

APPENDIX-1

Statement showing the Objections of the Stakeholders/Public, MESCOM's response and the Commission's Views

Objection on Tariff Issues	
Objections	Replies by the MESCOM
<p>1. M/s MSEZ is a licensee similar to MESCOM. MESCOM has ignored this fact and also the formulae / method adopted & approved by the Commission in making proposal for increase of Tariff by Rs.1.48 per unit.</p>	<p>The MESCOM has proposed a hike of Rs.1.48 per unit across all the categories of consumers in order to make good the deficit estimated by MESCOM for FY18.</p>
<p>Commission's Views: This issue has been suitably dealt with in the Tariff Orders of MESCOM and MSEZ.</p>	
<p>2. As per the computation of power purchase cost for FY17 approved by the Commission in the Tariff Order 2016 and the data filed by MESCOM in the present filing, power purchase cost of MSEZL would be Rs.5.15/unit as against the approved cost of Rs.5.61 for FY18 in the Tariff Order 2016.</p>	<p>Like all other consumers, MESCOM is also supplying power to M/s MSEZ. Hence, the same rate of increase has been proposed for M/s MSEZ also, commensurate with the increased cost of supply. However, the Commission may validate the MESCOM's proposal considering the views expressed by M/s MSEZ but not the cost computed by them.</p>
<p>Commission's Views: This has been suitably dealt with in the Tariff Orders of MESCOM and MSEZ.</p>	
<p>3. The MESCOM has proposed an increase of Tariff by Rs.1.48 per unit. The increase in tariff could be minimised by reducing distribution losses. The increase in Tariff should not burden the consumers. The loss in the revenue should not be passed on to the consumers through revision of Tariff.</p>	<p>The MESCOM has submitted its tariff petition duly taking into consideration all the expenses incurred by it.</p>
<p>Commission's Views: This issue has been suitably dealt with in this Tariff Order.</p>	

4. Action should be planned by MESCOM for avoiding the theft of power.	At sub-division / division level action is being carried out for avoiding the theft of power. On information about theft of power, immediate action is being taken by MESCOM.
Commission's Views: Reply furnished by MESCOM is noted.	
5. Bills should not be generated for IP set consumers.	For IP set consumers, bill is generated to know the actual consumption for claiming the subsidy from the Govt. of Karnataka.
Commission's Views: Reply furnished by MESCOM is noted.	
6. For consumers installing solar water heaters and solar light, the ESCOMs should allow rebate of Rs.100/- in the energy bills.	Rebate of Rs.50/- in the bill is being given for consumers who have installed solar water heaters.
Commission's Views: This issue has been dealt in the relevant chapter of the Tariff Order.	
7. For all LT category consumers like LT-2a (i), LT2a (ii), LT2b (i), LT2b (ii), LT5 etc, the increase in tariff of Rs.1.48 is a burden.	The revision of Tariff is needed to meet the increase in the cost of generation, distribution and maintenance of network and related cost due to inflation. ESCOMs have to give quality power supply to the consumer, which comes at a cost.
Commission's Views: This issue has been suitably dealt with in the Tariff Order.	
8. The Commission should cause third party verification of the MESCOM's performance in respect of energy audit and electrical accidents.	The Commission is issuing directives to the ESCOMs on the issues affecting its performance and it also periodically reviewing the same in the review meetings.
Commission's Views: Reply of MESCOM is acceptable.	
9. Specific consumption of 4448 units /IP/annum is irrational and not practical, since geographical and weather characteristics of the areas coming under MESCOM are different and versatile. Therefore, the actual meter readings at the DTCs may be considered for arriving at IP consumption.	The specific consumption of 4448 units is the Company average. But, it is different for different sub-divisions / sections, as the energy recorded in the IP feeders of the particular sub divisions / sections is being considered for those particular subdivisions / sections. Further, taking the meter readings from IP set installations is being continuously objected to by many of the farmers

