

**APPENDIX – 1****Statement showing the objections of the Stakeholders/Public, BESCOM's Response and the Commission's Views thereon**

<b>Objections on Tariff Issues:</b>	
<b>Objections</b>	<b>Replies by BESCOM</b>
1. As per Clause 2.7.1 of the MYT Regulations 2006, an application for determination of tariff for any financial year, should be made not less than 120 days before the commencement of such financial year and hence, this application is not maintainable.	BESCOM has filed Truing up application for FY16, and Annual Revenue Requirement for FY18 and Tariff revision for FY18 on 30.11.2016 within the time limit as per regulation of 2.7.1 of the MYT Regulations.
<b>Commission's Views:</b> The reply furnished by BESCOM is acceptable.	
2. BESCOM should have clearly indicated the steps taken for improvement of efficiency after the issue of the latest order by Hon'ble Commission and also the efficiency gains as per the earlier orders issued, which could be ultimately transferred to the consumers proportionately. In the absence of any specific gains the application is not maintainable.	BESCOM has filed the Truing up of FY16 based on Audited Accounts for FY16. The Annual Revenue Requirement for FY18 and Tariff revision for FY18 is sought based on the projections of sales and power purchase with respect to historical data. Truing up for FY16 is placed before the Commission with comparison of Commission's approved figures versus actual figures for FY16 along with the explanation. Efficiency gains will be measured by the Commission and the Commission will decide about sharing of gains duly considering the approved targets.
<b>Commission's Views:</b> The reply furnished by the BESCOM is noted and the APR is carried out as per the MYT Regulations.	
3. Regulatory asset of Rs.305.50 Crores pertaining to FY13 mentioned in the truing up of FY16 sought to be recovered in FY18 after a lapse of 4 years, is supposed to be recovered from the Government. Hence the petition is not maintainable.	While approving the APR for FY 15, an amount of Rs. 611.00 Crores was set aside as regulatory asset to be recovered in the tariff over the next two years (FY 16 and FY 17) and also the Commission had decided to allow carrying cost at 12% on the regulatory asset to be assessed at the time of Annual Performance Review for FY15 and FY16. Hence, an amount of Rs.305.50

	<p>Cr. is considered for FY18.</p> <ul style="list-style-type: none"> <li>• The State commission should have allowed the carrying cost at the prevailing market lending rate for the carrying cost so that the efficiency of the distribution company is not affected.</li> <li>• A regulatory asset is a deferred expenditure to be recovered from the future consumers. In order to avoid tariff shock to its consumers, the revenue recovery although recognized, is deferred for the future.</li> <li>• The Regulators do permit carrying costs of Regulatory Assets to the distribution utilities to manage their cash-flow requirements. However, interest cost allowed for short term borrowing costs, to meet the shortfall in revenue is not sufficient.</li> <li>• This affects the ability of BESCOM to raise commercial debt in the market, as the Company's balance sheets get compromised on account of building up of its Regulatory Assets.</li> </ul>
<p><b>Commission's Views:</b> The Commission, duly taking note of the reply by BESCOM, has dealt with the matter suitably in the relevant chapter of this Tariff Order.</p>	
<p>4. Truing up arrears of Rs.367.33 Crs. pertaining to FY14 considered for recovery in FY18, will be a burden on the consumers. Normally, truing up exercise results in reduction of the revenue gap rather than increase the same.</p>	<p>BESCOM's ERC filing considers 12% as carrying cost on the deficits of FY-13 and FY14 and not Rs.305.5 Crs, as stated by the objector.</p> <p>The Commission, which allows working capital on normative basis in line with the MYT regulations, cleared the deficit of Rs.367.33 Crs. for FY14 as it was found to be complying with MYT regulations. BESCOM normally projects both actual and approved realizations in the true up exercise to work out the actual deficit and seeks approval for the expenditure incurred over and above the realization</p>

	<p>duly allowing a carrying cost limited to 12%.</p> <p>A CRISIL study states that the realized tariff as a percentage of cost is 74% in India compared to 115-120 percent in developed countries.</p>
<p><b>Commission's Views:</b> The Commission has dealt with this matter in the appropriate chapter of this Tariff Order.</p>	
<p>5. Truing up arrears of Rs. 2096.34 Crs pertaining to FY16, as against the approved gap of 700.28 Crs, considered for recovery in FY18, after a lapse of 2 years, will burden the consumers. As a matter of fact, truing up exercise should result in reduction of the revenue gap rather than increase the same and the deficit due to the inefficiency of BESCOM should not be loaded on to the consumers.</p>	<p>Any proposal from BESCOM and the approval of KERC are subject to truing up based on the actual transactions. All power purchases made with the approval of the Commission, accounts for 86% of the expenditure and a minor variation in the cost of power purchase will have a huge impact on cash analysis. As against the approved average power purchase cost of Rs.3.89/unit, BESCOM has incurred a cost of Rs.4.32/unit for FY16.</p>
<p><b>Commission's Views:</b> The Commission has dealt with this matter suitably in the relevant chapter of this Tariff Order.</p>	
<p>6. As per the National Tariff Policy, the cross subsidy should be within <math>\pm 20\%</math> of the cost of supply and the Tariff determination should be based on the cost of supply. The IP sets are subsidized by the other categories of consumers mainly the Industrial sector and the cross subsidy payable by Industrial consumers should be reduced.</p>	<p>Cost to serve is a process-driven accountancy tool to calculate the profitability of a customer, based on the actual business activities and costs incurred to serve the customer. In the context of supply chain management, it can be used to analyze how costs are consumed throughout the supply chain. But it is not applicable to BESCOM.</p> <ul style="list-style-type: none"> <li>• The cross subsidy for a consumer category is the difference between cost to serve that category of consumers and average tariff realization of that category of consumers. While the cross-subsidies have to be reduced progressively and gradually to avoid tariff shock to the subsidized categories, the cross subsidies cannot be eliminated.</li> </ul>

	<ul style="list-style-type: none"> <li>• The tariff for different categories of consumers may progressively reflect the cost of electricity to the consumer category but may not be a mirror image of cost to supply to the respective consumer categories.</li> <li>• Tariff for consumers below the poverty line will be at least 50% of the average cost of supply.</li> <li>• Further, the Commission is governed by the National Tariff Policy in fixation of tariff.</li> </ul>
<p><b>Commission's Views:</b> The Commission has dealt with this matter in the appropriately in the relevant chapter of the Tariff Order. The Commission's endeavor is to reduce the cross subsidies gradually.</p>	
<p>7. Though the average cost of supply is Rs.5.69 per unit, IP Sets are charged at Rs.2.38 per unit and the difference is passed on to the other consumers through cross subsidy.</p>	<p>The Tariff design of the <b>National Tariff policy</b> is reiterated “.....Consumers below poverty line who consume below a specified level, as prescribed in the National Electricity Policy may receive a special support through cross subsidy. Tariffs for such designated group of consumers will be at least 50% of the average cost of supply.....”</p> <p>The tariff subsidy is aimed at providing concessional rates to farmers, with IP sets of 10HP and below, who are considered as small farmers and classified under LT4a tariff. Hence, a special support, as per the National Tariff Policy, is extended by the Commission. An arrangement is made to supply 3 phase power for a period of seven hours only for farm sector which requires about 30% of the BESCO's consumption. Further, Government of Karnataka has initiated Suryaraitha scheme, on a pilot basis, to harness Solar Energy for the benefit of the farmers, who can sell excess power, if any, to the Government.</p>
<p><b>Commission's Views:</b> The reply by BESCO is noted.</p>	

<p>8. Actual ARR of Rs.15917.96 Crs for FY16 is Rs.1499.23 Crs. more than the approved ARR and additional outlay sought in the petition should not be approved. A large number of HT consumers going out of BESCO grid is a matter of concern and needs corrective action.</p>	<p>As requisite quantum of power had not been allotted from KPCL, CGS and major IPPs, BESCO purchased power, on short term basis to meet the demand of the consumers. Therefore, the contention of objector for non-admission of the additional expenditure incurred for purchase of power during FY16 is not justifiable.</p> <p>Commission had approved HT2a sales of 5804.9 MU for FY16 in an optimistic way, whereas, the actual sales of 4593.21 MU was marginally lower by 157 MU in comparison with FY15 sales of 4750.15 MU. This clearly indicates that HT consumers have not left Karnataka but opt for open access.</p>
<p><b>Commission's Views:</b> The reply furnished by the BESCO is found to be reasonable.</p>	
<p>9. BESCO purchased 1257.419 MU lesser than the approved quantum of energy for FY16 with a resultant saving of Rs.489.16 Crs and the same should not be included in the revised ARR.</p>	<p>The tariff revision is proposed with certain assumptions and normative principles, which alter year on year due to various reasons. Final Accounts of FY16 with actual figures indicate a revenue gap of Rs.1424.40 Crs. in comparison with outlay approved by the Commission. Further, the average power purchase cost calculated with all inputs works out to be Rs.4.32, as against the approved cost of Rs.3.89 per unit. The above aspects explain the reasons for mismatch between the receipts and expenditure for the year FY16.</p>
<p><b>Commission's Views:</b> The reply furnished by the BESCO is noted. The Commission has dealt with this matter appropriately, in the relevant chapter of this Tariff Order.</p>	
<p>10. Additional capital expenditure incurred by BESCO for FY 16, i.e. Rs.1374.31 Crs. as against the approved outlay of Rs.627 Crs, should not be approved in the absence of appropriate justification</p>	<p>Commission in its Tariff Order dated 02.03.2015, approved Rs.627 Crs. as a capital outlay for FY 16, though BESCO had sought a Capex of Rs.2050 Crs.</p>

