

## **Mangalore Electricity Supply Company Limited**

### REPLIES TO PRELIMINARY OBSERVATIONS

(KERC Letter No.B/03/20/973/Dt.14-12-2020)

#### **1. Observations on Sales:**

A. Sales – Other than IP sets [page No.1 to 2 in the preliminary observations]:

1. Annual Performance Review for FY20:

- a. As Hon'ble Commission observed, it is true that there is increase in energy sales of 90.69 MU in LT categories and 49.07 MU in HT categories in FY-20 in comparison to energy sales approved in Tariff Order 2019.
- b. Hon'ble Commission has observed that the major categories contributing to the increase in sales with respect to the estimate are LT-2a, LT-4a, HT-2a & HT-3 categories and directed MESCO to analyze for the increase in sales in these categories with a view to promote & increase the energy sales.

In this regard it is to be submitted that, it is true that in comparison to energy sales approved in Tariff Order 2019 LT-2a, LT-4a, HT-2a & HT-3 categories are major contributors.

**LT-2a:** When compared to the past five years data, average consumption per month / installation is almost identical and is in the range of 73 units to 77 units only. It indicates that the increase in sales is in commensurate with the increase in load (addition of installations) only.

Year-on-year comparison of average consumption per month / installation is indicated below;

	FY-16	FY-17	FY-18	FY-19	FY-20
Increase in number of installations	44240	46468	37738	57116	44988
Consumption per month	75 units	74 units	75 units	73 units	77 units

**LT-4a:** In fact when compared to the past four years data, specific consumption per annum is declining. The observed increase in energy consumption is due to addition of installations.

Year-on-year comparison of specific consumption per annum is indicated below;

	FY-17	FY-18	FY-19	FY-20
Increase in number of installations	12958	14924	20134	18295
Specific Consumption per annum	5720 units	5565 units	5159 units	5156 units

**HT-2a:** When compared to approved energy sales of 606.33 MU for FY-20, the increase is about 4.76%. In fact, the actual increase in energy sales compared to FY-19, it is 1.67% only. It is identical growth with the increase in load only.

**HT-3:** In FY-20, five lift irrigation installations are serviced and among this one major installation at Kadur has been serviced with a load of 66048 HP. Due to this addition of load, increased consumption in FY-20 has been resulted.

- c. As desired by the Hon'ble Commission, it is to be submitted that MESCOM has allowed / handled 331.15 MU of Wheeled energy and 76.94MU of open access during FY-20.

## 2. Category wise sales FY22 :

### a. Data inconsistency [page No.2 to 3 in the preliminary observations]

1. Hon'ble Commission has observed that category wise actual sales for some of the categories indicated for FY-19 is not the same as approved by the Commission at page No.47 & 48 and D-2 format of the filing.

In this regard, it is to be submitted that the differences are noticed in respect of the following categories.

**LT-4a:** In the Tariff Order 2020, Hon'ble Commission has considered the energy sales for the category as 1477.50 MU duly excluding the disallowed energy sales quantum of 153.40 MU while MESCOM has considered the actual sales of 1630.90 MU as per accounts.

**LT-4b&c and LT-5:** In this category the difference noticed is 0.01 MU.

Accordingly, the difference has been reconciled in respect of LT-4b&c and LT-5 categories and revised table for page No.47 & 48 for FY-19 is enclosed as **Annexure-P1.**

2. Hon'ble Commission has observed that total for LT category and grand total for energy sales for FY-20 at page No.47 & 48 is not tallying with D-2 format.

In this regard, the difference has been reconciled and revised table for page No.47 & 48 is enclosed as **Annexure-P1.**

3. Hon'ble Commission has observed that energy sales indicated in page No.117 and page No.118 for FY-20 and FY-22 are not the same as approved in Tariff Order 2019 and directed to reconcile the same.

In this regard, the difference has been reconciled and revised table for page No.117 & 118 is enclosed as **Annexure-P2.**

4. Hon'ble Commission has observed that the category wise revised sales indicated at page No.117 for FY-21 does not tally with that of D-2 format.

In this regard, the difference has been reconciled and revised table for page No.117 and D-2 format is enclosed as **Annexure-P2.**

**b. Sales Forecast for FY22 [page No.3 to 6 in the preliminary observations]:**

- i. Hon'ble Commission has observed that there is year-on-year decrease in number of installations in respect of LT-1 (BJ/KJ) category. Hence, requested to consider revising the number of

installations and sales besides analyzing the reasons for the reduction in number of installations.

In this regard it is to be submitted that, the reduction in number of installations is due to the fact that some consumers are switching over to LT-2a category and some of the installations resorting to permanent disconnection. However, it may not be appropriate to estimate the reduction of installations based on the past data as the same trend may not continue. It is therefore, MESCOM has maintained the actual number of installations and energy sales of FY-20 for FY-21 and FY-22 also. Hon'ble Commission is requested to consider the same.

- ii. Hon'ble Commission has observed that in respect of LT-6(b) category 3 year CAGR is positive for number of installations and negative for energy sales, for projection MESCOM has estimated the increased number of installation but energy sales has been kept at FY-20 level without any increase.

In this regard, it is to be submitted since FY-17 the energy sales in respect of LT-6b category (public lighting) are almost in the same level in spite of increase in number of installations. This is due to the reasons that majority of the high mast lamps are being replaced with LED lights and new installations are being serviced with LED lights only. Hence, MESCOM has estimated the increased number of installation but energy sales has been kept at FY-20 level without any increase.

- iii. Hon'ble Commission has observed that in case of LT-7 though CAGR is positive for both installations and energy sales, MESCOM has not adopted the same.

In this regard, it is to be submitted that considering the temporary nature of supply, MESCOM has not considered to project increase in number of installations and energy sales. Hence, maintained the actuals of FY-20 for FY-21 and FY-22.

- iv. Hon'ble Commission has observed that in respect of HT-2c category growth rate is positive for number of installations and negative for energy sales and directed MESCOM to analyze the reasons for decrease in sales in spite of growth in the number of installations.

In this regard, it is to be submitted that ten installations pertaining to hospital and educational institutions are sourcing energy from wheeling & banking arrangement. This is one of the reasons for decrease in consumption under this category. However, MESCOM will initiate installation wise analysis and apprise the Hon'ble Commission.

- v. Hon'ble Commission has observed that in respect of HT-3 category though growth rate is positive for both number of installations and energy sales, MESCOM has retained the actuals of FY-20 for FY-21 and FY-22 also.

In this regard, it is to be submitted that in FY-20 five lift irrigation installations are serviced and among this one major installation at Kadur has been serviced with a load of 66048 HP. Due to this addition of load, increased consumption in FY-20 has been resulted. For two years i.e., FY-18 and FY-19, there is no addition of installations under this category. Hence, MESCOM has not projected any increase for the category for both number of installations and energy sales.

