



**KARNATAKA ELECTRICITY REGULATORY  
COMMISSION**

**TARIFF ORDER 2023**

**OF**

**GESCOM**

*ANNUAL PERFORMANCE REVIEW FOR FY22*

*&*

*APPROVAL OF REVISED ANNUAL REVENUE REQUIREMENT*

*FOR FY24*

*&*

*REVISION OF RETAIL SUPPLY TARIFF FOR FY24*

*12<sup>th</sup> May, 2023*

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<b>ABBREVIATIONS</b>	
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
Gol	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 12<sup>th</sup> May, 2023**

**In the matter of:**

**Application of the Gulbarga Electricity Supply Company Limited, in respect of the Annual Performance Review for FY22, approval of Revised Annual Revenue Requirement and Revision of Retail Supply Tariff for FY24, under Multi Year Tariff framework.**

<b>Present:</b>	<b>Shri P. Ravi Kumar</b>	<b>.....</b>	<b>Chairman</b>
	<b>Shri H.M. Manjunatha</b>	<b>.....</b>	<b>Member</b>
	<b>Shri M.D. Ravi</b>	<b>.....</b>	<b>Member</b>

**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 30<sup>th</sup> November, 2022 for taking up APR for FY22 and to approve revised ARR and Retail Supply Tariff for FY24, with a prayer to:

- ❖ Approve the Annual Performance Review for FY22 as detailed in Chapter-3.
- ❖ ARR and ERC proposed as per the MYT principles, as detailed in Chapter- 4 to 6.
- ❖ To approve New proposal proposed, as detailed in Chapter-7.
- ❖ Approve Gap of Rs1160.66 Crores for FY24 and the overall tariff hike of 151paise (137 paise of Fixed Charges Component and 14 paise of

Energy Charge Component) proposed for FY24, across all the category of consumer.

- ❖ Further GESCOM has submitted that as per GoK Order No. ENERGY/168/PSR/2022 Bengaluru Dated 15.11.2022. it is ordered to recover the amount payable to P&G Trust by GoK to claim the same through tariff hike from the consumers, within next 3 years i.e. from FY2023-24, FY2024-25, FY2025-26.
- ❖ The total amount put together pertaining to KPTCL and ESCOMs to be recovered from tariff hike is Rs. 3,353.27 Crores. Further as per GoK corrigendum Dated 24.11.2022, it is directed to KPTCL to recover /Claim the amount of Rs. 3353.57 Crores of P&G Contribution payable by GoK to KPTCL P&G Trust, from the tariff revision/Tariff Hike form FY24 to FY26.
- ❖ GESCOM, in its tariff petition has prayed Commission to allow GESCOM portion P&G Claims and to pass on the said amount to the consumer through revision of Tariff.

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 seven Districts of the State as indicated below:

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

The GESCOM is a company registered under the Companies Act, 1956, incorporated on 30<sup>th</sup> April, 2002 and commenced its operations on 1<sup>st</sup> 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	Kalaburgi Circle	Kalaburgi Urban Division
		Kalaburgi Rural-I Division
		Kalaburgi Rural-II Division
		Sedam Division
		Yadgir
	Bidar Circle	Bidar Division
		Humnabad Division

Ballari Zone	Bellary Circle	Ballari Urban Division
		Ballari Rural Division
		Hospet Urban Division
		Hospet Rural Division
	Raichur Circle	Raichur Urban Division
		Raichur Rural Division
		Sindhanoor Division
	Koppal Circle	Gangavathi Division
		Koppal Division

The O & M divisions of GESCOM are further divided into 54 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 30-09-2022)		Statistics*
1.	Area	Sq. km.	43861
2.	Districts	Nos.	7
3.	Taluks	Nos.	49
4.	Population	lakhs	112
5.	Consumers as on Sept.2022	lakhs	35.14
6.	Energy Consumption for FY23 (upto Sept.2022)	MU	4046.77
7.	Zone	Nos.	2
8.	DTCs	Nos.	120900
9.	Assets FY23 (upto Sept.2022)	Rs. in Crores	4583.07
10.	HT lines (including 33 KV line)	R. kms	73,881.98
11.	LT lines	R. kms	94,148.03
12.	<b>Total employees strength:</b>		
A	Sanctioned	Nos.	10228
B	Working	Nos.	7157
13.	Revenue Demand (FY23 upto Sept.2022)	Rs. in Crores	3214.05
14.	Revenue Collection (FY23 upto Sept.2022)	Rs. in Crores	2972.04

\*Source: Tariff filing

## 1.2 Number of Consumers, Sales in MU and Revenue details of GESCOM as on 30.09.2022:

No. of Installations	No. of Installations	Sales in MU	Revenue Rs.Crs.
As on 30.09.2022			
Domestic Installation	2594248	890.16	672.96
Commercial	321023	279.31	299.19
Industrial	74426	838.59	780.66
Agriculture IP Sets of up to 10 HP	426919	1654.27	1101.70
Others	97257	443.21	396.69
Total	3513873	4105.53	3251.20

Source: Tariff filing

The GESCOM has filed its application for approval of Annual Performance Review for FY22 and consequent approval of revised ARR thereon, approval of revised Annual Revenue Requirement (ARR) and revision of Retail Supply Tariff for FY24.

The GESCOM's application, objections / views of stakeholders thereon and the Commission's decisions on the approval of Annual Performance Review for FY22, approval of the ARR for FY24 and revision of Retail Supply Tariff for FY24, 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 9<sup>th</sup> June, 2021 had approved the revised ARR for FY22 and Retail Supply Tariff of GESCOM for FY22 and APR for FY20, under the MYT principles. The GESCOM in its present application filed on 30<sup>th</sup> November, 2022, has sought Annual Performance Review (APR) for FY22 based on the audited accounts, Approval of Revised ARR for FY24 and Retail Supply Tariff for FY24.

#### 2.1 Preliminary Observations of the Commission:

After a preliminary scrutiny of applications, the Commission had communicated its observations to the GESCOM on 19<sup>th</sup> December, 2022, 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
- ❖ Compliance to Directives

In response, the GESCOM had furnished its replies on 4<sup>th</sup> January, 2023. 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 4<sup>th</sup> January, 2023 informed the GESCOM that, its application filed on 30<sup>th</sup> November, 2022, for APR of FY22, approval of ARR for FY24 and revision of retail supply tariff for FY24, in the GESCOM area, has been treated as a petition, in terms of 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 Tariff Regulations, subject to further verification and validation.

GESCOM was directed it to publish a summary of the application in the leading newspapers in the distribution area of GESCOM.

## 2.3 Public Hearing Process:

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

Name of the News Paper	Language	Date of Publication
The New Indian Express	English	09.01.2023
The Hindu		
Vijayakarnataka	Kannada	& 10.01.2023
Vijayavani		
Udayavani		
Prajavani		
Kannada Prabha		
Samyuktha Karnataka		

The GESCOM's application on APR of FY22, approval of revised ARR and revision of Retail Supply Tariff for FY24 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 eleven 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 20.02.2023, 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 **24<sup>th</sup> March 2023**. 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

**3.1** The Commission has undertaken the process of public consultation in terms of Section 64 of the Electricity Act, 2003, by inviting suggestions/views/objections from the interested stake-holders and general public, on the application filed by the GESCOM for Annual Performance Review for FY22, Approval of Annual Revenue Requirement and revision of Retail Supply Tariff for FY24. In the written submissions filed as well as during the public hearing held on 20<sup>th</sup> February, 2023, the Stake-holders and the public have raised several objections / made suggestions, on the GESCOM's Tariff Application.

#### **3.2 Presentation by GESCOM:**

In the Public Hearing held on 20.02.2023, the Managing Director, GESCOM made a detailed presentation on the working of GESCOM and about the tariff proposals made in the tariff application.

#### **Objections by the Participants:**

In the public hearing, twenty-six persons attended/ made their oral submissions on the tariff application of the GESCOM. The list of persons is as under:

Sl.No	Name and Address of Objectors
1	Deepak Gala, HKE&P Organization
2	Mahesh Chavan
3	Bhima Shankar B.P, KASSIA, Bengaluru
4	Laxmi Reddy, Raichur
5	G.R.S. Sailesh Kumar, RCMA, Raichur
6	Krishnamurthy, Fortune Five Hydel Project Pvt Ltd
7	Ramu Pawar, Social Worker
8	Siddaramayya Hiremath, RTI Activist
9	Lingaraj Patil, Kumasi village
10	Basavaraj Patil, Kumasi village
11	Sharanayya, Kumasi village
12	Channabasayya, KASSIA
13	Babu S Herur, Airtel office
14	Syed Sajjad Ali Inamdar, Kalaburagi
15	B. Umapathi, Sedam

16	Baburao Sidramappa, Kapnoor Industries
17	Amaranath Patil, NICC, Bangalore
18	Sharan IT, Social worker
19	Niranjan Electricals, Contractor
20	Kamaram Electricals, Contractor
21	SM Sharma, Kalaburagi
22	Kedar Koli, Vasavadatta Cement, Sedam
23	Prameshwar Belamagi, Kalaburagi
24	Shivaraj Patil, Sweta Electrical Contractor
25	Baburao Yadram, Karnataka Eng
26	Manojkumar, Prajavani Press

### 3.3 The summary of the points raised during the Public Hearing, is as follows:

1. MSME industries are facing many problems. As the MSME industries are the back-bone of the nation, to encourage them reduction in tariff has to be considered.
2. A study need to be conducted in respect of Captive power generation.
3. Subsidized category (IP, BJ, KJ): Government should pay subsidy in advance. Industries should not be burdened with the cross subsidy.
4. The purpose of DTC metering to conduct Energy Audit is not being served by GESCOM. Hence, capex incurred on these works shall be disallowed in the Tariff Order.
5. Capital investment should be made in respect of reconductoring works and system improvement works in order to reduce the losses.
6. All BJ/KJ installations should be metered.
7. Rectification of Hazardous locations need to be done on top priority.
8. KERC has to safeguard consumers' interest.
9. Uninterrupted power supply to consumers should be ensured.
10. Safety materials to be provided for maintenance staff.
11. Store materials audit has to be done on yearly basis.
12. 24/7 customer care should review the customer satisfaction duly obtaining their feedback after attending to the consumer complaint to ascertain quality of service.
13. Consumer awareness programs are not being conducted properly by GESCOM.

14. As 100% metering is not done for IP sets, IP set consumptions data is not correct.
15. No efforts are made by GESCOM to collect the dues from GoK / Departments / Panchayaths.
16. Not to hike the Tariff, requested to reduce the existing tariff.
17. There are no proper facilities / improvement activities in rural area, complaints are not attended by officers.
18. Consumer meetings are not held with prior publicity.
19. CGRF awareness needed, Energy conservation programmes/ workshops should be conducted.
20. Awareness on theft of energy may be created.
21. Failed distribution transformers are not replaced within the specified time and officers harass farmers.
22. GESCOM should reduce, its overhead expenses.
23. Sagged lines not repaired, no maintenance works are carried out by GESCOM. Broken Electric Poles are not replaced promptly.
24. Solar rebate to be continued.
25. Load shedding – no prior intimation is given.
26. Voltage problem to be solved effectively.
27. Corporate officers have to meet consumers regularly and solve their problems.
28. GESCOM shall upload the details of Transformer repairs and maintenance on their website.

**GESCOM Reply:**

The Managing Director, while replying to the points raised above, assured the Commission that necessary action would be taken on the points raised by the stakeholders.

**Commission's View:**

The Commission has taken note of the points raised by the public. The GESCOM is directed to attend to the issues relating to operation & maintenance, implementation of Conditions of Supply Regulations and other issues pertaining to GESCOM, on priority. And also directed to conduct Consumer Interaction Meetings regularly at the convenient time to attend the consumers.

The other tariff related issues have been considered by the Commission, to the extent they are implementable.

**3.4** The names of the persons who have filed written objections are as follows:

Sl. No	Application No.	Name & Address of Objectors
1	GA-01	Sri. B. Praveen, Hon. General Secretary, KASSIA, 2/106, 17 <sup>th</sup> Cross, Magadi Chord Road, Vijayanagar, Bengaluru – 560 040
2	GA-02	Sri. Mahanthappa Nagappa Nilugalla Sa Gadag, CDO Jain School Road, Rachoteswara Nagar, Gadag – 585 103
3	GA-03	Sri. Lokaraj, Secretary General, FKCCI, KG Road, Bengaluru – 560 009
4	GA-04	Sri. Deepak G Gala, No. 4-311, Opp. Basava Temple, Maktamapur, Kalaburagi – 585 101
5	GB-01	Sri. V. Lakshmi Reddy, President, Raichur Cotton Millers Association (Regd.), The Gunja Merchants Association Building, Rajendra Gunja, Raichur – 584 102
6	GB-02	Sri. Amarjit Singh, Joint Vice President – Power Business, Bangur Nagar, Post Box No. 33, Beawar, Rajasthan – 305 901
7	GB-03	M/s. UltraTech Cement Ltd., #5, Embassy Links, SRT Road, Cunningham Road, Vasanth Nagar, Bengaluru – 560 052
8	GB-04	M/s. Raichur Rice Miller's Association (R), Shop No. 12-10-51/3, Maram Complex, Lingasugur Road, Raichur – 584 102
9	GB-05	Sri. Prashant S Manakar, President, Kalyana Karnataka Chambers of Commerce & Industry, II Floor, Chamber Building Complex, Super Market, Kalaburagi – 585 101
10	AEB-01	Sri. B.S.N. Shetty and Others
11	AEB-02	Sri. Jogendra Behera, CRO & VP (Regulatory & Market Economics), Indian Energy Exchange Ltd., Plot No. C-001/A/1, 9 <sup>th</sup> Floor, Max Towers Sector 16B, Noida, UP – 201 301

GESCOM has replied to the written objections filed by the Stake-holders and the public. Many of the objections are dealt with in the relevant chapters of this Tariff Order. The summary of replies on the objections given by GESCOM and the Commission's view are appended to this order as **Appendix-1**.

## CHAPTER – 4

### ANNUAL PERFORMANCE REVIEW FOR FY22

#### 4.0 GESCOM's Application for APR for FY22:

The GESCOM has filed its application on 30<sup>th</sup> November, 2022, for Annual Performance Review (APR) of FY22 based on the audited accounts and for revision of Annual Revenue Requirement (ARR) and retail supply tariff for FY24, under the provisions of the MYT Regulations.

The Commission, in its letter dated 19<sup>th</sup> December, 2022 had communicated its preliminary observations on the application of the GESCOM. The GESCOM, has furnished replies to the preliminary observations of the Commission vide its letter dated 29<sup>th</sup> December, 2022 received on 4<sup>th</sup> January, 2023.

The Commission, in its Tariff Order dated 9<sup>th</sup> June, 2021 had approved the GESCOM's revised Annual Revenue Requirement (ARR) of Rs.5951.77 Crores for FY22 and based on the said ARR, allowed revised retail supply tariff for FY22.

The Annual Performance Review (APR) of GESCOM for FY22, based on the audited accounts and details submitted is discussed in this chapter.

#### 4.1 GESCOM's Submission:

The GESCOM has submitted its proposals for revision of ARR under APR for FY22 based on the Audited Accounts, as follows:

**TABLE – 4.1**  
**ARR for FY22 – GESCOM's Submission**

Amount in Rs. Crores

Sl. No	Particulars	FY22	
		As approved in Tariff Order dated 09.06.2021	As filed
1	Energy at Gen Bus in MU	8877.18	8755.57
2	Transmission Losses in %	2.978%	6.93%
3	Energy at Interface in MU	8612.82	8749.50

Sl. No	Particulars	FY22	
		As approved in Tariff Order dated 09.06.2021	As filed
4	Distribution Losses in %	10.75%	10.54%
	<b>Sales in MU</b>		
5	Sales to other than IP & BJ/KJ	4295.10	4058.42
6	Sales to BJ/KJ	251.59	271.28
7	Sales to IP	3140.25	3497.60
8	<b>Total Sales</b>	<b>7686.94</b>	<b>7827.30</b>
	<b>Revenue from tariff and Misc. Charges:</b>		
9	Revenue from tariff and Misc. Charges	3753.51	3453.55
10	Tariff Subsidy for BJ/KJ	194.78	203.99
11	Tariff Subsidy for IP	2003.48	2193.48
12	<b>Total Revenue</b>	<b>5951.77</b>	<b>5851.02</b>
	<b>Expenditure:</b>		
13	Power Purchase Cost	3903.91	3814.91
14	Transmission charges of KPTCL	490.92	493.89
15	SLDC Charges	4.13	4.13
16	<b>Total Power Purchase Cost</b>	<b>4398.96</b>	<b>4312.93</b>
17	Employee Cost		717.11
18	Repairs & Maintenance	887.07	55.19
19	Admin & General Expenses		140.02
20	<b>Total O&amp;M Expenses</b>	<b>887.07</b>	<b>912.32</b>
21	Depreciation	208.11	207.97
	<b>Interest &amp; Finance charges;</b>		
22	Interest on Loans	124.93	216.72
23	Interest on Working capital	119.90	122.54
24	Interest on belated payment on PP Cost	0.00	55.82
25	Interest on consumer deposits	26.93	23.22
26	Other Interest & Finance charges	0.00	0.00
27	Less: interest capitalized	-5.80	0.00
	<b>Total Interest &amp; Finance charges</b>	<b>265.96</b>	<b>418.30</b>
28	Other Debits	0.00	59.25
29	Net Prior Period Debit/Credit	0.00	0.00
30	Exceptional items	0.00	0.00
31	Return on Equity	0.00	0.00
32	Provision for taxation	0.00	-70.36
33	Funds towards Consumer Relations/Consumer Education	0.50	0.00
34	Regulatory Assets as per T.O. dated 04.11.2020	89.22	0.00
35	Other Income	-107.24	-176.70
36	Net Movement in Regulatory Deferral Account	0.00	177.21
37	<b>ARR</b>	<b>5742.58</b>	<b>5840.92</b>
38	Deficit for FY20 carried forward	-209.19	0.00
39	<b>Net ARR</b>	<b>5951.77</b>	<b>5840.92</b>
40	<b>Surplus/Deficit</b>	<b>0.00</b>	<b>10.11</b>

Considering the revenue of Rs.5851.02 Crores against the net ARR of Rs.5840.92 Crores, GESCOM has reported a surplus of Rs.10.11 Crores for FY22.

#### 4.2 GESCOM's Financial Performance as per the Audited Accounts for FY22:

An overview of the financial performance of the GESCOM for FY22 as per its Audited Accounts is given below:

**TABLE – 4.2**  
**Financial Performance of GESCOM for FY22**

Amount in Rs.Crores		
Sl. No.	Particulars	FY22
1	Revenue from sale of power	5851.02
2	Other Income	236.47
3	<b>Total Revenue</b>	<b>6087.49</b>
4	<b>Expenditure</b>	
5	Power Purchase Cost	4312.93
6	Employee cost	717.11
7	Interest and Finance Cost	418.29
8	Depreciation	265.73
9	Other Expenses	255.46
10	<b>Total expenditure</b>	<b>5969.52</b>
11	Net Movement of Regulatory deferred account Balance related to P & L & Other related deferred Tax movement	-177.22
12	<b>Profit /(-)Loss before Exceptional Items</b>	<b>-59.25</b>
13	Deferred Tax Credits	70.37
<b>15</b>	<b>Net Profit for the year</b>	<b>11.12</b>

As per the Audited Accounts, the GESCOM has earned a net profit Rs.11.12 Crores for FY22, after considering the Net Movement of Regulatory deferred account balance related to Profit and Loss and other related deferred Tax movement and deferred tax credit

The accumulated Profits/ Loss as per the audited accounts are as under:

**TABLE – 4.3**  
**GESCOM's Retained Profit / Reserves & Surplus**

Particulars	Amount in Rs. Crores
Accumulated Balance of as on 31 <sup>st</sup> March, 2021	-3112.65
Profit earned in FY22	11.12
Accumulated Retained earnings as at the end of FY22	<b>-3101.53</b>



**As seen from the above table, the GESCOM has accumulated losses of Rs.3101.53 Crores, as at the end of FY22.**

As per the provisions of the MYT Regulations, the Commission has taken up the Annual Performance Review for FY22, 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 9<sup>th</sup> June, 2021. 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 FY22:**

##### **A. Sales Other than IP sets-APR FY22:**

- a. The Commission, in its Tariff Order 2021 dated 09.06.2021, had approved total sales to various consumer categories at 7686.94 MU, as against the GESCOM's proposal of 7667.51 MU. The actual sales of GESCOM as per the current APR filing [D-2 FORMAT] is 7827.31 MU indicating increase in sales to the extent of 140.37 MU with respect to the approved sales.
- b. The category wise sales approved by the Commission and the actuals for FY 22 are indicated in the table below:

**TABLE – 4.4**

##### **Category Wise Sales approved & Actuals for FY22**

Category	Energy Sales in MU		
	Approved	Actuals	Difference (Actuals-Approved)
BJ/KJ consuming more than 40 units/month	6.52	8.69	2.17
LT-2a	1393.55	1303.88	-89.67
LT-2b	16.60	12.26	-4.34
LT-3	365.17	363.73	-1.44
LT-4b	2.99	3.34	0.35
LT-4c	1.28	3.50	2.22
LT-5	179.76	180.98	1.22
LT-6 WS	484.41	373.58	-110.83
LT-6 SL	255.65	218.86	-36.79
LT-7	29.79	25.04	-4.75
HT-1	125.59	126.63	1.04
HT-2a	1151.64	1208.86	57.22
HT-2b	85.89	65.82	-20.07
HT-2c	32.80	36.27	3.47
HT-3a & b	129.73	108.13	-21.60

HT-4	16.46	14.92	-1.54
HT-5	17.25	12.63	-4.62
<b>Sub total</b>	<b>4295.10</b>	<b>4067.12</b>	<b>-227.98</b>
BJ/KJ consuming up to 40 units/month	251.59	262.59	11.00
IP	3140.25	3497.60	357.35
<b>Sub total</b>	<b>3391.84</b>	<b>3760.19</b>	<b>368.35</b>
<b>Grand total</b>	<b>7686.94</b>	<b>7827.30</b>	<b>140.37</b>

c. The Commission notes that the increase in sales is mainly in LT-4a category and HT-2a category and reduction in sales is mainly in LT-2a, LT-6 water supply & street lights, HT-2b and HT-3 categories.

GESCOM was directed to analyze the reasons for reduction in sales in LT-2a, LT-6 water supply & street lights, HT-2b and HT-3 categories and increase in sales to HT-2a category.

#### **GESCOM's Reply:**

GESCOM has submitted that it has furnished the sales data from FY16 to FY22 (GESCOM has furnished only data from FY19 to FY22 in the replies) and has stated that the last four-years' growth rate is consistent, except in domestic category which was higher during Covid-19 lockdown period.

#### **Commission's Views:**

The Commission notes that GESCOM has not furnished any analysis and the replies furnished is not satisfactory.

#### **B. Sales to IP sets – APR for FY22:**

1. In its Tariff Order dated 9<sup>th</sup> June, 2021, the Commission had approved the specific consumption of IP sets as 7,510 units / IP / annum for the FY22, whereas, the specific consumption as reported by the GESCOM, in its Tariff filing for APR for FY22, works out to 8,473.78 units / IP / annum, which indicates an increase in the specific consumption by 963.76 units / IP / annum amounting to an increase by 12.83%.
2. To substantiate the sales to IP sets for FY22, GESCOM has not submitted the signed copies of the calculation sheet and the abstract for FY22 and FY23 (up to September 2022) deducting the feeder-wise actual losses from the

consumption recorded in the feeders, as per the format prescribed by the KERC. However, GESCOM has submitted the details of sales as per the prescribed formats along with its replies to preliminary observations vide e-mail dated 31.12.2022.

3. The Commission had approved total sales of 3,140.25 MU to the IP sets for FY22, in the Tariff Order dated 9<sup>th</sup> June, 2021. As reported by GESCOM in the D-2 Format of tariff filing and in its reply to the preliminary observations, the actual consumption by IP sets is 3,497.59 MU, indicating an increase in consumption by 357.34 MU. In percentage terms, the sales have increased by 11.37% compared to approved figures.
4. As reported by GESCOM, the number of IP set installations serviced at the end of FY22 is 4,17,988 as against the approved number of 4,24,313 which corresponds to decrease in the numbers by 6,325 (4,24,313 – 4,17,988) and in terms of percentage the number of installations has decreased by 1.49%.
5. The Commission notes that as compared with the IP set sales for FY21, there is an increase in sales by 456.12 MU, in FY22 which corresponds to 14.99% and an increase in the specific consumption by 937.42 units per IP set per annum, which corresponds to 12.43% for FY22 as compared to actuals of FY21.
6. The details of sales to IP sets for FY22 as approved by the Commission, in its Tariff Order 2021 and the actual sales as furnished by GESCOM in its Tariff Filing, are as follows:

Particulars	As approved by the Commission in ARR for FY22	As submitted by GESCOM for APR of FY22
Number of installations	4,24,313	4,17,988
Mid-year number of installations	4,18,142	4,12,754
Specific consumption in units / installation / annum	7,510.02	8,473.78
Sales in MU	<b>3,140.25</b>	<b>3,497.59</b>

7. Since there is an increase in the specific consumption and sales, GESCOM was directed to furnish the reasons for increase in specific consumption and sales as compared to the approved figures for FY22. In its replies to the preliminary observations, GESCOM has submitted that, during the FY22 because of the

good rain fall, the bore wells/Open wells which were defunct are recharged to the full extent, due to which there is an increase in specific consumption. During FY22, 10,469 numbers of IP sets were added to the system resulting in increase in per year input consumption and sales. After segregation of agriculture and non-agriculture loads, 1,059 exclusive IP feeders have been formed and utilizing solar generation, 90% of IP feeders have been supplied with 7 Hrs. of continuous power supply during day time. During FY22 there were no floods in GESCOM and availability of water was optimal due to which the use of IP sets potential has been very high. This has resulted in increased consumption even while the hours of power supply were limited to seven hours per day.

8. GESCOM, while submitting the computation of sales to IP set installations during the current tariff filing, it is observed that the GESCOM has considered distribution losses of 6%, 7%, 9.2%, 10.5%, 14% etc. 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.
9. The Commission, in its preliminary observations had directed GESCOM to furnish the data of GPS as on 31.03.2021 and 31.03.2022 by reconciling survey data with the number of installations in the DCB. In its reply, GESCOM has submitted the data of GPS survey of IP installations as on 31.03.2021 and 31.03.2022. 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 as in the DCB. GESCOM has not furnished the information of IP set installations as per GPS survey as desired by the Commission.
10. Further, the Commission, in its previous Tariff Orders had directed GESCOM to furnish the number of IP installations as per GPS survey and the 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. GESCOM, has failed to report the exact details of actual number of IP installations that are

existing in the field, working IP sets, permanently disconnected IP sets in respect of both the authorized and unauthorized categories, and the action taken to regularize the unauthorized IP sets. **Hence, the Commission hereby directs GESCOM to submit the details without ambiguity in data of total number of IP sets existing, defunct / dried up etc., within 3 months from the date of this Order.**

11. As per the detailed calculations of sales to IP sets, feeder-wise, month-wise data submitted by GESCOM for FY22 vide e-mail dated 31.12.2022, GESCOM has submitted the data substantiating the computed sales of 3,497.59 MU to IP sets along with the preliminary observations.
12. Based on the above discussions and on detailed verification of the data, it is noted that the overall sales of 3,497.59 MU as submitted by GESCOM for FY22 is acceptable. Therefore, the Commission hereby considers the IP set consumption of 3,497.59 MU for FY21.

**Hence, the Commission decides to allow the consumption of 3,497.60 MU as claimed by the GESCOM in its tariff filing for FY22 with the details as follows:**

Particulars	Approved sales of IP sets for FY22
Number of installations	4,17,988
Mid-year number of installations	4,12,754
Specific consumption in units / installation / annum	8,473.78
<b>Sales in MU</b>	<b>3,497.60</b>

The Commission, after taking note of the replies furnished by GESCOM on the preliminary observations on energy sales and based on the audited accounts and the discussions made in the previous paragraphs, approves the sales for FY22, as indicated in the following Table:

**TABLE – 4.5**  
**Approved Category wise sales for FY22**  
Energy Sales in MU

Category	Actuals
BJ/KJ consuming more than 40 units/month	8.69
LT-2a	1303.88
LT-2b	12.26
LT-3	363.73
LT-4b	3.34
LT-4c	3.50
LT-5	180.98
LT-6 WS	373.58
LT-6 SL	218.86
LT-7	25.04
HT-1	126.63
HT-2a	1208.86
HT-2b	65.82
HT-2c	36.27
HT-3a & b	108.13
HT-4	14.92
HT-5	12.63
<b>Sub total</b>	<b>4067.12</b>
BJ/KJ consuming up to 40 units/month	262.59
IP	3497.60
<b>Sub total</b>	<b>3760.19</b>
<b>Grand total</b>	<b>7827.31</b>

#### 4.2.2 Distribution Losses for FY22:

The GESCOM, in the tariff application has reported the distribution losses of 10.54% as per A1 format for FY22. The computation of distribution losses for FY22 as submitted by GESCOM is as under:

#### Distribution loss of 10.54%.

Particulars	Actuals
Total Energy requirement in MU	8755.57
Energy at interface point in MU	8749.50
Sales in MU	7827.30
Percentage distribution losses in %	10.54

#### Commission Analysis and Decision:

The Commission in its tariff Order 2021 has approved the distribution losses for FY22 as under:

## Figures in Percentage

Particulars	FY22
Upper limit	11.00
Average	10.75
Lower limit	10.50

The Commission in its observations has directed the GESCOM to compute the actual distribution loss for the input energy from April 2021 to March 2022 and submit the same to the Commission for FY22. GESCOM in its reply has stated that, based on the energy input from March 2021 to February 2022, the Distribution loss is 10.54% and considering the energy input from April 2021 to March 2022, the Distribution loss is worked out to 11.02%. as detailed in the below table. Presently, the GESCOM is following the methodology for calculating the per annum Distribution loss by considering the input from March to February. Hence, GESCOM has requested the Commission to consider the energy from February month.

