

CHAPTER-5A

BUSINESS PLAN

MESCOM is submitting the Business Plan for the period from FY23 to FY 25 for kind consideration of the Hon'ble Commission.

I. OPERATIONAL STRUCTURE OF MESCOM:

The organization set-up is having 2 O&M Zones, 4 O&M Circles, 13 O&M Divisions, 61 O&M Sub Divisions and 238 O&M accounting / non-accounting sections.

II. EMPLOYEE STRENGTH OF MESCOM:

Cadres	Sanctioned Strength	Working Strength	Vacant	% Vacancy
Group-A	267	176	91	34%
Group-B	367	300	67	18%
Group-C	2808	2030	778	28%
Group-D	5808	2766	3042	52%
On Deputation	23	16	7	30%
Total	9273	5288	3985	43%

III. SALIENT FEATURES OF MESCOM:

Sl. No.	Particulars (As on 31-03-2021)		Statistics
1	Area	Sq. Km.	26222
2	Districts	No.s	4
3	Taluks	No.s	29
4	Population	Lakhs	61.64
5	KPTCL Sub-stations (66 kV & above)	No.s	95
9	MESCOM Sub-stations (33 kV)	No.s	42
10	Feeders Urban		363
	Rural	No.s	815
	Total		1178
11	Distribution Transformer Centers	No.s	88849
8	HT lines	Ckt. Km	44867
6	LT lines	Ckt. Km	87585
7	Net Fixed Assets (As on 31-03-2021)	Rs. in Cr.	2808
12	Consumers	Lakhs	25.05
13	Energy Sales in FY21	MU	5,863.54
14	Rev. Dem.(including Tax & int.) in FY21	Rs. in Cr.	3830.93
15	Rev. Col. (including Tax & int.) in FY21	Rs. in Cr.	3853.89
16	Revenue Collection Efficiency in FY21	%	100.60%

IV. MESCOM BUSINESS:

MESCOM is procuring energy from different source i.e., Hydel, thermal, and Non-conventional sources through Long term Power purchase agreement, short term power purchase agreement and bidding process. Average approved power purchase cost for 2021-22 is Rs.4.71 per unit (including KPTCL & PGCIL transmission charges).

Purchased energy is being transmitted through transmission lines of KPTCL transmission units. Approved transmission loss is 2.978% for FY22. The approved transmission charges for FY22 payable to KPTCL is Rs.318.19 Cr. This will worked out to 51 paise per unit at MESCOM's interface point and 56 paise per unit at sales point.

MESCOM's network is being used to distribute energy to its consumer under high tension as well as low tension. Distribution loss in kind at HT level and LT level is about 3.59% and 6.28% respectively with reference to the total energy input at interface point. Thus Distribution Loss in cost per unit at consumer level constitutes about 50 paise per unit.

