

CHAPTER – 2

SUMMARY OF FILING & TARIFF DETERMINATION PROCESS

2.0 Background for Current Filing:

The Commission in its Tariff Order dated 9th June, 2021 has approved the revised ARR for FY22 duly considering the deficit / surplus of FY20, consequent on APR of FY20, and had approved Revised Retail Supply Tariff for FY22 under the MYT principles. HESCOM, in its present application filed on 30th November, 2022, has sought approval for the Annual Performance Review (APR) for FY22 based on the audited accounts, approval of revised ARR for FY24 and revision of Retail Supply Tariff for FY24.

2.1 Preliminary Observations of the Commission

After a preliminary scrutiny of applications, the Commission had communicated its observations to HESCOM on 15th December, 2022. The preliminary observations were mainly on the following points:

- ❖ Sales Forecast
- ❖ Capital Expenditure
- ❖ Assessment of IP set consumption
- ❖ Distribution Losses
- ❖ Power Purchase
- ❖ RPO Compliance
- ❖ Wheeling of Energy
- ❖ Cross subsidy surcharge & Additional Surcharge
- ❖ Issues pertaining to items of revenue and expenditure
- ❖ Compliance to Directives

In response, HESCOM had furnished its replies on 30th December, 2022. The replies furnished by HESCOM are considered in the respective chapters of this Order.

2.2 Acceptance of Applications and Publication of Notices:

The Commission, vide its letter dated 30th December, 2022 informed the HESCOM that, its application filed on 30th November, 2022, for APR of FY22, approval of revised ARR and revision of retail supply tariff for FY24, in the HESCOM area, has been treated as a petition, in terms Karnataka Electricity Regulatory Commission (Terms and Conditions for Determination of Tariff for Distribution and Retail Sale of Electricity) Regulations, 2006, read with the KERC (Tariff) Regulations, 2000, and KERC (General and Conduct of Proceedings) Regulations 2000, subject to further verification and validation.

HESCOM was directed it to publish a summary of the application in the leading newspapers in the distribution area of HESCOM.

2.3 Public Hearing Process:

Accordingly, HESCOM has published the same in the following newspapers:

Name of the News Paper	Language	Date of Publication
Deccan Herald	English	03.01.2023
The New Indian Express		
Vijayavani (HESCOM Jurisdiction)	Kannada	& 04.01.2023
Vijayavani		
Vijayakarnataka (Hubli Edition)		

HESCOM's application on APR for FY22, Revision of ARR and Retail Supply Tariff for FY24, were also hosted on the web-sites of HESCOM and the Commission, for ready reference and information of the general public.

In response to the application of HESCOM, the Commission has received **11** statements / letters of objections with affidavit. HESCOM has furnished its replies to all these objections. The Commission has held a Public Hearing on **28.02.2023** at Dharwad. The details of the written / oral submissions made by various stakeholders and the responses from HESCOM thereon and Commission's views have been discussed in Chapter - 3 / Appendix to this Order.

2.4 Consultation with the Advisory Committee of the Commission:

The Advisory Committee discussed the proposals of the KPTCL and all the ESCOMs in the State Advisory Committee meeting held on **24th March 2023**. During the meeting, the KPTCL and ESCOMs made brief presentations on the important issues in the tariff application filed before the Commission. The Committee discussed various issues involved in the tariff application.

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