KARNATAKA ELECTRICITY REGULATORY COMMISSION

TARIFF ORDER 2021

OF

GESCOM

ANNUAL PERFORMANCE REVIEW FOR FY20

&

APPROVAL OF REVISED ANNUAL REVENUE REQUIREMENT FOR FY22

&

REVISION of RETAIL SUPPLY TARIFF FOR FY22

9th June, 2021

No. 16 C-1, Miller Tank Bed Area,
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ABBREVIATIONS	
ABT	Availability Based Tariff
AEH	All Electric Home
A & G	Administrative & General Expenses
ARR	Annual Revenue Requirement
ATE	Appellate Tribunal for Electricity
BST	Bulk Supply Tariff
CAPEX	Capital Expenditure
CCS	Consumer Care Society
CERC	Central Electricity Regulatory Commission
CEA	Central Electricity Authority
CPI	Consumer Price Index
CWIP	Capital Work in Progress
DA	Dearness Allowance
DCB	Demand, Collection & Balance
DPR	Detailed Project Report
EA	Electricity Act
EC	Energy Charges
ERC	Expected Revenue From Charges
ESAAR	Electricity Supply Annual Accounting Rules
ESCOMs	Electricity Supply Companies
FA	Financial Adviser
FKCCI	Federation of Karnataka Chamber of Commerce & Industry
FR	Feasibility Report
FoR	Forum of Regulators
FY	Financial Year
GESCOM	Gulbarga Electricity Supply Company
GFA	Gross Fixed Assets
GoI	Government Of India
GoK	Government Of Karnataka
GRIDCO	Grid Corporation
HP	Horse Power
HRIS	Human Resource Information System
ICAI	Institute of Chartered Accountants of India
IFC	Interest and Finance Charges
IW	Industrial Worker
IP SETS	Irrigation Pump Sets
KASSIA	Karnataka Small Scale Industries Association
KEB	Karnataka Electricity Board
KER Act	Karnataka Electricity Reform Act
KERC	Karnataka Electricity Regulatory Commission
KM/Km	Kilometre
KPCL	Karnataka Power Corporation Limited
KPTCL	Karnataka Power Transmission Corporation Limited
KV	Kilo Volts

kVA	Kilo Volt Ampere
kW	Kilo Watt
kWH	Kilo Watt Hour
LDC	Load Despatch Centre
MAT	Minimum Alternate Tax
MD	Managing Director
MFA	Miscellaneous First Appeal
MIS	Management Information System
MoP	Ministry of Power
MU	Million Units
MVA	Mega Volt Ampere
MW	Mega Watt
MYT	Multi Year Tariff
NFA	Net Fixed Assets
NLC	Neyveli Lignite Corporation
NCP	Non Coincident Peak
NTP	National Tariff Policy
O&M	Operation & Maintenance
P & L	Profit & Loss Account
PLR	Prime Lending Rate
PPA	Power Purchase Agreement
PRDC	Power Research & Development Consultants
R & M	Repairs and Maintenance
ROE	Return on Equity
ROR	Rate of Return
ROW	Right of Way
RPO	Renewable Purchase Obligation
SBI	State Bank of India
SCADA	Supervisory Control and Data Acquisition System
SERCs	State Electricity Regulatory Commissions
SLDC	State Load Despatch Centre
SRLDC	Southern Regional Load Dispatch Centre
STU	State Transmission Utility
TAC	Technical Advisory Committee
TCC	Total Contracted Capacity
T&D	Transmission & Distribution
TCs	Transformer Centres
TPC	Tanirbavi Power Company
TR	Transmission Rate
VVNL	Visvesvaraya Vidyuth Nigama Limited
WPI	Wholesale Price Index
WC	Working Capital

KARNATAKA ELECTRICITY REGULATORY COMMISSION

No.16C-1. Miller Tank Bed Area, Vasanthnagar
BENGALURU - 560 052

Dated 9th June, 2021

In the matter of:

Application of the Gulbarga Electricity Supply Company Limited, in respect of the Annual Performance Review for FY20, approval of Annual Revenue Requirement and Revision of Retail Supply Tariff for FY22, under Multi Year Tariff framework.

Present:	**Shri Shambhu Dayal Meena**	**Chairman**
	Shri H.M. Manjunatha	**Member**
	Shri M.D. Ravi	**Member**

O R D E R

The Gulbarga Electricity Supply Company Ltd. (hereinafter referred to as GESCOM) is a Distribution Licensee under the provisions of the Electricity Act, 2003. GESCOM has filed its tariff application on 30th November, 2020 with a prayer to:

- To approve the Annual Performance Review for FY-20 as detailed in Tariff application.
- ARR and ERC proposed as per the MYT principles, as detailed in Tariff application.

- Gap of Rs.1196.89 Crores for FY-22 including Regulatory Asset of previous year and the Regulatory Assets to be recovered in FY-22 as per KERC order dated 04.11.2020.

- The overall tariff hike of 156 paise is proposed for FY-22, across all the category of consumer.

- Revenue Requirement, Return on Equity & Tariff Petition for FY-22 and the deficit arising on account of proposed ARR and ERC for FY-22 by way of upward revision of the tariff by increasing Energy charges by 144 paise and Fixed charges by 12 paise (Rs. 10/KW/KVA/HP) across all the categories.

- Effect of order passed by Hon'ble ATE in Appeal No. 97/2020 dated 5th October 2020 and by Hon'ble KERC order dated 19th October 2020 in respect of Tanir Bhavi project case. Consider including Rs.40.26 Crores of Tanir Bhavi power purchase due as additional gap.

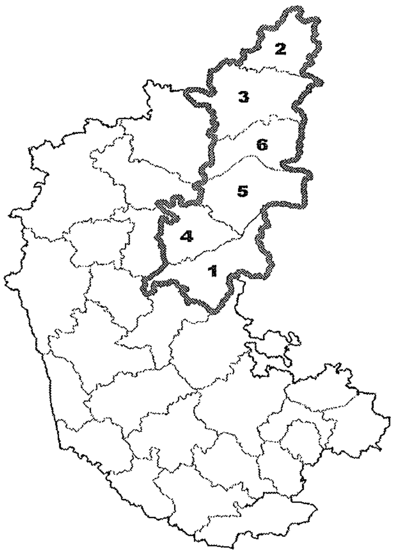
In exercise of the powers conferred under Sections 62 and 64 and other provisions of the Electricity Act, 2003, the KERC (Terms and Conditions for Determination of Tariff for Distribution and Retail Sale of Electricity) Regulations, 2006, read with the KERC (Tariff) Regulations, 2000 and other enabling Regulations, the Commission has considered the said application and also the views and objections submitted by the consumers and other stakeholders, while passing this Order. The Commission's decisions on various aspects are brought out in the subsequent Chapters of this Order.

CHAPTER – 1

INTRODUCTION

1.0 Gulbarga Electricity Supply Company Ltd.:

The Gulbarga Electricity Supply Company Ltd., (GESCOM) is a Distribution Licensee under the provisions of Section 14 of the Electricity Act, 2003 (hereinafter referred to as the Act). The GESCOM is responsible for purchase of power, distribution and retail supply of electricity to its consumers and also providing infrastructure for Open Access, Wheeling of energy in its area of operation in the six Districts of the State as indicated below:



1. Bellary
2. Bidar
3. Kalaburagi
4. Koppala
5. Raichur
6. Yadgiri

The GESCOM is a company registered under the Companies Act, 1956, incorporated on 30th April, 2002 and commenced its operations on 1st June, 2002. The Registered Office of the Company is located at Station Main Road, Kalaburgi-585102

At present GESCOM's area of operations is structured as follows:

O&M Zones	O&M Circles	O&M Divisions
Kalaburgi zone	Gulbarga Circle	Kalaburgi CSC Division
		Kalaburgi Rural-I Division
		Kalaburgi Rural-II Division
		Sedam Division
		Yadgir
	Bidar Circle	Bidar Division
		Humnabad Division
Ballari Zone	Bellary Circle	Ballari CSC Division
		Ballari Rural Division
		Hospet Urban Division
		Hospet Rural Division
	Raichur Circle	Raichur CSC Division
		Raichur Rural Division
		Sindhanoor Division
	Koppal Circle	Gangavathi Division
		Koppal Division

The O & M divisions of GESCOM are further divided into sub-divisions. Each sub-division is having two to three O & M section offices.

The section offices are the base level offices looking into operation and maintenance of the distribution system in order to provide reliable and quality power supply to GESCOM's consumers.

1.1 GESCOM at a glance:

The profile of GESCOM is as indicated below:

Sl. No.	Particulars (As on 30-09-2020)		Statistics*
1.	Area	Sq. km.	43861
2.	Districts	Nos.	6
3.	Taluks	Nos.	49
4.	Population	lakhs	112
5.	Consumers as on Sept.2020	lakhs	33,04,591
6.	Energy Consumption for FY21 (upto Sept.2020)	MU	3463.74
7.	Zone	Nos.	2

8.	DTCs	Nos.	110114
9.	Assets FY21(upto Sept.2020)	Rs. in Crores	4092.40
10.	HT lines	Ckt. kms	70,964.24
11.	LT lines	Ckt. kms	90,426.90
12.	**Total employees strength:**		
A	Sanctioned	Nos.	10112
B	Working	Nos.	7129
13.	Revenue Demand (FY21 upto Sept.2020)	Rs. in Crores	2422.95
14.	Revenue Collection (FY21 upto Sept.2020)	Rs. in Crores	2154.23

***Source: Tariff filing**

1.2 Number of Consumers, Sales in MU and Revenue details of GESCOM as on 30.03.2020:

No. of Installations	No. of Installations	sales	Revenue
As on 31.03.2020			
LTI Domestic Installation & Others	2427772	1460.47	943.13
LT Commercial	286835	352.82	340.23
LT Industril	66504	172.2	140.99
Agriculture IP Sets of up to 10 HP	399627	3054	1858.69
High Tension (HT)	2979	1445.72	1190.31
Others	81278	698.96	457.81
Total	3264995	7184.17	4931.16

Source:D2 format of tariff filing

The GESCOM has filed its application for approval of Annual Performance Review for FY20 and consequent revision of ARR thereon, revision of Annual Revenue Requirement (ARR) and revision of Retail Supply Tariff for FY22.

The GESCOM's application, objections / views of stakeholders thereon and the Commission's decisions on the approval of Annual Performance Review for FY20, approval of the ARR and revision of Retail Supply Tariff for FY22, are discussed in detail, in the subsequent Chapters of this Order.

CHAPTER – 2

SUMMARY OF FILING & TARIFF DETERMINATION PROCESS

2.0 Background for Current Filing:

The Commission in its Tariff Order dated 4th November, 2020 had approved the revised ARR for FY21 and Retail Supply Tariff of GESCOM for FY21 under the MYT principles. The GESCOM in its present application filed on 30th November, 2020, has sought Annual Performance Review (APR) for FY20 based on the audited accounts, Revision of ARR for FY22 and Retail Supply Tariff for FY22.

2.1 Preliminary Observations of the Commission:

After a preliminary scrutiny of applications, the Commission had communicated its observations to the GESCOM on 17th December, 2020, which were mainly on the following points:

- Sales Forecast
- Capital Expenditure
- Projected IP set consumption for FY19
- Power Purchase
- RPO Compliance
- Wheeling and Banking
- Cross subsidy surcharge
- Additional Surcharge
- Issues pertaining to items of revenue and expenditure
- Energy flow diagram
- Compliance to Directives

In response, the GESCOM had furnished its replies on 4th January 2021. The replies furnished by the GESCOM are considered in the respective chapters of this Order.

2.2 Acceptance of Applications and Publication of Notices:

The Commission vide its letter dated 6th January, 2021 informed the GESCOM that, its application filed on 30th November, 2020, for APR of FY20, approval of Revised ARR for FY22 and revision of retail supply tariff for FY22, in the GESCOM area, has been treated as a petition, in terms of the Tariff Regulations, subject to further verification and validation and directed it to publish a summary of the application in the leading newspapers in the distribution area of GESCOM.

2.3 Public Hearing Process:

As per the Karnataka Electricity Regulatory Commission (Terms and Conditions for Determination of Tariff for Distribution and Retail Sale of Electricity) Regulations 2006, read with the KERC (Tariff) Regulations, 2000, and KERC (General and Conduct of Proceedings) Regulations, 2000, the Commission, in its letter dated 6th January, 2021 treated the tariff application of GESCOM as a petition and directed GESCOM to publish the summary of ARR and Tariff proposals in the newspapers calling for objections, if any, from the interested persons.

Accordingly, the GESCOM has published the same in the following newspapers:

Name of the News Paper	Language	Date of Publication
The Indian Express	English	09.01.2021
The Hindu	English	09.01.2021
Deccan Herald	English	10.01.2021
Vijayakarnataka	Kannada	09.01.2021
Vijayavani	Kannada	09.01.2021
Udayavani	Kannada	10.01.2021
Kannada Prabha	Kannada	10.01.2021
Samyuktha Karnataka	Kannada	10.01.2021

The GESCOM's application on APR of FY20, Revision of ARR for FY22 and revision of Retail Supply Tariff for FY22 was also hosted on the web-sites of the GESCOM and the Commission, for the ready reference and information of the general public.

In response to the application of the GESCOM, the Commission has received two number of written objections with affidavit and one without affidavit, within the time stipulated for filing objections. The GESCOM has furnished its replies to all the objections. The Commission has held a Public Hearing on 25.02.2021, at Kalaburgi. The details of the written / oral submissions made by various stakeholders and the responses from the GESCOM thereon have been discussed in Chapter – 3 and Appendix to this Order.

2.4 Consultation with the State Advisory Committee of the Commission:

The Advisory Committee discussed the proposals of the KPTCL and all the ESCOMs in the State Advisory Committee meeting held on 19th March 2021. During the meeting the KPTCL and ESCOMs made brief presentations on the important issues in the tariff application filed before the Commission. The Committee discussed various issues involved in the tariff application.

The Members of the Committee made valuable suggestions on the proposals. The Commission has taken note of these suggestions while passing the Order.

CHAPTER - 3

PUBLIC CONSULTATION – SUGGESTIONS / OBJECTIONS & REPLIES

3.0 In pursuance of the provisions of Section 64 of the Electricity Act, 2003, the Commission has undertaken the process of public consultation, to obtain suggestions / views / objections from the interested stake-holders, on the application filed by the GESCOM, for the Annual Performance Review for FY20, approval of ERC and ARR for FY22 and also approval of revised retail supply tariff for FY22, under the provisions of the MYT Regulations. In the written submissions as well as during the public hearing, the stake-holders and the public have raised several objections and have made suggestions, on the Tariff Application.

3.1 The names of the persons who have filed written objections and made oral submissions are given below:

List of persons who filed written objections within due date:

Sl No	Application No	Name & Address of the Objectors
Objections Filed with Affidavit:		
1	GA-01	The General Secretary, Karnataka Small Scale Industries Association, # 2 / 106, 17th Cross, Magadi Chord Road, Vijayanagar, Bengaluru – 560040.
2	GA-02	Hyderabad Karnataka Environment Awareness and Protection Organisation, No 4-311 Opposite Basava Temple, Maktamapur, Kalaburagi – 585101.
Objections Filed without Affidavit:		
3	GB-01	Sri Soumya Deep Das, National Institute of Advanced Studies (NIAS), IISC Campus, Bengaluru – 560012.
Objections Filed during / after the Public Hearing:		
4		Raichur Factory Owners Association (Regd.), (Ginning, Pressing Factories & Oil Mills), The Gunj Merchants Association Building, Rajendra Gunj, Raichur – 584102.
Objections sent to GESCOM directly without Affidavit:		
5		Sri Prabhulingayya Rudrayya Karjagi Math, Secretary, Raitha Karmika Hita Rakshana Samithi, Ranebennur.

The objections / suggestions mainly pertain to:

a. Tariff revision;
b. Quality of Power Supply and Service;
c. Compliance of Commission's directives; and
d. Certain specific requests.

The gist of objections, Replies by GESCOM and the Commission's Views are appended to this order in **Appendix-1**.

As a part of the Public consultation, the Commission also held a public hearing at Kalaburagi on 25.02.2021. In the public hearing, the following persons registered their names to make oral submissions before the Commission. Few of the persons who registered were either not present when their turn came or didn't made oral submissions, during the Public Hearing on 25.02.2021.

SL. No.	Names & Addresses of Objectors
1	Smt Shwetha Hiremath, Gulbarga.
2	Sri B Umapathy, Sedam, Gulbarga.
3	Sri Deepak Gala, Hyderabad Karnataka Environment, Gulbarga Kalaburagi.
4	Sri Ramu Pawar.
5	Sri B M Revur.
6	Sri Siddaramaiah Hiremath, Gulbarga.
7	Sri Sangappa Koli, Lingasaguru, Gulbarga.
8	Sri Venkatesh, Gulbarga.
9	Sri Syed Ghouse, Gulbarga.
10	Sri Basavaraj M Sajjan, Afzalpur, Gulbarga.
11	Sri Sridhar Bellari.
12	Sri Subhashchandra, Benkanalli.
13	Sri Manish, HT Consumer, Raichur.
14	Sri Lakshman, Gulbarga.
15	Sri Subendhu, Gulbarga.
16	Sri Rajkumar, Gulbarga.
17	Sri Hanumanth Rao, Sugur, Gulbarga.
18	Sri Kashinath, Gulbarga.
19	Sri Goundappa, Gulbarga.
20	Sri Mallinath, Gulbarga.
21	Sri Kanthappa Honna, Bidar.
22	Sri Sanganna Basava, Gulbarga.
23	Sri Basavaraj Tolanur, Gulbarga.
24	Sri Vijayarao Kulkarni, Gulbarga.
25	Sri Ramesh, Gulbarga.
26	Sri Bhima Shankar B Patil, KASSIA, Bangalore.
27	Sri Sharanu, Neelur, Gulbarga.
28	Sri Channabasappa Nandigola.

3.2 In public hearing conducted by the Commission, the stakeholders raised several points / issues relating to the operation and working of the GESCOM. The gist of the submissions made during the Public Hearing held on 25.02.2021 is as follows:

1) In general, all the stakeholders who participated in the public hearing, opposed the tariff hike, in view of the fact that public in the jurisdiction of GESCOM have suffered due to heavy rains and floods, the Corona Pandemic has caused lot of hardship and requested the Commission not to increase the tariff as proposed by the GESCOM.
2) The telephone number '1912' provided for registering complaints is not working properly. The number is said to be toll-free, but the charges are being deducted from the account of the caller. The number of executives placed in the customer service centre is not sufficient for handling the customers of 6 districts.
3) The replies furnished by GESCOM to the objections filed towards capacity charges paid in respect of un-utilised energy is different from that of the amount indicated in the presentations made. GESCOM has to clarify the different answers provided.
4) The un-utilised energy is sold at Rs.2 per unit, which is making not only revenue loss to the licensee, but the consumers are also burdened by tariff hike. Instead of selling the energy at such a low price, the local industries can be provided with the energy at reasonable price and encouraged.
5) Stakeholders proposed that the distribution licensee shall make a mention about the excess power sold/ disposed of in a chapter in the tariff filing.
6) the consumers who have gone for open access shall be brought back by offering attractive price on tariff instead of increasing the tariff every year.
7) GESCOM is not recovering its huge amount of dues from the Government related organisations. Hence, the burden arising out of the arrears from the local bodies shouldn't be passed on to the consumers.
8) All the installations shall be properly metered. GESCOM shall not be allowed to make consumption on assessment basis. The water supply and the street light installations in GESCOM area are also unmetered and GESCOM is not making the assessment of sales properly.

9) The Government is not releasing full subsidy to GESCOM, the deficit in revenue required to run the Company is being transferred to the consumers in the form of tariff hike. Interest needs to levied on subsidy amount if there is delay on releasing the subsidy amount by the Government.
10) It seems GESCOM is not maintaining proper account of LT7(b) installations, i.e., commercial hoardings. These installations are to be properly billed to stop revenue of loss.
11) GESCOM is not carrying out the energy audit of all the metered DTCs and taking action based on the audit results. It is pointed out that 80% of the meters provided to the DTCs are not working. The agencies who carried out the work of remote readings of the meters are paid without ensuring proper working of the meters.
12) An independent agency be given the responsibility of surveying the compliance of Standards of Performance by GESCOM. Proper publicity and notifications on the SoP will make the consumers aware of the SoP.
13) GESCOM is not adhering to the directive issued by the Commission in providing timer switches to the new street light installations while servicing. This could really be helpful in reducing the wasteful energy and energy conservation.
14) GESCOM should not take more time in replacement of old / deteriorated poles without waiting for finalisation of the tenders.
15) GESCOM has to improve the quality of printed bills issued to the consumers.
16) The Consumer Interaction Meetings to be conducted by the jurisdictional Superintending Engineers / Executive Engineers are not being conducted effectively. Consumer interaction meetings are not successful as they are intended to be, since the publicity in this regard is not adequate. The social media shall be used more often for publicity. During Covid-19 period, the CIMs should have been conducted through video conferences.
17) The Managing Director GESCOM has furnished wrong information in respect of providing safety equipment to all the field staff. GESCOM is not giving importance to rectify the hazardous locations.

18) Expenditure by GESCOM on hiring vehicles, out sourced employees are very high. No proper audit and there is no check on the miscellaneous expenditure.
19) The power supply interruptions in the feeders supplying power to the IP installations is very high.
20) The benefit of special incentive scheme is not being provided to the consumers of GESCOM, as the officials of GESCOM are not aware of the implementation procedure.
21) During the power surplus situation, the long-term power purchase agreements are causing financial burden on the distribution licensees.
22) The out sourcing of meter reading activity is causing losses to GESCOM.
23) The infrastructure development charges collected across GESCOM in respect of the layouts where there is a default on the part of developer, in providing electric line, plant etc., is not uniform.
24) The order of KERC in respect of increasing the power supply arrangements at low voltage from 67 HP to 201 HP is not implemented in GESCOM.
25) If proper checks on electricity theft are brought in, the question of increase in tariff would not arise.
26) The GESCOM is spending huge amounts on Transformer repairs, even without looking into validity of guarantee / warrantee period. The expenditure towards failure within the guarantee period has to be borne by the concerned manufacturer and Transformer provider.

3.3 GESCOM's Response to the objections:

The Managing Director, GESCOM stated that the replies to most of the issues raised in the public hearing have been furnished in the written replies. The other issues not covered earlier would be looked into and remedial action taken as per rules will be taken as follows:

GESCOM will abide by the directions of KERC in respect of making special incentive scheme attractive.

Action will be taken to increase the capacity of the customer care centre and the issues related to the telephone number '1912' will be resolved.

Issue related to the use of safety equipment by the field staff will be reviewed and action will be taken.

Action will be taken to speed up the identification and rectification of hazardous locations.

The conduct of the consumer interaction meetings will be monitored to see that the meetings are effective.

3.4 Commission's Views

After hearing the stakeholders and the replies from GESCOM, the Commission issued the following directions to GESCOM:

- Not to conduct many meetings in a day, during office hours.
- Workshops shall be conducted to educate the staff on Standards of Performance (SoP), behavioural attitude of the staff working in the centralised customer care centres etc.,
- Power supply arrangement schedule for IP feeders have to be notified.
- Action shall be taken to recover the huge dues from the local bodies and the Government related organisations.
- Action shall be taken to reduce distribution losses.
- Adopt proper mechanism for replacement of old / deteriorated conductors / DTCs / poles etc.,
- Adopt proper mechanism for registering consumer complaints, tracking and closing of such complaints.
- To submit feedback on removing the evening peak 'Time of Day' (ToD) tariff in consultation with KASSIA and other industries.
- To submit the feedback on the "Electricity (Rights of Consumers) Rules, 2020" issued by the Ministry of Power, Government of India to the Commission within 15 days.

Also, the Commission directed GESCOM to look into the unresolved issues and attend to them on priority, under intimation to the respective objectors.

CHAPTER – 4

ANNUAL PERFORMANCE REVIEW FOR FY20

4.0 GESCOM's Application for APR for FY20:

The GESCOM has filed its application on 30th November, 2020, for Annual Performance Review (APR) of FY20 based on the audited accounts and for revision of Annual Revenue Requirement (ARR) and revision of retail supply tariff for FY22, for the approval of the Commission as per the provision of MYT Regulations.

The Commission, in its letter dated 17th December, 2020 had communicated its preliminary observations on the Petition filed by GESCOM for APR for FY20 and revised ARR and determination of Retail Supply Tariff for FY22. GESCOM has furnished its replies to the preliminary observations of the Commission vide its letter dated 29th December, 2020 received in the Commission's office on 4th January, 2021.

The Commission, in its Tariff Order dated 30th May, 2019, had approved net Annual Revenue Requirement (ARR) of Rs.5248.42 Crores for FY20 along with the revised retail supply tariff for FY20.

The Annual Performance Review (APR) of GESCOM for FY20, based on the audited accounts, is discussed in this chapter.

4.1 GESCOM's Submission:

The GESCOM has submitted its proposals for revision of ARR under APR for FY20 based on the Audited Accounts, as follows:

TABLE – 4.1

ARR for FY20 – GESCOM's Submission

Amount in Rs. Crores

Sl. No	Particulars	FY20 As approved in Tariff Order dated 30.05.2019	FY20 As filed
1	Energy at Gen Bus in MU	9077.09	8483.22
2	Energy at Interface in MU	8790.07	8092.10
3	Distribution Losses in %	14.89%	11.22%
	Sales in MU		
4	Sales to other than IP & BJ/KJ	3856.32	3872.02
5	Sales to BJ/KJ	217.56	258.15
6	Sales to IP	3407.35	3054.00
7	**Total Sales**	**7481.23**	**7184.17**
	Revenue from tariff and Misc. Charges:		
8	Revenue from tariff and Misc. Charges	3075.23	3093.81
9	Tariff Subsidy for BJ/KJ	152.63	182.76
10	Tariff Subsidy for IP	2020.56	1836.53
11	**Total Revenue**	**5248.42**	**5113.10**
	Expenditure:		
12	Power Purchase Cost	3680.75	3806.82
13	Transmission charges of KPTCL	420.98	423.59
14	SLDC Charges	2.22	2.22
	Total Power Purchase Cost	**4103.95**	**4232.63**
15	Employee Cost	698.33	612.02
16	Repairs & Maintenance		58.18
17	Admin & General Expenses		128.85
	Total O&M Expenses	**698.33**	**799.05**
18	Depreciation	172.94	167.66
	Interest & Finance charges;		
19	Interest on Loans	99.74	136.21
20	Interest on Working capital	103.90	106.71
21	Interest on belated payment on PP Cost	0.00	214.79
22	Interest on consumer deposits	36.40	35.61
23	Other Interest & Finance charges	0.00	0.00
24	Less: interest capitalized	-5.50	-15.63
	Total Interest & Finance charges	**234.54**	**477.69**
25	Other Debits	0.00	71.15

Sl. No	Particulars	FY20	
		As approved in Tariff Order dated 30.05.2019	As filed
26	Exceptional Item	0.00	206.13
27	Net Prior Period Debit/Credit	0.00	0.00
28	Return on Equity	0.00	0.00
29	Provision for taxation	0.00	-45.89
30	Funds towards Consumer Relations/Consumer Education	0.50	0.00
31	Other Income	-88.28	-140.69
32	Net Movement in Regulatory Deferral Account (shown as Debit)	0.00	327.66
33	**ARR**	**5121.99**	**6095.39**
	Deficit for FY18 carried forward	126.43	0.00
	Net ARR	**5248.42**	**6095.39**

Considering the revenue of Rs.5113.10 Crores against the net ARR of Rs.6095.39 Crores, GESCOM has reported a revenue gap of Rs.982.29 Crores for FY20.

4.2 GESCOM's Financial Performance as per the Audited Accounts for FY20:

The financial performance of the GESCOM for FY20 as per its Audited Accounts is given below:

TABLE – 4.2

Financial Performance of GESCOM for FY20

Amount in Rs. Crores

Sl. No.	Particulars	FY20
1	Revenue from sale of power	5113.10
2	Other Income	181.82
3	**Total Revenue**	**5294.92**
4	Expenditure	
5	Power Purchase Cost	4191.95
6	Employee cost	612.02
7	Interest and Finance Cost	477.68
8	Depreciation	213.30
9	Other Expenses	263.66
10	Regulatory Income (shown as expenditure)	-368.35
11	Exceptional items	-206.13
12	Deferred Tax Credit	-45.89
13	Total Expenditure	6287.20
14	**Loss for the year**	**-992.28**

As per the Audited Accounts, the GESCOM has earned a loss of Rs.992.28 Crores for FY20, after accounting movement of Regulatory expenditure of Rs.327.66 Crores for FY20. The accumulated losses reported by the GESCOM in its audited accounts as at the end of FY20 is Rs.1995.03 Crores.

The Commission has taken up the Annual Performance Review for FY20 as per the provisions of the MYT Regulations, by duly considering the actual revenue and expenditure booked as per the Audited Accounts vis-à-vis the revenue and expenditure approved by the Commission in its Tariff Order dated 30th May, 2019. The item-wise review of expenditure and the revenue and the decisions of the Commission thereon are discussed in the following paragraphs:

4.2.1 Sales for FY20:

A. Sales Other than IP sets:

1. **Annual Performance Review for FY20**

a. The Commission, in its Tariff Order 2019 dated 30.05.2019, had approved total sales to various consumer categories at 7481.23 MU, as against the GESCOM's proposal of 8943.72 MU. The actual sales of GESCOM as per the current APR filing [D-2 FORMAT] is 7184.17 MU indicating decrease in sales to the extent of 297.05 MU with respect to the approved sales. There is decrease in sales to LT-categories by 367.82 MU and increase in sales to HT-categories by 70.77 MU.

b. The category wise sales approved by Commission and the actuals for FY 20 are indicated in the table below:

TABLE – 4.3

Category Wise sales approved & Actuals for FY20

Energy Sales in MU

Category	Approved	Actuals	Difference (Actuals-Approved)
BJ/KJ consuming more than 40 units/month	13.91	6.60	-7.31
LT-2a	1247.13	1202.32	-44.81
LT-2b	15.19	14.82	-0.37
LT-3	353.80	352.82	-0.98
LT-4b	2.00	2.82	0.82
LT-4c	1.13	1.16	0.03
LT-5	171.26	172.20	0.94

LT-6 WS	377.97	413.67	35.70
LT-6 SL	277.91	244.22	-33.69
LT-7	21.09	22.29	1.20
HT-1	131.10	109.95	-21.15
HT-2a	982.38	1088.82	106.44
HT-2b	73.83	75.87	2.04
HT-2c	34.36	29.65	-4.71
HT-3a & b	114.78	115.55	0.77
HT-4	14.29	14.75	0.46
HT-5	24.20	11.12	-13.08
Sub total	**3856.32**	**3878.62**	**22.31**
BJ/KJ consuming upto 40 units/month	217.56	251.55	33.99
IP	3407.35	3054.00	-353.35
Sub total	**3624.91**	**3305.55**	**-319.36**
Grand total	**7481.23**	**7184.17**	**-297.05**

c. The Commission had observed that the major categories contributing to the reduction in sales with respect to the estimates are LT 2a (44.81 MU), LT-4a (353.35 MU), LT-6 SL (33.69 MU), HT-1(21.15 MU) and HT-5 (13.08 MU). Further, it was observed that there is an increase in sales to BJ/KJ consuming less than or equal to 40units/month (33.99 MU), LT6 WS (35.70 MU) and HT-2a (106.44 MU).

GESCOM has attributed the reduction of sales under LT-4a category to abnormal rains and slowdown in agricultural activity. The sales to IP- sets is discussed in the subsequent paragraphs separately.

d. The observations of the Commission on the sales for FY20, replies of GESCOM and the views of the Commission thereon are discussed in the following paragraphs:

i. The total of LT, HT and Grand total in D-2 format shall be rectified as indicated below:

	FY20 sales -MU	FY21 number of installations	FY21 sales - MU	FY22 number of installations
LT	5738.47	3398870	5927.21	3550292
HT	1445.71	3157	1386.17	3358
Total	7184.18	3402027	7313.38	3553650

GESCOM in its replies has revised data as above.

ii. At page-81, para(a) the reference made to HT-category is not correct. It should be HT-2a category. This shall be rectified.

GESCOM has incorporated the above corrections.

iii. GESCOM in its filing had submitted that 49 number of consumers had opted for Special incentive scheme. The Commission had directed GESCOM to quantify the sales increase due to special incentive scheme and submit the same.

GESCOM has submitted that the increase in sales to HT-2a category due to SIS is 15.30 MU in day shift (10.00 am to 6.00 pm).

The Commission has noted the replies furnished.

iv. GESCOM was directed to analyze the reasons for increase in sales to BJ/KJ consuming less than or equal to 40 units/month, LT6 WS & HT-2a category in comparison to approved values and the reduction in sales to LT 2a, LT-6 SL and HT-1categories. If the reduction was due to DSM activity, GESCOM was directed to furnish the details of incremental energy savings considering the Energy Efficient Bulbs, Tube lights, fans etc., added during FY20.

GESCOM has submitted that in BJ/KJ installations consuming less than or equal to 40 units/month/installation, the increase is 4.79 MU/month, which is marginal. The Commission notes that as against the specific consumption of 30.33 units/month/installation approved, the actual specific consumption has increased to 35.58 units/installation/month. Hence, GESCOM may take up DSM activities to reduce the specific consumption, as the tariff to this category is subsidized by GoK.

Regarding HT-2a, it is submitted that the number of installations is more than that approved, resulting in increased sales. The Commission notes that as against the approved installations of 1653 numbers, the actual is 1695 numbers, indicating an increase of 42 number of installations. Therefore, the increase in sales in HT-2a category could be attributed to SIS and increase in number of installations.

Similarly, in case of LT-6 WS, it is submitted that the number of installations is more than that approved, resulting in increased sales. The Commission notes that as against the approved installations of 23669 numbers, the actual is 25208 numbers, indicating an increase of 1539 number of installations. Therefore, the increase in sales in LT-6 WS category could be attributed to the increase in number of installations.

GESCOM has submitted that reduction in sales to LT-2a & LT-6 Street Lighting category is due to awareness program imparted to consumers on energy conservation and also due to DSM activity carried out by GESCOM. GESCOM has informed that due to DSM activity there is 0.46 MU of savings. The Commission notes that as against the reduction of 44.81 MU in LT-2a category, the reduction attributable to DSM is only 0.46 MU.

The reduction in HT-1 category is attributed to heavy rainfall during FY20, which is noted by the Commission.

v. GESCOM was directed to furnish the certain details of HT2a, HT2b, HT2c & HT-4 to further validate the sales.

GESCOM in its replies has furnished the above information.

B. Sales to IP sets – APR for FY20:

1. In its Tariff Order dated 30th May, 2019, the Commission had approved the specific consumption of IP sets as 8,963.93 units / IP / annum for the FY20, whereas, the specific consumption as reported by the GESCOM, in its Tariff filing for APR for FY20, works out to 7,823.51 units / IP / annum, which indicates a decrease in the specific consumption by 1,140.42 units / IP / annum amounting to 12.72%.
2. Total sales to IP sets approved by the Commission for FY20 in the Tariff Order dated 30th May, 2019 is 3,407.35 MU. As reported by GESCOM in the D2 format of tariff filing, actual consumption is 3,054 MU, indicating an decrease of 353.35 MU, i.e., the sales have decreased by 10.37%.
3. As reported by GESCOM, the number of IP set installations in service at the end of FY20 are 3,99,627 as against the approved numbers of 3,89,615 which corresponds to an increase of 10,012 (399627 – 389615) i.e., the number of installations has increased by 2.56%.

4. The Commission notes that as compared with the IP set sales for FY19, in FY20 there is decrease in sales by 460.97 MU [3,514.97 MU (FY19) – 3,054 MU (FY20)] which corresponds to 13.11% and a drastic decrease in the specific consumption by 1,770.74 [9,594.25 (FY19) – 7,823.51 (FY20)] units per IP set per annum corresponds to 18.45% for FY20 as compared to FY19 actuals.
5. The details of sales to IP sets for FY20 as approved by the Commission in its Tariff Order 2019 and the actual sales as furnished by GESCOM in its Tariff Filing are as follows:

Particulars	As approved by the Commission in ARR for FY20	As submitted by GESCOM for APR of FY20
Number of installations	3,89,615	3,99,627
Mid-year number of installations	3,80,118	3,90,362
Specific consumption in units / installation / annum	8,963.93	7,823.51
Sales in MU	**3,407.35**	**3,054**

6. The Commission, in its preliminary observations, directed GESCOM to furnish the reasons for drastic decrease in specific consumption compared to the approved figures for FY20. In its replies, GESCOM has informed that, due to heavy rainfall in its area of operation the specific consumption has decreased and only a marginal increase in sales could be seen even though 10,012 number of additional IP set installations are added.
7. GESCOM has considered 6.00% distribution loss uniformly across all the agricultural feeders in its assessment of sales during the previous year's tariff filing. While submitting the assessment of sales to IP set installations during the present tariff filing, it is observed that the GESCOM has considered various distribution losses of 6%, 7.8%, 11%, 13.9% etc., GESCOM was directed to furnish the rationale behind considering such different values of distribution losses for different feeders within GESCOM. The value of distribution losses considered during different months is also found to be different i.e., for a few months it is 11% and for few months it is 12% to 14.5% etc., which will have an impact on the overall sales to IP sets and the specific consumption. GESCOM was directed to substantiate its claims for considering distribution losses in

such a way for all agricultural feeders and directed to furnish the distribution losses considered and the consumption by other loads separately.

The replies furnished by GESCOM to the preliminary observations are vague and not acceptable. It has simply informed that the feeder losses in the range of 12% to 14.5% are true and that the changeover of load has an impact on the losses, losses which are worked out on the basis of input, sales etc., GESCOM has not substantiated by submitting any documentary evidences towards the distribution losses considered for computation of sales to IP sets. However, the Commission directs GESCOM to consider the actual losses for the year of assessment, as approved by the Commission, in the Tariff Orders while assessing sales to IP sets in future by providing the distribution loss component and the consumption by other loads separately.

8. The Commission, in its preliminary observations had also directed GESCOM to furnish the data of number of IP installations as per GPS survey as compared to the number of IP installations in DCB as on 31.03.2020. In its reply, GESCOM has made submissions that it has submitted the GPS survey data in its tariff filing. The data furnished in the tariff filing pertains to the data as on October 2020. The same data is furnished again in its replies to preliminary observations. As per the submissions made by GESCOM, the number of IP installations identified in GPS survey is found to be more (authorized and unauthorized) than the number of installations in the DCB statement. GESCOM has not furnished the information of IP set installations as per GPS survey as desired by the Commission.

9. The Commission, in its previous Tariff Orders had directed GESCOM to furnish the number of IP installations as per GPS survey and the IP set assessment data submitted, action taken to reconcile the number of IP installations with the DCB figures. The GPS survey data furnished by GESCOM is ambiguous and not acceptable. The Commission notes with displeasure that, GESCOM has not made services effort to submit the un-ambiguous data as desired. GESCOM, has failed to report the precise details of actual number of IP installations existing in the field, working IP sets, permanently disconnected IP sets in respect of both authorized and unauthorized categories, action taken

to regularize the unauthorized IP sets etc., and the action taken to reconcile the data of the GPS survey with the DCB figures. Hence, the Commission hereby gives a final chance and directs GESCOM to complete the balance survey, if any, at the earliest and submit the details without ambiguity in data of total number of IP sets existing, defunct / dried up etc., duly reconciling with DCB data within 3 months from the date of this Order. If the data is not received within the stipulated time, the Commission would restrict the sales of IP sets for FY21, on the basis of partial data of GPS survey received during the Tariff Filing for APR FY21 and ARR FY23 and pass necessary orders thereon.

10. Based on the actual specific consumption of IP sets per annum for FY20 i.e., 7,823.51 units per IP per annum, the monthly consumption works out to 651.96 units per IP per month. Whereas the specific consumption per IP set per month is zero in respect of few feeders, in some months. The consumption is as high as 13,260, 28,093, 56,897 units per IP per month in Karatagi O&M Sub-division during the month of September 2019. GESCOM was directed to verify for such feeders and has to furnish the reasons for recording of such a low / high specific consumption per IP per month for all the feeders, where it is seen. In its replies to preliminary observations, GESCOM has informed that, corrective measures are being taken and sales to IP sets, feeder-wise, month-wise, in the Commission determined formats along with the replies has been submitted. On reviewing the re-submitted data, the Commission observed the issues in applications of the formulae in its calculation sheets etc.

11. As per the detailed data submitted as per the calculations of sales to IP sets, feeder-wise, month- wise by GESCOM for FY20, in its Tariff Filing on 30.11.2020, the GESCOM has informed that, after detailed verification, it has rectified the inconsistency in the data and re-submitted it duly substantiating the computed sales of 3054 MU to IP sets, along with the replies to the preliminary observations.

12. Based on the above discussions and on detailed verification of the data, it is noted that the overall sales of 3054 MU as submitted by GESCOM for FY20 in its Tariff application is acceptable. Therefore, the Commission hereby considers the IP set consumption of 3054 MU for FY20.

In view of the above facts, the Commission decides to allow the consumption of 3054 MU claimed by the GESCOM in its tariff filing for FY20, which is computed as detailed as below:

Particulars	Approved sales of IP sets for FY20
Number of installations	3,99,627
Mid-year number of installations	3,90,362
Specific consumption in units / installation / annum	7,823.51
Sales in MU	**3,054**

Based on the above computation, the Commission hereby approves 3,054 MU of energy, as sales to the IP sets for FY20, as computed and submitted by GESCOM.

On the basis of the above discussion, the total sales for FY20, based on audited accounts data, as approved by the Commission are indicated in the following table:

TABLE - 4.4
Approved Category wise sales for FY20

Energy in Million Units

Category		Approved
LT-2a*	Domestic /AEH	1208.92
LT-2b	Pvt. Educational Institutions	14.82
LT-3	Commercial	352.82
LT-4b	IP > 10 HP	2.82
LT-4c	Pvt. Nurseries, Coffee & Tea	1.16
LT-5	LT Industries	172.20
LT-6	Water Supply	413.67
LT-6	Public Lighting	244.22
LT-7	Temporary Supply	22.29
HT-1	Water Supply & Sewerage	109.95
HT-2a	Industrial	1088.82
HT-2b	Commercial	75.87
HT-2c	Govt./Aided Hospital & Edu.	29.65
HT-3a & b	Lift Irrigation & Agriculture	115.55
HT-4	Residential Apartments – Colonies	14.75
HT-5	Temporary supply	11.12
Sub total		**3878.63**
LT1	BJ/KJ	251.55
LT4(a)	IP Sets upto 10 HP & below	3054.00
Sub total		**3305.55**
Grand total		**7184.18**

***Including BJ/KJ installations consuming more than 40 units/month.**

4.2.2 Distribution Losses for FY20:

GESCOM's Submission:

As per the tariff application filed by GESCOM, the Distribution loss reported by GESCOM is 11.22 % for FY20 as against commission approved Distribution loss of 14.89%.

Commission's Analysis and Decisions:

The Commission, in its Tariff Order dated 30th May, 2019, had approved the range of the distribution losses for the FY20 as under:

Figures in Percentage

Range of Distribution loss	FY20
Upper limit	15.14
Average	**14.89**
Lower Limit	14.64

The Commission notes that as per the filing and audited accounts, the GESCOM has achieved the actual distribution loss of 11.22% for FY20 as under:

Sl. No.	Particulars	FY20
1.	Energy at Interface Points in MU	8092.10
2.	Total energy sales in MU	7184.17
3.	Distribution loss as a percentage of input energy at IF points	11.22

The Commission in its preliminary observation has desired to know the action taken by GESCOM in reducing the distribution losses by 3.67% from the approved level for FY20 and 3.19% over the actual distribution loss over FY19. The GESCOM, in its reply to the preliminary observations has stated that, it has under taken various works under extension and improvement, installing energy meters for energy accounting and auditing, replacing MNR meters, rigorous vigilance activities to detect the theft of electricity, bifurcation of lengthy feeders, reconductoring of HT & LT lines etc., which has resulted in reduction of distribution losses in FY20.

The Commission, for the purpose of Annual Performance Review, has considered the actual distribution loss as computed as per the audited accounts at 11.22% which is below the targeted 14.64% lower limit of loss fixed by the Commission by 3.42%.

Thus, as per the MYT Regulations, GESCOM is entitled to incentive for achieving better performance of distribution losses reduction during FY20, is as under.

Incentive for reduction in Distribution Losses

Particulars	FY20
Actual input at IF points as per audited accounts in MU	8091.97
Retail sales in MU	7184.18
Percentage of actual Distribution losses%	11.22
Approved targeted distribution loss%	14.89
Target Upper limit of distribution loss%	15.14
Target Lower limit of distribution loss%	14.64
Decrease in percentage loss over lower target loss%	3.42
Input energy at target loss for actual sales in MU	8416.33
Savings in input due to decrease in distribution losses in MU	324.36
Average cost of power purchase	4.9415
Savings in power purchase cost due to reduction in losses in Rs. Crores	**160.28**
50% savings to be included in the APR for FY20, balance 50% being the share of consumers in Rs. In Crores.	**80.14**

Thus, the Commission as per the MYT Regulations, decides to approves the actual distribution losses of 11.22% for FY20 and allowed incentive of Rs.80.14 Crores for better performance for reducing the distribution losses below the target level and the same is included in the revised ARR under APR for FY20.

4.2.3 Power Purchase for FY20:

GESCOM's Submission:

The Commission in its Tariff Order dated 30th May 2019, had approved power purchase quantum of 9077.09 MU for GESCOM, indicating source-wise quantum and cost of power purchase for FY20. GESCOM, in its application has submitted the details of actual power purchase for FY20 vis-à-vis the approved figures, for the purpose of Annual Performance Review as under:

TABLE - 4.5
Power Purchase for FY20-Approved and Actuals

Source of Generation	Approved for 2019-20			Actuals as per filing			Difference			% increase (+)/decrease (-) over approved figures	
	Energy in MU	Amount in Cr	Avg cost in Rs/kWh	Energy in MU	Amount in Cr	Avg cost in Rs/kWh	Energy in MU	Amount in Cr	Avg cost in Rs/kWh	Energy in MU	Amount in Crs.
KPCL Hydel Stations	1598.29	149.51	0.94	2084.61	171.05	0.82	486.32	21.54	-0.12	30.43	14.41
KPCL-Thermal Stations	1238.21	706.11	5.70	971.50	566.37	5.83	-266.71	-139.74	0.13	-21.54	-19.79
CGS	2976.50	1140.76	3.83	2150.44	1086.87	5.05	-826.06	-53.89	1.22	-27.75	-4.72
Major IPPs	435.23	268.17	6.16	294.31	232.31	7.89	-140.92	-35.86	1.73	-32.38	-13.37
Minor IPPs(RE Projects)	2815.80	1158.32	4.11	3653.06	1536.68	4.21	837.26	378.36	0.10	29.73	32.66
Other State Hydro Projects	13.06	7.28	5.57	22.77	7.69	3.38	9.71	0.41	-2.19	74.35	5.63
Transmission Charges (KPTCL/PGCIL)	0.00	671.23		0.00	727.97		0.00	56.74	0.00		8.45
SLDC charges	0.00	2.22		0.00	2.22		0.00	0.00	0.00		0.00
POSOCO-Tangedco-Reactive Energy-Banked Charges & PCKL Rev	0.00	0.35		0.00	1.97		0.00	1.62	0.00		462.86
open access/ UI	0.00	0.00		-5.99	37.59	-62.75	-5.99	37.59	-62.75		
prior period expenses	0.00	0.00		0.00	91.29		0.00	91.29	0.00		
prior period income	0.00	0.00		-33.53	-6.96		-33.53	-6.96	0.00		
IEX, APPCL	0.00	0.00		-193.57	-48.02	2.48	-193.57	-48.02	2.48		
Grand Total	**9077.09**	**4103.95**	**4.52**	**8943.6**	**4407.03**	**4.93**	**-133.49**	**303.08**	**0.41**	**-1.47**	**7.39**
Energy Balancing (Provisional)				-460.38	-215.08						
Grand Total with Energy Balancing	**9077.09**	**4103.95**	**4.52**	**8483.22**	**4191.95**	**4.94**	**-593.87**	**88.00**	**0.42**	**-6.54**	**2.14**

Commission's analysis and decisions:

1. Approved and Actual quantum & Cost of energy for FY20:

a. The actual power purchase for FY20, as per annual accounts submitted by GESCOM is **8483.22 MU** purchased at a cost of Rs.**4191.95** Crores, as against the approved quantum of **9077.09 MU** at a cost of Rs.**4103.95** Crores. This indicates that there is a decrease in the quantum of power purchased to an extent of **593.87 MU** and there is an increase in the cost by Rs.**88.00** Crores over and above the approved cost.

b. On an analysis of the source-wise approved and actual power purchases, it is observed that, there are deviations in the quantum of energy purchased and cost thereon. There is increase in the supply from Renewal energy sources of power and from energy supplied by the State Owned Hydel projects and other hydro projects. Whereas, there is decrease in the supply from the State owned Thermal Power Plants, Central Generating Thermal Power Stations as well as Major Thermal IPPs as indicated below:

Source of Generation	Approved Energy for 2019-20 in MU	Actual Energy for 2019-20 in MU	Excess/ Shortfall (-) Energy in MU
KPCL Hydel Stations	1598.29	2084.61	486.32
KPCL-Thermal Stations	1238.21	971.50	-266.71
CGS	2976.50	2150.44	-826.06
Major IPPs	435.23	294.31	-140.92
Minor IPPs(RE Projects)	2815.80	3653.06	837.26
Other State Hydro Projects	13.06	22.77	9.71

The Commission notes that the deviations in drawal of energy as well as incurring the cost (vis-à-vis the approved quantum and costs), are due to increase in supply of energy from the Renewable Energy Sources which has resulted in Backing down of Thermal Power Stations, but at the same time making payment of fixed cost to thermal stations even though no energy was purchased from these thermal stations. This is evident from GESCOM submission that, regarding per unit cost of Rs.9.86 / unit in respect of BTPS-1 generation unit, where there was no generation (Reserve Shut Down) in the months from Jul-2019 to Dec-2019 and Mar-2020. The PGCIL charges have increased by 21.63% over the previous year. This has resulted in increase in per unit cost from Rs.4.52 Per unit (Approved) to Rs.4.94 per unit, as per actuals.

2. Sale of surplus energy

In the D-1 format, GESCOM didn't indicated the amount realised from sale through sale of surplus power. On enquiry through email, GESCOM has submitted that 176.98 MU and 16.59 MU surplus energy has been sold through IEX and to APPCL respectively. The power sold through IEX was at a rate of

Rs.2.36 per unit. The Commission would like to point out that GESCOM has not provided the breakup of merit order dispatch indicating details which are necessary to understand as to whether the resulting sale of 176.98 MU at Rs.2.36 per unit through IEX is profitable to GESCOM or otherwise. Though this has been emphasized on several occasions, GESCOM is not keeping a track on the implementation of merit order despatch. Further GESCOM has stated that it has made a payment of Rs.415.88 Crores towards capacity charges due to backed down/ un-utilized power. According to GESCOM, it has backed down energy to an extent of 3641.59 MU during FY20.

3. Purchase of Energy from RE Sources:

The Commission also notes that the actual energy purchased from Renewable Energy sources has increased by 29.73%. The GESCOM in coordination with REMC, SLDC, needs to focus on better forecasting of RE generation.

4. PGCIL Charges:

The Commission also notes that the actual PGCIL Charges have increased by around 21.63% for FY20. This has been increasing year after year which is resulting in huge burden on the end consumers and GESCOM was directed to furnish month-wise analysis along with the explanation for such a raise in the charges. GESCOM has submitted that the GESCOM will consult PCKL on this issue & will initiate suitable action. The CERC has issued the CERC (Sharing of Inter State Transmission charges & Losses) Regulations, 2020. The Commission has been insisting on setting up a dedicated team to study the pros & cons of the mechanism proposed in the above Regulations. GESCOM/ SLDC shall take necessary action in this regard.

In the circumstances explained above and in view of fact that the power purchase is un-controllable cost as per MYT Regulations, the Commission hereby decides to approve the actual power purchases of Rs.4191.95 Crores towards purchase of 8483.22 MU for FY20.

4.2.4 RPO Compliance for FY20:

i. **The Commission in its preliminary observations had noted that,** GESCOM at first para at page 87 of the filing, had stated that the target RPO for FY20 is 7% for Non-solar and 6% for Solar. The Commission notes that as per the extant Regulations, the target is 8% for Non-solar and 7.25% for solar. This shall be corrected.

GESCOM has submitted that as per KERC (Procurement of energy from Renewable Sources) (Sixth Amendment) Regulations, 2018, it has revised the target RPO for FY20 is 8% for Non-solar and 7.25% for Solar.

ii. GESCOM was directed to furnish energy break-up for Shimsha and Shivanasamudra projects separately and also, the hydro energy included in energy balance shall be furnished separately.

GESCOM furnishing the details has submitted that the power drawn from Shimsha is 7.51 MU and the hydro-energy included in energy balance is 2084.62 MU. Subsequently, vide e-mail dated 05.02.2021, it is submitted that the hydro-energy under energy balance is +51.86 MU and other than hydro is -512.23 MU, totaling to 460.38 MU, which is noted by the Commission.

As per D-1 format the solar purchased is as follows:

Source	MU
PPA	1021.25
KPCL	1.09
Banked/infirm energy	21.58
SRTPV	10.26
Total	**1054.18**

The Commission had noted that at page 87 the solar energy considered for FY20 compliance is 1265.66 MU against 1054.18 MU as per D-1 format. GESCOM was directed to clarify in the matter and also to furnish the break up for bundled power from NTPC.

GESCOM has submitted that for FY20, the total solar energy purchased is 1265.66 MU including 211.48 MU of solar purchased from NTPC as bundled power.

iii. As per D-1 format the Non-solar purchased is as follows:

Source	MU
Wind	1567.16
Mimi-Hydel	98.19
Co-gen	56.77
Co-gen medium term	229.97
Bio-mass	66.39
Banked/infirm	82.12
Total	**2100.60**

The Commission had noted that at page 87, the Non-solar energy considered for FY20 compliance is 2091.35 MU against 2100.60 MU as per D-1 format. GESCOM was directed to reconcile the above data and also consider Shimsha power generation under Non-solar RPO.

GESCOM in its replies has revised the total non-solar energy purchased as 2098.86 MU, including 7.51 MU of Shimsha and deducting 9.25 MU of power purchased under APPC.

iv. The Commission had further observed that in Table-47and 74, the input energy considered for FY20 net of hydro is 6449.82 MU, whereas in table-46 it is 6375.83 MU. Also, in Table-74, the data considered for FY19 is different from that approved by the Commission in its Tariff order dated 04.11.2020. GESCOM shall maintain consistent data as per audited accounts and shall revise the tables accordingly.

GESCOM reconciling the data has submitted that the input energy net of hydro is 6375.83 MU.

v. For validating the RPO compliance and to work out APPC, GESCOM was directed to furnish the data as per the format specified, duly reconciling the data with audited accounts for FY20 (each item in the table shall be indicated distinctly). The details furnished by GESCOM are as follows:

TABLE - 4.6

Non-solar RPO Compliance by GESCOM for FY20

Sl. No.	Particulars	Quantum in MU	Cost- Rs. Crs.
1	Total Power Purchase quantum from all sources excluding Hydro energy	6375.831	4053.870
2	Non–solar Renewable energy purchased under PPA route at Generic tariff including Non-solar RE purchased from KPCL	1786.764	703.227
3	Non –solar Short-Term purchase from RE sources, excluding sec-11 purchase	229.968	114.846
4	Non –solar Short-Term purchase from RE sources under sec-11	0.00	0.00
5	Non-solar RE purchased at APPC	9.251	3.427
6	Non-solar RE pertaining to green energy sold to consumers under green tariff	0.00	0.00
7	Non-solar RE purchased from other ESCOMs	0.00	0.00
8	Non-solar RE sold to other ESCOMs		
9	Non-solar RE purchased from any other source like banked energy purchased at 85% of Generic tariff	82.120	21.810
10	Total Non-Solar RE Energy Purchased [No 2+ No.3+No.4+No.5 +No.7+No.9]	2100.593	843.309
11	Non-Solar RE accounted for the purpose of RPO [No.10- No.5-No.6-No.8]	2098.852	839.883
12	Non-solar RPO complied in % [No11/No1]*100	32.919%	

TABLE – 4.7

Solar RPO Compliance by GESCOM for FY20

Sl. No.	Particulars	Quantum in MU	Cost- Rs. Crs.
1	Total Power Purchase quantum from all sources excluding Hydro energy	6375.831	4053.870
2	Solar energy purchased under PPA route at Generic tariff including solar energy purchased from KPCL	1022.340	453.640
3	Solar energy purchased under Short-Term, excluding sec-11 purchase		
4	Solar Short-Term purchase from RE under sec-11		
5	Solar energy 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 (or others) as bundled power	211.480	113.71
10	Solar energy purchased from any other source like banked energy purchased at 85% of Generic tariff	31.840	13.580
11	Total Solar Energy Purchased [No2+ No.3+No.4+No.5+No.7+No.9+No.10]	1265.66	580.93.
12	Solar energy accounted for the purpose of RPO	1265.66	580.93.

	[No.11- No.5-No.6-No.8]		
13	Solar RPO complied in % [No12/No.1]*100	19.851%	

Commission's Analysis and Decision:

The Commission has taken note of the replies furnished by the GESCOM. The Commission has approved the source-wise power purchase quantum and cost as discussed earlier. Therefore, for the purpose of RPO compliance the Commission has considered the quantum of power purchase as per the APR for FY20. The Commission notes that the total quantum of power purchase of 8483.22 MU has been arrived at after deducting 460.380 MU of energy on account of energy balancing. Thus, the total hydel energy purchased after accounting for energy balance, will be 2151.73 MU [2084.61 MU (KPCL Hydro) +22.77 MU (Other Hydro) -7.51 MU (Shimsha)+ 51.86 (energy balance)]. Thus, excluding the procurement of 2151.73 MU from hydro sources, the energy purchased by GESCOM based on the audited accounts will be 6331.49 MU (8483.22 MU-2151.73 MU). The details of Non-solar energy procured is indicated below:

Energy in Million Units

Source	MU
Wind	1567.16
Mimi-Hydel	98.19
Co-gen	56.77
Co-gen medium term	229.97
Bio-mass	66.39
Banked/infirm	82.12
Shimsha	7.51
Less : Purchase under APPC	-9.251
Total	**2098.859**

As regards the Non-Solar RPO, considering the input energy of 6331.49 MU (excluding procurement from hydro sources), target Energy for Non-solar RPO at 8.00% works out to 506.519MU (506519 MWh after rounding off). GESCOM has purchased 2098.859 MU (2098859 MWh) of Non-solar energy including purchase of 82.12 MU of banked/infirm energy. Thus, GESCOM has purchased 1592.340 MU (1592340 MWh) excess non-solar energy over and above the target specified. The Commission holds that GESCOM has met its Non-Solar RPO target of 8% for FY20, in terms of the prevailing Regulations.

Regarding the Solar RPO, the details of solar energy purchased is as indicated below:

Energy in Million Units

Source	MU
PPA	1021.25
KPCL	1.09
Banked/infirm energy	21.58
SRTPV	10.26
NTPC-VVNL	16.52
NTPC-NSM	194.96
Total	**1265.66**

Considering the input energy (excluding procurement from hydro sources) of 6331.49 MU, target energy for the Solar RPO at 7.25% works out to 459.033 MU (459033 MWh after rounding off). GESCOM has purchased 1265.660 MU (1265660 MWh) of Solar energy. Thus, GESCOM has purchased 806.627 MU (806627 MWh) excess Solar energy over and above the target specified. The Commission holds that GESCOM has met its Solar RPO target of 7.25% for FY20, in terms of the prevailing Regulations

4.2.5. Operation and Maintenance Expenses:

GESCOM's Submission:

GESCOM in its Petition, has claimed Rs.799.05 Crores towards O&M expenditure for FY20 as against Rs.698.33 Crores as approved by the Commission in its order dated 30th May, 2019 for FY20. The break-up of O&M expenses are as follows:

TABLE – 4.8

O & M Expenses – GESCOM's submission

Amount in Rs. Crores

Particulars	FY20
Employee cost	612.02
Administrative & General Expenses	128.85
Repairs and Maintenance	58.18
Total O & M Expenses	**799.05**

GESCOM in its Petition, has submitted the breakup of Rs.612 Crores incurred towards employee costs, which is as follows:

TABLE – 4.9
Breakup of Actual Employee Cost for FY20

Sl. No.	Particulars	Actuals FY20
1	Salaries & Wages	407.63
2	Contribution to provident and other funds	137.41
3	Bonus & Ex-gratia	5.20
4	Earned Leave Encashment	50.04
5	Staff Welfare expenses	11.74
	Grand Total	**612.02**

GESCOM also submitted that the salaries paid to employees recruited during FY19 had a partial impact on the total finances as the employees has joined the organisation during June-July. As such, GESCOM has requested the Commission to consider the salaries paid to the employees recruited during FY19 separately while truing up. GESCOM has informed that there is an increase of 15.65% in employee benefit expenses amounting to Rs.82.81 Crores in FY20. Further, it is informed that it has regularised 92 number of Revenue Assistants during FY20 and paid the arrears in FY20. GESCOM also informed that the P&G Contribution rates have also revised 42.53% to 58.30% and the NDCPS contribution has increased from 10% to 14% and due to these factors, the employee cost has increased during FY20.

GESCOM informed that as per the directions of the Commission, the expenditure incurred due to replacement of transformers has been classified under R&M expenses which has resulted in increase in R&M Expenses by Rs.12.33 Crores.

Commission's analysis and decisions:

The Commission, in its Tariff Order dated 30th May, 2019 had approved O&M expenses for FY20, as indicated in the following Table:

TABLE – 4.10
Approved O&M Expenses as per Tariff Order dated 30.05.2019

Particulars	FY20
No. of installations as per actuals as per Audited Accts	3191107
Weighted Inflation Index	8.2760%
CGI based on 3 Year CAGR	3.93%
Actual O&M expenses for FY19 - in Rs. Crores.	633.65
Total approved O&M Expenses for FY20– in Rs. Crores.	**698.33**

The Commission notes that, GESCOM in its filing, has projected the total O&M expenses of Rs.799.05 Crores consisting of Rs.58.18 Crores towards R&M expenses, Rs.612.02 Crores towards Employees cost and Rs.128.85 Crores towards A&G expenses for FY20.

The Commission in its preliminary observation has noted that GESCOM, in its tariff application, has indicated the number of employees working strength as 7197 as against the sanctioned strength of 10156 employees as on 31.03.2020. It was further observed that, as against 9380 number of sanctioned post of all "other staff below the officer's grade", 6668 employees are working. GESCOM was directed to furnish the cadre wise details of employees covered under 'all other staff' and explain how it is managing with the existing staff. GESCOM was also directed to furnish the number of persons working on outsource/on-contract basis and remuneration incurred thereon during FY20 and up to October 2020.

GESCOM in its reply submitted that out of 10240 sanctioned employee strength, 7269 officers are working and submitted the cadre-wise details of the employees covered under 'all other staff'. GESCOM has submitted that 1789 persons have been outsourced through agencies and incurred Rs.67.17 Crores during FY20. GESCOM in its reply has informed that details of expenses incurred towards remuneration till October, 2020 will shortly be submitted to the Commission.

The Commission had observed that GESCOM, in its filing, has claimed the actual expenditure of Rs.58.98 Crores towards consumer ledger / station maintenance charges/man power hire and consultancy charges for FY20. GESCOM was directed to submit the number of persons outsourced on contract basis, besides furnishing the reasons for claiming higher amount, under this head of expenditure.

GESCOM submitted that they have outsourced 1784 persons through agencies. GESCOM has informed that they have proposed additional expenses on account of inflationary increase and expected increase in consumer ledger account.

The Commission observed that GESCOM has claimed an amount of Rs.137.41 Crores towards additional employees cost on account of contribution to P&G Trust and other funds for FY20 as against the actual expenditure of Rs.174.96 Crores accounted for FY19. GESCOM was directed to furnish the details for having claimed this amount with bifurcation of contribution towards Provident Fund and Other Fund along with the computation sheet for incurring the expenditure towards contribution to P&G Trust for FY20, along with the Actuarial Valuation Report.

GESCOM in its reply submitted that they have incurred an expenditure of Rs.137.41 Crores towards additional employees' cost which consists expenses of Rs.47.46 Crores and Rs.89.95 Crores towards NDCPS and Pension and Gratuity Trust respectively for FY20.

The Commission noted that GESCOM in its filing, has claimed the actual expenditure of Rs.18.42 Crores towards conveyance, vehicle expenses and travelling expenses for FY20. The Commission in its Tariff Order had directed GESCOM to control the expenses under A&G head of account. The Commission noted that in spite of the direction, the expenditure under this head of account is increasing year on year. GESCOM was directed to explain the reason for having incurred higher expenses under this head of account covered under A&G expenses besides furnishing the details about the actual expenditure incurred on behalf of regular employee's and service station maintenance along with number of vehicle hired.

GESCOM in its reply has submitted that they have incurred higher expenditure towards conveyance, vehicle expenses and travelling expenses due to transfer/promotion of employees to other locations/offices. GESCOM has stated that other reason for increase in conveyance, vehicle expenses and travelling expenses is due to creation of new offices/posts which are required to be provided with the vehicle/travelling allowances.

The Commission observed that GESCOM in its Petition, has submitted that it has incurred an O&M expenses of Rs.799.05 Crores which is more than the approved O&M expenses by Rs.100.72 Crores.

The Commission notes the details submitted by GESCOM to the preliminary observation for having incurred higher expenditure under remuneration to Contract agencies and conveyance and travelling charges for FY20. The Commission noted that these expenses are substantially higher and increasing year on year. As per the provisions of MYT Regulations, the O&M expenses are controllable and every ESCOM need to control the expenditure under this head by utilizing the available resources within its control, in a prudent manner.

The Commission, in accordance with the provision of MYT Regulations and the methodology adopted, while approving the ARR as per APR for FY20 and earlier APR's periods, proceeds with the determination of normative O&M expenses based on the 12 Year data of WPI and CPI besides considering 3 year compounded annual growth rate (CAGR) of consumers. Considering the Wholesale Price Index (WPI) as per the data available from the Ministry of Commerce & Industry, Government of India and Consumer Price Index (CPI) as per the data available from the Labour Bureau, Government of India and adopting the methodology followed by the CERC with CPI and WPI in a ratio of 80:20, the allowable rate of inflation for FY20 is computed as follows:

TABLE - 4.11
Computation of Allowable Inflation Rate

WII FOR ARR 20							
Year	WPI	CPI	Composite Series	Yt/Y1=Rt	Ln Rt	Year (t-1)	Product [(t-1)*(LnRt)]
2008	80.0	141.7	129.36				
2009	81.9	157.1	142.06	1.10	0.09	1	0.09
2010	89.7	175.9	158.66	1.23	0.20	2	0.41
2011	98.2	191.5	172.84	1.34	0.29	3	0.87
2012	105.7	209.3	188.58	1.46	0.38	4	1.51
2013	111.1	232.2	207.98	1.61	0.47	5	2.37
2014	114.8	246.9	220.48	1.70	0.53	6	3.20
2015	110.3	261.4	231.196	1.79	0.58	7	4.06
2016	110.3	274.3	241.5	1.87	0.62	8	4.99
2017	114.1	281.2	247.78	1.92	0.65	9	5.85
2018	118.9	294.8	259.62	2.01	0.70	10	6.97

2019	121.2	317.4	278.16	2.15	0.77	11	8.42
A= Sum of the product column							38.75
B= 6 Times of A							232.49
C= (n-1)*n*(2n-1) where n= No of years of data=12							3036.00
D=B/C							0.08
g(Exponential factor)= Exponential (D)-1							0.0796
e=Annual Escalation Rate (%)=g*100							**7.9586**
As per CERC Notification No. Eco T I / 2020-CERC dated 27.03.2020 with weightage of 80% on CPI and 20% on WPI							

For the purpose of determining the normative O & M expenses for FY20, the Commission has considered the following:

a) The actual O & M expenses as per the audited accounts for FY19 as the base year O&M expenses and the approved normative O&M expenses for FY20 and FY21, excluding contribution to Pension and Gratuity Trust.
b) The three-year compounded annual growth rate (CAGR) of the number of installations considering the actual number of installations as per the audited accounts up to FY20 at 4.73%.
c) The weighted inflation index (WII) at **7.9586**% as computed above.
d) Efficiency factor at 2% as considered in the earlier control periods.

Thus, the normative O & M expenses for FY20 are computed as follows:

TABLE - 4.12

Allowable Normative O & M Expenses for FY20

Amount in Rs. Crores

Particulars	FY20
No of installations as per actuals as per Audited Accts	3264995
Consumer growth as per actuals / projections (3 Year CAGR)	4.73%
Inflation Index	7.9586%
Approved O&M expenses without P&G contribution for FY19 (Rs.in Crores)	568.58
Allowable O&M expenses for FY20 Rs.in Crores, O&M Index= 0&M (t-1)*(1+WII+CGI-X)	629.34

The above normative O & M expenses have been computed without considering the contribution to the Pension and Gratuity Trust for FY20.

The Commission notes, the GESCOMs in its replies has included Rs.137.41 Crores on account of contribution to P & G Trust in the employee cost of Rs.612.02. Crores as per the audited account. However, the Commission has considered the contribution to the Pension and Gratuity Trust of Rs.137.41 Crores as additional employee cost separately and has allowed the same.

The Commission has treated the additional employee costs towards of contribution to P&G Trust for meeting the terminal benefits for FY20, as uncontrollable O&M expenses in accordance with the provision of the MYT Regulations. This component has been allowed over and above the normative O&M expenses to enable the GESCOM to meet their actual employee costs. The computation of the total allowable O&M expenses for FY20 is as under:

TABLE – 4.13

Allowable O & M Expenses for FY20

Amount in Rs. Crores

Sl. No.	Particulars	FY20
1	Allowable Normative O & M expenses	629.34
2	Allowable Additional employee cost (uncontrollable Contribution to P&G Trust)	137.41
3.	**Allowable O & M expenses for FY20**	**766.75**

The Commission in its earlier Tariff Order, has held that there is a need to control the O&M expenses in order to reduce the burden on the end consumers.

