

CHAPTER – 2

SUMMARY OF FILING & TARIFF DETERMINATION PROCESS

2.0 Background for Current Filing:

The Commission in its Tariff Order dated 30th March, 2016 had approved the ARR for FY17 to FY19 and Revised Retail Supply Tariff of GESCOM for FY17 under the MYT principles for the control period of FY17 to FY19. GESCOM in its present application filed on 30th November, 2016, has sought approval for the Annual Performance Review (APR) for FY16 based on the audited accounts, Revision of ARR for the second year of the fourth control period i.e. FY18 and revision of Retail Supply Tariff for FY18.

2.1 Preliminary Observations of the Commission:

After a preliminary scrutiny of applications the Commission had communicated its observations to GESCOM on 21st December, 2016, which were mainly on the following points:

- Capital Expenditure
- Sales Forecast
- Projected IP set consumption for FY 18
- RPO Compliance
- Wheeling and Banking
- Cross subsidy surcharge
- Power Purchase
- Issues pertaining to items of revenue and expenditure
- Energy flow diagram
- Compliance to Directives

In response, GESCOM had furnished its replies on 30th December, 2016. The Commission had issued Rejoinders to the replies vide Commission letter dated 10th January, 2017, the replies to the Rejoinder were received vide letter dated 16th January 2017. The replies furnished by GESCOM are considered in the respective Chapters of this Order.

2.2 Public Hearing Process:

As per the Karnataka Electricity Regulatory Commission (Terms and Conditions for Determination of Tariff for Distribution and Retail Sale of Electricity) Regulations 2006, read with the KERC Tariff Regulations, 2000, and KERC (General and Conduct of Proceedings) Regulations, 2000, the Commission in its letter dated 04th January, 2017 treated the application of GESCOM as a petition and directed GESCOM to publish the summary of ARR and Tariff proposals in the newspapers calling for objections, if any, from the interested persons.

Accordingly, the GESCOM has published the same in the following newspapers:

Name of the News Paper	Language	Date of Publication
The Hindu	English	08-1-2017 & 09-1-2017
Times of India		
Samyukta Karnataka	Kannada	
Prajavani		

The GESCOM's application on APR of FY16, Revision of ARR for FY18 and revision of retail supply tariff for FY18 was also hosted on the web-sites of the GESCOM and the Commission for the ready reference and information of the general public.

In response to the application of GESCOM, the Commission has received eight statements / letters of objections. GESCOM has furnished its replies to all these objections. The Commission has held a Public Hearing on 6th March, 2017, at

Gulbarga. The details of the written / oral submissions made by various stakeholders and the responses from GESCOM thereon have been discussed in Chapter – 3 / Appendix to this Order.

2.3 Consultation with the Advisory Committee of the Commission:

The Commission has also discussed the proposals of KPTCL and all ESCOMs in the State Advisory Committee meeting held on 8th March, 2017. During the meeting the following important issues were also discussed:

- Performance of KPTCL / ESCOMs during FY16
- Major items of expenditure of KPTCL / ESCOMs for FY18

Members of the Committee have offered valuable suggestions on the proposals. The Commission has taken note of these suggestions while passing the Order.