

APPENDIX-1

Statement showing the Gist of objections of the consumers / Stakeholders and GESCOM's Response thereon and the Commission's Views.

Objections	Replies from GESCOM
1. As per Clause 2.7.1 of the MYT Regulations 2006, an application for determination of Tariff for a financial year is to be made not less than 120 days before the commencement of such financial year. The application for revision of tariff for FY20 is not maintainable as it has been filed on 31.12.2018 instead of on or before 30.11.2018.	Tariff Application for approval of APR for FY18, ARR Annual Revenue Requirement for FY20-22 and retail tariff for FY20, has been filed in time, i.e. on 30.11.2018.
Commission's views: The Commission notes that GESCOM has filed the Petition within the time line specified in the Regulations.	
2. GESCOM should clearly indicate steps proposed for improving the efficiency and gains expected.	GESCOM has submitted that, it has taken several measures to improve efficiency of the system, and as a result the annual losses of 26% in FY08 has come down to 16.39% in FY18 and further to 15.15% at the end of December-2018. It is planned to reduce the distribution loss to 15.00% by the end of FY-19.
Commission Views: The reply furnished by GESCOM is noted. GESCOM should put forth further efforts to improve the system efficiency, particularly in the matter of billing, collections and cash inflows, in order to meet its obligations.	
3. GESCOM has stated that the Gap of Rs. 968.41 Crores for FY20 includes Rs.351.58 Crores for FY18 and Rs.616.83 Crores for FY20 and requests the Commission to hike the average tariff by 98 paise per unit for all categories. The budgetary gap of Rs.351.58 Crores for FY18 should not be loaded on to the consumers, but, borne by the Government.	The Tariff fixation depends upon the Expenditure and Revenue of GESCOM. The gap between expenditure and income for FY20 works out to be Rs.968.41 Crores including the gap of Rs.351.58 crores for FY18 and accordingly a tariff hike of 85 Paise for HT-2a, Rs. 1.35 for IP sets and 98 Paise for other category of consumers is proposed.
Commission Views: The reply furnished by GESCOM is noted. The Commission has analyzed the submissions made by GESCOM and appropriately dealt with the same in the relevant chapters of this Order.	

<p>4. As per the Tariff Policy, the cross subsidy should be within +/- 20% of the cost of supply and the tariff determination should be based on cost to serve. The average cost of supply is being taken as the basis for seeking tariff revision. The cost to serve an HT installation is much less compared to an LT installation. The tariff should be fixed based on cost to serve and the tariff of HT 2(a) will have to be brought down by 50%. In the last tariff revision fixed charges were raised from 75% to 85% on contract demand which was unjustified as GESCOM has not spent anything for improving the quality. Hence fixed charges should be reversed back to 75%.</p>	<p>GESCOM has obligation to serve all categories of consumers from BPL households to Industries and commercial installations. As a Distribution Licensee, GESCOM has to maintain infrastructure to distribute electricity for all categories of consumers in its jurisdiction. GESCOM has to maintain infrastructures to distribute electricity for all categories of consumers. For the purpose of procurement and distribution of electricity, GESCOM has to purchase power from the Government as well as private generators. The fixation of Tariff depends upon the expenditure and Revenue of GESCOM. Considering these aspects, the present revision in tariff before the Commission is proposed.</p>
<p>Commission's views: The reply submitted by GESCOM is noted. The Commission has dealt with the issue appropriately under Chapter-6 of the Tariff Order. The Commission in accordance with the directions of the APTEL, is determining voltage-wise cost to serve for different category of consumers. Further, the increase in the fixed charges from 75% to 85% of the CD is already dealt in the Tariff Order 2018.</p>	
<p>5. Section 23 of the Act stipulates that load shedding be resorted to with due approval of KERC, but, unscheduled load shedding adversely affects the Industries.</p>	<p>Unscheduled load shedding is resorted to only in case of emergent repair works and unforeseen situations. For planned maintenance, notification is being published in the newspapers, at least 24 hours before the scheduled work.</p>
<p>Commission's views: The reply furnished by the GESCOM is noted and GESCOM is advised to intimate the scheduled outages on priority.</p>	
<p>6. The difference between the average cost of supply of Rs. 6.95/Unit and IP set tariff of Rs. 2.38/Unit is recovered in the form of cross subsidy from other consumers.</p>	<p>GESCOM has made an effort to minimize the impact of cross subsidy for HT2a category by seeking hike in IP set category to almost 1.5 times the hike proposed for HT2a category. A fixed charge of Rs. 20/HP/month is also sought from IP sets for the first time. The average cost of electricity for FY20 works out to be Rs. 7.64 per unit. The proposed tariff to IP sets is Rs. 7.06/Unit for FY20 and the difference works out to Rs. 0.58/unit and not Rs. 4.57/Units.</p>
<p>Commission's views: The Commission has noted the reply furnished by GESCOM. The Commission has dealt with this matter appropriately in the relevant chapter of the Tariff Order. Further, IP set sale is being subsidized by the GoK at Commission Determined Tariff. Subsidy is released to the IP sets according to the Order issued by the GoK from time to time. The Commission is endeavoring to reduce the cross-subsidy levels gradually as envisaged under the Act.</p>	
<p>7. GESCOM has failed to improve the efficiency of its operations by implementing the directives of</p>	<p>The directives are being duly followed and compliance report is being submitted to the</p>