- vi. Hon'ble Commission has observed that at page No.110 para 5.1.18 reference is made to HT-2c instead of HT-4 and at page No.112 para 5.1.19 reference is made to LT-7 instead of HT-5.

In this regard, the corrected page No. 110 and page No.112 is enclosed as **Annexure-P3**.

- vii. Hon'ble Commission has observed that though MESCOM has retained the actual number of installations existing at the end of Sep-2020 for FY-21.

In this regard, it is to be submitted that MESCOM has applied the CAGR of 4.89% on the actuals of FY-20 i.e., 60 installations for estimating the number of installations which has resulted in 63 numbers for FY-21 and 66 numbers for FY-22.

- viii. Hon'ble Commission has observed that the growth rate considered for estimating the number of installations for HT-1, HT-2b, HT-2c, HT-3 and HT-4 is lower.

In this regard, it is to be submitted that compared to 5 year CAGR and growth rate in FY-20 over FY-19 MESCOM has felt that 3 year CAGR is appropriate for these categories and accordingly applied the same.

- ix. Hon'ble Commission has observed that the growth rate considered for estimating the energy sales for LT-2b, LT-3, LT-5, HT-2a, HT-2b and HT-2c are higher.

In this regard, it is to be submitted that on analyzing 5 year CAGR, 3 year CAGR and growth rate in FY-20 over FY-19, MESCOM has considered it appropriate to apply 3 year CAGR for LT-2b, LT-3, LT-5 categories and growth rate in FY-20 over FY-19 for HT-2a, HT-2b categories and accordingly applied the same.

**B. Sales to IP sets:**

**1. Sales for FY20 [page No.6 to 8 in the preliminary observations]:**

- a. b. & c. Hon'ble Commission has noted that there is an increase in the specific consumption by 482 units per IP set per annum for FY20 as compared to the approved sales for FY-19.

In FY-20, the number of IP installations has been increased by 5.60% when compared to FY-19. Whereas the consumption increase is 6.01% when compared to FY19 which is justifiable.

There is an increase of 5.60% of IP installations when compared to FY-19. Hence there is an increase in the sales of IP sets and also increase is due to the existence of unauthorized IP sets in the network. Further due to seasonal variation and differences in hours of power supplied the increase in specific consumption by 73.90 units /IP/annum and the total increase in sales by 59.76 MU may be considered.

- d. e. & f. Regarding GPS survey it is to be submitted that in the letter dated 12-10-2020 Hon'ble Commission has been apprised off the position of GPS survey in MESCOM and requested the Hon'ble Commission to approve the assessment of IP consumption made for the year 2019-20 which is based on the number of IP installations reflected in the DCB as at the end of 31-03-2020. As such, it is earnestly requested to consider the assessment made by MESCOM for FY-20 as sought in the filing.

The latest position of GPS survey as at the end of 31-03-2020 and 30-11-2020 is furnished in **Annexure-P4**.

- g. Commission had approved specific consumption of IP sets as 4674units/installation/annum for FY-19. Whereas MESCOM made an IP sets assessment of 5156 units/installation/annum, i.e., 430 units/month/installation. By considering average 4HP connected load/IP and 7 hours of power supply per day by considering 270 days, the consumption works out to be 5640 units/installation/annum. Hence the given consumption is justifiable. Further, there is decrease in specific consumption per IP per annum over the previous year's i.e., FY-18 and FY-19.

The month wise percentage of predominantly feeding DTCs with more than 2500 Unit/ IP consumption in FY20 is as below:

Month	Total No of DTCs considered for IP assessment	No of DTCs with more than 2500 U/IP consumption	% of DTCs with more than 2500U/IP consumption
Apr-19	798	63	7.9
May-19	833	31	3.7
Jun-19	888	39	4.4
Jul-19	898	11	1.2
Aug-19	975	4	0.4
Sep-19	1256	2	0.2
Oct-19	1320	0	0.0
Nov-19	1342	1	0.1
Dec-19	1384	5	0.4
Jan-20	1431	29	2.0
Feb-20	1422	25	1.8
Mar-20	1411	41	2.9

Further, it is to be submitted that MESCOM is analyzing the data in detail for taking remedial measures.

- h. As at the end of March-20, there were 1411 predominantly feeding DTCs in working out of 1562 existing predominantly feeding DTCs. As at the end of September -20 there are 1569 number of predominantly feeding DTCs existing in the network.

Actual DTCs readings have been considered for assessment of IP sets consumption. The variation in the number of pilot DTC meters in IP calculation is due to omission of number of pilot DTC meters which are faulty/no display/ IP not in use (seasonal) or having abnormal /subnormal per IP consumption. Further the faulty meters which are found during meter reading are being replaced. Instructions to all field officers have been given to verify/ rectify all the technical parameters such as proper multiplying constant, CT/PT functioning etc., in order to eliminate abnormal/subnormal consumption of IP sets.



- i. Regarding status of bifurcation of agricultural feeders, it is to be submitted that MESCOM has taken up feeder segregation works in Shivamogga district covering Shivamogga, Bhadravathi, Soraba and Shikaripura taluks and in Chikkamagaluru district covering Kadur, Ajjampura and Tariker taluks under DDUGJY scheme.

At present, the said works are under progress. Hence, action will be taken to assess the sales to IP set installations based on the energy meter readings after completion of the feeder segregation works.

- j. As desired by the Hon'ble Commission, details of division wise hours of 3 phase power supplied during FY-20 and FY-21 (upto Sep-2020) are furnished below;

Sl.No.	Division	No of hours of power supply provided to Rural feeders (in FY-20)
1	Mangaluru	23:19
2	Kavoor	23:22
3	Puttur	16:03
4	Bantwal	22:16
5	Udupi	22:51
6	Kundapura	22:46
7	Shivamogga	14:30
8	Bhadravathi	13:10
9	Sagar	15:42
10	Shikaripura	7:05
11	Chikkamagaluru	12:00
12	Kadur	9:13
13	Koppa	16:41

Sl.No.	Division	No of hours of power supply provided to Rural feeders (in FY-21 (upto Sep-2020))
1	Mangaluru	23:16
2	Kavoor	23:20
3	Puttur	19:27
4	Bantwal	22:13
5	Udupi	22:48
6	Kundapura	22:34
7	Shivamogga	15:25
8	Bhadravathi	13:08
9	Sagar	17:52
10	Shikaripura	7:01
11	Chikkamagaluru	10:13
12	Kadur	9:38
13	Koppa	17:32

2. Projected sales to IP sets for FY22 [page No.8 to 9 in the preliminary observations]:

- i. & ii. Hon'ble Commission observed that MESCO has not considered the actual number of LT-4a installations added during the period April-2020 to Sep-2020 while projecting the number of installations for FY-22. Instead, MESCO has considered the number of IP installations added during FY-20 directly.