	and some of the meters were unauthorizedly removed by the farmers. In such a situation, considering the meter readings of IP sets will end up with misleading figures.
Commission's Views: This issue is discussed in detail in the relevant chapters of the Tariff Order.	
10. There should be differential tariff among ESCOMs.	As of now, except for BESCO, the retail supply tariff in Karnataka is uniform in the State.
Commission's Views: MESCOM's reply is noted and the tariff for various categories is discussed in the relevant chapter of this Order.	
11. The revenue deficit of Rs.700 Crores proposed for FY18 can be made good by realizing the pending subsidy receivables from the Government and collecting the dues from, M/s. MPM.	The MESCOM is following the accrual basis of accounting practice where all the receivable demands are considered as received in the year in which the transaction takes place. Hence, the contention that the realization of the dues will result in reduction of the revenue gap is not correct.
Commission's Views: Reply of MESCOM is acceptable.	
12. It is not prudent to give absolute subsidy to LT-4a category since National Electricity Policy and Electricity Act contemplates for removal of the same and the Commission should review the same as to levy at least a nominal tariff.	It is the policy of the State Government to extend free power supply to irrigation pump sets, having connected load of 10HP & below. Accordingly, the Government is releasing the subsidy amount towards the consumption relating to this category to the concerned ESCOMs. As such, the MESCOM being a Government Company, has to act as per the policy of the Government.
Commission's Views: Reply of MESCOM is noted.	
13. The MESCOM has been showing profit of Rs.12.60 Crores, Rs.20.17 Crores, Rs.13.92 Crores, and Rs.11.12 Crores in FY13, FY14, FY15, and FY16 respectively. But, MESCOM has stated that with	The MESCOM has estimated the loss in the revenue and the same has been explained in detail in the tariff petition.

<p>existing tariff it will incur Rs.700.45 Crores revenue loss in 2018, hence, seeking a hike of 148 paise per unit which is not substantiated.</p>	
<p>Commission's Views: This issue has been suitably dealt in the relevant chapter of the Tariff Order.</p>	
<p>14. The outstanding amount on the power purchase dues payable from 2006 from other ESCOMs is about Rs.1204.63 Crores and this has resulted in delay in payment to generators by MESCOM, leading to accrued interest of Rs.29.22 Crores. This burden should not be passed on to the consumers.</p>	<p>Based on the actual consumption by the ESCOMs, reconciliation is carried out and steps are being taken to collect the dues from other ESCOMs. However, Interest dues are inevitable due to delay in cash flows.</p>
<p>Commission's Views: The Commission is not allowing the interest payable/ paid on belated payments of power purchase cost.</p>	
<p>15. Even though the Commission has rejected the money spent on employee's bonus, welfare fund and advertisement, MESCOM is accounting it in the tariff revision-proposals.</p>	<p>MESCOM has submitted in its tariff petition, taking into consideration all the expenses incurred by it and the Commission will pass appropriate Orders in the matter.</p>
<p>Commission's Views: This issue has been dealt with suitably in the relevant chapter of the Tariff Order.</p>	
<p>16. Loss occurred due to high power purchase cost and subsidy burden should not be passed on to the consumers in the revision of tariff.</p>	<p>As per requirement of energy, the power purchase allocation is done by the Govt. Being the Company owned by the Government MESCOM has to follow its Orders.</p>
<p>Commission's Views: This issue of power purchase is discussed in detail, in the relevant chapter of the Tariff Order and the Commission notes that power purchase quantum is allocated by GoK.</p>	

