposed increasing of Reconnection charges.
<b>Commission's Views:</b> The reply furnished by the BESCOM is noted.	
104. BESCOM has not yet completed consumer indexing.	Consumer indexing is a continuous process of updating the information.
<b>Commission's Views:</b> The reply furnished by the BESCOM is noted. The Commission notes that ESCOMs are not carrying out energy audit attributing the same to non-completion of the consumer indexing. The Commission directs ESCOMs to complete the consumer indexing within a time frame and thereafter update the data continuously so that energy audit could be carried out.	
105. Geographical positioning system has not yet been completed.	GPS has been carried out to identify the IP sets. BESCOM in its reply submitted the GPS survey data

	depicting the number of IP sets found in the field, the GPS survey is not yet completed as incremental data needs to be added continuously.
<b>Commission's Views:</b> The reply furnished by the BESCOM is noted and the GPS survey is discussed in the relevant chapter.	
106. There should be a separate tariff for Small Scale Industries which should be Rs.1 less than the other Tariffs.	The average realization rate of BESCOM for LT5a is Rs.8.16 per unit but BESCOM is recovering only Rs.7.74/unit. The actual average cost of supply for FY19 is Rs.7.84/unit. Hence, then question of having a separate tariff for small industries will not arise.
<b>Commission's Views:</b> The tariff determined by the Commission is payable by all consumers. If any consumer requires concession in tariff, they have to approach the government to get subsidy to the extent of concessions required.	
107. Under LT-% category, industries are using on an average 100 units per HP. Hence, lower slab should be considered for consumers consuming 100 units per HP. All other slabs should be scrapped.	There are 210552 consumers under LT5 category and the total sales is 1243.08 MU resulting in an average Consumption of 491.99 kWh /month/installation. Hence the contention that the average consumption is 100 units is not true.
<b>Commission's Views:</b> The reply furnished by the BESCOM is noted.	
108. BESCOM has not disclosed any plan for the introduction of pre-paid meters.	As on 31.01.2019 total 40059 No's prepaid meters are installed (s.ph-32731, 3ph 7328). Prepaid meter technology for HT installations is not installed as there are certain technical issues.
<b>Commission's Views:</b> The reply furnished by the BESCOM is noted. The Commission would reiterate that BESCOM shall prepare a time bound plan to introduce pre-paid meters to other categories of consumers. Since the costs involved in installing pre-paid meters is substantial, the consumers should volunteer themselves to install these meters at their cost to avoid burden to all the other consumers.	
109. The Commission should not allow cross subsidy in respect of un-metered category.	Metering to Irrigation pump sets is not achieved due to protest from the farmers.
<b>Commission's Views:</b> The subsidy provision to IP sets is a policy matter of the Government of	

Karnataka. The Commission is endeavouring to reduce the cross subsidy levels in a gradual manner.	
110. A substantial reduction in tariff is required to ensure survival of energy intensive Industries in Karnataka.	BESCOM has implemented SIS and ToD scheme for HT/EHT Consumers. Under ToD scheme, an EHT/HT consumer is eligible for incentive for the quantum of energy consumed during non-peak day hours between 10.00Hrs and 18.00Hrs, for consumption over and above the average base consumption during the month.
<b>Commission's Views:</b> The reply of the BESCOM is noted.	
111. The Commission may direct BESCOM to have its own generation to an extent of 2000MW and thus, BESCOM will be able to supply cheap power exclusively to its consumers.	Presently, PCKL is authorized by the GOK to procure power on behalf of the ESCOMs. ESCOMs are mainly entrusted with the function of distribution. The power procurement is being done on the basis of long-term PPAs executed with KPCL, CGS and RE generators. Hence, there is question of BESCOM generating its own power.
<b>Commission's Views:</b> As per the Electricity Act, 2003, the functions of generation, transmission and distribution have been separated. The BESCOM is entrusted with the duties of a distribution company and hence, the question directing BESCOM to generate power does not arise.	
112. Open access may be extended to the consumers drawing power below 1 MW also.	Open Access for consumers below 1 MW must be approved by the Commission.
<b>Commission's Views:</b> The Commission notes the reply given by BESCOM is incorrect. Open Access is extended to consumers of one MW and above, as per the Provisions of section 42 of the EA 2003. Hence the proposal is not as per law.	
113. Bank Guarantee should be accepted for security deposit. Cash payment should not be insisted.	As per the KERC (Security Deposit) (First Amendment) Regulations 2017 dated 26.12.2017, Initial Security Deposit (ISD) shall be paid in the form of cash/demand draft (DD)/pay order/Banker's cheque drawn in favour of the Licensee.
<b>Commission's Decision:</b> The BESCOM's reply is noted.	
114. Commission should publish Annual	The Annual Accounts of ESCOMs are available on

