

## **Proceedings of the 25<sup>th</sup> Meeting of the Commission's Advisory Committee held on 11<sup>th</sup> Nov 2009.**

The Chairman welcomed all the members for the meeting. He informed the members that the purpose of this meeting is to consider the views, comments and suggestions from the Members of the Advisory Committee on the ERC and Tariff applications of KPTCL and ESCOMs filed by them on 30<sup>th</sup> June 2009.

### **25.1: Confirmation of the Minutes of the previous meeting:**

Proceedings of the previous meeting were confirmed and thereafter the agenda for the day's meeting was taken up. The Members of the Advisory Committee took active participation in the discussions.

The following issues were discussed in the meeting:

### **25.2 ATE order dated 9. 10. 2009**

Sri M.G. Prabhakar, and Sri A.S. Kulkarni pointed out that the ATE order dated 9.10.2009 shall be implemented immediately. In view of this order, fresh applications shall have to be filed by the ESCOMs for tariff revision. He requested the Commission to dismiss the present applications filed by ESCOMs. It was also suggested that the details of the truing up exercise shall be made available to the public for understanding.

The Chairman informed that as per the orders of the Hon'ble ATE, the actual figures of FY 08 and FY 09 would be taken into account while taking up the Annual Performance Review for these years. Dismissal of the filings is not necessary. Only few changes in monetary terms need correction and the same is being taken care of while determination of tariff for FY 10.

**25.3 Tariff Proposals of KPTCL & ESCOMs:** The Members of the Advisory Committee were briefly apprised of the tariff proposals made by the ESCOMs. It was informed to the Members that, all the ESCOMs have prayed for a tariff hike of 51 paise per unit uniformly for all the categories of consumers, including BJ/KJ and IP set installations. Regarding this Sri B.G.Rudrappa wanted to know as to how the ESCOMs can ask for a similar increase of 51 paise across the Board. It was clarified by the Chairman that, after considering the additional revenue against tariff increase of 51 paise per unit, the ESCOMs have shown an uncovered revenue gap of Rs.1723 Crs., to be treated as regulatory asset. The uncovered gap is different for each of the ESCOMs. The Chairman also clarified that, though the ESCOMs have asked for a uniform increase, it is for the Commission to decide the rates, and since the Commission has already introduced differential tariff for each of the ESCOMs, the same would be continued in this tariff as well.

**25.4 Effect of the revised Tariff Order:** Sri B.G.Rudrappa pointed out that, the financial year 2010 is almost coming to an end and desired to know in what way the tariff order to be issued would help the KPTCL and the ESCOMs. It was clarified that, the tariff order to be issued will have to be given effect immediately which will be operative for four months or till the tariff is revised again on the application of KPTCL and ESCOMs which have to be filed now.

**25.5 Adjustment of subsidy and issue of Thannir Bhavi;**

Sri M.G. Prabhakar pointed out that, the issues like adjustment of surplus amount of Rs. 620 Crores against subsidy, and also Tanir Bhavi claims need to be addressed before taking a decision on the present filing. Chairman clarified that, the issue regarding surplus of Rs.620.crores is pending in the Hon'ble High Court of Karnataka and the issue relating to Tanir Bhavi and

truing up is pending before the Hon'ble Supreme Court of India. The Commission would take suitable action after the pronouncement of the judgments in these cases.

#### **25.6 Result of truing up exercise.**

Sri B.G Rudrappa wanted to know the result of truing up exercise for the years FY 08 and FY 09 and the principles followed by the Commission in determining the Tariff. The Chairman informed that, the actual figures as per audited /provisional accounts would be considered for the purpose of Annual Performance Review (APR) for FY08 and FY09 and that the Commission would take appropriate decision on the treatment of surplus or deficit for these years.

**25.7 Collection of Subsidy& No. of IP Sets :** Sri M.G.Prabhakar pointed out that, ESCOMs are supplying substantial quantum of energy to Irrigation pump sets and that, they have to recover full cost thereon from the Government ash subsidy. Further, he stated that the ESCOMs are showing inflated no of IP Sets of about 18 lakhs as against the actual no. of around 10 to 11 lakhs as per the data maintained by the Minor Irrigation Department. The Chairman directed to obtain the data from the Minor Irrigation Department and send it to the ESCOMs for reconciling the same. He further stated that, the recovery of subsidy from the Government would be covered in the ensuing Tariff Order.

#### **25.8 Capitalization of Consumer Security deposit.**

Sri Sathyanarayana Udupa pointed out that, the capitalization of Consumer Security deposit into equity is not correct. Chairman wanted to know the actual facts on the issue, which is being raised repeatedly during the tariff proceedings. Director (Tariff) KERC informed the Members that, at the time of unbundling of KPTCL, the Government had decided to convert a part of

the meter security deposit amounting to Rs.205 Crores into equity and the same was distributed among ESCOMs to make the Debt: Equity Ratio viable. Mr. M.G.Prabhakar stated that, even after conversion of Rs.205 Crs., an amount of Rs.270 crores of consumers' deposit remains unaccounted. The Chairman requested the Managing Director KPTCL to sort out the issue and furnish the details to the Commission so that the same could be passed on to the concerned.

#### **25.9 Implementation of DSM measures.**

The Chairman wanted to know about the progress made by the Sub-Committee headed by Sri B.G.Rudrappa on the DSM measures. Sri B.G Rudrappa informed that the committee is yet to start its proceedings and that the Committee would soon meet and would finalise the report.

#### **25.10 Welfare fund for Electricity Consumers.**

Sri B.G Rudrappa informed the Members that, the Sub-Committee is yet discuss the report of the subgroup on creation of welfare fund for Electricity Consumers and that the report will be submitted shortly.

#### **25.11 Generation of power by industrial establishments.**

Sri Shivajat Basalingappa Somannanawar suggested that the HT Industrial establishments could examine generating energy and pump it to the Grid to tide over the shortage. Sri M.G.Prabhakar informed that, considering the cost of generation, the proposal is not viable.

#### **25.12 Load shedding**

Sri B.G Rudrappa stated that, Load shedding is not being monitored properly by KPTCL. It was also pointed out by Sri Kulkarni that, the load shedding is rampant and as a result, the consumers are made to suffer without power for long hours. Smt. Latha Krishna Rao, MD, KPTCL, explained the difficulties being faced by KPTCL in managing the loads at different hours of the day. She assured the members that, KPTCL would

take all steps which are necessary for managing the load during peak hours and during the times of system constraints.

**25.13 Uniform Tariff:** Sri Tushar Girinath, Managing Director BESCO stated that, to make the tariff uniform, the Government is allocating the power, which is being purchased from different sources. He also pointed out that, the proposed increase in tariff (of 51 paise per unit) does not fully cover the gap and hence the Commission could approve the same by treating the uncovered gap as Regulatory Asset. Chairman clarified that if uniform tariff has to be introduced, the difference of cost between ESCOMs has to be borne by the Government.

**25.14 DSM in BESCO:** Sri B.G.Rudrappa informed the Members that BESCO has the National Award on implementation of DSM measures in BESCO. The Chairman and others members complimented BESCO.

A list of members present, members absent (with notice / leave of absence) and members absent (with out notice) is enclosed vide Annex .

The Chairman thanked all the members and concluded the meeting.

Sd/-  
**Chairman**

No: J/02/1/

Dated: 02.12.2009

**Secretary**

**Copy to**

PS to Chairman/Member (H)/Member (S)

Secretary/ Director (Tech)/ Director (Tariff)

DD(Distribution)/ DD (DF)

Consultants (Tech) 1,2&3,

Consultant (CA)/TAC/ Consultant(Legal)/ PRO/AO

Copy to all the members of the Advisory Committee.