

## CHAPTER – 2

### SUMMARY OF FILING & TARIFF DETERMINATION PROCESS

#### 2.0 Background for Current Filing:

The Commission in its Tariff Order dated 30<sup>th</sup> March, 2016 had approved the ARR for FY17 to FY19 and the Revised Retail Supply Tariff of CESC for FY17 under the MYT principles for the control period of FY17 to FY19. CESC in its present application filed on 30<sup>th</sup> November, 2017 has sought for Annual Performance Review (APR) for FY17 based on the audited accounts, Revision of ARR for the second year of the third year of the fourth control period i.e. FY19 and revision of Retail Supply Tariff for FY19.

#### 2.1 Preliminary Observations of the Commission

After a preliminary scrutiny of the application the Commission had communicated its observations to CESC on 21<sup>st</sup> December, 2017 which were mainly on the following points:

- Capital Expenditure
- Sales Forecast
- Assessment of IP set consumption
- Distribution Losses
- Power Purchase
- Issues pertaining to items of revenue and expenditure
- Other new proposals
- Compliance to Directives

The CESC has furnished its replies on 28<sup>th</sup> December, 2017. The replies furnished by 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 29<sup>th</sup> December, 2017 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, CESC published the same in the following newspapers:

Name of the News Paper	Language	Date of Publication
Deccan Chronicle	English	03-01-2018 & 04-01-2018
Deccan Herald		
Vijaya Karnataka	Kannada	
Vijayavani		

The CESC's applications on APR of FY17, Revision of ARR for FY19 and revision of retail supply tariff for FY19 were also hosted on the web-sites of CESC and the Commission for the ready reference and information of the general public.

In response to the application of CESC, the Commission received seven statements / letters of objections. CESC has furnished its replies to all these objections. The Commission has held a Public Hearing on 21<sup>st</sup> February, 2018 at Mysore. The details of the written / oral submissions made by various stakeholders and the response from CESC 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 the KPTCL and all the ESCOMs in the State Advisory Committee meeting held on 14<sup>th</sup> March, 2018. During the meeting the following important issues were also discussed:

- Performance of KPTCL / ESCOMs during FY17
- Major items of expenditure of KPTCL / ESCOMs for FY19

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