the Commission.	Commission regularly for review.
Commission's views: The reply furnished by the GESCOM is noted. The consumers should point out specific issues instead of making general observations. Further, the directives are discussed separately in the Order.	
8. An increase of 4.7% of HT consumption, as against an annual growth of installation by 6.5%, indicates migration of HT industries from Karnataka, due to a very high HT tariff and can be prevented with reduction of HT tariff.	Special incentive Scheme, with discount for HT-2(a), HT-2(b) and HT-2(c) consumers has been introduced by the Commission from 1 st April, 2018, to prevent their migration for Open Access and the same is being availed by 27 HT Consumers. Rate of Discount over the Base Charge: Consumptions between 10.00 to 18.00 hours - Re.1 per unit, Consumption between 22.00 to 06.00 hours - Rs. 2 per unit. The reduction of HT consumption is due to power sale through Open Access, captive generation and wheeling and banking.
Commission's views: The Commission has noted the reply furnished by GESCOM. GESCOM shall publicize the SIS to the consumers and also educate the field staff about the scheme, in order to see that more and more consumers opt for it.	
9. Actual distribution losses are 16.39% as against the approved value of 15%. The increase of distribution losses is due to non-implementation of HVDS and reduction of HT:LT ratio etc.	GESCOM has achieved distribution loss of 16.39% as against the approved loss of 16.50% for FY18, which has since been brought down to 15.15% at the end of December-2018. It is planned to reduce the distribution loss to 15.00% by the end of FY-19.
Commission's views: The reply furnished by the GESCOM is noted. The treatment of losses is appropriately discussed in relevant chapter of the Order.	
10. Cost of power purchased by GESCOM is Rs. 3,577.16 crores as against the approved cost of Rs. 3,266.75 crores. The additional cost of Rs. 311.41 crores for power could have been controlled by resorting to Load Shedding to various categories of consumers.	The availability of Hydel power was 1,671.35 MU as against the allotment of 2869.02 MU for FY-18 and the shortfall of 1,197.67 MU was made good by procuring power from various other sources by paying a much higher rate than the average cost of Hydel power of 84 Paise per unit.
Commission's views: The reply furnished by the GESCOM is noted. The Commission has dealt with this matter appropriately under relevant chapter.	
11. Capital Expenditure incurred is Rs. 833.17 Crores against the approval for Rs. 1032.75 Crores. The under-utilization of Rs. 199.58 crores in mainly in metering, HVDS, developing infrastructure to un-authorized IP sets etc.	The under-utilized capital outlay for FY19 will be made good with completion of the spilled over works in the ensuing fiscal.
Commission's views: The reply furnished by the GESCOM is noted. The Commission has dealt with this matter appropriately under relevant chapter.	
12. It is observed that ineligible persons like tax payers, govt. servants etc. are being allowed to take IP sets free of cost.	Proper scrutiny of documents is done before registration of application for energization of IP sets. Ineligible applications are not registered under LT-4(a) category.

