

APPENDIX - I

Statement showing the objections of the stakeholders/public, HESCOM's response and the Commission's View:

S.No.	Objections	Replies by HESCOM
1.	<p>The Controller cannot legally file the impugned applications or sign the papers to be filed before the Commission, in the absence of a duly executed authorization by the Board of the applicant Company or a Power of Attorney.</p> <p>Even, if there is any authorization, who is neither a director of the applicant nor a member of the committee of the Board of directors of the applicant company, by way of Board resolution the same is inadmissible in evidence.</p>	<p>For FY21, Agenda was placed before the 100th HESCOM Board of Director's Meeting held on 03.03.2022 to authorise the Controller (A&R), Corporate Office, HESCOM, to receive notices, letters etc from KERC and to sign, Affidavits, Pleadings, Statements etc., on behalf of HESCOM in the matter of disposal Tariff application.</p> <p>Accordingly, Board reviewed the agenda placed before the Board, deliberated at length and accorded its approval to pass the following resolutions in this context:</p> <p>"RESOLVED THAT, for the reasons explained, Board accorded its approval to ratify the action taken by the Controller (A&R), Corporate Office, HESCOM in filing tariff petition of Annual Performance Review (APR) for FY21, Average Revenue Requirement (ARR) and Expected Revenue from Charges (ERC) for FY-23 before Hon'ble KERC on 30.11.2021."</p> <p>"RESOLVED FURTHER THAT, Board accorded its approval to ratify the action taken by Managing Director, HESCOM in changing ARR and ERC in course of validation and placing the APR for FY21, ARR and ERC for FY23 before Hon'ble KERC,"</p> <p>"RESOLVED FURTHER THAT, Controller (A&R), Corporate Office, HESCOM, be and is hereby authorised to receive notices, letters etc from Hon'ble KERC and to sign, Affidavits, Pleadings, Statements etc., on behalf of KERC".</p>
	<p>Commission's Views: The issue is being raised repeatedly As per Clause 17 of the KERC (G&C Proceeding) Regulations, representation or petition and affidavit in support, may be made before the Commission through an authorized employee also.</p>	
2.	<p>The Applicant has filed application for APR allegedly based on audited accounts, without filing the audited accounts with Statutory Auditor's Report and CAG Audit Report. The said document is also not available in the website of the applicant also.</p> <p>If the said document is filed before the Commission, without making it as</p>	<p>The Audited Accounts with CAG Audit Report is available in the HESCOM website hescom.karnataka.gov.in. HESCOM had filed the Tariff petition along with the audited accounts after finalization by the CAG. The Annual Report is adopted in the Annual General Meeting held on 15.12.2022. Comments of the CAG is enclosed for reference as Annexure-2.</p>

	a part of the impugned application, it is not only a clear violation of the relevant KERC Regulations and MYT Regulations.	
	Commission's Views: The Commission notes the reply furnished by HESCOM. Though the audited accounts are considered for the purpose of Annual Performance Review (truing up), the Commission is guided by the MYT Regulations for regulating the expenses and accordingly various expenses are being regulated as per MYT Regulations.	
3.	<p>GOK had the authority to allocate power of erstwhile KEB as well as KPTCL once only and the GOK has no authority to modify the original power allocation notification and also the subsequent power purchases made by the ESCOMs through PCKL. Hence, all notifications modifying the initial power allocation notification issued by GOK effective from 10.06.2005 are issued without authority, illegal and null and void.</p> <p>The principles, as per APTEL judgment dated 08.10.2014 passed in appeal No.42 of 2014 (FKCCI v/s BESCO), for determination of cross subsidy has not been followed by the applicant in its impugned application.</p> <p>The Commission also has not framed any regulation as provided under third proviso to sub-section (2) of Section 42 of the Electricity Act, 2003, with regard to the manner in which the cross subsidy surcharge and cross subsidies is going to be reduced. The applicant cannot take advantage of the failure of the Commission to frame appropriate regulation for determination of cross subsidy, at the cost of its consumers. More importantly, the cross subsidy surcharge can be levied only on the energy wheeled as per law.</p>	<p>Power purchase allocation is the policy matter and does not come under the purview of HESCOM.</p> <p>Based on the methodology specified in MYT and Open Access Regulations and formula as per Tariff Policy the voltage-wise Cross subsidy surcharge is being calculated considering Transmission and Distribution loss applicable for the particular voltage level. It is inevitable in the present conditions that, the consumers having high paying capacity especially HT consumers and commercial consumers have to pay the cross subsidy. But as per the tariff policy the cross subsidy should be within the range of + 20% of the tariff applicable to relevant category. HESCOM has calculated the cross subsidy accordingly. The voltage-wise cost to serve is also indicated in the Annexure to the Tariff Orders. The Commission in the earlier Tariff Orders has clearly stated that "It is the Commission's endeavour to reduce the cross subsidies gradually as per the Tariff Policy." Hence, HESCOM doesn't agree with the objector's opinion.</p>
	Commission's Views: The Commission notes the reply furnished by HESCOM. The power allocation to the ESCOMs comes under the purview of the GoK. There is no case for any intervention by the Commission. The Commission is determining the CSS as per the OA Regulations, wherein the Commission has adopted the methodology envisaged in the tariff policy. Regarding cross subsidy, the Commission is endeavouring to bring in the cross subsidy levels within +/- 20% of average cost of supply.	
4.	The New proposal of grid support charges / parallel operation charges does not provide any rationale for the quantum. Moreover, captive usage for renewable energy sources,	Captive Power Plants that are running in parallel with grid are continuously taking the support of grid for their captive and process operations. At present Grid Support Charges/Parallel operation charges are being

	<p>in Karnataka is provided under the Wheeling & Banking Agreements. In the existing Agreements, there is no provision for collection of any charges, in addition to Wheeling & Banking Chares. Hence, the proposal is ultra vires the contracts.</p> <p>Without prejudice to the above, the GSC is leviable on the utilization of the grid system and NOT distribution system. In Karnataka, the grid system is managed by SLDC, which his currently operated by KPTCL. Hence, ESCOMs are not competent to propose and levy GSC.</p>	<p>levied on Captive Generators in the states of Gujarat, Chattisgarh, Madhya Pradesh and Tamil Nadu. Further, Discoms of Odisha and Rajasthan have filed petitions under their respective ERCs in this regard. The applicability and charges of the Grid Support Charges/Parallel Operation Charges in various states is explained in the petition. Disadvantages of Parallel Operation to Utility and advantages to CPPs is also explained in the petition. It applies to all Captive Power Plants.</p>
	<p>Commission's Views: The Commission notes the reply furnished by HESCOM. The grid support charge shall be as determined by the Commission and shall be applicable as specified in the orders of the Commission.</p>	
5.	<p>For substantiating the proposed hike in fixed charges, the applicant has submitted that the contribution of fixed charges in the total supply charge recovered is only 13% of the average realization rate, the balance i.e., 45% is concealed in the energy charges. Hence, the energy charge seems to be on a higher side. This statement of the applicant is not corrected. The transmission charges paid to KPTCL and PGCIL charges were also included in the fixed charges component and the transmission loss, which is not correct, in view of the fact that transmission charges and transmission loss is proportionate to the power supplied and it is part of power cost. The said transmission charge and transmission loss should be deducted from the fixed cost to compute the correct fixed cost component. Further, the very same fixed assets are being used for open access and wheeling of power also. In such circumstances burdening the regular consumers of the applicant with higher fixed charges is unreasonable, without any valid justification and the proposal to enhance fixed charges should not be approved.</p> <p>The objector submits that nearly 40.31% of the total electricity sold by the applicant was accounted as consumed IP Sets below 10 HP and</p>	<p>HESCOM has proposed tariff hike to meet the projected revenue requirement. HESCOM is filing tariff petition based on audited accounts, adopting the methodology as per MYT Regulations. Although the retail power tariff is based on two-part tariff principles, the same is not reflective of actual components of fixed and variable cost being incurred by HESCOM. As per PPA Terms & conditions, HESCOM has to pay capacity charges (Fixed charges) to the Generators, in addition to the energy charges for purchase of power. As per the current tariff structure, the recovery of Fixed Charges (FC) from consumers not commensurate with the actual fixed expenditure being incurred by the HESCOM. Thus, a substantial portion of the FC is being recovered through Energy Charges. Hence in order to ensure full recovery of FC, HESCOM has requested for increase in FC/Demand Charges. However, in order to lessen the burden on the consumers, HESCOM has proposed decrease in Energy Charges of 10 paise for unit.</p> <p>The objector is quoting Tariff Order 2000 when there was no Open access. The present scenario of power sector is different from that during 2000. Also, the Open access regulation was implemented vide Notification No. Y/03/4 dated 12.11.2004.</p> <p>Transmission Charges is to be treated as the fixed cost as per Annexure-2 of the Tariff Orders. HESCOM doesn't agree the objector's</p>

	<p>BJ/KJ, in FY22 (Page 3). The fixed charge component is totally absent for this 40.31% electricity consumed in FY22.</p> <p>The objector submits that; the applicant is claiming that it is already collecting 13% of the fixed cost component from the consumers. The balance fixed charges component can be met by imposing fixed charges to LT4(a) category and BJ/KJ category of consumers.</p>	<p>opinion and denies the allegations made by the Objector.</p>
	<p>Commission's Views: The Commission notes the reply furnished by HESCOM. The Commission had issued a discussion paper on recovery of fixed cost during on 28.09.2022 wherein the need to recover full fixed charges in the tariff has been explained. The Commission has dealt with this matter appropriately in this Order.</p>	
6.	<p>On the one hand, the applicant is complaining of cherry-picking of open access consumers and exodus of consumers for open access; on the other hand, it proposes to cancel the schemes aimed at concessional tariffs. This is highly self-contradictory. Merely because some open access / non-exclusive customers have opted for these schemes, discontinuing the scheme entirely for all consumers is highly unreasonable.</p> <p>Moreover, limiting the DERS scheme only to the exclusive consumers is violation of open access principles. The Licensee, cannot discriminate the consumers based on their opting for open access.</p> <p>Importantly, the applicant cannot insist on the undertaking from any consumers that they shall not opt for open access agreements from any consumers. Such an undertaking is illegal and against the provisions of the Contract Act, 1872 and Electricity Act, 2003. This compulsion is opposed to the law declared by APTEL in Appeal No.92 of 2021 in the case of Srikalahasti Pipes Limited v. APSLDCL.</p>	<p>The Commission had introduced Special Incentive Scheme in Tariff Order 2018 dtd.14.05.2018 and Discounted Rate Energy Scheme in Tariff Order 2021, dated 09.06.2021. Both Schemes are introduced as an attempt to bring back the EHT/HT consumers who are availing power through open access as the State has power surplus situation. As per terms and conditions of DERS Scheme, the HT consumers who have opted for DERS Scheme shall not be eligible for Special Incentive Scheme. DERS Scheme is better compared to Special Incentive Scheme as the consumption over the base is more in DERS. Hence HESCOM requests to reject the objection and continue only DERS for FY24, so that the existing consumers under Special Incentive Scheme may opt DERS Scheme.</p>
	<p>Commission's Views: The Commission notes the reply furnished by HESCOM and in the DERS is dealt with appropriately in this order.</p>	
7.	<p>The objector in every tariff objection has requested for scrapping of the solar rebate. This submission now seems to have been accepted by the applicant in the present</p>	<p>Solar water heating system is mandatory to domestic category consumers as per conditions of supply formulated by KERC. HESCOM has proposed for withdrawal of solar</p>

	application, though without an acknowledgement to the objector who has been repeatedly espousing it.	rebate as explained in page No. 156 of tariff petition.
	Commission's Views: The Commission notes the contention of both the applicant and the objector who have concurred to withdraw the solar rebate that is being extending to domestic consumers. The same is discussed in the relevant chapter.	
8.	The applicant has not at all depicted the level of cross subsidization from other categories of consumers and subsidy from the GoK.	Category wise cross subsidy is shown page. No. 335 of the petition.
	Commission's Views: The Commission notes the reply furnished by HESCOM.	
9.	Since the Jurala hydro project is an interstate project the tariff of the same should have been determined by the CERC and not the TSERC. TSERC did not have any jurisdiction any jurisdiction to determine the tariff for Jurala project. At any rate, the power purchase from Jurala Hydrel Power by the applicant has not been approved by the KERC. Hence, the tariff claimed by Jurala hydrel power should not be approved.	The evacuation of power from Jurala hydel project from Telangana is through radial lines exclusively constructed by KPTCL through self-execution scheme. The central transmission utility's transmission line is not utilized in this case. The power is not scheduled by SRLDC. It is a joint venture project of (Andhra Pradesh) Telangana and Karnataka States. The tariff is approved by TSERC for all hydrel projects of Telangana including Jurala Hydrel project. In the memorandum of Understanding and in power purchase agreement, Karnataka has agreed for the tariff as determined by TSERC. Accordingly, the power is procured from Jurala Hydrel power plant based on approval by KERC in Tariff Order.
	Commission's Views: The reply furnished by HESCOM is noted.	
10.	The objector submits that the applicant has not shown any sums as wheeling charges and Cross subsidy surcharges in FY22 (Form D-2). The applicant has shown zero revenue as wheeling charges for FY22 and FY23 also. This zero revenue from wheeling charges and Cross subsidy surcharges requires deeper investigation, by the Commission. Importantly, the case equivalent of the Wheeling Charges collected in kind are neither depicted nor accounted in the application.	Wheeling charges and cross subsidy charges are included in the revenue of the respective tariff in D-2 Format. Wheeling charges are calculated based in injection point and drawing point as per KERC Guidelines. Cross subsidy surcharge is calculated based on the methodology specified in MYT Regulations and Open Access Regulations.
	Commission's Views: The Commission notes the reply furnished by HESCOM. The wheeling charges is in kind in most of the WBA transactions and is only an energy adjustment and therefore is not reflected in the revenue. However, cross subsidy surcharge and ASC which is paid in cash terms. is accounted in the revenue of ESCOMs.	
11.	The applicant has not disclosed any plan for the introduction of pre-paid meters as provided under Section 47(5) of the Act. Since the applicant has not arranged for supply through pre-	As per the KERC tariff order, Temporary power supply with or without extension of distribution main shall be arranged through a pre-paid energy meter duly observing the provisions of Clause 12 of the Conditions of Supply of Electricity of the Distribution Licensees in the State of Karnataka.

	<p>payment meters, even after more than 15 years from coming into force of that provision, the applicant should not be allowed to take advantage of its own lapses.</p>	<p>HESCOM has under taken the installation of prepaid meters to LT-7 consumers through pilot projects in Hubballi and Belgaum Urban divisions. HESCOM is planning to install prepaid meters to LT-7 consumers after detailed analysis of these projects. Details of smart meters under RDSS is explained in page no. 45 of application.</p>
	<p>Commission's Views: The Commission notes the reply furnished by HESCOM. The installation of prepaid meters shall be as per the Orders of the Commission.</p>	
12.	<p>The difference between the Temporary and Permanent Power Supply is completely blurred in the present. More importantly, the procedure for availing power supply and compliances therein are exactly identical in terms of procedure and substance. Moreover, in the last Tariff Order under the LT 7(b) category, the Advertisements were entitled for the permanent power connection under the Temporary Category.</p> <p>Hence, in view of the permanent category treatment accorded to the Temporary Categories, creation of separate category with exorbitant tariff may be discontinued.</p>	<p>HESCOM has projected category-wise sales based on CAGR Method. To simplify the tariff structure, HESCOM has requested to shift/classify existing LT7(b) under LT-3 tariff category at 1.5 times of the existing tariff.</p>
	<p>Commission's Views: The Commission notes the reply furnished by HESCOM and the Commission has issued amendments to CoS streamlining the power sanction to temporary installations and their billing, for the convenience of the consumers. Further, the tariff categorisation is addressed in the relevant chapter.</p>	
13.	<p>Clubbing of wheeling charges for renewable and non-renewable energy sources has been entirely rejected by this Commission in the previous tariff orders. Hence, the proposal of the applicant is untenable.</p> <p>The applicant has claimed the aggregate of T&D Losses including the auxiliary consumption from SRTPV Systems. There is no segregation of losses – voltage-wise. Hence, the methodology of computation of Wheeling Charges is flawed and merits rejection.</p>	<p>HESCOM has not clubbed the wheeling charges for renewable and non-renewable energy sources as explained in page No. 165 of the application. Wheeling charges are calculated based on injection point and drawing point, adopting the methodology as per KERC Guidelines.</p>
	<p>Commission's Views: The Commission notes the reply furnished by HESCOM. The wheeling charges is discussed in the relevant chapter.</p>	
14.	<p>Presently, there are no regulations framed by the Commission for levy of Additional Surcharge. Hence, the same cannot be levied. Moreover, the Commission has exempted the</p>	<p>KERC under its Open Access Regulation 2004 (clause 5(2)) has specified as- 'Provided further that the Existing Customers shall pay the applicable surcharge and other charges as</p>

	green energy projects from the levy of Additional Surcharges, hence, the same cannot be levied on other consumers by causing hostile discrimination.	may be specified by the Commission from time to time.' Hence the same can be levied. HESCOM proposes for Additional Surcharge considering the provisions of the Electricity Act 2003, National Electricity Policy, Tariff Policy, KERC Regulations and Orders of the e Supreme Court and Hon'ble APTEL, to meet the stranded fixed cost obligations of the HESCOM arising out of its obligations to supply power.
	Commission's Views: The Commission notes the reply furnished by HESCOM. The KERC OA Regulations specify that ASC determined by the Commission shall be applicable. Accordingly, the ASC is being determined by the Commission in its tariff orders. Hence, the contention that ASC is not specified, is not correct.	
15.	Under Regulation 4(5)(ix) of the KERC (Tariff) Regulations, 2000, the licensee is required to furnish a statement of any subsidy committed by the Gov. of Karnataka, the consumers to whom it is directed, and the way in which subsidy is proposed to be reflected in the proposed tariffs applicable to these consumers.	HESCOM has proposed subsidy in accordance with "Karnataka Electricity Regulatory Commission (Manner of payment of subsidy by State Government) Regulations 2008.
	Commission's Views: The Commission notes the reply furnished by HESCOM. The Commission in its Tariff Order determines the amount of subsidy to be paid by GoK, which is subject to true-up during the annual performance review, as discussed in the relevant chapters of the Tariff Order.	
16.	The quality of power supply to rural areas has deteriorated further, during the current year. The applicant has totally failed to improve the efficiency of its operations by implementing the directions issued by the Commission to that effect.	HESCOM is striving hard to deliver the uninterrupted reliable power supply to all the consumers and following all the directives issued by KERC from time to time. The power supply situation and quality of power supply in rural areas has improved a lot in view of implementation of NJY scheme. Regarding improving the quality of power supply, the works of strengthening the distribution system, providing new distribution transformers, old lines are being replaced, carried out the pre-monsoon maintenance and billing has been computerised, etc., are being carried out and every effort is made to improve the quality of power supply. Because of its efficiency only, that HESCOM has crossed its sale of 11,000 MU, second only to BESCO in Karnataka. HESCOM has transferred the efficiency gains to the consumers duly following the directives set by KERC. They are to be observed in terms of loss reduction, effective implementation of Capex programme, quality power supply etc.
	Commission's Views: The Commission notes the reply furnished by HESCOM. The consumers are advised to point out specific issues instead of making general observations. Further, the compliance to the directives have been discussed separately in this Order.	
17.	The APR and transmission tariff proposals of KPTCL were not	HESCOM is verifying the Transmission tariff proposals of KPTCL every year and if any

	opposed by the applicant, so far; but the applicant has been supporting the same in all the past years.	discrepancies/ imprudent expenditure which burdens ESCOMs is found out, definitely HESCOM will file the objections. HESCOM doesn't agree with the objector's opinion and denies the allegations made by the Objector.
	Commission's Views: The Commission notes the reply furnished by HESCOM.	
18.	The objector takes serious exception to the Specific Consumption methodology adopted by the Commission which indirectly validates unmetered sales.	The Commission has been computing future projections of IP sets based on Specific consumption concept. HESCOM is calculating IP sets consumption based on the Agri feeder exclusively feeding IP set. This is done as per the direction of KERC. The Commission has also prescribed a format for computing the sales of IP sets. The month-wise IP set details for FY22 are furnished to the Commission. HESCOM has worked out specific consumption of IP sets as directed by the Commission and the details for increase in specific consumption expected during FY24 is furnished in the application.
	Commission's Views: The Commission notes the reply furnished by HESCOM. The Commission has dealt with this matter appropriately in the relevant chapter of this Tariff Order.	
19.	It is the duty of the Commission to probe all the issues raised in this objection and all other objections in detail and arrive at a just decision, in public interest.	HESCOM will abide by the Regulations and directions of Hon'ble Commission.
	Commission's Views: Mere raising general observations is not appropriate. The Commission before passing the tariff order considers the objections submitted by the stakeholders and pass orders in terms of the MYT Regulations.	
20.	As per Regulation 2.7.1 of MYT Regulations 2006, an application for determination of Tariff for any financial year shall be made not less than 120 days before the commencement of such financial year. This should have been filed on or before 30th Nov 2022, which has not been done. (Done on 03.01.2023) On this count this Application is not maintainable.	HESCOM has filed the application before KERC on 30.11.2022, for approval of APR for FY-22, approval of revised ARR & ERC for FY-24 and Tariff Petition of FY-24 as per KERC Regulations. Hence, HESCOM doesn't agree the objector's opinion.
	Commission's Views: The Commission notes that HESCOM has filed the Petition within the timeline specified in the Regulations. The objector should verify the facts before raising such factually incorrect observations.	
21.	HESCOM should have clearly indicated steps taken for improvement of efficiency since the date of previous order and earlier orders issued by Commission indicating the efficiency gains of HESCOM, which could be ultimately transferred to the consumers proportionately. Commission in its Tariff order 2022 has clearly	HESCOM has transferred the efficiency gains to the consumers duly following the directives set by KERC. They are to be observed in terms of loss reduction, effective implementation of Capex programme, quality power supply etc.

