



Observations/remarks/objections on the proposal for
determination of tariff for FY-21 for



submission during public hearing
to



*Monday, February 3, 2020
Bengaluru*

Introduction

The Karnataka Electricity Regulatory Commission which was set up in the year 1999 by Government of Karnataka under the Karnataka Electricity Reform Act (1999) has been entrusted the Regulatory responsibilities. B.PAC would like to highlight the objectives of the Commission –

- To regulate all aspects of the electricity sector in an objective, professional and transparent manner.
- To safeguard consumers' interests.
- To ensure reliable, least-cost power supply as a basic input for the economic and social development of the state.

The State Commission is also required to advise the State Government on all or any of the following matters, namely: -

- i. promotion of competition, efficiency and economy in activities of the electricity industry
- ii. promotion of investment in electricity industry;
- iii. reorganization and restructuring of electricity industry in the State
- iv. matters concerning generation, transmission, distribution and trading of electricity or any other matter referred to the State Commission by the State Government.

We, Bangalore Political Action Committee (B.PAC) would like to submit our **observations/remarks/objections** on the proposal for tariff determination of BESCOM for FY 21 as submitted to KERC. Our submissions are detailed under the following headings:

- a) Key highlights of FY 19 submission by BESCOM
- b) BESCOM's track record analysis (FY 15 – FY 19)
- c) Truing up for FY 2019-20
- d) Tariff revision for FY 2020-21
- e) BESCOM Prayer for Leave of the Commission

B.PAC's observations/remarks/objections¹

a) Key Highlights of FY 19 submission by BESCOM

Table 1: FY 19 submissions by BESCOM versus approved rated by the Commission

Particulars	Approved for FY 19	Actuals for FY 19	Variation	% variation
Sales in MU	28286.75	27762.47	-524.28	-1.9%
Percentage distribution losses in %	12.25	12.54	0.29	2.4%
Distribution losses in MU	3948.86	3979.88	31.02	0.8%
Energy at interface point in MU	32235.61	31742.35	-493.26	-1.5%
Percentage transmission losses in %	3.08	3.7	0.62	20.1%
Total energy requirement in MU	33261.05	32960.66	-300.39	-0.9%
Revenue from Sale of Power (INR crs)	18159.7	19538.74	1379.04	7.6%
Power Purchase Cost including cost of	16000.78	18714.6	2713.82	17.0%
% PPC to Revenue	88.11%	95.78%	7.7%	8.7%
Total O&M cost (INR crs)	1654.99	1805.68	150.69	9.1%
% of O & M (INR crs)	9.11%	9.24%	0.1%	1.4%
Depreciation (INR crs)	440.68	530.18	89.50	20.3%
% Depreciation to Revenue	2.43%	2.71%	0.3%	11.8%

1. Performance for the year FY 18 - 19

1. **Revenue:** The sales in MU is less by 1.9 % from the Commission approved sales of 28286.75 MU. However, revenue from the sale of power has increased by 7.6 % to INR 19538.74 crs to the Commission approved revenue of INR 18159.7 crs
2. Therefore, it is evident that to make up for the loss in sales (MU), BESCOM has been requesting for tariff increase YoY.
3. While revenue has increased by 7.6 %, the Power Purchase cost has increased by 17 % for FY 19 from the Commission approved tariff - disproportionate increase in PPC.
4. **Power Purchase Cost:** The approved percentage of PPC to revenue was 88.11%, while the actual percentage of PPC to revenue was 95.78 %, showing a variation of 8.7 %
5. **T& D losses:** The percentage of distribution and transmission losses have increased from the Commission's approved rates by 2.4 % and 20.1 % respectively

¹ All the tables, figures and charts have been created by B.PAC from the Excel submissions made by BESCOM to KERC for tariff determination of FY 21 unless mentioned.

Table 2: BESCO Actuals versus approved rated by the Commission

Particulars	FY 17		FY 18		FY 19	
	Approved	Actuals	Approved	Actuals	Approved	Actuals
Sales in MU	26472.74	26239.23	26109	25967	28286.75	27762.47
Percentage distribution losses in %	12.75	13.19	12.5	13.17	12.25	12.54
Distribution losses in MU	3375.27	3460.95	3730.00	3940.00	3948.86	3979.88
Energy at interface point in MU	23097.47	22778.28	29839.00	29907.00	32235.61	31742.35
Percentage transmission losses in %	3.08	3.7	3.37	4.18	3.08	3.7
Total energy requirement in MU	NA	31487.99	30880	31211	33261.05	32960.66
Revenue from Sale of Power (INR crs)	13808.27	13776.74	16914.19	18042.05	18159.7	19538.74
Power Purchase Cost including cost of transmission (INR crs)	12954.19	13672.98	13624.31	15123.21	16000.78	18714.6
% PPC to Revenue	93.81%	99.25%	80.55%	83.82%	88.11%	95.78%
Total O&M cost (INR crs)	1348.61	1197.68	1486.6	1396.67	1654.99	1805.68
% of O & M (INR crs)	9.77%	8.69%	8.79%	7.74%	9.11%	9.24%
Depreciation (INR crs)	271.29	374.37	373.76	429.86	440.68	530.18
% Depreciation to Revenue	1.96%	2.72%	2.21%	2.38%	2.43%	2.71%

1. The comparison of Commission approved rates and actuals for FY 17, FY 18 and FY 19 shows that BESCO has consistently defaulted the approved rates and sales approved by Commission. Despite the default, the Commission has been protecting BESCO. **We request the Commission to protect the interest of the consumers and not penalize consumers for default by BESCO**

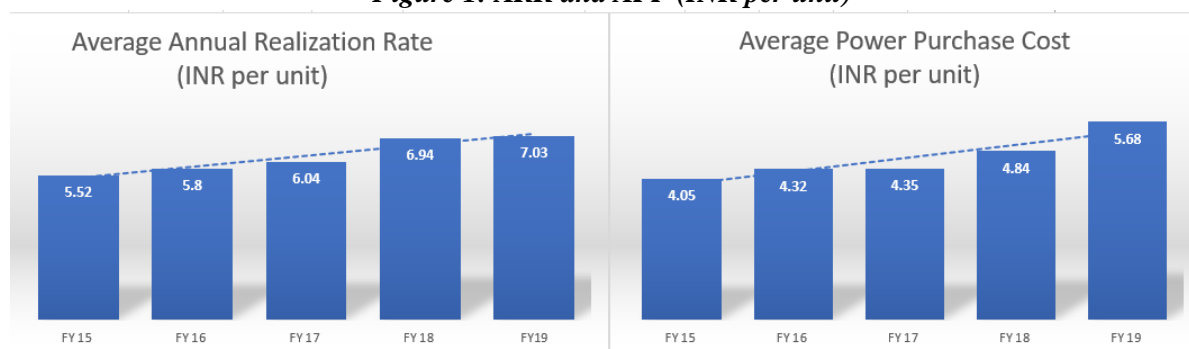
Our Prayer to the Commission

1. **We request the Commission to disallow the variation in distribution loss and transmission loss of 0.91% (252.63 MU) amounting to an excess loss of INR 177.60 crs.**
2. When absolute sales for FY 19 fallen by 524 MU, all aspects of cost have seen an increase in FY 19. Therefore, **we urge the Commission to request BESCO to bring in discipline in their power purchase arrangement at lower prices available in open market through long term power purchase agreements (PPA).**
3. It is evident that to make up for the loss in sales (MU), BESCO has been requesting for tariff increase YoY. **This request by BESCO is unjustifiable.**
4. **We request the Commission to direct BESCO to call for open tenders while purchasing power in order to reduce the overall cost of power purchase.**

b) BESCO's track record analysis (FY 15 – FY 19)