<p>17. HT consumers are paying higher tariff because the ESCOMs are taking the average cost of supply as the basis for seeking tariff revision. The cost to serve a HT installation is much less compared to LT power installation. The cost of supply should be the basis for determination of tariff.</p>	<p>The Commission is yet to implement the Cost to Serve model in Karnataka for the reasons explained in the Tariff Order.</p>
<p>Commission's Views: The Commission is indicating the cross subsidy levels based on cost to serve as well as average cost of supply in its Tariff Order. The Commission's endeavour is to reduce cross subsidies gradually.</p>	
<p>18. Tariff Petition filed by MESCOM is not maintainable, due to the following reasons.</p> <ul style="list-style-type: none"> • The supply to Agriculture pump sets is increasing year on year • No release of timely subsidy by GoK. • Non-implementation of prepaid meters. • ESCOMs have sought for increase in fixed charges. • Introduction of morning peak in ToD Tariff. • Banking facility within 3 months under open access. 	<p>MESCOM is envisaging higher consumption in Agriculture pump sets due to failure of monsoon and hence is calculating the required energy for the same.</p> <p>The Govt. subsidy is based on the assessed energy and in this regard GoK is releasing monthly subsidy to the MESCOM.</p> <p>For implementing prepaid meters, MESCOM has selected LT temporary installations in Mangaluru and Udupi divisions. The work of implementing prepaid smart card Technology meters in these divisions is awarded to an Agency.</p> <p>The MESCOM has filed a petition to increase the fixed charges and reduce energy charges for HT installations for attracting HT consumers back to MESCOM.</p> <p>No proposal is submitted for introduction of morning peak penalty in ToD scheme.</p> <p>The very purpose of allowing open access is to use energy by any consumer as and when it is generated,</p>

	<p>to encourage the open access. The Banking facility at present is provided for water year from the beginning of open access. Now, a review is required as the generator may inject during the off peak hour and the OA customer may draw the energy during the peak hour. Three month's Banking is sufficient for using the generated power and the MESCOM is not affected by this open access. Hence, a petition is filed before the KERC to review the Banking facility provided to the open access transactions.</p>
<p>Commission's Views: The Reply of MESCOM is noted. The above issues have been suitably dealt with in the relevant chapters of the Tariff Order. Regarding banking facility, the Commission would issue separate Orders, as separate petitions have been filed by ESCOMs in the matter. As far as prepaid meters are concerned, the same has to be implemented in a phased manner as considerable cost is involved.</p>	
<p>19. LT-2a Tariff should be applied for domestic installations serviced under HT-4 tariff. LT-2a tariff rate is only Rs.3 per unit whereas HT-4 tariff is Rs.5.85 per unit. Alternatively, in the case of Railways provide separate bulk power tariff for domestic supply.</p>	<p>The MESCOM is servicing the installations duly categorizing the same as per the prevailing Regulations and also applicable tariff is being applied. Further, it may not be appropriate to compare the first slab of LT-2a category with that of HT-4 tariff since under LT-2a tariff, as the consumption increases the average rate per unit will be above the HT-4 tariff rate.</p>
<p>Commission's Views: The reply furnished by the MESCOM is noted. As the installations are serviced under HT, HT-tariff is applicable.</p>	
<p>20. The application for tariff should be made 120 days before the financial year for which tariff revision is requested. Efficiency of MESCOM has not improved. The Gap of FY16 is loaded to FY18 and mistakes are made. Cost to serve model is not approved. Load shedding is done without approval of the KERC.</p>	<p>The MESCOM has filed its tariff revision petition on 30.11.2016 for the year starting from 01.04.2017 which is 120 days before the start of financial year. Efficiency of the MESCOM is improving. The cost to serve model cannot be implemented due to various other factors. Scheduled load shedding is being done with the prior intimation to</p>