	commented that HESCOM should provide a brief note on steps taken to improve the Efficiency in the Tariff revision application. It is not done by HESCOM. In the absence of any specific gains the application is not maintainable.	
	Commission's Views: The Commission notes the reply furnished by HESCOM. The Annual Performance Review is being carried out as per the MYT Regulations. The gains and losses are being shared as per the provisions of the MYT Regulations, as discussed in the relevant Chapter of the Order.	
22.	<p>HESCOM has stated that the Gap for FY24 is Rs.1904.93 Crores and hence has requested Commission to hike the tariff by 148 paise per unit for all category of consumers.</p> <p>In the ARR of FY24, the figures in respect of Providing additional DTCs, meters, DAS etc. are found to be enhanced. Actually this much capital expenditure will not happen. Hence capital expenditure can be reduced by Rs.500 crores. HESCOM has asked hike of 148 paise per Unit, which is not justifiable.</p>	<p>HESCOM has proposed the capital budget for creation of infrastructure to provide quality of service. HESCOM has submitted the capital expenditure details in the application and whatever the observations pointed by the Commission have been complied and submitted to the Commission. HESCOM is following the Capital Expenditure Guidelines issued by the KERC and progress of all the works are being monitored at Corporate Office level. The HERC has engaged M/S RSA & Co, Chartered Accountants, Kolkata, for conducting Prudence Check of Capital Expenditure and depending upon their Report, the Hon'ble Commission will approve the capital expenditure. The Commission will disallow the imprudent capital expenditure. Hence, HESCOM doesn't agree with the objector's opinion.</p>
	Commission's Views: The Commission notes the reply furnished by HESCOM. The CAPEX has been dealt with appropriately in the Tariff Order.	
23.	<p>The HT consumption was 1006.00 MU in FY19. It has come down to 897.82 in FY22. Thus there is reduction of 108.18 MU. But HESCOM has projected energy sales in FY24 as 1021.09 MU. This is not justifiable. The additional purchase goes to IP sets and HT consumers are made to pay this additional purchase which actually goes to IP sets, This results in greater increase in HT tariff. Hence HT consumer are leaving Grid and opting private purchase. In order to prevent HT consumers are leaving Grid and opting private purchase. In order to prevent HT consumers leaving the Grid, tariff of HT consumers should be reduced by at least 100 paise per unit.</p>	<p>Sales of 15.59 MU over base consumption have increased in FY22 due to implementation of DERS Scheme. For April-22 to Oct-22, sales above base consumption is 48.70 MU. Hence to arrive the actual growth after Covid-19 period, the growth rate taking specific consumption of FY22 is considered for projection for FY24 and arrived 1021.09.MU.</p> <p>HESCOM has proposed (in page no. 136 of the petition) to fix CDT for IP Sets and also LT-6 category to recover the average cost of supply as in case of BJ/KJ installations to reduce the cross-subsidy payable by other consumers. HESCOM has proposed only marginal increase in the Demand Charges of Rs.25/ KVA and decrease of 10 paise for unit in Energy Charges in order to lessen the burden on the HT consumers.</p>
	Commission's Views: The Commission notes the reply furnished by HESCOM. The Commission has dealt with the matter appropriately in the Tariff Order.	
24.	As per the Tariff Policy any tariff to be fixed should be with in +/-20% of cot to serve. HESCOM has not submitted	KERC has clearly stated in the earlier Tariff Orders, the reason as to why cost to serve is not being implemented. The voltage-wise cost to

	<p>"cost to serve" to the Commission. As cost to serve has not been finalized by the Commission, it is not possible to verify whether the proposed tariff is within the limits. Cost to serve is very important parameter. The cost to serve a HT installation is very much less compared to LT power. If cost to serve is found out and tariff is fixed as per cost to serve, the tariff of HT 2 (a) will have to be brought down by 50%, which KASSIA is trying to justify. HESCOM is giving non-convincing replies. At least in case of HT 2 (a) category cost to serve should be worked out. Hence this Tariff Application should be rejected.</p>	<p>serve is also indicated in the Annexure to the Tariff Order. Hence it is not appropriate to say that it is not possible to verify whether the proposed tariff is within the limits.</p> <p>It is inevitable in the present conditions that, the consumers having high paying capacity especially HT consumers and commercial consumers have to pay the cross subsidy. But as per the Tariff Policy the cross subsidy should be within the range of + 20% of the tariff applicable to relevant category. HESCOM requests the Commission to reject the objection.</p>
	<p>Commission's Views: The Commission notes the reply furnished by HESCOM. The Commission in accordance with the directions of the APTEL, is determining voltage-wise cost to serve for different category of consumers and showing it in Annexure to the Tariff Order. The Commission is also endeavouring to bring the cross subsidy level to +/- 20% of average cost of supply.</p>	
25.	<p>As per section 23 of the Act, load shedding should be done with the approval of KERC. Un scheduled load shedding have adversely affected the Industries. KERC should take appropriate action in this regard. For planned maintenance it should be given to the newspapers a least 24 hours before, which is not done. In such cases HESCOM should resort to Spot purchase of power through Energy Exchanges, which is not done. HESOM is resorting to load shedding without the approval of KERC and without making alternate arrangements. This is a clear violation.</p>	<p>Load shedding in HESCOM is resorted to only in case of maintenance works with prior notification in the newspapers and SMS, the reports of which are brought to the kind notice of Commission. The unscheduled load shedding are due to natural calamities which are resorted to maintain the sustainability of the system.</p>
	<p>Commission's Views: The Commission notes the reply furnished by HESCOM. HESCOM is directed to ensure quality and un-interrupted power to consumers. Though unscdule interruptions are inevitable, the same should be minimised with proper maintenance of the distribution network and the directives in this regard shall be followed.</p>	
26.	<p>Average cost of supply is Rs.6.15 per Unit. But IP sets are charged only Rs.3.90 GOK should pay the difference as subsidy. But it is recovered from other consumers through cross subsidization. That means a large part of the cost of unmetered free power (of 39 per cent) is being borne by the other consumes through cross subsidies though the Govt claims that the burden is entirely on its account. This is a clear case of regularization of</p>	<p>The figures furnished by the objector are wrong in respect of HESCOM. The average cost of supply approved by KERC for FY22 in HESCOM is Rs.8.00 per unit and the Commission determined tariff for IP sets is Rs.6.94 per unit which is arrived at duly deducting the cross-subsidy component from other categories in the average cost of supply of Rs.8.00 / unit.</p> <p>HESCOM has proposed (page no. 136 of the petition) to fix CDT for IP Sets and also LT-6 category to recover the average cost of supply as in case of BJ/KJ installations and to</p>

	dues of the Govt. The difference should be recovered from Govt.	reduce the cross-subsidy payable by other consumers.
	Commission's Views: The Commission notes the reply furnished by HESCOM. The Commission has dealt with this matter appropriately in the relevant chapter of the Tariff Order. Further, IP set sales is being subsidized by the GoK at the Commission determined tariff. Subsidy is being released to the IP sets according to the Orders issued by the GoK from time to time.	
27.	Form No. D-18 is to give details of Demand, Collection and Balance. Contents of Form No. D-18 should be openly available to the Consumers. Otherwise Consumers will not know the efficiency of collection. There is a Form and HESCOM has to comply.	Form D-18 is available in the petition page No. 294 & 295. Tariff petition is hosted in the HESCOM web site hescom.karnataka.gov.in . and also all data relating to financial parameters is depicted in HESCOM Annual Accounts for FY-22, which is hosted in the HESCOM web site hescom.karnataka.gov.in .
	Commission's Views: The Commission notes the reply furnished by HESCOM.	
28.	The accidents in FY22 have increased (page-32). All proposed action plans are only on paper. The accidents have increased. What is the explanation of HESCOM Consumers don't know what HESCOM wants to do. HESCOM should prove that accidents have come down.	HESCOM is making all out efforts to prevent the electrical accidents by means of identifying the hazardous locations and rectifying, taking proper maintenance works and educating the consumers. The details are furnished in the application in the page no.28 to 34 of application.
	Commission's Views: The Commission notes the reply furnished by HESCOM. The Commission has dealt with the matter in the Directives Chapter of this Tariff Order.	
29.	Commission has directed HESCOM to achieve HT.LT ratio of 1:1. In this tariff petition, the ratio is 1:1.51 HESCOM has not brought down the ratio.	HESCOM consists of an area dominated by Agriculture Sector where the LT lines run to long distance to provide connection to IP set consumers. Hence, an idealistic HT: LT ratio is not possible. But HESCOM is trying to make HT: LT line ratio more acceptable in town areas wherever possible.
	Commission's Views: The Commission notes the reply furnished by HESCOM.	
30.	The KASSIA would like to submit that the important directives in respect of the universal metering, cost of supply, paying capacity, and pre-paid metes which were the significant directives issued by the Regulatory Commission are yet to be implemented. In the absence of compliance to directives the whole exercise of filing ERC would be futile and the petition is liable to be rejected on this ground itself. Since, the applicant has totally failed to improve the efficiency of its operations by implementing the directives issued by the Hon'ble Commission to the effect; the hike in tariffs sought by the petitioner through the impugned, petition is not justifiable and also not	HESCOM is striving hard to deliver the uninterrupted reliable power supply to all the consumers and following all the directives issued by KERC. The power supply situation and quality of power supply in rural areas has improved lot in view of implementation of NJY scheme. The ERC and ARR application filed is as per procedure and maintainable in all respect. I. Tariff Hike dependent on input Power Purchase Cost, O & M Cost, Establishment Cost, etc. Further, it depends on Hydro Thermal Mix and subsidy given by the Govt. The power purchase cost is based on the average cost intimated by KPTCL and the rate is validated by the Commission. II. Regarding improving the quality of power supply, the works of strengthening the distribution system, providing new distribution transformers, old lines are being replaced, carried out the pre monsoon maintenance and billing has been

	<p>maintainable. In fact, the earlier increase in tariffs should be reversed.</p> <p>The power supply situation and quality of power supply in rural areas have deteriorated further during the current year. The objector submits that compliance of other directives is also very poor and no tangible results have come out, so far. On these aspects also the ERC and Tariff filings, are defective and liable to be dismissed as not maintainable.</p> <p>For the aforesaid reasons the Tariff Revision Petition is not maintainable.</p>	<p>computerised, etc., are being carried out and every effort is made to improve the quality of power supply.</p> <p>III. The existing revenue from HESCOM is not sufficient to cover Annual Revenue Requirement, the revision of tariff is proposed.</p> <p>IV. The demand for electricity is increasing more than supply. Further, power from hydel sources is reducing, compelling the HESCOM to buy costly power. Hence, the tariff hike is needed.</p> <p>It is not correct to say that HESCOM has totally failed to improve efficiency. The efficiency can be observed on many fronts, like NJY project, R-APRDP project, IT initiatives etc. Because of its efficiency only, that HESCOM has crossed its sale of 11,000 MUs, second only to BESCOM in Karnataka. Hence, HESCOM doesn't agree the objector's opinion. HESCOM requests the Commission to reject the objection.</p>
	<p>Commission's Views: The Commission notes the reply furnished by HESCOM. The Commission has dealt the matter in the Directives chapter of this Tariff Order. The annual requirement in terms of MYT Regulations is discussed in the relevant chapter.</p>	
31.	<p>FY22 HT consumption is 897.82 MU though approved was 1237.04. MU. Thus HT consumption has come down by 339.22 MU. Generally annual growth is taken as 6%. But here HT consumption has come down. It clearly shows many HT industries have left Karnataka due to higher HT tariff. HT Consumers don't move away from Karnataka.</p> <p>The HT consumption was 1006.00 MU in FY19. It has come down to 897.82 in FY22. Thus there is reduction of 108.18 MU. This should be an eye opener to HESCOM. Why HT consumption is coming down. The HT tariff is more. Hence HT consumers are opting open access.</p>	<p>HESCOM had projected the sales for FY22 considering total sales including Open access/WB consumption and arrived 1182.09 MU. The Hon'ble Commission had approved 1237.04 MU based on CAGR method and also adding 10% of OA sales in FY-20 as additional sales.</p> <p>HESCOM Sales for FY15 and FY20 excluding OA/WB consumption is 917.38 MU and 941.30 MU respectively. 5 -Year CAGR sales Projection for FY22 is 951.04 MU. There is reduction of 53.22 MU compared to FY15 to FY20 CAGR considering sales excluding OA/WB consumption. However, sales have increased by 138.39 MU compared to sales of 759.43 MU for FY21. HESCOM has proposed (in page no. 136 of the petition) to fix CDT for IP Sets and also LT 6 category to recover the average cost of supply as in case of BJ/KJ installations and to reduce the cross-subsidy payable by HT consumers. HESCOM has proposed for only marginal increase in the Demand Charges of Rs.25/ KVA and decrease of 10 paise for unit in Energy Charges.</p>
	<p>Commission's Views: The Commission notes the reply furnished by HESCOM.the DERS and SIS scheme to attract HT consumers is discussed in the relevant chapter.</p>	

32.	Approved distribution losses were 13.50%. But HESCOM losses are 14.34% which is more than Commission approved losses. Actual AT & T loss is much more than that HV DS is not done. HT:LT ratio is not reduced. There are no honest efforts in reducing the losses.	The approved distribution loss is 13.50% excluding open access consumption. Distribution loss of HESCOM is 13.50% excluding open access consumption. HESCOM consists of an area dominated by Agriculture Sector where the LT lines run into long distances to provide connection to IP set consumers. Hence, an idealistic HT: LT ratio is not possible. But HESCOM is trying to make HT: LT line ratio more acceptable in town areas wherever possible. HESCOM has been constantly trying to bring down the loss by taking required measures. The percentage of distribution loss has come down from year to year. Because of its efficiency only, that HESCOM has crossed its sale of 11,000 MUs, second only to BESCOM in Karnataka. Hence, HESCOM denies the allegations made by the Objector.
Commission's Views: The Commission notes the reply furnished by HESCOM. The issue pertaining to energy audit have been dealt with in Directives Chapter. Further, for non-achievement of target losses ESCOMs are being penalised. The Commission has directed ESCOMs not to take up HVDS until further Orders, keeping in view the CAPEX involved.		
33.	Commission approved power purchase of 8044.84 MU. But HESCOM has purchased 8609.00 MU. HESCOM has purchased 564.16 MU more. This extra purchase has gone to IP sets and not to HT consumption. Many HT consumers have left the Grid. HT Tariff should be reduced so that HT Consumers may not leave the grid.	Commission had approved Rs.8044.84 Crs. of power purchase, but the actual power purchase amount is Rs.8609.00 Crs, which includes Rs.142.76 Crs. towards Power purchase liability on account of KERC/APTEL/Court Orders. This amount was not included in the approved power purchase cost. Increase in PGCIL Transmission Charges and also increase in variable charges in case of some of the Generators has resulted in increase of power purchase cost than the approved power purchase cost.
Commission's Views: The Commission notes the reply furnished by HESCOM. The details of the power purchase for FY22 have been discussed in the APR chapter of the Order. Further, the consumption by IP sets is being fully subsidised by GoK at the CDT.		
34.	The expenditure booked by HESCOM is Rs.934.89 crores which is less than the KERC approved capital expenditure of Rs.1248.08 for FY22. In meter programming less utilized. In HV DS more utilized. In providing infrastructure to un authorized IP sets less utilized. Thus HESCOM has failed to utilize the budgeted Capital Expenditure on certain heads. it shows its in efficiency in utilizing the budget and achieve targets.	Though the approved budget is Rs.1248.08 Crs, care was taken to restrict the expenditure. The unutilized budget was re-appropriated and utilized for the works which needed additional Capital budget due to which the expenditure in few head of accounts is higher as compared to the budget allotted. The Capital budget allotted for scheme with less provision of Capital Budget are being facilitated with extra budget by means of re-appropriation. The main intention of re-appropriation is to accelerate some scheme/project and finalized by means of tendering process and also no difficulty in execution. Hence, HESCOM denies the allegations made by the Objector.
Commission's Views: The Commission notes the reply furnished by HESCOM. The matter relating to Capex has been discussed in the relevant chapter of this Order.		

