

## CHAPTER – 3

### PUBLIC CONSULTATION

#### SUGGESTIONS / OBJECTIONS & REPLIES

**3.1** In accordance with the provisions of Section 64 of the Electricity Act, 2003, the Commission has undertaken the process of public consultation and has invited suggestions/views/objections from the interested stake-holders and the general public, on the application filed by BESCOM for Annual Performance Review (APR) for FY21, approval of Annual Revenue Requirement (ARR) for FY23 to FY25 and the Retail Supply Tariff for FY23. The Stake-holders and the public have submitted comments/objections/suggestions through written submissions to the Commission. The names of the persons who have filed written objections are given below:

#### List of persons who have filed written objections

Sl. No	Application No.	Name & Address of Objectors
<b>With Affidavit</b>		
1	BA-01	M/s. S.K. Steel Tech Pvt. Ltd., #162/A/34/2, 3 <sup>rd</sup> Main Road, Industrial Town, Rajajinagar, Bengaluru – 560 010
2	BA-02	Sri. P. Shashidhar, Administrator, KASSIA, 2/106, 17 <sup>th</sup> Cross, Magadi Chord Road, Vijayanagar, Bengaluru – 560 040
3	BA-03	Dr. I.S. Prasad, President, FKCCI, Federation House, Kempegowda Road, Bengaluru – 560 009
4	BA-04	Sri. M. Shyam Bhat, Managing Director, Toolcomp Systems Pvt. Ltd., No. 14-B, KIADB, Industrial Area, 2 <sup>nd</sup> Phase, Kumbalagodu, Kengeri Hobli, Bengaluru – 560 074
5	BA-05	Sri. Venkatesh S. Arbatti, Advocate, VHVK Law Partners, #3 & 4, Lakeside Residency, No. 4, Annaswamy Mudaliar Road, Bengaluru – 560 042
6	BA-06	M/s. Anekal Taluk Green House Farmers Welfare Association (R), No. 154, Garden House, Beside Guddahatti Heritage Milk Dairy, Guddahatti Raoad, Attibele Hobli, Anekal taluk, Bengaluru – 562 107
7	BA-07	Sri. Manjunatha G, Chandapura No. 153/5, Bengaluru – 560 081
8	BA-08	Shiva Kumar. R, Hon. Secretary, No. 18/B, 1 <sup>st</sup> Cross, 1 <sup>st</sup> stage, Peenya Industrial Estate, Bengaluru – 560 058

Sl. No	Application No.	Name & Address of Objectors
9	BA-09	Sri. S.M. Hussain, Peenya HT Consumer Okkuta, Plot No. 5 and 6, Karihobana Halli, Near Peenya 2 <sup>nd</sup> Stage, Bengaluru – 560 0058
10	BA-10	Sri. M. Krishnamurthy, Secretary, Rajajinagar Industrial Association, FF-5, Sterling Towers (Garments Complex), 2 <sup>nd</sup> Floor, KSSIDC Industrial Estate, 6 <sup>th</sup> Block, Rajajinagar, Bengaluru – 560 010
<b>Without Affidavit</b>		
11	BB-01	Sri. I.G. Rudresh, Honorary General Secretary, Karnataka State Licensed Electrical Contractors Association (R), No. 33, Avenue Road, Bengaluru – 560 002

The objections/ suggestions mainly pertain to:

- i. Tariff;
- ii. Quality of Power Supply and Service;
- iii. Compliance of Commission's directives; and
- iv. Certain specific requests.

The Commission has received few objections after the due date, which is noted by the Commission.