The Commission while approving the distribution losses target in the Tariff Order has determined the losses based on the earlier methodology based.

The distribution losses target approved by the Commission in its Tariff Order was based on the earlier methodology followed in present month input energy and energy sales as per the present month's DCB statement. The revised methodology adopted by GESCOM as per the audited accounts has not been approved by the Commission. Thus, the Commission for the purpose of approval of APR has considered the actual distribution losses computed as per earlier methodology adopted in the approved ARR / APR at 11.02% for FY22 as under:

**Approved Distribution loss for FY22**

Particulars	Actuals
Sales in MU	7827.30
Percentage distribution losses in %	11.02
Energy at interface point in MU	8796.67

The Commission notes that by considering the energy at generation bus and energy at interface points, there is negative transmission loss of 41.10 MU translates and accordingly (-)0.469% for FY22:

**TABLE – 4.6****Transmission Loss of GESCOM for FY22**

Energy at generating Bus in MU	8755.57
Energy at Interface points in MU	8796.67
Transmission loss in MU	(-)41.10
Transmission loss in %	(-)0.469

The Commission notes from the above table that the transmission loss of GESCOM is (-)0.469% which is technically not acceptable. GESCOM is submitting the replies to the Commission's preliminary observations on the distribution losses, has not analysed properly the effect of transmission loss on the power purchase quantum submitted to the Commission for FY22.

The Commission has directed GESCOM to reconcile the energy purchase from various sources during FY22 with SLDC and arrive at correct figures and incorporate the same in its books of account and inform the same to the Commission.

The Commission notes that, as per the division-wise losses furnished by the GESCOM for FY22, the actual distribution losses in some of the divisions are very high for the following reasons explained by GESCOM:

1. In LT network, lower size conductor is existing which is contributing to more technical losses.
2. Due to existence of DC/MNR meters.
3. Non-achievement of 100% billing efficiency.
4. Overloading of Distribution Transformers.
5. Unbalanced load of the Phases of DTC due to overloaded feeders.

Hence, there is scope to reduce the losses further in these divisions and therefore, GESCOM shall draw an action plan to reduce the losses in these divisions. The Commission reiterates its direction to GESCOM to put forth continuous efforts to reduce the losses in these divisions.

The Commission notes the performance of GESCOM in achieving the Distribution Losses from FY14 onwards, as detailed below:



Particulars	FY16	FY17	FY18	FY19	FY20	FY21	FY22
<b>Approved Distribution losses in %</b>	16.50	17.00	16.00	15.00	14.89	11.00	10.75
<b>Actual Distribution losses in %</b>	18.10	17.33	16.39	14.41	11.22	11.72	11.02

In the light of the above, based on the achievement made by the GESCOM in reduction of losses during the previous years and the capex incurred so far, the Commission decides to consider actual distribution losses at 11.02% for FY22.

Considering the distribution loss for FY22 at 11.02% which is above the upper limit of the approved target loss of 11.00%, in terms of the MYT Regulations, the Commission decides to levy penalty of Rs.0.96 Crores for non-performance in achieving the targeted distribution loss for FY22 as under:

Particulars	FY22
Actual input at IF points as per audited accounts in MU	8796.67
Retail sales as per audited accounts in MU	7827.31
Actual Percentage of distribution losses	11.02%
Target Upper limit of distribution loss	11.00%
Approved distribution loss	10.75%
Target lower limit of distribution loss	10.50%
Increase in percentage loss over the upper limit of approved losses	0.02%
Input at target loss for actual sales in MU	8794.73
Increase in power purchase quantum due to increase in distribution losses in MU	1.940
Average cost of power purchase Rs. per Unit	4.9259
<b>Penalty for increase in distribution losses in Rs.Crores</b>	<b>(-)0.96</b>

Accordingly, the Commission decides to consider the distribution loss of 11.02% and levied the penalty of Rs.0.92 Crores for non-achieving the targeted distribution losses for FY22.

#### 4.2.3 Power Purchase for FY22:

##### GESCOM's Submission:

The Commission, in its Tariff Order 2021, dated 9<sup>th</sup> June 2021, had approved power purchase quantum of 8,877.18 MU for GESCOM at a cost of Rs.4,398.96 Crores, indicating source-wise quantum of power purchase and cost thereon,

for FY22. GESCOM, in its application has submitted the details of actual power purchase for FY22 vis-à-vis the approved figures, for the purpose of Annual Performance Review, as under:

**TABLE – 4.7**  
**Power Purchase for FY22- Approved and Actuals**

Source of Generation	Approved for 2021-22			Actuals as per filing for 2021-22			Difference			% increase (+)/decrease (-) over approved figures	
	Energy (in MU)	Amount (Rs.in Cr)	P.U. Cost (Rs/kWh)	Energy (in MU)	Amount (Rs. in Cr)	P.U. Cost (Rs/kWh)	Energy (in MU)	Amount (Rs. in Cr)	P.U. Cost (Rs/kWh)	Energy (in MU)	Amount (Rs. in Cr)
KPCL Thermal	1626.62	1004.29	6.17	1750.56	988.19	5.65	123.94	-16.10	-0.53	7.62%	-1.60%
CGS	2223.13	1050.38	4.72	2999.84	1375.97	4.59	776.70	325.59	-0.14	34.94%	31.00%
UPCL	266.71	154.13	5.78	98.96	116.37	11.76	-167.75	-37.75	5.98	-62.89%	-24.49%
KPCL Hydro	1767.09	184.34	1.04	2051.70	181.95	0.89	284.61	-2.38	-0.16	16.11%	-1.29%
Other State Hydro	23.63	7.89	3.34	25.89	8.03	3.10	2.26	0.14	-0.24	9.56%	1.80%
Renewable Energy	2374.48	1007.87	4.24	2913.01	1203.24	4.13	538.53	195.37	-0.11	22.68%	19.38%
Total Bundled Power	595.52	269.30	4.52	327.14	161.68	4.94	-268.38	-107.62	0.42	-45.07%	-39.96%
Transmission Charges (PGCIL+KPTCL)		716.23			750.64			34.41			4.80%
SLDC/PCKL/POS OCO/Reactive Energy		4.55			5.82			1.27			27.87%
UI charges/south western railways				-25.40	-2.50	0.98	-25.40	-2.50	0.98		
Prior period Expenses					149.41			149.41			
IEX				-1197.47	-548.03	4.58	-1197.47	-548.03	4.58		
SRTPV				8.36	5.42	6.49	8.36	5.42	6.49		
Other / Financial charges					6.42			6.42			
Energy Balance				-197.01	-89.69	4.55	-197.01	-89.69	4.55		
<b>Total</b>	<b>8877.18</b>	<b>4398.96</b>	<b>4.96</b>	<b>8755.57</b>	<b>4312.93</b>	<b>4.93</b>	<b>-121.61</b>	<b>-86.04</b>	<b>-0.03</b>	<b>-1.37%</b>	<b>-1.96%</b>

### Commission's Analysis and Decisions:

#### 1. Approved and Actual quantum and Cost of energy for FY22:

The actual power purchase quantum for FY22, as per Annual Report submitted by GESCOM is 8,755.57 MU, purchased at a cost of Rs.4,312.93 Crores, after considering the sale of power of 1337.20 MU and Rs.605.04 Crores being the revenue earned thereon. The actual power purchase is as against the approved quantum of 8,877.18 MU at a cost of Rs.4,398.96 Crores. This indicates that there is a decrease in the quantum of power purchase to an

extent of 121.61 MU and decrease in the power purchase cost by Rs.86.04 Crores.

**The decrease in quantum and cost of power purchase is to the tune of 1.37% and 1.96% respectively as compared with the approved figures.**

**On the above difference, GESCOM submits that the above deviations are beyond the reasonable control of GESCOM but well within the regulatory provisions for consideration in true up. The Commission in its MYT Order has stated that, since the power purchase costs are uncontrollable as per MYT Regulations, any excess quantum or cost will be trued up in the Annual Performance Review of the respective years. Hence, GESCOM has requested the Commission to approve the power purchase expenses for FY22 as per the actuals as per Audited Accounts.**

## **2. Power Procurement under medium term from cogeneration units:**

The Commission had not approved any energy for purchase from cogeneration units under medium term. However, GESCOM has shown purchase of 184.11 MU at a cost of Rs.93.12 Crores in D1 Format. In this regard, GESCOM was directed to provide clarification as to whether term of PPAs entered under medium term for procurement of power from cogeneration units still exists and if it exists, for how long and what is quantum of energy?

On the above observation, GESCOM has submitted that, it has purchased the energy to an extent of 184.11 MU for FY22 at a cost of Rs.93.12 Crores from cogeneration units under medium term PPAs signed by all ESCOMs including GESCOM considering percentage allocation of FY21 made by Energy Department, Govt. of Karnataka. Further, PPAs of 27 firms were valid up to 16<sup>th</sup> February 2022 and remaining 9 firms PPAs are valid up to 17<sup>th</sup> January 2023. The payment was arranged to above said cogeneration companies, as per the PPA approved by the Commission and as per the Hon'ble High Court orders dated 20<sup>th</sup> July 2021 in W.P.No.6043/2021. In the above Hon'ble High Court orders, the Respondents (All ESCOMs including GESCOM) are directed to honour the terms of PPA for a period of 5 years from the date of signing the PPA and hence the directions are binding on all the ESCOMs including

GESCOM for compliance. Therefore, GESCOM has purchased the energy from co-generation companies under medium term during FY22, even though there is no approval from the Commission. Hence, it is requested to approve the energy purchased from cogeneration firms under medium term PPA for FY22. The Commission has taken note of the reply provided by GESCOM.

### 3. Variation in the Variable Cost of Thermal Power Stations:

The variation in variable charges among ESCOMs in respect of all Thermal Power Stations (KPCL, Central and UPCL) has been continued as it was noted from the Tariff filing of ESCOMs for truing up of FY22 as indicated below:

Variable Cost (Rs/kWh) as noted from Tariff filings of ESCOMs for truing up of FY22 in respect of Thermal Power Stations						
Sl. No.	Source/ESCOM Name	BESCOM	MESCOM	CESC	HESCOM	GESCOM
<b>A</b>	<b>KPCL Thermal Power Stations</b>					
1	RTPS -1 to 7	3.13	3.39	3.39	3.75	3.37
2	RTPS-VIII	3.31	3.58	3.58	3.83	3.58
3	BTPS Unit I	3.05	3.17	3.17	3.22	3.17
4	BTPS Unit II	2.88	3.00	3.00	2.93	3.00
5	BTPS Unit III	2.98	3.10	3.10	2.90	3.10
6	Yeramarus TPS	3.35	3.11	3.07	3.00	2.90
<b>B</b>	<b>Central Thermal Power Stations</b>					
1	NTPC-Ramagundam, St-I & II	2.83	2.81	2.84	-	2.62
2	NTPC-Ramagundam, St-III	3.29	2.76	2.95		3.79
3	NTPC-Talcher, St-II	1.68	1.77	1.77		1.83
4	NTPC-Simhadri	3.15	2.93	3.52		3.29
5	NLC TPS2-Stage 1	2.64	2.66	2.66	2.65	2.65
6	NLC TPS2-Stage 2	2.65	2.66	2.66		2.52
7	NLC TPS-2-Expn 1 &2	2.57	2.56	2.57		2.54
8	NLC TPS1-Expn	2.27	2.42	2.45	1.57	2.41
9	Tuticorin (NTPL)1&2	3.82	3.25	3.76	-	3.55
10	Vallur TPS 1,2 &3	3.36	3.37	3.45	3.40	3.33
11	DVC Unit-1 & 2 Koderma TPS	2.76	2.90	2.65	-	2.75
12	DVC Unit-7 & 8 Mejia TPS	2.90	2.65	2.90		2.79
13	Kudugi TPS Unit-1,2 &3	3.98	4.02	4.21	-	3.99
14	NNTPS	2.19	2.19	2.20	2.18	2.18
<b>C</b>	<b>IPPs Major Thermal Power Station</b>					
1	UPCL	4.54	4.27	6.10	4.93	4.68

In the Tariff Order 2022, dated 4<sup>th</sup> April 2022, regarding variation in variable charges among ESCOMs, in respect of all Thermal Power Stations (KPCL, Central

and UPCL), the Commission had directed BESCO to convene a coordination meeting involving all the ESCOMs within two weeks from the issuance of the above Tariff Order to discuss the reasons for variation of variable charges for FY21 and to arrive at the following:

- a) Actual variable cost to be paid in respect of each of the power plants by the respective ESCOM.
- b) Deviations in payment of variable cost made by respective ESCOM as against actual variable cost in respect of each of the power plants.

Further, BESCO was directed to submit detailed Minutes of the meeting to the Commission within two weeks from the date of conduct of meeting, for further needful action. However, BESCO had not conducted the above said coordination meeting nor GESCOM or any of the other ESCOMs have followed up with BESCO in conduct of above coordination meeting. The ESCOMs should understand here that the above directions were issued by the Commission in the interest of all ESCOMs and the Commission does not approve the inaction taken by the ESCOMs, in the matter.

Further, individually all the ESCOMs were requested to provide proper reasoning for variation in variable cost. The reasons provided by each of the ESCOMs are as below:

**BESCO:** KPCL had entrusted the verification of bills from **2005-06 to till date to M/s Ramraj & Co**, Chartered Accountants. M/s Ramraj & Co had furnished Part-1 report which was discussed in the meeting conducted by KPCL on 19<sup>th</sup> July 2022 with ESCOMs, KPCL and M/s Ramraj & Co. The Part-1 report is based on opinion of Chartered Accountants but bills are yet to be verified and the same will be furnished in "Part-2" Report later. As there are no GoK orders / KERC orders to bill GCV as claimed by KPCL, BESCO had continued to bill the GCV on received basis. The other ESCOMs may be considering GCV as per KPCL bills. As such, there is variation in variable cost considered by BESCO and other ESCOMs. In respect of CGS, BESCO has considered the variable cost billed up to March 2022. The revision of variable cost for the period up to March 2022 and billed during April 2022 to July 2022 is also considered. Some of the ESCOMs have

considered the accounting year as February 2021 to February 2022. As such, there is variation in variable cost of CGS thermal stations and UPCL among ESCOMs.

**MESCOM:** KPCL has entrusted reconciliation of billing issues to M/s Ramraj & Co., Chartered Accountants. The Chartered Accountants has issued Part-1 of reconciliation vide letter dated 22<sup>nd</sup> February 2022. The audit firm is yet to furnish detailed monthly bill calculation. In this regard, a meeting was conducted on 07<sup>th</sup> July 2022 to discuss the billing procedure. In respect of CGS the supplementary bills related to 2021-22 received in 2022-23 were considered for FY22 itself. Monthly energy charges are based on the parameters and formula as per PPA/CERC norms. MESCOM separates the inadvertent costs and arrives at exclusive variable costs. Other costs like revisions related to previous years are accounted under other charges.

**CESC:** In respect of KPCL Thermal Power Stations, except Yermarus TPS, the variable charges as claimed by KPCL is being admitted and paid. The issues pertaining to billing of KPCL stations, both hydel & thermal, have been entrusted to M/s Ramraj & Co., Chartered Accountants & the verification of the bills is underway. Once the verification is completed and accepted by ESCOMs, the difference, if any will be accounted by CESC. In respect of Yermarus TPS, revision as per KERC Tariff Order dated 17<sup>th</sup> January 2022 has been included. In respect of CGS, the variable charge includes Income tax and others and in respect of UPCL TPS, the variable charge includes prior period claims, PLC & others.

**HESCOM:** It is submitted that, reconciliation of M/s KPCL dues between M/s KPCL and ESCOMs has been entrusted to the third-party for verification i.e., M/s Ramraj & Co., Chartered Accountants, which is under process. With reference to the CGS and UPCL TPS, variable charges admitted includes the components namely Incentives, Compensation, SRLDC Charges and ECR revisions pertaining to previous years admitted during FY22 where the allocation among ESCOMs differ from previous year to FY22. Hence, there may be variation in variable cost per unit among ESCOMs.

**GESCOM:** The variation in actual & approved variable charges of Thermal Power Stations as shown in D1 format is due to allowing of following pass through components in accordance with PPA/Tariff Orders which are included as variable charges by generators i.e., changes in RLDC/SRLDC charges, RTM trade gain share, incentive claims & variation in coal charges.

**On examination of the responses from ESCOMs, it is observed that the responses completely differ from one another. The Commission is of the considered view that the present situation wouldn't have arisen if ESCOMs had reconciled power purchase cost with the concerned Generating Stations at least for the financial year for which APR is submitted to the Commission, before its submission along with proper scrutiny of power purchase bills as and when they are raised. As per the copy of the KPCL letter dated 31<sup>st</sup> October 2022, addressed to Energy Department, Govt. of Karnataka, it is made to understand that services of M/s Ramraj & Co., Chartered Accountants towards Part-2 of reconciliation is for the billing period from FY 2005-06 to FY 2019-20 only and not beyond this period. as submitted by BESCO.**

**As PCKL has been made the nodal agency to ascertain the correctness of billing and furnish the correct bill amounts, as submitted by BESCO, PCKL is directed to ascertain the following:**

- a) The Part-2 report of the M/s Ramraj & Co., Chartered Accountants in respect of KPCL Thermal Power Stations is cross checked for its correctness and accordingly reconciliation as per the above report takes place between ESCOMs and KPCL within reasonable time by submitting a copy of the abstract of reconciliation statement to the Commission for information.**
- b) Convene a coordination meeting with ESCOMs for resolving differences in respect of variable cost of CGS and UPCL TPS for the FY21, FY22 and in respect of other previous financial years, wherein such differences exists. The proceedings of the meeting may be submitted to the Commission for information. Also, in the above meeting decision on reconciliation of KPCL bills for the FY21 and FY22 needs to be taken.**

#### 4. Energy left unutilized from cheaper sources:

The Commission had observed that, when compared with approved quantum, some quantum of energy was left unutilized from cheaper sources. In this aspect, GESCOM has held 'SLDC' completely responsible, while listing out the functions of SLDC and has submitted that, **ESCOM-wise optimization will not be possible till the implementation of Intra-state ABT. The Commission notes the submissions made by GESCOM.**

#### 5. Increase in per unit cost of Variable Charges of TPS and Bundled Power:

The GESCOM was directed to explain the reasons for overall increase in per unit cost of variable charges in respect of KPCL, Central and UPCL Thermal Power Stations (TPS) and in respect of bundled power against the approved values. For which, GESCOM has submitted that, the above variation is due to allowing pass through components in accordance with PPA/Tariff Orders which are included as variable charges by generators i.e., changes in RLDC/SRLDC charges, RTM trade gain share, incentive claims and variation in coal charges. In addition, in respect of UPCL TPS there is an increase in variable cost per unit due to consideration of other reimbursement charges & partial loading charges in the variable charge component. The Commission notes that the reply provided by GESCOM doesn't indicate the specific reason. **Hence, the Commission directs GESCOM to analyse the specific reasons for above increase in per unit cost of variable charges and submit the same to the Commission within two weeks from the issuance of this Tariff Order, with a view to ensure that no abnormal increase in rates is allowed.**

#### 6. Payment under Capacity Charges for KPCL hydro power plants:

The GESCOM has claimed capacity charges of Rs.18.98 Crores and variable cost of Rs.162.97 Crores for KPCL Hydro, whereas the Commission in its approval has allowed only variable charges of Rs.184.34 Crores. On the reason for consideration of payment under capacity charges, GESCOM has submitted that, KPCL Hydro stations' capacity charges of Rs.18.98 Crores claimed in D1 Format is supposed to be considered as variable cost/charges



apart from the existing variable charges of Rs.162.97 Crores. Therefore, KPCL Hydro stations' total variable charges works out Rs.181.95 Crores against the KERC approved variable charges of Rs.184.33 Crores. Accordingly, GESCOM has submitted the revised D1 Format. The Commission has taken note of the reply from GESCOM.

## 7. Reason for variation in per unit cost of Renewable Energy Projects:

The GESCOM was directed to explain the reason for variation in actual per unit cost compared with approved per unit cost in respect of IPPs of Wind, Mini Hydel, Cogeneration, Bio-Mass, Solar(existing) and in respect of Solar KPCL Yapaldinni. In reply, GESCOM has submitted the following details in respect of above Renewable Energy projects:

Source	Cost as per Actuals (Rs/kWh)	Commission approved Cost (Rs/kWh)	Difference (Rs/kWh)
Wind IPPS	3.94	3.82	0.12
Mini Hydel IPPS	3.25	3.32	-0.07
Cogeneration IPPs	5.61	3.93	1.68
Bio-Mass IPPs	4.53	5.33	-0.80
Solar IPPs existing	4.36	4.96	-0.60
Solar KPCL Yapaldinni	6.00	4.83	1.17

Further, submitted that, as per above table there is a decrease in average power purchase cost per unit against the approved cost per unit in respect of IPPs of Mini Hydel, Bio-mass and Solar existing. But there is an increase in average power purchase cost per unit against the approved cost per unit in respect of IPPs of Wind and Solar KPCL Yapaldinni due to payment made as per the PPA. Further, in respect of cogeneration IPPs payment was arranged as per PPA, as per Hon'ble High Court of Karnataka order dated 20<sup>th</sup> July 2021 in W.P No 6043/2021 and as per KERC order dated 11<sup>th</sup> April 2017. Here also, except in respect of IPPs of cogeneration, **the Commission feels the reply provided by GESCOM is in general and it doesn't indicate the specific reason for variation in per unit cost of variable cost. Hence, the Commission directs GESCOM to analyse the specific reasons for above variation in per unit cost of variable charges and to submit the**

same to the Commission within Two weeks from the issuance of this Tariff Order with a view to ensure that no abnormal increase in rates is allowed.

#### 8. Analyzing the reasons for Deviations and Action taken to reduce such Deviations:

GESCOM, in the D1 Format has indicated, UI charges/South Western Railway (SWR) charges of Rs.-2.50 Crores against -25.40 MU, which works out to Rs.0.98/kWh. In this regard GESCOM was directed to provide its reply on whether GESCOM is analyzing the reasons for such deviations on regular basis and what is the action being taken/recommended by GESCOM for reducing such deviations, in consultation with SLDC and further it was directed to provide break up of energy and amount under UI and SWR charges.

In its reply, GESCOM has submitted that, the energy & amount of South Western Railways and UI charges are taken as per the annual energy balance statement finalised by the SLDC in consultation with all ESCOMs including GESCOM. Further SLDC is the nodal agency for stable and economic grid operations and to follow merit order and economic dispatch as per Section 32 of Electricity Act 2003. Karnataka is RE rich state and facing operation challenges due to high RE penetration in to the grid. In this respect, Energy Department Govt. of Karnataka had brought to the notice of Ministry of Power, Govt. of India, about operational difficulties due to uncertainties in RE forecasting and also explained the operational difficulties to adhere to CERC (Deviation Settlement Mechanism and Related Matters) Regulation 2022. Hence, SLDC is analysing the reasons for the deviations on regular basis. Further, the breakup of UI and SWR charges is as below:

Particular	Energy (MU)	Amount (Rs. In Crs)
South Western Railways	-2.64	0.00
UI charges	-22.76	-2.50
Total	-25.40	-2.50

Further, regarding observation on not claiming any amount towards import of power by South Western Railways, GESCOM has submitted that, this amount

has been accounted in UI charges itself. The Commission notes the reply submitted by GESCOM.

**9. Inter-ESCOM Energy Accounting below 66kV level:**

The Commission notes with concern that this important aspect of metering is not being attended to by the ESCOMs and hence, hereby directs all the ESCOMs to ensure that proper metering arrangements are made at all the required interface points below 66kV level in line with Central Electricity Authority (Installation and Operation of Meters) Regulations 2006 and its amendments thereof, for proper accounting of Inter-ESCOM Energy. The action taken in this regard should be reported to the Commission within two months from the date of issuance of this Tariff Order.

**10. Not Claiming any Charges in respect of energy claimed under Infirm (solar/Non solar)', 'Unbanked (solar/Non solar)', 'IEX Purchase' and 'GTAM/GDAM(NS)':**

The GESCOM has indicated energy to an extent of 16.95 MU, 8.66 MU, 67.29 MU and 72.44 MU in respect of 'Infirm (solar/Non solar)', 'Unbanked (solar/Non solar)', 'IEX Purchase' and 'GTAM/GDAM(NS)' respectively, totaling to 165.34 MU without claiming any charges. GESCOM was directed to provide clear justification in respect of the above along with meaning of what is 'Unbanked (solar/Non solar)' category means. In its reply, GESCOM has submitted the following:

Source	Energy (MU)	Remarks
Infirm (solar /Non solar)	16.95	The Infirm energy in respect of solar & Non solar for those IPPs which have been commissioned before execution of wheeling & Banking agreement for which GESCOM is not making any payment. Therefore no charges are included in D1 Format.
Unbanked (solar /Non solar)	8.66	As per the Govt. of Karnataka order, the existing wheeling & banking agreement have been renewed after completion of 10 years' period and signed as wheeling agreements. GESCOM is not carrying forward energy to subsequent months. Therefore no charges are included in D1 Format.

IEX Purchase	67.29	Energy purchased under IEX/GTAM/GDAM amount is adjusted against the energy sales through IEX amount. Net off amount towards energy sales through IEX is shown in the D1 format. Therefore the power purchase cost is not considered in the D1 format.
GTAM /GDAM(NS)	72.44	
<b>Total</b>	<b>165.34</b>	

The Commission has taken note of the response from GESCOM.

#### 11. Break up of amount mentioned under “IEX” with corresponding energy:

The GESCOM was directed to provide the breakup of Rs.-548.03 Crores mentioned under “IEX” with corresponding energy, considering purchase and sales separately. In response, GESCOM has provided the following breakup details:

Particulars	Energy (in MU)	Amount (Rs. in Cr.)	Rs./kWh
IEX Sale	-1337.20	-605.04	4.52
IEX Purchase	67.29	26.98	4.01
GTAM/GDAM(NS) Purchase	72.44	30.03	4.15
<b>Total</b>	<b>-1197.47</b>	<b>-548.03</b>	<b>4.58</b>

The Commission has taken note of the above.

#### 12. Break up of Prior Period Expenditure:

The GESCOM has considered Rs.149.41 Crores under the head ‘prior period Expenses’. Hence, GESCOM was directed to furnish the details and reason for the payment of this amount. In reply, GESCOM has submitted the breakup of prior period expenses as per the following table. GESCOM has explained that: PGCIL Transmission charges of (DVC) of Rs.113.82 Crores (Sl.No.1) was paid by BESCOM on behalf of GESCOM and same has been accounted as prior period expenses by GESCOM during FY22. In respect of Sl. No. 2 to 7, the supplementary bills pertaining to previous years have been raised by the generators and received in current year and the same are accounted as prior period expenses by GESCOM during FY22.

Sl. No.	Firm Name	Amount (Crs)
1	PGCIL	113.82
2	UPCL	6.22
3	NTPC NSM	3.37
4	Mylar sugars	15.53
5	Bidar Kissan	9.24
6	NSL Koppa	0.25
7	Doodhganaga	0.99
		<b>149.41</b>

The Commission notes the GESCOM's response.

### 13. Expenditure under PCKL/POSOCO/RE:

The GESCOM was directed to explain the deviations in respect of expenditure incurred in respect of 'PCKL/POSOCO/RE' compared to the approval provided by the Commission. In its reply, GESCOM has submitted following details of actual expenditure incurred in respect of PCKL/POSOCO/RE (Reactive Energy Charges) as compared to approved, as below:

Sl. No.	Firm Name	Approved Exp.(Crs)	Actual Exp. (Crs)
1	PCKL	0.00	1.210
2	POSOCO	0.42	0.480
3	Reactive Energy Charges	0.00	-0.003
	<b>Total</b>	<b>0.42</b>	<b>1.687</b>

Further, GESCOM has submitted that, as per above table, Rs.0.06 Crores towards POSOCO expenditure incurred more than the approved, the payment of PCKL expenditure as seed money of Rs.1.21 Crores is as per Govt. of Karnataka directions and it is an obligation on part of ESCOMs including GESCOM. Rs.0.003 Crores is receivable from PCKL towards reactive energy charges by GESCOM. The Commission notes the GESCOM's response.

