

## CHAPTER – 2

### SUMMARY OF FILING & TARIFF DETERMINATION PROCESS

#### 2.0 Background for Current Filing:

The Commission in its Tariff Order dated 30<sup>th</sup> May, 2019 had approved the revised ARR for FY17 consequent on APR of FY17, revised ARR for FY19 and the Revised Retail Supply Tariff of MESCOM for FY19 under the MYT principles. The MESCOM, in its present application filed on 28<sup>th</sup> November, 2019, has sought approval for the Annual Performance Review (APR) for FY19 based on the audited accounts, Approval of ARR for FY21 and Revision of Retail Supply Tariff for FY21.

#### 2.1 Preliminary Observations of the Commission:

After preliminary scrutiny of the application, the Commission had communicated its observations to the MESCOM on 12<sup>th</sup> December, 2019. The preliminary observations were mainly on the following points:

- Capital Expenditure
- Energy Sales for FY20
- Assessment of Sales to IP sets
- Distribution Losses
- RPO Compliance
- Power Purchase
- Wheeling Charges
- Cross Subsidy Surcharge
- Issues pertaining to items of Revenue and Expenditure
- Compliance to Directives issued by the Commission

The MESCOM, in response, had furnished its replies on 26<sup>th</sup> December, 2019. The replies furnished by the MESCOM are considered in the respective Chapters of this Order.

## 2.2 Public Hearing Process:

As per the Karnataka Electricity Regulatory Commission (Terms and Conditions for Determination of Tariff for Distribution and Retail Sale of Electricity) Regulations, 2006, read with the KERC (Tariff) Regulations 2000, and the KERC (General and Conduct of Proceedings) Regulations, 2000, the Commission vide its letter dated 31<sup>st</sup> December, 2019 treated the application of the MESCOM as a petition and directed the MESCOM to publish the summary of ARR and Tariff proposals in the newspapers calling for objections, if any, from interested persons.

Accordingly, the MESCOM has published the same in the following newspapers:

Name of the News Paper	Language	Date of Publication
The New Indian Express	English	04.01.2020
The Hindu		
Vijaya Karnataka (Mangalore Edition)	Kannada	05.01.2020
Vijayakarnataka (Shivamogga Edition)		
Vijayavani (Mangaluru Edition)		
Vijayavani (Shivamogga Edition) Udayavani		

The MESCOM's application for APR for FY19, Revision of ARR for FY21 and Revision of retail supply tariff for FY21, were also hosted on the web sites of the MESCOM and the Commission, for the ready reference and information of the general public.

In response to the application of the MESCOM, the Commission has received 58 written objections, within the time stipulated for filing the objections. The MESCOM has furnished its replies to all the objections. Further, 3 objectors namely Consumers Forum, Sagar, The Karnataka Planters Association, Chickmagalur and Sri Hanif Saheb (RTI Activitist Mangaluru, filed written submissions after the due date which is noted by the Commission. The Commission has held a Public Hearing on 13<sup>th</sup> February, 2020 at Mangaluru.

The details of the written / oral submissions made by the various stakeholders and the responses from the MESCOM thereon have been discussed in Chapter - 3 and Appendix to this Order.

### **2.3 Consultation with the State Advisory Committee of the Commission:**

The Advisory Committee discussed the proposals of the KPTCL and all the ESCOMs in the State Advisory Committee meeting held on 11<sup>th</sup> March, 2020. During the meeting, the KPTCL and ESCOMs made brief presentations on the important issues relating to the tariff application filed before the Commission.

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