The list of the persons who have filed the **written objections after the due date** are as follows:

Sl. No.	Application No.	Name and address of the Objector
12	BB-02	Sri. N. Satish, Founder President, Industry and Trade Forum, Divya Krupa, No. 12, 5 <sup>th</sup> Main, 6 <sup>th</sup> Cross, RMS Colony, Behind Sanjay Nagar post office, Bengaluru – 560 095
13	BB-03	Sri. Raghavendra Rao Pai, No. 47, 27 <sup>th</sup> Cross, AECA Layout, Marathhalli, Bengaluru – 560 037
14	BB-04	Sri. Jogendra Behera, VP (Market Design & Economics) Indian Energy Exchange, Plot, No. C-001/A/1, 9 <sup>th</sup> Floor, Max Towers, Sector 16B, Noida, UP-201301
15		Dr.L.Hanumanthaiah, Member of Parliament, Rajya Sabha
16		Sri V.Gnanamurthy, Convenor, Karnataka Electricity Consumers Association, Bangalore.
17		Sri V.Gopal Rathnam, Secretary, Consumer Care Society, Bangalore

The Commission, in accordance with the provisions of Section 64 of the Electricity Act, 2003, conducted Public Hearing held on 14.02.2022 on the BESCOM's Tariff Application for Annual Performance Review for FY21, approval of ARR for FY23 to FY25 and the Retail Supply Tariff for FY23.

During the Public Hearing. The Managing Director, BESCOM made a brief presentation regarding truing-up for FY21 and their proposal for tariff revision for FY23-25. During the presentation, he highlighted the profile of BESCOM, category-wise break-up of sales and revenue.

BESCOM has projected a revenue gap of Rs.2185.29 Crores and Rs.2424.27 Crores for FY21 and FY23, respectively. Accordingly, BESCOM has requested for a tariff hike of Rs.1.58/unit for FY23. BESCOM submitted that power purchase costs constitute 64% of the total expenditure, transmission charges and operating costs constitutes 15% and 21%, respectively. BESCOM stated that increase in actual expenditure as compared to the approved expenditure is due to allocation of costlier thermal energy, increase in PGCIL and KPTCL transmission charges, etc. Also, there has been an increase in per unit cost of KPCL Hydel, KPCL thermal energy, UPCL, Renewable Energy/Others by Rs.0.09 per unit, Rs.0.52 per unit, Rs.1.75 per unit, Rs. 0.33 per unit, respectively. BESCOM informed that it has paid nearly Rs.1278.26 Crores towards fixed cost without purchasing any power from thermal stations having higher variable costs due to reduction in the sales of HT and commercial category of consumers. There has been a reduction in actual sales to the tune of 2000 MU as compared to approved values for FY21. Thus, BESCOM has realized Rs.4691 Crores less than the approved revenue due to reduction in sales at 9.24% on a YoY basis for FY2021. For FY23, BESCOM has computed that total expenditure as per norms at Rs.26287.03 Crores and has arrived at a revenue gap of Rs.2424.27 Crores. BESCOM, in its presentation has submitted that there has been an increase in PGCIL charges by 27% and that of KPTCL by 10%.

BESCOM submitted that only 17% of the FC is recovered through demand charges. As such, BESCOM has requested the Commission to consider an increase in the fixed charges and decrease in the energy charges for all HT consumers. BESCOM informed that there are approx. 500 EV charging stations in Bengaluru. BESCOM is considering to install 500 more number of charging stations in line with the Govt. policy. BESCOM informed that 115 consumers have availed SIS scheme and requested the Commission to discontinue the Special Incentive Scheme and Discounted Rate Energy Scheme for FY23 as well.

### 3.2 List of the persons, who made oral submissions during the Public Hearing, held on 14.02.2022.

SL. No.	Names & Addresses of Objectors
1	Shri. Shrinath Bhandari and Shri. Mallappa Gowda, KASSIA
2	Shri. S.M Hussain, Peenya Industries Okkutta
3	Shri. Y. Somanna, Farmer Anekal
4	Shri. B. Lokesh, Farmer Anekal
5	Shri. Soumyadeep Das, NIAS
6	Shri. K. Naresh, HDPE, Fabric Manufacturing Association
7	Shri. Luke Dhanaraj, Vice President, Bangalore Apartments' Federation
8	Shri. G. N. Krishnappa, Electrical Contractor
9	Shri. B.V. Narasimhaiah, SLN Industries, Peenya Industries
10	Shri. Suresh Babu, FKCCI
11	Shri. Rohit Rao, SK Steels & TMT Bars
12	Shri. Venkatesh Arabatti, Advocate, BWSSB
13	Shri. Lakshmikantha and Shri. Murli Krishna, Peenya Industries Association
14	Shri. Shankar Nesargi, Doddanavar Global Energy Private Limited
15	Shri. K. Gnanamani TKML, Bidadi
16	Shri. Balaji Iyer, Sun Mobility
17	Shri. Arun Kumar, PG Owners' Association
18	Shri Shridhar Prabhu, Advocate