<b>Commission's Views:</b> The aspect has been dealt with suitably in the relevant chapter of this Order.	
11. Excess expenditure of Rs.216.96 Crs. incurred by BESCO for O & M activities should not be approved by the Commission.	In obedience to the Commission's directive, action initiated to recruit ground level staff and the additional cost on account of new recruitment for the year FY16 is one of the reasons for increase in Employee cost. Further, BESCO is requesting the Commission to allow Rs. 1219.34 Crs. as O&M expenditure and not Rs.1421.97 Crs. as stated by the objector.
<b>Commission's Views:</b> The reply furnished by BESCO is noted and the Commission has dealt with the matter appropriately in the relevant chapters of this Tariff Order.	
12. BESCO has not indicated the benefits of ToD metering like reduction in the peak load etc. In case, no tangible reduction is noticed in the peak load ToD metering/billing should be made optional. Morning peak is contributed by the domestic consumers and industries.	Time of Day tariff is a demand side management measure to reduce the peak (morning or evening). As per the existing ToD tariff structure, penalty at Rs.1.25 per unit is levied for the consumption during evening peak hours i.e. 6PM to 10PM and an incentive at the rate of Rs.1.00 per unit extended to the off peak consumption during 10PM to 6 AM. Since the time slots for rewarding and penalizing are divided unequally the HT consumers stand to gain. Consumers, who neither reduce the load during the peak hour nor shift the load to the off peak hours, stand to lose owing to the imposition of penalty and their failure to be rewarded with incentive. Further, BESCO welcomes the proposal of the objector to make TOD optional with the revised proposal submitted to the Commission's decision. HT consumers and domestic consumers respectively consume 50% and 25% of the total energy consumption of BESCO. Installation of solar water heater is mandatory for all new domestic consumers. Hence, the perception of the objector that the morning peak is

	due to domestic consumers is not justified.
<b>Commission's Views:</b> The Commission notes the reply furnished by BESCOM and the Commission's decision on modification in the ToD scheme is dealt with in relevant chapter of this Tariff Order.	
13. BESCOM has not produced subsidy letter for allocation of subsidy.	The details of subsidy claimed and released in respect of BJ/KJ and IP set below 10 HP are furnished in BESCOM's replies to KERC's preliminary observations.
<b>Commission's Views:</b> Reply furnished by BESCOM is acceptable.	
14. BESCOM is yet to achieve the segregation of technical and commercial losses mandated in the Tariff Policy - 2006.	AT&C losses for FY16 computed as 12.77% can be reduced further if the dues of urban and rural local bodies are cleared. BESCOM is also taking necessary action for reduction of distribution losses as per directives of the Commission.
<b>Commission's Views:</b> The reply furnished by the BESCOM is noted. However, the Commission emphasizes that, conducting energy audit is the only way for plugging leakage and to make the BESCOM viable both technically and financially.	
15. The amount of interest paid by BESCOM to the generators, for the delayed clearance of their dues, should not be passed on to the Consumers.	Commission is not passing the interest on belated payment made to the generators and BESCOM does not include the same in tariff filing.
<b>Commission's Views:</b> The reply furnished by BESCOM is noted. The Commission has dealt with the matter appropriately in the relevant chapter of this Tariff Order.	
16. Average cost of hydel and thermal power are 84.31 and 435.51 paise per unit respectively and BESCOM should utilize Hydel Power to the extent possible.	BESCOM, on a yearly basis procures approximately 35% of the total energy input from Hydel and thermal sources of KPCL and utilizes the hydel power to the extent of allocation by GOK. The escalation in power purchase cost during FY16 is owing to increase in KPCL's thermal average power purchase cost from Rs.3.90 to Rs.4.26/unit.
<b>Commission's Views:</b> The reply by BESCOM is noted and the Commission has dealt with the matter suitably in the relevant chapter of the Tariff Order.	
17. Functioning of Small Scale Industries is far from satisfactory owing to financial problems and a few have already closed their operation. The	As BESCOM is already reeling under financial crunch, a reduction of Re.1 in the tariff for small scale industries cannot be considered.

<p>power consumption of this category is quite low and a separate Tariff, Re.1.0 lower than the other Tariff, for small scale industries can be considered.</p>	
<p><b>Commission's Views:</b> The retail tariff to the consumers is being fixed keeping in view the recovery of average cost of supply and the cross subsidy levels with reference to the average cost of supply. Fixing a tariff below the cost of supply would entail meeting the balance cost either by government subsidy or through cross subsidization. In the absence of subsidy from the Government to MSMEs, extending concessions to this category would result in increase in cross subsidy levels of other categories of consumers, which is not permissible under the Tariff Policy.</p>	
<p>18. 0.66% of consumers coming under HT category contribute revenue of 45%. But, the unscheduled load shedding and frequent interruptions cause the industries an unbearable loss; many of them have already been closed due to unreliable power supply.</p>	<p>Gap between demand and supply is increasing year on year. As huge investments are required in power generation, Peenya Industries Association, an association of small scale industries, may consider an investment in power sector to help their own members. BESCOM on its part, is striving hard to provide 24X7 supply to industries. Generation from BTPS unit 3 and Yeramarus would give the industries the required relief.</p>
<p><b>Commission's Views:</b> The reply by BESCOM is noted.</p>	
<p>19. High energy intensive units such as Foundries, Forging Shops, Heat treatment shops, Blow Molding units, steel Mills etc. in Karnataka, which are under serious threat of closure, due to high power cost and competition from neighboring states, require a substantial reduction in tariff for their survival.</p>	<p>Tariff of other states cannot be compared with that of Karnataka, as the state has its own profile of energy sources and energy consumption and adopt different method of charging. Some states levy Fuel escalation charges, Reliability charges beside energy charges and impose restriction on power usage etc.</p>
<p><b>Commission's Views:</b> BESCOM's reply is acceptable.</p>	
<p>20. BESCOM has not commented on the provision: 'Subsidy should be paid by the Govt. to the ESCOMS before the commencement of the quarter. If not paid, it should be loaded on to the subsidized consumers'.</p>	<p>The details of subsidy claimed and released are illustrated at page 49 of BESCOM replies to Commission's preliminary observation.</p>



**Commission's Views:** Reply furnished by BESCO is noted. However, BESCO should ensure that its claims are met fully on time.

<p>21. Industrial consumption in respect of HT-2(a) has been steadily declining, whereas, the requirement of IP sets is increasing indicating higher requirement for the farm sector. It is also estimated that about 4682.91 MU are generated by captive generation and it is likely that industrial consumers will further move away from the grid. At present only about 35% of the consumers are meeting the entire tariff requirements. There is a huge difference in distribution cost among ESCOMs and surprisingly all of them are proposing for a uniform hike. Therefore, the authenticity of ERC figures is suspected. Allocation of high cost energy to BESCO is not in accordance with the national electricity policy and consumers of this company are discriminated.</p>	<p>The remarks of the objector that "most of the time any residual energy that needs to be accounted will be booked under IP consumption, similarly T&amp;D losses are also booked under IP set consumption" is wrong. In fact, if BESCO shows loss level more and IP consumption level less, it is advantageous to BESCO. By lowering the sales, the average cost of supply will increase. Likewise, the cost of supply will also increase, which can be passed through in tariff. (Commission will disallow the Power purchase cost to that extent, still it is advantageous). Whereas, if sales are shown on a higher side, Average cost of supply will decrease. If cost of supply decreases, pass through in tariff is not permissible, as the consumers would have reached the average cost of supply.</p> <p>In fact, Commission approved the industrial rate within the bracket of +20% of average cost of supply and the actual contribution is still less than the approved level. However, Commission would take care of the cross subsidy portion.</p> <p>Tariff revision proposal is to be allowed for the energy sector to sustain as otherwise the sector will collapse. If not the sector will suffer a lot. Approximately 8 lakhs of Irrigation consumers seek cross subsidy and almost 92% of the consumers are paying the cost. Actual realization of cross subsidy from the Industrial sector is between 11 to 13%. The relevant data seeking tariff revision is tabled before the Commission, and Commission will take care of authenticity of the documents.</p>
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**Commission's Views:** The reply by BESCO is noted and the Commission has dealt with the matter suitably in the relevant chapter of the Tariff Order.