<p>In the data of FY16, MESCOM's expenditure is more than the cost, approved by the Commission.</p>	<p>the consumers affected. Unscheduled load shedding sometimes is beyond the control of MESCOM, due to various reasons. MESCOM has explained the reasons for variation in expenditure due to uncontrollable factors, in the tariff petition.</p>
<p>Commission's Views: The reply furnished by the MESCOM is noted. MESCOM has filed its application within the time stipulated in the Regulations. The other issues have been discussed in the relevant chapters of the Tariff Order.</p>	
<p>21. The HT: LT ratio is not brought down and the unauthorized IP sets data is not given. The failure rate of distribution transformers is high. Interest on consumers deposit is not given quarterly to consumers.</p>	<p>The failure rate of distribution transformers is low in MESCOM. The interest on consumers deposit is being given yearly during 1st quarter of subsequent year as per the KERC Regulations relating to consumer deposit.</p>
<p>Commission's Views: The reply furnished by the MESCOM is acceptable.</p>	
<p>22.</p> <ul style="list-style-type: none"> • ESCOMs are servicing the installations without installing meters. • MESCOM should have its own generation to the extent of 2000MW • HT2 (a) consumption is steadily decreasing. • Even though all ESCOMs have different distribution cost, they are proposing for uniform tariff increase • The low cost hydro power of the State can be utilized. • The KPC thermal unit cost is more than the CGS generation cost, this has to be reduced. • Open access may be extended to consumers with contract demand below 1MW. • The tariff in Karnataka is more than the Tariff in other States. 	<p>No installation in MESCOM is serviced without a meter. The capital investment for own generation in a suitable project is the policy decision of GoK. It is true that the HT2 consumption is decreasing and the MESCOM is studying the same. The MESCOM has explained this and submitted the data to the Commission for its perusal to consider increase in the tariff and the Commission will validate the same.</p> <p>The power allocation among hydro/thermal/nuclear is depending on demand. The scheduling of power generation/load is done by the State Load Dispatch Centre, in consultation with generation/ transmission / distribution companies.</p> <p>The comparison of tariff in Karnataka with other States is not proper as each</p>

<p>Entrust the management of MESCOM through tariff competitive bidding.</p>	<p>tariff setting process and data are different for different States. The source of generation, consumer mix, and the demand varies from state to state.</p> <p>The remarks that MESCOM is passing its inefficiency to its consumers is not true. The MESCOM has proposed increase in the tariff which is commensurate with the expected increase in cost of supply, due to various factors as detailed in the petition. Further, the capex proposed by MESCOM is necessary to upkeep its network and the Commission will take up prudent check of all capex made in its APR exercise.</p>
<p>Commission's Views: The reply furnished by the MESCOM is noted. The power allocation is done as per GoK Orders. The expenses incurred by MESCOM are appropriately dealt in the relevant chapters of this Order.</p>	
<p>23. The proposed tariff for IP set category is 621paise per unit and that of BJ/KJ category is 749 paise per unit indicating a vast difference. As these categories are being subsidized by GoK, the GoK has to bear the full cost arising out of their commitment.</p>	<p>The tariff in respect of BJ/KJ category is at the level of average cost of supply, whereas the tariff in respect of IP category is after factoring the cross subsidy from other cross subsidizing categories. However, the MESCOM has requested the Commission to increase the tariff by 148 paise per unit for all categories of consumers including IP sets and BJ/KJ in the present tariff petition. It is for the Commission to take a view on the above.</p>
<p>Commission's Views: These issues have been suitably dealt with in the relevant chapters of the Tariff Order.</p>	
<p>24. The cross subsidization factor is destroying the small scale industries. Tariff for small scale industries are much lower in the neighbouring State.</p>	<p>The GoK is paying Tariff for consumers of IP and BJ/KJ categories as tariff subsidy every month to MESCOM. The Tariff for consumers paying below the cost of supply needs to be increased progressively and till such time, cross subsidization is inevitable.</p>