### 14. The Commission has observed several inconsistencies in the initial and the revised D-1 Formats submitted to the Commission. Even with several errors in D-1 Format, the total power purchase cost in D1 Format has been matched with the Annual Accounts:

The following Table indicates the inconsistencies in submission of D-1 Format initial as well as subsequent with correction made by GESCOM by submitting revised D1 Format, after the Commission's observations:

Source of Generation	Initial D- Format		Revised D- Format		
	Amount (Rs in Cr.)	Observations made by Commission	Corrected Amount (Rs in Cr.)	Remarks	Difference in Amount with initial D-1 Format (Rs in Cr.)
Other State Hydro	-	Left out adding Rs.8.03 Crores while arriving Grand Total	8.03	Included Rs.8.03 Crores while arriving Grand total	8.03
Other /Financial charges	-	This source and corresponding amount was not shown.	6.42	This source and corresponding amount was newly included.	6.42
Energy Balance	-75.38	This amount was against Rs.-89.69 Crores as per "Energy Balance Statement"	-89.69	The amount of Rs.-89.69 Crores as per "Energy Balance Statement" was included replacing Rs.-75.38 Crores.	-14.31
SRTPV	5.58		5.42	The amount is modified from Rs.5.58 Crores to Rs.5.42 Crores.	-0.16
SLDC/PCKL/P OSOCO /Reactive Energy	5.81		5.82	The amount is modified from Rs.5.81 Crores to Rs.5.82 Crores.	0.01
Renewable Energy	1203.23		1203.24	The amount is modified from Rs.1203.23 Crores to Rs.1203.24 Crores.	0.01
Total of above sources	1139.24		1139.24	The total of the two D1 statements were same.	0.00

The above table clearly depicts inconsistencies in accounting by GESCOM. The Commission directs, GESCOM to be more vigilant to ensure that such kind of inconsistencies do not occur in future.

**15. Energy not accounted in respect of providing power supply to 'Chondi Mukhed village':**

The GESCOM was directed to provide the reason and breakup of amount of Rs.6.42 Cores incurred towards 'Other/Financial Charges'. In response, GESCOM has replied that, Rs.5.60 Cores is incurred towards LC & other Bank charges, **whereas Rs.0.82 Crores is paid to MSEDCL towards power supply bill for 0.60 MU for FY22, but the said energy has not been taken into account in D-1 Format by oversight. On further verification by the Commission, it is found that the above energy of 0.60 MU has not even been accounted in the Annual Accounts of GESCOM for the FY22. This energy has been utilised by the installations located in the village by name "Chondi Mukhed" located in the Aurad Taluk of Bidar District, in the border of Karnataka and Maharashtra states. This village is surrounded by Maharashtra State. There is no infrastructure to supply power to this village from Karnataka. From the above, the Commission is of the view that, GESCOM is not accounting the energy supplied to its consumers properly and directs it to ensure proper accounting of the energy.**

**16. Backing Down of Power:**

The GESCOM explanation is silent on the power backed down during FY22. It is to be noted here that, the State ESCOMs have backed down power to an extent of 25,956 MU during FY22 as per the information provided by SLDC. This factor needs to be considered by the State ESCOMs including GESCOM before considering any power procurement and should take measures to reduce/utilize power backed down on commercial principles, considering reliability of the State grid into consideration. The PCKL shall guide ESCOMs and should take responsible measures in this aspect.

**17. Accuracy of Demand-Supply projections:**

The Commission directs all ESCOMs to provide correct data for demand/supply projections including in respect of Electric Power Survey (EPS) Reports, Load Generation Balance Reports (LGBR), etc., as the correct data

will ensure accuracy in demand/supply projections. Further, the Commission directs, all the ESCOMs/PCKL/SLDC to make proper demand-supply projections at specific time intervals for ensuring reliability in supply and avoid stranded generation capacities.

#### 18. Source-wise Generation:

On an analysis of the source-wise approved and actual power purchase, it is observed that, there are deviations in the quantum of energy purchased and cost thereon. There is increase in supply of energy from the KPCL Thermal, KPCL Hydel, CGS, Renewable energy sources of power and from other State hydro projects. Whereas, there is decrease in the supply from the UPCL and Bundled Power as indicated below:

Source of Generation	Approved Energy for 2021-22 in MU	Actual Energy for 2021-22 in MU	Excess(+)/ Shortfall (-) Energy in %
KPCL-Thermal Stations	1626.62	1750.56	7.62%
CGS	2223.13	2999.84	34.94%
UPCL	266.71	98.96	-62.89%
KPCL Hydel Stations	1767.09	2051.70	16.11%
Other State Hydro Projects	23.63	25.89	9.56%
RE Projects	2374.48	2913.01	22.68%
Total Bundled Power	595.52	327.14	-45.07%
Others		-1411.53	
<b>Total</b>	<b>8877.18</b>	<b>8755.57</b>	<b>-1.37%</b>

Source of Generation	Approved Amount for 2021-22 in Rs. Crores	Actual Amount for 2021-22 in Rs. Crores	Excess (+)/ Shortfall (-) Amount in %
KPCL-Thermal Stations	1004.29	988.19	-1.60%
CGS	1050.38	1375.97	31.00%
UPCL	154.13	116.37	-24.49%
KPCL Hydel Stations	184.34	181.95	-1.29%
Other State Hydro Projects	7.89	8.03	1.80%
RE Projects	1007.87	1203.24	19.38%
Total Bundled power	269.30	161.68	-39.96%
Transmission Charges (PGCIL+KPTCL)	716.23	750.64	4.80%
Others	4.55	-473.15	-10498.94%
<b>Total</b>	<b>4398.96</b>	<b>4312.93</b>	<b>-1.96%</b>



It is seen from the above that the power purchase cost has not increased in proportion to energy, instead there is slight reduction in increase in cost compared with the approved cost in cases where energy usage is more than the approved energy and the same is reverse in cases where energy usage is less than the approved energy due to the impact of paying fixed charges to the energy. Further, GESCOM has received energy to an extent of 25.61 MU under 'Infirm (solar/Non solar)' and 'Unbanked (solar/Non solar)' at free of cost. However, there is an increase in PGCIL charges to an extent of Rs.31.44 Crores. Hence, overall, there is decrease in per unit cost from Rs.4.96 per unit (approved) to Rs.4.93 per unit, as per actuals. However, the Commission directs GESCOM to ensure that the amounts paid towards PGCIL charges are thoroughly verified as per the CERC approved methodology in terms of CERC (sharing of Inter State Transmission Charges and related matters) Regulations 2020 and its amendments from time to time and make sure such amount arrived at is prudent. Further, energy to the extent of 1,337.20 MU has been sold in the power market, much importance should be given towards it considering commercial principles and reliability of the State Grid.

- 19. GESCOM shall ensure that in future, all the costs related to power purchase for a financial year, for which APR is being submitted before the Commission, are reconciled between the ESCOMs and concerned Generation Stations/Transmission Utilities/State Load Despatch Centres etc. and checked for its correctness before its submission. PCKL is directed to ensure co-ordination meetings at regular intervals is held in this aspect and copy of the proceedings of such meeting shall be submitted to the Commission for information. Further, in the above meeting attention shall be given to all the aspects discussed in the above paras including energy reconciliation, variation in DSM charges between ESCOMs and other relevant subjects.**
  
- 20. In the circumstances explained above, considering the consolidated replies provided by ESCOMs in respect of Energy Reconciliation Statement, Power procurement under medium term from cogeneration power plants 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 purchase cost**

of Rs.4,312.93 Crores towards purchase of 8,755.57 MU for FY22, subject to the following:

- a) Revision of Energy Reconciliation Statement among ESCOMs for FY22, if any.
- b) Subject to outcome of the orders on the petitions/review petitions filed in respect of power procurement under medium term from cogeneration power plants.
- c) The decision, if any, of the Commission (KERC) in respect of tariff regarding power procurement under medium term from cogeneration power plants.
- d) Accounting of 0.60 MU of energy supplied to 'Chondi Mukhed village'.

#### 4.2.4 RPO Compliance for FY22:

GESCOM in its filing, has stated that against the target RPO for FY22 of 8% for Non-solar and 10.50% for Solar, it has complied with 17.37% of Non-Solar RPO and 17.50% Solar RPO.

- a. GESCOM was directed to furnish the break-up of energy sales for Mani dam power house, Shimsha and Shivanasamudra projects separately along with cost. Also, the hydro energy included in energy balance shall be furnished separately.

#### GESCOM's Reply:

The breakup of energy & cost of Mani dam power house, Shimsha and Shivanasamudra projects are furnished as follows:

Source	Energy (Mu)	Amt (CrS)
Mani Dam Power House	2.36	0.33
Shimsha	5.06	0.69
Shivanasamudra projects	29.14	3.95

Further, the Hydro energy included in energy balance is submitted as indicated below:

Source	Energy (Mus)
KPCL Hydel	49.38
Mani Dam	0.03
Shimsha	0.09
TBHE & Juarala	1.44
<b>Total</b>	<b>50.94</b>

- b. As per D-1 Format, the energy purchased net of Hydro is 6683.57 (8755.57-2051.70-20.30), whereas in Table-78, page 131, it is indicated as 6736.11 MU. The data shall be reconciled with the audited accounts.

### GESCOM's Reply:

Reconciled data with the audited accounts is as under:

Source	Energy (Mus)
Total energy	10281.42
less: IEX	-1337.20
Less: KPCL Hydel	-2051.70
less: TBHE & Jurala	-25.89
Add: Mani	2.36
Add: Shimsha	5.06
Add: SRTPV	8.36
Total Energy Purchased	6882.41
Energy Purchased from other ESCOMs	-146.29
<b>Total Energy considered for calculation of RPO</b>	<b>6736.11</b>

The Commission notes that energy purchased from other ESCOMs as per energy balancing as indicated in D-1 statement is 197.01 MU, whereas GESCOM has considered 146.29 MU in the above table.

- c. As per D-1 Format the solar energy purchased is as follows:

Source	MU
PPA	1049.86 (914.53+135.33)
KPCL	2.47
NTPC bundled	200.49 (187.06+13.43)
SRTPV	8.36
<b>Total</b>	<b>1261.18</b>

It is noted that at page 131 the solar energy considered for FY22 compliance is shown as 1178.74 MU against 1261.18 MU as per D-1 Format. GESCOM shall clarify and shall also furnish the breakup of banked and infirm energy from solar separately. The solar energy purchased & sold in IEX, Green energy sold at green

tariff, energy purchased under APPC rate may also be furnished, duly tallying with audited accounts.

### GESCOM's Reply:

As per above observations the actual solar energy to be considered for RPO compliance is 1178.74 MU ( $1276.10 - 97.36 = 1178.74$  MU) as detailed below as per D-1 Format after deducting the sale of solar energy through IEX. Therefore, the total energy considered for solar RPO compliance for FY 22 duly tallied with audited accounts are as under:

Source	Energy (MUs)
Solar existing	1049.86
NTPC NSM Solar	187.06
NTPC-VVNL Solar	13.43
Solar KPCL Yapaldinni	2.47
Infirm Solar	3.24
banked solar	10.66
Un Banked solar	1.04
SRPTV	8.36
<b>Total</b>	<b>1276.10</b>
Less: IEX sale of solar energy	-97.36
<b>Total Solar energy</b>	<b>1178.74</b>

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

Source	MU
Wind	1354.86
Mimi-Hydel	162.25
Co-gen	69.50
Co-gen medium term	184.11
Bio-mass	43.17
<b>Total</b>	<b>1813.89</b>

It is noted that at page 105, the Non-solar energy considered for FY22 compliance is 1170.03 MU against 1813.89 MU as per D-1 Format. GESCOM shall furnish the break up for banked and infirm energy from Non-Solar energy, Non-solar energy purchased & sold in IEX, Green energy sold at green tariff and purchased under APPC rate. GESCOM shall reconcile the above data with

respect to audited accounts and also consider Shimsha & Mani power generation under Non-solar RPO.

### **GESCOM's Reply:**

As per the above observations the actual Non-solar energy to be considered for RPO compliance is 1170.03 MU (1925.61-8.47-747.11=1170.03 MU) as detailed below as per D-1 Format after deducting the sale of non-solar energy through IEX & energy under APPC. Therefore, the total energy considered for Non-solar RPO compliance for FY 22 duly tallied with audited accounts is as under:

<b>Source</b>	<b>Energy (MU)</b>
Wind Energy Firms	1354.86
Mini Hydel Energy Firms	162.25
Co - Generation	69.53
Co -Generation (medium term)	184.11
Bio - Mass Energy Firms	43.17
Infirm Non solar	13.71
Banked Non solar	10.50
Un Banked Non solar	7.63
Manidam	2.36
Shimsha	5.06
GTAM (Non Solar)	72.44
<b>Total</b>	<b>1925.61</b>
Less: Energy under APPC	8.47
Less: IEX sale of Non-solar energy	747.11
<b>Total Non-Solar energy</b>	<b>1170.03</b>

e. For validating the RPO compliance and to work out the APPC, GESCOM was directed to furnish the data as per the specified Format.

### **GESCOM's Reply:**

**The details of non-solar RPO and Solar RPO duly reconciling the data with the audited accounts for FY-22 are furnished in the prescribed format as under:**

i. **Non-solar RPO:****TABLE – 4.8****Non Solar RPO Compliance by GESCOM for FY22**

No.	Particulars	Quantum in MU	Cost- Rs. Crs.
1	Total Power Purchase quantum from all sources excluding Hydro energy	6736.11	4122.96
2	Non-solar Renewable energy purchased under PPA route at Generic tariff including Non-solar RE purchased from KPCL	1812.87	736.62
3	Non –solar Short-Term purchase from RE sources, excluding sec-11 purchase	0	0
4	Non –solar Short-Term purchase from RE sources under sec-11	0	0
5	Non-solar RE purchased at APPC	8.47	2.07
6	Non-solar RE pertaining to green energy sold to consumers under green tariff	0	0
7	Non-solar RE purchased from other ESCOMs/market	0	0
8	Non-solar RE sold to other ESCOMs/market	747.11	356.41
9	Non-solar RE purchased from any other source like banked energy purchased at 85% of Generic tariff/infirm energy	104.27	3.70
10	Total Non-Solar RE Energy Purchased [No 2+ No.3+No.4+No.5 +No.7+No.9]	1925.61	742.39
11	Non-Solar RE accounted for the purpose of RPO [ No.10- No.5-No.6-No.8]	1170.03	383.91
12	Non-solar RPO complied in % [No11/No1]*100	17.37%	9.31%

ii. **Solar RPO:****TABLE – 4.9****Solar RPO Compliance by GESCOM for FY22**

No.	Particulars	Quantum in MU	Cost- Rs. Crs.
1	Total Power Purchase quantum from all sources excluding Hydro energy	6736.11	4122.96
2	Solar energy purchased under PPA route at Generic tariff including solar energy purchased from KPCL	1052.33	459.06
3	Solar energy purchased under Short-Term, excluding sec-11 purchase	0	0
4	Solar Short-Term purchase from RE under sec-11	0	0
5	Solar energy purchased under APPC	0	0
6	Solar energy pertaining to green energy sold to consumers under green tariff	0	0
7	Solar energy purchased from other ESCOMs/market	0	0
8	Solar energy sold to other ESCOMs/market	97.36	39.48
9	Solar energy purchased from NTPC (or others) as bundled power	200.48	107.56

10	Solar energy purchased from any other source like banked energy purchased at 85% of Generic tariff/infirm energy	23.29	8.23
11	Total Solar Energy Purchased [No.2+ No.3+No.4+No.5+No.7+No.9+No.10]	1276.10	574.85
12	Solar energy accounted for the purpose of RPO [ No.11- No.5-No.6-No.8]	1178.74	535.37
13	Solar RPO complied in % [No12/No.1]*100	17.50%	12.99%

### Commission's Decision:

The replies furnished by GESCOM is noted and the RPO compliance based on audited accounts/D-1 format is discussed in the following paragraphs:

#### i) Input energy net of hydro:

The input energy net of hydro is computed as indicated below:

1	Input energy-MU	8755.57
2	KPCL hydro including Shimsha & Mani-MU	2051.70
3	Shimsha & Mani-MU[As per replies]	7.42
4	KPCL hydro excluding Shimsha & Mani-MU (Sl. No.2-Sl.No.3)-MU	2044.28
5	Other Hydro-MU	25.89
6	Hydro under energy balance (as per GESCOM's reply)	49.38
7	Total hydro-MU (Sl. No.4+Sl.No.5)-MU	2070.17
8	Input energy net of Hydro- MU (Sl. No.1-Sl.No.7+Sl.No.6)	6734.78

#### ii) Non-solar RPO compliance

The Non-solar quantum purchased as per audited accounts / D-1 is as follows:

Source	Energy (MU)
Wind Energy Firms	1354.86
Mini Hydel Energy Firms	162.25
Co - Generation	69.53
Co -Generation (medium term)	184.11
Bio - Mass Energy Firms	43.17
Infirm Non solar (as per GESCOM's Reply)	13.71
Banked Non solar (as per GESCOM's Reply)	10.50
Un Banked Non solar (as per GESCOM's Reply)	7.62
Mani dam	2.36
Shimsha	5.06

GTAM (Non Solar Purchase)	0.00
<b>Total</b>	<b>1853.17</b>
Less: Energy under APPC (as per GESCOM's Reply)	-8.47
Less: IEX sale of Non-solar energy (as per GESCOM's Reply)	-747.11
<b>Total Non-Solar energy</b>	<b>1097.59</b>

Note: PCKL has informed that neither solar nor non-solar energy is purchased from exchanges/market. Hence, solar or non-solar energy purchased from exchanges/market is considered as Zero.

Considering the input energy net of hydro of 6734.78MU and the non-solar energy of 1097.59 MU, the GESCOM has complied with RPO to the extent of 16.29 % against the target of 8% for FY22. Thus, GESCOM has purchased 558.808MU (558808 MWh) of excess Non-solar energy beyond the specified target.

### iii) Solar RPO compliance

The Solar quantum purchased as per audited accounts / D-1 is as follows:

Source	Energy (MU)
Solar existing	1049.86
NTPC NSM Solar	187.06
NTPC-VVNL Solar	13.43
Solar KPCL Yapaldinni	2.47
Infirm Solar (as per GESCOM's Reply)	3.24
Banked solar (as per GESCOM's Reply)	10.66
Un Banked solar (as per GESCOM's Reply)	1.04
SRPTV	8.36
<b>Total</b>	<b>1276.12</b>
Less: IEX sale of solar energy (as per GESCOM's Reply)	-97.36
<b>Total Solar energy</b>	<b>1178.76</b>

Considering the input energy net of hydro of 6734.78 MU and the solar energy of 1178.76 MU, the GESCOM has complied with RPO to the extent of 17.50% against the target of 10.50% for FY22. Thus, GESCOM has purchased 471.608 MU (471608 MWh) of excess solar energy beyond the specified target.

## 4.2.5 Operation and Maintenance Expenses:

### GESCOM's Submission:

In its application, GESCOM, as per audited accounts, has claimed Rs.912.32 Crores as against Rs.887.07 Crores approved by the Commission towards O&M expenditure for FY22. The break-up of O&M expenses are as follows:



**TABLE – 4.10****O & M Expenses – GESCOM's submission**

Amount in Rs. Crores	
Particulars	FY22
Employee cost	717.11
Repairs and Maintenance	55.19
Administrative & General Expenses	140.02
<b>Total O &amp; M Expenses</b>	<b>912.32</b>

GESCOM in its filing has submitted that it has incurred employee cost of Rs.462.24 Crores towards payment of salaries and wages and Rs.160.44 Crores towards payment of contribution of terminal benefit to P&G Trust, provident and other funds. GESCOM has also stated that there is an increase of Rs.38.41 Crores (5.66%) in the employee benefit expenses during FY22. Further, increase in DA rates from 11.25% to 21.5% has resulted in increase in salaries and wages by Rs.31 Crores. Contribution towards the NDCPS Trust has increased by Rs.12.07 Crores after accounting the expenditure towards family pension and gratuity portion of NDCP covered employees. GESCOM also informed that expenses towards staff welfare, earned leave encashment and bonus have reduced to an extent of Rs.4.33 Crores as compared to previous year.

GESCOM has requested the Commission to approve the actual O&M expenses of Rs.912.3 Crores for FY22.

**Commission's Analysis and Decision:**

The Commission in its preliminary observations, had observed that GESCOM in claiming the O&M expenses, under employees cost in D-6 Format, has factored Rs.160.40 Crores towards contributions to provident and other funds and Rs.41.99 Crores being the arrears towards P&G Trust for FY22. As per the audited accounts, an amount of Rs.202.20 Crores has been accounted towards contribution to provident and other funds for FY22. Further, GESCOM has claimed Rs.198.84 Crores and Rs.213.71 Crores towards P&G contributions for FY23 and FY24 respectively. GESCOM was directed to submit the break up details for claiming these amount for FY22 to FY24, besides furnishing the reasons with computation sheet for claiming Rs.41.99 Crores of arrears towards P&G Trust for FY22.

The Commission notes the reply submitted by GESCOM on the observation made on contribution of terminal benefits to P&G Trust and NDCPS Trust for FY22.

The Commission, in its Tariff Order dated 9<sup>th</sup> June, 2021 had approved O&M expenses for FY22, as indicated in the following Table:

**TABLE – 4.11**

**Approved O&M Expenses as per Tariff Order dated 09.06.2021**

Particulars	FY22
No. of installations as per actuals as per Audited Accts	3525805
Weighted Inflation Index	7.9586%
CGI based on 3 Year CAGR	4.69%
Base year O&M expenses for FY19 - in Rs. Crores.	696.33
O&M Expenses: $O\&M\ Index = O\&M\ (t-1) * (1 + WII + CGI - X)$	887.07
<b>Total approved O&amp;M Expenses for FY22– in Rs. Crores.</b>	<b>887.07</b>

The Commission notes that, GESCOM in its filing, has claimed O&M expenses of Rs.912.32 Crores as against Rs.887.07 Crores, approved by the Commission for FY22. This amount consists of Rs.55.19 Crores towards R&M expenses, Rs.717.11 Crores towards Employees cost and Rs.140.02 Crores towards A&G expenses for FY22.

The Commission notes that as per the audited account, by excluding the Bank Charges of Rs.3.791 Crores the O&M expenses of Rs.908.53 Crores for FY22. The Commission has allowed the bank charges of Rs.3.791 Crores under other interest and finance charges for FY22. The Commission, in accordance with the provision of MYT Regulations and the methodology adopted, while approving the ARR for FY22 and the APR's of the earlier 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 FY22 is computed as follows:

**TABLE - 4.12**  
**Computation of Allowable Inflation Rate**

WII for APR FY22							
Year	WPI	CPI	Composite Series	Yt/Y1=Rt	Ln Rt	Year (t-1)	Product [(t-1)* (LnRt)]
2010	89.7	61.1	66.82				
2011	98.2	66.5	72.84	1.09	0.09	1	0.09
2012	105.7	72.7	79.3	1.19	0.17	2	0.34
2013	111.1	80.6	86.7	1.30	0.26	3	0.78
2014	114.8	85.7	91.52	1.37	0.31	4	1.26
2015	110.3	90.8	94.7	1.42	0.35	5	1.74
2016	110.3	95.3	98.3	1.47	0.39	6	2.32
2017	114.1	97.6	100.9	1.51	0.41	7	2.88
2018	118.9	102.4	105.7	1.58	0.46	8	3.67
2019	121.2	110.2	112.4	1.68	0.52	9	4.68
2020	121.8	116.3	117.4	1.76	0.56	10	5.64
2021	135.0	122.0	124.6	1.86	0.62	11	6.85
A= Sum of the product column							30.25
B= 6 Times of A							181.51
C= (n-1)*n*(2n-1) where n= No of years of data=12							3036.00
D=B/C							0.06
g(Exponential factor)= Exponential (D)-1							0.0616
e=Annual Escalation Rate (%)=g*100							<b>6.1611%</b>
<b>As per CERC Notification No.Eco T I / 2022-CERC dated 30.03.2022 with weightage of 80% on CPI and 20% on WPI</b>							

For the purpose of determining the normative O & M expenses for FY22, 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 FY22 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 FY22 at 4.00%.
- c) The weighted inflation index (WII) at 6.1611% as computed above.
- d) Efficiency factor at 2% as considered in the earlier control periods.

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

**TABLE - 4.13**  
**Total Normative Allowable O & M Expenses for FY22**

Amount in Rs. Crores	
Particulars	FY22
No of installations as per actuals as per Audited Accts	3456904
Consumer growth as per actuals / projections (3 Year CAGR)	4.00%
Inflation Index	6.1611%
Base year O&M expenses (As per actuals of FY19)	568.58
Normative O&M expenses for FY21	688.29
<b>Normative O&amp;M Expenses: <math>O\&amp;M\ Index = O\&amp;M\ (t-1) * (1+WII+CGI-X)</math> for FY21 (Rs.in Crores)</b>	<b>744.47</b>
<b>Total allowable normative O&amp;M expenses</b>	<b>744.47</b>

The Commission notes that, GESCOM as per the audited accounts has accounted Rs.202.20 Crores towards contribution to P&G Trust for FY22. The Commission as per the provisions of MYT Regulations has decided to consider the same as an additional allowable O&M expenses for FY22. Thus, the total allowable O&M expenses for FY22 is as under:

**TABLE – 4.14**  
**Total Allowable O&M Expenses for FY22**

Amount in Rs. Crores	
Allowable Normative O&M Expenses	744.47
Additional O&M expenses of Contribution to P&G Trust	202.20
<b>Total allowable O&amp;M expenses</b>	<b>946.68</b>
<b>Total actual O&amp;M Expenses inclusive of contribution of terminal benefit to P&amp;G Trust as per audited account</b>	<b>908.53</b>

The Commission notes that, the actual O&M expenses inclusive of contribution of terminal benefits to P&G Trust is as per the audited accounts for FY22 is Rs.908.53 Crores. The total allowable O&M expenses as per the MYT norms is Rs.946.68 Crores which is more than by the actual O&M expenses of Rs.38.15 Crores.

The Commission notes that, as the O&M expenses are controllable expenses as per the provisions of MYT Regulations, allowing the O&M expenses beyond the actual O&M expenses incurred would be a burden to the consumers. The Commission by considering the submission of GESCOM to allow the actual O&M expenses as claimed in APR filing and with a view to reduce the burden of the consumers decides to allow the actual O&M inclusive of contribution of terminal benefit to P&G Trust of Rs.908.53 Crores for FY22.

**Thus, the Commission decides to allow Rs.908.53 Crore as the allowable O&M expenses for FY22.**

#### **4.2.6 Depreciation:**

##### **GESCOM's Submission:**

GESCOM, in its application, as per the audited accounts, has claimed the net depreciation of Rs.207.97 Crores after deducting an amount of Rs.57.82 Crores towards the depreciation on account of assets created out of consumers' contributions / grants as per Accounting Standards (AS)-12 as against Rs.208.11 Crores approved by the Commission for FY22.

GESCOM in its application, has submitted that the proportion is equivalent to 10% of depreciation charged for plant and machinery/line and cables are reckoned as the basis for arriving at depreciation written-back against such quantum received over the year including current financial year under grants/subsidies/consumer contribution and the same is charged back as income and shown distinctively in depreciation schedule in the statement of Profit and Loss.

##### **Commission's Analysis and Decision:**

The Commission has taken note of the amount of depreciation charged on the gross fixed asset as per the GESCOM's audited accounts for FY22. The Commission, in accordance with the provisions of the KERC (Terms and Conditions for Determination of Tariff) Regulations, 2006 and amendments thereon, by reckoning the opening and closing balances of gross blocks of fixed assets and depreciation charged on such assets as per the audited accounts for FY22, the weighted average rate of depreciation works out to 4.85%.

Further, based on the Accounting Standards (AS)-12, the Commission has recognized an amount of Rs.57.36 Crores as the depreciation on assets created out of consumer contribution / grants accounted under other income as per audited accounts and deducted from the gross depreciation amount and allowed the net depreciation of Rs.207.97 Crores for FY22.

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

**TABLE – 4.15**  
**Allowable Depreciation for FY22**

Amount in Rs. Crores

Particulars	Opening Balance of Asset as on 09.06.2021	FY22	
		Depreciation	Closing Balance of Asset as on 31.03.2022
Buildings	114.72	3.9347	129.46
Hydraulic works	7.14	0.3544	7.71
Civil	5.13	0.1832	6.51
Plant & Machinery	834.48	41.9111	849.01
Line, Cable Network	4319.63	217.7007	4610.37
Vehicles	7.36	0.3636	7.36
Furniture	7.96	0.4087	8.95
Office Equipment	7.64	0.4005	7.72
Land	964.12	0.00	964.29
Intangible Assets	8.36	0.00	8.72
Amortisation on Right of Use Asset	2.19	0.077	2.19
<b>GFA</b>	<b>6278.75</b>	<b>265.3339</b>	<b>6602.30</b>
Less: Depreciation withdrawn on assets created by consumer's contribution grants	1229.69	57.36	1373.08
<b>Net Depreciation</b>	<b>5049.05</b>	<b>207.97</b>	<b>5229.22</b>

Based on the above, the Commission decides to allow the net depreciation of Rs.207.97 Crores for FY22.