<p>22. Sharavathi and Nagajari hydro stations have been fully depreciated and KPC should bring down the cost of energy generated by them. The cost of energy from KPC Thermal Plants is much higher than the cost at which Central generating stations supply and the same should also be reduced. Open access may be extended to the consumers drawing power even below 1 MW. Commission should publish the annual reports of ESCOMs mentioning the breakup of accumulated losses, efficiency, improvements etc. for the information of public.</p>	<p>Fixation of tariff is guided by National Tariff policy and other policy guidelines issued by the Central/State Governments. Natural resources of the State i.e., Hydel and Thermal power are allocated based on the paying capacity. At present allocation of power from State resources are done by State Government and accepted by the Commission. The relevant data seeking tariff revision is tabled before the Commission.</p>
<p><b>Commission's Views:</b> The reply by BESCOM is noted and the Commission has dealt with the matter of power purchase suitably in the relevant chapter of the Tariff Order.</p>	
<p>23. Tariff in Karnataka should be lower than the prevailing tariff of other States since major source of generation in Karnataka is Hydel, which is much cheaper than power sources like thermal / Nuclear / RE. On the contrary, the tariff in Karnataka is higher than the tariff in many other states</p>	<p>Tariff of other states cannot be compared with that of Karnataka. Each state has its own profile of energy and energy consumption. Different states adopt different methods of charging. Some states are levying Fuel escalation charges beside energy charges, Reliability charges, Restriction on power usage etc. However, it is mandatory to all the DISCOMs to file their ARR before KERC every year as per the decision of ATE vide suo-motu appeal No. OP 01/2011.</p>
<p><b>Commission's Views:</b> The reply by BESCOM is acceptable.</p>	
<p>24. Diagnostic centres currently billed under higher HT 2 (b) tariff should be brought HT2(c) (ii) as applicable to hospitals for the following reasons:</p> <ul style="list-style-type: none"> <li>• Services provided by diagnostic centres are in the nature of medical services and use of electricity as similar to use by</li> </ul>	<p>The request is not justifiable for the following reasons:</p> <ul style="list-style-type: none"> <li>• A hospital is a medical institution where sick and injured people are given medical or surgical care with required infrastructure and specialized medical and nursing staff and medical equipment. A</li> </ul>

<p>diagnostic section of any hospital.</p> <ul style="list-style-type: none"> <li>• The National Tariff Policy provides flexibility to the licensees to charge lower tariff than approved by the State Commission if competitive conditions require so without having a claim on additional revenue requirement on this account.</li> <li>• Lower tariff should make the preventive care services affordable to the lower middle class and poor families.</li> <li>• Diagnostic centre is an extended hospital literally as they work on referral by doctors and the test results are referred by them to take appropriate medical corrective decision.</li> <li>• Diagnostic centres extend internal health care by medical doctors and attendants to the patients coming for investigation/ procedures.</li> <li>• As per the provisions of the Electricity Act, similarly placed consumers cannot be discriminated in determination of tariff applicable to them.</li> <li>• Central Ministry of Power and ATE have always held that medical hospital and diagnostic centres have common functions.</li> <li>• Hospitals which were under higher tariff were reclassified under lower tariff.</li> </ul>	<p>diagnostic centre does not have all these facilities or functions.</p> <ul style="list-style-type: none"> <li>• BESCO can classify its consumers within the Commission's approved tariff and not create an additional category</li> <li>• Hospitals were reclassified under lower HT2C tariff to make available health care services at economical price. Diagnostic centres are doing business and not service. Hence diagnostic centres are classified under commercial tariff.</li> </ul>
<p><b>Commission's Views:</b> The Commission has dealt this issue appropriately in the relevant chapter of this Order.</p>	

<p>25. Under the new proposals ESCOM has sought an increase in fixed charges. The demand related, energy related and consumer related factors are vital for determination of fixed charges. BESCOM, without any record to show that the additional assets have been employed, may service a particular class of consumer and generate additional revenue.</p>	<p>BESCOM has proposed for increase in the Fixed charges as the Revenue expenditure incurred by BESCOM in procurement of energy is divided into two parts: a) Fixed expenditure and b) Variable expenditure; likewise, the charges levied on the consumers by BESCOM under Average Realization Rate (ARR) are divided into fixed/demand charges and variable/energy charges. The cost of procurement of energy from the private generators for BESCOM stands divided in the ratio of 33:67 towards fixed charges and the energy charges respectively. However, BESCOM is obligated to bifurcate its receipts (ARR) into Fixed Charges and Energy Charges in the ratio of 11:89 respectively. All other State Distribution licensees are recovering the costs in the same ratio of fixed charges and variables charges in which they procure energy from generators.</p>
<p><b>Commission's Views:</b> This issue has been suitably dealt with in the Tariff Order.</p>	
<p>26. BESCOM proposal for introduction of morning peak will cause lot of hardship to the manufacturing industries, especially MSMEs, and force them to operate in only one or two shifts.</p>	<p>The initiative to introduce Morning Peak is a Demand Side Management measure for flattening the load curve to clip off the morning peaks. BESCOM also intends to reduce the penalty levied in ToD tariff. Hence, the interest of manufacturing and MSME's are safeguarded.</p>
<p><b>Commission's Views:</b> This issue has been suitably dealt with in the Tariff Order.</p>	
<p>27. Banking facility: BESCOM's proposal to limit the period for utilizing banked energy to 3 months is not practicable for the reason that the energy requirement of a manufacturing unit depends on the market demands. Further, use of banked energy without any</p>	<p>In the existing system, power is produced by the Wind Generators, normally from May to September, irrespective of the system demand, banked and made available to the Open Access Consumers as per their demand. The Open Access Consumers generally draw power during the months, when demand</p>

<p>payment after 3 months is against the fair trade practices.</p>	<p>for power is high, and BESCOM would be obligated to procure power from other sources at high rates and supply the same to the Open Access Customers without levying any extra charge. This aspect of power transfer is causing financial loss to BESCOM.</p> <p>In the above context, BESCOM has proposed banking facility for 3 months instead of a year.</p>
<p><b>Commission's Views:</b> The reply by BESCOM is noted and the Commission will be passing a separate Order on this issue, as ESCOMs have filed separate petitions in the matter.</p>	
<p>28. In earlier tariff orders, Commission had allowed for increase of maximum demand by 20% of contract demand during non-peak hours without any penalty. This provision should be restored in the present tariff order.</p>	<p>The request to allow maximum demand of 120% of contract demand during non-peak hours cannot be considered as the MD recorded in the billing parameters cannot be differentiated as peak hour MD or non-peak hour MD.</p>
<p><b>Commission's Views:</b> The Commission in the Tariff Order dated 30.03.2016 has amended the earlier provision to bring in conformity with the provisions of the EA, 2003.</p>	
<p>29. Categorization of ready mix concrete (RMC) plant has been inadvertently left out in tariff order 2015 and 2016.</p>	<p>As per section 3.03 of Conditions of Supply of Electricity in the State of Karnataka "Licensee may classify or reclassify a Consumer into various Tariff categories from time to time as may be approved by the Commission. No additional category other than those approved by the Commission shall be created by the Licensee". If this concrete mix is purchased by a retailer and then sold to the end user, then the activity is commercial in nature.</p>
<p><b>Commission's Views:</b> The Commission, noting the reply has dealt with this issue in relevant portion of the Tariff Order.</p>	

<p>30. Form No D-18, which should provide details of Demand, Collection and Balance, is blank and the details should be made available by BESCOM.</p>	<p>Format D-18 and D-18A provide enormous statistics and are not easily printable. However, the soft copy of these forms is available on BESCOM website and also submitted to the Commission. Comparison of Sales, Revenue Demand and Revenue Realization are published in BESCOM's application.</p>
<p><b>Commission's Views:</b> The reply furnished by BESCOM is acceptable.</p>	
<p>31. Annual banking facility should be retained and the banking charges should be considered @ 2% for the actual power banked at the end of month as provided in the PPA.</p>	<p>Banking charges are determined in general by the State Commission.</p>
<p><b>Commission's Views:</b> This issue will be dealt with in a separate Order being issued by the Commission.</p>	
<p>32. ESCOMs levy a penalty for fall in power factor below 0.9 at the rate of Rs.0.03 per unit for every fall of power factor by 0.01. It would rather be fair to introduce incentive scheme for maintaining PF above 0.90.</p>	<p>Tariff, duly authorized by the regulatory authority, for most of the utilities, is based on the active energy measured at the consumer's premises. Power factor is normally maintained within the prescribed limits by installing Static capacitors, wherever, loads are more inductive in nature. Power factor penalty is imposed on HT/EHT consumers, who fail to maintain the average power factor within specified limits. In the tariff system based on kWh metering, consumers would maintain the power factor within approved limits, only if imposition of penalty is imbibed in the tariff. BESCOM imposes a measly surcharge of 3 paise, if the PF falls by 0.01. The consumers can assist to maintain the network in accordance with the Grid Code, if the power factor of their installation lies within the limits approved.</p>
<p><b>Commission's Views:</b> The maintenance of proper PF is in the interest of consumer only. PF above the threshold levels would improve the voltage of the supply to the consumers and also enable optimizing their power consumption.</p>	

