

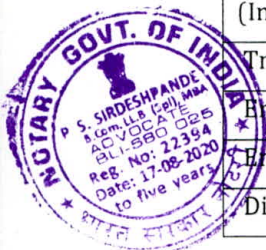
CHAPTER-5

AGGREGATE REVENUE REQUIREMENT FOR FY-24:

The Hon'ble Commission has approved the estimation of ARR vide Order Dtd: 12.05.2023. HESCOM has revised the estimations, only in order to facilitate to make further projections for FY-25 required for filing as stated below:

ENERGY DETAILS

Particulars	FY-24	FY-24
	(As approved in Tariff Order 2023)	Revised projections
Energy at Generation Point (Mus) (Including HRECS and AEQUS)	15192.59	15429.33
Transmission Loss (%)	2.764%	2.764%
Energy at Interface Point (Mus)	14320.77	14480.47
Energy Sales (Mus)	12530.67	12670.41
Distribution Loss (%)	12.50%	12.50%



Approval for additional sales for FY-24.

As per HESCOM Tariff order 2023, approved energy at interface points without HRECS and AEQUS is 14727.84 MU at transmission level, which is inclusive of Transmission loss of 407.077M.U @ 2.764%.

But due to failure of monsoon and prevailing drought situation in HESCOM jurisdiction, the input energy of HESCOM for first half of the year (i.e. April 23 to Sept 23) is 8728.78 MU (Excluding HRECS and AEQUS). Considering Transmission loss of 248.12 MU @ 2.764%, the input energy for HESCOM is 8976.90 MU at transmission level.

Whereas, the total consumption in HESCOM area from April-23 to September-23 is 7440 MU. as against the approved sales of 6472 MU. The increase in consumption for the 1st half year of FY-24 is 968MU (increased by 15 %) compared to approved sales of 6472 MU.

IP Set (up to 10 HP) consumption in HESCOM area from April-23 to September-23 is 4482 MU. as against the approved sales of 3572 MU. The increase in consumption for the 1st half year of FY-24 is 910 MU (increased by 25 %) compared to the approved sales of 3572 MU.

As the State of Karnataka is facing severe drought situation there is every possibility of substantial increase in consumption from October-23 to March -24. It is predicted that the input energy of HESCOM for FY 24 would reach 17953.80 MU (8976.90 MU X 2) which is **3226 MU** higher than the approved input energy of 14727.84 MU, i.e, 22% excess over the approved input energy.

The Hon'ble Commission has approved IP sales of 6902.41 MU for FY-24 in HESCOM Tariff Order 2023. The GoK has also approved the subsidy restricting to the KERC approved consumption vide letter No: Energy/85/ PSR/2023 dated 29.03.2023.

The State of Karnataka is reeling under drought situation, it is expected that there is every possibility of sizeable increase in IP Set consumption from October-23 to March -24. Thus, the balance approved IP Set (LT-4(a)) sales of 2419 MU is insufficient to meet the required demand. The IP set consumption expected to be increased up to 8661 MU for FY-24, i.e, 25 % excess over the approved sales.

Under the circumstances explained above, the Hon'ble Commission is requested to approve additional I P Set sales of 1759 MU for FY-24 to HESCOM with an overall increase of 3226 MU at interface points treating it as extraordinary circumstances as requested in Ltr.No. HESCOM/DF/CA/DCA/AO(RA)/23-24/10290-94 dtd. 02.11.2023.

Capital Expenditure of HESCOM for the year 2024 (Up to Sept-23)

The tariff filing by HESCOM was during November 2022 and the Capital Budget submitted for FY 24 was Rs. 1860.14 crores, based on the previous years achievements the H'ble Commission has allowed a Capital budget of **Rs. 1200 crores** for FY 24 in the tariff order 2023. However to facilitate all projects to run and projects which are on the verge of completion and also some of the high profile projects which are taken up to be completed, the Board of Directors of HESCOM felt necessary to make a provision to carry out all such projects. Hence provision to an extent of **Rs.1227.40 crores** was proposed in 107th BOD of HESCOM, and Capital Budget of **Rs. 901.62 crores** was approved excluding budget proposed for UNIP works of **Rs.325.78 crores** subject to restricting the actual capital expenditure to **Rs. 901.62 crores**. But Capital Budget for 2023-24 is restricted to **Rs. 890.29 crores** since the equity from GOK towards SCSP and TSP works was reduced.

