

HRECS

Preliminary Observations on APR for FY22 and ARR for FY24 & Retail

Supply Tariff for FY24

1. Observations on Sales:

1. Data inconsistency:

- (i) At Page no.8 of the filing, the sales for FY22 of HRECS as per audited accounts is indicated as 262.995MU, whereas as per D-2 Format it is 263.001MU. The sales data shall be reconciled and correct figure may be confirmed.
- (ii) In D-21 Format, for FY24, the Mid-year installations for BJ/KJ consuming above 40 units is indicated as 390, whereas in D-2 Format, the year-end installations for the same is indicated as 380. This shall be rectified.
- (iii) In D-21 Format, the Mid-year number of BJ/KJ installations is indicated as 12064 and 390 for installations consuming upto 40 units and above 40 units respectively. Since, there are no addition proposed to the number of installations, the Mid-year installation shall remain same with that of installations existing at the year-end of FY22. Accordingly, the data shall be rectified.

2. Sales: for FY22- Other than IP sets:

The Commission, in its Tariff Order, 2021 dated 09.06.2021, had approved total sales to various consumer categories at 273.983MU for FY22, against HRECS proposal of 279.892MU [excluding sales to AEQUS]. The actual sales of HRECS as per the current APR filing [D-2 FORMAT] is 263.001MU, indicating a decrease in the sales to an extent of 10.992MU with respect to the approved sales. The category-wise sales approved and the actuals as per D-2 Format of the current filing is as indicated below:

| Installations | FY-22 as approved in TO 2021 Lakh units | FY22 HRECS Actual as per Audited Accounts lakh units | FY22 Actual-approved lakh units |
|---|---|--|---------------------------------|
| BJ/KJ less than or equal to 40 units | 39.06 | 39.23 | 0.17 |
| BJ/KJ -more than 40 units | 3.30 | 2.61 | -0.69 |
| Domestic (All Electric home & domestic lighting) | 335.98 | 304.49 | -31.49 |
| Private professional institutions | 2.27 | 1.53 | -0.74 |
| Commercial and Non residential | 81.41 | 88.76 | 7.35 |
| Irrigation pump sets (LT4a+LT4b+LT4c) | 1883.61 | 1814.36 | -69.25 |
| LT Industry | 59.54 | 59.13 | -0.41 |
| Public water supply | 59.61 | 56.97 | -2.64 |
| Public lighting | 24.57 | 26.33 | 1.75 |
| Temporary supply | 0.81 | 0.67 | -0.13 |
| LT TOTAL | 2490.16 | 2394.09 | -96.08 |
| HT - 1 Public Water Supply | 92.99 | 79.52 | -13.47 |
| HT - 2(a) Industrial Non-commercial and Non industrial including railways | 97.20 | 103.70 | 6.50 |
| HT 2(b) Commercial | 4.95 | 5.42 | 0.47 |
| HT2c | 4.27 | 3.99 | -0.28 |
| HT 3 Irrigation & Agricultural farms, list includes societies etc. | 49.77 | 41.05 | -8.72 |
| HT 5 Temporary | 0.48 | 2.25 | 1.77 |
| HT Total | 249.65 | 235.92 | -13.73 |
| Total (LT + HT) | 2739.82 | 2630.01 | -109.81 |

The Commission notes that, the decrease in sales is mainly in LT Domestic (LT 2a), LT-4 /HT-3 Irrigation pump-sets and HT-1 Water supply categories.

The Commission notes that in LT4(c) even though, the number of installations have remained same in FY21 and FY22, the sales has reduced drastically to 513 Units from 2911Units in FY21.

In LT5 category, even though the number of installation has reduced in FY22 there is increase in sales.

In LT6(a) category, even though the number of installation has increased in FY22 there is decrease in sales.

In HT1, HT3(a)(i) categories, even though the number of installation has remained same, the sales in FY22 has reduced.

In HT2(b), HT2(c)(i) & (ii) and HT5 categories, even though the number of installation has remained same, the sales in FY22 has increased considerably.