<p>33. Railways carry bulk quantum of coal, crude oil etc. at a subsidized cost, which is relatively cheaper than all other modes of transport. The power charges crunch the economic operation of the Railways and a single part Tariff based on consumption alone may give certain financial relief.</p>	<p>As per the National Tariff Policy 2016, the tariff comprises of two parts - fixed and variable charges with time differentiation. Fixed cost normally constitutes 29% of total power purchase and any dip in power consumption may result in revenue loss to ESCOM and can be set off partly by collection of fixed charges.</p>
<p><b>Commission's Views:</b> The reply furnished by BESCO is noted.</p>	
<p>34. Proposed Cross Subsidy Surcharge (CSS) substantially increases the cost of energy rather than reduce the same in violation of the principles set out by KERC in its tariff Order for FY16 and FY17.</p>	<p>The cross subsidy surcharge is calculated as per the guidelines framed in the National Tariff Policy. Open Access Consumers, who use the transmission and distribution network of state utilities, should bear both the cost of network and losses, besides paying cross subsidy surcharge. The cross subsidy surcharge is levied only to the open access consumers and not the Generators.</p>
<p><b>Commission's Views:</b> The reply furnished by BESCO is noted and the determination of cross subsidy surcharge is appropriately dealt in the relevant chapter of this Order.</p>	
<p>35. Request of BESCO for true up revenues should not be accepted based on the performance and approved numbers, as evident in the audited accounts, actual revenue should be taken at Rs 14857 Crore.</p>	<p>The expenditure alone is not the cause for increased deficit year on year, but, also the poor revenue receipts. Hence, the Commission should consider the revenue receipts from sale of power for the purpose of truing up of respective years. The Commission should consider Rs. 13821.61Cr. (Rs.13712Cr. +Rs.47.46Cr. +Rs.62.16 Crs. (Misc. Revenue)) as revenue from sale of power.</p>
<p><b>Commission's Views:</b> The Commission in accordance with the MYT Regulations has to consider the other income of Rs.167.21 Crores by deduction from the revenue expenditure. The truing up subsidy of Rs.541.97 Crores booked in the audited accounts of BESCO which is a notional income recognized for the closure of the accounts is not acceptable under the provision of MYT Regulations.</p>	
<p>36. The Commission has approved a purchase of 30419 MU at an average cost of Rs.3.89 per unit,</p>	<p>Prices of each and every commodity in the market have increased over the years. Electricity is generated from hydel</p>

<p>whereas the actual purchase is lower at 29161.6 MU, almost a drop of 4%. But, power purchase cost has increased by Rs.760 Crs. because of significantly high cost of purchase at Rs.4.32 per unit</p>	<p>and thermal sources on a large scale. Due to failure of the monsoons during FY16, hydel generation was low and the ESCOMs have procured power from other sources which has increased the cost of purchase for FY16.</p>
<p><b>Commission's Views:</b> The reply furnished by BESCOM is noted and issue of power purchase is appropriately dealt in the relevant Chapter of this Tariff Order.</p>	
<p>37. The Distribution loss declared at 12.03% for FY16, to claim Rs.190.92 Crs. as incentive by BESCOM should not be allowed since utilization of SCADA in a better way could have reduced the distribution losses to 9%.</p>	<p>Distribution loss of BESCOM is within the band width of KERC target. BESCOM, with 41092 sq. km of area, comprises more of rural areas than urban which also includes Bangalore Metropolitan area. Distribution losses of Bangalore Metropolitan is merely 8%, whereas, the same is reduced from 20% in FY08 to 12.03% in FY16.</p>
<p><b>Commission's Views:</b> The reply furnished by BESCOM is noted.</p>	
<p>38. The cost of the power for BWSSB, at the prevailing tariff, represents about 64% of its gross revenue and the single largest item of expenditure. The Commission has rejected the proposal of BESCOM for increase in tariff for HT-1 on this ground in its tariff Order 2011 and 2012. BWSSB already faces an increase of 50% in the cost of energy since the year 2000. BESCOM's proposal to further enhance cost of energy from Rs.4.50 to Rs.5.98 per unit and demand charge from Rs.180.0 to Rs.190.0 per KVA will adversely affect the operation of BWSSB.</p>	<p>Electricity being the only consumable component for BWSSB, it happens to be the single largest item covering its revenue. Similarly, Power procurement, a major input item for BESCOM, also constitutes approximately 86% of its expenditure. Energy and Demand charges are proposed at Rs.5.98 per unit and Rs.190.0 per KVA respectively for FY18. But, in the revised proposal, Energy and Demand charges proposed at Rs.5.47 per unit and Rs. 250/- per KVA respectively, will substantially reduce the power charges of BWSSB.</p>
<p><b>Commission's Views:</b> This issue of revision of tariff has been dealt in the relevant portion of this Tariff Order.</p>	
<p>39. BESCOM has filed the present application under clause 2.8 and 2.9 of the KERC Regulations, 2006, which requires filing of annual performance review application</p>	<p>BESCOM has filed an application for annual performance review, (for truing up of annual revenue and actual expenses) based on the audited accounts. BESCOM has also filed an application for</p>



<p>every year and an application for determination of tariff for any financial year. But, no such details are provided by BESCO to facilitate either consideration or review.</p>	<p>approval of Annual Revenue Requirement and Determination of Tariff for FY18.</p>
<p><b>Commission's Views:</b> The reply furnished by BESCO is acceptable. It is noted that BESCO has filed the application in accordance the provisions of the MYT Regulations.</p>	
<p>40. In terms of section 27 (5) (a) of the Karnataka Electricity Reform Act, 1999, the nature and purpose for which the electricity supply is required is a relevant factor for the purpose of fixing the tariff. Therefore, (BWSSB) is eminently eligible for a special treatment in order to extend the benefit to the consumers of the objector.</p>	<p>As per section 61 of the Electricity Act, the 'tariff progressively reflects the cost of supply of electricity and also, reduces cross-subsidies within the period to be specified by the Appropriate Commission". The Tariff fixed for HT-1 Category is 82% of the average Cost of Supply. This tariff requires 18% cross subsidy from the other consumers. As a consequence to increase in the cost of procurement, tariff revision to this category is also necessary to maintain the cross subsidy at the same level, or otherwise, the burden owing to the cross subsidy will increase on consumers of other categories.</p>
<p><b>Commission's Views:</b> The reply furnished by BESCO is acceptable.</p>	
<p>41. BESCO opposes implementation of Commission's Order of reduction of Tariff and appeals against the same and continues to file Tariff Revision petitions for the last 9 years, Hence, its Tariff application should be rejected.</p>	<p>It can be seen from Tariff revision for the last 9 years that the revision allowed by the Commission is much less than the increase sought, which is necessitated by considerable increase in power purchase and other associated costs.</p>
<p><b>Commission's Views:</b> The Commission, after looking into the facts and figures, allows the ARR and the tariff increase in terms of the MYT Regulations. The Commission is also undertaking the Annual Performance Review, to true up the actual expenditure, as per the audited accounts. BESCO has a legal right to prefer appeal before the Hon'ble Appellate Tribunal for Electricity, as per the provisions of the Electricity Act, 2003, if it is aggrieved of the Commission's Order and such an action cannot be held against it in subsequent tariff revision.</p>	

42. Though, adequate increase is allowed in the tariff for FY17 to carry on the business without any loss, BESCOM has reported a loss of Rs 1425.4 Crs. and seeks an increase in the tariff of Rs 1.48 per unit, across all categories for the year FY 2018.	Tariff order dated 30-03-2016 by the Commission has fixed an average power purchase cost of Rs 3.94, Rs 3.97 and Rs 4.10 per unit for FY-2017, FY-2018 and FY-2019 respectively. But, the actual power purchase cost has been Rs 3.92, Rs 4.32 and Rs 4.62 per unit for FY-2015, FY-2016 and FY-2017 (till September) respectively.
<b>Commission's Views:</b> Though, the BESCOM has indicated a loss in its tariff filing, the Commission would allow the expenses as per the MYT norms while making any revision in tariff.	
43. The Losses shown as Rs 1424.4 Crs. and Rs 3902.86 Crs. for FY 2016 and 2018 by BESCOM is highest for all ESCOMs.	Details of various expenses approved by the Commission, as well as actuals are shown in Tariff proposals and additional expenditure of Rs 1424.42 Crs. for FY16, is proposed to be recovered during FY18 by revision of Tariff.
<b>Commission's Views:</b> Though, the BESCOM has indicated an additional expenditure of Rs.1424.42 Crores, the Commission would examine the correctness of the same and allow it, as per the MYT norms.	
44. Considerable payment made by BESCOM for power purchases made by other ESCOMs right from FY06 along with interest accrued thereon, has not yet been paid back. The blockage of funds has caused a delay in payment for power purchase and consequential accrual of interest thereon.	Payments due from other ESCOMs is shown as outstanding / receivables, not to be treated as expenditure in the ARR or considered for Tariff revision, Hence, the consumers will not be overburdened on the count of receivables from other ESCOMs.
<b>Commission's Views:</b> Reply furnished by the BESCOM is acceptable.	
45. Expenditure estimated for the coming year is abnormally high as compared with previous year.	A comparative statement of item-wise expenditure of BESCOM, between FY16 and FY18, shows the variation in the range of 10.19% to 28.82%, with an overall increase of 11.99% and well within the approved limit of 12%.
<b>Commission's Views:</b> Reply furnished by the BESCOM is acceptable.	

