

CHAPTER-4
ANNUAL PERFORMANCE REVIEW FOR FY22

4.1 Hon'ble Commission has approved the Annual Revenue Requirement of MESCOM for FY22 in the Tariff Order-2021 dated 10th June 2021. The tariff determined in the order was given effect from 01st April 2021.

MESCOM has the provisional audited Annual Accounts for FY22 and accordingly, proposing here below the Annual Performance Review for the financial year FY22, in accordance with the *KERC (Terms & Conditions for Determination of Tariff for Distribution and Retail Sale of Electricity) Regulations, 2015*, for kind consideration of the Hon'ble Commission.

Provisional audited Annual Accounts for FY22 has been considered in the current filing.

4.2 Annual Performance Review for the financial year FY22:

The operating and financial performance of the Company in FY22 is detailed in the foregoing paragraphs.

4.2.1 Operating Performance:

a. Energy Sales:

Category wise actual energy sales in FY22 as against the energy sales approved in Tariff Order-2021 are as below;

Category	FY21 MU	FY22 MU	
	Actuals	As apprd. in T.O. 2021	Actuals
LT-1: =< 40 Units	35.00	32.12	35.28
LT-1: > 40 Units	18.91	24.79	17.99
LT-2a	1529.78	1610.46	1560.99
LT-2b	8.05	15.42	11.12
LT-3	349.98	420.28	382.03
LT-4a	1685.25	1892.09	1492.01
LT-4b&c	9.59	10.62	7.39
LT-5	123.75	138.16	134.60
LT-6(W/s)	144.80	147.28	151.62
LT-6(St. Lt.)	66.79	77.29	69.92
LT-7	18.32	20.01	21.90
LT-Total	3990.22	4388.52	3884.85

Category	FY21 MU	FY22 MU	
	Actuals	As apprd. in T.O. 2021	Actuals
HT-1	100.79	102.89	107.74
HT-2a	550.54	689.55	711.32
HT-2b	140.44	221.01	166.84
HT-2c	89.81	157.71	106.61
HT-3a&b	95.59	88.90	90.78
HT-4	20.73	22.55	22.87
HT-5	2.29	3.83	2.75
HT-Total	1000.19	1286.44	1208.91
MSEZ Supply	60.98	43.75	67.95
KPCL Consumption	6.57	2.74	6.81
Grand Total	5057.96	5721.45	5168.52

(*) KERC has approved the total sales excluding sales to MSEZ (43.75 MU) but the energy is considered in generation point energy.

Category	% incr. / dec. w.r.t. FY21 Actuals	% incr. / dec. w.r.t. apprd. Quantum
LT-1:> 40 Units	0.80%	9.84%
LT-1:≤ 40 Units	-4.87%	-27.43%
LT-2a	2.04%	-3.07%
LT-2b	38.14%	-27.89%
LT-3	9.16%	-9.10%
LT-4a	-11.47%	-21.14%
LT-4b&c	-22.94%	-30.41%
LT-5	8.77%	-2.58%
LT-6(W/s)	4.71%	2.95%
LT-6(St. Lt.)	4.69%	-9.54%
LT-7	19.54%	9.45%
LT-Total	-2.64%	-11.48%
HT-1	6.90%	4.71%
HT-2a	29.20%	3.16%
HT-2b	18.80%	-24.51%
HT-2c	18.71%	-32.40%
HT-3a&b	-5.03%	2.11%
HT-4	10.32%	1.42%
HT-5	20.09%	-28.20%
HT-Total	20.87%	-6.03%
MSEZ Supply	11.43%	55.31%
KPCL Consumption	3.65%	148.54%
Grand Total	2.19%	-9.66%

As can be observed from the above table, MESCOM has reached about 90% of the total approved sales in respect of both LT & HT category. In respect of LT & HT category the achievement is about 89% & 94%, respectively. When compared to FY21, the achievement stands at 97% & 121%, respectively.

Further, it can be noted that in respect of HT-2b and HT-2c category there is normal growth of about 43 MU with reference to FY21, whereas with reference to approved sales there is shortfall of about 105 MU.

LT-4a category has recorded 1492.01 MU of energy sales in FY22 which is less by 11% compared to FY21 and 21% compared to approved sales.