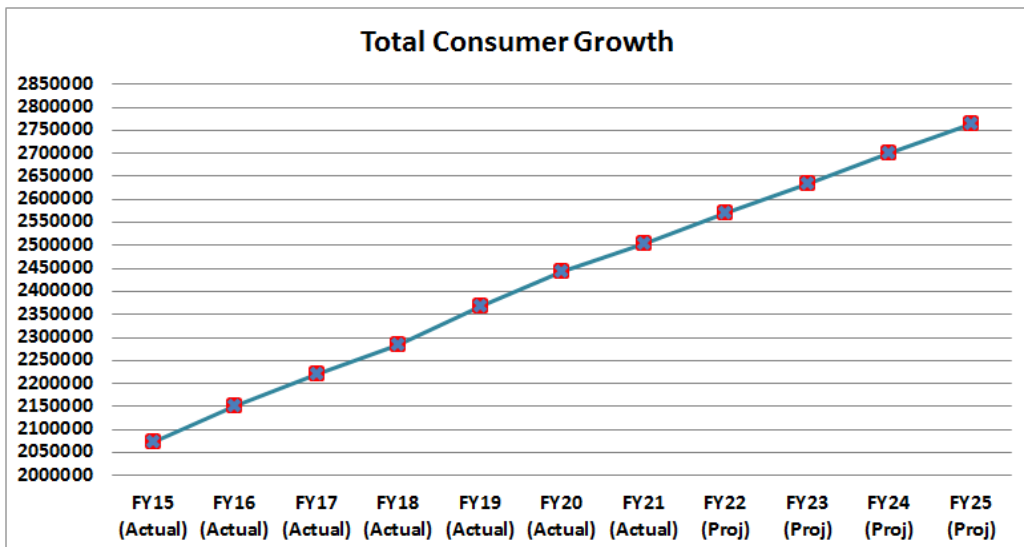
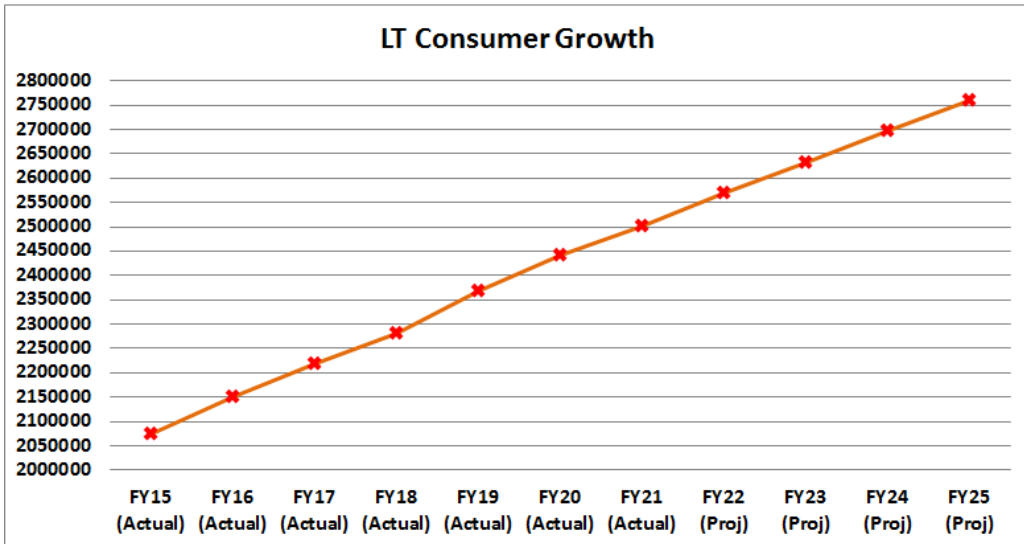
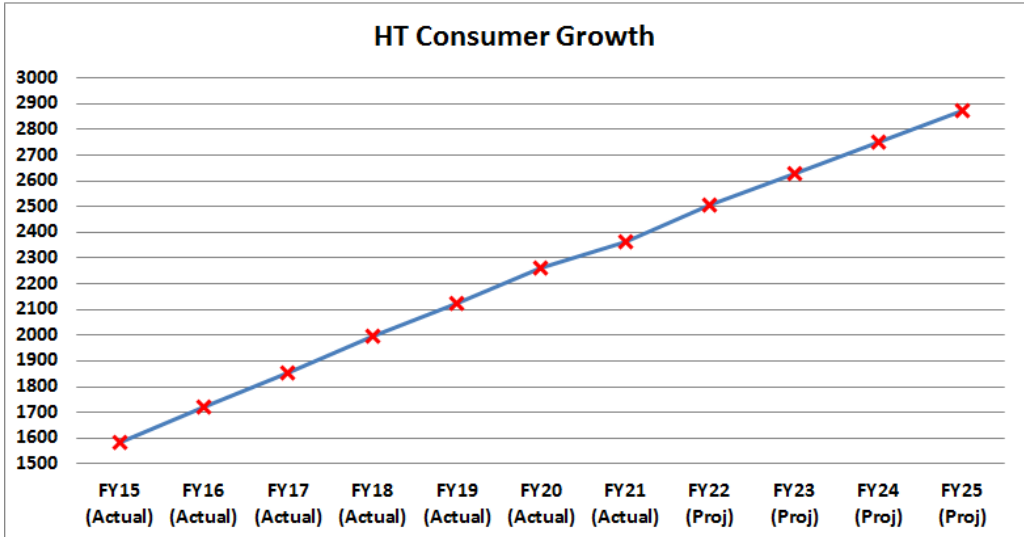
In all, at MESCOM's interface point cost per unit of energy purchased worked out to Rs.4.89 and at retail consumer level that will be Rs.5.39 per unit.

V. MARKET PLAN:

i. Consumer Growth:

The following table indicates the actual consumer growth from FY16 to FY21 and projected consumer growth from FY22 to FY25.