35.	Replacement of Failed transformers % of DTC failures is 13.77. Anything above 5% is not admissible. Expenses Approved by the Commission was 10 crores. But HESCOM has spent Rs.198.62 crores. This should not be allowed.	The details are furnished in the application. Remedial measures such as straightening of poles, restringing of loose spans, reconductoring of DTCs and earthing and regularization of IP sets and strengthening of network by creating infrastructure etc are undertaken to prevent failure of distribution transformers.
	Commission's Views: The Commission notes the reply furnished by HESCOM. The matter relating to Capex has been discussed in the relevant chapter of this Order.	
36.	Specific consumption of IP sets was 6814 in FY21. And it is 6914 in FY22. And proposed in FY24 is 7030. Such a great variation is at the whims and fancy.	HESCOM has worked out specific consumption of IP sets as directed by the Commission and the details for increase in specific consumption expected during FY24 is furnished in the application.
	Commission's Views: The Commission notes the reply furnished by HESCOM. The Commission has dealt with this matter appropriately in the relevant chapter of this Tariff Order.	
37.	In case of HT 2a the demand was Rs.961.82 crores. The Collection is less than demand. Further there are arrears from Local bodies and Govt Depts. if these arrears are recovered then there is no need to revise the tariff. But no effort is made to collect those arrears. HESCOM is putting its inefficiency on the consumers.	Regarding collection efficiency the details are furnished in the application.
	Commission's Views: The Commission notes the reply furnished by HESCOM. The Commission desires that HESCOM should analyse the position of pending arrears and ensure for its recovery on time including the arrears from local bodies and government dues.	
38.	TOD. HESCOM states that the availability of energy from different sources is more than the quantum required by HESCOM during FY22. In that case HESCOM should give TOD power to HT consumers at Rs.2 less than the tariff during day time. Between 6 AM & 10 AM.	The proposed modifications in ToD is furnished in the Page No. 144 of the application. The proposals are made for encouraging HT consumption during day time to match surplus solar power/power available at lower market prices during the daytime, and for slightly discouraging consumptions during peak time slots. HESCOM requests for approval of modification in ToD as detailed in the application.
	Commission's Views: The Commission notes the reply furnished by HESCOM.ToD is discussed in the relevant chapter.	
39.	HESCOM has not given as to how many street lights are provided with timer switches. Time switches help to bring down the peak load. The purpose of bringing down the peak load has not been pursued with all seriousness. Though more than five years have lapsed HESCOM is yet to arrange time switches to street light installations. Then how peak load can be brought down? Thus HESCOM has failed to implement Demand Side	The installation of timer switches to street lights and replacing sodium vapour lamps by LED lamps comes under the purview of local civic bodies. HESCOM is insisting on the Civic Bodies to install the timer switches & LED lamps to street lights at the earliest. However, the new installations are serviced with LED bulbs and timer switches only.

	<p>Management. In the interest of controlling peak load time switches should be provided by HESCOM and cost may be recovered from BBMP.</p> <p>The details of Replacement of Sodium Vapour Lamps by LED lamps are not given by HESCOM. Then how Load Management can be done. There is no seriousness.</p>	
	Commission's Views: The Commission notes the reply furnished by HESCOM.	
40.	There are interruptions and load shedding. Industries are suffering a lot. KASSIA insists that independent feeders should be provided for feeding to the industries.	HESCOM is trying at its best to provide separate feeders to industries wherever possible.
	Commission's Views: The Commission notes the reply furnished by HESCOM.	
41.	Solar Heating greatly helps in bringing down the morning peak load. Hence present solar rebate should be continued. HESCOM has not given the details of how many installations are yet to be serviced with solar water heaters.	Solar water heating system is mandatory to domestic category consumers as per conditions of supply formulated by KERC. HESCOM has proposed for withdrawal of solar rebate as explained in page No. 156 of tariff petition.
	Commission's Views: The Commission notes the reply furnished by HESCOM. The Commission's decision on this is discussed in Chapter-6 of this Order.	
42.	HESCOM has not given in how many feeders NJS is implemented. HESCOM has not quantified what is the improvement in power supply to rural areas? How much losses have come down. Further Niranthara Jyoti exercise is being done as per the Govt directions for better supply to the rural consumers. It is a welfare activity by the Govt. Hence the entire cost of Niranthara Jyoti should be borne by the Govt It should not be loaded on to the consumers.	Project: Total 558 number of feeders are covered under Nirantara Jyoti project. After segregation, the NJY feeders are getting 24 hours of power supply. The cost of the project is born by HESCOM with the sanction of grants by GOK to some extent.
	Commission's Views: The Commission notes the reply furnished by HESCOM.	
43.	Implementation of HVDS (High Voltage Distribution System) will bring down the losses by about 8-10%. Since Sept 2012, Commission has been repeatedly instructing HESCOM to implement HVDS. HESCOM states that the work is completed only in some feeders. This is the status in only 4 subdivisions. There are 84 sub-divisions in HESCOM. It is not informed, by HESCOM when they will complete in remaining subdivisions. It is stated that the work of evaluation is entrusted to third Party and reports	The implementation of HVDS in HESCOM requires huge amount of investment in view of adverse geographical conditions where the LT lines run in to long distances. The Commission directed HESCOM, not to submit any proposals of HVDS until further orders from the Commission.

	<p>are received. Then why the brief report in not supplied to the consumers. Any expenditure made towards the HV DS is loaded on to the consumers. Then why the contents of the report are not supplied to the consumers. We want to know how much expenditure is made and what % of losses are reduced. HESCOM is requested to supply while replying to our Objections.</p>	
	<p>Commission's Views: The Commission notes the reply furnished by HESCOM. The Commission has directed ESCOMs not to implement the HVDS pending further decision in the matter in view of the huge cost implications to be borne by other consumers.</p>	
<p>44.</p>	<p>HESCOM proposed in 2013 for replacement of less efficient pump sets by high efficient pump sets. This will save about 30% of IP energy consumption and will reduce the demand. But work has not started even in 2019. HESCOM has not stated anything in this regard. HESCOM has not done DSM at all. HESCOM has stated that Solar PV power is provided to 310 IP sets. This is only to provide cheap solar power during day time.</p> <p>It is not DSM. This will not reduce any load. During day time there is no peak. Solar power can be stated as standalone power supply to IP sets. It is not DSM. HESCOM has not reported anything on DSM implementation.</p>	<p>Demand side Management in agriculture: Demand Side Management is a utility program aiming to fine-tune consumer's energy consumption pattern according to the utility's energy demand and distribution capacity without compromising consumers comfort. DSM not only helps to reduce the peak electricity demands and but also to defer high investments in generation, transmission and distribution networks.</p> <p>DSM Offers benefits for both electricity providers (the supply side) and consumers (the demand side) at the same time. The main objectives of DSM are</p> <ul style="list-style-type: none"> - Reduce the peak load demand and energy shortage by conservation and more efficient use of electricity. - Reduce greenhouse gas emissions. - Conserve the scarce conventional energy sources. <p>As HESCOM is covering around 7 districts predominantly having around 10 lakh IPSETS and 58% of its total consumption is of agriculture IP sets, to meet this high demand HESCOM needs to take big step. To reduce carbon emissions is to mitigate fossil fuel electricity production by using renewable energy instead. Hence HESCOM is implementing its DSM by Participating in Component B & C esteemed Schemes of PM-KUSUM , to provide reliable and uninterruptable power supply to irrigation pump-sets thereby to encourage the growth of its jurisdictional farmers, which will be beneficial for both the consumer and HESCOM.</p>

	Commission's Views: The Commission notes the reply furnished by HESCOM.	
45.	<p>Commission has directed HESCOM to complete the work of metering of DTCs by 31-12-2010. Existing DTCs are 255203. Metered DTCs are 66170. Balance DTCs to be provided with meters are 189033. At this rate metering may take another more than 5 years. DTC metering is very important to calculate DTC wise line loss. DTC-wise line losses are not worked out even in case of DTCs which are metered and what action has been taken to reduce the losses. HESCOM is silent on this DTCs are not metered. and where DTCs are metered line losses are not worked out. The whole exercise appears to be an eye wash.</p>	<p>Metering of DTCs: As at the end of Oct 2022 66,190 nos of DTC's are metered out of existing 2,56,379 nos of DTC. Out of balance 190189 nos of DTC's to be metered 173018 nos of DTC's are fed from EIP feeders / single installation DTC's for which energy can be assessed at Station / consumer premises. 19502 nos of DTC's are audited out of the metered DTC because non availability of the readings. The following Measures have been initiated for reduction of loss in DTCs wherever there is high loss.</p> <ul style="list-style-type: none"> • Measures are being taken to complete the billing cycle within the stipulated time. • Replacement of MNR meters work is under progress. • It is informed to MRT staff to arrange for testing of meters and sealing of meters on high loss feeders. • Instructed to concerned Officials to keep vigil on illegal hooking of Streetlight/WS/ Domestic installations and servicing of such installations is under progress. • LT Conversion work of 1-Ph 2 w& 3w to 3 Ph 5 wire system is under progress. • Work of Replacement of 250 KVA DTCs by lower capacity DTCs is under progress • Tagging work is being under progress • Theft cases are being booked under LT1, LT2, LT 3 & LT4. • Replacement of old aged conductor by cables, providing static meters to all installations • Balancing of load, providing additional transformers, educating consumers to fix capacitors for motive loads • Consumer tagging work is taken up regularly every month and it is intended to be completed on or before end of March 2023.
	Commission's Views: The Commission notes the reply furnished by HESCOM.	
46.	<p>The losses are more than 10% in 4 towns. This clearly shows the concerned officers have not made any attempts to get the Energy Meters calibrated and efforts to reduce the losses.</p>	<p>Bagalkot, Haveri, Jamakhandi and Rabakavi +Banahatti Towns have losses above 10% because of the scattered area. Energy meters calibration in theses town limits is carried out regularly by MT staff. Also steps have been taken to replace old electromechanical meters by high precision energy meters.</p>
	Commission's Views: The Commission notes the reply furnished by HESCOM. The issue pertaining to energy audit have been dealt under directives chapter.	
47.	<p>HESCOM has only, narrated the proposed action plan to reduce accidents. Even action plan has not been implemented. Only emergency works have been</p>	<p>HESCOM is making all its best efforts to prevent the electrical accidents by means of identifying the hazardous locations and rectifying, taking proper maintenance works and educating the consumers. The details are</p>

	<p>carried out. HESCOM has not been able to do periodical maintenance. Live wires on the road, open junction boxes and short circuits in transformer wiring are usual hazards. HESCOM has not attended. HESCOM resorted to third party for maintenance of equipments. Fatal accidents in FY22 are 134 and nonfatal are 70. The accidents have, not come down. The accidents may be more than FY-21. Hence all proposed action plans are only on paper. The accidents have increased. What is the explanation of HESCOM. HESCOM has no value for the life. Consumers don't know what HESCOM wants to do. HESCOM should prove that accidents have come down which HESCOM has not done. In its replies to our objections, let HESCOM give the accident figures.</p> <p>As per the I E Rules, Safe vertical clearance for LT lines is 2.5 meters and safe horizontal clearance is 1.2 meters. In case of HT (11 kV) lines safe vertical clearance is 3.7 meters and safe horizontal clearance is 2 meters. We see along the roads these safe distances are not maintained and accidents are happening. Concerned Officers should be held responsible.</p>	<p>furnished in the application in the page no.28 to 34 of application.</p>
	<p>Commission's Views: The Commission notes the reply furnished by HESCOM. The Commission has dealt with this matter in the Directives chapter of this Tariff Order.</p>	
<p>48.</p>	<p>Commission has directed HESCOM to achieve HT/LT ratio of 1:1. In this tariff petition, the ratio is 1:1.51 HESCOM has not brought down the ratio. This will result in higher distribution losses. Where are the efforts to bring down the ratio? HESCOM has not implemented HVDS. Where is the seriousness? Commission should ask HESCOM to explain. The concerned officers where the ratio is more should be punished. If one Km LT line is converted to HT line the savings will be huge. The losses are in the inverse ratio of voltages.100 AMPs on LT will become 21 Amps on HT. The losses on LT will be (100) squared in to resistance. and losses on HT will be</p>	<p>HESCOM consists of an area dominated by Agriculture Sector where the LT lines run to long distance to provide connection to IP set consumers. Hence, an idealistic HT: LT ratio is not possible. But HESCOM is trying to make HT: LT line ratio more acceptable in town areas wherever possible.</p>

	only 21 squared in to resistance (which will be far far less). Then why HESCOM is not bringing down the ratio and why losses are not reduced? HESCOM should explain this	
	Commission's Views: The Commission notes the reply furnished by HESCOM.	
49.	HESCOM has not given how many DTCs are there feeding to IP sets this year. They are simply repeating (since some years) that metering is done in some sample DTC. Why additional DTCs are not provided with meters. HESCOM has not stated when all DTCs are going to be metered. At present consumption is calculated based on sample metering. IP sets consumption is being manipulated to show that losses have come down	As at the end of Oct 2022 out of existing 2,56,379 nos of DTC's, 172446 nos of DTC's are fed from EIP feeders for which energy can be assessed at Station. Assessment of IP set consumption is done as per the feeder consumptions at the station and not on the basis of sample meters.
	Commission's Views: The Commission notes the reply furnished by HESCOM.	
50.	It is obligatory for HESCOM to give annual abstract of reliability Index of feeders. For how many feeders the index is with in permissible limits and for how many it is beyond limits. For how many feeders there is improvement in reliability Index. HESCOM has not given this information. Consumers will not know if there is improvement in quality of supply. HESCOM is hiding this information. It appears there is no improvement in quality of supply. HESCOM has released to the News Papers that the reliability Index of HESCOM is 99.20%. But HESCOM has not supplied the work sheets in the tariff filing. HESCOM is making false claims.	HESCOM has been submitting monthly Reliability Index to the KERC as per prescribed formats given by KERC. Same data is published on HESCOM Website. of HESCOM has been submitting Yearly Reliability Index to KERC as well as to CEA, New Delhi as per prescribed formats given by the CEA & same is also hosted on HESCOM website.
	Commission's Views: The Commission notes the reply furnished by HESCOM.	
51.	HESCOM has not given the number of IP sets after enumeration. To what extent this number differs from DCB figures. Whether enumerated figures are incorporated in DCB. How it affects the subsidy calculations. Getting it checked by third party can be decided later. But present impact due to the difference has not been worked out.	The details are furnished in the application.
	Commission's Views: The Commission notes the reply furnished by HESCOM. The number of IP sets is discussed in the relevant chapter.	
52.	Unauthorised IP sets are a drain on HESCOM. Their HP is not known. Their consumption is not known. HESCOM	The details are furnished in the application. HESCOM denies the allegations made by the Objector.

	<p>can manipulate their numbers, consequently their consumption, consequently subsidy amount and % of losses. HESCOM has not regularized those unauthorized IP set which were identified about a year back. HESCOM is not serious.</p> <p>HESCOM wants to misuse the numbers by manipulation. Last year un-authorized IP set were to be regularized. HESCOM has not stated how many un-authorized IP sets are regularized.</p>	
	Commission's Views: The Commission notes the reply furnished by HESCOM.	
53.	<p>In the case of metering of IP sets, the progress is only 9.60%. This is a clear violation of section 55 of EA 2003. This section mandated that by 2005 all installations should be metered. HESCOM has not committed any date for completing the metering of IP sets. Because of no meters, the assessment of IP sets consumption made on the basis of sample meters is questionable. This will result in wrong line losses, wrong subsidy, wrong forecast of power sector planning. HESCOM should be ordered to complete metering of IP sets at least by the end of 2019.</p>	<p>The details are furnished in the application. In view of strong agitation by farmer's community it is not possible to fix the meters to IP Sets. However the new service connections are provided with meters only.</p>
	Commission's Views: The Commission notes the reply furnished by HESCOM.	
54.	<p>During FY22, failure of distribution transformers was 13.77 %. Anything beyond 5% is inefficiency of HESCOM. Cost of repairs is a burden on Consumers.</p>	<p>The details are furnished in the application. Remedial measures such as straightening of poles, restringing of loose spans, reconductoring of DTCs and earthing and regularization of IP sets and strengthening of network by creating infrastructure etc are undertaken to prevent failure of distribution transformers.</p>
	Commission's Views: The Commission notes the reply furnished by HESCOM. The O&M cost, which includes cost of repairs, is a controllable expense and is allowed on normative basis as per MYT Regulations.	
55.	<p>HESCOM is quoting only distribution losses but not ATC losses, ATC losses are targeted at 13.72%. HESCOM has not said anything in this regard. HESCOM wants to implement Simulation type to find out losses. This will not be realistic. If the field details are not properly entered or deliberately not added the findings of Simulation will be wrong and misleading. Simulation should be abandoned. Actual losses should be automated.</p>	<p>HESCOM has furnished the total loss calculated as per KERC Regulations.</p>

	Commission's Views: The Commission notes the reply furnished by HESCOM. Since the computation of AT & C losses involves reckoning the revenue collections. As the dues from Government installations and release of subsidy is not in tune with the monthly revenue demand, the AT & Losses, computed on such inconsistent collections, will get distorted. Hence, the commission has fixed only distribution loss targets.	
56.	It is stipulated that the banked energy should be used in three months. Otherwise it will lapse. This is wrong. The banked energy should be allowed to be used in the next 12 months.	KERC has issued new orders Dtd : 09.01.2018 in OP No : 100 of 2016 filed by HESCOM regarding banked energy and the baking period for the non – REC route based REC projects, opting for wheeling, is reduced from the existing one year to six months.
	Commission's Views: The year 2018, Order of the Commission reducing the banking period from 12 months to 6 months is challenged and is pending in the Hon'ble Supreme Court of India. Further, consequent to issue of GEOA Reugulations in January, 2023, monthly banking is introduced.	
57.	HESCOM has stated that instructions are issued on compliance of Standards of Performance. HESCOM cannot absolve its responsibility by merely stating that instructions are issued. HESCOM has not / monitored the implementation. HESCOM has not mentioned in how many cases / HESCOM Officers failed, how much penalty was imposed etc.	The Concerned controlling Officers are monitoring the implementation of the Standard Of Performance (SOP) at Sub divisional and SO Level.
	Commission's Views: The Commission notes the reply furnished by HESCOM.	
58.	The Distribution Automation projects should be completed within the stipulated time	HESCOM has not taken Automation Distribution Projects.
	Commission's Views: The Commission notes the reply furnished by HESCOM.	
59.	KASSIA respectfully submits that the "Directives issued by the Commission in the Tariff Order are of continuing nature and are to be treated as directives in the subsequent Tariff Orders also. The Commission has put the ESCOMs on notice that the compliance to directives is an essential part to consider future tariff revision proposals". (Power Sector reforms in Karnataka 1999/2004 — Page 48). In the light of the above, the KASSIA would like to submit that the important directives in respect of the universal metering, cost of supply, paying capacity, and pre-paid meters which were the significant directives issued by the Regulatory Commission are yet to be implemented. In the absence of compliance to directives the whole exercise of filing ERC would be futile	HESCOM is taking necessary action in respect of directives which are of continuing nature.