Commission's Views: The reply of MESCOM is noted. The tariff structure in other States cannot be compared to Karnataka owing to various factors affecting the same. The Commission's endeavour is to reduce cross subsidies gradually.	
25. ToD tariff should be designed to incentivize usage during the period from 20.00 Hrs to 8.00 Hrs without having any disincentive factor for usage in peak hours.	The rationale behind the ToD tariff is to incentivize the usage during off-peak hours and disincentives the use of power at peak hours to reduce the peak demand. Hence, the contention on ToD is not reasonable.
Commission's Views: This issue has been suitably dealt with in the relevant chapter of the Tariff Order.	
Objections relating to Quality of Power Supply and Service;	
26. Recruiting the ground level staff for rendering good services to the consumers, should be considered rather than the higher rank officials.	MESCOM has already recruited 1953 Junior Linemen and in future also MESCOM will find ways to fill the vacancies in the lower cadre with the approval of the Government.
Commission's Views: Reply furnished by the MESCOM is acceptable.	
27. Accidents have not been reduced. MESCOM is doing only emergency work and is not carrying out periodical maintenance work on distribution line and equipment.	The periodical maintenance work on lines / substations is being carried out regularly. The reason for accidents is not only due to line problems, but also due to many other reasons. MESCOM linemen are being trained to work on the network using proper safety equipment availing line clear. The training to linemen and maintenance of distribution system are regular processes and are being carried out by the MESCOM.
Commission's Views: These issues have been discussed as part of the directives issued by the Commission in the Tariff Order.	
28. The present limit of 67 HP to 100 HP for availing LT power supply should be increased.	The MESCOM will follow the Regulations of the Commission.
Commission's Views: At present 67 HP limit is specified in the Regulations for availing Power on LT basis. There is no provision to give LT power supply beyond 67 HP.	

<p>29. The Commission should direct MESCOM for the payment of Electricity Bills through NEFT/ RTGS to avoid dishonouring of cheques for technical reasons.</p>	<p>The MESCOM has arranged payment system in its Website www.mesco.in for all consumers. The bill amount can be transferred to MESCOM account with consumer ID as in the bill issued to the consumers.</p>
<p>Commission's Views: The reply furnished by the MESCOM is acceptable.</p>	
<p>30. Programmes should be scheduled for conducting consumer awareness at sub-divisional levels. For CFL and LED bulbs rebate should be given.</p>	<p>A book named as "Vidyuth nimageshtu gottu" is being distributed among consumers in the sub-divisions / divisions during awareness programme as part of consumer education. LED Bulbs are sold at Rs.85 per unit by M/s EESL to all consumers.</p>
<p>Commission's Views: The reply of MESCOM is noted.</p>	
<p>31. During 2015 and 2016, the monsoon has failed and resulted in availability of lesser hours of power supply to the IP sets.</p>	<p>The shortfall in generation is due to failure of monsoon during 2015 and 2016. This has forced the MESCOM to regulate the power supply to all the consumers within the available power.</p>
<p>Commission's Views: Reply of MESCOM is noted.</p>	
<p>32. Even after deployment of linemen, restoration of power supply is being delayed. There is no improvement in supply of power to rural areas. If transmission loss and distribution losses are reduced, the Company need not seek increase in tariff.</p>	<p>For early restoration of power supply and to extend efficient services to all the consumers, necessary training is being given to all the newly deployed linemen. Further, MESCOM has undertaken measures to replace the deteriorated conductors and failed distribution transformers. Based on the availability of power, MESCOM is supplying to the consumers in rural areas. The MESCOM is taking all the remedial measures to bring down the losses in distribution system.</p>
<p>Commission's Views: Reply of MESCOM is noted.</p>	
<p>33. MESCOM has not supplied continuous power to the small scale industries, agricultural and domestic consumers in rural areas. For developing the distribution infrastructure, the burden should not be passed on to the consumers by revision of Tariff.</p>	<p>MESCOM has undertaken various improvement works to its distribution network to arrange quality power to all the consumers including consumers in rural areas. Further, maintenance work on distribution equipment/ line is being carried out on a regular basis, including the replacement of failed Auto reclosures.</p>
<p>Commission's Views: The reply of MESCOM is acceptable.</p>	

