

CHAPTER – 2

SUMMARY OF FILING & TARIFF DETERMINATION PROCESS

2.0 Background for Current Filing:

The Commission in its Tariff Order dated 14th May, 2018, had approved the revised ARR for FY17 consequent to APR of FY17, revised ARR for FY19 and revised Retail Supply Tariff of CESC for FY19 under the MYT principles. The CESC, in its present application filed on 28th November, **2019** has sought Annual Performance Review (APR) for **FY19** based on the audited accounts, approval of revised ARR for FY21 and Revision of Retail Supply Tariff for FY21.

2.1 Preliminary Observations of the Commission

After a preliminary scrutiny of the application the Commission had communicated its observations to the CESC on 16th December, 2019 which were mainly on the following points:

- Capital Expenditure
- Sales Forecast
- Assessment of IP set consumption
- Distribution Losses
- Power Purchase
- Renewable Purchase Obligation
- Wheeling Charges
- Cross Subsidy Surcharge
- Issues pertaining to items of revenue and expenditure
- Other new proposals
- Compliance to Directives

The CESC has furnished its replies on 24th December, 2019. The replies furnished by the CESC 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 the KERC (General and Conduct of Proceedings) Regulations, 2000, the Commission

vide its letter dated 31st December, 2019 treated the application of CESC as a petition and directed CESC to publish the summary of ARR and Tariff proposals in the newspapers calling for objections, if any, from interested persons.

Accordingly, the CESC published the same in the following newspapers:

Name of the News Paper	Language	Date of Publication
Times of India	English	03.01.2020
Deccan Herald		
Vijayavani	Kannada	04.01.2020
Kannada Prabha		

The CESC's application on APR for FY19, Revision of ARR for FY21 and revision of retail supply tariff for FY21, were also hosted on the web-sites of the CESC and the Commission for the ready reference and information of the general public.

In response to the application of the CESC, the Commission received four statements/letters of objections within the time stipulated for filing objections. The CESC has furnished its replies to all these objections. The Commission held a Public Hearing on 11.02.2020 at Mysore. The details of the written/oral submissions made by various stakeholders and the response from the CESC thereon have been discussed in Chapter - 3 and Appendix of this Order.

2.3 Consultation with the State Advisory Committee of the Commission:

The Advisory Committee discussed the proposals of the KPTCL and all the ESCOMs in the State Advisory Committee meeting held on 11th March, 2020. During the meeting the KPTCL and ESCOMs made brief presentations on the important issues in the tariff application filed before the Commission. The Committee discussed various issues involved in the tariff application.

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