The data in respect of sales along with the consumption from open access / wheeling for the period from 2016-17 to 2021-22 are furnished below;

HT-2a (MU)

Year	Energy Procured from MESCOM	Open Access + Wheeled Energy	Total
FY17	548.29	241.47	789.76
FY18	596.27	283.26	879.53
FY19	624.76	319.96	944.72
FY20	635.20	329.39	964.59
FY21	550.54	310.63	861.17
FY22	711.32	350.04	1061.36

HT-2b (MU)

Year	Energy Procured from MESCOM	Open Access + Wheeled Energy	Total
FY17	186.06	-	186.06
FY18	193.17	3.41	196.58
FY19	200.43	3.82	204.25
FY20	205.72	4.89	210.61
FY21	140.44	22.13	162.57
FY22	166.84	18.41	185.25

HT-2c (MU)

Year	Energy Procured from MESCOM	Open Access + Wheeled Energy	Total
FY17	154.85	27.12	181.97
FY18	137.07	47.76	184.83
FY19	144.58	49.54	194.12
FY20	139.87	58.37	198.24
FY21	89.81	37.39	127.20
FY22	106.61	60.67	167.28

b. Distribution Loss:

In the Tariff Order 2021, Hon'ble Commission has approved an average distribution loss of 9.27% for FY22 with 9.52% being the upper limit and 9.02% being the lower limit against which the actual distribution loss of MESCOM in the year FY22 is 9.02%.

1	Energy at Interface Points in MU	5681.01
2	Total Sales in MU	5168.52
3	Distribution Loss (%)	9.02%

4.2.2 Financial Performance:

The financial performance of MESCOM as per the provisional Annual Accounts for FY22 v/s the Annual Revenue Requirement approved by the Hon'ble Commission in the Tariff Order-2021 is tabulated below;

Particulars	ARR for FY22 apprd. in TO-2021 (Rs. In Cr.)	As per FY22 provisional Accounts (Rs. In Cr.)
<u>A. INCOME:</u>		
Revenue from sale of power (#)	3363.92	3027.82 (#)
Revenue subsidies	1143.73	925.89
A-Total Income:	4507.65	3953.71
<u>B. EXPENDITURE:</u>		
(1) Purchase of Power	2738.02	2256.66
(2) KPTCL Transmission charges	318.18	320.58
(3) SLDC Charges	2.59	2.59
Sub-Total (1+2+3):	3058.79	2579.83
<u>O&M Costs:</u>		
(a) Repairs & Maintenance		63.66
(b) Employee Costs	796.62	518.22
(c) Administrative & General Expenses		106.97
Sub-Total (a+b+c):	796.62	688.85
Depreciation	186.77	209.23
<u>Interest & Finance Charges:</u>		
(i) Interest on Loan Capital	116.10	98.71
Cost of raising finance	1.08	1.51
(ii) Interest on Working Capital	91.13	31.65
(iii) Interest on Consumer Deposits	32.37	29.11
(iv) Interest on belated power purchase payments	-	-
Sub-Total (i+ii+iii+iv):	240.67	160.98

Particulars	ARR for FY22 apprd. in TO-2021 (Rs. In Cr.)	As per FY22 provisional Accounts (Rs. In Cr.)
Less: Interest & Finance charges capitalized	(2.10)	-
Other Debits (including bad debts)	-	9.43
Extraordinary items	-	44.09
Provision for taxes	-	-
Funds towards consumer relations	0.50	0.06
Sub-Total:	(1.60)	53.58
B-Total Expenditure:	4281.25	3692.47
Return on Equity	151.67	-
Regulatory Asses as per TO-2020	61.47	-
Surplus / (Deficit) of previous year	103.15	-
Less: Other Income	(89.88)	(123.39)
Sub-Total:	226.41	(123.39)
NET Annual Revenue Requirement	4507.65	3569.08
Net Movement in Reg. Deferral account balance	-	351.92
REVENUE Surplus / (Deficit)	-	32.70

includes revenue from MSEZ.