Following are the additional points raised during the Public Hearing:

1. BESCOM has not collected developmental charges from M.S. Building, Bengaluru and due to this BESCOM is incurring addition loss of Rs.1000 Crores.
2. Minimising the monetary losses incurred due to misuse of funds, while implementation of civil/electrical works will improve the finances of BESCOM.
3. BESCOM has not extended HT and LT lines and accordingly, BESCOM has collected less development charges to the tune of Rs.500 Crores.
4. The HT sale have reduced on y-o-y basis from past 5-6 years due to higher tariff.
5. For availing the benefits under the incentive scheme implemented by the ESCOMs, a consumer has to procure energy more than the base consumption, where the base consumption is computed on the energy consumed during the pre-covid era. Considering the reduction in sales due to COVID pandemic, it is not possible for the industries to consume more than the base consumption.
6. Most of the thermal stations are 30 years old and have already been depreciated. A such, increase in FC should only be made applicable to OA consumers.
7. BESCOM officials should go to the field and address the consumer complaints in order to bring the consumers back to the grid.
8. Efforts should be made to reduce the power purchase costs.
9. Excess capital expenditure over and above the approved expenditure, incurred by the ESCOM should be disallowed.
10. Schedule of rates is not being considered by BESCOM while implementing the UG cabling project. There is an increase of 200% in the rates when compared to schedule of rates and no transparency is being maintained while implementing the UG cabling project.
11. Burdening the consumers with increased tariff due to inefficiency of BESCOM is not correct.
12. Dues from the Government and Urban and Rural local bodies should be collected by disconnecting the supply.
13. More Hydro power should be allocated to BESCOM.

14. Any expenditure, over and above the approved expenditure should be disallowed.
15. LT-4 consumption is less in BESCOM and as such the excess power should be sold to the industries at a reduced price to reduce the overall per unit cost of the energy sold to the industries.
16. Cross-subsidy should be within  $\pm 20\%$  of the average cost of supply.
17. Relaxation in ToD tariff should be continued for the full year.
18. Solar roof-top is not being encouraged by BESCOM.
19. Red tapism to be reduced.
20. Reduction in the per unit energy charges will improve the sales.
21. Energy auditing should be conducted.
22. ESCOMs should complete the metering of DTCs in a time bound manner.
23. Faulty meters and CTs should be replaced timely. Directives of the Commission in this regard are not being followed by the ESCOMs.
24. ESCOMs are not providing the services in a time bound manner as specified under Standard of Performance (SOP). There has been delay in servicing the additional load and in providing supply to the consumers. SoP books should be distributed among officials of BESCOM.
25. Cases should be booked under Section 135 of the Electricity Act, 2003 in case of theft of electricity. Assessing officer should assess the quantum of theft of energy.
26. Incentives and schemes should be extended to LT industrial consumers also.
27. The tariff for MSME category should be reduced by Re.1.00 per unit.
28. Representing of Peenya Industries Okkutta, submitted that any further increase in tariff is detrimental to the health of industries as well as to the health of ESCOMs, classical example being BSNL.
29. RTPS units should be modernised to increase its efficiency and bring down the per unit cost of generation.
30. Frequent consumer Interaction meetings should be conducted.
31. ESCOMs may be privatised in order to increase competition and improve the quality of service.

