

BESCOM

Preliminary Observations on the Applications filed by the BESCOM for approval of APR for FY21 and ARR for FY23-25 & Retail Supply Tariff for FY23 under MYT Framework

1. Annual Performance Review for FY21:

a. Observations on Sales, other than IP Sets:

The category-wise sales approved by Commission and the actuals for FY21 is indicated in the table below:

Category 1	Actual Sales –MU 2	Approved Sales-MU 3	Difference – MU 4=2-3
LT1 BJ/KJ <=40 units/month	181.77	170.94	10.83
LT1 BJ/KJ >40 nits/month	71.28	46.93	24.35
LT-2a	7160.88	7815.71	-654.83
LT-2b	32.16	59.71	-27.55
LT-3	1669.67	2426.36	-756.69
LT-4 (a)	6910.20	7036.79	-126.59
LT-4 (b)	1.73	1.47	0.26
LT-4 (c)	5.46	5.56	-0.10
LT-5	1038.44	1297.11	-258.67
LT-6 WS	1238.30	1848.63	-610.33
LT-6 SL	491.96	583.55	-91.59
LT-6 EV	0.03	0.00	0.03
LT-7	187.06	214.62	-27.56
HT-1	796.61	783.18	13.43
HT-2 (a)	3505.08	4576.34	-1071.26
HT-2 (b)	1466.98	2448.41	-981.43
HT-2(c)	243.04	381.94	-138.90
HT-3(a) & (b)	95.38	77.82	17.56
HT-4	79.15	80.58	-1.43
HT-5	87.75	94.86	-7.11
Grand total	25262.93	29950.51	-4687.58
Sales to categories other than BJ/KJ <= 40units/month & IP sets	18170.96	22742.78	-4571.82
Sales to BJ/KJ <= 40units/month & IP sets	7091.97	7207.73	-115.76

From the above table, the Commission notes that except in LT-1, LT 4(b), HT-1 and HT-3 categories, there is considerable reduction in sales in all other categories.

BESCOM, in its Tariff Petition has attributed the reduction in sales to shutting down of commercial and industrial establishments on account of lockdown due to Covid-19.

While taking note of the explanation submitted by BESCOM, the Commission observations are as follows:

- i. LT-2a sales should have increased during Covid-19, as most of the people were working from home and there was increased usage of gadgets like TV etc. BESCOM may analyze and furnish the reasons for drastic reduction in sales to LT-2a category during FY21.
- ii. BESCOM shall confirm as to whether the category-wise sales indicated in D-2 Format, is excluding unbilled sales. If unbilled sales are included, category-wise break up of unbilled sales shall be furnished.
- iii. The specific consumption of LT-2a category works out to 69.42 units/installation/month, whereas the same for BJ/KJ installations consuming more than 40 units/month is 130.96 units/installation/month, which appears to be higher. BESCOM shall furnish the reasons for such high specific consumption in BJ/KJ installations consuming more than 40 units/month.

b. Sales to IP sets:

- i. The Commission approved sales to IP sets for FY20 in the APR for FY20, vide its tariff order 2021 is 6916.36 MU with a specific consumption of 7524.44 unit per IP set per annum for FY20 with 9,33,908 IP installations. BESCOM in its current filing has indicated the sales to IP sets as 6910.20 MU for FY21 with a specific consumption of 7331.42 units per IP set per annum for 9,51,183 IP installations. The Commission notes that there is a decrease in the specific consumption by 193.02 units per IP set per annum for FY21 as compared to FY20 actuals. There is a decrease in sales by 6.16 MU. The reasons for this drop in the specific consumption and sales for FY21 despite an increase in numbers by 17,275 IP installations, needs to be explained.
- ii. The details of sales to IP sets for FY21 as approved by the Commission in its tariff order 2020 and the actual sales to IP sets during the FY21 as

furnished by BESCOM, in its Tariff Filing for FY22 are as follows (FY21 approved Vs Actuals);

Particulars	As approved by the Commission in TO 2020 for FY21	Actual sales as submitted by BESCOM in Tariff Filing
Number of installations	9,64,463	9,51,183
Mid-year number of installations	9,49,463	9,42,546
Specific consumption in units / installation / annum	7,411	7,331.42
Sales in MU	7,036.79	6,910.20

BESCOM shall furnish the reasons for, decrease in specific consumption by 79.58 (7411 – 7331.42) units / installation / annum and the decrease in sales by 126.59 (7036.79 – 6910.20) MU when compared to the approved figures when there is a very small increase in number of IP installations only by 13,280.