In HT3(a) (ii) category, even though the number of installations has increased to 3 in FY22 the sales has reduced.

HRECS shall analyze and report the reasons for decrease in sales category-wise.

3. Sales-IP Sets for FY22:

- a. The Commission, in the APR for FY21, vide its tariff order 2022 has approved the total sales to IP sets as 175.355 MU against 30,443 installations. The specific consumption as per the approved sales works out to 5,856 units per IP set per annum for FY21. HRECS, in its current filing has indicated the total sales to IP sets as 181.318 MU for FY22 against 31585 numbers of IP installations, with a specific consumption of 5,846 units per IP set per annum. The Commission notes that there is an increase in sales by 5.963 MU for FY22 as compared to FY21 actuals. HRECS shall furnish the reasons for decrease in sales in FY 22.
- b. The details of sales to IP sets for FY22 as approved by the Commission, in its tariff order 2021 and the actual sales as furnished by HRECS in its Tariff Filing for FY 22 are as follows;

| Particulars | As approved by the Commission in ARR for FY22 | As submitted by HRECS in its application for FY 22 |
|--|--|---|
| Number of installations | 31545 | 31585 |
| Mid-year number of installations | 31045 | 31014 |
| Specific consumption in units / installation / annum | 6066 | 5846 |
| Sales in MU | 188.33 | 181.32 |

- c. HRECS shall furnish the reasons for decrease in specific consumption by 220 units / installation / annum and decrease in sales by 7.01 MU, when there is an increase in number of installations by only 40.

- d. Based on the feeder-wise, month-wise average sales per IP assessment sheets, it is observed that, HRECS has considered the distribution losses varying from 7% to 32%. The losses considered for each feeder is different and is different from month to month. HRECS shall have to substantiate the losses so considered for arriving at the sales to IP set installations. It shall furnish the distribution losses in a different column and consumption by other loads in a different column, in order to identify the losses considered by HRECS.
- e. HRECS has not furnished the details of the unauthorized IP sets identified in its area in the report and has not mentioned the action taken to regularize them.

4. Observations on Sales Other than IP Sets for FY24:

(i) Sales Other than IP sets:

- a. HRECS has stated that the number of installations and energy sales for FY23 is computed considering the actuals upto 30.09.2022 and for the remaining period on the basis of growth from September, 21 to March, 2022. Further, for metered categories, sales are worked out considering the CAGR for the period FY17 to FY22, the hours of supply to various consumers and other factors like dismantling of installations, population, Government policy etc. It is also submitted that abnormal variations in growth rate are not considered for estimation.
- b. The table indicating the growth rates for the number of installations is given below:

| Category | Percentage Growth Rates | | | |
|--------------|-------------------------|-------------------------|-----------------------|--|
| | 2016-17 to 2021-22 CAGR | 2018-19 to 2021-22 CAGR | FY22 growth over FY21 | Growth rate proposed by HRECS for FY24 |
| LT-2a | 3.44 | 4.47 | 0.26 | 3.44 |
| LT-2b | 3.13 | 3.96 | 2.25 | 3.26 |
| LT-3 | 2.50 | 2.25 | 2.36 | 2.52 |
| LT-5 | 1.74 | -0.28 | -3.16 | 1.73 |
| LT-6 WS | 5.32 | 5.75 | 10.78 | 5.36 |
| LT-6 SL | 7.93 | 7.49 | 5.69 | 7.85 |
| HT-1 | 12.89 | 0 | 0 | 9.09 |
| HT-2 (a) | 16.00 | 24.05 | 16.67 | 16.67 |
| HT-2 (b) | 0 | 0 | 0 | 0 |
| HT-2 (c) | 3.71 | 6.27 | 0 | 0 |
| HT-3(a)& (b) | 21.06 | 9.14 | 18.18 | 7.69 |

The Commission notes that the growth rate considered for HT-2c & HT-3 is lower compared to the normal growth rates based on CAGR. HRECS shall consider revising the estimates to these categories.