	and the petition is liable to be rejected on this ground itself.	
	Commission's Views: The Commission notes the reply furnished by HESCOM. The Commission has dealt the matter in the Directives chapter of this Tariff Order.	
60.	<p>Increase of Fixed Charges and decrease of Energy charges. The definition of fixed charges is the charges necessary to carry the investment and to replace the equipment when it is worn out or destroyed. Fixed charge is based on the original cost of establishing the Generating Stations. The cost of Machines reduces every year based on the depreciated cost of machines. Supreme Court has held that Fixed charge is fixed. It should not be increased. In the light of that, under any conditions the fixed charge should not be increased. Instead It should be reduced based on the depreciation. The present fixed charge of Rs.265 per KVA should be reduced to Rs.200 per KVA due to depreciation. Under any circumstances Fixed charges should not be increased.</p> <p>Tariff revision is not the adjustment of Fixed charges and Energy charges to get ARR. Fixed charges and energy charges are two different entities. They cannot be swiped. Fixed charges should not be increased. Energy charges are variables based on the fuel cost, If the fuel cost increase energy charges will increase.</p> <p>For industries it is two-part tariff as shown below. First part is demand charges or Fixed charges and the other is energy charges. Even if the industry is not working ESCOMS are collecting demand charges at 75% of the Contract Demand, which is towards the payment of fixed charges of generating stations charges. Where is the need to increase the fixed charges of non-open access consumers.</p> <p>Fixed cost component of energy charges shall not be claimed under the heading of fixed charges or demand charges which is totally a</p>	<p>Although the retail power tariff is based on two-part tariff principles, the same is not reflective of actual components of fixed and variable cost being incurred by HESCOM. As per PPA Terms & conditions, HESCOM has to pay capacity charges (Fixed charges) to the Generators, in addition to the energy charges for purchase of power. As per the current tariff structure, the recovery of Fixed Charges (FC) from consumers not commensurate with the actual fixed expenditure being incurred by the HESCOM. Thus, a substantial portion of the FC is being recovered through Energy Charges. Hence in order to ensure full recovery of FC, HESCOM has requested for increase in FC/Demand Charges. However, in order to lessen the burden on consumers, HESCOM has proposed for only marginal increase in the Demand Charges of Rs.25/ KVA and decrease of 10 paise for unit in Energy Charges. The present method of collecting demand charges is acceptable to HESCOM and insists on continuance. Hence, HESCOM doesn't agree the objector's opinion.</p>

	<p>different component and is against the principle of fairly pricing of any product/service.</p> <p>EA 2003 mandates that tariff should be with in +/-20% of cost to serve. Hence cost to serve should be decided first and then variation of fixed cost and variable cost. Forgetting the mandate of EA 2003, HESCOM is trying to hike fixed cost which is totally against the provisions of the ACT and it is unacceptable. HESCOM has cited examples of some states. From the examples we cannot generalize. Only test of fixed charges is "cost to serve ". Without cost to serve we should not consider hiking of fixed cost. HESCOM should drop fixed cost hiking proposal.</p> <p>HESCOM cannot cite other States and demand higher demand charges. HESCOM should justify for the increase. MD billing is already as per half hourly indicated MD. Why add 85% billing. If no justification is given we propose the 75% may be brought down to 70%. When the HT Consumer has not utilized why bill him 85%. It is only to make more money through MD billing. It does not help technically. Rather to support technically, the billing MD may be brought down to 70%.</p>	
	Commission's Views: The Commission notes the reply furnished by HESCOM and the Commission has dealt with matter appropriately in this tariff order.	
61.	The Service of reconnection should be free. Existing Reconnection charges are nominal and quite comparable to services rendered. Existing Reconnection charges should be continued or they should be dropped as a matter of service to the consumers	HESCOM does not agree for free service connection.
	Commission's Views: The Commission notes the reply furnished by HESCOM. The reconnections charges are collected in terms of CoS approved by the Commission.	
62.	Capital Expenditure for FY23 was Rs.2752.97 crores and capital expenditure proposed in FY24 is Rs.4896.48 crores. But there is no clear justification of increased Capex for FY 24.	Capital Expenditure proposed for FY24 is only Rs.1860.14 Crs.
	Commission's Views: The Commission notes the reply furnished by HESCOM. The matter relating to Capex has been discussed in the relevant chapter of this Order.	

63.	In the Table 5.85 on the columns Revenue from tariff, tariff subsidy from BJ KJ, and tariff subsidy from IP are blank. Only total revenue is given. HESCOM has suppressed the figures. How total revenue can be worked out without these figures. HESCOM owes an explanation	There is no Table 5.85 in the application. Revenue from tariff, tariff subsidy from BJ/KJ & IP Sets is clearly shown in the A1 format (Page No. 250 of the application).
Commission's Views: The Commission notes the reply furnished by HESCOM.		
64.	In the Table 5.85 on the columns, power purchase cost, transmission charges of KPTCL and transmission charges of PGCIL are blank. Total power purchase cost is given. How total power purchase cost can be worked out without these figures. HESCOM owes an explanation. Net ARR worked out is doubtful	There is no Table 5.85 in the application. Power purchase cost, KPTCL Transmission Charges & PGCIL Transmission Charges is clearly shown in the A1 format (Page No. 250 of the application).
Commission's Views: The Commission notes the reply furnished by HESCOM. The power purchase cost is discussed in the relevant chapter.		
65.	Form No.D-18 is to give details of Demand ,Collection and Balance. But the Form D-18 is totally blank. HESCOM has not given any details. HESCOM has stated that it has submitted soft copy to Commission. But HESCOM should have submitted abstract of the Demand, Collection and balance. Contents of Form No. D-18 should be openly available to the Consumers. Otherwise Consumers will not know the efficiency of collection. Through this Form Consumers will know where HESCOM has failed to collect. HESCOM has suppressed the information. In the previous petitions HESCOM used to give full details. But now they are not giving. There is a Form and HESCOM has to comply, which they have not done. Before public hearing HESCOM should give the details.	Form D-18 is available in the page. No. 294 & 295 of petition. Tariff petition is hosted in the HESCOM web site hescom.karnataka.gov.in. and also, all data relating to financial parameters is depicted in HESCOM Annual Accounts for FY22, which is hosted in the HESCOM web site hescom.karnataka.gov.in.
Commission's Views: The Commission notes the reply furnished by HESCOM.		
66.	The paying capacity of some category of Consumers like Software Companies' is good. Hence these Companies should be brought under Commercial tariff.	HESCOM is billing as per the Tariff fixed by the Commission.
Commission's Views: The Commission notes the reply furnished by HESCOM.		
67.	HESCOM has not produced subsidy allocation letter	Govt has not provided the subsidy allocation letter. However, the subsidy quantum is worked out on the basis of CDT in respect of BJ KJ and IP set installations.
Commission's Views: The Commission notes the reply furnished by HESCOM. The Commission in its Tariff Order determines the amount of subsidy to be paid by GoK,		

	which is subject to true-up during the annual performance review, as discussed in the relevant chapters of the Tariff Order. The Government makes subsidy allocation in its budget.	
68.	HESCOM has stated that 1,08,458 un-authorized IP sets are planned to be serviced. HESCOM has not given how many un-authorized IP sets are there. How many remain to be serviced. This figure can be misused in working out IP sets consumption.	The details regarding unauthorised IP Sets have been furnished in the application.
	Commission's Views: The Commission notes the reply furnished by HESCOM.	
69.	HESCOM has not achieved segregation of technical and commercial losses as per the tariff policy announced in 2006	Practically, segregation of technical and commercial loss is very difficult.
	Commission's Views: The Commission notes the reply furnished by HESCOM. HESCOM has to conduct DTC-wise energy audit in order to find out the Commercial loss. In this regard, the energy audit directive shall be strictly followed.	
70.	HESCOM has not supplied details of average number of interruptions per consumer and average duration of interruptions per consumer	HESCOM has furnished the details of interruption in power supply in the application.
	Commission's Views: The Commission notes the reply furnished by HESCOM.	
71.	Though consumer indexing was started by HESCOM many years back it has not completed the same	Consumer indexing is completed in HESCOM.
	Commission's Views: The Commission notes the reply furnished by HESCOM. With Consumer indexing being completed, HESCOM shall conduct DTC energy audit where ever DTC meters are fixed.	
72.	Geographical positioning system though started many years back has not been completed. This again reflects inefficiency of HESCOM	Geographical positioning system is being done R-APDRP and GIS mapping of DTCs. TCs are mapped under GPS in non- RAPDRP area.
	Commission's Views: The Commission notes the reply furnished by HESCOM.	
73.	Vigilance cases are booked by the Police. This is wrong. Cases should be booked by the Assessing Officer. Commission may send Clear directions in this regard	The establishment of vigilance squad under Police Dept comes under the purview of GOK.
	Commission's Views: The Commission notes the reply furnished by HESCOM.	
74.	HESCOM had to pay interest for the delayed payments to the Generators. Such interest for the delayed payment made to the Generators should not be passed on to the Consumers.	HESCOM has requested the Commission to allow the LPS (payment of interest on delayed payment of IPPs) and reasons for claiming LPS is explained in the petition.
	Commission's Views: The Commission is not allowing interest on belated power purchase payments since it allowing interest on working capital as per MYT norms, except in cases where there is specific Court order.	
75.	HESCOM has proposed to start Technology Innovation Centre (TIC). The scope is - reduce energy wastage, inventory, etc. These are already carried out by the already existing Research Wing in HESCOM.	HESCOM has not proposed to start Technology Innovation Centre (TIC).

	However, TIC has not taken off at all. When can we see the implementation	
	Commission's Views: The Commission notes the reply furnished by HESCOM.	
76.	Govt of India has come out with Debt Restructuring Scheme called Ujwal Discoms Assurance Yojana (UDAY). HESCOM has not accepted the Scheme. Why	HESCOM is participating in UDAY of Govt of India.
	Commission's Views: The Commission notes the reply furnished by HESCOM.	
77.	The average cost of hydel stations is 84.31 paise per unit. The average cost of thermal stations is 435.51 paise. Hence HESCOM should utilize more and more Hydel Power. If Bidadi Gas Station which was proposed about 15 years back had been commissioned, then there was no need to make short-term purchase. Bidadi power would have been available at lesser tariff. There is no mention of Bidadi Gas Station at in the petition	HESCOM is utilizing power based on the availability and as per GOK allocation.
	Commission's Views: The Commission notes the reply furnished by HESCOM. The Gas station is yet to start due to gas linkage issues. The availability of gas and its cost is a matter of concern. Only 12% of the power requirement is met by hydro and the remaining has to be met by other sources which are costly.	
78.	MSME's are suffering a lot. Many have been closed. The total consumption of Small Industries has come down. They are bearing the load of cross subsidy. They have to compete in the Global Market Their cost of production should be at par with Global Manufacturers. Keeping all these issues in mind it is submitted that there should be a separate tariff for Small Scale Industries and this tariff should be Rs.1 less than the other Tariffs. Only then Small Scale Industries can survive in the Global Market and contribute for the development of the State	Any reduction in the tariff in respect of small scale industries, the burden will shift on to the other consumers. HESCOM is not ready for this and rejects the suggestion of objector.
	Commission's Views: The Commission notes the reply furnished by HESCOM. The rebate to MSME is discussed in the relevant chapter.	
79.	Delhi Govt is giving 300 Units free power to all Consumers. HESCOM may extend similar relief to all the Consumers	Tariff is a Policy matter of GOK, however HESCOM opposes the free power supply.
	Commission's Views: The Commission notes the reply furnished by HESCOM.	
80.	There is Tripartite Agreement between Govt of Karnataka, KPTCL and Employees Association and Union regarding contribution to the P & G Fund. As per this Agreement,	Policy matter of GOK, however HESCOM has not included the GOK Contribution to P & G Trust in the petition.

	<p>contribution to the P & G Fund will be made by GOK. GOK has been making contribution since so many years. If it is to be recovered from the Consumers, then it will be violation of the Agreement Naturally Consumers will oppose. Govt should not shirk its responsibility. Govt should continue to pay to the P & G Fund. Hence tariff revision petition of HESCOM should be rejected.</p>	
	<p>Commission's Views: The Commission notes the reply furnished by HESCOM. The Commission has dealt with this matter appropriate in the relevant chapter of KPTCL order.</p>	
81.	<p>Since the passing of KER Act 1999 whenever there is tariff revision there is always upward increase. Never the tariff has been reduced. In the earlier revisions the hike was small and bearable. But now a day the hike happening is more. The hike has resulted in reduction in industrial consumption and some of the small industries have been closed down. The outside power is definitely costlier than the domestic generation. ARR of all ESCOMs will increase. ESCOMs will approach Commission for increase in tariff to pay for domestic and outside power purchase.</p> <p>The scenario will be quite disastrous to the industries. Commission should order ESCOMs to come out with short term and long term solutions.</p>	<p>The cost of power purchase has been increasing year after year, due to procurement of energy from thermal and from Renewable energy sources, to meet the demand. The input costs towards Operation & Maintenance and borrowings for capital expenditure are also increasing year on year. Hence, in order to enable the HESCOM to carry on its business of supplying the electricity which is the basic need of the Society, the increase in the tariff has become inevitable. HESCOM denies the allegations made by the Objector.</p>
	<p>Commission's Views: The Commission notes the reply furnished by HESCOM.the ARR is discussed elaborately in the order.</p>	
82	<p>The applicant has not disclosed any plan for the introduction of pre-paid meters as provided under Section 47(5) of the Electricity Act, 2003 to FIT industries. If power supply through pre-paid meters are introduced by HESCOM, and the consumer is prepared to take the supply through a pre-payment meter, Consumer would not be required to give security deposit and also he would get back the security deposit already deposited, as provided under Section 47(5) of the Act. Since HESCOM has not arranged for supply through pre-payment meters, even after 15 years from coming into force of that provision, the applicant I</p>	<p>HESCOM has under taken the installation of prepaid meters to LT-7 consumers through pilot projects in Hubballi and Belgaum Urban divisions. HESCOM is planning to install prepaid meters to LT-7 consumers after detailed analysis of these projects. Details of smart meters under RDSS is explained in page no. 45 of application.</p>

	<p>should not be allowed to take advantage of its own lapses to its advantage.</p> <p>Prepaid metering is a simple and effective way to improve consumer services. Prepaid metering allows the consumers to pay for electricity before it is consumed. It offers benefits such as pay-as-you-go, no billing problems, defined cash flows, and demand management for utilities. Prepaid metering, eliminates the need for meter reading, billing, bill printing, distribution and collection. This in turn reduces the operational costs for utilities, ensures better revenue collection.</p> <p>Twelve Utilities, have already implemented prepaid meters. North Delhi has installed about 5000 prepaid meters.</p> <p>In Vijayaa Steels Vs HESCOM, the Court has held that if the Consumer is willing to take supply through a pre-paid meter the HESCOM should adjust Security Deposit in future bills of those consumers. In spite of that, HESCOM has not implemented pre-paid meters and the present ERC is silent about it. Even after 15 years, HESCOM does not want to implement Pre-paid meters. What is the intention of HESCOM and why Commission is silent.</p>	
	<p>Commission's Views: The Commission notes the reply furnished by HESCOM. The installation of prepaid meters shall be as per the orders of the Commission</p>	
83.	<p>Section 55 of Electricity Act has stipulated no installation would be Serviced without a meter after 10th June 2005. ESCOMs are still servicing installations without meters. 100% metering has not been achieved. This is a clear violation of the Act and Directive of the Commission. Any supply without a meter is illegal. Any estimation based on an illegal Transaction cannot be deemed to be the basis for tariff determination. Hence Hon'ble Commission should not allow the cross subsidy in respect of un-metered category.</p>	<p>No new installations are serviced without meters. There are only the old existing IP sets to be metered.</p>
	<p>Commission's Views: The Commission notes the reply furnished by HESCOM.</p>	
84.	<p>Foundries, Forging Shops, Heat treatment shops, Blow Moulding units and Steel Mills in Karnataka which are highly energy intensive</p>	<p>HESCOM opposes any reduction of Tariff in respect of these units as the burden will shift to the other categories.</p>

	and are under serious threat of closure due to high power cost which has made manufacturing activity very prohibitive due to competition from neighbouring states. Foundries, Forging Shops, Heat treatment shops, Blow Moulding units and Steel Mills in Karnataka which are highly energy intensive and are under serious threat of closure due to high power cost which has made manufacturing activity very prohibitive due to competition from neighbouring states. A substantial reduction in tariff is required to ensure survival of these Industries in Karnataka.	
	Commission's Views: The Commission notes the reply furnished by HESCOM. The consumers cannot expect substantial reduction in tariff unless the Government supports them in the form of subsidy, as consumers having paying capacity need to cross subsidise consumers having less paying capacity.	
85.	Any generation made by KPCL or any other Private Generation gets divided in to five Companies. Bangalore City being important area HESCOM should have its own generation, Under Section 51 of 2003 EA 2003, Distribution Company can have its own generation. Hence Commission may direct HESCOM to have its own generation to the extent of 2000MW. In the Tariff Order 2016 HESCOM has stated that it won't be able to fund for installation of Generation facility. HESCOM has not understood our suggestion. We have suggested Competitive tariff bidding. HESCOM will not fund the Generation Station. Bidder will establish the Generation Station and will only sell energy exclusively to HESCOM at the competitive tariff.	The issue is a policy matter which requires discussion and planning.
	Commission's Views: The Commission notes the reply furnished by HESCOM. The HESCOM may considered having its own generation, as and when required, if the situation warrants.	
86.	Consumption, which is not metered, is being worked out based on sample survey. This is subsidized by the Government. In addition to this, industrial Consumers are cross-subsidizing certain categories of Consumers. Most of the time any residual energy that needs to be accounted will be booked under IP	The high paying capacity consumers have to cross subsidise the other categories. This may continue for some more time till the favourable conditions emerge in the power sector. The tariff hike as proposed by HESCOM in its application is very essential to maintain its financial balance. Allocation of power among

<p>set consumption. Similarly, T&D losses are also booked under IP set consumption.</p> <p>At this point, the KASSIA would like to submit that the Industrial consumption in respect of HT-2(a) has steadily, declined and that of IP set consumption projections are indicating higher requirement. Since industrial Consumers are the one who are cross-subsidizing other categories of Consumers, any reduction in consumption of Industry and increase of consumption of other Non-paying class of consumers would not only place an additional burden on the State Government for subsidizing other class of consumers but also on industrial consumers.</p> <p>KASSIA is of the apprehension that if tariff proposal is allowed to pass through, it would cause irreparable losses to Industrial Consumers, whose consumption has been shown to be declining steadily due to higher cost and non-availability of quality power. It is also estimated that about 4682.91 MU are generated by captive Generation and it is likely that industrial consumers will further move away from the grid. It is suggested more and more Solar power should be used than the costly thermal power. It is pertinent at this point of time to say that the deposits held as security deposits will also further get reduced on account of reduced consumption. Presently only about 35% of consumers are meeting the entire tariff requirements.</p> <p>The objector further submits that on the issue of cross-subsidies, the Commission had stated, "The Commission would endeavour to balance the cross-subsidy appropriately while determining the tariff in the next filing. (Tariff Amendment Order, 2003 — Para 18 .10).</p> <p>It may be noted that with the present tariff revision and proposed</p>	<p>ESCOMs is as per GOK Orders, to ensure fixing of uniform tariff across the State.</p>
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	<p>hike by 148 paise per unit will be a big blow to manufacturing sector. By increasing the tariff, objective of conducting power sector business in economical and efficient manner will not be met for the aforesaid reasons. The present proposals do not reflect the factors which would encourage efficiency, economic use of resources, good performance and optimum investment, which the Commission considers appropriate for the purpose of Act.</p> <p>As per Section 27 of KER Act and Section-61G of Electricity Act-2003, Tariff should reflect cost of supply, which would reduce cross-subsidy progressively at an adequate and improving level of efficiency. Section-28 (2) of Electricity Regulatory Commission Act-1998 (14 of 1998) had used the word average cost whereas Electricity Act-2003 has used the word Cost of supply. Cost of supply should have been the basis of tariff determination proposed by HESCOM. This has not happened even after previous tariff revisions sought by the licensee. The promise of supplying the power at economic and efficient levels has not happened after the restructuring of Power Sector in Karnataka. Note: Since formation of separate distribution companies, total fixed expenses have gone up enormously. The inference that can be made from the above is that formation of 5 companies have not resulted in any efficiency gain and on the contrary expenses have gone up enormously which is adding to the burden on customers.</p> <p>KASSIA humbly submits that allocation of expensive PPA's to HESCOM is not in accordance with National Electricity Policy. Customers of these companies are discriminated and are made to purchase high cost energy.</p>	
	<p>Commission's Views: The Commission notes the reply furnished by HESCOM. the IP Set consumption and the incentive scheme to attract HT consumers is discussed in the relevant chapter.</p>	