32. The number of consumer tariff categories should be reduced and voltage-wise tariff should be implemented. Public participation is required in bringing new EV policy.
33. BESCOM should illustrate the details of per unit cost of power purchase incurred and the per unit realisation rate in the paper notification for tariff petition. It is desirable that BESCOM may publish all the details in a public notice, justifying the increase in tariff.
34. There should be a new category introduced under the agriculture category for horticulture activities.
35. Greenhouse and Floriculture activities should be included under agriculture category.
36. As BESCOM has achieved 100% feeder segregation, agriculture load can be shifted to solar to reduce subsidy dependency.
37. Old power plants, those who have completed their useful life should be retired.
38. Old tariff rates should be continued for LT3 category to HT2(b) category of consumers.
39. AT&C losses in BESCOM during FY20 are higher than the FY 2015-16 level of 13.88%.
40. The major factors contributing to the decline in the performance ratings of BESCOM (from 'A+' in FY18 to 'B+' in FY20 as per Ministry of Power) are as follows:
  - a. Un-metered sales are as high as 25% of the total electrical energy sold in FY20.
  - b. Only 31.13% of the total Distribution Transformer (DT) were metered at the end of financial year 2019-20.
  - c. Due to prolonged overloading, the DT failure rate during FY20 is reported to be 8.07%.
  - d. The status of metering for Agriculture consumers (IP set less than 10HP) is 0%, though it is compulsory to install a meter for the supply of power as per the Electricity Act 2003.
  - e. 45,756 number of street lights operating without timer switches as of FY20.

- f. Power Purchase Cost (PPC) incurred by BESCOM during FY20 amounted to Rs. 19,345 Crores which accounts for 84% of its Annual Expenditure. In the last four years i.e., FY16 to FY20, the KERC has approved an average PPC increases by a CAGR of 8% compared to the Wholesale Price Index (WPI), which has increased by a CAGR of 3% during the same period. The escalation in PPC has primarily contributed to the widening of the ACS-ARR gap from Rs. -0.01/kWh in FY 2015-16 to Rs.0.52/kWh in FY20.
- g. To avoid 'stranded costs', PPAs with GENCOs (both thermal and renewable) must be signed based only on accurate demand forecasts by KPTCL and BESCOM instead of going by past projections (18<sup>th</sup> or 19<sup>th</sup> EPS) that are no longer valid due to the COVID-19 impact on electricity demand.
- h. Taking advantage of 100% feeder segregation and surplus solar power, BESCOM can reduce their subsidy dependence by encouraging solar power for agriculture.
- i. GOK may consider directing BESCOM to appoint 'Distribution Franchisees' (DFs) with a suitable 'risk-reward' structure to improve its 'revenue' and 'operational performance', without 'hampering' the Government ownership.
- j. Tenure of the Managing Director, Director Technical and Director Finance/Chief Financial Officer (the core decision making body of a DISCOM) should not be less than five years.
- k. Top-performing employees of BESCOM must be rewarded with incentives.
- l. Penalties must be imposed on underperformance after following due process.
- m. Improvements in the Human Resource Management process, they can also ensure that the interest of the employees are aligned with the interest of BESCOM.
- n. The Commission should enable more participative Public Hearing where the DISCOMs can explain the proactive steps taken by them to address the steep tariff hikes.



- o. Phase-wise Regulatory Asset liquidation process should be carried out so that consumers do not suffer a serious of tariff hike.
41. The ESCOMs are purchasing power at Rs.3 to Rs.3.50 per unit and are selling at Rs.8 to Rs. 8.50 per unit. As such, there is no question of the ESCOMs making a loss in their operations.
  42. ESCOMs are providing free/subsidised power to certain sections of the society and industries have to bear the cost of the same. GoK should reimburse these amounts.
  43. Fixed charges should be removed on existing units who have been paying fixed charges for more than 10 years.
  44. Unjustifiable proposal to increase tariff should be dropped.
  45. The Commission should specify a time limit for recovery of Fixed charges and then the recovery of fixed charges should be stopped. Increase in FC should not be allowed.
  46. Increase in tariff hike for LT-2 (a)(1) category of consumers is strongly opposed. It is proposed that the current tariff should be continued during the next financial year as well. The proposed revision of monthly fixed charges to Rs.200/- per KW from the existing rate of 95/- per KW for the category 5 to 10 KW will increase the energy bills by a whopping 25% or more. BESCOM should improve its operational, distribution and collection efficiencies instead of hiking the tariff as a regular and repeated go-to revenue realization strategy.
  47. The fixed charges on EV Charging Stations should be waived for at least a finite period of 5 years.
  48. Power theft should be reduced.
  49. High transformer failure rate due to lack of timely maintenance. Hence the cost of failure of transformers due to improper maintenance should not be passed on to the consumers. Further, details of periodical oil change and replacement of spares and its date should be displayed on the transformer centres. BESCOM has not complied with the Technical Standards as specified under CEA (Technical standards for Construction of Electrical Plants and Electric Lines) Regulations, 2010 in respect of installation of correct capacity of transformers.