- c. The table indicating the growth rates for the energy sales is furnished below:

| Category | Percentage Growth Rates | | | |
|--------------|-------------------------|-------------------------|-----------------------|--|
| | 2016-17 to 2021-22 CAGR | 2018-19 to 2021-22 CAGR | FY22 growth over FY21 | Growth rate proposed by HRECS for FY24 |
| LT-2a | 2.36 | 3.95 | 1.85 | 2.37 |
| LT-2b | -2.81 | -7.34 | 20.00 | 0.00 |
| LT-3 | 5.31 | 5.79 | 13.90 | 5.48 |
| LT-5 | 2.53 | 1.19 | 0.56 | 2.53 |
| LT-6 WS | -1.08 | 1.28 | -0.74 | 0.00 |
| LT-6 SL | 2.16 | 4.82 | 11.64 | 2.16 |
| HT-1 | 10.25 | 3.51 | -6.55 | 10.24 |
| HT-2 (a) | -2.62 | 6.52 | 3.20 | 545.65 |
| HT-2 (b) | -2.59 | -2.86 | 103.33 | 0.00 |
| HT-2 (c) | -1.68 | -3.57 | 29.49 | 2.12 |
| HT-3(a)& (b) | 19.35 | -4.10 | -27.63 | 17.00 |

- d. The growth rate for energy sales, is lower for LT-6 street lights compared to previous year growth rate and three year CAGR and the growth rate is higher for HT2(a) and HT-3 categories.
- e. In LT2(b) category, even though the number of installation has remained same in FY23 with respect to FY22, the sales has been increased. However, in FY24 even though one installation is added, the sales is retained at FY23 level. This shall be explained.
- f. In LT4(b) category, even though the number of installation has remained same from FY22 to FY24, the sales has been increased. Reasons for the same shall be furnished.
- g. In LT4(c) category, even though the number of installation has remained same from FY21 to FY24, the sales has reduced drastically in FY22 (513units) and subsequently, in FY23 & FY24 sales have been increased substantially, which shall be explained.
- h. In LT6(a) category, even though in FY24 there is increase in the number of installation, the sales are retained at FY23 level.
- i. In LT7 category, even though the number of installation has remained same in FY24 with respect to FY23, the sales has been increased. Also,

for FY24 the sale is indicated as 387767 Units in page-96, whereas in D-2 Format, it is shown as 374767.

- j. In HT2(a) category, even though the number of installation is estimated to increase by 4, the sales have been increased drastically from 15MU to 97MU. Even though, it is stated that KIADB has requested for 12MW additional power, the quantum of energy estimated for KIADB is not indicated. Therefore, working details of HT2(a) sales shall be furnished.
- k. In case of HT2(b) the number of installation is retained at FY22 level. However, the energy sales are reduced in FY24 for the same number of installation. This shall be explained.
- l. In case of HT2(c)(i) the number of installation is retained at FY22 level. However, the energy sales are increased in FY24 for the same number of installation. This shall be explained.
- m. Sales to AEQUS: The energy sold to AEQUS by HRECS as per HRECS filing and as filed by AEQUS is indicated below:

Lakh units

| Year | HRECS | AEQUS |
|------|---------|--------|
| FY22 | 282.651 | 282.65 |
| FY23 | 266.00 | 262.70 |
| FY24 | 246.44 | 240.18 |

HRECS shall reconcile the data pertaining to AEQUS.