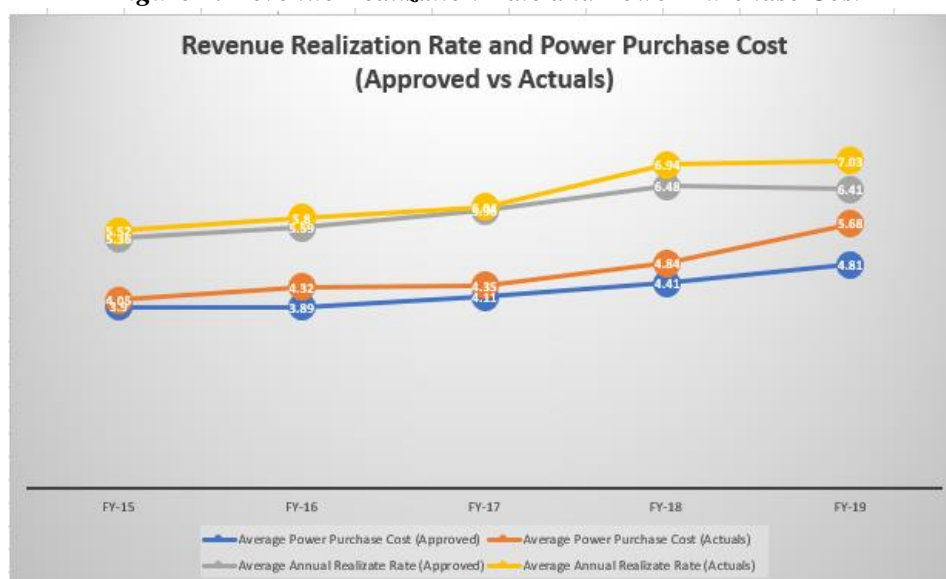
The study of the past 5 years of data establishes that BESCO has never remained within the Commission's approved rate with respect to Average Revenue Realization (ARR) and Average Power Purchase Cost (APP). The chart below clearly demonstrates that BESCO has realized higher (INR 7.03 / unit) rates than what was approved (INR 6.41 / unit) because of change in the mix, and, average power purchase cost has been higher (INR 5.68 / unit) than approved rates (INR 4.81 / unit).

Figure 1: ARR and APP (INR per unit)



1. Following are our specific observations
 1. The Average Annual Realization Rate has gone up from INR 5.52 / unit (FY 2015) to INR 7.03 / unit (FY 2019), with an increase of 27%
 2. The Average Power Purchase Cost has gone up from INR 4.05 / unit to INR 5.68 / unit, with an increase of 40 %
 3. The Margin (difference between ARR and PPC) has fallen from INR 1.47 / unit in 2015 to INR 1.35/ unit in 2019, from 36 % to 24 %. The gross margin for FY 19 has fallen by 19 % from the previous financial year.
 4. Despite this track record, BESCOM has once again proposed an increase in tariff rate by INR 1.96 / unit

Figure 2: Revenue Realization Rate and Power Purchase Cost



The above chart clearly shows that both in the case of ARR and APP, the BESCOM has not remained within the approved target This reflects insufficient efforts in bringing in discipline in its operations.

2. Following are our specific observations:
 1. While the Commission had approved an ARR of INR 6.41 / unit for FY 19, the actual ARR for FY 19 is INR 7.03 / unit
 2. The Commission approved Average PPC was INR 4.81 / unit for FY 19, the actual PPC for FY 19 is INR 5.68 / unit

Table 3: Revenue, PPC and Gross Margin

Particulars	FY - 14	FY - 15	FY - 16	FY - 17	FY - 18	FY - 19
Revenue from Sale of Power (INR crs)	11617.35	13479.6	14226.85	15861.15	18042.05	19538.75
PPC (INR crs)	10702.755	11917.42	12600.53	13672.98	15123.21	18714.61
Margin (INR crs)	914.595	1562.18	1626.32	2188.17	2918.84	824.14
O & M			1183	1197.68	1396.67	1805.68
Gross Margin (%)	7.87%	11.59%	11.43%	13.80%	16.18%	4.22%
PPC to Revenue (%)	92.13%	88.41%	88.57%	86.20%	83.82%	95.78%
O &M to Revenue (%)			8.32%	7.55%	7.74%	9.24%

3. The gross margin (difference between revenue from sale of power and PPC) has fallen by 73 % from FY 18. The gross margin stands for FY 19 is 4.22 % (INR 824.14 crs)

Table 4: Power Exchange Rates²

Year	S1	S2
2019	3176.92	3178.34

Summary	S1	S2
Average (RTC)	3176.92	3178.34
Peak	3916.52	3922.11
Non Peak	2930.39	2930.42
Day	2927.08	2927.08
Night	2817.45	2817.52
Morning	3133.84	3133.84

Source: IEX

4. The data collected from India Energy Exchange (IEX) shows that for FY 2019, the power was available at an average price (RTC) of INR 3.17 / unit and INR 2.93 / unit during non-peak hours. With proper management and advanced power purchase planning, BESCOM could have procured lower cost power than the actual cost of INR 5.68 / unit for FY 2019

Table 5: % PPC to Revenue

	FY - 17 (Actuals)	FY - 18 (Actuals)	FY - 19 (Actuals)	FY - 20 (Estimated Actuals)	FY - 21 (Projected)
Revenue	15861.15	18042.06	19538.74	22335.74	23268.98
PPC	13672.98	15123.21	18714.60	19896.78	22073.94
% PPC to revenue	86.20%	83.82%	95.78%	89.08%	94.86%

5. The percentage of PPC to revenue worsened from 86.20 % in FY 17 to 95.78 % in FY 19. The estimated Actuals for FY 20 shows that the percentage of PPC to revenue is estimated to improve to 89.08% and would again increase to 94.86 % as per the projected number for FY 21.

² S1: Andhra Pradesh, Telangana, Karnataka, Pondicherry, South Goa
S2: Tamil Nadu, Other parts of Pondicherry

6. BESCOM has deliberately inflated the PPC for FY 19 to justify an increase in the ARR

Our Prayer to the Commission

1. Consumer protection is one of the primary objectives of the KERC, we urge KERC to take notice of the above data-based insights and **not allow BESCOM to pass the burden of its inefficiencies on citizens through its FY-21 tariff increase proposal. BESOCM already has been realizing higher margins over and above the approved limits set by the KERC.**
2. **We request the Commission to direct BESCOM to bring down the percentage of PPC to revenue to 80 % or below and not allow any further increase in the ARR for FY 20-21.**
3. The percentage of PPC to revenue has been increasing disproportionately (from 86.20 % in FY 2017 to 95.78 % in FY 19) and is projected to remain at 94.86 % for FY 21. **The power purchase cost higher than the revenue shows poor planning and incapability of BESCOM to buy power at lower available market rates.** No business can be sustainable where the costs are higher than the revenue. We request the KERC to direct BESCOM to provide revised submission on realistic projections of power purchase cost to revenue for the current control period.
4. We note that, improving the operations within the targets set by KERC, BESCOM would be able to meet the consumers' requirement and also set a benchmark to the other ESCOMS's to emulate.

c) Truing up FY 17-18

The truing up for FY 17-18 is discussed under the following headings:

- I. Distribution Loss
- II. Power Purchase Cost
- III. Sales
- IV. Collection Efficiency