46. BESCOM has claimed a higher amount of subsidy from the Government as compensation for consumptions of Bhagya jyothi installations. The consumption assumed is much more than the actuals, since these installations are not metered.	All Bhagya Jyothi installations are metered. Installations with monthly consumption of more than 18 units are classified under LT-2 and energy charges are collected from respective consumers. The subsidy from GOK is claimed only for such installations whose consumption is less than 18 units per month.
<b>Commission's Views:</b> Reply furnished by the BESCOM is noted.	
47. Tariff for the coming year shall be based on the Commission's Tariff Order for 2015 and not Tariff Order 2013.	As per MYT Regulations, the expenses for three consecutive years have to be estimated considering 1 year's actuals prior to this period as base year. Accordingly, FY13, with audited Accounts of earlier two years, is considered as base year for estimating the expenditure for FY14, 15 and 16 and hence the tariff proposals are in order.
<b>Commission's Views:</b> Reply furnished by the BESCOM is noted and the Commission has carried out APR as per the MYT Regulations.	
48. Allotment of high cost energy to BESCOM is relatively high in comparison with other ESCOMs which results in an increase in the cost of power purchase	BESCOM consumes more than 50% of the energy in the state and energy of different costs is allotted commensurate to their consumption and the cost of power purchase is passed on to the consumers.
<b>Commission's views:</b> The reply of BESCOM is noted and the Commission also notes that the allocation of power purchase is done by GoK.	
49. Failures of meters are not attended to immediately, thereby causing loss of revenue.	Specific instances with details of delay in replacement of meters may be furnished to BESCOM/CGRF.
<b>Commission's Views:</b> The reply furnished by BESCOM is reasonable.	
50. In view of signing PPA for SRTPV agreeing to pay Rs.9.56 per unit, there shall not be any change in billing of demand charges. And hence, the request of BESCOM for increase in demand charges be rejected.	BESCOM has not proposed change in billing demand but, has only proposed increase in demand charges.

<b>Commission's Views:</b> The reply furnished by BESCOM is reasonable.	
51. All the ESCOMs to consider Telecommunication Industry under the Industrial Tariff HT-2(a) and not the Commercial Tariff i.e. HT-2(b) in the interest of justice and equity.	The Telecom industry is a service provider like TV stations, All India Radio, etc., in the present Tariff Order, almost all service providing sector are considered under HT-2(b) i.e., commercial Tariff.  Hence, it is appropriate to consider Telecom/BPO/KPO/ under HT-2(b)Tariff
<b>Commission's Views:</b> The reply furnished by BESCOM is reasonable.	
<b>Objections relating to Quality of Power Supply and Service;</b>	
52. BESCOM is resorting to untimely load shedding without advance publication causing lot of hardship to the consumers. Action for procurement of adequate quantum of power from other sources can possibly avoid untimely load shedding	Notification of scheduled load shedding is published in advance in the daily newspapers.  PCKL, a special purpose vehicle setup by GOK, carries out power procurement on behalf of all ESCOMs to ensure procurement of adequate power.
<b>Commission's Views:</b> The reply furnished by BESCOM is acceptable.	
53.ERC and Tariff Revision filing of BESCOM are liable to be termed as defective and dismissed as BESCOM has failed to implement the directives of the Commission, take action to improve the operations and curb the deteriorating power supply situation in rural areas.	Objectors have to point out the specific inefficiency factors of BESCOM and seek Commission's intervention. The quality of power supply in rural areas has very much improved with the implementation of NJY and three phase power supply is arranged to the farming sector, by and large, for seven hours.
<b>Commission's Views:</b> The reply furnished by the BESCOM is noted.	
54. BESCOM has failed to implement Demand Side Management by not providing timer switches for 75% of street light installations numbering to 40,181, which adds to the peak load.	The timer switches have to be provided by the BBMP. The BESCOM's receivables from BBMP and local bodies are to the tune of Rs.1635 Crs. as on Mar-2016. BESCOM cannot further burden itself by providing timer switches to street lights at its cost. BESCOM has taken up the issue with BBMP and is in the process of educating them with the benefits of timer switches in street lights installations. For the last 3 years, the load curve of BESCOM shows a higher peak load during morning peak hour as compared with evening

	peak hours. So the objector's claim of peak load due to street light is incorrect.
<b>Commission's Views:</b> The BESCOM shall continue to persuade BBMP and other local bodies to install timer switches for street lights.	
55. BESCOM is yet to provide independent feeders for Industries to reduce the interruptions due to load shedding etc.,	Independent industrial feeders do exist in the BESCOM network and the petitioner should furnish the specific area, where independent feeders are to be provided for industries. BESCOM on its part is striving hard to provide uninterrupted power supply to all categories of consumers with immediate redressal of customers' complaints.
<b>Commission's Views:</b> The reply furnished by BESCOM is acceptable.	
56. Prevailing Solar rebate should be continued since Solar Heating greatly helps in bringing down the morning peak load. BESCOM has not furnished the details of installations yet to be serviced with Solar water heaters.	Solar rebate should be discontinued since installation of solar water heaters has been made mandatory for new connections since 2007.
<b>Commission's Views:</b> The reply furnished by BESCOM is noted. The Commission has dealt with the matter suitably in the relevant chapter of this Tariff Order.	
57. <b>Nirantara Jyothi Scheme (NJY)</b> BESCOM has not quantified the improvement in quality of supply and reduction in losses after implementation of <b>NJY Scheme in 117 feeders</b> . It has also not clarified large variations in IP Set consumption based on the segregated feeders.	NJY phase 3 works planned for 380 feeders with completion of work for 267 feeders and commissioning of 156 feeders. The Socio-Economic Survey has been carried out among the Beneficiaries of 36 feeders under NJY scheme (6 Respondents from each of 5 villages covered per feeder) of Davanagere and Kolar Circle.
<b>Commission's Views:</b> The Commission notes the reply furnished by BESCOM and directs BESCOM to complete the analysis and report the findings. The analysis should be done on a perpetual basis in order to know the benefits over a period of time. The Commission has dealt with the issue of IP set consumption in the relevant chapter of this Order.	
58. HVDS works completed only in 28 feeders and evaluation entrusted to a 3 <sup>rd</sup> party during July, 2016. But, no	Implementation of HVDS with facts and figures have been provided in the ERC filing.

<p>report is obtained even after 5 months indicating BESCOM's casualness in implementing HVDS to bring down the losses.</p>	
<p><b>Commission's Views:</b> The reply by BESCOM is noted.</p>	
<p>59. Replacement of 100403 pump sets with more efficient ones, proposed during FY 2013, is yet to be taken up. Further, 69 IP Sets only are provided with Solar power as against a target of 310 IP Sets. Owing to the above shortcomings, BESCOM is unlikely to succeed in management of demand in Agriculture.</p>	<p>69 No of solar IP sets have already been commissioned out of an allotment of 310. The work is now reassigned to M/s. Ishaan Solar, who have committed to energize all IP Sets by January, 2018, in consultation with prime vendor, M/S Sun Edison.</p>
<p><b>Commission's Views:</b> The Commission takes note of the reply by BESCOM and would review the progress of this work at an appropriate time.</p>	
<p>60. <b>Metering of DTC:</b> Out of 246419 DTCs, only 110965 are metered, a mere 44.70%, during the last 5 years. BESCOM has failed to compute losses for even such DTCs which are metered.</p>	<p>BESCOM is providing the details of Energy Audit of Divisions, Towns, Cities &amp; DTCs to the Commission in the prescribed format. The details of energy audit for the 2nd and 3<sup>rd</sup> quarter of FY17 are furnished to the Commission.</p>
<p><b>Commission's Views:</b> The reply given by BESCOM is noted. The Commission directs BESCOM to complete DTC metering and conduct energy audit within a definite timeframe and take corrective measures wherever required. The details of energy audit of DTCs and the steps taken to reduce losses shall be regularly reported to the Commission.</p>	
<p>61. Accidents: 278 accidents in FY16 is the highest during the last 9 years with reckonable rise in the number of accidents with every passing year. Therefore, all proposals made by BESCOM in respect of safety need to be explained.</p>	<p>BESCOM is making an earnest and conscientious effort to reduce accidents and has spent Rs.15.24 Crs. towards safety measures for FY16. Hazardous locations are identified and targeted for rectification with provision of spacers, AB Cables etc. BESCOM officers have been directed to conduct regular inspection of such sites which pose danger to the public and operating personnel.</p>
<p><b>Commission's Views:</b> The reply furnished by BESCOM is noted. The Commission directs BESCOM to take all precautionary and safety measures and also take up periodical maintenance to reduce the accidents.</p>	

62. Prevailing HT/LT ratio is 1:1.79 in BESCOM, which was committed to be brought down to 1:1.63 in the Tariff petition of FY17, needs an explanation since higher ratio of HT / LT results in increased distribution losses.	BESCOM plans to achieve HT:LT ratio of 1:1 with NJY works underway and HVDS projects envisaged. Details of the proposals have been furnished in the ERC filing.
<b>Commission's Views:</b> The reply given by BESCOM is noted.	
63. BESCOM mentions that 86237 DTCs were feeding the IP loads during the previous year without furnishing the number of DTCs feeding the IP loads during the year. Metering of only 44 DTCs is carried out so far and IP consumption is computed on the basis of sample metering leading to give erroneous results.	There are 99750 No of DTCs feeding IP sets as at the end of December, 2016 and IP sets energy assessment is based on NJY agricultural feeder consumptions.
<b>Commission's Views:</b> The Commission takes note of the reply by BESCOM. Further, the Commission has dealt with the matter of IP set consumption appropriately in the relevant chapter of this Tariff Order.	
64. BESCOM is putting up a wrong claim on improvement of Reliability Index without providing proper work sheets for the feeders with an improvement in the index and furnishing the number of feeders within / beyond the permissible limits	Monthly reliability index is being submitted to the Commission and is also available in BESCOM website ( <a href="http://www.bescom.org">www.bescom.org</a> ).
<b>Commission's Views:</b> The reply furnished by the BESCOM is acceptable.	
65. BESCOM had regularized 24874 unauthorized IP Sets during the previous year, but, neither the number of unauthorized IP sets nor the plan for regularization of the same during FY18 is not indicated in the ERC filing.	BESCOM is complying with latest directive of the Commission and carrying out GPS survey of IP sets. Further, all IP sets are being regularized as a normal service connection with payment of Rs.10,000 by each consumer, as per the GoK Order.
<b>Commission's Views:</b> The reply furnished by BESCOM is acceptable.	
66. Metering of IP Sets: Installation of meters for IP Sets is not progressing satisfactorily and the Commission	Due to vehement protest by the IP set consumers, BESCOM is unable to meter IP installations. However, consumption