Reports of the ESCOMS mentioning the breakup of their accumulated losses, efficiency, improvements etc.	ESCOM's website.
<b>Commission's Decision:</b> The reply furnished by BESCOM is acceptable. Since the ESCOM's are independent commercial entities they are responsible for publishing their statement of accounts and hence the question of publishing reports by the Commission does not arise.	
115. The electricity tariff in Karnataka is more as compared to that in the other States.	In other states, the power may be available from cheaper sources & hence the availability of power differs from State to State cannot be compared
<b>Commission's Views:</b> The reply furnished by the BESCOM is noted. Tariff of other States cannot be compared with that of Karnataka, as each State has its own generation portfolio, cost pattern and energy consumption pattern.	
116. Management of BESCOM may be entrusted to any Public/Private bidder who can supply energy to the consumers at least tariff.	BESCOM in its reply had illustrated its performance parameters with regards to Cost to Serve, HT:LT ratio, DTC wise energy audit, Timer switches, HVDS and Capital Expenditure.
<b>Commission's Views:</b> The reply furnished by the BESCOM is not relevant. ESCOMs in Karnataka are owned by the GoK and as such decision on privatisation of ESCOMs is a policy decision and has to be taken up with the GoK.	
117. The Commission has fixed only one day and that to one session for all consumers of BESCOM to file objections on BESCOM's Petition. The Commission should allot 2-3 days' time to the consumers of BESCOM to file their objection.	No reply.
<b>Commission's Views:</b> The Commission as per Regulations has provided one month's time to the consumers to file their written objections. The public hearing is conducted to give an opportunity to the consumers to present, in person, the gist of their written submissions and any additional aspects left out in the written submission. The public hearing also gives an opportunity to those who have not submitted the written objections. In view of the above, the Commission opines that a day's time allowed for hearing is adequate.	
118. The Commission to advice GoK	No reply.

<p>on policy formulation regarding direct benefit transfer to the farmers so as to enable proper accounting of energy.</p>	
<p><b>Commission's Views:</b> The matter has to be taken up with the GoK who has to take a view in the matter.</p>	
<p>119. In Delhi, domestic consumers are given 200 units free power along with other benefits. Similar benefits should be extended to the consumers here.</p>	<p>Tariff of different states cannot be compared as each state has its own profile of energy consumption and has adopted different method of charging. Further, National Tariff Policy, 2016 states that extent of subsidy for different categories of consumers can be decided by the State Government keeping in view various relevant aspects. But provision of free electricity is not desirable as it encourages wasteful consumption of electricity.</p> <p>In Karnataka, LT-1(BJ/KJ) and LT-4(a) category consumers are fully subsidized by Government of Karnataka, likewise if GoK is ready to extend subsidy to domestic consumers, LT-2(a), BESCOM is happy to supply free power to domestic consumers.</p>
<p><b>Commission's Views:</b> The reply furnished by the BESCOM is noted. All consumers have to pay the tariff determined by the Commission. Any consumer requiring concession in the tariff has to approach the government for providing subsidy to that extent.</p>	
<p>120. BESCOM should explore the option of providing solar panels to households at subsidized rates.</p>	<p>No reply.</p>
<p><b>Commission's Views:</b> As already stated the consumers are expected to pay the average cost of supply. Any concessional supply through subsidy should be decided by the Government. The objector may therefore take up this issue with the Government.</p>	
<p>121. Equipment under RLMS scheme were commissioned in an unscientific way leading to damage</p>	<p>RLMS was commissioned under GoK plans for providing consumers with quality power and 24X7 supply and to provide quality power supply to IP</p>



