

KM/Km	Kilometre
KPCL	Karnataka Power Corporation Limited
KPTCL	Karnataka Power Transmission Corporation Limited
kV	Kilo Volts
kVA	Kilo Volt Ampere
kW	Kilo Watt
kWH	Kilo Watt Hour
LDC	Load Despatch Centre
MAT	Minimum Alternate Tax
MD	Managing Director
MFA	Miscellaneous First Appeal
MIS	Management Information System
MoP	Ministry of Power
MU	Million Units
MVA	Mega Volt Ampere
MW	Mega Watt
MYT	Multi Year Tariff
NFA	Net Fixed Assets
NLC	Neyveli Lignite Corporation
NCP	Non Coincident Peak
NTP	National Tariff Policy
O&M	Operation & Maintenance
P & L	Profit & Loss Account
PLR	Prime Lending Rate
PPA	Power Purchase Agreement
PRDC	Power Research & Development Consultants
R & M	Repairs and Maintenance
ROE	Return on Equity
ROR	Rate of Return
ROW	Right of Way
RPO	Renewable Purchase Obligation
SBI	State Bank of India
SCADA	Supervisory Control and Data Acquisition System
SERCs	State Electricity Regulatory Commissions
SLDC	State Load Despatch Centre
SRLDC	Southern Regional Load Dispatch Centre
STU	State Transmission Utility
TAC	Technical Advisory Committee
TCC	Total Contracted Capacity
T&D	Transmission & Distribution
TCs	Transformer Centres
TR	Transmission Rate
WPI	Wholesale Price Index
WC	Working Capital

**KARNATAKA ELECTRICITY REGULATORY COMMISSION****No.16C-1. Miller Tank Bed Area, Vasanthnagar  
BENGALURU - 560 052****Dated 12<sup>th</sup> May, 2023****In the matter of:**

**Application of the Bangalore Electricity Supply Company Limited, in respect of the Annual Performance Review for FY22, Approval of Revised Annual Revenue Requirement for FY24 and Revision of Retail Supply Tariff for FY24 under Multi Year Tariff framework.**

<b>Present:</b>	<b>Shri P. Ravi Kumar</b>	<b>Chairman</b>
	<b>Shri H.M. Manjunatha</b>	<b>Member</b>
	<b>Shri M.D. Ravi</b>	<b>Member</b>

**O R D E R**

The Bangalore Electricity Supply Company Ltd. (hereinafter referred to as BESCOM) is a Distribution Licensee, under the provisions of the Electricity Act, 2003. The BESCOM has filed an application on 30.11.2022 for consideration and approval of the Commission on the following:

- Annual Performance Review (Truing up) of FY22, based on audited accounts
- To allow the unmet revenue gap is Rs.4609.56 Crores (Rs.2185.29 Crores for FY21 and Rs.2424.27 Crores for FY23) and allow the licensee to hike the average tariff by 1.58 paise across all the categories of consumers.

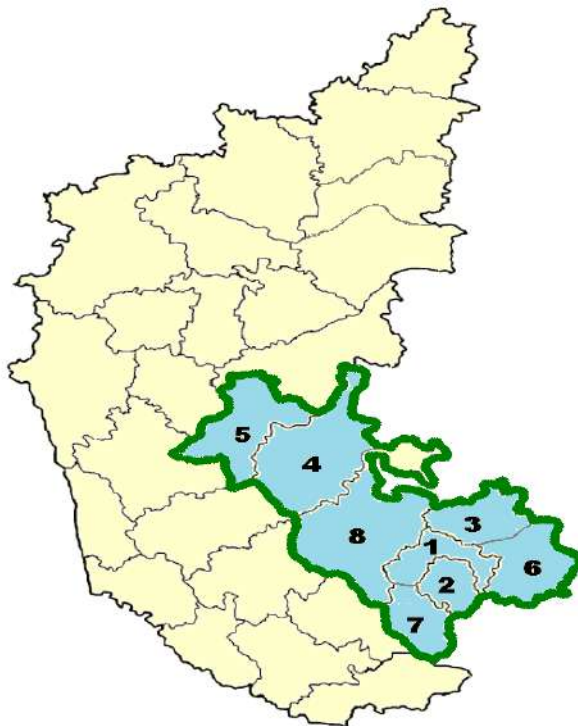
In exercise of the powers conferred under Sections 62 and 64 and other provisions of the Electricity Act, 2003, the KERC (Terms and Conditions for Determination of Tariff for Distribution and Retail Sale of Electricity) Regulations, 2006, read with the KERC (Tariff) Regulations, 2000 and other enabling Regulations, the Commission has considered the said application and also the views and objections submitted by the consumers and other stakeholders while passing this Order. The Commission's decisions on various aspects, are brought out in the subsequent Chapters of this Order.

## CHAPTER – 1

### INTRODUCTION

#### 1.0 Bangalore Electricity Supply Company Limited- (BESCOM):

The BESCOM is a Distribution Licensee under the provisions of Section 14 of the Electricity Act, 2003 (hereinafter referred to as the 'Act'). The BESCOM is responsible for purchase of power, distribution and retail supply of electricity to its consumers and also for providing infrastructure for Open Access, Wheeling of energy in its area of operation, in the eight Districts of the State, as indicated below:



1. Bengaluru Rural
2. Bengaluru Urban
3. Chikkaballapura
4. Chitradurga
5. Davanagere
6. Kolar
7. Ramanagara
8. Tumakuru

The BESCOM is a company registered under the Companies Act, 1956, incorporated on 30<sup>th</sup> April, 2002. The BESCOM commenced its operations on 1<sup>st</sup> June, 2002.

