

**CHAPTER-2**  
**Annual Performance for FY-16**

**2.1 ARR for FY16**

**Annual Performance Review for FY16 is as here under**

				Amt in Crs.
Sl. No	Particulars	Acuals	Approved	Difference
1	Energy @ Gen Bus in MU	8260.00	8012.13	247.87
2	Energy @ Interface in MU	7946.00	7707.66	238.34
3	Distribution Losses in %	18.10	16.50	1.60
	<b>Sales in MU</b>			
4	Sales to other than IP & BJ/KJ installation	3159.39	3172.40	-13.01
5	Sales to IP & BJ/KJ installation	3348.40	3263.50	84.90
	<b>Total Sales</b>	6507.79	6435.90	71.89
	<b>Revenue at in Rs Crs</b>			
6	Revenue from tariff and Misc. Charges	4069.70	3320.09	749.61
7	RE Subsidy	0.00	0.00	0.00
	<b>Total Revenue</b>	4069.70	3320.09	749.61
	<b>Expenditure in Rs Crs</b>			0.00
8	Power Purchase Cost	2844.44	2393.33	451.11
9	Transmission charges of KPTCL	459.00	331.53	127.47
10	SLDC Charges	2.65	3.85	-1.20
	<b>Power Purchase Cost including cost of transmission</b>	3306.09	2728.71	577.38
11	Employee Cost	312.40		
12	Repairs & Maintenance	37.68		
13	Admin & General Expenses	70.99		
	<b>Total O&amp;M Expenses</b>	421.07	416.86	4.21
14	Depreciation	97.62	105.04	-7.42
	<b>Interest &amp; Finance charges</b>			0.00
15	Interest on Loans		100.20	
16	Interest on Working capital		72.19	
17	Interest on belated payment of power purchase cost	355.89	0.00	145.05
18	Interest on consumer deposits		38.45	
19	Other Interest & Finance charges		0.00	
20	Less interest & other expenses capitalised	0.00	8.00	-8.00
	<b>Total Interest &amp; Finance charges</b>	355.89	218.84	137.05
	<b>Net ARR</b>	4180.67	3469.45	711.22
21	Other Debits	28.09	0.00	28.09
22	Net Prior Period Charges	33.69	0.00	33.69
23	Return on Equity	0.00	61.49	-61.49
24	Provision for taxation	0.00	0.00	0.00
26	Funds toward consumer relation/consumer education		0.50	-0.50
27	Surplus/(deficit) for FY-15 carried forward		43.37	
28	Regulatory asset for FY-16			
8	Other income	-39.31	-50.00	10.69
29	<b>Net ARR for FY-16</b>	<b>4203.14</b>	<b>3524.81</b>	<b>721.70</b>

The Revenue for the year is arrived after accounting the Regulatory Asset of Rs 577.39 Crores on accrual cost being the difference of actual power purchase cost and the approved power purchase cost for the year 2015-16 as per the Guidance note of the ICAI on accounting of Rate Regulated Activities vide GN(A) (Revised 2015). The loss of Rs. 133.45 Crores is depicted in the Accounts of GESCO for FY 16 is after accounting of the Regulatory

Asset with corresponding Income of Rs 577.39 Crores as recoverable from Consumers in future years. Hence , we request the Hon'ble Commission to consider the Regulatory Asset of Rs. 577.39 as part of GAP to be passed on to the Consumers in the Tariff.

**Details of Capital Budget Investment Approved and Expenditure booked for FY 2016.**

**Rs. In Lakhs**

<b>Sl. No.</b>	<b>Works</b>	<b>Approved Budget for FY - 2016</b>	<b>Expenditure Booked for FY 2016.</b>
1	33Kv Sub-Stations, 33kV Line works & Augmentation of 33kV Sub-Station.	25	5.92
2	RGGVY Works	75	0
3	RAPDRP Works	0	13.6
4	Non-RAPDRP Works	0	36.55
5	Reconductoring works	18	3.2
6	DTC Metering works	2	4.22
7	Water Supply Works.	5	19.84
8	Additional DTC's Works.	9	16.31
9	Replacement failed 11kV Transformers & 33kV Power Transformers.	5	4.99
10	Replacement of MNR Meters.	5	7.26
11	Providing ETV Meters.	1	0
12	Providing HT Metering Cubicles for Ring Fencing.	0.5	0
13	Sevice Connection Works.	17	4.38
14	SI Works (33kV Link Line / Express Feeders) & (11kV Link Line / Express Feeders).	22	10.54
15	Nirantara Jyothi Works.	0	33.6
16	a) Major Replacement in Sub-Stations & Lines, R&M to 33kV Stations & Lines, 11kV DTC's & Lines.	10.5	0
17	Civil Engineering works.	8	2.92
18	It Initiatives	5	0.27
19	HVDS works.	75	0
20	Providing ABC, UG Cables & RMUs.	1	0
21	SCADA Works	1	0
22	SCP & TSP Works.	3.5	1.81
23	Ganga Kalyan Scheme works.	25	41.41
24	T&P Articles.	0.5	1.07
25	Replacing of Electro Magnetic Meters by Static Meters	1	5.03
26	Metering of IP / Street Lights/ BJ & KJ Sets.	1	1.3
27	Providing Infrastructure to Regularization of Unauthorized IP Sets.	30	15.64
28	R.E. General Works.	20	0
29	Prevention of Electrical Accident & Safety.	5	60.96
30	Electrification of Rehabilitation Villages.	5	0
31	LT Line Conversion, Fixing of SMC Box to DTC and	0	7.76
32	Energisation of IP Sets General Electrification of HB/JC's and KJ's	0	1.12
33	Providing Times Switches to Street Lights.	0	0
34	Shifting of Meters to Outside Premises.	0	0
35	Taluka Wise Segregation.	0	0
<b>Total</b>		<b>376</b>	<b>299.70</b>