In this regard it is to be submitted that MESCO has expected that almost same number of installations as had added during FY-20 will be added to the system in the years FY-21 and FY-22. Accordingly, projected the number of installations for FY-21 and FY-22 duly considering the actual additions in FY-20.

- iii. As desired by the Hon'ble Commission, month wise breakup of IP set consumption for the FY-21 till September-2020 is as given below:

Sl. No	Month	Number of good pilot meters at DTC	Number of IP sets connected to Pilot meters	Consumption of monitored IP sets in KWH	No of IP sets as per DCB	Total assessed Consumption in MU
1	April	1434	14171	12139034	345598	297.47
2	May	1446	14369	10792160	346715	255.38
3	June	1405	14066	5862385	348016	144.82
4	July	1385	13688	3492288	349088	72.58
5	Aug	1354	13116	3017558	350311	73.62
6	Sep	1382	13552	2150301	352138	50.11
	<b>Total</b>			<b>37453728</b>		<b>893.98</b>

- iv. Hon'ble Commission has observed that MESCO while making projections for FY-22 has considered the specific consumption arrived on the data of actual sales instead of considering the Commission approved sales.

In this regard, it is to be submitted that the approved sales are estimated sales. Hence, MESCO has projected the energy sales for the category on the basis of actuals of FY-20.

- v. Position of GPS survey as at the end of Mar-2020 and Nov-2020 is furnished in **Annexure-P4**.

C. Validation of Sales [page No.9 to 11 in the preliminary observations]:

- i. No. of installations:

Category	2018-19 Actuals		2019-20 Actuals		2020-21	
	As on 30th Nov, 2018	As on 31st March, 2019	As on 30th Nov, 2019	As on 31st March, 2020	As on 30th Nov, 2020 Actuals	As on 31st March, 2021 (Estimate)
LT-2a	1524712	1547297	1582197	1592285	1613733	1641933
LT-2b	3479	3514	3577	3590	3611	3674
LT-3	209955	212399	217685	220417	224050	228558
LT-4b	167	162	164	165	162	165
LT-4c	4174	4311	4619	4713	4788	5177
LT-5	30746	31174	31940	32311	32986	33579
LT-6 Ws	15249	15391	15808	16005	16426	16864
LT-6 St Lgt	21523	21621	24148	24668	25809	26600
LT-7	15074	17096	16834	17638	17333	17638
HT-1	103	104	109	112	117	121
HT-2(a)	878	891	933	951	973	1015
HT-2(b)	725	735	768	789	793	847
HT-2C	285	292	301	303	313	303
HT3(a)&(b)	28	28	31	33	33	33
HT-4	56	55	59	60	64	63
HT-5	17	17	18	16	18	16
<b>Sub Total (Other than BJ/KJ and IP)</b>	<b>1827171</b>	<b>1855087</b>	<b>1899191</b>	<b>1914056</b>	<b>1941209</b>	<b>1976586</b>
BJKJ<=18/40 Units	170369	175524	166812	169140	156808	169140
<=18/40 Units	17605	12480	20228	15103	25109	15103
IP	317142	326187	338826	344482	353467	362777
<b>Sub Total (BJ/KJ and IP)</b>	<b>505116</b>	<b>514191</b>	<b>525866</b>	<b>528725</b>	<b>535384</b>	<b>547020</b>
<b>Grand Total</b>	<b>2332287</b>	<b>2369278</b>	<b>2425057</b>	<b>2442781</b>	<b>2476593</b>	<b>2523606</b>

ii. Energy Sales (in MU):

Category	2018-19 Actuals		2019-20 Actuals		2020-21	
	1st April 2018 to 30th Nov 2018	1st Dec 2018 to 31st March, 2019	1st April 2019 to 30th Nov 2019	1st Dec 2019 to 31st March, 2020	1st April 2020 to 30th Nov 2020(Actual)	1st Dec 2020 to 31st March, 2021 (Estimate)
LT-2a	926.14	438.72	991.08	476.37	1032.28	497.64
LT-2b	8.86	4.76	9.46	5.40	4.82	2.94
LT-3	246.18	124.12	262.09	131.73	217.33	100.57
LT-4b	0.46	0.39	0.47	0.41	0.55	0.33
LT-4c	2.93	3.98	4.23	3.85	5.18	3.47
LT-5	87.09	46.86	88.57	48.31	76.33	34.95
LT-6 Ws	80.02	43.00	84.72	47.25	95.26	40.76
LT-6 St Lgt	44.70	25.12	43.48	22.99	42.46	24.01
LT-7	13.69	6.72	13.27	6.74	11.36	8.65
HT-1	64.57	33.24	61.88	33.83	66.72	32.30
HT-2(a)	448.68	218.02	439.36	252.72	368.42	134.06
HT-2(b)	136.14	64.29	138.20	67.52	85.04	31.09
HT-2C	99.29	45.29	95.38	44.49	55.78	18.35
HT3(a)&(b)	28.61	12.59	30.25	39.43	47.57	22.11
HT-4	13.59	6.83	14.78	7.02	13.54	9.34
HT-5	1.03	0.70	1.92	1.48	1.35	2.05
<b>Sub Total (Other than BJ/KJ and IP)</b>	<b>2201.98</b>	<b>1074.63</b>	<b>2279.14</b>	<b>1189.54</b>	<b>2123.99</b>	<b>962.62</b>
BJKJ<=18/40 Units	24.93	12.36	23.20	11.45	23.19	11.46
<=18/40 Units	8.53	3.55	10.47	4.44	13.51	1.40
IP	855.75	775.15	1052.08	676.84	997.39	825.92
<b>Sub Total (BJ/KJ and IP)</b>	<b>889.21</b>	<b>791.06</b>	<b>1085.75</b>	<b>692.73</b>	<b>1034.09</b>	<b>838.78</b>
<b>Grand Total</b>	<b>3091.19</b>	<b>1865.69</b>	<b>3364.89</b>	<b>1882.27</b>	<b>3158.08</b>	<b>1801.40</b>

2. MESCOM Capex:

A. APR FY20 [page No.11 to 12 in the preliminary observations]:

- i. Details of capital expenditure incurred has been furnished FY-20 is furnished in page No.72 & 73 in the filing.
- ii. Capex details furnished in **Annexure-4Pa** in the prescribed format.
- iii. Work wise details of E&I works furnished in **Annexure-P5**.
- iv. Division wise details of pump sets energized under Ganga Kalyana , SCSP-TSP schemes, amount spent, amount of capital grants received from the GOK and balance amount to be received from the GOK is enclosed in the **Annexure-P6**. Continuous reconciliation is being done with corporations and corporations are being requested to release the balance due energization amount to MESCOM.