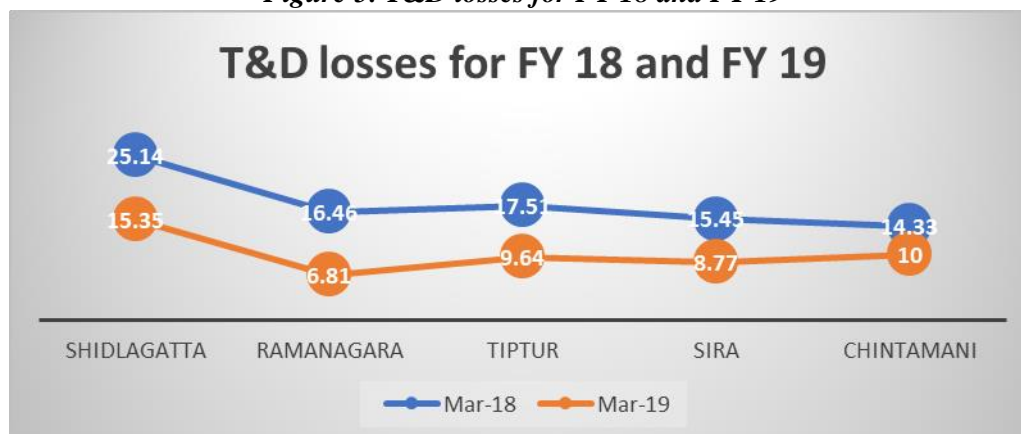
I. *Distribution Loss:*

1. BESCOM has indicated that the actual distribution losses for FY 19 is 12.54 % as against 12.25 % approved by the Commission. However, in the submission made, BESCOM has calculated distribution losses using a different methodology (previous month's input energy and energy sales as per the present month's DCB)
2. **T&D losses for FY 19** - A comparison with the previous financial year shows that, out of the 25 towns to which BESCOM distributes power, 21 towns have been able to reduce their T&D losses in FY 19, showing an average reduction in T&D losses by 10 %.

- For FY 19, the lowest T&D loss was noted in Harappanahalli, which has seen a reduction in T&D losses by 3 percentage points from the previous financial year (from 9.17 % in FY 18 to 5.56 % in FY 19)

Below, a sample of five towns have been represented graphically which have been able to reduce their T&D losses by a huge margin in FY 19

Figure 3: T&D losses for FY 18 and FY 19



While we welcome the efforts by BESCO to reduce the T&D losses, it is disheartening to see the continued T&D losses in Tumkuru CSD, Davanagere CSD, Bangarapete, Kunigal and Hiriya. Davanagere CSD which had the lowest T&D losses in 2018, has seen an increase in T&D losses in 2019 by 8.29%

Table 6: % of T&D loss

Name of the Town	% T&D Losses		
	Mar-18	Mar-19	Difference
Tumkur CSD	8.69	20.57	11.88
Davanagere CSD	2.64	10.93	8.29
Bangarapete	9.78	16.45	6.67
Kunigal	8.84	13.42	4.58
Hiriya	11.97	15.39	3.42

Our Prayer to the Commission

- We request the Commission to standardize the methodology for computing the Distribution losses.
- We welcome the initiatives taken by BESCO to reduce the T&D losses in 21 towns and sub-divisions in FY 19 within the Commission approved rates of 15.33%. KERC should direct BESCO to provide incentives for such towns and sub-divisions and recognize them. We also notice that the 4 remaining towns and sub divisions have T&D losses above 15.33%; the Hon'ble Commission should direct BESCO to draw a plan of action to identify the leakages and reduce the T&D losses.
- The Commission should note that the division which have higher T&D losses than the approved rates by KERC should not average their losses at BESCO level. These

losses should not be passed on to consumers and rather, should be absorbed by BESCOM in its truing up.

4. We request the **commission to ensure all towns which have distribution loss above 12.25% should be monitored closely and brought below 12.25%.**
5. Further, we **urge the Commission to set targets for T&D losses at each zonal level for BESCOM and then narrow down to division and sub-division level instead of aggregating it at BESCOM level.**
6. The details of the energy sold by BESCOM has not been supported by any table or source of the data cannot be relied upon without proper validation. We request the Commission to direct BESCOM to provide details of the energy in coordination with the State Load Despatch Centre (SLDC). This data should be validated by an independent auditor

II. Power Purchase Cost:

Table 7: Approved and Actual Power Purchase Cost for FY 19

Source of power	Approved			Actuals			Variation		
	Energy in MU	Cost in Rs. Crs	Per unit cost in Rs	Energy in MU	Cost in Rs. Crs	Per unit cost in Rs	Energy in MU	Cost in Rs. Crs	Per unit cost in Rs
KPCL Thermal	11145.65	4789.09	4.30	8452.32	4787.22	5.66	-2693.33	-1.87	1.37
KPCL Hydel	714.09	91.43	1.28	776.17	89.53	1.15	62.08	-1.90	-0.13
CGS Energy	9995.81	3808.30	3.81	11306.10	4831.31	4.27	1310.29	1023.01	0.46
UPCL	4381.93	2085.80	4.76	3188.38	1965.18	6.16	-1193.55	-120.62	1.40
Renewable Energy	6043.46	2066.70	3.42	7679.50	3288.71	4.28	1636.04	1222.01	0.86
Other State Hydel	22.08	8.33	3.77	12.33	5.61	4.55	-9.75	-2.72	0.78
Short Term	494.10	201.59	4.08	67.89	207.26	30.53	-426.21	5.67	26.45
Medium Term	463.94	223.81	4.82	1477.69	655.61	4.44	1013.75	431.80	-0.39
SLDC and Transmission charges		2303.47			2806.41			502.94	
Total	33261.06	15578.52	4.68	32960.38	18636.84	5.65	-300.68	3058.32	0.43

1. The table above shows that BESCOM has bought power at a higher cost than the approved rates from all the power generators
2. BESCOM in its submission has stated that the increase in power purchase cost is due to the increase in energy purchase from CGS energy, Renewable energy and medium-term power purchase.
3. BESCOM should have planned better and diligently made use of the available source of power, within the Commission approved rates and reduced the final power purchase cost for FY 19 by INR 3058.32 crs.
4. For FY 19, there is a huge variation observed in power purchase cost for CGS Energy (INR 1023.01 crs), Renewable Energy (INR 1222.01 crs) and Medium term (INR 431.80 crs)
5. BESCOM has bought 24 % lower MU of power from KPCL Thermal from the Commission approved power purchase for FY 19.

Table 8: Raichur Thermal Power Station Power Purchase Cost

Raichur Thermal Power Station	Approved Power Purchase FY 19			Actual Power Purchase FY 19			Variation		
	Energy in MU	Cost in Rs crs	Per unit cost in Rs	Energy in MU	Cost in Rs crs	Per unit cost in Rs	Energy in MU	Cost in Rs crs	Per unit cost in Rs
	5664.43	2359.87	4.17	4723.30	2067.96	4.38	-941.13	-291.92	0.21

A snapshot of power procurement from Raichur Thermal Power Station:

- From table 8, it is shown that BESCO has bought 17 % lower MU from Raichur Thermal Power Station for FY 19 at a higher per unit cost.
- This lower unit power purchase at higher per unit cost has caused BESCO a loss of INR 98.34 crs

Table 9: Excess Cost paid by BESCO to Raichur Thermal Power Station in FY 19

Cost in Rs crs for Energy bought by BESCO at Commission approved per unit cost (in INR crs)	1969.62
Actual Power Purchase Cost for FY 19 (in INR crs)	2067.96
Excess Cost paid by BESCO to Generator (in INR crs)	98.34

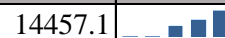
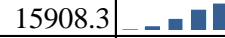
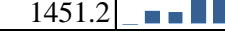
6. Further, our analysis below shows that the excess power generated in Raichur Thermal plant, but unutilized by BESCO could have been sold in open market at rates as per IEX. By adopting this mechanism, the power plants could have met the revenue as approved by the Commission.