5. Observations on No. of installations s Other than IP Sets for FY24:

- a. HRECS has stated that the number of installations and energy sales for FY23 is computed considering the actuals upto 30.09.2022 and for the remaining period on the basis of growth from September-21 to March, 2022. Further, for metered categories, sales are worked out considering the CAGR for the period FY17 to FY22, the hours of supply to various consumers and other factors like dismantling of installations, population, Government policy etc. It is also submitted that abnormal variations in growth rate are not considered for estimation.
- b. The table indicating the growth rates for the number of installations is given below:

| Category | Percentage Growth Rates | | | |
|--------------|-------------------------|-------------------------|-----------------------|--|
| | 2016-17 to 2021-22 CAGR | 2018-19 to 2021-22 CAGR | FY22 growth over FY21 | Growth rate proposed by HRECS for FY24 |
| LT-2a | 3.44 | 4.47 | 0.26 | 3.44 |
| LT-2b | 3.13 | 3.96 | 2.25 | 3.26 |
| LT-3 | 2.50 | 2.25 | 2.36 | 2.52 |
| LT-5 | 1.74 | -0.28 | -3.16 | 1.73 |
| LT-6 WS | 5.32 | 5.75 | 10.78 | 5.36 |
| LT-6 SL | 7.93 | 7.49 | 5.69 | 7.85 |
| HT-1 | 12.89 | 0 | 0 | 9.09 |
| HT-2 (a) | 16.00 | 24.05 | 16.67 | 16.67 |
| HT-2 (b) | 0 | 0 | 0 | 0 |
| HT-2 (c) | 3.71 | 6.27 | 0 | 0 |
| HT-3(a)& (b) | 21.06 | 9.14 | 18.18 | 7.69 |

The Commission notes that the growth rate considered for HT-2c & HT-3 is lower compared to the normal growth rates based on CAGR. HRECS shall consider revising the estimates to these categories.

- c. The table indicating the growth rates for the energy sales is furnished below:

| Category | Percentage Growth Rates | | | |
|--------------|-------------------------|-------------------------|-----------------------|--|
| | 2016-17 to 2021-22 CAGR | 2018-19 to 2021-22 CAGR | FY22 growth over FY21 | Growth rate proposed by HRECS for FY24 |
| LT-2a | 2.36 | 3.95 | 1.85 | 2.37 |
| LT-2b | -2.81 | -7.34 | 20.00 | 0.00 |
| LT-3 | 5.31 | 5.79 | 13.90 | 5.48 |
| LT-5 | 2.53 | 1.19 | 0.56 | 2.53 |
| LT-6 WS | -1.08 | 1.28 | -0.74 | 0.00 |
| LT-6 SL | 2.16 | 4.82 | 11.64 | 2.16 |
| HT-1 | 10.25 | 3.51 | -6.55 | 10.24 |
| HT-2 (a) | -2.62 | 6.52 | 3.20 | 545.65 |
| HT-2 (b) | -2.59 | -2.86 | 103.33 | 0.00 |
| HT-2 (c) | -1.68 | -3.57 | 29.49 | 2.12 |
| HT-3(a)& (b) | 19.35 | -4.10 | -27.63 | 17.00 |

- d. The growth rate for energy sales, is lower for LT-6 street lights compared to previous year growth rate and three year CAGR and the growth rate is higher for HT2(a) and HT-3 categories.

- e. In LT2(b) category, even though the number of installation has remained same in FY23 with respect to FY22, the sales has been increased. However, in FY24 even though one installation is added, the sales is retained at FY23 level. This shall be explained.

- f. In LT4(b) category, even though the number of installation has remained same from FY22 to FY24, the sales has been increased. Reasons for the same shall be furnished.
- g. In LT4(c) category, even though the number of installation has remained same from FY21 to FY24, the sales has reduced drastically in FY22 (513units) and subsequently, in FY23 & FY24 has been increased substantially, which shall be explained.
- h. In LT6(a) category, even though in FY24 there is increase in the number of installation, the sales is retained at FY23 level.
- i. In LT7 category, even though the number of installation has remained same in FY24 with respect to FY23, the sales has been increased. Also, for FY24 the sales is indicated as 387767 Units in page-96, whereas in D2 Format, it is 374767.
- j. In HT2(a) category, even though the number of installation is estimated to increase by 4, the sales has been increased drastically from 15MU to 97MU. Even though, it is stated that KIADB has requested for 12MW additional power, the quantum of energy estimated for KIADB is not indicated. Therefore, working details of HT2(a) sales shall be furnished.
- k. In case of HT2(b) the number of installation is retained at FY22 level. However, the energy sales are reduced in FY24 for the same number of installation. This shall be explained.
- l. In case of HT2(c)(i) the number of installation is retained at FY22 level. However, the energy sales are increased in FY24 for the same number of installation. This shall be explained.
- m. Sales to AEQUS: The energy sold to AEQUS by HRECS as per HRECS filing and as filed by AEQUS is indicated below:

Lakh units

| Year | HRECS | AEQUS |
|------|---------|--------|
| FY22 | 282.651 | 282.65 |
| FY23 | 266.00 | 262.70 |
| FY24 | 246.44 | 240.18 |

HRECS shall reconcile the data pertaining to AEQUS.

6. Projected sales to IP Sets for the FY24:

The Commission has made the following observations on the sales to IP sets for FY24.

- i. HRECS has considered a growth rate of 4.12% based on 5 years CAGR for projection of number of installations. With this consideration, the number of installations added for FY23 is 1,301. As per the actual data of previous two years, it is observed that an average of 1,070 installations are added. HRECS has to substantiate its approach for projecting higher number of installation.
- ii. HRECS has submitted feeder-wise IP consumption from April, 2022 to September, 2022, based on the energy meter readings of the 11 kV feeders, it is observed that, HRECS has considered the distribution losses varying from 6.7% to 25.39%. The losses considered for each feeder is different from month to month. HRECS shall have to substantiate the losses so considered for arriving at the sales to IP set installations. It shall furnish the distribution losses in a different column and consumption by other loads in a different column, in order to identify the losses considered by HRECS.
- iii. HRECS shall furnish the number of installations, mid-year installations, specific consumption and the sales for the previous 5 years in the following format:

| Particulars | FY-18 | | FY-19 | | FY-20 | | FY-21 | | FY-22 | |
|---|-------------------------|------------------|-------------------------|------------------|-------------------------|------------------|-------------------------|------------------|-------------------------|------------------|
| | 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 | April 2021 to Sept 2021 | Oct. to Mar 2022 |
| LT4a – Installations (Nos) | | | | | | | | | | |
| Midyear installations (Nos) | | | | | | | | | | |
| LT4a – sales (MU) | | | | | | | | | | |
| Specific consumption in units / IP/ annum | | | | | | | | | | |

2. Distribution Losses

a. Losses for FY22:

1. HRECS, in its APR filing for FY 22 has indicated the actual distribution loss of 14.33% against the target loss of 13.50%. HRECS shall furnish the reason for not achieving the targeted distribution loss.
2. HRECS shall confirm whether the supply of energy to AEQUS is included in the calculation of distribution loss of HRECS area. If so, the HRECS shall calculate the revised loss for FY22 in their area of supply by considering the actual data from April 2021 to March 2022.
3. Having made substantial capital investment upto FY22, better loss target could have been achieved by fixing the target with proper monitoring of the losses in its area. Hence, HRECS shall furnish the month-wise actual data of Energy Audit covered in its area of supply, duly indicating the reason for higher loss in the following format:

Month:

| Name of the area of supply | FY22 | | | Reason for higher loss |
|----------------------------|--------------------|-------------------|------------------------|------------------------|
| | Energy Input in MU | Energy Sold in MU | Distribution loss in % | |
| | | | | |
| | | | | |
| Total | | | | |

b. Distribution Losses for FY24:

HRECS, in its ARR filing has proposed to achieve the distribution losses of 14.15% for FY24. Considering the substantial investments proposed in improvement of its distribution system and also feeder segregation works under NJY scheme, meagre reduction in losses proposed by HRECS is not agreeable. HRECS is directed to initiate the process of energy accounting and energy auditing at distribution transformer and feeder levels for identification of loss in area of supply and reduce the current level of losses by taking suitable remedial measures and submit an action plan in this regard.

3. ARR Power Purchase for FY24:

HRECS shall furnish action plan, if any, to reduce the power purchase cost by implementing solar power project schemes or any other RE Scheme in its area of supply.