- v. Funds for capital works are being sourced from borrowings from commercial banks.
- vi. Capacity wise details of replacement of failed transformers is furnished in **Annexure-6a**.
- vii. Model sub division works in Attavara sub division of Mangaluru O&M division and City Sub division of Shivamogga O&M division under rate contracts for the period fo two years on total turnkey basis has been awarded on 18-07-2018 for a total cost of Rs.141.54 Cr and Rs.71.25 Cr, respectively. Funds for the scheme are from borrowings from commercial banks.

Further, the works under this project are under progress and evaluation of benefits will be done after completion of the works as compared to the envisaged benefits.

- viii. As desired by the Hon'ble Commission, the details of scheme works in respect of DDUGVY and IPDS are furnished in **Annexure-P7**.
  - ix. Division wise infrastructure provided to the regularized UNIP up to FY-20 and upto Nov-20 is enclosed in the **annexure-P8**.
  - x. The break up details of scheme works are furnished in **Annexure-P9** in the prescribed formats.
- B. MESCOM Capex proposal for FY22 [page No.12 to 15 in the preliminary observations]: Details of proposed works for FY-22 under different categories are furnished in **Annexure-P10**.
- **Physical and financial progress in resepect of the schemes taken up by MESCOM for FY-20:** Furnished in the **Annexure-P9** in the prescribed format.

- **Year-wise break up of no. of works completed and corresponding expenditure incurred form the first year of inception of the scheme to till FY20:** Furnished in the **Annexure-P9** in the prescribed format.
- **Year-wise break up of no. of balance works that will complete and corresponding expenditure for completion of balance works of the scheme from FY21 onwards:** Furnished in the **Annexure-P9** in the prescribed format.
- **Break up of actual capital expenditure:** Furnished in the **Annexure-P6a** in the prescribed format.

3. RPO Compliance [page No.15 to 17 in the preliminary observations]:

As observed by the Hon'ble Commission RPO compliance is furnished in the following format.

a. Non-solar RPO compliance for FY-20 :

Sl. No.	Particulars	Quantum In MU	Cost Rs.in Cr
1.	Total power purchase quantum from all sources excluding Hydro-energy	4220.06	2756.80
2.	Non-Solar RE purchased under PPA route at Generic Tariff including Non-Solar RE purchased from KPCL	745.93	280.78
3.	Non-solar short term purchase from RE sources, excluding Sec-11 purchase.	-	-
4.	Non-solar short term purchase from RE sources, under Sec-11.	-	-
5.	Non-Solar RE purchased at APPC	-	-
6.	Non-Solar RE (Green Energy) sold to consumers	-	-
7.	Non-Solar RE purchased from other ESCOMs	-	-
8.	Non-Solar RE sold to other ESCOMs	-	-
9.	Banked non-solar RE purchased @ 85% of Generic Tariff.	1.06(*)	0.21(*)
10.	Total Non-Solar RE Purchased [2+3+4+5+7+9]	746.99	280.99
11.	Non-Solar RE accounted for the purpose of RPO [10-5-6-8]	746.99	280.99
12.	<b>Non-Solar RPO complied in % [11/1]*100</b>	<b>17.70%</b>	

Non-Solar RPO Target for FY-20 in %	13.00%
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(\*) includes purchase of banked mini hydel & wind energy as below.

Mini Hydel : 0.36 MU (Rs.0.12 Cr)

Wind Mill : 0.32 MU (Rs.0.09 Cr)

**Total : 0.68 MU (Rs.0.21 Cr)**

b. Solar RPO compliance for FY-20.:

Sl. No.	Particulars	Quantum In MU	Cost Rs.in Cr
1.	Total power purchase quantum from all sources excluding Hydro-energy	4220.06	2756.80
2.	Solar energy purchased under PPA route at Generic Tariff including Solar energy purchased from KPCL	724.19	342.89
3.	Solar energy purchase under short term, excluding Sec-11 purchase.	-	-
4.	Solar short term purchase from RE under, under Sec-11.	-	-
5.	Solar purchased under APPC	-	-
6.	Solar energy pertaining to Green Energy sold to consumers under green tariff.	-	-
7.	Solar energy purchased from other ESCOMs	-	-
8.	Solar energy sold to other ESCOMs	-	-
9.	Solar energy purchased from NTPC (others) as bundled power	-	-
10.	Banked Solar energy purchased @ 85% of Generic Tariff.	0.38	0.10
11.	Total Solar energy Purchased [2+3+4+5+7+9+10]	724.57	342.99
12.	Solar energy accounted for the purpose of RPO [11-5-6-8]	724.57	342.99
13.	<b>Solar RPO complied in % [12/1]*100</b>	<b>17.17%</b>	

	Solar RPO Target for FY-20 in %	7.25%	
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Further, for FY-21 MESCOM has estimated the RPO compliance position as indicated below;

Sl. No.	Particulars	Quantum In MU
1.	Total power purchase quantum from all sources excluding Hydro-energy	5000.11
2.	Solar energy purchases	659.17
3.	Non-solar energy purchases (mini hydel & wind)	604.81
4.	<b>Solar RPO Target</b>	<b>8.50%</b>
4a.	Estimated Solar RPO compliance	13.18%
5	<b>Non-Solar RPO Target</b>	<b>13.00%</b>
5a	Estimated Non-Solar compliance	12.10%

As can be noticed from the above table, there may be a shortfall of about 0.90% in respect of Non-Solar RPO compliance. MESCOM will meet the shortfall by setting off the excess solar RPO compliance available in FY-21.

4. Wheeling Charges for FY22 [page No.17 to 18 in the preliminary observations]:

Regarding impact of banked energy, it is to be submitted that in MESCOM jurisdiction the banked energy for the year 2019-20 is 7,39,345 units and the liability for MESCOM is Rs.21,98,603/- considering 85% of the Generic Tariff.

Further, MESCOM has submitted concurrence for KERC circulated discussion paper on wheeling charges and banking facility for renewable energy power projects dated 24.08.2020.