- iii. Though the initial reading and final readings of few feeders are same in few feeders, the consumption is shown and considered for assessment. The consumption recorded in few feeders does not match with the algebraic sum of the IR and FR and the multiplication factor. BESCOM shall furnish the reasons for assessing the consumption in respect of such feeders.
- iv. BESCOM has considered 10% distribution loss for the months of April 2020 to October 2020 and 11.65% for the months of November 2020 to March 2021. BESCOM shall furnish the reason for considering a different percentage distribution loss during the same year.
- v. Average units assessed per IP set per month during the months of August 2020 to November 2020 in respect of few feeders is less than 100 units. BESCOM shall furnish the reasons for the same.
- vi. BESCOM shall furnish the data of GPS as on 31.03.2020 and 31.03.2021 by reconciling survey data with the number of installations in the DCB.
- vii. Number of feeders taken for assessment of IP sets in the month of April 2019 is 2,048 whereas the number of feeders in the month of March 2020 is 2,201. BESCOM shall furnish the total, exact number of feeders existing

in its area and the reason for not considering all the agricultural feeders for assessment of IP sets in all the months i.e., April 2020 to March 2021.

viii. Based on the above observations, BESCO shall submit the assessment of sales to IP installations for FY21 giving complete clarity on data in the following format;

Particulars	FY17		FY18		FY19		FY20		FY21	
	April 2016 to Sept 2016	Oct. to Mar 2017	April 2017 to Sept 2017	Oct. to Mar 2018	April 2018 to Sept 2018	Oct. to Mar 2019	April 2019 to Sept 2019	Oct. to Mar 2020	April 2020 to Sept 2020	Oct. to Mar 2021
LT4a – Installations (Nos)										
Midyear installations (Nos)										
LT4a – sales (MU)										
Specific consumption in units / IP/ annum										

c. Observations on Power Purchases on APR for FY21

1. A separate statement showing the variable cost in the ascending order from different sources of power shall be attached. Any deviation from the merit order scheduling should be explained fully.
2. The Actual consumption through Renewable Energy has increased when compared to the approved energy which shows lack of proper forecasting of generation from renewable energy. Reasons for this need to be furnished.
3. The BESCO has considered Rs.117.48 Crores as prior period adjustments and other cost with energy as (-)754.58 MU. The details for the payment of this amount need to be furnished, besides submitting a reconciliation statement for the energy balancing among the ESCOMs.
4. In respect of KPCL Hydro, in D-1 statement BESCO has indicated the capacity charges as Rs.30.18 Crores and variable cost as Rs.351.39 Crores. The details of the payment for these capacity/fixed charges may be furnished.
5. BESCO shall give a detailed report on the sale of IEX energy at Rs. 2.38 per unit as profit/loss.
6. BESCO shall explain the reasons for paying higher average cost per unit in respect of the following generating station/schemes:

- a) BTPS Unit-1
- b) NTPC Vallur
- c) Kudgi
- d) UPCL
- e) Mega Solar Scheme
- f) Land owned Solar Scheme

7. BESCOM has indicated payment of UI charges of Rs.35.19 Crores. in the D-1 statement. The details for this needs to be furnished.
8. The PGCIL Charges have increased by around 91%. BESCOM may explain with details, the reason for such an abnormal increase in the charges. Whether, BESCOM has taken any initiative to address this issue of abnormal increase in the PGCIL POC charges, may be informed to the Commission.
9. BESCOM has considered 20.58 MU and Rs.8.66 Crores as inter-ESCOMs energy charges, as indicated in D1-Format. The basis for payment of this amount needs to be furnished besides submitting a reconciliation statement for the energy balancing among the ESCOMs.
10. BESCOM has considered -1275.57 MU and Rs. -591.32 Crores as Energy Balancing, as indicated in D1-Format. The basis for this amount needs to be furnished besides submitting a reconciliation statement for the energy balancing.

d. Distribution Loss for FY21:

- i. On a verification of details of the monthly distribution losses for FY21, as submitted in Table 3.9 of the filing, it is observed that there is abnormal variation in the losses arrived at during some of months during FY21. The lowest losses achieved during 4/20, 6/20, 9/20 and 2/21 is in the range of 1.54% to 7.13% and the highest loss indicated for the months of 5/20, 8/20, 10/20 to 12/20 and 3/21 is in the range of 15.33% to 25.82%. The distribution losses of 25.82% indicated during the month of March,21 is not acceptable since it cannot be the real loss when compared with the overall losses of 11.63% achieved during FY21. BESCOM shall submit the Division-wise monthly losses computation

details with explanation for showing very high losses in 5/20, 10/21, 11/21,12/20 and particularly 3/21.