should order for completion of the same in a time-bound manner.	recorded at the meters installed at the NJY Agri feeders, exclusively feeding agricultural loads, is being considered for assessment of IP sales.
<b>Commission's Views:</b> The reply furnished by BESCO is noted.	
67.IP Set Consumption: BESCO has considered the consumption of IP Sets as 6837.80 MU, which excludes the consumption of 24874 unauthorized IP Sets.	BESCO is considering the consumption of both authorized and unauthorized IP sets for assessing the IP sales.
<b>Commission's Views:</b> The reply furnished by BESCO is noted and the IP set consumption is dealt in the relevant Chapter of this Tariff Order.	
68.Failure of distribution transformers at a rate of more than 8% per annum is not furnished by BESCO in ERC filing and an appropriate action should be taken to bring down the rate of failure as well as the expenditure incurred on this count	Rate of failure of transformers, expenditure for repairs and other details are furnished in BESCO's replies to Commission's preliminary observations.
<b>Commission's Views:</b> The Commission takes note of the reply by BESCO. Further, the Commission has dealt with the matter appropriately in the relevant chapter of this Tariff Order.	
69.The interest on deposits, being calculated at the rate of 9% per annum, should be calculated at the rate notified by the Reserve Bank and paid to the consumers every quarter.	Interest on security deposit of consumers is paid as per KERC Security Deposit Regulations.
<b>Commission's Views:</b> The reply furnished by BESCO is noted.	
70. Details of load shedding and likely time of restoration of power are not being informed to the Consumers. BESCO also does not put up the following information on its website: 1. Demand and availability, 2.Quantum of Spot purchase of Power, 3.Monthly statement of interruptions in respect of Substations and feeders.	'SCADA Data Reporting and Analysis (SDRA)' software being put up by BESCO to enable communicating with consumers through SMS regarding power interruptions and restoration. Day ahead projections, daily interruption details, Daily load curve etc. are being displayed on BESCO website.  Substation-wise and feeder-wise details of interruptions are furnished to the



	Commission in the prescribed format. Grid discipline is ensured by SLDC while allotting power to the ESCOMs.
<b>Commission's Views:</b> The reply furnished by BESCO is noted.	
71. BESCO should implement Standard of performance with the involvement of all its subordinate offices.	The Standards of Performance parameters are displayed in all the sub-divisions of BESCO, as reported to the Commission.
<b>Commission's Views:</b> The reply furnished by BESCO is acceptable.	
72. Distribution Automation in Peenya, taken up as a time bound programme, is yet to be completed even after a lapse of 5 years from the date of commencement.	Automation project is scheduled for completion during June 2017. The details are available in BESCO's replies to Commission's preliminary observations.
<b>Commission's Views:</b> The reply furnished by BESCO is noted.	
73. In the absence of Compliance of Directives of the Commission, the exercise of filing ERC would be futile with petition liable for rejection.	BESCO has complied with all the directives of the Commission.
<b>Commission's Views:</b> The reply furnished by the BESCO is noted. Also, the Commission reviews the compliance of its directives by BESCO in ESCOM's review meetings, duly directing all the ESCOMs including BESCO to strictly adhere to the same.	
74. The average duration of interruptions with number of interruptions has not been furnished by BESCO.	BESCO submits the statistics pertaining to average number of interruptions per consumer and average duration of interruptions per feeder per day to the Commission on a quarterly basis.
<b>Commission's Views:</b> The reply furnished by BESCO is acceptable.	
75. Consumer indexing started by BESCO long back is yet to be completed.	Consumer indexing is not a one-time task, but, a continuous phenomenon with addition of incremental data to the network on regularly basis.
<b>Commission's Views:</b> The reply furnished by BESCO is noted. The Commission directs BESCO to update the data of consumers as and when it gets modified.	
76. The delay in System demarcation with GPS, though started long back, reflects the inefficiency of BESCO.	Geographical positioning of assets carried out under the DAS projects in BMAZ area and IP sets in rural areas are being surveyed with GPS as indicated in para 4.13 of filing.
<b>Commission's Views:</b> The reply by BESCO is noted.	

77.Revenue realization from enormous vigilance cases, booked during FY 2012 to FY 2014, are not included in the Tariff petition and the Commission may kindly consider the same	The cases are in the course of adjudication and the revenue is not normally realized in the same year.				
<b>Commission's Views:</b> The reply by BESCOM is acceptable.					
78.Plan for the introduction of Pre-paid meters, as per section 47(5) of EA 2003, has not been disclosed by BESCOM. The consumers, who are provided with Pre-paid meters need not pay any security deposit and the deposit made also would be refunded.	<p>BESCOM is installing 3525 no of Prepaid meters (Card Technology), with costing as under, on pilot basis for temporary installations in Indiranagara Division:</p> <table border="1" data-bbox="841 720 1442 856"> <tr> <td data-bbox="841 720 1117 789">Single Phase</td> <td data-bbox="1117 720 1442 789">Rs. 10,732.00</td> </tr> <tr> <td data-bbox="841 789 1117 856">Three Phase</td> <td data-bbox="1117 789 1442 856">Rs. 13,532.00</td> </tr> </table>	Single Phase	Rs. 10,732.00	Three Phase	Rs. 13,532.00
Single Phase	Rs. 10,732.00				
Three Phase	Rs. 13,532.00				
<b>Commission's Views:</b> The reply furnished by BESCOM is noted The consumers should note that due to huge cost of supply of pre-paid meters, it has to be introduced in phased manner.					
79.Universal Metering: Section 55 of EA 2003 stipulates that no installation should be serviced without metering after 10 <sup>th</sup> June 2005. ESCOMs, which service installations without meters, clearly violate the Act and directive of the Commission. Hence, Commission should not allow any tariff revision in respect of unmetered category.	Metering to Irrigation pump sets is not achieved due to protest from the farmers. However, the energy supplied to the farming sector is quantified under the NJY scheme.				
<b>Commission's Views:</b> The reply by BESCOM is noted. The Commission is of the view that for proper measurement of IP set consumption, the data from the meters fixed to the bifurcated feeders be used. This would largely address the issue of non-metering of IP sets.					
80.The power supply situation and quality of power supply in rural areas have deteriorated further during the current year. The compliance of other directives is also very poor and tangible results have not come out	BESCOM has been implementing Nirantara Jyothi Yojane for providing better power supply to rural areas. M/s. MECON, engaged by BESCOM to evaluate the benefits of NJY phase-1 & 2 with Pre and post analysis, benefits accrued etc. has				

<p>so for. On these aspects also the ERC and tariff filings are defective and liable to be dismissed as not maintainable.</p>	<p>reported as under:</p> <ul style="list-style-type: none"> <li>➤ 24x7 power supply to Non-agricultural loads in rural areas.</li> <li>➤ Increase in metered consumption in rural areas to an extent of 25%.</li> <li>➤ Reduction in failure of distribution transformers.</li> <li>➤ Improvement in consumer satisfaction.</li> <li>➤ Improvement in quality of power supply and living standards</li> <li>➤ Encouragement for rural industries.</li> </ul>
<p><b>Commission's Views:</b> The reply furnished by BESCOM is noted.</p>	
<p>81. Unscheduled interruptions in power supply affect the services provided by BWSSB in disrupting water supply to Bangalore city apart from causing damages to the system.</p>	<p>The objector is requested to be more specific on the unscheduled interruptions and the affected area. A new toll-free telephone no 1912 is established at BESCOM to lodge complaints in respect of failure of transformers, interruption in power supply, snapping of conductors, falling of poles, fuse off call etc.,</p>
<p><b>Commission's Views:</b> The reply furnished by BESCOM is acceptable.</p>	
<p>82. Proposal to hike the tariff without any value addition to the service from BESCOM, may adversely impact the operation of BWSSB, which is already in financial doldrums since 2005-06.</p>	<p>Every business has a challenge for its survival and neither BWSSB nor BESCOM are exceptions.</p>
<p><b>Commission's Views:</b> The reply furnished by BESCOM is noted.</p>	
<p>83 Officials and line staff do not perform their legitimate duties Private contractors, deployed by BESCOM, carry out the work assigned to the departmental personnel. Further, the contractors utilize the departmental tools and materials to carry out the work assigned under contract and cause a considerable loss.</p>	<p>The strength of working staff is 14189 only as against the sanctioned staff of 21819, forcing BESCOM to engage part time employees, in case of emergencies.</p> <p>Stringent action will be taken against erring staff, if specific instances are brought to its notice.</p>
<p><b>Commission's Views:</b> Reply furnished by the BESCOM is noted.</p>	
<p>84. Officials attend the meetings in different offices for almost 10 days in a month and considerable</p>	<p>It is essential to provide walkie-Talkie, mobiles etc., to officials for effective discharge of their duties and to attend to</p>