5. Power Purchases:

i. APR for FY20 [page No.18 to 19 in the preliminary observations]:

a. Regarding per unit cost of Rs.9.86 / unit in respect of BTPS-1 generation unit, it is to be submitted that there was no generation in the months from Jul-2019 to Dec-2019 and Mar-2020. The details are indicated in the below table;

Month	Generation (MU)	Capacity Charges (Rs.in Cr)	Energy Charges (Rs.in Cr)	Total (Rs.in Cr)
Apr-2019	12.87	2.05	5.24	7.29
May-2019	12.89	2.05	5.31	7.36
Jun-2019	6.79	2.05	2.81	4.86
Jul-2019	0	2.06	0	2.06
Aug-2019	0	2.05	0	2.05
Sep-2019	0	2.05	0	2.05
Oct-2019	0	2.05	0	2.05
Nov-2019	0	2.06	0	2.06
Dec-2019	0	2.05	0	2.05
Jan-2020	3.09	2.05	1.34	3.39
Feb-2020	7.56	2.05	3.27	5.32
Mar-2020	0	2.06	0	2.06
Total	43.2	24.63	17.97	42.60



- b. As desired by the Hon'ble Commission month wise energy traded in IEX in FY-20 is furnished below;

Month	Karnataka Share (MU)	MESCOM share in %	MESCOM Share Energy (MU)
May-19	24111093	8.339	2010624
Jun-19	21432125	8.339	1787225
Jul-19	111833470	8.339	9325793
Aug-19	373002300	8.339	31104662
Sep-19	209394763	8.339	17461429
Oct-19	266255220	8.339	22203023
Nov-19	248973448	8.339	20761896
Dec-19	92286365	8.339	7695760
Jan-20	14059828	8.339	1172449
Feb-20	14912090	8.339	1243519
Mar-20	6239950	8.339	520349
<b>Total</b>			<b>115286729</b>
<b>Total Energy in MU</b>			<b>115.29</b>

- c. Regarding the PGCIL charges it is to be submitted that as per the Bakshi Committee report and other relevant factors, Hon'ble CERC has notified the CERC (Sharing of Inter State Transmission charges & Losses) Regulations, 2020 on 04-05-2020. This regulation has been given effect from 01-11-2020. The financial implication will be come to a picture in the bill for the month of Jan-2021.
- d. Source wise consolidated energy reconciliation statement with SLDC for FY-20 is enclosed as **Annexure-P11**.
- e. Plant wise details of energy utilized / un-utilized is enclosed as **Annexure-P12**.
- ii. Power Purchase for FY22 (ARR) [page No.19 to 20 in the preliminary observations]:
- a. MESCOM has furnished the details relating to source wise power availability and cost for the year FY-22 in Annexure-7 of the filing.

- b. Energy balancing figure of 682.63 MU indicated in D-1 statement for the year FY-22 is only the adjustment among the ESCOMs after allocating the power as per Government Order dated 08-05-2020.
- c. Source wise power purchase cost for FY-21 (upto Octobe-2020) is furnished in **Annexure-13**.
- d. The basis for computation reckoning the fixed cost and variable charges in respect of each of the generating stations for FY-22 is detailed in Annexure-7 of the filing.
- e. The basis for considering fixed cost and variable cost in respect of BTPS unit-3, YTPS units are furnished in Anenxure-7 of the filing.
- f. Source wise capacity and quantum of energy to be procured in FY-22 from RE projects is furnished below;

SL	RE Sources	Commissioned Capacity In MW	Forecasted Energy (in MU)
1	Wind	149.35	238.15
2	Hydro	218.18	359.55
3	Co-Gen	52.71	134.75
6	Solar MW Projects	381.00	699.77

- g. Details for forecasting of RE energy is furnished in Anenxure-7 of the filing.
- h. In respect of MSEZ, MESCOM has considered the energy quantum of 60.36 MU as approved in Tariff Order 2019 for FY-22.

6. MESCOM Distribution Losses:

a. Distribution Loss for FY20 [page No.20 to 21 in the preliminary observations]::

1. Distribution loss of MESCOM for the year 2020-21 (Upto Nov-2020) (PROVISIONAL) are furnished below;

Name of the Division	Input Energy in (MU)	Energy Sold in (MU)	Energy loss in (MU)	Distribution losses
Mangaluru	394.91	377.24	17.67	4.47%
Kavoor	427.54	407.16	20.38	4.77%
Puttur	201.90	187.64	14.25	7.06%
Bantwala	345.22	308.16	37.06	10.74%
Udupi	394.30	362.47	31.82	8.07%
Kundapura	169.69	155.11	14.58	8.59%
Shivamogga	331.14	298.77	32.37	9.78%
Bhadravathi	157.60	145.71	11.89	7.54%
Sagar	220.80	189.52	31.28	14.17%
Shikaripura	290.26	251.98	38.28	13.19%
Chikkamagaluru	149.75	130.91	18.84	12.58%
Koppa	68.34	57.27	11.07	16.20%
Kadur	359.65	290.69	68.96	19.17%
<b>TOTAL</b>	<b>3511.1</b>	<b>3162.63</b>	<b>348.45</b>	<b>9.92%</b>

2. As per CEA guidelines vide letter No -CEA-GO-17(11)/1/2018/DP&R Div/408-530 dated 08.08.2018, open access and wheeled energy is not being considered for computing AT&C loss. Hence, while calculating distribution loss for FY-20 open access and wheeled energy is also not being considered.

However, it is to be submitted that MESCOM has allowed / handled 331.15 MU of Wheeled energy and 76.94MU of open access during FY-20.

3. Hon'ble Commission has observed that MESCOM has indicated a transmission loss of 5.193% as against 3.162% claimed by KPTCL for FY-20.

In this regard, it is to submitted that 5.193% loss indicated as 'transmission loss' is not actually the transmission loss. It is the difference between the energy at interface point and quantum of energy for which payment has been made by MESCOM in FY-20. In fact, it is the scheduled energy for which MESCOM has released the payment.

b. Distribution Loss for FY22 [page No.21 to 22 in the preliminary observations]:

1. MESCOMs initiative is to provide quality and reliable power to all its consumers along with decreasing energy loss in the system. The Capital Expenditure incurred will reflect not only in reducing the losses but also providing quality and reliable power supply to its connected consumers. As the number of consumers increases in the network, necessitates in augmenting existing distribution network too. As the loss level is at the lower side, further reduction needs huge capital investments to reduce the losses. **Hence, the proposed revised Distribution Loss of 10.17% for FY 21 and 10.15% for FY 22 may kindly be considered.**

2. MESCOM's action plan for reduction of distribution losses;

- Various system improvements works like re-conducting of HT/LT lines, bifurcation of feeders, construction of link lines, addition of Distribution Transformers etc.
- Procurement and installation of 4 Star and 5 Star rated energy efficiency Distribution Transformers.
- Replacement of old/mechanical meters by static meters is being carried out to reduce the losses. 100 % metering of installations.
- Periodical maintenance on distribution lines and DT centers is also being carried out regularly.
- Replacement of overhead lines by UG cables in City Corporation Areas.
- Stringent Vigilance Activities to curb theft of electricity.

