

2.2 Acceptance of Applications and Publication of Notices:

The Commission vide its letter dated 27th December, 2022 informed the BESCOM that, its application filed on 30th November, 2022, for APR of FY22, for approval of ARR and revision of retail supply tariff for FY24, in the BESCOM area, has been treated as a petition, in terms of the Tariff Regulations, subject to further verification / clarification and directed it to publish a summary of the application in the leading newspapers in the distribution area of BESCOM.

2.3 Public Hearing Process:

Accordingly, the BESCOM has published the Notices in the newspapers as follows:

Name of the News Paper	Language	Date of Publication
Deccan Herald	English	03.01.2023 &
The Hindu		
Kannada Prabha	Kannada	04.01.2023
Vijayakarnataka		

The BESCOM's application on APR of FY23, Revised ARR and revision of Retail Supply Tariff for FY24, was also hosted on the web-sites of the BESCOM and the Commission, for the ready reference and information of the stakeholders and the general public.

In response to the application of the BESCOM, the Commission has received **five** written objections with affidavit and **two** without affidavit, within the time stipulated for filing the objections. The BESCOM has furnished replies to the above objections. The Commission has also held a Public Hearing on **14.02.2023** at the Court Hall of the Commission in Bengaluru **14** persons made oral submissions during the public hearing. The details of the written / oral submissions made by various stakeholders and the response from the BESCOM thereon have been discussed in Chapter – 3 and Appendix-1, appended to this Order.

2.4 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 24th March, 2023. During the meeting, the KPTCL and ESCOMs made brief presentations on important issues relating to the tariff application filed before the Commission. Discussions were held on various issues pertaining to the tariff revision.

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

CHAPTER – 3

PUBLIC CONSULTATION

SUGGESTIONS / OBJECTIONS & REPLIES

3.1 In terms of the provisions of Section 64 of the Electricity Act, 2003, the Commission has undertaken the process of public consultation and has invited suggestions/views/objections from the interested stake-holders and the general public, on the application filed by BESCOM for Annual Performance Review (APR) for FY22, approval of Annual Revenue Requirement (ARR) and the Retail Supply Tariff for FY24. The Stake-holders and the public have submitted comments/objections/suggestions through written submissions to the Commission.

The objections/ suggestions mainly pertain to:

- i. Proposal for increase in Fixed charges;
- ii. Computation and levy of Additional Surcharge and Cross subsidy surcharge;
- iii. Quality of Power Supply and Service;
- iv. Compliance of Commission's directives; and
- v. Certain specific requests.

The Commission has received written objections which is noted by the Commission and the gist of the suggestion and objections received has been enclosed in the Tariff Order as an annexure.

The list of the persons who have filed the written is as follows:

Sl. No	Application No.	Name & Address of Objectors
With affidavit		
1	BA-01	Sri. S.M. Hussain, Peenya H.T. Consumer Okkuta, Plot No. 5 & 6, Karioana Halli, Near Peenya 2 nd Stage, Bengaluru – 560 058
2	BA-02	Sri. Subash, Secretary, Karnataka Textile Mills' Association, 'Vastra Bhavan', 64, 4 th Floor, 4 th Main, Near 18 th Cross Malleswaram, Bengaluru – 560 055
3	BA-03	Sri. Lokaraj, Secretary General, FKCCI, KG Road, Bengaluru – 560 009
4	BA-04	Sri. B. Praveen, Hon.General Secretary, KASSIA, 2/106, 17 th Cross, Magadi Chord Road, Vijayanagar, Bengaluru – 560 040
Received after due date		
5	BA-05	Sri. Prashanth Kumar M.V, Financial Advisor & Chief Accounts Officer, BWSSB, Cauvery Bhavan, KG Road, Bengaluru – 560 009
Without affidavit		
1	BB-01	Dr. Nethaji S. Ganesan, No. 75, IV Main, I Block, I Stage, HBR Layout, Bengaluru – 560 043
Received after due date		
2	BB-02	Sri. Rajagopalan, Chairman, South City Maintenance Committee, 1 st Floor, Club House, South City, Off Bannerghatta Road, Bengaluru – 560 076
All ESCOMs		
3	AEB-01	Sri. B.S.N. Shetty and Others
4	AEB-02	Sri. Jogendra Behera, CRO & VP (Regulatory & Market Economics), Indian Energy Exchange Ltd., Plot No. C-001/A/1, 9 th Floor, Max Towers Sector 16B, Noida, UP – 201 301