87.	It is to be observed that the cost of hydro power is 52.24 paise per unit on the average with a minimum of 12.6 paise (Sharavathy), 56 Paise (Varahi) per unit with a maximum of 120 paise per unit and hence we should utilize hydel power fully. It is felt that the two major Hydro stations namely Sharavathy and Nagazari Power Houses have been fully depreciated and KPCL should reduce the cost of Generation.	The issue of depreciation of Hydel power stations does not come under the purview of HESCOM.
	Commission's Views: The Commission notes the reply furnished by HESCOM. The generation tariff is being fixed by considering all the expenses incurred by KPCL. This also includes reduced depreciation as accounted in the books of accounts.	
88.	Open Access may be extended to the consumers drawing power below 1 MW also	HESCOM opposes the suggestion that the open access facility to consumers drawing power below 1 MW.
	Commission's Views: The Commission notes the reply furnished by HESCOM. The Commission has notified the KERC (Terms and Conditions for Green Energy Open) Regulations, 2022 (interms of the Provisions of Electricity Act, 2003). As per these Regulations, the consumer having contract demand / sanctioned load of 100 KW & above can opt for green energy open access. For transactions other than GEOA, the one MW limit is continued.	
89.	Rural Industries are suffering a lot due to scheduled and unscheduled power cuts interruptions, low voltage delay in resuming power supply whenever there are faults. HESCOM should be instructed to supply quality power to the rural areas	HESCOM is in favour of removing the discrimination between urban and rural consumers.
	Commission's Views: The Commission notes the reply furnished by HESCOM. HESCOM shall take action to improve reliability of power supply in rural areas. Keeping in view the quality of supply in rural areas, the Commission has allowed rebate in tariff, which is discussed in the relevant chapter.	
90.	HESCOM is spending lot of money in servicing IP set. HESCOM is spending more money in servicing IP set than servicing HT installations. For Servicing a HT installation HESCOM may have to provide one pole extension. But for servicing one IP set HESCOM sometimes puts many poles and draws wires. The total expenditure for servicing one IP set is many times the expenditure to service one HT installation. Then why fixed charge is not collected from IP sets. HESCOM should collect fixed charges for IP sets.	HESCOM is billing IP set consumers applying CDT (Commission Determined Tariff).
	Commission's Views: The Commission notes the reply furnished by HESCOM. The Commission has dealt with this issue appropriately in this Order.	
91.	Comparison with other States is necessary. Major generation in Karnataka is Hydel and Hydel is much cheaper than thermal or	The comparison of HESCOM with other states is not appropriate as the conditions which determine the tariff in HESCOM differ in many ways from those prevailing in other states.

	<p>Nuclear or Renewables. Hence tariff in Karnataka should be lower than in other States. But the tariff in Karnataka is more. It means Karnataka is charging more to the Consumers than other States.</p> <p>APERC has not increased tariff of domestic Consumers up to 500 Units (The Hindu dated 11-02-2020) During 2013-14, five states — Chattisgarh, Odisha, Rajasthan, Tamil Nadu and Uttar Pradesh have not increased industrial tariff. (Source; Power line Magazine Sept 2014- page-47) In order to encourage industries, this year there should not be hike in tariff to the industries.</p>	
	<p>Commission's Views: The Cotention of objector that major generation is from Hydel sources is not correct. Hydro generation constitutes about 13% of the total generation in the State and the same has to be shared among all the ESCOMs. The cost structure varies from State to State and cannot be compared.</p>	
92.	<p>The average HT Tariff in United States is 6 US cents/kwh (which is equivalent to about Rs. 3/kwh) But in Karnataka it is Rs.7.45 for HT consumer.</p>	<p>As explained in above para the comparison with other international states is also not appropriate.</p>
	<p>Commission's Views: The cost componenets in one company/ country will be different due to several reasons and hence the costs or tariff cannot be compared.</p>	
93.	<p>Every year HESCOM has been demanding increase in tariff. Last year HESCOM demanded hike of 196 paises per Unit. This year HESCOM is demanding hike of 148 paise per Unit. It has become routine to ask for steep hike. HESCOM has not arrived at cost to serve. HESCOM has not improved HT:LT ratio and has not reduced losses. HESCOM has not reduced the failure of distribution transformers and repair cost is loaded on to the Consumers. Time switches are not provided and energy is wasted. DTC wise energy audit is not done and losses are not monitored. HV DS lines are not laid and losses are not reduced. Capital Expenditure is more than the double of the Commission approved. Demand side Management is not done. Thus the entire inefficiency of HESCOM is loaded on to the Consumers. In the light of above narrations, it is prayed that the Management of HESCOM may be entrusted to any Public/Private</p>	<p>HESCOM has been constantly trying to bring down the loss by taking required measures. The percentage of distribution loss has come down from year to year. The efficiency can be observed on many fronts, like NJY project, R-APRDP project, IT initiatives etc. Because of its efficiency only, that HESCOM has crossed its sale of 11,000 MUs, second only to BESCOM in Karnataka. HESCOM has transferred the efficiency gains to the consumers duly following the directives set by KERC. They are to be observed in terms of loss reduction, effective implementation of Capex programme, quality power supply etc. HESCOM opposes the suggestion and requests the Commission to reject the objection.</p>

	bidder who can supply energy to the consumers at the least tariff. It is possible some bidder will come forward and the Consumers need not pay for the inefficiency on HESCOM.	
	Commission's Views: The Commission notes the reply furnished by HESCOM. Revision of tariff is an annual affair and as per the directions of the Hon'ble ATE, if the ESCOM fail to file an application for revision of tariff, the review of ARR shall have to be taken up on suo-motu basis by the Commission. Since the cost of supply is increasing year on year, the increase in tariff is inevitable.the ARR is discussed in detail in the order, keeping in view the MYT Regulations.	
94.	The objector submits that the impugned application is opposed to the provisions contained in S-61 and S-62. The petitioner should have supported the proposed tariff reflective of cost of supply. Admittedly, as per the KERC Tariff Regulation it was required of petitioner to unambiguously show the costs involved for supply at various voltage levels. In the absence of valid data, it would not be possible for the Commission to determine tariff for various voltage levels. it is submitted that Cost of Supply cannot be equated with average cost of supply.	KERC has clearly stated in the earlier Tariff Orders the reason as to why cost to serve is not being implemented. The voltage-wise cost to serve is also indicated in the Annexure to the Tariff Order. Hence it is not appropriate to say that in the absence of valid data it is not possible for the Commission to determine tariff for various voltage levels. It is inevitable in the present conditions that, the consumers having high paying capacity especially HT consumers and commercial consumers have to pay the cross subsidy. But as per the tariff policy the cross subsidy should be within the range of $\pm 20\%$ of the tariff applicable to relevant category.
	Commission's Views: The Commission has been explaining the reason as to why Cost to serve is not being implemented in the earlier Tariff Order. However, the Voltage-wise cost to serve is being indicated in the Annexure to the Tariff Orders.	
95.	It is submitted that the losses for objector at 33 kVA is same as Transmission losses approved by the Commission since Distribution and Commercial losses are virtually non-existent at that voltage. Burdening the consumer with ATC losses is not tenable.	Based on the methodology specified in MYT and Open Access Regulations and formula as per Tariff Policy the voltage-wise Cross subsidy surcharge is being calculated considering only Transmission and Distribution loss applicable for the particular voltage level. AT& C loss is not considered for calculation.
	Commission's Views: The Commission notes the reply furnished by HESCOM is not relevant to the objection raised.	
96.	The objector submits that he is procuring electricity both on Captive basis as well as Open Access (OA) from 3 rd party sources. Any increase in tariff payable should not result enormous input cost especially when huge quantum of power is procured.	It is inevitable in the present conditions that, the consumers having high paying capacity especially HT consumers and commercial consumers have to pay the cross subsidy. CSS is not applicable to captive generating plant for carrying electricity to the destination of its own use.
	Commission's Views: The Commission notes the reply furnished by HESCOM.	
97.	Also, according to Section 61(g) of the Act of 2003, the Commission is required to specify the period within	The Commission in the earlier Tariff Orders has clearly stated that "It is the Commission's

	<p>which cross subsidy would be reduced and eliminated so that the tariff progressively reflects the cost of supply of electricity.</p> <p>Further, if the element of cross subsidy in the tariff sought by the petitioner is not in consonance with cost of supply based on various voltage, heavy burden would be on paying class of consumer. The petitioner should have sought Road map for reduction in cross subsidy to satisfy the objective that tariff progressively reflects the efficient and prudent cost of supply of electricity.</p>	endeavour to reduce the cross subsidies gradually as per the Tariff Policy."
	<p>Commission's Views: The Commission notes the reply furnished by HESCOM. The reduction of cross subsidy is dependent on the subsidy policy of the Government to give free power to certain category of consumers. The Commission is endeavouring to reduce to cross subsidy to +/- 20% of average cost of supply.</p>	
98.	<p>The objector submits that the Commission is required to frame regulations prescribing the manner in which the reduction of surcharge and cross subsidy is to be made, as provided under third proviso to Section 42(2) of the Electricity Act, 2003 and Tariff policy 2016. this is one of the reasons for higher tariff for meeting higher cross subsidy.</p> <p>In respect of cross subsidy, it is to be stated that determination of cross subsidy has a definite nexus with final tariff to the relevant class of consumers and also the cross subsidy and additional cross subsidy in respect of Open Access units. The objector has been procuring power under both Captive and Open Access and higher cross subsidy and additional surcharge would defeat Open Access provided under S-42 of the Act. Also, this Hon'ble Commission has not specified methodology for calculating surcharge as mandated under proviso(4) of sub-section(2) of S-42.</p> <p>It is requested that this Hon'ble Commission frames a Regulations as provided under proviso(q) to Sub-section(2) of S-181 of the Act.</p>	<p>The Commission is determining Cross subsidy based on MYT Regulations adopting methodology specified in Tariff Policy-2016, additional surcharge, considering the provisions of the Electricity Act,2003, National Electricity Policy, Tariff Policy, KERC Regulations and Orders of Hon'ble Supreme Court and Hon'ble APTEL.</p>
	<p>Commission's Views: The Commission notes the reply furnished by HESCOM. Regarding the reduction cross subsidies, the reply in the previous item applies here as well. The</p>	

	CSS is being determined as per OA Regulations, wherein the Commission has adopted the methodology envisaged in tariff policy.	
99.	<p>Objector submits that the licensee in the impugned application has proposed increase in Demand charges without any basis. In this regard the Commission had clearly held in its Tariff order-2000 (at para 3) that the Demand charge/ Fixed charge have to have a nexus with the assets put to use in supplying electricity by assigning functionalization of assets in here area as namely Demand related, Energy related and consumer related areas.</p>	<p>Although the retail power tariff is based on two-part tariff principles, the same is not reflective of actual components of fixed and variable cost being incurred by HESCOM. As per PPA Terms & conditions, HESCOM has to pay capacity charges (Fixed charges) to the Generators, in addition to the energy charges for purchase of power. As per the current tariff structure, the recovery of Fixed Charges (FC) from consumers not commensurate with the actual fixed expenditure being incurred by the HESCOM. Thus, a substantial portion of the FC is being recovered through Energy Charges. Hence in order to ensure full recovery of FC, HESCOM has requested for increase in FC/Demand Charges. However, in order to lessen the burden on the consumers, HESCOM has proposed decrease in Energy Charges of 10 paise for unit. Hence, HESCOM doesn't agree the objector's opinion.</p>
	Commission's Views: The Commission notes the reply furnished by HESCOM. The Commission has dealt with this aspect in this tariff order.	
100.	<p>The objector submits that the applicant has proposed for parallel operation charges citing advantages to CPP and disadvantages to Utility.</p> <p>The said charges are proposed without identifying any additional expenditure that is forced to incur as a result of such synchronization. Also, no marginal effort is put for this purpose.</p> <p>For this the objector relies on the order that deals with the applications made by KPTCL for its ERC filing and tariff filing for the year 2000-01,</p> <p>Grid Support Charges was address in section 5.22.</p> <p>The advantages stated in the Tariff petition 2023-24 is a recurrence of the petition filed by KPTCL which is settled by valid objections by M/s Rajashree Cement. Other objectors have also stated that far from causing an additional burden to the grid, synchronization of captive generating sets improves the stability of the grid.</p>	<p>Captive Power Plants that are running in parallel with grid are continuously taking the support of grid for their captive and process operations. At present Grid Support Charges/Parallel operation charges are being levied on Captive Generators in the states of Gujarat, Chattisgarh, Madhya Pradesh and Tamil Nadu. Further, Discoms of Odisha and Rajasthan have filed petitions under their respective ERCs in this regard. The applicability and charges of the Grid Support Charges/Parallel Operation Charges in various states is explained in the petition. Disadvantages of Parallel Operation to Utility and advantages to CPPs is also explained in the petition.</p>

	<p>The rationale submitted by the Tariff petition 2023-24 is similar to the earlier rationale by KPTCL.</p> <p>The Commission based on the objections, submitted for Tariff order 2000-01 was pleased to pass the following;</p> <p>"The Commission, however, does not think that this is a valid basis for tariff determination. In the Commission's opinion, tariff have to be determined on the basis of identifiable costs that the KPTCL incurs in providing a service. Benefits that the consumer gets from out of the connection or the utilization of electricity are matters which are extraneous to tariff determination. The Commission is therefore unable to accept KPTCL's proposal for levy of grid support charges for captive generation sets."</p>	
	<p>Commission's Views: The Commission notes the reply furnished by HESCOM and the grid support charge shall be as per the Orders of the Commission and shall be applicable as specified in the orders.</p>	
101.	<p>The objector submits that Special Incentive Scheme not to be scrapped as it was the intention of this Commission to encourage industries use surplus power by variation of their operations in their 24/7 manufacturing units.</p> <p>The applicant mentions that 42 HT consumers have opted under this scheme. These industries have greatly benefited from the scheme.</p> <p>The objector here submits that textile industry which is reeling under sever stress on account of unfriendly macroeconomic conditions has to ensure that cost of production is kept at the minimum. With sky rocketing prices of raw material and reduction in demand of yarn and other products, survival of industry is questionable. Several spinning mills have closed down in the past 10 months beginning with the Russia-Ukraine conflict. SIS is the only ray of hope that provides the facility to plan our costs and survive in this</p>	<p>Hon'ble Commission had introduced Special Incentive Scheme in Tariff Order 2018 dtd.14.05.2018 and Discounted Rate Energy Scheme in Tariff Order 2021, dated 09.06.2021. Both Schemes are introduced in an attempt to bring back the EHT/HT consumers who are availing power through open access as the State has power surplus situation. As per terms and conditions of DERS Scheme, the HT consumers who have opted for DERS Scheme shall not be eligible for Special Incentive Scheme. DERS Scheme is better compared to Special Incentive Scheme as the consumption over the base is more in DERS. Hence HESCOM requests to reject the objection and continue only DERS for FY24, so that the existing consumers under Special Incentive Scheme may opt DERS Scheme.</p>

	unfriendly macro-economic conditions. Retain the Special Incentive Scheme as this is beneficial for manufacturing units such as Gokak Textiles and other users.	
	Commission's Views: The Commission notes the reply furnished by HESCOM and in the matter the Commission has appropriately dealt with the matter in this tariff order.	
102.	<p>The Objector submits that the incidence of Security Deposit under S-47 is shooting up every year and the deposit does not fetch any reasonable interest annually since the interpretation sought to be rendered for the word 'Bank Rate' is rate at which RBI advances money to banks (Repo Rate). In this regard the objector wishes to rely upon the Judgement of APTEL in the case of Chhattisgarh State Power Distribution co Ltd. Vs ISA Powers (P) Ltd. in Appeal No 47 of 2011 wherein it has been held (para 37) as under:</p> <p>We do not agree with the contention of the appellant that the bank rate as stipulated under Section 62(6) is the rate at which the Central Bank lends money to the Commercial Banks. The money that the appellant or the respondent no.1 borrows from a Commercial Bank will be governed by the prime lending rate of the bank. Therefore, it is logical that the money denied to the respondent no.1 by the appellant should be linked to the prime lending rate of the Commercial Bank to its customers. Thus, we do not find any reason to intervene with the order of the State Commission to allow interest at prime lending rate of the State Bank of India.</p>	HESCOM has not calculated interest @ 6% per annum for interest on security deposit payable for the entire period. HESCOM has claimed the interest on Security Deposit in accordance with the KERC (Interest on Security Deposit) Regulations 2005 @ 4.25% per annum (as approved in Tariff Order 2022) on Average balance of consumer security deposit for the year.
	Commission's Views: The difference in the security deposits depends on the total average bill for the relevant period. The interest rates are allowed at RBI rates in terms of the Electricity Act, 2003.	
103.	It is the mismanagement in power purchases which had led to deficit of Rs.1723.48 crores. The consumers cannot be punished for the inefficiencies of management.	Power purchase allocation is the policy matter left with the Government and does not come under the purview of HESCOM. Based on the methodology specified in MYT and Open Access Regulations and formula as per Tariff Policy the voltage wise Cross subsidy surcharge is being calculated considering Transmission and Distribution loss applicable for the particular voltage level. It is inevitable in the