7. Observation on Other Items of ARR:

A. APR for FY20 [page No.22 to 23 in the preliminary observations]:

1. As desired by the Hon'ble Commission sanctioned, working and vacancy position in respect of C&D cadres as on 31-03-2020 is furnished below;

Sl.No	Cadre	Sanction	Working	Vacant
1	Junior Engi (E)	308	252	56
2	Junior Engi (TCD)	1	1	0
3	Junior Eng. (Civil)	9	7	2
4	Sr. Mechanic (O&M)	22	16	6
5	Sr. Maistry (Stores)	1	0	1
6	Overseer (O&M)	229	203	26

7	Operator (TCD)	4	4	0
8	Operators (STN)	140	55	85
9	Meter Readers	296	206	90
10	Junior Meter Reader	149	18	131
11	Mechanic G-1 (O&M)	64	49	15
12	Mechanic G-1 (TCD)	1	1	0
13	Mechanic G-1 (MT)	6	3	3
14	Mech G-1 (Stn.)	2	0	2
15	Mech cum Mechanist	0	0	0
16	Store Maistry G-1	2	1	1
17	Line Mech G-2 (O&M)	582	487	95
18	Line Mech G-2 (MRT)	1	0	1
19	Mechnic G-2 (MT)	28	2	26
20	Mech G-2 (TCD) (ITC)	6	1	5
21	Mechnic G-2 (STN)	36	4	32
22	Mechnic G-2 (TC)	0	0	0
23	Fitter cum Mechnic	0	0	0
24	Maistry G-2 (Strores)	4	3	1
25	Welder G-2	0	0	0
26	Carpenter G-2	1	1	0
27	Store keeper G-2	13	12	1
28	Asst. Store keeper	11	11	0
29	Special Gr. Driver	1	1	0
30	Driver G-1	7	7	0
31	Driver G-2	72	22	50
32	Sr. Asst's.	147	112	35
33	Assistants	339	272	67
34	Assistant (Supernumerary)	13	13	0
35	Jr. Personal Asst.	7	1	6
36	Jr. Assistants	274	226	48
37	Junior Assistant (Supernumerary)	18	18	0
38	Sr. Gr-Typist	3	3	0
39	Typists	10	6	4
40	Dafedar	1	1	0
41	Mech G-1 (Stn.) Supernumery Post	0	0	0
42	Head Constable on Deputation	4	4	0
43	Police Constable on Deputation	12	9	3
<b>Total C</b>		<b>2824</b>	<b>2032</b>	<b>792</b>
44	Lineman (O&M)	1379	886	493
45	Station Attendent G-1	31	4	27
46	Attendent G-1 (MT)	12	0	12
47	Attendent G-1 (TCD)	1	0	1
48	Attendent G-1 (Stores)	30	5	25
49	Asst. lineman (O&M)	1421	52	1369
50	Junior Line men (O & M)	2475	1747	728

51	Asst. lineman (Ele. van)	12	0	12
52	Store Helper	52	1	51
53	Mali G-2	8	8	0
54	Attdt G-2 (TLD/MT/RT)	6	0	6
55	Attendent G-2 (Stn)	101	5	96
56	Sanitary worker	58	18	40
57	Store watchman	11	8	3
58	Cleaner	4	1	3
59	Daftary	77	52	25
60	Office Attendent G-1	10	3	7
61	Office Attendent G-2	103	64	39
62	Watchman (Office)	8	5	3
63	Supernumery Post	10	7	3
<b>Total D</b>		<b>5809</b>	<b>2866</b>	<b>2943</b>
Total C and D		8633	4898	3735

It is to be submitted that MESCOM is maintaining the regular and routine works of the company through existing staff by making in charge /additional charge arrangements and to assist the existing staff human resource services are obtained from Out Sourcing Agencies.

The number of persons are working on outsource/on contract basis and remuneration incurred there on during FY – 20 and upto October 2020 is as under:

Sl. No.	Particulars	FY- 20 (as on 31.03.2020)	FY-21 (as on 31.10.2020)
1	No. of persons working on Outsource / contract basis	1218	1230
2	Remuneration incurred	36.19 Crores	27.29 rores

2. Month wise break up of PGCIL charges for FY-20 is furnished below;

Rs.in Cr.

Month	PGCIL Charges (POC & Non POC)	PGCIL (DVC )	PGCIL (VVNL)	TOTAL
Apr-19	13.64	1.23	0.07	14.94
May-19	13.35	1.23	0.07	14.65
Jun-19	13.19	1.23	0.08	14.50
Jul-19	13.49	1.24	0.08	14.81
Aug-19	12.88	1.24	0.07	14.19
Sep-19	12.19	1.24	0.08	13.51
Oct-19	12.94	1.24	0.07	14.25

Nov-19	15.56	1.42	0.07	17.05
Dec-19	16.12	1.42	0.08	17.62
Jan-20	18.19	1.72	0.08	19.99
Feb-20	17.25	1.72	0.11	19.08
Mar-20	17.67	1.72	0.09	19.48
Revision bill for the month of July-2011 to Mar-19	2.44	-	-	2.44
Revision bill for the month of Apr-14 to Mar-2019	13.21	-	-	13.21
Revision bill for the month of July-2011 to Sep-2019	5.01	-	-	5.01
Revision bill for the month of Apr-2014 to Mar-2020	5.31	-	-	5.31
Revision bill for the month of July-17 to Mar-2020	0.06	-	-	0.06
<b>TOTAL</b>	<b>202.50</b>	<b>16.65</b>	<b>0.95</b>	<b>220.10</b>

3. As desired by the Hon'ble Commission, the details of expenditure incurred under the head "Other Professional Charges" are furnished below;

Sl. No.	Nature of expenditure	Amount (in Crs)
1	Ledger account maintenance contract to TRM agency	12.54
2	Remuneration to Private Contractor engaged for shift and minor maintenance duties of stations/MUSS	4.56
3	Remuneration paid to Chartered Accountants for auditing cash & Revenue Accounts	0.10
4	Remuneration paid to Grama Vidhyuth Prathinidhis	2.19
5	Commission paid to private Agencies for collection of electricity bills through ATP machines	3.78
6	Commission paid to Post Offices for collection of electricity bills	0.50
7	Commission paid to "Karnataka One" Agencies for collection of electricity bills	0.41
8	Commission paid to MSTC for sale of scrap	0.11
9	Engaging manpower during maintenance works during monsoon period	10.34
10	Engaging manpower for Office works through Agencies	20.63
11	Engaging manpower for maintenance of Consumer Care Centre	1.72
12	Engaging manpower through Agencies for meter reading works	26.57
13	Engaging manpower through Agencies for station maintenance works	1.23
14	Others	0.11
	<b>Total</b>	<b>84.79</b>

Further, it is to be submitted that "Other professional Charges" is classified under O&M Expenses. Hence, for FY-22 the same has been calculated on normative basis with inflation rate of 10.20% with FY-19 actual expenditure as base. Accordingly, for FY-22 it is projected as Rs.89.68 Cr.