Commission's views: The reply furnished by the GESCOM is noted. The consumers should point out specific issues instead of making general observations. Further, the directives are discussed separately in the Order.	
13. Borrowings are increasing every year. GESCOM has not indicated any plans indicating reduction in the same.	GESCOM submitted that borrowings are done for completion of capital works since equity from the government/internal accruals are not sufficient. Similarly, for making payment of power purchase bills short-term/ working capital facility is availed from financial institutions.
Commission's views: The reply furnished by the GESCOM is noted. The Commission has dealt with this matter appropriately under relevant chapter.	
14. Independent feeders should be provided to the industries to minimize interruptions and load shedding.	GESCOM has initiated measures to create independent feeders for industries and 92 numbers are already in service as against a total of 1,825 number of 11 kV feeders
Commission's views: The reply furnished by the GESCOM is noted. GESCOM should expedite and complete it within the specified time-frame. GESCOM should submit the status of installation of independent feeders to the industries along with the time frame proposed for completion of the project quarterly to the Commission.	
15. No time-bound schedule committed by the GESCOM to complete Niranthara Jyoti works. The benefits derived from the government sponsored scheme is also not quantified. As Niranthara Jyothi is welfare scheme, the cost should not be loaded on to the consumers.	<ul style="list-style-type: none"> • In GESCOM, 441 numbers of NJY feeders exist in 30 talukas, covering 3,852 villages, for which quality power supply is given upto 22 to 23 hours per day. • The transformer failure is reduced after commissioning of the NJY feeders. • The average no. of un-scheduled interruptions per feeder is reduced. • Average peak load during the peak hours is below 60 amps per feeder. • Reduction of T&D losses for 441 feeders are as follows: <ol style="list-style-type: none"> 1. <5% - 5 feeders. 2. 5 to 10 % - 11 feeders 3. 10 to 15 % - 343 feeders 4. 15 to 20 % - 77 feeders • The tail-end voltage is improved upto 410 to 421 volts.
Commission Views: The reply furnished by the GESCOM is noted.	
16. GESCOM should take action for implementing High Voltage Distribution System.	The Commission has directed to hold the HVDS works.
Commission's views: Due to its high cost of implementation, the Commission has directed the GESCOM not propose any new HVDS scheme, until further orders.	

<p>17. GESCOM proposal for replacement of less efficient pump sets by high efficient pump sets in 2013, would have brought down IP energy consumption by 30% apart from reducing the demand, but, the same has not been taken up even during FY 2018. GESCOM has not done anything to curb the demand for power by undertaking DSM measures. The power from Solar powered IP sets will be available only during the day and will not reduce any demand and cannot be accepted as a DSM measure.</p>	<p>As the capital expenditure is to be borne by GESCOM, the same is yet to be taken up. 12,25,060 numbers of LED bulbs, 2,384 numbers of energy efficient fans, 8,080 numbers of LED Tubes lights are sold to consumers as a part of DSM.</p>
<p>Commission's views: The reply of GESCOM is noted. Use of more efficient motors for IP sets involves huge investment of capex, which GESCOM is unable to make. Hence, IP sets consumers may come forward and invest money for replacement of their motors.</p>	
<p>18. Commission had directed GESCOM to complete the work of metering of DTCs by 31st December, 2010. Meters are provided to 76,678 DTCs out of 98,012. 21,334 DTCs are un-metered and 2,000 are MNR. There are 3954 DTCs having losses of more than 10%.</p>	<p>Out of 98,012 DTCs, 76,678 DTCs are metered and 21334 DTCs, which include distribution transformers predominantly feeding to IP sets, are to be metered. LOI for metering of 4,841 DTCs, proposed under DDUGJY has been issued on 2nd February, 2019 and will be completed by end of July 2019. Under IPDS scheme, it is proposed to meter 1,725 DTCs covering RAPDRP jurisdiction for which tender is under progress.</p>
<p>Commission's views: The Commission has noted the reply furnished by GESCOM. However, only DTC metering by itself will not address the issue of reducing the distribution losses, unless energy audit is done in respect of all the metered DTCs. GESCOM shall take remedial measure in high loss making DTCs, in order to reduce the commercial losses through theft and pilferages.</p>	
<p>19. The losses of more than 15% recorded in 554 feeders show that GESCOM is not putting in enough efforts for calibration of energy meters.</p>	<p>Calibration of energy meters is carried out on a regular basis and the installations found to be recording erroneously are back billed to ensure no losses incurred on this account.</p>
<p>Commission's views: The reply furnished by the GESCOM is noted. The Commission is reviewing the DTC-wise/feeder-wise losses in the quarterly review meetings and advising the ESCOMs to bring down the losses to around 15% in the DTCs and feeders having losses above 50%.</p>	
<p>20. GESCOM has carried out only emergency works as against the proposed action plan to reduce accidents. Periodical maintenance has not been carried out. Live wires are lying on the roads, open junction boxes and short-circuits in transformer are not being attended. GESCOM has resorted to third party for maintenance of equipment. GESCOM has not given the accident figures for FY18, it has avoided. GESCOM should give accident figures. Safe vertical and horizontal</p>	<p>For FY20, the capital budget proposed for preventive measures to reduce accidents is 1,600 lakhs in that 1,280 lakhs have been booked. Further, GESCOM is continuously taking remedial measures towards prevention and minimization of electrical accidents such as providing protective gears to the maintenance staff, identifying hazardous locations and rectifications, educating the GESCOM staff and the general public regarding safety precautions to be taken in handling electrical installations</p>

