

APPENDIX-1

Statement of Gist of Objections of the stakeholders/public, CESC's response and the Commission's Views:

Objections	Replies by CESC
1. CESC should have indicated steps taken for the improvement of efficiency and the efficiency gains thereon.	CESC has made efforts for the improvement of the system. The Distribution loss has been reduced from 15.07% during FY13 to 14.73% during FY14, to 13.88% during FY-15 to 13.60% during FY16 to 13.10% and during FY17& FY18, to 13.20% .
Commission's View: The reply furnished by the CESC is noted. Nevertheless, the Commission directs CESC to identify and tackle high loss making lengthy feeders/ DTCs and take appropriate action to suitably improve the distribution system and reduce losses enabling increase in sales, in order to improve the revenues.	
2. CESC is carrying out load shedding without publishing it in advance through newspaper and has also not obtained approval of the Commission. CESC should have procured power from other sources to meet the demand instead of resorting to load shedding.	The load shedding is being done only as a last resort in the identified specific stations and feeders when there is shortage of availability of power and to maintain grid discipline. Scheduled interruptions are being brought to the notice of the public by publishing the same in newspapers and also through SMS.
Commission's View: The reply furnished by CESC is noted. CESC is directed to reduce unscheduled interruptions in view of the better availability of power now. Please ensure supply of un-interrupted and quality power by proper maintenance of the distribution network.	
3. CESC has totally failed to improve the efficiency of its operations by implementing the directives issued by the Commission. The power supply situation and quality of power supply in rural areas have deteriorated further	The directives of the Commission are being complied with. The details have been furnished in pages 3 to 39 in the application for APR. The power supply arrangement during FY18 is detailed in page 51 of the application. Also, the CESC is ensuring that

<p>during the current year. The compliance of directives is also very poor and no tangible results have come out, so far. On these aspects, Tariff filings are defective and liable to be dismissed as not maintainable.</p>	<p>power supply is being arranged as per the directions of GoK.</p>
<p>Commission's View: The reply furnished by the CESC is noted. The Commission is reviewing the compliance to its directives in the KPTCL and ESCOMS review meetings and directing the ESCOMS' to strictly adhere to the same. There has been a general complaint that quality and reliability of power supply to rural areas is not satisfactory. In view of improved power availability there should not be any constraint in supplying quality and un-interrupted power. Therefore, CESC is directed to ensure proper maintenance of its distribution network and should not give room for such complaints in future.</p>	
<p>4. CESC should regularize all unauthorized IP sets to bring down the distribution loss and to claim realistic subsidy from the government.</p>	<p>CESC has taken measures to regularize unauthorized IP sets. As per the GoK circular number: EN 41 VSC 2014/P1 dated: 14.07.2014, there was a direction to regularize/ arrange power supply to all unauthorized IP set installations duly collecting all deposit amounts and regularization fees Rs.10, 000/-.</p> <p>As per the above circular 57, 615 number of applications are regularized, as at end of December,2018.</p>
<p>Commission's View: The Commission takes note of the reply by CESC. The Commission directs CESC to complete the enumeration and tagging of the IP Sets and consider the meter reading of the segregated feeders of IP Sets for arriving at the IP Set consumption.</p>	
<p>5. CESC has not monitored the implementation of the Standards of Performance.</p>	<p>The details of SoP is forwarded to the objector and also the information is available in the CESC website.</p>
<p>Commission's View: The reply furnished by CESC is noted.</p>	

<p>6. There are un-authorized connection in agriculture sector contributing to distribution loss there by cross subsidy burden on Education sector.</p>	<p>The Hon'ble Commission determines the cross subsidy surcharge. CESC Mysore will abide by the orders of the Hon'ble Commission.</p>
<p>Commission's View: The Cross subsidy levels are determined by the Commission as per the Tariff Policy. It is payable by all the cross-subsidising consumers and confined to education sector alone.</p>	
<p>7. The figures considered by the CESC for determination of Additional Surcharge are not correct on account of following reasons:</p> <p>a) Total Fixed Charge to be collected is considered @ Rs.458.39 crores for calculation of Additional Surcharge, however as per table the total fixed charges come out @ Rs. 351.55 crores Therefore, there is a discrepancy in the fixed cost taken by the CESC for calculation of Additional Surcharge. This discrepancy should be removed while determining Additional Surcharge for CESC.</p>	<p>The total fixed charges to be collected is RS.458.39 crores, which includes other costs such as Operation and maintenance cost, interest and finance charges, depreciation, regulatory assets etc. for FY-20.</p>
<p>Commission's View: While determining the additional surcharges, the fixed charges such as Operation and maintenance cost, interest and finance charges, depreciation etc., in all the activities of generation, transmission, distribution and retail supply have to be considered. The same has been dealt with in this Order in the relevant Chapter.</p>	
<p>8. BWSSB already faces an increase of 50% in the cost of energy since the year 2000. CESC proposal to further enhance cost of energy from Rs.5.00 to Rs.5.91 per unit and demand charge from Rs.200 to Rs.220 per KVA will</p>	<p>The tariff for various categories of consumers is determined by the Hon'ble Commission. CESC, Mysore abides by the Orders of the Hon'ble Commission.</p>

