

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 ARR for FY22 duly considering the deficit / surplus of FY20 consequent to APR of FY20, and the Revised Retail Supply Tariff of MESCOM for FY22 under the MYT principles. The MESCOM, in its present application filed on 30th November, 2021, has sought approval for the Annual Performance Review (APR) for FY21 based on the audited accounts, Approval of ARR for FY23 to FY25 and Revision of Retail Supply Tariff for FY23.

2.1 Preliminary Observations of the Commission:

After preliminary scrutiny of the application, the Commission had communicated its observations to the MESCOM on 10th December, 2021. The preliminary observations were mainly on the following points:

- Sales Forecast
- Capital Expenditure
- Assessment of Sales to IP sets
- Distribution Losses
- RPO Compliance
- Power Purchase
- Wheeling Charges
- Cross Subsidy Surcharge & Additional 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 vide letter dated **20.12.2021** and was received in the Commission's on **23rd December 2021**. The replies furnished by the MESCOM are considered in the respective Chapters of this Order.

2.2 Acceptance of Applications and Publication of Notices:

The Commission vide its letter dated 24th December, 2021 informed the MESCOM 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 MESCOM area, has been treated as a petition, in terms of the Tariff Regulations, subject to further verification and validation and directed it to publish a summary of the application in the leading newspapers in the distribution area of MESCOM.

2.3 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 24th December, 2021 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	28.12.2021
The Hindu		
Udayavani	Kannada	29.12.2021
Vijayakarnataka (Mangalore & Shimoga Edition)		
Vijayavani (Mangalore & Shimoga Edition)		

The MESCOM's application for APR for FY21, Approval of ARR for FY23 to FY25 and Revision of retail supply tariff for FY23, were also hosted on the web sites of the MESCOM and the Commission, for the ready reference and information of the stakeholders / general public.

In response to the application of the MESCOM, the Commission has received **one** written objections with affidavit, within the time stipulated for filing the objections. The MESCOM has furnished its replies to all the objections. The Commission has held a virtual Public Hearing on **21.02.2022** 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.

2.4 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 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.