At present BESCOM's area of operation is structured as follows:

O&M Zones	O&M Circles	O&M Divisions	
Bengaluru Metropolitan Area North	Bengaluru North Circle	Malleswaram	
		Peenya	
		Hebbal	
		Jalahalli	
	Bengaluru East Circle	Shivajinagar	
		Vidhana Soudha	
		Inidranagar	
	Whitefield		
Bengaluru Metropolitan Area South	Bengaluru South Circle	Koramangala	
		HSR Layout	
		Jayanagar	
	Bengaluru West Circle	RajaRajeshwarinagar	
		Rajajinagar	
		Kengeri	
Bengaluru Rural Area	Bengaluru Rural Circle	Nelamangala	
		Hosakote	
		Chandapura	
	Ramanagara Circle	Kanakapur	
		Magadi	
		Ramanagara	
	Kolar Circle	Chikkaballapur	
		Chinthamani	
		Kolar	
		KGF	
	Chitradurga	Tumakuru Circle	Tumakuru
			Tiptur
Madhugiri			
Kunigal			
Davangere Circle		Davangere	
		Harihara	
		Hiriyur	
		Chitradurga	

The O & M divisions of BESCOM are further divided into one hundred and forty-seven sub-divisions, with 534 Section Offices.

The section offices are the base level offices looking into operation and maintenance of the distribution system in order to provide reliable and quality power supply to the consumers of BESCOM.

### 1.1 BESCOM at a glance:

The profile of BESCOM is as indicated below:

Sl. No	Particulars		Statistics
<b>Position as on 31-03-2022</b>			
1.	Area	Sq. km.	41,092
2.	Districts	Nos.	8
3.	Population	Lakhs	207
4.	Consumers	Lakhs	133.28
5.	Zone	Nos.	4
6.	DTCs	Nos.	4,55,604
7.	HT lines	Ckt. Kms	1,24,784.66
8.	LT lines	Ckt. Kms	1,79,340.58
9.	Energy Sales for FY22	MU	26,685
10.	Demand (FY22) (excl. other income)	Rs. in Crores	21,605.90
11.	Collection(FY22) (excl. other income)	Rs. in Crores	20,711.62
<b>Total employee strength:</b>			
A	Sanctioned	Nos.	24,756
B	Working	Nos.	14,858

Source: As per Tariff Application

### 1.2 Number of Consumers, Sales in MU to various categories of consumers and details of Revenue as on 31.03.2022 (FY22), as furnished by BESCOM in its filing, are as follows:

CATEGORY	No. of Consumers	% to Total	Energy Sales in MU	% to Total	Revenue in Rs. Crores	% to Total
Domestic (LT1 + LT2(a))	97,85,718	73.42	7615.86	28.54	5871.50	27.24
Commercial (LT )	12,24,372	9.19	1829.80	6.86	2046.92	9.50
LT Indl+ HT Indl & Coml.	2,53,844	1.90	8672.95	32.50	8842.12	41.02
Agriculture	9,86,573	7.40	6358.40	23.83	2673.96	12.41
Others	10,77,788	8.09	2207.72	8.27	2118.56	9.83
<b>Total</b>	<b>133,28,295</b>	<b>100.00</b>	<b>26684.73</b>	<b>100.00</b>	<b>21,553.06</b>	<b>100.00</b>

BESCOM has filed its application for Annual Performance Review for FY22, approval of Revised Annual Revenue Requirement (ARR) for FY24 and Revision of Retail Supply Tariff for FY24.

BESCOM's application, the objections / views of stakeholders thereon and the Commission's decisions are discussed in detail, in the subsequent Chapters of this Order.

## CHAPTER – 2

### SUMMARY OF FILING & TARIFF DETERMINATION PROCESS

#### 2.0 Background for Current Filing:

The Commission in its Tariff Order dated 9<sup>th</sup> June, 2021 had approved the revised Annual Revenue Requirement (ARR) for FY22 duly considering the revised ARR for FY20 consequent to APR for FY20 and has revised the Retail Supply Tariff of BESCOM for FY22 under the MYT principles. The BESCOM, in its present application filed on 30<sup>th</sup> November, 2022, has sought APR for FY22 based on the audited accounts, approval of Revised ARR for FY24 and Retail Supply Tariff for FY24.

The BESCOM, in its application, has also made certain proposals as discussed in the Chapter-6 of this Order.

#### 2.1 Preliminary Observations of the Commission:

After the scrutiny of the applications, the Commission communicated its preliminary observations to the BESCOM vide letter dated 9<sup>th</sup> December 2022. The preliminary observations were mainly on the following points:

- Energy Sales
- Capital Expenditure
- Assessment of IP set consumption
- Power Purchase
- RPO Compliance
- Distribution Losses
- Wheeling Charges
- Cross Subsidy Surcharge and Additional Surcharge
- Issues pertaining to items of revenue and expenditure
- Compliance to Directives.

The BESCOM has filed its replies to the Preliminary observations on 23<sup>rd</sup> December, 2022. The replies furnished by the BESCOM are considered and discussed in respective Chapters of this Order.