Particulars	As proposed for FY22 APR (Rs. In Cr.)
<u>A. INCOME:</u>	
Revenue from sale of power	3027.82 (#)
Revenue subsidies	925.89
A-Total Income:	3953.71
<u>B. EXPENDITURE:</u>	
(1) Purchase of Power	2256.66
(2) KPTCL Transmission charges	320.58
(3) SLDC Charges	2.59
Sub-Total (1+2+3):	2579.83
<u>O&M Costs:</u>	
(a) Repairs & Maintenance	63.66
(b) Employee Costs	518.22
(c) Administrative & General Expenses	106.97
Sub-Total (a+b+c):	688.85
Depreciation	166.76
<u>Interest & Finance Charges:</u>	
(i) Interest on Loan Capital	98.71
Cost of raising finance	1.51
(ii) Interest on Working Capital	55.32
(iii) Interest on Consumer Deposits	29.11
(iv) Interest on belated power purchase payments	-
Sub-Total (i+ii+iii+iv):	184.65

Particulars	As proposed for FY22 APR (Rs. In Cr.)
Less: Interest & Finance charges capitalized	-
Other Debits (including bad debts)	9.43
Extraordinary items	44.09
Provision for taxes	-
Funds towards consumer relations	0.06
Sub-Total:	53.58
B-Total Expenditure:	3673.67
Return on Equity	125.88
Carrying cost on Regulatory Asset as per TO-2020	12.29
Less: Other Income	(80.92)
Sub-Total:	57.25
NET Annual Revenue Requirement	3730.93
REVENUE Surplus / (Deficit)	222.78

There is no major variation in the expenditure with reference to the approved costs.

Power Purchase Cost:

In the Tariff Order 2021, Hon'ble Commission has approved the energy at generation point as 6494.96 MU to cater energy sales of 5677.69 MU (excluding MSEZ). Whereas MESCOM had purchased 5941.01 MU and energy sales is 5168.52 (including MSEZ) MU.

Source wise details are submitted in Format D-1 and the abstract of the same is drawn below;

Source	Approved Energy Purchase and Cost for FY22					
	MU	Fixed Charges (Rs.in Cr)	Variable Charges (Rs.in Cr)	Other Charges (Rs.in Cr)	Total (Rs.in Cr)	Avg. Cost (Rs./unit)
1	2	3	4	5	6	7
KPCL_Thermal	1287.90	390.14	381.08	-	771.22	5.99
CGS	1857.42	291.55	579.86	-	871.41	4.69
UPCL	224.83	58.43	71.50	-	129.93	5.78
KPCL_Hydel	1811.42	-	185.17	-	185.17	1.02
Other_Hydel	15.89	-	5.30	-	5.30	3.34
NCE	1297.47	-	557.43	-	557.43	4.30
Short Term	-	-	-	-	-	-
UI Charges	-	-	-	-	-	-
Energy Balancing	-	-	-	-	-	-
Sales/Purchase (IEX)	-	-	-	-	-	-
PGCIL Charges	-	217.30	-	-	217.30	-
POSOCO Charges	-	0.26	-	-	0.26	-
KPTCL Tr. Charges	-	318.19	-	-	318.19	-
SLDC Charges	-	2.59	-	-	2.59	-
Other Charges	-	0.00	-	-	0.00	-
TOTAL:	6494.93	1278.46	1780.34		3058.80	4.71

Source	Actual Energy Purchase and Cost for FY22					
	MU	Fixed Charges (Rs.in Cr)	Variable Charges (Rs.in Cr)	Other Charges (Rs.in Cr)	Total (Rs.in Cr)	Avg. Cost (Rs./unit)
1	2	3	4	5	6	7
KPCL_Thermal	1359.36	321.25	437.55	(13.20)	745.60	5.48
CGS	2288.69	303.32	744.59	9.17	1057.08	4.62
UPCL	83.42	58.43	35.58	11.14	105.15	12.60
KPCL_Hydel	2134.22	0.00	155.33	-	155.33	0.73
Other_Hydel	17.41	0.00	5.29	-	5.29	3.04
NCE	1524.50	0.00	650.86	-	650.86	4.27
Short Term	-	-	-	-	-	-
UI Charges	-17.66	0.00	-0.83	-	-0.83	0.47
Energy Balancing	-946.18	0.00	-438.50	0.00	-438.50	4.63
Sales/Purchase (IEX)	-502.75	0.00	-208.64	0.00	-208.64	4.15
PGCIL Charges	-	184.25	-	-	184.25	-
POSOCO Charges	-	0.54	-	-	0.54	-
KPTCL Tr. Charges	-	320.58	-	-	320.58	-
SLDC Charges	-	2.59	-	-	2.59	-
Other Charges	-	0.53	-	-	0.53	-
TOTAL:	5941.01	1191.49	1381.23	7.11	2579.83	4.34

In view of the above, Hon'ble Commission is requested to allow the power purchase cost as incurred by MESCOM in FY22.