Therefore, the Commission as per the provisions of MYT Regulations, decides to allow the allowable normative O&M expenses plus allowable additional employees cost towards contribution to P&G Trust for FY20.

Thus, the Commission decides to allow Rs.766.75 Crores as the allowable O&M expenses for FY20.

4.2.6 Depreciation:

GESCOM's Submission:

GESCOM, in its Petition, has claimed an amount of Rs.167.66 Crores as the net depreciation, by deducting Rs.43.76 Crores towards the depreciation on account of assets created out of consumers' contributions / grants as per Accounting Standards (AS)–12, as against Rs.172.94 Crores approved by the Commission in the Tariff Order dated 30th May, 2019.

Commission's analysis and decisions:

The Commission, takes note of the depreciation amount charged on the gross fixed asset as per the GESCOM's audited accounts for FY20. The Commission in accordance with the provisions of the KERC (Terms and Conditions for Determination of Tariff) Regulations, 2006 and amendments thereon, has determined the depreciation based on the opening and closing balances of gross blocks of fixed assets for FY20 as per the audited accounts and accordingly, the weighted average rate of depreciation works out to 3.94%.

Further, based on the Accounting Standards (AS)–12, the Commission has recognized an amount of Rs.43.762 Crores of depreciation on assets created out of consumer contribution / grants accounted under other income as per audited account for FY20 and deducted from the gross depreciation amount for FY20.

The computation of asset-wise depreciation is shown in the following Table:

TABLE – 4.14
Allowable Depreciation for FY20

Amount in Rs. Crores

Particulars	Opening Balance of Asset as on 01.04.2019	FY20	
		Depreciation	Closing Balance of Asset as on 31.03.2020
Buildings	77.58	2.73	98.97
Hydraulic works	6.18	0.32	6.66
Civil	3.68	0.13	4.51
Plant & M/c	701.26	37.17	798.81
Line, Cable Network	3427.96	171.93	3861.27
Vehicles	5.86	0.24	6.72
Furniture	6.27	0.31	6.96
Office Equipment	7.07	0.39	7.45
Land and Rights	897.42		894.45
Intangible Assets			6.22
Amortization on Right of Use Asset		0.08	2.19
GFA	**5133.26**	**213.30**	**5694.21**
Less Depreciation withdrawn as proposed by GESCOM		43.762	
Net Depreciation		**169.53**	**5694.21**

Based on the above, the Commission decides to allow the net depreciation of Rs.169.53 Crores for FY20.

4.2.7 Capital Expenditure for FY20:

A. Annual Performance Review for FY20:

In its application for APR for FY20, GESCOM has indicated a capital expenditure of **Rs.546.71 Crores** as against the Commission approved capex of **Rs.700 Crores** for the FY20. The GESCOM has furnished the breakup of category-wise expenditure for **Rs.546.71 Crores** for FY20 along with explanation for the deviations in utilization of amounts, category-wise, as against the Commission approved amounts, as shown below:

TABLE – 4.15

Capital expenditure of the GESCOM for FY20

Sl. No.	Name of the Work	Capex Approved for FY20	Utilized for FY20	% of budget utilization	Remarks by GESCOM
1	GKS-SC	700	28.87		
2	GKS-ST		19.17		
3	GKS-BC		13.46		
4	GKS-Min		6.43		
5	GKS-Vishwa karma		0.29		
6	Water Works.		6.24		
7	25 kVA Additional DTCs.		8.82		
8	63 kVA Additional DTCs.		9.37		
9	100 kVA Additional DTCs.		2.17		
10	250KVA Additional DTCs.		0.00		
11	25kVA to 63kVA DTC Enhancement.		2.4		
12	63kVA to 100kVA DTC Enhancement.		2.5		
13	100KVA to 250KVA DTC Enhancement.		0		
14	Shifting of existing DTC to load center.		0.41		
15	LT Line Conversion of 1 Ph 2 wire or 1 Ph 3 wire to 3Ph 5 Wire (Including providing ABC,UG cable etc).		0.75		

16	Providing SMC Box to DTCs.		0.00		
17	Replacement of Damaged poles		12.22		Due to heavy rain and wind in the GESCOM jurisdiction from July-19 to Sept-19 many poles are damaged. Hence due to unforeseen natural calamity excess budget of Rs.2.22 crores is utilised as against the proposed budget of Rs.10 Crores. However overall expenditure of GESCOM for FY20 is well within the approved KERC Budget
18	Energisation of IP Sets under General category		1.25		
19	Energisation of IP Sets under General category (Sheegrra Samparka Yojane)		4.12		
20	Service Connection works other than IP/BJ/KJ/Water works.		6.08		
21	Sub Stations.		13.17		
22	Stations Augmentation		0.81		
23	Providing 33kV new link Lines for bifurcation load and Express Feeder		0.38		
24	Providing 11kV new link Lines for bifurcation load and Express Feeder		4.98		
25	Nirantara Jyoti Yojana		17.44		Due to Spill over work of FY19
26	RAPDRP Part-A		0.09		Due to Spill over work of FY19
27	RAPDRP Part-B		0.29		Due to Spill over work of FY19
28	Un Authorized IP Sets		12.25		
29	Providing meters to IP Sets above 10 HP		0.01		
30	Providing meters to BJ/KJ		0.00		
31	Providing meters to Street Lights and Water Supply.		0.80		

32	Replacement of Faulty / MNR energy meters other than BJ/KJ/ Street Light.		0.38		
33	Replacement of EM meters by Static meters		0.19		
34	DTC Metering of RAPDRP		0.10		
35	DTC Metering of non RAPDRP		0.07		
36	Replacement of 33kV Line Rabbit Conductor by Coyote Conductor		0.00		
37	11kV Re-Conductoring		2.11		
38	LT Re-Conductoring		3.73		
39	IT Initiatives, Automation and Call Centers		1.75		
40	Establishing ALDC & SCADA		0.00		
41	Distribution Automation System (DAS)		7.22		GIS works are categorized under this account head
42	DSM		0.00		
43	Replacement of failed Distribution Transformers by New Transformer by Scraping failed Transformer which is beyond Repair.		9.89		
44	Replacement of Power Transformers		0.00		
45	Replacement of Old and failed equipments and other works of existing 33kV Stations & Lines.		3.62		
46	Preventive measures to reduce the accidents (Providing intermediate poles, Re-stringing of sagging lines, providing guy and stud, guarding, shifting of lines, fencing of DTCs)		11.73		
47	Safety Materials		0.31		
48	Civil works		11.55		
49	SCP/TSP		5.07		
50	SDP works		36.84		GESCOM received the Grants of Rs.76.55 Crores from GOK
51	DDUGJY		144.99		
52	IPDS		69.9		Due to Spill over work of FY19

53	HT Conductor by 11KV AB Cable		0.06		
54	T&P Materials i) Furniture		0.76		
55	Computer and Printers (T & P materials)		0.03		
56	Shifting of meter from I to O		14.18		
57	Creation of Electrical Infrastructures for conversion of Existing various villages to Model villages		0.00		
58	SOUBHAGYA Scheme		37.89		
59	CWIP- Capital Expenditure booked for restoration of infrastructure in flood affected areas.		9.57		For restoration of electrical infrastructure damaged due to unforeseen natural calamity like heavy wind and rain during July-19 to Sept-19 in GESCOM jurisdiction, expenditure of 9.57 has been made.
60	Solar Roof Top of existing GESCOM buildings and substations under 13th Finance Commission.		0.00		
	TOTAL	**700**	**546.71**	**78.10%**	

Commission's Analysis and Decision:

The Commission notes the Capital expenditure incurred under each category of works and the remarks submitted by GESCOM for the work-wise deviations in utilization of amounts against the Commission approved amounts. GESCOM, in its submission of Capex details, has indicated Rs.546.71 Crores in page no 47 and Rs.676.47 Crores in page no. 56 of the filing of expenditure for FY20. The Commission by recognising Rs.546.71 Crores as capex for FY20, directed GESCOM to maintain proper records for the Capex incurred.

The Commission takes note of the following achievements made in execution of capex for FY20 based on the details submitted by GESCOM.

a) **Progress under DDUGJY:**

Sl. No.	Particulars	Unit	Target	Achieved
1	Running of New 11kV Line	KM's	4724.06	4724.06
2	Re-conductoring of 11kV Line	KM's	2130.52	2130.52
3	Running of New LT Line	KM's	134.26	134.26
4	Re-conductoring of LT Line	KM's	461.09	461.09
5	Providing New DTC	No's	3428	3428
6	LT AB Cable	KM's	1318.64	1318.64
7	Shifting of Meters from inside to	No's	172197	172197
8	Replacement of Electro Mechanical by Electro Static Meters	No's	397253	397253
9	DTC – Metering	No's	4841	4841
10	Feeder Separation	No's	272	272

b) **Progress under IPDS:**

Sl. NO	Particulars	Unit	Target	Achieved
1	11 KV New Feeders	Km	237.90	237.9
2	11 KV Feeder Reconductoring	Km	273.64	273.64
3	Arial Bunched Cable	Km	852.78	852.78
4	UG Cables	Km	49.27	49.27
5	Consumer Meter	Nos	244291	244291

The Commission notes that, in its filing it has submitted that DDUGJY, IPDS and SAUBHAGYA Schemes are completed. On a verification of the physical and financial progress in respect of DDUGJY Scheme taken up by GESCOM for FY20 as per Annexure - 2, it is noted that 4 no of Works are yet to be completed. It clearly shows that GESCOM has incorrectly depicted the facts while furnishing the progress of works. Hence, GESCOM is directed to be more vigilant in furnishing the progress of works to the Commission, by strengthening the data collection system.

The details of reduction in Distribution losses, HT:LT ratio, Transformer failure and cases booked against theft of energy from FY18 to FY20 as submitted by GESCOM are as follows.

Sl No	FY	Reduction in Distribution Loss	Reduction in HT:LT Ration	Reduction in Transformer failure Rates (in %)	Segregations of Agriculture feeders(Nos)
1	2017-18	16.39	1:1.48	13.21	628
2	2018-19	14.41	1:1.41	12.96	678
3	2019-20	11.45	1:1.33	10.21	952

Cases booked against Theft of power:

Sl No	FY	No of Cases Booked	Penalty levied (In Crores)	Amount Collected (In Crores)
1	2017-18	17280	41.79	20.61
2	2018-19	16626	35.02	25.12
3	2019-20	17291	53.37	45.08

Further, the Commission in its preliminary observations, had directed GESCOM to furnish the reasons for non-utilization of amount in respect of DSM activities (Ag-DSM & Others). GESCOM, in its reply has submitted that it has selected 11Kv Chandapur IP Feeder in Sedam Sub-Division having distribution loss of 13.81% for which preparation of DPR is under progress. Hence, GESCOM is directed to furnish the details on completion of work and the benefits derived there on.

In the preliminary observations, GESCOM was directed to furnish the achievements with respect to reduction in electrical accidents in comparison with last 3 years (FY18, FY19 and FY20) and up to November 2020. The Commission notes, the reply submitted by GESCOM and various measures / works undertaken to ensure safety to public life and property by giving more emphasis in identification and rectification of hazardous locations in and around the Schools, Colleges, Hostels and other public places.

In the preliminary observations, GESCOM was also directed to submit the total capex incurred in respect of DTC Metering and percentage of DTCs metered and the energy audit done in respect of the DTCs which are metered and the results thereof.

GESCOM in its reply to the preliminary observations of the Commission submitted that, it has not incurred any expenditure towards DTC metering for

FY21 so far. The details of energy audit done in respect of DTCs are as shown below:

Total No. Of existing DTCs	No of DTCs which does not require metering *	No. of DTCs which require Metering	No. of DTCs Metered	Balance No. Of DTCs to be Metered	% of DTCs Metering	Total No. Of DTCs Audited	Total No. of DTCs Audited					Total No. Of DTCs to be Audited
							< 6 %	> 6% to < 10%	> 10 to < 15%	> 15 %	Total	
110440	59872	50568	27471	23097	54.34	14239	2604	5562	4225	1848	14239	13232
*(exclusive IP set DTCs on IP feeders & single DTC for single Installation)												

It is observed that the percentage of energy audit on the metered DTCs is very poor and GESCOM has only furnished the no. of DTC for which energy audit is required to be done but it has not furnished the reasons for not taking up energy audit in respect of 13232 number of DTCs. Thus, the reply submitted by the GESCOM is not satisfactory. It is to be pointed out here that, while capex is being planned and incurred for DTC metering, no post execution analysis or energy audit of these DTCs is being done. Therefore, the very purpose of DTC metering is not achieved. **The Commission re-iterates its directions issued in the Tariff Order dated 04.11.2020 that the GESCOM shall analyze the post commissioning performance of the DTC metering and ensure that an effective system of energy audit is put in place and take follow up action in the areas where the Technical and commercial losses are beyond the permissible limits and initiate suitable remedial action to minimize such losses in the interest of the finances of GESCOM.**

GESCOM is also hereby informed that if the expenditure incurred on DTC metering is not found to prudent, the Commission would be constrained to disallow the entire expenditure and the related costs will not be passed on to consumers in the tariff.

The Commission, after reviewing the capex achieved by GESCOM for FY20, decides to allow the actual capex of Rs.546.71 Crores incurred by GESCOM, which is within the approved capex of Rs.700 Crores for FY20, subject to prudence check. The capex approved by Commission for FY20 is to outside

the preview of any enquiry conducted / to be conducted by the department / any agency on the capital works.

Prudence Check of Capital Expenditure incurred by GESCOM during FY19 and FY20:

The Commission, in its Tariff Orders dated 14th May 2018 and 30th May 2019 had allowed Capital expenditure incurred by the GESCOM for the period FY19 and FY20 respectively subject to carrying out the prudence check of the various works undertaken by GESCOM. Accordingly, the Commission had entrusted the work of conducting prudence check of GESCOM to M/s ABPS Infrastructure Advisory Pvt. Ltd., Mumbai.

M/s ABPS Infrastructure Advisory Pvt. Ltd., have submitted the report in the matter. As per their report, the following is the summary of findings in respect of work of Prudence Check for FY19 and FY20:

Financial Year	FY19	FY20
Abstract of Prudent / Non-Prudent works	**(no.s)**	**(no.s)**
Total no. of samples selected	**114**	**166**
Total no. of Prudent works	114	165
Total no. of non-prudent works	0	1
Abstract of Cost over run works	**(no.s)**	**(no.s)**
No. of works with no cost over-run	101	150
No. of works with cost over-run up to 10%	3	4
No. of works with cost over-run between 10% and 25%	1	2
No. of works with cost over-run exceeding 25%	1	0
No. of Works capitalized in FY18 and FY21	8	10
Abstract of Time over Run works	**(no.s)**	**(no.s)**
No. of works with no time over-run	97	117
No. of works with time over run of up to 1 year	6	34
No. for works with time over run of between 1 to 2 years	0	5
No. of works with time over run more than 2 years	3	0
No. of Works capitalized in FY18 and FY21	8	10

The Commission had forwarded a copy of the Report of the Consultant to GESCOM for information and to submit its comments on the findings of the report in the matter of imprudent works.

After analyzing GESCOM's replies on the findings of the Consultant on the imprudent works and justifications furnished by GESCOM, the Commission has decided that, one work amounting to Rs.0.03 Crores for FY20, among the samples selected by the consultant, do not qualify for being treated as prudent. This has been considered in Annual Performance Review (APR) of GESCOM for FY20. GESCOM has furnished list of works pertaining to FY18 and FY21 to carry out Prudence Check of FY19 and FY20. Hence, the Commission has decided to take a view on these works during the prudence check of respective year. The Commission directs the GESCOM to be more vigilant while providing the information and if repetition of such mistake is found in future, the Commission will be constrained to consider imposing penalty on the GESCOM for providing in correct information.

Accordingly, the corresponding depreciation and interest on loans allowed by the Commission in the tariff, have to be disallowed in APR of FY20 as detailed below:

The amount to be disallowed for GESCOM due to imprudent works of FY20 (Amount in Rs in Crores)	
Total cost of capital works categorized during the year as per Annual report of GESCOM for FY20 as per D17	681.65
Total cost of categorized works considered for prudence check	141.77
Cost of sample works not meeting prudence norms	0.03
Name of the imprudent Work Arranging Power Supply to 5HP GKY KMDC (GK060316170001) IP Set installation in the name of Sri.Sharanappa S/o Mallappa Hadapad R/o Nandapur Village Sy.No.14/1/3 in Tavaragera Section/Kushtagi Sub-Division.	**0.03**
Target date of completion, Year of completion and categorization	07.12.2018, 26.03.2018 28.02.2020
Period for which amount to be disallowed towards works not meeting prudence norms calculated on the basis of weighted average interest and weighted average depreciation on the amount in the above item .	01st April 2019 to March 2020
Amount to be disallowed for FY19	0.003
Amount to be disallowed for FY20	0.004
Total amount to be disallowed	**0.007**

While arriving at the above amounts for disallowance, **the weighted average rate of interest on loans and depreciation** considered as provided by Deputy Director (Tariff) as below:

Company	FY19		FY20	
	Wt. Avg. Dep.	Wt. Avg. Interest on loan	Wt. Avg. Dep	Wt. Avg. Interest on loan
GESCOM	3.84%	9.96%	3.94%	11.03%

The Commission, in its Tariff order 2020, had disallowed the Capex incurred for the Establishing 1x20 MVA, 110/33/11 kV and 1x10 MVA, 110/11 kV Substation with associated line at Dubalgundi, as imprudent work attributable to GESCOM and KPTCL. GESCOM, in its reply has submitted that it had taken load on 20 MVA (110/33) Transformer on 06.08.2020 by shifting existing 33 kV K. Chincholi feeder feeding to 33/11kV K. Chincholi Sub-Station, having a load of 5.1 MW. Hence, Commission considers this work as Prudent.

GESCOM is directed to note the following observations made in respect of prudence check and take suitable action/measures in future while implementing a scheme / project in order to avoid imprudent works and to bring about improvement in execution of work:

i) GESCOM has not been following prudent practices in material procurement.
ii) There is no Planning for most of the works such as E&I works, Government scheme etc.
iii) Cost to benefit Analysis is not carried out for any of the works.
iv) Cost Overrun is observed in 4.71% and 3.87% of the works considered for samples in FY19 and FY20 respectively.
v) Time Overrun is observed in 8.49% and 25.16% of the works considered for samples in the FY19 and FY20 respectively. Time overrun of more than 2 years has been observed.
vi) There are no clear guidelines/policy, indicating the capex amount beyond which the DPR is mandated.
vii) There are no standard norms for periodicity of capitalization viz. divisions are capitalizing the amount in different periods – monthly, quarterly, half-yearly and yearly.

In view of the above, the Commission hereby disallows Rs.0.007 Crore for FY20 towards depreciation and interest on loans allowed in respect of imprudent works. Accordingly, the same is ordered to be deducted in GESCOM's APR of FY20.

4.2.8 Interest and Finance Charges:

a) Interest on Capital loan:

GESCOM's Submission:

The GESCOM, in its application has claimed an amount of Rs.136.21 Crores towards interest on capital loans drawn from Banks/Financial Institutions as against Rs.99.74 Crores approved by the Commission for FY20 and has requested the Commission to approve the same.

Commission's analysis and decisions:

The Commission, in its preliminary observations, had noted that GESCOM, in its Petition, has indicated Rs.130.88 Crores as new long term loan barrowings during FY20. GESCOM was directed to submit the details of the capital loan along with the purpose for which the capital loan amounts were drawn for FY20.

GESCOM, in its reply to the preliminary observations, has submitted the details of long-term loans borrowed for FY20. The Commission further observed that GESCOM has taken long-term loans from GoK, PFC and REC having rate of interest in the range of 9.00% to 12.00%.

The Commission had observed that GESCOM in its Petition, has claimed interest on both long-term and short-term loans, as expenses incurred towards interest on long term capital loans.

The Commission has taken note of the loan portfolios of GESCOM as per the audited accounts for FY20 and the data in Format D-9 of the filings and the additional information furnished.

Further, the Commission notes that as per the audited accounts of GESCOM has incurred interest on capital loan of Rs.97.97 Crores for FY20. Considering the average loan of Rs.887.90 Crores and an amount of Rs.97.97 Crores incurred towards interest on capital loans, the weighted average of interest rate works out to 11.03%. Considering the rate of interest at which the capital loan barrowed by GESCOM, as indicated in the details of loan furnished in D-9 Format and the additional information submitted, the Commission by considering the financial position and majority of the loans availed from PFC / REC decides to reckon the actual weighted average interest rate and accordingly has allowed the interest on long term capital loan for FY20, as indicated in the following Table:

TABLE – 4.16
Allowable Interest on Loans – FY20

Amount in Rs. Crores

Particulars	FY20
OB: Secured and unsecured loans	872.04
Add: New Loans	130.90
Less: Repayments	99.18
Total loan at the end of the year	903.76
Average Loan	887.40
Interest paid on long term loans	97.97
Weighted average rate of interest based on the actual interest paid on long term loans in %	11.03%
Allowable Interest on capital loan	**97.97**

Thus, the Commission decides to allow an amount of Rs.97.97 Crores towards interest on capital loans for FY20.

b) Interest on Working Capital:

GESCOM's Submission:

The GESCOM, in its Petition, as per the audited accounts has claimed an amount of Rs.106.71 Crores as against Rs.103.90 Crores approved by the Commission towards interest on working capital for FY20.

Commission's analysis and decisions:

The Commission in its Preliminary observation, had directed GESCOM to submit loan-wise details of short term/overdraft (working capital) for FY20.

As directed by the Commission, GESCOM in its reply to the preliminary observations, had submitted the details of short-term/overdraft for FY20. As per the audited accounts and the replies and the additional details submitted on the preliminary observations of the Commission, the GESCOM has incurred of Rs.38.24 Crores towards interest on working capital for FY20.

The Commission, while approving the ARR for FY20 in its Tariff Order dated 30th May, 2019, had computed the working capital at the interest rate of 11.00%.

The Commission notes that, GESCOM has availed short-term loans and overdraft at the rate of 8.85% to 11.90% from REC (MTL) and other Commercial Banks during the FY20, which is on very higher side as compared with the interest rate at which the other ESCOMs have borrowed the working capital. The Commission, taking note of the SBI MCL rates charged for the short-term loans, further observed that there is downward trend in the MCL rates in the financial market. The Commission also notes that GESCOM has not availed the benefit of the reduced rate of interest offered by the Banking sector in recent years, while availing loans towards meeting the working capital requirement.

The Commission directs GESCOM to avail working capital loan at competitive rates offered by the Banking industry, to reduce the interest burden on the consumers.

The Commission further notes that, GESCOM has availed Rs.1000 Crores of interest free Government of Karnataka loan to settle the power purchase dues during COVID-19.

The Commission, notes that GESCOM has incurred an amount of Rs.214.79 Crores towards interest on belated payment of power purchase bills which implies that GESCOM has not availed adequate working capital to settle the power purchase due for FY20. The Commission also notes that, GESCOM has incurred actual interest of Rs.38.24 Crores on working capital for FY20. Therefore, the Commission decides to allow working capital loans, at a normative interest rate of 11% for FY20.

Thus, the Commission has computed the allowable interest on working capital for FY20 as per the KERC (Terms and Conditions for Determination of Tariff for Distribution and Retail sale of electricity) Regulations, 2006 and amendments thereon, as tabulated below:

TABLE – 4.17

Allowable Interest on Working Capital for FY20

Amount in Rs. Crores

Particulars	FY 20
One-twelfth of the amount of O&M Exp.	63.90
Opening GFA as per Audited Accounts	5133.26

Stores, materials and supplies 1% of Opening balance of GFA	51.33
One-sixth of the Revenue	852.18
Total Working Capital	967.41
Rate of Interest (% p.a.)	11.00%
Interest on Working Capital	**106.42**
Actual Interest on Working Capital incurred	**38.24**
Allowable interest In on WC(actual interest on working capital + 50% of the difference between normative interest on working capital and the actual interest on WC)	**72.33**

Thus, the Commission, decides to allow an amount of Rs.72.33 Crores towards interest on working capital for FY20.

c) Interest on Consumers' Security Deposits:

GESCOM's Submission:

The GESCOM in its Petition, has claimed an amount of Rs.35.61 Crores towards payment of interest on consumers' security deposits as against Rs.36.40 Crores approved by the Commission for FY20.

Commission's analysis and decisions:

The Commission notes the actual opening balance of consumer security deposit amount and payment of interest thereon as per the audited accounts of GESCOM for FY20.

For computation of Interest on Interest on Consumers' Security Deposit amount, the Commission has considered the opening and closing balance of consumer security deposit as per audited accounts for FY20. The Commission also notes that the actual interest on the consumer deposit as per the audited accounts is Rs.35.60. Crores. As per the KERC (Interest on Security Deposit) Regulations, 2005, the interest on consumer security deposit shall be allowed as per the Bank Rate prevailing on the 1st of April. The bank rate as on 1st April, 2019 was 6.50%.

Thus **Commission decides to allow an amount of Rs.35.60 Crores towards interest on consumers' security deposits for FY20. The weighted average interest rate allowed by GESCOM as the consumer security deposit is within the applicable Bank Rate of 6.5%. The Commission therefore decides to consider the actual**

interest on consumer security deposit accounted on the basis of expenses security deposit held by GESCOM and the payment of interest thereon for FY20.

d) Capitalisation of Interest and other expenses:

GESCOM in its application has claimed an amount of Rs.15.63 Crores as capitalisation of interest on capital loan for FY20.

The Commission, on perusal of audited accounts under note 34 has accounted Rs.15.63 Crores towards capitalisation of interest. Thus, the Commission decides to allow Rs.15.63 Crores towards capitalisation interest for FY20.

e) Other Interest and Finance charges:

GESCOM Submission:

The GESCOM in its Petition, has not claimed any amount towards other interest and finance charges for FY20. Hence, the Commission decides not to allow any amount towards other interest and finance charges in the APR for FY20.

The total allowable interest and finance charges for FY20 are as follows:

TABLE – 4.18

Allowable Interest and Finance Charges for FY20

Amount in Rs. Crores

Sl. No.	Particulars	FY20
1.	Interest on Loan capital	97.97
2.	Interest on working capital	72.33
3.	Interest on consumers' security deposits	35.60
4.	Less: Interest Capitalized	-15.63
	Total interest and finance charges	**190.27**

4.2.9 Other Debits:

GESCOM's Submission:

The GESCOM, in its application has claimed an amount of Rs.71.15 Crores towards Other debits for FY20. GESCOM in its Petition has submitted that the provision for bad and doubtful debts is incorporated in the accounts at 10% for

IP sets outstanding arrears, 100% in case of HT installations which have been identified as 'not fully recoverable' and 4% in other cases.

Commission's analysis and decisions:

The Commission notes that, GESCOM in its Petition, has claimed Rs.71.15 Crores as provision for Bad and doubtful debts under Other Debits for FY20. The Commission notes that GESCOM, in its audited account has incurred Rs.77.21 Crores towards Other Debits for FY20. However, GESCOM has claimed only the provisions created for bad and doubtful debts of Rs.71.15 Crores which is not admissible as per the provisions of MYT Regulations. As per the provisions of MYT Regulations, the allowable Other debits excluding the provision for bad and doubtful debts for FY20, are as detailed below:

TABLE – 4.19

Allowable Other Debits for FY20

Amount in Rs. Crores

Sl. No	Particulars	FY20
1	Compensation for death, injuries and damages	3.60
2	Assets decommissioning cost	0.08
4	Miscellaneous losses and write offs	2.38
	Total	**6.06**

Thus, the Commission decides to consider an amount of Rs.6.06 Crores as other debit for FY20.

4.2.10 Exceptional Items:

GESCOM in its application has claimed Rs.206.13 Crores as an expenditure for having withdrawn the interest on belated payment of water supply installation of Local Bodies for FY20.

The Commission notes from the audited accounts of GESCOM for FY20 under Note.39 that GESCOM exceptional item includes the amount written off pertaining to the interest levied on delayed payment of RDPR dues from 1st April, 2015 to 31st March, 2019 as per the instruction of Government and approved by the Board of Director of GESCOM. The Commission notes that the interest on delayed payment of electricity bill amount has to be levied as per the provision of Conditions of Supply of Electricity of Distribution Licensees in the State of Karnataka. As the ESCOMs in the State are reeling under financial crisis, the write off of interest of any consumer in the State in FY20, which was considered as revenue from sale of power earlier is a direct burden on the other prompt paying consumers in the State in the retail supply tariff. Therefore, the Commission decides not to consider this amount written of amount of interest levied on belated payment of electricity bills of Local Bodies to be payable by RDPR Department, GoK accounted in the audited account and claimed by GESCOM in its APR application for FY20.

4.2.11 Return on Equity:

GESCOM's Submission:

The GESCOM in its filings has not claimed any Return on Equity due to negative net worth for FY20.

Commission's analysis and decisions:

Status of Debt & Equity ratio vis-a-vis GFA:

The Commission notes that, the closing balances of gross fixed assets along with break-up of equity and loan component and the details of GFA, debt and equity (net-worth) as per the actual data as per the audited accounts for FY20 are indicated as follows:

TABLE – 4.20

Status of Debt Equity Ratio for FY20

	GFA (Actuals) Rs. Crores	Debt (Actuals) Rs. Crores	Equity (Net-worth) (Actuals) Rs. Crores	Normative Debt @ 70% of GFA	Normative Equity @ 30% of GFA	%age of actual debt on GFA	%age of actual equity on GFA
Opening Balance	5133.26	872.04	(-)292.24	3593.28	1539.98	16.99	5.69
Closing Balance	5692.02	903.76	(-)507.04	3984.41	1307.61	15.88	8.91

From the above table, it is evident that the amounts of debt equity ratio are within the normative debt equity ratio of 70:30, on the closing balances of GFA for FY20.

The Commission in accordance with the provisions of the KERC (Terms and Conditions for Determination of Tariff for Distribution and Retail sale of electricity) Regulations, 2006 and amendments thereto, has considered the Return on Equity at 15.5% on the share capital, share deposit, accumulated balance of profit/loss under reserve & surplus account as per the audited accounts, as at the beginning of the year duly factoring the recapitalization of consumers' security deposit amount in compliance with the Orders of the Hon'ble ATE in appeal No.46/2014. Accordingly, the Commission has computed the RoE on net-equity at the beginning of the year computed by considering the opening balance of paid-up share capital, share deposits, opening balance of carried forward Profit/loss and recapitalized security assets. Accordingly, the allowable RoE for FY20 is as indicated below:

TABLE – 4.21
Allowable Return on Equity for FY20

Amount in Rs. Crores

OB of Paid Up Share Capital	1114.96
OB of Share Deposits	201.72
OB of Carried forward Profit/loss	-1002.44
Less: Recapitalized Security Deposit	-22.00
Net Equity at the beginning of the year	292.24
Allowable RoE	**45.297**

Further, it is noted that the additional equity of Rs.193.12 Crores has been infused during the year at different dates by the Government of Karnataka as indicated below:

TABLE - 4.22

Return on equity for the additional equity received during FY20

Additional Equity received during FY20	Amount in Crs.	Received on	No. of Months	RoE allowed
EN84 PSR 2019 dated 14.06.2019	3.00	27.06.2019	9	0.35
EN86 PSR 2019 dated 13.06.2019	19.14	28.06.2019	9	2.23
EN82 PSR 2019 dated 13.06.2019	26.01	28.06.2019	9	3.02
EN84 PSR 2019 dated 19.09.2019	3.00	26.09.2019	6	0.23
EN86 PSR 2019 dated 19.09.2019	19.14	15.10.2019	5	1.24
EN82 PSR 2019 dated 23.09.2019	26.01	10.10.2019	5	1.68
EN86,EN53 and EN84 PSR 2019 dated 21.12.2019	26.01	03.01.2020	2	0.67

Additional Equity received during FY20	Amount in Crs.	Received on	No. of Months	RoE allowed
EN84 PSR 2019 dated 21.12.2019	3.00	04.01.2020	2	0.08
EN86 PSR 2019 dated 21.12.2019	19.14	03.01.2020	2	0.49
EN84 PSR 2019 dated 25.02.2020	3.50	05.03.2020	0	0.00
EN82 PSR 2019 dated 20.02.2020	26.03	06.03.2020	0	0.00
EN86 PSR 2019 dated 28.02.2020	19.14	09.03.2020	0	0.00
Allowable Return on Additional Equity infused by GoK during the year	**193.12**			**9.99**

Thus, the Commission decides to allow the total RoE of Rs.55.29 Crores for FY20.

4.2.12 Income Tax:

GESCOM in its application has claimed an amount of Rs.45.89 Crores towards deferred Tax credit for FY20.

The Commission in its Tariff Order, 2019, had not allowed any provision for Income Tax in approval of ARR for FY20. As, the deferred tax credit is a provisional entry in the books of account, the Commission has not considered the claims of deferred tax credit of Rs.45.89 Crores for FY20.

4.2.13 Other Income:

GESCOM's Submission:

The GESCOM in its Petition, has claimed an amount of Rs.140.69 Crores as against Rs.88.28 Crores as approved by the Commission under Other Income for FY20.

Commission's analysis and decisions:

The Commission notes that the audited accounts indicate that GESCOM has earned Rs.181.82 Crores as towards Other Income for FY20. However, the GESCOM has claimed an amount of Rs.140.69 Crores as 'other income' for FY20 by excluding Rs.34.50 Crores towards Depreciation on assets created out of Consumer Contribution and Rs.9.26 Crores against Government Grant for Capital Works. The other income of Rs.138.06 Crores includes rental income, interest income, profit on sale of scrap, rebate on remittance of electricity duty, power purchase provision no longer required written back and other miscellaneous recoveries. Thus, the Commission after deducting the consumer contributions /Govt. grants, and after allowing 10% as incentive on rebate on Power Purchase amounts, **decides to allow an amount of Rs.137.77 Crores as other income for FY20.**

4.2.14 Fund towards Consumer Relations / Consumer Education:

GESCOM's Submission:

The GESCOM, in its Petition, has not claimed any amount towards Consumer Education/Consumer Relation for FY20.

Commission's analysis and decisions:

The Commission notes that as per the audited accounts, GESCOM has incurred an amount of Rs.0.07 Crores has been towards Consumer Relations/Consumer Education for FY20.

Thus, the Commission decides to approve Rs.0.07 Crores towards Consumer Relations / Consumer Education for FY20.

4.2.15 Revenue for FY20:

The GESCOM, in its application has considered Rs.5113.10 Crores as total revenue from sale of power from consumers and miscellaneous charges from consumers by including tariff subsidy to BJ/KJ and IP Set installation for FY20.

Commission's analysis and decisions:

The Commission notes that as per the audited accounts, GESCOM has earned the total revenue of Rs.5113.10 Crores from sale of power and miscellaneous charges from consumer including tariff subsidy of Rs.2019.29 Crores for FY20. The Commission decides to consider Rs.5113.10 Crores as total revenue for FY20, for the purpose of approval of revised ARR as per APR for FY20.

4.2.16 Subsidy for FY20:

The Commission in its Tariff Order dated 30th May, 2019 had approved the tariff subsidy of Rs.2173.19 Crores towards sale of power to BJ/KJ and IP sets installations for FY20, in accordance with the prevailing Government Order. ~~The~~ Commission notes that, as per the audited accounts, the tariff subsidy towards sale of power to BJ/KJ and IP Sets installations is Rs. 2019.29 Crores for FY20. The Commission, while computing the revised ARR as per the APR for FY20, has considered tariff subsidy of Rs.2019.29 Crores towards sale of power to BJ/KJ (Rs.182.76 Crores) & for IP sets (Rs.1836.53 Crores) for FY20.

4.3 Abstract of Approved ARR for FY20:

As per the above item-wise decisions of the Commission, the consolidated Statement of revised ARR for FY20 is as follows:

TABLE – 4.23

Approved revised ARR for FY20 as per APR

Amount in Rs. Crores

Sl. No	Particulars	As approved 30.05.2019	As filed	Approved in APR for FY20
1	Energy at Gen Bus in MU	9077.09	8483.22	8483.22
2	Energy at Interface in MU	8790.07	8092.10	8091.97
3	Distribution Losses in %	14.89%	11.22%	11.22%
	Sales in MU			
4	Sales to other than IP & BJ/KJ	3856.32	3872.02	3878.63
5	Sales to BJ/KJ	217.56	258.15	251.55
6	Sales to IP	3407.35	3054.00	3054.00
7	**Total Sales-MU**	**7481.23**	**7184.17**	**7184.18**
	Revenue from tariff and Misc. Charges:			
8	Revenue from tariff and Misc. Charges	3075.23	3093.81	3093.81
9	Tariff Subsidy for BJ/KJ	152.63	182.76	182.76
10	Tariff Subsidy for IP	2020.56	1836.53	1836.53
	Total Existing Revenue	**5248.42**	**5113.10**	**5113.10**
	Expenditure			
11	Power Purchase Cost	3680.75	3806.82	3766.14
12	Transmission charges of KPTCL	420.98	423.59	423.59
13	SLDC Charges	2.22	2.22	2.22
	Power Purchase Cost including cost of transmission	**4103.95**	**4232.63**	**4191.95**
14	Employee Cost		612.02	
15	Repairs & Maintenance		58.18	
16	Admin & General Expenses		128.85	
	Total O&M Expenses	**698.33**	**799.05**	**766.75**
17	Depreciation	172.94	167.66	169.53
	Interest & Finance charges:			
18	Interest on Loans	99.74	136.21	97.97
19	Interest on Working capital	103.90	106.71	72.33
20	Interest on belated payment on PP Cost	0.00	214.79	0.00

Sl. No	Particulars	As approved 30.05.2019	As filed	Approved in APR for FY20
21	Interest on consumer deposits	36.40	35.61	35.60
22	Other Interest & Finance charges	0.00	0.00	0.00
23	Less: interest capitalized	-5.50	-15.63	-15.63
	Total Interest & Finance charges	**234.54**	**477.69**	**190.27**
24	Other Debits	0.00	71.15	6.06
25	Net Prior Period Debit/Credit	0.00	0.00	0.00
26	Exceptional Items	0.00	206.13	0.00
27	Return on Equity	0.00	0.00	55.29
28	Provision for taxation	0.00	-45.89	0.00
29	Funds towards Consumer Relations/Consumer Education	0.50	0.00	0.07
30	Less: Other Income	-88.28	-140.69	-137.77
31	Net Movement in Regulatory Deferral Account	0.00	327.66	0.00
	ARR	**5121.99**	**6095.39**	**5242.15**
32	Deficit of FY18 carried forward	126.43	0.00	0.00
33	Add: Incentive for reduction of losses beyond lower target loss levels	0.00	0.00	80.14
	Less: Penalty for imprudent works found during prudence check	0.00	0.00	0.007
34	**Net ARR**	**5248.42**	**6095.39**	**5322.29**
34	**Surplus / Deficit (-) for FY20**	**0.00**	**-982.29**	**-209.19**

4.3.1 Gap in Revenue for FY20:

As against the approved ARR of Rs.5248.42 Crores, the Commission, after the Annual Performance Review of GESCOM, decides to allow a revised ARR of Rs.5322.29 Crores for FY20. Considering the revenue of Rs.5113.10 Crores, a gap in revenue of Rs.209.19 Crores is determined for the year FY20.

The Commission decides to carry forward the gap of Rs.209.19 Crores of FY20 to the proposed revised ARR for FY22 as discussed in the subsequent Chapter of this Order.

CHAPTER – 5

ANNUAL REVENUE REQUIREMENT FOR FY22

5.0 Annual Revenue Requirement (ARR) for FY22:

GESCOM in its Petition, dated 30th November, 2020, has sought approval of the Commission for the revised ARR for the FY22 and the revision of retail supply tariff for FY22. The summary of the proposed ARR for FY22 is as follows:

TABLE – 5.1

Proposed ARR for FY22

Amount in Rs. Crores

Particulars	As approved in TO dated 30.05.2019	As filed
Energy at Generating Bus (MU)	10055.96	8911.00
Transmission Losses in %	3.102%	3.102%
Energy at Interface Point in MU	9744.02	8632.64
Distribution Losses in %	14.79%	11.18%
Sales in MU:		
Sales to other than IP & BJ/KJ	4337.45	4161.73
Sales to BJ/KJ	217.56	258.15
Sales to IP	3747.87	3247.63
Total Sales	**8302.88**	**7667.51**
Revenue at existing tariff and Misc. Charges:		
Revenue from tariff and Misc. Charges	0.00	3611.14
Tariff Subsidy to BJ/KJ	0.00	192.84
Tariff Subsidy to IP	0.00	2039.51
Total Existing Revenue including Miscellaneous Revenue	**0.00**	**5843.49**
Expenditure:		
Power Purchase Cost	4443.13	4136.44
Transmission charges of KPTCL and SLDC charges	475.11	475.11
POSOCO and PGCIL charges	3.56	3.56
Power Purchase Cost including cost of transmission:	**4921.80**	**4615.11**
Employee Cost:		613.17
Repairs & Maintenance		68.59
Admin & General Expenses		152.32
Total O&M Expenses	**853.96**	**834.08**
Depreciation	207.08	213.46
Interest & Finance charges:		
Interest on Capital Loans	126.52	261.48
Interest on Working capital loans	121.49	120.42

Particulars	As approved in TO dated 30.05.2019	As filed
Interest on belated payment on PP Cost	0.00	0.00
Interest on consumer security deposits	42.90	37.55
Other Interest & Finance charges	0.00	0.00
Less: interest & other expenses capitalized	-10.00	-5.80
Total Interest & Finance charges	**280.92**	**413.65**
Other Debits	0.00	89.02
Net Prior Period Debit/Credit	0.00	0.00
Return on Equity	0.00	0.00
Funds towards Consumer Relations/Consumer Education	0.50	0.00
Regulatory assets as per Tariff Order dated 04.11.2020	0.00	89.21
Other Income	-105.03	-107.24
ARR	**6159.22**	**6147.30**
Surplus/ Deficit (-) for FY20 carried forward	0.00	-982.29
Net ARR	**6159.22**	**7129.59**

GESCOM in its Petition, has requested the Commission to approve the Annual Revenue Requirement of Rs.7129.59 Crores for FY22, considering a deficit of Rs.982.29 Crores as projected under APR FY20, GESCOM has projected the net deficit of Rs.1196.89 Crores for FY22 (excluding the Regulatory Asset of Rs.89.21 Crores).

Considering the estimated revenue of Rs.5843.49 Crores from sale of power to the consumers, at the existing retail supply tariff, including the miscellaneous revenue and a deficit of Rs.982.29 Crores for FY20, GESCOM has projected a revenue gap of Rs.1196.89 Crores for FY22. In order to bridge the revenue gap of Rs.1196.89 Crores for FY22, the GESCOM has proposed the average increase in retail supply tariff by 156 paise per unit in respect of all the category of consumers, including BJ/KJ and IP set consumers for FY22.

5.1 Annual Performance Review for FY20 & FY21:

As discussed in the preceding chapter of this Order, the Commission has carried out the Annual Performance Review for FY20 based on the audited accounts and other relevant records furnished by GESCOM. Accordingly, a

deficit of Rs.209.19 Crores of FY20, is required to be carried forward to the ARR of FY22.

As regards APR for FY21, it is noted that the financial year 2021 is yet to be completed and the hence the audited accounts for FY21 are yet to be finalized. Therefore, the Commission decides to take up the APR of FY21, while taking up the revision of ARR / Retail Tariff, if any, for FY23.

5.2 Annual Revenue Requirement for FY22:

5.2.1 Capital Investments for FY22:

GESCOM Proposal:

The GESCOM, in its Tariff application, has proposed revised capex plan of Rs.879.19 Crores and the expected capital expenditure of Rs.681.64 Crores for FY22 under various category of works as indicated below:

TABLE - 5.2
GESCOM's Capex Proposal

Amount in Rs. Crores

Sl. No	Particulars	Revised Capex budget proposed for FY22	Expected Capex Expenditure in FY22
1	GKS-SC	135.00	121.50
2	GKS-ST		
3	GKS-BC		
4	GKS-Min		
5	GKS-Vishwakarma		
6	Water Works.	15.00	15.00
7	25 kVA Additional DTCs.	32.00	25.60
8	63 kVA Additional DTCs.		
9	100 kVA Additional DTCs.		
10	250KVA Additional DTCs.		
11	25kVA to 63kVA DTC Enhancement.	17.82	15.14
12	63kVA to 100kVA DTC Enhancement.		
13	100KVA to 250KVA DTC Enhancement.		
14	Shifting of existing DTC to load center.	1.55	0.93

15	LT Line Conversion of 1 Ph 2 wire or 1 Ph 3 wire to 3Ph 5 Wire (Including providing ABC,UG cable etc).	16.50	9.90
16	Providing SMC Box to DTCs.	0.20	0.10
17	Replacement of Damaged poles	25.00	25.00
18	Energisation of IP Sets under General category	6.41	3.52
19	Energisation of IP Sets under General category (Sheegra Samparka Yojane)	8.24	7.41
20	Service Connection works other than IP/BJ/KJ/Water works.	13.00	13.00
21	Sub Stations.	40.00	28.00
22	Stations Augmentation		
23	Providing 33kV new link Lines for bifurcation load and Express Feeder		
24	Providing 11kV new link Lines for bifurcation load and Express Feeder	17.00	11.90
25	Nirantara Jyoti Yojana	0.00	0.00
26	RAPDRP Part-A	0.00	0.00
27	RAPDRP Part-B	0.00	0.00
28	Un Authorized IP Sets	35.00	24.50
29	Providing meters to IP Sets above 10 HP	1.73	1.03
30	Providing meters to BJ/KJ	2.00	0.50
31	Providing meters to Street Lights and Water Supply.	0.50	0.45
32	Replacement of Faulty / MNR energy meters other than BJ/KJ/ Street Light.	4.00	4.00
33	Replacement of EM meters by Static meters	7.74	6.19
34	DTC Metering of RAPDRP	3.00	1.95
35	DTC Metering of non RAPDRP	3.00	2.10
36	Replacement of 33kV Line Rabbit Conductor by Coyote Conductor	4.00	2.40
37	11kV Re - Conductoring	30.00	18.00
38	LT Re - Conductoring		
39	IT Initiatives, Automation and Call Centers	3.00	3.00
40	Establishing ALDC & SCADA	2.00	2.00
41	Distribution Automation System (DAS)	0.00	0.00
42	DSM	1.00	1.00
43	Replacement of failed Distribution Transformers by New Transformer by Scraping failed Transformer which is beyond Repair.	26.00	26.00
44	Replacement of Power Transformers	4.00	4.00

45	Replacement of Old and failed equipment's and other works of existing 33kV Stations & Lines.	9.00	9.00
46	Preventive measures to reduce the accidents (Providing intermediate poles, Re-stringing of sagging lines, providing guy and stud, guarding, shifting of lines, fencing of DTCs)	30.00	24.00
47	Safety Materials	1.50	1.50
48	Civil works	12.00	12.00
49	SCP/TSP	20.00	20.00
50	SDP works	60.00	60.00
51	DDUGJY	5.00	5.00
52	IPDS	5.00	5.00
53	HT Conductor by 11KV AB Cable/UG Cable	240.00	132.00
54	T&P Materials i) Furniture	2.00	2.00
55	ii)Computer and Printers (T & P materials)		
56	Shifting of meter from I to O	0.00	0.00
57	Creation of Electrical Infrastructures for conversion of Existing various villages to Model villages	0.00	0.00
58	Soubhagya scheme	0.00	0.00
59	CWIP- Capital Expenditure booked for restoration of infrastructure in flood affected areas.	30.00	27.00
60	Solar Roof Top of existing GESCOM buildings and substations under 13th Finance Commission.	10.00	10.00
	Total	**879.19**	**681.64**

Commission's Analysis and decision:

The GESCOM, in its Tariff application, has proposed the revised capex of Rs.879.19 Crores for FY22, under various category of capital works, as against the Commission approved capex of Rs.530.05 Crores for FY22, as per the Tariff Order 2019.

GESCOM has also proposed a revised capex of Rs.867.35 Crores for FY21. It is to be pointed out here that in the present proceedings the Commission is undertaking APR of FY20 and revision of ARR and retail supply tariff for FY22. Hence, the question of approval of revised capex for FY21 will not arise in these

proceedings. The same will be taken up during the APR of FY21 to be taken up during the tariff proceedings in FY23.

In the preliminary observations, GESCOM was directed to explain the rationale behind submitting the revised capex plan of Rs.879.19 Crores and expected capital expenditure of Rs.681.65 Crores for FY22, as against the Commission approved Capex of Rs.530.05 Crores, as per the Tariff Order 2019, keeping in view the adverse financial conditions being faced by all the ESCOMs on account of Covid-19 pandemic.

GESCOM, in its reply to the preliminary observations has reiterated the revised capex of Rs.879.19 Crores for FY22. It is stated that the revised capex includes an amount of Rs.240 Crores for Conversion of OH lines into AB/UG Cable in Kalaburgi city. GESCOM has not submitted any details and break up of works and furnishing satisfactory reasons for the revised requirements under different head of works amounting Rs.879.19 Crores for FY22. GESCOM has not justified the revision of capex, neither in its Tariff application nor in its replies to the preliminary observations to the Commission.

Further, GESCOM was directed to furnish the progress of Conversion of OH lines into AB/UG Cable in Kalaburgi city duly indicating the actual expenditure incurred up to 30.11.2020. GESCOM, in its Reply submitted that, it has not utilized any amount up to November 2020, for this work, for which its Board had approved Rs.5.10 Crores for FY21. It is informed that GESCOM had submitted a DPR to KKRDB for conversion of HT conductor into UG/AB cable in Kalaburgi city amounting to Rs.239.23 Crores with the objective of achieving public safety and for reduction in electrical accidents. GESCOM has requested KKRDB to provide financial assistance of 50% of DPR cost i.e. Rs.119.61 Crores. The work is proposed was to be taken up in FY22, only if financial assistance is provided by KKRDB.

In this regard, the Commission notes that GESCOM, against the earlier proposal of Rs.2.00 Crores for FY20 and Rs.2.50 Crores for FY21, for replacement of overhead lines by UG cables, has enhanced the provision for this work to Rs.240 Crores in Kalaburgi City. Out of this Rs.132. Crores is proposed to be incurred during FY22. The Commission also notes that GESCOM has not done any analysis after completion of the works, if any, taken up earlier, to establish the cost benefit ratio and to prove the technical and financial viability ensuring adequate payback on the investment. GESCOM was directed to maintain physical and financial progress of the works undertaken during a year indicating the timelines of completion, cost benefit ratio etc. GESCOM was directed to furnish these details to the Commission. Hence, in the absence of these details the Commission is not in a position to approve the enhanced proposal of Rs. Rs.879.19 Crores for FY22, which included Rs.240 Crores for replacement of OH lines to UG/AB Cables.

The GESCOM's previous years' achievement of capex vis-à-vis the approved capex is shown in the following table below

TABLE – 5.3
Approved and Actual Capex incurred

(Amount In Rs. Crores)

Approved and Actual Capex incurred – GESCOM								
Particulars	**FY13**	**FY14**	**FY15**	**FY16**	**FY17**	**FY18**	**FY19**	**FY20**
Capital investment filed	466.67	552.50	515.00	545.81	1810.00	698.00	911.15	1032.75
Capital investment approved by the Commission	466.67	552.50	515.00	376.00	500.00	698.00	846.00	700.00
Actual capital investment incurred as per audited accounts *	293.17	364.19	330.28	299.70	437.77	304.75	691.57	546.71
Percentage of actual capital investment to the approved capital investment	62.82%	65.92%	64.13%	79.71%	87.55%	43.66%	81.75%	78.12%
*without considering capital investment disallowed under prudence check								

The Commission, based on the previous years' achievements and the break-up of capex furnished by GESCOM, recognizes the capex proposal of GESCOM at Rs.600 Crores for FY22. However, the Commission by considering the various proposed works to be executed with capital grants, consumer contribution and internal resources, decides to reckon the capital loan Rs.300 Crores for the purpose of determination of Tariff for FY22.

The Commission directs GESCOM to maintain the physical and financial progress in respect of the works carried out under Capex indicating timelines of completion, cost to benefit ratio, etc. These details shall be furnished to the Commission as and when Commission directs.

The Commission directs GESCOM to take concrete measures to complete and capitalize the works in the prescribed time schedule, so that, its benefits are being passed on to the consumers effectively and capitalize the works proposed as far as possible during each financial year.

The Commission directs the GESCOM to put in sincere efforts towards achieving the following objectives of the proposed schemes under capex on due priority:

1. Reducing distribution losses,
2. Reducing the HT:LT Ratio
3. Reduce Transformer failures
4. Segregate the loads in the feeders.
5. Reduce Power theft
6. Bring programs for the awareness among the people on usage and conservation of energy.
7. Improve the sales to metered category.
8. Improve the Power factor of the IP set loads by installing switched capacitors of suitable capacity to the secondary of the transformers.

5.2.2 Category-wise Sales for FY22:

A. Sales other than IP Sets:

i) GESCOM in their filing has estimated 7667.51 MU as the sales for FY22, as against 8302.88 MU approved by the Commission in the Tariff Order dated 30.05.2019.

ii) GESCOM's approach to estimate number of installations and sales for FY22:

a. No. of Installations: GESCOM in their filing have stated that 5-year CAGR for the period FY16 to FY20 is adopted for estimating the number of installations for FY21 and FY17 to FY21 CAGR for estimating FY22 number of installations except in the following cases:

BJ/KJ: No growth rate is considered as there is no scheme.

For LT2b, LT-4, LT-4c, LT-6, HT-2b, HT-2c, HT-3a and HT4 categories estimates are based on average increase of mid-year installation growth of FY21, as CAGR is higher.

IP set: Growth projection from FY16 to FY18 is considered.

b. Energy Sales: GESCOM has stated that the energy sales are estimated by considering the average sales per installation and multiplying the same by projected mid-year number of installations. GESCOM was directed to furnish the working details of sales estimated for each of the category.

The Commission's observation on sales estimate, replies furnished by GESCOM and the views of the Commission thereon are discussed in the following paragraphs:

i. The Commission had observed that FY21 data, which is an estimated figure by itself cannot be considered for computing CAGR, and therefore, the CAGR considered for FY22 needs to be reviewed.

GESCOM, in its reply has submitted that for FY21 the data upto September-20 as per actuals is considered and for remaining months, it is projected and therefore, the revised data for FY21 is considered.

The Commission reiterates that in future, while working out CAGR, GESCOM shall consider the actual data only and for future period the estimated figures, shall be reckoned.

ii. The Commission had also observed that specific consumption-based approach does not capture the growth rate in consumption and may be suitable for LT-4 category, where the consumption is assessed. For metered installations the recorded past data is available and adopting CAGR approach would be advisable. Therefore, GESCOM was advised to reconsider estimating the sales based on CAGR.

GESCOM in its replies has submitted that for LT-2a, LT-3, LT-4a, LT-5, LT-7, HT-1, HT-2a, HT-2b, HT-4 & HT-5, the growth in installations is based on 5-year data. In case of LT2b, LT-4b, LT-4c, LT-6a & LT-6b and HT-2b, HT-2c, HT-3a & HT-4 categories the estimate is based on average increase in mid-year number of installations.

The Commission notes that in case of LT-4a, HT-2b, & HT-4 installations two methods have been indicated and it is not clear which method is finally adopted. In view of the above GESCOM is directed to give details of estimation for each of the category separately in the future, clearly indicating the growth rates.

iii. GESCOM was directed to furnish the breakup of BJ/KJ installations consuming less than or equal 40 units and above 40 units for FY21 and FY-22.

GESCOM has furnished the following data:

	FY21		FY22	
Particulars	**No. of Installations**	**Consumption in MU**	**No. of Installations**	**Consumption in MU**
Installations consuming more than 40 units and billed under LT 2a	8497	7.00	8497	7.00
Installations Consuming less than or equal to40 Units	589178	251.15	589178	251.15

The Commission has noted the replies and the approach of the Commission in estimating sales to BJ/KJ for FY21 and FY22 is discussed separately.

iv. The Commission had observed that growth rate considered for number of installations for LT-2b, LT-6WS, HT-2b, HT2c & HT3 is lower compared with CAGR. GESCOM was advised to reconsider revising its estimates for these categories.

GESCOM has requested the Commission to consider the estimates as filed in the Petition.

v. The Commission had observed that the growth rate considered for LT2a, LT-5, HT-2a, HT-2b & HT-4 categories is higher and for LT2b, LT-3, LT-6 WS & SL, HT-2c it is lower, as compared to normal growth rates indicated above. GESCOM was advised to reconsider revising its estimates for these categories. GESCOM was also directed to analyze the reasons for reduction in sales LT-6 SL, HT-1 and HT-2a categories during FY20 compared to FY19.

GESCOM has requested the Commission to consider the estimates as filed in the Petition.

Further, GESCOM has attributed reduction in LT-sales to DSM activity, reduction in sales to HT-1 category to heavy rains and HT-2a category sales to economic slowdown.

The Commission notes that GESCOM has made generic statement with respect to reduction in sales, which is not justified by facts and figures.

vi. To validate the sales, the Commission had directed GESCOM to furnish category-wise information in the specified format.

GESCOM has furnished the above data.

Commission's Approach:

The Commission has noted the replies furnished by GESCOM. The approach of the Commission in estimating the number of installations and energy sales is discussed in the following paragraphs:

1) No. of Installations:

While estimating the number of installations (excluding BJ/KJ and IP), the following approach is adopted:

a. The Commission has validated both the number of installations and energy sales to various categories considering the actuals as on 30th November, 2020 and has estimated the number of installations and sales for the remaining period reasonably. Accordingly, the base year estimation has been revised which has an impact on the estimates on the number of installations and sales for the FY22.

b. Wherever the number of installations estimated by the GESCOM for the FY 22 is within the range of the estimates based on the CAGR for the period FY15 to FY20 and for the period FY17 to FY20, the estimates of the GESCOM are retained.

c. Wherever the number of installations estimated by the GESCOM for the FY22 is lower than the estimates based on the CAGRs for the period FY15 to FY20 and for the period FY17 to FY20, the estimates based on the lower of the CAGRs for the period FY15 – FY20 and for the period FY17 – FY20 are considered.

d. Wherever the number of installations estimated by GESCOM for the FY22 is higher than the estimates based on the CAGRs for the period FY15 to FY20 and for the period FY17 to FY20, the estimates based on the higher of the CAGRs for the period FY15 to FY20 and for the period FY17 to FY20 are considered.

e. For LT-7 category, the number of installations as estimated by GESCOM is retained.

Based on the above approach, the total number of installations (excluding BJ/KJ consuming ≤ 40units/month and IP installations) estimated by the Commission for the FY22 is indicated in the table below:

Approved Number of installations

FY22	
Filed	**Approved**
2539778	**2512214**

2) Energy Sales:

(i) For categories other than BJ/KJ and IP sets, generally the sales are being estimated, considering the following approach:

a. The base year sale for FY21 as estimated by the GESCOM has been validated, duly considering the actual sale upto November, 2020 and modified suitably as stated earlier.

b. Wherever the sale estimated by the GESCOM, for the for FY22, is within the range of the estimates based on the CAGR for the period FY15 to FY20 and for the period FY17 to FY20, the estimates of the GESCOM are considered.

c. Wherever the sales estimated by the GESCOM for the FY22 is lower than the estimates based on the CAGRs for the period FY15 to FY20 and for the period FY17 to FY20, the estimates based on the lower of the CAGRs for the period FY15 to FY20 and for the period FY17 to FY20 are considered.

d. Wherever sale estimated by GESCOM for FY22 is higher than the estimates based on the CAGRs for the FY15 to FY20 and for the period FY17 to FY20, the estimates based on the higher CAGRs for the period FY15 to FY20 and for the period FY17 to FY20 are considered.

e. LT-2b, LT-4b, LT-4c and LT-6 water supply & Public lighting, the sales are estimated based on FY20 specific consumption.

f. For LT-7 & HT-5 estimates of GESCOM is retained.

g. For HT-2a category, the estimates of FY20 are retained. Further, 10% of OA sales in FY20 is considered as additional sales under new incentive scheme.

h. For HT-2b category estimates of GESCOM is retained. Further, 10% of OA sales in FY20 is considered as additional sales under new incentive scheme.

Based on the above approach, the sales (excluding BJ/KJ consuming ≤ 40 units/month and IP sales) estimated by the Commission, for the FY22, is indicated in the following table:

Approved Energy Sales*

in Million Units

FY22	
Filed	**Approved**
4168.73	4295.10

(ii) Sales to BJ/KJ:

The break-up of sales to BJ/KJ installations considered for FY20 is as indicated below:

Particulars	No. of Installations	Consumption in MU	Specific consumption per installation per month (kWh)
Installations consuming less than or equal to 40 units	589178	251.55	35.58
Installations consuming more than 40 units and billed under LT2(a)	8497	6.60	64.73

The Commission notes that, the specific consumption works out to 35.58 units /installation/month for BJ/KJ installations consuming less than or equal to 40 units per month and 64.73 units /installation/month for BJ/KJ installations consuming more than 40 units per month.

The Commission has considered the number of installations as on 30.11.2020, as there is no specific GoK policy/scheme. Considering the specific consumption as indicated earlier, the sales approved for FY22 is as indicated in the following Table:

Million Units

Particulars	No. of Installations	Sales-MU
Installations consuming less than or equal to 40 units	589278	251.59
Installations consuming more than 40 units and billed under LT2(a)	8397	6.52

B. Sales to IP sets – projections for ARR FY22;

GESCOM Proposal:

GESCOM, in its tariff application, has projected IP sets consumption of 3,247.63 MU against 4,24,694 number of IP installations for FY22. GESCOM, as per D-2 Format, has reported actual consumption of 3,054 MU against 3,99,627 number of IP set installations for FY20. GESCOM, in its tariff filing has informed that, huge number of IP installations are added due to regularization of un-authorized installations. Considering this addition would distort the CAGR computations. Hence, GESCOM has considered the nominal growth during FY16 to FY18 for projecting number of installations and energy sales to IP set installations for FY21 and FY22. In view of the above, GESCOM has considered an addition of 12,343 number of IP installations for FY21 and an addition of 12,724 number of IP installations for FY22. With this number of IP installations, the energy sales estimated by GESCOM for FY22 is 3,247.63 MU.

Commission's Analysis and Decision:

a. While verifying the computations of IP set, it is found that, the actual sales to IP set installations for FY20 works out to 3,054 MU (as detailed in Chapter-4 IP Sales paras). Based on the actual sales to IP sets, the Commission has arrived at the specific consumption as 7,823.51 units per installation per annum for the FY20, by considering the mid-year installations of 3,90,362 numbers.

b. Considering the data of previous five years, the Commission has found that GESCOM has made an average addition of 17,625 number of IP installations every year. As per the submissions made by GESCOM, it is observed that, GESCOM has considered an addition of 12,343 number of IP installations for FY21 and an addition of 12,724 number of IP installations for FY22. As the proposal of GESCOM is found to be reasonable. Based on the said proposal the Commission considers an addition of 12,343 number of installations for FY21 and FY22 for projecting the no. of installations for FY21 and FY22. Thus the number of installations for FY21 would be 4,11,970 (3,99,627 + 12,343) and for FY22 it would be 4,24,313 (4,11,970 + 12,343).

c. The actual sales to IP sets for FY21, till November 2020, as reported by GESCOM, in its replies to preliminary observations for tariff filing is 1,803.35 MU against 4,04,437 number of IP installations. The actual specific consumption per IP per annum for FY20 is 7823.51 units. For the period December 2020 to March 2021 on the basis of actual sales worked out to 762 units / IP / month. By considering this approved specific consumption for FY20 for the period December 2020 to March 2021 and actual sales till November 2020, sales to remaining four months i.e., December 2020 to March 2021 is estimated. The specific consumption for the revised sales for FY21 is worked out and the same is applied for projecting the sales to IP sets for FY22. The Commission has decided to the consider the data of actual sales to IP sets for FY21, till November 2020 as furnished by GESCOM in its replies to preliminary observations, only provisionally for making the estimates for FY22.

Projected Sales for FY21

Consumption up to November, 2020 = 1803.35 MU…**A**

Mid-year No of installations = (411970 + 399627) / 2 = 405799

Actual Specific Consumption for the period December 2019 to March 2020 of FY20 = 762 units per IP set per month.

Consumption for second half of FY21 i.e., December 2020 to March, 2021 = 4,08,204 {[411970 + 404437(installations as on November 2020) / 2 * 762 * 4 months = 1,244.20 MU…**B**

Total Consumption for FY21 = A + B = 1803.35 + 1244.20 = 3047.55 MU

Thus, the projected sales to IP set for FY21 is 3047.55 MU.

With the estimated number of installations of 4,11,970 for FY21, the mid-year installations become 4,05,799 {(411970 + 399627)/2}.

Thus, the revised Specific consumption for FY21 with this sale quantity is = ((3047.55 / 405799) x 1000000) = **7510.02 units per IP set per annum.**

d. Based on the estimated number of installations and consumption for FY21 and by considering the revised specific consumption for FY21, the details of energy sales projections to IP set consumers for FY22, are as indicated below;

Particulars	FY22		
	As approved by the Commission in TO 2019	As submitted by GESCOM in its Tariff Application	As approved by the Commission (Revised)
No. of Installations	4,27,623	4,24,694	4,24,313
Mid-year number of Installations	4,18,106		4,18,142
Specific consumption in units/installation/annum	8,963.93		7,510.02
Sales in MU	**3,747.87**	**3,247.63**	**3,140.25**

Accordingly, the Commission approves 3,140.25 MU as energy sales to IP-sets for FY22, as against the projections of GESCOM of 3,247.63 MU. The number of installations approved for FY22 is 4,24,313. This approved IP set consumption for FY22 is with the assumption that the Government of Karnataka would release full subsidy to meet the revenue requirement on the approved quantum of IP sets sales. However, if there is any variation/ shortfall in the subsidy allocation by the GoK, the quantum of sales to IP sets of 10 HP and below shall be proportionately regulated. The GESCOM shall therefore, regulate the number of hours of power supply to exclusive agricultural feeders with reference to the subsidy allocation by the Government.

e. The Commission notes that GESCOM has taken up GPS survey of IP-sets to identify the defunct / not in use / dried up installations in the field and to arrive at the correct number of IP-sets by deducting such defunct / not in use / dried up IP-set installations from its account, on the basis of GPS survey results. The GESCOM has not furnished the data of GPS survey by reconciling with the number of installations in the DCB statement as on 31.03.2019 and 31.03.2020. As per the GPS survey data submitted GESCOM, in its replies to preliminary observations, the number of IP installations as per DCB statement and as on 31.10.2020 are 4,05,432. Whereas, the number of authorized, live / working IP sets are 3,62,281. Thus, the Commission observes that the data of GPS survey made available is not only incomplete but also inconsistent and hence the Commission is unable to accept the same.

f. In view of fact that the data of GPS survey of IP-sets is incomplete, the number of installations reckoned for FY20 and estimates for FY22 are subject to change based on the final GPS survey results. Accordingly, after completion of the survey and finalization of the report, **GESCOM shall furnish the correct number of IP set installations duly deducting the number of dried up / defunct IP sets from the total number. Thereafter, any variation in the sales due to change in the number of installations would be trued up during the Annual Performance Review for the FY22.**

g. The feeder-wise, month-wise-data of assessment of IP sets for the period from April 2020 to November 2020 as furnished by GESCOM, in its tariff filing, has been considered provisionally for the purpose of projecting the sales for FY21 and FY22. The Commission would consider revision of the same, based on the GPS survey data. **Hence, GESCOM is directed to submit the final survey Report within 3 (three) months from the date of this Order. The GPS Survey data should be reconciled with the DCB Statement data and thereafter report the total IP-set consumption to the Commission, month-on month regularly, as per the format prescribed in the previous tariff orders of the Commission.**

Based on the above discussions, the category-wise approved number of installations for the FY22 vis-à-vis the estimates made by GESCOM is indicated in the following Table:

TABLE – 5.4

Category-wise approved number of installations

Tariff Category	Description	As filed by GESCOM	As Approved by the Commission
LT-1 (a)	Bhagya Jyoti < =40 units	589178	589278
LT-1 (a)	Bhagya Jyoti>40	8497	8397
LT-2a	Domestic	2038860	2015228
LT-2b	Pvt. Institutions	5550	5816
LT-3	Commercial - Applicable to areas coming under VPs	320702	314697
LT-4 (a)	IP sets - Less than 10 HP	424694	424313
LT-4 (b)	Irrigation Pump sets - More than 10 HP	2315	2429
LT-4 (c)	Private Horticulture Nurseries, Coffee & Tea Plantations	480	496
LT-5	Lt Industries	72105	71795
LT-6	Water Supply	27764	29519
LT-6	Street Lights	13636	13911
LT-7	Temporary Power Supply	46511	46511
LT Total		**3550292**	**3522390**
HT-1	HT Water Supply	176	178
HT-2 (a)	HT Industries	1933	1933
HT-2 (b)	HT Commercial	454	456
HT-2(c)	HT Hospitals and Educational Institutions	243	266
HT-3(a) & (b)	HT Irrigation & LI Societies	451	481
HT-4	Res. Apartments	48	48
HT-5	Temporary	53	53
HT Total		**3358**	**3415**
Grand Total		**3553650**	**3525805**
*Categories other than IP sets and BJ/KJ consuming less than or equal to 40 units/month/installations		**2539778**	**2512214**
IP sets and BJ/KJ consuming less than or equal to 40 units/month/installations		**1013872**	**1013591**

***Includes BJ/KJ consuming more than 40 units/installation/month**

Accordingly, the category wise approved energy sales for the FY22 vis-à-vis the estimates made by GESCOM is indicated in the following Table:

TABLE – 5.5

Category-wise approved Energy Sales

Million Units

Tariff Category	Description	As filed by GESCOM	As Approved by the Commission
LT-1 (a)	Bhagya Jyoti < =40 units	251.15	251.59
LT-1 (a)	Bhagya Jyoti>40	7.00	6.52
LT-2a	Domestic	1340.33	1393.55
LT-2b	Pvt. Institutions	16.13	16.60
LT-3	Commercial - Applicable to areas coming under VPs	393.39	365.17
LT-4 (a)	IP sets - Less than 10 HP	3247.63	3140.25
LT-4 (b)	Irrigation Pump sets - More than 10 HP	3.16	2.99
LT-4 (c)	Private Horticulture Nurseries, Coffee & Tea Plantations	1.24	1.28
LT-5	Lt Industries	187.12	179.76
LT-6	Water Supply	458.66	484.41
LT-6	Street Lights	253.66	255.65
LT-7	Temporary Power Supply	29.79	29.79
	LT Total	**6189.26**	**6127.57**
HT-1	HT Water Supply	124.18	125.59
HT-2 (a)	HT Industries	1065.81	1151.64
HT-2 (b)	HT Commercial	85.80	85.89
HT-2(c)	HT Hospitals and Educational Institutions	35.43	32.80
HT-3(a) & (b)	HT Irrigation & LI Societies	129.73	129.73
HT-4	Res. Apartments	20.05	16.46
HT-5	Temporary	17.25	17.25
	HT Total	**1478.25**	**1559.36**
	Grand Total	**7667.51**	**7686.94**
	***Categories other than IP sets and BJ/KJ consuming less than or equal to 40 units/ month/ installations**	**4168.73**	**4295.10**
	IP sets and BJ/KJ consuming less than or equal to 40 units/ month/installations	**3498.78**	**3491.84**

*Includes BJ/KJ consuming more than 40 units/installation/month

Note: The above sales are being approved, keeping in view that in FY22 normalcy would be restored after the outbreak of COVID-19 pandemic, which is subject to a mid-term review in October-21.