- ii. BESCOM could have reduced the Distribution loss for FY21, lesser than 11.63% by properly monitoring the losses of the Cities and Towns. Hence, BESCOM shall furnish the actual data of Energy Audit for Towns for FY21 and up to November 2021 in respect of Towns and Cities in BESCOM area of Supply, in the following format:

For FY21 (April, 2020 to March, 2021)

Name of the Town /City	Energy Input in MU	Energy Sold in MU	Distribution loss in %	Energy Input in MU	Energy Sold in MU	Distribution loss in %

For FY22 (Up to November, 2021)

Name of the Town /City	Energy Input in MU	Energy Sold in MU	Distribution loss in %	Energy Input in MU	Energy Sold in MU	Distribution loss in %

e. Observations on Capex for the FY21:

1. The Commission in its Tariff Order 2020 had recognized the expected capital expenditure of Rs.2450.83 Crores for FY21, as per the original proposal of BESCOM in the MYT Order 2019. BESCOM was directed not to exceed the approved capex and if there was any excess expenditure in any of capex head, the same shall be met from the savings in any other head of expenditure. BESCOM, in its filing has indicated a capital expenditure of Rs.2226.18 Crores in Table-3.22, on Page No.39 & 40, whereas in Format D-17, the Capital expenditure is shown as Rs.2724 Crores. The BESCOM shall indicate the actual amount of capex incurred for FY21 correctly vis-à-vis the Commission approved capex. In view of the inconsistency in furnishing the details, BESCOM shall furnish the details of approved and actual figures as per **Annexure-1**, besides furnishing the following details:

- a. Details of sources of funding (like grants, debt, equity and internal

sources) besides loans raised to meet the capex towards the capex incurred during the FY21, against each of the category of works.

- b. Details of replacement of faulty transformers by new transformers with reasons for having incurred such a huge amount of Rs.167.58 Crores during FY21.
- c. Under Model sub division works for FY21 furnish an abstract of number of works sanctioned, Completed, balance number of works to be taken up, details source of funding for capex of Rs.127.79 Crores.
- d. Details of works carried out under Corporate reserve fund for incurred capex of Rs.74.06 Crores.
- e. BESCO has indicated that it has incurred capex of Rs.778.99 Crores against, Work-wise progress of conversion of over headlines into UG/AB cable for FY21. BESCO shall furnish the details of sub-divisions and the amount incurred against each subdivision in compliance with the directions issued in Commission's letters dated 21st January 2019, 1st February, 2019, 17th March, 2020 and 19th June 2020.
- f. BESCO shall furnish the details of physical and financial progress of the schemes as per **Annexure-2 & Annexure-3**.

2. Observations on ARR for the Control period-FY23-FY25

a. Category-wise sales for FY23-FY25 other than IP Sets:

- i. The Commission's observations on sales estimate are as follows:
 - i. BESCO shall furnish the working details as to how the revised sales for FY22 are estimated.
 - ii. In case of LT (1) – BJ/KJ category, BESCO may compute the consumption of BJ/KJ based on the specific consumption of FY21, instead of considering half-year consumption for FY22.
 - iii. In case of LT-4b, as the number of installations is 240 for all the years of control period, the sales of FY22 shall be retained at the same level for all the years.

- iv. The table indicating the growth rates for the no. of installations is furnished below:

Category	Percentage Growth Rates					
	2015-16 to 2020-21 CAGR	2017-18 to 2020-21 CAGR	FY21 growth over FY20	Growth rate proposed by BESCOM for FY23	Growth rate proposed by BESCOM for FY24	Growth rate proposed by BESCOM for FY25
LT-2a	4.81%	4.68%	3.90%	4.97%	4.97%	4.97%
LT-2b	2.21%	2.55%	1.33%	3.34%	3.34%	3.35%
LT-3	4.57%	4.12%	3.28%	4.82%	4.82%	4.82%
LT-5	3.58%	3.79%	3.21%	3.99%	3.99%	3.99%
LT-6 WS	7.29%	5.40%	4.10%	7.68%	7.68%	7.68%
LT-6 SL	3.31%	3.63%	3.54%	3.71%	3.71%	3.71%
HT-1	7.13%	5.61%	3.73%	9.79%	9.55%	9.88%
HT-2 (a)	4.11%	5.05%	3.81%	5.59%	5.58%	5.60%
HT-2 (b)	6.12%	8.43%	4.28%	9.62%	9.63%	9.61%
HT-2 (c)	11.14%	10.17%	8.52%	11.13%	11.29%	11.13%
HT-3(a)&(b)	13.84%	13.89%	10.17%	14.49%	17.72%	15.05%
HT-4	11.32%	28.53%	12.86%	22.70%	22.67%	22.69%