## 2.2 Financial performance of GESCOM for FY-16

Sl.No.	Particulars	FY16
	Receipts	
1	Revenue from Tariff and misc. charges	4109.01
2	Tariff Subsidy	0.00
	Total Revenue	4109.01
	Expenditure	
3	Power Purchase Cost	2844.44
4	Transmission charges of KPTCL	459.00
5	SLDC Charges	2.65
	Power Purchase Cost including cost of	3306.09
6	O&M Expenses	421.07
7	Depreciation	97.62
	Interest & Finance charges	
8	Interest on Loans	355.89
9	Interest on Working capital	
10	Interest on consumer deposits	
11	Interest on belated payment of power purchase cost	
12	Other Interest & Finance charges	
	Total Interest & Finance charges	355.89
13	Other Debits	28.09
14	Net Prior Period Debit/Credit	-33.69
15	Other income	39.31
	Net ARR	4203.14

## 2.3 GESCOM's Accumulated Profit / Losses

Particulars	Amount in Rs. Crs	
	Profit / (Loss) for the year	Cumulative profit / (Loss)
Accumulated losses as at the end of FY13		348.50
For the year 2013-14	37.51	(310.99)
For the year 2014-15	(109.86)	(420.84)
For the year 2015-16	(133.45)	(554.30)

The loss for FY 16 is after accounting income on Regulatory Asset recoverable from consumers in subsequent financial years

## 2.4 Energy sale for FY-16

### Tariff wise approved&Actual number of installations and SalesforFY16

Category	Sales for FY-16 in MU		No. of installation for FY-16 in Nos.	
	Approved	Actuals	Approved	Actuals
LT-2a	1000.68	1027.40	1551851	1483953
LT-2b	9.04	9.64	4292	3761
LT-3	264.41	274.89	224548	229324
LT-4 (b)	24.67	2.98	2469	1782
LT-4 (c)	0.78	1.28	392	336
LT-5	158.39	166.37	56599	56063
LT-6	172.10	183.23	17953	15922
LT-6	174.39	210.84	11702	12567
LT-7	15.91	17.45	19025	21043
HT-1	78.72	84.14	124	123
HT-2 (a)	1047.88	1003.50	1397	1299
HT-2 (b)	66.10	70.32	307	330
HT2C	21.74	13.27	77	104
HT-3(a)& (b)	118.70	76.19	236	266
HT-4	12.07	12.87	56	30
HT-5	6.83	5.01	36	29
BJ/KJ	124.13	123.85	582358	596571
IP	3139.37	3224.55	338881	330873
<b>Total</b>	<b>6435.90</b>	<b>6507.79</b>	<b>2812302</b>	<b>2754276</b>

#### **2.4.1: Sales other than IP sets and BL/KJ:**

The Commission in its Tariff order dated 02.03.2016 had approved total sales to various consumer categories at 6435.90 MU as against the GESCOM's proposal of 6542.05 MU. The Actual sales of the GESCOM for FY-16 is 6507.79 MU indicating a increase in sales to an extent of 71.89 MU with respect to the approved sales. There is an increase in sales to LT-categories (other than IP and BJ/KJ) by 73.71 MU and there is a decrease in sales to HT-categories by 86.74 MU with respect to the approved sales.

#### **2.4.2: Sales to IP Sets:**

In its Tariff Order dated 02.03.2016, the Commission had approved specific consumption of IP sets at 9503 units/installation/annum for the entire control period of the FY14 to the FY16. IP sets consumption of GESCOM works out to 9746 units /installation/annum for the FY16, which indicates an increase in the specific consumption by 243 units/installation/annum. The total IP sets consumption of GESCOM for the FY16 is 3224.55 MU as against 3139.37 MU sales quantities approved by the Commission. The difference in IP sets consumption between the approved and the actual for the FY16 is 85.18 MU. Thus, the specific consumption has increased by 243 units /installation/annum.

It is noted that the specific consumption achieved by the GESCOM for the FY16 has increased by about 2%.