		present conditions that, the consumers having high paying capacity especially HT consumers and commercial consumers have to pay the cross subsidy. But as per the tariff policy the cross subsidy should be within the range of + 20% of the tariff applicable to relevant category. HESCOM has calculated the cross subsidy accordingly. The voltage-wise cost to serve is also indicated in the Annexure to the Tariff Orders. The Hon'ble Commission in the earlier Tariff Orders has clearly stated that "It is the Commission's endeavour to reduce the cross subsidies gradually as per the Tariff Policy." Hence, HESCOM doesn't agree the objector's opinion.
	Commission's Views: The Commission notes the reply furnished by HESCOM. The APR is discussed in the relevant chapter.	
104.	Comparing the various financial ratios since FY20, the objector has stated that the Company has utterly failed in the financial management.	HESCOM has planned to improve the financial management by following action plan in future: a) Ensuring consumers pay bills in time and taking stringent action in case of non-payment of bills within due date. b) Putting all efforts continuously to collect the receivables from various sources including local bodies and other Govt. Departments. c) Insisting GOK for timely release of subsidy. d) Reducing the CB Ratio by initiating mass disconnection drive. e) Control overheads, f) Control stock in stores g) Controlling capital expenditure by avoiding fruitless and wasteful expenditure. h) Having clear business plan. i) Monitoring financial position. j) Preparing realistic budget that aligns with the strategies and financial goals of the Company.
	Commission's Views: The reply furnished by HESCOM is noted, which is general in nature. HESCOM shall find out the reasons as to why it is not able to achieve the desired financial viability.	
105.	HESCOM has failed to either to maintain a register or to have a software to track the life cycle of the transformers.	HESCOM has started this year, monitoring the life cycle of the Distribution Transformers from procurement to scrapping of the Distribution Transformers through Distribution Transformer Lifecycle Management Software (DTLMS) from which the details of distribution transformers purchased, commissioned, replaced, repaired, scrapped etc., are being carried out through DTLMS software.
	Commission's Views: The Commission notes the reply furnished by HESCOM.	
106.	HESCOM has stated that its distribution loss is 13.50%. Actually it is more than that.	The percentage of distribution loss has come down from year to year except in FY22. However, the same is within the Commission approved level. HESCOM has been constantly

		trying to bring down the loss by taking required measures.
	Commission's Views: The Commission notes the reply furnished by HESCOM and the same is discussed in the relevant chapter.	
107.	Capital expenditure proposals are not in line with the 'Capital Expenditure Guidelines' issued by the Commission.	HESCOM has proposed the capital budget for creation of infrastructure to provide quality of service. HESCOM has submitted the capital expenditure details in the application and the observations pointed by the Hon'ble Commission have been complied with and submitted to the Commission. HESCOM is following the Capital Expenditure Guidelines issued by the KERC and progress of all the works are being monitored at Corporate Office level. The KERC has engaged M/S RSA & Co, Chartered Accountants, Kolkata, for conducting Prudence Check of Capital Expenditure and depending upon their Report, the Commission will approve the capital expenditure. The Commission will disallow the imprudent capital expenditure.
	Commission's Views: The Commission notes the reply furnished by HESCOM. The CAPEX is discussed in the relevant chapter.	
108.	The audited report of the Company includes compensation paid to consumers and / or other expenses on account of orders of tribunal / consumers forum etc. Such expenditure should be to the account of concerned employee and not to the account of the Company.	HESCOM will abide by the SOP regulations and directions of the Commission.
	Commission's Views: The Commission notes the reply furnished by HESCOM	
109.	Company has not insured the cash and other assets whereby any loss due to any reasons is being absorbed by the Company and resultantly passing on to the consumers.	The Major materials such as Distribution Transformers, Conductor, Poles & HT/LT line materials are insured by the supplier while in transit as per the following clause. "As the price tendered are on F. O. R. destination basis, the Supplier / Contractor shall arrange the transit insurance of the goods with their own underwrites and include the same in the price quoted by them. The policy shall be taken out in the name of supplier / contractor and claims with the insurance shall be pursued by the Supplier / Contractor themselves in case of shortages/breakages/ damage or other claims. The Supplier / Contractor shall arrange for immediate replacement of materials received, short / damaged/ broken etc. without waiting for settlement of their insurance claims". Most of the consumers are paying their Electricity Bills through Web site: https://hescom.karnataka.gov.in , BBPS (Bharth Bill

		Payment System) mobile apps like Paytm, PhonePe, G Pay, Amazon Pay etc. As the digitalized payments is in increasing trend, HESCOM is of the opinion that the insurance on cash is not necessary in the present situation. However, the suggestion of the Objector will be reviewed.
	Commission's Views: The Commission notes the reply furnished by HESCOM	
110.	There is a difference of Rs.190.43 Crore between the balances as per the consumer ledger and subsidiary ledgers relating to consumer Security Deposit. The Company has failed to maintain the proper accounts.	The deposit registers are being maintained at sub-division/section levels and accounts are maintained at the division level. Instructions are already issued to all Accounting Units to reconcile the difference of security deposit received from consumers held under A/c code 48.1 in between books of accounts and RAPDRP & N-Soft software. This process of reconciliation carried out in all O&M Division/Sub-Divisions and the difference has been reduced from Rs. 277.96 Crs to Rs. 190.43 Crs. during FY2021-22. Since the task is voluminous, efforts are being made to complete the same.
	Commission's Views: The Commission notes the reply furnished by HESCOM.	
111.	As per the books of accounts the amount due from Karnataka Power Loom Department is Rs.12.70 Crores. However, it has claimed only Rs.6.54 Crores. It shows the Company is having a callous attitude in the fiscal management.	Action is being taken to reconcile the difference between the claim and book balance and is still under process. Reconciliation/rectification will be completed on or before 31.03.2023.
	Commission's Views: The Commission notes the reply furnished by HESCOM.	
112.	The Company has incurred cash losses to the tune of Rs.988.37 Crores and Rs.2235.52 Crores during the financial year and immediately preceding financial year. 'Cash Loss' mean that the Company has a negative cash flow. The Company is not only short of cash but it has borrowed also. It is a bad situation creating serious problems to the Company.	The Cash loss means not the negative cash flow. HESCOM has incurred loss of Rs.2490.26 Crs and Rs.1293.63 Crs. during FY 2020-21 and FY 2021-22 respectively. As per Accounting Principles, by reckoning the non-cash expenses in the form of depreciation, the loss reduced to Rs.2235.52 Crs and Rs.988.37 Crs. FY 2020-21 and FY 2021-22 respectively, which is shown as cash loss.
	Commission's Views: The Commission notes the reply furnished by HESCOM	
113.	For adopting MYT principles for a control period, performance standards should be benchmarked duly conducting suitable studies. The Company has not undertaken such a study.	HESCOM is filing tariff petition as per MYT Regulations. HESCOM is striving hard to deliver the uninterrupted reliable power supply to all the consumers and following all the directions issued by KERC from time to time. The power supply situation and quality of power supply in rural areas has improved a lot in view of implementation of NJY scheme. Regarding improving the quality of power supply, the works of strengthening the distribution system, providing new distribution transformers, old lines are being replaced, carried out the pre-monsoon maintenance and billing has been

		computerised, etc., are being carried out and every effort is made to improve the quality of power supply. Because of its efficiency only, that HESCOM has crossed its sale of 11,000 MUs, second only to BESCOM in Karnataka. HESCOM has transferred the efficiency gains to the consumers duly following the directives set by KERC. They are to be observed in terms of loss reduction, effective implementation of Capex programme, quality power supply etc. HESCOM will adhere to the directives of Hon'ble Commission and HESCOM will abide by the regulations and directions of Hon'ble Commission. Hence, HESCOM doesn't agree the objector's opinion.
	Commission's Views: The Commission notes the reply furnished by HESCOM. As per MYT Regulations all the expenses are allowed as norms indicated in the Regulations. The Commission has set the performance standards for rendering various service. Non-fulfilment of performance standards will attract penalties as per the Standards of performance.	
114.	O&M expenses of the Company are increasing year-on-year. The main reason is increasing employee cost. The Company should come up with better HR polies for paying them based on performance.	HESCOM is proposing the tariff based on actual expenditure of FY22 and estimated expenditure of FY24. However, the Commission will scrutinise the proposal and restricts the O&M Expenses on normative basis as per KERC (Terms and Conditions for Determination of Tariff for Distribution and Retail sale of Electricity) Regulations, 2006.
	Commission's Views: The Commission notes the reply furnished by HESCOM. The O&M expenses are controllable expenses and are allowed as per MYT norms.	
115.	Passing on the burden of the payment of additional power purchase cost on account of the KERC / APTEL orders is opposed. If the Government pays the subsidy on time, then such additional burden would not have happened. It is against natural justice to penalize the consumers for no fault of them.	HESCOM has claimed additional power purchase cost on account of orders of KERC/ APTEL in FY22, which was not included in the approved ARR in Tariff Order. This amount is payable as per PPA terms and conditions and not related to the subsidy amount due from GOK. However, the HESCOM also constatntly insisting GOK for timely release of subsidy. Hence, HESCOM denies the allegations made by the Objector.
	Commission's Views: The Commission notes the reply furnished by HESCOM.	
116.	The consumers hereby object for implementing Electricity Late Payment Surcharge Rules which provides for payment of outstanding dues to the generating companies in instalments as one time settlement measure.	Ministry of power (MoP), Gol, has issued Notification namely "Electricity (Late Payment Surcharge and Related Matters) Rules 2022, vide dtd. 03.06.2022. These Rules are applicable to the outstanding dues of the Central Generating Companies, Inter-state Transmission licensees and Electricity Trading Licensees. MoP has allowed the payment of outstanding dues (Principal and LPS) in equated monthly instalments. The rules provide for clubbing of all outstanding dues (as on 03.06.2022) including Principal, Late Payment Surcharge etc. into a consolidated amount which can be paid in Equated Monthly Instalments (EMI) without levy of interest as per

		PPA. Late Payment Surcharge @ 15% to 18%, whereas the borrowing interest is around 8% to 9%. Hence, it is beneficial to the Company and HESCOM has not objected to this Rules. FAC computation is not related to the Rules.
	Commission's Views: The Commission notes the reply furnished by HESCOM.	
117.	Proposal of increasing fixed charges has been opposed.	Although the retail power tariff is based on two-part tariff principles, the same is not reflective of actual components of fixed and variable cost being incurred by HESCOM. As per PPA Terms & conditions, HESCOM has to pay capacity charges (Fixed charges) to the Generators, in addition to the energy charges for purchase of power. As per the current tariff structure, the recovery of Fixed Charges (FC) from consumers not commensurate with the actual fixed expenditure being incurred by the HESCOM. Thus, a substantial portion of the FC is being recovered through Energy Charges. Hence in order to ensure full recovery of FC, HESCOM has requested for increase in FC/Demand Charges in a phased manner in a time frame of three years. However, in order to lessen the burden on the consumers, HESCOM has proposed decrease in Energy Charges of 10 paise for unit. Hence, HESCOM doesn't agree the objector's opinion.
	Commission's Views: The Commission notes the reply furnished by HESCOM. The Commission has dealt this matter appropriately in the relevant chapters of this order.	
118.	Proposal of increasing fixed charges for HT installations has been opposed.	HESCOM has proposed to increase the demand charges for the HT consumers to avoid the loss of fixed charges, if the consumers opt for open access. In order to ensure full recovery of FC, HESCOM has proposed for increase in FC/Demand Charges for opting for open access. However, in order to lessen the burden on the non-open access HT consumers, HESCOM has proposed for only marginal increase in the Demand Charges of Rs.25/ KVA and decrease in Energy Charges of 10 paise for unit.
	Commission's Views: The Commission notes the reply furnished by HESCOM. The Commission has dealt the matter appropriately in the relevant chapters of this order.	
119.	ಈ ಹಿಂದಿನ ಸಂದರ್ಭಗಳಲ್ಲಿ ಸಲ್ಲಿಸಿದ್ದ ಕೆಲವು ಪ್ರಮುಖ ಆಕ್ಷೇಪಣೆಗಳನ್ನು ಆಯೋಗವು ಪರಿಗಣಿಸಿರುವುದಿಲ್ಲ. ಎಲ್.ಟಿ.-5 ಜಕಾತಿಗೆ ಪ್ರಸಕ್ತ ಚಾಲ್ತಿಯಲ್ಲಿರುವ ದರಗಳನ್ನೇ ಮುಂದುವರಿಸುವುದು.	ಈ ಹಿಂದಿನ ಎಲ್ಲ ಸಂದರ್ಭಗಳಲ್ಲಿ ಮಾನ್ಯ ಆಯೋಗವು ಎಲ್ಲ ಅಂಶಗಳನ್ನು ಕೂಲಂಕುಷವಾಗಿ ಪರಿಗಣಿಸಿ ವಿದ್ಯುತ್ ಜಕಾತಿಯನ್ನು ನಿರ್ಧರಿಸುತ್ತಿದ್ದು, ಹೆಚ್ಚಾಂ ಮಾನ್ಯ ಆಯೋಗದ ವಿದ್ಯುತ್ ದರ ಆದೇಶಕ್ಕೆ ಬದ್ಧವಾಗಿರುತ್ತದೆ. ಹಾಲಿ ಇರುವ ವಿದ್ಯುಚ್ಛಕ್ತಿ ದರಗಳ ಪ್ರಕಾರ ಗ್ರಾಹಕರಿಂದ ವಸೂಲಿಯಾಗುವ ನಿಗದಿತ ಶುಲ್ಕ(fixed charges/demand charges) ಹೆಚ್ಚಾಂನ ವಾಸ್ತವ ನಿಗದಿತ ಖರ್ಚಿಗೆ ಸಮನಾಗಿರುವುದಿಲ್ಲ. ಹೀಗಾಗಿ ನಿಗದಿತ ಶುಲ್ಕದ ಗಣನೀಯ ಭಾಗವನ್ನು ವಿದ್ಯುಚ್ಛಕ್ತಿ ಶುಲ್ಕದ ಮೂಲಕ ಮರುಪಡೆಯಲಾಗುತ್ತಿದೆ. ನಿಗದಿತ ಶುಲ್ಕದ ಸಂಪೂರ್ಣ ವಸೂಲಾತಿಯ ದಿಸೆಯಲ್ಲಿ ನಿಗದಿತ ಶುಲ್ಕದ ಹೆಚ್ಚಳಕ್ಕೆ ಕೋರಲಾಗಿದೆ ಮತ್ತು ಹೆಚ್. ಟಿ. ಗ್ರಾಹಕರಿಗೆ ಇದರಿಂದ