5.2.3 Distribution Losses for FY22:

GESCOM's Submission:

GESCOM in its current filing has proposed to achieve the distribution loss of 11.18% for FY22, as against the Commission approved distribution loss target in its MYT Tariff Order dated 30th May, 2019 of 14.79% as under:

Distribution Loss-FY22 – GESCOM's Submission

Figures in percentage

Projected Distribution loss	FY22
Input at distribution loss (IF points) in MU	8632.64
Total Sales in MU	7667.51
Total Distribution loss (in MU)	965.13
Distribution loss at GESCOM Input (%)	11.18

Commission's Analysis and Decisions:

The Commission notes the actual distribution loss of 11.22% achieved by GESCOM as against the approved loss target of 14.89% for FY20, for which the Commission, as per the provision of MYT Regulations has allowed the incentive for better performance as discussed in the previous chapter.

The Commission, in its Tariff Order dated 30th May, 2019 had fixed the distribution loss for FY22, as follows:

(figures in %)

Particulars	FY22
Upper limit	15.04
Average	14.79
Lower Limit	14.54

Further, the Commission, in its Tariff Order dated 4th November, 2020 has re-determined the distribution loss for FY21 as shown below, considering the achievement made by GESCOM in reduction of losses in view of the capital investment made during the previous year,

(figures in %)

Revised Distribution Loss target for FY21	FY21
Upper limit	14.25
Average	14.00
Lower Limit	13.75

GESCOM in its filing, has proposed to achieve 11.20% of distribution loss against the target distribution loss levels of 14.00% for FY21 fixed by the Commission in its Tariff Order dated 04.11.2020.

The performance of GESCOM in achieving the distribution loss targets set by the Commission in the past seven years is as follows:

TABLE – 5.6
Approved & Actual Distribution Loss-FY13 to FY20

Figures in Percentage

Particulars	FY14	FY15	FY16	FY17	FY18	FY19	FY20
Approved Distribution loss	20.00	18.50	16.50	17.00	16.00	15.00	14.89
Actual distribution loss	17.77	18.93	18.10	17.33	16.39	14.41	11.22

The Commission notes that, as compared to the distribution loss of 17.77% for FY14, GESCOM has been able to achieve the losses to the level of 11.22% in FY20, a reduction of 6.55% by FY20 over FY14.

GESCOM, in its filing, has submitted that, it will be able to achieve the distribution loss levels of 11.18% as against the targeted distribution loss of 14.79% as fixed by the Commission for FY22 in the MYT Tariff Order dated 30.05.2019. Even though the loss target for FY21 has been re-determined by the Commission in its Tariff Order 2020 dated 04.11.2020 at 14.00% for FY21, GESCOM has already achieved the distribution loss of 11.22% in FY20 itself. The Commission notes that the projected distribution loss of 11.18% by GESCOM for FY22 even after achieving the distribution loss 11.22% during FY20 by a mere 0.04% reduction over 2 years, is not be justifiable.

The Commission has been allowing substantial amount of capital expenditure incurred by GESCOM for strengthening its distribution network aimed at further reduction of loss levels. Most of the capex spent on the works like HVDS, E&I work, NJY, metering, DDUGJY & IPDS, conversion of OH lines by UG cables model subdivision works and extension and improvement works should enable GESCOM, not only to strengthen its infrastructure for improved reliability and quality of power supply but also reduce the distribution loss substantially.

Hence, in view of the significant capital investment made upto FY20 and the proposed capex for FY21 and FY22, the revised loss target proposed by GESCOM at 11.18% for FY22 with the actual distribution loss of 11.22% achieved during FY20 itself is not acceptable. The Commission note that GESCOM should have considered the actual loss of 11.22% achieved in FY20 itself while projecting the revised distribution loss for FY22.

The Commission, in its preliminary observation has directed GESCOM to propose a reasonable/justifiable Distribution loss target, taking into consideration the capex plan proposed and the loss target to be achieved under PAT scheme to the present proposed distribution loss target and also in its future projection in filing the tariff application. The reply submitted by GESCOM in this regard is not satisfactory.

In the light of the above observation and based on the achievement made by GESCOM in reducing the losses during the previous years, capex incurred so far and considering the proposed capex for FY21 and FY22, the Commission decides to refix the following distribution loss targets for FY21 and FY22 as under:

TABLE – 5.7

Approved Distribution Losses for FY 21 and FY22

Figures in Percentage

Particulars	FY21	FY22
Upper limit	11.25	11.00
Average	**11.00**	**10.75**
Lower limit	10.75	10.50

GESCOM is directed to put in its best efforts to achieve the above target loss during FY22.

5.2.4 Power Purchase for FY22

The ESCOMs, in their tariff applications have submitted the D-1 Format, wherein the requirement of power purchase for the FY22 has been furnished. The consolidated statement showing the energy requirement for FY22, is shown hereunder:

TABLE – 5.8

Requirement of Energy as filed by ESCOMs

ESCOMs	Energy requirement for FY22 (in MU)
BESCOM	29955.952
MESCOM	6499.741
CESC	8060.886
HESCOM	14491.674
GESCOM	8911.003
Total	**67919.256**

GESCOM's submission:

The GESCOM has submitted its power purchase requirement for the year FY22 based on the projected sales, as follows:

TABLE – 5.9

Energy Requirement as filed by GESCOM

Particulars	FY22
Sales (MU)	7667.51
Distribution losses in %	11.18
Energy at IF point (MU)	8632.64
Transmission Losses in %	3.102
Energy Required to meet the sales of GESCOM (MU)	**8908.99**

5.2.5 Sources of Power:

GESCOM's submission;

The GESCOM, in its tariff application, has furnished the sources of power to meet the requirement of Power for FY22. Also GESCOM has submitted the basis for considering the availability of power, from different sources, as follows:

(i) The availability/ power procurement from KPCL Thermal and Hydel stations is on the basis of Power Purchase Agreement dated 22.05.2010, based on norms approved by the State Commission, vide its order dated 03.08.2009 and 25.02.2015 and also by considering the data proposed by KPCL through e-mail dated 18.11.2020.

(ii) Availability of power from Central Generating Stations (CGS) is as per the Ex-Bus generation details furnished by the CGS to the CEA, for preparation of LGBR. The quantum of energy to be drawn by Karnataka is based on the percentage of allocation to the State.

(iii) In respect of Major IPPS, RE and other sources such as UPCL, RE generators and others sources such as Jurala Power & TB Dam Power etc., the availability is reckoned based on the contracted capacity.

(iv) The Capacity of the existing sources and the envisaged additional sources vis-à-vis the energy requirement for the entire State, fixed charges and variable charges are indicated in the tariff application of GESCOM. The same are shown in the following Tables.

TABLE – 5.10

Power purchase requirement of GESCOM for FY22

SOURCES	FINANCIAL YEAR 21-22		
	Energy in MU	Cost in Rs Crs.	Avg. cost Per unit Rs./unit
KPCL Hydel Energy	1612.29	263.537	1.63
KPCL Thermal Energy	933.94	649.554	6.96
CGS Energy	2211.77	1068.467	4.83
UPCL	478.08	251.056	5.25

Renewable Energy/Bundled power	2969.86	1227.336	4.13
Other State Hydel	23.63	7.893	3.34
PGCIL & POSOCO Charges		352.276	
KPTCL Transmission & SLDC /PCKL		478.67	
Allocation to other ESCOMs	681.43	316.316	464.19
TOTAL	**8911.00**	**4615.11**	**5.18**

Commission's analysis and decisions

The energy requirement of the ESCOMs, including GESCOM, is being met from the following sources, through long-term Power Purchase Agreement (PPAs) with:

a) Karnataka Power Corporation Limited (KPCL) Generating stations;

b) Central Generating Stations (CGS);

c) Major Independent Power producers (IPPs) and

d) Renewable Energy (RE) sources.

To arrive at the available quantum of energy and power for the year FY22, the Commission has considered the availability as furnished by KPCL for KPCL Generating Stations and availability as furnished by the SRPC for Central Generating Stations. The availability of CGS stations is based on the share of Karnataka, as notified from time to time.

In the case of availability from the Renewable Energy sources, the actual generation capacity contracted by the ESCOMs, as indicated in D-1 Format and as per the contracted PPAs, has been considered. The availability from the other sources such as Jurala Hydel Station and TB dam Power Stations of Telangana State has been considered based on Karnataka's share in the installed capacity and as per the contracts executed with these generators.

The availability as furnished by the KPCL in respect of Yelahanka Combined Cycle Power Plant (YCCPP), having a capacity of 350 MW respectively has not been considered, as the said generating station is yet to be synchronized with the grid and the CoD is yet to be declared.

The availability of New NLC Plant Thermal Power Project has been considered based on Karnataka's share, as furnished by the PCKL, duly limiting the quantum of energy as per the requirement of ESCOMs, to meet the sales targets. The plant has since been synchronized and supplying power to the grid.

Based on the above availability criteria, the energy requirement for the State, with reference to the sales target approved for FY22, is given in the following Table.

TABLE – 5.11

ABSTRACT OF POWER PURCHASE REQUIREMENT OF THE STATE FOR THE YEAR FY22

SOURCES	FINANCIAL YEAR 21-22		
	Energy in MU	Total Cost in Rs Crs.	Avg. cost per unit Rs./unit
KPCL Hydel Energy	11396.97	1302.43	1.14
KPCL Thermal Energy	15199.67	9181.17	6.04
CGS Energy	18954.98	8955.81	4.72
UPCL	4200	2427.08	5.78
Renewable Energy:	16962.22	7435.62	4.38
Other State Hydel	189.17	63.12	3.34
Bundled Power	3949.51	1787.43	4.53
PGCIL & POSOCO Charges	-	2043.20	-
KPTCL Transmission & SLDC	-	4310.705	-
TOTAL	**70852.52**	**37506.56**	**5.294**

5.2.6 GESCOM's Power Purchase Cost & Transmission charges for FY22:

GESCOM's Submission

GESCOM has submitted the Power Purchase requirement along with the cost including the transmission charges and SLDC charges, in D-1 Format. GESCOM has sought approval of the Commission for purchase of power to an extent of 8911.00 MU in D-1 Format and 8908.99 MU under A-1 Format at a cost of

Rs.4615.11 Crores, which includes transmission and SLDC charges, for the year FY22.

As regards the cost of power, the GESCOM has submitted that, same is considered as per the norms defined in contracts (PPAs)/ Regulations and based on the tariff indicated by KPCL for its Stations and the tariff determined by the CERC in respect of Central Generating Stations, DVC Stations and UPCL stations.

Commission's analysis and decisions:

After a detailed analysis of the power purchase costs claimed by the GESCOM, the Commission has arrived at the power purchase quantum and cost, to be allowed in the ARR for FY22. The basis for computation of power purchase quantum and cost for the year FY22 is as indicated below:

1. Quantum of Power: Based on the approved sales and the allowable distribution losses, the requirement of Power for the GESCOM, for the year FY22, is worked out as detailed below:

TABLE – 5.12

Power Purchase requirement for the GESCOM for the year FY22

Particulars	FY22
Sales (MU)	7686.94
Distribution losses (%)	10.75
Energy at IF point (MU)	8612.82
Transmission Losses (%)	2.978
Energy at generation bus Required to meet the sales target of GESCOM (MU)	**8877.180**

2. While approving the cost of power purchase, the Commission has determined the quantum of power from various sources in accordance with the principles of merit order dispatch based on the ranking of all approved sources of supply.
3. The rates considered in respect of the KPCL stations are based on the Commission's order dated 03.08.2009 for hydel stations, except for

Shivasamudram, Shimsha, Munirabad & MGHE for which separate rates, as per Order dated 25th February 2015, are applicable.

4. The variable costs of State thermal stations and UPCL, are considered based on the recent power purchase bills passed by the GESCOM and also based on the recent landed cost of fuel and other variable components.
5. The fixed charges and the variable charges in respect of the Central Generating Stations, UPCL Stations and the DVC Stations have been considered based on the Tariff determined by the CERC as per the CERC norms. However, the energy has been considered from these units by limiting the quantum of energy as per the requirement of ESCOMs, to meet the sales target on the basis of Merit Order Despatch. It is expected that any surplus energy available from tied up sources of energy would be traded by the ESCOMs through PCKL on commercial principles. Similarly, any requirement over and above the quantum approved in this Tariff Order, shall be procured from the contracted/ tied up sources only.
6. The variations, if any, in the costs allowed now will be considered during the FAC exercise / Annual Performance Review of FY22.
7. The Commission has allowed the KPTCL transmission charges and SLDC charges to be paid by the ESCOMs in the Power Purchase Cost and is as detailed below:

TABLE – 5.13

Transmission Charges & SLDC Charges payable by ESCOMs

Name of ESCOM	KPTCL Transmission Charges in Rs. Crores	SLDC Charges in Rs. Crores
BESCOM	2185.129	17.548
MESCOM	318.187	2.585
CESC	490.918	3.982
HESCOM	790.923	6.389
GESCOM	490.918	4.128
Total	**4276.075**	**34.63**

8. The CERC (Sharing of Inter State Transmission charges and loss) Regulations 2020 has come into force with effect from 01.11.2020 with change in the methodology of calculation. The PoC charges payable by ESCOMs has

been computed by considering amounts claimed by PGCIL for the month of November 2020 onwards.

9. Based on the requirement of energy allowed and the power allocation given by the Government of Karnataka, the source wise Power Purchase quantum and costs as approved in the ARR of GESCOM for the year FY22 as shown in Annexures - 1 & 2.

10. The consolidated power purchase cost for the year FY22, as approved by the Commission, is shown the following Table:

TABLE – 5.14

ABSTRACT OF POWER PURCHASE APPROVED FOR GESCOM FOR THE YEAR FY22

SOURCES	FINANCIAL YEAR 21-22		
	Energy in MU	Cost in Rs. Crores	Cost Per unit In Rs.
KPCL Hydel Energy	1767.09	184.34	1.04
KPCL Thermal Energy	1626.62	1004.29	6.17
CGS Energy	2223.13	1050.38	4.72
UPCL	266.71	154.13	5.78
Renewable Energy:	2374.48	1007.87	4.24
Other State Hydel	23.63	7.89	3.34
Total Bundled Power	595.52	269.30	4.52
PGCIL & POSOCO Charges		225.73	
KPTCL Transmission & SLDC		495.046	
TOTAL	**8877.18**	**4398.96**	

Thus, the Commission hereby approves power purchase quantum of 8877.180 MU at a cost of Rs.4398.96 Crores, for FY22. The breakup of source-wise Power and the cost thereon, is shown in Annexure- 1 and 2 of this Order.

GESCOM shall regulate the quantum and cost of power, as per the above approval of the Commission. However, since the power purchase costs are uncontrollable, any excess quantum or cost will be considered for trueing up in Annual Performance Review for FY22.

5.2.7 Renewable Purchase Obligation (RPO) target for FY22:

GESCOM was directed to furnish the estimates for complying with solar and non-solar RPOs for FY21-FY22, including cost implication for purchasing RECs, if any.

GESCOM, in its replies furnishing the details, has submitted that it will be able to meet RPO in both FY21 and FY22, and there is no cost implication to purchase RECs.

5.2.8 O & M Expenses for FY22:

GESCOM's Proposal:

GESCOM in its petition, has claimed O & M Expenses of Rs.834.08 Crores as against Rs.853.96 Crores as approved by the Commission for FY22.

Further, GESCOM in its Petition, has projected employee expenses of Rs.613.17 Crores for FY22. The detailed breakup of the employee cost for FY22 is as follows:

TABLE – 5.15

Detailed break-up of employee cost- GESCOM's submission

Amount in Rs. Crores

Sl. No	Particulars	FY 22
1	Salaries & Wages	428.75
2	Contribution to provident and other funds	112.03
3	Bonus & Ex-gratia	5.25
	Sub-Total (1 to 3)	546.03
4	Earned Leave Encashment	55.17
5	Staff Welfare expenses	11.98
6	Arrears towards P&G Trust Contribution	0.00
	Sub-total (4 to 6)	**67.14**
	Grand Total	**613.17**

GESCOM in its Petition, has submitted that while claiming the employee cost, the expected retirement of 104 employees is considered for FY22, for which the salary and wages is reduced to an extent of Rs.7.22 Crores. GESCOM has considered total salary and wages for FY22 of Rs.428.75 Crores with an annual increment rate of 2.89% on the basic salary, Overtime allowance at 2.29% of basic salary, DA is considered at 11.25% to 19.25% of the basic pay and Other allowances at 11.5% of basic pay.

GESCOM has submitted that it has considered Rs.50.49 Crores towards Dearness Allowance for FY22. Further, GESCOM has considered bonus at Rs.7500 per annum per employee for FY22.

For computation of normative O&M expenses, GESCOM has reckoned the inflation index at 7.39% by factoring the WPI and CPI data from 2008 to 2022. Further, GESCOM has submitted that the R&M and A&G expenses are calculated at 7.39% increase over the values of FY21 at Rs.68.59 Crores and Rs.152.32 Crores respectively for FY22.

The GESCOM in its application, has sought approval of following O&M expenses for FY22:

TABLE-5.16

O&M Expenses for FY22- GESCOM's Submission

Amount in Rs. Crores

Particulars	FY22
Employee Cost	613.17
Repairs & Maintenance	68.59
Admin & General Expenses	152.32
Total O&M cost	**834.08**

Commission's analysis &decision:

The Commission, in its preliminary observations, has noted that GESCOM has projected Rs.64.75 Crores and Rs.69.53 Crores for towards consumer ledger / station maintenance charges / manpower hiring and consultancy charges for FY21 and FY22, respectively. GESCOM was directed to submit the number of persons outsourced on contract basis, besides furnishing the reasons for claiming higher amount, under this head of expenditure.

GESCOM, in its reply, has submitted that 1784 number of outsourced persons are working through agencies. GESCOM has proposed additional expenses on account of inflation and expected increase in consumer ledger account. The Administration and General Charges, projections for FY21 and FY22 has been done based on Composite Series and data is taken from CERC as per Notification Dated 05.10.2020 at 9.78% and 7.39% respectively.

The Commission has noted that GESCOM has projected Rs.20.22 Crores for FY21 and Rs.21.72 Crores for FY22 towards conveyance, vehicle expenses and travelling expenses. The Commission, in its earlier Tariff Orders had directed GESCOM to control the expenses under A&G head of account., The Commission has noted that despite direction to control this expenditure, the same is increasing year on year.

The Commission had also noted that GESCOM has projected Rs.106.13 Crores and Rs.112.03 Crores towards additional employees cost on account of contribution to Provident and Other Funds for FY21 and FY22 respectively. Hence, GESCOM was directed to furnish the details of the amounts claimed duly giving the bifurcation of contribution towards Provident Fund and Other Funds along with the computation sheet, for the proposed expenses to be incurred towards contribution to P&G Trust for FY21 and FY22, along with the Actuarial Valuation Report. GESCOM in its reply to the preliminary observations, has submitted the computation sheet as desired by the Commission.

The Commission as per the norms specified under the provisions of MYT Regulations, for computation of O&M expenses has considered the consumers. The Commission, notes that, GESCOM has considered an inflation index of 7.39% by reckoning the WPI and CPI data of 2008 to 2022 growth rate (CGI) 3 year CAGR and inflation rate index based on the methodology followed by the CERC duly following the methodology adopted by the Commission in its earlier Tariff Orders.

The Commission notes that, GESCOM has considered an inflation index of 7.39% by reckoning WPI and CPI data of 2008 to 2022.

The Commission has computed the O&M expenses for FY22, duly considering the base year actuals O & M expenses of Rs.696.33 Crores for FY19 which is inclusive of contribution of terminal benefit to P&G Trust as per audited accounts for FY19. Further, the Commission has considered the approved O&M expenses for FY20 as per APR and the approved O&M expenses for FY21 to arrive at the allowable O&M expenses for FY22. Considering the Wholesale Price Index (WPI) as per the data available from the Ministry of Commerce & Industry, Government of India and Consumer Price Index (CPI), as per the data available from the Labour Bureau, Government of India and adopting the methodology followed by CERC with CPI and WPI in the ratio of 80:20, in line with the methodology followed by the Commission, in its earlier Tariff Order, the allowable inflation rate for FY22 is computed as follows:

TABLE – 5.17

Computation of Inflation Index for FY22

Year	WPI	CPI	Composite Series	Yt/Y1=Rt	Ln Rt	Year (t-1)	Product [(t-1)* (LnRt)]
2008	80.0	141.7	129.36				
2009	81.9	157.1	142.06	1.10	0.09	1	0.09
2010	89.7	175.9	158.66	1.23	0.20	2	0.41
2011	98.2	191.5	172.84	1.34	0.29	3	0.87
2012	105.7	209.3	188.58	1.46	0.38	4	1.51
2013	111.1	232.2	207.98	1.61	0.47	5	2.37
2014	114.8	246.9	220.48	1.70	0.53	6	3.20
2015	110.3	261.4	231.196	1.79	0.58	7	4.06
2016	110.3	274.3	241.5	1.87	0.62	8	4.99
2017	114.1	281.2	247.78	1.92	0.65	9	5.85
2018	118.9	294.8	259.62	2.01	0.70	10	6.97
2019	121.2	317.4	278.16	2.15	0.77	11	8.42
A= Sum of the product column							38.75
B= 6 Times of A							232.49
C= (n-1) *n*(2n-1) where n= No of years of data=12							3036.00
D=B/C							0.08
G (Exponential factor) = Exponential (D)-1							0.0796
e=Annual Escalation Rate (%) =g*100							**7.9586**
As per CERC Notification No.Eco T I / 2020-CERC dated 27.03.2020 with weightage of 80% on CPI and 20% on WPI							

For the purpose of determining the normative O & M expenses for FY22, the Commission has considered the following:

a) The actual O & M expenses incurred as per the audited accounts for FY19, inclusive of contribution of terminal benefit to the Pension and Gratuity Trust as the base year to determine the O & M expenses and the approved O&M expenses for FY20 and FY21.
b) The three-year compounded annual growth rate (CAGR) of the number of installations considering the actual number of installations as per the audited accounts upto FY20 and as projected by the Commission for FY22 at 4.69% for FY22.
c) The weighted inflation index (WII) at 7.9586 % as computed above.
d) Efficiency factor at 2% has been considered.

The above parameters are computed duly considering the same methodology as is being followed in the earlier orders of the Commission and the relevant Orders of the Commission on various Review Petitions filed by the ESCOMs.

As per the decision of the Commission in the earlier Tariff Orders, the distribution licensees are required to justify any employees cost to commensurate the increase in real employee productivity. Hence, the Commission reiterates that with increase in emolument, the improved productivity of the employees would be reflected in terms of increased sales reduction of losses and improved revenue collections.

Accordingly, the normative O & M expenses for FY22 are as follows:

TABLE – 5.18
Approved O & M expenses for FY22

Amount in Rs. Crores

Particulars	FY22
No. of Installations	3525805
Consumer growth rate as per actuals / projections (3 Year CAGR) in %	4.69%
Inflation Index in %	7.9586%
Base year O&M expenses for FY19	696.33
O&M Expenses: O&M Index by considering the approved O&M expenses for FY20 and F21 = O&M (t-1) *(1+WII+CGI-X)	887.07
Total allowable O&M expenses	**887.07**

As per the norms specified under the MYT Regulations, the O&M expenses are controllable expenses and the distribution licensee is required to regulate these expenses, within the permissible values.

Since, the base year O&M expenses include the O&M expenses inclusive of contribution to the P&G Trust and pay revision amount, the Commission has not considered allowing contribution to the P&G Trust and pay revision arrears separately.

Thus, the Commission decides to approve O&M expenses of Rs.887.07 Crores for FY22.

5.2.9 Depreciation:

GESCOM's Proposal:

GESCOM in its Petition, has claimed an amount of Rs.213.46 Crores as against Rs.207.08 Crores as approved by the Commission towards depreciation for FY22. GESCOM has computed the net depreciation after deducting the amount of depreciation on the assets created out of consumer contributions / grants for FY22, as per the norms specified under the MYT Regulations. The depreciation claimed by GESCOM is as follows:

TABLE – 5.19

Depreciation-FY22- GESCOM's Proposal

Amount in Rs. Crores

Particulars	FY22
Buildings	3.59
Plant & Machinery	43.71
Towers and poles	204.31
Underground cables and devices	1.69
Service lines	1.39
Metering equipment	18.51
Misc. Equipment	0.05
Vehicles	0.71
Furniture	0.49
Office Equipment	0.52
Total Depreciation	**274.96**
Less: withdrawals of depreciation on assets created out of consumer contribution/grants	61.50
Net Depreciation	**213.46**

Commission's analysis and decision:

The Commission, in accordance with the provisions of the MYT Regulations and amendments thereon, has determined the depreciation for FY22 considering the following:

a) The actual rate of depreciation of category-wise assets has been determined by considering the amount of depreciation and the gross block of opening and closing balances of fixed assets, as per the audited accounts for FY20.

b) This actual rate of depreciation is considered on the gross block of average of projections of opening and closing balance of fixed assets considering the capex and the categorization of assets thereon, as approved by the Commission for FY21 and FY22.

c) The depreciation on account of assets created out of consumers' contribution / grants has been considered (deducted) based on the average of opening and closing balance of such assets duly considering the addition of assets and projections made by the Commission for FY21 and FY22, at the weighted average rate of depreciation, as per actuals in FY20.

Accordingly, the total depreciation for FY22 is arrive at as follows:

TABLE – 5.20
Approved Depreciation for FY22

Amount in Rs. Crores

Particulars	Rate of Depreciation
Buildings	3.54
Hydraulic works	0.38
Civil works	0.17
Plant & Machinery	47.41
Line, Cable Network	213.12
Vehicles	0.30
Furniture	0.38
Office Equipment	0.45
Amortization on Right of use Assets	0.19
Intangible Assets	0.00
Total	**265.93**

Particulars	Rate of Depreciation
Less: Depreciation withdrawn on the assets created out of consumers contribution / Grants	57.82
Net Depreciation Allowed	**208.11**

Accordingly, the Commission decides to approve an amount of Rs.208.11 Crores towards net depreciation for FY22.

5.2.10 Interest on Capital Loans:

GESCOM's proposal:

GESCOM, in its Petition, has claimed Rs.261.48 Crores as against Rs.126.52 Crores as approved by the Commission towards interest on Capital loan of for FY22. Interest on capital loans for FY22 as proposed by GESCOM is as follows:

TABLE – 5.21

Interest on Capital Loans– GESCOM's Submission

Amount in Rs. Crores

Particulars	FY-22
Opening Balance of loans	3717.79
Add: New Loans	323.53
Less: Repayments	409.12
Closing Balance of loans	3632.20
Interest on Capital Loan	**261.48**

Commission's analysis and decision:

The Commission has noted the actual capital loan portfolios of GESCOM for FY20 and upto September, 2020. The Commission further notes that GESCOM is claiming the interest on capital loan of Rs.261.48 Crores, has included the interest on short term loan and overdraft amount for Rs.159.98 Crores for FY22.

The Commission in its preliminary observations, had observed that GESCOM has projected Rs.173.53 Crores as new long term loan barrowings as against the proposed Capex plan of Rs.**879.19** Crores as against the Commission's approved Capex of Rs.530.05 Crores for FY22. Further, GESCOM has considered

Rs.50 Crores as new loan borrowings towards Capex for FY21. GESCOM was directed to submit as to how it can manage with this amount of new loan borrowing to meet the proposed revised Capex of Rs.681.65 Crores for FY22 and approved Capex of Rs.531.33 Crores for FY21.

GESCOM, in its reply to the preliminary observations, has submitted that the approved capex for FY21 is Rs.531.33 Crores and considered Rs.50 Crores as New Loan borrowing towards Capex for FY21. GESCOM has informed that most of the works are spill over works of Central Govt. Sponsored schemes like IPDS, DDUGJY and Soubhagya. GESCOM has submitted the details of Equity support of Rs.150.19 Crores from GoK to GESCOM, for FY22 in the State Budget, as shown below:

1.	General Equity	: Rs. 79.81 Crores.
2.	Special Development program	: Rs. 56.74 Crores.
3.	SCSP	: Rs. 9.96 Crores.
4.	TSP	: Rs. 3.68 Crores.
	Total	**: Rs. 150.19 Crores**

Further, GESCOM has also submitted that the Development Corporation have released Rs.11.58 Crores for FY21 for carrying out Ganga Kalyan works. GESCOM informed that the new loan for Soubhagya scheme works, Establishment of 33 kV sub-stations is expected to the tune of Rs.50 Crores for FY21.

The Commission, in its preliminary observations, has directed GESCOM to submit the details about the measures taken / action plan drawn to reduce the interest burden on Capital loans / working capital loans and late payment surcharge to the power generators as per the guidelines issued by the Govt. of India to reduce the financial burden of the transmission and distribution Companies suffering due to slowdown of economic activities on account of COVID-19 Pandemic.

GESCOM in its reply, has submitted that approx. 52% of the total Capital expenditure for FY21 were proposed to be carried out of Borrowings. However, during the year, borrowing is expected to be around 50 Crores based on the

Actual progress of the ongoing works. GESCOM submitted that the Government sponsored scheme / capex which are funded through capital grants / equity are being taken up along with the routine infrastructure strengthening works for maintaining quality power supply and load requirement.

Further, the Commission notes that, GESCOM has availed Special Transition Loan of Rs.1700 Crores under Covid-19, from the Govt. of India under Atma Nirbhar Bharat for payment of outstanding Power Purchase dues. Further, Central Generating companies provided a rebate of Rs.19.84 Crores during the COVID period.

The Commission has taken note of the proposed capex with source of funding and the capital loans proposed by GESCOM for FY22.

As per the audited accounts and as per the APR of FY20, the GESCOM had incurred interest on capital loan at the weighted average rate of interest of 11.03% per annum. Accordingly, this weighted average rate of interest is considered for the existing loan balances, for which interest has to be factored during FY21. Further, for FY22, the weighted average rate of interest of the preceding year has been considered on the existing loan balances. The Commission has considered the requirement of the new capital loans by reckoning the availability of capital grants for the works proposed under various schemes of GOI / GoK, the internal resources and the consumer contributions as estimated by the GESCOM in the proposed capex for FY22.

The Commission, in its MYT Order dated 30th May, 2019 had approved a capex of Rs.531.33 Crores and Rs.530.05 Crores for FY21 and FY22 respectively. As against this, GESCOMs has proposed capex amount of Rs.867.35 Crores and Rs.879.19 Crores for FY21 and FY22. (and has expected capital expenditure Rs.681.65 Crores for FY22).

The Commission has observed that GESCOM has not achieved its own proposed capex in the past. Thus, the Commission after considering all the above aspects and also availability of funds through capital grant from GoK/GoI, internal resources, retailed earnings and contribution from consumer towards the proposed capital works, to avoid front loading of the interest on loan component in the retail supply tariff, decides to reckon the capital expenditure of Rs.600 Crores as capex for the purpose of determination of ARR and retail supply tariff for FY22. However, as discussed in pre-para, after considering the availability of GoI / GoK grants internal resources and consumer contribution, the Commission decides to consider the new loans at Rs.300.00 Crores for FY22, against the approved capex. The Commission has considered new loans, in accordance with the debt equity ratio of 70:30, as per the MYT Regulations.

GESCOM in its application under Table 69 has proposed the weighted average interest on both existing capital loan balances and on the new capital loans at the rate of 12.27% for FY22 which is on a higher side considering the market trends. GESCOM needs to initiate financial prudence measures, so as to avail loans at comparatively lower rates and reduce the interest burden on the consumers.

The Commission, while taking note of the capital loan portfolios of GESCOM for FY20 and up to September, 2021 had observed that it has availed the majority of the capital loan from REC and PFC at the interest rate of 9% to 12% which is on higher side.

The Commission further notes that the present interest rate being charged by the commercial banks and financial institutions are on the basis of Marginal Cost of fund-based Lending Rates (MCLR). These rates are comparatively lower than the bank rates considered earlier. Further in the current economic conditions favorable for investments, it is observed that there is a downward trend in the MCLR and the interest rates. Hence, in such a situation, the Commission is of the view that, the GESCOM can avail capital loan at a competitive rate, which would be lesser than the interest rate proposed by the GESCOM.

The Commission also notes that, the present SBI MCLR rate for capital loan with tenure of 3 years is 7.30%. Considering the present MCLR and also the financial constraints of GESCOM in availing the capital and working capital loans from the commercial Banks, the Commission, as per the provision of MYT Regulations, decides to allow an interest rate of 11.03% per annum for the existing loans and 11% per annum for the new capital loan borrowings for FY22. It shall be noted that, the rate of interest now considered by the Commission, on the new capital loans is subject to review during the APR and revision of ARR of FY22.

Accordingly, the approved interests on capital loans for FY22 are as follows:

TABLE – 5.22

Approved Interest on Capital Loans for FY22

Amount in Rs. Crores

Particulars	FY22
Opening balance of Long term secured & unsecured loans	1044.14
Add: New Loans Borrowed	300.00
Less: Repayments of loan	122.10
Total loan at the end of the year	1222.05
Average Loan	**1133.10**
Weighted average rate of interest considered for the existing loans	11.03%
Interest rate allowed on new loans in %	11%
Allowable Interest on Capital Loan	**124.93**

Thus, the Commission decides to approve interest on capital loans of Rs.124.93 Crores for FY22.

5.2.11 Interest on Working Capital Loan:

GESCOM's proposal:

GESCOM, in its Petition, has claimed Rs.120.42 Crores as against Rs.121.49 Crores as approved by the Commission towards the interest on working capital loan for FY22, as tabulated below:

TABLE – 5.23
Interest on Working Capital loan for FY22
GESCOM's Submission

Amount in Rs. Crores

Particulars	FY22
One-twelfth of the amount of O&M expenses	69.51
Opening Balance GFA	5133.25
1% of Opening Balance of GFA	51.33
One-sixth of revenue	973.92
Total Working Capital	1094.76
Rate of Interest %	11.00
Interest on Working Capital loan	120.42

Commission's analysis and decision:

The Commission, in accordance with the norms specified under the MYT Regulations, has computed the interest on working capital consisting of one months' O&M expenses, 1% of Opening GFA and two month's revenue as receivables.

The Commission notes that, GESCOM has availed its working capital loan at the interest rate of 7.35% to 11.90% per annum during FY20 and upto November, 2020. The Commission also notes that GESCOM has claimed the interest on capital loan of Rs.261.48 Crores for FY22 and has also included the interest on short term loan / overdraft of Rs.159.98 Crores and again has claimed Rs.120.42 Crores separately as interest on working capital for FY22. The Commission, for the purpose of allowing the working capital interest as per the MYT Norms has considered the MCLR based interest rates for FY22. The Commission, by considering the downward trend in the interest rates and considering the present SBI MCLR for short term tenure period is 7.20% to 7.45% and by considering the appropriate of basis points, and also the present interest rate charged by REC/PFC on the working capital loan availed by GESCOM as per the provisions of the MYT Regulations, decides to consider interest on working capital at 11% per annum for FY22.

Accordingly, the approved interest on working capital for FY22 is computed as follows:

TABLE – 5.24

Approved Interest on Working Capital for FY22

Amount in Rs. Crores

Particulars	FY22
One-twelfth of the amount of O&M Expenses	73.92
Opening balance of Gross Fixed Asset (GFA)	6255.29
Stores, materials and supplies - 1% of Opening balance of GFA	62.55
One-sixth of the Revenue	953.53
Total Working Capital	1090.00
Rate of Interest (% p.a.)	11.00
Interest on Working Capital	**119.90**

Thus, the Commission decides to approve interest on working capital of Rs.119.90 Crores for FY22.

5.2.12 Interest on Consumer Security Deposit:

GESCOM's proposal:

GESCOM, in its Petition, has claimed an amount of Rs.37.55 Crores as against Rs.42.90 Crores as approved by the Commission in its Tariff Order dated 30th May, 2019, towards interest on consumer security deposit for FY22. GESCOM has considered rate of interest at 6.25% on the average of opening and closing balance of consumer security deposit of Rs.600.87 Crores for FY22.

Commission's analysis and decision:

The Commission notes that GESCOM without giving the basis for reckoning the Bank Rate of 6.25% has computed the interest on consumer security deposit of Rs.37.55 Crores for FY22. GESCOM was directed to submit the documents in support of claiming the Bank Rate as per the provisions of KERC Regulation on payment of interest on consumer's security deposit. GESCOM in its reply, has submitted that it has computed the interest rate as per rate specified by the RBI.

The Commission, in accordance with the KERC (Interest on Security Deposit) Regulations 2005, has allowed the Bank Rate prevailing on the 1st of April of the financial year as the interest rate for the period for which the interest is due. As per Reserve Bank of India Notification dated 22.05.2020, the applicable bank rate for FY22 is 4.25% per annum. This being the latest available bank rate, the Commission has considered the same, for computation of interest on consumer deposits for FY22.

The Commission has considered the consumer security deposits as per the audited accounts of FY20. The Commission has taken note of the additional amount of deposits collected from the consumers during the previous years. Based on the additional security deposits collected during the previous year and also in FY20, the Commission has decided to factor the additional amount of consumer security deposit likely to be collected during FY21 and FY22 is Rs.45.00 Crores and Rs.50.00 Crores for FY21 and FY22 respectively for computation of interest on consumer security deposit. The Commission has allowed the rate of interest at 4.25% as per the RBI Notification towards interest on Consumers' Security Deposits. Thus, the interest on consumer deposits for FY22 is computed in the following Table:

TABLE – 5.25

Approved Interest on Consumer Security Deposits for FY22

Amount in Rs. Crores

Particulars	FY22
Opening balance of consumer security deposits	608.74
Closing Balance of consumer security deposit	658.74
Average Consumer Security deposit amount	633.74
Rate of Interest at bank rate per annum to be allowed as per Regulations - %	4.25
Allowable Interest on Consumer Security Deposit	**26.93**

Thus, the Commission decides to approve interest on consumer security deposits at Rs.26.93 Crores for FY22.

5.2.13 Interest and Finance Charges Capitalized:

GESCOM in its Petition, has claimed an amount of Rs.5.80 Crores as against Rs.10.00 Crores towards capitalization of interest and finance charges during FY22.

Commission's analysis and decision:

Considering the capital expenditure and capitalization thereon in the previous years, the Commission decides to allow Rs.5.80 Crores as claimed by GESCOM, towards capitalization of interest and finance charges for FY22.

The abstract of approved interest and finance charges for FY22 is as follows:

TABLE – 5.26

Approved Interest and finance charges for FY22

Amount in Rs. Crores

Particulars	FY22
Interest on Capital Loan	124.93
Interest on Working Capital loan	119.90
Interest on Consumers Security Deposit	26.93
Less: Interest & Finance charges capitalized	-5.80
Approved Interest & Finance Charges	**265.97**

5.2.14 Other Debits:

GESCOM in its Petition, has claimed an amount of Rs.89.02 Crores towards other debits during FY22.

Commission's analysis and decision:

In accordance with the provisions of the MYT Regulations as amended from time to time, the Commission has not been considering the amount projected by the ESCOMs towards other debits since, the same cannot be estimated beforehand. The Commission therefore, has not allowed the same in the ARR for FY22. However, such expenses would be considered as per the actuals, with reference to the audited accounts for the relevant years at the time of APR.

5.2.15 Return on Equity (RoE):

GESCOM's proposal:

GESCOM, in its Petition, has not claimed any amount towards RoE for FY22 due to negative net worth as detailed below:

TABLE – 5.27

Return on Equity for FY22-GESCOM's Proposal

Amount in Rs. Crores

Particulars	FY22
Paid Up Share Capital	1789.80
Share Deposit	0.00
Reserves and Surplus	-1980.17
Total Equity	-190.37
Return on Equity	**-29.51**

Commission's analysis and decision:

The Commission notes that GESCOM has not claimed any RoE for FY22.

The Commission has taken note of the equity amounts as per the audited accounts of GESCOM for FY20. The Commission, as per the provisions of MYT Regulations for computing the RoE, has considered the actual closing balance of share capital, share deposits and the accumulated surplus/deficit under Reserves & Surplus as per the audited accounts for FY20 for arriving at the allowable equity base for FY22. The Commission notes the status of debt equity ratio with reference to the projected gross fixed assets for FY22.

The Commission, in accordance with the provisions of the MYT Regulations, has considered Return on Equity of 15.5% duly grossed up with the applicable Minimum Alternate Tax (MAT) of 17.472%. This works out to 18.7815% per annum. Further, as per the decision of the Commission in the Review Petition No.6/2013 and Review Petition 5/2014, and the amended provisions of the MYT Regulations, the Return on Equity shall be computed based on the opening balances of share capital, share deposits and the accumulated balances of surplus / deficit under reserves and surplus account. Further an amount of

Rs.22.00 Crores of recapitalized consumer deposit, is also considered in the net worth, as per the orders of the Hon'ble ATE in Appeal No.46/2014.

Further, in compliance of the orders of the Hon'ble ATE in Appeal No.46/2014, wherein it was directed to indicate the opening and closing balances of gross fixed assets along with break-up of equity and loan component in the Tariff Order issued henceforth, the details of GFA, debt and equity (net-worth) for FY22 are indicated in the following Table:

TABLE – 5.28

Status of Debt Equity Ratio for FY22

Amount in Rs. Crores

Year	Particulars	GFA	Debt	Equity (Net worth)	Normative Debt @ 70% of GFA	Normative Equity @ 30% of GFA	%age of actual debt on GFA	%age of actual equity on GFA
FY22	Opening Balance of GFA	6255.29	1044.14	-507.04	4378.70	1876.59	16.69%	-8.11%
	Closing Balance of GFA	6890.24	1222.05	(-)507.04	4823.52	2067.22	17.73%	-7.36%

From the above Table it is seen that the debt equity lies within the normative debt equity ratio of 70:30 on the opening and closing balances of projected GFA for FY22. Further, the Commission will review the same during the Annual Performance Review for each year, based on the actual data as per the audited accounts.

Accordingly, the Return on Equity that could be approved for FY22 works out as follows:

TABLE – 5.29

Approved Return on Equity for FY22

Amount in Rs. Crores

Particulars	FY22
Opening balance of Share Capital	1114.96
Opening balance of Share deposit	395.03
Opening balance of Accumulated Losses	-1995.03
Less: Recapitalized Security Deposit	-22.00
Equity	-507.04

Since the net equity at the beginning of FY22 is negative, the Commission is unable to allow any Return on Equity. Thus, the Commission decides not to allow any RoE for FY22.

5.2.16 Other Income:

GESCOM's proposal:

GESCOM in its Petition, has claimed Rs.107.24 Crores as against Rs.105.03 Crores approved by the Commission in its Tariff Order dated 30th May, 2019, towards other income for FY22 is as detailed below:

TABLE – 5.30
Other Income – GESCOM's Proposal

Amount in Rs. Crores

Sl. No.	Particulars	FY22
1	Interest on Bank Deposit	4.25
2	Rental from staff quarters	1.85
3	Profit on sale of store	0.35
	Rental from others	0.01
	Sale of scrap	2.86
	Excess found on physical verification of stock	0.12
4	Rebate on collection of Electricity duty	1.20
5	Rebate on power purchase	3.30
6	Miscellaneous recoveries from trading	1.70
	Miscellaneous recoveries	91.59
	Total	**107.24**

Commission's analysis and decision:

The Commission has taken note of other income claimed by the GESCOM for FY22.

The Commission notes that the net other Income earned by GESCOM for FY20 is Rs.137.77 Crores. It is also noted the various items of income included under the other income as per the audited accounts of the previous years. The Commission by considering the other income earned by GESCOM in the previous years has decided to consider other income proposed by GESCOM for Rs.107.24 Crores for FY22.

Thus, the Commission decides to approve Rs.107.24 Crores towards other income for FY22.

5.2.17 Fund towards Consumer Relations / Consumer Education:

GESCOM in its Petition, has not claimed any amount towards Consumer Relations / Consumer Education fund for FY22.

The Commission in its Tariff Orders, has been allowing an amount of Rs.0.50 Crore per year towards consumer relations / consumer education. This amount is earmarked to conduct consumer awareness programmes, periodical consumers' grievance redressal meetings and institutionalize a mechanism for addressing common problems of the consumers. The Commission has already issued guidelines for consumer education and grievance redressal activities.

Thus, in line with its previous Tariff Orders, the Commission decides to continue to provide an amount of Rs.0.50 Crore for FY22 towards meeting the expenditure on consumer relations / consumer education.

5.2.18 Revenue:

GESCOM in its application has projected Rs.5843.49 Crores as revenue to be generated from sale of power and miscellaneous charges from consumers for FY22. While projecting the revenue GESCOM has considered Rs.3611.14 Crores from revenue from tariff and miscellaneous charges and Rs.2232.35 Crores from BJ/KJ and IP Sets tariff subsidy for FY22.

The Commission considering the approved category wise sales for FY22 has projected the Revenue at the existing tariff as under:

Amount Rs.in Crores

Revenue from sale of power to consumer other than BJ/KJ and IP sets	3561.16
Revenue from BJ/KJ installation	187.94
Revenue from IP Set installation	1972.08
Total Projected Revenue at existing tariff for FY22	5721.17

5.2.19 Regulatory Asset for FY22:

The Commission has issued the Tariff Order for FY21 on 04.11.2020, which was applicable from 1st November, 2020. The total revenue gap approved for FY21 was Rs.305.88 Crores. Due to applicability of the revised tariff from 1st November, 2020, out of the projected revenue gap of Rs.305.88 Crores, the Commission decided to create the unrecovered portion of the revenue gap of seven months amounting to Rs.178.43 Crores of FY21 as Regulatory Asset to be recovered in the tariff over the next two years (FY22 and FY23). The Commission also decided to allow carrying cost at 10% per annum (based on the current MCLR plus reasonable Basis points) on the amount of Regulatory Asset which will be assessed at the time of the Annual Performance Review (APR) of FY22 and FY23. Accordingly, the Commission decides to consider Rs.89.22 Crores towards Regulatory Asset for FY22.

5.3 Abstract of ARR for FY22:

In the light of the above analysis and decisions of the Commission, the following is the approved ARR for FY22:

TABLE – 5.31
Approved ARR for FY22

Amount in Rs. Crores

Sl. No.	Particulars	As Approved in T.O 30.05.2019	As Filed 27.11.2020	Approved Revised ARR
1	Energy at Gen Bus in MU	10055.96	8911.00	8877.18
2	Transmission Losses in %	3.102%	3.102%	2.978%
3	Energy at Interface in MU	9744.02	8632.64	8612.82
4	Distribution Losses in %	14.79%	11.18%	10.75%
	Sales in MU:			
5	Sales to other than IP & BJ/KJ	4337.45	4161.73	4295.10
6	Sales to BJ/KJ	217.56	258.15	251.59
7	Sales to IP	3747.87	3247.63	3140.25
	Total Sales	**8302.88**	**7667.51**	**7686.94**
	Revenue at existing and Misc. Charges:			
8	Revenue from tariff and Misc. Charges	0.00	3611.14	3561.16
9	Tariff Subsidy to BJ/KJ Installation	0.00	192.84	187.94
10	Tariff Subsidy to IP Sets	0.00	2039.51	1972.08

Sl. No.	Particulars	As Approved in T.O 30.05.2019	As Filed 27.11.2020	Approved Revised ARR
	Total Existing Revenue	**0.00**	**5843.49**	**5721.17**
	Expenditure:			
10	Power Purchase Cost	4443.13	4136.44	3903.91
11	Transmission charges of KPTCL	475.11	475.11	490.918
12	SLDC Charges	3.56	3.56	4.13
	Power Purchase Cost including cost of transmission	**4921.80**	**4615.11**	**4398.96**
	O&M Expenses	**853.96**	**834.08**	**887.07**
13	Depreciation	207.08	213.46	208.11
	Interest & Finance charges			
14	Interest on Capital Loans	126.52	261.48	124.93
15	Interest on Working capital loans	121.49	120.42	119.90
16	Interest on belated payment on PP Cost	0.00	0.00	0.00
17	Interest on consumer security deposits	42.90	37.55	26.93
18	Other Interest & Finance charges	0.00	0.00	0.00
19	Less: interest & other expenses capitalised	-10.00	-5.80	-5.80
	Total Interest & Finance charges	**280.92**	**413.65**	**265.97**
20	Other Debits	0.00	89.02	0.00
21	Net Prior Period Debit/Credit	0.00	0.00	0.00
22	Return on Equity	0.00	0.00	0.00
23	Funds towards Consumer Relations/Consumer Education	0.50	0.00	0.50
24	Regulatory assets as per Tariff Order dated 04.11.2020	0.00	89.21	89.22
25	Less: Other Income	-105.03	-107.24	**-107.24**
26	**Total ARR**	**6159.22**	**6147.30**	**5742.58**
27	Add: Deficit for FY20 carried forward (APR)	0.00	-982.29	209.19
28	**Net ARR for FY22**	**6159.22**	**7129.59**	**5951.77**
29	**Average cost of supply**			**7.74**

5.4 Segregation of ARR into ARR for Distribution Business and ARR for Retail Supply Business:

GESCOM in its application has not proposed any new ratio for segregation of consolidated ARR into ARR for Distribution Business and ARR for Retail Supply Business.

Commission's Analysis and Decisions:

GESCOM in its application has not proposed any new ratio of segregation of consolidated ARR into ARR for Distribution Business and ARR for Retail Supply Business and proposed the same ratio as being adopted in the previous Tariff Orders as well. Thus, the Commission decides to continue with the existing ratio of segregation of ARR as detailed below:

TABLE – 5.32
Approved Segregation of ARR – FY22

Particulars	Distribution Business	Retail Supply Business
O&M	70%	30%
Depreciation	84%	16%
Interest on Loans	100%	0%
Interest on Consumer Deposits	0%	100%
RoE	84%	16%
GFA	84%	16%
Non-Tariff Income	7%	93%

Accordingly, the approved ARR for Distribution Business and Retail supply business is as follows:

TABLE – 5.33
APPROVED REVISED ARR FOR DISTRIBUTION BUSINESS – FY22

Amount in Rs. Crores

Sl. No	Particulars	FY22
1	O&M Expenses	620.95
2	Depreciation	174.81
	Interest & Finance Charges	
3	Interest on Capital Loans	124.93
4	Interest on Working capital loans	18.81
5	Interest on consumer security deposits	0.00
6	Other Interest & Finance charges	0.00
7	Less: interest & other expenses capitalized	-5.80
8	ROE	0.00
9	Less: Other Income	-7.51
10	Regulatory Asset	74.94
	NET ARR	**1001.14**

TABLE – 5.34

APPROVED ARR FOR RETAIL SUPPLY BUSINESS – FY22

Amount in Rs. Crores

Sl. No	Particulars	FY22
1	Power Purchase & SLDC Charges	3908.04
2	Transmission Charges	490.92
3	O&M Expenses	266.12
4	Depreciation	33.30
	Interest & Finance Charges	
5	Interest on Capital Loans	0.00
6	Interest on Working capital loans	101.09
7	Interest on consumer security deposits	26.93
8	Other Interest & Finance charges	0.00
9	Less: Interest & other expenses capitalised	0.00
10	ROE	0.00
11	Less: Other Income	-99.73
12	Fund towards Consumer Relations / Consumer Education	0.50
13	Regulatory Asset	14.27
	NET ARR	**4741.44**

5.5 Gap in Revenue for FY22:

As discussed above, the Commission decides to approve the revised Annual Revenue Requirement (ARR) of Rs.5951.77 Crores by including the Regulatory Asset of Rs.89.22 Crores as per Tariff Order dated 4th November 2020, as against GESCOM's proposal for approving ARR of Rs.7129.59 Crores for FY22. The ARR approved for FY22 includes an amount of Rs.209.19 Crores, which is approved as the deficit as per APR for FY20, as discussed in Chapter-4 of this Order.

The Commission has considered total revenue of Rs.5721.17 Crores based on the existing retail supply tariff for the sales approved for FY22. Considering the approved ARR of Rs.5951.77 Crores, there will be a revenue deficit of Rs.230.60 Crores, for FY22.

The details of revised retail supply tariff, on the basis of the above approved ARR, is discussed and approved in Chapter-6 of this Order.

CHAPTER – 6

DETERMINATION OF RETAIL SUPPLY TARIFF FOR FY22

6.0 Revision of Retail Supply Tariff for FY22-GESCOM's Proposals and Commission's Decisions:

6.1 Tariff Application

As per the Tariff application filed by the GESCOM, it has projected an unmet gap in revenue of Rs.1196.89 Crores for FY22, which also includes the deficit in revenue of Rs.982.29 Crores for FY20. In order to bridge this gap in revenue, GESCOM has proposed to increase of 156 paise per unit, in respect of all the categories of consumers.

In the previous chapters of this Order, the process of Annual Performance Review(APR) for FY20 and the approval of ARR for FY22 has been discussed. The various aspects of determination of tariff for FY22 are discussed in this Chapter.

6.2 Statutory Provisions guiding determination of Tariff

As per Section 61 of the Electricity Act, 2003, the Commission is guided inter-alia, by the National Electricity Policy, the Tariff Policy and the following factors, while, determining the tariff so that,

- the distribution and supply of electricity are conducted on commercial basis;
- competition, efficiency, economical use of resources, good performance, and optimum investment are encouraged;
- the tariff progressively reflects the cost of supply of electricity, and also reduces and eliminates cross subsidies within the period to be specified by the Commission;
- efficiency in performance is to be rewarded: and
- a multi-year tariff framework is adopted.

As per Section 62(5) of the Electricity Act, 2003, read with Section 27(1) of the Karnataka Electricity Reform Act, 1999, empowers the Commission to specify, from time to time, the methodologies and the procedure to be observed by the licensees in calculating the Expected Revenue from Charges (ERC). The Commission determines the Tariff in accordance with the Regulations and the Orders issued by the Commission from time to time.

6.3 Factors Considered for Tariff setting:

The Commission has kept in view the following relevant factors for determination of retail supply tariff:

a) **Tariff Philosophy**:

As discussed in the earlier tariff orders, the Commission continues to fix tariff below the average cost of supply in respect of consumers whose ability to pay is considered inadequate and also fix tariff at or above the average cost of supply for categories of consumers whose ability to pay is considered to be higher. Thus, the system of cross subsidy continues. However, the Commission has taken due care to progressively bring down the cross subsidy levels as envisaged in the Tariff Policy 2016, issued by the Government of India.

b) **Average Cost of Supply:**

The Commission has been determining the retail supply tariff on the basis of the average cost of supply. The KERC (Tariff) Regulations, 2000, as amended from time to time, require the licensees to provide the details of embedded cost of electricity voltage / consumer category-wise. The distribution network of Karnataka is such that, it is difficult to segregate the common cost between voltage levels. Therefore, the Commission has decided to continue the average cost of supply approach for recovery of the ARR. With regard to the indication of voltage- wise cross subsidy with reference to the voltage-wise cost of supply, the same is indicated in the Annexure to this Order.

c) **Differential Tariff:**

The Commission has been determining differential retail supply tariff for consumers in urban and rural areas, beginning with its Tariff Order, dated 25th November, 2009. The Commission decides to continue the same in the present order also as the reasons cited for approach continue even now.

6.4 New Tariff Proposals:

GESCOM has not made any new proposal in respect of Tariff for FY22. However, the new tariff proposals made by BESCOM and other ESCOMs, on which the Commission has taken a decision, are brought out here for implementation by GESCOM:

1. **Enhancement of slab-wise consumption in respect of Domestic Consumers:**

The Commission notes that, during the public hearing held on the tariff filing of ESCOMs, the consumers have requested to consider the increase in the first slab consumption from 30 units to 50 units per month. The Commission, taking note of the consumer's demand and the usage of more electrical gadgets/appliances particularly by the lower / middle income group domestic consumers, other than BJ/KJ consumers and by considering the projected surplus power available in the State decides **to enhance under 1st slab consumption from the existing 30 units to 50 units per month and under the 2nd slab consumption from 31 units to 100 units per month to 51 units to 100 units per month.** The remaining consumption slabs as approved by the Commission in its Tariff Order dated 4th November, 2020 is continued.

2. **Incentive Scheme to HT industrial consumers Proposed by BESCOM and other ESCOMs:**

BESCOM and other ESCOMs in their applications and replies to the preliminary observations of the Commission have stated that the availability of energy from different sources is more than the quantum required by all ESCOMs. The RE power has must run status and doesn't come under Merit Order Dispatch (MOD). To off-take the RE Power, the thermal stations having higher variable cost are backed down and kept under Reserve Shut Down(RSD). Due to fourth

& fifth amendments to CERC Deviation Settlement Regulations, more discipline in the Grid shall have to be ensured and if not adhered to, additional charges & penalties are required to be paid, due to sign change & under drawal.

i. Hitherto surplus power was traded in Indian Energy Exchange (IEX). Due to depletion of rates in IEX, the quantum of power put to bid is not cleared and revenue from sale of power in IEX is minimum.

ii. To avoid the additional charges & penalties for DSM & quoting the surplus quantum at cheaper rate in IEX, BESCOM is proposing an incentive scheme for HT Sales for FY22.

iii. BESCOM and other ESCOMs have submitted that though they have small number of HT Consumers base when compared with the total number of Consumer base, the revenue contributed by these HT Consumers is sizable to the total revenue of each ESCOMs. Hence, though they are small in number, but they are the most valued consumers of ESCOMs.

iv. Giving the year on year HT sales and growth from FY10 to FY20, ESCOMs have stated that though there was upward trend in sales up to FY14, due to payment of high cross subsidy by these HT consumers, there is negative growth in sales from FY15 onwards. The other reasons given for downward growth in HT sales is the significant number of consumers availing power as captive and may more as open access consumers through wheeling of power. BESCOM, further submitted that it has lost 3554.04 MU of sales in FY18 and the same is 4260.69 MU for FY19 and has increased to 4604.28 MU during FY20. With the ARR of Rs.9.48 per unit for HT category in FY20, the probable loss in revenue would be approximately Rs.3388.46 Crores. (excluding captive consumption) for BESCOM for FY20. As price is the major criteria, BESCOM and other ESCOMs Consumers are opting for Open Access/Wheeling, by drawing power from sources who offer power at a lower rate. The Renewable Purchase Obligation (RPO) which mandates procurement of a specific percentage of the total energy requirement from renewable sources is also one of the reasons for Consumers opting out of BESCOM grid. The RE generators sell power produced at lower rates.

v. BESCOM, in its application has submitted that the other reasons for the HT consumers leaving the grid are:

- increase in approved HT Tariff: The energy charges in the last five years' have gone by 207 paise/kWh, whereas the Demand charge has hardly gone up. As a result, fixed charge recovery has come down and energy charges are realized less on account of consumers moving away from the grid);
- Waiver of wheeling charges for Solar energy;
- Capturing of BESCOM HT consumers by NCE generators located in the jurisdictions of other ESCOMs;
- NCE generators absorbing the additional Cross subsidy surcharge levied to the consumers who are participating in wheeling transaction and offering a price lower rate than the BESCOM tariff.

vi. In its application, BESCOM has submitted that the impact of downward trend in HT sales on BESCOM is as under:

- As the collection efficiency in HT category is little below 100%, the reduction in sales will resulted in reduced consumption/sale and increase in Technical loss and also loss of cross subsidization.
- Reduction in cross subsidization to BESCOM affecting its the finances and increase the revenue gap.
- Increases working capital requirements (collection from HT is 99.71%) and increase in non-profitable sales.
- Imposes higher subsidy burden on State Government due to reduced availability of cross subsidy from HT.

vii. Corrective action initiated by BESCOM:

BESCOM has submitted that, considering the seriousness of the issue, it has initiated action to interact with HT industrial Consumers and to ascertain the reasons for their moving away from the grid. While appreciating this move, several consumers have expressed that they are willing to come back to BESCOM if:

a. They are offered price per unit at a competitive rate.

b. BESCOM can issue certificates/letters for the incremental energy drawn by them as sourced from NCE to meet their RPO obligations

c. Certainty of discounted tariff rate over the year is assured (i.e. Rs.6/unit).

d. BESCOM has computed the financials by retaining the consumption projected by BESCOM at the Commission approved rate in tariff Order-2020, dated 04.11.2020. The consumer whose consumption in a month exceeds the previous year i.e. average consumption of FY21 by 10%, is offered a discounted rate of Rs.6 per unit. BESCOM has further examined the possible sales growth (incremental energy consumption) at 10%. BESCOM, in its application has submitted that with this scheme, it is targeting IEX consumers and open access consumers to come back to the State grid and consume State power.

e. BESCOM and other ESCOMs have proposed the HT incentive scheme as under:

1. BESCOM and other ESCOMs have proposed incentive Scheme for consumer categories of HT Industries / Commercial / Educational Institutes and Hospitals, whose consumption exceeds 1 lakh units and above. Additionally, actual consumption in a month for the current year shall be 10% more than the average consumption of previous year.

2. The discount rate will be less than the landed cost charged by IEX and wheeling and Banking Generators for non –solar, non-captive use, as one of its efforts to bring back HT Consumers to its grid during monsoon period. It will be a win –win situation for both BESCOM and other ESCOMs and the HT Consumers.

f. Based on the sales trend, ARR and present tariff rate, BESCOM has proposed the following HT categories to be included in the new scheme:

i. HT-2(a)(i) – Industrial Category in BBMP area.

ii. HT-2(a)(ii)- Industrial Category in Non- BBMP area.

iii. HT-2(b)(i)-Commercial Category in BBMP area.
iv. HT-2(b)(ii)- Commercial Category in Non- BBMP area.
v. HT-2(c)(i)- Educational Institutes and Hospitals Category in BBMP area.
vi. HT-2(c)(ii)- Educational Institutes and Hospitals Category in non-BBMP area.

g. An incentive rate i.e., price/kwh is arrived at, for HT Industrial/Commercial/Educational Institutes and Hospitals consumers whose consumption exceeds one lakh or two lakh units and above, in respect of HT-2a, 2c/HT-2b respectively. Additionally, actual consumption in a month for the FY22 shall be 10% more than the average consumption of FY21. BESCOM has proposed a discounted rate at Rs.6 per unit for consumption over and above the average consumption of FY21.

h. BESCOM and other ESCOMs have submitted that by this proposed scheme, BESCOM and other ESCOMs have expected that the sales in respect of these categories will increase by **10% per month** and the additional revenue with the surplus power available in the State as under:

i. Impact of scheme on future tariff:

BESCOM and other ESCOMs in their applications have submitted that through this incentive scheme, it will generate additional revenue from HT consumers by encouraging them to consume energy over and above the average twelve months' consumption of FY21 by offering a concessional tariff rate. In case the consumers get attracted to this scheme, HT sales may go up, which would in-turn help BESCOM to come closer to achieving the HT sales target approved by the Commission for the year. This will have a positive impact on the cross subsidy generation also, which in-turn could reduce the subsidy burden on the State Government for the respective year/s.

j. **BESCOM and other ESCOMs have proposed the following terms and conditions for HT Incentive Scheme during monsoon period:**

- Scheme will be applicable only when SLDC confirms that there is surplus power situation during monsoon period
- HT consumers availing this scheme are not eligible for open access
- HT consumers can avail any one of the incentive schemes.
- ToD tariff will not be applicable during the incentive scheme.

BESCOM and other ESCOMs have requested the Commission to consider and approve the above proposal so that they can implement the scheme from April 2021.

The Commission in its preliminary observations has sought the opinion of GESCOM on the proposal submitted by BESCOM and other ESCOMs. GESCOM in its reply to the preliminary observations has submitted that, they require time to study the impact of the proposed scheme and will submit its views during the filing of MYT application for the 6th Control period.

The Energy Department, Government of Karnataka in its letter No. ENERGY 98 PSR 2021 dated 9th March, 2021 has also requested the Commission to examine the request of the BESCOM and other ESCOMs on introduction of new incentive scheme to HT consumes and take appropriate decision in the matter while issuing the Tariff Orders for FY22.

Commission's Analysis and decisions:

a. The Commission notes that many HT/EHT consumers in the State are opting for open access and are procuring power from sources other than from the distribution licensees i.e. IEX, Wheeling and Captive generation source. This has resulted in deprival of sales by the ESCOMs to the paying consumers, impacting the finances of the distribution licensees in the State. The Commission is of the view that significant number of such consumers could be brought back by the ESCOMs, if the new scheme with attractive rates / discount / incentives, are provided in the Tariff as made out in the proposal submitted by BESCOM and other ESCOMs. Introduction of any such scheme would also encourage HT/EHT consumers to consume more power over and above the average consumption. Thus, the Commission is of a considered view that introduction of new scheme is necessary particularly during the present power surplus situation and decline in the sales under HT categories due to the consumers leaning towards open access by procuring power from IEX, wheeling and captive sources etc. at competitive rates and put facilitate bringing lack of consumers and improve financial position of the distribution licensee.

b. Further, the industrial consumers participating in the public hearing held by the Commission on the tariff petition of the distribution licensees, have sought reduction in their tariff, that is competitive with the open market by introducing any new scheme and if it is introduced, they would avail power from the distribution licensees instead of sourcing their power requirement from open access.
c. The Commission notes that the Energy Department, Government of Karnataka in its letter No. ENERGY 98 PSR 2021 dated 9th March, 2021 has requested the Commission to examine the request of the BESCOM and other ESCOMs on introduction of new incentive scheme to HT consumes and take appropriate decision in the matter while issuing the Tariff Orders for FY22

d. The Commission has taken note of the submissions and the detailed analysis done by BESCOM and other ESCOMs. The Commission notes that BESCOM has initiated action to interact with HT industrial Consumers and to ascertain the reasons for their moving away from the grid. BESCOM has stated that, while appreciating this move, several consumers have expressed that they are willing to come back to BESCOM if:

   i. They are offered price/unit at a competitive rate.
   ii. BESCOM to issue certificates/letters for the incremental energy drawn by them as sourced from NCE to meet their RPO obligations

iii. Certainty of discounted tariff rate over the year is assured (i.e. Rs.6 per unit).

e. The Commission notes that BESCOM has projected the sales growth (incremental energy consumption) at 10% by targeting consumers availing power from IEX and other open access consumers.

f. Under the scheme proposed by BESCOM and concurred by other ESCOMs, the consumer whose consumption in a month exceeds the average consumption of FY21 by 10%, is offered a discounted rate of Rs.6 per unit, which is likely to be less than the landed cost charged by IEX, even after adding the wheeling and Banking Charges for energy generated in respect of non – solar and non-captive plants. It will be a win – win situation for both BESCOM and the HT Consumers opting for OA.

g. The Commission further notes that the discounted rate of Rs.6.00 per unit offered under this scheme by the ESCOMs will be applicable to the consumers availing power for HT Industrial/ Commercial/ Educational Institutions and Hospitals, whose consumption exceeds one lakh in respect of HT-2(a) and HT2(c) and two lakh units and above in respect of HT-2(b) installations. The additional consumption over and above the annual average consumption of FY21, in a month, shall be at least 10% or more.

The Commission notes that, in view of the surplus power situation, particularly during the monsoon period, the proposal to sell surplus power at a rate of Rs.6.00 per unit in respect of the above referred HT installations appears to be reasonable. In order to encourage the HT consumers to consume more power over and above their normal consumption and keeping in view the efforts of BESCOM in approaching the consumers and convincing them to opt for using additional energy over and above the average consumption, the Commission hereby decides to approve the new 'Discounted Energy Rate Scheme' to be implemented during the monsoon/ off season period from July to December in a financial year subject to the following terms and conditions:

i. **Applicability of the Scheme:**

The scheme is applicable to the following HT categories:

Category of Consumers	Nature of Use	Discounted rate of Rs.6 per unit applicable to
HT-2(a)(i)	Industrial Category - BBMP and Municipal Corporation area.	For additional consumption of over and above the average **consumption.**
HT-2(a)(ii)-	Industrial Category - other areas	For additional consumption over and above the average **consumption.**
HT-2(b)(i)-	Commercial Category - BBMP and Municipal Corporation area.	For additional consumption over and above the average **consumption.**
HT-2(b)(ii)-	Commercial Category - other areas.	For additional consumption over and above the average **consumption.**
HT-2(c)(i)	Govt. Hospital, Hospitals run by charitable institutions, ESI hospital & Universities, Educational Institution run by Government, Local bodies, Aided Institutions and Hostel of all Educational Institutions.	For additional consumption over and above the average **consumption.**
HT-2(c)(ii)	Hospitals & Educational Institutions other than those covered under HT2c(i)	For additional consumption over and above the average **consumption.**

ii. **Base Consumption:**

The monthly average base consumption, for the existing consumers, as on 01.04.2021 shall be computed considering the energy supplied by GESCOM during the period from April 2019 to March 2021 (Excluding Pandemic COVID-19 period from April 2020 to October 2020), irrespective of request by the consumers for opting for the scheme. The minimum period for the computation of monthly average shall be 6 months. The consumption of energy from other sources other than GESCOM shall not be reckoned for computation of average monthly base consumption.

iii. **Base Consumption for New Installations service after 01.04.2020**

In case of consumers whose installations are serviced after 01.04.2020, where the actual consumption for the past at least 6 months is not available, then the available energy consumption for a minimum period of 3 months, shall form the basis for computing the monthly average base consumption.