#### 4.2.7 Capital Expenditure – APR for FY22:

##### 1. GESCOM's Submission:

GESCOM, in its filing has indicated a capital expenditure of **Rs.256.81 Crores**, duly comparing the capex incurred with some arbitrary capital budget of Rs.632.11 Crores, instead of comparing the Commission approved capex of Rs.600 Crores for FY22, as per the Commission's Tariff Order dated 9<sup>th</sup> June 2021. In the same Tariff Order, the Commission had considered Rs.300 Crores towards new loans for financing the capex.

On verification of the filing, the Commission had observed that GESCOM has indicated inconsistent figures relating to the actual capex incurred for FY22, for instance, in Table '**Details of Capital Budget allocated and Expenditure an**

amount of Rs.256.81 Crores is shown as booked for FY22', Rs.492.14 Crores shown as capex for FY22 in **Format - A3-Cashflow statement** and **Rs.296.17 Crores** shown in in **Format D-17** (Capital Works in Progress).

Hence, the Commission, in its preliminary observations had directed the GESCOM to furnish correct amount of capex incurred, under each sub-head of Account Code 14 Series for FY22, duly agreeing to the figures with the audited accounts.

GESCOM in its reply, has furnished the capex incurred under each sub-head of account code 14 Series for FY22, **for an amount of Rs.296.17 Crores.**

## 2. Commission Analysis and Decision on Preliminary Observations and Replies by GESCOM:

- a. The Commission, in its preliminary observations had directed the GESCOM to furnish Division-wise, work-wise abstract pertaining to preventive measures to reduce the accidents for incurred capex of Rs.19.44 Crores along with progress achieved in terms of reduction in accidents, in the previous control period till date.

In reply, the GESCOM has submitted that it has rectified a total number of 2145 hazardous locations against the incurred capex of Rs.19.54 Crores i.e., mainly hazardous location at public places, school, college and hostels.

The progress achieved in terms of reduction in accidents, in the previous control period till date are as under:

Sl. No.	Year	FATAL		NON-FATAL	
		Dept.	Non - Dept.	Dept.	Non - Dept.
		No. Of Victims	No. Of Victims	No. Of Victims	No. Of Victims
1	2018-19	5	93	43	55
2	2019-20	4	110	38	53
3	2020-21	3	127	19	43
4	2021-22	1	99	12	50
5	2022-23 Up to Sept-22	1	62	12	33

- b. The Commission, in its preliminary observations had directed the GESCOM to furnish the amount of capex paid by diversion of revenue.

GESCOM has not furnished the break up details for the amount of capex paid by diversion of revenue.

- c. In Format D-9 of the filing, term loan borrowed towards Capital works is shown as only Rs.6 Crores for incurring the Capex during FY22. In view of this, GESCOM was directed to furnish correct details of sources of funding (like grants, debt, equity and internal sources) besides loans raised to meet the capex incurred during the FY22, against each of the category of works.

The Commission notes that GESCOM has not submitted any satisfactory reply for barrowing capex loan of Rs.6 Crores for having incurred the capex of Rs.296.17 Crores for FY22. In view of this, the Commission directs GESCOM to plan its sources of funding, before incurring/planning the capex in respective years so as to avoid diversion of revenue for meeting the capital expenditure.

**Keeping in view the above facts, the Commission recognizes Rs.296.17 Crores as the capex for FY22.**

### **3. Prudence Check of Capital Expenditure incurred by GESCOM during FY21 and FY22:**

The Commission, in its Tariff Orders dated: 4<sup>th</sup> November 2020 and 9<sup>th</sup> June 2021, had allowed Capital expenditure incurred by the GESCOM for FY21 and FY22 respectively, subject to carrying out the prudence check of the various works undertaken by GESCOM. Accordingly, the Commission had entrusted conducting prudence check of capital expenditure to Consultants.

The Consultants have submitted the report in the matter. 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. GESCOM has to submit the reply in the matter within 13 days so as enable the Commission to incorporate the findings of Prudence Check of Capex in this Order. Since the replies were not received on time, the Commission will incorporate the findings in the ensuing tariff Order.



#### 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.216.72 Crores as against Rs.124.93 Crores, approved by the Commission towards interest on capital loans drawn from Banks/Financial Institutions for FY22 and has requested the Commission to approve the same.

##### **Commission's Analysis and Decision:**

The Commission has taken note of the loan portfolios of GESCOM (opening and closing balances of capital loans and the interest thereon) as per the audited accounts for FY22 and the data in Format D-9 of the filing as submitted by GESCOM. The Commission notes that, as per the data furnished in D-9 format, GESCOM has considered short-term loans along with long term loans to claim interest on loans. As per the norms under MYT Regulations, only long-term loans drawn for capex are considered for allowing the interest on capital loans. The interest on short term loans is being allowed separately under the head- interest on working capital, as per the MYT norms. Hence, the Commission has considered only long-term capital loans for computing the interest on capital loans. As per audited accounts of GESCOM, and the additional details submitted, the total interest on capital loan, is Rs.84.62 Crores without considering Rs.12.80 Crores of conversion / interest on PFC to grants for FY22.

Further, considering the average loan of Rs.785.26 Crores and the amount of Rs.84.62 Crores incurred towards interest on capital loans, the weighted average of interest rate works out to 10.78%. The Commission, considering the capital loan portfolio of GESCOM, has observed that GESCOM has availed loans from PFC and REC at the interest rate ranging from 8.00% to 12.00%. Considering the rate of interest at which the capital loan, drawn by GESCOM as indicated in the capital loan details submitted in D-9 Format and the additional information submitted by GESCOM, the actual weighted average rate of interest is comparable with the prevailing rate of interest for long term capital loans

availed from PFC/REC. Accordingly, the allowable interest on long-term capital loan for FY22, is indicated in the following Table:

**TABLE – 4.16**  
**Allowable Interest on Loans – FY22**

Particulars	Amount in Rs. Crores	
	FY22	
OB: Secured and unsecured loans	820.95	
Add: New Loans	6.00	
Less: Repayments	77.38	
Total loan at the end of the year	749.54	
Average Loan	<b>785.25</b>	
Actual Interest on capital loans as per audited account	84.62	
Weighted average rate of interest on capital loan in %	10.78%	
<b>Allowable Interest on capital loan</b>	<b>84.62</b>	

**Thus, the Commission decides to allow an amount of Rs.84.62 Crores towards interest on capital loans for FY22.**

**b) Interest on Working Capital:**

**GESCOM's Submission:**

GESCOM, in its application, as per the provisions of MYT norms has claimed an amount of Rs.122.54 Crores as against Rs.119.90 Crores, approved by the Commission towards working capital interest on short term loans and overdraft drawn from the Commercial Banks and Financial Institutions for FY22 and has sought approval of the Commission for the same. GESCOM has computed the interest on working capital at the interest rate of 11% for FY22.

**Commission's Analysis and Decision:**

The Commission, in its Tariff Order dated 9<sup>th</sup> June, 2021 while approving the ARR for FY22, has computed the working capital at the interest rate of 11.00% by considering the rate at which the working capital availed by GESCOM from PFC / REC. The Commission notes that interest on working capital claimed by GESCOM for FY22 is more than approved by the Commission.

The Commission notes that, as per the replies to the preliminary observations, GESCOM has incurred actual interest of Rs.144.03 Crores on working capital for

FY22. The Commission further notes that, as per the working capital loans details as made out in audited accounts, GESCOM has availed the majority of the working capital loans from PFC/REC/SBI of the interest ranging from 7.35% to 8.50%. Thus, for approving the rate of interest of working capital, the Commission in accordance with the MYT Regulations has considered MCLR of one year plus 250 basis points which works out to 9.50%. Thus, the Commission has computed the normative interest on working capital loans, at the interest rate of 9.50% which works out to Rs.105.80 Crores for FY22.

As per the KERC (Terms and Conditions for Determination of Tariff for Distribution and Retail sale of electricity) Regulations, 2006 and amendments thereon, the Commission has computed the allowable interest on working capital for FY22 as follows:

**TABLE – 4.17**  
**Allowable Interest on Working Capital for FY22**

Amount in Rs. Crores	
Particulars	FY 22
One-twelfth of the amount of O&M Exp.	75.71
Opening GFA as per Audited Accounts	6270.39
Stores, materials and supplies 1% of Opening balance of GFA	62.70
One-sixth of the Revenue	975.17
Total Working Capital	1113.58
Rate of Interest (% p.a.)	9.50%
Interest on Working Capital	<b>105.79</b>
Actual Interest on Working Capital incurred	<b>144.03</b>
<b>Allowable interest In on WC</b>	<b>105.79</b>

The Commission notes that, the GESCOM as per the audited accounts and the additional details submitted has incurred the actual interest on working capital for FY22 is Rs.144.03 Crores as against the allowable interest of Rs.105.79 Crores computed as per the MYT norms. Thus, as per the provisions of MYT Regulations / norms, the allowable interest on working capital for FY22 is Rs.105.79 Crores.

**Thus, the Commission, decides to allow an amount of Rs.105.79 Crores towards interest on working capital for FY22.**

**c) Interest on belated payment of Power Purchase Cost:**

GESCOM in its filing has claimed an amount of Rs.55.82 Crores towards interest on belated payment of power purchase bill amount for FY22.

**Commission's Analysis and Decision:**

The Commission, in its preliminary observation had observed that GESCOM has claimed Rs.55.82 Crores towards interest on belated payment of power purchase bills for FY22. Accordingly, the Commission in its preliminary observation has directed GESCOM to submit the details along with details of issue of orders OP Nos. / Petition Nos. issued by the Commission various Courts / Authority.

GESCOM in its reply to the preliminary observations has submitted that during FY22, GESCOM has accounted total Rs.143.88 Crores towards interest/LPS. However, GESCOM has not furnished the details of orders of Hon'ble ATE or the Commission for payment of LPS.

The Commission has been consistently allowing the interest on working capital loans as per the norms under MYT Regulations to meet the day to day expenses. Hence, there is no justification for the delay in arranging payments towards power purchase bills and incurring expenses towards interest on power purchase dues.

**Thus, the Commission decides not to allow the interest on belated payment of power purchase bills claimed by GESCOM for FY22 and directs GESCOM to meet the same from the interest allowed on working capital as per norms under MYT Regulations.**

**d) Interest on Consumers' Security Deposits:****GESCOM's Submission:**

The GESCOM in its application as per audited accounts has claimed an amount of Rs.23.22 Crores as against Rs.26.93 Crores approved by the Commission in Tariff Order dated 9<sup>th</sup> June, 2021, towards payment of interest on consumers' security deposits for FY22 and has sought approval of the Commission for the same.

**Commission's Analysis and Decision:**

The Commission notes the opening and closing balance of consumer security deposit as per audited accounts for FY22. The actual interest on the consumer

deposit as per the audited accounts is Rs.23.16 Crores. The weighted average rate of interest on the average of opening and closing balance of deposits works out to 3.77%. As per the KERC (Interest on Security Deposit) Regulations, 2005, the interest on consumers' security deposits shall be allowed as per the Bank Rate prevailing on the 1<sup>st</sup> of April of the relevant year. The bank rate as on 1<sup>st</sup> April, 2021 was 4.25%. The allowable interest on consumer security deposits, on the Consumers' Security Deposit, is as follows:

**TABLE - 4.18**  
**Allowable Interest on Consumer Security Deposit for FY22**

Particulars	Amount in Rs. Crores	
	FY22	
Opening balance of consumer deposits	599.48	
Closing Balance of consumer deposits	628.24	
Interest Claimed as per audited accounts	23.16	
Rate of Interest allowable	4.25%	
<b>Allowable Interest on consumer deposits</b>	<b>23.16</b>	

**Thus, the Commission decides to allow an amount of Rs.23.16 Crores towards interest on consumer security deposits for FY22.**

**e) Other Interest and Finance charges:**

**GESCOM's Submission:**

The GESCOM has not claimed any amount towards other interest and finance charges for FY22.

**The Commission notes that, as per the audited accounts and other details submitted, GESCOM has incurred Rs.3.791 Crores and Rs.17.29 Crores towards bank charges and Government guaranty commission respectively for FY22. Thus, the Commission decides to allow Rs.21.08 Crores towards other interest and finance charges in the APR for FY22.**

**f) Interest Capitalization:**

GESCOM in its application has not claimed any amount towards capitalization of interest on capital loan for FY22. Accordingly, the Commission, after perusal of audited accounts decides to not to approve any amount towards capitalization of interest on capital loan for FY22.

The total allowable interest and finance charges for FY22 are as follows:

**TABLE – 4.19**  
**Allowable Interest and Finance Charges for FY22**

Amount in Rs. Crores		
Sl. No.	Particulars	FY22
1.	Interest on Loan capital	84.62
2.	Interest on working capital	105.79
3.	Interest on belated payment on PP Cost	0.00
4.	Interest on consumers' security deposits	23.16
5.	Other Interest & Finance charges	21.08
6.	Less: Interest Capitalized	0.00
	<b>Total interest and finance charges</b>	<b>234.65</b>

#### 4.2.9 Other Debits:

##### **GESCOM's Submission:**

The GESCOM, in its application has claimed an amount of Rs.59.25 Crores towards Other debits by considering only the provision for bad and doubtful debts for FY22.

##### **Commission's Analysis and Decision:**

The Commission in its preliminary observations has observed that GESCOM in Format D-11, has claimed Rs.59.25 Crores as "Bad & Doubtful Debts written off provided for" under the head 'Other Debits'. GESCOM was directed to submit the breakup details for Rs.7.34 Crores for the same.

As directed by the Commission GESCOM submitted the detailed calculation of Bad and doubtful debts amounting to Rs.59.25 Crores in its reply to the preliminary observation which is noted by the Commission.

However, the Commission noted that, as per the provisions of MYT Regulations any amount of provisions created for bad and doubtful debts is not admissible.

**Thus, the Commission decides not to consider any amount towards other provisions for bad & doubtful debts for FY22.**

#### 4.2.10 Return on Equity:

##### **GESCOM's Submission:**

The GESCOM in its filings has not claimed any Return on Equity on the pretext that, the opening balance of equity as per the audited accounts depicts a negative net worth for FY22.

##### **Commission's Analysis and Decision:**

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

The Commission in its preliminary observations, had directed GESCOM to submit the Government Order-wise details of additional equity infused during FY22 and FY23.

Accordingly, GESCOM in its preliminary observations has submitted the Government Order-wise details of additional equity infused during FY22 and FY23 which is noted by the Commission.

Further, the Commission noted that the opening and closing balance of GFA are indicated in Format D-15. However, the GFA created out of consumer contribution & Grants for the year are not mentioned. GESCOM was directed to furnish the revised D-15 Format, duly indicating the opening & closing balances, additions, retirement of assets created out of consumer contribution & grants for the years FY22, FY23 and FY24 in order to verify the compliance of the directive as per the Orders of Hon'ble ATE in OP 46/2014 and for allowing the net depreciation on the GFA.

GESCOM in its reply, has submitted the revised D-15 Format, duly indicating the opening & closing balances, additions, retirement of assets created out of consumer contribution & grants for the years FY22, FY23 and FY24 which is noted by the Commission.

The Commission takes note of 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) for FY22 as per the actual data as per the audited accounts are indicated as follows:

TABLE – 4.20

## Status of Debt Equity Ratio for FY22

	GFA (Without assets created out of CC/Grant) Rs. Crores	Debt (Actuals) Rs. Crores	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
			(Actuals) Rs. Crores				
Opening Balance	5049.05	820.95	-1512.43	3534.34	1514.72	16.36%	-29.95%
Closing Balance	5229.22	749.54	-1474.40	3660.45	1568.77	14.33%	-28.20%

From the above table, it is seen that the amounts of debt is not exceeding the normative debt equity ratio of 70:30, on the closing balances of GFA for FY22 **and that the Equity is showing negative balance.**

As per the provisions of the KERC (Terms and Conditions for Determination of Tariff for Distribution and Retail sale of electricity) Regulations, 2006 and amendments thereto, the allowable Return on Equity at 15.5% has to be allowed 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 allowable RoE for FY22 is considered. GESCOM has a negative net-worth. Further, it is noted that the additional equity of Rs.44.82 Crores has been infused during the year at different dates by the Government of Karnataka as indicated below:

TABLE - 4.21

## Return on equity for the additional equity received during FY22

Additional Equity received during FY21	Amount in Crs.	Received on	No. of Months	RoE to be allowable
Energy 256 PSR 2021 dated 19.07.2021	8.46	28.07.2021	8	0.87
Energy 256 PSR 2021 dated 03.08.21	8.62	28.07.2021	8	0.89
Energy 283 PSR 2021 dated 04.08.2021	0.86	04.08.2021	7	0.08
Energy 283 PSR 2021 dated 04.08.2021	14.19	04.08.2021	7	1.28
Energy 256 PSR 2021 dated 18.03.2022	8.62	28.03.2022	0	0.00



Additional Equity received during FY21	Amount in Crs.	Received on	No. of Months	RoE to be allowable
Energy 283 PSR 2021 dated 18.03.2022	0.86	18.03.2022	0	0.00
Energy 283 PSR 2021 dated 18.03.2022	3.21	18.03.2022	0	0.00
<b>Total</b>	<b>44.82</b>			<b>3.13</b>

However, it is noted that even after considering the additional equity received during FY22, the net worth of GESCOM remains negative. Hence, GESCOM is not entitled for any RoE for FY22. However, the factual position of opening balance of equity of GESCOM is indicated below:

**TABLE – 4.22**  
**Allowable Return on Equity for FY22**

	Amount in Rs. Crores
OB of Paid Up Share Capital	1509.80
OB of Share Deposits	112.42
OB of Carried forward Profit/loss	-3112.65
Less: Recapitalized Security Deposit	-22.00
Net Equity at the beginning of the year	<b>-1512.43</b>
<b>Allowable RoE</b>	<b>0.00</b>

**Thus, as the opening balance of net worth of GESCOM is negative, the Commission decides not to allow any amount towards RoE for FY22.**

#### 4.2.11 Other Income:

##### **GESCOM's Submission:**

The GESCOM in its application has indicated an amount of Rs.176.70 Crores as against Rs.107.24 Crores towards Other Income under APR for FY22.

##### **Commission's Analysis and Decision:**

The Commission notes that as per the audited accounts an amount of Rs.234.07 Crores has been accounted under the account head 'other income' for FY22. The other income of Rs.234.07 Crores includes rental income, interest income, rebate on remittance of electricity duty, provisions no longer required written back, rebate on power purchase bills, Government grants for capital assets, Interest free loans from Government, consumer contributed assets, other miscellaneous income for FY22. The Commission in approving depreciation has factor the amount of Rs.57.36 Crores towards depreciation on the assets created out of government grants and consumer contributions. Further, as being

considered in earlier Tariff Orders the Commission has allowed to retain Rs.1.605 Crores incentive earned out of Rs.16.05 Crores on early payment of Power Purchase bills as an incentive to GESCOM. Thus, the net allowable other income is Rs.169.80 Crores for FY22.

**Thus, the Commission decides to allow an amount of Rs.169.80 Crores as other income for FY22.**

#### **4.2.12 Fund towards Consumer Relations / Consumer Education:**

##### **GESCOM's Submission:**

The GESCOM, in its application, has not claimed any amount towards Consumer Education/Consumer Relation for FY22.

##### **Commission's Analysis and Decision:**

The Commission has allowed an amount of Rs.0.50 Crore per year towards consumer relations / consumer education in its Tariff Order 2021 dated 09.06.2021. The Commission notes that, expenditure incurred towards consumer relation/ education has not been properly booked under the head of accounts. The Commission as per the audited accounts notes that, an amount of Rs.0.24 Crore has been incurred towards Consumer Relations/Consumer Education for FY22.

**Thus, the Commission decides to approve Rs.0.24 Crore towards Consumer Relations / Consumer Education for FY22, with direction to book the expenditure properly.**

#### **4.2.13 Revenue for FY22:**

GESCOM in its filing, has considered Rs.3453.55 Crores as revenue from sale of power from other than BJ/KJ and IP Set installations and miscellaneous charges from consumers and Rs.203.99 Crores and Rs.2193.48 Crores as tariff subsidy from BJ/KJ and IP Set Installations respectively for FY22. Thus, the total revenue from sale of power claimed by GESCOM is Rs.5851.02 Crores for FY22.

### Commission's Analysis and Decision:

As per the audited accounts, the total revenue from sale of power including tariff subsidy earned by GESCOM is Rs.5851.02 Crores for FY22. The total revenue includes the tariff subsidy amount of Rs.203.99 Crores and Rs.2193.48 Crores towards BJ/KJ and IP set installations respectively. Thus, GESCOM has earned Rs.3453.55 Crores the revenue from sale of power to other than BJ/KJ and IP Set installation and miscellaneous charges for FY22. Thus the Commission decides to consider Rs.5851.02 Crores as the total revenue from sale of power and miscellaneous charges for FY22.

#### 4.2.14 Subsidy for FY22:

The Commission in its Tariff Order dated 9<sup>th</sup> June, 2021, had approved the tariff subsidy of Rs.2198.26 Crores towards sale of power to BJ/KJ and IP set installations for FY22, in accordance with the prevailing Government Order. The Commission notes that, as per the audited accounts and the details submitted by GESCOM, the tariff subsidy towards sale of power to BJ/KJ and IP Set installations is Rs.2397.47 Crores for FY22. **Accordingly, the Commission, while computing the revised ARR as per the APR for FY22, has considered revised tariff subsidy of Rs.2397.47 Crores towards sale of power to BJ/KJ and IP set installations for FY22. The difference in tariff subsidy for FY22 shall be claimed from the GoK.**

#### 4.3 Abstract of Approved ARR for FY22:

As per the above item-wise decisions of the Commission, the consolidated Statement of revised ARR for FY22 is as follows:

**TABLE – 4.23**  
**Approved revised ARR for FY22 as per APR**

Amount in Rs. Crores

Sl. No	Particulars	As approved 09.06.2021	As filed	Approved in APR for FY22
1	Energy at Gen Bus in MU	8877.18	8755.57	8755.57
2	Transmission Losses in %	2.978%	0.069%	-0.469%
3	Energy at Interface in MU	8612.82	8749.50	8796.67
4	Distribution Losses in %	10.75%	10.54%	11.02%
	<b>Sales in MU</b>			
5	Sales to other than IP & BJ/KJ	4295.10	4058.42	4067.12

Sl. No	Particulars	As approved 09.06.2021	As filed	Approved in APR for FY22
6	Sales to BJ/KJ	251.59	271.28	262.59
7	Sales to IP	3140.25	3497.60	3497.60
	<b>Total Sales-MU</b>	<b>7686.94</b>	<b>7827.30</b>	<b>7827.31</b>
	<b>Revenue from tariff and Misc. Charges:</b>			
8	Revenue from tariff and Misc. Charges	3753.51	3453.55	3453.55
9	Tariff Subsidy for BJ/KJ	194.78	203.99	203.99
10	Tariff Subsidy for IP	2003.48	2193.48	2193.48
	<b>Total Existing Revenue</b>	<b>5951.77</b>	<b>5851.02</b>	<b>5851.02</b>
	<b>Expenditure</b>			
11	Power Purchase Cost	3903.91	3814.91	3814.91
12	Transmission charges of KPTCL	490.92	493.89	493.89
13	SLDC Charges	4.13	4.13	4.13
	<b>Power Purchase Cost including cost of transmission</b>	<b>4398.96</b>	<b>4312.93</b>	<b>4312.93</b>
14	Employee Cost		717.11	
15	Repairs & Maintenance	887.07	55.19	908.53
16	Admin & General Expenses		140.02	
	<b>Total O&amp;M Expenses</b>	<b>887.07</b>	<b>912.32</b>	<b>908.53</b>
17	Depreciation	208.11	207.97	207.97
	<b>Interest &amp; Finance charges:</b>			
18	Interest on Loans	124.93	216.72	84.62
19	Interest on Working capital	119.90	122.54	105.79
20	Interest on belated payment on PP Cost	0.00	55.82	0.00
21	Interest on consumer deposits	26.93	23.22	23.16
22	Other Interest & Finance charges	0.00	0.00	21.08
23	Less: interest capitalized	-5.80	0.00	0.00
	<b>Total Interest &amp; Finance charges</b>	<b>265.96</b>	<b>418.30</b>	<b>234.65</b>
24	Other Debits	0.00	59.25	0.00
25	Net Prior Period Debit/Credit	0.00	0.00	0.00
26	Exceptional items	0.00	0.00	0.00
27	Return on Equity	0.00	0.00	0.00
28	Provision for taxation	0.00	-70.36	0.00
29	Funds towards Consumer Relations/Consumer Education	0.50	0.00	0.24
30	Regulatory Assets as per T.O. dated 04.11.2020	89.22	0.00	0.00
31	Less: Other Income	-107.24	-176.70	-169.80
32	Net Movement in Regulatory Deferral Account	0.00	177.21	0.00

Sl. No	Particulars	As approved 09.06.2021	As filed	Approved in APR for FY22
<b>33</b>	<b>ARR</b>	<b>5742.58</b>	<b>5840.92</b>	<b>5494.53</b>
34	Surplus of FY20 carried forward	-209.19	0.00	0.00
35	Disallowance towards imprudent Capex	0.00	0.00	0.00
36	Less: Penalty for increase in distribution losses beyond upper target	0.00	0.00	-0.96
<b>37</b>	<b>Net ARR</b>	<b>5951.77</b>	<b>5840.92</b>	<b>5493.57</b>
<b>38</b>	<b>Surplus / Deficit (-) for FY22 to be carried forward to FY24</b>	<b>0.00</b>	<b>10.11</b>	<b>357.44</b>

#### 4.3.1 Gap in Revenue for FY22:

The Commission after Annual Performance Review of GESCOM for FY22, decides to allow a net ARR of Rs.5493.57 Crores as against the approved ARR of Rs.5951.77 Crores, for FY22. Considering the actual revenue of Rs.5851.02 Crores, GESCOM has a net surplus of Rs.357.44 Crores for FY22.

**Thus, the Commission decides to carry forward the net surplus of Rs.357.44 Crores of FY22 to the ARR for FY24 as discussed in the subsequent Chapter of this Order.**

## CHAPTER – 5

### ANNUAL REVENUE REQUIREMENT FOR FY24

#### 5.0 Annual Revenue Requirement (ARR) for FY24:

GESCOM in its Petition, dated 30<sup>th</sup> November, 2022, has sought approval of the Commission for the revised ARR for the FY24 and the revision of retail supply tariff for FY24. The summary of the proposed ARR for FY24 is as follows:

**TABLE – 5.1**  
**Proposed ARR for FY24**

Particulars	Amount in Rs. Crores	
	As approved in TO dated 04.04.2022	As filed
Energy at Generating Bus (MU)	9448.85	9732.79
Transmission Losses in %	2.764%	2.764%
Energy at Interface Point in MU	9187.69	9463.78
Distribution Losses in %	10.25%	10.50%
<b>Sales in MU:</b>		
Sales to other than IP & BJ/KJ	4747.95	4530.48
Sales to BJ/KJ	249.77	279.73
Sales to IP	3248.23	3659.87
<b>Total Sales</b>	<b>8245.95</b>	<b>8470.08</b>
<b>Revenue at existing tariff and Misc. Charges:</b>		
Revenue from tariff and Misc. Charges	0.00	4137.49
Tariff Subsidy to BJ/KJ	0.00	224.43
Tariff Subsidy to IP	0.00	2426.49
<b>Total Existing Revenue including Miscellaneous Revenue</b>	<b>6400.72</b>	<b>6788.41</b>
<b>Expenditure:</b>		
Power Purchase Cost	4320.390	5537.37
Transmission charges of KPTCL	647.325	647.33
SLDC Charges	3.830	3.83
<b>Power Purchase Cost including cost of transmission:</b>	<b>4971.545</b>	<b>6188.53</b>
Employee Cost:		921.26
Repairs & Maintenance	1091.62	63.14
Admin & General Expenses		160.69
<b>Total O&amp;M Expenses</b>	<b>1091.62</b>	<b>1145.09</b>
Depreciation	238.07	246.20
<b>Interest &amp; Finance charges:</b>		
Interest on Capital Loans	146.25	299.52
Interest on Working capital loans	116.98	162.29
Interest on belated payment on PP Cost	0.00	0.00
Interest on consumer security deposits	30.15	28.32

Particulars	As approved in TO dated 04.04.2022	As filed
Other Interest & Finance charges	0.00	0.00
Less: interest & finance charges	-5.43	0.00
<b>Total Interest &amp; Finance charges</b>	<b>287.95</b>	<b>490.13</b>
Other Debits	0.00	65.32
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
Other Income	-131.18	-186.21
<b>ARR</b>	<b>6458.51</b>	<b>7949.06</b>
Less: Surplus for FY22 carried forward	0.00	10.11
<b>Net ARR</b>	<b>6458.51</b>	<b>7938.95</b>
<b>Net Revenue Surplus / (-)Deficit</b>	<b>-57.79</b>	<b>-1150.54</b>

GESCOM in its Petition, has requested the Commission to approve the Annual Revenue Requirement of Rs.7938.95 Crores for FY24, considering a surplus of Rs.10.11 Crores as projected under APR FY22, GESCOM has projected the net deficit of Rs.1150.54 Crores for FY24.