From the above Table, it is noted that the growth rate proposed by BESCOM for the control period is considerably higher when compared to CAGR for LT 2b, HT-1, HT-2b, HT-3 & HT-4 categories. BESCOM may consider revising the growth rates for the above categories.

- v. The table indicating the growth rates for the quantum of energy sales is furnished below:

Category	Percentage Growth Rates					
	2015-16 to 2020-21 CAGR	2017-18 to 2020-21 CAGR	FY20 growth over FY19	Growth rate proposed by BESCOM for FY23	Growth rate proposed by BESCOM for FY24	Growth rate proposed by BESCOM for FY25
LT-2a	3.65%	2.67%	5.30%	2.08%	2.08%	2.08%
LT-2b	-5.46%	-13.27%	9.69%	77.10%	6.89%	7.12%
LT-3	-0.98%	-5.93%	7.54%	11.63%	6.04%	6.04%
LT-5	-2.03%	-4.32%	-2.04%	-3.58%	1.54%	1.54%
LT-6 WS	25.07%	15.02%	10.37%	7.86%	7.85%	7.85%
LT-6 SL	6.08%	2.56%	4.94%	3.50%	3.50%	3.50%
HT-1	3.44%	5.45%	4.94%	3.32%	3.32%	3.32%
HT-2 (a)	-5.26%	-7.79%	-7.53%	1.79%	1.79%	1.79%
HT-2 (b)	-10.92%	-16.96%	-4.20%	0.72%	0.72%	0.72%
HT-2 (c)	0.89%	-8.03%	3.13%	4.33%	4.33%	4.33%
HT-3(a)&(b)	10.80%	52.75%	27.92%	8.65%	8.66%	8.66%
HT-4	-3.90%	4.76%	11.79%	3.41%	3.40%	3.39%

The Commission notes that the CAGR as well as FY21 growth rate for energy sales in most of the categories is negative, due to reduction in sales during FY21 on account of Covid-19. Thus, comparing with FY20 growth rate, the Commission's observations are as follows:

- a. The growth rate considered for LT-2a, LT-6 WS, HT-1 and HT-3 is lower for the control period.
- b. Growth rate for LT-2b, LT-3 for FY23 is considerably higher
- c. The Growth rate for LT-5 is negative for FY23 and positive thereafter. Reasons for the same shall be furnished.
- d. HT-2a growth rate of 1.79% and HT-2b growth rate of 0.72% when there is negative growth in previous years shall be justified.
- e. Growth rate considered for HT-2c is higher for the control period.

b. Projected sales to IP Sets for the FY23 to FY25:

- i. Detailed calculations on number of installations projected for FY23 to FY25 is not furnished.
- ii. The number of actual numbers of IP set installations added to the system during FY21 is 17,275. Whereas, the numbers of IP installations considered added for FY22 is 31,661 and uniformly 20,000 installations are considered as addition during FY23 to FY25. BESCOM shall furnish the rationale for this.

- c. To validate the sales, category-wise information in the following format shall be furnished:

a. No. of Installations:

Category	2019-20 Actuals		2020-21 Actuals		2021-22	
	As on 30 th Nov 2019	As on 31 st March 2020	As on 30 th Nov 2020	As on 31 st March 2021	As on 30 th Nov 2021	As on 31 st March 2022 (Estimate)
LT-2a						
LT-2b						
LT-3						
LT-4 (b)						
LT-4 (c)						
LT-5						
LT-6						
LT-6						
LT-7						
HT-1						