50. 0.2S accuracy class energy meters should be purchased and implemented.
51. Details of meter security deposit is not indicated in the ledger. Meter details to be noted in the ledger.
52. Applications should be serviced on first come first serve basis. Meetings with BESCOMs in this regard has not resulted in any fruitful outcomes.
53. Infrastructure charges are not being collected properly by BESCOM.
54. BESCOM is installing higher capacity transformers resulting in incurring higher capital expenditure.
55. Temporary connections should be billed on monthly basis.
56. Temporary meter rent should be collected from the consumers.
57. Service Certificates should be issued by BESCOM to the consumers highlighting the details of connected load. Temporary installation should be taken over by the ESCOMs after paying the depreciated costs.
58. Circulars issued by BESCOM should be in line with the Regulations issued by the Commission.
59. Solar concession should be given to the consumers from the first month itself after the installation.
60. FC should be reduced proportionately for the period when there is no power supply.
61. Consumers struggle to get reconnection in case power gets disconnected due to non-payment of electricity bills.
62. Servers for making online electricity bills payment facility is down/slow most of the times.
63. Nobody is supervising the UG cable works. There is no accountability in case of theft or loss of material property.
64. EODB not being implemented properly. The consumers have to run from pillar to post to get new electricity connections.
65. In case the transmission and distribution losses are reduced, there won't be any necessity for increase in tariff.
66. BESCOM has determined the voltage-wise cost of supply on assumptions as against the actual cost incurred towards supplying the energy to consumers at various voltage levels. ESCOMs should consider the actual data to arrive

at the actual cost of supply in view of gradual transition from average cost of supply to voltage-wise cost of supply according to the Government Policies. The ESCOMs have not provided enough justification for the proposed increase in FC charges for HT-2 category of consumers by 72%. Hence, the increase sought is not justified.

67. Time-line should be specified to reduce the cross-subsidy.
68. In accordance with the Sections of EA, 2003, the subsidy should be paid in advance by the GoK to the ESCOMs. Otherwise, the connections should be disconnected.
69. Excess amount paid by ESCOMs for the purchase of power should be disallowed.
70. The losses in few feeders lies in the range of 15-20% should be reduced.
71. ESCOMs have sold excess energy at Rs. 2.38 per unit in the power exchange, the same may be sold to industries at the same rate.
72. Approved capex has not been incurred and accordingly, benefits have not been passed on to the consumers.
73. Detailed analysis of the losses incurred at DTC level/feeder level has not been provided by BESCOM.
74. Regular training should be provided to the staff regarding usage of safety gears.
75. The increase in FC should be collected from the Govt.
76. In line with captive and solar energy generators, wind energy generators should also be exempted from payment of cross-subsidy surcharge.
77. Increase in FC discourages Open Access.
78. Banking facility should be continued.
79. Incentive schemes should be considered providing reduction in cross-subsidy.
80. Increase in FC should commensurate with increase in assets.
81. Tariff hike may be delayed as the demand has still not picked up owing to Covid pandemic.
82. Low cost solar power from Pavagada may be allotted more to BESCOM to bring down the costs.