4. Observations on Capex:

a. APR-Capex for FY22:

1. Commission, in its Tariff Order 2021, by considering the details of sources of funding and the capex proposal submitted by HRECS, had recognized and retained the capex of Rs.3.59 Crores, as approved in the MYT Order 2019 for determination of tariff for FY22.
2. HRECS, in its filing has indicated a capital expenditure of Rs.9.85 Crores. Further, HRECS has stated that out of total capex of Rs.9.85 Crores incurred, only Rs.3.48 Crores is having Tariff implications. This need to be explained in details with facts and figures.
3. HRECS shall furnish the details of actual capex incurred for FY22 as per **Annexure-1**, besides furnishing the following details:
 - a. Total number of IP sets regularized under creation of infrastructure to UNIP/Akarma Sakrama scheme for having incurred capex of Rs.0.19 Crores and break up details of amount to be received from GoK and consumer contribution.
 - b. Abstract of total number of IP sets serviced under different categories of Ganga Kaylana for having incurred capex of Rs.0.24 Crores and break-up details for capex met from HRECS and grant received/to be received from GoK.
 - c. As per Format D-14 consumer contribution is shown as Rs.1.40 Crores and in Format A3-Cash Flow Statement amount towards contribution, grants and subsidies is shown as Rs.1.07 Crores, whereas in page no 2 consumer contribution is shown as Rs.3.83 Crores, in view of this, HRECS is directed to submit the correct amount towards consumer contribution.
 - d. Breakup details for internal source of funding and own fund amounting

to Rs.3.22 Crores and Rs.0.26 Crores respectively. It may be noted that the internal sources refer to the retained earnings/ profits, depreciation and equity for the current year. HERCS need to clarify as to how an amount of Rs.3.22 Crores is spent from the internal sources.

b. ARR-Capex for FY24:

1. Commission, in its MYT Order 2022, based on the previous year's achievements, based on the details of sources of funding and the capex proposal submitted by HRECS, had approved and reckoned the capex of Rs.7.5 Crores for the purpose of ARR of FY24 subject to Prudence Check. Considering HRECS's projected availability of capital grants from Gol/GoK, consumer contribution and internal resources by HRECS, for the execution of capex, the Commission had considered Rs.4.50 Crores for the purpose of ARR, as capital borrowings for FY24.
2. HRECS has submitted the revised proposed Capex of Rs.7.50 Crores for FY24, as per capex approved in MYT Order 2022 and in addition to this Rs.58.92 Crores has been proposed towards RDSS Scheme. In view of the this, HRECS is directed to clarify whether the proposed RDSS scheme is in vogue and if so whether HRECS has obtained necessary approval to incur the expenditure. A copy of the Government Order for implementation of RDSS may be submitted. In the absence of any approval, the Commission would not consider this proposal.
3. HRECS shall provide necessary justification on proposed capex (Other than RDSS) towards each of the works in terms of its purpose, requirement (Prioritization as per Capex guidelines), cost and timelines of completion along with the no. of works proposed to be taken up vis-à-vis the actual requirement, duly backed up by justifiable data regarding load growth, loss reduction, improvement in the system reliability etc., and also keeping in view the financial capability of HRECS to meet the debt servicing obligations and the tariff impact on the end consumers.

c. Revised Capex for FY23:

HRECS has indicated revised capex of Rs.8.02 Crores for FY23 in its filing. It may be noted that while HRECS shall incur the capex within the approved capex for FY23, the Commission would examine the truing up of actual capex during the course of APR for FY23. Further, HRECS is directed to adhere directions issued in the MYT Order 2022 in this regard.