The Commission, in accordance with the provisions of Section 64 of the Electricity Act, 2003, has also conducted a Public Hearing on 14.02.2023 on the BESCOM's Tariff Application for Annual Performance Review for FY22, approval of ARR and determination of Retail Supply Tariff for FY24.

During the Public Hearing, BESCOM made a brief presentation regarding truing-up for FY22 and their proposal for tariff revision for FY24. During the presentation, BESCOM, highlighted its profile giving category-wise details of sales and revenue.

BESCOM has projected a revenue gap of Rs.463.93 Crores for FY22 and Rs.4433.47 Crores for FY24. Accordingly, BESCOM has requested for a tariff hike

of Rs.1.46/unit for FY24. BESCOM submitted that the total power purchase costs including transmission and SLDC charges constitute 79.82% of the total expenditure. BESCOM has submitted the following reasons for revenue gap:

- Increase in power purchase cost of Rs.389.38 Crores which includes increase in PGCIL cost of Rs.297.28 Crores for FY-22.
- Carrying cost on Regulatory asset of Rs.34.94 Crores added to the Annual Revenue Requirement for FY22
- Increase in Other operating cost of Rs.39.61 Crores.

BESCOM submitted that for FY22, the actual average power purchase cost is Rs.5.56/unit as against Commission approved average power purchase cost of Rs.5.44/unit. Thus, there is an increase of 12 paise/unit. BESCOM also submitted that truing up for FY22 is based on the audited accounts (14 paise for PP cost, 2 paise for O&M cost and 1 paise for others). There has been a reduction in actual sales to the tune of 1880.84 MU as compared to approved sales for FY22. Thus, BESCOM has realized Rs.1595.59 Crores less than the approved revenue due to reduction in sales in FY22.

For FY24, BESCOM has computed total expenditure of Rs.30614.10 Crores (inclusive of Revenue Gap carried forward from FY22) as per norms and total revenue of Rs.26370.37 Crores at existing tariff. Thus, BESCOM has arrived at revenue gap of Rs.4433.47 Crores for FY24. Further, for FY24, BESCOM has projected average power purchase cost is Rs.6.96/unit as against KERC approved average power purchase cost of Rs.6.06/unit. There is an increase of 90 paise per unit in the power purchase costs, resulting in an additional burden of Rs.3204 Crores. The main reason being increase in allocation of thermal power and decrease in allocation of hydel power. BESCOM has informed that KPCL thermal cost has increased by Rs.1.40 / unit and CGS thermal cost has increased by Rs.0.76 /unit. BESCOM has also submitted that any increase/decrease in Fuel Cost Adjustment Charges has not been levied for the consumption over and above the base for the DERS consumers.

As such, BESCOM has requested the Commission to:

- a. Consider 6 ToD slots as against the existing 4 ToD slots
- b. Determine Parallel Operation Charges/Grid Support Charges for captive power plants;
- c. Increase the Demand Charges for HT consumers having contracted demand of 1MW and above to avoid the loss of fixed charges, if the consumers opt for open access.;
- d. Introduce non-telescopic tariff for domestic consumers and simplification of tariff categories;
- e. To continue the Discounted Energy Rate Scheme for a further period of 2 years.
- f. Withdraw Solar rebate
- g. Withdraw the incentive extended to ECS consumers.