83. EV adoptability may be improved by adopting the following:
- a. Fast tracking New EV Connection:
    - Fresh connection may be issued within 7-10 days.
    - Official communication regarding rejection / acceptance of new connection should be made within 48 hours of application.
  - b. Multiple connection at Single point:
    - Documentation process for new connection is tedious for new connection in case of lease rentals, especially if connection is to be taken in the name of company.
    - Allowing multiple EV connections at same place based on NOC from the Landowner / Lease Agreement with Landowner.
  - c. Rationalizing demand note charges for new EV connection:
    - For new connection cost of demand note generated varies for each location depending on techno-commercial feasibility.
    - Fixing demand note charges for new connection e.g., to Rs. 2000/ KVA will help to fast track the application process.
    - At few locations in BESCOM, development charges are significantly higher than standard demand note charges.
84. Farmers should not be discriminated based on the produce.
85. Tariff proposals are not backed by Board Resolutions. Audited accounts are not being filed. Cost of per unit supply of all the ESCOMs are different which may be investigated.
86. Who is paying for unauthorised IP sets may be investigated.
87. FC should be paid by IP sets as well.
88. BESCOM has paid CSR of Rs.3 Crores, which indicates that BESCOM is a profit making company.
89. BESCOM should submit the detail regarding capitalisation of MSD.
90. Depreciation being a controllable expenditure should not be allowed more than the approved values.
91. Cost audit reports should be submitted by the ESCOMs.
92. Consumers should not be burdened on the account of shortfall in the subsidy claims to the tune of Rs.178 Crores from the GoK.

93. Power purchase from Udupi and Jurala power projects has not been approved by the KERC. Hence, the power purchase cost incurred on account of purchase of power from those projects should be disallowed.
94. BESCOM should submit the details of wheeling charges collected by them.
95. Over the years, due to lower water table the farmers have started using higher than 10 HP pumps. BESCOM should ensure the rating of the IP sets for claiming the subsidy.
96. BESCOM is showing zero Cross-subsidy for FY22-23.
97. Funds towards consumer education is not being spent by BESCOM.
98. Amount incurred towards providing solar rebate and other incentives for increase in sales, should not be passed on to tariff and collected from other consumers.
99. SLDC should be established as an independent entity.
100. If required, the Commission should conduct one more Public Hearing w.r.t tariff proposal of BESCOM.

### **3.3 BESCOM's response:**

MD, BESCOM informed that BESCOM is committed to increase the number of EV charging stations in their area of operation and as such they have started a single window clearance system for its approval. BESCOM has submitted that it has signed long-term power purchase agreement with the generators in the past to meet the power requirement and the FC burden is arising on the account of stranded thermal generation capacity due to reduction in sales due to covid-19 pandemic and also in order to accommodate the RE generation having must run status. Further during the evening peak hours, there is no RE and as such BESCOM is forced to purchase costly power.

The captive generators are exempted from paying cross-subsidy surcharge in accordance with various policies of the Government and accordingly, the same is being passed on to other consumers.

In order to improve the consumer service, BESCOM has now implemented 'Model sub-division' concept by considering each sub-division units as business units.

BESCOM also informed that there are many issues with the existing DTCs as they were installed approx. 10 years back and also due to over-loading. BESCOM submitted that they are committed to 100% DTC metering.

BESCOM has submitted that the other issues raised are covered in the written replies and the other issues not covered would be looked into and appropriate action would be initiated as per law. Further, BESCOM informed that the AG Audit Report has been completed and they will submit it to the Commission in due course of time.

### **3.4 Commission's Views:**

The Commission has taken note of the issues raised by the Petitioner and the replies from BESCOM thereon. As regards, retiring of old plants, the Commission directed the objector to make a detailed presentation in this regard to the GoK. The Commission directed BESCOM to:

- a. look into the unresolved non-tariff issues and attend to them on priority.
- b. keep the field officers updated about all the Rules and Regulations and implement all the Rules and Regulations from the date of notification in the gazette.
- c. display the details of transformer maintenance undertaken along with next due date for maintenance.