O&M Charges:

In FY22, MESCOM has incurred the O&M expenses as below;

Particulars	As approved in TO-2021 (Rs.in Cr.)	Actuals (Rs.in Cr.)
Repairs & maintenance		63.66
Employee Costs	796.62	518.22
Administrative & General expenses		106.97
Total:	796.62	688.85

Hon'ble Commission is requested to allow O&M expenses of Rs.688.85 Cr as incurred by MESCOM in FY22.

Depreciation:

As against the approved depreciation of Rs.186.77Cr, MESCOM has provided Rs.166.76 Cr. This is after deducting the depreciation chargeable on the assets created out of Govt. Grants and Consumer Contribution received after 01.04.2016 as follows;

Depreciation on Total Assets:	:Rs.209.23 Cr.
Less: Depreciation on assets created out of Govt. Grants and Consumer Contribution	:Rs.42.47 Cr.
	:Rs.166.76 Cr.

The assets created out of Govt. Grants and Consumer Contribution till 31.03.2016 amounting to Rs.515.17 Cr have been shown as a reduction in the Cost of fixed Assets and depreciation on these assets i.e. Rs.24.22 Cr is reduced from the total depreciation.

As such, Hon'ble Commission is requested to consider the depreciation amount provided in Annual Accounts for FY21.

Interest & Finance Charges:

In the Tariff Order 2021, Hon'ble Commission has approved the Interest & Finance Charges of Rs.240.67 Cr for the year FY22.

As per the provisions of MYT Regulations MESCOM has claimed the Interest & Finance charges in the APR of FY22 as follows;

Particulars	As approved in TO-2021	As per Accounts	As claimed in APR
Interest on Loan Capital	116.10	98.71	98.71
Cost of raising finance	1.08	1.51	1.51
Interest on Working Capital	91.13	31.65	55.32
Interest on Consumer Deposits	32.37	29.11	29.11
Total	240.67	160.98	184.65

(*) Claimed Working capital is arrived as follows in line with MYT Regulations.

Particulars	As per Accounts (Rs.in Cr)
1/12th of O&M Expenses	57.40
Opening GFA	3944.04
1% of opening GFA	39.44
1/6th of Revenue	658.95
Total Working Capital	755.79
Normative Interest on Working Capital @ 10.45%	78.98
Actual interest on working capital incurred in FY21	31.65
Interest on working capital claimed	55.32

(*)Statement showing status of borrowing as on 31-03-2022 is enclosed as **Annexure-1**.

Funds towards Consumer Relations:

In FY22, MESCOM has incurred an expenditure of Rs.0.06 Cr towards consumer relation activities as against the approved expenditure of Rs.0.50 Cr. In this regard, the expenditure breakup details are furnished below;

Particulars	Rs. in Lakhs
Consumer Awareness Information Given in the Newspapers	5.95

Subsidy Release during FY22:

Details of subsidy claims by MESCOM and releases by GoK during FY22.

(Rs.in Cr)						
Sl. No.	Particulars	MU	OB	Demand	Receipt	CB
1	Power supply to IP Sets of up to 10 HP (LT4a)	1492.01	954.25	870.90	1465.28	359.87
2	Power supply to BJ/KJ upto 18 Units per month per Installations	35.28	-	30.12	30.12	-
3	Amount refunded in respect of IP Set payment made by farmers from 01.04.2001 to 31.03.2003	-	31.80	-	-	31.80
4	Old subsidy accounted as per GO No: EN 67 PSR 2017 BANGALORE Dated 31.07.2017	-	77.22	-	-	77.22
5	Gap to be paid by GOK for FY 2011-12 & FY 2012-13 as per KERC Truing-up Order	-	52.33	-	-	52.33
	Total:	1527.29	1115.60	901.02	1495.40	521.22

Return on Equity:

In the Tariff Order 2021, Hon'ble Commission has allowed the Return on Equity of Rs.151.67 Cr for FY22.

However, as per the provisions of Clause 3.9.1 of the KERC (Terms & Conditions for Determination of Tariff for Retail Sale of Electricity) Regulations the allowable Return on Equity works out to Rs.125.88 Cr, the computation details are as below.