The extension of this new scheme is subject to availability of minimum actual consumption of 6 months from ESCOMs. Based on the actual consumption of 6 months, the monthly average base consumption shall have to be computed and if such consumer opts for the scheme, the consumption over and above the 6 month's average consumption shall be eligible for the new 'Discounted Energy Rate Scheme'.

iv. **Increase in Contract Demand:**

In case the eligible consumers who have increased their contract demand during the currency of the scheme on a permanent basis, the existing monthly average base consumption shall be increased to the extent of additional contract demand at the rate of 67 kWh per KVA of the increased load per month, from the month in which the additional contract demand has come into effect.

v. **Discounted Rate of Energy:**

a) Any excess energy consumed by the eligible consumers during the monsoon/ off season period, (July – December) over and above the monthly average base consumption, as arrived at, shall be allowed at a **discounted energy charges at Rs.6 per unit.**

b) If the eligible consumer opts for this scheme, the ToD tariff approved by the Commission in this Tariff Order is not applicable to the extent of the energy consumed and billed under the scheme. The ToD Tariff shall be applicable upto the base monthly average consumption, as computed by the ESCOM.

c) HT consumers willing to avail this scheme shall give an undertaking that during the operation of the scheme, they will not opt for open access;

vi. **Eligible HT consumers not to get benefit under other schemes/OA facility:**
The eligible HT consumers who have opted for this new incentive scheme shall not be eligible to get any other scheme as approved by the Commission (Special Incentive Scheme etc.).

vii. HT consumers availing this scheme are not eligible for open access. If HT consumer covered under scheme opt for procuring power from sources other than GESCOM, then the benefit extended under this scheme will stand automatically terminated.

viii. The consumer who has opted for this new scheme can exit from the scheme by giving at least 30 days' notice in advance.

ix. The scheme shall be implemented subject to:

i. The Energy Committee constituted by GoK and PCKL after obtaining the confirmation from the SLDC that there is a surplus power in each month during the monsoon/ off season period shall inform the ESCOM to extend the scheme approved by the Commission;

ii. Once the applicability of the scheme is communicated by the power committee constituted by the GoK, the same shall be published in the Website of ESCOMs / SLDC / PCKL / ESCOMs and also a gist of the scheme published in the Newspapers.

3. Increase in Fixed Cost / Demand Charges:

The Commission notes that as compared to total fixed cost of ESCOMS and GESCOM, the total recovery of fixed cost from consumers as per the revised rates is abnormally lesser. Hence, in order to ensure gradual increase in fixed in order to avoid tariff shock to the consumers, the Commission has decided to increase the Fixed cost demand charges by Rs.10 to Rs.20 per KVA/KW/ HP and Rs.25 per kw/HP in respect of Temporary supply, depending upon the nature of installation. The increase in Fixed cost to individual category of installations has been dealt with separately in the respective tariff schedule of this Order.

4. Continuation of Special Incentive Scheme (SIS):

BESCOM and other ESCOMs Submission:

BESCOM and other ESCOMs in their application and replies to the preliminary observation of the Commission have submitted that, the Commission, in its Tariff Order 2020, dated 04.11.2020 had decided to continue the HT incentive scheme for one year with effective from 01.04.2020 for FY21 in an attempt to bring back the EHT/HT consumers who are availing power through open access.

In the said incentive scheme, rebate of Re.1 per unit for the consumption over and above the base consumption during 10:00 hrs to 18:00 hrs and rebate of Rs.2 per unit during 22:00 hrs to 06:00 hrs has been extended. Further, during 10:00 hrs to 18:00 hrs if the SIS consumer's consumption during 10:00 hrs to 18:00 hrs does not exceed the base consumption, rebate of Rs.2 per unit has been extended during 22:00 hrs to 06:00 hrs.

It is submitted by BESCOM that, at the end of October-2020, 118 HT/EHT Consumer have opted for Special Incentive Scheme, out of which more than 35 installations have not reached the base consumption but still BESCOM is extending night rebate of Rs.2 per unit.

In order to encourage HT consumers to consume more power from BESCOM, it is requested to continue the above said scheme for next financial year FY22.

Commission's Analysis and decision:

The Commission has examined the proposal made by GESCOM and the submission made by other ESCOMs to continue the Special Incentive Scheme. As per the information furnished by the ESCOMs, number of HT/EHT consumers have opted for Special Incentive Scheme. This is an encouraging sign and the scheme needs to be continued further.

The Commission is of the view that, in order to encourage HT consumers to consume more power in the present power surplus situation and to reduce the financial burden of the ESCOMs, the Special Incentive Scheme is required to be continued for further period of one year.

The Commission, after careful consideration of the submission made by GESCOM and other ESCOMs and the requests made by the industries during the public hearings on the tariff applications, decides to continue the Special Incentive Scheme with the existing terms and conditions as approved in the Tariff Order, 2018 dated 14.05.2018 for one more year w.e.f 01.04.2021. The Special Incentive Scheme benefit is also extended for the OA consumers who consume energy from the ESCOMs by limiting the benefit to the energy drawn from ESCOMs only.

This incentive scheme will not be applicable to the consumers who opt for Discounted/ Reduced tariff of Rs.6 per during the monsoon period.

The Commission also directs ESCOMs to take up an intensive campaign to encourage more industrial consumer to opt for the scheme.

5. Removal of ToD Tariff for usage of Power during Evening Peaks:

During the course of Public hearing held by the Commission to hear the stakeholders on the tariff application filed by the ESCOMs, the representatives of the Industries and Commerce and KASSIA have requested the Commission to examine removing the evening peak ToD tariff, in view of the surplus power situation in the State. The Commission noted that, the evening peak ToD was introduced to reduce the demand from HT consumers during the evening peak hours between 18.00 Hrs. to 22.00 Hrs., in view of the power shortage situation which was existing till financial year 2016-17. Consequent on commissioning of new thermal stations by KPCL & NTPC and large scale penetration of wind and solar power generation, the state is facing a power surplus situation. Due to adequate solar and wind power availability, the supply to IP sets has been partially scheduled during the day time between 9.00 Hrs. to 17.00 Hrs. This has resulted in the shifting of evening peak to morning/afternoon peak between 10.00 Hrs. to 17.00 Hrs.

Commissions Analysis:

a. Consultation with KPTCL & ESCOMs:

The Commission has examined the request for removal of evening peak ToD in view of the surplus power situation and to encourage increased power consumption by HT consumers.

In order to ascertain the feasibility of doing away with evening peak ToD tariff, the KPTCL/SLDC and the ESCOMs were requested to analyze the system constraints in supplying unrestricted power during evening peak hours besides furnishing necessary data for taking a view in the matter.

The KPTCL in its reply dated 25.02.2021 has stated that during the evening peak between 18.00Hrs to 22.00 Hrs the State can meet the peak demand upto 12000 MW with the available hydel, RE and thermal generation capacity and if it exceeds 12000 MW there will be power deficit situation.

The SLDC has also furnished projection of availability and demand for the period from March, 2021 to January, 2022, wherein the maximum demand during 18.00 Hrs to 22.00 Hrs is projected between 7200 MW to 11000 MW.

On the analysis of the data furnished by the SLDC, it is found that during the period from October, 2019 to January, 2021, the maximum demand during 18.00 Hrs to 22.00 Hrs is ranging between 7100 MW to 10,000 MW and it has never exceeded 12000 MW during the said period.

CESC in its reply has endorsed the proposal of relaxing the evening ToD facility to HT consumers to encourage them to use more power to optimize the surplus energy situation prevailing in the State.

GESCOM in its reply dated 23.02.2021 has confirmed that there is no system constraint to supply unrestricted power during the evening hours and have agreed for relaxation of the evening ToD penalty.

In view of the above analysis, the Commission notes that there is no system constraint to relax the power consumption during evening peak (ToD period) to the HT Consumers between 18.00 Hrs. to 22.00 Hrs., with the condition that there will no supply of power to IP sets during the monsoon period from July to November. However, from December to June the ToD tariff approved by the Commission in this Order is applicable.

Commission's decision:

Considering the above facts, with a view to make use of the available surplus power as projected by the ESCOMs and SLDC during the monsoon period from July to November, to encourage the industries to consume more power during evening peak hours, **the Commission decides to remove the penalty under ToD mechanism for the use of power during evening hours from 18.00 Hrs to 22.00 Hrs., during monsoon season beginning from July, 2021 to November, 2021. The Evening Peak ToD for the other months in the financial year will be continued and penalty of Re.1 per shall be levied in the monthly bills issued from December to June as per the existing arrangement, as approved in this Tariff Order.**

6.5 Other Issues:

Reduction of fixed charges / demand charges to Ice Manufacturing units / Cold Storage Plants used for Fisheries during Off-Season:

During the course of public hearing, the consumers using power for Ice manufacturing unit / Cold storage plant for the purpose of fisheries have represented that the retail supply tariff for the power supply to Ice manufacturing units' / fisheries' cold storage plants are quite high making the fishing industry un-sustainable, when compared with the electricity tariff of the neighbouring States. Further, these industries are not operational throughout the year. As these industries are a seasonal industry and during non-seasonal period they are using the power only for maintenance of the plants and for watch and ward.

The Commission takes note of the energy consumption and numbers of such installations in the State. As these industries have been accorded status of 'Industry' and the Commission has extended benefits of seasonal industry during the off season period by reducing the fixed charges by 50% of the normal fixed charges under LT-5 Tariff category and reducing the billing demand by 50% under HT tariff category. However, these consumers have requested the Commission to extend further concession through reduction in the retail supply tariff / concessional fixed / demand charges during Off-Season period.

After examining the issue in detail, and considering the plight of these industrial consumers, the Commission has decided to charge only 25% of normal fixed charges during the off-season period plus energy charges for LT-5 category and in respect of HT category the monthly chargers during off season period shall be: Demand charges on the maximum demand recorded during the month or 75% of the CD, whichever is higher at 50% of the demand charges so arrived at, plus energy charges subject to fulfilment of the seasonal industry conditions stipulated in the Tariff Order 2020, **to the installations of Ice manufacturing units / cold storage plants used for fisheries purpose, situated in the coastal belt area of Karnataka State within a radius of 5 kilometer (km) from Sea only**. For other industries under both LT and HT category the seasonal industry concession as per the general condition applicable to both LT/HT at Sl.No.26 shall be applicable.

6.6 Revenue at existing tariff and deficit for FY22:

The Commission, in the preceding Chapters, has decided to carry forward the deficit in revenue of Rs.209.19 Crores of 2020 to the revised ARR of FY22. The net gap in revenue of Rs.230.60 Crores for FY22 is proposed to be filled up by revision of Retail Supply Tariff, as discussed in the following paragraphs of this Chapter.

Considering the approved ARR for FY22 and the revenue as per the existing tariff, the resultant gap in revenue for FY22 is as follows:

Revenue Deficit for FY22

Rs. in Crores

Particulars	Amount
Approved Net ARR for FY22 including gap of FY20	5951.77
Revenue at existing tariff	5721.17
(-)Deficit	-230.60
Additional Revenue to be realised by Revision of Tariff	**230.60**

Accordingly, the Commission now proceeds to determine the Revised Retail Supply Tariff for FY22. The category-wise tariff as existing, as proposed by GESCOM and as approved by the Commission are as follows:

6.7 Category wise Existing, Proposed and Approved Tariffs:

1. LT-1 Bhagya Jyothi:

The existing tariff and the tariff proposed by GESCOM are as given below:

Sl. No	Details	Existing as per 2020 Tariff Order	Proposed by GESCOM
1	Energy charges (including recovery towards service main charges)	747 Paise / Unit Subject to a monthly minimum of Rs.50 per installation per month.	891 Paise / Unit Subject to a monthly minimum of Rs.60 per installation per month.

Commission's Decision:

The Government of Karnataka has continued its policy of providing free power to all BJ/KJ consumers with a single outlet, whose consumption is not more than 40 units per month, vide Government Order No. EN12 PSR 2017 dated 20th March, 2017. Based on the present average cost of supply, the tariff payable by these **BJ/KJ consumers is revised to Rs.7.74 per unit.**

Further, the ESCOMs have to claim subsidy for only those consumers who consume 40 units or less per month per installation. If the consumption exceeds 40 units per month or if any BJ/KJ installation is found to have more than one out-let, it shall be billed as per the Tariff Schedule LT 2(a).

Accordingly, the Commission determines the tariff (CDT) in respect of BJ / KJ of GESCOM installations as follows:

LT – 1 Approved Tariff for BJ / KJ installations

Commission determined Tariff	Retail Supply Tariff determined by the Commission
774 paise per unit, subject to a monthly minimum of **Rs.60** per installation per month.	-Nil-* Fully subsidized by GoK

***Since GOK is meeting the full cost of supply to BJ / KJ installations, the Tariff payable by these consumers is shown as nil. However, if the GOK does not release the subsidy in advance, a Tariff of Rs.7.74 per unit subject to a monthly minimum of Rs.60 per installation per month, shall be demanded and collected from these consumers by GESCOM.**

2. LT2 - Domestic Consumers:

GESCOM's Proposal:

The details of the existing and proposed tariff under this category are given in the Table below:

Proposed Tariff for LT-2 (a)

LT-2 a (i) Domestic Consumers Category

Applicable to areas coming under City Municipal Corporations and all Urban Local Bodies

Details	Existing as per 2020 Tariff Order	Proposed by GESCOM
Fixed Charges per Month	For the first KW Rs.70	For the first KW Rs.80
	For every additional KW Rs.80	For every additional KW Rs.90
Energy Charges 0-30 units (life line Consumption)	0 to 30 units: 395 paise / unit	0 to 30 units: 539 paise / unit
Energy Charges exceeding 30 units per month	31 to 100 units: 545 paise/ unit	31 to 100 units: 689 paise / unit
	101 to 200 units: 700 paise/ unit	101 to 200 units:844 paise/ unit
	Above 200 units: 805 paise/ unit	Above 200 units: 949 paise / unit

LT-2(a)(ii) Domestic Consumers Category
Applicable to Areas under Village Panchayats

Details	Existing as per 2020 Tariff Order	Proposed by GESCOM
Fixed charges per Month	For the first KW Rs.55	For the first KW Rs.65
	For every additional KW Rs.70	For every additional KW Rs.80
Energy Charges 0-30 units (**life line Consumption**)	Up to 30 units: 385 paise / unit	0 to 30 units: 529 paise/unit
Energy Charges exceeding 30 Units per month	31 to 100 units: 515 paise/ unit	31 to 100 units: 659 paise/ unit
	101 to 200 units: 670 paise/ unit	101 to 200 units: 814 paise /unit
	Above 200 units: 755 paise/ unit	Above 200 units: 899 paise / unit

Commission's Decision:

The Commission notes that, during the public hearing held on the tariff filing of ESCOMs, the consumers have requested to consider increase in the first slab consumption from 30 units to 50 units / months. The Commission, taking note of the consumer's demand and the usage of more electrical gadgets/appliances particularly by the lower / middle income group domestic consumers, other than BJ/KJ consumers and by considering the projected surplus power available in the State, decides to enhance the 1st slab billing consumption from the existing 30 units per month to 50 units per month and modified the 2nd slab consumption from the existing 31 units to 100 units per month to 51 units to 100 units per month. The remaining consumption slabs as approved by the Commission in its Tariff Order dated 4th November 2020 shall continue.

The Commission, as a measure to encourage Ease of Doing Business (EODB) has enhanced the threshold limit of sanction of power to LT2(a) domestic category from the existing upper limit of 67 HP (50 KW) to 201HP (150 KW) and accordingly has amended the relevant clause to the Conditions of Supply of Electricity of Distribution Licensees in the State of Karnataka (CoS) and other relevant Regulations. With this amendment, the power supply to low tension (LT) consumer's category, under EODB, can be availed upto 150 KW (201 HP). Accordingly, the fixed charges hither to being levied on the basis of different loads is required to be modified to accommodate the allowable additional load capacity under LT-2 Domestic tariff schedule. Thus, the Commission decides to modify the fixed charges as indicated below:

The Commission also decides to continue with the revised slab system of billing the energy consumption and fixed charges and continue with the two-tier tariff structure in respect of domestic consumers as detailed below:

(i) Areas coming under Municipal Corporations and all Urban Local Bodies.

(ii) Areas under Village Panchayats.

The Commission approves the tariff for this category as follows:

Approved Tariff for LT 2 (a) (i) Domestic Consumers Category:

Applicable to Areas coming under City Municipal Corporations and all Urban Local Bodies

Details	Tariff approved by the Commission
Fixed charges per Month	For the first KW: Rs.85
	Rs.95 for every additional KW up to and inclusive of 50 KW
	Rs.150 for every additional KW above 50 KW
Energy Charges up to 30 units per month (0-30 units)- (**Life line consumption).**	**Up to 50 units: 405 paise/unit**
Energy Charges in case the consumption exceeds 30 units per month	**51 to 100 units: 555 paise/unit**
	101 to 200 units: 710 paise/unit
	Above 200 units: 815 paise/unit

Approved Tariff for LT-2(a) (ii) Domestic Consumers Category: Applicable to Areas under Village Panchayats

Details	Tariff approved by the Commission
Fixed Charges per Month	For the first KW: Rs.70
	Rs.85 for every additional KW up to and inclusive of 50 KW
	Rs.140 for every additional KW above 50 KW
Energy Charges up to 30 units per month (0-30 Units)- (**Life line consumption).**	**Up to 50 units: 395 paise/unit**
Energy Charges in case the consumption exceeds 30 units per month	**51 to 100 units: 525 paise/unit**
	101 to 200 units: 680 paise/unit
	Above 200 units: 765 paise/unit

LT2 (b): Private and Professional Educational Institutions, Private Hospitals and Nursing Homes:

GESCOM's Proposal:

The details of the existing and the proposed tariff under this category are given in the Table below:

LT 2 (b) (i)Applicable to areas under City Municipal Corporations Areas and all urban Local Bodies

Details	Existing as per 2020 Tariff Order	Proposed by GESCOM
Fixed Charges per Month	Rs.85 Per KW subject to a minimum of Rs.110 per month	Rs.95 Per KW subject to a minimum of Rs.120 per month
Energy Charges	For the first 200 units: 715 paise per unit	For the first 200 units: 859 paise per unit
	Above 200 units : 840 paise per unit	Above 200 units: 984 paise per unit

LT 2 (b)(ii) Applicable to Areas under Village Panchayats

Details	Existing as per 2019 Tariff Order	Proposed by GESCOM
Fixed Charges per Month	Rs.75 per KW subject to a minimum of Rs.95 per Month	Rs.85 per KW subject to a minimum of Rs.105 per Month
Energy Charges	For the first 200 units: 660 paise per unit	For the first 200 units: 804 paise per unit
	Above 200 units: 785 paise per unit	Above 200 units: 929 paise per unit

Commission's decision:

The Commission, as a measure to encourage Ease of Doing Business (EODB) has enhanced the threshold limit of sanction of power to LT2(b) **Private and Professional Educational Institutions, Private Hospitals and Nursing Homes** from the existing upper limit of 67 HP (50 KW) to 201HP (150 KW) and accordingly has amended the relevant clause to the Conditions of Supply of Electricity of Distribution Licensees in the State of Karnataka (CoS) and other relevant Regulations. With this amendment, the power supply to low tension (LT) consumer's category, under EODB, can be availed up to 150 KW (201 HP) under LT-2(b) **Private and Professional Educational Institutions, Private Hospitals and Nursing Homes** tariff schedule. Thus, the Commission decides to modify the fixed charges as indicated below:

As in the previous Tariff Order the Commission decides to continue with the two-tier tariff structure as follows:

(i) Areas coming under City Municipal Corporation and all urban local bodies.

(iii) Areas under Village Panchayats.

Approved Tariff for LT 2 (b) (i):

Private Professional and other private Educational Institutions, Private Hospitals and Nursing Homes

Applicable to areas under City Municipal Corporations and all other urban Local Bodies.

Details	Tariff approved by the Commission
Fixed Charges per Month	Rs.100 per KW subject to a minimum of Rs.125 per Month up to and inclusive of 50 KW
	Rs.155 per KW for every additional KW above 50 KW
Energy Charges	Upto 200 units: 725 paise/unit
	Above 200 units: 850 paise/unit

Approved Tariff for LT 2 (b) (ii)

Private Professional and other private Educational Institutions, Private Hospitals and Nursing Homes
Applicable to Areas under Village Panchayats

Details	Tariff approved by the Commission
Fixed Charges per Month	Rs.90 per KW subject to a minimum of Rs.110 per Month upto and inclusive of 50 KW
	Rs.145 per KW for every additional KW above 50 KW
Energy Charges	Up to 200 units: 670 paise/unit
	Above 200 units: 795 paise/unit

3. LT3- Commercial Lighting, Heating& Motive Power:

GESCOM's Proposal:

The existing and proposed tariff are as follows:

LT- 3 (i) Commercial Lighting, Heating & Motive Power
Applicable to Areas coming under City Municipal Corporation and urban local bodies

Details	Existing as per 2020 Tariff Order	Proposed by GESCOM
Fixed charges per Month	Rs.90 per KW	Rs.100 per KW
Energy Charges	For the first 50 units: 825 paise per unit	For the first 50 units: 969 paise per unit
	For the balance units: 925 paise per unit	For the balance units: 1069 paise per unit

Demand Based Tariff (optional) where sanctioned load is above 5 KW but below 50 KW.

Details	Existing as per 2020 Tariff Order	Proposed by GESCOM
Fixed charges	Rs.105 per KW	Rs.115 per KW
Energy Charges	For the first 50 units:825 paise per unit	For the first 50 units: 969 paise per unit
	For the balance units: 925 paise per unit	For the balance units: 1069 paise per unit

LT-3 (ii) Commercial Lighting, Heating & Motive

Applicable to areas under Village Panchayats

Details	Existing as per 2020 Tariff Order	Proposed by GESCOM
Fixed Charges per Month	Rs.80 per KW	Rs.90 per KW
Energy Charges	For the first 50 units: 775 paise per unit	For the first 50 units: 919 paise per unit
	For the balance units: 875 paise per unit	For the balance units: 1019 paise per unit

Demand Based Tariff (optional) where sanctioned load is above 5 KW but below 50 KW

Details	Existing as per 2020 Tariff Order	Proposed by GESCOM
Fixed Charges per Month	Rs.95 per KW	Rs.105 per KW
Energy Charges	For the first 50 units: 775 paise per unit	For the first 50 units: 919 paise per unit
	For the balance units: 875 paise per unit	For the balance units: 1019 paise per unit

Commission's Decision:

The Commission, as a measure to encourage Ease of Doing Business (EODB) has enhanced the threshold limit of sanction of power to LT3 Commercial category from the existing upper limit of 67 HP (50 KW) to 201HP (150 KW) and accordingly has amended the relevant clause to the Conditions of Supply of Electricity of Distribution Licensees in the State of Karnataka (CoS) and other relevant Regulations. With this amendment, the power supply to low tension (LT) consumer's category, under EODB, can be availed upto 150 KW (201 HP) under LT-3 Commercial tariff schedule. Thus, the Commission decides to modify the fixed charges as indicated below:

As in the previous Tariff Order, the Commission decides to continue with the two-tier tariff structure as below:

(i) Areas coming under City Municipal Corporations and other urban local bodies.
(ii) Areas under Village Panchayats.

Approved Tariff for LT- 3 (i) Commercial Lighting, Heating & Motive Applicable to areas under City Municipal Corporations and other Urban Local Bodies

Details	Approved by the Commission
Fixed Charges per Month	Rs.105 per KW upto and inclusive of 50 KW
	Rs.205 per KW for every additional KW above 50 KW
Energy Charges	For the first 50 units: 835 paise/ unit
	For the balance units: 935 paise/unit

Approved Tariff for Demand Based Tariff (Optional) where sanctioned load is above 5 kW but below 150 kW

Details	Tariff approved by the Commission
Fixed Charges per Month	Rs.120 per KW upto and inclusive of 50 KW
	Rs.220 per KW for every additional KW above 50 KW
Energy Charges	For the first 50 units: 835 paise /unit
	For the balance units: 935 paise/unit

Approved Tariff forLT-3 (ii) Commercial Lighting, Heating and Motive Applicable to areas under Village Panchayats

Details	Approved by the Commission
Fixed charges per Month	Rs.95 per KW upto and inclusive of 50 KW
	Rs.195 per KW for every additional KW above 50 KW
Energy Charges	For the first 50 units: 785 paise per unit
	For the balance units: 885 paise per unit

Approved Tariff for Demand Based Tariff (Optional) where sanctioned load is above 5 kW but below 150 kW

Details	Tariff approved by the Commission
Fixed Charges per Month	Rs. 110 per KW upto and inclusive of 50 KW
	Rs.210 per KW for every additional KW above 50 KW
Energy Charges	For the first 50 units:785 paise per unit
	For the balance units: 885 paise per unit

4. LT4-Irrigation Pump Sets:

GESCOM's Proposal:

The existing and proposed tariff for LT4 (a) are as follows:

LT-4 (a) Irrigation Pump Sets
Applicable to IP sets up to and inclusive of 10 HP

Details	Existing as per 2020 Tariff Order	Proposed by GESCOM
Fixed charges per Month	Nil	Rs.10/ HP
Energy charges	CDT 628 paise per unit	CDT 772 paise per unit

Commission's Decision:

The Government of Karnataka has extended free supply of power to farmers as per the Government Order No. EN 55 PSR 2008 dated 04.09.2008. As per this policy of GoK, the entire cost of supply to IP sets up to and inclusive of 10 HP is being borne by the GoK through tariff subsidy. In view of this, all the consumers under the existing LT-4(a) tariff are covered under fully subsidised supply of power.

Considering the cross subsidy contribution from categories other than IP Sets and BJ/KJ Categories, the Commission determines the tariff for IP Sets under LT4(a) category as follows:

Approved CDT for IP Sets for FY22

Sl. No.	Particulars	CESC
1	Approved ARR in Rs. Crores	5951.77
2	Sales to BJ/KJ Installations -MU	251.59
3	Sales to IP set Installations-MU	3140.25
4	Sales to other than BJ/KJ & IP set Installations-MU	4295.10

5.	**Total Sales**	**7686.94**
6	Average Cost of Supply FY22 Rs./unit	7.74
7.	Cost of Supply-Other Than IP sets/ BJ, KJ Sales 4 *6/10	3325.57
8.	Revenue from Other than IP sets, BJ/KJ at Revised Rates in Rs. Crores	3753.50
9	Cross Subsidy from Other than from other than IP & BJ/KJ installations in Rs. Crores	427.93
10	Cost of supply to BJ/KJ Installations in Rs. Crores	194.80
11	Revenue from Sales to BJ/KJ Installations	194.80
12	Cost of supply to IP sets in Rs. Crores 6*3	2431.40
13	Revenue to be collected from IP set Installations (11-9)	2003.48
14	Approved Sale to IP Sets in MU	3140.25
15	**Commission Determined Tariff (CDT) for IP set Category for FY22 in Rs./Unit**	**6.38**

Accordingly, the Commission decides to approve tariff of **Rs.6.38** per unit as CDT for FY21 for IP Set category under LT4 (a). In case the GoK does not release the subsidy in advance, the tariff of Rs.6.38 per unit shall be demanded and collected from these consumers.

Approved by the Commission

LT-4 (a) Irrigation Pump Sets

Applicable to IP sets up to and inclusive of 10 HP

Details	Tariff approved by the Commission
Fixed charges per Month Energy charges	*Nil**
CDT (Commission Determined Tariff): 638 paise per unit	

***In Case the GoK does not release the subsidy in advance, in the manner specified by the Commission in clause 6.1 of the KERC (Manner of Payment of Subsidy) Regulations,2008, CDT of 638 paise per unit shall be demanded from these consumers.**

The Commission has been issuing directives to ESCOMs including GESCOM for conducting Energy Audit at the Distribution Transformer Centre (DTC)/feeder level for proper assessment of distribution losses and to enable detection and prevention of commercial loss. In view of completion of 1st Phase and 2nd phase and reasonable progress of 3rd phase in implementation of feeder segregation under NJY scheme, the ESCOMs including GESCOM were also directed to submit IP set consumption on the basis of the meter readings of the 11 kV feeders at the sub-station level duly deducting the energy losses in 11kV lines, distribution transformers & LT lines, in order to compute the consumption of power by IP sets accurately. Further, in the Tariff Order, 2016, the ESCOMs including GESCOM were also directed to take up enumeration of IP sets, 11 KV feeder-wise by capturing the GPS co-ordinates of each live IP set in their jurisdiction. In this regard, the Commission has noted that the GESCOM has not fully complied with these directions and have initiated measures to achieve full compliance. The GESCOM need to ensure early full compliance as this has direct impact on their revenues and tariff payable by other categories of consumers.

The Government of Karnataka in the budget for the financial year 2021-22 has allocated an amount of **Rs.11376.00 Crores** for the subsidized supply to BJ/KJ and IP sets installations in accordance with the Policy of the Government in the matter of free supply to BJ/KJ consumers (consuming up to 40 Units) and IP sets consumers with a sanctioned load of 10 HP and below. Accordingly, the Commission is of the view that, to tide over the present precarious financial situation, the ESCOMs need to minimise their subsidy requirement to the extent of amount of subsidy provided in the budget by restricting the power supply to IP installations.

The Commission notes that, as per the provisions of the Electricity Act, 2003 and the Policy of the State Government to supply free power to BJ/KJ installations (consuming up to 40 Units per month) and IP Sets installations having sanctioned load of 10 HP and below, the Government has to fully meet the cost of such subsidized supply. The Commission makes it clear that any short fall in subsidy on account of increase in the IP sales beyond the sales approved by the Commission will not be passed on to the GoK unless there is any consent /commitment from the GoK and also on to the other consumers, who are already paying tariffs with high level of cross subsidies. Any increase on such higher tariff of other consumers would correspondingly increase the cross subsidy levels, which would be against the provisions of the Electricity Act and the Tariff Policy, that emphasize gradual reduction in cross subsidy at a level not exceeding plus or minus 20% of the cost of supply.

Under the circumstances, the Commission directs the ESCOMs as follows:

The ESCOMs including GESCOM shall manage supply of power to the IP sets for the FY22, to ensure that it is within the quantum of subsidy committed by the GoK. While doing so, they shall procure power proportionate to such supply. In case the ESCOMs choose to supply power to the IP sets in excess of IP Sales approved by the Commission as per the written consent /commitment from the GOK or to the quantum of amount of subsidy made available by the GoK for FY22, the difference in the amount of subsidy relating to such supply shall be claimed from the GoK. If the difference in subsidy is not paid by the GoK, the same shall be collected from the IP set consumers.

In case the ESCOMs choose to supply power to the IP sets in excess of IP Sales approved by the Commission without obtaining the consent /commitment from the GoK, the consequential short fall in subsidy will not be passed on to the GoK and also the short fall in revenue will not be passed on to the other consumers.

LT4 (b) Irrigation Pump Sets above 10 HP:

GESCOM's Proposal

The Existing and GESCOM proposed tariff for LT-4(b) are as follows:

LT-4 (b) Irrigation Pump Sets:
Applicable to IP Sets above 10 HP.

Details	Existing as per 2020 Tariff Order	Proposed by GESCOM
Fixed charges per Month	Rs.80 per HP	Rs.90 per HP
Energy charges for the entire consumption	375 paise per unit	519 paise per unit

The existing and proposed tariff for LT4(c) are as follows:

LT-4 (c) (i) - Applicable to Private Horticultural Nurseries, Coffee, Tea & Rubber plantations up to & inclusive of 10 HP.

Details	Existing as per 2020 Tariff Order	Proposed by GESCOM
Fixed charges per Month	Rs.70 per HP	Rs.80 per HP
Energy charges for the entire consumption	375 paise per unit	519 paise per unit

LT4 (c) (ii) - Applicable to Private Horticultural Nurseries, Coffee, Tea & Rubber plantations above 10 HP.

Details	Existing as per 2020 Tariff Order	Proposed by GESCOM
Fixed charges per Month	Rs.80 per HP	Rs.90 per HP
Energy charges for the entire consumption	375 paise per unit	519 paise per unit

Approved Tariff:

The Commission decides to revise the tariff in respect of these categories as shown below:

LT-4 (b) Irrigation Pump Sets:
Applicable to IP Sets above 10 HP

Details	Tariff approved by the Commission
Fixed charges per Month	Rs.90 per HP
Energy charges for the entire consumption	385 paise/unit

LT-4(c)- Applicable to private Horticultural of Nurseries, coffee, Tea and Rubber Plantations.

The Commission, with a view to rationalise the tariff structure, in line with the Tariff Policy of the Government of India, decides to merge the tariff schedule LT-4 (c) (i) with the sanctioned load up to and inclusive of 10 HP and LT-4(c)(ii) with sanctioned load above 10 HP by renaming it as LT-4(c) tariff schedule applicable to private Horticultural of Nurseries, coffee, Tea and Rubber Plantations.

Approved Tariff:

The Commission decides to revise the tariff in respect of LT4(c) category as under:

LT4(c) - Applicable to Horticultural Nurseries, Coffee, Tea &Rubber plantations

Fixed charges per Month	Rs.80 per HP
Energy charges	385 paise / unit

5. LT5 Installations-LT Industries:

GESCOM's Proposal:

The existing and proposed tariffs are given below:

LT-5 (a) LT Industries:

Applicable to areas under City Municipal Corporation

i) Fixed charges

Details	Existing as per 2020 Tariff Order	Proposed by GESCOM
Fixed charges per Month	i) Rs.65 per HP for 5 HP & below ii) Rs.70 per HP for above 5 HP & below 40 HP iii) Rs.90 per HP for 40 HP & above but below 67 HP iv)Rs.150 per HP for 67 HP & above	i) Rs.75 per HP for 5 HP & below ii) Rs.80 per HP for above 5 HP & below 40 HP iii) Rs.100 per HP for 40 HP & above but below 67 HP iv)Rs.160 per HP for 67 HP & above

Demand Based Tariff (Optional)

Details	Description	Existing Tariff as per 2020 Tariff Order	Proposed by GESCOM
Fixed Charges per Month	Above 5 HP and less than 40 HP	Rs.85 per KW of billing demand	Rs.95 per KW of billing demand
	40 HP and above but less than 67 HP	Rs.115 per KW of billing demand	Rs.125 per KW of billing demand
	67 HP and above	Rs.200 per KW of billing demand	Rs.210 per KW of billing demand

ii) Energy Charges

Details	Existing as per 2020 Tariff Order	Proposed by GESCOM
For the first 500 units	570 paise per unit	714 paise/ unit
For next 500 units	670 paise per unit	814 paise /unit
For the balance unit	700 paise per unit	844 paise /unit

LT-5 (b) LT Industries:

Applicable to all areas other than those covered under LT-5(a)

i) Fixed charges

Details	Existing as per 2020 Tariff Order	Proposed by GESCOM
Fixed Charges per Month	i) Rs.55 per HP for 5 HP & below ii) Rs.65 per HP for above 5 HP & below 40 HP iii) Rs.85 per HP for 40 HP & above but below 67 HP iv)Rs.135 per HP for 67 HP & above	i) Rs.65 per HP for 5 HP & below ii) Rs.75 per HP for above 5 HP & below 40 HP iii) Rs.95 per HP for 40 HP & above but below 67 HP iv)Rs.145 per HP for 67 HP & above

Demand Based Tariff (optional)

Details	Description	Existing Tariff as per 2020 Tariff Order	Proposed by GESCOM
Fixed Charges per Month	Above 5 HP and less than 40 HP	Rs.80 per KW of billing demand	Above 5 HP and less than 40 HP Rs.90 per KW of billing demand
	40 HP and above but less than 67 HP	Rs.110 per KW of billing demand	40 HP and above but less than 67 HP Rs.120 per KW of billing demand
	67 HP and above	Rs.190 per KW of billing demand	Rs.200 per KW of billing demand

ii) Energy Charges:

Details	Existing as per 2020 Tariff Order	Proposed by GESCOM
For the first 500 units	560 paise per unit	704 paise/ unit
For the next 500 units	655 paise per unit	799 paise/ unit
For the balance units	685 paise per unit	829 paise/ unit

Existing ToD Tariff for LT5 (a) & (b): At the option of the consumers:

Time of Day	Increase (+)/ reduction (-) in energy charges over the normal tariff applicable
06.00 Hrs to 10.00 Hrs	0
10.00 Hrs to 18.00 Hrs	0
18.00 Hrs to 22.00 hrs	(+) 100 paise per unit
22.00 Hrs to 06.00 Hrs	(-) 100 paise per unit

Proposed ToD Tariff for LT5 (a) & (b): At the option of the consumers

ToD Tariff

Time of Day	Increase (+)/ reduction (-) in energy charges over the normal tariff applicable
06.00 Hrs to 10.00 Hrs	0
10.00 Hrs to 18.00 Hrs	0
18.00 Hrs to 22.00 hrs	(+) 100 paise per unit
22.00 Hrs to 06.00 Hrs	(-) 100 paise per unit

1. **Enhancement of maximum threshold limit of 67 HP up to 201 HP to provide for Easy of Doing Business (EODB):**

As per the existing regulations, industries were permitted to avail power supply under LT category with a maximum sanctioned load of 67 HP (50 kw). Industries requiring power exceeding 67 HP were required to take HT supply under HT2a category.

As one of the measures to encourage Ease of Doing Business (EODB), as per the direction of the GoI, the Government of Karnataka had requested the Commission to consider enhancing the threshold limit of sanction of power to LT Industries from the existing upper limit of 50 KW (67 HP) to 150 KW (201 HP). Hence, the Commission has considered the Government of Karnataka request and has decided to adopt the measures of EODB. The Commission has suitably amended the relevant clause to the Conditions of Supply of Electricity of Distribution Licensees in the State of Karnataka (CoS) and other relevant Regulations. With the amendment to the CoS, the power supply under low tension (LT) under EODB can be availed upto 150 KW (201 HP) by the consumer. Accordingly, the fixed charges hither to levied under different slabs on load basis was required to be modified to accommodate the allowable additional load capacity under LT Industrial Tariff (LT-5) Schedule. **Thus, the Commission decides to modify the fixed charges from the existing 4 slabs to 5 slabs as under:**

i) 1st slab for 5 HP & below.

ii) 2nd slab above 5 HP & below 40 HP.

iii) 3rd slab 40 HP & above but below 67 HP.

iv)4th slab 67 HP & above but below 100 HP

v) 5th slab 100 HP and above

The decision of the Commission in its earlier Tariff Orders, providing for mandatory Time of Day Tariff for HT2(a), HT2(b) and HT2(c) consumers with a contract demand of 500 KVA and above, is continued. The existing optional ToD will continue for HT2(a), HT2(b) and HT2(c) consumers with contract demand of less than 500 KVA. Further, for LT5 and HT1 consumers, the existing optional ToD is continued.

The Commission also decides to continue with the existing two tier tariff structure as follows:

i) LT5 (a): For areas falling under Municipal Corporations

ii) LT5 (b): For areas other than those covered under LT5 (a) above.

Approved Tariff:

The Commission approves the tariff under LT 5 (a) and LT 5 (b) is as given below:

Approved Tariff for LT 5 (a):
Applicable to areas under City Municipal Corporations

i) Fixed charges

Details	Tariff approved by the Commission
Fixed Charges per Month	i) Rs.75 per HP for 5 HP & below ii) Rs.85 per HP for above 5 HP & below 40 HP iii)Rs.105 per HP for 40 HP & above but below 67 HP **iv)Rs.170 per HP for 67 HP & above but below 100 HP** **v) Rs.200 per HP for 100 HP and above**

Demand Based Tariff (optional)

Fixed Charges per Month	Above 5 HP and less than 40 HP	Rs.100 per KW of billing demand
	40 HP and above but less than 67 HP	Rs.130 per KW of billing demand
	67 HP and above but below 100 HP	**Rs.220 per KW of billing demand**
	100 HP and above	**Rs.230 per KW of billing demand**

Cllgns

ii) Energy Charges

Details	Tariff approved by the Commission
For the first 500 units	580 paise/unit
For the next 500 units	680 paise/ unit
For the balance units	710 paise/unit

Approved Tariff for LT 5 (b):

Applicable to all areas other than those covered under LT-5(a)

i) Fixed charges

Details	Tariff approved by the Commission
Fixed Charges per Month	i) Rs.65 per HP for 5 HP & below. ii) Rs.80 per HP for above 5 HP & below 40 HP. iii) Rs.100 per HP for 40 HP & above but below 67 HP. **iv)Rs.155 per HP for 67 HP & above but below 100 HP** **v) Rs.185 per HP for 100 HP and above**

Demand Based Tariff (optional)

Details	Description	Tariff Approved by the Commission
Fixed Charges per Month	Above 5 HP and less than 40 HP	Rs.95 per KW of billing demand
	40 HP and above but less than 67 HP	Rs.125 per KW of billing demand
	67 HP and above but below 100 HP	**Rs.210 per KW of billing demand**
	100 HP and above	**Rs.220 per KW of billing demand**

ii) Energy Charges

Details	Tariff approved by the Commission
For the first 500 units	570 paise/unit
For the next 500 units	665 paise/unit
For the balance units	695 paise/unit

As discussed earlier in this chapter the approved ToD Tariff for LT5 (a) & (b): At the option of the consumers is as under:

Time of Day	Increase (+)/ reduction (-) in energy charges over the normal tariff applicable
06.00 Hrs to 10.00 Hrs	**0**
10.00 Hrs to 18.00 Hrs	0
18.00 Hrs to 22.00 hrs	**From July to November (monsoon period) - 0** **From December to June (+) 100 paise per unit**
22.00 Hrs to 06.00 Hrs	**From July to November (monsoon period) - 0** **From December to June (-) 100 paise per unit**

6. LT-6 Water Supply Installations and Street Lights:

GESCOM's Proposal:

The existing and the proposed tariffs are given below:

LT-6(a): Water Supply

Details	Existing as per 2020 Tariff Order	Proposed by GESCOM
Fixed charges per Month	Rs.85/HP/month	Rs.95/HP/month
Energy charges	485 paise/unit	629 paise/unit

LT-6 (b): Public Lighting

Details	Existing as per 2020 Tariff Order	Proposed by GESCOM
Fixed charges per Month	Rs.100/KW/month	Rs.110/KW/month
Energy charges without LED bulbs	650 paise/unit	794 paise/unit
Energy charges for LED/Induction/ lighting	**545 paise/unit**	**689 paise/unit**

LT-6 (c)- Electric Vehicle Charging Stations (For Both LT & HT)

Details	Existing as per 2020 Tariff Order	Proposed by GESCOM
Fixed /Demand charges per KW /KVA	For LT - Rs.70 /KW/month For HT –Rs.200/KVA/month	For LT - Rs.80 /KW/month For HT –Rs.210/KVA/month
Energy charges (for both LT & HT)	**500 paise/unit**	For LT & HT - **644 paise/unit**

Commission's Decision:

The Commission, as a measure to encourage Ease of Doing Business (EODB) has enhanced the threshold limit of sanction of power to **LT6(a) – Water Supply and LT6(c) Electric Vehicle Charging Stations and Battery Swapping Stations under LT category** from the existing upper limit of 67 HP (50 KW) to 201 HP(150 KW) and accordingly has amended the relevant clause to the Conditions of Supply of Electricity of Distribution Licensees in the State of Karnataka (CoS) and other relevant Regulations. With this amendment, the power supply to low tension (LT) consumer's category, under EODB, can be availed up to 150 KW (201 HP) under **LT6(a) – Water Supply tariff schedule and LT6(c) Electric Vehicle Charging Stations and Battery Swapping Stations under LT tariff schedule.** Thus, the Commission decides to modify the fixed charges as indicated below:

Approved Tariff for LT6(a) & (b)

Tariff Approved by the Commission for LT-6 (a): Water supply

Details	Tariff Approved by the Commission Approved Tariff
Fixed Charges per Month	Rs.95 /HP/month upto 67 HP **Rs.195/HP/Month for every additional HP above 67 HP**
Energy charges	495 paise/unit

Tariff Approved by the Commission for LT-6 (b): Public Lighting

Details	Tariff Approved by the Commission
Fixed charges per Month	Rs.110 /KW/month
Energy charges	660 paise/unit
Energy charges for LED / Induction Lighting	**555 paise/unit**

Approved Tariff by the Commission for LT-6 (c)
Electric Vehicle Charging Stations* and
Battery Swapping Stations* (For Both LT & HT)

During the Tariff Proceedings, BMTC has filed objection/ suggestion on the ESCOMs' tariff petition to extend the concessional/ ToD tariff for the power utilised to charge the Electric Motor Vehicle (buses) at the BMTC's charging stations, under HT supply under LT6(c) tariff schedule. The Commission, keeping in view the benefits of usage of electric buses by the public, as a public mode of transport, which are also environmental friendly, decided to allow the applicability of ToD tariff for the power supply availed under HT supply for charging to Electric Motor Vehicle in the Depots of **BMTC** / Depots of **KSTRC/ NEKRTC** (North Eastern Karnataka Road Transport Corporation)/ **NWKRTC** (North Western Karnataka Road Transport Corporation) as well.

Tariff Approved by the Commission for LT-6(c)- Electric Vehicle Charging Stations* / Battery Swapping Stations*

Details	Approved Tariff
Fixed /Demand charges per KW /KVA	**For LT** - Rs.70 /KW/month up to 50 KW **For LT - Rs.170 / KW /Month for every additional KW above 50 KW** For HT –Rs.200/KVA/month
Energy charges (for both LT & HT)	**500 paise/unit**

***** *Defined as per MoP's Guidelines & Standards on "Charging Infrastructure for Electric Vehicles"*

As discussed earlier in this chapter, the approved ToD Tariff for LT6 (c) tariff schedule applicable for the power supply availed under HT supply for charging Electric Motor Vehicle in the Depots of BMTC / Depots of KSTRC / NEKRTC / NWKRTC.

ToD Tariff

Time of Day	Increase (+)/ reduction (-) in energy charges over the normal tariff applicable
06.00 Hrs to 10.00 Hrs	**0**
10.00 Hrs to 18.00 Hrs	0
18.00 Hrs to 22.00 hrs	**From July to November (monsoon period) - 0** **From December to June (+) 100 paise per unit**
22.00 Hrs to 06.00 Hrs	**From July to November (monsoon period) - 0** **From December to June (-) 100 paise per unit**

7. LT 7- Temporary Supply & Permanent supply to Advertising Hoardings:

GESCOM's Proposal:

The existing rate and the proposed rate are given below:

Tariff Schedule LT-7(a)
Applicable to Temporary Power Supply for all purposes.

Details	Existing as per 2020 Tariff Order	Proposed by GESCOM
a) Less than 67 HP:	Energy charge at 1100 paise per unit subject to a weekly minimum of Rs.225 per KW of the sanctioned load.	Energy charge at 1244 paise per unit subject to a weekly minimum of Rs.235 per KW of the sanctioned load.

TARIFF SCHEDULE LT-7(b)

Applicable to power supply to Hoardings & Advertisement boards on Permanent connection basis.

Details	Existing as per 2020 Tariff Order	Proposed by GESCOM
a) Less than 67 HP:	Fixed Charge Rs.100 per KW/ month of the sanctioned load.	Fixed Charge Rs.110 per KW/ month of the sanctioned load.
	Energy charge at 1100 paise per unit	Energy charge at 1244 paise per unit

Commission's decision:

As decided in the previous Tariff Order, the tariff specified for installations with sanctioned load / contract demand above 67 HP shall continue to covered under the HT temporary tariff category under HT5.

With this, the Commission decides to approve the tariff for LT-7 category as follows:

TARIFF SCHEDULE LT-7(a)

Tariff approved to Temporary Power Supply for all purposes.

LT 7(a)	Details	Tariff approved by the Commission
Temporary Power Supply for all purposes.	**Less than 67 HP:**	Energy charges at 1110 paise / unit subject to a weekly minimum of Rs.250 per KW of the sanctioned load.

TARIFF SCHEDULE LT-7(b)

Tariff approved to Hoardings & Advertisement boards, Bus Shelters with Advertising Boards, Private Advertising Posts / Sign boards in the interest of public

such as Police Canopy Direction boards, and other sign boards sponsored by Private Advertising Agencies / firms on permanent connection basis.

LT 7(b)	Details	Tariff approved by the Commission
Power supply on permanent connection basis	**Less than 67 HP:**	Fixed Charges at Rs.125 per KW / month
		Energy charges at 1110 paise / unit

H.T. Categories:

Time of Day Tariff (ToD)

The Commission decides to continue with the mandatory Time of Day Tariff for HT2 (a), HT-2(b) and HT2(c) consumers with a contract demand of 500 KVA and above. Further, the optional ToD will continue as existing for HT2 (a), HT-2(b) and HT2 (c) consumers with contract demand of less than 500 KVA. ToD Tariff at the option is applicable to the HT installations availing of power supply for charging Electric Motor Vehicle in the Depots of BMTC and KSRTC / NEKRTC / NWKRTC Depots. The details of ToD tariff are indicated under the respective tariff categories.

The increase in billing demand to 85% of the CD, is hereby continued for billing of all the HT installations.

8. HT1 - Water Supply & Sewerage

GESCOM's Proposal:

The existing and proposed tariff are as given below:

The Existing and the proposed tariff – HT-1 Water Supply and Sewerage Installations

Details	Existing tariff as per 2020 Tariff Order	Proposed Tariffs by GESCOM
Demand charges	Rs.220 / kVA of billing demand / month	Rs.230 / kVA for billing demand / month
Energy charges	545 paise per unit	689 paise per unit

Existing ToD tariff to HT-1 tariff to Water Supply & Sewerage installations at the option of the consumer

Time of day	Increase (+) / reduction (-) in the energy charges over the normal tariff applicable
06.00 Hrs to 10.00 Hrs	0
10.00 Hrs to 18.00 Hrs	0
18.00 Hrs to 22.00 Hrs	(+) 100 Paise per unit
22.00 Hrs to 06.00 Hrs	(-) 100 Paise per unit

Proposed ToD Tariff to HT-1 category:

Time of day	Increase (+) / reduction (-) in the energy charges over the normal tariff applicable
06.00 Hrs to 10.00 Hrs	0
10.00 Hrs to 18.00 Hrs	0
18.00 Hrs to 22.00 Hrs	(+) 100 Paise per unit
22.00 Hrs to 06.00 Hrs	(-) 100 Paise per unit

Commission's decision:

As discussed earlier in this Chapter, the Commission approves the tariff for HT 1 Water Supply & Sewerage category as below:

Details	Tariff approved by the Commission for HT-1
Demand charges	Rs.230 / kVA of billing demand / month
Energy charges	555 paise/ unit

As discussed earlier in this Chapter, the approved ToD tariff to HT-1 tariff to Water Supply & Sewerage installations at the option of the consumer is as follows:

Time of day	Increase (+) / reduction (-) in the energy charges over the normal tariff applicable
06.00 Hrs. to 10.00 hours	**0**
10.00 Hrs to 18.00 Hrs	0
18.00 Hrs to 22.00 Hrs	**From July to November (monsoon period) - 0** **From December to June (+) 100 paise per unit**
22.00 Hrs to 06.00 Hrs	**From July to November (monsoon period) - 0** **From December to June (-) 100 paise per unit**

9. HT2 (a) – HT Industries

GESCOM's Proposal:

The existing and proposed tariff are as given below:

HT – 2 (a) HT Industries
Applicable to all areas of GESCOM

Details	Existing tariff as per Tariff Order 2020	Proposed Tariff by GESCOM
Demand charges	Rs. 220 / kVA of billing demand / month	Rs. 230 / kVA of billing demand / month
Energy charges (i) For the first one lakh units (ii) For the balance units	720 paise per unit 745 paise per unit	864 paise per unit 889 paise per unit

Railway traction under HT2 (a).

Details	Existing tariff as per Tariff order 2020	Tariff Proposed by GESCOM
Demand charges	Rs. 230 / kVA at billing demand / month	Rs. 240 / kVA of billing demand / month
Energy charges	645 paise per unit for all the units	789 paise per unit for all the units

Effluent Treatment Plants independently serviced outside the premises of any installation under HT2(a)

Details	Existing tariff as per Tariff order 2020	Proposed by GESCOM
Demand charges	Rs. 230 / kVA at billing demand / month	Rs. 240 / kVA of billing demand / month
Energy charges	685 paise per unit for all the units	829 paise per unit for all the units

Existing ToD Tariff for HT-2(a)

Time of day	Increase (+) / reduction (-) in the energy charges over the normal tariff applicable
06.00 Hrs to 10.00 Hrs	0
10.00 Hrs to 18.00 Hrs	0
18.00 Hrs to 22.00 Hrs	(+) 100 Paise per unit
22.00 Hrs to 06.00 Hrs	(-) 100 Paise per unit

Proposed ToD Tariff for HT-2(a)

Time of day	Increase (+) / reduction (-) in the energy charges over the normal tariff applicable
06.00 Hrs to 10.00 Hrs	0
10.00 Hrs to 18.00 Hrs	0
18.00 Hrs to 22.00 Hrs	(+) 100 Paise per unit
22.00 Hrs to 06.00 Hrs	(-) 100 Paise per unit

Commission's Decision:

Commission continues to allow billing of the electricity consumed by the effluent treatment plants and Drainage Water Treatment plants from the main meter or by sub-meter, at the same tariff schedule as applicable to the HT installations for which the power supply is availed.

Approved Tariff for HT – 2 (a):

As discussed earlier in this chapter, the Commission approves the tariff for HT 2(a) category as below:

Applicable to all areas under GESCOM

Details	Tariff approved by the Commission
Demand charges	Rs.240 / kVA of billing demand / month
Energy charges	
For the first one lakh units	730 paise/ unit
For the balance units	755 paise/ unit

As discussed earlier of this Chapter, the approved ToD tariff to HT2(a) tariff.

Time of day	Increase (+) / reduction (-) in the energy charges over the normal tariff applicable
06.00 Hrs. to 10.00 hours	**0**
10.00 Hrs to 18.00 Hrs	0
18.00 Hrs to 22.00 Hrs	**From July to November (Monsoon period) 0**
	From December to June (+) 100 paise per unit
22.00 Hrs to 06.00 Hrs (Next day)	**From July to November (Monsoon period) 0**
	From December to June (-) 100 paise per unit

Note: ToD Tariff is not applicable to Railway Traction installations.

iii) Railway Traction under HT2(a)

Details	Tariff approved by the Commission
Demand charges	Rs.250 / kVA of billing demand / month
Energy charges	655 paise / unit for all the units

The Commission, by considering the concessional tariff extended to the Railway traction, decides that Special Incentive Scheme and ToD tariff shall not be extended to the Railway traction installations. However, they are eligible to avail the new "Discounted Energy Rate Scheme".

iv) Effluent Treatment Plants independently serviced outside the premises of installation under HT2(a)

Details	Tariff approved by the Commission
Demand charges	Rs.250/ kVA of billing demand / month
Energy charges	695 paise / unit for all the units

Note: The ToD tariff is applicable to these installations, if the Special Incentive Scheme (SIS) is not opted.

10. HT-2 (b) HT Commercial

GESCOM's Proposal:

The existing and proposed tariff are as given below:

Existing and proposed tariff HT – 2 (b) HT Commercial
Applicable to all areas of GESCOM

Details	Existing tariff as per Tariff Order 2020	Tariff Proposed by GESCOM
Demand charges	Rs.240 / kVA of billing demand / month	Rs.250 / kVA of billing demand / month
Energy charges		
(i) For the first two lakh units	890 paise per unit	1034 paise per unit
(ii)For the balance units	900 paise per unit	1044 paise per unit

Existing ToD Tariff for HT-2(b)

Time of day	Increase (+) / reduction (-) in the energy charges over the normal tariff applicable
06.00 Hrs to 10.00 Hrs	0
10.00 Hrs to 18.00 Hrs	0
18.00 Hrs to 22.00 Hrs	(+) 100 Paise per unit
22.00 Hrs to 06.00 Hrs (Next Day)	(-) 100 Paise per unit

Proposed ToD Tariff for HT-2(b)

Time of day	Increase (+) / reduction (-) in the energy charges over the normal tariff applicable
06.00 Hrs to 10.00 Hrs	0
10.00 Hrs to 18.00 Hrs	0
18.00 Hrs to 22.00 Hrs	(+) 100 Paise per unit
22.00 Hrs to 06.00 Hrs (Next Day)	(-) 100paise per unit

Commission's Decision:

The Commission as approved in its Tariff Order 2019 dated 30th May,2019, decides to include all the activities listed under LT3 tariff schedule shall also be considered to be billed under HT2(b) tariff schedule by including the additional nomenclature - 'all the activities listed under LT3 tariff schedule and not included under HT2(b) tariff schedule shall be classified under HT-2(b), if they avail power under HT supply'.

The Commission approves the following tariff for HT 2 (b) consumers:

Approved tariff for HT-2(b) –HT Commercial

Applicable to all areas of GESCOM

Details	Tariff approved by the Commission
Demand charges	Rs.260 / kVA of billing demand / month
Energy charges	
(i) For the first two lakh units	900 paise per unit
(ii) For the balance units	910 paise per unit

As discussed in this Chapter, the approved ToD Tariff to HT2(b) is as follows:

Time of day	Increase (+) / reduction (-) in the energy charges over the normal tariff applicable
06.00 Hrs. to 10.00 hours	**0**
10.00 Hrs to 18.00 Hrs	0
18.00 Hrs to 22.00 Hrs	**From July to November (Monsoon Period) 0**
	From December to June (+) 100 paise per unit
22.00 Hrs to 06.00 Hrs (Next day)	**From July to November (Monsoon Period) 0**
	From December to June (-) 100 paise per unit

11. HT – 2 (c) – Applicable to Hospitals and Educational Institutions:

The existing and proposed tariff are given below:

Existing and proposed tariff for HT – 2 (c) (i)

Applicable to Government Hospitals & Hospitals run by Charitable Institutions & ESI Hospitals and Universities, Educational Institutions belonging to Government, Local Bodies and Aided Educational Institutions and Hostels of all Educational Institutions

Details	Existing tariff as per Tariff Order 2020	Tariff Proposed by GESCOM
Demand charges	Rs.220 / kVA of billing demand / month	Rs.230 / kVA of billing demand / month
Energy charges		
(i) For the first one lakh units	705 paise per unit	849 paise per unit
(ii) For the balance units	745 paise per unit	889 paise per unit

Existing and proposed tariff for HT – 2 (c) (ii) –

Applicable to Hospitals and Educational Institutions other than those covered under HT2(c) (i)

Details	Existing tariff as per Tariff Order 2020	Proposed by GESCOM
Demand charges	Rs. 220 / kVA of billing demand / month	Rs. 230 / kVA of billing demand / month
Energy charges		
(i) For the first one lakh units	805 paise per unit	949 paise per unit
(ii) For the balance units	845 paise per unit	989 paise per unit

Existing ToD Tariff for HT-2(c)(i) & (ii)

Time of day	Increase (+) / reduction (-) in the energy charges over the normal tariff applicable
06.00 Hrs to 10.00 Hrs	0
10.00 Hrs to 18.00 Hrs	0
18.00 Hrs to 22.00 Hrs	(+) 100 Paise per unit
22.00 Hrs to 06.00 Hrs	(-) 100 Paise per unit

Proposed ToD Tariff for HT-2 HT-2(c)(i) & (ii)

Time of day	Increase (+) / reduction (-) in the energy charges over the normal tariff applicable
06.00 Hrs to 10.00 Hrs	0
10.00 Hrs to 18.00 Hrs	0
18.00 Hrs to 22.00 Hrs	(+) 100 Paise per unit
22.00 Hrs to 06.00 Hrs	(-) 100 Paise per unit

Commission's Decision:

The Commission approves the following tariff for HT2(c) consumers.

Approved tariff for HT – 2 (c) (i)

Applicable to Government Hospitals, Hospitals run by Charitable Institutions, ESI Hospitals, Universities and Educational Institutions belonging to Government& Local Bodies, Aided Educational Institutions and Hostels of all Educational Institutions

Details	Tariff approved by the Commission
Demand charges	Rs.240 / kVA of billing demand / month
Energy charges	
(i) For the first one lakh units	715 paise per unit
(ii) For the balance units	755 paise per unit

Approved tariff for HT – 2 (c) (ii)

Applicable to Hospitals/Educational Institutions other than those covered under HT2(c) (i)

Details	Tariff approved by the Commission
Demand charges	Rs.240 / kVA of billing demand / month
Energy charges	
(i) For the first one lakh units	815 paise per unit
(ii) For the balance units	855 paise per unit

The approved ToD Tariff to HT2(c) (i) & (ii) is as under:

As discussed earlier in this Chapter approved ToD Tariff to HT-2(c) (i) & (ii) is as follows:

Time of day	Increase (+) / reduction (-) in the energy charges over the normal tariff applicable
06.00 Hrs. to 10.00 Hrs	**0**
10.00 Hrs to 18.00 Hrs	0
18.00 Hrs to 22.00 Hrs	From July to November (Monsoon Period) 0 From December to June (+) 100 paise per unit
22.00 Hrs to 06.00 Hrs(Next day)	From July to November (Monsoon Period) 0 From December to June (-) 100 paise per unit

12. HT-3(a) Lift Irrigation Schemes under Government Departments / Government owned Corporations/ Lift Irrigation Schemes under Private/Societies:

The existing and proposed tariff are as follows:

Existing and proposed tariff for HT – 3 (a) –Lift Irrigation Schemes:

HT 3(a) (i) Applicable to LI Schemes under Government Departments / Government owned Corporations

Details	Existing charges as per Tariff Order 2020	Proposed charges by GESCOM
Energy charges/ Minimum charges	300 paise / unit Subject to an annual minimum of Rs.1600 per HP / annum	444 paise / unit Subject to an annual minimum of Rs. 1610 per HP / annum

HT 3(a) (ii) Applicable to Pvt. LI Schemes and Lift Irrigation Societies: fed through Express / Urban feeders

Details	Existing Tariff as per Tariff Order 2020	Proposed by GESCOM
Fixed charges	Rs.80 / HP / Month of sanctioned load	Rs.90 / HP / Month of sanctioned load
Energy charges	300 paise / unit	444 paise / unit

HT 3(a) (iii) Applicable to Pvt. LI Schemes and Lift Irrigation Societies: other than those covered under HT-3 (a)(ii)

Details	Existing Tariff as per Tariff Order 2020	Proposed by GESCOM
Fixed charges	Rs.60 / HP / Month of sanctioned load	Rs.70 / HP / Month of sanctioned load
Energy charges	300 paise / unit	444 paise / unit

Commission's Decision:

The Commission approves the following tariff for HT3(a) consumers:

Approved tariff for HT 3 (a) (i)

Applicable to LI schemes under Government Department/Government owned Corporations

Details	Tariff approved by the Commission
Energy charges / Minimum charges	310 paise/ unit subject to an annual minimum of Rs.1720 per HP / annum

Approved tariff for HT 3 (a) (ii)

Applicable to Private LI Schemes and Lift Irrigation Societies fed through express / urban feeders

Details	Tariff approved by the Commission
Fixed charges	Rs.95 / HP / Month of sanctioned load
Energy charges	310 paise / unit

Approved tariff for HT 3 (a) (iii)
Applicable to Private LI Schemes and Lift Irrigation Societies other than those covered under HT 3 (a) (ii)

Details	Tariff approved by the Commission
Fixed charges	Rs.75 / HP / Month of sanctioned load
Energy charges	310 paise / unit

13. HT3 (b) Irrigation & Agricultural Farms, Government Horticulture farms, Private Horticulture Nurseries, Coffee, Tea, Coconut & Arecanut Plantations:

GESCOM's Proposal:

The existing and the proposed tariff are as follows:

HT3 (b)- Irrigation & Agricultural Farms, Government Horticulture farms, Private Horticulture Nurseries, Coffee, Tea, Coconut & Arecanut Plantations:

Details	Existing Tariff Order 2020	Proposed tariff by GESCOM
Energy charges / minimum charges	500 paise / unit subject to an annual minimum of Rs.1600 per HP of sanctioned load	644 paise / unit subject to an annual minimum of Rs.1610 per HP of sanctioned load

Commission's Decision:

The Commission approves the tariff for this category as indicated below:

Approved Tariff

HT3 (b)- Irrigation & Agricultural Farms, Government Horticulture farms, Private Horticulture Nurseries, Coffee, Tea, Rubber, Coconut & Arecanut Plantations:

Details	Tariff approved by the Commission
Energy charges / minimum charges	510 paise / unit subject to an annual minimum of Rs.1780 per HP of sanctioned load

14. HT4- Residential Apartments/ Colonies:

GESCOM's Proposal:

The existing and the proposed tariff for this category are given below:

HT – 4 Applicable to all areas.

Details	Existing Tariff Order 2020	Tariff Proposed by GESCOM
Demand charges	Rs.140 / kVA of billing demand	Rs.150 / kVA of billing demand
Energy charges	690 paise per unit	834 paise/ unit

Commission's Decision:

As discussed earlier in this chapter, the Commission approves the tariff for this category as indicated below:

Approved tariff

HT – 4 Residential Apartments/ Colonies Applicable to all areas

Details	Tariff approved by the Commission
Demand charges	Rs.155 / kVA of billing demand
Energy charges	700 paise/ unit

15. Tariff Schedule HT-5

GESCOM's Proposal:

The existing and the proposed tariffs are given below:

HT – 5 – Temporary supply

67 HP and above:	Existing tariff Order 2020	Tariff Proposed by GESCOM
Fixed charges / Demand Charges	Rs.275/HP/month for the entire sanction load / contract demand	Rs.285/HP/month for the entire sanction load / contract demand
Energy Charges	1100 paise / unit	1244 paise / unit

Commission's Decisions:

TARIFF SCHEDULE HT-5

As approved in the Commission's Tariff Order dated 6th May, 2013, this Tariff is applicable to 67 HP and above hoardings and advertisement boards and construction power for industries excluding those categories of consumers covered under HT2(b) Tariff schedule availing power supply for construction power for irrigation and power projects and is also applicable to power supply availed on temporary basis with the contract demand of 67 HP and above of all categories.

Approved Tariff for HT – 5: Temporary supply

67 HP and above:	Tariff Approved by the Commission
Fixed Charges / Demand Charges	Rs.300 /HP/month for the entire sanction load / contract demand
Energy Charges	1110 paise / unit

The Approved Tariff schedule for FY22 is enclosed in **Annexure – V** of this Order.

6.8 Wheeling and Banking Charges:

GESCOM had not proposed any wheeling charges, cross-subsidy surcharge and additional surcharge for FY22. GESCOM, in terms of MYT Regulations was directed to furnish the above details following the methodology adopted by the Commission in its previous Tariff Order.

GESCOM in its replies has furnished the wheeling charges as 39.60 paise/unit at HT level and 92.41 paise/unit at LT-level and losses at 4.039% at HT level and 5.14% at LT -level. Further, it is submitted that the above charges shall be applicable to all OA/wheeling transactions including RE sources.

While the Commission has noted the replies furnished, the approach of the Commission regarding wheeling & banking charges is discussed in the following paragraphs:

The Commission has considered the approved ARR pertaining to distribution wires business and has proceeded to determine the wheeling charges as detailed in the following paragraphs:

6.8.1 Wheeling within GESCOM Area:

The allocation of the distribution network costs to HT and LT networks for determining wheeling charges is done in the ratio of 30:70, as was being done earlier. Based on the approved ARR for distribution business, the wheeling charges to each voltage level is worked out as indicated in the following Table:

TABLE – 6.1

Wheeling Charges

Distribution ARR-Rs. Crs	1001.14
Sales-MU	7686.94
Wheeling charges- paise/unit	130.24
	Paise/unit
HT-network	39.07
LT-network	91.17

In addition to the above, the following technical losses are applicable:

Loss allocation	% loss
HT	3.11
LT	5.17

Note: Total loss is allocated to HT, LT & Commercial loss based on energy flow diagram furnished by GESCOM.

The actual wheeling charges payable (after rounding off) will depend upon the point of injection & point of drawal as follows:

paise/unit

Injection point → / Drawal point ↓	**HT**	**LT**
HT	39(3.11%)	130(8.28%)
LT	130(8.28%)	91(5.17 %)

Note: Figures in brackets are applicable loss

The wheeling charges as determined above are applicable to all the open access / wheeling transactions for using the GESCOM network only, except for energy transmitted or wheeled from renewable sources to the consumers within the State.

6.8.2 Wheeling of Energy using Transmission Network or Network of more than one Licensee

6.8.3 In case the wheeling of energy [other than RE sources wheeling to consumers within the State] involves usage of Transmission network or network of more than one licensee, the charges shall be as follows:

In case the wheeling of energy [other than RE sources wheeling to consumers within the State] involves usage of Transmission network or network of more than one licensee, the charges shall be as follows:

i. If only transmission network is used, transmission charges including losses determined by the Commission shall be payable to the Transmission Licensee.

ii. If the Transmission network and the ESCOMs' network is used, Transmission Charges shall be payable to the Transmission Licensee, in addition to transmission and distribution licensee technical loss and Wheeling charges shall be payable to the ESCOMs where the power is drawn. Wheeling

Charges of the ESCOM where the power is drawn shall be shared equally among the ESCOMs whose networks are used.

Illustration 1:

If a transaction involves transmission network & GESCOM's network and 100 units is injected, then at the drawal point the consumer is entitled for 88.99 units, after accounting for Transmission loss of 2.978% & GESCOM's technical loss of 8.28%.

The Transmission charge in cash as determined in the Transmission Tariff Order shall be payable to KPTCL & Wheeling Charge of 130 paise per unit shall be payable to GESCOM. In case more than one ESCOM is involved, the above 130 paise shall be shared by all the ESCOMs involved.

iii. If ESCOMs' network only is used, after deducting the ESCOMs technical loss the Wheeling Charges of the ESCOM where the power is drawn is payable and shall be shared equally among the ESCOMs whose networks are used.

