

CHAPTER – 3

RATIONALE FOR EXPECTED REVENUE FROM

CHARGES (ERC)

The Commission has issued MYT regulations vide Notification No: D/01/6 dated 31st May 2006 and extract of the MYT regulations is reiterated below:

Annual Review of Performance:

- 2.8.1** The Distribution Licensee shall be subject to an annual performance review during the Control Period. The Licensee shall make an application for annual performance review not less than 120 days before the close of each financial year in the Control Period. The Licensee shall provide such information as may be stipulated by the Commission from time to time to assess the reasons and extent of any variation in the performance from the approved forecast.
- 2.8.2** The Distribution Licensee may, as a result of additional information not previously known or available to him at the time of forecast under the MYT framework for the Control Period, apply for modification of the ARR and ERC for the remainder of the control period, as part of annual performance review.
- 2.8.3** The Commission may, as a result of additional information not previously known or available to it at the time of approval of the forecast under the MYT framework for the Control Period, either suo motu or on application made by any interested party, modify the approved forecast of ARR and ERC for the remainder of the control period as part of the annual performance review.
- 2.8.4** The Commission shall review an application made under 2.8.2 and/or 2.8.3 above in the same manner as the original application for determination of ARR and ERC and upon completion of such review, either approve the proposed modification with such changes as it deems appropriate or reject the application for reasons to be recorded in writing.
- 2.8.5** The scope of the annual performance review shall be a comparison of the performance of the Licensee with the approved forecast of ARR and ERC. Upon

completion of annual performance review, the Commission shall pass an order recording:

- a)** Any financial loss or gain on account of variation in power purchase cost either on account of change in hydro-thermal mix or other uncontrollable factors and the mechanism by which the licensee shall pass through such gains or losses.
- b)** The approved aggregate gain or loss to the Licensee on account of other Uncontrollable factors and the mechanism by which the Licensee shall pass through such gains or losses.
- c)** The approved aggregate gain or loss to the Licensee on account of Controllable factors and the mechanism to share such gains or losses.
- d)** The approved modifications to the forecast for the remainder period of the Control period, if any.

The Accounts shall be segregated between Distribution and Retail supply business. Till such time there is complete segregation, the ARR of the Distribution Licensee shall be apportioned between the Distribution Business and Retail Supply Business by appropriate methodology.

Every Distribution Licensee shall file an application for approval of ARR and ERC under the MYT framework for the Control Period commencing from FY08. The filing for the Control period shall be made by the licensee within a period not less than 120 days before the commencement of the Control Period. The filing shall be for the entire Control Period. The filing shall be in the same form as specified in the KERC (Tariff) Regulations, with year wise details for each year of the Control Period, duly complying with the principles for determination of ARR as specified in these Regulations.

BESCOM is filing its modified ARR for FY-18 and tariff filing for FY-18.

The decimal part of the figures appearing in the tables may differ from the actual statements as the same is restricted to two decimal points in the formats.