(Return on Equity: Rs. in Crores)

Year	FY22
Opening balance of paid up share capital	619.44
Share Deposit	34.96
Reserves & Surplus (#)	178.43
Less: Recapitalized Security Deposit	(-)26.00
Total:	806.83
Rate of ROE	15.50%
RoE on opening equity of FY22	125.06
ROE on equity infused during FY22 (*)	0.82
Total ROE considered for APR	125.88

(#) excluding Reserve for Material Cost Variance, Capital Reserve and Net worth Adjustments.

(*) Return on equity for the additional equity received during FY22:

Rs.in Cr.					
Sl. No.	Govt. Order Date	Amount (in Cr)	Actual date of receipt	No. of Months	ROE
1	Energy 246 PSR 2021 dtd 19.07.2021	7.27	29.07.2021	8	0.75
2	Energy 282 PSR 2021 dtd 3.8.21	0.52	17.08.2021	7	0.05
3	Energy 283 PSR 2021 dtd 04.08.2021	0.16	18.08.2021	7	0.01
4	Energy 283 PSR 2021 dtd 04.08.2021	0.07	18.08.2021	7	0.01
5	Energy 283 PSR 2021 dtd 18.03.2022	0.07	28.03.2022	-	-
6	Energy 283 PSR 2021 dtd 18.03.2022	0.16	25.03.2022	-	-
7	Energy 282 PSR 2021 dtd 18.03.2022	0.52	25.03.2022	-	-
	Grand Total	8.77			0.82

Status of Debt Equity Ratio:

Particulars	FY22
GFA Closing Balance	4386.23
Debt	1312.00
Equity	922.43
Normative Debt @ 70% of GFA	3070.36
Normative Equity @ 30% of GFA	1315.87
% of actual DEBT on GFA	29.91 %
% of actual EQUITY on GFA	21.03 %

The details of equity infused by GOK in FY23 (upto Sep) is furnished below;

Equity received during FY23 (upto Sep):

Sl. No.	Govt. Order No. / Date	Amount (Rs.in Cr)	Actual date of receipt
1	Energy 332 PSR 2022, dtd 14.07.22	1.40	03-09-2022
2	Energy 333 PSR 2022, dtd 30.07.22	3.16	03-09-2022
	Grand Total	4.56	

Carrying cost on Regulatory Asset:

In the Tariff Order 2020, Hon'ble Commission has created regulatory asset amounting to Rs.122.93 Cr which has been amortized in FY22 and FY23. However, as per the said tariff order carrying cost @ 10% has to be considered in the Annual Performance Review of FY22 and FY23. Accordingly, MESCOM has claimed Rs.12.29 Cr towards carrying cost in APR.

Other Income:

As per the Annual Accounts for 2021-22, the income under the head 'Other Income' is Rs.181.32 Cr. However, MESCOM has considered the 'Other Income' for APR as follows;

Particulars	FY22
'Other Income' as per Annual Accounts for 2020-21	181.32
Less: 'Delayed Payment Charges from Consumers'	(57.93)
Less: Depreciation on Grants and consumer contribution	(42.47)
'Other Income' considered for APR	80.92

Incentive for prompt payment of power purchase bills:

Power Generators allow rebate as a percentage of the invoiced amount for arranging payment by ESCOMs within the prescribed time limit. The Incentive so availed is accounted as Income and shown under Other Income. KERC is allowing ESCOM to retain only 10% of the rebate amount and balance amount passed on to consumers in the retail tariff.

As ESCOMs make prompt payment of power purchase bills to earn rebate in spite of severe cash flow problems, the Hon'ble Commission is requested to allow incentive to be retained by the Company in full. Allowing incentive amount earned in full to be retained by ESCOMs would encourage making prompt payment in all cases and avail the benefit of incentive. Further, this would avoid late payment charges to the extent possible. Such incentive amount would be considered as Internal Resources and utilized appropriately.

To consider the Truing up results of previous year in the Truing up exercise of year under consideration.

Determination of the Retail Supply Tariff chargeable by the Company to its consumers is governed by KERC (Terms and conditions for determination of Tariff for Distribution and Retail Sale of Electricity) Regulations 2006, and the amendments made thereon from time to time, whereby KERC is required to determine the Tariff in a manner that the Company recovers its Power purchase cost as well as other prudently incurred expenses and earns post tax return of 15.50% p.a. on KERC approved Equity.

Accordingly Hon'ble Commission is determining the tariff based on the estimations submitted by the Company each year at the beginning of the year itself. Later, on finalization of accounts for the respective year, Hon'ble Commission will carry out the process of Annual Performance Review (Truing up), based on the audited accounts of the Company and the actual deficit / surplus will be carried forward for determination of tariff for future year/years.