		ಹೆಚ್ಚಿನ ಹೊರೆಯಾಗದಿರುವಂತೆ ನೋಡಿಕೊಳ್ಳಲು ವಿದ್ಯುಚ್ಛಕ್ತಿ ಶುಲ್ಕವನ್ನು ಪ್ರತಿ ಯೂನಿಟ್ ಗೆ 10 ಪೈಸೆ ಇಳಿಸಲಾಗಿದೆ. ಆದ್ದರಿಂದ ಆಕ್ಷೇಪಣೆದಾರರ ಆಕ್ಷೇಪಣೆಯನ್ನು ಹೆಸಾಂ ಒಪ್ಪುವುದಿಲ್ಲ.
	ಆಯೋಗದ ಅಭಿಪ್ರಾಯಗಳು: ಆಯೋಗವು ಹೆಸಾಂ ನೀಡಿದ ಉತ್ತರವನ್ನು ಗಮನಿಸಿದೆ. ಎಲ್.ಟಿ.-೫ ವಿದ್ಯುತ್ ದರದ ಬಗ್ಗೆ ಸಂಬಂಧಿಸಿದ ಅಧ್ಯಾಯದಲ್ಲಿ ಚರ್ಚಿಸಲಾಗಿದೆ.	
120.	ದರ ಪರಿಷ್ಕರಣೆಗಾಗಿ ಸಲ್ಲಿಸಿರುವ ಅರ್ಜಿಯು ಕಾನೂನು ಬಾಹಿರ, ಅಪ್ರಸ್ತುತ, ಅನಾವಶ್ಯಕ, ಅಸಂಬದ್ಧ, ಹಾಗೂ ಸಾಮಾಜಿಕ ನ್ಯಾಯ ಮತ್ತು ವಾಸ್ತವಕ್ಕೆ ವಿರುದ್ಧವಾಗಿರುತ್ತದೆ. ಸದ್ರಿ ದರ ಪರಿಷ್ಕರಣೆಯ ಬಗ್ಗೆ ಸೂಕ್ತವಾದ ಕಾರಣ ಮತ್ತು ದಾಖಲೆಗಳನ್ನು ಆಯೋಗದ ಮುಂದೆ ಸಲ್ಲಿಸಿರುವುದಿಲ್ಲ. ತನ್ನ ಕರ್ತವ್ಯ ಲೋಪದಿಂದ ಆಗುವ ನಷ್ಟಕ್ಕೆ ಬಳಕೆದಾರರ ಮೇಲೆ ನಷ್ಟ ಹೊರಿಸುವ ಉದ್ದೇಶದಿಂದ ದರ ಪರಿಷ್ಕರಣೆ ಅರ್ಜಿಯನ್ನು ಸಲ್ಲಿಸಲಾಗಿದೆ.	ಮಾನ್ಯ ಆಯೋಗದ ನಿಯಮಾವಳಿಗಳ ಪ್ರಕಾರ ವಿದ್ಯುತ್ ದರ ಪರಿಷ್ಕರಣೆಗೆ ಹೆಸಾಂ ಪ್ರಸ್ತಾವನೆ ಸಲ್ಲಿಸಿದ್ದು ಸೂಕ್ತ ದಾಖಲಾತಿಗಳನ್ನು ಸಲ್ಲಿಸಲಾಗಿದೆ. ಹೆಸಾಂ ಸೇವಾ ಮನೋಭಾವದಿಂದ ಕಾರ್ಯ ನಿರ್ವಹಿಸುತ್ತಿದ್ದು ಗ್ರಾಹಕರಿಗೆ ತೊಂದರೆ ಕೊಡುವ ಉದ್ದೇಶವಿರುವುದಿಲ್ಲ. ಹೆಸಾಂನಿಂದ ಗುಣಮಟ್ಟದ ವಿದ್ಯುಚ್ಛಕ್ತಿಯನ್ನು ಗ್ರಾಹಕರಿಗೆ ಒದಗಿಸುವದಕ್ಕೆ ನಿರಂತರವಾಗಿ ಎಲ್ಲ ರೀತಿಯ ಕ್ರಮಗಳನ್ನು ಕೈಗೊಳ್ಳಲಾಗುತ್ತಿದ್ದು ಹೆಸಾಂನಿಂದ ಕರ್ತವ್ಯಲೋಪವಾಗಿರುವುದಿಲ್ಲ. ಆದ್ದರಿಂದ ಆಕ್ಷೇಪಣೆದಾರರ ಆಕ್ಷೇಪಣೆಯನ್ನು ಹೆಸಾಂ ಒಪ್ಪುವುದಿಲ್ಲ.
	ಆಯೋಗದ ಅಭಿಪ್ರಾಯಗಳು: ಆಯೋಗವು ಹೆಸಾಂ ನೀಡಿದ ಉತ್ತರವನ್ನು ಗಮನಿಸಿದೆ.	
121.	ಆಕ್ಷೇಪಣಾಧಾರರು ಗೌರವಾನ್ವಿತ ಆಯೋಗದ ಮುಂದೆ, ವಿನಂತಿಸುವುದೇನೆಂದರೆ ಕಳೆದ 2019-2020 ಮತ್ತು 2020-2021 ನೇ ಸಾಲಿನಲ್ಲಿ ಕೋವಿಡ್‌ನಿಂದಾಗಿ ಯಾವುದೇ ವ್ಯವಹಾರ ಮಾಡದೆ ಆಕ್ಷೇಪಣಾಧಾರರ ಘಟಕಗಳು ತುಂಬಲಾರದ ನಷ್ಟ ಅನುಭವಿಸಿರುತ್ತೇವೆ. ಕೋವಿಡ್ ವಿಷಮ ಸ್ಥಿತಿಯಿಂದಾಗಿ ಮೀನುಗಾರಿಕೆ ಕುಂಟಿತಗೊಂಡು ಈವರೆಗೆ ಮಂಜುಗಡ್ಡೆ ವ್ಯವಹಾರವು ಇನ್ನೂ ಕೂಡ ಸಹಜ ಸ್ಥಿತಿಗೆ ಮರಳದೇ ಇರುವುದರಿಂದ ಆಕ್ಷೇಪಣಾಧಾರರ ಘಟಕಗಳು ವ್ಯವಹಾರವಿಲ್ಲದೆ ನಷ್ಟದಲ್ಲೇ ನಡೆಯುತ್ತಿವೆ. ಕೋವಿಡ್ ಸಮಯದಲ್ಲಿ ಆದ ನಷ್ಟವನ್ನು ಸರಿದೂಗಿಸಲು ಸಣ್ಣ ಕೈಗಾರಿಕೆಗಳಿಗೆ ಯುನಿಟ್ ಮೇಲೆ 50 ಪೈಸೆ ರಿಯಾಯಿತಿ ನೀಡಿದ್ದು ಅದನ್ನು ಈ ಬಾರಿಯೂ ಮುಂದುವರಿಸಿ ಸಂಕಷ್ಟದಲ್ಲಿರುವ ಸಣ್ಣ ಕೈಗಾರಿಕೆಗಳನ್ನು ಪುನಶ್ಚೇತನ ಗೊಳಿಸಲಯ ಪ್ರೋತ್ಸಾಹಿಸಬೇಕಾಗಿ ವಿನಂತಿ. ಸದ್ರಿ ವಿನಾತಿಯನ್ನು ಎಲ್.ಟಿ 5 ಅಡಿಯಲ್ಲಿ ಸಣ್ಣ ಕೈಗಾರಿಕೆಗೆ ನೀಡಿದ್ದು ಹೆಚ್.ಟಿ2ಎ ಅಡಿಯಲ್ಲಿ ಸಣ್ಣ ಕೈಗಾರಿಕೆಗಳಿಗೂ ನೀಡಬೇಕಾಗಿ ವಿನಂತಿಸುತ್ತೇವೆ. ಆದುದರಿಂದ ಈ ಕಷ್ಟದ ಸಮಯದಲ್ಲಿ ಅರ್ಜಿದಾರರು ಸಲ್ಲಿಸಿದ ಪರಿಷ್ಕರಣೆ ಅರ್ಜಿಯನ್ನು ವಿಲೇವಾರಿಸಬೇಕಾಗಿ ಆಕ್ಷೇಪಣಾಧಾರರು ವಿನಂತಿಸುತ್ತೇವೆ.	ಕೋವಿಡ್-19 ಸಾಂಕ್ರಾಮಿಕ ರೋಗದ ಕಾರಣದಿಂದ ಪ್ರತಿಕೂಲ ಪರಿಸ್ಥಿತಿಯಿಂದಾಗಿ ಹೆಸಾಂ ಕೂಡ ನಷ್ಟ ಅನುಭವಿಸಿದ್ದು, ವರ್ಷದಿಂದ ವರ್ಷಕ್ಕೆ ಏರಿಕೆಯಾಗುತ್ತಿರುವ ಕಾರ್ಯ ನಿರ್ವಹಣೆ ವೆಚ್ಚ, ವಿದ್ಯುತ್ ಖರೀದಿ ವೆಚ್ಚ ಮತ್ತು ಸಮಾಜದ ಮೂಲಭೂತ ಅಗತ್ಯವಾಗಿರುವ ವಿದ್ಯುತ್‌ನ್ನು ಸುಲಲಿತವಾಗಿ ಸರಬರಾಜು ಮಾಡಲು ಕೈಗೊಳ್ಳಬೇಕಾದ ವಿವಿಧ ಬಂಡವಾಳ ಕಾಮಗಾರಿಗಳ ವೆಚ್ಚಗಳ ಏರಿಕೆಯಿಂದಾಗಿ ವಿದ್ಯುತ್ ದರ ಏರಿಕೆ ಅನಿವಾರ್ಯವಾಗಿರುತ್ತದೆ.
	ಆಯೋಗದ ಅಭಿಪ್ರಾಯಗಳು: ಆಯೋಗವು ಹೆಸಾಂ ನೀಡಿದ ಉತ್ತರವನ್ನು ಗಮನಿಸಿದೆ. ಎಂ.ಎಸ್. ಎಂ.ಇ ಘಟಕಗಳಿಗೆ ರಿಯಾಯಿತಿಯನ್ನು ಸಂಬಂಧಪಟ್ಟ ಅಧ್ಯಾಯದಲ್ಲಿ ಚರ್ಚಿಸಲಾಗಿದೆ.	
122.	ಆಕ್ಷೇಪಣಾಧಾರ ಘಟಕಗಳು ಸಣ್ಣ ಕೈಗಾರಿಕಾ ಘಟಕಗಳ ಅಡಿಯಲ್ಲಿ ಬರುವುದರಿಂದ ಪ್ರಸ್ತುತ ಸರಕಾರವು ಸದ್ರಿ ಸಣ್ಣ ಕೈಗಾರಿಕಾ ಘಟಕಗಳಿಗೆ ಪ್ರೋತ್ಸಾಹ ನೀಡುವರೇ ಹಲವಾರು ನಿಯಮ ನಿಬಂಧನೆಗಳನ್ನು ತಂದಿರುತ್ತಾರೆ. ಅಲ್ಲದೇ ಸದ್ರಿ ಆಕ್ಷೇಪಣಾ ಘಟಕವು ಮೀನುಗಾರಿಕಾ ಉದ್ಯಮಕ್ಕೆ ಪ್ರೋತ್ಸಾಹಿಯಾಗಿದ್ದು, ವರ್ಷದ ಎಲ್ಲಾ	ಘನ ಸರ್ಕಾರದ ಎಲ್ಲ ಆದೇಶಗಳನ್ನು ಹೆಸಾಂ ಪಾಲಿಸುತ್ತಿದೆ. ಮಾನ್ಯ ಆಯೋಗವು ಎಲ್ಲ ಅಂಶಗಳನ್ನು ಪರಿಗಣಿಸಿ ವಿದ್ಯುತ್ ಜಕಾತಿಯನ್ನು ನಿರ್ಧರಿಸುತ್ತಿದ್ದು, ಈಗಾಗಲೇ ಮಂಜುಗಡ್ಡೆ ಘಟಕಗಳಿಗೆ ನೀಡಿರುವ ರಿಯಾಯಿತಿ ಸೂಕ್ತವಾಗಿದ್ದು □□□□ ಹೆಚ್ಚಿನ ರಿಯಾಯಿತಿ ಅವಶ್ಯಕತೆ ಇರುವುದಿಲ್ಲವೆಂದು ಹೆಸಾಂ ಭಾವಿಸುತ್ತದೆ. ಹೆಸಾಂ ಮಾನ್ಯ ಆಯೋಗದ ವಿದ್ಯುತ್ ದರ ಆದೇಶಕ್ಕೆ ಬದ್ಧವಾಗಿರುತ್ತದೆ.

	<p>ತಿಂಗಳುಗಳಲ್ಲಿ ಕಾರ್ಯ ನಡೆಸುವುದಿಲ್ಲ. ಆದುದರಿಂದ ಸದ್ಯ ಆಕ್ಷೇಪಣಾದಾರರ ಘಟಕಗಳಿಗೆ ಹೆಚ್ಚಿನ ಪ್ರೋತ್ಸಾಹ ನೀಡುವ ಬಗ್ಗೆ ಕೇಂದ್ರ ಹಾಗೂ ರಾಜ್ಯ ಸರ್ಕಾರವು ಹೆಚ್ಚಿನ ಸವಲತ್ತುಗಳನ್ನು ನೀಡಬೇಕೆಂದು ಆದೇಶವನ್ನು ಹೊರಡಿಸಿರುತ್ತಾರೆ. ಆದರೆ ಸದ್ಯ ಆದೇಶ ನಿಯಮ ನಿಬಂಧನೆಗಳನ್ನು ಅರ್ಜಿದಾರರು ಗಣನೆಗೆ ತೆಗೆದುಕೊಳ್ಳದೆ ಇರುವುದರಿಂದ ಸದ್ಯ ಅರ್ಜಿದಾರರು ಸಲ್ಲಿಸಿದ ಅರ್ಜಿಗೆ ಆಯೋಗವು ಯಾವುದೇ ಮನ್ನಣೆಯನ್ನು ನೀಡಬಾರದು ಮತ್ತು ಸದ್ಯ ಅರ್ಜಿಯನ್ನು ವಿಲೇವಾರಿಸಬೇಕಾಗಿ ಆಕ್ಷೇಪಣಾದಾರರು ವಿನಂತಿಸುತ್ತೇವೆ,</p> <p>ಗೌರವಾನ್ವಿತ ಆಯೋಗವು ಮುಂಜುಗಡ್ಡೆ ಘಟಕಗಳಿಗೆ ಕಳೆದ ಬಾರಿ ಯುನಿಟ್ ರೂ.1ನ್ನು ರಿಯಾಯಿತಿ ನೀಡಿದ್ದು, ಈ ಬಾರಿ ಯುನಿಟ್ ರೂ.2 ದರ ರಿಯಾಯಿತಿ ಮಾಡಬೇಕಾಗಿ ಮಾನ್ಯ ಆಯೋಗದಲ್ಲಿ ವಿನಂತಿ.</p>	<p>ಆದ್ದರಿಂದ ಆಕ್ಷೇಪಣಾದಾರರ ಆಕ್ಷೇಪಣೆಯನ್ನು ಹೆಸಾಂ ಒಪ್ಪುವುದಿಲ್ಲ.</p>
	<p>ಆಯೋಗದ ಅಭಿಪ್ರಾಯಗಳು: ಆಯೋಗವು ಹೆಸಾಂ ನೀಡಿದ ಉತ್ತರವನ್ನು ಗಮನಿಸಿದೆ. ಮೇಲಿನ ವಿಷಯವನ್ನು ಸಂಬಂಧಪಟ್ಟ ಅಧ್ಯಾಯದಲ್ಲಿ ಚರ್ಚಿಸಲಾಗಿದೆ.</p>	
123.	<p>ಅರ್ಜಿದಾರರ ಸಂಸ್ಥೆ ಹಾಗೂ ಕೇರಳ ಮತ್ತು ಗೋವಾ ರಾಜ್ಯಗಳ ವಿದ್ಯುಚ್ಛಕ್ತಿ ಕಂಪನಿಗಳ ದರದಲ್ಲಿ ತುಂಬಾ ವ್ಯತ್ಯಾಸ ಕಂಡುಬರುವುದರಿಂದ ನಮ್ಮ ಸಂಸ್ಥೆಯ ಎಲ್ಲಾ ಘಟಕಗಳು ತುಂಬಲಾರದ ನಷ್ಟ ಅನುಭವಿಸುತ್ತಿವೆ. ಸದ್ಯ ಅರ್ಜಿದಾರರ ಬೇಡಿಕೆಯನ್ನು ಅನುಷ್ಠಾನ ಗೊಳಿಸಿದರೆ ಈ ಕಷ್ಟದ ಸಮಯದಲ್ಲಿ ಆಕ್ಷೇಪಣಾದಾರರನ್ನು ಸೇರಿಸಿ ಎಲ್ಲಾ ಉತ್ಪಾದನಾ ಘಟಕಗಳಿಗೆ ತುಂಬಲಾರದಂತಹ ನಷ್ಟ ಅನುಭವಿಸುವಂತಾಗುತ್ತದೆ.</p> <p>ನಮ್ಮ ನೆರೆ ರಾಜ್ಯದ ಸದ್ಯ ಮುಂಜುಗಡ್ಡೆ ಘಟಕಗಳ ಉತ್ಪಾದನಾ ವೆಚ್ಚವು ಆಕ್ಷೇಪಣಾದಾರರ ಸಂಘಟನೆಗಳ ಘಟಕಗಳ ಉತ್ಪಾದನಾ ವೆಚ್ಚಕ್ಕಿಂತ ಬಹಳಷ್ಟು ಕಡಿಮೆಯಿರುತ್ತದೆ.</p> <p>ಈಗಾಗಲೇ ಆಕ್ಷೇಪಣಾದಾರರ ಘಟಕಗಳು ಬಹಳಷ್ಟು ಕಷ್ಟ-ನಷ್ಟಗಳಲ್ಲಿದ್ದು, ಮಾನ್ಯ ಗೌರವಾನ್ವಿತ ಆಯೋಗವು ಅರ್ಜಿದಾರರ ಕೋರಿಕೆ ಪ್ರಕಾರ ಇನ್ನು ಹೆಚ್ಚಿನ ದರ ನಿಗದಿಪಡಿಸಿದಲ್ಲಿ ಆಕ್ಷೇಪಣಾದಾರರ ಎಲ್ಲಾ ಘಟಕಗಳನ್ನು ಮುಚ್ಚಬೇಕಾಗುತ್ತದೆ.</p>	<p>ಹೆಸಾಂ ಮಾನ್ಯ ಆಯೋಗದ ವಿದ್ಯುತ್ ದರ ಆದೇಶದ ಪ್ರಕಾರ ಬಿಲ್ ಮಾಡುತ್ತಿದ್ದು, ಆಕ್ಷೇಪಣಾದಾರರ ಆಕ್ಷೇಪಣೆಯನ್ನು ಹೆಸಾಂ ಒಪ್ಪುವುದಿಲ್ಲ. ಮಾನ್ಯ ಆಯೋಗವು ಎಲ್ಲ ಅಂಶಗಳನ್ನು ಪರಿಗಣಿಸಿ ವಿದ್ಯುತ್ ಜಕಾತಿಯನ್ನು ನಿರ್ಧರಿಸುತ್ತಿದ್ದು, ಹೆಸಾಂ ಮಾನ್ಯ ಆಯೋಗದ ವಿದ್ಯುತ್ ದರ ಆದೇಶಕ್ಕೆ ಬದ್ಧವಾಗಿರುತ್ತದೆ. ನೆರೆ ರಾಜ್ಯಗಳಲ್ಲಿನ ಪೂರೈಕೆ ವೆಚ್ಚ, ಗ್ರಾಹಕ ಮಿಶ್ರಣ, ಹಣಕಾಸಿನ ಪರಿಸ್ಥಿತಿ ಇನ್ನಿತರ ಅಂಶ ಎಲ್ಲವನ್ನೂ ಗಣನೆಗೆ ತೆಗೆದುಕೊಂಡಾಗ ಆ ರಾಜ್ಯಗಳೊಂದಿಗೆ ನಮ್ಮ ರಾಜ್ಯದಲ್ಲಿನ ವಿದ್ಯುತ್ ದರವನ್ನು ಹೋಲಿಕೆ ಮಾಡುವುದು ಪ್ರಸ್ತುತವಾಗಿರುವುದಿಲ್ಲ.</p>
	<p>ಆಯೋಗದ ಅಭಿಪ್ರಾಯಗಳು: ಆಯೋಗವು ಹೆಸಾಂ ನೀಡಿದ ಉತ್ತರವನ್ನು ಗಮನಿಸಿದೆ. ಮುಂಜುಗಡ್ಡೆ ಘಟಕಗಳ ರಿಯಾಯಿತಿ ಬಗ್ಗೆ ಸಂಬಂಧಪಟ್ಟ ಅಧ್ಯಾಯದಲ್ಲಿ ಚರ್ಚಿಸಲಾಗಿದೆ.</p>	
124.	<p>ಮಾನ್ಯ ಆಯೋಗವು TOD ಸವಲತ್ತನ್ನು ಕಳೆದ ಆದೇಶದಲ್ಲಿ ಜೂನ್ ನಿಂದ ಡಿಸೆಂಬರ್ ತಿಂಗಳವರೆಗೆ ರದ್ದು ಪಡಿಸಿದ್ದು ಆಕ್ಷೇಪಣಾದಾರರ ಸಂಸ್ಥೆಗಳಿಗೆ ತುಂಬಲಾರದ ನಷ್ಟವಾಗಿರುತ್ತದೆ ಆದುದರಿಂದ ಸದ್ಯ ಆದೇಶವನ್ನು ವರ್ಷವಿಡೀ ಅನ್ವಯಿಸುವಂತೆ ಆದೇಶಿಸಬೇಕಾಗಿ ವಿನಂತಿ. TOD ಯಂತೆ ಸಾಮಾನ್ಯವಾಗಿ ಬೆಳಿಗಿನ ಜಾವ 6.00 ಗಂಟೆಯಿಂದ ರಾತ್ರಿ 10.00 ಗಂಟೆಯವರೆಗೆ ಸಾರ್ವಜನಿಕರಿಂದ ವಿದ್ಯುತ್ ಬಳಕೆ ಅತೀ ಹೆಚ್ಚು ಪ್ರಮಾಣದಲ್ಲಿರುವುದರಿಂದ</p>	<p>ಹೆಸಾಂ ಪಿಟಿಪನ್ ನಲ್ಲಿ TOD ದರವನ್ನು ಮಾರ್ಪಾಡು ಮಾಡಲು ಪುಟ ಸಂಖ್ಯೆ 144 ರಲ್ಲಿ ವಿನಂತಿಸಿದ್ದು, ಮಾನ್ಯ ಆಯೋಗದ ವಿದ್ಯುತ್ ದರ ಆದೇಶಕ್ಕೆ ಬದ್ಧವಾಗಿರುತ್ತದೆ.</p>