Table 10: Excess power if sold in IEX

Cost of Power as per IEX in 2019 (Rs/unit)	3.17
Excess Power from Raichur Thermal Power (MU)	941
Commission approved per unit cost in Rs	4.17
Revenue from selling excess power in market as per IEX rate (in INR crs)	298.30
Difference between IEX rate and Commission approved rate (Rs/unit)	1
Price to be reimbursed by BESCO (in INR crs)	94.1

Approved and Actual Power Purchase Cost

Table 11: Approved and Actual Power Purchase Cost

Power Purchase Cost	FY-15	FY-16	FY-17	FY-18	FY-19	Trend
Approved (INR crs)	11922.1	11840.2	12954.2	13624.3	14457.1	
Actuals (INR crs)	11917.4	12600.5	13700.8	15123.2	15908.3	
Gap	-4.67	760.38	746.64	1498.9	1451.2	

7. **Starting FY 15, BESCO's power purchase cost has been overshooting the approved limits of the total power purchase cost set by KERC.** This indicates poor planning on BESCO's side to procure power and rely highly on the short- and medium-term power procurement at higher prices.
8. It is also observed from the table above that the gap between the actual and approved power purchase cost for FY 19 has decreased by 3 %, but still higher than the approved PPC by KERC

Our Prayer to the Commission

1. We request the Commission to not to allow the increase in power purchase cost which has been brought about by increase in the cost of power procurement mainly from CGS Energy and Medium-term purchase. **We request the Commission to disallow the increase in power purchase cost of INR 1460.48 for truing up for FY 19.**
2. **We request the Commission to take note of our analysis in Table 10 and direct BESCO in projecting the correct power requirement from the power generators and arrange a mechanism where both Generator and Distributor are not at loss. BESCO should not pass this increase in power purchase cost to the consumers by requesting an increase in tariff.**

III. Sales

Table 12: No of Units Sold (MU) category wise

No of Units Sold (MU)	FY -14	FY - 15	FY - 16	FY - 17	FY - 18	FY - 19
LT						
Domestic	5369.87	5854.57	6156.1	6415.97	6616.53	7187.67
Commercial	1536.91	1663.33	1754.07	1879.3	2005.97	2083.65
Industrial	1109.44	1134.22	1150.4	1163.2	1185.41	1243.08
Others	1009.28	1014.45	938.46	1128	1476.24	1828.6
Total LT excluding Agricultural	9025.5	9666.57	9999.03	10586.47	11284.15	12343
Agricultural	5246.57	5938.79	6197.85	7287.51	6478.16	7208.92
Total LT including Agricultural	14272.07	15605.4	16196.88	17873.98	17762.31	19551.92
HT						
Industrial	5069.16	4750.15	4593.21	4456.17	4470.59	4512.96
Commercial	2855.68	2795.89	2614.9	2619.62	2562.32	2448.41
Others	859.24	1266.39	1076.09	1155.58	1145.29	1203.51
Total HT excluding Agricultural	8784.08	8812.44	8284.2	8231.37	8178.2	8164.88
Agricultural	9.22	18.29	57.11	15.07	26.76	45.67
Total HT including Agricultural	8793.3	8830.72	8341.31	8246.44	8204.96	8210.55
Total LT+HT	23065.37	24436.08	24538.19	26120.42	25967.27	27762.47
% of HT to total Units sold	38.1%	36.1%	33.8%	31.5%	31.5%	29.4%

1. From the above table it is observed that between FY 18 and FY 19, the sales in HT category has improved marginally by 0.1%

Table 13: FY 19 Sales – Units sold in MU

FY 19 (Sales - Units sold in MU)						
	LT		HT		LT+HT	
Tariff Category	Units sold	Units sold %	Units sold	Units sold %	Units sold	Units sold %
Domestic	7187.67	36.8%	-	-	7,187.67	25.48%
Commercial	2083.65	10.7%	2448.41	29.8%	4,532.06	21.78%
Industrial	1243.08	6.4%	4512.96	55.0%	5,756.04	17.59%
Others	1828.6	9.4%	1203.51	14.7%	3,032.11	10.10%
Agricultural	7208.92	36.9%	45.67	0.6%	7,254.59	25.05%
Total	19551.92	70.43%	8,210.55	29.57%	27,762.47	100.00%

2. In FY 19, 70 % of the sales were catered to the LT category, contributing 61 % of the revenue to BESCOM and 30% sales to the HT category contribute 39 % revenue to BESCOM
3. Of the 70 % in the LT category, 73.7 % of the sales were in the domestic and the agricultural sectors
4. In the HT category, industry consumed the highest MU – 4512.96 (55%)
5. HT and LT combined, domestic followed by agriculture sector had the highest sale of 25.48 % and 25.05 % respectively.

Table 14: FY 19 (Sales – Units sold in MU – Approved versus Actual






FY 19 (Sales - Units sold in MU) Approved versus Actual								
Tariff Category	Approved		Actuals FY 19		Variation (in MU)		Variation in %	
	LT	HT	LT	HT	LT	HT	LT	HT
Domestic	7,367.08	-	7187.67	-	-179.41	-	-2.4%	-
Commercial	2,190.77	2,624.34	2083.65	2448.41	-107.12	-175.93	-4.9%	-6.7%
Industrial	1,190.52	4,928.94	1243.08	4512.96	52.56	-415.98	4.4%	-8.4%
Others	1,553.75	1,281.27	1828.6	1203.51	274.85	-77.76	17.7%	-6.1%
Agricultural	7,132.12	17.95	7208.92	45.67	76.80	27.72	1.1%	154.4%
Total	19,434.24	8,852.50	19,551.92	8,210.55	117.68	-641.95	0.6%	-7.3%

6. In the FY 19, there is a dip in the sale of power under the Domestic and Commercial sectors for both LT and HT categories.
7. The sale in the domestic sector dipped by 2.4 % than the approved sales by the Commission. Similarly, the sale in the Commercial sector for both LT and HT category were less than the Commission approved sales by 4.9 % and 6.7 %
8. Further, the sales in the Others category (including water supply, street lights) were higher in the LT category (17.7%) compared to the Commission approved sales.

HT Sales

HT Sales is an integral part of BESCOM's revenue. At a time where **Bangalore Metropolitan Region and its adjoining districts are prospering**, and **Karnataka's GSDP is expected to grow at 9.6% CAGR (Economic Survey of Karnataka 2018-19)**, many businesses are being set up (as can be seen from the increase in the number of installations). It is disheartening to see that these **businesses are choosing not to procure power from the BESCOM (energy sold units are falling)**.

Table 15: HT sales

HT	FY - 15	FY - 16	FY - 17	FY - 18	FY 19	Trend
Energy Sold (MU)	8830.68	8341.31	8231.38	8205.00	8210.55	
Number of Installations	11416	13635	13841	14920	16336	
Revenue (rs in crs)	5994.117442	6414.77	6613.53	7508.09	7319.99	
Average realization rate (INR/unit)	6.79	7.69	8.03	9.15	8.92	
Specific Consumption per installation	773535	611757	594710	549933	502605	

1. From our analysis, it is observed that ARR for HT category is higher than the LT category by 54 %. (ARR for LT – 5.78 (FY 19), HT – 8.92 (FY 19))
2. The Specific consumption per HT installation annually has fallen by 35 % between FY 15 – FY 19 despite the increase in total number of HT installation by 43%.