The details of Capital Budget approved and expenditure up to Sept-23 is as below:

(Rs in crores)

Sl. No.	Scheme	Capital Budget approved by KERC for FY 24	Capital Budget approved in HESCOM BOD for FY 24	Capital Expenditure upto Sept-23
GOK Sponsored Works				
1	Gangakalyan total	70	70	19.36
2	Special Development Plan for backward talukas under Nanjundappa scheme(SDP)	24	6.07	5.14
3	Rural Electrification under SCSP	7	28.49	1.23
4	Rural Electrification under TSP	3	14.51	0.4
5	Energisation of IP sets under Sheegra Samparka	55	55	20.28

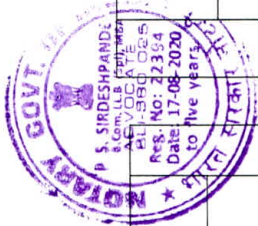
Application for Approval of Annual Performance Review for FY-23 and Approval of ARR & ERC for FY-25 and Tariff Filing for FY-25.

6	Creating infrastructure to UAIP Sets (Before and after 2014 GOK circular)	200	0	82.34
	Sub - total	359	174.06	128.75
Sl. No.	Scheme	Capital Budget approved by KERC for FY 24	Capital Budget approved in HESCOM BOD for FY 24	Capital Expenditure upto Sept-23
7	Expansion of network and system improvement works.			
a	Additional DTCs	80	21.77	2.9
b	Enhancement of Distribution Transformers	7	15.15	0.6
c	Shifting of existing transformer to load center	1	1	0
d	LT line conversion of 1Ph 2 wire or 1Ph 3 wire to 3ph 5 wire	7	5	0.44
e	Other E & I works	2	2	0.55
8	Construction of new 11 KV lines for 33 KV / 110 KV sub-stations / 11 KV link lines for bifurcation of load	96	198.01	49.15
9	11 KV Re-conductoring.	80	21.82	4.43
10	LT Re-conductoring.	70	25	4.18
	Sub - total	343	289.75	62.24
	33 KV System			
11	Construction of new 33 KV stations	15	12.5	1.7
12	Construction of new 33 KV lines.	15	12.5	0.05
13	Augmentation of 33 KV stations.	5	14	3.54
14	Replacement of 33 KV lines Rabbit conductor by Coyote conductor.	5	5	0.65
15	Replacement of old and failed equipment's and other works of existing 33 KV stations and lines.	20	5.22	2.02
	Sub - total	60	49.22	7.96
	UG Cable			
16	Replacement of 11 KV OH feeders by UG Cables	15	5	
	Sub-total	15	5	0
	Reduction of T & D and ATC loss			
17	Providing meters to un-metered BJ/KJ installations	5	3	0.11
18	Replacement of electromechanical/high precision meters by static meters	40	71.48	3.11
19	DTC Metering	0	24.52	0.32
	Sub - total	45	99	3.54
	General (In House)			
20	Service connections	30	15	2.95
21	T&P materials.	5	5	-0.39
	Sub - total	35	20	2.56



Application for Approval of Annual Performance Review for FY-23 and Approval of ARR & ERC for FY-25 and Tariff Filing for FY-25.

Sl. No.	Scheme	Capital Budget approved by KERC for FY 24	Capital Budget approved in HESCOM BOD for FY 24	Capital Expenditure upto Sept-23
	New initiatives works			
22	IT initiatives, automation and call center	20	20	0.7
23	IPDS IT imitative Phase II	20	20	
24	Establishing ALDC & SCADA.	2	2	0.01
25	DSM Projects	1	1	0.01
	Sub - total	43	43	0.72
	Immediate Execution (Planned/Unplanned)			
26	Replacement of failed distribution transformers.	10	20	136.3
27	Replacement of Power Transformers.	5	5	0.05
28	Preventive measures to reduce the accidents. (Providing intermediate poles, Restraining of sagging lines, providing guy & struds, providing guarding, DTC earthing)	65	65	14.83
29	Flood Affected Works	80	4.35	0.18
30	Belaku Yojane	70	34.36	6.16
31	Atal Bhujal Scheme	0	1	0
32	Civil Engineering works like Construction of new office buildings/ Sub station civil works, Modernization/Repairs to existing buildings, regular maintenance to immovable properties	70	80.56	13.85
33	Others			3.57
	Sub - total	300	210.26	174.94
	Total	1200	890.3	380.71