HT-2 (a)						
HT-2 (b)						
HT2C						
HT-3(a)& (b)						
HT-4						
HT-5						
Sub Total (Other than BJ/KJ and IP)						
BJ/KJ<=40units/ month						
BJ/kJ > 40 units/month.						
IP sets-LT-4a						
Sub Total (BJ/KJ and IP)						
Grand Total						

b. Energy Sales

Category	2019-20 Actuals		2020-21 Actuals		2021-22	
	1st April 2019 to 30th Nov 2019 (cumulative)	1st Dec 2019 to 31st March 2020 (cumulative)	1st April 2020 to 30th Nov 2020 (cumulative)	1st Dec 2020 to 31st March 2021 (cumulative)	1st April 2021 to 30th Nov 2021 (cumulative actuals)	1st Dec 2021 to 31st March 2022 (cumulative Estimate)
LT-2a						
LT-2b						
LT-3						
LT-4 (b)						
LT-4 (c)						
LT-5						
LT-6						
LT-6						
LT-7						
HT-1						
HT-2 (a)						
HT-2 (b)						
HT2C						
HT-3(a)& (b)						
HT-4						
HT-5						
Sub Total (Other than BJ/KJ and IP sets)						

	2019-20 Actuals		2020-21 Actuals		2021-22	
BJ/KJ<=40units/ month						
BJ/kJ > 40 units/month.						
IP sets LT 4a						
Sub Total (BJ/KJ and IP)						
Grand Total						

3. RPO Compliance:

- i. BESCO has furnished the details of RPO compliance of solar and non-solar RPO for 2020-21 and has submitted that it has complied with both solar & Non-solar RPO.
- ii. As per Table-3.19, the input energy is 29917.66 MU, whereas as per Table-3.14 it is 29963.43 MU. The solar energy purchased under PPA is 4498 MU & banked energy is 152.10 MU as per Table-3.21 and it is 4499.15 MU & 15,52 MU respectively as per Table-3,14. Further, SRTPV energy of 106.86 MU indicated in table 3.14 is not accounted for RPO. Similarly, co-generation energy is 840.47 MU in table 3.20 and it is 850.66 MU in Table 3.14. Non-solar banked energy of 24.55 MU indicated in table 3.14 is not included for RPO. These figures shall be reconciled with accounts data for FY21.
- iii. For Non-solar RPO, the energy procured from Shimsha & Mani Hydro Station shall be furnished separately.
- iv. For validating the RPO compliance and to work out APPC, BESCO shall furnish the data as per the format indicated below, duly reconciling the data with audited accounts of FY21:

a. Non-solar RPO:

No.	Particulars	Quantum in MU	Cost- Rs. Crs.
1	Total Power Purchase quantum from all sources excluding Hydro energy		
2	Non-solar Renewable energy purchased under PPA route at Generic tariff including Non-solar RE purchased from KPCL		
3	Non-solar Short-Term purchase from RE sources, excluding sec-11 purchase		
4	Non-solar Short-Term purchase from RE sources under sec-11		
5	Non-solar RE purchased at APPC		

6	Non-solar RE pertaining to green energy sold to consumers under green tariff		
7	Non-solar RE purchased from other ESCOMs		
8	Non-solar RE sold to other ESCOMs		
9	Non-solar RE purchased from any other source like banked energy purchased at 85% of Generic tariff		
10	Total Non-Solar RE Energy Purchased [No 2+ No.3+No.4+No.5 +No.7+No.9]		
11	Non-Solar RE accounted for the purpose of RPO [No.10- No.5-No.6-No.8]		
12	Non-solar RPO complied in % [No11/No1]*100		

b. Solar RPO:

No.	Particulars	Quantum in MU	Cost- Rs. Crs.
1	Total Power Purchase quantum from all sources excluding Hydro energy		
2	Solar energy purchased under PPA route at Generic tariff including solar energy purchased from KPCL		
3	Solar energy purchased under Short-Term, excluding sec-11 purchase		
4	Solar Short-Term purchase from RE under sec-11		
5	Solar energy purchased under APPC		
6	Solar energy pertaining to green energy sold to consumers under green tariff		
7	Solar energy purchased from other ESCOMs		
8	Solar energy sold to other ESCOMs		
9	Solar energy purchased from NTPC (or others) as bundled power		
10	Solar energy purchased from any other source like banked energy purchased at 85% of Generic tariff		
11	Total Solar Energy Purchased [No2+ No.3+No.4+No.5+No.7+No.9+No.10]		
12	Solar energy accounted for the purpose of RPO [No.11- No.5-No.6-No.8]		
13	Solar RPO complied in % [No12/No.1]*100		