clearances for LT and HT lines are not being maintained. Concerned officers should be held responsible. The Commission may direct GESCOM to conduct safety audit by third party.	etc. and providing sufficient capital budget.
Commission's views: The reply furnished by GESCOM is noted. The Commission is regularly reviewing the matter in its quarterly review meeting and giving necessary directions in the matter.	
21. Data regarding the enumeration of IP Sets and its incorporation in DCB is not furnished by GESCOM.	GESCOM submitted that enumeration of IP Sets is under progress, the exact numbers will be submitted to the Commission on completion of the same.
Commission's views: The Commission has noted the reply furnished by GESCOM. GESCOMs shall complete the enumeration to arrive at the correct number of IP sets.	
22. Geographical positioning system (GPS) though started many years back has not yet been completed.	GPS system is being done in R-APDRP and GIS mapping of DTCs. TCs are mapped under GPS in non-RAPDRP areas.
Commission's views: The reply furnished by the GESCOM is noted. ESCOMs are directed to complete the GPS survey to arrive at the correct number of IP set installations.	
23. Average energy consumption of per IP set per year having a capacity above 10HP is 697.22 units and that of below 10HP is 8407.43 units for FY18. This shows that the average consumption of IP sets below 10 HP is almost 12 times more than that of IP sets above 10 HP.	GESCOM submitted that some IP set installations may be defunct. Hence, calculating per installation consumption considering the total number of installations without considering the actual/functional IP sets may vary. However, GESCOM will carry out a survey of these installations in the near future.
Commission's views: The Commission has noted the reply furnished by GESCOM. The Commission has dealt with the issue appropriately under relevant chapter in the Tariff Order.	
24. Specific consumption of IP sets for FY19 is considered at 8,379 units/IP set/annum without any basis to adjust the losses, consumption and power purchase.	GESCOM submitted that there are 628 agricultural feeders having 3,52,295 IP sets and the recorded sale is 1,946.22 MU. The consumption per IP set per year is based on the recorded consumption on the agricultural feeders.
Commission's views: The Commission has noted the reply furnished by GESCOM. The Commission has dealt with the issue appropriately under relevant chapter in the Tariff Order.	
25. GESCOM has not regularized the unauthorized IP sets and might misuse the numbers for manipulation. GESCOM should furnish the number of un-authorized IP sets to be regularized for FY18.	The regularization of IP Sets will be taken up only on ascertaining the exact number of IP Sets after completion of their enumeration.

Commission's views: The Commission has noted the reply furnished by GESCOM.	
26. Failure to provide meters for all IP sets is a clear violation of The section 55 of EA 2003, which mandates to meter all the installations by 2005. The assessment of IP sets consumption, made on the basis of sample meters, is not acceptable and GESCOM should commit for early completion.	After implementation of NJY, a realistic consumptions of the IP set consumers are derived from Feeder end Meters. Due to various complications and futility involved in providing energy meters to each IP set consumer for evaluating the IP set consumption, metering of IP set installations may not be pursued with.
Commission's views: The Commission has noted the reply furnished by GESCOM. As stated earlier ESCOMs shall complete the enumeration to arrive at the correct number of IP sets.	
27. A high rate of failure of transformers, furnished by GESCOM, is due to improper maintenance, which entails a huge expenditure to repair and put them into service.	The rate of failure of transformers has considerably reduced as compared to the earlier years. The expenditure incurred towards repairs upto December, 2018 is 21.05 Crores with rate of failure of 11.53%.
Commission's views: The Commission takes note of the reply submitted by GESCOM.	
28. GESCOM furnishes only distribution losses and not ATC losses, targeted at 13.72%	A Distribution loss of 15.15%, at the end of December, 2018, is projected to be 14.89% by FY20. The AT&C loss of GESCOM as at the end of December, 2018 is 15.82%
Commission's views: The reply submitted by GESCOM is noted.	
29. The distribution loss in towns such as Bhalki, Wadi, Gulbarga, Bellary, Shahabad, Shahapur, has increased, when compared to the previous year. A Special drive to be proposed to reduce the losses in the above towns.	GESCOM has taken up energy audit of 11 KV feeders/ DTCs in the Sub-divisions to identify feeders having more than 15% losses and take stern action by monitoring ARR ie. Saleable energy/consumption. Wherever monetary loss is occurring due to improper billing stern action is taken to reduce this by tagging consumer details with the concerned feeders/DTCs. Further, a budgetary outlay of Rs. 486.61 Crores, has been proposed for capital works such as New 33 kV Stations, line improvement works etc. for reducing the losses.
Commission's views: The reply submitted by GESCOM is noted.	
30. GESCOM has not monitored the implementation of SOP. GESCOM has not mentioned in how many cases its officers failed in implantation of the same, and how much penalty was imposed on them.	GESCOM is monitoring the implementation of Standards of Performance in O&M Divisions and the reports are submitted to the Commission regularly.
Commission's views: The reply submitted by GESCOM is noted.	
31. Directives regarding universal metering, cost of supply, paying capacity and pre-paid	GESCOM is striving to comply with the directives of the Commission and compliances are being