4. As desired by the Hon'ble Commission, the details of expenditure incurred under the head "Vehicle Hire Charges" are furnished below;

Sl. No.	Nature of expenditure	FY-20 (in Cr.)	FY-19 (in Cr.)	Inc. (+)/ Dec. (-)
1	Conveyance expenses	0.01	0.01	0.00
2	Travelling allowance to employees	7.77	5.46	2.31
3	Vehicle running expenses other than store vehicles	1.51	1.34	0.17
4	Vehicle hiring expenses for vehicles hired to stations	2.79	2.58	0.21
5	Vehicle hiring expenses - others	8.53	7.29	1.24
6	Vehicle License, Registration fee and Taxes	0.21	0.13	0.08
	<b>Total</b>	<b>20.82</b>	<b>16.81</b>	<b>4.01</b>

It can be observed from the above table that, the travelling allowance paid to employees has increased by Rs. 2.31 Crs and the vehicle hiring charges has increased by Rs.1.24 Crs when compared to previous year 2018-19. In this regard, as directed by Hon'bel Commission, details of number of vehicles hired for regular employees and service station maintenance are submitted as below:

Sl. No.	Nature of expenditure	FY-20		FY-19	
		No. of vehicles	Amount (in Cr.)	No. of vehicles	Amount (in Cr.)
1	Vehicles hired for stations	55	2.79	55	2.58
2	Vehicles hired for regular employees	176	8.53	165	7.29
	<b>Total</b>	<b>231</b>	<b>11.32</b>	<b>220</b>	<b>9.87</b>

Further, it is to be submitted that "Vehicle Hire Charges" is classified under O&M Expenses. Hence, for FY-22 the same has been calculated on normative basis with inflation rate of 10.20% with FY-19 actual expenditure as base. Accordingly, for FY-22 it is projected as Rs.15.04 Cr.



5. Regarding expenses incurred in FY-20 under the head “Terminal Benefits”, it is to be submitted as below;

Break up expenditure:

Sl. No.	Particulars	Amount (in Cr)
1	Pension contribution in respect of employees appointed prior to 01.04.2006	94.11
2	Gratuity contribution in respect of employees appointed prior to 1.04.2006	6.94
3	Pension contribution in respect of employees appointed after 1.04.2006	23.98
4	Others	0.27
	<b>Total</b>	<b>125.30</b>

Contribution towards Pension and Gratuity payable to KPTCL/ESCOMs Pension & Gratuity Trust in respect of employees appointed prior to 01.04.2006, is being accounted on the formula evolved by the Trust based on the actuarial valuation undertaken by KPTCL/ESCOMs’ Pension & Gratuity Trust. Any revision in contribution due to actuarial valuation by the Trust is accounted in the year of intimation by the Trust.

The liability for the year 2019-20 was accounted for based on the Order No. KEPGT/KCO123/P7/2019-20/CYS-13 Bangalore dated 30th October 2019 of KPTCL/ESCOMs Pension & Gratuity Trust. In the said order the rates of pension and gratuity contributions are revised w.e.f. 01.04.2018. Hence the expenses accounted by the Company in this regard during FY 2019-20 comprise the contribution for FY 2019-20 at revised rates as well as arrears for FY-18 and FY-19. The actuarial valuation of Pension and Gratuity liability for FY 2019-20 was not finalized by the P&G Trust as on the date of finalization of accounts for FY 2019-20. Workings for pension and gratuity contribution payable to the trust during FY -20 in respect of employees appointed prior to 01.04.2006 is enclosed vide **Annexure- P14**.

Further, the employer contribution payable to the Trust in respect of employees appointed after to 01.04.2006 has increased from 10% to 14% w.e.f. 01.04.2019. Workings for pension contribution payable to the trust during FY -20 in respect of employees appointed after 01.04.2006 is enclosed vide **Annexure- P15**.

6. Loan wise details for capital loan for FY-20 to FY-22 are shown in the prescribed format in Annexure-1 of the filing.
7. Regarding working capital loan borrowing of Rs.762.17 Cr proposed for FY-22, it is to be submitted that MESCOM has computed the normative working capital requirement for projecting the normative interest on working capital as per the provisions of MYT regulations. The workings have been shown in page No.130 of the filing. Loan wise details of short term / over draft for FY-20 to FY-22 are shown in the prescribed format in Annexure-1 of the filing.
8. As desired by Hon'ble Commission computation of normative O&M expenses as per MYT norms for FY-20 is indicated below;

**Total O&M Expenses for the base year FY-19:**

1. **Employee Cost:**

Rs.in Cr.

Actual Employee cost incurred in FY-19	392.40
Difference of P&G Trust contribution @ 14.77% (57.30% - 42.53%) pertaining to FY-19 but paid to the Trust in FY-20	18.86
Base data for projecting the employee cost for the years FY-20	411.26

2. Actual R&M Expenses in FY-19: Rs.59.14 Cr.
3. Actual A&G Expenses in FY-29: Rs.106.84 Cr.
4. Thus total O&M Expenses for the base year FY-19: Rs.577.24 Cr.

5. Normative O&M Expenses for FY-20

Rs.in Cr.

Particulars	FY-19	FY-20
Actual Expenses in FY-19	577.24	-
Inflation Index considered in TO-2020	-	3.36%
Weighted Inflation Index TO-2020	-	8.2604%
Efficiency Factor	-	1.00%
Net Growth Rate	-	10.6204%
<b>Expenses projected for the year</b>	-	<b>638.55</b>

B. ARR for FY22 [page No.23 to 27 in the preliminary observations]:

1. Loan wise details for capital loan for FY-20 to FY-22 are shown in the prescribed format in Annexure-1 of the filing.
2. Regarding working capital loan borrowing of Rs.762.17 Cr proposed for FY-22, it is to be submitted that MESCOM has computed the normative working capital requirement for projecting the normative interest on working capital as per the provisions of MYT regulations. The workings have been shown in page No.130 of the filing. Loan wise details of short term / over draft for FY-20 to FY-22 are shown in the prescribed format in Annexure-1 of the filing.
3. MESCOM has adopted the following measures to reduce the interest burden on capital loans.
  - Formulated the CAPEX program on annual basis with the prioritized objectives in the execution of Extension & Improvement of network to ensure quality & reliability of supply, reduction of Distribution Loss and Scheme works of GoK & GoI.
  - Constantly following up of flow of materials through various supplying agencies on time.
  - Mix of turnkey and partial turnkey models adopted for speedy implementation.
  - The targets set for every works to avoid time and cost overrun.
  - The grants from State Government / Ganga Kalyana Corporations are being released for SCP/TSP and Energisation of IP sets under Ganga Kalyana schemes.
  - For the schemes funded by MoP, GoI the financial assistance is being received from central government.
4. Regarding interest rate of 6.50% considered for projecting the payment of interest on consumer security deposits for FY-22, it is to be submitted that for FY-20 the interest rate paid on consumers security deposit was 6.50% the same has been maintained for for FY-22 also.