expenditure incurred for payment of allowances and meeting expenses, which can be curtailed with the use of latest communication facility like walkie-Talkie, Mobile phones, internet facilities etc.	the cases of break-down for restoration of power supply. A few important meetings have to be conducted for deliberation and understand the effective implementation of the policies.
<b>Commission's Views:</b> Reply furnished by the BESCO is noted.	
85.In the absence of preventive action by BESCO to curb the theft substantial amount of energy is lost.	Energy loss in BESCO is within the limits prescribed by KERC.
<b>Commission's Views:</b> Reply furnished by the BESCO is noted and the issue of losses is dealt in the relevant Chapter of this Order.	
86.Losses sustained due to delay in execution of works is passed on to the consumers.	Specific instances with details of delay in work execution may be furnished to clarify the query.
<b>Commission's Views:</b> Reply furnished by the BESCO is acceptable.	
87.Financial loss sustained due to execution of unwanted projects. purchase of Walkie-Talkie, uniforms etc., in piecemeal to be avoided and procurement from reputed companies on long term basis should be adopted.	Specific instances with details of delay in work execution may be furnished to clarify the query.
<b>Commission's Views:</b> Reply furnished by the BESCO is acceptable.	
88.Loss Incurred due to theft of conductors and Transformers are passed on to the consumers.	Specific instances with details of delay in work execution be furnished to clarify the query.
<b>Commission's Views:</b> Reply furnished by the BESCO is noted..	
89.Additional expenditure is incurred for procurement of furniture and arranging accommodation for unreasonably created new Sub-divisions / Units at Attibele, Veerasandra, Sarjapura, Mayasandra, Nalluru etc.	New subdivisions and O & M units are created considering the local requirements and to provide better service to consumers.
<b>Commission's Views:</b> Reply furnished by the BESCO is noted.	

90.A number of JEEs / AEEs working in Chandapura, Attibele, Jigani etc. are not adequately qualified even to prepare the estimates and are as a burden for the BESCO.	Severe shortage of staff has compelled judicious deployment of employees with a few of them holding additional charge. Most of the vacancies will be filled up with the Recruitment process underway. The estimates, prepared in standard formats, are scrutinized and certified by technical staff at the sub-division offices.
<b>Commission's Views:</b> Reply furnished by the BESCO is acceptable.	
91.Infosys software used by BESCO is defective with improper and slow functioning.	Consumer friendly software has been developed and it is quite natural that certain initial implementation problems will always be there.
<b>Commission's Views:</b> Reply furnished by the BESCO is noted.	
92.Unnecessary projects taken up under schemes like NJY, RGGY, DDVY etc., are inordinately delayed due to severe field problems, which escalate the cost as well as cause financial loss.	Most of the BESCO's programmes are framed by the GOI & GOK, for improving service to consumers.
<b>Commission's Views:</b> Reply furnished by the BESCO is noted.	
93.Arranging power supply on temporary basis for religious functions and other installations should be simplified with a single window agency for sanction / renewal of power supply, allotment of meter etc. Further, consumers hesitate to avail temporary power supply owing to exorbitantly high cost.	Temporary power supply is being arranged as per the prescribed regulations and improvements can be suggested by the objector, wherever necessary.
<b>Commission's Views:</b> Reply furnished by the BESCO is acceptable.	
94.Majority of Line Staff, without adequate knowledge of the work, cause loss to BESCO.	BESCO is planning to impart training to all its staff.
<b>Commission's Views:</b> Reply furnished by the BESCO is acceptable.	
<b>Other Issues:</b>	
95.A few Consumers such as Software Companies etc., have a good paying capacity and BESCO	Software companies are presently classified under commercial tariff i.e. HT2b.

should consider bringing them under commercial tariff.	
<b>Commission's Views:</b> The reply furnished by BESCOM is noted.	
96.Commissioning of Bidadi Gas Power plant, proposed about 15 years back, would have averted short term purchase.	Purchase of Short term power is done with the approval of KERC, by calling for competitive bids to discover the price.
<b>Commission's Views:</b> The reply by BESCOM is noted and the Commission has dealt with the matter relating to power purchases suitably in the relevant chapter of the Tariff Order.	
97.Peenya Industries suffer due to unscheduled interruptions and can hope for improved power supply in case 220 KV SRS and 66 KV Brindavan Stations are upgraded. BESCOM has not made any proposals in this regard.	The up-gradation of 220kV SRS and 66kV Brindavan stations coming under the purview of KPTCL would be pursued by BESCOM.
<b>Commission's Views:</b> The reply furnished by BESCOM is acceptable.	
98. 3000 MW of power had been procured at a very high cost 3 years back because of severe shortage. Considering an increase in the demand for power by 500 MW per annum, because of new consumers in the State, the gap between the demand and the supply goes up regularly. In order to meet the increasing demand for power, open market procurement will be resorted to at a huge cost and an increase in Tariff would be sought to bridge the revenue gap.	Power purchase requires a major chunk of the revenue, approximately 86%, and the rest goes for maintaining the system. In addition to this, the State and Central Governments issue regulations, such as as open access to consumers above 1MW, RPO of 11% for non-solar and 0.75% for solar, supplying at least 50% of energy at the Average cost of purchase, introduction of group captive (beneficial scheme for HT consumers) etc. BESCOM also has to cope with the social obligation of supplying power to IP sets below 10HP.
<b>Commission's Views:</b> The reply furnished by BESCOM is noted and the cost of power purchase is appropriately dealt in the relevant Chapter of this Order.	
99.As per the provision in EA 2003, the distribution company can have its own generation to supply power exclusively to its consumers. Under advisory functions of the Commission, the Government may be advised suitably	No comments.

<b>Commission's Views:</b> The Electricity Act aims at unbundling of all the functions in the electricity sector in order to serve the consumers in a better way and accordingly the sector has been un-bundled. With the commissioning of the new generating stations, the deficit conditions may not prevail in the State, and the need for ESCOMs to have its own generation may not arise.	
100.The Commission may direct BESCOM to plan its own generation to an extent of 2000 MW, to supply power to Bangalore City, an important area of BESCOM, by inviting competitive tariff bidding instead of funding as stated in the tariff order FY16.	BESCOM is incurring loss in running the distribution business and as such cannot afford to fund for generation. The objector wants the power to be purchased from a private agency and BESCOM is doing it for long (procuring power from M/s. UPCL).
<b>Commission's Views:</b> The Commission takes note of the suggestion.	
101.Energy audit at inter-face points is not being done. Energy audit report of 15 towns as well as 8 towns included in the scope of CPRI are not furnished.	BESCOM is providing the details of Energy Audit of Divisions, Towns, Cities & DTCs to the Commission in the prescribed format.
<b>Commission's Views:</b> The reply furnished by the BESCOM is acceptable. However, the Commission strongly emphasizes the need to effectively conduct the energy audit for plugging leakage and to make the company viable both technically and financially.	
102.What is the necessity of forming a technology innovation center, proposed to reduce the energy wastage, inventory control etc. when the same tasks are being carried out by the research wing?	A Technology Innovation Centre (TIC) is created in the absence of a research wing in BESCOM.
<b>Commission's Views:</b> The reply furnished by BESCOM is acceptable.	
103. Why BESCOM is not participating in debt restructuring Scheme called Ujwal Discoms Assurance Yojana (UDAY), introduced by Govt. of India	BESCOM is participating in UDAY scheme.
<b>Commission's Views:</b> The reply furnished by BESCOM is acceptable.	
104.Replacement of a mere 16% of the existing bulbs by LED lamps, proposed for energy conservation, has been accomplished so far and is there any time schedule for completion of work?	BESCOM has encouraged consumers to install energy efficient LED lamps. The consumer must also proactively participate in replacing the existing bulbs with LED lamps. This is a continuous phenomenon and there cannot be any time limit.

<b>Commission's Views:</b> The reply furnished by BESCOM is noted.	
105. Bachat lamp Yojana, started with a great fanfare for energy saving, has achieved 10% progress only and BESCOM to indicate a schedule for completing balance work	Bachat lamp Yojana is not continued due to non-participation of CFL firms. It is a Government of India project, where BESCOM has least scope.
<b>Commission's Views:</b> The reply furnished by BESCOM is acceptable.	
106. The cross subsidy surcharge should be levied in appropriate proportion both for the fixed cost and energy cost instead of levying it only on energy charges	The cross subsidy surcharge has been calculated as per the formula given in National Tariff Policy. Open Access Consumers, who use the transmission and distribution network, should bear the cost of network (FC) plus losses besides paying cross subsidy surcharge.
<b>Commission's Views:</b> This issue has been suitably dealt in relevant portion of this Tariff Order.	
107. Different form of RE like wind and solar are not treated on par. At present, solar power is exempted from cross subsidy and wheeling & banking charges for 10 years.	In order to encourage solar generation which is green, clean and renewable, the Commission has exempted solar projects from wheeling, banking and cross subsidy charges.
<b>Commission's Views:</b> The reply furnished by BESCOM is noted. The Wheeling and Banking charges and the cross subsidy surcharge as determined by the Commission from time to time by the Commission is applicable.	
108. BESCOM has not submitted the perspective plan as required under the KERC Regulations.	Perspective Plan of BESCOM, as per KERC regulation, has been filed.
<b>Commission's Views:</b> The reply furnished by BESCOM is noted.	
109. BESCOM has stated that there has been a steady reduction in HT sales with actual sales being 5069 MU for FY 2014, 4750 for FY15 and 4593 MU for FY16, indicating that the drop in sales accounts to 9.4% approximately, over a 3 years' period. The proposed increase in tariff might further burden the consumers and curtail the sale of energy.	The fact that a steady reduction in the HT sales, does not mean that industrial activities are not growing in the State. The consumers opting for open access, group captive, captive trading etc., has reduced HT sales of BESCOM, but, overall the drawal from the grid is going up on a regular basis.
<b>Commission's Views:</b> The reply furnished by BESCOM is noted.	