meters issued by the Commission, are yet to be implemented.	furnished to the Commission regularly and reviewed in the review meetings.
Commission's views: The reply submitted by GESCOM is noted.	
32. GESCOM cannot site other States and demand higher demand charges. GESCOM should justify its demand for the increase in MD billing to 85% of CD. It is proposed that it should be brought down from 75% to 70% of the CD.	The present MD billing, i.e. 85% of the CD or demand recorded, whichever is higher, should be continued without any increase.
Commission's views: The Commission has dealt with the issue in the Tariff Order, 2018 itself.	
33. Billing of energy for entire month based on any half an hour shoot in the MD should be dropped as there are some instantaneous loads for very short duration. There may not be any consumption during the period.	The present billing of maximum demand is as per the guidelines prescribed by the Commission in the Conditions of Supply.
Commission's views: The reply submitted by GESCOM is noted.	
34. The service of reconnection should be free. Existing reconnection charges should be either continued or dropped as a matter of service to the consumers.	Existing reconnection charges are continued.
Commission's views: The reply submitted by GESCOM is noted.	
35. To encourage solar water heaters, a form of green energy, rebate should be enhanced to Rs. 100/- and continued.	Solar water heating system rebate is being extended to consumers as per the Order of the Commission.
Commission's views: To solar rebate has been introduced to encourage the consumers to opt for installation of solar water heaters which is beneficial to consumers as well to the ESCOMs as it conserves energy. The Commission is not in favour of increasing the solar rebate as the financial burden thereon will have to be borne by all the consumers.	
36. GESCOM has not produced subsidy allocation letter.	The subsidy release by GoK is as per the tariff determined by the Commission, which is also binding on the Government for arranging subsidy as per the Electricity Act 2003. Hence allocation is not provided in this context.
Commission's views: The reply furnished by GESCOM is noted. GESCOM is raising the bill to Government on quarterly basis in respect of power supply to BJ/KJ and IP sets. Government is releasing the amount quarterly by making necessary allocation of subsidy amount in its annual budget.	
37. GESCOM has not achieved segregation of technical and commercial losses as per the tariff policy announced in 2006.	Segregation of technical and commercial losses is very difficult. The up-gradation of distribution system and emphasis on maintenance reduces Technical losses. Stringent inspections of installations with follow up action by vigilance wing and O&M field officers helps reduce Commercial losses.
Commission's views: The reply furnished by the GESCOM is noted. GESCOM is advised to carry out scientific studies to arrive at technical and commercial losses, as and when required.	
38. GESCOM has not furnished the details of average number of interruptions and average duration of interruptions per	The details of reliability index are furnished in the application which is submitted regularly to KERC.