Illustration 2:

If a transaction involves injection to BESCOM's network & drawal at GESCOM's network, and 100 units is injected, then at the drawal point the consumer is entitled for 91.72 units, after accounting GESCOM's technical loss of 8.28%.

The Wheeling charge of 130 paise per unit applicable to GESCOM shall be equally shared between GESCOM & BESCOM.

As the actual normal network charges depend upon the point of injection and point of drawal, the following broad guidelines may be followed by the licensees, while working out the charges:

Injection point → / Drawal point ↓	KPTCL Network	BESCOM Network	MESCOM Network	CESC Network	HESCOM Network	GESCOM Network
KPTCL Network	Transmission charges & Losses as per KPTCL's Order	Transmission charges & Losses as per KPTCL's Order and ESCOM's wheeling charges & Technical losses as per illustration-1 of Tariff Order for the ESCOM where power is drawn	Transmission charges & Losses as per KPTCL's Order and ESCOM's wheeling charges & Technical losses as per illustration-1 of Tariff Order for the ESCOM	Transmission charges & Losses as per KPTCL's Order and ESCOM's wheeling charges & Technical losses as per illustration-1 of Tariff Order for the ESCOM	Transmission charges & Losses as per KPTCL's Order and ESCOM's wheeling charges & Technical losses as per illustration-1 of Tariff Order for the ESCOM	Transmission charges & Losses as per KPTCL's Order and ESCOM's wheeling charges & Technical losses as per illustration-1 of Tariff Order for the ESCOM

Injection point → Drawal point ↓	KPTCL Network	BESCOM Network	MESCOM Network	CESC Network	HESCOM Network	GESCOM Network
			where power is drawn	where power is drawn	where power is drawn	where power is drawn
BESCOM Network	Transmission charges & Losses as per KPTCL's Order and BESCOM's wheeling charges & Technical losses as per illustration-1 of BESCOM's Tariff Order	BESCOM's network charges and technical losses as per BESCOM's tariff order under the heading 'wheeling within BESCOM area' which again depends on point of injection or drawal	BESCOM's network charges and technical losses as per illustration-2 of BESCOM's tariff order	BESCOM's network charges and technical losses as per illustration-2 of BESCOM's tariff order	BESCOM's network charges and technical losses as per illustration-2 of BESCOM's tariff order	BESCOM's network charges and technical losses as per illustration-2 of BESCOM's tariff order
MESCOM Network	Transmission charges & Losses as per KPTCL's Order and MESCOM's wheeling charges & Technical losses as per illustration-1 of MESCOM's Tariff Order	MESCOM's network charges and technical losses as per illustration-2 of MESCOM's tariff order	MESCOM's network charges and technical losses as per MESCOM's tariff order under the heading 'wheeling within MESCOM area' which again depends on point of injection or drawal	MESCOM's network charges and technical losses as per illustration-2 of MESCOM's tariff order	MESCOM's network charges and technical losses as per illustration-2 of MESCOM's tariff order	MESCOM's network charges and technical losses as per illustration-2 of MESCOM's tariff order
CESC Network	Transmission charges & Losses as per KPTCL's Order and CESC's wheeling charges & Technical losses as per illustration-1 of CESC's Tariff Order	CESC's network charges and technical losses as per illustration-2 of CESC's tariff order	CESC's network charges and technical losses as per illustration-2 of CESC's tariff order	CESC's network charges and technical losses as per CESC's tariff order under the heading 'wheeling within CESC area' which again depends on point of injection or drawal	CESC's network charges and technical losses as per illustration-2 of CESC's tariff order	CESC's network charges and technical losses as per illustration-2 of CESC's tariff order
HESCOM Network	Transmission charges & Losses as per KPTCL's Order and HESCOM's wheeling charges & Technical losses as per illustration-1 of HESCOM's Tariff Order	HESCOM's network charges and technical losses as per illustration-2 of HESCOM's tariff order	HESCOM's network charges and technical losses as per illustration-2 of HESCOM's tariff order	HESCOM's network charges and technical losses as per illustration-2 of HESCOM's tariff order	HESCOM's network charges and technical losses as per HESCOM's tariff order under the heading 'wheeling within HESCOM area' which again depends on point of injection or drawal	HESCOM's network charges and technical losses as per illustration-2 of HESCOM's tariff order
GESCOM Network	Transmission charges & Losses as per KPTCL's Order and GESCOM's wheeling charges & Technical losses as per illustration-1 of GESCOM's Tariff Order	GESCOM's network charges and technical losses as per illustration-2 of GESCOM's tariff order	GESCOM's network charges and technical losses as per illustration-2 of GESCOM's tariff order	GESCOM's network charges and technical losses as per illustration-2 of GESCOM's tariff order	GESCOM's network charges and technical losses as per illustration-2 of GESCOM's tariff order	GESCOM's network charges and technical losses as per GESCOM's tariff order under the heading 'wheeling within GESCOM area' which again depends on point of injection or drawal

6.8.4 Charges for Wheeling Energy by RE Sources, (Non-REC route) to Consumers in the State

The separate Orders issued by the Commission from time to time in the matter of wheeling and banking charges for RE sources (Non-REC route) including solar power projects, wheeling energy to consumers within the State shall be applicable.

6.8.5 Charges for Wheeling Energy by RE Sources, Wheeling Energy from the State to consumers/others outside the State and for those opting for Renewable Energy Certificate [REC]

In case the renewable energy is wheeled from the State to a consumer or others outside the State, the normal wheeling charges as determined in para 6.8.1 and 6.8.3 of this Order shall be applicable. For Captive RE generators including solar power projects opting for RECs, the wheeling charges as specified in the separate Orders issued by the Commission from time to time shall be applicable.

6.8.6 Banking Charges and Applicability of Cross Subsidy Surcharge:

Banking Charges and the applicability of cross subsidy surcharge as specified in the separate Orders issued by the Commission from time to time shall be applicable.

6.8.7 Cross Subsidy Surcharge [CSS]:

GESCOM had not proposed any wheeling charges, cross-subsidy surcharge and additional surcharge for FY22. GESCOM, in terms of MYT Regulations was directed to furnish the above details following the methodology adopted by the Commission in its previous Tariff Order.

The GESCOM in its replies to the preliminary observations has worked out the CSS as follows:

Paise/ unit

Voltage level	HT-1	HT-2a	HT-2b	HT-2C	HT-3	HT-4	HT-5
66kV & above	36.07	214.56	249.00	191.53	-279.55	193.15	382.24
HT-11kV or 33 kV	-146.93	152.80	249.00	37.63	-462.55	45.74	382.24

GESCOM has stated that as per Hon'ble APTEL, the Cross Subsidy Surcharge is not only to compensate ESCOMs for loss of cross subsidy, but also to compensate the remaining consumers who have not taken OA. Further, GESCOM has referred to the Consultation paper of MoP dated 24.08.2017 and has stated that SERCs have to implement Para 8.3-2 and first proviso to Para 8.5.1 of Tariff Policy, simultaneously. Accordingly, GESCOM has submitted that, it has worked out the CSS as per the formula specified in tariff policy,2016.

The Commission has noted the replies furnished and the determination of cross subsidy surcharge by the Commission is discussed in the following paragraphs:

The Commission has adopted the formula as per Tariff Policy, 2016, for computing the CSS which is as indicated below:

S=T-[C/(1-L/100) + D + R]

Where,

S is the Surcharge

T is the tariff Payable by the relevant category of consumers, including reflecting the Renewable Purchase Obligation

C is the per unit weighted average cost of power purchase by the Licensee, including meeting the Renewable Purchase Obligation

D is the aggregate of transmission, distribution and wheeling charge applicable to the relevant voltage level

L is the aggregate of transmission, distribution and commercial losses, expressed as a percentage applicable to the relevant voltage level

R is the per unit cost of carrying regulatory assets.

Regarding, Regulatory asset, as per Tariff Order dated 04.11.2020, the Commission has allowed regulatory asset Rs.721.34 Crores for all the ESCOMs put together. However, for the current year, the cost of carrying the regulatory asset is considered as zero.

Before proceeding to the computation of CSS the Commission places on record the following:

The Commission has noted that several stakeholders at various fora, are claiming that, while computing CSS, only the energy charges as per retail supply tariff has to be considered, without considering the fixed charges/Demand charges. The above issue regarding the interpretation of the term 'T'-tariff, in the formula stated supra, has been dealt by Hon'ble ATE in several of its Orders including Appeal No. 181 of 2015 and Appeal No. 178 of 2011, a few of which are reproduced below:

i) Appeal No. 181 of 2015 – Byrnihat Industries Association v Meghalaya Electricity Regulatory Commission & Anr. (Judgment dated 26.05.2016)

"...

18. The Cross-Subsidy Surcharge is the difference between the tariff for category of consumer and the cost of supply. CSS is determined by using the figures of Tariff (T) for the relevant category of consumer for the year in question and cost of power purchase (C) of top 5% at margin excluding liquid fuel based and renewable power in that year.

It is observed that Appellant has made reliance on the Table 8.2 of the Impugned Order i.e. "Category of consumer wise tariffs approved by the Commission" and used approved Energy Charge of Rs 5.40/KVAH as the Tariff for computation of Cross Subsidy Surcharge.

19. In the National Tariff Policy formula, "T" is the Tariff payable by relevant category of consumers. The Tariff has two components viz. Fixed/ Demand charge and Energy charge and hence, for the purpose of calculating cross- subsidy surcharge, the State Commission has considered Average Billing Rate in Rs/ KWh for the respective category as "T" as it reflects the effective combination of fixed/demand and energy charges payable by that category of consumers. We are in agreement with the formulation of the State Commission for using Average Billing Rate for a consumer category to be used while determining Cross Subsidy Surcharge."

ii) **Appeal No. 178 of 2011 – Reliance Infrastructure Limited (R-Infra) vs Maharashtra Electricity Regulatory Commission & Ors. (Judgment dated 02.12.2013)**

"8. We shall now take up each of the above issues one by one. Before we attempt to address each of the above issues, it would be profitable to explain the steps that are required to be taken to fix the Tariff and CSS. These are:

- *Category wise expected sale to each of the category of consumer is estimated on the basis of previous year consumption and CAGR computed using historical data.*

- *Sum of expected category wise sale is the total sale of power by the Distribution Licensee during the year. Let it be 'SoP'.*

- *Estimated transmission and distribution losses are added to total sale of power to consumers. Let it be 'PP'*

- *Cost of power purchase is calculated on the basis of tariff for each of the sources available and selected based on merit order to meet the power purchase requirement of Distribution Licensee. Let it be 'CoPP'*

- *Other elements of tariff such as RoE, Interest on loan, Interest on working capital, O&M charges, Depreciation etc are also determined on the basis of norms specified in relevant regulations. Sum these charges is Wheeling Charges. Let these be 'WC'*

- *Sum of power Purchase cost (CoPP) and Wheeling Charges (WC) is the ARR of the Distribution Licensee.*

- *Since category wise sale of power has already estimated, expected revenue from such sale is estimated from current tariff. Let it be 'RCT' (Revenue from current tariff)*

- *Difference between ARR and RCT is the gap in revenue. Let it be 'GAP'*

- *The GAP so arrived at is filled up by redesigning the category wise tariff.*

- *CSS is the difference between the tariff for category of consumer and the cost of supply. CSS is determined by using the figures of Tariff (T) for the year in question and cost of power purchase (C) in that year.*

- *Tariff of subsidising consumers is generally in two parts i.e. fixed charges and energy charges. Therefore, the term tariff is the effective tariff for that category of consumers.*

- *Since fixed charges remain constant irrespective of consumption by the consumer, the effective tariff varies and gets reduced with increase in consumption as can be seen from following illustration:*
  o Let us assume fixed charges at Rs 200 per kVA of contract demand and energy charges at Rs 5 per unit. Effective tariff for a consumer having contract demand of 100 kVA at different load factor would be as given in the table below:

Load Factor	Consumption	Fix charges	Energy Charges	Total Charges	Effective Tariff
0.1	7200	20000	36000	56000	**7.78**
0.2	14400	20000	72000	92000	**6.39**
0.3	21600	20000	108000	128000	**5.93**
0.4	28800	20000	144000	164000	**5.69**
0.5	36000	20000	180000	200000	**5.56**
0.6	43200	20000	216000	236000	**5.46**
0.7	50400	20000	252000	272000	**5.40**
0.8	57600	20000	288000	308000	**5.35**
0.9	64800	20000	324000	344000	**5.31**
1	72000	20000	360000	380000	**5.28**

- *Effective tariff shown in last col. is also known as Average Billing Rate (ABR) for that particular consumer. ABR for a consumer category is determined by dividing total expected revenue from the category by total expected sale to that category (Tribunal's judgment dated 30.5.2011 in Appeal No. 102 of 2010 and Batch – Odisha case). Mathematically, it can be represented as:*

$$\text{ABR of a category of consumer} = \frac{\text{Total Expected Revenue from a category}}{\text{Total Sale of power to that category"}}$$

Considering the above orders of the Hon'ble APTEL, the Commission has passed orders on 28.01.2020 in case nos. 76/15,27/16 and 98/16, consequent to the directions given by Hon'ble ATE in Appeal Nos.259/16 & 270/15 on Tariff Order dated 02.03.2015 and Appeal No.386/17 on Tariff Order dated 30.03.2016, to reconsider the CSS issue, wherein the Commission has held that, the interpretation of the term "T" in the surcharge formula is a settled issue and it refers to the total of demand charges and the energy charges divided by the energy consumed by the consumer and that the demand charges are being levied twice is not correct as alleged by the Stakeholders.

Regarding the stakeholders view that CSS is increasing year on year, the Commission in the above order has held that the reduction should be in terms of percentage and not in absolute terms, as it is but natural that in absolute terms the CSS increases due to increase in the input costs and inflation. As such the contention that the CSS is increasing and is against the provisions of the Electricity Act, 2003, does not hold water.

Thus, the Commission reiterates the above decision regarding CSS.

Based on the methodology specified in its MYT and OA Regulations, and adopting the formula stated supra, the category wise cross subsidy surcharge will be as indicated in the following Table:

Paise/unit

Tariff category	Category Tariff paise/unit 'T' (Avg. of ESCOMs)	State Average Cost of supply @ 66 kV and above level* paise/unit C/(1-/100)+D+ R]	State Average Cost of supply at @ HT level** paise/unit C/(1-/100)+D+ R]	Cross subsidy surcharge paise/unit @ 66 kV & above level as per formula	Cross subsidy surcharge paise/unit @ HT level as per formula	20% of tariff payable by relevant category-paise/unit
1	2	3	4	5	6	7
				(2-3)	(2-4)	20% of (2)
HT-1 Water Supply	642.84	553.71	607.21	89.14	35.64	128.57
HT-2a Industries	931.98	553.71	607.21	378.27	324.77	186.40
HT-2b Commercial	1160.85	553.71	607.21	607.15	553.65	232.17
HT-2 (C)(i)	907.77	553.71	607.21	354.06	300.56	181.55
HT-2 (C)(ii)	1017.89	553.71	607.21	464.18	410.68	203.58
HT3 (a)(i) Lift Irrigation	309.99	553.71	607.21	-243.71	-297.21	62.00
HT3 (a)(ii) Lift Irrigation	448.27	553.71	607.21	-105.44	-158.94	89.65
HT3 (a)(iii) Lift Irrigation	358.32	553.71	607.21	-195.39	-248.89	71.66
HT3 (b) Irrigation & Agricultural Farms	511.81	553.71	607.21	-41.89	-95.40	102.36
HT-4 Residential Apartments	829.14	553.71	607.21	275.43	221.93	165.83
HT5 Temporary	1771.80	553.71	607.21	1218.10	1164.59	354.36

*Includes weighted average power purchase costs of 468.52 paise/unit, transmission charges of 70.51 Ps/unit and transmission losses of 3.04% including commercial losses at EHT.

** Includes weighted average power purchase costs of 468.52 Paise per unit, transmission charges of 70.51 Paise per unit and transmission losses of 3.04% including commercial losses at EHT, HT distribution network / wheeling charges of 35.36 Paise/unit and HT distribution losses of 3.62% including commercial losses at HT.

Note: The carrying cost of regulatory asset of transmission licensee for the current year is included in Transmission charges and the carrying cost of regulatory asset of ESCOMs is considered as zero for the current year as discussed earlier.

As per the Tariff Policy 2016, while limiting the CSS so as not to exceed 20% of the tariff applicable to relevant category, the CSS (after rounding off to nearest paise) is determined as per the following table:

Paise/unit

Particulars	66 kV & above	HT level-11 kV/33kV
HT-1 Water Supply	89	36
HT-2a Industries	186	186
HT-2b Commercial	232	232
HT-2 (C)(i)	182	182
HT-2 (C)(ii)	204	204
HT3 (a)(i) Lift Irrigation	0	0
HT3 (a)(ii) Lift Irrigation	0	0
HT3 (a)(iii) Lift Irrigation	0	0
HT3 (b) Irrigation & Agricultural Farms	0	0
HT-4 Residential Apartments	166	166
HT5 Temporary	354	354

Note: wherever CSS is one paise or less, it is made zero

The cross-subsidy surcharge determined in this order shall be applicable to all open access/wheeling transactions in the area coming under GESCOM. However, the above CSS shall not be applicable to captive generating plant for carrying electricity to the destination of its own use and for those renewable energy generators who have been exempted from CSS by the specific Orders of the Commission.

The Commission directs the Licensees to account the transactions under open access separately. Further, the Commission directs the Licensees to carry forward the amount realized under Open Access/wheeling to the next ERC, as it is an additional income to the Licensees.

Regarding the CSS for LT categories, the Commission would determine the CSS as and when open access is allowed to LT-consumers.

The detailed calculation sheet of CSS is enclosed as Annexure-4.

6.9 Additional Surcharge:

Most of the ESCOMs in their tariff application for the approval of APR for FY20 and for revision of retail supply tariff for FY22, have submitted that they have tied up sufficient quantum of power, after approval by this Commission, by considering the overall growth in sales. However, a large number of its high revenue yielding consumers are buying power under Open Access instead of availing supply from the ESCOMs. As a result, the generation capacity tied up by the ESCOMs remains idle. In this situation, ESCOMs are forced to back down the generation from conventional sources and are also required to pay Fixed Charges (or Capacity Charges) to the Generators, irrespective of actual energy being purchased. Thus, ESCOMs have stated that there is a need for recovery of the part of fixed cost towards the stranded capacity arising from the power purchase obligation through levy of Additional Surcharge.

BESCOM in its tariff filing has computed the additional surcharge as follows:

Proposed realization of FC from EHT/HT consumers-Rs. Crores	1980.87
Total FC to be collected from EHT/HT Consumers--Rs. Crores	3168.61
Estimated under recovery of FC-Rs. Crores	1187.74
EHT/HT-Sales-MU	5685.52
Additional surcharge proposed-Rs/unit	2.09

BESCOM has stated that it has worked out the above additional surcharge of Rs.2.09/unit considering the ARR of FY22. However, it is also stated that the additional surcharge is worked out as per the methodology adopted in KERC order dated 30.05.2019. The Commission had observed that in the above tariff order, the Commission had worked out additional surcharge based on APR data of FY18, whereas in the subsequent order issued on 04.11.2020, the Commission has considered the approved ARR of FY21. In view of the above BESCOM was directed to clarify as to whether the computations are done as per order dated 04.11.2020 or as per order dated 30.05.2019.

BESCOM in its replies has clarified that it has computed ASC as per order dated 30.05.2019.

The Commission notes that the methodology adopted in order dated 04.11.2020 or order dated 30.05.2019 is same. However, the data considered for computation of ASC in order dated 30.05.2019 is the APR data of FY18, whereas in order dated 04.11.2020, the data considered is the approved ARR of FY21. Going by the details furnished by BESCOM, it is observed that BESCOM has considered data of ARR estimates for FY22.

The Commission in its previous order had provided concession to RE sources in additional surcharge. BESCOM was directed to furnish its comments in the matter.

BESCOM has submitted that Karnataka being RE rich State, concept of concessions to RE sources in ASC may be revised.

MESCOM in its Petition has stated that they have computed the Additional Surcharge in line with the methodology adopted by the Commission in its Tariff Order 2020. MESCOM, furnishing the details of calculations has proposed the Additional Surcharge to be recovered from HT consumers at Rs. 1.12 per unit as follows:

Proposed realization of FC from EHT/HT consumers-Rs. Crores	266.88
Total FC to be collected from EHT/HT Consumers--Rs. Crores	409.65
Estimated under recovery of FC-Rs. Crores	142.77
EHT/HT-Sales-MU	1273.12
Additional surcharge proposed-Rs/unit	1.12

CESC had worked out the additional surcharge at Rs.3.24/unit as per actuals of FY20 and Rs.4.23/unit as per proposed ARR of FY22 and had requested the

Commission to continue levy of ASC for OA consumers procuring power from power exchanges and RE generators.

The Commission had observed that, in the previous tariff order dated 04.11.2020, the Commission has computed ASC based on the estimated ARR of the year for which tariff is being revised. Hence, CESC was directed to compute the ASC as per proposed ARR for FY22.

CESC in its reply to the preliminary observation has submitted that it has determined the Additional Surcharge of Rs. 4.23 per unit as per proposed ARR as follows:

Proposed realization of FC from EHT/HT consumers-Rs. Crores	616.06
Total FC to be collected from EHT/HT Consumers--Rs. Crores	1233.64
Estimated under recovery of FC-Rs. Crores	617.58
EHT/HT-Sales-MU	1458.48
Additional surcharge proposed-Rs/unit	4.23

HESCOM in its tariff filing had proposed additional surcharge of 64 paise per unit based onFY-20 actuals. The Commission had observed that in its previous tariff order dated 04.11.2020, the Commission has considered the ARR data as approved for the year for which tariff is determined. In view of the above, HESCOM was directed to compute the ASC as per the estimates for FY22.

HESCOM in its replies furnishing the details of calculations has computed Additional Surcharge of Rs.0.58 per unit based on proposed ARR of FY22 as follows:

Proposed realization of FC from EHT/HT consumers-Rs. Crores	285.43
Total FC to be collected from EHT/HT Consumers--Rs. Crores	409.00
Estimated under recovery of FC-Rs. Crores	123.57
EHT/HT-Sales-MU	2113.19
Additional surcharge proposed-Rs/unit	0.58

GESCOM in its tariff filing had not proposed any wheeling charges, cross-subsidy surcharge and additional surcharge for FY22. Hence, Commission had directed

GESCOM, in terms of MYT Regulations. to furnish the above details following the methodology adopted by the Commission in its previous Tariff Order.

GESCOM in its replies to the preliminary observations has computed the Additional Surcharge at Rs. 2.71 per unit based on proposed ARR of FY22 as follows:

Proposed realization of FC from EHT/HT consumers-Rs. Crores	164.25
Total FC to be collected from EHT/HT Consumers--Rs. Crores	564.29
Estimated under recovery of FC-Rs. Crores	400.55
EHT/HT-Sales-MU	1477.80
Additional surcharge proposed-Rs/unit	2.71

In view of the above, ESCOMs in their tariff application have proposed levy of Additional Surcharge for FY22 as given below:

ESCOM	Additional Surcharge proposed-Rs. Per unit
BESCOM	2.09
MESCOM	1.12
CESC	4.23
HESCOM	0.58
GESCOM	2.71

Commission's views and decision:

The Commission in its previous order, considering the provisions of the Electricity Act, 2003, National Electricity Policy, Tariff Policy, KERC Regulations and orders of Hon'ble Supreme Court and Hon'ble APTEL, has held that the Additional Surcharge can be levied on the open access consumers, to meet the stranded fixed cost obligations of the distribution licensee arising out of its obligation to supply power. Further, the Commission had worked out the Additional Surcharge based on approved ARR of the ensuing year namely FY21, in its previous order. The Commission notes that all the ESCOMs have computed Additional Surcharge adopting the methodology followed by the Commission in its previous order, as discussed supra.

The Commission notes that, when a consumer purchases electricity under Open Access, the ESCOMs lose the Fixed Charges embedded in the energy charges for the number of units of energy purchased under Open Access. The Commission has determined the Additional Surcharge for the ESCOMs by allocating the total fixed cost of Power Purchase to EHT and HT consumers in proportion to their input energy ESCOM-wise and has added the ESCOM-Wise fixed cost of power purchase to arrive at the voltage-wise fixed power purchase cost for the State. The Commission, while computing the Additional Surcharge, has excluded the KPTCL transmission charges & SLDC charges and the distribution network cost, as these charges are being recovered from the Open Access consumers for the use of transmission and distribution network. Further, the Commission has also considered the fixed cost associated with the retail supply business allocated to EHT and HT consumers in proportion to their energy sales ESCOM -Wise and has added the ESCOM-Wise fixed cost of retail supply business to arrive at the voltage-wise fixed cost of retail supply business for the State. Based on the above, the total Fixed cost excluding KPTCL Transmission charges, SLDC charges and Distribution network charges, is considered for computation of Additional Surcharge for EHT and HT consumers.

Further, out of the fixed charges recovered from EHT and HT consumers in retail supply tariff, the fixed costs allocated to EHT and HT consumers towards transmission and distribution network cost, is deducted on first charge basis. The balance of the fixed charges recovered through retail supply tariff is set off against the total stranded fixed cost attributable to HT/EHT consumers and the remaining stranded fixed cost has to be recovered from OA consumers by levy of Additional Surcharge.

Based on the above methodology, the Additional Surcharge recoverable from the consumers of ESCOMs is worked out as follows:

ESCOM	Computed Additional Surcharge Rs/Unit
BESCOM	1.06
MESCOM	3.12
CESC	2.98
HESCOM	2.82
GESCOM	2.38

The Commission notes that, as per the Additional Surcharge computed as above, there is a wide variation in the rates of Additional Surcharge to be recovered from the OA consumers among the ESCOMs. Since, the retail supply tariff and the cross-subsidy surcharge applicable to the consumers of the State is uniform across the State, the Commission decides to adopt a uniform Additional Surcharge across the State which is worked out, by considering the total fixed cost of all the ESCOMs as follows:

Computation of Additional Surcharge for FY22

	Particulars	Unit	110kV & 66 kV	11 kV	LT	Total
1	Power Purchase Cost of the State	Rs.in Cr.	-	-	-	37506.56
2	Distribution of Power Purchase Cost (Based on share of voltage-wise energy Input)	Rs.in Cr.	1687.93	6495.09	29323.54	37506.56
3	Total Fixed Charges Power Purchase cost (Excluding KPTCL Transmission charges+ SLDC)	Rs.in Cr.	-	-	-	11395.97
4	Distribution of Fixed Charges in Power Purchase cost -Voltage-wise (Based on share of energy Input	Rs.in Cr.	517.53	1965.12	8913.32	11395.97
5	KPTCL Transmission Charges+ SLDC (Based on share of energy input)	Rs.in Cr.	195.03	756.34	3359.35	4310.72
6	Fixed cost in Retail Supply Business (Based on share of energy sales)	Rs.in Cr.	190.39	631.98	2637.97	3460.33
7	Distribution network costs (Based on share of energy sales)	Rs.in Cr.	377.17	1278.77	5492.70	7148.64
8	**Total Fixed cost (column number 5+6+7+8)**	**Rs.in Cr.**	**1280.11**	**4632.21**	**20403.33**	**26315.65**
9	Fixed cost recoverable in wheeling and banking charges (transmission charges + SLDC + Distribution network costs) (column number 6+8)	Rs.in Cr.	572.20	2035.11	8852.04	11459.36

	Particulars	Unit	110kV & 66 kV	11 kV	LT	Total
10	Balance of Fixed Cost to be recovered through additional surcharge (column number 5+7)	Rs.in Cr.	707.92	2597.10	11551.29	14856.30
11	Total Fixed Cost recoverable from HT/EHT consumers (excluding Transmission and Distribution Network cost)	Rs.in Cr.	707.92	2597.10	-	3305.02
12	Fixed charges recovered by ESCOMs through tariff from HT/EHT consumers	Rs.in Cr.	3244.44	-	-	-
13	Less: Fixed Charges allocated to transmission and distribution network cost	Rs.in Cr.	2607.31	-	-	-
14	Balance available fixed charges (column number 13-14) from HT consumers	Rs.in Cr.	637.13	-	-	637.13
15	Shortfall in recovery of Fixed Cost to be considered for recovery of additional surcharge (column number 12-15)	Rs.in Cr.	-	-	-	2667.89
16	Total HT/EHT Sales of ESCOMs	In MU	-	-	-	14301.69
17	**Additional Surcharge (column number 16/17 x 10)**	**Rs./unit**				**1.87**

As per the above computations, a uniform Additional Surcharge across ESCOMs in the State that has to be levied to OA consumers works out to Rs.1.87 per unit. The Commission is mandated by the Electricity Act, 2003, to encourage open access with a view to promote competition and at the same time has to protect the interest of the consumers of the distribution companies in the State. In this background, the Commission is of the considered view that levying Additional Surcharge of Rs.1.87 per unit would burden the open access transactions and at the same time if it is not levied, it would burden on the consumers of the distribution licensees. In order to balance the interest of both OA consumers and the other consumers, the Commission decides to levy 50% of uniform Additional Surcharge of Rs.1.87 per unit, i.e., Rs. 0.93/ Unit, duly rounding off to the nearest ten paise i.e. Rs.0.90 per unit (90 paisa per unit) as Additional Surcharge to be recovered from OA consumers for FY22. The above Additional Surcharge shall be payable by the HT/EHT open access consumers to the concerned distribution licensee on a monthly basis, based on the actual energy drawn during the month, through Open Access. Further, to encourage renewable sources of power, the Commission decides to levy Additional Surcharge of 23 paise per unit duly rounding off (25% of 90 paise per unit) for the energy procured under OA from Renewable Energy Sources.

6.10 Other Issues:

6.10.1 Tariff for Green Power:

In order to encourage generation and use of green power in the State, the Commission decides to continue the existing Green Tariff of 50 paise per unit as the additional tariff over and above the normal tariff to be paid by HT-consumers, who opt for supply of green power from out of the renewable energy procured by distribution utilities over and above their Renewable Purchase Obligation (RPO).

The Commission directs ESCOMs to make wide publicity about the availability of RE power through newspapers/media/interaction meeting with the industrial consumers so as to encourage the consumers to buy more Green Power.

6.10.2 Other tariff related issues:

i) Rebate for use of Solar Water Heater:

The Distribution Licensees have requested the Commission to continue the Solar water heater rebate to the consumers. The consumers have requested to increase the Solar water heater Rebate as there is no increase in the rebate amount for more than 10 years. Since the Government of Karnataka has mandated the installation of solar water heaters on the roof of the residential buildings on certain conditions, the use of Solar Water Heaters is advantageous to both the ESCOMs and the consumers. Now, with the availability of surplus power due to the commissioning of RE power projects in the State as noted from the submission made by ESCOMs, the backing down of the thermal power stations to accommodate the power from the must-run status RE power, as per the prevailing Rules / Policy of the GoI / MNRE. Thus, on account of this, the ESCOMs are liable to pay the capacity charges and resulted in increase in the power purchase cost of the ESCOMs abnormally, which has to be borne by the consumers in the State through Retail Supply Tariff. Under these circumstances, extension of any further concession in the solar rebate has to be borne by the other consumers by increase in the tariff for which they are objecting. The Commission by considering the financials of the ESCOMs and the flight of other consumers in the State decides to retain the existing rebate of 50 paise per unit subject to a maximum of Rs.50 per installation per month for use of solar water heaters under tariff schedule LT2(a).

ii) Prompt payment incentive:

The Commission had approved a prompt payment incentive at the rate of 0.25% of the bills amount in respect of:

(i) in all cases of payment through Electronic Clearing System (ECS);
(ii) in the case of monthly bill exceeding Rs.1,00,000 (Rs.one lakh), where payment is made 10 days in advance of due date and
(iii) advance payment of exceeding Rs.1000 made by the consumers towards monthly bills.

The Commission decides to continue the prompt payment incentive as above.

iii) Relief to Sick Industries:

The Government of Karnataka has extended certain reliefs for revival/rehabilitation of sick industries under the New Industrial Policy 2001-06 vide G.O. No. CI 167 SPI 2001, dated 30.06.2001. Further, the Government of Karnataka has issued G.O No.CI2 BIF 2010, dated 21.10.2010. The Commission, in its Tariff Order, 2002, had accorded approval for implementation of reliefs to the sick industries as per the Government policy and the same was continued in the subsequent Tariff Orders. However, in view of issue of the G.O No.CI2 BIF 2010, dated 21.10.2010, the Commission has accorded approval to the ESCOMs for implementation of the reliefs extended to sick industrial units for their revival / rehabilitation on the basis of the orders issued by the

Commissioner for Industrial Development and Director of Industries & Commerce, Government of Karnataka / National Company Law Tribunal (NCLT).

iv) Power Factor (PF):

The Commission in its previous order had retained the PF threshold limit and surcharge, both for LT and HT installations at the levels existing as in the Tariff Order 2005. The Commission decides to continue the same in the present order as indicated below:

LT Category (covered under LT-3, LT-4, LT-5 & LT-6 where motive power is involved): 0.85
HT Category: 0.90

v) Rounding off of KW / HP:

In its Tariff Order 2005, the Commission had approved rounding off of fractions of KW / HP to the nearest quarter KW / HP for the purpose of billing and the minimum billing being for 1 KW / 1HP in respect of all the categories of LT installations including IP sets. This shall continue to be followed. In the case of street light installations, fractions of KW shall be rounded off to the nearest quarter KW for the purpose of billing and the minimum billing shall be for a quarter KW.

vi) Interest on delayed payment of bills by consumers:

The Commission, in its previous Orders had approved collection of interest on delayed payment of bills at 12% per annum. The Commission with a view to achieve the 100% collection efficiency in recovery of revenue demand to reduce the financial burden of ESCOMs and to bring in discipline among the defaulting consumers, decides to continue the same rates in this Order also.

vii) Security Deposit (3 MMD/ 2 MMD):

The Commission had issued the K.E.R.C. (Security Deposit) Regulations, 2007 on 01.10.2007and the same has been notified in the Official Gazette on 11.10.2007. The payment of security deposit shall be regulated accordingly.

viii) Mode of Payment by consumers:

The Commission, in its previous Tariff Order had approved payment of electricity bills in cash/cheque/DD of amounts up to and inclusive of Rs. 10,000 and payment of amounts exceeding Rs. 10,000 to be made only through cheque. The consumers could also make payment of power bills through Electronic Clearing System(ECS)/ Credit card/ online E-payment up to the limit prescribed by the RBI, and the collection of power supply bills above Rupees One lakhs through RTGS / NEFT at the option of the consumer.

The Commission as decided in the Tariff Order, 2018 dated 14th May, 2018, in order to encourage the consumers to opt for digital payments in line with the direction of the MOP, GoI, decides to continue to allow GESCOM to collect payment of monthly power supply bill **through Electronic clearing system (ECS)/ Debit / Credit cards / RTGS/ NEFT/ Net Banking through ESCOMs / Bank/ Karnataka One websites, on-line E-Payment / Digital mode of payments in line with the guidelines issued and the payment up to the limit prescribed by the RBI, wherever such facility is provided by the Licensee and allow GESCOM to incur and claim the expenditure on such transaction in the ARR. However, the Commission decides to allow GESCOM to incur the expenditure on the payment for power supply bills received through Debit / Credit Cards having demand up to Rs.2000 and below only.**

6.11 Cross Subsidy Levels for FY22:

The Hon'ble Appellate Tribunal for Electricity (ATE), in its Order dated 8th October, 2014, in Appeal No.42 of 2014, has directed the Commission to clearly indicate the variation of anticipated category-wise average revenue realization with respect to overall average cost of supply in order to implement the requirement of the Tariff Policy that tariffs are within ±20% of the average cost of supply, in the Tariff Orders being passed in the future. It has further directed the Commission to also indicate category-wise cross subsidy with reference to voltage-wise cost of supply so as to show the cross subsidies transparently.

In the light of the above directions, the variations of the anticipated category-wise average realization with respect to the overall average cost of supply and also with respect to the voltage-wise cost of supply of GESCOM and the cross subsidy thereon, is indicated in ANNEXURE- 3 of this Order. It is the Commission's endeavour to reduce the cross subsidies gradually as per the Tariff policy.

6.12 Effect of Revised Tariff:

a. As per the KERC (Tariff) Regulations 2000, read with the MYT Regulations 2006, the ESCOMs have to file their applications for ERC/Tariff before 120 days of the close of each financial year in the control period. The Commission observes that, the GESCOM has filed its applications for revision of tariff on or before 30th November, 2020. In view of the Election Code of Conduct coming into force in the State on account of Election to the two State Assembly constituencies at Maski and Basavakalyan and one Lak Sabha Constituency at Belgaum as notified by the Election Commission of India vide Notification No. ECI/PN/28/2021 dated 23rd March, 2021 and the Election to the following **City Corporation, City Municipal Councils and Urban Local Bodies, in Karnataka, scheduled on 27th April, 2021 notified by the State Election Commission vide Notification dated 29th March, 2021, the Commission was unable to issue the Tariff Orders within the time frame of 31.03.2021.**

(1) Bellary Mahanagara Palike, (2) Vijayapura Town Municipal Council, (Bangalore Rural Dist), (3) Ramanagar City Municipal Council (Ramnagara Dist.), (4) Channapatna City Municipal Council, (Ramnagara Dist.) (5) Gudibande Town Panchayat (Chickaballapura Dist.), (6) Bhadravathi City Municipal Council (Shivamogga Dist.) (7) Theerthalli Town Panchayat, (Shivamogga Dist), (8) Belur Town Municipal Council, (Hassan Dist.) (9) Madikeri City Municipal Council (Kodagu Dist), (10) Bidar City Municipal Council (Bidar Dist, (11) Hirekerur Town Panchayat (Haveri Dist.) (12) Hallikheda Town Panchayat (Bidar Dist)

b. **Further, the Government of Karnataka had issued the guidelines vide Notification No. RD 158 TNR 2020 dated 26th April, 2021 and Notification No. RD 158 TNR 2020 dated 7th May, 2021, prohibiting working of certain offices/**

activities in the entire State, for preventing the spread of Covid Pandemic, the Commission's day to day working was hampered.

c. **Again the Government of Karnataka has continued the lockdown for a further period of two weeks from 24.05.2021 to 07.06.2021 (upto 06.00 a.m.) vide its Notification No. RD 158 TNR 2020 dated 21.05.2021. Hence, the Commission was unable to issue Tariff Order till 07.06.2021, due to the lock down situation prevailing in the State.**

d. To enable the GESCOM to recover the revenue gap determined as per of this Order, the Commission decides that, the revised tariff for the energy consumed, shall be given effect, from the 1st meter reading date falling on or after 1st of April 2021. However, to soften the burden on the consumers due to increase in tariff, during the lockdown situation prevailing in the State, the arrears towards revision of Tariff for the month of April and May, 2021 is ordered to be recovered during the month of October and November, 2021 respectively, without charging any interest.

A statement indicating the proposed revenue and approved revenue is enclosed vide Annexure-3 and detailed tariff schedule is enclosed vide Annexure-5.

6.13 Summary of the Tariff Order:

- The Commission has approved the revised ARR for GESCOM of Rs.5951.77 Crores for FY22, which includes the revenue surplus for FY20 of Rs.209.19 Crores as per APR, resulting in net revenue gap of Rs.230.60 Crores, as against GESCOM's proposed ARR of Rs.7129.59 Crores and a gap of Rs.1196.89 Crores.

- GESCOM, in its filing dated 30.11.2020, had proposed an increase of 156 paise per unit for all categories of consumers resulting in average increase in retail supply tariff by 20.48%. The Commission has approved an average increase of 30 paise per unit. The average increase in retail supply tariff of all the consumers for FY22 is 4.03%.

- The Commission has allowed recovery of additional revenue, partly by increase in fixed charges ranging from Rs.10 per KW/HP/KVA to Rs.20 per

KW/HP/KVA to all categories of consumer where every applicable and Rs.25/KW/HP to temporary installations.

- The Commission has allowed recovery of additional revenue partly by increase in the energy charges in the range of 10 paise per unit to all categories of consumers.

- **The Commission has decided to recover the revenue gap determined as per Chapter-5 of this Order, from the 1st meter reading date falling on or after 1st of April 2021. In order to soften the burden due to increase in tariff to the consumers during the lockdown period prevailing in the State, the arrears towards revision of Tariff for the energy consumed during the month of April and May, 2021, is allowed to be recovered during the month of October and November, 2021 respectively, without charging any interest.**

- **The Commission has enhanced the usage of power by domestic consumers under 1st slab from the existing 30 units per month to 50 units per month.**

- **Under the ToD tariff, penalty for usage of power during evening peak period from 18.00 Hrs. to 22.00 Hrs. in respect of HT2(a), HT2(b) and HT2(c) has been relaxed during monsoon period from July to November. However, the penalty for evening peak usage is continued from December to June in this Order except for Railway Traction Installations.**

- **The ToD tariff incentive of 100 paise per unit for the usage of power during night period from 22.00 Hrs. to 06.00 Hrs. (next day) has been relaxed during monsoon period from July to November. However, the ToD incentive of 100 paise per unit for the usage of power from 22.00 Hrs. to 06.00 Hrs. during December,2021 to June, 2022 is continued.**

- The ToD tariff approved by the Commission is also applicable for the power supply availed in the Depots to the HT installation of BMTC / KSTRC / NEKRTC / NWKRTC for charging their Electric Motor Vehicle under LT6(c) tariff schedule.

- **In order to encourage sale of surplus energy during Monsoon period, the Commission has approved the new "Discounted Energy Rate Scheme" at Rs.6**

per unit for the HT2(a) (b) and (c) categories for usage of power beyond the base consumption for FY22.

- The Commission in order to increase the energy sales and to attract the consumers to consume power from GESCOM has decided to continue the existing **Special Incentive Scheme** to HT category during FY22 for one more year.

- The Commission has allowed the concessional tariff of Rs.6.45 per unit to the Railway Traction installations.

- The energy consumption by the Effluent Treatment Plant and Drainage Water Treatment Plants installed within the premises of the consumer's installations by drawing power from the main meter or through sub-meter shall be continued to bill at the respective tariff category for which the power supply is availed for the installation.

- The Commission, by considering the environmental and social benefits in processing of the Solid Waste has decided to continue to bill the power supply arranged to Solid Waste Processing Plant under respective LT/HT Industrial Category.

- The Commission with a view to rationalise the tariff structure the two sub-categories under LT4-C(i) and LT4-C(ii) have been merged and made into one category as LT4-C.

- The Commission, to promote the use of eco-friendly Electric Motor Vehicle in the State in line with the Policy of the GoI / GoK, has continued the sub-category of LT-6(c) under LT-6 Tariff Schedule extending concessional power supply to the Electric Vehicle Charging Stations **including the Electric Vehicle battery swapping Stations, without increasing the fixed / demand charges and energy charges.**
- Green tariff of additional 50 paise per unit over and above the normal tariff, which was introduced a few years ago for HT industries and HT commercial consumers at their option, to promote purchase of renewable energy from ESCOMs, is continued in this Order.

- The Commission has continued to provide a separate fund for facilitating better Consumer Relations / Consumer Education Programmes.
- As per directive issued to the ESCOMs, the Commission, would continue to impose penalty up to Rupees one lakh per sub-division on GESCOM, per failure, if the field officers do not conduct Consumer Interaction meetings, at least once in three months and such penalty would be payable by the concerned officers of the GESCOM.

ORDER

1. In exercise of the powers conferred on the Commission under Sections 62 and 64 and other provisions of the Electricity Act, 2003, the Commission hereby approves the revised ARR as per APR for FY20 and determines the revised ARR for FY22 and notifies the retail supply tariff of GESCOM for FY22 as stated in Chapter-6 of this Order.

2. The tariff determined in this order shall be applicable to the electricity consumed from the first meter reading date falling on or after 1st April, 2021.

3. In view of the prevailing lockdown situation due to Covid Pandemic, the arrears towards revision of Tariff for the energy consumed during the month of April and May, 2021, is ordered to be recovered during the month of October and November, 2021 respectively, without charging any interest.

4. This Order is signed dated and issued by the Karnataka Electricity Regulatory Commission at Bengaluru this day, the 9th of June, 2021.

(Shambhu Dayal Meena) **Chairman**	**(H.M.Manjunatha)** **Member**	**(M.D. Ravi)** **Member**

APPENDIX

REVIEW OF COMPLIANCE OF THE COMMISSION'S DIRECTIVES

The Commission, in its Tariff Order dated 4th November, 2020, while reveiweing the compliance of its directives issued in its earlier Tariff Orders, has reinterated the directives issued by the Commission. The Commission has been reviewing the compliance thereof, on a regular basis. In the present proceedings also, the Commission has reviewed the compliance to the Directives. The Commission besides reviewing the existing directives, decides to elaborate and clarify them for continued compliance.

The same are discussed below:

1. **Directive on conducting Consumers' Interaction Meetings (CIM) in the O&M Sub-Divisions for redressal of consumer complaints**

The Commission, in its previous Tariff Orders, had directed GESCOM to ensure that the Consumer Interaction Meetings (CIM) chaired by the jurisdictional Superintending Engineers or the Executive Engineets are conducted in each of its O&M Sub-Divisions, according to a pre-published schedule, at least once in every three months. Further, the consumers were required to be invited to such meetings by giving advance notice through emails, letters, publication of notices on its website and local newspapers etc, to facilitate participation of maximum number of consumers in such meetings. **The GESCOM was required to ensure that the proceedings of such meetings are recorded and uploaded on its website, for the information of consumers**. Compliance in this regard was to be reported once in three months to the Commission, indicating the dates of meetings, the number of consumers attending such meetings and the status of redressal of their complaints.

It was decided that, if GESCOM fails to ensure the conduct of the Consumer Interaction Meetings as directed, the Commission would consider imposing a penalty of up to Rs. One lakh per O&M Sub-Division per quarter for each instance of non-compliance as per Section 142 and 146 of the Electricity Act

2003, and also direct that such penalty shall be recovered from the concerned Superintending Engineer who fails to conduct such meetings.

Compliance by the GESCOM:

As per the directive issued by the Commission, in its Tariff Orders 2019 and 2020 and the earlier Tariff Orders, GESCOM is conducting Consumers Interaction Meeting in the O&M Sub-division chaired by jurisdictional SEE's / EEE's once in three months to redress the consumer grievance relating to supply of electricity. In FY20, the consumers are invited to such meetings duly intimating in advance (at least 3 days in advance) of the schedule date of CIM, to facilitate participation of maximum number of consumers. The consumers were invited through e-mail, hosting CIM notices on GESCOM's website and through SMS (by maintaining / updating consumer data base), local newspapers regarding information on the schedule of the Consumer Interaction meeting, date, time, venue etc.

In addition to the quarterly meetings chaired by the jurisdictional SEE or the jurisdictional EE, the concerned Assistant Executive Engineer have conducted CIM on third Saturday of every month, to redress the grievances of the consumers. Compliance in this regard, including the proceedings, photos and other details of CIM have been reported to Commission regularly on monthly basis and also hosted in GESCOM's website. In FY21, due to the prevailing COVID-19 pandemic, to ensure social distancing, GESCOM is avoiding the CIM from 1st quarter of FY21. However in the normal course grievances of the consumers are being resolved immediately as and when the complaints are received and consumers are being informed after attending to the complaints. The GESCOM has noted the views of Commissions in the Tariff Order 2020 on the directive of conducting CIM in its jurisdictions and all the concerned officers including SEEs / EEs / AEEs have been instructed to implement this directive. If any Officers i.e., SEE / EE doesn't follow the directions applicable penalty of Rs.1 Lakh per O&M Sub-division / quarter will be levied against the erring officers for such non-compliance for each violation.

GESCOM has furnished the abstract of the CIMs conducted in its jurisdiction during FY20.

As the effect of pandemic Covid-19 has come down, GESCOM has started conducting the consumer interaction meetings in its jurisdictions by maintaining social distance among the consumers and employees duly wearing mask compulsorily. The GESCOM has furnished the programs chalked out for conducting CIM at Sub-division level, sub-division-wise for the month of November 2020.

In its replies to preliminary observations, GESCOM has informed that the CIM is being conducted in all the O&M Sub-divisions. During the month of April & May 2019 due to election / code of conduct CIM is not conducted in some Sub-divisions however these sub-divisions haven covered in the month of June 2019. Instructions has been given to all Superintending Engineers El., / Executive Engineer El., O&M to conduct the CIM under the Chairmanship of Superintending Engineers El., / Executive Engineer El. During the month of November 2020 the CIM is conducted in all the O&M Sub-divisions, Chaired by either Superintending Engineers El., / Executive Engineer El.,

Commission's Views:

The GESCOM has submitted the details of consumer interaction meetings conducted in its jurisdiction during FY20, in its Tariff Filing and replies to preliminary observation.

The Commission had directed the ESCOMs to conduct the consumer interaction meetings in the Sub-Divisions chaired by either the jurisdictional Superintending Engineer or the jurisdictional Executive Engineer to effectively redress the consumer grievances. The Commission notes the submissions made by GESCOM that, such meetings are being conducted every Quarter in its entire area covering all the Sub-Divisions.

In the preliminary observations, the Commission had directed GESCOM to furnish the details, indicating the dates on which the CIMs were conducted, chaired by the jurisdictional Superintending Engineer (El) / Executive Engineer

(EI,) covering each of the quarter for FY20 and FY21. But, GESCOM has not furnished the proper details as desired by the Commission in its replies. From the data it is observed that the CIMs were not conducted during FY20 in few Sub-Divisions for the reason that the "code of conduct" was in force. GESCOM has informded that the CIMs which were not conducted during April and May 2019 due to election code of conduct are compensated by conducting the same during June 2019. **The Commission directs GESCOM to submit the relevant data as desired by the Commission for FY20 and FY21 before 30th June 2021 in the prescribed format.**

Though, GESCOM has claimed that the reports are being sent to the Commission, it shall ensure that the reports in the format prescribed by the Commission reach office of the Commission at the end of each quarter, to establish that it has conducted the CIMs.

GESCOM has informed that the CIMs are not conducted during the 1st and 2nd Quarter of FY21 due to Covid-19 pandemic.

Further, the Commission desires that, such meetings are strictly chaired by either the jurisdictional Superintending Engineer or the jurisdictional Executive Engineer and not by other officer of the lower rank. The Commission also decides that, if the consumer interaction meetings are conducted in the Sub-Divisions without participation of the Superintending Engineer or the Executive Engineer, it will be considered as non-compliance of the Commission's directives and the Commission would consider imposing a penalty of up to Rs.One lakh per O&M Sub-Division per quarter for each instance of non-compliance and also direct that such penalty shall be recovered from the concerned Superintending Engineer who fails to conduct such meetings.

The Commission, therefore reiterates its directive to the GESCOM to conduct Consumer Interaction Meetings (CIM) chaired by either the jurisdictional Superintending Engineer or jurisdictional Executive Engineer once in a quarter, in each of the O&M Sub-Divisions, to redress the consumer grievances relating to supply of electricity. Advance notices shall be sent to the stakeholders by email / website and through SMS (by maintaining / updating the consumer

database). Information on the schedule of the Consumer Interaction Meeting, date, time, venue etc., shall be published in the form of news item in the leading local / regional newspapers, at least 3 days prior to the conduct of the meeting, to ensure that more number of consumers take part in such meetings. The Proceeding of conduct of such meetings shall be uploaded in the website of the GESCOM for reference of the consumers and a report, in the prescribed format, shall be sent to the Commission after the end of each quarter.

Also, it was brought to the notice of the Commission that the concerned officers were not available in the office during scheduled working hours. The Commission hereby directs that visiting hours should be fixed by GESCOM and should be displayed on the website and direct all the officers to be present during the visiting hours.

In addition to the quarterly meetings chaired by the SEE or the EE, the concerned jurisdictional Assistant Executive Engineer shall conduct the CIM on third Saturday of every month so as to attend to the grievance of the consumers, as is being done in other ESCOMs. A Complinace report shall be sent on conduct of such meeting every quarter by the GESCOM Corporate Office.

2. Directive on preparation of energy bills on monthly basis by considering 15-minute's time block period in respect of EHT / HT consumers importing power through power exchange under Open Access

The Commission had noted that due to implementation of billing based on 15 - minutes' time block, there is a fair increase in the revenue to the GESCOM from the HT consumers, who are drawing energy through open access and directed the GESCOM to continue the efforts effectively.

The Commission had directed the GESCOM to ensure preparation of energy bills on monthly basis by considering the 15-minute's time block period in respect of EHT / HT consumers importing power through power exchange under Open Access. That, the GESCOM shall implement the directive forthwith and the compliance regarding the same shall be submitted quarterly to the Commission, regularly. The Commission also directed the GESCOM to quantify the billing and report.

Compliance of the GESCOM:

The GESCOM has submitted that it has noted the Commission's views in the Tariff Order 2019 and Tariff Order 2020 on the directive of Preparation of energy bills on monthly basis by considering 15-minute's time block period in respect of EHT / HT consumers importing power through power exchange under Open Access. GESCOM will adhere and follow the directive and is presently submitting the compliance in every quarter and also will submit the quarterly compliance to the Hon'ble Commission without fail. The introduction of 15 Minutes time block billing has resulted in significant quantum of energy savings and prevented revenue loss due to enforcement of 15 minute time block billing.

GESCOM has submitted the details of energy bills on monthly basis by considering 15 minute's time block period in respect of EHT / HT consumers importing power through power exchange under Open Access for FY20 and FY21 up to September 2020.

It is seen that by billing in 15 minutes' time block, to the consumers who have opted open access and consumed energy and inadvertently banked the energy, has resulted in collection of additional revenue to GESCOM. In year 2019-20 the revenue was about Rs.3.714 Crores and from April to September 2020 the revenue is about Rs.2.352 Crores.

Commission's Views:

The Commission notes that the GESCOM has complied with the directive by initiating preparation of energy bills on monthly basis considering the 15-minute's time block period in respect of EHT / HT consumers importing power through power exchange under Open Access. It is seen that the introduction of 15-minute's billing has resulted in significant quantum of energy saving of

5.159 MU during FY20 and 3.267 MU during FY21 till September 2020. The stand taken by the Commission in directing the GESCOM to prepare monthly EHT / HT consumer bills on15-minute's time block period has prevented a revenue loss of Rs.3.714 Crores during FY20 and Rs.2.352 Crores during FY21 till September 2020 by the consumers who took advantage of its laxity in enforcing correct billing. The GESCOM is required to adhere to the directive and submit regularly month-wise details of number of open access consumers, open access units scheduled / consumed and inadvertently banked energy, if any, along with the details of revenue gain.

The Commission reiterates its directive that the GESCOM shall continue to prepare the energy bills on monthly basis considering the 15-minute's time block period in respect of all EHT / HT consumers importing power through power exchanges under open access and submit quarterly compliance thereon, regularly to the Commission.

3. Directive on Energy Conservation:

The Commission had directed that, GESCOM has to service new installations only after ensuring that the equipment installed in the consumer's premises are BEE ***** (Bureau of Energy Efficiency five-star rating) rated viz., Air Conditioners, Fans, Refrigerators, etc., are energy efficient.

On similar lines, GESCOM was directed to service all new streetlight / high mast installations including extensions made to the existing streetlight circuits, only after ensuring that LED lamps / energy efficient lamps like induction lamps are provided to the street light points.

Also, the Commission had directed the GESCOM to take up programmes to educate all the domestic, commercial and industrial consumers, through the media and by distributing pamphlets giving details on the benefits of using five-star rated equipment certified by the Bureau of Energy Efficiency in order to reduce their monthly electricity bills and conserve precious energy.

Considering the practical difficulty expressed by the ESCOMs in the Tariff Filing of previous year, by partially modifying the directive, the Commission reiterated its directive with the directions to service all new streetlight / high maststreet light installations including extensions made to the existing streetlight circuits, only after ensuring that the LED lamps / energy efficient lamps like induction lamps are provided to the street light points and the compliance thereon shall be submitted to the Commission once in a quarter on a regular basis.

Compliance by the GESCOM:

The GESCOM has noted the Commissions views in the Tariff Order 2019 and Tariff order 2020 on the directive of Energy Conservation. GESCOM has taken action to service all the new installations only after ensuring that the BEE ***** (Bureau of Energy Efficiency five-star rating) rated Air conditioners, Fans, Refrigerators, etc., are installed in the consumer's premises. GESCOM Officers SEEs / EEs are strictly instructed to select the new installation serviced on random basis and inspect them to cross check the compliance/ adherence to this directive.

GESCOM has conducted awareness programme to all domestic, commercial & industrial consumers to create awareness and convey the benefits of using five star rated equipment certified by the Bureau of Energy Efficiency in reduction of their monthly electricity bills and conservations of precious energy, during consumer interaction meeting at Sub-division level and also through print media, playing Jingles in 93.5 Red FM and Air India Radio Kalaburagi Station, digital media.

Energy Conservation : FY21 (Up to September 2020):

Project description	Achievement of Annual energy savings		Investment incurred on the project (In crores)
	Electricity (MUs)	Total savings (In crores)	
Belaku/Ujala scheme :			
LED Bulbs Oct-19 to Sept-20 Bulb	0.43	3.046	Not Applicable
LED Tube Lights Oct-19 to Sept-20	0	0	Not Applicable
Fan Oct-9 to Sept-20	0.03	0.021	Not Applicable
Total	**0.46**	**3.067**	

In addition to the above activities, the following Consumer Awareness Programmers are held in GESCOM jurisdiction:

- Notifications in Newspapers and Deepawali Special Magazine on electrical safety and Energy conservation.
- Udaya Vani, Kannada Prabha, Udaya Kala, Karma Veera, Vijaya Karnataka, Prajavani, The New Indian Express.
- Electrical safety Jingles have been played during the month of October 2020 (Total 30 days) in RED FM (93.5) Kal Radio in Kalaburagi station.
- Jingles played from 09:00:00 to 21:00:00 on every day.
- Frequency per day is 10 times.
- During FY21 the programmers like conducting of Jathas, painting competition / exhibitions are not done due to Covid-19 pandemic to ensure social distancing among the consumers and the employees of GESCOM.

Commission's Views:

The Commission has observed that, GESCOM has not submitted the compliance reports regularly on implementation of the directive as directed by the Commission. Instead of complying with the observation, GESCOM has just reproduced the contents of the Tariff Filing in its preliminary observations. GESCOM has to comply with the directive once in a quarter by updating the status of implementation.

GESCOM has not furnished information on issue of any Circulars towards implementation of the directive.

Further, it is also observed that GESCOM has merely stated that it is ensuring on servicing the consumer installations with 5-star rated equipment without elaborating on this or submitting the detailed progress made. The Commission is of the view that, merely pursuing / ensuring the consumer to provide 5-star rated equipment without actually doing nothing in the field, is highly misleading and amounts to non-compliance of the directive by the GESCOM. The

GESCOM needs to verify factually as to whether there is any progress made in the field in servicing of the BEE 5-star rated equipment such as Air Conditioners, Fans, Refrigerators, etc., in the consumers' premises. Also, The GESCOM needs to review the implementation of the directive with the field officers periodically to know about the progress.

The Commission notes that the GESCOM has not submitted the compliance in respect of ensuring and providing LED lamps / energy efficient lamps while servicing of new streetlight / high mast installations including extensions made to the existing streetlight circuits. This shows that the GESCOM has not implemented the directive in its letter and spirit, to take forward the initiative of conservation of energy.

GESCOM ought to have issued instructions to all its officers to ensure use of BEE five-star rated Energy Efficient Appliances in their offices. GESCOM also has not mentioned any effective steps being taken in the field to ensure that all the new installations are serviced only with the BEE five-star rated Air Conditioners, Fans, Refrigerators, etc., in the consumers' premises. It is also noted that the GESCOM has implemented "Hosa Belaku" and "Pavan" programme under which it is distributing energy efficient lamps, fans, etc., to the consumers which appears to have had limited success. With this, the Commission finds that the progress in implementation of this directive is far from satisfactory. Therefore, the Commission directs GESCOM to focus effectively on implementation of this directive by periodically reviewing the progress of implementation in the field and take necessary corrective steps.

Further, the Commission directs GESCOM to conduct the awareness programs to the consumers / public, for use of LED bulbs, energy efficient electrical equipment etc., by making use of the fund reserved for customer relation / education program.

Considering the practical difficulty expressed in implementing this directive, by partially modifying the directive, the Commission reiterates that the directions to service all new streetlight / high mast installations including extensions made

to the existing streetlight circuits, only after ensuring that the LED lamps / energy efficient lamps like induction lamps are provided to the street lights and the compliance thereon shall be submitted to the Commission, once in a quarter on a regular basis. The jurisdictional Executive Engineers / Superintending Engineers shall inspect the new installations, select a few new installations serviced at random basis, to cross check the compliance to the directive by the field offices and take corrective actions wherever there are lapses in the implementation of this directive.

4. Directive on implementation of Standards of Performance (SoP):

The GESCOM was directed to strictly implement the Standards of Performance as specified by the Commission, while rendering services related to supply of power as per the KERC (Licensees' Standards of Performance) Regulations, 2004. Further, the GESCOM was directed to display prominently on the Notice Boards of its offices,, both in Kannada and English languages, the details of various critical services such as replacing the failed transformers, attending to fuse off call / line breakdown complaints, arranging power supply to the new installations, change of faulty meters, reconnection of power supply, etc., rendered by it, as per Schedule-I of the KERC (Licensees' Standards of Performance) Regulations, 2004 and Annexure-I of the KERC (Consumer Complaints Handling Procedure) Regulations, 2004., for the information of consumers, as per the format given in the previous Tariff Order.

Compliance by the GESCOM:

The GESCOM has noted the Commissions view and directionsas per the Tariff order 2019 and Tariff Order 2020, on the implementation of Standard of Performance (SOP). It has displayed the details of specified standards of performance on its Boards / Notice boards in all its O&M Sections and Sub-division offices for the information of the consumers and also hosted on the GESCOM Website.

It is submitted that GESCOM has conducted Awareness Programmes and campaign both at Taluka and Hobli level and educated the consumers about the benefits of Standards of Performance (SoP) in rendering various services to consumers in a time bound manner and if the services are not provided with in specified time limits, they can file compliance before CGRF committees in the Form-A. The erring Officers have to pay compensation to the Consumers.

As per the Commission's direction the "HAND BOOK" (Kaipidi) in both Kannada and English on the SOP has been published and arranged to distribute to all the staff and stakeholders. GESCOM has instructed the SEE / EE to recognize the best performing Sub-division / Section and incentivize the personnel in terms of adherence to SoP.

During inspection of Sub-divisions by the Senior Officers of GESCOM, it was found that services rendered as per SOP standards are complied with and the compliance are submitted every month to the Hon'ble Commission.

In its replies to the preliminary observations, GESCOM has informed that:

- GESCOM has implemented Standards of Performance (SoP) and is being practiced in all the offices of GESCOM, to deliver quality service to its customers.
- SOP Boards have been displayed at GESCOM's Section, Sub-division, Division, Circle, and Zonal Offices (Sample photos enclosed).
- GESCOM has conducted orientation programme for all the field officers and the staff up to linemen to educate them on the SoP and the consequences of non – adherence to the SoP and distributed Handbook on SoP to staff.
- GESCOM is conducting awareness campaign at the sub-division headquarters and Hobli levels on every 3rd Saturday, for educating the public about the Standards of Performance prescribed by the Commission, during conduct of Customer Interaction Meetings (CIMs) and discusses with consumers regarding Standards of Performance, Electricity Safety, Energy Conservation etc.,

Commission's Views:

In view of the surplus power situation, the Commission is of the view that, the **supply of quality and reliable power to consumers** becomes all the more important and the same should be of utmost priority to the ESCOMs. Hence the Standards of Performance (SoP) for Distribution Licensees specified by the Commission need to be implemented in all its letter and spirit.

The Commission, while taking note of compliance by GESCOM, reiterates that the GESCOM shall continue to adhere to the specified Standards of Performance in rendering various services to consumers, in a time bound manner.

It has come to the notice of the Commission that the consumers are generally not aware of the SoP prescribed by the Commission and as a result, the consumers are still facing difficulty in getting prompt services. As per the submissions made by GESCOM in its Tariff filing, despite the directives having been issued, the Commission has noted that, GESCOM has not furnished the details of the conduct of awareness campaigns in the Hobli levels for educating consumers about the Standards of Performance (SoP) and orientation programs for educating the officers and field staff up to the level of lineman in the area of its operation, to make them aware that they have to render the various services within a time bound manner failing which they have to pay compensation to the consumers. GESCOM has been only informing the Commission that it has conducted the awareness programme, but it has not furnished the details of date, venue, etc., for the conduct of such awareness programmes.

Hence, the Commission, while taking note of the GESCOM's compliance, reiterates that the GESCOM shall continue to adhere to the directives on the Standards of Performance specified by the Commission, for rendering various services to the consumers, in a time bound manner.

Further, the Commission directs the GESCOM to carry out effective supervision over the functioning of field offices particularly in rendering of services to the consumers, relating to restoration of supply of electricity. The Commission also directs GESCOM to submit the details of number of violations of SoP by officers, Sub-Division-wise, month-wise, amount of penalty levied on the officers and the amount paid to the consumers for any delay in service.

The Commission also directs the GESCOM to take action to continue to display the SoP in the prescribed formats in its official web site for information of the consumers.

SoP should be displayed in each of the Section Office and Sub-Division Office, in a conspicuous place, which can be viewed by all the visitors to the Office. At the end of SoP, it should be mentioned that, consumers can claim the compensation from the concerned officer by filing a complaint before the CGRF in the Form - A, available in the KERC (CGRF and Ombudsman) Regulations, 2004.

The Commission reiterates and directs GESCOM to continue the conduct of awareness campaign at the Taluk / Hobli levels for educating the public about the Standards of Performance prescribed by the Commission. GESCOM shall conduct necessary orientation programme for all the field officers and the staff up to linemen to educate them on the SoP and the consequences of non-adherence to the SoP.

Further, the Commission directs that, GESCOM shall update and keep circulating the "HAND BOOK" (Kaipidi in Kannada) in Kannada on the SoP and arrange to distribute to all the staff and stake holders.

GESCOM shall continue and bring in a system / mechanism to recognize best performing officers / offices in its jurisdiction to incentivize better performance. GESCOM shall consider and put in place a system / mechanism of recognizing the best performing Sub-Division / section in terms of adherence to SoP and publicize such recognition so as to incentivize better performance from the officers / personnel concerned.

Further, All the ESCOMs are hereby informed that the Government of India, Ministry of Power has issued Implementation of Electricity (Rights of Consumers) Rules, 2020 for implementation with immediate effect. All the Distribution Companies in the State are required to take necessary action to implement these Rules without any let up. In the light of this, GESCOM is hereby directed to conduct awareness programme to its officers and staff on these Rules and ensure that these Rules are implemented in all its letter and spirit. The Commission would regularly monitor the implementation of these Rules by the ESCOMs. GESCOM is also directed to propose amendments, if any, to the existing Regulations in order to enable complete implementation of these Rules.

The Commission reiterates that, the GESCOM shall continue to strictly implement the specified SoP while rendering services relating to supply of electricity as per the KERC (Licensees' Standards of Performance) Regulations, 2004. The compliance in this regard shall be submitted once in a quarter to the Commission regularly.

5. Directive on use of safety gear by linemen:

With a view to reducing the electrical accidents to the linemen / staff working in the field, the Commission had directed the GESCOM to ensure that all the linemen in its jurisdiction are provided with proper and adequate safety gear and also ensure that the linemen use such safety gears while working on the network. The GESCOM was directed to sensitise the linemen about the need for adoption of safety aspects in their work through suitably designed training and awareness programmes. The GESCOM was also directed to device suitable reporting system on the use of safety gear and mandate supervisory / higher officers to regularly cross check the compliance by the linemen and take disciplinary action on the concerned if violations are noticed. The GESCOM was required to implement this directive within one month from the date of the order and submit compliance report to the Commission.

Compliance by the GESCOM:

It is submitted that GESCOM has taken steps to prevent electrical accident while carrying out the work on the distribution network by the field staff by providing safety gear and imparted appropriate training also. Work shops on Electrical safety are being conducted in every division of GESCOM's jurisdiction, related to adherence to safety aspects / procedure so that they carry out the works observing all the safety measures / effectively. The necessary circulars have been issued in this regard and also the inventory of all safety gears / equipment's are maintained at various levels for having issued the materials to its maintenance staff.

During the Covid-19 pandemic, by ensuring social distancing Linemen safety awareness programmes were conducted in Division / Sub-Division / Section level. However, the employees are strictly instructed to carry out the work by using safety gear issued to them. GESCOM has assigned additional work to the Vigilance wing to carry out the surprise inspection in the field to ensure that the linemen are working by using the safety gears. If any linemen is found to be working without using the safety gear, the Vigilance wings are empowered to levy the penalties at first instance and in case of repetitive violation is observed, the names of such employees are being recommended for initiation of disciplinary action against them. Also, the awareness among the consumers is being created by conducting activities like distributing the pamphlets, through print, playing Jingles in 93.5 Red FM and Air India Radio Kalaburagi Station, digital media and in the monthly Electricity bills. The management is trying its best to protect safety of every linemen, to reduce the accidents in the field / distribution network. GESCOM is implementing the directive issued by commission.

GESCOM has purchased 112 Nos of Safety Helmets during FY20, and 3,000 Nos Tool Kit Bag during FY21 in addition to the safety gear already provided to the maintenance staff and all these equipment have been distributed among the linemans and also purchasing safety gear / equipment regularly, as and when required. Apart from procuring the safety equipment from GESCOM Corporate

Office, it is also releasing the purchase grants to O&M Divisions and have issued directions to procure the specified safety materials.

Purchase grant of Rs.5 Lakhs to each O&M Division has been released for purchasing Earthing Rods, Torch, Battery Cells and Line Tester, vide dated 04.06.2019. Subsequently O&M Divisions have procured the safety materials and distributed to maintenance staff.

In its replies to the preliminary observations, GESCOM has informed that, it has provided the Safety Gear / equipment's to all the 3,831 Nos of linemen working. GESCOM will take action to procure the safety gear equipment's / additional tools as and when required and provide to its maintenance staff.