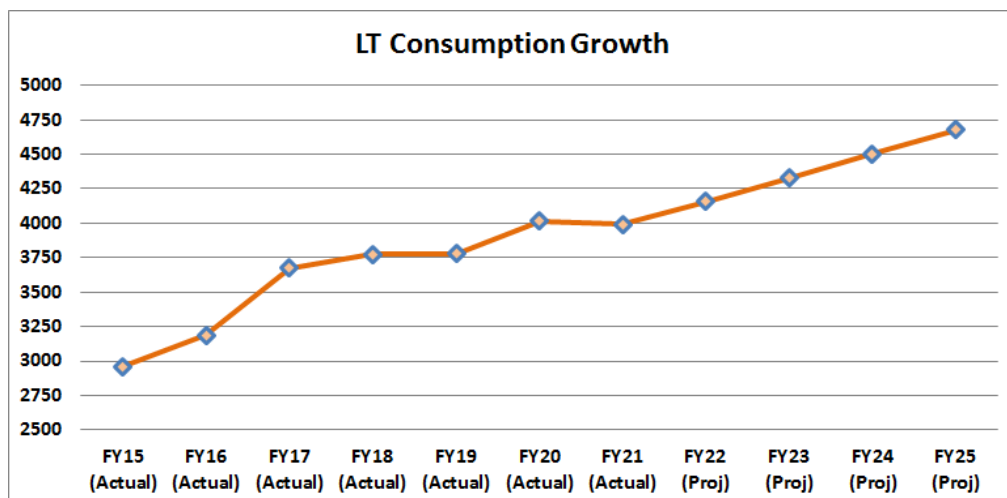
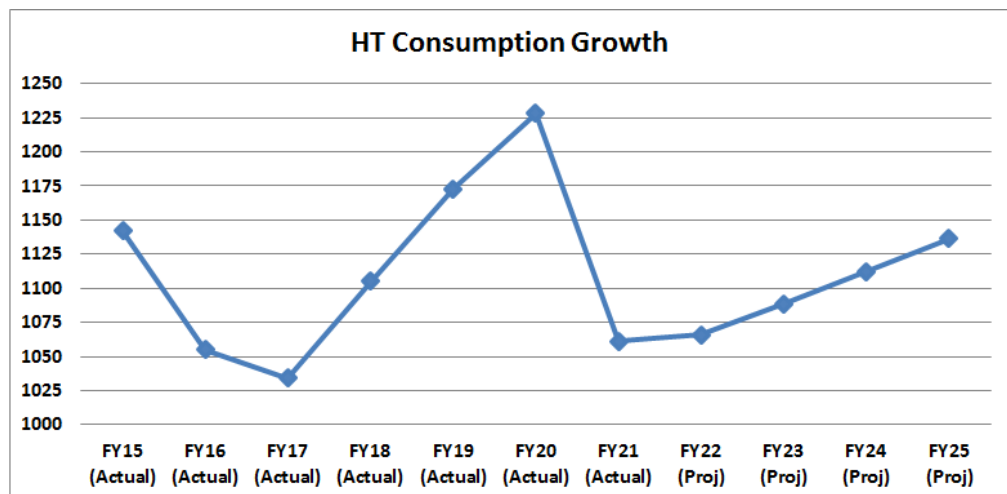
Year	HT Consumers	Year-on-year Growth (%)	LT Consumers	Year-on-year Growth (%)	Total Consumers	Year-on-year Growth (%)
FY 15	1585		2073040		2074625	
FY 16	1720	8.52%	2150826	3.75%	2152546	3.76%
FY 17	1854	7.79%	2218186	3.13%	2220040	3.14%
FY 18	1994	7.55%	2281740	2.87%	2283734	2.87%
FY 19	2122	6.42%	2367156	3.74%	2369278	3.75%
FY 20	2264	6.69%	2440517	3.10%	2442781	3.10%
FY 21	2364	4.42%	2502495	2.54%	2504859	2.54%
FY 22	2506	6.01%	2569008	2.66%	2571514	2.66%
FY 23	2629	4.91%	2632040	2.45%	2634669	2.46%
FY 24	2750	4.60%	2697583	2.49%	2700333	2.49%
FY 25	2872	4.44%	2760582	2.34%	2763454	2.34%