4. Cross subsidy surcharge:

For FY23, BESCOM has proposed the following CSS:

Voltage level	HT-1	HT-2a(i)	HT-2a(ii)	HT-2b(i)	HT-2b(ii)	HT-2C(i)	HT-2C(ii)	HT 3a(i)	HT 3a(ii)	HT 3b	HT-4	HT-5
66kV & above	97.65	235.63	224.07	313.03	263.97	203.46	242.78	-171.53	182.69	29.16	191.76	316.70
HT-11kV or 33 kV	37.68	235.63	224.07	313.03	263.97	203.46	242.78	-231.50	176.37	-30.81	191.76	316.70

BESCOM shall furnish the working sheet of cost of supply at 66kV and at HT - level

5. Additional Surcharge:

BESCOM has stated that it has worked out the additional surcharge of Rs.2.09/unit considering the ARR of FY23. However, it is also stated that the Additional surcharge is worked out as per the methodology adopted in KERC order dated 30.05.2019. It may be noted that in the above tariff order, the Commission had worked out additional surcharge based on APR data of FY18, whereas in the subsequent orders, the Commission has considered the approved ARRs for computation of Additional Surcharge. In view of the above BESCOM shall clarify as to whether the computations have been done as per order dated 04.11.2020 or as per order dated 09.06.2021. Also as per the calculation provided, ASC is Rs.2.43/-unit, whereas at page-252 it is indicated as Rs. 2.09/- unit. These figures shall be reconciled and correct ASC may be confirmed.

The Commission, in its previous order has provided concession to RE sources in additional surcharge. BESCOM may furnish its comments in the matter.

6. Capital Investment Plan for FY23-FY25:

1. BESCOM has proposed the Capex of Rs.6007.50 Crores, Rs.4964.00 Crores and Rs.4947.00 Crores for FY23, FY24 and FY25 respectively for the control period, under MYT regime. The total capex proposed for the control is Rs. 15918.50 Crores. The proposed capex for the previous control was Rs.7549.39 Crores. This accounts for increase by 110% over the earlier capex proposed. These proposals are vague and no proper justification is given for taking up each category of works and not backed up with proper data to justify the huge capex. The reasons given for the proposed capex are the repetition of the earlier filing and they are general in nature. Some of the reasons given for meeting the capex are:

- i. To meet the increase in demand, releasing new connections for residential, commercial, industrial and agricultural categories, renovation and modernization;
- ii. To meet the safety measure;
- iii. System reliability improvement; etc.

The Commission notes that no justifiable data is given to establish increase in demand or load growth. In fact, due to the COVID pandemic, there is no significant load growth or increase in demand in the State for the last two years. In such a situation proposing huge capex without analyzing the tariff impact to the consumers is not justifiable/ acceptable. Hence, BESCOM is directed to propose capex in tune with the actual requirement duly backed up by justifiable data regarding load growth, loss reduction, improvement in the system reliability etc., keeping in view the financial capability of BESCOM to meet the debt servicing obligations and also the tariff impact on the end consumers. BESCOM shall appreciate that huge capex investment will have a direct impact on the consumer tariff. In the absence of proper justification backed up by specific data, it would not be appropriate on the part of BESCOM to seek huge capex approval from the Commission.

2. BESCOM has not indicated any amount against NJY, DDUGJY, IPDS, Auto Reclosure, Model sub-division, Model Village, System Improvement works of Indiranagar division.
3. BESCOM shall furnish the following:
 - a. BESCOM has compared the actual capex with the budget approved by Board, without considering the Commission approved capex. BESCOM shall furnish reasons for comparing the BESCOM Board approved Budget with capex incurred for FY21 up to Sept 21, whereas, capex incurred need to be compared only with Commission approved amount since, the capex approved by the Commission will have a direct bearing on tariff hike being allowed by the Commission.
 - b. to provide necessary justification on each of the works in terms of its purpose, requirement, physical progress, cost and timelines of completion along with the no. of works proposed to be taken in each of the year of the Control Period with respect to Mission-22, Revamped Reforms-Linked Results-Based Distribution Sector scheme, Erection of distribution transformer centers using 11 meters Spun poles (Shifting of Footpath DTC), smart grid& EV and Conversion of overhead lines into UG/AB cable.
 - c. Division-wise abstract of works to be carried out under Mission-22 for the proposed capex of Rs.637.00 Crores for FY23.