adversely affect the operation of BWSSB.	
Commission's View: This Issue has been suitably dealt with in the Tariff Order.	
9. CESC has filed the present application under clause 2.8 and 2.9 of the KERC Regulations, 2006, which requires filing of annual performance review application every year and an application for determination of tariff for any financial year. But, no such details are provided by CESC to facilitate either consideration or review.	Information in addition to that furnished in the APR for FY18 and ARR/ERC for 5th Control period (FY-20 -FY22) under MYT framework and tariff revision for FY-20, if requested will be furnished by CESC, Mysore.
Commission's View: The reply furnished by CESC is acceptable.	
10. In terms of 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. Therefore, (BWSSB) is eminently eligible for a special treatment in order to extend the benefit to the consumers of the objector.	No Comments
Commission's View: As per section 61 of the Electricity Act, the „tariff has to progressively reflects the cost of supply of electricity and also, reduce cross-subsidies within the period to be specified by the Appropriate Commission". The Tariff fixed for HT-1 Category is 82% of the average Cost of Supply. This tariff requires 18% cross subsidy from the other consumers. As a consequence of increase in the cost of power procurement, the tariff revision to this category is also necessary to maintain the cross subsidy at the same level, or otherwise, the burden due to the cross subsidy will increase on consumers of other categories.	

<p>11. Unscheduled interruptions in power supply affect the services provided by BWSSB in disrupting water supply to Bangalore city apart from causing damages to the system.</p>	<p>Load shedding is being done only as a last resort in the identified specific stations and feeders when there is shortage of availability of power and to maintain grid discipline. Scheduled interruptions are being brought to the notice of the public by publishing the same in newspapers.</p>
<p>Commission's View: The reply furnished by CESC is noted. The Commission has issued necessary directions in the matter in the previous paras.</p>	
<p>12. To reclassify the mushroom growing activity under agricultural activity and thus charge the applicable electricity tariffs and provide the mushroom sector with reasonable relief under the provision extended by Government to revive sick industries/sector.</p>	<p>Classification of tariff category is under KERC discretion.</p>
<p>Commission's View: Any re-classification of consumer categories to extend concessional tariff will have financial implications on the other paying consumers. Hence to take view, CESC shall submit suitable proposals giving the pros and cons of such re-classification. Hence, in the absence of suitable proposal, the Commission is not in favour of taking any view in the matter.</p>	
<p>13. Only two categories in LT4 category should be made by clubbing LT4(a) with LT4(c)(1) and LT4(b) with LT4(c) (2) and the benefit of free power extended to the Coffee plantations on par with the other agriculture activities.</p>	<p>The Commission in the Tariff Order 2016 has expressed that, "Coffee plantations have been given a special status as compared to other agricultural lands and therefore coffee planters cannot be treated on par with other agriculturists. Further, extending any subsidy to coffee plantations has to be decided by the State Government". Hence, the tariff matter has to be decided by the Commission and CESC will abide by it.</p>
<p>Commission's View: The reply furnished by the CESC is acceptable. The Commission reiterates is earlier decision on this issue. The Government is the competent authority to decide about extending subsidy benefit to the coffee plantations.</p>	

14. The tariff increase proposed for HT -3 (b) categories is increase of Rs.0.91 Per unit energy costs and increase in fixed charges by Rs.140 Per HP/Annum which is a huge increase.	CESC Mysore will abide by the orders of the Hon'ble Commission.
Commission's View: This Issue has been suitably dealt within the tariff Order.	
15. The arrears receivable from large consumers, ESCOMS and other statutory institutions run into several hundreds of Crores and if CESC makes serious attempts to recover them, there is no necessity of tariff increase and the ARR for the FY 18 to FY 20 will be surplus.	CESC is accounting the income on accrual basis. Hence the collection of arrears does not have any impact on the revision of tariff. Anyhow CESC is making all efforts to recover the consumer dues including dues pertaining to statutory institution (local bodies).
Commission's View: The reply furnished by the CESC is acceptable. The CESC is directed to take up the issue of collection of arrears on top priority and collect arrears from the defaulters.	
16. MSME sector should be categorized under separate tariff category and a tariff fixed at 25% lower than small industries as a rebate.	Tariff for all categories of consumers is decided by the Commission and CESC will abide by the Orders of the Commission.
Commission's View: The retail tariff to the consumers is being fixed keeping in view the recovery of average cost of supply and the cross subsidy levels with reference to the average cost of supply. Fixing a tariff below the cost of supply would entail meeting the balance cost either by Government subsidy or through cross subsidization by other consumers. In the absence of subsidy from the Government to MSMEs, extending concessions to this category would result in increase in cross subsidy levels of other categories of consumers, which is not permissible under the Tariff Policy.	