GESCOM has instructed to all its Senior Officers CEEs / SEEs / EEEs / SP Vigilance / AEEs / Vigilance PIs to carryout surprise inspections in the field to ensure compliance as to whether the linemen are using safety gear while on field work. During the inspection the GESCOM Officers have collected the penalty of Rs.33,000 from about 295 instances from the linemen found working without using the safety gear.

Commission's Views:

It has been brought to the notice of the Commission by the consumers and also report of the CEIG on accidents that, the safety gears / equipment are not being used by all the linemen at work, in the field and hence the number of electrical accidents are increasing every year. The Commission considers that not providing appropriate safety gear / equipment to the staff at work place amounts to a serious violation of human rights.

Adequate quantities of all safety gears / equipment shall be procured periodically and sufficient inventory of these materials shall also be maintained. GESCOM should take action to empanel suppliers of safety gear / equipment, so that the procurement process is done quickly.

The Commission further notes that electrical accidents are occurring in the distribution system mainly due to non-adherence to safety procedures by the field staff, while working on the distribution network. Therefore, it is very important that the GESCOM should focus on safety aspects in its operations with a view to reduce or minimize the electrical accidents. Also, imparting training to all the field staff on safety aspects periodically should become part of the routine.

The Commission notes with displeasure that the GESCOM has not furnished any details on strategy chalked out by GESCOM, in respect of reducing the electrical accidents. It is noted that no details of any exclusive training being organized on safety aspects to the linemen, are submitted to the Commission. The linemen and other field staff should be given appropriate training periodically on adherence to safety aspects / procedure, and such training modules should include case studies so that the training is current and relevant, so that they carry out their work safely / effectively. The case studies should be based on the actual accidents that have taken place in GESCOM/ Other ESCOMs giving specific instances of non-adherence of safety procedures, resulting in the accidents.

The Commission, while taking note of the compliance by GESCOM on the directive, stresses that the GESCOM should continue to give attention to safety aspects in order to reduce and prevent electrical accidents occurring due to negligence / non-adherence of safety procedures by the field staff while carrying out the work on the distribution network.

The Commission reiterates its directive that the GESCOM shall ensure that, all the linemen and other field staff are provided with adequate and appropriate safety gear. The linemen and other field staff should use the same while carrying out the work in the field. The compliance in this regard shall be submitted once in a quarter to the Commission regularly. Protocols should be drawn on procedures to be adopted / roles and responsibilities fixed in respect of all those involved in working on (live) lines / installations for repairs etc., based on the case studies.

6. Directive on providing Timer Switches to Streetlights by the GESCOM:

The Commission has directed GESCOM to install timer switches using own funds to all the streetlight installations in its jurisdiction wherever the local bodies have not provided the same and later recover the cost from them. The Commission had also directed that GESCOM shall take up periodical inspection of timer switches installed and ensure that they are in working conditions. It was directed that they shall undertake necessary repairs / replacement work, if required and later recover the cost from local bodies. The compliance regarding the progress of installation of timer switches to street light installations was required to be submitted to the Commission, within three months of the issue of the Order.

Compliance by the GESCOM:

The GESCOM has noted the Commissions directives in the Tariff order 2019 and Tariff Order 2020 and noted the partially modified directive, i.e., directing GESCOM to ensure that, while servicing all the new streetlight installations or any extension / modification to be carried out to the existing streetlight installations, shall be serviced only with timer switches. The compliance in this regard shall be submitted once in a quarter, regularly, to the Commission. GESCOM reiterates and will adhere to the directions of the Commission and will submit the compliance on every quarter. GESCOM in its tariff filing has furnished the details of the number of street light installations existing in the GESCOM, serviced during the period April 2020 to September 2020, timer switches provided to the SL installations serviced during the period etc., for the period.

In its replies to preliminary observations, GESCOM has furnished the details of number of street light installations existing in the GESCOM, serviced during FY20, timer switches provided to the SL installations serviced during FY20.

Commission's Views:

The Commission notes that, as per the details furnished, the timer switches are provided to only 178 Street Light (SL) installations out of the 451 new SL installations serviced during FY20. Whereas all the 51 SL installations are provided with the timer switches that are serviced during the first two quarters of FY21.

During the public hearing, the consumers have raised concern that at several places, the street lights are unmetered and many a times, the street lights remain glowing even during the day times.

The Commission notes that the progress of providing timer switches to street lights during FY20 as compared to the previous year is very poor. From the above, it can be seen that, GESCOM has serviced the SL installations without the timer switches in FY20, in spite of Commission's directives. The Commission has taken noteof the fact that, all the SL installations serviced during the first two quarters of FY21 are provided with timer switches. GESCOM has to give adequate focus to this issue and has to coordinate with the concerned local authorities in installation of timer switches while servicing the new street light installations.

Thus, the inaction and failure of the GESCOM during FY20 has actually resulted in increase in the number street light installation requiring timer switches. Failure to remedy this situation would not only result in wastage of electricity, but also shorten the life of the installations and resultant avoidable expenditure on their replacement. GESCOM should seriously pursue this matter with the concerned local authorities, strictly ensure fixing of timer switches while servicing the new installations and also repairs of faulty timer switches. This is a continuous process, and if timely action is not initiated, it results in wastage of electricity and the the very purpose of energy conservation is defeated.

The Commission has observed that the required focus to this issue has not been given and GESCOM has not coordinated with the concerned local authorities in installation of timer switches while servicing the new street light installations. GESCOM is not insisting on the Municipal Authorities to provide timer switches, at least while servicing the new SL installations.

It is the bounden duty of the Distribution Licensees to service the new installations by following the directions of the Commission. Though the Commission notes that, providing the timer switches to the street light installations fall under the purview of the BBMP / Municipal Administration, at the same time it is the duty of the Distribution Licensee to adhere to the directives of the Commission while servicing the new or the extended circuit of the street light installations by getting the timers switches installed.

Further, the Commission has observed that the GESCOM has not at all initiated any action to install timer switches at its cost and recover the cost from the concerned local bodies later, as directed by the Commission. Also, GESCOM has not furnished any detail on the attempts made to take up the directive on Corporate Social Responsibility and availing the services of EESL etc.,

Therefore, the Commission reiterates its directive that, all the new streetlight installations and any extension / modification to be carried out to the existing streetlight installations shall be serviced by GESCOM only with timer switches. The compliance in this regard shall be submitted once in a quarter, regularly, to the Commission.

7. Directive on Load Shedding:

In respect of Load Shedding, the Commission had directed that:

i) Load shedding required for planned maintenance of transmission / distribution networks should be notified in daily newspapers at least 24 hours in advance for the information of consumers.

ii) The ESCOMs shall, on a daily basis, estimate the hourly requirement of power for each sub-station in their jurisdiction based on the seasonal conditions and other factors affecting demand.

iii) Any likelihood of shortfall in the availability during the course of the day should be anticipated and the quantum of load shedding should be estimated in advance. Specific sub-stations and feeders should be identified for load shedding for the minimum required period with due intimation to the concerned Sub-Divisions and sub-stations.

iv) The likelihood of interruption in power supply with time and duration of such interruptions may be intimated to consumers through SMS and other means.

v) Where load shedding has to be resorted due to unforeseen reduction in the availability of power, or for other reasons, important consumers may be informed of the likely time of restoration of supply through SMS and other means.

vi) Load shedding should be carried out in different sub-stations / feeders by rotations, to avoid frequent load shedding affecting the same sub-stations / feeders.

vii) The ESCOMs should review the availability of power with respect to the projected demand for every month in the last week of the previous month and forecast any unavoidable load shedding after consulting other ESCOMs in the State about the possibility of inter-ESCOM load adjustment during the month.

viii) The ESCOMs shall submit to the Commission their projections of availability and demand for power and any unavoidable load shedding for every succeeding month in the last week of the preceding month for approval.

ix) The ESCOMs shall also propose specific measures for minimizing load shedding by spot purchase of power in the power exchanges or bridging the gap by other means.

x) The ESCOMs shall submit to the Commission sub-station-wise and feeder-wise data on interruptions in power supply every month before the 5th day of the succeeding month.

The Commission had directed that the ESCOMs shall make every effort to minimize inconvenience to consumers by strictly complying with the above directions. The Commission had indicated that it would review the compliance of directions on a monthly basis for appropriate orders.

Compliance by the GESCOM:

The GESCOM has noted the Commissions directive in the Tariff order 2019 and Tariff Order 2020.

- O&M Divisions are issuing the notification regarding load shedding / power supply foreseen interruption to carry out the scheduled maintenance / new work in Daily News paper.
- As per requirement of 220 kV Stations, GESCOM has been submitting the block- wise day ahead requirement of power and energy on seasonal condition to the SLDC Bangalore through e-mail. In turn, everyday SLDC will issue availability of power & energy one day in advance to GESCOM. Accordingly, re-scheduling of power & energy is being done at 220 kV Receiving Stations.
- Whenever there is loss of generation, the SLDC will intimate GESCOM for restricting the load. Accordingly, GESCOM will restrict the load based on the real time schedule given by the SLDC. The load will be restricted (Un scheduled) based on the 220 kV Receiving Station-wise percentage of allocation chart and by communicating to all the substations and the concerned nodal officers for proper monitoring of power supply timings in batches with intimation to the concerned Sub-Division officers.
- Whenever advance intimation is received by the SLDC regarding generation loss, information is being given to the high revenue yielding consumers such as HT & EHT installations.
- For other foreseen & unforeseen reasons, the interruption taken up by Divisions on daily basis are intimated to consumers through URJA MITRA App.
- As GESCOM is having surplus power there has been no scheduled load shedding.
- As per the chart, the load shedding is being carried out in all the Sub-station / Feeders by maintaining load shedding chart in batches with category-wise feeders by strict monitoring by the concerned nodal officers to avoid frequent load shedding of the same Sub-stations / Feeders depending on rotation basis (At present in GESCOM area there is no load shedding).
- GESCOM is reviewing the availability of power with respect to the projected demand for every month in the last week of the previous month and forecast any unavoidable load shedding.

- The GESCOM is taking all possible measures, based on the real time schedule allocation by SLDC to minimize the inconvenience to the consumers and to improve the quality & reliability of power supply.
- Urja Mitra mobile app has been introduced in GESCOM and about 22.58 Lakhs consumers have been benefited by this app in knowing the scheduled outages and other issue related to power supply. Central Govt has ranked GESCOM 3rd among all DISCOMs at the national level in usage of Urja Mitra portal in October 2019.
- GESCOM has taken remedies to minimize power supply interruptions and presently the Reliability Index is 98.65% during the month of August 2020.
- GESCOM is the only ESCOM having 31 Nos of transformer repair centre. GESCOM has adhered as per SOP and SAKALA to replace the failed DTC within 24 hours in cities and 72 hours in rural areas.

In its replies to the preliminary observations, GESCOM has infomed that, it is taking action to update the entire consumer data into the application used for public information system (Urja Mitra App) on power system interruption at present 22,68,045 Nos of consumer data is updated and the balance data of consumers will be updated at the end of Financial Year FY21.

Commission's Views:

The Commission takes note of the submission of the GESCOM that it has taken action to provide information to the consumers through SMS about the time and duration of interruptions in power supply due to various reasons.

The Commission also notes that, GESCOM is making use of the URJA Mitra App for emanating messages to provide the information of scheduled and unscheduled power outages, emergency outages, restoration time, power outage extension time, etc., for the reasons such as system constraints, breakdowns of lines / equipment maintenance etc., to the consumers through SMS. GESCOM has to take further steps and speed up to update the database to cover the entire consumer strength of the Company, to make the App effective.

GESCOM shall extensively use the URJA Mitra mobile application, which can be used as a link between GESCOM field staff and consumers for facilitation of dissemination of information on outage to all consumers through SMS. The application can also be integrated with any other system. This would significantly address the "consumers' dissatisfaction" on this issue and prevent inconvenience / disruption caused to the consumers especially the industrial consumers. GESCOM may also save money required for development of similar software.

Further, the Commission notes with concern that, the number as well as the duration of interruptions are increasing, causing inconvenience to the consumers. The Commission notes that, though the power availability has improved resulting in surplus power situation, the distribution network reliability has not similarly improved, causing frequent disruptions in power supply, which causes hardship to the consumers and also revenue loss to the GESCOM. The Commission directs GESCOM to take remedial measures to minimize power supply interruptions and ensure 24 x 7 power supply. GESCOM shall submit the action plan in this regard to the Commission within 3-months of this Order.

Further, the Commission considers that one of the main reason for power disruption is the failure of the Distribution Transformers. As per the SoP the (Indicative Maximum time limit for rendering service), notified by the Commission, the GESCOM is required to restore power supply affected due to DTC failure within 24 Hours in City and Town areas and within 72 Hours in Rural areas. However, during the public hearing the consumers have complained that the GESCOM is not adhering to the SoP fixed by the Commission and that the field officers are not attending to minor faults and are taking longer time for restoring power supply. The Commission notes the reply furnished by the GESCOM that it is adhering to the SoP in respect of replacement of DTCs. GESCOM has not furnished the detailed information in support of its claims. It is further noted that, lack of regular maintenance and poor quality of repairs also have contributed to the increase in number of failures of Distribution Transformers.

Though, the Commission directed GESCOM to conduct orientation programmes / workshops to the field staff to equip and motivate them to attend to the minor faults at site itself wherever possible and restore power supply as quickly as possible, GESCOM has not mentioned anything on the conduct of orientation program / workshops to the field staff to equip and motivate them to attend to the minor faults at site itself wherever possible and restore power supply as early as possible. Hence, the Commission directs the GESCOM to conduct orientation programmes to the field staff towards motivating them to attend to the minor faults in the field itself and restore the power supply as early as possible. GESCOM is also directed to take up strict supervision over repairs to the transformers and ensure good quality repairs and fix personal responsibility on the erring staff / officer.

Further, the Commission directs, the GESCOM to submit projections of availability and demand for power and any unavoidable load shedding for every succeeding month in the last week of the preceding month to the Commission regularly, without fail.

The Commission reiterates that the GESCOM shall comply with the directive on load shedding and submit monthly compliance reports thereon to the Commission regularly.

8. Directive on Establishing a 24 x 7 Fully Equipped Centralized Consumer Service Centre for Redressal of Consumer Complaints:

The GESCOM was directed to put in place a 24 x 7 fully equipped Centralized Consumer Service Centre at its Headquarters with a state of the art facility / system for receiving consumer complaints and monitoring their redressal so that electricity consumers in its area of supply are able to seek and obtain timely and efficient services in the matter of their grievances. Such a Service Centre shall have adequate desk operators in each shift so that the consumers across the jurisdiction of the GESCOM are able to lodge their complaints to this Centre.

It was directed that every complaint, received through various modes in the centre shall be registered by the desk operator and the complaint register number shall be intimated to the Consumer through SMS. In turn, the complaints shall be transferred online to the concerned field staff for resolving the issue. The concerned O&M / local service station staff shall visit the complainant's premises at the earliest to attend to the complaints and then inform the Centralized Service Centre that the complaint is attended. Then, the desk operator shall call the complainant and confirm with him as to whether the complaint has been resolved. The complaints shall be closed only after confirmation by the consumer. Such a system should also generate daily reports indicating the number / nature of complaints received, complaints attended, complaints pending and reasons for not attending to the complaints along with the names of the officers responsible with remarks be placed before the Management on the following day for attention to review and take corrective action in case of any pendency / delay in attending to the complaints.

The GESCOM shall publish the details of complaint handling procedure / Mechanism with contact numbers in the local media or in any other form periodically for the information of the consumers.

The Commission had directed the GESCOM to establish / strengthen 24 x 7 service stations, equipping them with separate vehicles & adequate line crew, safety kits and maintenance materials at all its Sub-Divisions including the rural areas for effective redressal of consumer complaints.

Compliance by the GESCOM:

In GESCOM 24 x 7 Customer Care Centre has been Established on 18.01.2012 with Toll Free number 18004258585 in the Corporate Office premises for registering of complaints by consumers on fuse off calls, billing problem, transformers failure and power supply failure etc., with all necessary infrastructure.

Short Code '1912' has been made Toll-Free successfully w.e.f. 01.09.2016.

As of now, the GESCOM's no. of consumers has reached more than 33 Lakhs, the average Phone calls / Complaints received by Centralized Customer Care

Center (CCC) are 1.5 Lakhs per month (3,000 per day).
Total 20 Nos of desks are available at 24 x 7 Customer Care Center and at present only 15 Nos of desks are working.

These desks are functioning round the clock and at a time 15 Nos of complaints can be received. There are 51 desk operators for three shifts, each shift 15 Nos operators for 15 desk are working to attend each and every calls. Junior Engineer, Assistant Engineer and Assistant Executive Engineers are placed to supervise the overall activities. The Employees working in CCC are imparted suitable training on handling public relation issues. However the agency has been requested to impart the training to its employees every quarter in the batches. The awareness among consumers has been created about the availability of CCC through wide publicity informing the consumers about the complaint handling procedure / contact numbers of the centralized customer care center, through local media, by hosting the same on GESCOM website. This is to ensure that all the complaints are registered only through CCC for proper monitoring and disposal of complaints. Once the complaints are addressed successfully the consumer is also intimated about the same through SMS. GESCOM has instructed the concerned Officers of CCC to recognize the best performing Customer Care Executive weekly / fortnightly / Monthly and incentivize better performer among them. GESCOM will adhere and strictly implement the directions of Commission on the directive and will furnish the compliance every quarter.

GESCOM has furnished the details of complaints registered at the CCC and addressed during the FY20 and FY21 till September 2020.

In its replies to the preliminary observation, GESCOM has furnished the average time taken to attend fuse of calls and the average time taken to attend the HT / LT line / DTC failure complaints during FY20 and FY21, till September 2020.

Commission's Views:

The Commission notes that the GESCOM has established necessary infrastructure for effective redressal of consumer complaints. While taking note of the efforts made by GESCOM, it is observed that, the number of complaints are increasing year on year.

It had come to the notice of the Commission that, complaints have increased on the behavioural attitude of the executives working in the CCC who are deployed through Outsourcing Agency. The Commission is not happy with the reply furnished by GESCOM in respect of imparting training to the executives working in CCC. However, GESCOM shall instruct the agency to impart suitable training and continue to impart such trainings to the executives, on public relations and behavioural aspects, human relations etc., The Commission directs GESCOM to deploy Senior Level Officers to supervise and review all the activities of the CCC, and shall take disciplinary action against erring officials.

GESCOM shall bring in a system of recognizing the best performing customer care executive every week / fortnight / month and publicize such recognition so as to incentivize better performance from them.

The Commission directs GESCOM that it should continue its efforts to further improve the delivery of consumer services, especially to r reduce the time required for resolving consumer complaints regarding breakdowns of lines / equipment, failure of transformers etc., resulting in interruptions in power supply. These complaints should be given prompt and effective response. The Commission also directs GESCOM to analyse the nature of complaints registered and take action to minimize the number of complaints.

It is also imperative that necessary steps are taken to continuously sensitize the field-staff about efficient handling of consumer complaints apart from improving their general efficiency.

The Commission reiterates its directive to the GESCOM to periodically publish the complaint handling procedures / contact number of the Centralized Consumer Service Centre in the local media, continue to host it on its website and also publish it through other modes, for the information of public and ensure that all the complaints of consumers are registered only through the Centralized Consumer Service Centre for proper monitoring and disposal of complaints registered. The compliance in this regard shall be furnished once in a quarter regularly, to the Commission.

9. Directive on Energy Audit:

The Commission had directed the GESCOM to prepare a metering plan for energy audit to measure the energy received in each of the Interface Points and to account the energy sales. The Commission had also directed the GESCOM to conduct energy audit and chalk out an action plan to reduce distribution losses below 15 percent in the towns / cities having a population of over 50,000, where it is above this level.

The Commission had directed all the ESCOMs to complete installation of meters at the DTCs. In this regard the ESCOMs were required to furnish to the Commission the following information on a monthly basis:

a) Number of DTCs existing in the Company.

b) Number of DTCs already metered.

c) Number of DTCs yet to be metered.

d) Time bound monthly programme for completion of the work.

Compliance by the GESCOM:

GESCOM has submitted that, Energy Audit Cell has been formed at the Corporate Office to monitor the losses at various voltage levels. Energy audit is conducted for the 11 kV feeders and DTCs, which are metered. The energy audit of major Cities / Towns is also monitored. Remedial measures are being taken for reducing energy losses in the high loss making distribution areas. The

O&M field officers are directed to monitor and study the reasons for increase in loss and have been instructed to take action to bring down the loss levels. Divisional level Officers are conducting the meetings regularly to review the Energy Audit. The Consolidated information is being collected from O&M Divisional Office by the Energy Audit Cell, Corporate Office GESCOM. Efforts are being made in completing the tagging of consumer installation which are newly serviced and temporary installation at feeder level and DTC levels. This has been monitored by IT cell and Energy audit cell, Corporate office. The information obtained form this cell is analyzed and remedial action is taken up for improving billing and collection efficiency. Most of the installations are metered under DDUGJY schemes. District-wise / Division-wise Tender has been awarded for replacement of Electromechanical / DC / MNR meters by static meters. About 4,34,851 nos are awarded, 3,61,123 Nos are replaced and balance 73,728 Nos are yet to be replaced and the same will be completed by the end of December 2020 as REC limited has given the time extension to complete the project by 31.12.2020. About 22,58,319 installation consumer database are updated with mobile Nos. The Energy Audit information for FY20 and FY21 upto September 2020 has been submitted.

GESCOM has furnished the information on the energy audit of towns and cities in its jurisdiction for FY20 and FY21 till September 2020.

Reduction of losses is the most important tool in the Business of Distribution of Power Supply. However, identifying the exact area of energy leakage is possible only if the distribution losses are monitored regularly i.e., at the the Feeder Level and Distribution Transformer Level. This will enable us to monitor the distribution losses to the smallest possible infrastructure level and take remedial action for plugging leakage and reducing distribution losses.
NJY Feeders having huge T&D losses are being inspected by the O&M Staff and Vigilance Staff every month.

The O&M staff is keeping vigilance continuously, on all NJY feeders for hooking by any of the IP set consumers. This has resulted in reduction in T&D loss is below 15%.

Apart from this, under DDUGJY scheme as on 31.10.2020, reconductoring of 2,066.06 kms of 11 kV line, 541.86 kms of LT line has been carried out. 3,385 Nos of new DTC provided and replacement of 3,61,123 No. of electro-mechanical meters by static meters is being carried out. 1,318.64 kms LT AB cable provided. Also bifurcation of 269 No. of feeders with mixed load to Exclusive IP feeder and NJY has been carried out. Under IPDS scheme as on 31.10.2020, conductoring of 511.54 kms of 11 kV line, 861.35 kms of LT conductoring, 852.78 kms AB cable has been provided. All these system strengthening works also contribute to reduction of T&D losses significantly.

Efforts of continuous monitoring of the Energy sales and distribution losses on the 11 kV Feeders have resulted in reduction of distribution losses for FY21 (up to September 2020) where the losses have reduced to 10.80% as compared to 11.22% in FY20. A better management of the power purchase and minimizing of losses will save several Crores of Rupees.

GESCOM has noted the direction of the Commission in the Tariff 2020 regarding conducting workshops at the division office level, for educating the officers of all cadres on the importance of conducting the feeder-wise, DTC-wise energy audit, etc., and also for guidance and strictly addressing the following issues.

1. Motivating the satff to take action to reduce the losses in their areas
2. To Address issues relating to consumer tagging
3. To recognise the importance of metering of installations and maintaining the meters in good condition
4. Strictly servicing all the new installations by providing appropriate energy meters, maintaining energy meters provided to the DTC's, Metering of Street light installations, Replacement of electro-mechanical meters etc.,

As per the direction of Commission, an action plan on conducting such work-shops will be submitted with in 60 days from the date of the Tariff Order.

In its replies to the preliminary observations, GESCOM has furnished the summary of the energy audit of 11 kV feeders for the month of September 2020.

Action plan to reduce the distribution losses in high loss feedrs is as follows:

- Increased vigilance activity in high loss feeders to check for un-authorize hooking and tapping. Thereby controlling theft and pilferage.
- During monthly review meeting of all the O&M divisions at Corporate office, booking of theft cases by O&M staff is being reviewed and each Section Officer is assigned with a target of 5 cases per month.
- Wherever the losses are found beyond permissible limit the concerned officer is served with show Cause Notice.
- Ensuring 100% Billing and collection.
- Replacement of DC / MNR / Electro mechanical meters by Electrostatic meters.
- Shifting of meters from inside the consumer premises to outside and easily accessible place for reading.
- Reconductoring of HT and LT line.
- Carrying out timely preventive maintenance of lines and DTCs.

GESCOM has furnished the comparative statement of losses recorded in the towns and cities for FY20 as against FY19.

Presently there are 50,568 Nos of DTCs (Other than IP) which require metering. Out of these 27,471 DTCs are already metered. Percentage of metering is 54.34. Out of these 27,471 metered DTCS energy audit is being conducted for 14,239 DTCs amounting to 51.83%. For conducting energy audit of balance no of metered DTCs GESCOM has instructed all the O&M Divisions to analyse the reason also check the communication status of all the meters, take corrective measures if meters are not communicating and submit compliance report.

Commission's Views:

The Commission had directed GESCOM to submit the monthly energy audit reports of cities / towns with detailed analysis regularly, to the Commission. It is noted with displeasure that GESCOM has not submitted the monthly energy audit reports with detailed analysis regularly to the Commission. Though, GESCOM has informed that it is submitting the reports, it is directed to ensure that the compliances reach the Commission's office in future.

From the data of energy audit of major Towns and Cities it is observed that, the losses in few towns are still high. GESCOM has not furnished the analysis made in respect of towns and cities where the loss levels are high and the action plan initiated for reducing the losses in such Towns and Cities. The GESCOM needs to conduct energy audit of identified cities / towns and on the basis of energy audit results, **initiate necessary action to reduce the distribution losses and improve collection efficiency so as to achieve the targeted AT & C loss of less than 15 per cent in all the cities and towns.**

The GESCOM is directed to focus on the towns and cities having a distribution loss of more than 12% and take corrective measures to bring down the losses to less than 12%. It is also directed to conduct such energy audit and submit compliance thereon every quarter, regularly to the Commission.

In the previous year's Tariff Filing, GESCOM has informed the balance number of DTCs to be metered as 21,860 with 1,05,296 number of existing DTCs and informed that the balance will be metered by 31.03.2020. As per the data furnished in the present Tariff Filing, GESCOM has informed that the balance number of DTCs to be metered is 23,097 (50,568 – 27,471) excluding the IP DTCs. This shows that, the GESCOM has not completed the metering of the balance DTCs even after a lapse of one year and simply making commitments without acting.

Despite completion of metering of 27,471 number of DTCs and most of which is having AMI – Automatic (Advanced) Meter Reading Infrastructure (thetotal DTCs metered, as informed by GESCOM in its tariff filing is 87,329), the GESCOM has failed to conduct the energy audit of all the metered DTCs and not furnished the analysis of the metered DTCs for which the audit is conducted. GESCOM is expressing the problems with communication, tagging of consumer installations with the respective feeders / DTCs and other issues.

Similarly, GESCOM has not furnished the information on the month-wise energy audit of all the 11 kV lines operating in its jurisdiction regularly to the Commission and just furnished the summary of the 2,061 feeders for the month of September 2020.

GESCOM has not furnished any information on the analysis made and the action taken on the results of month-wise energy audit of all the 11 kV lines operating in its jurisdiction. It is evident that the GESCOM is not serious about conducting and analysing energy audit of 11 kV lines and DTC level energy audit and run its business on commercial principles.

It appears that GESCOM is not in a position to complete energy audit as its core function, despite spending huge money on RAPDRP project, the TRM and many other software. During public hearing, the stakeholders have also questioned, the rationale of incurring huge expenditure on DTC metering without any benefit to the system or consumers. The action taken by the GESCOM in the matter, so far, is not satisfactory.

The GESCOM is directed to take up energy audit of all the 11 kV feeders, DTCs, which are said to be metered and the energy audit of major Cities / Towns and take remedial measures for reducing energy losses in the high loss-making distribution areas. **The compliance in respect of energy audit conducted along with the details of analysis and the remedial action initiated to reduce loss levels, shall be regularly submitted to the Commission on a quarterly basis.**

The Commission directs GESCOM to conduct workshops at the Division Office level, for educating the officers of all cadres on the importance of conducting the feeder-wise, DTC-wise energy audit, etc., and motivating them to take action to reduce the losses in their areas, address issues relating to consumer tagging, recognise the importance of metering of installations and maintaining the meters in good condition, strictly servicing all the new installations by providing appropriate energy meters, maintaining energy meters provided to the DTC's, Metering of Street light installations, Replacement of electro-mechanical meters etc.,

An action plan on conducting such workshops shall be submitted by GESCOM within 60 days from the date of this order. The feeder-wise and DTC-wise energy audits shall be reviewed in the review meetings at the Circle level every month. Copy of the proceedings of such meetings shall be sent to the Commission for information and further review.

GESCOM has not furnished any report or analysis for conducting energy audit in respect of Towns except mentioning that it has furnished reports on audit of towns and cities. It has also not furnished any specific plan to identify and bring down losses in high loss making cities and towns. Therfore the Commission hereby directs GESCOM to submit specific action plan to conduct energy audit of cities and towns and also submit a consolidated energy audit report for the FY21 before 30th June, 2021, as per the formats prescribed by the Commission.

10. Directive on Niranthara Jyothi – Feeder Separation:

The GESCOM was directed to furnish to the Commission, the programme of implementing 11 KV taluk-wise feeders' segregation with the following details:

a) Number of 11 KV feeders considered for segregation.

b) Month-wise time schedule for completion of envisaged work.

c) Improvement achieved in supply after segregation of feeders.

Compliance by the GESCOM:

The GESCOM has noted the Commissions directive in the Tariff Order 2019 and Tariff Order 2020 on the Directive on Niranthara Jyothi – Feeder Separation. GESCOM has commissioned all the feeders taken up under NJY scheme phase-1, phase-2 and phase-3. Feeders which are to be completed in NJY, are taken up in DDUGJY schemes. GESCOM has informed that it has commissioned 246 feeders in NJY phase-1, and 105 feeders in NJY phase-2.

GESCOM has taken the DDUGJY project for strengthening / improvement of its distribution system. The feeders / villages which are not covered under NJY are being covered under DDUGJY. As on 30th September 2020, GESCOM is said to have commissioned 269 feeders out of 272 feeders proposed under DDUGJY project. The remaining 3 Nos of feeders will be completed at the end of December 2020.

GESCOM has taken action for checking illegal tapping on NJY feeder by the farmers and the vigilance wing is instructed to compulsorily inspect and take action on any of the farmers for violation, i.e., getting power supply to their IP Sets through illegal tapping on the NJY feeders which are feeding power to installations other than IP Sets, by targeting the feeders having highest loss level in GESCOM.

GESCOM has taken up assessment of IP set Consumption as per KERC format.

Commission's Views:

The Commission notes that the GESCOM has commissioned all the feeders taken up under NJY scheme phase-1 and phase–2. GESCOM is said to have commissioned 269 feeders out of the 272 feeders proposed for segregation work under DDUGJY scheme. An inordinate delay in completion of the feeder segregation (NJY / DDUGJY) works results in non-realization of envisaged benefits to the organization, as per the DPR and hence the Commission directs GESCOM to complete the work within the stipulated time prescrtibed by the sanctioning / monitoring authority and thereafter to carry out the feeder-wise analysis to ensure that the objectives set out in the DPR are accomplished.

Further, the GESCOM shall continually ensure that, any illegal tapping of NJY feeders by the farmers for running their IP-sets should be stopped. Failure to stop this illegal activity will defeat the very purpose of feeder segregation works undertaken at huge cost and therefore, the GESCOM needs to take stern action on such offenders. Further, the field officers / officials who fail to curb illegal tapping shall be personally held responsible for these irregularities.

Since the Commission has observed that, GESCOM has segregated substantial number of feeders under different phases of NJY and other schemes / routines work flows, the Commission directs the GESCOM to continue to report every month, the specific consumption and the overall IP set consumption, only on the basis of the data from energy meters installed to the agricultural feeders, as per the prescribed formats. Any data furnished based on other assumption will not be considered by the Commission.

The Commission reiterates its directive to the GESCOM to continue to furnish feeder-wise IP-set consumption based on energy meter data in respect of agriculture feeders segregated under NJY and other schemes, to the Commission every month.

11. Directive on Demand Side Management in Agriculture:

In view of the urgent need for conserving energy for the benefit of the consumers in the State, the Commission had directed the GESCOM to take up replacement of inefficient Irrigation Pumps with energy efficient Pumps approved by the Bureau of Energy Efficiency, at least in one Sub-Division, in its jurisdiction and report compliance thereon.

Compliance by the GESCOM:

As per the directions of the Commission in the Tariff Order 2020, GESCOM has taken the initiative to prepare new proposal in respect of Agricultural DSM in its jurisdiction by selecting one among the existing Agricultural feeders having high distribution loss and same will be submitted to Hon'ble Commission for kind approval.

Commission's Views:

The Commission notes that there is an undue delay in implementation of DSM scheme. The Commission also notes that the GESCOM has so far not taken any concrete action to implement the Agricultural DSM measures in its jurisdiction.

The GESCOM needs to expedite implementation of DSM measures in its jurisdiction without any further delay.

There is a huge potential for energy saving in the agricultural sector which needs to be tapped at the earliest to derive the benefits on completion of the project. The GESCOM should lay strong emphasis for implementation of DSM measures with a view to conserve energy and also precious water for the greater advantage to the farmers.

Therefore, the Commission reiterate its directive that GESCOM should take up Agricultural DSM initiatives in its jurisdiction and submit a suitable proposal to the Commission for approval.

12. Directive on Lifeline Supply to Un-Electrified households:

The Commission had directed the ESCOMs to prepare a detailed and time bound action plan to provide electricity to all the un-electrified villages, hamlets and habitations in every taluk and to every household therein. The action plan was required to spell out the details of additional requirement of power, infrastructure and manpower along with the shortest possible time frame (not exceeding three years) for achieving the target in every taluk and district. The Commission had directed that the data of un-electrified households could be obtained from the concerned Gram Panchayats and the action plan be prepared based on the data of un-electrified households.

Compliance by the GESCOM:

GESCOM has achieved 100% electrification by providing power supply to all villages under GESCOM jurisdiction through various schemes like SAUBHAGYA, GRAM SWARAJ ABHIYAN and DDUGJY. Village electrification under SAUBHAGYA Scheme was achieved 100%, and power supply to the balance 6,041 Nos i.e., 9.33% household was arranged by creating infrastructure during March 2020. Hence Electrification of 100% Households are completed.

Commission's Views:

The Commission notes and appreciates the work of completion of electrification of un-electrified households under various schemes. The GESCOM needs to furnish the release of grants and other financial benefits for completion of the scheme within the time extension given by the implementing agency as claimed by GESCOM.

The GESCOM shall undertake a survey in GESCOM to find out un-electrified households, if any, in its area and take action to electrify such households with the permission of the respective implementing agency / the GoK.

13. Directive on Implementation of Financial Management Frameworks:

The present organizational set up of the ESCOMs at the field level appears to be mainly oriented towards maintenance of power supply without a corresponding emphasis on realization of revenue with reference to the input energy drawn by the divisions/ sub-divisions. This has resulted in a serious mismatch between the power supplied, expenditure incurred and the revenue realized in many cases. The continued inability of the ESCOMs to effectively account the input energy and its sale in different Sub-Divisions of the ESCOM in line with the revenue realization rate fixed by the Commission, urgently calls for a change of approach by the ESCOMs, so that the field level functionaries are made accountable for ensuring realization of revenues vis-à-vis the input energy supplied to the jurisdiction of Sub-Division / Division.

The Commission had therefore directed the GESCOM to introduce a system of Cost Revenue Centre Oriented Sub-Divisions at least in two Divisions, on a pilot basis, in its operational area and report the results of the experiment to the Commission.

Compliance by the GESCOM:

GESCOM has furnished the 5 best performing Sub-divisions and 5 poor performing Sub-divisions based on the distribution losses.

As per the direction issued by the KERC, during Public hearing on the Tariff Petition of GESCOM, held at Kalaburagi for the FY19, the GESCOM has taken action for recovery of available balance in the ESCROW / Electrical Bank accounts of the Urban local bodies & Rural local bodies . An amount of Rs.91.70 crores & Rs.80.50 crores were collected from Rural Bodies and Urban Local Bodies respectively From April to September 2020. An amount to be recovered in respect of ULB was Rs.147.10 Crs & RLB Rs.762.57 Crores at the end of September 2020.

As of 31.03.2020 the outstanding amount of long disconnected installations is at Rs. 92.08 Crores. The total demand for FY20 is Rs.5,130.83 and collection stood at Rs.4,791.79 over all collection efficiency is at 93.39%. The demand for FY21 up to September 2020 is Rs.2,422.95 Crores out of which the Rs.2,154.23 Crores is collected and over all collection efficiency stood at 88.91%. Due to Covid-19 pandemic there is decrease in collection efficiency.

The T&D loss is fixed at 10% to be achieved by sub-divisions / divisions for FY21 & target is fixed to collect cumulative revenue arrears of 10% & 5% of long disconnected arrears upon the existing monthly demand.

The overall T&D losses achieved by GESCOM for FY20 is 11.22 % against 14.89% of the T&D losses approved by the Commission.

The Average realization rate per unit is fixed for FY21 as per Tariff Order FY19 as Rs.7.02 per unit & including tax at Rs.7.65 per unit.

In its replies to preliminary observations, GESCOM has informed that:

- The outcome of introducing Financial management framework can be seen in reduction of distribution loss.
- GESCOM has furnished the distribution loss calculation in respect of few Sub-divisions and Divisions for FY20 and FY21 till September 2020.
- The Revenue review meeting is conducted regularly in Corporate Office. The O&M Divisional Officers are instructed to recover revenue arrears in respect of soft categories such as LT-2, LT-3, LT-5, LT-7 and all

HT categories thereof. Directions are also issued in this regard to the O&M divisions.

Commission's Views:

The compliance indiacted above only revolves around recovery of arrears from RLBS and ULBs. It has not touched upon the action atken by GESCOM to implement the Financial action plan in improving the revenue vis-à-vis the energy input by fixing responisibility on the Divisions and Sub-Divisions. The Commission notes with displeasure that the GESCOM has not implemented the financial framework model in letter and spirit. GESCOM has not submitted Divisions / Sub-Division- wise analysis to evaluate their performance in terms of the quantum of energy received, sold and its cost so as to ensure the conduct its business on commercial principles. In simple words, GESCOM has not furnished the details / information on the performance of the Sub-division, Divisions as against the target fixed for achieving distribution loss, revenue demand and collection, arrears, revenue realization etc., GESCOM has simply furnished the calculation of distribution losses in few of the Sub-divisions and Divisions.

Though, GESCOM is claiming that it is submitting the data on financial frame work, it is found that GESCOM has not submitted the compliance in respect of implementation of Financial Management Framework, on quarterly basis, to the Commission, as directed by the Commission.

The Commission notes that GESCOM has submitted the analysis in its replies to preliminary observations, without setting the targets on various parameters mentioned in the Commission's views of the previous Tariff Order.

Without setting the targets and making the analysis of the outcome , GESCOM cannot expect any success in its strategy to conduct its business on commercial principles. Also, the commercial principles for operation of the Company, envisaged in the directives are not extended to the level of the Sub-Divisions.

However, the GESCOM has not implemented the model as desired by the Commission and that the GESCOM is not serious about implementing the model on Financial Management Framework in its jurisdiction, for bringing in accountability in its operations but has continued to report that it will implement the directive shortly but has done nothing in reality.

The Commission directs that the GESCOM shall review the performance of the Divisions & Sub-Divisions in terms of the energy received, sold, average revenue realization and average cost of supply using the Financial Management Framework Model developed by it.This will enable GESCOM to point out the divisions which are not realsing the average cost of supply and to take remedial actions to ensure full recovery of fixed cost. **Further, the GESCOM is directed to continue to analyze the following parameters each month to monitor the performance of the Divisions / Sub-Divisions, at corporate level:**

a) Target losses fixed and the achievement at each stage.
b) Target revenue to be billed and achievement against each tariff category of consumers.
c) Target revenue to be collected and achievement under all tariff categories.
d) Target revenue arrears to be collected.
e) Targeted distribution loss reduction when compared to previous years' losses.
f) Comparison of high-performance Divisions in sales with low performance Divisions and find out the reasons thereof.
g) Targeted achievement in performing the energy audit, feeder-wise, DTC-wise and the performance in achieving the reduction in energy losses of feeders, DTCs by setting right the lacune / issues viz., tagging of consumers properly etc.,

Based on the analysis, the GESCOM needs to take corrective measures to ensure 100 per cent meter reading, billing, and collection, through identification of sub-normal/ abnormal consumption, replacement of non-recording meters etc.,

The Commission reiterates its directive that the GESCOM shall implement the Financial Management Framework model in its jurisdiction, effectively, to bring in accountability in the performance of the Divisions / Sub-Divisions in the matter of the quantum of energy received, sold and its cost so as to conduct its business on commercial principles. Compliance in this regard shall be submitted to the Commission on a quarterly basis, regularly. GESCOM shall identify the Sub-Divisions and Divisions which are showing high distribution losses and other parameters listed above and not collecting the required rate of ARR and take remedial measures to ensure full recovery of revenue vis-à-vis the energy drawn by such Sub-Division and Divisions.

14. Directive on Prevention of Electrical Accidents:

On a review of the electrical accidents that have taken place in the State during the past years, it is seen that the major causes of the accidents are due to snapping of LT / HT lines, accidental contact with live LT / HT / EHT lines / equipment in the streets, live wires hanging around the electric poles / transformers, violation / neglect of safety measures, lack of supervision, inadequate / lack of maintenance, etc., posing great danger to human lives.

Considering the above facts, the Commission had directed GESCOM to prepare an action plan to effect improvements, in its distribution network and implement safety measures to prevent electrical accidents. A detailed Division-wise action plan was required to be submitted by the GESCOM to the Commission.

Compliance by the GESCOM:

GESCOM has furnished the details of electrical accidents occurred during FY21 till September 2020, giving the details of major causes and the remedial measures taken for prevention of electrical accidents.

GESCOM has furnished the details of allocated budget for FY21 in respect of Special Development Programme, Capex to all the Divisions for rectification of identified hazardous locations and furnished the progress achieved under the two heads. Safety Audit is being conducted pole-wise by selecting 11 kV feeders from each division. Defects are identified and rectified as per the safety audit manual issued by issued by the Commission.

GESCOM has taken steps to reduce and prevent electrical accident while carrying out the work on the distribution network by the field staff by providing safety gear and giving appropriate training to adhere to safety aspects / procedure so that they carry out their work safely / effectively. The necessary circulars are issued in this regard.

Linemen safety awareness programmes are conducted in all O&M Divisions and Sub-Divisions during FY20. The GESCOM management is trying its best to protect safety of every linemen, to reduce the accidents in the field / distribution network.

The following measures have been taken to bring awareness among the public and GESCOM maintenance staff:

- Notification on electrical safety and Energy conservation in newspaper and deepawali Special Magazine.
- Electrical safety Jingles have been played during the month of October 2020 (Total 30 days) in RED FM (93.5) Kal Radio in Kalaburagi station.
- And also jingles on electrical safety will be played in all India Radio stations of Kalaburagi (AM Station-1107KHz), Hosapete (100.5 FM Station) and Raichur (102.1 FM station), during December 2020.

Programs such as conducting the painting competition, Jathas have not been conducted due to the prevailing Covid-19 pandemic.

However, GESCOM has conducted work-shop on safety aspects to the linemen in all the O&M divisions, in its jurisdiction. The gist of the various aspects apprised to the staffs and the sample photograph of the work-shop on safety are furnished.

GESCOM has taken remedial measures to reduce the accidents. In DDUGJY, IPDS, and UNIP infrastructure creation works and other system improvement works, considerable efforts have been made to strengthen the distribution System namely:

- Stringing of loose spanned conductor;
- Fencing of Distribution transformers;
- Providing intermediate poles;
- Replacing old aged poles by good ones.

All the field officers have been instructed to conduct proper supervision of installation and construction of electric lines / apparatus. The EEs / SEE / CEEs are monitoring the use of safety tools while attending to the field work.

Awareness is being created among consumers and field staff regarding accidents. All field staff working on lines/apparatus is provided with safety tools and equipment. Field staff is trained in safety through workshops held at divisional level and mock drills to use safety gear and maintain safety equipment in prpoer working condition. Field staff is trained periodically to use safety gear and work on lines by creating safety zones.

Field staff and supervising staff have been directed to put in more efforts to identify and rectify hazardous locations on all feeders and take remedial action.

Awareness among general public is being created through advertisements in special issue of magazines, daily newspaper and radio jingles. Awareness among general public has been created through advertisements not to use grid AC power for electric fencing. Discussions are being held regularly with consumers at interaction meetings regarding electrical safety, energy conservation etc.

For creating awareness among general public to maintain clearances of buildings from overhead lines, apparatus, DTCs etc, as per norms, GESCOM will continue to put in its best efforts to become accidents free utility.

In its replies to the preliminary observations, GESCOM has furnished the action plan for rectification of hazardous locations and shifting the DTCs located on the footpath under capex and SDP budgets. GESCOM has furnished analysis on the reports submitted by the Electrical Inspectorate and the abstract of violation of CEA (Measures relating to Safety & Electric Supply) Regulation, 2010.

As per Electrical Inspectorate, the major reasons for accidents are due to violation of regulations governing maintenance of clearance between overhead lines and houses and failure in providing protection systems for overhead lines and due to violation of regulations governing safe use of electricity by consumers and safe transportation of materials near electric lines besides un-authorized use of electricity by the victims.

Commission's Views:

The Commission takes note of the various remedial measures including rectification of hazardous installations in its distribution network taken by the GESCOM. However, despite these measures, the rate of fatal electrical accidents involving human, animal and livestock is on an increase, which is a matter of serious concern to the Commission.

The frequent occurrence of electrical accidents indicates that there is an urgent need for identification and rectification of hazardous installations, more systematically and regularly. Therefore, the GESCOM should continue to focus on identification and rectification of all the hazardous installations including streetlight installations / other electrical works, under the control of local bodies to prevent electrical accidents. The Commission has taken note on the efforts made in organising the awareness programmes etc., However, GESCOM should continue to take up awareness campaigns through visual / print media on safety aspects relating to electricity among public.

The Commission is of the view that, GESCOM should carry out more effective periodical maintenance works, continue to provide and install LT protection to distribution transformers, and also ensure use of safety tools & tackles by the field-staff, besides imparting necessary training to the field-staff at regular intervals.

The Commission is also of the view that the existence of hazardous installations in the distribution network is evidently, because of the sub-standard works carried out without adhering to the best & standard practices in construction / expansion of the distribution network. The GESCOM needs to continue to conduct regular safety audit of its distribution system and to carryout preventive maintenance works as per schedule of the Safety Technical Manual issued by the Commission to keep the network equipment in healthy condition. GESCOM should also take up regular inspection of consumer installations especially Irrigation pump houses, cow sheds and buildings under construction to identify hazardous installations, educate the consumers of the likely hazard and persuade them to take up rectification.

The Commission further notes that the hazardous locations pending rectification in the area of GESCOM is as huge as 814 (228+586). GESCOM shall chack out a strategic action plan to rectify all the pending hazardous locations and submit an action plan to the Commission within 3 months of the date of this Order along with nullifying the hazardous locations in its area.

The Commission, reiterates its directive that the GESCOM shall continue to take adequate measures to identify and rectify all the hazardous locations / installations existing in its distribution system under an action plan to prevent and reduce the number of electrical accidents occurring in its distribution system. Further, it shall also focus on rectifying hazardous consumer installations. Any lapse on the part the concerned officers / officials should entail them to face disciplinary action for dereliction of their duties.

The Commission directs GESCOM to concentrate on the reasons identified for the electrical accidents by the Electrical Inspectorate and take remedial measures to see that, the accidents are not repeated for the same reasons. Similar action has to be taken on the cases involving violation of various clauses of CEA (Measures relating to Safety & Electric Supply) Regulation, 2010 and the field staff shall be trained and well informed of the consequences of electrical accidents occurring because of such violations and action against such erring

officers shall be initiated if necessary, in order to reduce the number of electrical accidents.

GESCOM shall submit an action plan for reducing the accidents in GESCOM area, within 3 months of the date of this Order. The compliance thereon shall be submitted to the Commission every quarter, regularly.

APPENDIX-1

Statement showing the Objections of the Stakeholders / Public, GESCOM's Response and the Commission's Views thereon:

Objections on Tariff issues:

Objections:	Replies by GESCOM:
1. As per Regulation 2.7.1 of M Y T Regulations 2006, an application for determination of Tariff for any financial year shall be made not less than 120 days before the commencement of such financial year. This should have been filed on or before 30th November 2018 which has not been done (Done on 08.01.2021). On this count this Application is not maintainable.	GESCOM has filed Determination of Tariff Application for FY21 in time i.e., on 30.11.2020.
Commission's Views: The reply furnished by GESCOM is acceptable. The objectors should verify facts before raising the objections.	
2. GESCOM should have clearly indicated steps taken for improvement of efficiency since the date of previous order and earlier orders issued by Hon'ble Commission indicating the efficiency gains of GESCOM, which could be ultimately transferred to the consumers proportionately. In the absence of any specific gains the application is not maintainable.	GESCOM has submitted the details of loss reduction year on year and improvement in other performance parameters such as metering, continuous supply of power, customer complaint handling etc., in the petition filed before the Commission. The tariff petition and the APR filed on 30.11.2020 are in the formats by the Commission and Replies of GESCOM to the preliminary observations on the tariff petition are also form part and are to be read with original petition. The supply position and quality of supply have improved and interruptions are reduced as compared to previous years. Further the hours of power supply to the non-agricultural loads in rural areas is now on par with urban areas by implementation of DDUGJY / NJY schemes. As a

<table>
<tr><th colspan="2">Objections on Tariff issues:</th></tr>
<tr><th>Objections:</th><th>Replies by GESCOM:</th></tr>
<tr><td></td><td>result of the implementation of DDUGJY / NJY, the IP set consumers are also provided with quality power supply.

GESCOM has taken various steps for improving the efficiency by carrying the various improvement works in the jurisdiction, as a result of efforts put forth by GESCOM all the year's losses have come down, from 26% in year FY08 to 11.22% at end FY20. The Distribution loss is reduced to an extent 14.78% at the end of FY20.

GESCOM has undertaken several measures to improve the infrastructures and consumer satisfaction. As a result of various schemes implemented, such as construction of new substations, 11 kV link lines, additional distribution transformers, reconductoring etc., GESCOM has also implemented the Central Govt. sponsored IPDS (Integrated Power Development Scheme) in towns / cities and DDUGJY in the rural areas. and electrification of all BPL / APL households in Soubhagya Yojane. In spite of shortage of man power, GESCOM is trying hard to improve its efficiency.

GESCOM has proposed to transfer the efficiency gains to the consumers duly following the directives set by KERC. The GESCOM has submitted necessary details in the petition filed before the commission.</td></tr>
<tr><td colspan="2">Commission's Views: The Commission has taken note of the reply furnished by the GESCOM.</td></tr>
<tr><td>3. GESCOM has stated that the Gap for FY22 is Rs.1196.89 Crores which includes Gap for FY20 as Rs.982.29 crores and the gap for FY22 as Rs.214.60 crores and hence has requested Commission to hike the tariff by 156 paise per unit for all</td><td>The actual growth of HT installations is about 3.52% in FY21 (Dec-20) over FY20. Further, as per the petition filed by GESCOM (format D2) the sales in HT2a category are as follows:</td></tr>
</table>

<table>
<tr><th colspan="2">Objections on Tariff issues:</th></tr>
<tr><th>Objections:</th><th>Replies by GESCOM:</th></tr>
<tr><td>category of consumers.
Growth of HT installations is stated to be 6.71%. But sales are declining to -2.1%. This is a clear indication that HT consumers are leaving the grid due to high HT tariff. If HT tariff is not reduced many more HT Consumers may leave. This is a serious matter. This should be considered by the Commission.</td><td><table><tr><th>Category</th><th>2018-19</th><th>2019-20</th></tr><tr><td>HT-2a</td><td>1144.22 MU</td><td>1088.82 MU</td></tr></table>
The HT Industrial (HT2a) sales growth in FY20 over FY19 has decreased to an extent of 4.84%, but in other HT2b & HT2c sales have increased. This decline in growth may be attributable to slowdown of industrial activity in FY20. GESCOM has projected sales growth constantly of FY22 and it is expected the growth of HT sales increase for the coming years as economic activity has started picking up.

The GESCOM power purchase cost is higher when compared to open market price, it is because the purchase of power from Thermal generators (CGS, others Etc.,), the high cost long-term PPAs, and also raise in transmission charges & PGCIL charges.</td></tr>
<tr><td colspan="2">Commission's Views: The Commission has noted the reply furnished by GESCOM and the matter has been dealt with appropriately in the relevant chapters of this Tariff Order.</td></tr>
<tr><td>4. As per the tariff policy, any tariff to be fixed should be within +/- 20% of cost to serve. GESCOM has not submitted "cost to serve" to the Commission. As cost to serve has not been finalized by the Commission, it is not possible to verify whether the proposed tariff is within the limits. Cost to serve is very important parameter. The cost to serve a HT installation is very much less compared to LT power. If cost to serve is found out and tariff is fixed as per cost to serve, the tariff of HT2(a) will have to be brought</td><td>Cost to Serve model is not yet finalized. The present tariffs are based on the Economic conditions and paying capacity of the consumers.
The Demand charges, is claimed as per the Tariff Order approved by the Commission and as per the Conditions of Supply.
The increase in Demand Charges i.e., fixed cost is to cover the fixed charges claimed by the power generators and to meet other fixed costs such as O & M Expenses, loan repayment, Interest & Finance Costs & Depreciation. The present total Fixed cost is much lower and still does not cover the full fixed costs. Hence, a marginal increase is sought.</td></tr>
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<tr><th colspan="2">Objections on Tariff issues:</th></tr>
<tr><th>Objections:</th><th>Replies by GESCOM:</th></tr>
<tr><td>down by 50%, which the small scale industries are trying to justify. GESCOM's replies are not convincing. At least in case of HT2(a) category cost to serve should be worked out. Hence, this Tariff Application should be rejected. In the last tariff revision fixed charges were raised from 75% to 85% on contract demand which was unjustified as GESCOM has not spent anything for improving the quality. Hence fixed charges should be reversed back to 75%. It appears GESCOM wants to earn all its annual revenue requirement by increasing the fixed cost of HT / LT industries without rendering any service.</td><td></td></tr>
<tr><td colspan="2">Commission's Views: The Commission has noted the reply furnished by GESCOM and the matter will be dealt appropriately in the relevant chapter of this Tariff Order. The levels of cross subsidy surcharge vis-à-vis the tariff as per CoS has been indicated in the Annexure to the tariff order as per the Orders of the Hon'ble ATE and the Commission has tries to limit the level of cross subsidy at the levels set out in the Tariff policy.</td></tr>
<tr><td>5. As per section 23 of the Act, load shedding should be done with the approval of KERC. Un scheduled load shedding has adversely affected the Industries. KERC should take appropriate action in this regard. For planned maintenance it should be given to the newspapers at least 24 hours before, which is not done.
In such cases GESCOM should resort to</td><td>At present no load shedding is being done in GESCOM. Unscheduled load shedding is resorted to only in case of sudden generation loss, emergent repair works and unforeseen situations. For planned maintenance, notifications are given in the newspapers at least 24 hours before the scheduled work.</td></tr>
</table>

Objections on Tariff issues:	
Objections:	**Replies by GESCOM:**
Spot purchase of power through Energy Exchanges, which is not done. GESCOM is resorting to load shedding without the approval of KERC and without making alternate arrangements. This is a clear violation.	
Commission's Views: The Commission has noted the reply furnished by GESCOM and directs GESCOM to make arrangements to inform the consumers on scheduled outages for maintenance etc., Also, as furnished in the Tariff Filing, GESCOM has to update the consumer database and maintain the Urja Mitra app for sending messages indicating the power outage, restoration of power etc.,	
6. Average cost of supply is Rs.7.81. But IP sets are charged only Rs.3.05 per Unit. Who pays the difference amount of Rs.4.76 per Unit? It is being recovered from other consumers through cross subsidization. That means a large part of the cost of unmetered free power (of 39 per cent) is being borne by the other consumers through cross subsidies though the Govt. claims the burden is entirely on its account. This is a clear case of regularization of dues of the Govt.,	The above figures do not pertain to GESCOM either for FY20 (APR) or FY22 tariff petition. Hence not responded.
Commission's Views: The Commission has noted the reply furnished by GESCOM. This matter has been dealt with appropriately in the relevant chapter of this Tariff Order.	
7. Since, the applicant has totally failed to improve the efficiency of its operations by implementing the directives issued by the Hon'ble Commission to that effect; the hike in tariffs sought by the petitioner	GESCOM has taken various steps for improving the efficiency by carrying the various improvement works in the jurisdiction, as a result of efforts put forth by GESCOM, losses for the last several all the years have come down, from 26% in year FY08 to 11.22% at end FY20. The Distribution loss is

Objections on Tariff issues:	
Objections:	**Replies by GESCOM:**
through the impugned, petition is not justifiable and also not maintainable. In fact, the earlier increase in tariffs should be reversed. The power supply situation and quality of power supply in rural areas have deteriorated further during the current year. The objector submits that compliance of other directives is also very poor and no tangible results have come out, so far. On these aspects also the ERC and Tariff filings, are defective and liable to be dismissed as not maintainable.	reduced to an extent 14.78% at the end of FY20. The Distribution loss for FY20 is 11.22%. The compliance to the Commission's Directives is submitted in chapter- 2 (page- 11 in page 74) of the Tariff petition, providing a detailed explanation on the action initiated by GESCOM in respect of for all the Directives issued during the year. The conditions of the power supply situation and quality of power in both urban and rural areas has significantly improved. Hence there is no defect in the tariff filings of the Company.
Commission's Views: The Commission has noted the reply furnished by GESCOM.	
8. Commission approved power purchase cost of Rs. 4,103.95 crores. But GESCOM has purchased power of Rs.4,232.63 crores. Thus, GESCOM has purchased more power of Rs.128.68 crores. GESCOM could have controlled the power purchase by controlling the supply to various categories of consumers. GESCOM has failed to regulate the consumption by various consumers. Extra purchase is loaded on to the consumers. It is wrong. This should be paid by the Govt.	Power Purchase Expenditure is non-controllable expenditure as per the tariff regulations. The additional cost is incurred on account power purchase is due to payment of in fixed cost / capacity charges for the energy not received by GESCOM from reserved shut down thermal generating stations as per CERC order & PPA terms and conditions. Controlling the power purchase could lead to Load shedding which is not an option of the Distribution Company and could have caused lot of inconvenience to the Consumers. Hence, The Company has kept in view of the interest of the Consumers and was able to purchase additional power to meet customers requirement.
Commission's Views: The Commission has noted the reply furnished by GESCOM and the matter has been dealt with appropriately in the relevant chapter of the Tariff Order.	

<table>
<tr><th colspan="2">Objections on Tariff issues:</th></tr>
<tr><th>Objections:</th><th>Replies by GESCOM:</th></tr>
<tr><td>9. GESCOM has stated that there is surplus generation. Hence, GESCOM may supply TOD power to HT industries at lesser rate at least Rs.2 less than the normal tariff. TOD should be made optional.</td><td>HT industries are given special incentive schemes to those who opt for it. Special incentive scheme will be charged Rs.1 & Rs.2 less than the normal Tariff for usage of energy over and above the base consumption for time period between 10 Hrs. to 18 Hrs. and between 22 Hrs. to 06 Hrs. respectively.</td></tr>
<tr><td colspan="2">Commission's Views: The Commission has noted the reply furnished by GESCOM and the matter has been dealt with appropriately in the relevant chapter of the Tariff Order.</td></tr>
<tr><td>10. GESCOM has stated that there are 13,175 street light installations and Timer Switches are provided for 1,607 (12%) street light installations. Yet 11,568 installations (88%) are to be provided with timer Switches which will help to bring down the peak load. The purpose of bringing down the peak load has not been pursued with all seriousness. Though more than five years have lapsed GESCOM is yet to arrange timer switches to street light installations. Then how peak load can be brought down? Thus, GESCOM has failed to implement Demand Side Management.</td><td>GESCOM is perusing with concerned local bodies. GESCOM has sent letters to the Chief Executive officer, the commissioners of city corporation / Municipal commissioners of city municipality of GESCOM jurisdiction for fixing the timer switches to the street light installations and same is pursued by the Executive Engineers in the respective Divisions and also all the Executive Engineers of O&M in GESCOM are instructed to follow up with the local municipal authorities to take action for avoiding the burning of street lights during day time. Kalaburagi city Corporation has initiated a project to replace all its streetlights with LED bulbs and timer switches for the same. As of now 305 installations are yet to be installed with timer switches out of 1714 installations in Kalaburagi city. GESCOM will continue the efforts till the replacements are done.</td></tr>
<tr><td colspan="2">Commission's Views: The Commission has noted the reply furnished by GESCOM and directs it to continue servicing of new street light installations only with the timer switches.</td></tr>
<tr><td>11. There are interruptions and load shedding. Industries are suffering a lot. Industries insists that independent feeders should be provided for feeding</td><td>GESCOM has taken measures to create independent feeders to industries wherever required. Out of total of 2,092 Nos of 11 kV feeders existing in GESCOM, 104 Nos are independent industrial feeders. Based on the requirements</td></tr>
</table>

<table>
<tr><th colspan="2">Objections on Tariff issues:</th></tr>
<tr><th>Objections:</th><th>Replies by GESCOM:</th></tr>
<tr><td>to the industries.</td><td>independent industrial feeders are created.</td></tr>
<tr><td colspan="2">Commission's Views: The Commission has noted the reply furnished by GESCOM.</td></tr>
<tr><td>12. The progress of NJY is only 42%. Balance works are to be completed. GESCOM has stated that NJYS is to be implemented in balance 26 feeders. It has not indicated when the balance works will be completed. Further GESCOM has not quantified what is the improvement in power supply to rural areas? How much losses have come down? Further Niranthara Jyoti exercise is being done as per the Govt. directions for better supply to the rural consumers. It is a welfare activity by the Govt. Hence the entire cost of Niranthara Jyoti should be borne by the Govt. It should not be loaded on to the consumers.</td><td>The details of feeders completed and commissioned under NJY and DDUGJY for bifurcation of agriculture and non-agriculture load are as follows:

<table>
<tr><th>Sl. No</th><th>Name of the scheme</th><th>No of feeders completed and commissioned</th><th>No of villages covered</th></tr>
<tr><td>1</td><td>NJY Phase-1</td><td>246</td><td rowspan="3">4019</td></tr>
<tr><td>2</td><td>NJY Phase-2</td><td>105</td></tr>
<tr><td>3</td><td>DDUGJY</td><td>272</td></tr>
</table>

The progress under NJY and DDUGJY is 100%.

The following are the improvements after implementation of feeder segregation under NJY and DDUGJY schemes:

1) Before bifurcation of agricultural and non-agriculture load the power supply was given to rural areas for 16 to 17 Hrs per day. Now, after successful implementation of NJY and DDUGJY scheme, quality power supply is given for 22 to 24 Hrs per day in NJY feeders and 7 Hrs continuous supply for EIP feeders. Since power supply to IP set consumers is restricted to 7 Hrs per day, the consumers of other category are relived from paying for the excess drawl by IP set consumers.
2) The failure rate of DTCs coming under NJY and EIP feeder has significantly reduced.
3) Un-scheduled interruptions have reduced significantly.
4) The tail end voltage has improved.
5) In respect of NJY and EIP feeders the losses have come down.
DDUGJY scheme is sponsored by GOI with support of 75%</td></tr>
</table>

Objections on Tariff issues:	
Objections:	**Replies by GESCOM:**
	grants, 25% financed as long term loan availed from REC. Major portion of the scheme is borne by GOI.
Commission's Views: The Commission has noted the reply furnished by GESCOM.	
13. GESCOM had proposed in 2013, replacement of less efficient pump-sets by highly efficient pump sets. This will save about 30% of IP energy consumption and will reduce the demand. But work has not started even in 2018. GESCOM has not stated anything in this regard. GESCOM has not done DSM at all. GESCOM has stated that Solar PV power is provided to IP sets. This is only to provide cheap solar power during day time. It is not DSM. This will not reduce any load. During day time there is no peak. Solar power can be stated as standalone power supply to IP sets. It is not DSM. GESCOM has not reported anything on DSM implementation.	It is mostly evident that peak load will be observed in morning between 7 to 9 AM and in the evening between 5 PM to 10 PM. In order to shift the peak load and to avoid unnecessary burden during peak load hours, IP Set feeder load has been shifted to day time when the solar power supply is relatively active and available for cheap. As supplying power to farmers in daytimes is most suitable for farming and in a way beneficial to GESCOM as solar power is cheap, it is a win-win situation to both the consumers and ESCOMs. Also, as demand is shifted to non-peak times, it should be regarded as a DSM measure. Also, we have prepared a project report on implementing Agri DSM in 11 kV F4 Afzalpur IP feeder in Afzalpur subdivision by changing the inefficient pump sets with Energy efficient pump sets and placed for kind approval of the Commission Vide letter No GESCOM / CEE(O) / EE(RA) / AEE(RA) / 19-20 / 41967-72 dated 24.10.2019. The commission has directed to change the feeder and submit the report again. Accordingly, we have selected another feeder where T&D losses are relatively more i.e., 11 kV Chandapur IP feeder in Sedam subdivision of Sedam division and preparation of DPR is under process.
Commission's Views: The Commission has noted the reply furnished by GESCOM.	
14. Commission has directed GESCOM to complete the work of metering of DTCs by 31.12.2010. There are 1,10,114 DTCs.	Regarding DTC metering, in GESCOM there are 41,384 Non-IP DTCs. Out of this 27,695 DTCs are metered and 13,689 DTCs of various categories excluding IP Set are un-metered.

Objections on Tariff issues:

Objections:

Meters are provided to 87,329 DTCs. Today, still 22,785 DTCs are to be metered. Number of DTCs having losses more than 10% are 3,954. At this rate metering may take another more than 5 years. In those DTCs improvement works should be carried out to bring losses below 10%.

Replies by GESCOM:

DTCs energy audit is being carried out on monthly basis in KERC A to F format. Energy audit of 14,239 DTCs has been carried out by GESCOM. The abstract of percentage wise losses is as follows.

Loss percentage	< 6 %	> 6% to < 10%	> 10 to < 15%	> 15 %	Total No. of DTCs Audited
No of DTCs	2604	5562	4225	1848	14239

For conducting 100% energy audit of all metered DTCs GESCOM has instructed all the O&M Divisions check the communication status of all the meters, analyze the reason also take corrective measures if meters are not communicating and submit compliance report. Survey of all individual DTCs has been carried out, minor defects are being rectified by the field staff and meters are made functional. Some of the DTCs are found non-functional due to want of materials such as CTs, TTBs, lead wire etc., GESCOM has released Purchase Grants and Short-term Tenders are invited for procurement of these materials to ensure 100% DTC energy audit.

GESCOM has instructed all the divisions to closely monitor the DTCs having more than 10% losses and take corrective measures for loss reduction.

Commission's Views: The Commission has noted the reply furnished by GESCOM. It is Observed that there is a difference in the details furnished in these replies and the figures furnished in the tariff filing (directives). The Commission directs the GESCOM to furnish the details correctly and if the figures are furnished with reference to a certain date, authentic data gets conveyed to all. GESCOM has to take action to submit reports on DTC metering so as to demonstrate that energy audit has been done effectively in the DTCs

Objections on Tariff issues:	
Objections:	**Replies by GESCOM:**
which are metered.	
15. The losses are more than 10% in 14 towns out of 21 towns. Almost 67% towns have losses above 10 %. Losses are more than 15% in 172 feeders. This clearly shows the concerned officers have not made any attempts to get the Energy Meters calibrated and efforts to reduce the losses.	GESCOM conducts feeder-wise energy audit every month through its energy audit cell created for the purpose of assessing, monitoring and analyzing the energy audit of 11 kV feeders and DTCs and initiating suitable actions on high loss feeders and DTCs. As per the EBS for the month of December, 2020 there are only 10 feeders having more than 15% distribution loss. Wherever losses are more than 10% GESCOM has already initiated action for reducing the losses through various methods such as: • Increased vigilance activity in high loss feeders to check for unauthorized hooking and tapping, thereby controlling theft and pilferage. • Conducting Mass Raids under the supervision of SP (Vigilance) in high loss making areas. • During monthly review meeting of all O&M Divisions at Corporate Office, booking of theft cases by Section Officers is being reviewed and each Section Officer is assigned with a target of 5 cases per month. • Wherever the losses are found beyond permissible limit the concerned Section Officer is served with show cause notice. • Shifting of meters from inside the consumer premises to outside the premises. 1,72,197 Nos of meters have been shifted under DDUGJY. • Replacement of DC / MNR / Electro-mechanical meters by electrostatic meters to enable accurate recording of consumption. 3,97,253 Nos of meters are replaced under

Objections on Tariff issues:	
Objections:	**Replies by GESCOM:**
	DDUGJY and IPDS. • Reconductoring of HT and LT lines. • Ensuring 100% billing and collection. Regarding calibration of energy meters, the energy meters of 11 kV feeders emanating from 33 / 11 kV stations are regularly calibrated by RT wing of GESCOM and energy meters of 11 kV feeders emanating from 66 kV,110 kV and 220 kV stations are regularly calibrated by RT wing of KPTCL. Energy meters of LT and HT installation of various categories are tested for accuracy by LT rating and HT rating wings of GESCOM as per norms.
Commission's Views: The Commission has noted the reply furnished by GESCOM and directs the GESCOM to conduct the energy audit effectively and submit the reports regularly to the Commission, as directed.	
16. GESCOM has stated that during FY21, 150 accidents have happened. This is much more than last year's figures. GESCOM has only narrated the proposed action plan to reduce accidents. No action plan has not been implemented. Only emergency works have been carried out. GESCOM has not been able to do periodical maintenance. Live wires on the road, open junction boxes and short circuits in transformer wiring are usual hazards, which the GESCOM has not attended. GESCOM resorted to third party for maintenance of equipment. GESCOM has not given the accident figures of FY19 and has avoided giving the figures.	In GESCOM feeder wise safety audit has been conducted to identify hazardous locations and action has been taken for their rectification. For FY21 in order to ensure safety to life and property of public GESCOM has allocated Rs.13.674 Crores under SDP for Rural areas for rectification of hazardous installations. With regards to RAPDRP towns and cities GESCOM has allocated Rs.20.238 Crores under Capex for rectification of hazardous installations. Also, GESCOM has given more emphasis on rectification of hazardous locations coming in / around the premises of schools, colleges, hostels. In rural areas 1,444 Nos of hazardous location are identified as on 31.12.2020 and rectified 677 locations. An expenditure of Rs.10.80 Crores has been made out of SDP budget. In respect of towns and cities 1,000 Nos of hazardous locations identified as on 31.12.2020, and rectified 758 locations for which an expenditure of Rs.9.45 Crores is incurred out of Capex. Rectification of balance

<table>
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<tr><td>The no. of accidents may be more than that of FY18. Hence all proposed action plans are only on paper. The accidents have increased for which GESCOM has to explain the action plan to reduce them. In its replies to our objections, let GESCOM give the accident figures.
As per the I E Rules, Safe vertical clearance for LT lines is 2.5 meters and safe horizontal clearance is 1.2 meters. In case of HT (11 kV) lines safe vertical clearance is 3.7 meters and safe horizontal clearance is 2 meters. We see along the roads these safe clearance are not maintained and accidents are happening. Concerned Officers should be held responsible.</td><td>identified hazardous location is under progress and will be completed on top priority.