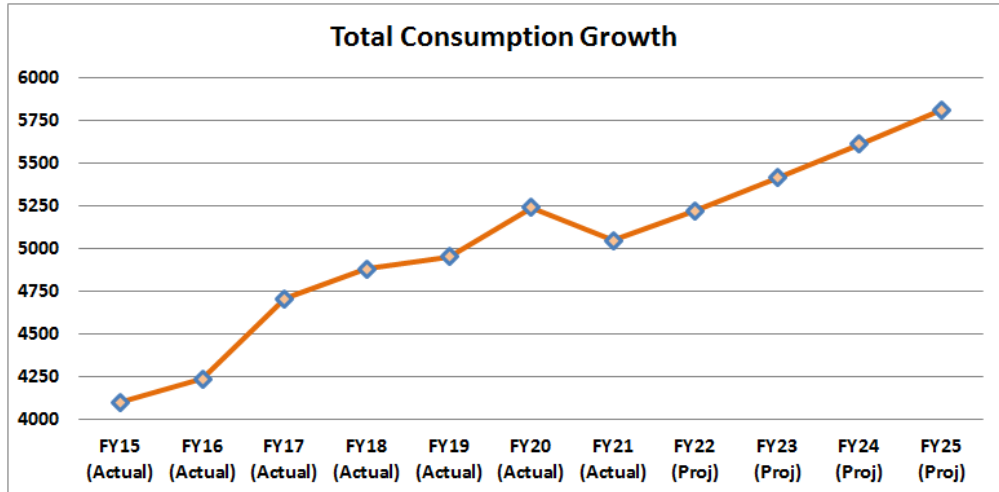


ii. Consumption Growth:

The following table indicates the actual consumption growth from FY16 to FY21 and projected consumer growth from FY22 to FY25.

Year	HT Consumption (MU)	Year-on-year Growth (%)	LT Consumption (MU)	Year-on-year Growth (%)	Total Consumption (MU)	Year-on-year Growth (%)
FY 15	1142.18		2961.09		4103.27	
FY 16	1054.90	-7.64%	3185.64	7.58%	4240.54	3.35%
FY 17	1034.28	-1.95%	3673.07	15.30%	4707.35	11.01%
FY 18	1105.32	6.87%	3776.60	2.82%	4881.92	3.71%
FY 19	1172.87	6.11%	3781.13	0.12%	4954.00	1.48%
FY 20	1228.26	4.72%	4016.18	6.22%	5244.44	5.86%
FY 21	1061.17	-13.60%	3990.22	-0.65%	5051.39	-3.68%
FY 22	1066.00	0.46%	4156.20	4.16%	5222.20	3.38%
FY 23	1088.73	2.13%	4327.55	4.12%	5416.28	3.72%
FY 24	1112.15	2.15%	4501.12	4.01%	5613.27	3.64%
FY 25	1136.29	2.17%	4676.70	3.90%	5812.99	3.56%