5. As desired by the Hon'ble Commission slab wise installations and energy sales are furnished in the below table;

Slab	No consumers as on 31.03.2020	Sanctioned Load kw	Sales in MU (April 2019 to March 2020)	Demand in Crores (April 2019 to March 2020)
0-50	1592285	<b>2291928</b>	814.70	427.72
51-100	716528		216.03	139.55
101-150	477686		187.59	151.20
151-200	302534		125.06	100.80
above 200	222920		124.07	116.26
<b>TOTAL</b>	<b>1592285</b>			<b>1467.45</b>

6. Hon'ble Commission has observed that receivable from consumers as at the end of FY-20 stands at Rs.755.76 Cr and directed to furnish reasons for accumulation of revenue receivables.

In this regard, it is to be submitted that total receivables from consumers of Rs.755.76 Cr includes the receivables from RLBs, ULBs, IP arrears pertaining to the period prior to 01-08-2008, MPM, Bhadravathi arrears, from Government departments arrears from BJ/KJ installations for the consumption above 40 units and unbilled revenue accounted for FY-20.

Receivable from RLBs	: Rs. 54 Cr.
Receivable from ULBs	: Rs. 42 Cr.
From Govt. Departments	: Rs. 5 Cr.
Receivable from MPM	: Rs.178 Cr.
IP arrears prior to 01-08-2008	: Rs.117 Cr.
BJ/KJ arrears	: Rs. 22 Cr.
Unbilled revenue accounts	: Rs.221 Cr.
Others	: Rs.117 Cr.
<b>Total</b>	<b>: Rs.639 Cr.</b>

MESCOM is continuously perusing with the concerned authorities for recovery of the accumulated arrears.

8. Hon'ble Commission has sought the details relating to poultry farms, cold storage plants and ice manufacturing plant instalaltions as on 31-03-2020.

In this regard, it is to be submitted that the details are being collected from the field and it will be submitted within a week to the Hon'ble Commission.

9. Basis for considering 'Other Income' for FY-22:

As per the annual accounts for 2019-20, the income under the head 'Other Income' is Rs.112.58 Cr. However, as observed in the Tariff Order 2019, MESCOM has considered *Delayed payment charges from consumers* as tariff income. Further, 'other income' amount includes Rs.25.95 Cr relating to depreciation on the assets created out of Government grants and consumer contribution also. As depreciation on the assets created out of Government grants and consumer contribution is being deducted from the total depreciation, the same has been excluded and taken as 'other income' for the years FY-21 and FY-22.

Rs. in Cr.	
Particulars	FY-20
'Other Income' as per Annual Accounts for 2019-20	112.58
Less: 'Delayed Payment Charges from Consumers'	(39.87)
Less: depreciation on the assets created out of Government grants and consumer contribution	(25.95)
<b>'Other Income' considered for FY-21 &amp; FY-22</b>	<b>46.76</b>

10. Regarding accumulation of balances under the head "work-in-progress", it is to be submitted that MESCOM has endeavored to ensure completion of capital works on time. In this regard, periodical reviews are being taken up with the concerned field staff duly fixing responsibilities. In the coming months the balances under this head will come down to a considerable extent.

11. The new scheme proposed by BESCO for HT-2a, HT-2b and HT-2c consumers has been perused.

The structure of the scheme is understood as below;

- Average consumption of FY-20 will be the base consumption for the installation opted for the scheme.

- The discounted rate of Rs.6/- will be applied only for the consumption over & above the base consumption.
- HT consumers availing this scheme are not eligible for open access (i.e., non-captive wheeling and sourcing energy from energy exchanges)
- ToD tariff will not be applicable during the incentive scheme.

This scheme may be workable for MESCOM as it guarantees the revenue for the minimum consumption.

12. Views of MESCOM on continuation of prevailing Special Incentive Scheme:

(a) In MESCOM there are 201 HT consumers opted for Special Incentive Scheme. The details are as below.

Circle	500 kVA & above	below 500 kVA	Total
Mangaluru Circle	42	38	80
Udupi Circle	17	62	79
Shivamogga Circle	26	13	39
Chikkmagaluru Circle	2	1	3
<b>Total</b>	<b>87</b>	<b>114</b>	<b>201</b>

(b) Data relating 92 installations have been analyzed to assess the financial implication of the scheme. Calculations enclosed as **Annexure-16**.

(c) The findings are as below;

- Average net increase in consumption per month observed in these 92 installations is only 12092 units per month which amounts to 1,45,104 units for the year FY-20.
- Benefits availed by these 92 consumers in FY-20 due to SIS is Rs.5.38 Cr. Please refer Abstract in the **Anneuxre-16**.
- In FY-20, increase in consumption in respect of HT-2a, HT-2b and HT-2c categories is only 1.13% compared to FY-19. Further, RE wheeling consumption is also increasing.

Nature	Source	FY-17	FY-18	FY-19	FY-20
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Captive	Solar	-	3.41	85.80	114.25
	Wind	20.65	18.78	17.16	16.92
	Mini-Hydel	-	-	-	-
	<b>sub-total:</b>	<b>20.65</b>	<b>22.19</b>	<b>102.96</b>	<b>131.17</b>
Group Captive	Solar	-	-	-	-
	Wind	24.12	22.14	30.04	32.41
	Mini-Hydel	-	23.58	35.37	30.80
	<b>sub-total:</b>	<b>24.12</b>	<b>45.72</b>	<b>65.41</b>	<b>63.21</b>
Non-Captive	Solar	2.95	40.63	58.97	82.52
	Wind	30.06	3.03	5.45	26.87
	Mini-Hydel	4.95	11.53	33.27	19.21
	<b>sub-total:</b>	<b>37.96</b>	<b>55.19</b>	<b>97.69</b>	<b>128.60</b>
<b>GRAND TOTAL</b>		<b>82.73</b>	<b>123.10</b>	<b>266.06</b>	<b>322.98</b>

- This analysis is leading to the inference that only the consumers are benefitted from the SIS and MESCOM is not getting compensated for the revenue loss due to the scheme by way of increased energy sales.

(d) Hence, it is of the opinion that the scheme is not workable for MESCOM. In lieu of the prevailing scheme Hon'ble Commission may consider to approve the new scheme proposed by BESCO for the year FY-22.

14. It is to be submitted that MESCOM has submitted its filing dated 30-11-2020 based on provisional accounts for FY-20. As MESCOM has finalized and get audited, the same is enclosed as **Annexure-P17**. Hon'ble Commission is requested to consider the audited accounts for APR for FY-20.

Further, half yearly accounts for FY-21 have already submitted in the filing as Annexure-3.

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