To ensure safety to its staff, GESCOM has imparted training to the maintenance staff of all the O&M divisions. GESCOM has provided sufficient safety tools and gears to the maintenance staff. The staff is strictly instructed to adhere to safety norms before taking up any work.

Accidents in GESCOM have Reduced as below:

a) Department Fatal Accident reduced from 5 Nos in 2018-19 to 3 Nos in 2020-21 (Upto December-20). (40% reduction).
b) Department Non-Fatal Accident reduced from 44 Nos in 2017-18 to 17 Nos in 2020-21 (Upto December-20)- (61% reduction).
c) Non-Departmental, Non-Fatal Accident reduced from 55 Nos in 2018-19 to 39 Nos in 2020-21 (Upto December-20). (29% reduction).</td></tr>
<tr><td colspan="2">Commission's Views: The Commission has noted the reply furnished by GESCOM and directs the GESCOM to reduce the electrical accidents in its jurisdiction. Also, GESCOM has to make a stringent action plan to identify and rectify the hazardous locations.</td></tr>
<tr><td>17. Commission has directed GESCOM to achieve HT / LT ratio of 1:1. In this tariff petition, the ratio is 1:1.32. GESCOM has not brought down the ratio. This will result in higher distribution losses. Where are the efforts to bring down the ratio? GESCOM has not implemented HVDS. There is no the seriousness. The Commission should ask GESCOM to</td><td>GESCOM has taken up DDUGJY / IPDS and various system improvement works, wherein new 11 kV independent feeders were constructed. By commissioning these feeders, the HT:LT ratio has been reduced considerably.

Year wise HT:LT ratio is furnished below:

<table><tr><th>Sl. No</th><th>Year</th><th>HT:LT ratio</th></tr><tr><td>1</td><td>2013-14</td><td>1:1.82</td></tr><tr><td>2</td><td>2014-15</td><td>1:1.74</td></tr></table></td></tr>
</table>

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<tr><th colspan="2">Objections on Tariff issues:</th></tr>
<tr><th>Objections:</th><th>Replies by GESCOM:</th></tr>
<tr><td>explain. The concerned officers, where the ratio is more should be punished. If one Km LT line is converted to HT line the savings will be huge. Bringing out the benefits of conversion of LT lines into HT lines, the objector wanted GESCOM to explain the reasons for not reducing the losses.</td><td><table>
<tr><td>3</td><td>2015-16</td><td>1:1.58</td></tr>
<tr><td>4</td><td>2016-17</td><td>1:1.56</td></tr>
<tr><td>5</td><td>2017-18</td><td>1:1.49</td></tr>
<tr><td>6</td><td>2018-19</td><td>1:1.47</td></tr>
<tr><td>7</td><td>2019-20</td><td>1:1.29</td></tr>
<tr><td>8</td><td>2020-21 (Up to December 2020)</td><td>1:1.264</td></tr>
</table>
Further GESCOM is also taking up construction of new link lines wherever new substations and also new 11 kV lines are constructed for bifurcation of overload / lengthy feeders under ongoing schemes such as IPDS, DDUGJY etc., that would contribute to further reduction of HT: LT ratio.</td></tr>
<tr><td colspan="2">Commission's Views: The Commission has noted the reply furnished by GESCOM.</td></tr>
<tr><td>18. GESCOM has not given how many DTCs are there feeding to IP sets this year. They are simply repeating (since some years) that metering is done in 44 DTC. Why additional DTCs are not provided with meters. GESCOM has not stated as to when all DTCs are going to be metered. At present IP sets consumption is calculated based on sample metering. IP sets consumption is being manipulated to show that losses have come down.</td><td>Total No of DTCs Feeding to exclusively IP sets are 59,872. At present exclusively 951 Nos of IP set feeders are metered at substation point and consumption of all IP sets connected to the feeder are recorded at substation metering point only. Hence balance DTCs are not metered. IP Set consumption is assessed based on feeder consumption and number of IP Sets connected to such feeder. Further, as per KERC guidelines there is no need to meter IP Set DTCs.</td></tr>
<tr><td colspan="2">Commission's Views: The Commission has noted the reply furnished by GESCOM.</td></tr>
<tr><td>19. GESCOM has not given the number of IP sets after enumeration. To what extent this number differs from DCB statement</td><td>As per the Enumeration / Survey of IP Set data, Total Number of Installations found in the field are 4.18 lakhs. Of this around 44,559 are reported to be unauthorized and 17,101</td></tr>
</table>

<table>
<tr><th colspan="2">Objections on Tariff issues:</th></tr>
<tr><th>Objections:</th><th>Replies by GESCOM:</th></tr>
<tr><td>figures. Whether enumerated figures are incorporated in DCB Statement. How it affects the subsidy calculations. Getting it checked by third party can be decided later. But present impact due to the difference has not been worked out.</td><td>are defunct / closed / not in use. The Enumeration work is carried out by outside agency. Hence, third party verification may not be required. There is no impact on the subsidy claims as the Subsidy claim is as per the Installations on Books. Detailed reply regarding the IP Set enumeration has been submitted by GESCOM in replies to the preliminary observations of the Commission.</td></tr>
<tr><td colspan="2">Commission's Views: The Commission has noted the reply furnished by GESCOM and directs GESCOM to furnish the GPS survey report with clarity and after reconciliation of figures with the DCB statement.</td></tr>
<tr><td>20. Unauthorised IP sets are a drain on GESCOM. Their HP is not known. Their consumption is not known. GESCOM can manipulate their numbers, consequently their consumption, consequently subsidy amount and % of losses. GESCOM has not regularized those unauthorized IP set which were identified about a year back. GESCOM is not serious.
GESCOM wants to misuse the numbers by manipulation. Last year 26,501 un-authorised IP set were to be regularized. GESCOM has not stated how many un-authorised IP sets are there in FY18.</td><td>The objection is wrong, HESCOM is assessing the IP set consumption as per the direction of KERC. Though, the objection is factually correct to the extent that Unauthorized IP Sets are a drain on the resources of the Company, but it is also incorrect while stating that GESCOM can manipulate the numbers, consumption of energy and the percentage losses. The IP Set consumption has been considered as per the methodology given by the Commission i.e., all the IP Set Feeders are metered and the IP Set consumption is calculated based on the consumption of these Independent IP Set feeders for assessment and the entire, data duly matching to the total IP Set Consumption has been submitted to the Commission. There is no possibility for manipulation for the Company.</td></tr>
<tr><td colspan="2">Commission's Views: The Commission has noted the reply furnished by GESCOM. The Commission had directed GESCOM to conduct the GPS survey to identify the unauthorized IP sets and their connected load along with other details. GESCOM is directed to submit the GPS survey report with clarity and after reconciliation of figures with the DCB statement.</td></tr>
<tr><td>21. GESCOM has given details of number of failed transformers. But has not given</td><td>During FY20 the expenditure incurred towards repair of failed distribution transformer is Rs.43.02 Crores. During FY20</td></tr>
</table>

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<table>
<tr><th colspan="2">Objections on Tariff issues:</th></tr>
<tr><th>Objections:</th><th>Replies by GESCOM:</th></tr>
<tr><td>the expenditure for repairs. It is learnt the failure rate is 9%. This high failure is due to no proper maintenance. There is huge cost to repair the failed transformers. GESCOM has not stated what is the expenditure in repairing these failed transformers. How they would reduce the failures and bring down the expenditure.</td><td>the DTC failure rate in GESCOM is 11.94%. After successful implementation of NJY, DDUGJY and IPDS scheme DTC failure rate has been reduced to 7.78%. The details of percentage of DTC failure in GESCOM for the last four Financial years is as follows:

<table>
<tr><th>Financial Year</th><th>Percentage of DTC failure</th></tr>
<tr><td>2017-18</td><td>13.21 %</td></tr>
<tr><td>2018-19</td><td>12.96%</td></tr>
<tr><td>2019-20</td><td>11.94%</td></tr>
<tr><td>2020-21
(Up to December 2020)</td><td>7.78%</td></tr>
</table>

For reduction of DTC failure, under system strengthening GESCOM has already added 3,425 Nos of DTCs under DDUGJY. Also, under DDUGJY agriculture and non-agriculture load has been bifurcated on 272 Nos of feeders which is resulting in reduction of DTC failure. GESCOM has set up 33 Transformer Repair Centers in various talukas and 11 Test Benches have been established so that failed DTCs can be repaired within minimum time and can be tested for their IR values and healthiness before putting back to service. GESCOM is regularly taking up various preventive maintenance works to reduce the failure of DTC.</td></tr>
<tr><td colspan="2">Commission's Views: The Commission has noted the reply furnished by GESCOM and directs to take all remedial measures to reduce DTC failure rate, in its area.</td></tr>
<tr><td>22. GESCOM has stated that instructions are issued for implementation of SoP in extending services. GESCOM cannot absolve its responsibility by merely stating that instructions are issued.</td><td>For implementation of SoP GESCOM has taken the following activities:

• GESCOM has implemented Standards of Performance (SoP) and is being practiced in offices of GESCOM to</td></tr>
</table>

<table>
<tr><th colspan="2">Objections on Tariff issues:</th></tr>
<tr><th>Objections:</th><th>Replies by GESCOM:</th></tr>
<tr><td>GESCOM has not monitored the implementation. GESCOM has not mentioned in how many cases GESCOM Officers failed, how much penalty was imposed etc.,</td><td>deliver quality service to its customers.
• SoP Boards have been displayed at GESCOM's Section, Subdivision, Division, Circle, and Zonal Offices.
• GESCOM is submitting SoP report monthly to the KERC
• GESCOM has conducted orientation programme for all the field officers and the staff up to linemen to educate them on the SoP and the consequences of non – adherence to the SoP.
• Details of Monitoring of overall Performance Standards Relating to Distribution and Supply of Power for the year FY21 has been furnished in Tariff Application vide Chapter-2, Table-11.</td></tr>
<tr><td colspan="2">Commission's Views: The Commission has noted the reply furnished by GESCOM and directs GESCOM to implement the directive effectively and submit a detailed thereon.</td></tr>
<tr><td>23. Other Directives:
a) Consumers not being informed regarding load shedding.
b) Hourly based day ahead projections for each substation is not informed.
c) Specific Substations and feeders are not identified and informed.
d) Interruptions in power supply with time and duration are not informed to the Consumers.
e) Likely time of restoration is not informed to the Consumers.
f) Load shedding is done more on industrial consumers.
g) There is no co-ordination among the ESCOMS. Each ESCOM wants to draw</td><td>a) Where ever there is a scheduled load shedding in GESCOM area with timing intimated to consumers through SMS by URJA MITRA App.
b) SLDC will give day ahead Energy / Load allocation of GESCOM every day. Accordingly, GESCOM is re-allocating to all the 220KV sub-stations and informing the same.
c) All the 220KV sub-stations are being informed hourly load allocation day ahead and also the concerned Chief Engineer (Elecy) O&M Zones are re-allocating their 220 KV stations load as per the necessity.
d) The concerned O&M divisions are informing the GESCOM consumer regarding scheduled load shedding through paper notification and also the same will be intimated with time and duration through SMS by URJA MITRA App.</td></tr>
</table>

<table>
<tr><th colspan="2">Objections on Tariff issues:</th></tr>
<tr><th>Objections:</th><th>Replies by GESCOM:</th></tr>
<tr><td>more power.
h) GESCOM is not putting on its website the demand and availability.
i) GESCOM is not putting on its website how much spot purchase of power is done.
j) GESCOM is not putting on its website the substation wise and feeder wise interruptions every month.</td><td>e) The time and duration of scheduled load shedding will be intimated to GESCOM consumers through SMS by URJA MITRA App.
f) No load shedding is being done on industrial feeders.
g) The GESCOM is drawing less than the allocated power.
h) At present GESCOM is not putting Demand and Availability on in its Website. Action will be taken to host the information at the earliest.
i) Spot purchase of power is not done in GESCOM.
j) GESCOM is hosting on its website the substation-wise and feeder wise interruptions every month.</td></tr>
<tr><td colspan="2">Commission's Views: The Commission has noted the reply furnished by GESCOM and directs to update the data of entire consumer strength in the URJAMITRA App, so that all the information reach all the consumer strength.</td></tr>
<tr><td>24. KASSIA respectfully submits that the "Directives" issued by the Commission in the Tariff Order are of continuing nature and are to be treated as directives in the subsequent Tariff Orders also. The Commission has put the ESCOMs on notice that the compliance to directives is an essential part to consider future tariff revision proposals. (Power Sector reforms in Karnataka 1999 / 2004 –Page 48).
In the light of the above, the KASSIA would like to submit that the important directives in respect of the universal metering, cost of supply, paying capacity, and pre-paid meters which</td><td>GESCOM is complying with the directives of the Commission and compliances are being furnished to the Commission regularly and reviewed by Commission in the review meetings.</td></tr>
</table>

Objections on Tariff issues:	
Objections:	**Replies by GESCOM:**
were the significant directives issued by the Regulatory Commission are yet to be implemented. In the absence of compliance to directives the whole exercise of filing ERC would be futile and the petition is liable to be rejected on this ground itself.	
Commission's Views: The Commission has noted the reply furnished by GESCOM.	
25. EA 2003 mandates that tariff should be within +/-20% of cost to serve. Hence cost to serve should be decided first and then variation of fixed cost and variable cost. Forgetting the mandate of EA 2003, GESCOM is trying to hike fixed cost which is totally against the provisions of the ACT and it is unacceptable. GESCOM has proposed hike of Rs.10 in demand charges and hike of 144 paise for energy charges. There is no justification. GESCOM should drop hiking proposal.	The increase in Power Purchase Cost is the main factor for seeking the hike in power tariff by GESCOM during FY22. However, increase in power purchase expenses and transmission charges is not under the control of GESCOM. The hike in other components i.e., O&M Expenses are at normal inflation rates, Interest & Finance and Depreciation expenses are at actuals. Hence, the Commission is requested to consider tariff hike as sought in the petition.
Commission's Views: The Commission has noted the reply furnished by GESCOM and the matter has been dealt with appropriately in the relevant chapter of this Tariff Order.	
26. GESCOM has stated that the Gap for FY22 is Rs.1,196.89 Crores which includes Rs.982.29 crores towards gap for FY20 and the gap of Rs.214.60 crores for FY22. Hence has requested Commission to hike the tariff by 156 paise per unit for all category of consumers.	As per Audited Financial report dated 28.12.2020, GESCOM has incurred loss of 463.69 Crores during FY20 at operational levels and hence, after including the gap of FY20 the requirement of tariff hike has been proposed for FY22. The entire gap of Rs.1,196.89 Crores is proposed for FY22 only. Increase in Power Purchase cost being the main factor along with other factors that are explained.

<table>
<tr><th colspan="2">Objections on Tariff issues:</th></tr>
<tr><th>Objections:</th><th>Replies by GESCOM:</th></tr>
<tr><td colspan="2">Commission's Views: The Commission has noted the reply furnished by GESCOM and the matter has been dealt with appropriately in the relevant chapter of this Tariff Order.</td></tr>
<tr><td>27. The paying capacity of some category of Consumers like Software Companies' is good. Hence these Companies should be brought under Commercial tariff.</td><td>The decision of the Commission will be final in the matter.</td></tr>
<tr><td colspan="2">Commission's Views: The Commission has noted the reply furnished by GESCOM and the matter will be dealt appropriately in the relevant chapter of this Tariff Order.</td></tr>
<tr><td>28. To encourage solar water heaters rebate should be continued and enhanced to Rs.100. It is green energy and should be encouraged.</td><td>The decision of the Hon'ble Commission will be final in the matter.</td></tr>
<tr><td colspan="2">Commission's Views: The Commission has noted the reply furnished by GESCOM and the matter will be dealt appropriately in the relevant chapter of this Tariff Order.</td></tr>
<tr><td>29. GESCOM has not produced subsidy allocation letter.</td><td>As per GoK order Energy / 216 / PSR/ 2020 Bengaluru dated 06.01.2021 for FY21. The subsidy for the state of Rs. 9,114.95 crores is provided for the year 2020-21. The order is enclosed for reference as Annexure 6.5.
The GoK will release the subsidy to ESCOMs month wise the above is for October month only.</td></tr>
<tr><td colspan="2">Commission's Views: The Commission has noted the reply furnished by GESCOM.</td></tr>
<tr><td>30. Specific consumption of IP sets for FY20 is taken as 7642 Units / IP set / annum. Thus, specific consumption is a figure at the whims and fancy of GESCOM to adjust the losses and to adjust the consumption to adjust the purchase of MU. The whole thing is a manipulation. We get a doubt whether the tariff revision petition is a realistic picture of working of GESCOM or manipulated picture of GESCOM.</td><td>The GESCOM has reported the losses as per actual with reference to feeder-wise readings. A reply to this matter is given in the preliminary observation of the Hon'ble Commission.</td></tr>
</table>

Objections on Tariff issues:

Objections:	Replies by GESCOM:
Commission's Views: The Commission has noted the reply furnished by GESCOM and the matter has been dealt with appropriately in the relevant chapter of this Tariff Order.	
31. GESCOM has not furnished the details of average number of interruptions per consumer and average duration of interruptions per consumer.	The annual average number of interruptions per consumer is about 0.304 Nos and average hours of interruptions is approximately 5:57:27 hours per feeder for the year 2020-21 (up to December 2020). The details are as below.

Year	Total Duration of Interruptions (Hrs.)	Total No of Consumers	Total No of Interruptions	SAIFI	SAIDI (Hrs)
2020-21 up to December	826627	3330133	1013103	0.304	5:57:27

Commission's Views: The Commission has noted the reply furnished by GESCOM.	
32. GESCOM had to pay interest for the delayed payments to the Generators. Such interest for the delayed payment made to the Generators should not be passed on to the Consumers.	Due to non-receipt / delay in receipt of subsidy from GoK / dues from UDD / RDPR / Govt. installations, the power purchase dues to the generators are delayed. The interest for the delayed payments is not passed on to the consumers.
Commission's Views: The Commission has noted the reply furnished by GESCOM and the matter has been dealt with appropriately in the relevant chapter of this Tariff Order.	
33. Govt. of India has come out with Debt Restructuring Scheme called Ujwal Discoms Assurance Yojana (UDAY). GESCOM has not accepted the Scheme. Why?	All ESCOMs of Karnataka including GESCOM are part of UDAY for operational performance and performance monitoring in this regard is done by both State / Central Government on a regular basis. The financial restructuring for ESCOMs has not been opted by the GoK.
Commission's Views: The Commission has noted the reply furnished by GESCOM.	
34. The average cost of Hydel power is 52.29 paise per unit. The average cost of Thermal power is 435.51 paise per unit. Hence GESCOM should utilize more and more Hydel Power.	GESCOM is procuring power from CGS, SGS & IPPs as per the allocation of power from Energy Department GoK and arranging payment to the generator as per the tariff approved by the Hon'ble KERC, Bengaluru from time to time. However, the GESCOM has requested to the Energy Department, GoK, Bengaluru vide letter dated 27.08.2019

Objections on Tariff issues:	
Objections:	**Replies by GESCOM:**
	and 29.01.2020 (Annexure Enclosed as 6.15) for re-allocation of Hydel Source of Energy available from Various sources to GESCOM in place of high-cost energy.
Commission's Views: The Commission has noted the reply furnished by GESCOM. The available Hydel capacity in the State cannot meet the demand of all the ESCOMS to get cheaper power, hence, appropriate allocation of the available hydel sources is being done the GoK.	
35. Small Scale Industries are suffering a lot. Many have been closed. The total consumption of Small Industries has come down. They are bearing the load of cross subsidy. They have to compete in the Global Market. Their cost of production should be at par with Global Manufacturers. Keeping all these issues in mind it is submitted that there should be a separate tariff for Small Scale Industries and this tariff should be Rs.1 less than the other Tariffs. Only then Small Scale Industries can survive in the Global Market and contribute for the development of the State.	There is no decrease in the Industrial tariff under both LT & HT Category in GESCOM jurisdiction. However, TOD Tariff and Special Incentive Scheme can be availed by the industrial consumers.
Commission's Views: The Commission has noted the reply furnished by GESCOM. The cross subsidy level to the small industries is much below the limit prescribed in the Tariff Policy.	
36. The applicant has not disclosed any plan for the introduction of pre-paid meters as provided under Section 47(5) of the Electricity Act, 2003. If power supply through pre-paid meters are introduced by GESCOM, and the consumer is prepared to take the supply through a	Reply to this is already furnished.

Objections on Tariff issues:	
Objections:	**Replies by GESCOM:**
pre-payment meter, Consumer would not be required to give security deposit and also he would get back the security deposit already deposited, as provided under Section 47(5) of the Act. Since GESCOM has not arranged for supply through pre-payment meters, even after 15 years from coming into force of that provision, the applicant should not be allowed to take advantage of its own lapses to its advantage. Prepaid metering is a simple and effective way to improve consumer services. Prepaid metering allows the consumers to pay for electricity before it is consumed. It offers benefits such as pay-as-you go, no billing problems, defined cash flows and demand management for utilities. Prepaid metering eliminates the need for meter reading, billing, bill printing, distribution and collection. This in turn reduces the operational costs for utilities, ensures better revenue collection. Twelve Utilities have already implemented prepaid meters. North Delhi has installed about 5000 prepaid meters. In Vijayaa Steels Vs GESCOM, the Court has held that if the Consumer is willing to take supply through a pre-paid meter	

Objections on Tariff issues:	
Objections:	**Replies by GESCOM:**
the GESCOM should adjust Security Deposit in future bills of those consumers. In spite of that, GESCOM has not implemented pre-paid meters. And the present ERC is silent about it. Even after 15 years, GESCOM does not want to implement Pre-paid meters. What is the intention of GESCOM and why Commission is silent?	
Commission's Views: The Commission has noted the reply furnished by GESCOM is not relevant. The Commission has noted the concerns by the consumer. The Commission has disposed of the petition OP 89 of 2017 by fixing the rent to be collected in case of the use of pre-paid energy meters for providing supply to the consumer's installation. Vide the 7th Amendment to the Conditions of Supply of Electricity of Distribution Licensees in the State of Karnataka, the Commission has made the use of pre-paid energy meters optional for Government offices, public water supply and public lamp installations. Further, as the implementation requires appropriate technology and suitable network, the Commission will take necessary steps to issue necessary Regulations, as and when required	
37. Consumption, which is not metered, is being worked out based on sample survey. This is subsidized by the Government. In addition to this, industrial Consumers are cross-subsidizing certain categories of Consumers. Most of the time any residual energy that needs to be accounted will be booked under IP set consumption. Similarly, T&D losses are also booked under IP set consumption. At this point, the Small Industries like to submit that the Industrial consumption in respect of HT-2(a) has steadily declined	GESCOM has as already explained the reasons for the decline in HT category sales & is visible in FY20 only in GESCOM area as of now. There has been an increase in No of HT installation in FY20 over FY19. Details of increase is already provided in Tariff Filing. As regards the accuracy of assessment of IP Set consumption and accounting of residual energy in IP Set consumption, a detailed reply has already been given in the earlier para's and also given a detailed explanation regarding IP Set consumption assessment, loss incurred by the Company on account of subsidy due to unauthorized IP Set has been submitted to the Commission in the reply to the preliminary observations which is now part of the tariff petition.

Objections on Tariff issues:	
Objections:	**Replies by GESCOM:**
and that of IP set consumption projections are indicating higher requirement. Since industrial Consumers are the one who are cross-subsidizing other categories of Consumers, any reduction in consumption of Industry and increase of consumption of other Non-paying class of consumers would not only place an additional burden on the State Government for subsidizing other class of consumers but also on industrial consumers. The objectors are of the apprehension that if tariff proposal is allowed to pass through, it would cause irreparable losses to Industrial Consumers, whose consumption has been shown to be declining steadily due to higher cost and non-availability of quality power. It is also estimated that about 4682.91 MU are generated by captive Generation and it is likely that industrial consumers will further move away from the grid. It is pertinent at this point of time to say that the deposits held as security deposits will also further get reduced on account of reduced consumption. Presently only about 35% of consumers are meeting the entire tariff requirements.	GESCOM has filed the tariff petition to cover its GAP due to the legitimate increase in the input cost and allowable expenses. We humbly request to consider the same and approve the tariff hike so as to meet the deficit for FY22.

Objections on Tariff issues:	
Objections:	**Replies by GESCOM:**
The objector further submits that on the issue of cross-subsidies, the Commission had stated, "The Commission would endeavour to balance the cross-subsidy appropriately while determining the tariff in the next filing. (Tariff Amendment Order, 2003 – Para 18.10). It may be noted that with the present tariff revision and proposed hike by 156 paise per unit will be a big blow to manufacturing sector. By increasing the tariff, objective of conducting power sector business in economical and efficient manner will not be met for the aforesaid reasons. The present proposals do not reflect the factors which would encourage efficiency, economic use of resources, good performance and optimum investment, which the Commission considers appropriate for the purpose of Act. As per Section 27 of KER Act and Section-61G of Electricity Act-2003, Tariff should reflect cost of supply, which would reduce cross-subsidy progressively at an adequate and improving level of efficiency. Section-28(2) of Electricity Regulatory Commission Act-1998 (14 of 1998) had used the word average cost whereas Electricity Act-2003 has used the word Cost of supply. Cost of supply	

Objections on Tariff issues:	
Objections:	**Replies by GESCOM:**
should have been the basis of tariff determination proposed by GESCOM. This has not happened even after previous tariff revisions sought by the licensee. The promise of supplying the power at economic and efficient levels has not happened after the restructuring of Power Sector in Karnataka. Note: Since formation of separate distribution companies, total fixed expenses have gone up enormously. The inference that can be made from the above is that formation of 5 companies have not resulted in any efficiency gain and on the contrary expenses have gone up enormously which is adding to the burden on customers. The objector humbly submits that allocation of expensive PPA's to GESCOM is not in accordance with National Electricity Policy. Industrial consumers are discriminated and are made to purchase high-cost energy.	
Commission's Views: The Commission has noted the reply furnished by GESCOM and the matter has been dealt with appropriately in the relevant chapter of this Tariff Order.	
38. GESCOM has proposed flat hike of 156 paise for all categories. This is unjustified at least in case of Small Scale Industries (LT 5 and HT 2(a) categories.). They are subjected to load shedding,	GESCOM has filed the tariff petition to cover its GAP due to the legitimate increase in the input cost and allowable expenses. We humbly request the Commission to consider the same and approve the tariff hike so as to meet our deficit for FY22.

Objections on Tariff issues:

Objections:	Replies by GESCOM:
unscheduled interruptions. This has resulted in loss of man hours, loss of production. Very survival of small Scale Industries in the competitive world is at stake. It is submitted that, for Small Scale Industries the present tariff may not be increased and in order to encourage Small Scale Industries the tariff may be brought down.	

Commission's Views: The Commission has noted the reply furnished by GESCOM and the matter has been dealt with appropriately in the relevant chapter of this Tariff Order.

Objections:	Replies by GESCOM:
39. GESCOM has not Submitted any letter or a statement of any subsidy committed by the GOK as required under Regulation 4(5)(ix) of KERC (Tariff) Regulation,2000.	As per the Notification "Karnataka Electricity Regulatory Commission, (Manner of payment of subsidy by state Government) Regulation, 2008 Notification No. Y/02/7 dated 19th February 2008, the GoK need not have to provide commitment letter to ESCOMs.

Commission's Views: The Commission has noted the reply furnished by GESCOM and the matter has been dealt with appropriately in the relevant chapter of this Tariff Order.

Objection:

40. Abnormal cost paid to the generating stations as shown in below table:

Generating Station	Fixed cost Approved BY KERC	Actual Fixed cost paid	Excess FC paid than The Approved	Engergy Received In MU	Variable Cost Approved by KERC per unit	Actual Variable cost paid	As per KERC Variable should have paid	Excess Variable Paid Than Approved	Total Excess Paid In Cr
Kudgi	92.80	167.76	74.96	270.15	3.02	113.88	81.586	32.294	107
UPCL	114.10	108		294.31	3.54	123.95	104.186	19.764	19.764
NTPC TNEC Vallur	19.36	23.8	4.44	65.2	3.11`	25.65	20.278	5.372	9.812
BTPS UNIT 1	23.21	25.76	2.66	45.2	3.85	18.8	17.40	1.4	4.06
MAPS	.	.	.	14.6	2.25	3.8	3.28	0.515	0.515
TOTAL			82.06					58.97	141.151

Reply by GESCOM:

The details of the actual fixed / variable cost paid against the fixed / variable approved by KERC.

Generating Station	Fixed cost Approved BY KERC (Crs)	Actual Fixed cost paid (Crs)	Excess FC paid than The Approved (Crs)	Engergy Received (In MU)	Variable Cost Approved by KERC per unite (R/U)	Actual Variable cost paid (Crs)	Variable cost approved by KERC (Crs)	Excess Variable Paid Than Approved (Crs)	Total Excess Paid In Cr (VC+FC)
Kudgi	92.80	167.76	74.96	270.15	3.02	113.88	109.56	4.32	79.28
UPCL	114.10	108.36	-5.74	294.31	3.54	123.95	154.07	-30.12	-35.86
NTPC TNEC Vallur	19.36	23.80	4.44	65.2	3.11`	25.65	27.61	-1.96	2.48
BTPS U-1	23.21	25.76	2.55	45.20	3.85	18.80	44.04	-25.24	-22.69
MAPS	-	-	-	14.6	2.25	3.80	5.46	-1.66	-1.66
TOTAL	249.47	325.68	76.21	689.46		286.08	340.74	-54.66	21.55

From the above table, the actual total power purchase cost (FC+VC) paid to above mentioned Firms is Rs.21.55 Crores only as against the KERC approved power purchase cost (FC+VC) due to payment of FC to the above mentioned

<table>
<tr><th colspan="2">Objections on Tariff issues:</th></tr>
<tr><th>Objections:</th><th>Replies by GESCOM:</th></tr>
<tr><td></td><td>Thermal stations which are under reserve shut down due to backing down of energy by SLDC, but not Rs.141.15 Crores as per objection.</td></tr>
<tr><td colspan="2">Commission's Views: The Commission has noted the reply furnished by GESCOM and the matter has been dealt with appropriately in the relevant chapter of this Tariff Order.</td></tr>
<tr><td>41. GESCOM has paid PGCIL transmission charges Rs.304 crores against approved Rs.250.25 crores by KERC to POSOCO Rs.0.98 crores against approved Rs.0.35 crores by KERC for both Rs.54.38 crores excess paid.</td><td>The details of the actual Transmission charges paid to M/s PGCIL against the KERC approved.
<table>
<tr><th>SL No.</th><th>Source</th><th>Approved by KERC (Amt in Crs)</th><th>Actual paid (Amt in Crs)</th><th>Difference (Amt in Crs)</th></tr>
<tr><td>1</td><td>PGCIL</td><td>250.25</td><td>304.38</td><td>54.13</td></tr>
<tr><td>2</td><td>POSOCO</td><td>0.35</td><td>0.98</td><td>0.63</td></tr>
<tr><td></td><td>Total</td><td>250.60</td><td>305.36</td><td>54.76</td></tr>
</table>
The PGCIL Transmission charges approved by KERC is based on the past / previous year data but the actual transmission charges paid to PGCIL is based on the Regional Transmission Account issued by SRPC & additional transmission lines (assets) created by PGCIL, duly approved by the Hon'ble CERC from time to time.</td></tr>
<tr><td colspan="2">Commission's Views: The Commission has noted the reply furnished by GESCOM and the matter has been dealt with appropriately in the relevant chapter of this Tariff Order. In the Tariff Order, the approvals i.e., Annual Revenue Requirement is based on the estimates of requirements. The actuals have to be reviewed by the Commission during the Annual Performance Reviews with reference to the actual amounts incurred and included in the audited accounts.</td></tr>
<tr><td>42. Energy to an extent of 193.88 MU has been sold through IEX at Rs.2.47 per kWh and realized an amount of Rs.48.01Crores has been realized which ought to have been deducted from total power purchase cost, but has not been deducted. Hence an amount of Rs.48.01Crores to be deducted from</td><td>The sale of energy from PCKL on behalf of all ESCOMs / GESCOM through IEX is to an extent of 193.58 MU for which GESCOM has received / realized an amount of Rs.48.01 Crores & the said amount has been treated as revenue from sale of energy in GESCOM books of accounts & but the same is not deducted out of total power purchase cost.</td></tr>
</table>

Objections on Tariff issues:	
Objections:	**Replies by GESCOM:**
total power.	
Commission's Views: The Commission has noted the reply furnished by GESCOM and the matter has been dealt with appropriately in the relevant chapter of this Tariff Order.	
43. Unnecessary payments of capacity charges to thermal generators of KPCL, CGS and UPCL due to not utilizing the contracted power from them as long term PPA. The details are as follows: Capacity charges of Rs.184.88 Crores has been paid to M/s KPCL for Purchase of 971.5 MU Thermal energy at Rs.1.90 per kWh against normal rate of about Rs.1.60 per kWh, on utilization of full contracted capacity and thus an additional amount of Rs.29.15 Crores is unnecessarily incurred during FY20.	During FY 2019-20 GESCOM has paid to KPCL towards Capacity charges to an extent of Rs.184.88 Crores for 971.50 MUs (actual avg. capacity charges per unit works out to Rs.1.90) against the KERC approved capacity charges of Rs.252.20 Crores for 1238.21 MU (approved avg. capacity charges per unit works out to Rs.2.03). Here GESCOM has paid the capacity charges less than the total capacity charges approved by the KERC as per Annexure 2(i). Hence there is no additional payment of capacity charges to M/s KPCL.
Commission's Views: The Commission has noted the reply furnished by GESCOM and the matter has been dealt with appropriately in the relevant chapter of this Tariff Order.	
44. Capacity charges of Rs.398.74 Crores has been paid to CGS generators for purchase of 2150.42 MU at Rs.1.85 per kWh against normal rate of Rs.1.27 per kWh, on utilization full contracted capacity and thus an additional amount of Rs.124.72 crores unnecessarily incurred during FY20.	During FY 2019-20 as per D-1 Format submitted to KERC during Tariff filing, the actual total capacity charges paid to CGS Generators is Rs.398.74 Crores for 2150.42 MUs (actual avg. capacity charges per unit works out for Rs.1.85) against the KERC approved capacity charges of Rs 308.80 Crores for 2595.87 MUs (approved avg. capacity charges per unit works out for Rs.1.19). Here GESCOM has paid additional capacity charges of Rs.89.94 Crores but not Rs.124.72 Crores as per objector. During FY 2019-20 all ESCOM's / GESCOM have paid only the capacity charges (few months only) as per PPA Terms & Conditions without receiving the energy due to back down of CGS Thermal Stations high cost energy

Objections on Tariff issues:

Objections:	Replies by GESCOM:
	by SLDC as per merit order dispatch schedule and by using alternate cheap rate source of energy from RE generators based on ESCOMs demand & supply requirement.

Commission's Views: The Commission has noted the reply furnished by GESCOM and the matter has been dealt with appropriately in the relevant chapter of this Tariff Order.

Objections:	Replies by GESCOM:
45. Capacity charges of Rs.108.36 Crores has been paid to M/s UPCL for purchase of 294.31 MU at Rs.3.68 per kWh against normal rate of Rs.1.60 per kWh on utilization of full contracted capacity and thus an additional amount of Rs.61.22 Crores unnecessarily incurred during FY20.	During FY 2019-20 GESCOM has paid to UPCL towards Capacity charges to an extent of Rs.108.36 Crs for 294.31 MUs (actual avg. capacity charges per unit works out to Rs.3.68) against the Hon'ble KERC approved capacity charges of Rs.114.10 Croress for 435.23 MUs (approved avg. capacity charges per unit works out to Rs.2.62). Here GESCOM has paid the capacity charges less than the total capacity charges approved by Hon'ble KERC as per Annexure 2(i). Hence there is no additional payment of capacity charges to M/s UPCL.

Commission's Views: The Commission has noted the reply furnished by GESCOM and the matter has been dealt with appropriately in the relevant chapter of this Tariff Order.

Objections:	Replies by GESCOM:
46. Total additional amount incurred towards payment of unnecessary capacity charges by not utilizing the energy as contracted – Rs.215.09 Crores during FY20. As shown in above table excess cost Rs141.151 Crores to Generator should not be allowed. This should not be allowed.	The difference of amount (actual-approved) of the capacity charges paid to KPCL Thermal, CGS Generators & UPCL Thermal Station is Rs.16.88 Crores but not Rs.215.09 Crores as per objector. The details are as under:

Source (a)	Actual capacity charges paid (b)	Approved capacity charges by KERC (c)	Difference of capacity charges (d=b-c)	Remarks
KPCL-Thermal	184.88	252.20	-67.32	Capacity charges paid less than approved
CGS-Generators	398.74	308.80	89.94	Additional Capacity charges paid more than approved as per PPA
UPCL-Thermal	108.36	114.10	-5.74	Capacity charges paid less than approved
Total	**691.98**	**675.10**	**16.88**	

During FY 2019-20 all ESCOMs / GESCOM have paid only the

<table>
<tr><th colspan="2">Objections on Tariff issues:</th></tr>
<tr><th>Objections:</th><th>Replies by GESCOM:</th></tr>
<tr><td></td><td>capacity charges (few months only) as per PPA Terms & Conditions of PPA, without receiving the energy due to back down of high-cost energy from the CGS Thermal Stations, by SLDC as per merit order dispatch schedule and by using alternate cheaper sources of energy from RE generators, based on ESCOMs demand & supply requirement. As per above table the additional total cost paid to Thermal Generators is Rs.21.55 Crores only and not Rs.141.15 Crores as per objector.</td></tr>
<tr><td colspan="2">Commission's Views: The Commission has noted the reply furnished by GESCOM and the matter has been dealt with appropriately in the relevant chapter of this Tariff Order.</td></tr>
<tr><td>47. Rs.54.38 Crores excess paid for transmission charges shall not be allowed.</td><td>The PGCIL Transmission charges approved by KERC is based on the past / previous year data but the actual transmission charges paid to PGCIL is based on Regional Transmission Account issued by SRPC & additional transmission lines (assets) created by PGCIL duly approved from Hon'ble CERC from time to time. Hence, the same may be allowed.</td></tr>
<tr><td colspan="2">Commission's Views: The Commission has noted the reply furnished by GESCOM and the matter has been dealt with appropriately in the relevant chapter of this Tariff Order.</td></tr>
<tr><td>48. GESCOM should not have contracted more than its forecasted requirement of energy for various horizon years. FY 2020 is not affected much by Covid-19 except during March 2020.
The contracts / PPAs for Solar & Non solar should have been limited to meet the RPO obligation regulations and not more than that.</td><td>GESCOM has executed the long-term PPAs with solar & non solar developers as per GoK orders for a period of 25 years and there is no scope for changing the contracted capacity before the end of the term of PPA</td></tr>
<tr><td colspan="2">Commission's Views: The Commission has noted the reply furnished by GESCOM.</td></tr>
</table>

Objections on Tariff issues:

Objections:	Replies by GESCOM:
49. At least for having contracted more energy purchase, GESCOM should have made sincere efforts to sell more energy to EHT, HT & L.T consumers than their average annual consumption at incentive prices of less than Rs.5.00 per kWh which would have covered the additional capacity charges.	GESCOM is supplying power to all EHT, HT & LT consumers as per the KERC approved tariff order from time to time. Further, to sell the energy for the category consumers at Rs.5 per unit is not viable to GESCOM since the avg. Power purchase cost of GESCOM is Rs.4.99 per unit for FY 2019-20.
Commission's Views: The Commission has noted the reply furnished by GESCOM and the matter has been dealt with appropriately in the relevant chapter of this Tariff Order.	
50. It is an irony that small quantum of excess energy at Rs.2.47 per kWh has been sold at IEX, instead more initiative ought to have been taken to sell at about Rs.5.00 per kWh to its existing consumers for such quantity more than normal consumption.	AS per CE, SLDC, KPTCL, Bangalore daily availability requirement & scheduling of power is based on merit order dispatch. After fulfilment of the state requirement energy, if any surplus power is available same is sold from PCKL on behalf of all ESCOMs through IEX at competitive bidding rate.
Commission's Views: The Commission has noted the reply furnished by GESCOM and the matter has been dealt with appropriately in the relevant chapter of this Tariff Order.	
51. GESCOM proposed to purchase 8911 MU of energy at a cost of Rs.4611.97 Crores during FY22. Similar to FY20, GESCOM proposed Unnecessary payments of capacity charges to thermal generators of KPCL, CGS Generators and UPCL due to not utilizing the contracted power from them as per long term PPA for the year FY22 also. The details are as follows: Capacity charges of Rs.363.3 Crores has	The details of the projected Power purchase cost as per format D1for FY22 are as follows: (see table below) The energy projected for FY22 is based on the energy available at Ex-bus generation prepared by SRPC for FY 20-21 & projected cost including capacity charges allocated

SL No.	Source	As per D1 Projected Energy (MU)	As per D1 Projected Capacity Charges (Crs)	As per objector additional capacity charges (Crs)	As per objector capacity charges per unit
1	KPCL Thermal	933.94	363.30	213.87	1.60
2	CGS	2211.77	408.98	128.09	1.27
3	UPCL	478.08	120.06	43.57	1.60
	Total	**3623.79**	**892.34**	**385.52**	

Objections on Tariff issues:

Objections:

been proposed to be paid to KPCL for Purchase of 933.94 MU thermal energy at Rs.3.89 per kWh against normal rate of about Rs.1.60 per kWh on utilization of full contracted capacity and thus an additional amount of Rs.213.87 Crores unnecessarily will be incurred by GESCOM and proposed to be passed on to the consumers through tariff hike.

Capacity charges of Rs.408.98 Crores has been proposed to be paid to CGS generators for purchase of 2211.77 MU at Rs.1.85 per kWh against normal rate of Rs.1.27 per kWh on utilization full contracted capacity and thus an additional amount of Rs.128.09 Crores will be unnecessarily incurred by M/s GESCOM and proposed to be passed on to the consumers through tariff hike.

Capacity charges of Rs.120.06 Crores has been proposed to be paid to M/s UPCL for purchase of 478.08 MU at Rs.2.51 per kWh against normal rate of Rs.1.60 per kWh on utilization full contracted capacity and thus an additional amount of Rs.43.57 Crores will be unnecessarily incurred by GESCOM and proposed to be passed on to the consumers through tariff hike.

Total additional amount incurred towards payment of unnecessary excess

Replies by GESCOM:

as per GoK order dated 08.05.2020 for FY 21-22.

As per CERC orders & PPA Terms & Conditions, all ESCOMs including GESCOM are required to arrange payment of Power purchase cost (Fc &Vc),even if thermal generating stations are backed down.

Further, the details of the Thermal Stations of KPCL, CGS & UPCL capacity charges approved by KERC for FY 2020-21 is as furnished below for information.

SL No.	Source	Approved Energy FY 21(MU)	Approved Capacity Charges FY21(Crs)	Approved capacity charges per unit
1	KPCL Thermal	1039.12	280.77	2.70
2	CGS	2596.14	361.23	1.39
3	UPCL	396.00	125.53	3.17
	Total	**4031.26**	**767.53**	

Here, the capacity charges per unit of Thermal stations approved by KERC for FY 2020-21 is more than the rate per unit calculated by the objector for FY 2021-22.

Here objector has calculated the total amount of Rs.385.52 Crs. could be excess payment of capacity charges for FY 2021-22 by taking the average normal rate at Rs.1.60 per unit for KPCL & UPCL thermal stations & for CGS generators at Rs.1.27 per unit as capacity charges for the projected energy. Here the average normal rate per unit for the capacity charges of the Thermal Stations considered by the objector is not based on the CERC order & PPA Terms & Conditions. Hence, the claim of objector for total excess payment of capacity charges of Rs.385.52 Crs is baseless & it is denied.

Objections on Tariff issues:	
Objections:	**Replies by GESCOM:**
capacity charges by not utilizing the energy as contracted – Rs.385.52 Crores during FY22.	
Commission's Views: The Commission has noted the reply furnished by GESCOM and the matter has been dealt with appropriately in the relevant chapter of this Tariff Order.	
52. An additional capacity charge amount of Rs.385.52 Crores proposed to be incurred by GESCOM due to their inefficiency in not only for contracting more power than the requirement and meeting RPO obligation should not be passed on to the consumers and to be disallowed for FY22. The Power purchase cost of GESCOM including Transmission Charges of PGCIL, KPTCL and SLD & POSOCO charges shall be considered only Rs.4226.45 Crores against Rs.4611.97 Crores claimed in the ARR. There will be a total reduction of Rs. (262.98 + 385.52) 648.50 Crores towards the power purchase cost of GESCOM for the years FY-2020 and FY-2022.	Here the objector has calculated the total amount of Rs.385.52 Crores could be excess payment of capacity charges for FY 2021-22 by taking the average of normal rate at Rs.1.60 per unit for KPCL & UPCL thermal stations & for CGS generators at Rs.1.27 per unit as capacity charges for the projected energy. Here the avg. normal rate per unit for the capacity charges of the Thermal Stations considered by the objector is not based on the CERC order & PPA Terms & Conditions. Hence, the claim of objector for total excess payment of capacity charges of Rs.385.52 Crores is baseless & it is denied.
Commission's Views: The Commission has noted the reply furnished by GESCOM and the matter has been dealt with appropriately in the relevant chapter of this Tariff Order.	
	The Development Corporation are releasing Rs. 50,000 per beneficiary. GESCOM is spending about Rs.1.70 Lakhs to energizing one GK IP set. The difference amount is not being released by the Corporation. However, Energy Department has sent a proposal to Finance Department to release

Objections on Tariff issues:	
Objections:	**Replies by GESCOM:**
	difference amount spent by GESCOM. The decision of the Government is awaited.
Commission's Views: The Commission has noted the reply furnished by GESCOM and the matter will be dealt appropriately in the relevant chapter of this Tariff Order.	
53. The interest amount of Rs.207.46 Crores and Rs.34.55 Crores total Rs.242.01 Crores interest accumulated for the period from 01.04.2015 to 30.09.2018 on dues amount of street light and water supply was waived off by GESCOM. This waive off of Rs.242.01 Crores is totally illegal. This burden of Rs.242.01 Crores should not be passed on the consumer through Tariff. This unilateral action of waiver of interest is wrong on part of GOK as well as GESCOM without concurrence of KERC.	In accordance with the directions received from Chief Secretary GoK, and GoK vide order No EN03/PSR/2016/P-03 dated 31.03.2017. As per the above the matter is placed in 79th Board Meeting and approved to with drawl of accumulated interest of Rs.207 Crores from the books of accounts of GESCOM. As per the above GESCOM is legally accounted for above said.
Commission's Views: The Commission has noted the reply furnished by GESCOM.	
54. An amount of Rs.867.33 crores dues receivable from Government of Karnataka towards subsidy dues which are outstanding and have accumulated over a period of time from 2008 up to December 2020. Receivable subsidy with interest works out for Rs.2427.55 Crores. Subsidy receivable is Rs.867.33 Crores and Interest to be collected Rs.1560.22 crores totalling Rs.2427.55 Crores.	A letter addressed to Energy Department request for payment of interest on Subsidy Arrears payable to GESCOM vide letter No GESCOM/SPS/CA/DCA/AO/ AAO(DCB)/2018-19/14843 dated 28.06.2018. The Under Secretary, Energy Department, GoK has replied vide letter No EN100/PSR2018 dated 16.07.2018 that there is no provision for the payment of interest on subsidy arrears under state consolidated fund, also GESCOM will request and pursue the GOK to include interest on arrears of subsidy in the budget and arrange to release the same. Once again GESCOM has addressed a letter to Energy

Objections on Tariff issues:	
Objections:	**Replies by GESCOM:**
In Electricity Act 2003 there is no provision to give concession for dues to be collected from Government or there is no provision in Electricity Act 2003 that government dues should be exempted from levying interest on their dues. Not collecting the interest (carrying cost) on government's long standing dues and passing on it to other honest consumer is highly objectionable. This issue was raised in previous objection dated 30.01.2018 for which the Commission clearly stated in its Tariff order 2018 at page No 206 that, "The matter of charging interest on subsidy dues shall be taken up by the GESCOM with the Government, as non-release of subsidy results in borrowing from others sources by paying necessary interest to pay its liabilities which cannot be passed on to consumers". GESCOM had written a letter dated 28.05.2018 addressed to the Energy Department GoK, with a request to release the interest on arrears of subsidy accumulated since FY-2008 to FY 2017. In response Energy Department replied with a lame excuse denying releasing interest on arrears of subsidy. As Energy Department did not respond properly to the GESCOM's letter dated 28.06.2018	Department, GoK in respect of above matter to release arrears of subsidy and interest as at the end of March-2019 vide letter No GESCOM/FA/CA/DCA/AO/AAO/(DCB)/2019-20/18628 dated 20.06.2019.

Objections on Tariff issues:	
Objections:	**Replies by GESCOM:**
and did not release interest on arrears of subsidy, For all these years from 2008 to till date the GoK is violating the provisions of The KERC (Manner of Payment of Subsidy by the State Government) Regulation, 2008. Attention of commission is invited towards the Tariff order dated 19.04.2018 of Punjab state electricity regulatory commission in matter of Punjab state Power Corporation limited (PSPCL) in respect of application for APR of FY-2017-18 and Revised Estimate for FY18-19, wherein Government of Punjab has been directed as under: "Interest on delayed payment of subsidy: The GoP has paid Rs.5600.70 crore subsidy to PSPCL during FY 2016-17 in staggered instalments. The Commission observed that there was delay in payment of subsidy to PSPCL in FY 2016-17. With a view to compensate PSPCL on this account, the Commission levies interest on the delayed payment of subsidy @9.70% (effective rate of interest on working capital loan) which works out to Rs.307.79 crore". The situation of GESCOM and GoK in the matter of delay in release of subsidy Amount is similar to that of Punjab thus the GoK Shall be directed to bear the	

Objections on Tariff issues:	
Objections:	**Replies by GESCOM:**
carrying cost on all delays in release of subsidy from GoK to GESCOM.	
Commission's Views: The Commission has noted the reply furnished by GESCOM. The matter of charging interest on subsidy dues shall be taken up by the GESCOM with the Government, as non-release of subsidy results in borrowing from others sources by paying necessary interest to pay its liabilities which cannot be passed on to consumers. The Commission directs GESCOM to place the subject before the Board of Directors seeking resolution to the subject and pursue with the Government. The interest being allowed by the Commission as per MYT norms and interest on subsidy dues is not being allowed in the ARR.	

The Commission has not considered the objections received without affidavit and the objections not received in the Commission's office. Further, as far as possible, only objections related to tariff and connected issues have been dealt with in this Appendix.

ANNEXURE-1

ESCOMs TOTAL POWER PURCHASE FOR FY22							
Sl. No.	NAME OF THE GENERATING STATION	Energy considered (MU)	Capacity Charges	Variable Charges		Total Cost	
			Amount in Crores	Amount in Crores	Cost/ Unit in Rs.	Amount in Crores	Cost/ Unit in Rs.
A	KPCL THERMAL						
1	RAICHUR THERMAL POWER STATION_RTPS 1-7 (7x210)	5720.00	942.00	1716.00	3.00	2658.00	4.65
2	RAICHUR THERMAL POWER STATION_RTPS 8 (1x250)	700.00	248.30	196.00	2.80	444.30	6.35
3	BELLARY THERMAL POWER STATIONS_BTPS-1 (1x500)	1500.00	323.78	442.50	2.95	766.28	5.11
4	BELLARY THERMAL POWER STATIONS_BTPS-2 (1x500)	1700.00	463.39	499.80	2.94	963.19	5.67
5	BELLARY THERMAL POWER STATIONS_BTPS-3 (1x700)	2500.00	990.43	747.50	2.99	1737.93	6.95
6	YTPS	3079.66	1718.37	893.10	2.90	2611.47	8.48
	TOTAL KPCL THERMAL	15199.66	4686.27	4494.90	2.9572	9181.17	6.04
B	CGS SOURCES						
1	N.T.P.C-RSTP-I&II (3X200MW+3X500MW)	2208.26	199.85	532.19	2.41	732.04	3.32
2	N.T.P.C-RSTP-III (1X500MW)	569.08	53.66	134.87	2.37	188.53	3.31
3	NTPC-Talcher (4X500MW)	2185.73	182.76	459.00	2.10	641.76	2.94
4	Simhadri Unit -1 &2 (2X500MW)	550.00	199.68	165.00	3.00	364.68	6.63
5	NTPC Tamilnadu Energy Company Ltd (NTECL)_Vallur TPS Stage I &2 &3 (3X500MW)	450.00	210.99	135.00	3.00	345.99	7.69
6	Neyveli Lignite Corporation_NLC TPS-II STAGE I (3X210MW)	757.63	69.92	212.14	2.80	282.06	3.72
7	Neyveli Lignite Corporation_NLC TPS-II STAGE 2 (4X210MW)	1048.30	97.47	293.52	2.80	390.99	3.73
8	Neyveli Lignite Corporation_NLC TPS I EXP (2X210MW)	675.01	71.62	172.13	2.55	243.75	3.61

Sl. No.	NAME OF THE GENERATING STATION	Energy considered (MU)	Capacity Charges	Variable Charges		Total Cost	
			Amount in Crores	Amount in Crores	Cost/ Unit in Rs.	Amount in Crores	Cost/ Unit in Rs.
9	Neyveli Lignite Corporation_NLC TPS2 EXP (2X250MW)	639.70	188.33	170.16	2.66	358.49	5.60
10	NLC TAMINADU POWER LIMITED (NTPL) (TUTICORIN) (2X500MW)	650.00	234.17	195.00	3.00	429.17	6.60
11	MAPS (2X220MW)	163.70		42.56	2.60	42.56	2.60
12	Kaiga Unit 1&2 (2X220MW)	812.14		277.75	3.42	277.75	3.42
13	Kaiga Unit 3 &4 (2X200MW)	835.83		285.85	3.42	285.85	3.42
14	NPCIL-KudanKulam Atomic Power Generating Station (KKNPP U1 (1X1000MW)	1095.32		447.99	4.09	447.99	4.09
15	NPCIL-KudanKulam Atomic Power Generating Station (KKNPP) U2(1X1000MW)	1091.03		446.23	4.09	446.23	4.09
16	DVC-Unit-1 &2 Meja TPS (2x500MW)	1145.38	203.84	314.98	2.75	518.82	4.53
17	DVC-Unit-7 & 8-KODERMA TPS (2x500MW)	1431.73	293.93	357.93	2.50	651.86	4.55
18	Kudgi	2344.53	1494.87	668.19	2.85	2163.06	9.23
19	New NLC thermal Project	301.61	73.94	70.28	2.33	144.22	4.78
	TOTAL CGS Energy @ KPTCl periphery	18954.98	3575.03	5380.78	2.84	8955.81	4.72
C	**MAJOR IPPS**						
1	UDUPI POWER CORPORATION LIMITED_UPCL (2x600)	4200.00	1091.48	1335.60	3.18	2427.08	5.78
D	**KPCL HYDEL STATIONS**						
1	SHARAVATHI VALLEY PROJECT_SVP (10x103.5+2x27.5)	4850.46		354.08	0.73	354.08	0.73
2	MAHATMA GANDHI HYDRO ELECTRIC POWER HOUSE_MGHE (4x21.6+4x13.2)	253.63		22.57	0.89	22.57	0.89
3	GERUSOPPA_GPH (SHARAVATHI TAIL RACE_STR) (4x60)	483.64		74.96	1.55	74.96	1.55

Sl. No.	NAME OF THE GENERATING STATION	Energy considered (MU)	Capacity Charges	Variable Charges		Total Cost	
			Amount in Crores	Amount in Crores	Cost/ Unit in Rs.	Amount in Crores	Cost/ Unit in Rs.
4	KALI VALLEY PROJECT_KVP (2x50+5x150+1x135)	3203.48		374.81	1.17	374.81	1.17
5	VARAHI VALLEY PROJECT_VVP (4x115+2x4.5)	1051.28		178.72	1.70	178.72	1.70
6	ALMATTI DAM POWER HOUSE_ADPH (1x15+5x55)	441.73		101.16	2.29	101.16	2.29
7	BHADRA HYDRO ELECTRIC POWER HOUSE_BHEP ((1x2+2x12)+(1x7.2+1x6))	49.47		25.43	5.14	25.43	5.14
8	KADRA POWER HOUSE_KPH (3x50)	325.40		61.83	1.90	61.83	1.90
9	KODASALLI DAM POWER HOUSE_KDPH (3x40)	315.13		44.75	1.42	44.75	1.42
10	GHATAPRABHA DAM POWER HOUSE_GDPH (2x16)	63.65		13.75	2.16	13.75	2.16
11	SHIVASAMUDRAM (4x4+6x3) & SHIMSHAPURA (2x8.6) HYDRO STATIONS.	278.28		39.79	1.43	39.79	1.43
12	MUNIRABAD POWER HOUSE (2x9+1x10)	80.82		10.59	1.31	10.59	1.31
	TOTAL KPCL HYDRO	11396.97	0.00	1302.43	1.14	1302.43	1.14
D	**OTHER HYDRO**						
1	PRIYADARSHINI JURALA HYDRO ESLECTRIC STATION (6x39)	156.70		58.61	3.74	58.61	3.74
2	TUNGABHADRA DAM POWER HOUSE_TBPH (4x9+4x9)	32.47		4.51	1.39	4.51	1.39
	TOTAL OTHER HYDRO	189.17		63.12		63.12	3.34
E	**RE SOURCES**						
1	WIND-IPPS	5889.24		2249.69	3.82	2249.69	3.82
2	KPCL-WIND (9x0.225+10x0.230)	6.74		3.26	4.83	3.26	4.83
3	MINI HYDEL-IPPS	1332.30		442.32	3.32	442.32	3.32

Sl. No.	NAME OF THE GENERATING STATION	Energy considered (MU)	Capacity Charges	Variable Charges		Total Cost	
			Amount in Crores	Amount in Crores	Cost/ Unit in Rs.	Amount in Crores	Cost/ Unit in Rs.
4	CO-GEN	502.82		197.61	3.93	197.61	3.93
5	CAPTIVE	42.10		9.05	2.15	9.05	2.15
6	Wind MOA	221.84		77.87	3.51	77.87	3.51
7	BIOMASS	157.68		84.04	5.33	84.04	5.33
8	Solar Existing	8696.27		4313.35	4.96	4313.35	4.96
9	SRTPV	103.94		53.94	5.19	53.94	5.19
10	SOLAR-KPCL (YELESANDRA,ITNAL,YAPALDINNI,SHIMSHA) (3x1+3x1+1x3x1x5)	9.29		4.49	4.83	4.49	4.83
F	TOTAL RE	16962.22	0.00	7435.62		7435.62	4.38
1	Bundled power Coal(OLD)	430.79		211.09	4.90	211.09	4.90
2	Bundled power Coal(NEW)	2017.42		786.79	3.90	786.79	3.90
3	Bundled power Solar(OLD)	120.50		126.77	10.52	126.77	10.52
4	Bundled power Solar(NEW)	1380.80		662.78	4.80	662.78	4.80
	Total Bundled Power	3949.51	0.00	1787.43		1787.43	
G	**TOTAL Excluding TRANSMISSION & LDC CHARGES**						
1	KPTCL TRANSMISSION CHARGES		4276.075	0.00		4276.075	
2	PGCIL CHARGES		2040.00	0.00		2040.00	
3	SLDC		34.63	0.00		34.63	
4	POSOCO CHARGES		3.20	0.00		3.20	
H	**TOTAL INCLUDING TRANSMISSION & LDC CHARGES**	**70852.52**	**15706.68**	**21799.88**		**37506.56**	**5.294**

ANNEXURE-2

GESCOM TOTAL POWER PURCHASE FOR FY22

Sl. No.	NAME OF THE GENERATING STATION	Percent age	Energy considered (MU)	Capacity Charges	Variable Charges		Total Cost	
				Amount in Crores	Amount in Crores	Cost/ Unit in Rs.	Amount in Crores	Cost/ Unit in Rs.
A	KPCL THERMAL							
1	RAICHUR THERMAL POWER STATION_RTPS 1-7 (7x210)	9.0000	514.80	84.78	154.44	3.00	239.22	4.65
2	RAICHUR THERMAL POWER STATION_RTPS 8 (1x250)	11.7285	82.10	29.12	22.99	2.80	52.11	6.35
3	BELLARY THERMAL POWER STATIONS_BTPS-1 (1x500)	11.7285	175.93	37.97	51.90	2.95	89.87	5.11
4	BELLARY THERMAL POWER STATIONS_BTPS-2 (1x500)	11.7285	199.38	54.35	58.62	2.94	112.97	5.67
5	BELLARY THERMAL POWER STATIONS_BTPS-3 (1x700)	11.7285	293.21	116.16	87.67	2.99	203.83	6.95
6	YTPS	11.7285	361.20	201.54	104.75	2.90	306.29	8.48
	TOTAL KPCL THERMAL		**1626.62**	**523.93**	**480.36**		**1004.29**	**6.17**
B	CGS SOURCES							
1	N.T.P.C-RSTP-I&II (3X200MW+3X500MW)	11.7285	259.00	23.44	62.42	2.41	85.86	3.32
2	N.T.P.C-RSTP-III (1X500MW)	11.7285	66.74	6.29	15.82	2.37	22.11	3.31
3	NTPC-Talcher (4X500MW)	11.7285	256.35	21.44	53.83	2.10	75.27	2.94
4	Simhadri Unit -1 &2 (2X500MW)	11.7285	64.51	23.42	19.35	3.00	42.77	6.63
5	NTPC Tamilnadu Energy Company Ltd (NTECL)_Vallur TPS Stage I &2 &3 (3X500MW)	11.7285	52.78	24.75	15.83	3.00	40.58	7.69
6	Neyveli Lignite Corporation_NLC TPS-II STAGE I (3X210MW)	11.7285	88.86	8.20	24.88	2.80	33.08	3.72
7	Neyveli Lignite Corporation_NLC TPS-II STAGE 2 (4X210MW)	11.7285	122.95	11.43	34.43	2.80	45.86	3.73
8	Neyveli Lignite Corporation_NLC TPS I EXP (2X210MW)	11.7285	79.17	8.40	20.19	2.55	28.59	3.61
9	Neyveli Lignite Corporation_NLC TPS2 EXP (2X250MW)	11.7285	75.03	22.09	19.96	2.66	42.05	5.60
10	NLC TAMINADU POWER LIMITED (NTPL) (TUTICORIN) (2X500MW)	11.7285	76.24	27.46	22.87	3.00	50.34	6.60
11	MAPS (2X220MW)	11.7285	19.20	0.00	4.99	2.60	4.99	2.60
12	Kaiga Unit 1&2 (2X220MW)	11.7285	95.25	0.00	32.58	3.42	32.58	3.42

Sl. No.	NAME OF THE GENERATING STATION	Percent age	Energy considered (MU)	Capacity Charges	Variable Charges		Total Cost	
				Amount in Crores	Amount in Crores	Cost/ Unit in Rs.	Amount in Crores	Cost/ Unit in Rs.
13	Kaiga Unit 3 & 4 (2X200MW)	11.7285	98.03	0.00	33.53	3.42	33.53	3.42
14	NPCIL-KudanKulam Atomic Power Generating Station (KKNPP U1 (1X1000MW)	11.7285	128.46	0.00	52.54	4.09	52.54	4.09
15	NPCIL-KudanKulam Atomic Power Generating Station (KKNPP) U2(1X1000MW)	11.7285	127.96	0.00	52.34	4.09	52.34	4.09
16	DVC-Unit-1 & 2 Meja TPS (2x500MW)	11.7285	134.34	23.91	36.94	2.75	60.85	4.53
17	DVC-Unit-7 & 8-KODERMA TPS (2x500MW)	11.7285	167.92	34.47	41.98	2.50	76.45	4.55
18	Kudgi	11.7285	274.98	175.33	78.37	2.85	253.69	9.23
19	New NLC thermal Project	11.7285	35.37	8.67	8.24	2.33	16.91	4.78
	TOTAL CGS Energy @ KPTCL periphery		**2223.13**	**419.30**	**631.08**		**1050.38**	**4.72**
C	**MAJOR IPPS**							
1	UDUPI POWER CORPORATION LIMITED_UPCL (2x600)	6.3503	266.71	69.31	84.81	3.18	154.13	5.78
D	**KPCL HYDEL STATIONS**							
1	SHARAVATHI VALLEY PROJECT_SVP (10x103.5+2x27.5)	20.5238	995.50	0.00	72.67	0.73	72.67	0.73
2	MAHATMA GANDHI HYDRO ELECTRIC POWER HOUSE_MGHE (4x21.6+4x13.2)	11.7285	29.75	0.00	2.65	0.89	2.65	0.89
3	GERUSOPPA_GPH (SHARAVATHI TAIL RACE_STR) (4x60)	11.7285	56.72	0.00	8.79	1.55	8.79	1.55
4	KALI VALLEY PROJECT_KVP (2x50+5x150+1x135)	11.8465	379.50	0.00	44.40	1.17	44.40	1.17
5	VARAHI VALLEY PROJECT_VVP (4x115+2x4.5)	11.7285	123.30	0.00	20.96	1.70	20.96	1.70
6	ALMATTI DAM POWER HOUSE_ADPH (1x15+5x55)	11.7285	51.81	0.00	11.86	2.29	11.86	2.29
7	BHADRA HYDRO ELECTRIC POWER HOUSE_BHEP ((1x2+2x12)+(1x7.2+1x6))	11.7285	5.80	0.00	2.98	5.14	2.98	5.14
8	KADRA POWER HOUSE_KPH (3x50)	11.7285	38.16	0.00	7.25	1.90	7.25	1.90
9	KODASALLI DAM POWER HOUSE_KDPH (3x40)	11.7285	36.96	0.00	5.25	1.42	5.25	1.42
10	GHATAPRABHA DAM POWER HOUSE_GDPH (2x16)	11.7285	7.47	0.00	1.61	2.16	1.61	2.16

Sl. No.	NAME OF THE GENERATING STATION	Percent age	Energy considered (MU)	Capacity Charges	Variable Charges		Total Cost	
				Amount in Crores	Amount in Crores	Cost/ Unit in Rs.	Amount in Crores	Cost/ Unit in Rs.
11	SHIVASAMUDRAM (4x4+6x3) & SHIMSHAPURA (2x8.6) HYDRO STATIONS.	11.7285	32.64	0.00	4.67	1.43	4.67	1.43
12	MUNIRABAD POWER HOUSE (2x9+1x10)	11.7285	9.48	0.00	1.24	1.31	1.24	1.31
	TOTAL KPCL HYDRO		**1767.09**	**0.00**	**184.34**		**184.34**	**1.04**
E	OTHER HYDRO							
1	PRIYADARSHINI JURALA HYDRO ESLECTRIC STATION (6x39)	12.4949	19.58	0.00	7.32	3.74	7.32	3.74
2	TUNGABHADRA DAM POWER HOUSE_TBPH (4x9+4x9)	12.4731	4.05	0.00	0.56	1.39	0.56	1.39
	TOTAL OTHER HYDRO		**23.63**	**0.00**	**7.89**	**0.00**	**7.89**	**3.34**
F	RE SOURCES			0.00	0.00	0.00	0.00	0.00
1	WIND-IPPS		1302.99	0.00	497.74	3.82	497.74	3.82
2	KPCL-WIND (9x0.225+10x0.230)			0.00	0.00	4.83	0.00	4.83
3	MINI HYDEL-IPPS		110.56	0.00	36.71	3.32	36.71	3.32
4	CO-GEN		56.77	0.00	22.31	3.93	22.31	3.93
5	CAPTIVE			0.00	0.00	2.15	0.00	2.15
6	Wind MOA			0.00	0.00	3.51	0.00	3.51
7	BIOMASS		72.22	0.00	38.49	5.33	38.49	5.33
8	Solar Existing		829.75	0.00	411.56	4.96	411.56	4.96
9	SRTPV			0.00	0.00	5.19	0.00	5.19
10	SOLAR-KPCL (YELESANDRA,ITNAL,YAPALD INNI,SHIMSHA) (3x1+3x1+1x3x1x5)		2.19	0.00	1.06	4.83	1.06	4.83
G	**TOTAL RE**		**2374.48**	**0.00**	**1007.87**	**0.00**	**1007.87**	**0.00**
1	Bundled power Coal(OLD)	14.8634	64.03	0.00	31.37	4.90	31.37	4.90
2	Bundled power Coal(NEW)	15.1079	304.79	0.00	118.87	3.90	118.87	3.90
3	Bundled power Solar(OLD)	14.8631	17.91	0.00	18.84	10.52	18.84	10.52
4	Bundled power Solar(NEW)	15.1209	208.79	0.00	100.22	4.80	100.22	4.80
	Total Bundled Power		595.52		269.30		269.30	

Sl. No.	NAME OF THE GENERATING STATION	Percent age	Energy considered (MU)	Capacity Charges	Variable Charges		Total Cost	
				Amount in Crores	Amount in Crores	Cost/ Unit in Rs.	Amount in Crores	Cost/ Unit in Rs.
H	TOTAL Excluding TRANSMISSION & LDC CHARGES							
1	KPTCL TRANSMISSION CHARGES			490.918			490.918	
2	PGCIL CHARGES			225.310			225.31	
3	SLDC			4.13			4.128	
4	POSOCO CHARGES			0.42			0.42	
I	**TOTAL INCLUDING TRANSMISSION & LDC CHARGES**		**8877.18**	**1733.311**	**2665.658**		**4398.96**	

Annexure-3

PROPOSED AND APPROVED REVENUE AND REALISATION AND LEVEL OF CROSS SUBSIDY FOR FY-22 OF GESCOM										
								With ref. to ACS	With ref. to voltage wise COS*	
Sl No	Category	Description	Proposed by GESCOM Sales-MU	Proposed by GESCOM Revenue Rs. crores	Approved as per RST Sales-MU	Approved as per RST Revenue Rs. crores	Average Realisation in Rs. Per Kwh	Level of Cross Subsidy in %	Level of Cross Subsidy in % (LT&HT)	Level of Cross Subsidy in % (EHT)
1	LT-1[fully subsidised by GoK]*	Bhagya Jyothi/Kutir Jyothi < 40 Units	258.15	230.06	251.59	194.78	7.74	0.00	-1.50	
2	LT-1	Bhagya Jyothi/Kutir Jyothi > 40 Units			6.52	3.74	5.74	-26.01	-27.11	
3	LT-2(a)(i)	Dom. / AEH - Applicable to City Municipal Corporations areas and all area under Urban Local Bodies.	983.00	941.13	1083.49	863.78	7.97	2.96	1.43	
4	LT-2(a)(ii)	Dom. / AEH - Applicable to areas under Village Panchayats	357.33	353.21	310.06	253.47	8.17	5.58	4.01	
5	LT-2(b)(i)	Pvt. Educational Institutions Applicable to all areas of Local Bodies including City Corporations	13.61	13.17	13.94	12.28	8.81	13.77	12.07	
6	LT-2(b)(ii)	Pvt. Educational Institutions Applicable to areas under Village Panchayats	2.52	2.34	2.66	2.36	8.90	14.93	13.21	
7	LT-3(i)	Commercial - Applicable in areas under all ULBs including City Corporations.	290.75	336.92	258.72	281.28	10.87	40.41	38.32	
8	LT-3(ii)	Commercial - Applicable to areas under Village Panchayats	102.63	111.56	106.45	102.87	9.66	24.81	22.95	
9	LT-4(a)*	IP<=10HP	3247.63	2537.29	3140.25	2003.48	6.38	-17.60	-18.83	
10	LT-4(b)	IP>10HP	3.16	1.64	2.99	3.56	11.91	53.91	51.61	
11	LT-4 (c) (i)	Pvt. Nurseries, Coffee & Tea Plantations of sanctioned load of 10 HP & below	0.44	0.46	1.28	0.81	6.33	-18.26	-19.48	
12	LT-4 (c) (ii)	Pvt. Nurseries, Coffee & Tea Plantations of sanctioned load of above 10 HP	0.80	0.44						
13	LT-5(a)	LT Industrial	125.95	155.53	121.00	121.91	10.08	30.13	28.19	
14	LT-5 (b)	LT Industrial	61.17	72.87	58.76	66.43	11.31	46.00	43.82	
15	LT-6	Water supply	458.66	307.04	484.41	265.29	5.48	-29.27	-30.32	
16	LT-6	Public lighting	253.66	205.74	255.65	190.36	7.45	-3.83	-5.27	
17	LT-7(a)	Temporary supply	29.79	37.06	29.71	43.05	14.49	87.10	84.31	
18	LT-7(b)	Permanent Supply to Adversiting & Holding	0.00	0.00	0.08	0.12	15.00	89.67	86.84	
		LT - TOTAL	**6189.26**	**5306.46**	**6127.57**	**4409.57**	**7.20**	**-7.06**	**-8.44**	
1	HT-1	Water supply & sewerage	124.18	96.50	125.59	83.05	6.61	-14.59	-10.27	-7.12
2	HT-2(a)	Industrial -	1065.81	1153.00	1151.64	1,031.04	8.95	15.63	21.48	25.74
3	HT-2(b)	Commercial	85.80	107.59	85.89	98.03	11.41	47.41	54.87	60.31
4	HT-2 (c) (i)	Govt./ Aided Hospitals & Educational Institutions	35.43	34.08	19.98	21.81	10.92	41.04	48.17	53.37
5	HT-2 (c) (ii)	Hospitals and Educational Institutions other than covered under HT-2(c) (i)	0.00	0.00	12.82	12.50	9.75	25.89	32.26	36.90
6	HT-3(a)(i)	Lift Irrigation - Applicable to lift irrigation schemes under Govt Dept, / Govt. owned Corporations	115.24	51.19	75.92	23.53	3.10	-59.96	57.94	-56.46
7	HT-3(a)(ii)	Lift Irrigation - Applicable to Private lift irrigation schemes Lift Irrigaton societies on urban/express feeders	14.49	8.40	34.82	16.90	4.85	-37.30	-34.13	-31.81
8	HT-3(a)(iii)	LI schemes other than those covered under HT 3(a)(ii)	0.00	0.00	14.74	5.04	3.42	-55.82	-53.59	-51.96
9	HT - 3b	Irrigation & Agriculture Farms,Govt. Horticultural Farms, Pvt.Horticulture Nurseries, Coffee, Tea,Cocanut & Arecanut Plantations	0.00	0.00	4.25	2.17	5.11	-34.13	-30.80	-28.37
10	HT-4	Residential Apartments -Colonies	20.05	19.55	16.46	12.77	7.76	0.18	5.24	8.94
11	HT-5	Temporary supply	17.25	33.39	17.25	21.85	12.67	63.58	71.85	77.88
		HT - TOTAL	**1478.25**	**1503.70**	**1559.36**	**1328.70**	**8.52**	**10.05**	**15.62**	**19.67**
		TOTAL	**7667.51**	**6810.16**	**7686.94**	**5738.27**	**7.46**	**-3.59**	**1.29**	**4.85**
		Misc. Revenue				213.50				
		Grand Total	**7667.51**	**6810.16**	**7686.94**	**5,951.77**	**7.74**			

* These categories are subsidised by GoK. In case subsidy is not released by the Gok in advance, GESCOM shall raise demand & collect CDT of **Rs.7.74/unit** by BJ/KJ &**Rs.6.38/unit** from IP set Consumers.