Considering the estimated revenue of Rs.6788.41 Crores from sale of power to the consumers, at the existing retail supply tariff, including the miscellaneous revenue and the revenue surplus of Rs.10.11 Crores for FY22, GESCOM has projected a revenue gap of Rs.1150.54 Crores for FY24. In order to bridge the revenue gap of Rs.1150.54 Crores for FY24, the GESCOM has proposed the average increase in retail supply tariff by 136 paise per unit in respect of all the category of consumers, including BJ/KJ and IP set consumers for FY24.

### 5.1 Annual Performance Review for FY22 & FY23:

As discussed in the preceding chapter of this Order, the Commission has carried out the Annual Performance Review for FY22 based on the audited accounts and other relevant records submitted by GESCOM. Accordingly, the revenue surplus of Rs.357.44 Crores of FY22, is required to be carried forward to the ARR of FY24.

As regards APR for FY23, it is noted that the financial year 2023 is yet to be completed and the hence the audited accounts for FY23 are yet to be finalized. Therefore, the Commission decides to take up the APR of FY23, while taking up the revision of ARR / Retail Tariff, if any, for FY25.

## **5.2 Annual Revenue Requirement for FY24:**

### **5.2.1 Capital Investments for FY24:**

#### **1. GESCOM Proposal:**

GESCOM, in its application has proposed the Capex of Rs.648.44 Crores with the expected capital expenditure of Rs.500.15 Crores for FY24 as against the approved capex of Rs.500 Crores as per MYT Order 2022.

#### **2. Commission's Analysis of the replies from GESCOM:**

- a. The Commission, in its MYT Order 2022, based on the previous years' achievements and the projected works to be undertaken as per the Gol/GoK schemes, to be partly met by the capital grants and the available internal resources, the Commission had approved and reckoned the Rs.500 Crores as capex for FY24, subject to prudence check. Considering GESCOM's projected availability of capital grants from Gol / GoK and the internal resources, the Commission had considered Rs.350 Crores, as capital borrowings for ARR of FY24.
- b. GESCOM, in its present tariff filing of ARR for FY24 has proposed the Capex of Rs.648.44 Crores and expected expenditure for Rs.500.15 Crores for FY24 in Table-71 and in addition to this Rs.940 Crores has been proposed for FY24 towards RDSS Scheme in response to cabinet approval in Table-72. In view of this, GESCOM was directed to clarify whether proposed RDSS scheme has to be considered in ARR of FY24 or otherwise, along with copy of the Government Order for implementation of RDSS.

In reply, GESCOM has submitted that during the Tariff filing for the FY24, it had proposed Capex to an extent of 648.42 Crores with an anticipated expenditure of 500.15 Crores for FY24.



Further, GESCOM has proposed revised capex of Rs.648.42 Crores, duly considering the improvement works which were proposed under RDSS works under the Capex for FY24, since, the RDSS Scheme has not yet approved by GoK.

GESCOM has proposed Rs.940 Crores towards RDSS scheme subject to approval by the State cabinet. From the reply, the Commission notes that RDSS scheme has not approved as on date. In the absence of approval from the competent authority the Commission is unable to approve the said scheme.

- c. In preliminary observations, GESCOM was directed to provide necessary justification on each of the works in terms of its purpose, requirement (duly prioritizing the works), cost and timelines of completion along with Division-wise abstract of works, no. of works proposed to be taken in each of the year for FY24.

GESCOM, in its reply has submitted the priority of the works to be taken up for FY24 for the proposed capex of Rs.648.41 Crores are as under:

- i. Social obligatory schemes like Ganga Kalyan, RDWS works, SCP/TSP, SDP, Creation of infrastructure to UAIP, Restoration of electrical infrastructure in flood affected areas are being taken up on top priority.
- ii. System improvement works targeted for loss reduction and to improve quality and reliable power supply works such as Establishing New Sub-stations, Augmentation in existing Sub-stations, Construction of 33/11 kV Link Lines, providing additional DTRs, Enhancing capacity of DTRs, Replacement age old/deteriorated/low capacity HT/LT Conductor.
- iii. Preventive measures to reduce electrical accidents such as providing intermediate poles, Restranging of sagging lines, shifting of line etc.
- iv. Replacement of DC/MNR Meters to improve revenue collection.

d. In preliminary observations GESCOM was directed to furnish the Division-wise abstract of no. of beneficiaries and works pertaining to creation of infrastructure to UAIP to be carried out for the proposed capex of Rs.51 Crores.

In reply, GESCOM has submitted that as on 30<sup>th</sup> November 2022, there are 7594 Nos of UAIP applications are pending for creation of infrastructure. Hence, Capex of Rs.51 Crores is proposed for FY24 to provide of infrastructure to UAIP.

e. During the Review Meeting of GESCOM on Energy Audit, the Commission had observed that, only 46.39% of DTCs are audited, out of 24.65% metered DTCs. The Commission had directed GESCOM to address the communication issues and ensure 100% auditing of metered DTCs with follow up action. In view of these directions, the Commission in its preliminary observations had directed the GESCOM to clarify whether the proposed capex is for rectification of lacunae in the existing installed DTC meters or otherwise. Further, GESCOM was informed not to take up new works before ensuring the 100% auditing of already metered DTCs.

In reply, GESCOM has submitted that as on September 2022 there are 45146 numbers of non-IP set DTCs, out of which 29534 number of DTCs are metered and balance 15612 numbers of DTCs are yet to metered. Out of metered 13715 numbers are functional and for which monthly energy audit is being carried out. For the balance 15819 numbers of non-functional DTCs, the necessary grants have been released to the respective zonal chief engineers to take up the rectification of the non-functional DTCs meters, the works are under progress and subsequently energy audit will be carried out for the non-functional meters also, GESCOM has formed Division-wise teams comprising of LT Rating and O&M staff for inspection of DTCs metering status and to rectify minor defects to ensure metering of DTCs.

From the reply furnished by GESCOM the Commission notes that proposed capex is for rectification of the already existing faulty DTC meters. Hence, the

Commission directs GESCOM not to take up new works before ensuring the 100% auditing of already metered DTCs.

- f. In preliminary observations, GESCOM was directed to furnish the Division-wise, work-wise abstract pertaining to preventive measures to be taken, to reduce accidents for the proposed capex of Rs.26 Crores.

In reply, GESCOM has submitted that they have identified the 2866 Nos of locations, which are hazardous to the general public, and to prevent loss of life and property (Mainly hazardous location at school, college, hostels) proposed the capex of Rs.26 Crores for FY24.

- g. In preliminary observations, GESCOM was directed to furnish complete details of works to be carried out under replacement of HT conductor by of 11KV AB cable for the proposed capex of Rs.15.00 Crores.

In reply, GESCOM has submitted that agriculture and non-agriculture loads are bifurcated under various schemes such as NJY Phase-1, 2 and DDUGJY. As on date 1,059 Nos of EIP feeders and 697 Nos of NJY feeders were created so far. Further, GESCOM has stated that capex of Rs.15 Crores has been proposed for FY24, in order to ensure safe working zone and to avoid hooking to NJY feeder for utilization of pump sets for 24 Hours and thereby causing huge loss of consumption to company. The Division-wise details of feeder crossing where replacement is proposed are as under:

Sl. No.	Name of the Division	No. of Crossings	Amount Rs. in Crs.
1	Kalaburagi Urban	0	0
2	Kalaburagi-I	76	0.42
3	Kalaburagi-II	95	0.52
4	Sedam	78	0.43
5	Yadgir	178	0.98
6	Humnabad	145	0.80
7	Bidar	262	1.44
8	Raichur Urban	0	0.00
9	Raichur	435	2.39

10	Sindhanur	234	1.29
11	Gangavathi	178	0.98
12	Koppal	220	1.21
13	Hospet Urban	52	0.29
14	HB Halli	298	1.64
15	Ballari Urban	0	0.00
16	Ballari	478	2.63
<b>Total</b>		<b>2729</b>	<b>15.02</b>

h. In preliminary observations, GESCOM was directed to furnish the tariff impact on consumers for the proposed total capex of Rs.1588.44 Crores (Rs.648.44 Crores+Rs.940.00 Crores) keeping in view the sources of funding for FY24. Further, GESCOM was directed to propose the capex keeping in view its financial capability and its ability to take up new capital works, based on its past record.

In reply, GESCOM has submitted that RDSS Scheme is yet to be approved by the GoK. Therefore, for the FY24 the capex required for implementation of RDSS is not considered.

### 3. Revised Capex for FY23:

GESCOM has indicated in its filing that the revised capex of Rs.641.67 Crores and expected expenditure of Rs.464.89 Crores is to be accounted for FY23. The Commission, in its preliminary observations had directed the GESCOM to incur the capex within the approved capex for FY23 and same would be tried up during the APR for FY23. The same has been accepted by the GESCOM, in its reply to the preliminary observation of the Commission.

### 4. Commission's Analysis and Decision:

The Commission has examined the GESCOM's capex proposals and the expected capital expenditure proposed to be incurred for FY24. In light of the preliminary observations and the replies thereon, the Commission concludes that GESCOM has not justified the proposed capex in terms of its purpose,

requirement, benefits in terms of reduction in losses, increase in revenue sales, impact on tariffs etc.

The Commission notes that GoI has launched the RDS Scheme to improve the reliability and quality of power of supply, operational efficiencies and financial sustainability of the ESCOMs. In view of this, the Commission directs GESCOM to take up only result oriented prudent projects, which have already yielded real benefits to consumers. Keeping in view the technical constraints i.e. network issues, adaption of new technologies in large scale and its challenges, GESCOM shall wisely select the projects to be taken up under the scheme.

From the previous achievements of GESCOM, it can be noted that investments in schemes like RLMS, DTC metering works etc. have not yielded the desired benefits and as such have become stranded assets.

On taking note of the proposed capex of Rs.350.00 Crores towards implementation of the Smart meters under RDSS, the Commission would like to reiterate its directions issued in the earlier tariff orders as under:

For implementing the Smart Meters (AMI) on a large scale, there are several challenges like network issues, integration of MDMS software, existing data migration, constraints in procurement of smart meters in large scale, geographical constraints, consumer data privacy, Consumer engagement and participation etc. These challenges are yet to be addressed where the smart metering projects has been taken up. The project could only be implemented only after successful completion of pilot projects in one or two sub-divisions of the ESCOM.

GESCOM shall note that any investments to be made under Smart Grid works shall be in accordance with Smart Grid Regulations, 2015. **Hence, the Commission directs GESCOM not to violate the said Regulations. Otherwise, the Commission will be constrained to take appropriate action as may be deemed necessary against GESCOM for violation of Regulations.**

The GESCOM's previous years' achievement of capex is shown in the table below:

**TABLE – 5.2**  
**GESCOM's Capex Achievements for the previous years**

Particulars	Amount in Rs. Crores				
	FY18	FY19	FY20	FY21	FY22
Capital investment filed	698.00	911.15	1032.75	733.23	659.95
Capital investment approved by the Commission	698.00	846.00	700.00	733.23	600.00
Actual capital investment incurred as per audited accounts *	304.75	691.57	546.71	404.76	296.17
Percentage of actual capital investment to the approved capital investment	<b>43.66%</b>	<b>81.75%</b>	<b>78.21%</b>	<b>55.20%</b>	<b>49.36%</b>
<b>* Without considering capital investment disallowed under prudence check</b>					

It is seen from the above Table that GESCOM has never achieved the target for capex during any of the last seven years.

Based on the previous years' achievements and the projected works to be undertaken as per the GoI/ GoK schemes, to be partly met by the capital grants and the available internal resources and by considering the GESCOM's expected expenditure, the Commission decides to approve and reckon the capex of Rs.500.00 Crores for FY24, for the purpose of approval of ARR as approved in the MYT Order 2022, subject to prudence check. Considering GESCOM's projected availability of capital grants from GoI / GoK, consumer contribution and internal resources by GESCOM, for the execution of capex, the Commission considers Rs.350 Crores for the purpose of ARR, as capital borrowings for FY24.

The GESCOM's Proposed and Approved Capex for FY24 are as under:

Sl. No.	Particulars	(Amount in Rs. Crores)	
		Capex budget proposed	Commission approved capex
1	Ganga Kalyana	98.80	88.92
2	Water Works.	12.00	12.00
3	Additional DTCs.	33.00	19.80
4	DTC Enhancement.	17.00	10.20

5	Shifting of existing DTC to load center.	2.20	1.32
6	LT Line Conversion of 1 Ph 2 wire or 1 Ph 3 wire to 3Ph 5 Wire (Including providing ABC,UG cable etc).	9.00	5.40
7	Providing SMC Box to DTCs.	1.30	0.39
8	Replacement of Damaged poles	18.50	18.50
9	Energisation of IP Sets under General category	10.50	5.25
10	Energisation of IP Sets under General category (Shigra Samparka Yojane)	12.05	10.70
11	Service Connection works other than IP/BJ/KJ/Water works.	13.20	13.20
12	33 kV Stations and lines.	50.15	29.83
13	Providing 11kV new link Lines for bifarcation load and Express Feeder	25.40	15.24
14	Un Authorized IP Sets	51.00	30.60
15	Replacement of Faulty / MNR/EM meters and providing energy meters to BJ/KJ, Street Lights and Water Supply.	55.00	44.00
16	DTC Metering of RAPDRP (Urban Area)	18.00	14.40
17	DTC Metering of non RAPDRP (Rural Area)	25.00	20.00
18	Replacement of 33kV Line Rabbit Conductor by Coyote Conductor	6.80	2.72
19	11kV/LT Re-Conductoring	22.50	13.50
20	IT Initiatives, Automation and Call Centers	16.50	16.50
21	Establishing ALDC & SCADA	0.10	0.10
22	DSM	5.00	4.00
23	Replacement of failed Distribution Transformers by New Transformer by Scraping failed Transformer which is beyond Repair.	15.35	15.35
24	Replacement of Power Transformers	6.54	6.54
25	Replacement of Old and failed equipments and other works of existing 33kV Stations & Lines.	15.00	15.00
26	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)	26.00	20.80
27	Safety Materials	5.00	5.00
28	Civil works	10.50	10.50
29	SCP/TSP	9.95	9.95

30	SDP works	17.65	17.65
31	HT Conductor by 11KV AB Cable	15.00	4.50
32	T&P Materials	4.35	<b>2.00</b>
33	Shifting of meter from I to O	3.60	3.24
34	CWIP- Capital Expenditure booked for restoration of infrastructure in flood affected areas.	10.00	9.00
35	Solar Roof Top of existing GESCOM buildings and substations under 13th Finance Commission.	6.50	3.90
<b>Total</b>		<b>648.44</b>	<b>500.00</b>

**The approved capex for FY24 is subject to the following directions:**

- i) If there is any excess expenditure in any head of expenditure, the same shall be met from the savings in any other approved heads of expenditure within the capex approved by the Commission, excluding the Central / State scheme works.**
- ii) The capex approved by the Commission to carry-out the Central / State scheme works shall not be re-appropriated to any other category of capital expenditure head.**
- iii) In case, the approved capex is likely to be exceeded prior approval of the Commission may be obtained duly furnishing all the details with due justification.**
- iv) Comply with the capital expenditure guidelines and monitor the physical progress as well as financial progress in respect of the works carried out under Capex ensuring adherence to set timelines of completion, cost to benefit ratio, etc.
- v) GESCOM is directed to ensure that the investments made under any of the schemes, i.e. whether the funding is either met through grants, internal resources or through capital borrowings, should not become waste/futile expenditure resulting in creation of stranded assets.
- vi) take concrete measures to complete and capitalize the works, which are pending since many years so that, the benefits envisaged are realized and passed on to the consumers effectively;



- vii) identify the high loss Sub-Divisions/Divisions and prioritize its capex specifically to reduce the distribution loss, improve the reliability of the distribution system and improve the voltage regulations.
- viii) prepare a detailed perspective plan by conducting 11 kV feeder-wise and DTC-wise load flow studies to ascertain the present and projected loads on the feeders and to arrive at least cost, techno-economically feasible improvement plan for:
  - a. Reducing distribution losses.
  - b. Reducing the HT:LT Ratio.
  - c. Reduce Transformer failures.
  - d. Segregation the loads in the feeders.
  - e. Reduction in Power theft.
  - f. Bringing programs for the awareness among the people on usage and conservation of energy.
  - g. Improving the sales to metered category and 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 FY24:

### A. Category wise Sales – Other than IP sets for FY24:

The GESCOM in its filing has estimated the number of installations as 3669714 numbers and the energy sales of 8470.07 MU for FY24.

The observations of the Commission on the estimation of the number of installations and energy sales, replies furnished by GESCOM and the Commission's Views thereon are discussed in the following paragraphs:

1. GESCOM had submitted that the number of installations is estimated based on the CAGR for FY17 to FY22 and further submitted that the CAGR growth rate is abnormal, which is attributed by GESCOM to the flood in FY19 and Covid19 in FY20 and FY21. Therefore, GESCOM, based on the increase or decrease in the number of installations, year on year, during the period FY17

to FY22, has added or subtracted certain number of installations to the numbers arrived at, on the basis of five-years' CAGR.

2. The Commission had noted that the reason furnished for abnormal growth rate based on CAGR is not correct, as the formula used for computing CAGR considers only the FY22 and FY17 data and is not influenced by FY19, FY20 and FY21 data. The number of additions or deletions considered is ad-hoc and is not supported by any statistical or scientific analysis. GESCOM shall accordingly consider revising the projections.

GESCOM's Reply:

GESCOM reiterating the submissions made in the filing, has further submitted that the average addition of installations during FY17 to FY22 is 117088 numbers and based on five-years' CAGR it would be 3712785 numbers which is higher.

In case of LT2a Government schemes such as Soubagya Grama Swaraj Abhiyan and DDUGJY which were in vogue during FY17 to FY22 has been closed and therefore, reduced growth rate is considered.

In case of HT2b, it is informed that Hotels, Malls, Complexes and MS buildings are coming up in the area of GESCOM and therefore, higher growth rate is considered.

#### **Commission's Views:**

The Commission notes that the replies furnished are not satisfactory. Even though, it is stated that the number of installations in LT2a is reduced due to closing of Government schemes, the impact is not quantified. Similarly, in case of HT2b the increase proposed is not justified by providing the details of pending applications and other relevant data. **The Commission reiterates that henceforth, GESCOM should estimate the number of installations based on statistical / scientific analysis.**

3. The Commission had observed that growth rate considered for the number of installations for LT-2a, LT-2b, LT-3, LT-5, LT-6WS & SL, HT-2a, HT-2c, HT-3 and HT-4 categories is lower compared with CAGR. Similarly, it is higher for HT-2b category. GESCOM was suggested to reconsider revising its estimates for these categories.

GESCOM's Reply:

The Government schemes stated earlier have closed. However, the infrastructure created has resulted in increased commercial and industrial establishments in new areas. This scenario is not expected to continue and therefore, sub-CAGR growth is considered for LT2, LT3 & LT5 categories. In case of LT6, in the last three-years several water supply connections were regularized and therefore, the CAGR was high. Hence, adjusted CAGR is considered.

**Commission's Views:**

As stated earlier GESCOM has not quantified the impact of closure of Government schemes. Similarly, the impact of regularization of water supply connections is also not quantified.

4. The Commission had noted that the sales growth rate for FY22 over FY21 is not consistent with the CAGR for energy sales, in most of the categories, due to reduction in sales during FY21 on account of Covid-19 and that the sales started picking up in the latter half of FY22. Thus, FY22 growth rate cannot be considered for estimating future values. Further, the Commission had noted that GESCOM has adopted five-years' CAGR for estimating energy sales for all categories except HT-2b. In case of HT-2b category since the CAGR is negative, GESCOM has considered 1% growth rate. The Commission notes that, since the three-years' CAGR and five-years' CAGR are both negative, GESCOM may retain the sales to HT-2b category at FY22 level for both FY23 and FY24.

GESCOM's Reply:

In HT2a category the estimated number of installations in FY23 is 46 and in FY24 is 48, consequent to which the sales is expected to increase by 0.66MU in each of the years of FY23 and FY24.

**Commission's Views:**

The reply is noted and the Commission's approach to sales estimation is discussed in the subsequent paragraphs of this chapter.

5. In case of BJ/KJ, even though the number of installations has remained same for FY23 and FY24, the sales in FY24 has been increased. Since, there is no additions to the number of installations, the sales of FY22 shall be retained.

GESCOM's Reply:

Some of the BJ/KJ installations are consuming more than 40units / month resulting in increased sales, even though there is no addition to installations.

**Commission's Views:**

The reply is noted and the Commission's approach to BJ/KJ sales estimation is discussed in the subsequent paragraphs of this chapter.

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

GESCOM in its replies has furnished the above data.

**Commission's Approach:**

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) for FY24, the following approach is generally adopted:

- a. The Commission has validated both the number of installations and energy sales to various categories considering the actuals as on 30<sup>th</sup> November, 2022 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 FY24.
- b. Wherever the number of installations estimated by the GESCOM for the FY 24 is within the range of the estimates based on the CAGR for the period FY17 to FY22 and for the period FY19 to FY22, the estimates of the GESCOM are retained.
- c. Wherever the number of installations estimated by the GESCOM for the FY24 is lower than the estimates based on the CAGRs for the period FY17 to FY22 and for the period FY19 to FY22, the estimates based on the lower of the CAGRs for the period FY17 to FY22 and for the period FY19 to FY22 are considered.
- d. Wherever the number of installations estimated by GESCOM for the FY24 is higher than the estimates based on the CAGRs for the period FY17 to FY22 and for the period FY19 to FY22, the estimates based on the higher of the CAGRs for the period FY17 to FY22 and for the period FY19 to FY22 are considered.
- e. For LT2a and LT3 categories, the average of CAGR method and GESCOM's estimate is considered.
- f. For LT-7 and HT-5 categories, the number of installations as estimated by GESCOM is retained.

**Based on the above approach, the total number of installations (excluding BJ/KJ consuming  $\leq$  40 units/month and IP installations) estimated by the Commission for FY24 is indicated in the table below:**

**Approved Number of installations**

FY24	
Filed	Approved
2639723	2660337

**2) Energy Sales:**

- (i) For categories other than BJ/KJ and IP sets, generally the sales are being estimated, considering the following approach:
- The base year sale for FY23 as estimated by the GESCOM has been validated, duly considering the actual sale upto November, 2022 and modified suitably as stated earlier.
  - Wherever the sale estimated by the GESCOM, for the for FY24, is within the range of the estimates based on the CAGR for the FY17 to FY22 and for the period FY19 to FY22, the estimates of the GESCOM are considered.
  - Wherever the sales estimated by the GESCOM for the FY24 is lower than the estimates based on the CAGRs for the period FY17 to FY22 and for the period FY19 to FY22, the estimates based on the lower of the CAGRs for the period FY17 to FY22 and for the period FY19 to FY22 are considered.
  - Wherever sale estimated by GESCOM for FY24 is higher than the estimates based on the CAGRs for the FY17 to FY22 and for the period FY19 to FY22, the estimates based on the higher CAGRs for the period FY17 to FY22 and for the period FY19 to FY22 are considered.
  - For LT-2b and LT-6 Public lighting the sales are estimated based on FY23 specific consumption.
  - For LT-7 & HT-5 categories estimate of GESCOM are retained.

Based on the above approach, the sales (excluding BJ/KJ consuming  $\leq 40$  units/month and IP sales) estimated by the Commission, for FY24, is indicated in the following table:

#### Approved Energy Sales

FY24	
Filed	Approved
4541.24	4566.43

in Million Units

#### (ii) Sales to BJ/KJ:

The break-up of sales to BJ/KJ installations considered for FY22 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	589490	262.59	37.12
Installations consuming more than 40 units and billed under LT2(a)	8185	8.69	88.47

The Commission notes that, the specific consumption works out to 37.12 units /installation/month for BJ/KJ installations consuming less than or equal to 40 units per month and 88.47 units /installation/month for BJ/KJ installations consuming more than 40 units per month.

The specific consumption of 88.47 units /installation/month for BJ/KJ installations consuming more than 40 units per month is higher than the specific consumption of LT-2a category for FY21 at 55.65 units/month. The Commission notes that the number of installations and consumption of BJ/KJ installations consuming more than 40 units/month varies from month to month. Therefore, considering the overall consumption and year end installations, the specific consumption would be higher. However, for BJ/KJ installations consuming more than 40 units per month, the Commission has considered FY22 specific consumption as in absolute terms the difference in overall consumption is marginal.

The Commission has considered the number of installations as on 30.11.2022, as there is no specific GoK policy/scheme. Considering the specific consumption as indicated above, the sales approved for the control period are as indicated in the following Table:

Million Units

Particulars	FY24	
	No. of Installations	Sales-MU
Installations consuming less than or equal to 40 units	590514	263.05
Installations consuming more than 40 units and billed under LT2(a)	7161	7.60

## B. Sales to IP sets – projections for ARR FY24;

### GESCOM's Proposal:

GESCOM, in its tariff application, has projected IP sets consumption of 3,659.87 MU against 4,39,477 number of IP set installations for FY24. GESCOM, as per D-2 Format, has reported actual consumption of 3,497.59 MU against 4,17,988 number of IP set installations for FY22. GESCOM, in its tariff application has informed that, the annual growth of number of installations in the past years is in the range of 11,988 to 10,469. In FY19, 29,470 number of installations were added. subsequently for the FY20, 18,530 numbers were added and there is high variation in the FY19 & FY20 because of regularization of IP installations. Further, declining trend was observed in FY21, the growth is at the higher when CAGR is applied. GESCOM, in its replies to the preliminary observations has submitted that, it has considered the growth of first half of FY23 (April-22 to September -22) i.e., 5564 number of installations added and for remaining 6 months projection is 5,514 numbers, thus projection of 10,718 numbers of installations for FY23 and 10,772 numbers of installations for FY24. With this number of IP installations, the energy sales estimated by GESCOM for FY24 is 3,659.87 MU.

### Commission's Analysis and Decision:

a. While verifying the computations of IP sets, it is found that, the actual sales to IP set installations for FY22 reported is 3,497.59 MU. Based on the actual sales



to IP sets, the Commission has arrived at the specific consumption as 8,473.78 units per installation per annum for the FY22, by considering the mid-year number of installations of 4,12,754.

- b. Considering the data of previous five years, the Commission has found that GESCOM has reported an average addition of 16,970 number of IP installations every year. As per the submissions, it is observed that, GESCOM has considered an addition of 10,718 number of IP installations for FY23 and an addition of 10,772 number of IP installations for FY24. The proposal of GESCOM is found to be reasonable. Based on the said proposal the Commission considers an addition of 10,718 number of installations for FY23 and 10,772 number of IP set installations for FY24 to project the number of installations for FY23 and FY24. Thus, the total number of installations for FY23 would be 4,28,706 and for FY24 it would be 4,39,477.
- c. While estimating the energy sales to IP installations for FY24, GESCOM has projected the sales for FY23 and FY24 by considering the 5 years CAGR growth of 2.29 %. The estimated sales projected by GESCOM for FY23 is 3,577.81 MU and for FY24 is 3,659.87 MU. As the proposal of GESCOM is found to be acceptable, the Commission decides to consider the sales projected by GESCOM.
- d. Based on the estimated number of installations and by considering the specific consumption of 8,431 units/IP/year, the details of energy sales projections to IP set consumers for FY24, are as indicated below:

Particulars	FY24		
	As approved by the Commission in TO 2022	As submitted by GESCOM in its Tariff Application	As approved by the Commission (Revised)
No. of Installations	4,37,519	4,39,477	4,39,477
Mid-year number of Installations	4,32,519	-	4,34,092
Specific consumption in units/installation/annum	7,510.02		8,431
Sales in MU	<b>3,248.23</b>	<b>3,659.87</b>	<b>3,659.82</b>

Accordingly, the Commission approves 3,659.82 MU as energy sales to IP-sets as proposed by GESCOM, for the FY24. The number of installations approved for FY24 is 4,39,477. The approved IP set consumption for FY24 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.

Government of Karnataka vide letter dated 29.03.2023 has informed the Commission that for FY24, Government have allocated an amount of Rs.13,143.00 Crores for providing free electricity supply to BJ/KJ consumers (consuming up to 40 Units) and IP sets consumers with a sanctioned load of 10 HP & below and requested the Commission to determine the tariff for these categories considering the same.