34. The cost incurred till date due to delay in commissioning of Konandoor station, should not be passed on to the consumers.	The 110 KV Konandoor sub-station comes under the preview of KPTCL and the same has been intimated to KPTCL for taking further needful action in the matter.
Commission's Views: Reply of MESCOM is acceptable.	
35. Meters should be supplied to the LT consumers in rural areas of MESCOM.	Meters are made available in the metering outlets managed by the Meter manufacturers at division offices. The consumers can collect the meters by paying necessary charges towards the meters. This arrangement is made to avoid delay in getting the connection for want of meters.
Commission's Views: Reply of MESCOM is noted.	
36. The regularization of IP connections is a major problem faced by the farmer community. They are waiting for years to get the line improvement works done by the MESCOM for their IP connections.	The MESCOM has provided infrastructure to the unauthorized IP sets regularized up to May, 2015 and has taken action for providing infrastructure to the remaining regularized IP sets also by calling tenders.
Commission's Views: The MESCOM's reply is noted.	
37. The Commission has stopped the office of the Consumer Advocacy Cell (OCA) working under it. OCA was doing a good job for the benefit of the consumers, and hence, the Commission is requested to start the functioning of OCA, as earlier.	The Commission may take a view on the above.
Commission's Views: The Commission takes note of the suggestion.	
38. Rs. 1 crore is allocated to each ESCOM for consumer education programme in Tariff Orders issued by the Commission. But, the ESCOMs are not using the amount as per the allocation and are limiting their activities to publication of hand books only.	MESCOM's allocation for consumer education is Rs. 50 lakhs. MESCOM has conducted consumer interaction meetings for LT/HT consumers in Mangaluru, Udupi, Shivamogga and Chickamagaluru during Dec-2016 to Feb-2017 and many issues relating to them were discussed. Further, Jana Samparka sabhas are being regularly held at division/sub-division level to educate the consumers and to attend to their problems.
Commission's Views: The reply of MESCOM is noted.	
39. In the present power supply situation the quality of power	The MESCOM is arranging power supply to all its consumers based on availability

<p>supply is poor. Timer switches is to be provided to streetlight circuits. Segregation of commercial and technical losses are not done. The MESCOM has not furnished the correct number of IP sets after enumeration. Hence, the MESCOM tariff petition should be rejected.</p>	<p>and demand. The source-wise purchase of power is planned for the future year well in advance. The Urban/local bodies are advised to provide timer switches to streetlight installations to save energy. Energy audit of towns/cities, feeders and DTCs are being done every month and the same is being reported to the Commission. Segregation of commercial and technical losses is done and the same is submitted in the tariff petition for each financial year. The enumeration work of IP sets has already been awarded to an Agency and the report will be submitted after completion of work.</p>
<p>Commission's Views: The MESCOM's reply is noted. MESCOM is directed to persuade local bodies to install timer switches for. street lights. The Commission strongly emphasizes the need to effectively conduct the energy audit for plugging leakage and to make the company viable both technically and financially.</p>	
<p>40. MESCOM has not taken action regarding energy conservation, ToD, Niranthara Jyothi implementation, HVDS, metering of DTCs and DSM.</p>	<p>The LED bulbs have been distributed to consumers by EESL in MESCOM area. DSM project for several energy saving schemes is under study by TERI, New Delhi. The Niranthara Jyothi scheme is in progress. ToD has been implemented as per the Tariff Order. Metering of the DTCs is in progress.</p>
<p>Commission's Views: These issues have been discussed as part of the directives issued by the Commission, in the Tariff Order.</p>	
<p>41. The receivables by MESCOM from KPTCL & other ESCOMs etc., have increased to Rs.1204.63 Crores from Rs.234 Crores in 2007-08 and there should be a clear mechanism for the settlement of the same.</p>	<p>These issues are being deliberated upon for settlement. GoK has initiated action to cut down the subsidy payable to other ESCOMs and releasing the same to MESCOM as receivable from other ESCOMs.</p>
<p>Commission's Views: The reply of MESCOM is noted.</p>	
<p>42. In the Auditor's observation in the Annual Accounts for FY16 it is stated that MESCOM is claiming interest on consumers' deposit and also RoE on the capitalized portion of consumer deposits.</p>	<p>In the Tariff Order 2015 and Tariff Order 2016, the Commission has already settled the issue by stating that "The Commission has allowed RoE at 15.5% on equity plus reserves and surplus as at the beginning of the year end also considering the recapitalized assets worth Rs.26 Crores in compliance with</p>