For example, the Truing up deficit of FY 2016-17 was carried forward by the Hon'ble Commission for estimation/ determination of Tariff for FY 2018-19, as the Audited accounts of FY 2016-17 was made available to the Hon'ble Commission in the middle of the FY 2017-18.

Accordingly the Truing up deficit of FY 2016-17 amounting to Rs. 553.83 Crs was carried forward for estimation/ determination of Tariff for FY 2018-19 as detailed below:

Table -1 Rs. In Crs

Sl. NO.	Particulars	Truing up of FY 2016-17	Estimation of FY 2018-19
1.	Approved Expenses for the current year	3372.13	2691.87
2	True up gap of FY 2016-17	-	553.83
3	Total Expenses (1+2)	3372.13	3245.70
4	Total Revenue	2818.30	3103.65
5	Surplus (+)/Deficit (-) (4-3)	(-)553.83	(-)142.05

It can be seen from the above table that, deficit of FY 2016-17 amounting to Rs. 553.83 Crs was carried forward for estimation/ determination of Tariff for FY 2018-19.

However, after finalization of the accounts for the year 2018-19, while passing the True up Order for this year, the deficit of the year 2016-17 which was considered for estimation **was not carried forward** by the Hon'ble Commission as detailed in the table below:

Table -2

Rs. In Crs

Sl. NO.	Particulars	Estimation of FY 2018-19	As per Audited Accounts	As per APR order of KERC for FY 2018-19
1.	Approved Expenses for the current year	2691.87	3131.06	3037.25
2	True up gap of FY 2016-17	553.83	553.83	0.00
3	Total Expenses (1+2)	3245.70	3684.89	3037.25
4	Total Revenue	3103.65	3352.25	3270.80
5	Surplus (+)/Deficit (-) (4-3)	(-)142.05	(-)332.64	(+)233.55

It can be seen from the above table that, the gap of FY 2017 amounting to Rs. 553.83 Crs which **was carried forward as a cost while arriving at the ARR/ Tariff determination for FY 2018-19, was not carried forward by the Hon'ble Commission in the process of APR of same year.** However, the entire revenue recovered during the year 2018-19 (Rs. 3270.80 Crs) which includes the revenue recovered on account of gap of FY 2017 was factored in the APR. By doing so, Hon'ble Commission has wrongly arrived at APR Surplus of Rs. 233.55 Crs for the year 2018-19 in place of actual gap (deficit) of Rs. 332.64 Crs. **Hence it is opined that, the True-up Gap of FY 2016-17 which was determined, approved and allowed by Hon'ble KERC amounting to Rs. 553.83 Crs was remained unrealized.**

Since the revenue recovered during the year 2018-19 (Rs. 3270.80 Crs) is inclusive of the revenue towards the deficit of FY 2016-17 also, while carrying out True-up of FY 2018-19, the Hon'ble Commission, either should have carried forward the True-up gap of FY 2016-17 (Rs. 553.83 Crs) in expenditure side (as was done while estimating) OR the revenue of the year 2018-19 should have been reduced to that extent, so that exclusive revenue and expenses of year 2018-19 are considered for arriving at actual Truing up gap of the year 2018-19.

Hon'ble KERC is carrying out Truing up exercise (APR Process) every year since 2007-08 as per KERC (Terms and conditions for determination of Tariff for Distribution and Retail Sale of Electricity) Regulations 2006. The details of surplus/deficit arrived in the APR process of MESCOM by KERC in each year since FY 2007-08 is as below:

Table -3

Rs. In Crs

Sl. No.	FY	The tariff order in which ARR was done	Net ARR as per APR order	Net revenue as per APR order	Deficit (-) surplus (+) for the year	Cumulative Deficit (-) surplus (+)
1	2	3	4	5	6	7
1	2007-08	25.11.2009	942.69	900.58	-42.11	-42.11
2	2008-09	25.11.2009	1141.93	1047.68	-94.26	-136.37
3	2009-10	07.12.2010	1171.76	1175.25	3.50	-132.87
4	2010-11	28.10.2011	1428.03	1347.65	-80.38	-213.25
5	2011-12	06.05.2013	1529.70	1598.59	68.89	-144.36
6	2012-13	12.05.2014	1997.31	1748.73	-248.57	-392.93
7	2013-14	02.03.2015	1866.77	1952.77	86.00	-306.93
8	2014-15	30.03.2016	2046.84	2191.35	144.51	-162.42
9	2015-16	11.04.2017	2758.95	2363.21	-395.74	-558.16
10	2016-17	30.05.2018	3372.13	2818.30	-553.83	-1111.99
11	2017-18	30.02.2019	3184.86	3156.64	-28.22	-1140.21
12	2018-19	04.11.2020	3037.25	3270.80	233.55	-906.66
13	2019-20	09.06.2021	3859.55	3756.41	-103.15	-1009.81
	Total		28337.77	27327.96	-1009.81	