consumer.	
Commission's views: The reply furnished by the GESCOM is noted. GESCOM should also upload the details of average number of interruptions and average duration of interruptions per consumer on its website.	
39. The consumer indexing, started by GESCOM many years back, has not yet been completed.	A major consumer indexing has already been completed with a marginal balance left out.
Commission's views: The reply furnished by the GESCOM is noted.	
40. A separate tariff, at least Re.1 lower than all other tariffs, should be provided for Small Scale Industries so that their cost of production can be at par with Global manufacturers to compete in the Global Market.	GESCOM has proposed slab benefits in the Tariff for the small scale industries, who consume less than one lakh units.
Commission's views: The retail tariff to the consumers is being fixed keeping in view the recovery of average cost of supply and the cross subsidy levels with reference to the average cost of supply. Fixing a tariff below the cost of supply would entail meeting the balance cost either by government subsidy or through cross subsidization. In the absence of subsidy from the Government to MSMEs, extending concessions to this category would result in increase in cross subsidy levels of other categories of consumers, which is not permissible under the Tariff Policy.	
41. HT/LT ratio, which should be maintained at 1:1 is 1:1.45, as per the tariff petition and will result in higher distribution losses. GESCOM has not implemented HVDS.	The construction of 11KV independent feeders under NJY and 11 KV Link lines from new substations, under schemes such as IPDS, DDUGJY etc., will considerably reduce the HT:LT ratio.
Commission's views: The reply furnished by GESCOM is noted. GESCOM should try and adhere to the timelines for completion of various capex schemes. The Commission is of the view that ESCOM should make all efforts to increase the HT: LT ratio, with an action plan for achieving the same.	
42. GESCOM has not disclosed any plan for the introduction of pre-paid meters, as provided under Section 47(5) of the Electricity Act, 2003. If power supply through pre-paid meters are introduced, Consumer would not be required to pay security deposit and existing deposit would be refunded.	GESCOM is planning to install prepaid Meters for temporary category consumers, street light / water supply and government installations as per the directives of the Commission. Tendering to provide prepaid meters to LT temporary installation is in progress.
Commission's views: The reply furnished by GESCOM is noted. The Commission notes that a consumer has to provide security for the monies which is due to the licensee in respect of electricity supplied and for the electric line or plant or meter provided by the licensee. The Section 47 (5) of the EA 2003, mandates that no security deposit is required to be collected by the licensee for the electricity supplied if the consumer opts for pre-paid meter. Thus, when an existing consumer opts for pre-paid meter, the ESCOMs have to return the security deposit to the consumer. In case, the same has to be adjusted against future bills of the consumers, the ESCOM can approach the Commission for suitable amendments to the COS. Regarding the meter security deposit, the Commission, vide Conditions of Supply of Electricity by the Distribution Licensees in the State of Karnataka (Seventh Amendment), 2018, has specified that Meter Security Deposit shall be equivalent to cost of pre-paid energy meter and shall be paid by the consumer, in case the pre-paid meters are provided by ESCOMs.	
43. Energy intensive industries like Foundries, Forging Shops, Heat treatment shops, Blow	For social balance, BPL consumers are compensated by cross-subsidy charges from

Molding units and Steel Mills in Karnataka are under serious threat of closure due to high power cost. A substantial reduction in tariff is required to ensure survival of these industries in Karnataka.	paying consumers so as not to burden them with electricity charges. SIS is effective from 1 st April, 2018 for use of electricity during off-peak hours. Further, any reduction in tariff is based on the decision of the Commission.
Commission's views: The reply furnished by GESCOM is noted.	
44. Open access may be extended to the consumers drawing power below 1 MW.	GESCOM requested the Commission not to consider the extension of open access to consumers drawing below 1 MW, who can avail the benefit under Special Incentive Scheme.
Commission's views: : Allowing Open Access to consumers above one MW, is as per the Provisions of section 42 of the EA 2003.	
45. GESCOM to accept Bank Guarantee and not to insist for Cash payment.	Bank Guarantee cannot be accepted towards Security deposit from consumers, against usage of energy. The payment in cash up to Rs. 10,000 and through DD/Banker's Cheque for sum above Rs. 10,000/- are only permitted
Commission's views: The Commission has noted the reply given by GESCOM.	
46. Rural Industries suffer a lot due to scheduled and unscheduled power cuts, interruptions, low voltage, delay in resuming power supply, whenever there are faults, etc. GESCOM should extend quality power to the rural areas. The relief given in energy charges from 5 to 15 paise is very meager and further reduction may be given.	All efforts are put forth to improve quality of power supply to Rural Areas by upgrading the infrastructure, taking up scheduled maintenance, providing 24X7 service station with vehicles etc. With NJY Feeders, there has been some relief already for Rural Industrial units,
Commission's views: The Commission has noted the reply given by GESCOM. Considering increase in average cost of supply and the services provided by GESCOM, the tariff fixed by the Commission for rural industries is less than the tariff applicable to urban area industries.	
47. Major generation in Karnataka is Hydel, which is much cheaper than thermal or Nuclear or Renewables. Hence tariff in Karnataka should be lower than the other States.	The financial gap in the expenditure and income for the Year 2019-20, works out at Rs. 968.41 crores, including Rs. 351 for FY 18. Accordingly, a tariff hike of 85 Paise for HT-2a, Rs. 1.35 for IP sets and 98 Paise for other category of consumers is proposed. The Power purchase is made as per allocations of Government.
Commission's views: The reply furnished by GESCOM is noted and the matter is dealt in the relevant chapter of the order.	
48. In order to compete in the Global Market, the cost of manufacture for Industries to be at par with others. Hence Industrial tariff should not be increased.	The financial gap in the expenditure and income for the Year 2019-20, works out at Rs. 968.41 crores, including Rs. 351 for FY 18. Accordingly, a tariff hike of 85 Paise for HT-2a, Rs. 1.35 for IP sets and 98 Paise for other category of consumers is proposed.
Commission's views: The reply furnished by GESCOM is noted.	
49. The prevailing Demand Charge of Rs. 200/kVA/month for 110 KV is reasonable. Proposed increase in demand charges to Rs.	Increase in fixed charges have been proposed for meeting the requirement and principle requirement of borrowing arising out of new