3.2 List of the persons, who made oral submissions during the Public Hearing, held on 14.02.2023.

SL. No.	Names & Addresses of Objectors
1	Shri. Shrinath Bhandari, KASSIA
2	Shri. S.M Hussain, Peenya Industries Okkutta
3	Shri. Vivek Ranjan, Amplus Energy Management Services Pvt. Ltd.
4	Shri. Ansh Gupta, CleanMax
5	Shri. Ujwal Surana, Fortune Five Hydel Projects
6	Shri. Gopal Choudhery, Advocate, Matrix Wind Energy Private Limited
7	Shri Shridhar Prabhu, Advocate, FKCCI
8	Shri. G. N. Krishnappa, Electrical Engineer
9	Shri. Shankar Nesargi, Doddanavar Global Energy Pvt. Ltd. (DGEPL)
10	Smt. Ekta Pradhan, Karnataka Textile Mills Association
11	Shri. Venkatesh Arabatti and Shri. H.R. Giridhar, Advocate, BWSSB
12	Shri. Shriranga, Advocate, representing Telecom Operators Association
13	Shri. K.C. Nagaraj, Consumer
14	Shri, M.G. Prabhakar FKCCI

Following are the additional points raised during the Public Hearing:

1. Small scale industries are yet to recover from effect of reduction in sales due to Covid pandemic. As such, any increase in electricity tariff will pose as a huge burden. Electricity charges being one of the most important input costs, should be at competitive rates for survival of these industries.
2. The actual capex incurred by BESCOM is Rs. 1000 Crores more than that approved by the Commission for FY22 without any apparent gains or consumer benefits.
3. BESCOM has always sought for an upward revision of tariff. There has been no instance where ESCOMs have sought a downward revision of tariff.
4. BESCOM should be instructed to collect dues from the Government which is approx. Rs. 8000 Crores along with interest of Rs. 1000 Crores (approx.) towards the dues. The Commission is taking a lenient view towards lax attitude in collection of Government dues by the ESCOMs.
5. The increase in power purchase cost incurred by the licensee should have been controlled.
6. HT consumption is declining due to high electricity tariff.
7. Truing up provision should be used sparingly.
8. Various schemes offered by the ESCOMs are not attractive and thus, are not able to get many off-takers.
9. BESCOM is not putting enough efforts to retain HT consumers.
10. Fixed costs of old plants have already been recovered as most of the plants have served their life and have been fully depreciated.
11. Doubling of Fixed Charges (FC) is not good for survival of Industries.
12. Cost incurred towards maintenance of transformers is increasing year on year.
13. Directive regarding installation of pre-paid meters should be implemented.
14. Compliance to the Commission's directives is meagre.
15. No efforts are being made by BESCOM to improve the sales target.
16. The rebate of 50paise is not being extended to LT-5 category citing various reasons.

17. MSME certificate may not be insisted, as MSME certificates cannot be obtained by industries operating in rented premises.
18. The Commission needs to ascertain the losses claimed by BESCOM in its application for APR of FY22.
19. The DERS, SIS and other rebate schemes need to be continued.
20. No marketing strategy has been implemented by BESCOM. BESCOM is not approaching the consumers and analysing the reasons for reduction in its HT sales.
21. BESCOM is following the same old strategy of increasing the tariff by increasing the FC to meet their expenditure.
22. Fixed charges should not be increased for existing consumers.
23. The selling price of a product can't be increased so many times in a year due to increase in electricity prices. Accordingly, tariff should not be increased more than once in a year.
24. Like GST, single part tariff should be charges for convenience and easy understanding of the consumers indicating the per unit cost of power purchase and the cost of supply.
25. Due to change in FAC, the tariff changes many times in a year.
26. Distribution losses indicating technical, commercial losses, details of theft, billing and collection efficiency has not been produced.
27. Details of subsidy demanded and the subsidy released has not been provided by BESCOM.
28. Earlier one GOS was installed in one feeder. Now, BESCOM has installed 400 GOS in one feeder. GOS maintenance is not being done regularly.
29. Before implementing the TOD, BESCOM should conduct a study regarding which consumer is contributing to the peak load.
30. Peak load of 15,000MW is occurring between 08:00AM to 11:00AM. Thus, TOD rebate should not be extended during those hours. Solar generation is helping to manage the peak loads.
31. Cost of grid operations is being recovered through transmission charges and as such parallel operation charges should be imposed only on co-located plants. However, clarity is required in the matter.