Since, Hon'ble KERC is not carrying forward the previous gaps as narrated above, the total gap approved by Hon'ble Commission upto FY 2019-20 amounting to Rs. 1009.81 Crs was remained unrecovered.

It is evident from the records that, though the Hon'ble Commission is taking into account the surplus or the deficit of the relevant year for determining the tariff for ensuing financial year, it was not recovered in the real sense, as Hon'ble Commission has considered the entire revenue as the revenue of the year under consideration for APR but has not considered the previous year's gap on expenditure side. It is very conspicuous from the APR format that, the gap figure of the previous year which was considered in the tariff determination is missing in the APR of respective year. This missing figure is the reason for not passing on of the gap of the previous/ earlier years.

During filing APR for FY 2018-19, Company had requested the Hon'ble Commission to consider the deficit of previous years upto FY 2016-17 amounting to Rs. 1111.98 Crs. However the claim of the Company was rejected by Hon'ble Commission stating that, **"As per the decisions of the Hon'ble ATE, True up of ARR once done cannot be re-opened at subsequent point of time"**. In this regard it is once again submitted that MESCOM is not requesting for reopening or redoing of the APR of any earlier years for determination of the surplus or deficit of the respective years. MESCOM has already conceded for the APR results carried out by the Hon'ble Commission except non-considering of previous year's gap. The only appeal to the Hon'ble Commission is, to pass on the result of APR of the respective years in the current APR, to this Company.

It is prayed before the Hon'ble Commission to consider the trued up deficit balances to the extent of Rs. 1009.81 Crs, as shown in the **Table-3** above, in the truing up exercise of the FY 2021-22 which is under consideration in this appeal petition.

4.2.3 Renewable Purchase Obligation (RPO) Compliance:

The Superintending Engineer (El.), TBC, KPTCL, Bengaluru has communicated the RPO compliance details of ESCOMs as per which Non-Solar & Solar RPO compliance of MESCOM are as follows (copy of the statement furnished by SLDC is enclosed as Annexure-2);

a. **Non-solar RPO (Actuals for FY22):**

Sl. No.	Particulars	Quantum In MU	Cost Rs.in Cr
1.	Total power purchase quantum from all sources excluding Hydro-energy	4133.29	1378.24
2.	Non-Solar RE purchased under PPA route at Generic Tariff including Non-Solar RE purchased from KPCL	779.89(*)	295.77(*)
3.	Non-Solar RE purchased from Exchanges	8.26	3.68
4.	Non-Solar RE sold in Exchanges	(-)85.18	(-)35.44
5.	Non-Solar RE (Green Energy) sold to consumers	(-)0.12	-
6.	Non-Solar RE purchased from other ESCOMs	-	-
7.	Non-Solar RE sold to other ESCOMs	-	-
8.	Banked non-solar RE purchased @ 85% of Generic Tariff.	22.34(**)	8.16(**)
9.	Total Non-Solar RE Purchased [2+3-4-5+6-7+8]	725.19	272.17
10.	Non-Solar RPO Target (%)	13.00%	
11.	Non-Solar RPO Complied (%)	17.55%	

(*) Includes Mani and Shimsha

Mani : 1.64 MU (Rs.0.21 Cr.)
Shimsha : 3.51 MU (Rs.0.42 Cr.)

(**) Banked non-solar energy of 22.34 MU

Mini Hydel : 22.19 MU (Rs.8.12 Cr)
Wind Mill : 0.15 MU (Rs.0.04 Cr)

b. **Solar RPO (Actuals for FY22):**

Sl. No.	Particulars	Quantum In MU	Cost Rs.in Cr
1.	Total power purchase quantum from all sources excluding Hydro-energy	4133.29	1378.24
2.	Solar RE purchased under PPA route at Generic Tariff including Solar RE purchased from KPCL	832.03(***)	410.76(***)
3.	Solar RE purchased from Exchanges	-	-
4.	Solar RE sold in Exchanges	(-)75.25	(-)35.44
5.	Solar RE (Green Energy) sold to consumers	(-)16.15	-
6.	Solar RE purchased from other ESCOMs	-	-
7.	Solar RE sold to other ESCOMs	-	-
8.	Banked solar RE purchased @ 85% of Generic Tariff.	0.15	1.12
9.	Total Solar RE Purchased [2+3-4-5+6-7+8]	740.78	376.44
10.	Solar RPO Target (%)	10.50%	
11.	Solar RPO Complied (%)	17.92%	

(***) includes Solar Rooftop Energy of 8.21 MU (Rs.5.99 Cr)

4.4 Copy of the provisional audited Accounts for FY22 and copy of the provisional unaudited half yearly accounts for FY23 are enclosed as **Annexure-3a** and **Annexure-3b**.

4.5 Capital Expenditure incurred during FY22 is indicated below:

In Tariff Order 2021, Hon'ble Commission has approved CAPEX of Rs.695.85 Cr for FY22 as against of which MESCOM has incurred Rs.425.46 Cr.

Sl. No.	Particulars	Apprd. For FY22	FY-22(Actuals)		Total
			Expd. Relating to works sanctioned prior to FY22	Expd. Relating to Works sanctioned in FY22	
A.	<u>Regular works</u>				
1.	Extension & Improvement (E&I) works (Additional Transformers, Link-Lines, HT/LT Re-conductoring, HVDS, UG/AB Cable etc.)	250.00	110.28	0.02	110.26
2.	DTC metering	2.70	0.02	-	0.02
3.	Replacement of Electromechanical meters by Static meters	20.00	2.62	-	2.62
4.	Replacement of faulty Distribution Transformers	5.00	1.89	0.28	1.61
5.	Service Connection	60.00	44.49	-	44.49
	Sub- Total	337.70	159.30	0.30	159.00
6.	<u>Rural Electrification (General)</u>				
a.	Electrification of Hamlets	2.00	0.36	-	0.36
b.	Energisation of IP sets under general, Ganga Kalyana schemes etc	65.00	106.27	-	106.27
c.	Electrification of BPL Households	0.25	-	-	-
	Sub- Total	67.25	106.63	-	106.63
7.	<u>Tribal Sub-Plan</u>				
a.	Electrification of Tribal Colonies	1.50	0.42	-	0.42
b.	Energisation of IP sets	0.90	0.97	-	0.97
c.	other improvement works	0.05	0.89	-	0.89
	Sub- Total	2.45	2.28	-	2.28
8.	<u>Special Component Plan</u>				
a.	Electrification of S.C Colonies	1.00	0.13	-	0.13
b.	Energisation of IP sets	1.15	2.88	-	2.88
c.	other improvement works	0.10	2.47	-	2.47
	Sub- Total	2.25	5.48	-	5.48
9.	Tools & Plants & Computers	6.50	2.91	-	2.91
10.	Civil Engineering Works	40.00	29.55	-	29.55
11.	33 KV Station and Line Works	100.00	21.50	-	21.50
12.	Solar Roof top on Company Buildings	4.00	-	-	-
	Total-A:	580.15	327.65	0.30	327.35

(Rs.in Cr.)

Sl. No.	Particulars	Apprd. For FY22	FY-22(Actuals)		Total
			Expd. Relating to works sanctioned prior to FY22	Expd. Relating to Works sanctioned in FY22	
B.	<u>GoI/GoK Scheme works</u>				
1.	Deen Dayal Upadyaya Grama Jyoti Yojana (DDUGJY)	-	8.83	-	8.83
2.	IPDS: System improvement & Strengthening works in R-APDRP / statutory towns	0.50	3.15	-	3.15
3.	IPDS:Gas insulated substations	30.00	28.00	-	28.00
4.	IPDS (Integrated Power Development Scheme) Phase II-IT	-	-	-	-
5.	Energization of IP sets under Ganga Kalyana	75.00	17.10	-	17.10
6.	Improvement works for Model Electricity Village	5.20	8.61	-	8.61
7.	Improvement works for Model Sub-division	5.00	35.20	-	35.20
	Total-B:	115.70	100.89	-	100.89
	GRAND TOTAL:	695.85	425.77	0.31	425.46

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