210/kVA/month and any increase would be difficult to absorb.	capital expenditure. As such, GESCOM has requested the Commission to allow a marginal increase of Rs. 10/- per KVA, as fixed charges.
Commission's views: The reply furnished by the GESCOM is noted and the tariff is determined as in Chapter 6 in the Order.	
50. Energy Charges have been increased every year and is at Rs. 7.00/KWh which is very high while compared to other states. The proposed 12% increase in Energy charges, will further burden the industrial consumers.	The deficit for FY20 is Rs. 968.41 Crores due to substantial increase in power purchase cost and marginal increase in other overheads. Hence, an increase of 85 paise is proposed under HT2(a) category.
Commission's views: The reply furnished by the GESCOM is noted. The issues relating to the deficit and the tariff determination has been discussed in relevant Chapters of this Order.	
51. The proposed hike in Additional Surcharge from 50 paise to 1 Rupee, will defeat the very purpose of Open access and consumer would be compelled to depend on DISCOM power.	The hike in energy charges from 50 paise to 1.00 Rupee is proposed in order to meet the deficit of Rs. 968.41 crores for FY20.
Commission's views: The reply furnished by the GESCOM is noted and the matter has been dealt appropriately in the relevant chapter of the Order.	
52. Quantum of energy sold to LT-7 (b) has not been mentioned in tariff application.	As on date, there are 44 installations classified under LT-7(b) category and these installations are metered and billed accordingly.
Commission's views: The reply furnished by the GESCOM is noted.	
53. All ESCOMs except GESCOM have proposed Additional Surcharge based on the methodology adopted by the Commission in its Order dated 14th May, 2018.	GESCOM submitted that it had not proposed the Additional surcharge in its Tariff Filing. But in the preliminary observation the Commission had pointed out the same and thereafter, GESCOM has submitted the proposal.
Commission's views: The reply furnished by the GESCOM is noted. The preliminary observations are part of tariff filings (petition) and are available to the consumers on the Commission's website.	
54. The proposal for Cross-Subsidy is blank. Cross-subsidy Surcharge should be reduced or made 'nil' as it is very high.	The Cross-subsidy surcharge has been submitted in tariff filing in page no.276.
Commission's views: The reply furnished by the GESCOM is noted and the matter has been dealt appropriately in the relevant chapter of the Order.	
55. OA charges (cross-subsidy surcharge, additional surcharge, transmission charges and wheeling charges) applicable to OA consumers on the power consumed from Firm RE projects should be waived for useful life of the project or 25 years whichever is lower provided projects are commissioned before 2024.	Seeking waiver of Open Access charges (cross-subsidy surcharge, additional surcharge, transmission charges and wheeling charges) is not relevant in the context of the tariff Petition filed by the GESCOM. The request may be made in the appropriate proceedings. Relating to the issues.
Commission's views: The reply furnished by the GESCOM is noted.	
56. GESCOM had written a letter dated 28th May, 2018 to the Energy Department GoK requesting them to release the interest on arrears of subsidy accumulated since 2008 to 2017. In response the Energy Department	The Energy department in response to our request to release the interest on arrears of subsidy, stated that there is no rule to remit interest on the grants released from the consolidated fund of the state, thereby denied