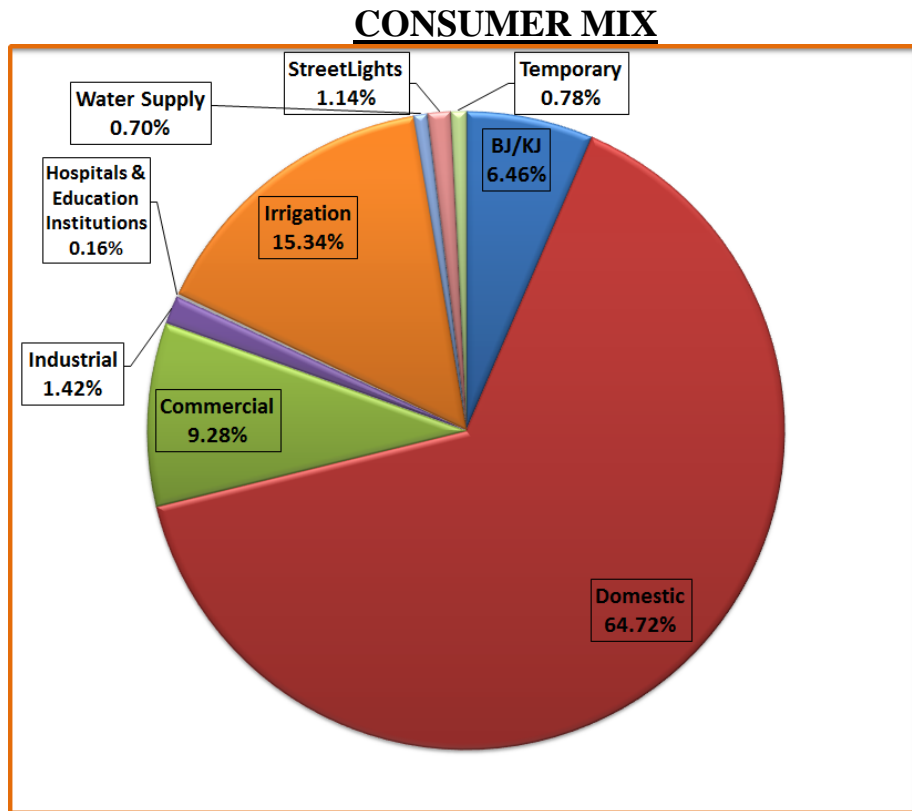




iii. Category wise sales projection:

In MESCOM, about 32% of energy sales go to Domestic consumption, 36% of energy goes to Irrigation pump sets and industrial consumption is only 14% and others constitutes about 18%. Hence, MESCOM has prepared load forecast for the period from FY23 to FY25 by using the mixed CAGR method. By using the mixed CAGR method energy sales for the control period from FY23 to FY25 are projected as under.

Category	MU		
	FY23	FY24	FY25
BJ/KJ	57.01	58.68	60.44
Domestic	1,673.30	1,738.45	1,806.24
Commercial	522.29	539.02	556.28
Industrial	736.58	746.08	755.74
Hospitals& Education Institutions	108.88	114.85	121.15
Irrigation	1,963.55	2,050.89	2,136.52
Water Supply	266.11	276.15	286.88
Street Lights	67.95	68.54	69.13
Temporary	20.61	20.61	20.61
Total Sales	5,416.28	5,613.27	5,812.99



iv. Power Purchase Plan:

MESCOM has to arrange for the power requirement of its distribution area. In the Chapter ‘Load Forecast’ energy requirement and demand have been worked out with certain assumptions. PCKL has furnished the source of available energy and cost which has been considered by MESCOM (Format D-1) in the present filing for the MYT period.

v. Transmission Charges:

The transmission charges in respect of Central Generating Stations are included in the computation of power purchase cost for the respective years. The transmission system in Karnataka operates as one composite network for the purpose of sharing of charges. The Annual Revenue Requirement of various transmission licensees are pooled together and shared by distribution licensees in their proportion of allocation of installed capacity to the ESCOMs.

KPTCL is also filing its proposal before Hon’ble Commission for transmission charges for the control period from FY23 to FY25.

vi. CAPEX PLAN:

MESCOM has proposed the CAPEX for the period from FY23 to FY27 as indicated in the below table;