<p>of equipment within 6 months of getting commissioned resulting in wastage of public money. After RLMS failed, valuable and useful items like lines, materials, DTC, etc., which are idle are shifted to unauthorized places and are also being used by private persons for self-execution works.</p>	<p>sets without over-loading the lines and DTCs. The project was given up after the inception of NJY scheme. As complained by the applicant the equipment have not been shifted to other places. Thus, the complaints raised by the applicant are not true.</p>
<p><b>Commission's Views:</b> The reply furnished by the BESCOM is noted.</p>	
<p>122. Thousands of DTCs are getting burnt due to over load resulting in huge losses to BESCOM and as well as to the farmers. Instead of providing one DTC for every 2-3 pump sets to avoid burning of DTC, HVDS scheme is being implemented and one DTC is being provided for one pump set, thus, wasting the public money.</p>	<p>Ground water availability in Turuvekere sub-division is at more than 1000 ft deep. Hence, IP Sets of capacity higher than the sanctioned capacity are being used. As, the farmers are availing power supply to their IP Set in an unauthorised manner, the DTC are overloaded. If unauthorised IP Sets have availed power supply additional 25 KVA in addition to the already loaded DTC. HVDS scheme is not sanctioned for Turuvekere sub-division. Hence, the allegation of the applicant is false.</p>
<p><b>Commission's Views:</b> The reply furnished by BESCOM is noted. The Commission notes that in rural areas the burning of DTCs in most of the cases is attributable to unauthorized electricity connections. In such cases, ESCOMs need to disconnect the supply or if there is any government order to regularize such installations, the same has to be brought into the books of accounts and if necessary, the infrastructure has to be augmented.</p>	
<p>123. Earlier one DTC was provided per IP Set under Gangakalyana and Akrama-Sakrama schemes. Many bore-wells have dried up resulting in hundreds of DTCs lying idle. These idle assets are being misused resulting in huge loss to BESCOM. If such DTCs were provided by combining two or three IP Sets, burning of DTCs due to over load</p>	<p>Depending on the feasibility, power supply to one or two nearby IP Sets under the Akrama / Sakrama scheme was provided by installing 25 KVA DTC as per company norms. This has reduced the over load on the DTCs. Further, power supply to IP installation under Gangakalyana Schemes is also provided by installing 25 KVA DTC. Since the DTCs are over loaded due to unauthorised IP sets and Gangakalyana pump sets are identified in a place where the infrastructure is not available, power</p>

<p>could have been avoided and crores of rupees could have been saved.</p>	<p>supply is arranged by providing additional DTCs in an economical way in the interest of the company to the poor consumers belonging to SC/ST category and hence, the allegation of the applicant saying DTCs are being provided by taking a bribe is false.</p>
<p><b>Commission's Views:</b> The reply furnished by BESCOM is noted.</p>	
<p>124. Energy meters are provided to all DTCs feeding IP sets and wasting the public money as it is of no use. If one meter is provided to 50 or 100 DTCs, consumption by IP Sets can be known. 50% of such meters are disconnected and 1000s of meters provided under RLMs are burnt out wasting crores of public money.</p>	<p>As per the company policy and in order to assess the actual loss and to reduce the losses energy meters are to be provided to all the DTCs. There is no misuse by the applicant.</p>
<p><b>Commission's Views:</b> The reply furnished by BESCOM is noted.</p>	
<p>125. Poles are broken at many places causing accidents. Also, BESCOM has drawn ABC cables between the trees and have used more no of poles than required as per rules. The UG cable &amp; the ABC cable used are of poor quality which gets damaged within 3 months of commissioning resulting in misuse of crores of public money.</p>	<p>Power supply is arranged to all the installation except IP installation as per company norms. BESCOM has constructed the lines as per norms &amp; as per the ground realities of the location in a way without harming the environment. As such, the allegations made by the objector are false.</p>
<p><b>Commission's Views:</b> The reply furnished by BESCOM is noted.</p>	
<p>126. Corruption is seen in IPDS scheme because of non-technical A.E working in one of the sections in Turuvekere town. Even though there is a provision to provide DTCs in the load centers and against one of the</p>	<p>Since the A.E post was vacant, a supervisor was kept in charge of the post as per the orders of the higher officers. There were two transformers of 100 KVA &amp; 63 KVA on one transformer centre because of the space constraint as it was built ten years ago. The existing</p>