- d. Division-wise abstract of works to be carried out under Revamped Reforms-Linked Results-Based Distribution Sector scheme for the control period for the proposed capex of Rs.1000.00 Crores, Rs.1500.00 Crores and Rs.1500.00 Crores for FY23, FY24 and FY25 respectively and furnish the details of approved action plan and DPR approved by the appropriate authority including grants/subsidy from the GoK.
 - e. Complete details of individual/ specific works to be carried out under smart grid for the proposed capex of Rs.2259.50 Crores, Rs.2005.00 Crores and Rs.2000.00 Crores for FY23 to FY25 respectively.
 - f. details of works to be carried out for projected capex of Rs.543.00 Crores towards conversion of OH lines into UG/AB cable for FY23 along with progress of works achieved till date.
 - g. BESCO shall submit the status of capital budget approved by the Commission for conversion of OH lines to UG cable system and the progress there on. (Total amount of work order issued, work completed, ongoing and awarded works, total amount already spent on the project, work to be awarded etc.
4. Revised Capex for FY22: BESCO has indicated revised capex for FY22 in its filing. It may be noted that while BESCO shall incur the capex within the approved capex for FY22, the Commission would examine the truing up of actual capex during the course of APR for FY22.

7. Observations on BESCO ARR:

- a. Distribution Losses for FY23-25:
 - i. BESCO in its filing in Table-3.10 has indicated the negative distribution losses of (-)7.33% during 5/21 for FY22. BESCO shall submit the reasons for having arrived at negative loss which is practically impossible in any distribution system. BESCO shall furnish the details with explanation for the same obtained from the divisional offices.
 - ii. BESCO in application has projected the distribution losses of 11.00%, 10.95%, 10.90% and 10.85% for FY22 to FY25, a meager reduction of 0.05% in each year. Compared with the actual distribution loss achieved by

BESCOM during the previous years and the huge amount of capex already invested and also proposed the higher amount of capex for the next control period of FY23 to FY25, the projected distribution losses with a year on year reduction of mere 0.05% is not desirable and acceptable. The Commission note that, to achieve this level of proposed distribution losses the requirement of investment as proposed by BESCOM with the ongoing conversion of overhead lines to UG cable system along with various other capital works, may not be required. To justify the investment, BESCOM shall requires to re-assess the projected distribution losses for FY23 to FY25.

- b. Bank Charges: As per Table 3.25, bank charges of Rs.26.73 Crores has been claimed under A&G expenses for FY21. The details for the same shall be submitted.
- c. Balances under GFA: BESCOM in its filing as per format D-15, has indicated Rs. 17833.58 Crores and Rs.20057.89 Crores as the opening and closing balance of GFA for FY21. BESCOM shall submit the bifurcated figures of GFA created out of consumer's contribution & grants and from internal resources & borrowings at the end of FY20 and FY21 and also the amount included in the projected closing balances of GFA for FY23 to FY25 to verify the compliance of the directive in terms of Hon'ble ATE Order in OP 46/2014.
- d. Depreciation: BESCOM as per Format D-8, has indicated Rs.244.34 Crores towards depreciation withdrawn on the asset created out of consumer contribution and grants for FY21, as per Audited Accounts and has projected Rs.210.43 Crores, Rs.25.72 Crores and Rs.241.95 Crores respectively for FY23 to FY25. BESCOM shall submit the details of assets created out of consumer contributions and grants for FY21 to FY25 (OB, CB of GFA and depreciation rate and amount of depreciation thereon).