3. The industrial sector contributes over 25 % to Karnataka state's GDP. The three sectors of industry – mining, manufacturing and electricity have experienced positive growth contributing to jobs in the state.
4. It is evident from the table below **that the % consumption of energy in industrial sector as a proportion to Industrial energy consumption in Karnataka is 68 % as of 2019. This implies that BESCOM largely caters to the industries in Bengaluru and its peripheral areas and therefore needs to bring down the industrial tariff.**
5. Further, it can be noted that between FY 18 and FY 19, the % of industrial consumption of energy as a proportion to Karnataka state has fallen by 6%. The industries in the region are buying power from open access. BESCOM needs to focus on providing quality power to the industries since this sector has a major scope for job creation.

Table 16: Industrial Energy Consumption

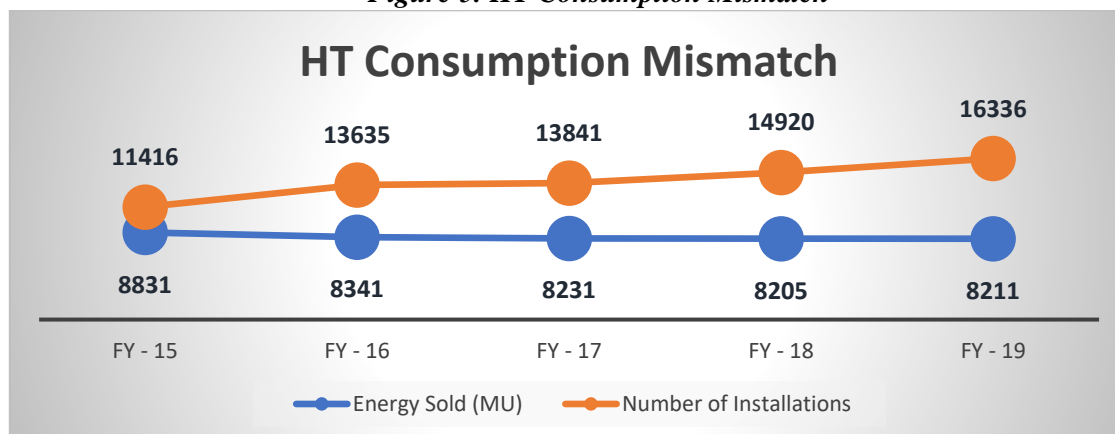
Industrial sector energy consumption		
	2017-18	2018-19
Karnataka (in MU)	7691	8514
BESCOM served regions(in MU)	5656	5756
% of Industrial consumption in BESCOM served regions to Karnataka (in MU)	74%	68%

Figure 4: HT and LT Consumer vs Consumption Distribution FY 18



6. From the above image it is observed that consumer distribution for FY 19 shows that 99.86 % are under the LT tariff category and 0.14 % of the consumers are under the HT category.
7. 0.14 % of the HT consumers consume 30 % of the total energy in MU.
8. The HT Consumption and Consumer Mismatch is highlighted in the chart below. The number of installations in the HT category, although has been increasing YoY, the number of units sold has been decreasing. Between FY 18 and 19, the energy sold in the HT category has only marginally increased by 0.1 %.

Figure 5: HT Consumption Mismatch



Our Prayer to the Commission

1. The Commission should direct BESCO to take note of declining HT consumption and probe into the matter to suitably cater to this segment and provide energy to industries and commercial establishment at reasonable rates to attract and retain this category. The Commission should bring down the tariff for HT industrial and commercial to FY 14 rates at (Rs. 7.41/unit – Rs. 7.91/unit) as it creates employment.
2. The Commission should acknowledge its responsibility in safeguarding the industrial sector which fuels the growth and job creation in any geography, especially given the fact that Bengaluru alone contributes almost 60% of Karnataka's GDP and has to compete with increasingly well-governed and business-friendly cities like Hyderabad and Chennai and not increase rates on HT

Cross Subsidy

1. It can be observed from the table below that from the industrial and commercial categories under LT and HT, BESCO recovers a higher realization rate than the average cost of supply. The approved ACS by Commission for FY 19 was Rs 6.80/unit, while the actual ACS for FY 19 is Rs. 7.84/unit.

Table 17: Cross Subsidy for FY 19

Category Description	Category	Approved		ARR in Rs per Kwh	Level of Cross Subsidy in % with ref to ACS 6.8	Actuals		ARR in Rs per Kwh	Level of Cross Subsidy in % with ref to ACS 7.84
		Sales in MU	Revenue Rs. Crores			Sales in MU	Revenue Rs. Crores		
Educational Institutions	LT 2 (b) (i)	46.83	37.65	8.04	15.42%	44.97	39.44	8.77	10.60%
	LT 2 (b) (ii)	5.54	3.87	6.99	2.72%	6.60	5.48	8.31	5.66%
Commercial	LT 3 (i)	2021.64	1821.50	9.01	24.53%	1894.08	1842.94	9.73	19.42%
	LT 3 (ii)	169.13	145.11	8.58	20.75%	189.57	168.34	8.88	11.71%
Industrial	HT 2 (a) (i)	2370.82	1856.35	7.83	13.15%	2639.87	2304.61	8.73	10.19%
	HT 2 (a) (ii)	2558.12	2210.22	8.64	21.30%	1873.09	1485.36	7.93	1.13%
Commercial	HT 2 (b) (i)	2398.12	2414.91	10.07	32.47%	2271.72	2496.62	10.99	28.66%
	HT 2 (b) (ii)	226.22	239.79	10.60	35.85%	176.69	178.81	10.12	22.53%

2. The industries and commercial categories are already paying a higher unit rate and also cross subsidizing the other categories which pay lower unit rate. In the submissions made by BESCOM for tariff determination for FY 21, they have requested for an increase in tariff for the above categories by 15 %.
3. **An increase in tariff for the categories mentioned above would alter the cross subsidy levels. This revision would be against the cross subsidy levels as specified in the Electricity Act and National Tariff Policy which envisages gradual reduction of cross subsidies.**

Cross Subsidy Surcharge in LT category

Table 18: Cross Subsidy Surcharge in LT category

Volatge Level	LT 2 (a) (i)	LT 2 (a) (ii)	LT 2 (b) (i)	LT 2 (b) (ii)	LT 3 (i)	LT 3 (ii)	LT 4 (a) (i)	LT 4 (b)	LT 4 ©	LT 5 (a)	LT 5 (b)	LT 6(a)	LT 6(b)	LT 7
HT Level - 11 kV/33kV	0	0	125	109	241	203	0	0	0	89	108	0	0	709

- The above table shows that BESCOM is charging CSS from LT 2(b)(i) and LT 2(b)(ii) categories – educational institutions and hospitals. **These categories provide public good and emergency services.**

Our Prayer to the Commission

1. **We request the Commission to direct BESCOM not to charge CSS from these two category users who have opted for Open Access since they provide public good and emergency services.**

Agricultural Power Consumption

Table 19: Agricultural Power Consumption

Electricity in MU	1970-71	1980-81	1990-91	2000-01	2010-11	2016-17	2017-18
Total Generation	4833	6389	12431	21985	47112	64227	64830
Total Consumption	3187	5189	12182	17860	37202	61956	54273
Industrial Consumption	2488	3864	5429	4882	8425	9720	9764
Agricultural Consumption	179	384	4486	7350	12802	18962	19946
Domestic Consumption	217	696	1803	3909	7893	11243	12478
Agriculture	1970-71	1980-81	1990-91	2000-01	2010-11	2016-17	2017-18 (P)
Net Area Swon in Ha	10248	9899	10381	10140	10523	9855	10840.5
Gross Cropped Area in Ha	10887	10660	11759	12284	13062	11779	12956.9
Gross Irrigated Area in Ha	1584	1676	2598	3271	4279	3548	3902.8
Gross Irrigated Area to Gross Cropped Area %	14.55%	15.72%	22.09%	26.63%	32.76%	30.12%	30.12%
Unit of power (in MU) consumption per net area swon in Ha	0.02	0.04	0.43	0.72	1.22	1.92	1.84
Unit of power (in MU) consumption per gross irrigated Area in Ha	0.11	0.23	1.73	2.25	2.99	5.34	5.11

Source: Economic Survey of Karnataka, FY 2018-19

From the above table we draw the attention of the Commission to the agricultural power consumption in the state of Karnataka. It can be observed that there is a disproportionate increase in the agricultural power consumption as compared to the gross irrigated crop area in hectares over the last four decades. **This seems to indicate that the agricultural power is being diverted to other sources.** In the name of farmers, the power is being robbed and the loss is having to be borne by the exchequer.