In this regard, it is explicitly made clear that the Commission is determining the tariff for various category of consumers duly considering the cross subsidy from other category of consumers. As such, while determining the tariff for BJ/KJ consumers (consuming up to 40 Units) and IP sets consumers with a sanctioned load of 10 HP and below, the Commission has to consider the level of cross subsidization from other consumer categories and also the increase in the various cost components. Resultantly, it is not possible for the Commission to determine the tariff for the above categories restricting to the amount of subsidy allocated by the Government. Further, as per Section 62 of the EA, 2003, the Commission is required to determine the tariff. Therefore, the request of the Government to limit the tariff of these categories to match the amount of allocated subsidy would be against the decision of the Government in the matter of providing free electricity supply to these categories vide its order 04.09.2008.

**In the light of this, the Government shall fully meet the cost of such subsidized supply at the rate of Commission Determined Tariff in respect of for BJ/KJ consumers (consuming up to 40 Units) and IP sets consumers with a sanctioned load of 10 HP & below. In case, the Government is not able to provide the subsidy to the extent of CDT approved by the Commission, then GoK shall direct the ESCOMs to regulate the power supply to the extent the subsidy provided.**

- 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 as per the DCB statement as on 31.03.2021 and 31.03.2022. As per the GPS survey data submitted GESCOM, in its replies to preliminary observations, the number of IP installations identified in GPS survey is found to be more (authorized and unauthorized) than the number of installations as in the DCB statement. 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 FY22 and estimates for FY24 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 FY23.**
- g. The feeder-wise, month-wise-data of assessment of IP sets for the period from April 2022 to September 2022 as furnished by GESCOM, in its tariff filing, has been considered provisionally for the purpose of projecting the sales for FY23

and FY24. 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 FY24 vis-à-vis the estimates made by the GESCOM is indicated below:

**TABLE – 5.3**  
**Category wise approved number of installations**  
**Nos.**

	Category	GESCOM FY24	KERC FY24
LT-1 (a)	Bhagya Jyoti < =40 units	590514	590514
LT-1 (a)	Bhagya Jyoti>40	7161	7161
LT-2a	Domestic	2091248	2108952
LT-2b	Pvt. Institutions	6172	6191
LT-3	Commercial - Applicable to areas coming under VPs	340290	341521
LT-4 (a)	IP sets - Less than 10 HP - General	439477	439477
LT-4 (b)	Irrigation Pump sets - More than 10 HP	2324	2384
LT-4 (c)	Private Horticulture Nurseries, Coffee & Tea Plantations	659	675
LT-5	Lt Industries	75943	76291
LT-6	Water Supply	29882	30916
LT-6	Street Lights	18661	18790
LT-7	Temporary Power Supply	63750	63750
	<b>LT Total</b>	<b>3666081</b>	<b>3686622</b>
HT-1	HT Water Supply	203	203
HT-2 (a)	HT Industries	1905	1982
HT-2 (b)	HT Commercial	548	518
HT-2(c)	Pvt. Hospitals & Edl Insttns.	370	382
HT-3(a) & (b)	HT Irrigation & LI Societies	474	486
HT-4	Res. Apartments - Applicable to Mangalore Municipal Corporation Area	59	61
HT-5	Temporary	74	74
	<b>HT Total</b>	<b>3633</b>	<b>3706</b>
	<b>Grand Total</b>	<b>3669714</b>	<b>3690328</b>

	<b>Categories other than IP sets and BJ/KJ consuming less than or equal to 40 units/month./installation</b>	<b>2639723</b>	<b>2660337</b>
	<b>IP sets and BJ/KJ consuming less than or equal to 40 units/month./installation</b>	<b>1029991</b>	<b>1029991</b>

Accordingly, the category wise approved sales for FY24 vis-à-vis the estimates made by the GESCOM are indicated below:

**TABLE – 5.4**  
**Category wise approved energy sales**

Million Units

	<b>Category</b>	<b>GESCOM FY24</b>	<b>KERC FY24</b>
LT-1 (a)	Bhagya Jyoti < =40 units	268.96	263.05
LT-1 (a)	Bhagya Jyoti>40	7.77	7.60
LT-2a	Domestic	1426.35	1426.35
LT-2b	Pvt. Institutions	13.07	13.48
LT-3	Commercial - Applicable to areas coming under VPs	404.78	428.58
LT-4 (a)	IP sets - Less than 10 HP - General	3659.87	3659.82
LT-4 (b)	Irrigation Pump sets - More than 10 HP	4.17	3.73
LT-4 (c)	Private Horticulture Nurseries, Coffee & Tea Plantations	5.33	5.33
LT-5	Lt Industries	188.32	192.92
LT-6	Water Supply	478.33	441.00
LT-6	Street Lights	220.93	244.96
LT-7	Temporary Power Supply	29.30	29.30
	<b>LT Total</b>	<b>6707.18</b>	<b>6716.12</b>
HT-1	HT Water Supply	143.39	141.09
HT-2 (a)	HT Industries	1356.76	1356.76
HT-2 (b)	HT Commercial	67.14	76.12
HT-2(c)		47.93	51.96
HT-3(a) & (b)	HT Irrigation & LI Societies	116.65	116.65
HT-4	Res. Apartments - Applicable to Mangalore Municipal Corporation Area	15.73	15.31
HT-5	Temporary	15.29	15.29
	<b>HT Total</b>	<b>1762.89</b>	<b>1773.18</b>
		<b>8470.07</b>	<b>8489.30</b>
	<b>Grand Total</b>		
	<b>*Categories other than IP sets and</b>	<b>4541.24</b>	<b>4566.43</b>

	<b>BJ/KJ consuming less than or equal to 40 units/month./installation.</b>		
	<b>IP sets and BJ/KJ consuming less than or equal to 40 units/month./installation.</b>	<b>3928.83</b>	<b>3922.87</b>

### 5.2.3 Distribution Losses for FY24:

GESCOM, in its ARR filing has proposed to achieve the distribution losses of 10.50% for FY24.

#### Commission Analysis and Decision:

The performance of GESCOM in achieving the loss target set by the Commission in the past 10 years is as follows:

Particulars	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24
<b>Approved Distribution losses in %</b>	20.00	18.50	16.50	17.00	16.00	15.00	14.89	11.00	10.75	10.50	10.25 As per MYT Order 2022
<b>Actual Distribution losses in %</b>	17.77	18.93	18.10	17.33	16.39	14.41	11.22	11.72	10.54		

The Commission, in its preliminary observation had observed that, as against the distribution loss target of 10.25% approved as per the MYT Tariff Order dated 04.04.2022, GESCOM has projected the revised distribution loss target of 10.50% for FY24. GESCOM was directed to reassess and submit the revised distribution losses for FY24 and also submit the action plan for reducing the losses for FY24.

GESCOM, in its reply to the preliminary observations of the Commission has submitted that, it has achieved the distribution loss of 10.54% during FY22 as against the approved target loss level of 10.75%. GESCOM has submitted that significant number of its consumers including IP set consumers are situated in rural area of its operation and further reduction of distribution losses from the existing levels is very difficult. GESCOM will put its efforts to achieve the targeted distribution loss level as approved by the Commission for FY24.

The Commission notes that, in FY22, the distribution loss has come down by 1.18 percentage point. Overall, in the past years, (with base year as FY14), GESCOM has been able to achieve distribution loss reduction of 7.23 percentage point. Hence, considering the GESCOM's capex plan proposed and the achievement so far made in reduction of distribution losses during the previous years, the proposed revised distribution loss target of 10.50% for FY24 as against the approved target of 10.25% is not justifiable. In the light of the above, the Commission reiterates its directions and decides to retain the approved distribution loss target as per Tariff Order 2022 as detailed below:

Particulars	FY 24
Upper limit	10.50
Average	10.25
Lower limit	10.00

The Commission directs GESCOM to ensure that the loss reduction targets as fixed above for FY24 is achieved by proper planning and monitoring of the working of distribution system in GESCOM.

#### 5.2.4 Power Purchase for FY24:

The ESCOMs, in their tariff applications have submitted the D-1 Format indicating their power purchase requirement for the FY24. The consolidated statement showing the energy requirement of the ESCOMs in the State for FY24, is shown hereunder:

**TABLE – 5.5**

**Requirement of Energy as filed by ESCOMs**

ESCOMs	Energy requirement for FY24 (in MU)
BESCOM	34766.29
MESCOM	6313.75
CESC	8245.68
HESCOM	15575.23
GESCOM	9732.79
<b>Total</b>	<b>74633.74</b>

**GESCOM's submission:**

The GESCOM has submitted its power purchase requirement for the FY24 based on the projected sales, as follows:

**TABLE – 5.6****Energy Requirement as filed by GESCOM**

Particulars	FY24
Sales (MU)	8470.08
Distribution losses %	10.50
Energy at IF point (MU)	9463.78
Transmission Losses %	2.764
<b>Energy Required at generation Bus, to meet the sales of GESCOM (MU)</b>	<b>9732.79</b>

**5.2.5 Sources of Power:****GESCOM's submission;**

The GESCOM, in its tariff application, has submitted the source-wise power purchase requirement for FY24. 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 submitted by KPCL through e-mail dated 15.11.2022.
- (ii) Availability of power from Central Generating Stations (CGS) is as per LGBR and 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 RE generators and others sources such as Jurala Power & TB Dam Power and UPCL, etc., the availability is considered based on State's share and the contracted capacity of the Power Purchase Agreement respectively.



- (iv) The energy available for FY24, from different generating sources in the State of Karnataka is as detailed below:

Generating Station	Energy in MUs	Source
KPCL Hydro	<b>12203.73</b>	KPCL
RTPS- 1 to 7	8827.85	KPCL
RTPS 8	1554.37	KPCL
BTPS Unit-I	3051.84	KPCL
BTPS Unit-II	2899.06	KPCL
BTPS Unit-III	4873.50	KPCL
Yeramarus TPS- 1&2	10905.24	KPCL
CGS	18279.16	LGBR of SRPC for 2023-24
Kudigi	9363.68	LGBR of SRPC for 2023-24
DVC	3048.25	DVC
UPCL	7482.78	90% of 85% installed capacity
NCE Projects	19929.29	Actuals of ESCOMs for the FY 2021-22
TBHE & Jurala Projects	207.28	Actuals of 21-22
<b>Total</b>	<b>102626.04</b>	

- (v) The generation capacity of the existing generation 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 summary of the same is shown in the following Table:

**TABLE – 5.7**  
**Power purchase requirement of GESCOM for FY24**

SOURCES	FINANCIAL YEAR 23-24		
	Energy in MU	Cost in Rs Crs.	Avg. cost Per unit Rs./unit
KPCL Hydel Energy	1220.37	129.33	1.06
KPCL Thermal Energy	2535.45	1825.49	7.20
CGS Energy	2788.43	1536.46	5.51
UPCL	178.81	351.49	19.66
Renewable Energy/Bundled power	2984.03	1289.12	4.32
Other State Hydel	25.33	0.88	0.35
CTUIL & POSOCO Charges		255.84	
KPTCL Transmission & SLDC		799.42	
Allocation to other ESCOMs	0.38	0.5	13.16
<b>TOTAL</b>	<b>9732.79</b>	<b>6188.53</b>	<b>6.36</b>

## 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.
- e) Other Hydro projects.

### **i) Quantum of energy available from Karnataka Power Corporation Limited (KPCL) Generating stations:**

To arrive at the available quantum of energy and power for the year FY24, the Commission has considered the availability as furnished by KPCL for KPCL Generating Stations.

### **ii) Quantum of energy available from Central Generating Stations (CGS):**

To arrive at the availability quantum of energy and power for the year FY24, the Commission has considered the availability furnished by the SRPC/PCKL for Central Generating Stations. The availability of CGS stations is based on the share of Karnataka, as notified from time to time.

### **iii) Major Independent Power producers (IPPs):**

The Major IPPs in Karnataka is UPCL with a generation capacity of 1200MW having unit-1 and unit 2. Out of this station 85% of 90% of installed capacity is considered and correspondingly the energy is considered for FY24.

### **iv) Renewable Energy (RE) sources**

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.

#### v) Other Hydro projects

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.

Based on the above availability criteria, the energy requirement for the State, with reference to the sales target approved for FY24, is given in the following Table.

**TABLE – 5.8**  
**ABSTRACT OF POWER PURCHASE REQUIREMENT OF THE STATE**  
**FOR FY24**

SOURCES	FINANCIAL YEAR 23-24		
	Energy in MU	Total Cost in Rs Crs.	Avg. cost per unit Rs./unit
KPCL Hydel Energy	12203.73	1264.87	1.04
KPCL Thermal Energy	16847.62	12378.98	7.35
CGS Energy	22758.59	11739.93	5.16
UPCL	1500.00	2711.48	18.08
Renewable Energy:	18222.29	7277.35	3.99
Other State Hydel	207.28	63.50	3.06
Bundled Power	2007.16	1269.43	6.32
CTUIL & POSOCO Charges		2122.751	
KPTCL Transmission & SLDC		5603.5905	
<b>TOTAL</b>	<b>73746.6760</b>	<b>44431.880</b>	<b>6.02493</b>

#### 5.2.6 GESCOM's Power Purchase Quantum, Cost & Transmission charges for FY24:

##### 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 9732.79 MU at a cost of Rs.6188.53 Crores, which includes transmission and SLDC charges, for the year FY24.

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 FY24. The basis for computation of power purchase quantum and cost for the FY24 is as indicated below:

1. Quantum of Power: Based on the approved sales and the allowable transmission and distribution losses, the requirement of Power for the GESCOM, for the FY24, is worked out as detailed below:

**TABLE – 5.9**

**Power Purchase requirement for the  
GESCOM for FY24**

Particulars	FY24
Sales (MU)	8489.30
Distribution losses (%)	10.25
Energy at IF point (MU)	9458.83
Transmission Losses (%)	2.764
<b>Energy at Generation Bus required to meet the sales target of GESCOM (MU)</b>	<b>9727.704</b>

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 (MOD), based on the ranking according to the variable cost of the 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 power purchase costs allowed now and the power purchase costs incurred, shall be claimed by GESCOM by notifying the PPCA charges as per the amended Regulations on Fuel and Power Purchase Adjustment (FPPCA Regulations). **While computing the variations in the FPPCA, GESCOM shall not include the interest towards Late Payment Surcharge being incurred in the normal course, in view of the fact that the Commission is allowing interest on working capital as per MYT norms. However, the interest paid as per the Court/ Commission's Order may be included in the FPPCA.**
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 – 5.10**  
**Transmission & SLDC Charges**

Name of ESCOM	KPTCL Transmission Charges in Rs. Crores	SLDC Charges in Rs. Crores
BESCOM	2864.9084	14.381
MESCOM	424.5323	2.015
CESC	615.6697	2.841
HESCOM	1066.2217	5.364
GESCOM	604.5184	3.139
<b>Total</b>	<b>5575.8505</b>	<b>27.740</b>

8. The PoC charges payable by ESCOMs has been computed by considering the amounts claimed by CTUIL (Central Transmission Utility of India Limited) based on to GNA quantum of 4376 MW allocated to Karnataka in Annexure-I of Central Electricity Regulatory Commission (Connectivity and General Network Access to the Inter-State Transmission System) Regulations, 2022 notified on 07.06.2022, the State Transmission Utility on behalf of intra-state entities including distribution licensees.
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 are approved in the ARR of GESCOM for the year FY24.
10. The consolidated power purchase quantum and cost for the FY24, as approved by the Commission, is shown in the following Table:

**TABLE – 5.11**  
**ABSTRACT OF POWER PURCHASE APPROVED**  
**FOR GESCOM FOR FY24**

SOURCES	FINANCIAL YEAR 23-24		
	Energy in MU	Cost in Rs. Crores	Cost Per unit In Rs.
KPCL Hydel Energy	732.22	75.89	1.04
KPCL Thermal Energy	2695.62	1980.64	7.35
CGS Energy	3002.02	1548.58	5.16
UPCL	286.47	517.83	18.08
Renewable Energy	2682.14	1069.41	3.90
Other State Hydel	27.34	8.38	3.06
Total Bundled Power	301.89	190.85	6.32
CTUIL & POSOCO Charges		265.703	
KPTCL Transmission & SLDC Charges		607.6574	
<b>TOTAL</b>	<b>9727.704</b>	<b>6264.93</b>	<b>6.44</b>

**Thus, the Commission hereby approves power purchase quantum of 9727.7040 MU at a cost of Rs.6264.930 Crores, for FY24. 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 approved by the Commission in the above Table, to avoid any further burden on the consumer

### 5.2.7 Renewable Purchase Obligation (RPO) target for FY24:

The ESCOMs are required to comply with the Renewable Purchase obligations as per KERC (Procurement of Energy from Renewable Sources) Regulations, 2011 as amended from time to time. In case the ESCOMs are unable to fulfil the RPO as per Regulations, by purchase of energy they shall purchase the required number of RE Certificates and furnish the same while submitting the compliance of RPO.

### 5.2.8 O & M Expenses for FY24:

#### GESCOM's Proposal:

GESCOM in its application, has claimed the O & M Expenses of Rs.1145.09 Crores as against Rs.1091.62 Crores as approved by the Commission in MYT Tariff Order 2022 for FY24.

Further, GESCOM in its Petition, has projected employee expenses of Rs.921.26 Crores for FY24. The detailed breakup of the employee cost for FY24 is as follows:

**TABLE – 5.12**

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

Amount in Rs. Crores

Sl. No	Particulars	FY 24
1	Salaries & Wages	647.95
2	Contribution to provident and other funds	213.71
3	Bonus & Ex-gratia	5.07
	<b>Sub-Total (1 to 3)</b>	<b>866.73</b>
4	Earned Leave Encashment	45.60
5	Staff Welfare expenses	8.94
6	Arrears towards P&G Trust Contribution	0.00
	<b>Sub-total (4 to 6)</b>	<b>54.53</b>
	<b>Grand Total</b>	<b>921.26</b>

GESCOM in its Petition, has submitted that it has computed the O&M expenses considering the actual number of employees retiring from service and the additional costs on account of the salary for new 135 Apprentice students.

GESCOM has informed that the cost of stipend is projected at Rs.1.06 Crores for FY24.

GESCOM has further submitted that, the cost of Rs.3.1 Crores of 60 employees to be retired during FY24 is considered. Further, the contribution rates towards Pension and Gratuity Trust during FY24 has been revised vide KPTCL Order dated 02.09.2022 at 65.37% towards pension contribution and 7.53% towards gratuity effective from 01.04.2021. GESCOM has also submitted that the Overtime Allowance is computed at 2.29% of basic salary for FY24. GESCOM has computed the DA for FY24 at Rs.155.65 Crores. Other allowances are computed at Rs.49.72 Crores for FY24. Further, GESCOM has considered year-wise increase of 2.5% over the actual expenditure of FY22, for projecting Staff welfare expenditure for FY-24. Thus, the total estimated amount of Rs.921.26 Crores for FY24 includes Basic salary, Dearness pay, DA, HRA & Other Expenditure. GESCOM also projected and considered the Contributions to Provident fund and Gratuity of Rs.147.89 Crores and contribution on account of NDCP scheme employees of Rs.65.82 Crores for FY24.

GESCOM has submitted that considering the Wholesale Price Index (WPI) as per the data available from the Ministry of Commerce & Industry, GoI and adopting the methodology followed by the CERC with CPI and WPI in ratio of 80:20, the allowable rate of inflation rate of 6.9602 as approved by the Commission has been considered for FY24. Further, GESCOM has submitted that the R&M and A&G expenses are calculated at 6.9602% increase over the values of FY22 at Rs.63.14 Crores and Rs.160.69 Crores respectively for FY24.

GESCOM in its application has submitted that the additional employee cost on account of pay revision due for FY23 at the rate of 22% on Basic Pay for Rs.76.10 Crores has been accounted as additional employee cost for FY23, and accordingly worked out the employees cost for FY24 also.

The GESCOM in its application, has sought approval of following O&M expenses for FY24:



**TABLE-5.13**  
**O&M Expenses for FY24- GESCOM's Submission**

Particulars	Amount in Rs. Crores
	FY24
Employee Cost	921.26
Repairs & Maintenance	63.14
Admin & General Expenses	160.69
<b>Total O&amp;M cost</b>	<b>1145.09</b>

**Commission's Analysis & Decision:**

The Commission, in its preliminary observations, has sought the break up details for having claiming Rs.198.84 Crores and Rs.213.71 Crores towards P&G contributions for FY23 and FY24 respectively.

GESCOM, in its reply, has submitted the break-up details for claiming contribution towards pension and other funds. The Commission notes the reply submitted by GESCOM.

The Commission in its preliminary observation, has observed that GESCOM, while claiming the O&M expenses, has included the amount payable due to revision of pay scale due from 01.04.2022 at the rate of 22% on basis pay for FY23 and FY24. In this regard GESCOM was directed to submit the order issued by the competent authority approving the revision of pay scales.

GESCOM, in its reply to the preliminary observation, has submitted that employees pay scale is due for revision with effect from 01.04.2022 and hence an approximate incremental impact is claimed on accrual basis so as to avoid loading of additional burden in subsequent tariff order when the revision is likely to be issued.

The Commission has computed the normative O&M expenses for FY24, duly considering the base year actuals O & M expenses of Rs.908.53 Crores for FY22 which is inclusive of contribution of terminal benefit to P&G Trust as per audited accounts for FY22. Further, the Commission has considered the allowable normative O&M expenses for FY23 to arrive at the allowable normative O&M expenses for FY24. 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 FY24 is computed as follows:

**TABLE – 5.14****Computation of Inflation Index for FY24**

Year	WPI	CPI	Composite Series	Yt/Y1=Rt	Ln Rt	Year (t-1)	Product [(t-1)* (LnRt)]
2010	89.7	61.1	66.82				
2011	98.2	66.5	72.84	1.09	0.09	1	0.09
2012	105.7	72.7	79.3	1.19	0.17	2	0.34
2013	111.1	80.6	86.7	1.30	0.26	3	0.78
2014	114.8	85.7	91.52	1.37	0.31	4	1.26
2015	110.3	90.8	94.7	1.42	0.35	5	1.74
2016	110.3	95.3	98.3	1.47	0.39	6	2.32
2017	114.1	97.6	100.9	1.51	0.41	7	2.88
2018	118.9	102.4	105.7	1.58	0.46	8	3.67
2019	121.2	110.2	112.4	1.68	0.52	9	4.68
2020	121.8	116.3	117.4	1.76	0.56	10	5.64
2021	135.0	122.0	124.6	1.86	0.62	11	6.85
A= Sum of the product column							30.25
B= 6 Times of A							181.51
C= (n-1) *n*(2n-1) where n= No of years of data=12							3036.00
D=B/C							0.06
G (Exponential factor) = Exponential (D)-1							0.0616
<b>e=Annual Escalation Rate (%) =g*100</b>							<b>6.1611</b>
<b>As per CERC Notification No.Eco T I / 2022-CERC dated 30.03.2022 with weightage of 80% on CPI and 20% on WPI</b>							

For the purpose of determining the normative O & M expenses for FY24, the Commission has considered the following:

- The actual O & M expenses incurred as per the audited accounts for FY22, inclusive of contribution of terminal benefit to the Pension and Gratuity Trust as the base year O&M expenses to determine the O & M expenses for FY24.
- 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 FY22 and as projected by the Commission for FY23 and FY24 at 3.25%.

c) The weighted inflation index (WII) at 6.1611% 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.

Accordingly, the normative O & M expenses for FY24 are as follows:

**TABLE – 5.15**  
**Approved O & M expenses for FY24**

Particulars	Amount in Rs. Crores	
	FY24	
No. of Installations	3690328	
Consumer growth rate as per actuals / projections (3 Year CAGR) in %	3.25%	
Inflation Index in %	6.1611%	
Base year O&M expenses for FY22	908.53	
O&M Expenses: $O\&M \text{ expenses} = O\&M (t-1) * (1+WII+CGI-X)$	1047.54	
Additional Employees cost on account of Pay Revision amount for FY24	116.00	
<b>Allowable Normative O &amp; M Expenses</b>	<b>1047.54</b>	

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.

Further, KPTCL has brought to the notice of the Commission vide their letter No.KPTCL/B36/33996/2022-23/2058 dated 23.03.2023 that the KPTCL in its order dated 20.03.2023 has approved the revision of pay scales by 20% in respect of Workmen and Officers with effect from 01.04.2022 and it has been submitted that the additional revenue requirement consequent to revision of pay scales for KPTCL and ESCOMs would be as follows;

Rs.in Crores

	FY23	FY24
KPTCL	184.00	195.00
BESCOM	248.00	259.00
MESCOM	82.00	86.00
CESC	99.00	107.00
HESCOM	142.00	156.00
GESCOM	111.00	116.00
Total	866.00	919.00

The Commission notes that the estimations made as above by KPTCL is duly considering the savings on account of the retirement of employees / officers during the relevant period. As the claims are inevitable and the MYT regulations provides for factoring such additional expenses on account of revisions of pay scales, the Commission has decided to factor the estimated additional employee cost of Rs.116.00 Crores relating to the financial year FY24 in the ARR of FY24 as the same is payable from April 2023.

As regards additional employee cost towards revision of pay scales effective from 1<sup>st</sup> of April, 2022, the Commission notes that the manner of payment of arrears for FY23 (01.04.2022 to 31.03.2023) is yet to be decided. The amount payable for FY23 is an outstanding liability, yet to be accounted in the books of accounts of ESCOMs. Hence, the same will be considered while carrying out the Annual Performance Review for FY23.

Accordingly, the approved O & M expenses for FY24 are as follows:

**Thus the allowable O&M expenses for FY24 is as detailed below:**

Amount Rs. In Crores

Particulars	FY24
Normative O&M Expenses	1047.54
Additional employee cost due to revision of pay scale	116.00
<b>Total allowable O&amp;M Expenses for FY24</b>	<b>1163.54</b>

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.

Thus, the Commission decides to approve O&M expenses of Rs.1163.54 Crores for FY24.

### 5.2.9 Depreciation:

#### GESCOM's Proposal:

GESCOM in its Petition, has claimed an amount of Rs.246.20 Crores towards depreciation as against Rs.238.07 Crores as approved by the Commission as per MYT Tariff Order 2022 for FY24. GESCOM has computed the net depreciation after deducting the amount of depreciation on the assets created out of consumer contributions / grants for FY24, as per the norms specified under the MYT Regulations. The depreciation claimed by GESCOM is as follows:

**TABLE – 5.16**  
**Depreciation-FY24- GESCOM's Proposal**

Amount in Rs. Crores	
Particulars	FY24
Buildings	4.69
Plant & Machinery	45.44
Towers and poles	240.77
Underground cables and devices	1.64
Service lines	1.43
Metering equipment	18.82
Misc. Equipment	0.06
Vehicles	0.75
Furniture	0.61
Office Equipment	0.53
<b>Total Depreciation</b>	<b>314.74</b>
<b>Less:</b> withdrawals of depreciation on assets created out of consumer contribution/grants	68.54
<b>Net Depreciation</b>	<b>246.20</b>

#### Commission's Analysis and Decision:

The Commission, in accordance with the provisions of the MYT Regulations and amendments thereon, has determined the depreciation for FY24 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 FY22.
- b) This actual rate of depreciation is considered on the gross block of average of the projected opening and closing balance of fixed assets by considering the capex and the categorization of assets thereon, as approved by the Commission for FY23 and FY24.
- 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 FY23 and FY24, at the depreciation rate of 5.28%.

Accordingly, the total depreciation for FY24 is arrive at as follows:

**TABLE – 5.17**  
**Approved Depreciation for FY24**

Amount in Rs. Crores

Particulars	Rate of Depreciation
Buildings	4.64
Hydraulic works	0.41
Civil works	0.23
Plant & Machinery	47.06
Line, Cable Network	250.24
Vehicles	0.40
Furniture	0.48
Office Equipment	0.45
Amortization on Right of use Assets	0.09
Intangible Assets	0.00
<b>Total</b>	<b>304.01</b>
Less: Depreciation withdrawn on the assets created out of consumers contribution / Grants	73.42
<b>Net Depreciation Allowed</b>	<b>230.59</b>

**Thus, the Commission decides to approve an amount of Rs.230.59 Crores towards net depreciation for FY24.**

### 5.2.10 Interest on Capital Loans:

#### GESCOM's proposal:

GESCOM, in its Petition, has claimed Rs.299.52 Crores towards interest on capital loan as against Rs.146.25 Crores approved by the Commission for FY24. GESCOM has submitted that it has considered to sources 80% of the investment plan from the borrowing and the rest from internal resources and other sources. GESCOM has submitted that methodology suggested by the Commission in its previous Tariff Orders is followed for calculating interest on Capital Loans. Interest on Capital Loans for FY24 as proposed by GESCOM under D-9 format is as follows:

**TABLE – 5.18**

#### Interest on Capital Loans– GESCOM's Submission

Amount in Rs. Crores

Particulars	FY-24
Opening Balance of loans	3280.42
Add: New Loans	885.25
Less: Repayments	955.54
Closing Balance of loans	3210.62
<b>Interest on Capital Loan</b>	<b>299.52</b>

#### Commission's Analysis and Decision:

The Commission has taken note of the submission made by GESCOM and the capital loan portfolios as per audited accounts for FY22 and the proposal made under D-9 format and other details made available in support of its claims for FY24.