110.All meters installed in the name of the same consumer for a Building used for Paying Guest should be clubbed.	Meters are installed to paying guest accommodations at the behest of the consumer. As per clause 9.09 (c) of Conditions of Supply of Electricity in the State of Karnataka sub meter can be extended to each individual installations.
<b>Commission's Views:</b> The reply furnished by BESCOM is acceptable.	
111.Proper maintenance of HT installations, replacement of faulty metering equipment with least delay etc can minimize power interruptions for the consumer and curtail loss of Revue for BESCOM	The suggestions are well taken.
<b>Commission's Views:</b> The reply furnished by BESCOM is acceptable.	
112.Tariff proposal for payment of Bonus /PF to employees, donations, advertisements etc, which have already been disallowed by the Commission, is objectionable.	Commission allows expenditure towards Establishment, O & M, General Administration etc., based on Consumer Price index, Whole sale Price index. Hence, contention of the objector that all such expenditure is allowed by the Commission is not correct.
Commission's Views: Reply furnished by the BESCOM is acceptable.	
113. Without calling for competitive tenders, BESCOM awards the works in the form of Packages at rates much higher than the prevailing Scheduled Rate.	The processing of Tenders of Packages are as per the provision of the K.T.P.P Act.
<b>Commission's Views:</b> Reply furnished by the BESCOM is noted.	
114.Free power supply is provided to employees of BESCOM, Government & Quasi Government offices, residences of MPs and MLAs etc.,	Conditional Free Power supply is provided only to those BESCOM employees who are recruited earlier to 1991 and no other employees are provided with free lighting, as claimed in the objection.
<b>Commission's Views:</b> Reply furnished by the BESCOM is acceptable.	
115.Additional expenditure entailed by awarding works at a cost higher than SR is being transferred on to the consumers.	Project Tenders are processed as per the provisions of the K.T.P.P Act.
<b>Commission's Views:</b> Reply furnished by the BESCOM is noted.	

116. Waiving of revenue arrears of industries, in case of long pending disputes, burdens the consumers.	Long pending revenue arrears of Industries are not waived without any reasons. Specific instances of waiver of arrears may be furnished for a scrutiny and to take further action.
<b>Commission's Views:</b> Reply furnished by the BESCOM is acceptable.	
117. Interest on loans availed for capital works and additional outlay required to offset the delay in execution of works is passed on to the consumers.	Time limits for competition of works and commissioning schedules are fixed, for execution of all long term works.
<b>Commission's Views:</b> Reply furnished by the BESCOM is noted.	
118. BESCOM neither conducts proper Energy Audit nor accounts for the energy received and sold and thus sustains considerable loss in the form of energy loss.	Energy Audit is being conducted as prescribed by the Commission and the reports pertaining to 2 <sup>nd</sup> & 3 <sup>rd</sup> quarter of FY17 for Towns and cities are furnished.
<b>Commission's Views:</b> Reply furnished by the BESCOM is noted.	
119. Failure to return released steel poles and other articles to the stores, improper maintenance of account, non-auctioning unserviceable goods is causing loss to BESCOM.	Specific instances with details of unaccounted materials may be furnished, to clarify the query.
<b>Commission's Views:</b> Reply furnished by the BESCOM is acceptable.	
120. Materials released, while carrying out system improvement work under self-execution basis, are not returned to the stores and misused, which is evident from the works executed at Suryanagar phases 1 to 3, Attibele, Chandapura etc. Further, laying of 11kV UG cable between Suryanagar Phase-1 and Chandapura could have been avoided since a 66/11 kV substation is located in Suryanagar Ph-1 itself	Allegations of misuse of materials at Suryanagar Phase 1 to 3 will be referred to the concerned officials for examination.
<b>Commission's Views:</b> Reply furnished by the BESCOM is acceptable. BESCOM shall take follow up action on this without expecting the consumers to pursue it.	

121.A huge amount is spent for repairs to transformers and a performance Guarantee for a period of one year may be obtained even for repaired transformers, as per the provisions of KTPP Act 1999 / 2015, in order to get the transformers failing within the guarantee period, repaired without any cost.	Specific instances with details may be furnished to clarify the query.
<b>Commission's Views:</b> Reply furnished by the BESCOM is acceptable.	
122.System losses as well as failure of Transformers can be reduced by providing small capacity S-Ph transformers in NJY Feeders for extending power supply to residential and commercial installations in rural area as being done in Andhra Pradesh.	The valuable suggestion of objector is noted.
<b>Commission's Views:</b> Reply furnished by the BESCOM is noted.	
123.Collection of rental charges to fix hoardings and lay Dish TV Cable on the electrical poles, will generate enough revenue and frequent tariff hike can be avoided.	Opinion of the Chief Electrical inspector GoK will be obtained in this regard.
<b>Commission's Views:</b> Reply furnished by the BESCOM is in order.	
124.Reference made for unmetered consumption of IP Sets in the petition seeking Tariff revision, is not correct. BESCOM, without precisely assessing the agricultural consumption by providing meters at least for all DTCs catering to IP loads, attributes the unaccounted energy as the consumption by I.P Sets, street light, public water supply installations etc.	The Commission has accepted the procedure adopted for assessing I.P Set consumption as well as accounting and a statement pertaining to IP loads is furnished in the tariff filing application.
<b>Commission's Views:</b> Reply furnished by the BESCOM is noted and issue of IP set consumption is dealt in the relevant chapter of this Order.	
125. Electro-mechanical meters provided for consumer installations are being replaced with digital	The old meters are replaced by static meters and released meters will not be

meters, costing Rs 3000/-each. Deployment of BESCO employees, rather than contract agencies, would have considerably reduced expenditure. Further, the released meters can be used for street light and other installations.	used elsewhere.
<b>Commission's Views:</b> Reply furnished by the BESCO is noted.	
126. People living in rural areas are already in distress because of severe drought (more than 170 talukas affected) and demonetization and any tariff hike would further burden them. Therefore, Tariff revision petition of BESCO should not be considered till they furnish an Account / Audit statement for energy.	The financial deficit of BESCO has to be borne by its consumers and Tariff revisions cannot linked to natural calamities. BESCO has submitted the audited accounts along with the tariff filing.
<b>Commission's Views:</b> Reply furnished by the BESCO is acceptable.	
127. Transmission charges being paid to KPTCL for maintaining the system can be reduced.	BESCO pays the Transmission charges to KPTCL & PGCIL as per the Tariff determined by KERC and CERC.
<b>Commission's Views:</b> Reply furnished by the BESCO is acceptable.	
128. If the proposal to increase the demand charges and decrease in energy charges, is considered by the Commission, it is requested to remove the Cross Subsidy Surcharge,	Cross Subsidy Surcharge is claimed only on energy charges and not on fixed charges.
<b>Commission's Views:</b> The CSS is computed as per the formula specified in the Tariff Policy of the Government of India.	
128. Cross subsidy surcharge is to be levied only on the energy charges and the ESCOMs are not losing any revenue on fixed cost which is collected in monthly bills of the HT consumers. At present the cost of power at IEX is very low as compare to the cost of Wind Power. Therefore, there should be a separate cross subsidy surcharge for wind power and	The Consumer would avail the open access only if there is savings in cost of power as compared to the cost of power payable to the ESCOMs. At the same time the interest of the distribution licensee has to be protected, in case the existing consumers avails open access. Therefore, the CSS and wheeling and banking charges are being calculated as per the formula provided in the

it should not on par with power purchased from IEX.	National Tariff Policy. If the wind generators are aggrieved by the CSS formula, they can supply power directly to ESCOMs.
<b>Commission's Views:</b> The matter has been repeatedly raised by the objector in different fora. The petition filed by him has also been dismissed by the Commission. Hence the issue has reached finality.	
129. The group captive generators are permitted to supply power for consumers of contract demand below 1 MVA whereas, for supply of wind energy through open access Non-Captive mode is that the contract demand of the HT Consumers should be above 1 MVA. Therefore, same provision has to be extended to open access Non-Captive Generators as majority of HT consumers with contract demand of above 1MVA are purchasing power through IEX and OA Non-Captive Wind Generators cannot supply power to the consumer with contract demand below 1 MVA. This results in destroying the growth of investments in wind power projects, making the existing the wind power projects unviable and sick.	For group captive, the captive user(s) shall hold not less than 26% of the ownership of the plant in aggregate and such captive user(s) shall consume not less than 51% of the Electricity Generated, determined on an annual basis, in proportion to their shares in ownerships of the power plants with in a variation not exceeding 10%. This condition does not apply to open access Non-Captive mode. The entities consume at least 51% of the power generated and owns at least 26% of the equity are permitted to supply power for consumers are contract demand below 1 MVA.
<b>Commission's Views:</b> The reply furnished by BESCO is noted. As per prevailing Regulations for consumers opting for Open Access, 1MW contract demand is mandated.	