The unit of power consumption in MU per net area sown in hectare has increased from 0.72 MU in 2000-01 to 1.84 MU in 2017-18. While the gross cropped area in hectare has improved only by 6 %, the agricultural power consumption per hectare has doubled from FY 2000-01 to FY 2017-18.

Specific Consumption of IP sets

1. In FY 19, 904463 IP sets have consumed 4 % more energy in MU when compared to 7888029 domestic installations. The specific consumption per domestic consumption is 877.20 units in comparison to 8107 units per IP sets per annum.

Table 20: Domestic vs IP sets energy consumption

	FY 19			
	Number of Installations	Energy Sold (MU)	Revenue (Rs in Crs)	ARR
Domestic	78,88,029.00	6919.35	4356.61	6.30
IP Sets	9,04,463.00	7202.3	2632.8	3.7

2. In FY 2019, the actual sales of BESCOM is higher by 79.09 MU in comparison with the approved sales of 7123.21 MU

Table 21: IP Sets Sales in MU – Approved versus Actual FY 19

Particulars	Actual sales (MU)	Approved sales (MU)	Difference (MU)
LT-4 (a)	7202.3	7123.21	79.09

3. With an addition of 32234 IP sets in FY 19 (increase by 4% from FY 18), BESCOM has further estimated an addition of 64741 IP sets for FY 21 (increase by 7%).
4. The number of IP sets projected by BESCOM is a serious concern since as highlighted in the above tables, BESCOM caters largely to urban requirements. Therefore, BESCOM should provide a realistic projections of IP sets per annum for the 5th control period.
5. The specific consumption per IP set for FY 19 is 8107.60 units/installations/annum, which is lower than the consumption for FY 18 (7340.80 units/installations/annum)
6. From the below table it could be observed that between FY 18 and FY 19, there is a 3.7% increase in the number of IP sets installations, and increase of 14.5% in the total energy consumed.

Table 22: IP Sets Specific Consumption FY 19

Year	FY 16	FY 17	FY 18	FY 19
No of Consumers	809170	841228	872229	904463
Total MU consumed	6189.9	7285.47	6289.04	7202.3
Specific Consumption	7846.70	8828.70	7340.80	8107.60
% change in no of consumers		4.0%	3.7%	3.7%
% change in total MU consumed		17.7%	-13.7%	14.5%
% change in specific consumption		12.51%	-16.85%	10.45%

Table 23: Projected subsidy for IP sets – FY 20

Projected subsidy for IP sets - FY 21 (all numbers are projections based on BESCOM's submission)	
Number of installations	969204
Number of units consumed by IP sets	7711.25
Average Power Purchase Cost for FY 21 (INR/unit)	6.29
Total Power Purchase Cost for IP set consumption (INR crs)	4850.4
Specific Consumption (IP set/annum)	7956.27
Commission Determined Tariff (CDT) for FY 21	6.9
Subsidy to be received by BESCOM from GoK (per IP set/annum) (INR)	54898.27
Total Subsidy for FY 21 (INR crs)	5320.76

The table above depicts the total power cost for IP sets projected for FY 21 at INR 4850.4 crs. Looking at the projected number of installations (969204), specific consumption of IP set/annum is estimated at 7956.27 units / annum. The total subsidy amount for FY 21 is estimated at INR 5320.76 crs. **This amounts to 5% of Karnataka State's Budgeted Revenue for FY 2019.**

Our Prayer to the Commission

1. In our FY 18-19 submission to the KERC, B.PAC had requested the Commission to not to consider regularization of illegal IP sets for any cross subsidy or tariff hike to be paid by other customers. **Through the Commission we request BESCOM to furnish number of identified illegal IP sets in FY 19 and actions initiated against such consumers.**
2. **We request the Commission to direct BESCOM to obtain realistic figures of IP sets installation from Minor Irrigation Department, GoK.**
3. Since there is apprehension that the utilization of power by the IP sets may not be for irrigation, we request the Hon'ble Commission to require an audit/survey by the Accountant General (AG) to ascertain the correct situation.
4. As the Hon'ble Commission may be aware that, there exists duplicate and multiple IP set per farmer. B.PAC had requested the Commission to identify and remove such IP sets to avoid subsidy to the rich. **In our present submission to the Commission, we would like to reiterate the same request in the interest of other consumers who are diligently paying for their single uses.**
5. The Hon'ble Commission had directed the Government of Karnataka to formulate a suitable policy to implement the suggestion of direct remittance of subsidy to farmers in it's FY 17 order. However, to the best of our knowledge, GoK has not yet formulated a policy. **We request KERC to advice Government on this matter so as to enable proper accounting of energy and also facilitate accurate computation of losses in the distribution system.**

IV. BESCOM's collection efficiency:

Table 24: Trade Receivables

Particulars	FY 15	FY 16	FY 17	FY 18	FY 19	FY 20 (Until Sept 2019)	FY 21 (P)
Revenue from Operations	13479.6	14226.85	15861.15	18042.06	19538.75	22335.74	23268.98
Trade Receivables							
Particulars	FY 15	FY 16	FY 17	FY 18	FY 19	FY 20 (Until Sept 2019)	FY 21 (P)
Receivables against Sale of Power	4371.30	5659.86	7178.60	6090.65	7194.85	7641.56	8106.94
Loans and Advances	664.10	811.99	1216.94	1435.92	1469.18	1586.71	166.05
Sundry Receivables	2742.28	2170.07	1817.36	2264.88	3646.47	4575.63	4415.80
Total Receivables	7777.68	8641.92	10212.90	9791.45	12310.50	13803.91	12688.79
Monthly Revenue	1123.30	1185.57	1321.76	1503.50	1628.23	1861.31	1939.08
No of Sales months Outstanding	6.92	7.29	7.73	6.51	7.56	7.42	6.54

1. From the table, it can be observed that BESCOM's collection efficiency has worsened for FY 19, from 6.51 sales month outstanding to 7.56 sales month outstanding.
2. The Commission has approved three months sales outstanding for BESCOM to complete the reconciliation of collections. However, for FY 19, the BESCOM is lagging by 4.56 sales month. **If one considers 10 % interest rate on this outstanding amount, it works out as INR 742.47 crs. We request the Commission to not consider this amount for truing up exercise**
3. BESCOM has earmarked 1144.49 crores as doubtful receivables for FY 20 (as per the half yearly statement for the period ended 30th September 2019), which is 10% of the total revenue for FY – 20