<b>Particulars</b>	<b>No. of installations in Nos.</b>	<b>Consumption in MU</b>	<b>Specific consumption/ installation/Annam</b>
IP set	330873	3224.55	9745.58

### 2.4.3: Sales to BJ/KJ:

The total BJ/KJ consumption of GESCOM for the FY16 is 123.85 MU as against 124.13 MU sales quantities approved by the Commission. The difference in BJ/KJ consumption between the approved and the actual for the FY16 is reduced by 0.28 MU.

SI No	Particulars	BJ/KJ		
		No. of installations in Nos.	Consumption in MU	Specific consumption/installation /month
1	Installations consuming less than 18 units	548845	91.90	13.95
2	Installations consuming more than 18 units	47726	31.95	55.79
<b>Total</b>		596571	123.85	17.30

### 2.5: Distribution Losses for FY16:

The Commission had approved distribution losses for FY16 as shown in the table below:

Range	FY15
Upper limit	17.00%
Average	16.50%
Lower Limit	16.00%

The distribution loss of GESCOM for FY-16 is as shown in the table below:

SI No	Particulars	For FY-16
1	input energy at IF points in MU	7946.00
2	Total sales in MU	6507.79
3	Avg. Distribution loss	18.10%

In the Tariff Order 2015, Hon'ble Commission has approved a distribution loss level of 16.50 % (Average) for FY-16, against which the GESCOM has achieved

distribution loss of 18.10 % against 18.93 during FY-15. The loss during FY-16 is 18.10% against approved loss of 17% (upper limit) on account of tapping/hooking of the NJY Feeders by IP Set Consumers in several places.

## 2.6: Financial Performance:

The financial performance of GESCOM as per the audited Annual Accounts for FY-16 and the Annual Revenue Requirement approved by the Hon'ble Commission in the Tariff Order-2015 is tabulated below;

### Income :

Sl. No	Particulars	Income (Rs Cr)	
		Approved	Actuals
1	Revenue at existing tariff	3370.09	4109.01*
2	Energy Sales in MU	6435.90	6507.79

\* after accounting income on Regulatory Asset recoverable from consumers in subsequent financial years to an extent of Rs 577.39 Crores

### Expenditure

Sl. No	Particulars	Expenses (Rs Cr)	
		As approved	Actuals
1	Power purchase cost inclusive of transmission charges and SLDC Charges	2728.71	3306.09
2	R&M Expenses	416.86	421.07
3	Employee Expenses		
4	A&G Expenses		
5	Depreciation	105.04	97.62
6	Interest & Finance Charges		
7	Interest on Loan Capital	100.20	355.89
8	Interest on Working Capital	72.19	
9	Interest on Consumer Deposits	38.45	
10	Interest on belated payment of power purchase	0.00	
11	Other Interest & Finance Charges	0.00	
12	Less Interest & other expenses capitalized	8.00	0.00
13	Other Debits (incl. Prov for Bad debts)	0	28.09
14	Extraordinary Items	0	0.00
15	Other (Misc.)-net prior period credit	0	-33.69
	<b>Total</b>	<b>3469.45</b>	<b>4242.50</b>
16	ROE	61.49	0.00
17	Other Income	50.00	39.39
18	Provision for taxes	0.00	0.00
19	Fund towards Consumer Relations / Consumer Education	0.50	0.00
	NET ARR	3524.81	4203.14

The major variation in the expenditure, with reference to the approved costs, is observed in O&M Cost, Interest & Finance Charges and power purchase cost including cost of Transmission ; which is due to outage of Sharavati Hydrel Power Generation.

## 2.7 :Power Purchase Cost:

GESCOM has accounted to Energy Balancing transactions for FY16 as under:

Financial Year	Excess Energy drawn by GESCOM (-ve indicates receivable from other ESCOMs) (in MU)	Financial implication- Payable to other ESCOMs (-ve indicates receivable from other ESCOMs) (Rs in Crs.)
2015-16	247.87	81.80 (@ Rs 3.30/unit)

The details of the Power Purchase quantum and Cost approved by KERC and actual Cost is as under:

Particulars	Energy in MU	Rs . Crores
As approved by KERC at Generator Bus (Tariff Order 2015) (Cost including Transmission & SLDC Charges)	8012.14	2728.71
Actuals of GESCOM after accounting of Energy Balancing Liability (Cost including Transmission & SLDC Charges)	8260.00	3306.09

247.87 MU is over drawn as against approved 8012.14 MU , the power purchase cost is increased by Rs. 577.38 Crs against approved Rs. 2728.71 Crs.

The Cost of power purchase being “Un-controllable item” is requested to be kindly approved.



## **2.8 Interest & Finance Cost:**

This includes, the accounting of the Interest payable to the KPCL on the past dues payable. Though the current demand of KPCL are being fully paid by GESCOM since last couple of years, the old arrears are still outstanding and hence, Interest is levied by KPCL and the same is accounted.

Therefore, it is submitted before the Hon'ble Commission to allow the interest liability on belated power purchase payments.

**2.9 Loss:**It is to be submitted before the Hon'ble Commission that the loss for FY-16 is Rs. 133.44 Cr.

## **2.10 Annual Accounts:**

Annual for FY-16 is enclosed as ANNEXURE-1.