The Commission notes that, as per revised D-9 format, the interest on capital loan computed on the loan balance is Rs.85.96 Crores and Rs.83.26 Crores for FY23 and FY24 respectively. The working capital interest considered under the same D-9 format is Rs.193.57 Crores and Rs.272.29 Crores for FY23 and FY24 respectively. GESCOM under A-1 format has claimed Rs.266.23 Crores for FY23 and Rs.299.52 Crores towards capital interest in arriving the revised ARR for FY24. Further, the Commission notes that, GESCOM under A-1 format has also

claimed Rs.162.29 Crores towards interest on working capital for FY24. The inclusive of the interest on working capital in claiming the interest on capital loan for FY24 is not correct and acceptable by the Commission.

The Commission, in its MYT Order dated 4<sup>th</sup> April, 2022 had approved a capex of Rs.500 Crores for each year of the control period of FY23-25. As against this, GESCOMs has proposed the revised capex programme of Rs.641.67 Crores and the likely capital expenditure of Rs.500.15 Crores for FY24.

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/Gol, internal resources, retained earnings and contribution from consumer towards the proposed capital works has recognized the capex programme of GESCOM for Rs.641.67 Crores for FY24. However, to avoid front loading of the interest on loan component in the retail supply tariff, the Commission decides to reckon the capital expenditure of Rs.500.00 Crores for the purpose of determination of ARR and retail supply tariff as approved by the Commission under MYT Tariff Order 2022 for FY24. However, as discussed in pre-para, after considering the availability of Gol / GoK grants internal resources and consumer contribution, the Commission decides to consider the new loans at Rs.350 Crores for FY24, 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.

Considering the average loans of Rs.785.25 Crores and actual loan repayment of Rs.104.23 Crores, the Commission notes that GESCOM had incurred interest on capital loan at the weighted average rate of interest of 10.78% per annum for FY22. Accordingly, this weighted average rate of interest is considered for the existing loan balances, for which interest has to be factored during FY23. Further, for FY24, 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 TO the proposed capex for FY24.

The Commission, while taking note of the capital loan portfolios of GESCOM for the previous year 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 notes that, the present SBI MCLR rate as on 15.01.2022 for capital loan with tenure of 3 years is 8.60%. Thus, considering the present MCLR rate along with 200 basis points, the Commission, as per the provision of MYT Regulations, decides to allow the interest rate of 10.60% per annum for the new loans and the weighted average interest rate of 10.62% per annum as considered for FY23 on the existing capital loan balances for FY24. 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 FY24.

Accordingly, the approved interests on capital loans for FY24 are as follows:

**TABLE – 5.19**  
**Approved Interest on Capital Loans for FY24**

Amount in Rs. Crores	
Particulars	FY24
Opening balance of Long term secured & unsecured loans	1007.55
Add: New Loans Borrowed	350.00
Less: Repayments of loan	106.57
Total loan at the end of the year	1250.98
Average Loan	<b>1129.26</b>
Weighted average rate of interest considered for the existing loans	10.62%
Interest rate allowed on new loans in %	10.60%
<b>Allowable Interest on Capital Loan</b>	<b>119.92</b>

**Thus, the Commission decides to approve interest on capital loans of Rs.119.92 Crores for FY24.**

### 5.2.11 Interest on Working Capital Loan:

#### GESCOM's proposal:

GESCOM, in its Petition, has claimed Rs.162.29 Crores towards the interest on working capital as against Rs.116.98 Crores as approved by the Commission under Tariff Order 2022 for FY24, as tabulated below:

**TABLE – 5.20**  
**Interest on Working Capital loan for FY24**  
**GESCOM's Submission**

Amount in Rs. Crores	
Particulars	FY24
One-twelfth of the amount of O&M expenses	95.42
Opening Balance GFA	7151.65
1% of Opening Balance of GFA	71.52
One-sixth of revenue	1131.40
Total Working Capital	1298.34
Rate of Interest %	12.50
<b>Interest on Working Capital loan</b>	<b>162.29</b>

#### Commission's Analysis and Decision:

The Commission in its preliminary observations, has observed that GESCOM has claimed interest on working capital at 12% for FY23 and 12.50% for FY24, which is considered to be on the higher side as compared with the present commercial banks' lending rates and the provisions of MYT Regulations. Accordingly, GESCOM was directed to submit the basis for claiming higher interest rate on working capital.

GESCOM in its reply to the preliminary observations, has requested the Commission to consider the revised amount of interest on working capital as claimed in its application for FY24.

The Commission as per the audited account, has noted the capital loan and working capital loan portfolios of GESCOM for FY22 and the projections for FY23 and FY24.

The Commission observed from the detail submitted under D-9 format that, GESCOM has indicated the interest on capital loan of Rs.83.26 Crores and interest on short / medium term working capital / overdraft of Rs.272.27 Crores for FY24. As against this, GESCOM under A-1 format has claimed Rs.299.52 Crores towards interest on capital loan and claimed working capital interest of Rs.162.29 Crores computed as per MYT norms separately for FY24. The amount of interest depicted under D-9 format does not match with the amount of interest on capital loan and working capital as claimed under A-1 format even after submission of the revised D-9 statement by GESCOM. Thus, the Commission notes that, GESCOM has claimed the interest on capital loan by including the interest on short / medium term working capital loan and also claimed once again the interest on working amount as per MYT norms separately under A1 format which is not correct and acceptable to the Commission.

Thus, the Commission decides to compute the allowable interest on working capital as per the provisions of MYT norms for FY24.

Thus, 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, for the purpose of allowing the working capital interest as per the MYT Norms has considered the MCLR based interest rates for FY24. The Commission, by considering the present SBI MCLR rates for short term tenure period at 8.40% with the addition of appropriate of basis points as per the provisions of the MYT Regulations, decides to consider interest on working capital at 8.40% along with 250 basis points which works out to 10.90% per annum for FY24.

Accordingly, the approved interest on working capital for FY24 is computed as follows:

**TABLE – 5.21**  
**Approved Interest on Working Capital for FY24**

Amount in Rs. Crores	
Particulars	FY24
One-twelfth of the amount of O&M Expenses	96.96
Opening balance of Gross Fixed Asset (GFA)	<b>7090.83</b>
Stores, materials and supplies - 1% of Opening balance of GFA	70.91
One-sixth of the Revenue	1139.01
Total Working Capital	1306.87
Rate of Interest (% p.a.)	10.90%
<b>Interest on Working Capital</b>	<b>142.45</b>

**Thus, the Commission decides to approve interest on working capital of Rs.142.45 Crores for FY24.**

#### **5.2.12 Interest on Consumer Security Deposit:**

##### **GESCOM's proposal:**

GESCOM, in its Petition, has claimed an amount of Rs.28.32 Crores as against Rs.30.15 Crores as approved by the Commission in its Tariff Order dated 04.04.2022, towards interest on consumer security deposit for FY24. GESCOM has considered rate of interest at 4.25% on the average of opening and closing balance of consumer security deposit of Rs.666.44 Crores for FY24.

##### **Commission's Analysis and Decision:**

The Commission in its preliminary observations, had observed that GESCOM has claimed interest on consumer security deposits at 4.25% per annum for FY23 and FY24. Accordingly, GESCOM was directed to explain the basis for considering the Bank rate at 4.25%.

GESCOM in its reply to the preliminary observations, has submitted that they have considered Bank rates as published by RBI.

The Commission, in accordance with the KERC (Interest on Security Deposit) Regulations 2005, has allowed the Bank Rate prevailing on the 1<sup>st</sup> 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 07.12.2022, the applicable bank rate for FY24 is 6.50% per annum. This being the latest available bank rate, the Commission has considered the same, for computation of interest on consumer deposits for FY24.

The Commission has considered the consumer security deposits as per the audited accounts of FY22. 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 FY22, the Commission has decided to factor Rs.35 Crores and Rs.40 Crores as the additional amount of consumer security deposit likely to be collected during FY23 and FY24 for computation and allowance of interest on consumer security deposit. The Commission has considered the rate of interest at 6.50% as per the RBI Notification in allowance of interest on Consumers' Security Deposits for FY24. Thus, the interest on consumer deposits for FY24 is computed in the following Table:

**TABLE – 5.22**  
**Approved Interest on Consumer Security Deposits for FY24**

Amount in Rs. Crores	
Particulars	FY24
Opening balance of consumer security deposits	663.24
Closing Balance of consumer security deposit	703.24
Average Consumer Security deposit amount	683.24
Rate of Interest at bank rate per annum to be allowed as per Regulations - %	6.50%
<b>Allowable Interest on Consumer Security Deposit</b>	<b>44.41</b>

**Thus, the Commission decides to approve interest on consumer security deposits at Rs.44.41 Crores for FY24.**

**5.2.13 Interest and Finance Charges Capitalized:**

GESCOM in its Petition, has not claimed any amount towards capitalization of interest and finance charges during FY24.

**Commission's Analysis and Decision:**

Since GESCOM has not claimed any amounts towards capitalization of interest and finance charges, the Commission has not considered and allowed any amount towards capitalization of interest and finance charges for FY24.

The abstract of approved interest and finance charges for FY24 is as follows:

**TABLE – 5.23**  
**Approved Interest and finance charges for FY24**

Amount in Rs. Crores	
Particulars	FY24
Interest on Capital Loan	119.92
Interest on Working Capital loan	142.45
Interest on Consumers Security Deposit	44.41
<b>Less: Interest &amp; Finance charges capitalized</b>	0.00
<b>Approved Interest &amp; Finance Charges</b>	<b>306.78</b>

**5.2.14 Other Debits:**

GESCOM in its Petition, has claimed an amount of Rs.65.32 Crores towards other debits for FY24.

**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 allowance of any amount under other debit in approval of ARR, as the same cannot be estimated beforehand. The Commission therefore, has not allowed the amount under other debit as claimed by GESCOM for FY24. 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 FY24 due to negative net worth as detailed below:

**TABLE – 5.24****Return on Equity for FY24-GESCOM's Proposal**

Particulars	Amount in Rs. Crores	
	FY24	
Paid Up Share Capital	2072.05	
Share Deposit	0.00	
Reserves and Surplus	-4505.56	
Total Equity	-2433.51	
<b>Return on Equity</b>	<b>0.00</b>	

**Commission's Analysis and Decision:**

The Commission notes that GESCOM in its application has not claimed any RoE for FY24. The Commission has taken note of the equity amounts as per the audited accounts of GESCOM for FY24. 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 FY22 for arriving at the allowable equity base for FY24. The Commission also notes the status of debt equity ratio with reference to the projected gross fixed assets for FY24.

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 FY24 are indicated in the following Table:

**TABLE – 5.25**  
**Status of Debt Equity Ratio for FY24**

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
FY24	Opening Balance of GFA	5627.13	1007.55	-1474.40	3938.99	1688.14	17.91%	-26.20%
	Closing Balance of GFA	6026.61	1250.98	-1471.88	4218.62	1807.98	20.76%	-24.42%

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 FY24. 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 FY24 works out as follows:

**TABLE – 5.26**  
**Approved Return on Equity for FY24**

Amount in Rs. Crores	
Particulars	FY24
Opening balance of Share Capital	1640.16
Opening balance of Share deposit	12.39
Opening balance of Accumulated Losses	-3102.42
Less: Recapitalized Security Deposit	-22.00
<b>Equity</b>	<b>-1471.88</b>
<b>Return on Equity</b>	<b>0.00</b>



Since the net equity at the beginning of FY24 is negative, the Commission is unable to allow any Return on Equity. Thus, the Commission decides not to allow any RoE for FY24.

#### 5.2.16 Other Income:

##### GESCOM's proposal:

GESCOM in its Petition, has claimed Rs.186.21 Crores towards other income as against Rs.131.18 Crores approved by the Commission in its Tariff Order dated 04.04.2022, for FY24 is as detailed below:

**TABLE – 5.27**  
**Other Income – GESCOM's Proposal**

Amount in Rs. Crores		
Sl. No.	Particulars	FY24
1	Interest on Bank Deposit	1.29
2	Rental from staff quarters	2.44
3	Profit on sale of store	4.29
4	Rebate on collection of Electricity duty	1.14
5	Rebate on power purchase	17.70
6	Miscellaneous recoveries from trading	17.45
7	Miscellaneous recoveries	141.91
8	Govt. grants for capital assets	4.78
	<b>Total</b>	<b>186.21</b>

##### Commission's analysis and decision:

The Commission has taken note of other income as claimed by GESCOM for FY24.

The Commission notes that the net other Income earned by GESCOM for FY22 is Rs.169.80 Crores. The Commission 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 of Rs.181.19 Crores for FY24.

**Thus, the Commission decides to approve Rs.181.19 Crores towards other income for FY24.**

### 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 FY24.

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 FY24 towards meeting the expenditure on consumer relations / consumer education.

### 5.2.18 Revenue:

GESCOM in its application has projected Rs.6788.41 Crores as revenue from sale of power and miscellaneous charges from its consumers for FY24. While projecting the revenue GESCOM has considered Rs.4137.49 Crores revenue from tariff and miscellaneous charges and Rs.2650.92 Crores tariff subsidy from BJ/KJ and IP Sets consumers for FY24.

The Commission considering the approved category wise sales for FY24 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	4194.20
Revenue from BJ/KJ installation	213.33
Revenue from IP Set installation	2426.47
<b>Total Projected Revenue at existing tariff for FY24</b>	<b>6834.03</b>

### 5.3 Tariff Subsidy for FY24

The Commission has allowed 263.05 MU and 3659.87 MU as the sale of power to BJ/KJ and IP installations respectively for FY24. Accordingly, for the sale of power to these category of consumers, the approved tariff subsidy at the revised retail supply tariff is Rs.230.17 Crores and Rs.2641.49 Crores respectively. Thus, the total subsidy payable by GoK as per the prevailing Government Order to GESCOM is Rs.2871.66 Crores for FY24.

### 5.4 Abstract of ARR for FY24:

In the light of the above analysis and decisions of the Commission, the following is the approved ARR for FY24:

**TABLE – 5.28**  
**Approved ARR for FY24**

Sl. No.	Particulars	Amount in Rs. Crores		
		As Approved in T.O 04.04.2022	As Filed 30.11.2022	Approved Revised ARR
1	Energy at Gen Bus in MU	9448.85	9732.79	9727.70
2	Transmission Losses in %	2.764%	2.764%	2.764%
3	Energy at Interface in MU	9187.69	9463.78	9458.83
4	Distribution Losses in %	10.25%	10.50%	10.25%
	<b>Sales in MU:</b>			
5	Sales to other than IP & BJ/KJ	4747.95	4530.48	4566.43
6	Sales to BJ/KJ	249.77	279.73	263.05
7	Sales to IP	3248.23	3659.87	3659.82
	<b>Total Sales</b>	<b>8245.95</b>	<b>8470.08</b>	<b>8489.30</b>
	<b>Revenue at existing and Misc. Charges:</b>			
8	Revenue from tariff and Misc. Charges	0.00	4137.49	4194.20
9	Tariff Subsidy to BJ/KJ Installation	0.00	224.43	213.33
10	Tariff Subsidy to IP Sets	0.00	2426.49	2426.49
	<b>Total Existing Revenue</b>	<b>6400.72</b>	<b>6788.41</b>	<b>6834.03</b>
	<b>Expenditure:</b>			
11	Power Purchase Cost	4320.390	5537.37	5657.27
12	Transmission charges of KPTCL	647.325	647.33	604.518
13	SLDC Charges	3.830	3.83	3.14
	<b>Power Purchase Cost including cost of transmission</b>	<b>4971.545</b>	<b>6188.53</b>	<b>6264.93</b>
	O&M Expenses	<b>1091.62</b>	<b>1145.09</b>	<b>1163.54</b>
14	Depreciation	238.07	246.20	230.59

Sl. No.	Particulars	As Approved in T.O 04.04.2022	As Filed 30.11.2022	Approved Revised ARR
	<b>Interest &amp; Finance charges</b>			
15	Interest on Capital Loans	146.25	299.52	119.92
16	Interest on Working capital loans	116.98	162.29	142.45
17	Interest on belated payment on PP Cost	0.00	0.00	0.00
18	Interest on consumer security deposits	30.15	28.32	44.41
19	Other Interest & Finance charges	0.00	0.00	0.00
20	Less: interest & other expenses capitalised	-5.43	0.00	0.00
	<b>Total Interest &amp; Finance charges</b>	<b>287.95</b>	<b>490.13</b>	<b>306.78</b>
21	Other Debits	0.00	65.32	0.00
22	Net Prior Period Debit/Credit	0.00	0.00	0.00
23	Return on Equity	0.00	0.00	0.00
24	Funds towards Consumer Relations/Consumer Education	0.50	0.00	0.50
25	Regulatory assets as per Tariff Order dated 04.11.2020	0.00	0.00	0.00
26	Less: Other Income	-131.18	-186.21	-181.19
27	<b>Total ARR</b>	<b>6458.51</b>	<b>7949.06</b>	<b>7785.14</b>
28	Less: surplus for FY22 carried forward (APR)	0.00	10.11	357.44
29	<b>Net ARR for FY24</b>	<b>6458.51</b>	<b>7938.95</b>	<b>7427.70</b>
30	<b>Revenue Surplus / (-) Deficit For FY24</b>	<b>-57.79</b>	<b>-1150.54</b>	<b>593.68</b>
31	Average Cost of Supply per unit of sale			<b>8.75</b>

### 5.5 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 – 5.29**  
**Approved Segregation of ARR – FY24**

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 – 5.30**  
**APPROVED REVISED ARR FOR DISTRIBUTION BUSINESS – FY24**

Amount in Rs. Crores

Sl. No	Particulars	FY24
1	O&M Expenses	814.47
2	Depreciation	193.70
	<b>Interest &amp; Finance Charges</b>	
3	Interest on Capital Loans	119.92
4	Interest on Working capital loans	22.57
5	Interest on consumer security deposits	0.00
6	Other Interest & Finance charges	0.00
7	Less: interest & other expenses capitalized	0.00
8	ROE	0.00
9	Less: Other Income	-12.61
10	Regulatory Asset	0.00
	<b>NET ARR</b>	<b>1138.05</b>

**TABLE – 5.31**  
**APPROVED ARR FOR RETAIL SUPPLY BUSINESS – FY24**

Amount in Rs. Crores

Sl. No	Particulars	FY24
1	Power Purchase & SLDC Charges	5660.41
2	Transmission Charges	604.52
3	O&M Expenses	349.07
4	Depreciation	36.89
	<b>Interest &amp; Finance Charges</b>	
5	Interest on Capital Loans	0.00
6	Interest on Working capital loans	119.87
7	Interest on consumer security deposits	44.41
8	Other Interest & Finance charges	0.00
9	Less: Interest & other expenses capitalised	0.00
10	ROE	0.00

11	Less: Other Income	-168.58
12	Fund towards Consumer Relations / Consumer Education	0.50
13	Regulatory Asset	0.00
	<b>NET ARR</b>	<b>6647.09</b>

### 5.6 Gap in Revenue for FY24:

As discussed above, the Commission decides to approve the revised Annual Revenue Requirement (ARR) of Rs.7427.70 Crores as against GESCOM's proposal for approving ARR of Rs.7938.95 Crores for FY24. The ARR approved for FY24 includes an amount of Rs.357.44 Crores, which is approved as the surplus as per APR for FY22, as discussed in Chapter-4 of this Order.

The Commission has considered total revenue of Rs.6834.03 Crores based on the existing retail supply tariff for the sales approved for FY24. Considering the approved ARR of Rs.7427.70 Crores, there will be a revenue deficit of Rs.593.67 Crores, for FY24.

The net ARR and the gap in revenue for FY24 are shown in the following table:

**TABLE – 5.32**  
**Revenue Deficit for FY24**

Particulars	Amount in Rs. Crores	
		FY24
Net ARR including carry forward deficit of FY22 (Rs. Crores)		7427.70
Approved sales (MU)		8489.30
Average cost of supply for FY24 (Rs. / unit)		8.75
Revenue at existing tariff (Rs. Crores)		6834.02
<b>Net Deficit in revenue for FY24 (Rs. Crores)</b>		<b>(-)593.68</b>

The determination of revised retail supply tariff on the basis of the above approved ARR is dealt with in Chapter-6 of this Order.

## CHAPTER-6

### DETERMINATION OF RETAIL SUPPLY TARIFF FOR FY24

#### 6.0 Revision of Retail Supply Tariff for FY24-GESCOM's Proposals and Commission's Decisions:

##### 6.1 Tariff Application:

GESCOM, in its tariff application, has projected the revised ARR of Rs. 7938.95 Crores with an unmet gap in revenue of Rs.1150.54 for FY24, which also includes the revenue surplus of Rs.10.11 Crores for FY22. In order to bridge this gap in revenue, GESCOM has proposed to increase both the fixed and energy charges with an average tariff increase of 136 paise per unit, in respect of all the categories of consumers.

In the previous chapters of this Order, the revision of ARR consequent on Annual Performance Review (APR) for FY22 and the approval of revised ARR for FY24, has been discussed. The revision of retail supply tariff for FY24 is discussed in this Chapter.

##### 6.2 Statutory Provisions guiding determination of Tariff:

In terms of 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 is 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 in the manner specified by the Commission;
- ❖ efficiency in performance shall 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, the Commission is empowered to specify, from time to time, the methodologies and the procedure to be observed by the licensees in computing the Expected Revenue from Charges (ERC). In pursuance of these statutory provisions and in accordance with the Regulations and Orders issued from time to time, the Commission has determined the Tariff for the year FY24.

### **6.3 Factors Considered for Tariff setting:**

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

#### **a) Tariff Philosophy:**

As discussed in the earlier Tariff Orders, in respect of consumers whose ability to pay is considered inadequate, the Commission has continued to fix tariff below the average cost of supply and in respect of certain categories of consumers whose ability to pay is considered to be higher, has fixed the tariff at or above the average cost of supply. Thus, the system of cross subsidy has been continued. However, it has been the endeavour of the Commission 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 based on 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 level supply. Therefore, the Commission has decided to continue the fixation of tariff with reference to the average cost of supply for recovery of the ARR. However, in terms of the Orders of the Hon'ble ATE, the cross subsidy with reference to the voltage-wise cost of supply has been worked out and indicated in the Annexure-3 to this Order.



**c) Cross subsidisation:**

Consequent on merger of Urban and Rural tariff categories and rationalization of tariff structure, the status of cross subsidization is as under:

**However, in order to soften the burden of increase in tariff of rural consumers, the Commission decides to extend a rebate 30 paise per unit to the consumers falling under village panchayats. In respect of LT5 category, the rebate of 30 paise per unit shall be applicable for consumers of village panchayat areas & Town Municipal Council areas.**

**Cross subsidising Consumer categories:**

- a. LT 2(a).. Domestic ( In higher slabs only)
- b. LT-3 LT Commercial
- c. LT-5 LT Industrial
- d. LT2b Private Educational Institutions & Hospitals
- e. HT2 (a) HT Industrial.
- f. HT2(b) HT Commercial
- g. HT2( c) Govt. / Private Educational Institutions & Hospitals
- h. HT (4) HT Residential
- i. HT5 & LT& Temporary Supply

**Cross subsidised Consumer categories:**

- LT4 (a) & (b) –Agriculture
- LT4(c ) Private Nurseries & Plantations
- LT6 (a) & HT1 Water Supply
- LT6(b) & (c) Street Lights & EV Charging Stations.

While the Cross Subsidizing consumers are paying above the Average Cost of Supply, the Cross Subsidized consumers are paying less than the Average Cost of Supply. The level of cross subsidies is indicated in Annexure-3. In this regard, the Commission, while fixing the tariff, is progressively reducing the level of cross subsidization to bring down the cross subsidy levels, as envisaged in the Tariff Policy, 2016 issued by the Government of India

**d) Uniform Tariff Across ESCOMs:**

In view of the Policy of Government of Karnataka to fix uniform tariff across the ESCOMs, the power allocation from generating stations owned by the State Govt./ Central Govt./ IPPs is being made, year on year, by the GoK to make the average cost of supply comparable. As a result, high cost energy is being allocated to good performing ESCOMs (like BESCO & MESCOM) and low cost energy is being allocated to under-performing ESCOMs of the State to ensure uniform tariff across the ESCOMs.

**e) Rationalisation of Tariff:**

Hitherto the Commission has been determining differential retail supply tariff for consumers in urban and rural areas, beginning with its Tariff Order, dated 25<sup>th</sup> November, 2009. Consequent on taking up several extension and improvement works like, NJY, bifurcation IP set feeders and other Central and State Government sponsored schemes the quality and reliability of supply of power to the rural areas has improved considerably. In view of this, the Commission is of the view that continuation of differential tariff is no longer warranted. Further, the Forum of Regulators has also been recommending simplification and rationalisation of tariff structure in the States. In view of this, the Commission has proceeded to simplify and rationalise the tariff for FY24.

**6.4 New tariff Proposal by GESCOM:****1. Time of Day (ToD) tariff to all HT consumers:**

The Other ESCOMs in their tariff applications have proposed the revision of exiting ToD tariff structure. ESCOM's has analysed introducing revised ToD structure by submitting the details as under:

- Variation in the load during 6 am to 10 am.
- The solar power is available only after 9 am upto 4.30 pm and during that period supply to IP set is being arranged.
- Due to lack of solar power generation during 6 am to 8.30 am ESCOMs are required to shift Irrigation pump set loads during this period.

- During 6 am to 10 am, the domestic load will be added. If the load is catered to industries during the said morning hours, domestic consumers will be affected.
- The wind generation will be available only in the months from July to October

ESCOMs have referred to various provisions of the Electricity Act 2003, National Electricity Policy, Tariff Policy, FoR recommendation etc. in support of their claim.

ESCOMs have submitted the data as per SCADA from April, 2022 to September, 2022 about average demand during morning and evening peak load and average consumption / demand.

**ESCOMs have submitted the Rationality of ToD tariff proposals and fixation of TOD slots and tariff applicable for each slot:**

ESCOM have submitted that, seven months in the Financial Year, i.e., Dec, Jan, Feb, Mar, April, May and June has been considered as high demand period and the balance 5 months (July-Aug, Sept, Oct and Nov) is low demand period. The present ToD tariff divided the day into three blocks with 4 hours as peak period, 8 hours as off-peak period and 12 hours as normal period. ESCOM's have proposed to divide the day into blocks with 8 hours as peak period, 11 hours as off-peak period, and 5 hours as a normal period. The rebate in tariff for off peak period consumption has been proposed at the same rate across all the high and low demand periods. The additional per unit rate for consumption during peak periods in high demand periods has been proposed at almost double the tariff in the low demand period. The proposed ToD tariff system, would benefit all the HT consumers by passing on the low cost power during off-peak/low demand periods, and also helpful in flattening of the load curve with the shifting of some part of the demand from peak periods to off-peak periods, which in turn will address the problems of intermittency of renewable energy and grid management to some extent. The power rates in the exchanges are higher during high demand periods and lower during the low demand periods. As per the estimates, it is submitted that there will be a shortage of power for the ESCOMs to meet their energy requirement during the high demand period.

Therefore, market/exchange purchases may be inevitable for which the ESCOMs are likely to incur high costs on power to some extent. The State is trading maximum power during 00-00 - 05:00 Hrs & 09:00 - 16:00 Hrs (Solar) and during monsoon season (between June to Sept) and between 9.00 am to 4.00 pm, when there is solar generation and also between 0:00 hrs to 5:00 hrs when demand is less. ESCOMs have submitted the details about the IP load during day time.

By catering the IP load during the day time, SLDC is able to sell excess energy during the normal hours of the day.

ESCOMs have proposed to divide a day into peak, off-peak, and normal periods into six slots.

ESCOMs have submitted that the HT consumers require constant power supply throughout the day and may not be in a position to shift part of their loads to night time in order to avail benefit from off-peak TOD tariffs. With the extension of the present off-peak ToD period during the daytime, the impact of the proposed peak ToD tariffs on the above type of consumers will be significantly reduced. ESCOMs has submitted that, the ToD tariff system is a Demand Side Management tool.

ESCOMs have submitted that, the new proposal is made for encouraging HT consumption during day time to match surplus solar power/power available at lower market prices during the day-time and to slightly discouraging consumptions during peak time slots.

ESCOMs have proposed the revised ToD tariff as detailed below:

Time of Day		Dec to June	July to Nov
		(rebate/penalty in addition to the base tariff, Rs. per unit)	
06.00 to 10.00	Peak	1.50	1.00
10.00 to 15.00	Off-peak	-0.75	-0.75
15.00 to 18.00	Normal	0	0
18.00 to 22.00	Peak	1.50	1.00
22.00 to 24.00	Normal	0	0
24.00 to 06.00	Off-Peak	-0.75	-0.75

### Commission's Analysis & Decisions:

The Commission notes the submission made by ESCOMs with regard to the revised ToD proposal. The Commission notes that except BESCO, MESCOM and HESCO, the other ESCOMs have not sought the revision in ToD Tariff. The Commission has carefully examined the proposal for revising ToD tariff structure. It is noticed that the details furnished by the ESCOMs are not supported by any technical data to justify that by revising the existing ToD structure how far they are able to flatten the demand curve in the peak hours.