<p>denied releasing interest on arrears of subsidy. As such the Commission should issue directions to GoK to release the interest on arrears of subsidy.</p>	<p>to release interest on arrears of subsidy.</p>
<p>Commission's views: The reply furnished by the GESCOM is noted.</p>	
<p>57. The Power purchase of 115.82 MU in FY18 from YTPS costs Rs 8.41 per unit and the Commission should direct the GESCOM to scrap the power purchase agreement.</p>	<p>The extracts of condition laid for power purchase as per PPA, executed on 18th October, 2010, between Raichur Power Company Ltd (RPCL) & ESCOMs, is as under:</p> <p>“Seller shall approach KERC for determination of Tariff before Commercial Operation date of first unit of the station. In case this Tariff is not determined for any reason by KERC prior to commencement of commercial operation of such unit of station, the parties agree that billing and payment shall be done on ad-hoc basis as per the proposal of seller submitted to Hon'ble KERC. Seller shall inform Buyers of such ad-hoc tariff and pending determination of such Tariff by KERC, billing on provisional basis would be carried out, subject to adjustment along with applicable interest as and when such Tariff is determined by KERC”. The share of allocation for FY18 was 13.508% and for the year FY19 at 6.6%. For FY18, GESCOM has allowed at 90% of the invoice amount as the case for its tariff determination is before the Commission. The capacity charge is Rs. 5.108 and energy charges is Rs. 3.31/ unit.</p>
<p>Commission's views: The YTPS power plant has been set up by the Government to meet the increase in demand year after year. The financing of these high cost power is done after signing of the PPAs which are to approved by the Commission. The long-term PPAs cannot be revoked merely on the basis of high tariff. The Commission is yet to approve the tariff and PPA for this project. The tariff now being provisionally allowed, is subject to approval of the Commission.</p>	
<p>58. Loan borrowed from commercial Bank at Sl. No.8 of D9 format for FY18 is shown as Rs 62.36 Crs. and interest paid on the same is 15.41Cr. The Rate of Interest works out to a minimum of 24.71%, which is very high and shall not be allowed.</p>	<p>Short-term Loan borrowed from Syndicate Bank, Kalaburgi during the year 2017, at an Interest rate of 9.95% PA. Principal amount outstanding as on 31st March, 2017 was Rs 137.36 Crores. Again, during the year 2018, Rs. 75.00 crores were borrowed as short Term Loan at a rate of 8.55% from the same bank. On total working capital loan the interest of Rs15.41 crores was paid. The average rate of interest works out to 9.25% pa, which is normal rate as compared with other Scheduled Commercial Banks.</p>
<p>Commission's views: The reply furnished by the GESCOM is noted. The Commission has dealt with the matter suitably under relevant chapter in the Tariff Order.</p>	

59. Only 76,678 DTCs are metered out of 98,012 numbers with approximately 2000 numbers MNR meters.	As on December 2018, 76,678 DTCs, including distribution transformers, predominantly feeding to IP sets, are metered out of 98,012 DTCs of different capacities.
Commission's views: The reply furnished by the GESCOM is noted. GESCOM shall complete the metering of DTCs and perform energy audit to reduce losses and improve its revenues.	
60. It is mandatory for every IP Set consumer to fix a capacitor of adequate capacity, in accordance with clause 23 of condition of supply of electricity of the distribution licensees in Karnataka state. The IP set consumers (LT4a) do not fix capacitors for their pump sets and GESCOM does not monitor the same.	IP Set installations are serviced on ensuring the installation of capacitors of adequate capacity. Further, 11 kV capacitor banks, installed at Sub-stations, absorb the inductive load of IP Sets. Efforts are put forth to educate the farmer to fix capacitors for their pump set so that energy can be conserved and voltages improved / regulated.
Commission's views: The reply furnished by the GESCOM is noted.	
61. GESCOM has not indicated the measures taken to increase the efficiency of functioning system of GESCOM.	GESCOM submitted that: <ul style="list-style-type: none"> • 2000 JLMs are recruited to improve service efficiency and they are attending line faults efficiently; • 34 people have been recruited in customer care centers to prevent call drops and improve customer satisfaction; • 56 number of 24*7 vehicles are given to address sub-divisions operational constraints and outages; • IT cell is created in corporate office to address IT related issues; • Energy audit is created exclusively for monitoring energy audit; • IP set feeders are bifurcated to improve the quality of power supply;
Commission's views: The reply furnished by the GESCOM is noted.	
62. A penalty of Rs. One lakh may be imposed on SEs who have not conducted CIM in their respective O&M sub-division for each instance of non-compliance.	The SE (elec.) O&M circle kalaburagi has conducted consumer interaction meetings in O&M sub-division once in three months and 3 rd Saturday of every month AEE and EE have conducted the meetings.
Commission's views: The reply furnished by the GESCOM is noted.	
63. GESCOM has spent Rs. 2.24 Crores as against an approved value of Rs. 0.50 Crores towards Consumer Education.	GESCOM has submitted that total revenue budget allotted towards consumer education is 50 lakhs out of which 46 lakhs is allotted to O&M division and 4 Lakhs is retained with the Corporate Office. Further, GESCOM in its reply, has submitted the allocation of budget grant division-wise along with the usage of funds under

	proposed activities in a tabular format.
Commission's views: The reply furnished by the GESCOM is noted.	
64. Software companies should be brought under commercial tariff.	GESCOM abides by the Order of the Commission.
Commission's views: IT, BT & IT enabled companies are classified under industrial category on the basis of a policy by the Government. For availing this benefit the above companies have to produce necessary certificate from the Government. In the normal course all office establishments are treated as commercial consumers and charged commercial tariff.	