Table 25: Trade Receivables and Revenue FY 18

FY - 20 (Provisional and unaudited as on September 2019)		
Sl. No	Particulars	Rs in cr
1	Trade receivables	9910.50
2	Other receivables	1761.27
3	Total (1+2)	11671.77
4	Revenue	11129.49

- Assuming 16.6 % i.e. 2 months sales, it amounts to approximately INR 1847.49 cr. Adding another 20 % of total sales as other receivables (INR 2225.89) makes it INR 4073.39 cr. **An excess of INR 7598.38 crs is shown as receivables for FY 19.**

Table 26: Trade Receivables and Revenue FY 21

FY - 21		
Sl. No	Particulars	Rs in cr
1	Receivables against Sale of Power	8106.94
2	Loans and advances	1666.05
3	Sundry receivables	4415.80
4	Total (1+2+3)	14188.79
5	Revenue	23268.98

4. From the above table, as projected by BESCOM for FY 21, the above line items make 61 % of the sales. However, if one assumes, 16.6% i.e. 2 months sales, it amounts to approximately INR 3862.65 crs and adding another 20 % of this for other receivables of INR 772.53 crs makes it INR 4635.18 cr.
5. An excess of INR 18633 crs is shown as receivables, loans and advances and sundry receivables showing total lack of financial discipline and lack of collection efficiency.

Our Prayer to the Commission

1. We urge the **Commission to take note of the above-mentioned points and direct BESCOM to bring down the receivables in a structured manner and reduce the finance cost. Consumers should not be made to pay for BESCOM's deployment of excess capital.**
2. Further, the BESCOM has made accumulation of INR 1144.49 crs towards doubtful debts for FY 20. The Commission should direct the BESCOM to identify the names of the doubtful receivables and furnish the same to Commission and make it public and disallow INR 1144.49 crs from truing up exercise. **We request the Commission to direct all ESCOM's to give clarity on the doubtful debts written off in every financial year. The same should be submitted to Commission and made available to public on BESCOM's website.**
3. In FY 18, the **BESCOM had made provision of INR 1135.57 crs toward doubtful debt. We request the Commission to direct BESCOM to provide clarification on amounts recovered for FY 18**
4. We request the Commission to set targets for each financial year for all ESCOM's to bring down the doubtful debts/ receivables.

d) Determination of Tariff for FY 20

1. B.PAC requests the Commission to disallow the proposed tariff by BESCOM under the Lt – 6 (c) category for electric vehicle charging stations. Electric vehicles help to achieve sustainable and green mobility in Bengaluru city. Therefore, the Government should create a conducive environment by providing charging infrastructure at an affordable rate.

- B.PAC requests the Commission to disapprove the BESCOM's proposal for increase in BMRCL tariff proposal under the HT 2 (a) (ii) category from the previous tariff order at INR 5.20/ unit to INR 5.70/unit.
- BESCOM in its submission to KERC has proposed an increase in **Fixed Charges across all categories by 48.39 %**. The percentage increase in fixed charges which are borne by some categories HT Commercial and Industrial are higher than 60 %. B.PAC requests the Commission to disallow the increase in Fixed charges proposed by BESCOM since it is highly irrational, unwarranted and seeks to garner revenue at the cost of consumer without any additional service from BESCOM.

Table 27: Increase in Fixed Charges

Total Revenue from Fixed charges as per existing tariff	Total Revenue from Fixed charges as per proposed tariff	Difference in revenue from Fixed Charges	% difference in Fixed Charges
4903.33	7276.19	2372.86	48.39%

Table 28: Increase in Fixed Charges – Industrial and Commercial Category

	Category	Particulars	Fixed Charges (Existing Tariff)	Fixed Charges (Proposed Tariff)	Difference in Fixed Charges	% change in fixed charges
Industrial	HT 2 (a)(i)	Per KVA	220	370	150	68.18%
	HT 2 (a)(ii)	Per KVA	210	360	150	71.43%
Commercial	HT 2 (b)(i)	Per KVA	240	390	150	62.50%
	HT 2 (b)(ii)	Per KVA	230	380	150	65.22%
	HT 2 (c)(i)	Per KVA	210	360	150	71.43%
	HT 2 (c)(ii)	Per KVA	210	360	150	71.43%

e) BESCOM prayer for Leave of the Commission

- The comparison between the actual (FY 19) power purchase cost to the projected power purchase cost (FY 21) is shown in the below table.

Table 29: Source of Power – Projections for FY 21

Source of Power	Actual FY 18-19			Projections for FY 20-21			Variation		
	Energy in MU	Cost in Rs crs	Per unit cost in Rs	Energy in MU	Cost in Rs crs	Per unit cost in Rs	Energy in MU	Cost in Rs crs	Per unit cost in Rs
KPCL Hydel	776.17	89.53	1.15	827.50	91.66	1.11	6.20%	2.32%	-4.14%
KPCL Thermal	8452.32	4787.22	5.66	11591.53	8128.81	7.01	27.08%	41.11%	19.24%
CGS Energy	11306.10	4831.31	4.27	10746.12	6547.04	6.09	-5.21%	26.21%	29.86%
UPCL	3188.38	1965.18	6.16	2527.87	1760.39	6.96	-26.13%	-11.63%	11.49%
Renewable Energy	7679.5	3366.58	4.38	9376.75	3739.14	3.99	18.10%	9.96%	-9.94%
Other State Hydel	12.33	5.61	4.55	98.55	33.11	3.36	87.49%	83.06%	-35.42%
Short Term/Medium Term	1545.58	862.87	5.58	593.04	309.04	5.21	-160.62%	-179.21%	-7.13%
SLDC and Transmission charges		2806.31			1464.75				
Total	32960.38	18714.61	5.68	35761.36	22073.94	6.17	8%	18%	9%

- It is observed from the above table that the projected cost for KPCL Thermal has increased by 41.11 % from FY 19 and the projected cost for Other State Hydel projects has increased by 83% which amounts to INR 3369.09 crs.
- It is also observed that the projections made in FY 20-21 for Short Term/Medium Term power purchase is unrealistic BESCOM has been regularly procuring power from short- and medium-term arrangements in the range of INR 800 crs – 900 crs per annum

(FY 17, FY 18 and FY 19). Therefore a realistic projections for short term/medium term power procurement is needed.

4. Further, in the current submission, **BESCOM has stated the deficit of INR 3647.09 crs for FY 20, requesting for an increase in tariff by INR 1.96 from the Commission.**
5. Our analysis has shown that this deficit is arriving mainly because of the increased projections in the power purchase cost for FY 21 by 18 % from FY 19

Table 30: Commission approved power purchase vs actual for FY 20

Source of Power	Commission approved Power Purchase FY 20			Projections for FY 19-20			Variation		
	Energy in MU	Cost in Rs crs	Per unit cost in Rs	Energy in MU	Cost in Rs crs	Per unit cost in Rs	Energy in MU	Cost in Rs crs	Per unit cost in Rs
KPCL Hydel	766.29	83.21	1.09	766.29	67.33	0.88	0%	-19%	-19%
KPCL Thermal	10028.07	5736.14	5.72	9378.33	5477.41	5.84	-6%	-5%	2%
CGS Energy	11576.28	4548.71	3.93	10976.28	4952.80	4.51	-5%	9%	15%
UPCL	2932.93	1807.16	6.16	2825.71	1972.32	6.98	-4%	9%	13%
Renewable Energy	8023.66	3240.62	4.04	8449.64	3602.00	4.26	5%	11%	6%
Other State Hydel	58.31	32.37	5.55	58.31	32.35	5.55	0%	0%	0%
Short Term/Medium Term	575	269.68	4.69	575.00	296.64	5.16	0%	10%	10%
SLDC and Transmission charges		2582.45			3495.92			35%	
Total	33960.54	18300.34	5.39	33029.56	19896.78	6.02	-3%	9%	12%