Power Purchase -Consumption and Amount FY-24 (Provisional)

Sl. No.	Name of the IPPs	Grand Total 2023-24 (UPTO Sept-23 provisional)		Rate Per Unit
		Consumption in MU	Amount In Crores	
1	KPCL Hydel	2,088.63	247.22	1.07
2	TBHE	-0.13	0.00	0.00
3	KPCL Solar	0.70	0.42	6.00
4	KPCL Thermal	420.72	314.61	6.13
5	RPCL	179.84	122.36	6.77
	KPCL Total (1+2+3)	2,689.89	684.60	2.60
1	NLC	399.23	184.85	4.87
2	NTPC	1,109.47	608.38	5.35
3	NTPC VVNL (Coal)	40.19	24.54	5.61
4	NTPC NSM	0.00	5.33	0.00
5	NTECL Vallur	109.10	61.05	5.58
6	NPCIL MAPS	7.30	2.05	2.81
7	NPCIL Kaiga	212.22	78.08	3.83
8	Damodar Valley Corporation	321.06	153.99	0.00
9	NPCIL Kudankulam	247.90	111.47	4.74

10	Priyadrashini Jurala Hydro Electric Project	8.19	5.21	0.00
12	PGCIL Transmission Charges	0.00	142.47	0.00
13	South Western Railways (UI)	-0.05	0.00	0.00
14	UI Charges	-4.23	0.00	0.00
CGS Total (5 to 10)		2,450.37	1,377.43	5.98
1	Wind Mill (A)	1,437.78	604.56	4.20
2	Wind Mill MOA (B)	15.74	5.82	3.70
4	Co-Generation (Long Term PPA)	43.13	27.73	6.43
6	Solar Above 3 MW	919.90	406.77	4.43
7	Solar Farmer Scheme (1 to 3 MW)	50.18	37.14	7.39
8	Infirm Energy (Wind)	0.46	0.13	2.77
	Unutilized Banked Energy (GEOA) (Energy available for REC)	4.24	0.00	2.77
NCE Total (1+2+3+4+5)		2,471.53	1,082.18	2.77
1	Major IPPs (UPCL)	69.74	109.58	9.77
2	KPTCL Transmission Charges	0.00	28.27	0.00
3	Sales (Through IEX, PXIL & PTC, GTAM India)	-66.16	-30.30	4.59
4	Purchase (Through IEX, PXIL & PTC, GTAM India)	79.67	42.36	0.00
GRAND TOTAL		7,694.91	3,296.37	4.59

RPO for the financial for the month Apr-23 to September-23 (Provisional)

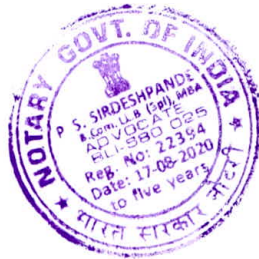
No.	Particulars	Quantum in MU
1	Total Power Purchase Quantum	2056.85
2	Renewable Energy Purchased under PPA route at Generic Tariff including Non-Solar RE purchased from KPCL	732.94
3	Short - Term purchase from RE sources only	5.09
4	Short-Term purchase from RE sources under sec-11	0.00
5	RE purchase under APPPC	0.00
6	RE purchase pertaining to green energy sold to consumers under green tariff	0.00
7	RE purchased from other ESCOMs and GTAM	0.00
8	RE sold to other ESCOMs and GTAM	43.44
9	Solar Energy Purchased from NTPC as bundled power	44.83
10	RE purchased from any other source (Banked energy & Infirm energy)	0.00
11	Total RE Energy Purchased [No 2+ No3+No4+No5+No7+No9]	782.85
12	RE accounted for the purpose of RPO [No 10-No5-No6-No8]	739.42
13	RPO complied in % [No 12/No 1]*100	35.95



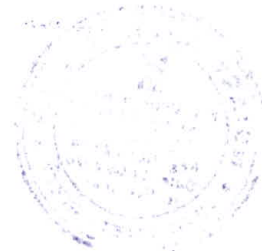
S. Sirdhapande
CONTROLLER (A & R),
HESCOM, Hubballi.