5. Observations on Revenue/ Expenses-

a. APR FY22:

1. As per the Audited Accounts of Hukeri RECS for FY22, the total outstanding Power Purchase Cost payable to HESCOM is Rs.219.37 Crores as against the closing balance of Rs.277.39 Crores for FY21. Hukeri RECS shall furnish the reasons for accumulation of Power Purchase dues along with the action plan to settle the dues of HESCOM.
2. As per the Audited Account of Hukeri RECS an amount of Rs.13,56,002 is accounted as advance to RGGVY contractor in both the financial year FY21 and FY22. HRECS shall furnish the reason for non-recovery / adjustment of this amount for a long period.
3. Hukeri RECS shall furnish the detail of gross fixed assets created out of consumer contribution/grants included in the gross fixed assets and depreciation factored for the same as per Format-D8 and D15 for FY22 and FY24.
4. Hukeri RECS, in its filing of APR for FY22 has claimed Rs 102.6859 Crores and Rs 2.5386 Crores as tariff subsidy in respect of IP set installations and BJ/KJ installations respectively for FY22. HRECS shall furnish the actual amount of subsidy claimed from GoK on the basis of approved CDT for FY22.

b. ARR for FY24:

Hukeri RECS in its filing has submitted the profit and loss account under A-1 format for FY22 and the revenue requirement for FY24 without carry forward of the deficit of FY22. HRECS shall submit the revised Annual Revenue Requirement for FY22 and FY24.

6. Wheeling Charges / Cross Subsidy Surcharge:

(i) Wheeling charges, Cross subsidy surcharge & Additional Surcharge:

HRECS shall submit the wheeling charges (duly segregating the cost between Distribution Network cost and Retail supply business cost), cross subsidy surcharge and additional surcharge applicable for FY24, based on the ARR filed for FY24, along with the working details.

(ii) RPO Compliance:

HRECS shall furnish the details of RPO complied for FY22.

7. Additional surcharge

As regards to additional surcharge, the Commission notes that, in Appeal No.260/2018 and 43/2021, the Hon'ble ATE in its order dated, 15.09.2022, has directed the Commission to bear in mind the submissions made by the Appellants, as and when the Commission sets about to pass an order in the matter and also to keep in mind the guidance on the subject provided not only by the NTP but also the Regulations framed by the Commission, wherein the muster prescribed is "conclusive demonstration on existence of factors justifying such levy". The said order is available on the ATE's Website. **Keeping in view the observations of the Hon'ble ATE, HERCS shall conclusively demonstrate and furnish the details of stranded costs involved to justify the claim of additional surcharge. In the absence of full details of the stranded costs to justify the Additional Surcharge, it would not be possible for the Commission to determine the Additional surcharge, so as to comply with the Orders of the Hon'ble ATE.**

The relevant extract of the Orders of the Hon'ble ATE is as under:

7. *"It is the contention of the appellants that most basic data that is essential to be gathered examining whether or not there is any stranded capacity on account of the drawal of power by the open access customers from other sources comprises the information as to the extent to which the licensees were compelled to back down any long term power source during the time blocks when there was open*

access concession, the distribution licensees were constrained to procure power on short term basis, and the distribution licensee had to take resort to power cuts or regulate the power supply in the State this being indicative of insufficient availability of power to meet the actual demand.

8. In the submissions of the appellants, in order to examine and compute the claim of stranded capacity and computation of additional surcharge, information as to open access consumption, unscheduled capacity short term power purchase and power cuts imposed, if any, on time block basis is sine qua non. The submission is that since such exercise was not undertaken by the Commission, it cannot be said that the distribution licensees had conclusively demonstrated their case for approval of the rate proposed for determination of the additional surcharge."

8. Observations on compliance to Commission’s Directives:

| Sl. No | Directives Issued by the Commission | Observations made |
|--------|--|--|
| 1 | Consumer interaction meeting (CIM) at Subdivision level. | HRECS shall furnish the consolidated data of conducting CIMs in its area for FY22 and till September 2022 in the format prescribed giving details of the name of the Sub-division / Section, date of conducting, the Officer chaired meetings, number consumer complaints attended etc., |
| 2 | Service Centers for improved responsiveness | HRECS shall submit the details of number of transformers failed and the average time taken to replace the same. HRECS shall also furnish the average time taken for attending to fuse off calls, line troubles etc., for FY22 and till September 2022. |