* Voltage wise cost of supply per unit to: LT Rs: **7.86**, HT Rs.7.37 & EHT- Rs.7.12

Annexure-4

Karnataka Electricity Regulatory Commission, Bangalore.

Calculations for surcharge payable by Open Access Customers -FY22

Sl.	Particulars	Details of surcharge at 66 kV level-paise/unit	Details of surcharge at 33 kV/11 kV level-paise/unit
1	Energy Input for FY22-MU		70852.52
2	Power Purchase Cost(PPC) including RE sources and excluding KPTCL Transmission/SLDC charges -Rs. Crs.		33195.86
3	**PPC Paise/ unit(Sl.No2/Sl.No.1*1000)**		**468.52**
4	Power purchase cost /unit (=Sl.No.3)	468.52	468.52
5	Transmission loss % including Comml. Losses	3.04	**3.04**
6	PPC after accounting for transmission loss (Sl.No.4/(1-Sl.no.5/100)	483.20	483.20
7	ESCOM's Loss at 33 kv/11kv level % including commercial losses	0.00	**3.62**
8	Power purchase cost after accounting for 33 kV/11kV loss(Sl.No.6/(1-Sl.no.7/100)	483.20	501.34
9	Overall Transmission charge per unit including carrying cost of Regulatory asset	**70.51**	**70.51**
10	ESCOM's Average Wheeling charge at 33 kv /11 kVlevel	0.00	**35.36**
11	Add carrying cost of Regulatory asset/unit	0.00	0.00
12	Add cost of REC to meet RPO/unit	0.00	0.00
13	Overall Cost of supply (Sl.nos.8+9+10+11+12)	**553.71**	**607.21**

Paise/unit

		1	2	4	5	6	7	8	9	10	11	12	13	14
	HT Category	**HT-1**	**HT-2a(i)**	**HT-2a(ii)/ HT2a**	**HT-2b(i)**	**HT-2b(ii)/HT 2(b)**	**HT-2c(i)**	**HT-2c(ii)**	**HT-3a(i)**	**HT-3a(ii)**	**HT-3a(iii)**	**HT-3b**	**HT-4**	**HT-5**
14	Average Tariff- [Based on Annexure-3 of all ESCOMs]	**642.84**	**1117.17**	**931.98**	**1310.95**	**1160.85**	**907.77**	**1017.89**	**309.99**	**448.27**	**358.32**	**511.81**	**829.14**	**1771.80**
15	Cross subsidy at 66 kv & above [Sl.No.14-553.71]	**89.14**	**563.47**	**378.27**	**757.24**	**607.15**	**354.06**	**464.18**	**-243.71**	**-105.44**	**-195.39**	**-41.89**	**275.43**	**1218.10**
16	Cross subsidy at HT level [Sl.No.14-607.21]	**35.64**	**509.97**	**324.77**	**703.74**	**553.65**	**300.56**	**410.68**	**-297.21**	**-158.94**	**-248.89**	**-95.40**	**221.93**	**1164.59**
17	20% of Tariff [20% of Sl. No.14]	**128.57**	**223.43**	**186.40**	**262.19**	**232.17**	**181.55**	**203.58**	**62.00**	**89.65**	**71.66**	**102.36**	**165.83**	**354.36**
18	Applicable Cross subsidy at 66 kv & above [lower of Sl.No.15 & Sl.No.17]	**89**	**223**	**186**	**262**	**232**	**182**	**204**	**-244**	**-105**	**-195**	**-42**	**166**	**354**
19	ApplicableCross subsidy at HT level [lower of Sl.No.16 & Sl.No.17]	**36**	**223**	**186**	**262**	**232**	**182**	**204**	**-297**	**-159**	**-249**	**-95**	**166**	**354**

ANNEXURE-5

ELECTRICITY TARIFF - 2022

K.E.R.C. ORDER DATED: 9th June, 2021

Effective for the Electricity consumed from the first meter reading date falling on or after 01.04.2021

Gulbarga
Electricity Supply Company Ltd.,

ELECTRICITY TARIFF-2022

GENERAL TERMS AND CONDITIONS OF TARIFF:

(APPLICABLE TO BOTH HT AND LT)

1. Supply of power is subject to execution of agreement by the Consumer in the prescribed form, payment of prescribed deposits and compliance of terms and conditions as stipulated in the Conditions of Supply of Electricity of the Distribution Licensees in the State of Karnataka and Regulations issued under the Electricity Act, 2003, at the time of supply and continuation of power supply is subject to compliance of the said Conditions of Supply / Regulations as amended from time to time.

2. The tariffs are applicable to only single point of supply unless otherwise approved by the Licensee.

3. The Licensee does not bind himself to energize any installation, unless the Consumer guarantees the minimum charges. The minimum charge is the power supply charges in accordance with the tariff in force from time to time. This shall be payable by the Consumer until power supply agreement is terminated, irrespective of the installation being in service or under disconnection.

4. The tariffs in the schedule are applicable to supply of power within the area of operation of the licensee.

5. The tariffs are subject to levy of Tax and Surcharges thereon as may be decided by the State Government from time to time.

6. For the purpose of these tariffs, the following conversion table would be used: 1 HP=0.746 KW. 1HP=0.878 KVA.

7. The bill amount will be rounded off to the nearest Rupee, i.e., the bill amount of 50 Paise and above will be rounded off to the next higher Rupee and the amount less than 50 Paise will be ignored.

8. Use of power for temporary illumination in the premises already having permanent power supply for marriages, exhibitions in hotels, sales promotions etc., is limited to sanctioned load at the applicable permanent power supply tariff rates. Temporary tariff rates will be applicable in case the load exceeds sanctioned load as per the Conditions of Supply of Electricity of the Distribution Licensees in the State of Karnataka.

9. LT power supply will be given where the requisitioned load is **less than 150 kw / 201 HP.** The applicant is however at liberty to avail HT supply for lesser loads. The minimum contract demand for HT supply shall be 25 KVA or as amended from time to time by the Licensee with the approval of KERC.

10. The Consumer shall not resell electricity purchased from the Licensee to a third party except -

    (a) Where the Consumer holds a sanction or a tariff provision for distribution and sale of energy,

    (b) Under special contract permitting the Consumer for resale of energy in accordance with the provisions of the contract.

11. Non-receipt of the bill by the Consumer is not a valid reason for non-payment. The Consumer shall notify the licenses office which issues the bill, if the same is not received within 7 days from the meter reading date. Otherwise, it will be deemed that the bills have reached the Consumer in due time.

12. The Licensee will levy the following charges for non-realization of each Cheque.

1	Cheque amount upto Rs. 10,000	5% of the amount subject to a minimum of Rs.100
2	Cheque amount of Rs. 10,001 and upto Rs. 1,00,000	3% of the amount subject to a minimum of Rs.500
3	Cheque amount above Rs. 1 Lakh:	2% of the amount subject to a minimum of Rs.3000

13. In respect of power supply charges paid by the Consumer through money order, Cheque /DD sent by post, receipt will be drawn and the Consumer has to collect the same.

14. In case of any belated payment, simple interest at the rate of 1 % per month will be levied on the actual number of days of delay subject to a minimum of Re.1 for LT installation and Rs.100 for HT installation. No interest is however levied for arrears of Rs.10 and less.

15. All LT Consumers, except BhagyaJyothi and KutirJyothi Consumers, shall provide current limiter/Circuit Breakers of capacity prescribed by the Licensee depending upon the sanctioned load.

16. All payments made by the Consumer will be adjusted in the following order of priority: -
    (a) Interest on arrears of Electricity Tax
    (b) Arrears of Electricity Tax
    (c) Arrears of Interest on Electricity charges
    (d) Arrears of Electricity charges
    (e) Current month's dues

17. For the purpose of billing,
    (i) the higher of the rated load or sanctioned load in respect of LT installations which are not provided with Electronic Tri-Vector meter.
    (ii) sanctioned load or MD recorded, whichever is higher, in respect of installations provided with static meters or Electronic Tri-Vector meter will be considered.

    Penalty and other clauses shall apply if the sanctioned load is exceeded.

18. The bill amount shall be paid within 15 days from the date of presentation of the bill failing which the interest becomes payable.

19. For individual installations, more than one meter shall not be provided under the same tariff. Wherever two or more meters are existing for individual installation, the sum of the consumption recorded by the meters shall be taken for billing, till they are merged.

20. In case of multiple connections in a building, all the meters shall be provided at one easily accessible place in the ground floor.

21. **Reconnection charges:** The following reconnection charges shall be levied in case of disconnection and included in the monthly bill.

For reconnection of:

a	Single Phase Domestic installations under Tariff schedule LT 1 & LT2 (a)	Rs.20 per installation
b	Three Phase Domestic installations under Tariff schedule LT2 (a) and Single Phase Commercial & Power installations.	Rs.50 per installation
c	All LT installations with 3 Phase supply other than LT2 (a)	Rs.100 per installation
d	All HT& EHT installations	Rs.500 per Installation.

22. Revenue payments up to and inclusive of Rs.10, 000 shall be made by cash or cheque or D.D and payments above Rs. 10,000 shall be made by cheque or D.D only. Payments under other heads of account shall be made by cash or D.D or bankers cheque up to and inclusive of Rs. 10,000 and payment above Rs. 10,000 shall be by D.D or Bankers Cheque.

Note: The Consumers can avail the facility of payment of monthly power supply bill through Electronic clearing system (ECS)/ Debit / Credit cards / **RTGS/ NEFT/ Net Banking through ESCOMs / Bank/ Karnataka one website, on-line E-Payment / Digital mode of payments in line with the guidelines issued by the RBI, wherever such facility is provided by the Licensee in respect of revenue payments up to the limit prescribed by the RBI.**

23. For the types of installations not covered under any Tariff schedules, the Licensee is permitted to classify such installations under appropriate Tariff schedule under intimation to the K.E.R.C and approval there on.

24. Seasonal Industries

Applicable to all Seasonal Industries

i) The industries that intend to avail this benefit shall have Electronic Tri- Vector Meter fitted to their installations.

ii) 'Working season' months and 'off-season' months shall be determined by an order issued by the Executive Engineer of the concerned O&M Division of the Licensee as per the request of the Consumer and will continue from year to year unless otherwise altered. The Consumer shall give a clear one month's notice in case he intends to change his 'working season'.

iii) The consumption during any month of the declared off-season shall not be more than 25% of the average consumption of the previous working season.

iv) The 'Working season' months and 'off-season' months shall be full–calendar months. If the power availed during a month exceeds the allotment for the 'off-season' month, it shall be taken for calculating the billing demand as if the month is the 'working season' month.

v) The Consumer can avail the facility of 'off-season' up to six months in a calendar year not exceeding in two spells in that year. During the 'off-season period, the Consumer may use power for administrative offices etc., and for overhauling and repairing plant and machinery.

25 Whether an institution availing Power supply can be considered as charitable or not will be decided by the Licensee on the production of certificate Form-12 A from the Income Tax department.

26 Time of the Tariff (ToD)

The Commission as decides in the earlier tariff order, decide to continue compulsory Time of Day Tariff for HT2 (a), HT2 (b) and HT2(c) consumers with a contract demand of 500 KVA and above. Further, the optional ToD would continue as existing earlier for HT2(a), HT2(b) and HT2(c) consumers with contract demand of less than 500 KVA. Also the ToD for HT1 consumers on optional basis would continue as existing earlier. **The ToD tariff for the HT installations using the power for charging the Electric Motor Vehicle in the depots of BMTC / KSRTC/ NEKRTC / NWKRTC on optional basis is also applicable.** Details of ToD tariff are indicated under the respective tariff category. The ToD tariff is not applicable to Railway Traction installations.

27. SICK INDUSTRIES:

The Government of Karnataka has extended certain reliefs for revival/rehabilitation of sick industries under the New Industrial Policy 2001-06 vide G.O. No. CI 167 SPI 2001, dated 30.06.2001. Further, the Government of Karnataka has issued G.O No.CI2 BIF 2010, dated 21.10.2010. The Commission, in its Tariff Order 2002, has accorded approval for implementation of reliefs to the sick industries as per the Government policy and the same was continued in the subsequent Tariff Orders. In view of issue of the G.O No.CI2 BIF 2010, dated 21.10.2010, the Commission has accorded approval to ESCOMs for implementation of the reliefs extended to sick industrial units for their revival / rehabilitation on the basis of the orders issued by the Commissioner for Industrial Development and Director of Industries & Commerce, Government of Karnataka / National Company Law Tribunal (NCLT).

28. Incentive for Prompt Payment / Advance Payment:

An incentive at the rate of 0.25% of such bill shall be given to the following Consumers by way of adjustment in the subsequent month's bill:

(i) In all cases of payment through Electronic Clearing System (ECS).

(ii) And in the case of monthly bills exceeding Rs.1,00,000 (Rs. One Lakh), if the payment is made 10 days in advance of the due date.

(iii) Advance Payment exceeding Rs.1000 made by the Consumers towards monthly bills

29. Conditions of Supply of Electricity of the Distribution Licensees in the State of Karnataka and amendments issued thereon from time to time and Regulations issued under the Electricity Act, 2003, will prevail over the extract given in this tariff book in the event of any discrepancy.

30. Self-Reading of Meters:

The Commission has approved Self-Reading of Meters by Consumers and issue of bills by the Licensee based on such readings and the Licensee shall take the reading at least once in six months and reconcile the difference, if any and raise the bills accordingly. This procedure may be implemented by the Licensee as stipulated under Clause 26.01 of Conditions of Supply of Electricity of the Distribution Licensees in the State of Karnataka.

31. **Metering for 400 Voltas, 3 phase supply with requisition load above 50 kw to 150 kw:**

The accuracy class of metering for arranging power supply to consumers at Low Tension for loads between 50 KW to 150 KW shall be the same as prescribed for HT consumers.

The metering arrangement for consumers availing load between 50 KW to 150 KW at low tension shall be strictly arranged using a metering cubicle similar to that of a HT metering arrangement.

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ELECTRICITY TARIFF-2022

PART-I

<u>LOW TENSION SUPPLY</u>

(400 Volts Three Phase and 230Volts Single Phase Supply)

GESCOM

CONDITIONS APPLICABLE TO BILLING OF LT INSTALLATIONS

1. In the case of LT Industrial / Commercial Consumers, **Demand Based Tariff** at the option of the Consumer, can be adopted. The Consumer is permitted to have more connected load than the sanctioned load. The billing demand will be the sanctioned load, or Maximum Demand recorded in the Tri-Vector Meter during the month, whichever is higher. If the Maximum Demand recorded is more than the sanctioned load, penal charges at two times the normal rate shall apply.

2. Use of power within the Consumer premises for bonafide temporary purpose is permitted subject to the conditions that, total load of the installation on the system does not exceed the sanctioned load.

3. Where it is intended to use power supply temporarily, for floor polishing and such other portable equipment, in a premises having permanent power supply, such equipment shall be provided with earth leakage circuit breakers of adequate capacity.

4. The laboratory installations in educational institutions are allowed to install connected machineries up to four times the sanctioned load. The fixed charges shall however be on the basis of sanctioned load.

5. Besides combined lighting and heating, electricity supply under tariff schedules LT2 (a) & LT2 (b), can be used for Fans, Televisions, Radios, Refrigerators and other household appliances, including domestic water pumps and air conditioners, provided, they are under single meter connection. If a separate meter is provided for Air-conditioner load, the Consumer shall be served with a notice to merge this load and to have a single meter for the entire load. Till such time, the air conditioner load will be billed under Commercial Tariff.

6. **Bulk LT supply:**

   If power supply for lighting / combined lighting & heating {LT 2(a)}, is availed through a bulk Meter for group of houses belonging to one Consumer, (i.e, where bulk LT supply is availed), the billing for energy shall be done at the slab rate for energy charges matching the consumption obtained by dividing the bulk consumption by number of houses. In addition, fixed charges for the entire sanctioned load shall be charged as per Tariff schedule.

7. A rebate of 25 paise per unit will be given for the House/ School/Hostels meant for Handicapped, Aged, Destitute and Orphans, Rehabilitation Centres under Tariff schedule LT 2(a).

8. **SOLAR REBATE:** A rebate of 50 paise per unit of electricity consumed subject to a maximum of Rs.50 per installation per month will be allowed to Tariff schedule LT 2(a), if solar water heaters are installed and used. Where Bulk Solar Water Heater System is installed, Solar Water Heater rebate shall be allowed to each of the individual installations, provided that, the capacity of Solar Water Heater in such apartment / group housing shall be a minimum capacity of 100 Litre per household.

9. A rebate of 20% on fixed charges and energy charges will be allowed in the monthly bill in respect of public Telephone booths having STD/ISD/ FAX facility run by handicapped persons, under Tariff schedule LT 3.

10. A rebate of 2 paise per unit will be allowed if capacitors are installed as per Clause 23 of Conditions of Supply of Electricity of the Distribution Licensees in the State of Karnataka in respect of all metered IP Set Installations.

11. **Power Factor (PF):**

Capacitors of appropriate capacity shall be installed in accordance with Clause 23 of Conditions of Supply of Electricity of the Distribution Licensees in the State of Karnataka, in the case of installations covered under Tariff category LT 3, LT4, LT 5, & LT 6, where motive power is involved.

(i) The specified P.F. is 0.85. If the PF is found to be less than 0.85 Lag, a surcharge of 2 paise per unit consumed will be levied for every reduction of P.F. by 0.01 below 0.85 Lag. In respect of LT installations, however, this is subject to a maximum surcharge of 30 paise per unit.

(ii) The power factor when computed as the ratio of KWh/KVAh will be determined up to 3 decimals (ignoring figures in the other decimal places) and then rounded off to the nearest second decimal as illustrated below:

(a) 0.8449 to be rounded off to 0.84

(b) 0.8451 to be rounded off to 0.85

(iii) In respect of Electronic Tri-Vector meters, the recorded average PF over the billing period shall be considered for billing purposes.

(iv) During inspection, if the capacity of capacitors provided is found to be less than what is stipulated in Conditions of Supply of Electricity of the Distribution Licensees in the State of Karnataka, a surcharge of 30 Paise/unit will be levied in the case of installations covered under Tariff categories LT 3, LT 5, & LT 6 where motive power is involved.

(v) In the case of installations without electronic Tri-vector meters even after providing capacitors as recommended in Clause 23.01 and 23.03 of Conditions of Supply of Electricity of the Distribution Licensees in the State of Karnataka, if during any periodical or other testing / rating of the installation by the Licensee, the PF of the installation is found to be lesser than 0.85, a surcharge determined as above shall be levied from the billing month following the expiry of Three months' notice given by the Licensee, till such time, the additional capacitors are installed and informed to the Licensee in writing by the Consumer. This is also applicable for LT installations provided with electronic Tri-vector meters.

12. All new IP set applicants shall fix capacitors of adequate capacity in accordance with Clause 23 of Conditions of Supply of Electricity of the Distribution Licensees in the State of Karnataka before taking service.

13. All the existing IP set Consumers shall also fix capacitors of adequate capacity in accordance with Clause 23 of Conditions of Supply of Electricity of the Distribution Licensees in the State of Karnataka, failing which, PF surcharge at the rate of Rs.70/-per HP/ year shall be levied. If the capacitors are found to be removed / not installed, a penalty at the same rate as above (Rs.70/-per HP / Year) shall be levied.

14. The Semi-permanent cinemas having Semi-permanent structure, with permanent wiring and licence of not less than one year, will be billed under commercial tariff schedule i.e., LT 3.

15. Touring cinemas having an outfit comprising cinema apparatus and accessories, taken from place to place for exhibition of cinematography films, and also outdoor shooting units, will be billed under Temporary Tariff schedule i.e., LT 7.

16. The Consumers under IP set tariff schedule, shall use the energy only for pumping water to irrigate their own land as stated in the IP set application / water right certificate and for bonafide agriculture use. Otherwise, such installations shall be billed under appropriate Industrial/Commercial tariff, based on the recorded consumption if available, or on the consumption computed as per the Table given under Clause 42.06 of the Conditions of Supply of Electricity of the Distribution Licensees in the State of Karnataka.

17. The water pumped for agricultural purposes may also be used by the Consumer for his bonafide drinking purposes and for supplying water to animals, birds, Poultry farms, Dairy farms and fish farms maintained by the Consumer in addition to agriculture.

18. The motor of IP set installations can be used with an alternative drive for other agricultural operations like sugar cane crusher, coffee pulping, Arecanut cutting etc., with the approval of the Licensee. The energy used for such operation, shall be metered separately by providing alternate switch and charged at LT Industrial Tariff (Only Energy charges) during the period of alternative use. However, if the energy used both for IP Set and alternative operation is measured together by one energy meter, the energy used for alternate drive shall be estimated by deducting the average IP Set consumption for that month as per the IP sample meter readings for the sub-division, as certified by the sub-divisional Officer.

19. The IP Consumer is permitted to use energy for lighting the pump house and well, limited to two lighting points of 40 Watts each.

20. Billing shall be made at least once in a quarter year for all IP sets.

21. In the case of welding transformers, the connected load shall be taken as:

a) Half the maximum capacity in KVA as per the nameplate specified under IS: 1851

OR

b) Half the maximum capacity in KVA as recorded during the rating by the Licensee, whichever is higher.

22. Electricity under Tariff LT 3 / LT 5 can also be used for Lighting, Heating and Air-conditioning, Yard-Lighting, water supply in the respective premises of Commercial / Industrial Units.

23. LED fittings shall be provided by the Licensee for the Streetlights in the case of villages covered under the Licensee's electrification programme for initial installation.

In all other cases, the entire cost of fittings including Brackets, Clamps, etc., and labour for replacement, additions and modifications shall be met by the organizations making such a request. Labour charges shall be paid at the standard rates fixed by the Licensee for each type of fitting.

24. Lamps, fittings and replacements for defective components of fittings shall be supplied by the concerned Village Panchayath, Town Panchayath or Municipality for replacement.

25. Fraction of KW / HP shall be rounded off to the nearest quarter KW / HP for purpose of billing and the minimum billing being for 1 KW / 1HP in respect of all categories of LT installations including I.P. sets. In the case of street lighting installations, fraction of KW shall be rounded off to nearest quarter KW for the purpose of billing and the minimum billing shall be quarter KW.

26. Seasonal Industries.

a) The industries which intend to utilize seasonal industry benefit, shall comply with the conditionalities specified under Para number 24 of the General terms and conditions of tariff (applicable to both HT & LT).

b) The industries that intend to avail this benefit, shall have Electronic Tri-Vector Meter fitted to their installation.

c) Monthly charges during the seasonal months shall be fixed charges and energy charges. **The monthly charges during the off seasonal months, shall be the energy charges plus 25% of the applicable fixed charges.**

TARIFF SCHEDULE LT-1

LT-1: Applicable to installations serviced under Bhagya Jyothi and Kutira Jyothi (BJ/KJ) schemes.

RATE SCHEDULE

Energy charges (including recovery towards service main charges)	Nil* Fully subsidized by the GOK

Commission Determined Tariff for the above category i.e., LT-1 is Rs.7.74 per unit.

***Since GOK is meeting the full cost of supply to BJ / KJ, the Tariff payable by these Consumers is shown as Nil. However, if the GOK does not release the subsidy in advance, a Tariff of Rs.7.74 per unit subject to monthly minimum of Rs.60 per Installation per month shall be demanded and collected from these Consumers.**

Note: If the consumption exceeds **40 units per month** or any BJ/KJ installation is found to have more than one outlet, it shall be billed as per Tariff Schedule LT 2(a).

TARIFF SCHEDULE LT-2(a)

Applicable to lighting/combined lighting, heating and motive Power installations of residential houses and also to such houses where a portion is used by the occupant for (a) Handloom weaving (b) Silk rearing and reeling and artisans using motors up to 200 watts (c) Consultancy in - (i) Engineering, (ii) Architecture, (iii) Medicine, (iv) Astrology, (v) Legal matters, (vi) Income Tax, (vii) Chartered Accountants, (d) Job typing, (e) Tailoring, (f) Post Office, (g) Gold smithy, (h) Chawki rearing, (i) Paying guests/Home stay guests, (j) personal computers, (k) Dhobis, (l) Hand operated printing press, (m) Beauty Parlours, (n) Water Supply installations, Lift which is independently serviced for bonafide use of residential complexes/residence, (o) Farm Houses and yard lighting limiting to 120 Watts, (p) Fodder Choppers & Milking Machines with a connected load upto 1 HP.

Also applicable to the installations of (i) Hospitals, Dispensaries, Health Centres run by State/Central Govt. and local bodies; (ii) Houses, schools and Hostels meant for handicapped, aged, destitute and orphans; (iii) Rehabilitation Centres run by charitable institutions, AIDS and drug addicts Rehabilitation Centres; (iv) Railway staff Quarters with single meter (v) fire service stations.

It is also applicable to the installations of (a) Temples, Mosques, Churches, Gurudwaras, Ashrams, Mutts and religious/Charitable institutions; (b) Hospitals, Dispensaries and Health Centres run by Charitable institutions including X-ray units (c) Jails and Prisons (d) Schools, Colleges, Educational institutions run by State/Central Govt.,/Local Bodies; (e) Seminaries; (f) Hostels run by the Government, Educational Institutions, Cultural, Scientific and Charitable Institutions; (g) Guest Houses/Travelers Bungalows run in Government buildings or by State/Central Govt./Religious/Charitable institutions (h) Public libraries; (i) Museums; (j) Installations of Historical Monuments of Archeology Departments(k) Public Telephone Booths without STD/ISD/FAX facility run by handicapped people; (l) Sulabh / Nirmal Souchalayas; (m) Viswa Sheds having Lighting Loads only.

RATE SCHEDULE

LT 2 (a) (i): Applicable to areas coming under City Municipal Corporations and all other urban local bodies

Fixed charges per month	For the first KW	Rs.85 per KW
	For every additional KW up to and inclusive of 50 KW	**Rs.95 per KW**
	For every additional KW above 50 KW	**Rs.150 per KW**
Energy charges	**For 0 - 50 units (Lifeline consumption)**	**405 paise/unit**
	51 to 100 units	**555 paise/unit**
	101 to 200 units	710 paise/unit
	Above 200 units	815 paise/unit

LT-2(a)(ii): Applicable to Areas under Village Panchayats

Fixed charges per month	For the first KW	Rs.70 per KW
	For every additional KW up to and inclusive of 50 KW	**Rs.85 per KW**
	For every additional KW above 50 KW	**Rs.140 per KW**
Energy charges	**For 0 - 50 units (Lifeline consumption)**	**395 paise/unit**

	51 to 100 units	**525 paise/unit**
	101 to 200 units	680 paise/unit
	Above 200 units	765 paise/unit

Note: Temples, Church's, Mosques, Gurudwaras, Ashrams, Mutts and Religious / Charitable Institution availing the power supply for religious activities under LT supply, shall be categorized and billed under this Tariff schedule. If these institutions use the power for Kalyana Mantapas / Marriage hall, Restaurant or for any other commercial activity, not related to religious activities, such energy consumption shall be billed under LT-3 tariff schedule.

TARIFF SCHEDULE LT-2(b)

Applicable to the installations of Private Professional and other Private Educational Institutions including aided, unaided institutions, Nursing Homes and Private Hospitals having only lighting or combined lighting & heating, and motive power.

RATE SCHEDULE

LT 2 (b) (i): Applicable to City Municipal Corporations and all other urban local bodies

Fixed charges	Rs.100 per KW subject to a minimum of Rs.125 per Month **up to and inclusive of 50 KW**	
	Rs.155 per KW for every additional KW above 50 KW	
Energy charges	0 to 200 units	725 paise/unit
	Above 200 units	850 paise/unit

LT-2(b)(ii): Applicable in Areas under Village Panchayats

Fixed charges	Rs.90 per KW subject to a minimum of Rs.110 per Month **up to and inclusive of 50 KW**	
	Rs.145 per KW for every additional KW above 50 KW	
Energy charges	0 to 200 units	670 paise/unit
	Above 200 units	795 paise/unit

Note: Applicable to LT-2 (a), LT-2 (b) Tariff Schedules.

1 A rebate of 25 paise. Per unit shall be given for installation of a house/ School/ Hostels meant for Handicapped, Aged, Destitute and Orphans, Rehabilitation Centres run by Charitable Institutions.

2 (a) Use of power within the consumer's premises for temporary purposes for bonafide use is permitted subject to the condition that, the total load of the installation on the system does not exceed the sanctioned load.

(b) Where it is intended to use floor polishing and such other portable equipment temporarily, in the premises having permanent supply, such equipment shall be provided with an earth leakage circuit breaker of adequate capacity.

3 The laboratory installations in educational institutions are allowed to install connected machinery up to 4 times the sanctioned load. The fixed charges shall however be on the basis of sanctioned load.

4. Besides lighting and heating, electricity supply under this schedule can be used for fans, Televisions, Radios, Refrigerators and other house-hold appliances including domestic water pump and air conditioners, provided, they are under single meter connection. If a separate meter is provided for Air Conditioner Load, the consumption shall be under commercial tariff till it is merged with the main meter.

5. **SOLAR REBATE:** A rebate of 50 paise per unit of electricity consumed to a maximum of Rs.50 per installation per month will be allowed to Tariff schedule LT 2(a), if solar water heaters are installed and used. Where Bulk Solar Water Heater System is installed, Solar Water Heater rebate shall be allowed to each of the individual installations, provided that, the capacity of Solar Water Heater in such apartment / group housing shall be a minimum capacity of 100 Litre, per household.

TARIFF SCHEDULE LT-3

Applicable to **Commercial Lighting, Heating and Motive Power** installations of Clinics, Diagnostic Centres, X Ray units, Shops, Stores, Hotels/Restaurants/Boarding and Lodging Homes, Bars, Private guest Houses, Mess, Clubs, Kalyan Mantaps / Choultry, permanent Cinemas/ Semi Permanent Cinemas, Theatres, Petrol Bunks, Petrol, Diesel and oil Storage Plants, Service Stations/ Garages, Banks, Telephone Exchanges. T.V. Stations, Microwave Stations, All India Radio, Dish Antenna, Public Telephone Booths/ STD, ISD, FAX Communication Centers, Stud Farms, Race Course, Ice Cream Parlours, Computer Centres, Photo Studio / colour Laboratory, Photo Copiers, Railway Installation excepting Railway workshop, KSRTC Bus Stations excepting Workshop, All offices, Police Stations, Commercial Complexes, Lifts of Commercial Complexes, Battery Charging units, Tyre Vulcanizing Centres, Post Offices, Bakery shops, Beauty Parlours, Stadiums other than those maintained by Govt. and Local Bodies. It is also applicable to water supply pumps and street lights not covered under LT 6, Cyber cafés, Internet surfing cafés, Call centres, BPO/KPO, telecom I.T. based medical transcription centres, Private Hostels not covered under LT -2 (a), Home Stay/Paying guests accommodation provided in an independent / exclusive premises, concrete mixtures (Ready mix Concrete) units.

RATE SCHEDULE

LT-3 (i): Applicable to City Municipal Corporations and all other urban local bodies.

Fixed charges	Rs.105 per KW **up to and inclusive of 50 KW**	
	Rs.205 per KW for every additional KW above 50 KW	
Energy charges	For 0 - 50 units	835 paise/unit
	Above 50 units	935 paise/unit

Demand based tariff (optional) where sanctioned load is **above 5 KW but below 150 KW**	
Fixed charges	Rs.120 per KW **up to and inclusive of 50 KW**
	Rs.220 per KW for every additional KW above 50 KW
Energy charges	For first 50 units: 835 paise/unit For the balance units : 935 paise/unit

RATE SCHEDULE

LT-3 (ii): Applicable in Areas under Village Panchayats

Fixed charges	Rs.95 per KW **up to and inclusive of 50 KW**	
	Rs.195 per KW for every additional KW above 50 KW	
Energy charges	For 0 - 50 units	785 paise/unit
	Above 50 units	885 paise/unit

Demand based tariff (optional) where sanctioned load is **above 5 KW but below 150 KW**	
Fixed charges	Rs.110 per KW **up to and inclusive of 50 KW**
	Rs.210 per KW for every additional KW above 50 KW
Energy charges	For first 50 units: 785 paise/unit For the balance units : 885 paise/unit

Note: 1. Besides Lighting, Heating and Motive power, Electricity supply under this Tariff can also be used for Yard lighting/ air Conditioning/water supply in the premises.

2. The semi-permanent Cinemas should have semi-Permanent Structure with permanent wiring and license for a duration of not less than one year.

3. Touring Cinemas having an outfit comprising Cinema apparatus and accessories taken from place to place for exhibition of cinematography film and also outdoor shooting units shall be billed under LT- 7 Tariff.

4. A rebate of 20% on fixed charges and energy charges shall be allowed in the monthly bill in respect of telephone Booths having STD / ISD/FAX facility run by handicapped persons.

5. Demand based Tariff at the option of the Consumer can be adopted as per Para 1 of the conditions applicable to LT installations.

TARIFF SCHEDULE LT-4 (a), LT-4 (b) & LT-4(c)

Applicable to (a) Agricultural Pump Sets including Sprinklers (b) Pump sets used in (i) Nurseries of forest and Horticultural Departments; (ii) Grass Farms and Gardens; (iii) Plantations other than Coffee, Tea, Rubber and Private Horticulture Nurseries

TARIFF SCHEDULE LT-4 (a)
Applicable to I.P. Sets up to and inclusive of 10 HP
RATE SCHEDULE

Fixed charges	Free
Energy charges	

Commission Determined Tariff (CDT) for LT4 (a) category is **638 paise per unit.** In case the GOK does not release the subsidy in advance in the manner specified by the Commission in K.E.R.C. (Manner of Payment of subsidy) Regulations, 2008, CDT of **638 paise per unit** shall be demanded and collected from these Consumers.

Note: This Tariff is applicable for Coconut and Areca nut plantations also.

TARIFF SCHEDULE LT-4 (b):

Applicable to IP sets above 10 HP

RATE SCHEDULE

Fixed charges	Rs.90 per HP per month.
Energy charges	385 paise per unit

TARIFF SCHEDULE LT-4 (c):

Applicable to Private Horticultural Nurseries, Coffee, Tea and Rubber plantations

RATE SCHEDULE

Fixed charges	Rs.80 per HP per month.
Energy charges	385 paise per unit

Note:

1) The energy supplied under this tariff shall be used by the consumers only for pumping water to irrigate their own land as stated in the I.P. Set application / water right certificate and for bonafide agriculture use. Otherwise, such installations shall be billed under the appropriate Tariff (LT-3/ LT-5) based on the recorded consumption if available, or on the consumption computed as per the

Table given under Clause 42.06 of the Conditions of Supply of Electricity of the Distribution Licensees in the State of Karnataka.

2) The motor of IP set installations can be used with an alternative drive for other agricultural operations like sugar cane crusher, coffee pulping, Arecanut cutting etc., with the approval of the Licensee. The energy used for such operation shall be metered separately by providing alternate switch and charged at LT Industrial Tariff (Only Energy charges) during the period of alternative use. If the energy used both for IP Set and alternative operation, is however measured together by one energy meter, the energy used for alternate drive shall be estimated by deducting the average IP Set consumption for that month as per the IP sample meter readings for the sub-division as certified by the sub-divisional Officer.

3) The Consumer is permitted to use the energy for lighting the pumphouse and well limited to two lighting points of 40 W each.

4) The water pumped for agricultural purposes may also be used by the Consumer for his bonafide drinking purposes and for supplying water to animals, birds, Poultry farms, Dairy farms and fish farms maintained by the Consumer in addition to agriculture.

5) Billing shall be made at least once in a quarter year for all IP sets.

6) A rebate of 2 paise per unit will be allowed if capacitors are installed as per Clause 23 of Conditions of Supply of Electricity of the Distribution Licensees in the State of Karnataka in respect of all metered IP Set Installations.

7) Only fixed charges as in Tariff Schedule for Metered IP Set Installations shall be collected during the disconnection period of IP Sets under LT 4(a), LT 4(b) and LT 4(c) categories irrespective of whether the IP Sets are provided with Meters or not.

TARIFF SCHEDULE LT-5

Applicable to Heating & Motive power (including lighting) installations of industrial Units, Industrial Workshops, Poultry Farms, Sugarcane Crushers, Coffee Pulping, Cardamom drying, Mushroom raising installations, Flour, Huller & Rice Mills, Wet Grinders, Milk dairies, Ironing, Dry Cleaners and Laundries having washing, Drying, Ironing etc., Exclusive Tailoring shop, Bulk Ice Cream and Ice manufacturing Units, Coffee Roasting and Grinding Works, Cold Storage Plants, Bakery Product Mfg. Units, KSRTC workshops/Depots, Railway workshops, Drug manufacturing units and Testing laboratories, Printing Presses, Garment manufacturing units, Bulk Milk vending Booths, Swimming Pools of local Bodies, Tyre retreading units, Stone crushers, Stone cutting, Chilly Grinders, Phova Mills, pulverizing Mills, Decorticators, Iron & Red-Oxide crushing units, crematoriums, hatcheries, Tissue culture, Saw Mills, Toy/wood industries, Viswa Sheds with mixed load sanctioned under Viswa Scheme, Cinematic activities such as Processing, Printing, Developing, Recording theatres, Dubbing Theatres and film studios, Agarbathi manufacturing unit., Water supply installations of KIADB & industrial units, Gem & Diamond cutting Units, Floriculture, Green House, Biotech Labs., Hybrid seed processing units. Information Technology industries engaged in development of hardware & Software, Information Technology (IT) enabled Services/ Start-ups(As defined in GOI notification dated 17.04.2015)/ Animation / Gaming / Computer Graphics as certified by the IT & BT Department of GOK/GOI, Silk rearing, Silk filature units, Aqua Culture, Prawn Culture, Brick manufacturing units, Silk / Cotton colour dying, Stadiums maintained by Govt. and local bodies, Fire service stations, Gold / Silver ornament manufacturing units, Effluent treatment plants and Drainage water treatment plants, independently serviced outside the premises of industries/ building for which the power supply is availed, LPG bottling plants and petroleum pipeline projects, Piggery farms, Analytical Lab. for analysis of ore metals, Satellite communication centre, Mineral water processing plants / drinking water bottling plants , soda fountain units and Solid Waste Processing Plant.

Tariff for LT 5:

Tariff for LT 5 (a):

Applicable to areas under City Municipal Corporations

i) Fixed charges:

Details	Approved by the Commission
Fixed Charges per Month	i) Rs.75 per HP for 5 HP & below ii) Rs.85 per HP for above 5 HP & below 40 HP iii)Rs.105 per HP for 40 HP & above but below 67 HP iv)Rs.170 per HP for 67 HP & **above but below 100 HP** **v) Rs.200 per HP for 100 HP and above**

Demand Based Tariff (optional)

Fixed Charges per Month	Above 5 HP and less than 40 HP	Rs.100 per KW of billing demand
	40 HP and above but less than 67 HP	Rs.130 per KW of billing demand
	67 HP and above but below 100 HP	Rs.220 per KW of billing demand
	100 HP and above	**Rs.230 per KW of billing demand**

ii) Energy Charges

Details	Approved by the Commission
For the first 500 units	580 paise/unit
For the next 500 units	680 paise/ unit
For the balance units	710 paise/unit

Tariff for LT 5 (b):

Applicable to all areas other than those covered under LT-5(a)

i. Fixed charges

Fixed Charges per Month	i) Rs.65 per HP for 5 HP & below. ii) Rs.80 per HP for above 5 HP & below 40 HP. iii) Rs.100 per HP for 40 HP & above but below 67 HP. iv)Rs.155 per HP for 67 HP & **above but below 100 HP** **v) Rs.185 per HP for 100 HP and above**

ii. Demand Based Tariff (optional)

Fixed Charges per Month	Above 5 HP and less than 40 HP	Rs.95 per KW of billing demand
	40 HP and above but less than 67 HP	Rs.125 per KW of billing demand
	67 HP and above but below 100 HP	Rs.210 per KW of billing demand
	100 HP and above	**Rs.220 per KW of billing demand**

iii. Energy Charges

0 to 500 units	570 paise/unit
501 to 1000 units	665 paise/unit
Above 1000 units	695 paise/unit

ToD Tariff applicable to LT-5: At the option of the Consumer

Time of Day	Increase + / reduction (-) in energy charges over the normal tariff applicable
06.00 Hrs to 10.00 Hrs	**0**
10.00 Hrs to 18.00 Hrs	**0**
18.00 Hrs to 22.00 Hrs	**From July to November (monsoon period) - 0** **From December to June (+) 100 paise per unit**
22.00 Hrs to 06.00 Hrs	**From July to November (monsoon period) - 0** **From December to June (-) 100 paise per unit**

NOTE:

1. DEMAND BASED TARIFF:

In the case of LT Industrial Consumers, Demand based Tariff at the option of the Consumer can be adopted. The Consumer is permitted to have more connected load than the sanctioned load. The billing demand will be the sanctioned load or Maximum Demand recorded in the Tri-Vector Meter during the month whichever is higher. If the Maximum Demand recorded is more than the sanctioned load, penal charges at two times the normal rate shall apply.

2. Seasonal Industries: The industries which intend to utilize seasonal industry benefit shall comply with the conditionalities under para no. 26 of general terms and conditions applicable to LT.

3. Electricity can also be used for lighting, heating, and air-conditioning in the premises.

4. In the case of welding transformers, the connected load shall be taken as, (a) Half the maximum capacity in KVA as per the name plate specified under-IS1851, or (b) Half the maximum capacity in KVA as recorded during rating by the Licensee, whichever is higher.

TARIFF SCHEDULE LT-6

Applicable to water supply and sewerage pumping installations and also **applicable to water purifying plants maintained by Government and Urban Local Bodies/ Grama Panchayats for supplying pure drinking water to residential areas**, Public Street lights/Park lights of village Panchayat, Town Panchayat, Town Municipalities, City Municipalities / Corporations / State and Central Govt. / APMC, Traffic signals, Surveillance Cameras at traffic locations belonging to Government Department, subways, water fountains of local bodies. Also applicable to Streetlights of residential Campus of universities, other educational institutions, housing colonies approved by local bodies/development authority, religious institutions, organizations run on charitable basis, industrial area / estate and notified areas, also Applicable to water supply installations in residential Layouts, Street lights along with signal lights and associated load of the gateman hut provided at the Railway level crossing High Mast street lights, Lifts/ Escalators installed in pedestrian road crossing maintained by Government and Urban local bodies/ Grama Panchayats independently serviced **and Electric Vehicles Charging Stations.**

RATE SCHEDULE

Water Supply- LT-6 (a)	
Fixed charges	**Rs.95/HP/month up to 67 HP**
	Rs.195/HP/Month for every additional kw above 67 HP
Energy charges	495 paise/unit
Public lighting- LT-6 (b)	
Fixed charges	Rs.110/KW/month
Energy charges	660 paise/unit
Energy Charges for LED/ Induction Lighting	**555 paise/unit**

LT-6(c)-Electric Vehicle Charging Stations and Battery Swapping Stations (Both LT and HT)

Details	Approved Tariff
Fixed /Demand charges per KW /KVA	For LT - Rs.70 /KW/month up to 50 KW For LT- **Rs.170 / KW / Month for every additional kw above 50 KW** For HT –Rs.200/KVA/month
Energy charges (for both LT & HT)	**500 paise/unit**

The approved ToD tariff is applicable for the power supply availed under HT supply for charging the Electric Motor Vehicle in the Depots of BMTC / Depots of KSTRC / NEKRTC / NWKRTC only.

ToD Tariff

Time of Day	Increase (+)/ reduction (-) in energy charges over the normal tariff applicable
06.00 Hrs to 10.00 Hrs	**0**
10.00 Hrs to 18.00 Hrs	0
18.00 Hrs to 22.00 hrs	**From July to November (monsoon period) - 0** **From December to June (+) 100 paise per unit**
22.00 Hrs to 06.00 Hrs	**From July to November (monsoon period) - 0** **From December to June (-) 100 paise per unit**

TARIFF SCHEDULE LT-7

Temporary Supply and Permanent Supply to Advertising Hoardings

<u>TARIFF SCHEDULE LT-7(a)</u>

Applicable to Temporary Power Supply for all purposes.

LT 7(a)	Details	Approved Tariff
Temporary Power Supply for all purposes.	**Less than 67 HP:**	Energy charges at 1110 paise / unit subject to a weekly minimum of Rs.250 per KW of the sanctioned load.

TARIFF SCHEDULE LT-7(b)

Applicable to Hoardings & Advertisement boards, Bus Shelters with Advertising Boards, Private Advertising Posts / Sign boards in the interest of public such as Police Canopy Direction boards, and other sign boards sponsored by Private Advertising Agencies / firms on permanent connection basis.

LT 7(b)	Details	Approved Tariff
Power supply on permanent connection basis	**Less than 67 HP:**	Fixed Charges at Rs.125 per KW/month & Energy charges at 1110 paise / unit

Note:

1. Temporary power supply with or without extension of distribution main shall be **arranged through a pre-paid energy meter** duly observing the provisions of Clause 12 of the Conditions of Supply of Electricity of the Distribution Licensees in the State of Karnataka.
2. This Tariff is also applicable to touring cinemas having license for duration less than one year.
3. All the conditions regarding temporary power supply as stipulated in Clause 12 of the Conditions of Supply of Electricity of the Distribution Licensees in the State of Karnataka shall be complied with before service.

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ELECTRICITY TARIFF - 2022

PART-II

HIGH TENSION SUPPLY

Applicable to Bulk Power Supply at Voltages of 11kV (including 2.3/4.6 kV) and above at Standard High Voltage or Extra High Voltages when the Contract Demand is 50 KW / 67 HP and above.

CONDITIONS APPLICABLE TO BILLING OF HT INSTALLATIONS:

1. **Billing Demand**

A) The billing demand during unrestricted period shall be the maximum demand recorded during the month or 85% of the Contract Demand (CD), whichever is higher.

B) When the Licensee has imposed demand cut of 25% or less, the conditions stipulated in (A) shall apply.

C) When the demand cut is in excess of 25%, the billing demand shall be the maximum demand recorded or 85% of the restricted demand, whichever is higher.

D) If at any time the maximum demand recorded exceeds the CD or the demand entitlement, or opted demand entitlement during the period of restrictions, if any, the Consumer shall pay for the quantum of excess demand at two times the normal rate per KVA per month as deterrent charges as per Section 126(6) of the Electricity Act, 2003. For over-drawal during the billing period, the penalty shall be two times the normal rate.

E) During the periods of disconnection, the billing demand shall be 85% of CD, or 85% of the demand entitlement that would have been applicable, had the installation been in service, whichever is less. This provision is applicable only, if the installation is under disconnection for the entire billing month.

F) During the period of energy cut, the Consumer may get his demand entitlement lowered, but not below the percentage of energy entitlement, (For example, In case the energy entitlement is 40% and the demand entitlement is 80%, the re-fixation of demand entitlement cannot be lower than 40% of the CD). The benefit of lower demand entitlement will be given effect to from the meter reading date of the same month, if the option is exercised on or before 15th of the month. If the option is exercised on or after 16th of the month, the benefit will be given effect to from the next meter reading date. The Consumer shall register such option by paying a processing fee of Rs.100 at the Jurisdictional sub-division office.

(i) The billing demand in such cases, shall be the "Revised (Opted) Demand Entitlement" or, the recorded demand, whichever is higher. Such option for reduction of demand entitlement, is allowed only once during the entire span of that particular "Energy Cut Period". The Consumer, can however opt for a higher demand entitlement up to the level permissible under the demand cut notification, and the benefit will be given effect to from the next meter reading date. Once the Consumer opts for enhancement of demand, which has been reduced under Clause (F) above, no further revision is permitted during that particular energy cut period.

(ii) The opted reduced demand entitlement will automatically cease to be effective, when the energy cut is revised. The facility for reduction and enhancement can however be exercised afresh by the Consumer as indicated in the previous paras.

G) For the purpose of billing, the billing demand of 0.5 KVA and above will be rounded off to the next higher KVA, and billing demand of less than 0.5 KVA shall be ignored.

2. **Power factor (PF)**

It shall be the responsibility of the HT Consumer to determine the capacity of PF correction apparatus and maintain an average PF of not less than 0.90.

(i) The specified P.F. is 0.90. If the power factor goes below 0.90 Lag, a surcharge of 3 Paise per unit consumed will be levied for every reduction of P.F. by 0.01 below 0.90 Lag.

(ii) The power factor when computed as the ratio of KWh / KVAh will be determined upto 3 decimals (ignoring figures in the other decimal places), and then rounded off to the nearest second decimal as illustrated below:

(a) 0.8949 to be rounded off to 0.89

(b) 0.8951 to be rounded off to 0.90

In respect of Electronic Tri-Vector meters, the recorded average PF over the billing period shall be considered for billing purposes. If the same is not available, the ratio of KWh to KVAh consumed in the billing month shall be considered.

3. **Rebate for supply at high voltage:**

If the Consumer is availing power at voltage higher than 13.2 KV, he will be entitled to a rebate as indicated below:

Supply Voltage: Rebate

A) 33/66 KV 2 Paise/unit of energy consumed

B) 110 KV 3 Paise/unit of energy consumed

C) 220 KV 5 Paise/unit of energy consumed

The above rebate will be allowed in respect of all the installations of the above voltage class, including the existing installations, and also for installations converted from 13.2 KV and below to 33 KV and above and also for installations converted from 33/66 KV to 110/220 KV, from the next meter reading date after conversion / service / date of notification of this Tariff order, as the case may be. The above rebate is applicable only on the normal energy consumed by the Consumer, including the consumption under TOD Tariff, and is not applicable on any other energy allotted and consumed, if any, viz.,

i) Wheeled Energy.

ii) Any energy, including the special energy allotted over and above normal entitlement.

iii) Energy drawal under special incentive scheme, if any.

The above rebate is not applicable for Railway Traction.

4. In respect of Residential Quarters/ Colonies availing Bulk power supply by tapping the main HT supply, the energy consumed by such Colony loads, metered at single point, shall be billed under HT-4 tariff schedule. No reduction in demand recorded in the main HT meter will be allowed.

5. Energy supplied may be utilized for all purposes associated with the working of the installations, such as, Office, Stores, Canteens, Yard Lighting, Water Supply and Advertisements within the premises.

6. Energy can also be used for construction, modification and expansion purposes within the premises.

7. Power supply under HT-4 tariff schedule may be used for Commercial and other purposes inside the colony, for installations such as Canteen, Club, Shop, Auditorium etc., provided, this load is less than 10% of the CD.

8. In respect of Residential Apartments availing HT Power supply under HT-4 tariff schedule, the supply availed for Commercial and other purposes like Shops, Hotels, etc., will be billed under appropriate tariff schedule, (Only Energy charges) duly deducting such consumption in the main HT supply bill. No reduction in the recorded demand of the main HT meter is allowed. Common areas shall be billed at Tariff applicable to that of the predominant Consumer category.

9. **Seasonal Industries**

   a. The industries, which intend to utilize seasonal industry benefit, shall conform to the conditionalities under Para no. 24 of the General terms and conditions of tariff (applicable to both HT & LT).

b. The industries that intend to avail this benefit, shall have Electronic Tri-Vector Meter fitted to the installation.

c. Monthly charges during the working season shall be the demand charges on 85% of the contract demand or the recorded maximum demand during the month, whichever is higher, plus the energy charges

d. Monthly charges during the <u>off season</u>, shall be demand charges on the maximum demand recorded during the month, or 50% of the Contract Demand whichever is higher plus the energy charges.

e. **Monthly charges during <u>off season</u> period to the installation of Ice Manufacturing units / Cold Storage Plants used for fisheries purpose situated in the coastal belt of Karnataka State within the radius of 5 Kms. from Sea only, shall be the demand charges on the maximum demand recorded during the month or 75% of the contract demand whichever is higher at 50% of the normal demand charges plus energy charge.**

10. The reduction of Re.1 per unit in the ToD tariff for the energy consumed between 22.00 Hrs to 06.00 Hrs next day is not applicable to HT consumers who opt for the Special Incentive Scheme.

11. The increase in energy charges under ToD tariff at (+) Re.1 per unit for the energy consumed during evening peak period i.e. between 18.00 Hrs to 22.00 Hrs during December to June period is applicable to all the HT consumers including the consumers opted under special incentive scheme.

12. The ToD tariff approved by the Commission in this Tariff Order is not applicable to the extent of the energy consumed and billed under the new 'Discounted Energy Rate Scheme'. However, ToD tariff shall be applicable up to the base monthly average consumption, as computed by the licensee.

TARIFF SCHEDULE HT 1

Applicable to Water Supply, Drainage / Sewerage water treatment plant and Sewerage Pumping installations, belonging to Karnataka Urban Water Supply and Sewerage Board, other local bodies, State and Central Government.

RATE SCHEDULE

Demand charges	Rs.230/KVA of billing demand/month
Energy charges	555 paise per unit

TOD Tariff at the option of the Consumer

Time of Day	Increase + / reduction (-) in energy charges over the normal tariff applicable
06.00 Hrs to 10.00 Hrs	0
10.00 Hrs to 18.00 Hrs	0
18.00 Hrs to 22.00 Hrs	**From July to November (monsoon period) - 0** **From December to June (+) 100 paise per unit**
22.00 Hrs to 06.00 Hrs	**From July to November (monsoon period) - 0** **From December to June (-) 100 paise per unit**

Note: Energy supplied to residential quarters availing bulk supply by the above category of Consumer, shall be metered separately at a single point, and the energy consumed shall be billed at HT-4 Tariff. No reduction in the demand recorded in the main HT meter will be allowed.

TARIFF SCHEDULE HT-2(a)

Applicable to Industries, Factories, Industrial Workshops, Research & Development Centres, Industrial Estates, Milk dairies, Rice Mills, Phova Mills, Roller Flour Mills, News Papers, Printing Press, Railway Workshops/KSRTC Workshops/ Depots, Crematoriums, Cold Storage, Ice & Ice-cream mfg. Units, Swimming Pools of local bodies, Water Supply Installations of KIADB and other industries, all Defence Establishments, Hatcheries, Poultry Farm, Museum, Floriculture, Green House, Bio Technical Laboratory, Hybrid Seeds processing Units, Stone Crushers, Stone cutting, Bakery Product Manufacturing Units, Mysore Palace illumination, Film Studios, Dubbing Theatres, Processing, Printing, Developing and Recording Theaters, Tissue Culture, Aqua Culture, Prawn Culture, Information Technology Industries engaged in development of Hardware & Software, Information Technology (IT) enabled Services / Start-ups(As defined in GOI notification dated 17.04.2015)/ Animation / Gaming / Computer Graphics as certified by the IT & BT Department of GOK/GOI, Drug Mfg. Units, Garment Mfg. Units, Tyre retreading units, Nuclear Power Projects, Stadiums maintained by Government and local bodies, Railway Traction, Effluent treatment plants and Drainage water treatment plants owned other than by the local bodies independently serviced outside the premises of industries/ Buildings for which the HT power supply is availed, LPG bottling plants, petroleum pipeline projects, Piggery farms, Analytical Lab for analysis of ore metals, Saw Mills, Toy/wood industries, Satellite communication centres, Mineral water processing plants / drinking water bottling plants and Solid Waste Processing Plant.

RATE SCHEDULE

HT-2(a): Applicable to all areas of GESCOM.

Demand charges	Rs.240/kVA of billing demand/month
Energy charges	
For the first one lakh units	730 paise per unit
For the balance units	755 paise per unit

Tariff applicable to Railway Traction

Demand charges	Rs.250/kVA of billing demand/month
Energy charges	655 paise per unit for all the units

Note: Special Incentive Scheme & ToD Tariff is not applicable to Railway traction installations.

Tariff applicable to Effluent Plants independently serviced outside the premises of any installations under HT2 (a)

Demand charges	Rs.250/kVA of billing demand/month
Energy charges	695 paise per unit for all the units

Note: The ToD tariff is applicable to these installations if the Special incentive scheme is not opted.

TARIFF SCHEDULE HT-2(b)

Applicable to Commercial Complexes, Cinemas, Hotels, Boarding & Lodging, Amusement Parks, Telephone Exchanges, Race Course, All Clubs, T.V. Station, All India Radio, Railway Stations, Air Port, KSRTC bus stations, All offices, Banks, Commercial Multi-storied buildings. APMC Yards, Stadiums other than those maintained by Government and Local Bodies, Construction power for irrigation, Power Projects and Konkan Railway Project, Petrol / Diesel and Oil storage plants, I.T. based medical transcription centers, telecom, call centers, BPO/KPO, Diagnostic centres, concrete mixture (Ready Mix Concrete) units and Private Guest Houses / Travellers Bunglows.

All the activities listed under LT3 tariff schedule and not included under HT2(b) tariff schedule shall be classified under HT-2(b), if they avail power under HT supply.

RATE SCHEDULE

HT-2 (b): Applicable to all areas of GESCOM

Demand charges	Rs.260 /kVA of billing demand/month
Energy charges	
For the first two lakh units	900 paise per unit
For the balance units	910 paise per unit

TARIFF SCHEDULE HT-2(c)

RATE SCHEDULE

HT-2 (c) (i)- Applicable to Government Hospitals, Hospitals run by Charitable Institutions, ESI hospitals, Universities and Educational Institutions belonging to Government and Local bodies, Aided Educational Institutions and Hostels of all Educational Institutions.

Demand charges	Rs.240/kVA of billing demand/month
Energy charges	
For the first one lakh units	715 paise per unit
For the balance units	755 paise per unit

RATE SCHEDULE

HT-2 (c) (ii) – Applicable to Hospitals and Educational Institutions other than those covered under HT-2 (c) (i).

Demand charges	Rs.240/kVA of billing demand/month
Energy charges	
For the first one lakh units	815 paise per unit
For the balance units	855 paise per unit

Note: Applicable to HT-2 (a), HT-2 (b) & HT-2(c) Tariff Schedule.

1. Energy supplied may be utilized for all purposes associated with the working of the installation such as offices, stores, canteens, yard lighting, water pumping and advertisement within the premises.
2. Energy can be used for construction, modification and expansion purposes within the premises.
3. The tariff HT-2(b) is not applicable for construction of new industries. Such power supply shall be availed only under the temporary category HT-5.
4. **In respect of consumers availing HT power supply, the energy used for Effluent Treatment Plant and Drainage water treatment plants situated within the premises of the installation from the main meter or by fixing the separate sub-meter, the electricity consumed by such Effluent Treatment/ Drainage Treatment Plant shall be billed at the respective applicable tariff schedule for which the power supply is availed for the installation.**

ToD Tariff applicable to HT-2(a), HT-2(b) and HT-2(c) category.

Time of Day	Increase + / reduction (-) in energy charges over the normal tariff applicable
06.00 Hrs to 10.00 Hrs	0
10.00 Hrs to 18.00 Hrs	0
18.00 Hrs to 22.00 Hrs	From July to November (monsoon period) - 0 From December to June (+) 100 paise per unit
22.00 Hrs to 06.00 Hrs	From July to November (monsoon period) - 0 From December to June (-) 100 paise per unit

Note: The ToD tariff is not applicable to Railway Traction installations.

TARIFF SCHEDULE HT-3 (a)

Applicable to Lift irrigation Schemes/ Lift irrigation societies,

RATE SCHEDULE

HT-3 (a)(i): Applicable to LI schemes under Govt. Departments/ Govt. owned Corporations

Energy charges/ Minimum Charges	310 paise per unit subject to an annual minimum of **Rs.1720** per HP/Annum

HT-3(a)(ii): Applicable to Private LI schemes and Lift Irrigation Societies: Connected to Urban/Express feeders

Fixed Charges	Rs.95 /HP/ per month of sanctioned load
Energy charges	310 paise/unit

HT-3(a)(iii): Applicable to Private LI schemes and Lift Irrigation societies other than those covered under HT-3 (a)(ii)

Fixed Charges	Rs.75 /HP/ per month of sanctioned load
Energy charges	310 paise/unit

TARIFF SCHEDULE HT-3 (b)

HT-3 (b): Applicable to Irrigation and Agricultural Farms, Government Horticultural Farms, Private Horticulture nurseries, Coffee, Tea, Rubber, Coconut & Arecanut Plantations.

RATE SCHEDULE

Energy charges / Minimum Charges	510 paise per unit subject to an annual minimum of Rs.1780 per HP of sanctioned load.

Note: These installations are to be billed on quarter yearly basis.

TARIFF SCHEDULE HT-4

Applicable to Residential apartments and colonies (whether situated outside or inside the premises of the main HT Installation) availing power supply independently or by tapping the main H.T. line. Power supply can be used for residences, theatres, shopping facility, club, hospital, guest house, yard/street lighting, canteen located within the colony, Temple, Church's, Mosques, Gurudwaras, Ashrams, Mutts and Religious /Charitable institutions using power for religious activities.

RATE SCHEDULE

Applicable to all areas

Demand charges	Rs.155 per KVA of billing demand/ month
Energy charges	700 paise/unit

NOTE 1) In respect of residential colonies availing power supply by tapping the main H.T. supply, the energy consumed by such colony loads metered at a single point, is to be billed at the above energy rate. No reduction in the recorded demand of the main H.T. supply is allowed.

(2) Energy under this tariff may be used for commercial and other purposes inside the colonies for installations such as, Canteens, Clubs, Shops, Auditorium etc., provided, this commercial load is less than 10% of the Contract demand.

(3) In respect of Residential Apartments, availing HT Power supply under HT-4 tariff schedule, the supply availed for Commercial and other purposes like Shops, Hotels, etc., will be billed under appropriate tariff schedule (Only Energy charges), duly deducting such consumption in the main HT supply bill. No reduction in the recorded demand of the main HT meter is allowed. Common areas shall be billed at Tariff applicable to the predominant Consumer category.

(4) Temples, Church's, Mosques, Gurudwaras, Ashrams, Mutts and Religious / Charitable Institution availing the power supply for religious activities under HT supply, shall be categorized and billed under HT-4 Tariff schedule. If these institutions use the power for Kalyana Mantapas /

Marriage hall, Restaurant or for any other commercial activity, not related to religious activities, such energy consumption shall be billed under HT-2(b) tariff schedule (only energy charges) duly deducting such consumption recorded in the main HT meter. However, no reduction in the demand charges towards the recorded demand in the main HT meter shall be allowed. In all such cases, it shall be ensured that sub-meters are provided to record such commercial consumption separately.

TARIFF SCHEDULE HT-5

Tariff applicable to sanctioned load of 67 HP and above for hoardings and advertisement boards and construction power for industries excluding those category of consumers covered under HT2(b) Tariff schedule availing power supply for construction power for irrigation, power projects and Konkan Railway Projects and also applicable to power supply availed on temporary basis with the contract demand of 67 HP and above of all categories.

HT – 5- Temporary Tariff

RATE SCHEDULE

67 HP and above:	Approved by the Commission
Fixed charges / Demand Charges	Rs.300/HP/month for the entire sanction load / contract demand
Energy Charges	1110 paise / unit

Note:

1. Temporary power supply with or without extension of distribution main shall be **arranged through a pre–paid energy meter** duly observing the provisions of Clause 12 of the Conditions of Supply of Electricity of the Distribution Licensees in the State of Karnataka.

2. This Tariff is also applicable to touring cinemas having license for a duration of less than one year.

3. All the conditions regarding temporary power supply as stipulated in Clause 12 the Conditions of Supply of Electricity of the Distribution Licensees in the State of Karnataka shall be complied with before service.

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