	<p>ಉತ್ಪಾದನೆಕ್ಕಿಂತ ಹೆಚ್ಚು ಬೇಡಿಕೆಗಳಿರುತ್ತದೆ. ಆದರೆ ರಾತ್ರಿ ಗಂಟೆ 10.00 ರಿಂದ ಬೆಳಗಿನ ಜಾವ ಗಂಟೆ 6.00 ರವರೆಗೆ ವಿದ್ಯುತ್ ಉಪಯೋಗ ಉತ್ಪಾದನೆಕ್ಕಿಂತ ಬಳಕೆ ಕಡಿಮೆ ಇರುವುದರಿಂದ ಈ ಸಮಯದಲ್ಲಿ ವಿದ್ಯುತ್ ಬೇಡಿಕೆ ಕಡಿಮೆ ಇರುತ್ತದೆ. ವಿದ್ಯುತ್ ಸರಬರಾಜಿನಲ್ಲಿ ಬೇಡಿಕೆ ಕಡಿಮೆ ಇರುವಂತಹ ಸಮಯವಾದ ರಾತ್ರಿ 10.00 ರಿಂದ ಬೆಳಗಿನ ಜಾವ 6.00 ಗಂಟೆಯವರೆಗೆ ವಿದ್ಯುತ್ ಯುನಿಟ್ ದರವನ್ನು ರೂ.1 ಕಡಿಮೆ ಮಾಡುತ್ತಿದ್ದು ಅದನ್ನು ರೂ.2.00 ಯಾ ಅದಕ್ಕಿಂತ ಜಾಸ್ತಿ ಕಡಿಮೆ ದರದಲ್ಲಿ ಅರ್ಜಿದಾರರು ವಿದ್ಯುತ್ ಪೂರೈಸಿದಲ್ಲಿ ಮಂಜುಗಡ್ಡೆ ತಯಾರಿಕಾ ಹಾಗೂ ಶೀತಲೀಕರಣ ಘಟಕಗಳಿಗೆ ಪ್ರೋತ್ಸಾಹ ನೀಡಿದಂತಾಗುತ್ತದೆ. ಸದ್ರಿ ಮೇಲೆ ಹೇಳಿದ ಸಮಯದಲ್ಲಿ ರೀಯಾಯಿತಿ ದರವನ್ನು ರೂ 2 ಕ್ಕಿಂತ ಜಾಸ್ತಿ ನೀಡಿದರೆ ವ್ಯಯವಾಗುವ [ವೇಸ್ಟ್] ವಿದ್ಯುತ್ ಅನ್ನು ಆಕ್ಷೇಪಣಾದಾರರಂತಹ ಮಂಜುಗಡ್ಡೆ ತಯಾರಿಕಾ ಹಾಗೂ ಶೈತ್ಯಾಗಾರ ಘಟಕಗಳಿಗೆ ಪ್ರೋತ್ಸಾಹ ನೀಡಿದಂತಾಗುತ್ತದೆ.</p>	
	<p>ಆಯೋಗದ ಅಭಿಪ್ರಾಯಗಳು: ಆಯೋಗವು ಹೆಸಾಂ ನೀಡಿದ ಉತ್ತರವನ್ನು ಗಮನಿಸಿದೆ.ಟಿ.ಓ. ಡಿ ದರದ ಬಗ್ಗೆ ಸಂಬಂಧಪಟ್ಟ ಅಧ್ಯಾಯದಲ್ಲಿ ಚರ್ಚಿಸಲಾಗಿದೆ.</p>	
125.	<p>ಮಾನ್ಯ ಆಯೋಗವು ಈ ಹಿಂದೆ ಎಚ್.ಟಿ. ಕೈಗಾರಿಕೆಗಳು ಘಟಕಗಳಲ್ಲಿ ಸ್ಪೆಷಲ್ ಇನ್ಸೆಂಟಿವ್ ಸ್ಕೀಮ್ ಅನ್ವಯವಾಗುವಂತಹ ಘಟಕಗಳಿಗೆ ಗಂಟೆ 22 ರಿಂದ 6 ಗಂಟೆ ವರೆಗೆ ನಿಗದಿತ ವಿದ್ಯುತ್ ದರವನ್ನು ವಿದ್ಯುತ್ ಪ್ರಸರಣ ಸಂಸ್ಥೆಗಳು ಜುಲೈ ತಿಂಗಳಿಂದ ಡಿಸೆಂಬರ್ ತಿಂಗಳವರೆಗೆ TOD ಸವಲತ್ತನ್ನುರದ್ದು ಮಾಡಿರುವುದರಿಂದ ಆ 6 ತಿಂಗಳಲ್ಲಿ ಯುನಿಟ್ ಮೇಲೆ ಕೇವಲ ರೂ.1 ನ್ನು ಕಡಿಮೆ ಮಾಡಿರುತ್ತಾರೆ. ಜನವರಿಯಿಂದ ಜೂನ್ವರೆಗೆ 2 ರೂ ರೀಯಾಯಿತಿಯನ್ನು ನೀಡುತ್ತಿದ್ದಾರೆ. ಈ ಬಗ್ಗೆ ವಿದ್ಯುತ್ ಸಂಸ್ಥೆಯವರಿಗೆ ಹಲವು ಬಾರಿ ಪ್ರಶ್ನಿಸಿದರೂ ನಮಗೆ ಆ ಸಮಯದಲ್ಲಿ ಸ್ಪೆಷಲ್ ಇನ್ಸೆಂಟಿವ್ ಸ್ಕೀಮ್‌ನಲ್ಲಿ ರೂ.1 ನ್ನು ರೀಯಾಯಿತಿ ನೀಡಿರುತ್ತಾರೆ. ಮಾನ್ಯ ಆಯೋಗವು ವಿದ್ಯುತ್ ಪ್ರಸರಣ ಸಂಸ್ಥೆಗೆ ವರ್ಷ ಪೂರ್ತಿ ಗಂಟೆ 22 ರಿಂದ 6 ಗಂಟೆಯವರೆಗೆ ಯುನಿಟ್ ಮೇಲೆ ರೂ.2 ರೀಯಾಯಿತಿಯನ್ನು ಸ್ಪೆಷಲ್ ಇನ್ಸೆಂಟಿವ್ ಸ್ಕೀಮ್‌ನಲ್ಲಿ ರೀಯಾಯಿತಿಯನ್ನು ನೀಡುವಂತೆ ಆದೇಶಿಸಬೇಕಾಗಿ ತಮ್ಮಲ್ಲಿ ವಿನಂತಿ ಮತ್ತು LT ಮಂಜುಗಡ್ಡೆ ತಯಾರಿಕಾ ಘಟಕಗಳಿಗೆ ಸದ್ರಿ ವಿಶೇಷ ಟ್ಯಾರಿಫ್ ಅರ್ಹತೆ ಇಲ್ಲದಿರುವುದರಿಂದ ಉತ್ಪಾದನಾ ವೆಚ್ಚ ಜಾಸ್ತಿಯಾಗುತ್ತದೆ. ಆದರಿಂದಾಗಿ ಆಕ್ಷೇಪಣಾದಾರರ HT ಘಟಕ ಮತ್ತು LT ಘಟಕಗಳ ನಡುವೆ ತಾರತಮ್ಯ ತೋರಿಸಿದಂತಾಗುತ್ತದೆ. ಸದ್ರಿ ಮೇಲೆ ಹೇಳಿದ ವಿಶೇಷ ಟ್ಯಾರಿಫ್‌ನಲ್ಲಿ LT ಮಂಜುಗಡ್ಡೆ ತಯಾರಿಕಾ ಘಟಕಗಳಿಗೂ ಅರ್ಹತೆ ನೀಡಿದರೆ ಮಾತ್ರ ಆಕ್ಷೇಪಣಾದಾರರ ಎಲ್ಲಾ ಘಟಕಗಳಿಗೆ ಸಹಾಯವಾಗುತ್ತದೆ. ಆದುದರಿಂದ ತಮ್ಮಲ್ಲಿ ಭಿನ್ನವಿವಿಧತೆಗಳಿರುವುದೇನೆಂದರೆ ದಿನಾಂಕ 14.05.2018 ಕೆ.ಇ.ಆರ್.ಸಿ ವಿಶೇಷ ಟ್ಯಾರಿಫ್</p>	<p>ಇನ್ಸೆಂಟಿವ್ ಸ್ಕೀಂಗೆ ಸಂಬಂಧಿಸಿದಂತೆ, ಮಾನ್ಯ ಆಯೋಗದ ವಿದ್ಯುತ್ ದರ ಆದೇಶಕ್ಕೆ ಬದ್ಧವಾಗಿದ್ದು ಮಾನ್ಯ ಆಯೋಗವು ನಿಗದಿ ಪಡಿಸಿದ ದರಪಟ್ಟಿ ಪ್ರಕಾರ ಬಿಲ್ ಮಾಡಲಾಗುತ್ತಿದೆ. ಹೆಸಾಂ ಪಿಟಿಷನ್ ನ ಪುಟ ಸಂಖ್ಯೆ 143 ರಲ್ಲಿ ವಿವರಿಸಿರುವಂತೆ DERS (Discounted Energy Rate Scheme) ನ್ನು ಉತ್ತೇಜಿಸುವುದಕ್ಕೋಸ್ಕರ ಸ್ಪೆಷಲ್ ಇನ್ಸೆಂಟಿವ್ ಸ್ಕೀಂನ್ನು ಸ್ಥಗಿತಗೊಳಿಸಲು ವಿನಂತಿಸಿದೆ.ಮತ್ತು ಸ್ಕೀಮನ್ನು ಎಲ್ ಟಿ ಸ್ಥಾವರಗಳಿಗೆ ವಿಸ್ತರಿಸುವುದನ್ನು ಹೆಸಾಂ ಒಪ್ಪುವುದಿಲ್ಲ.</p>

	<p>ಆದೇಶವನ್ನು ತಿದ್ದುಪಡಿಗೊಳಿಸಿ ಸದ್ಯೆ ಆದೇಶವು LT ಮಂಜುಗಡ್ಡೆ ತಯಾರಿಕಾ ಘಟಕಗಳಿಗೆ ಅನ್ವಯಿಸುವಂತೆ ಆದೇಶಿಸಬೇಕಾಗಿ ವಿನಂತಿ. LT ಮಂಜುಗಡ್ಡೆ ತಯಾರಿಕಾ ಘಟಕಗಳು TOD facility ಯನ್ನು ಕೇವಲ ಆರು ತಿಂಗಳಿಗೆ ನೀಡುತ್ತಿದ್ದು ಸದ್ಯೆ ಸವಲತ್ತನ್ನು ವರ್ಷ ಪೂರ್ತಿ LT ಮಂಜುಗಡ್ಡೆ ತಯಾರಿಕಾ ಘಟಕಗಳಿಗೆ ನೀಡಬೇಕಾಗಿ ವಿನಂತಿ.</p>	
	<p>ಆಯೋಗದ ಅಭಿಪ್ರಾಯಗಳು: ಆಯೋಗವು ಹೆಸಾಂ ನೀಡಿದ ಉತ್ತರವನ್ನು ಗಮನಿಸಿದೆ. ಎಸ್. ಐ. ಎಸ್.. ಸ್ಕ್ರೀಮ್ ಅನ್ನು ಸಂಬಂಧಪಟ್ಟ ಅಧ್ಯಾಯದಲ್ಲಿ ಚರ್ಚಿಸಲಾಗಿದೆ.</p>	
126.	<p>ಮಾನ್ಯ ಆಯೋಗವು ಕಳೆದ ಬಾರಿ ಆದೇಶ ಮಾಡುವಾಗ ಕರಾವಳಿಯ ಸಮುದ್ರ ತೀರದಿಂದ 5 ಕಿಲೋಮೀಟರ್ ವ್ಯಾಪ್ತಿಯಲ್ಲಿ ಬರುವ ಮಂಜುಗಡ್ಡೆ ಮತ್ತು ಶಿತಲೀಕರಣ ಘಟಕಗಳಿಗೆ ಸಿಜನಲ್ ಇಂಡಸ್ಟ್ರಿ ಎಂದು ಘೋಷಿಸಿ ಸ್ಥಾರವಗಳು ಕಾರ್ಯ ಸ್ಥಗಿತಗೊಳಿಸಿದ ತಿಂಗಳಿನ ನಿಗದಿತ ಶುಲ್ಕವನ್ನು ಶೇಕಡ 50 ಪಾವತಿಸಲು ಮತ್ತು ಪ್ರತಿ ಯುನಿಟ್ ಗೆ ರೂ 1 ರಂತೆ ರಿಯಾಯಿತಿ ದರ ನೀಡಿದ ಆದೇಶವನ್ನು ಆಕ್ಷೇಪಣಾದಾರರು ಸ್ವಾಗತಿಸಿ ಆಯೋಗವನ್ನು ಅಭಿನಂದಿಸುತ್ತೇವೆ. ಆದರೆ ಆಕ್ಷೇಪಣಾದಾರರ ಸಂಘದ ಕರಾವಳಿಯ 3 ಜಿಲ್ಲೆಯ 4 ಮಂಜುಗಡ್ಡೆ ತಯಾರಿಕಾ ಘಟಕಗಳು 5 ಕಿಲೋಮೀಟರ್ ವ್ಯಾಪ್ತಿಯಲ್ಲಿ ಬರದೇ ಇರುವುದರಿಂದ ಅವರು ಈ ಸವಲತ್ತುಗಳಿಂದ ವಂಚಿತರಾಗಿರುತ್ತಾರೆ. ಆದುದರಿಂದ ಈ ಕೆಳಗೆ ವಿವರಿಸಿದ 1 ಮಂಜುಗಡ್ಡೆ ತಯಾರಿಕಾ ಘಟಕ 1.ಜೈನಗಿರಿ ಐಸ್ ಪ್ಲಾಂಟ್ ಬಳಲೆ, ಅಂಕೋಲ ಇವರಿಗೆ ಈ ಸವಲತ್ತನ್ನು ನೀಡಬೇಕಾಗಿ ವಿನಂತಿಸುತ್ತೇವೆ. ಸದ್ಯೆ ಘಟಕವು ಮೀನುಗಾರಿಕೆಗೆ ಅವಲಂಬಿತ ಮಂಜುಗಡ್ಡೆ ತಯಾರಿಕಾ ಘಟಕವೆಂದು ಮೀನುಗಾರಿಕೆ ಇಲಾಖೆಯವರು ಪ್ರಮಾಣ ಪತ್ರ ಮತ್ತು ಸದ್ಯೆ ಮಂಜುಗಡ್ಡೆ ಮತ್ತು ಶೈತ್ಯಾಗಾರ ಘಟಕಗಳ ಮಾಲೀಕರು ನೀಡಿರುವ ಶಪಥ ಪತ್ರವನ್ನು ಈ ಆಕ್ಷೇಪಣೆಯ ಅಂಶವನ್ನಾಗಿ ಪರಿಗಣಿಸತಕ್ಕದ್ದು. ಸದ್ಯೆ ಪ್ರಸ್ತಾವನೆಗೆ ವಿಶೇಷ ಒತ್ತು ನೀಡಿ ಆದೇಶಿಸಬೇಕಾಗಿ ಮಾನ್ಯ ಆಯೋಗದಲ್ಲಿ ವಿನಂತಿ.</p>	<p>ಈಗಾಗಲೇ ಮಂಜುಗಡ್ಡೆ ಘಟಕಗಳಿಗೆ ನೀಡಿರುವ ರಿಯಾಯಿತಿ ಸೂಕ್ತವಾಗಿದ್ದು ಇನ್ನೂ ಹೆಚ್ಚಿನ ರಿಯಾಯಿತಿ ಅವಶ್ಯಕತೆ ಇರುವುದಿಲ್ಲವೆಂದು ಹೆಸಾಂ ಭಾವಿಸುತ್ತದೆ ಹೆಸಾಂ ಮಾನ್ಯ ಆಯೋಗದ ವಿದ್ಯುತ್ ದರ ಆದೇಶಕ್ಕೆ ಬದ್ಧವಾಗಿರುತ್ತದೆ.</p>
	<p>ಆಯೋಗದ ಅಭಿಪ್ರಾಯಗಳು: ಹೆಸಾಂ ನೀಡಿದ ಉತ್ತರವನ್ನು ಗಮನಿಸಿದೆ.</p>	
127.	<p>The proposal of recovery of additional surcharge is not as per clause 8.5.4 of the National Tariff Policy. The Commission is requested to analyse the generation backing-down data of each of the 15-minute time block period along with the reason of such backing-down as the backing down could not be on account of economical, operation and technical considerations which may not be attributable to Open Access. Further, minimum of</p>	<p>HESCOM has calculated the additional surcharge adopting the methodology followed by the KERC, considering the provisions of the Electricity Act 2003, National Electricity Policy, Tariff Policy and KERC Regulations, to meet the stranded fixed cost obligations of the HESCOM arising out of its obligation to supply power.</p>

	<p>stranded capacity or OA capacity may be analysed to compute stranded fixed cost due to open access.</p> <p>While arriving at the Additional Surcharge, KPTCL transmission charges & SLDC charges and the distribution network cost to be excluded.</p> <p>It has not been established that the contracted capacity was stranded continuously due to open access.</p> <p>Additional Surcharge shall be levied only if the quantum continues to be stranded on account of open access.</p> <p>Hon'ble Commission in its earlier tariff orders has decided to levy only 50% of the additional surcharge worked out. The same approach shall be continued.</p>	
	Commission's Views: The matter of determination of additional surcharge, has been dealt with suitably in this tariff Order.	
128.	<p>The computation of proposed Cross Subsidy Surcharge is based on the Average Realization Rate and the proposed tariff hike had led to significant increase in Cross Subsidy Surcharge to be levied on open access consumers.</p> <p>Since the tariffs are being set with reference to the ACoS, the Commission is requested to cap the surcharge with reference to ACoS in line with the Electricity (Amendment) Rules, 2022.</p>	<p>HESCOM had worked out cross subsidy surcharge as per Tariff Policy 2016 and KERC directions and same has been submitted to the Hon'ble KERC. Computation is shown in page. No. 165 of the petition.</p> <p>Further, as against the earlier method using the cost of marginal power (top 5% power at the margin), the Tariff Policy, 2016 uses weighted average cost of power including transmission and wheeling losses. The most important aspect of Tariff Policy is that, as per the provision to the cross-subsidy surcharge formula in clause 8.5.1, the cross-subsidy surcharge cannot be more than 20% of the applicable tariff to the category of consumer seeking open access.</p>
	Commission's Views: The matter of determination of Cross subsidy surcharge, has been dealt with suitably in this tariff Order, in accordance with the OA Reugulations.	
129.	<p>Levy of wheeling charges is proposed to be based on the wheeling ARR which has led to increase in the range of 20% to 73%. Hon'ble Commission is requested to conduct due prudence of the proposed ARR and approve a rationale level of wheeling charge.</p>	<p>Considering the network and supply cost segregation and the methodology adopted by Commission in its previous Orders, HESCOM has proposed the wheeling charges applicable to all open access / wheeling transactions consumers. HESCOM's calculation of wheeling charges based on Distribution ARR and projected sales is correct.</p>
	Commission's Views: The matter of determination whelling charges has been dealt with suitably in theis tariff Order.	

130.	The power tariff has been increased twice since April last year. Seeking hike in power tariffs often is not correct.	<p>As per the KERC Regulations, approval for ARR and ERC and tariff filing is mandatory for every year. Hence, HESCOM is filing its Tariff application annually to Hon'ble KERC. It is pointed here that every year, the costs relating to the supply of electricity are constantly increasing, especially power purchase cost. In view of the increase in the cost, HESCOM has to match the same with the tariff hike in order to maintain its financial status. Hence increase in tariff will be approved only once in year.</p> <p>However, in accordance with the provisions of KERC (Fuel Cost Adjustment Charges) Regulations 2013 and based on the application filed by the HESCOM the Hon'ble Commission will approve the Fuel Cost Adjustment Charges (FAC) every quarter. This FAC depends on the variation in the power purchase cost i.e., if the cost is increased than the approved cost, FAC will be increased and the same will be recovered and if the cost is decreased than the approved cost, then the FAC will be negative and the same will be refunded by way of adjustment in the bills.</p>
	Commission's Views: The tariff increase referred by the objector pertains to the FAC and the Commission is determining the tariff annually.	
131.	ESCOMs should strive hard for minimizing the transmission losses and cutting costs on various overheads including human resources.	The percentage of distribution loss has come down from year. HESCOM has constantly trying to bring down the loss by taking required measures. The administration and Distribution Cost are very well controlled in HESCOM.
	Commission's Views: The Loss reduction targets are discussed in the relevant chapters of the this Order and the licensees are being penalised for non-achievement of losses.	
132.	Other avenues / sources for raising the revenue and balance the increase in the cost in producing and procuring the power instead of passing it on to the consumers often.	HESCOM is a service provider Company and striving hard to provide quality service to the consumers, with earnestness. In order to meet the growing demand for energy, HESCOM has to procure energy from various sources. Power purchase cost is an uncontrollable expenditure which constitutes major portion of ARR. HESCOM has taken the prompt action in billing and collection of revenue.
	Commission's Views: The power generated by generating companies is purchased at the Commissioned determined tariff. The ESCOMs need to purchase power to meet the growing demand.	