Details of Town Energy Audit for FY 24 upto Sept 2023.

Name of the Town	Input to the Town in MUs	Total Energy Sold in MUs	Energy Un-accounted	% DIST LOSS
BAGALKOTE	47.45	43.55	3.91	8.24
BELAGAVI	205.45	202.39	3.07	1.49
DANDELI	13.73	12.44	1.28	9.32
DHARAWD(U)	116.17	106.19	9.98	8.59
GADAG	40.75	37.08	3.67	9.01
GOKAK	23.53	21.59	1.95	8.29
HAVERI	19.99	18.27	1.72	8.60
HUBLI	258.08	237.84	20.26	7.85
ILAKAL	28.07	25.96	2.1	7.48
JAMAKHANDI	18.03	16.73	1.3	7.21
KARWAR	28.96	26.64	2.34	8.08
NIPPANI	18.44	16.75	1.69	9.16
RABAKAVI+BANAHATTI	13.96	13.2	0.76	5.44
RANEBENNUR	25.45	22.57	2.88	11.32
SIRSI	19.61	18.35	1.27	6.48
VIJAYPUR	148.55	130.45	18.1	12.18



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**CONTROLLER (A & R),
HESCOM, Hubballi.**



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CONTROLLER (A & R),
HESCOM, Hubballi.

ANNUAL REVENUE REQUIREMENT-FY-24

Rs. In Crs

Ref. Form	Particulars	(As approved in Tariff Order 2023)	Revised Projection
D-1	Energy at Generation Point (Mus) (Including HRECS and AEQUS)	15192.59	15429.33
	Transmission Loss (%)	2.764%	2.764%
D-1	Energy at Interface Point (Mus)	14320.77	14480.47
D-2	Energy Sales (Mus)	12530.67	12670.41
	Distribution Loss (%)	12.50%	12.50%
INCOME:			
D-2	Revenue from sale of power	4945.25	5482.38
D-3	Revenue subsidies & grants	5068.06	5223.77
D-2	Bulk power supply to Hukkeri Rural Electric Co-Operative Society- HRECS	218.31	356.59
TOTAL INCOME		10231.62	11062.74
EXPENDITURE:			
D-1	Purchase of Power	5561.61	5787.25
	Tr. Charges (PGCIL & POSOCO)	256.91	256.91
	Tr. Charges (KPTCL & SLDC) Charges	1071.58	1071.58
	Power purchase liability on account of KERC/APTEL/Court Orders	150.70	
Total Power Purchase Cost		7040.80	7115.74
D-5	Repairs & maintenance		187.64
D-6	Employee Costs	1654.99	1269.49
D-7	Administrative & General expenses		201.07
Total O&M expenses		1654.99	1658.20
D-8	Depreciation & related debits	381.47	378.22
D-9	Interest & Finance charges		
	Interest on loan capital	348.01	331.19
	Interest on working capital	210.73	580.29
	Interest on consumer deposit	71.69	79.33
	Other interest and finance charges	28.29	40.00
	Interest on belated payments of IPPs	-	-
D-10	LESS: Int. & Fin. charges capitalized	40.00	40.00
Total Interest and Finance Charges		618.72	990.81
D-11	Other debits (incl. Bad debts)	-	67.53
D-12	Extraordinary Items (Exceptional Items)	-	-
D-13	Net prior period (credits) / charges	-	-
	Provision for Taxes	-	-
	Funds towards consumer Relations	0.50	0.50
A-4	Return on Equity		
	Pension and Gratuity Trust arrears		
	LESS: Excess RoE		
	LESS: Other Income	125.74	292.60
ARR		9570.74	9918.40
	Previous years' surplus/deficit carried forward	1537.18	
Net ARR		11107.92	9918.40

HESCOM is not proposing any modifications, (except approval for additional sales as explained above) in the approved ARR for FY24 as ordered in the Tariff Order 2023.

HESCOM has made the projections for FY-24, only in order to facilitate for further projections of FY-25.



ATTESTED

NOTARY

**CONTROLLER (A & R),
HESCOM, Hubballi.**