<p>two existing 200 KVA DTC at least two to three LT circuits should be provided but the 200KVA DTC has only one circuit hence, the DTC near Krishna Talkies is of no uses to anyone. It is technically not helpful but only a misuse and waste of crores of Rupees.</p>	<p>100 KVA transformer was overloaded with 150 KW of load. In order to provider quality power supply, 100 KVA transformer was replaced by 250 KVA transformer under IPDS scheme. The 200 KVA transformer near Krishna talkies was also overloaded and was not possible to give quality power supply to the consumers because of space constraint in Turuvekere town, additional transformer was provided in the available space without disturbing the public, he quality power supply is extended. LT cables were provided as per company norms at vulnerable places and the places where power theft is identified, DTC was provided in the newly developed layout near Sharp Convent, under self-execution work. Hence the allegations made are false.</p>
<p><b>Commission's Views:</b> The reply furnished by BESCOM is noted. The corruption charges made by the objector has to be investigated through appropriate authorities, in case the objector has sufficient evidence in the matter.</p>	
<p>127. Consumer's Interaction Meetings (CIMs) are not being taken seriously. Alternative methods should be considered.</p>	<p>CIMs are held regularly (Every 3rd Saturday of the month) at all the O&amp;M Sub-Divisions chaired by the AEEs. Wide publicity is given through regional and local newspapers, website, facebook and twitter. In addition, BESCOM officers have formed their own consumer whatsapp groups at Local/ Ward level for speedy and better communication. In addition to this, complaints of consumers are addressed on daily basis through 24X7 Customer Helpline and various media such as toll-free No. 1912, SMS, Whatsapp, Facebook and twitter accounts, e-mail and BESCOM Mitra Mobile App.</p>
<p><b>Commission's Views:</b> The reply furnished by BESCOM is noted. This aspect has also been discussed in the Compliance to Directives also.</p>	
<p>128. BESCOM should submit the analysis of the accidents to analyze</p>	<p>BESCOM has taken up various safety awareness programmes to educate public, and field Staff as</p>

<p>shortcomings on BESCOM's part.</p>	<p>well. Strict instructions have been issued for adaption of safety measures &amp; safety guidelines in their day to day routine works. Coordination meeting chaired by MD, BESCOM with BBMP officers held on 09.05.2019, regarding electrical accidents due to poor maintenance of street light wires/cables and street light control boxes and also to take necessary action for replacement of the same by giving the Photographs of street light hazardous locations.</p> <p>BESCOM has taken stringent action in the matter of maintenance of electrical line clearance as per IE rules and 10718 nos. installations have been identified and Notices served to the consumers wherever the clearance of the building is not under permissible limits with joint inspection of KPTCL &amp; BBMP for needful action.</p>
<p><b>Commission's Views:</b> The reply furnished by BESCOM is noted. The reduction of accidents is matter of utmost concern to the Commission and BESCOM is directed to give proper attention to this aspect by strictly implementing the safety guidelines and also ensuring use of safety gadgets by the BESCOM staff.</p>	
<p>129. a. Collect advance payment for at least 2 months Consumption for HT consumers;</p> <p>b. No free charges under LT4(a). Payment to be made first, subsidy to be received later;</p> <p>c. In the case of LT 4(b) and LT 4(c) the Charges are meagre and thus,</p>	<p>a. BESCOM collects the initial security deposit from all its consumers at the time of issuing a new connection to cover power consumption charges for two months (2MMD) in case of monthly billing and three months (3MMD) in case of bi-monthly billing.</p> <p>b. GoK is subsidizing IP consumers at the rate of Rs 3.90 per unit. Further, to fill-up the deficit of Rs 5872.08 Crores, BESCOM has proposed 77% tariff increase for IP consumers during FY21.</p> <p>c. In BESCOM area LT4 (b) and LT4(c) consumer are very less with meagre consumption. The</p>

should be increased.	tariff hike is also applicable for such consumer categories as determined by the Commission.
d. Fully cut need to charge-LT 7(b)	d. No clarity in the question.
<b>Commission's Views:</b> The Objectors are required to make their queries very clear and unambiguous.	
130. BESCOM's half-yearly results indicate deficit. Since the figures are only half yearly figures, it is submitted that BESCOM may achieve surplus. Therefore, the increase in tariff sought is not justifiable.	BESCOM, in its filing has stated that the estimated deficit of FY20 will be taken up at the time of Truing up of FY20. The deficit for FY20 has not been added to FY21 deficit.
<b>Commission's Views:</b> The reply furnished by BESCOM is noted.	
131. The Commission has amended Section 8.11 of the CoS. This amendment will prevent any person who does not have an OC to get a permanent electricity connection from ESCOMs, but the temporary connection. Thus, this stipulation will be a source of getting higher revenue by the ESCOMs.	BESCOM is insisting on OC in line with amendments issued by the Hon'ble Commission to the Conditions of Supply. Objectors query on insisting the Occupancy Certificate for arranging power supply to HT is unrelated to the tariff petition.
<b>Commission's Views:</b> The reply furnished by BESCOM is noted. The amendment to CoS to insist OC is based on the RERA, issued by the Government of Karnataka.	
132. BESCOM may not be permitted to treat any generating station established by a company as captive, unless such generating plants consumes all the electricity generated by itself and not by its share-holders and BESCOM should collect surcharge on the supply of electricity by a company which establishes a generating plant for its	The determination of captive status of a Generating Plant is done only at the end of the financial year by verifying the shareholding pattern, the generation and self-consumption data of the Captive Users as per the provisions of the Electricity Rules, 2005. BESCOM has levied CSS on group captive generators who have not fulfilled the above criteria in accordance with KERC letter KERC/Group captive/CT-2/18-19, dated 18.09.2018.

share-holders in future.	
<b>Commission's Views:</b> The reply furnished by BESCOM is noted.	
133. A separate company should be established to manage and operate SLDC.	Not related to BESCOM tariff petition.
<b>Commission's Views:</b> The reply furnished by BESCOM is acceptable.	
134. Existing Tariff applicable to MSME should not be reduced by 15-20% and this price should be frozen for next three years.	The procedure for determination of tariff is contained in Section 62 of the Electricity Act 2003. But tariff differentiation may be made based on consumer's load factor, power factor, voltage and total consumption, time of supply, Geographical position of any area, the nature of supply and the purpose for which the supply is required.
<b>Commission's Views:</b> The increase in the average cost of supply has to be borne by all the consumers, in order to recover the costs and the question of freezing tariff in respect of any of the consumer categories will not arise..	
135. Even after computerization, BESCOM has not reduced the manpower causing burden to the consumers. Employees recruited on compassionate ground are getting salary in addition to pension.	BESCOM, in its reply to the consumer, has submitted a graph illustrating increase in number of consumers vis-à-vis no. of employees for past 6 years. BESCOM submitted that even though BESCOM has computerised its systems, maintaining its building & distribution system requires manpower. Employees are being recruited based on increase in number of consumers and has adopted policies of the state Govt. towards maintenance of the family of the deceased employee. Employees appointed on compassionate ground have to work on par with the regular employees and the salary is paid for the work turned out by such employees.
<b>Commission's Views:</b> The reply furnished by BESCOM is noted. BESCOM shall strive to introduce total computerisation and avoid human intervention in the matter of loss computation and all other vital parameters meant for measuring its efficiency etc.	
136. Creation of additional posts and	Due to increase in number of consumers, BESCOM

<p>promotion of officials has resulted in increase in expenditure.</p>	<p>has created new zones/circle/division/sub-division/office and has created new post in order to provide quality service to the consumers. Promoting officers to higher ranks comes under the purview of KPTCL.</p>
<p><b>Commission's Views:</b> The reply furnished by BESCOM is noted.</p>	
<p>137. From FY 20 onwards, BESCOM has provided Maruti OMNI to each of its 460 sections at an expenditure of Rs. 36,000/month amounting to Rs.1.656 crores. This is an unwanted expenditure.</p>	<p>No. of installation is increasing every year and the JE/AE/Linemen have to carry out works such as spot inspection, meter repairs, electrical lines/DTCs, etc., regularly using safety equipment. BESCOM has provided Omni vehicle for carrying out all the O &amp; M duties and also to carry safety gears from one place to another by the linemen/field staff.</p>
<p><b>Commission's Views:</b> The reply furnished by BESCOM is noted.</p>	
<p>138. BESCOM is extending supply using only one ACSR conductor instead of four ACSR conductors under Gangakalyana scheme.</p>	<p>Under Gangakalyana scheme, one ACSR conductor is being used for extending supply in order to protect the consumers from electrical accidents.</p>
<p><b>Commission's Views:</b> The reply furnished by BESCOM is noted.</p>	
<p>139. Individual transformers are being provided to each beneficiary under Gangakalyana scheme</p>	<p>In order to provide quality supply to its consumers and to maintain the voltage and technical losses within prescribed limit, BESCOM is providing Individual transformers to each beneficiary.</p>
<p><b>Commission's Views:</b> The reply furnished by BESCOM is noted.</p>	
<p>140. 11 kV feeders are under loaded. Therefore, the proposed capex is not called for.</p>	<p>Budget proposals for Evacuation of 11kV new line/link line works for FY 20-21 amounting to Rs 138.75 Crores submitted to the KERC, is only indicative and provisional. Generally new 11 KV lines for evacuation of power, are being proposed in anticipation of commissioning of new substations to draw the loads, to reduce the load constraints from the existing feeders and to reduce lengthy feeders.</p>
<p><b>Commission's Views:</b> The reply furnished by BESCOM is noted. The Commission has discussed</p>	

the CAPEX in detail in the relevant chapters of this Order.	
141. The investment made under NJY scheme is wasteful expenditure as no benefit has accrued. Further, 600 Specially Designed Transformers (SDT) commissioned under the scheme have become useless.	Under NJY scheme, the feeders are segregated for agricultural and lighting purpose, in order to give 24 hours-3 phase supply for consumers other than IP sets and 7 hours-3-phase supply to IP sets by providing Over-Load Protection relays.
<b>Commission's Views:</b> The reply furnished by BESCOM is noted. As regards SDTs, the Commission has already decided to disallow the 90% of the capex relating to procurement and installation of SDTs in its Tariff Order, 2016.	
142. An engineer has proposed an alternative to NJY scheme at 10% of the cost which is implemented in KR Nagar.	BESCOM has completed NJY scheme in order to provide quality service without incurring any additional expenditure. BESCOM engineers are implementing NJY scheme at low cost.
<b>Commission's Views:</b> The reply furnished by BESCOM is noted.	
143. BESCOM has proposed huge amount towards metering, when the field conditions indicate that meters which are already installed are not in a condition to be read.	In FY20, BESCOM has not proposed installation of any DTC meters. For FY21, AMI meters have been proposed.
<b>Commission's Views:</b> The reply furnished by BESCOM is noted. The Commission has discussed the CAPEX in detail in the relevant chapters.	
144. TC failure rate is high because BESCOM is not using proper fuses.	BESCOM is using necessary HT fuses for HT lines and necessary LT protection kit for LT lines.
<b>Commission's Views:</b> The reply furnished by BESCOM is noted.	