6. It can be observed from the above table that BESCOM's projection's for FY 20 in terms of energy purchased is 3 % lower than the Commission approved power purchase. When BESCOM has not been able to purchase the approved 33960.54 MU for FY 20, the projections for FY 21 (35761 MU) is highly overestimated and BESCOM will not be able to sell the power procured and perhaps incur standing cost charges for committed procurement

Table 31: Power Purchase FY 20 vs FY 21

Source of Power	Projections for FY 19-20			Projections for FY 20-21			Variation		
	Energy in MU	Cost in Rs crs	Per unit cost in Rs	Energy in MU	Cost in Rs crs	Per unit cost in Rs	Energy in MU	Cost in Rs crs	Per unit cost in Rs
KPCL Hydel	766.29	67.33	0.88	827.50	91.66	1.11	8.0%	36.1%	26.1%
KPCL Thermal	9378.33	5477.41	5.84	11591.53	8128.81	7.01	23.6%	48.4%	20.1%
CGS Energy	10976.28	4952.80	4.51	10746.12	6547.04	6.09	-2.1%	32.2%	35.0%
UPCL	2825.71	1972.32	6.98	2527.87	1760.39	6.96	-10.5%	-10.7%	-0.2%
Renewable Energy	8449.64	3602.00	4.26	9376.75	3739.14	3.99	11.0%	3.8%	-6.5%
Other State Hydel	58.31	32.35	5.55	98.55	33.11	3.36	69.0%	2.3%	-39.4%
Short Term/Medium Term	575.00	296.64	5.16	593.04	309.04	5.21	3.1%	4.2%	1.0%
SLDC and Transmission charges		3495.92			1464.75			-58%	
Total	33029.56	19896.78	6.02	35761.36	22073.94	6.17	8.3%	10.9%	2.5%

7. During FY 19-20, Karnataka state was blessed with good monsoon rains, as a result, all the dams in the state were running at full capacity. However, in the power purchase projections for FY 21, **BESCOM has understated the procurement from KPCL Hydel (increase of 61 MU only). BESCOM should have emphasized on procuring higher units of power from KPCL Hydel and reduced the projected power purchase from other categories.**
8. In the FY 19-20 projections submitted by BESCOM, the Power purchase cost is 9 % higher than the Commission approved rates.
9. If the power purchase cost is estimated to increase from the actuals of FY 19 by 5% for FY 21, the total power purchase cost would be estimated at INR 19650.34 crs. Whereas,

the power purchase cost for FY 21 is at INR 22073.94 crs. **We observe that, the power purchase cost has been inflated by INR 2423.60 crs while projecting the numbers for FY 21.**

Our Prayer to the Commission

1. The deficit estimated for FY 21 is highly inflated to mislead the Commission and consumers. **The deficit of INR 3647 crs for FY 21 should be disallowed by KERC.**
2. For the above-mentioned reasons, **the Commission should not accept the proposal put forth by BESCOM requesting increase in the tariff of INR 1.96 for FY 21**
3. The Commission should direct BESCOM to submit realistic projections and also bring discipline in procuring power at low cost.

Conclusion

B.PAC has been presenting detailed objections to the Commission for the last 5 years in public interest after extensive research and analysis. We are distressed to note that in spite of such detailed submissions year, no serious steps have been taken by the commission to force improvement in BESCOM performance. There is a complete lack of vision in BESCOM's view of the future and how it plans to grow its revenues and improve its operating performance in a sustainable and predictable manner. BESCOM's prayer allowing **to hike the average tariff by INR 1.96 across all categories should not be passed on as a burden to consumers** for the following reasons:

1. Growth in BESCOM Revenues continue to be tardy in spite of rapid urbanisation of the city and growing demand for power. Over the 6 year period revenue has grown by 68 % , Power Purchase cost to Revenue remains outrageously high at 95.78 % worsened significantly from 86.2% in FY 17 and with no visibility for improvement in PPC in future as well. In fact the projection for FY 21 is 94.86 % . **The power purchase cost higher than the revenue shows poor planning and incapability of BESCOM to buy power at lower available market rates.** So with a decline in Gross Margin to 4.22% and an increase in O&M cost from 7.55 % in 2017 to 9.24 % in 2019 , the entire operation of BESCOM is unviable.
2. **There has been no improvement in T&D losses over the last three years. It was 16.89% 2017 and remains at 16.24% in 2019. This is an absolutely unacceptable situation.**
3. ARR has steadily gone up from Rs. 5.52/unit in FY 2015 to Rs. 7.03/unit in FY 2019. Not because of any improvement in performance, but by constantly passing on the burden of its inefficiencies to consumers who do not have a voice and have no say over the conduct of the affairs of BESCOM.

4. As a result of this HT consumers have been steadily moving away to open access where they can get power at more competitive rates. **HT consumption which was 38% in 2014 has steadily been going down is now at 30% in 2019.**
5. Agricultural consumption continues to grow at an astonishing pace signifying theft of power. **During the period 2010-11 to 2017-18 the Gross Irrigated area fell by 8% but agricultural consumption grew by 56%. During the year 2019, 9,04,463 IP Sets consumed 4% more energy 78,88,029 domestic installations. An IP Set consumes 8107 units/annum as compared to 877.2 units for domestic consumption.**
6. Number of sales months outstanding has worsened from 6.92 months in FY 15 to 7.56 months in FY 19.
7. The Hon'ble Commission had directed the Government of Karnataka to formulate a suitable policy to implement the suggestion of direct remittance of subsidy to farmers it's FY 17 order. However, to the best of our knowledge, GoK has not yet formulated a policy. **We request KERC to advice Government on this matter so as to enable proper accounting of energy and also facilitate direct benefit transfer to the consumers.**
8. With such dismal performance on every single performance parameter outlined above, the BESCOM wants to further increase the tariff with no commitment to improve any of its performance parameters.
9. **We request the Commission to disallow the variation in distribution loss of 0.67% (80.51 MU) amounting to an excess loss of INR 60 crs.**
10. **We request the Commission to disallow the increase in power purchase cost of INR 1460.48 for truing up for FY 19.**
11. Through the Commission we request BESCOM to furnish number of identified illegal IP sets in FY 19 and actions initiated against such consumers.
12. In FY 18, the BESCOM had made provision of INR 1135.57 crs toward doubtful debt. **We request the Commission to direct BESCOM to provide clarification on amounts recovered for FY 18**
13. The deficit estimated for FY 21 is highly inflated to mislead the Commission and consumers. **The deficit of INR 3647 crs for FY 21 should be disallowed by KERC.**
14. **We request the KERC to set up an expert committee to draw a five-year roadmap for all the ESCOM's to determine charges for a long term, instead of setting an annual tariff.**

No corporation can be allowed to function like this without any accountability and impunity. B.PAC would therefore like to place on record our very strong objections to several proposals of BESCO in their submission for tariff increase and truing up.

Sir, as an independent regulator please protect the interest of citizens of Bengaluru in an unbiased manner and not the interest of BESCO

Hence, on behalf of citizens of Bengaluru, we once again request you to kindly consider the above-mentioned points while evaluating the proposal from BESCO for increasing the power tariff for FY 20 – FY 21 and to **draw conclusion which will not burden the citizens of Bengaluru further.**

Thanking you.

-Sd-

*Revathy Ashok,
Hon Managing Trustee &CEO*

*For,
Bangalore Political Action Committee*

- Sd-

*Archana M V
Research Coordinator*