<p>17. In the last Tariff Order 2016, Tailoring shops and Ironing shops are categorised under LT5 category, but CESC has not implemented the Order in this case and charging under Commercial rate. CESC has to revise the bills of all these establishments under LT5 tariff from the date of Tariff Order 2016 and to adjust the payments made.</p>	<p>CESC has changed the categories of Tailoring shops and Dry cleaners with washing, Drying and Ironing facilities to LT5 category as per the TO 2016 dated 31.03.2016, for those who have submitted the relevant documents and the rest are continued in LT3 category. CESC will abide by the Orders of the Commission.</p>
<p>Commission's View: The reply furnished by the CESC is acceptable. The consumers are directed to submit all the relevant documents to CESC in order get the benefit sought for.</p>	
<p>18. CESC should be instructed and properly encouraged and to conduct awareness programs regarding installation of prepaid meters to all installations. But CESC has submitted an application to install prepaid meters to temporary installations.</p>	<p>As per the Orders of the Commission, the CESC has to install prepaid meters to temporary installation and to collect weekly rent for the prepaid meters. Further, for installation of prepaid meters to all installations, CESC Mysore will abide by the Orders of the Hon'ble Commission.</p>
<p>Commission's View: The reply by CESC is acceptable. However, the Commission directs CESC to increase the awareness among the consumers, so that, the consumers are benefitted from the prepaid meters.</p>	
<p>19. Creation of separate tariff for Educational Institutions and this tariff should be at least Rs.1 per unit less than other tariffs.</p>	<p>Tariff for all categories of consumers is decided by the Commission and CESC will abide by the Orders of the Commission.</p>
<p>Commission's View: This Issue has been suitably dealt with in this Tariff Order.</p>	
<p>20. Granting waiver of OA charges (CSS, AS, Transmission charges and wheeling charges) to OA Consumers on the Power consumed from the firm RE generating projects for the useful life of the project or 25 years whichever is</p>	<p>The exemption requested for the entire useful life of the project is arbitrary and request the Commission not to consider the proposal.</p>

lower, provided the projects are commissioned before 2024.	
Commission's View: The Charges payable by OA consumers has been determined by the Commission from time to time and the same are binding on all the stakeholders.	
21. Creation of separate tariff for Small Scale Industries and this tariff should be at least Rs.1 per unit less than other tariffs.	Tariff for all categories of consumers is decided by the Commission and CESC will abide by the Orders of the Commission.
Commission's View: This Issue has been suitably dealt within in the earlier paragraphs.	
22. To encourage solar water heaters rebate should be continued and enhanced to Rs.100 to encouraged.	CESC will abide by the Orders of the Commission.
Commission's View: To solar rebate has been introduced to encourage the consumers to opt for installation of solar water heaters which is beneficial to consumers as well to the ESCOMs as it conserves energy. The Commission is not in favour of increasing the solar rebate as the financial burden thereon will have to be borne by all the consumers.	
23. Borrowings by CESC year after year, are increasing. No action plan is indicated as to how the borrowings will be reduced.	Increase in loan is due to increase in capex works. CESC, debt-equity ratio is within the permissible limits.
Commission's View: The reply furnished by the CESC is acceptable. The CESC is directed to deal with the issue in a planned manner.	
24. Rural Industries are suffering a lot due to scheduled and unscheduled power cuts, interruptions, low voltage, delay in resuming power supply whenever there are faults etc. CESC should be instructed to supply quality power to the rural areas. Though certain relief is given to them as 5 paise reduction and 15 paise reduction, this appears to be very	CESC Mysore is trying its utmost to supply power to all areas as per GoK Orders. Hon'ble Commission determines the tariff for all categories of consumers. CESC Mysore will abide by the Orders of the Hon'ble Commission.

meagre. Further reduction may be given.

Commission's View:

The reply furnished by the CESC is noted. The CESC is directed to make all efforts to provide uninterrupted power to its consumers by taking up regular maintenance works on its distribution system. Also, in case of scheduled interruptions for maintenance works, etc., consumers should be informed about the same well in advance. As regards the tariff issue, the Commission is unable to take a view in the matter in the absence of proper proposal from the CESC giving the financial implications.