(Rs. In Crores)						
Sl. No	Particulars	2022-23	2023-24	2024-25	2025-26	2026-27
1	E&I Works (Addl. Transformers, Link-Lines, HT/LT Re-conductoring, HVDS, UG/AB cable)	250.00	250.00	250.00	250.00	250.00
2	DTC metering,	13.65	0.00	0.00	0.00	0.00
3	Replacement of MNR/DC & Electromagnetic meters by Static meters and SMART metering	29.70	32.67	35.94	39.50	43.47
4	Replacement of faulty Distribution Transformers	5.00	5.00	5.00	5.00	5.00
5	Service Connection including promoter vanished layout Works	60.00	60.00	60.00	60.00	60.00
	Sub- Total	358.35	347.67	350.94	354.50	358.47
6	Rural Electrification (General)					
a	Electrification of Hamlets	2.00	2.00	2.00	2.00	2.00
b	Energisation of general IP sets Including Ganga Kalyana	65.00	65.00	65.00	65.00	65.00
c	Electrification of BPL Households	0.25	0.25	0.25	0.25	0.25
	Sub- Total	67.25	67.25	67.25	67.25	67.25
7	Tribal Sub-Plan					
a	Electrification of Tribal Colonies	0.50	0.50	0.50	0.50	0.50
b	Energisation of IP sets	1.00	1.00	1.00	1.00	1.00
c	Improvement works in Tribal Colonies	1.00	1.00	1.00	1.00	1.00
	Sub- Total	2.50	2.50	2.50	2.50	2.50
8	Special Component Plan					
a	Electrification of S.C Colonies	1.00	1.00	1.00	1.00	1.00
b	Energisation of IP sets	1.50	1.50	1.50	1.50	1.50
c	Improvement works in SC Colonies	1.50	1.50	1.50	1.50	1.50
	Sub- Total	4.00	4.00	4.00	4.00	4.00
9	Tools & Plants & Computers	10.00	10.00	10.00	10.00	10.00
10	Civil Engineering Works	40.00	40.00	40.00	40.00	40.00
11	IT Infrastructure and Software, DSM	5.00	5.00	5.00	5.00	5.00
12	33 KV Station and Line Works (UG/AB cable)	30.00	30.00	30.00	30.00	30.00
13	Solar Roof top on Company Buildings	1.00	0.00	0.00	0.00	0.00
	Total	518.10	506.42	509.69	513.25	517.22
Schemes under progress						
1	Deen Dayal Upadyaya Grama Jyoti Yojana (DDUGJY)	0.00	0.00	0.00	0.00	0.00
2	IPDS: System improvement & Strengthening works in R-APDRP/statutory towns	0.00	0.00	0.00	0.00	0.00
3	IPDS:Gas insulated substations	0.00	0.00	0.00	0.00	0.00
4	IPDS (Integrated Power Development Scheme) Phase II-IT	7.00	0.00	0.00	0.00	0.00
5	Providing Infrastructure to regularized UIP and general IP	16.72	0.00	0.00	0.00	0.00
6	Improvement works for Model Electricity Village	33.93	0.00	0.00	0.00	0.00
7	Improvement works for Model Sub-division	86.17	0.00	0.00	0.00	0.00
	Total	143.82	0.00	0.00	0.00	0.00
	Grand Total	661.92	506.42	509.69	513.25	517.22
<p>Government of India has announced the RRDS scheme which is at the preliminarily stage and the financial limitation/allocations are yet to be decided for the state. Hence, the projection for budget requirements are not done.</p>						

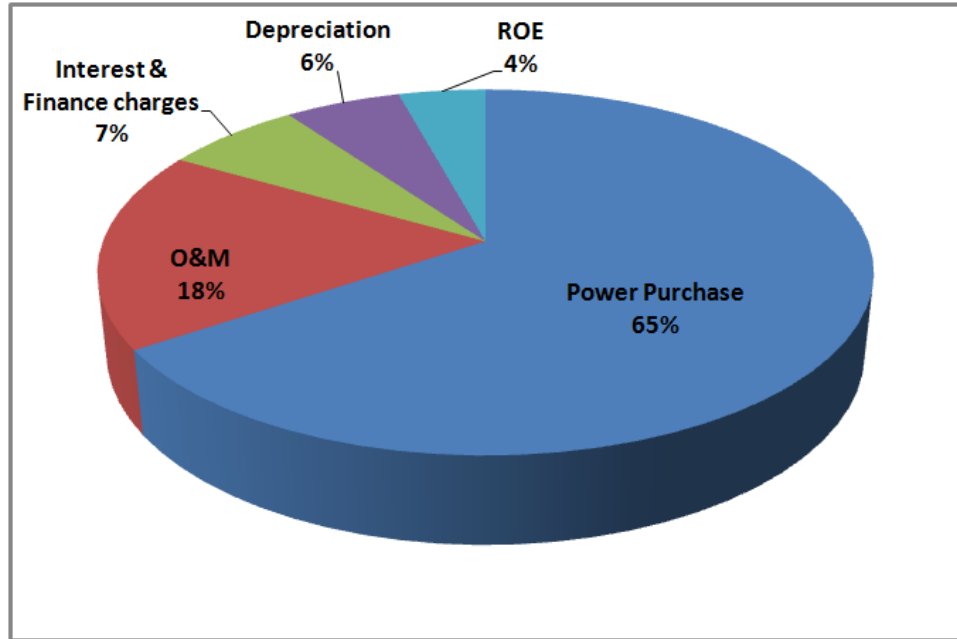
vii. ANNUAL REVENUE REQUIREMENT:

MESCOMs Annual Revenue Requirement has been detailed in the Chapter-6.

The extract of ARR for the MYT period is indicated in the below table.

Year	ARR (Rs. In Cr.)
FY21 (Actusls)	4123.12
FY22 (Proj.)	4071.63
FY23 (Proj.)	4799.93
FY24 (Proj.)	4528.31
FY25 (Proj.)	4768.29

The profile of major components of the ARR is as below.



:-:-:-:-: