

CHAPTER – 2

SUMMARY OF FILING & TARIFF DETERMINATION PROCESS

2.0 Background for Current Filing:

The Commission in its Tariff Order dated 9th June, 2021 had approved the revised Annual Revenue Requirement (ARR) for FY22 duly considering the revised ARR for FY20 consequent to APR for FY20 and has revised the Retail Supply Tariff of BESCOM for FY22 under the MYT principles. The BESCOM, in its present application filed on 30th November, 2021, has sought APR for FY21 based on the audited accounts, approval of ARR for FY23 to FY25 and Retail Supply Tariff for FY23.

The BESCOM, in its application, has also made certain proposals as discussed in the Chapter-6 of this Order.

2.1 Preliminary Observations of the Commission:

After the scrutiny of the applications, the Commission communicated its preliminary observations to the BESCOM vide letter dated 8th December 2021. The preliminary observations were mainly on the following points:

- Energy Sales
- Capital Expenditure
- Assessment of IP set consumption
- Power Purchase
- RPO Compliance
- Distribution Losses
- Wheeling Charges
- Cross Subsidy Surcharge and Additional Surcharge
- Issues pertaining to items of revenue and expenditure
- Compliance to Directives.

The BESCOM has filed its replies to the Preliminary observations on 20th December, 2021. The replies furnished by the BESCOM are considered and discussed in respective Chapters of this Order.

2.2 Acceptance of Applications and Publication of Notices:

The Commission vide its letter dated 22nd December, 2021 informed the BESCOM that, its application filed on 30th November, 2021, for APR of FY21, approval of ARR for FY23 to FY25 and revision of retail supply tariff for FY23, in the BESCOM area, has been treated as a petition, in terms of the Tariff Regulations, subject to further verification / clarification and directed it to publish a summary of the application in the leading newspapers in the distribution area of BESCOM.

2.3 Public Hearing Process:

As per the provisions of the Electricity Act, 2003, 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 **22nd December, 2021** treated the application of the BESCOM as a petition and directed the BESCOM to publish the summary of the application for APR of FY21, approval of ARR for FY23 to FY25 and Revision of retail supply tariff for FY23 in the newspapers, and call for objections from the interested persons/stakeholders.

Accordingly, the BESCOM has published the Notices in the newspapers as follows:

Name of the News Paper	Language	Date of Publication
The Indian Express	English	24.12.2021 &
The Times of India		
Prajavani	Kannada	25.12.2021
Vijayavani		

The BESCOM's application on APR of FY21, Revised ARR and revision of Retail Supply Tariff for FY23 to FY25, were also hosted on the web-sites of the BESCOM and the Commission, for the ready reference and information of the stakeholders and the general public.

In response to the application of the BESCOM, the Commission has received **ten** written objections with affidavit and **one** without affidavit, within the time stipulated for filing the objections. The BESCOM has furnished replies to all the above objections. The Commission has also held a Public Hearing on **14.02.2022** at the Court Hall of the Commission in Bengaluru 18 persons made oral submissions during the public hearing. The details of the written / oral submissions made by various stake holders and the response from the BESCOM thereon have been discussed in Chapter – 3 and Appendix-1, appended to this Order.

2.4 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 14th March, 2022. During the meeting, the KPTCL and ESCOMs made brief presentations on important issues in the tariff application filed before the Commission. Discussions were held on various issues pertaining to the tariff revision.

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