8. Directives:

Directive No	Directives Issued by the Commission	Observation made
1	Consumer interaction meeting at Subdivision level.	<p>BESCOM was directed to conduct consumer interaction meetings at Subdivision level chaired by the jurisdictional SEE or the jurisdictional EE(E) once in a quarter to redress the consumer complaints. BESCOM has submitted the details of consumer interaction meetings conducted in all the subdivisions during the 2nd quarter of the FY22 only, in its Tariff Filing. It is observed that, the jurisdictional SEE or the jurisdictional EE has not chaired the CIMs as per the directives except the EE Chitradurga and the EE Yedyur.</p> <p>The BESCOM shall furnish the compliance thereon by furnishing the details for FY21 and 1st quarter of FY22.</p>
2	Directive on preparation of energy bills on monthly basis by considering 15 minute's time block period	BESCOM shall furnish the amount per unit considered for computing the revenue gain for the periods for which the data is furnished.
4	Directive on implementation of Standards of Performance (SoP)	BESCOM shall furnish the details of awareness campaigns in the Hobli levels for educating consumers and orientation programs for educating the officers and field staff up to the level of lineman conducted during FY21 as reported in its tariff filing. BESCOM shall submit the compliance regularly.
5	Directive on use of safety gear by linemen	<p>BESCOM is not submitting the quarterly compliance report to the Commission and has not furnished the statistics on the number of regular and contract basis field staff working and the number of staff provided with the safety gear.</p> <p>BESCOM shall submit the statistics and the definite timeline for providing complete set of safety gear to all the lineman if any are still not provided.</p> <p>Details of the action taken on erring staff also be furnished.</p>
6	Directive on providing Timer Switches to Street lights by ESCOMs	<p>BESCOM has not furnished in detail the statistics of, number of Street Light installations existing as at the beginning of the year, serviced during the year, provided with timer switches etc., during FY21.</p> <p>BESCOM shall also furnish the details on the follow up action on the circulars issued on servicing the timer switches while servicing street light points.</p> <p>BESCOM has not submitted the compliance as to whether LED / energy efficient lamps are being used and timer switches are provided while servicing of new streetlight installations.</p>

Directive No	Directives Issued by the Commission	Observation made
		BESCOM shall submit the compliance thereon.
7	Directive on Load shedding	BESCOM has reported to have updated 90% of the consumer data into the application used for public information system on power system interruption etc., BESCOM shall furnish the timeline for updating the entire consumer data into the application.
8	Directive on establishing a 24 X 7 fully equipped centralized consumer service centers	BESCOM was directed to reduce the consumer downtime to address complaints. BESCOM was directed to report average time taken to attend to a complaint as at present and the efforts made to further, reduce the downtime in future. Comparison of the downtime analysis for FY20 and FY21 shall be furnished. BESCOM shall submit compliance on the same.
9	Directives on Energy Audit	<p><u>Energy Audit of cities / towns</u></p> <p>BESCOM shall furnish details of energy audit of the Towns for FY21 along with the details of measures initiated to reduce loss levels.</p> <p>BESCOM shall indicate the definite timeline by which it will complete the consumer indexing for taking up energy auditing effectively.</p> <p>BESCOM shall furnish the comparative statement of losses recorded in Towns & Cities for the FY21 as against the FY20.</p> <p><u>DTCs Energy Audit:</u></p> <p>BESCOM was directed to furnish the details of energy audit conducted in respect of DTCs for which meters have been fixed and the remedial measures initiated to reduce losses in those DTCs which are showing abnormally high losses, every month to the Commission regularly.</p> <p>BESCOM has not submitted the details of energy audit conducted in respect of DTCs for which meters have been said to be fixed. Also, it is being reported, from the last 4 years, the same reason that, the consumer tagging has been taken up for effective energy auditing. BESCOM shall furnish the details of no. of consumers tagged to DTCs during FY20, FY21 & FYY22, along with 1 number of DTCs existing, the number of meters provided to DTCs, percentage energy audit conducted etc.,</p>

Directive No	Directives Issued by the Commission	Observation made
		<p>BESCOM shall submit the details of energy audit conducted for the metered DTCs for FY21 and till September 2021 and the timeline for conducting the EA of all the DTCs.</p> <p>BESCOM Shall confirm as to whether the consumer tagging work has been completed or still in progress. The timeline for completely tagging the consumers with DTCs across BESCOM, need to be furnished.</p>
13	Directive on Implementation of Financial Management Framework	<p>BESCOM has not submitted the compliance in respect of implementation of Financial Management Framework as per the directions in the Tariff Order for FY21 and till September 2021. Shall submit the same and BESCOM is directed to submit the status report on quarterly basis, regularly to the Commission.</p>
14	Prevention of Electrical Accidents	<p>BESCOM shall furnish the details of hazardous locations identified, the balance number of hazardous locations to be rectified for FY21 and till September 2021 along with an action plan to rectify them.</p> <p>BESCOM shall furnish the summary of the analysis made on the reports submitted by Electrical Inspectorate for FY21 up to September 2021, action taken to prevent such accidents in future.</p>

21	Model Sub division								
22	Technology Innovative Center								
23	Corporate reserve fund								
24	Auto reclosure and sectionalizer								
25	Model Village								
26	Smart city								
27	Replacement of faulty transformer								
28	Conversion of overhead lines into UG/AB cable								
29	Grand Total								