	<p>the Order of the ATE, in appeal No 46/2014, besides allowing taxes as per actual". Hence, the contentions of the objector that the equity component includes the capitalized consumer deposit for computing RoE is not true.</p>
<p>Commission's Views: The reply furnished by the MESCOM is noted and this issue has been suitably dealt with in the relevant chapter of the Tariff Order.</p>	
<p>43. The Railway is a public utility, which is essential part of the transport infrastructure, and the Railways play a vital role in the country's economy, increasing the Tariff will burden the Railway passengers in the form of increased fares. Railways should be exempted from tariff hike and, single part tariff should be allowed instead of present two part tariff for Railways.</p>	<p>Like Railways, MESCOM is also a public utility playing a pivotal role in the country's economy. In the tariff petition MESCOM has furnished all the parameters justifying the tariff hike.</p> <p>Consequent to increase in various cost components, as detailed in the Tariff petition, it becomes inevitable for MESCOM to propose increase in the tariff for recovery of such costs. Therefore, exempting any of the categories from tariff hike means transferring the burden to other categories of consumers.</p> <p>The two part system is a widely accepted one to ensure recovery of minimum fixed charges and to recover the energy cost as variable cost. Hence, single part tariff for Railways is not recommended.</p>
<p>Commission's Views: The reply of MESCOM is noted.</p>	
<p>44. Requested to provide special incentives for improved PF above 0.9.</p>	<p>The MESCOM will adhere to the Regulations / Orders of the Commission in providing incentives.</p>
<p>Commission's Views: The maintenance of proper PF is in the interest of consumer only. PF above the threshold levels would improve the voltage of the supply to the consumers and also enable optimizing their power consumption.</p>	
<p>45. The realization of income due to vigilance cases is not reported in the tariff petition. The interest on delayed payment by the generators should not be passed on to consumers. UDAY scheme is not accepted by MESCOM. The proposal for increase in fixed cost to HT consumer should not be accepted. A separate tariff should be fixed for SSI units.</p>	<p>The realization of revenue due to vigilance cases is a continuous process and in some of the cases, the affected consumers seek legal remedies also. Hence, the data of collection does not match with the number of cases and penalty levied. The MESCOM is submitting the data to UDAY scheme and rest of this scheme is the policy of the State government. The MESCOM has proposed to increase the fixed</p>

	charges for HT consumers and the reasons are explained in the petition filed before the Commission. To consider separate tariff for SSI units, the Commission may take a decision regarding tariff categories.
<p>Commission's Views: The MESCOM's reply regarding vigilance and UDAY Scheme is acceptable. Regarding separate tariff for SSI, it is to be noted that, 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. Extending concessions to SSI category would result in increase in cross subsidy levels of other categories of consumers, which is not permissible under the Tariff Policy. The issue of fixed cost, is suitably dealt in the relevant chapter of this Tariff Order.</p>	
<p>46. Due to increase in power consumption, there will be a deficit in power supply. There is no addition of domestic generation. Power purchased from outside is costlier and hence, the ESCOMs are requesting the Commission to increase the consumer tariff.</p>	<p>The consumption is in increasing trend and the additional generation of power is also increasing. Presently the solar power generation is increasing due to encouragement from GoK and Gol. The cost of power purchased from power exchange is also decreasing due to competition created in power generation. The power purchase cost will be balanced with the increase in demand. Striking a balance between supply and demand and the cost thereon is a continuous process and the ESCOMs will strive hard to reduce the power purchase cost.</p>
<p>Commission's Views: The reply by the MESCOM is noted.</p>	
<p>47. The facilities and concessions made available to seasonal industries should be extended to the ice plants and cold storage industries as in the neighbouring states and also a separate tariff be fixed.</p>	<p>MESCOM will abide by the orders of the Commission.</p>
<p>Commission's Views: This issue has been suitably dealt with in the relevant chapter of the Tariff Order.</p>	