For getting more clarity in the matter, the Commission had several rounds of discussions with the BESCO, SLDC and PCKL officials. After discussions, it was agreed by the BESCO and SLDC officials to reconsider the issue and submit revised proposal with relevant technical data. However, neither BESCO nor SLDC have submitted any revised proposal or justified the earlier proposal. The Commission in its Tariff Order by considering the surplus power situation and as the suggestions of the ESCOMs, KPTCL, SLDC, PCKL and the stake holders had approved the ToD tariff in the Tariff Order.

The Commission further held the meeting with BESCO and SLDC with regard to the ToD tariff proposal of ESCOMs. The Commission directed the SLDC to submit its opinion. Accordingly, the SLDC has submitted its report on the ToD proposal of ESCOMs vide Email dated 28.04.2023.

In the report it is submitted that, as per the LGBR data, State is in deficit during morning & evening non-solar hours. Accordingly, earlier it had submitted to introduce the ToD tariff during morning hours and continuation of evening ToD, to meet the demand during these periods, as the availability of power in the market is minimal with maximum cost. The proposal of BESCO for introduction of Time of Day (ToD) is essential for smooth functioning of State grid and dispatch of Electricity economically.

The SLDC has submitted the impact on relaxation of ToD during morning/evening peak hours as under:

- ❖ There can be additional loading in the system during peak hours (approx. to an extent of 1000 to 1500MW), maintaining the system parameters (voltage, frequency) as per grid code with this additional load, firm power units viz., thermal power to be brought on bar for this specific period to meet this additional demand, which will be not economical from grid operation perspective.
- ❖ Shifting of loads will also affect during non-solar hours, being an RE rich state, sufficient loads have to be balanced when injection of wind generation is high during night periods.
- ❖ During high wind penetration, most of the thermal units are kept under shutdown to absorb the must run RE by using hydro for ramping on short duration.
- ❖ The wind generation as observed is predominantly less in the morning and evening peak hours, ToD will help the grid management during these hours provided the loads are shifted in reality.
- ❖ The domestic and commercial loads are predominantly more in the morning/evening peak hours and if compounded with the relaxation of TOD, additional loads from Industrial has to be met, this requires firm power (Thermal units) during this period.
- ❖ The power is not available in Market during Morning & evening hours, relaxing the ToD during Morning & evening hours will prompt the OA customers to use the state grid during this hours, this will be additional burden to the State grid.

As per the details of the projected and actual generation availability and demand submitted for April-23 (upto 26<sup>th</sup>), SLDC has submitted that, there is a deviation of projected generation and actual generation due to forced outage of units. Due to unprecedented rise in demand, during this financial year, the relaxation of ToD during evening hours will have substantial impact for grid operation to maintain within the permissible limit of UI as per the new DSM regulation. At present, the State is managing this unprecedented rise in demand with the help of banking arrangement of UPPCL & PSPCL and also by utilizing the market effectively.

By considering the above submissions SLDC has opined to continue the existing ToD facility to all HT consumers for better grid management.

**In the absence of any justifiable data and the opinion submitted by SLDC on the revised ToD tariff proposal of ESCOMs and by considering the surplus power situation in the State, the Commission decided to continue with the existing approved ToD Tariff.**

## **2. Parallel Operation Charges/Grid Support Charges proposal for captive power plants:**

GESCOM and other ESCOMs in their application have claimed Grid Support Charges/ Parallel Operation charges in respect of all the Captive Power plants, since they seek parallel operation for safety, security and reliability of operation with the support of a much larger and stable system. It is submitted that captive Power Plants that are running in parallel with grid and continuously taking the support of grid for their captive and process operations. To justify its claim GESCOM has stated that the Parallel Operation Charges/Grid Support Charges are being collected in other States like Gujrat, Tamil Nadu, Madhya Pradesh, Chhattisgarh etc.

### **Commission's Analysis & Decisions:**

The Commission notes that during the public hearing, the consumer organisations/ captive generators have vehemently opposed imposing the Parallel operation/grid support charge. In this regard, the Commission had issued the discussion paper on introduction of grid interactive support / grid

support charge to all the Solar Rooftop consumer under net metering and any captive plant which is connected to the grid. The Commission, by considering the objections raised by the stake holders during the public hearing on the tariff application filed by ESCOMs, is of the opinion that, a study needs to be conducted before taking any decision in the matter.

As such the Commission decides to take up the issue after conducting a detailed study and analysis on the subject.

### **3. Increase in Demand Charges for HT consumers:**

GESCOM and other ESCOMs in their application have proposed to increase the Demand Charges (Fixed costs) in respect of all the consumer categories. It is submitted that in the tariff structure the recovery of fixed charges and energy charges is not proportionate to actual fixed cost and energy charges incurred by ESCOMs.

ESCOMs have submitted, the ratios of Fixed costs and Variable cost covered in the total expenditure and the actual recovery of fixed charges and variable charge as per the tariff fixed by the Commission. The ESCOMs have submitted that the substantial portion of the fixed cost is recovered through energy charges due to wide gap in recovery of fixed cost in the form of fixed charges.

It is further submitted that as and when the HT consumers avail open access by drawing power from other sources or due to reduction in consumption on account installing of captive power units and for any other reasons, to the extent of reduced energy consumption, ESCOMs including GESCOM would under recover the fixed cost which is included in the energy charge. This is affecting ESCOMs financially. In view of this, the GESCOM has proposed substantial increase in demand/ fixed charge across all the consumer categories and also reduction in energy charge so as ensure full recovery of fixed cost.



The other GESCOM has also compared the fixed charges being levied in the other States like Madhya Pradesh, Tamil Nadu and Andhra Pradesh to justify the claim for increase in fixed charges.

**Commission's Analysis & Decision:**

The Commission has carefully considered the proposal of GESCOM for increasing the Demand/ Fixed charge.

The Commission, in its earlier Orders, has been emphasizing the need to recover the fixed costs in the tariff by increasing the monthly rate of fixed costs gradually. As long as the consumers are drawing the power from the GESCOM, the GESCOM are assured of the full cost recovery, in the form of demand charges and energy charges. The question of under recovery of fixed charges would arise only when the consumers opt for Open Access(OA).

The Commission, to address the issue of under-recovery of fixed cost from the consumers had issued a discussion paper on 28.09.22 and sought views/ suggestions/ objections of the stakeholders. In the said Discussion Paper, the following issues were discussed:

The Fixed costs are the costs which are incurred by GESCOM to pay to the Generating Companies, Transmission Company and meet the costs towards creation and maintenance of Distribution network with in the GESCOM.

The Fixed costs in the Generating Company are those which are incurred in land acquisition, construction of Generating station, payment of employee costs (salaries & pension), interest on loans, depreciation, return on equity and taxes thereon.

Similarly, fixed costs in Transmission (based on the transmission capacity created) and Distribution Companies (towards the distribution network), pertain to all the costs incurred for creation of transmission/ distribution network, payment of employee costs (salaries & pension), payment of interest on loans, depreciation, return on equity and taxes thereon.

The above fixed costs are required to be incurred, by the ESCOMs, month on month, irrespective of the quantum of energy sold to the consumers.

The Fixed Charges/ Demand Charges, included in the bill, pertain to the charges fixed in tariff based on the sanctioned load of the consumers' installations, expressed in terms of Rs. per kW/KVA of the sanctioned load / contracted demand.

Fixed charges are levied to recover the fixed cost incurred on arranging power supply to the end consumers. Whereas, Energy Charges or the variable charges are those which relate to the cost of generation of electricity generated from a generating unit. It mainly consists of the primary and secondary fuel costs in the form of cost of coal or gas and oil in thermal units.

While the Fixed cost determined on per kW / KVA per month (of the sanctioned load) basis remain the same, the energy charges vary according to the quantum (KWh/ unit) of electricity used by the Consumer.

Traditionally, the recovery of fixed cost through demand charges was fixed at nominal rates, whereas a substantial portion of the fixed cost of electricity was recovered through energy/ variable charges. Thus, the recovery of fixed cost and the energy charge was not reflective of the actual per unit costs towards fixed and variable expenses incurred by the Electricity Supply Companies (ESCOMs).

As per the Provisions of the Electricity Act, 2003, due to introduction of 'Open Access' in the electricity business, the ESCOMs are required to allow open access to their consumers, to enable them buy power from other sources at competitive rates. While availing open access, the consumers buy power from outside sources other than the ESCOMs and to the extent of energy purchased from outside sources, the consumers will not pay energy charges to the ESCOMs. Thus, the ESCOMs will not be able to recover the fixed costs which are a part of the energy/ variable charges. This results in under recovery of fixed costs embedded in the energy charges. As the ESCOMs are required to pay the fixed cost to the generating and transmission companies, irrespective of the of energy purchased

/ transmitted by them, the ESCOMs are made to pay fixed charges to the generators and transmission charges even for the energy not purchased by the Open Access consumers from the grid. Thus, the ESCOMs are losing the fixed cost embedded in the energy charges (revenue) for the energy drawn through open access consumers for which the ESCOMs are required to pay full fixed costs.

In view of the above situation, ESCOMs have been praying the Commission to substantially increase the rate of recovery of Fixed Charges and to proportionately reduce the Energy Charges so as to ensure adequate recovery of fixed costs from consumers, with reference to the actual fixed costs incurred by them.

During the public hearing, the stakeholders in general and industrial consumers in particular, have opposed the proposal of the ESCOMs to substantially increase the fixed cost. They have expressed their dissatisfaction over ESCOM's lacklustre attitude in promoting the sales.

The stakeholders also pointed that, in case the Commission allows recovery of full fixed cost, there is every likelihood of the ESCOMs becoming complacent in the performance of their duties as they are assured of recovery of full fixed cost.

The Commission has been considering gradual increase in the rate of fixed costs over a period of time, with a view to balance the interest of both consumers and ESCOMs, instead of substantially increasing the fixed cost upfront.

The Commission notes that, as per the Tariff Order 2022 dated 04.04.2022, the Commission had determined the fixed charges / demand charges so as ensure recovery of fixed cost to an extent of 53.96 % which also includes recovery of fixed charges embedded through CDT in respect of IP set installations.

Further, as per the provisions of the Electricity Act 2003, the ESCOMs should realise the cost of supply from all the category of consumers and should not confine themselves with the recovery of increased fixed cost only to specific categories of consumers. Mere increasing the fixed charges/demand charges and reducing

energy charges to HT consumers does not appear to be a proper approach to retain HT/EHT/Open Access consumers.

In order to retain the HT Consumers, GESCOM shall make wide publicity of the schemes approved by the Commission and promote sales by adopting various marketing strategies to encourage the consumers to avail the schemes approved by the Commission.

Comparison of the recovery of Fixed costs in other States by ESCOMs is also not appropriate, since the cost components in other States will vary accordingly to generation mix, geographical considerations and the overall economic conditions prevailing in the States. In Karnataka historically, the thrust was more on recovery of energy charges rather than the fixed charges.

The Commission notes that one of the major reasons for consumers opting for open access is the frequent interruptions in power and the poor reliability in supply of power to consumers. ESCOMs are advised to improve the power supply reliability by reducing interruptions and distribution losses, to maximise its revenues.

**In view of the above, the Commission is not in favour of GESCOM submission for substantially increasing the fixed charges at one go and reduce the energy charges. Hence, the Commission has considered a moderate increase in fixed charges to all the category of consumers, so as to ensure gradual increase in the fixed costs as envisaged in the Tariff Policy of the GoI.**

In this Tariff Order, in order to balance the interest of consumers and the ESCOMs, the Commission, by considering the substantial increase involved in operations of generation, transmission and distribution activities has endeavoured to give effect to a moderate increase in the recovery of fixed cost. As per approved ARR for FY24 of ESCOMs, the share of fixed and variable cost is as under:

Total Approved ARR of ESCOMs :	Rs. 58,109.95 Crores
Less Variable cost of power purchase:	Rs. 26,963.74 Crores
Fixed cost to be incurred:	Rs. 31,146.21 Crores
Ratio of Variable cost & Fixed Cost:	46.40: 53.60

In the public hearing, some of the consumers' / stake holders have pointed out that, in respect of LT-1 (BJ/KJ) and LT-4(a) (IP sets 10 HP below) the fixed charges are not being charged and recovered, thereby, ESCOMs are showing under recovery of the fixed charges. In this regard the Commission would like to make it clear that in the CDT fixed by the Commission for LT-1 & LT-4(a) tariff categories the fixed charge component was not indicated separately even though the CDT determined is inclusive of the fixed charges. As such, in this tariff order, the Commission has endeavoured to consider the Fixed and Variable Cost Component separately in the CDT of the respective tariff schedules. Thus, ensuring the overall recovery of fixed charges by the ESCOMs to the extent of 63.14%.

After effecting appropriate increase in the Demand charges, in respect of the all the categories including LT-1(BJ/KJ) and LT-4(a) (IP sets 10 HP and below), the total fixed cost allowed to be recovered in tariff for FY24 would be Rs.22202.66 Crores as against total Fixed cost of Rs.31236.21 Crores. This accounts for recovery of 71.08% out of 53.60% against the earlier recovery level at 57-20%. The revised fixed charges in respect of various category-wise consumers is indicated in the revised tariff schedule.

#### 4. Special Incentive scheme:

GESCOM and other ESCOMs in their filing have requested the Commission to discontinue the approved Special Incentive Scheme (SIS) for the reason that the existing consumer under SIS may opt DERS scheme. It is further submitted by ESCOMs that, they have proposed ToD tariff for all HT Categories which is similar to Special Incentive Scheme for HT consumers and requested the Commission to discontinue special incentive scheme with effect from 1<sup>st</sup> April,2023.

**Commission's Analysis and Decision:**

The Commission notes that, during the Public hearing the consumer organisations have pleaded for continuation of Special Incentive Scheme, since it is helpful to the industries. Thereafter GESCOM and other ESCOMs have also concurred with views of the stakeholders. Considering the request of the consumers and concurrence of ESCOMs, the Commission has decided to continue the SIS on the existing terms and conditions. The scheme would remain in force until further orders.

**5. Discounted Energy Rate Scheme:**

GESCOM in their filing has proposed to continue the DERS scheme for the further period of two years. The other ESCOMs in their tariff applications have proposed to continue the Discounted Energy Rate Scheme (DERS) for further period.

**Commission Analysis and Decisions:**

The Commission notes the submission made by GESCOM in seeking extension of DERS scheme for a further period of two years. Keeping in view the surplus power situation in the State, and as requested by the ESCOMs, in order to encourage increase in sales to HT consumers, the Commission decides to continue the DERS as per the existing terms and conditions. **However, the Commission decides to fix the discounted rate for the scheme @ Rs.5/- per unit as against the rate of Rs 6.00 per unit until further orders. The reduced rate shall be effective from the first meter reading date on or after the date of this Tariff Order, until further orders.**

**Further, regarding monthly base consumption, whenever the consumers get their contract demand reduced, there shall not be any reduction in base consumption. This will be effective from the first meter reading date on or after the date of this Tariff Order.**

**The Commission in order to encourage increase in sales, decides to extend the DERS Scheme to LT industries and LT Commercial consumers having sanctioned load of 50 Kwh and above at a discounted rate of energy charges of Rs.5.00 per**

**unit. This will be effective from the first meter reading date on or after the date of this Tariff Order, until further orders.**

The average monthly base consumption for the existing LT-5 consumers and LT-3 consumers as on 01.04.2023 shall be computed by considering the energy supplied by GESCOM during the period from April, 2022 to March 2023 at the option of the consumer opting for the scheme.

In respect of new installation serviced on or after 01.04.2023, the monthly base consumption shall be at 57 Kwh per KW of sanctioned load. In case the eligible consumers who have increased their sanctioned load during the currency of the scheme on a permanent basis, the existing monthly average base consumption shall be increased to the extent of additional sanctioned load at the rate of 57 Kwh per KW of additional sanctioned load per month from the month in which the additional sanctioned load has come into effect.

All other terms and conditions of the DERS Scheme as approved by the Commission in its Tariff Order 2021 dated 9<sup>th</sup> June, 2021 shall remain in force.

#### **6. Withdrawal of Solar Rebate:**

GESCOM and other ESCOMs in their proposals have submitted that, GoK in the letter No. EN 396 NCE 2006 dated 13.11.2007, as a Demand Side Management measure has made installation of solar water heater is mandatory in all residential building with built up area of 600 Sq.feet and above constructed on sites measuring 1200 Sq.feet and above falling within the limits of Municipal / Corporations and Bangalore Development Authority.

#### **Commission analyses and decisions:**

The Commission notes the submission made by the ESCOMs for withdrawal of solar water heater rebate extended to the consumers. The Commission also notes that, many of the consumers in the public hearing suggested to withdraw the solar rebate extended in the Tariff Order as any rebate extended to any particular consumer is to be borne by other consumers in the tariff. The

Commission note that, Government of Karnataka has made mandatory of the installation of solar water heater 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 is eminent. Thus, on account of this, the ESCOMs are liable to pay the capacity charges and has 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 plight of other consumers in the State decides to withdraw the existing rebate of 50 paise per unit, for use of solar water heaters under tariff schedule LT2(a).**

#### **7. Non-telescopic tariff for Domestic consumers and Rationalisation / Simplification of tariff categories:**

The other ESCOMs in their application have proposed introduction of non-telescopic slabs in respect of LT Domestic consumers, for the reason that in the present telescopic slabs, ESCOMs are unable to recover full cost of supply. The approved tariff structure fetches lesser average rate from the domestic consumers as against the approved average cost of supply.

ESCOMs have proposed non-telescopic tariff with reduced energy charges and increase in fixed charges from 100 units onwards. ESCOMs have proposed consumption-wise segregation of its consumers in domestic category as a methodology of intra-slab cross subsidization. Increase in fixed charges have been proposed by proportionately reducing the Energy charges.

ESCOMs have also cited the non-telescopic tariff slabs in other States like Kerala, Maharashtra, Madhya Pradesh and Tamil Nadu to justify the proposal.



**Commission's Analysis & Decision:**

The Standing Committee on Energy in its 26<sup>th</sup> Report had observed that, over the years, the tariff structure across the States has become very complex and the consumer categories are unduly large in number. In view of this, the Standing Committee has recommended simplification and rationalisation of tariff structure which would make the process of tariff determination simpler and also bring more transparency and accountability.

Keeping in view the recommendation of the Standing Committee, the Commission has attempted to rationalise the Tariff structure to the extent possible, keeping in view the present tariff structure. The salient features of the tariff Rationalisation are as follows:

- a. Merger of urban and rural categories into one category.
- b. Introduction of non-telescopic tariff slabs in respect of all the LT categories except LT Industrial tariff.
- c. Reduction of slabs in fixed and energy charges.

The Commission by considering the request of other ESCOMS and the recommendation of the Standing Committee with regard to the tariff structure, decides to rationalise and simplify the tariff categories and tariff in the present tariff order. By this exercise, the Commission is able to reduce the tariff to 21 categories from the existing 28 categories.

**8. Withdrawal of incentive extended to ECS consumers:**

The Other ESCOMs in their applications have proposed to withdraw the incentive extended by the Commission in its earlier Tariff Orders to the consumers who are paying electricity bills through Electronic Clearing System (ECS) at 0.25% of the bill amount. ESCOMs have submitted that, considering the number of consumers availing this mode of payment with the sizable number of transactions and the amount collected through various other online payment modes offered without any incentive, the extension of incentive to ECS opted consumers, may be discontinued.

**Commission analyses and decisions:**

The Commission notes ESCOM's submissions in respect of the proposal for withdrawal of incentive extended to ECS consumers. In the earlier years, the consumers in general were provided with only ECS facility for payment of bills as approved by the RBI. At present there are various modes of online payment available to the consumers. The incentive on ECS payment was allowed in order to promote cash less transaction and realization of bill amount on the due date. Now, after digitization, the citizens/ consumers are offered with various modes of online payment. At present the volume of transactions under these modes of online payment is very high, for which no incentive is being allowed.

**Thus, the Commission, by considering the request of BESCO and keeping in view the availability of various other options for online payment to the consumers, decides to withdraw the incentive extended to ECS consumers. However, the consumers may continue to make payment through ECS.**

9. a. **Merging of Urban and Rural category under HT-2(a) HT-2(b) and HT-(c) along with slabs:**
- b. **Merging of Urban and Rural category under LT -2(a), LT-2(b) Lt-3 , LT-5 with the extension of a rebate of 25 / 50 paise per unit in energy charges for consumers of village panchayats:**

The Commission has taken note of the submissions made by the ESCOMs on the above issues. As made out in the earlier paras, in order to remove the complexity in billing of the installations and to simplify the tariff structure, the Commission has decided to rationalize and simplify the tariff structure.

**Accordingly, the Commission decides to club Urban and Rural consumers tariff category under HT-2(a), HT-2(b), and HT-2(c) under HT category and LT-2(a), LT-2(b), LT-3 and LT-5 under LT tariff category. Further, consequent on merger of rural and urban tariff categories, there is likely to be slight increase in the electricity bills in respect of rural consumers. To soften the burden of increase in tariff of rural consumers, the Commission decides to extend a rebate 30 paise per unit to the consumers falling under village panchayats. In respect of LT5 consumers, the**

**Commission decides to extend a rebate 30 paise per unit to the consumers falling under village panchayats and Town Municipal Council areas.**

#### **10. Merging of LT7(b) tariff schedule under LT-3 tariff :**

LT-7(b) tariff activities such as Hoardings and 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 may be shifted / classified under LT-3 tariff category with an addition of energy charges of Rs.2.50 per unit plus the highest energy charges of LT-3 category as the activities are commercial in nature.

The Commission notes the submission made by other ESCOMs to shift LT-7(b) tariff schedule i.e. Hoardings and 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 basis to LT-3 category and fixed charges at the highest energy charges of LT-3 category plus Rs.2.50 paise per unit / 1.50 times of LT-3 Tariff category.

The Commission, in its earlier Tariff Order by considering the plight of the consumer and the nature of power supply arrangement, has decided to bill these consumers under LT-7(b) tariff schedule. The Commission in order to rationalise and reduce the present tariff structure as requested by ESCOMs, decides to club this tariff category with LT-3 tariff schedule by levying the additional Rs.2.00 per unit over the approved Energy charges along with fixed charges as approved by the Commission.

#### **11. Gaushala activity to be included under LT-2(a) tariff schedule:**

The Commission notes the submission made by the some of the ESCOMs to include Gaushala activity under Domestic LT-2 tariff schedule.

**The Commission by considering the nature of activity carried out in Gaushala and as requested by the ESCOMs decided to include Gaushala activity under LT-2 domestic tariff schedule.**

### **12. Animal husbandry activity to be included in LT-5 tariff:**

The Commission notes the submission made by the some of the ESCOMs to include Animal Husbandry activity under LT-5 tariff schedule.

The Commission by considering the nature of activity carried out in Animal Husbandry and as requested by the ESCOMs decided to include Animal Husbandry activity under LT-5 tariff schedule.

### **13. Re-classification of sanctioned load under LT-5 tariff schedule:**

The other ESCOMs, in their application have proposed to reclassify the existing sanctioned levy the fixed charges on the sanctioned load under five slabs into three slabs. The Commission to rationalise the tariff structure and to remove the complexity in billing, decides to reduce the existing five slabs of sanctioned load considered for levy of fixed charge into two slabs under LT-5 tariff schedule as under:

<b>Existing Sanctioned Load</b>	<b>Approved Sanction Load</b>
i. 5 HP and below	i. Below 100 HP
ii. Above 5 HP and Below 40 HP	ii. 100 HP and Above
iii. 40 HP & above but below 67 HP	
iv. 67 HP & above but below 100 HP	
v. 100 HP and Above	

### **14. Merging of HT-3 (a)(i), HT-3 (a)(ii) & HT-3 (a)(iii) into single tariff schedule HT-3(a) i.e. Lift Irrigation.**

The Commission notes that, other ESCOMs in its application have proposed to merge the HT-3 (a)(i), HT-3 (a)(ii) & HT-3 (a)(iii) tariff category into single tariff categories as HT-3(a).

The Commission by considering the purpose of usage of Lift irrigation and to rationalise and simplify the tariff structure as recommended by FoR and as requested by ESCOMs decides to merge HT-3 (a)(i), HT-3 (a)(ii) & HT-3 (a)(iii) tariff category into single tariff category HT-3(a).

#### **15. Classification of Data Centres under Industrial Category:**

The Government of Karnataka vide its letter No. Energy/ 32 / PSR/ 2023 dated 4<sup>th</sup> February, 2023 has forwarded the requests of Department of Electronic Information Technology and Biotechnology & Science & Technology along with the Karnataka Data Centre Policy:2022-2027 with a request to classify the Data Centres under industrial tariff instead of treating them as commercial consumers.

#### **Commission's Analysis & Decision:**

The Commission notes that the data centres provided larger employment opportunities. They are also energy intensive units requiring bulk power. In order to encourage setting up of more data centres and to generate more employment opportunities in the State of Karnataka, the Commission decides to classify the data centres (both LT and HT under industrial tariff category subject to Production of necessary certificate issued by Department of Electronics, Information Technology & Biotechnology and Science & Technology.

#### **16. Classification of Transformers repair centre under LT-5 tariff category:**

Some of the ESCOMs in their application have proposed to define transformer repair centres under LT-5 category as these centres are not classified in the existing tariff schedule.

The Commission notes the submission made by ESCOMs. The Commission by considering the nature of activities carried in the transformer repair centres decides to classify these activities under LT-5 tariff schedule.

#### **17. Inclusion of LT-2(b) and HT-2(c)(ii) tariff schedule under commercial tariff - LT-3 and HT2.**

Some of the ESCOMs in their applications have submitted to includes LT2(b) and HT2(c) tariff schedule applicable to Hospitals and Educational Institution run by

private aided or unaided institutions under Commercial Tariff schedule as they are having potential to pay cross subsidy.

The Commission notes the submission made by the some of the ESCOMs to include LT2(b) and HT2(c) tariff schedule applicable to Hospitals and Educational Institution run by private aided or unaided institutions under Commercial Tariff schedule.

In this regard, the Commission notes that, imparting Education to the children to achieve 100% literacy and providing medical assistants / treatment to all the citizens of the country is very essential as per the policy of the Government of India. Reclassifying these consumers under commercial category will add on to the cost of service and which will be a burden to the citizens. Thus, the Commission decides to continue the existing tariff schedule for the same.

#### **18. Separate HT tariff for 1 MW and above consumers:**

GESCOM in its filing has proposed to fix a separate HT tariff for 1MW and above consumers. The Commission has taken note of the submission made by GESCOM in support of its claims. The Commission in this Tariff Order has appropriately increased the demand charges payable by the HT consumers by considering the fixed charges to be incurred by ESCOM for FY24. In view of this, the Commission for the present decides not to create a separate HT tariff for 1MW and above consumers.

#### **6.5 Revenue at existing tariff and deficit for FY24:**

The Commission, in the preceding Chapters, has decided to carry forward the revenue surplus of Rs.357.44 Crores of FY22 to the ARR of FY24. The net gap in revenue of Rs.593.68 Crores for FY24 is proposed to be recovered by revision of the Retail Supply Tariff, as discussed in the following paragraphs of this Chapter.

Considering the approved ARR for FY24 and the revenue as per the existing tariff, the resultant gap in revenue for FY24 is as follows:

**Revenue Deficit for FY24**

Amount in Rs. in Crores	
Particulars	Amount
Approved Net ARR for FY24 including gap of FY22	7427.70
Revenue at existing tariff	6834.02
<b>(-)Deficit/ Additional Revenue to be realised by Revision of Tariff</b>	<b>(-)593.68</b>

Accordingly, the Commission now proceeds to determine the Retail Supply Tariff for FY24. The category-wise tariff, as existing, as proposed by GESCOM and as approved by the Commission are as follows:

**6.6 Category wise Existing, Proposed and Approved Tariffs:****1. LT-1 Bhagya Jyothi:**

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

LT-1: Applicable to BJ / KJ installations		
PARTICULARS	As Existing	As Proposed
Energy charges (including recovery towards service main charges)	811 paise / Unit subject to a monthly minimum of Rs.70	960 paise / Unit subject to a monthly minimum of Rs.70

**COMMISSION'S VIEWS/ 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 20<sup>th</sup> March, 2017. Based on the present average cost of supply, the tariff payable by this BJ/KJ consumer is revised to Rs.8.75per unit.

Further, the ESCOMs shall 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 consumer 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 installations as follows:

<b>LT-1: Applicable to BJ / KJ installations- for GESCOM Area</b>	
<b>PARTICULARS</b>	<b>As Approved by The Commission</b>
<b>Fixed Charges &amp; Energy Charges:</b>	
Commission Determined Tariff (CTD)	875 paise / Unit subject to a monthly minimum of Rs.100 [CDT comprises of fixed charge component of Rs.4.15 and variable charge component of Rs.4.60 per unit]
<b>NOTE:</b> GOK is meeting the full cost of supply to BJ / KJ installations. However, if the GOK does not release the subsidy in advance, a Tariff of Rs.8.75 per unit subject to a monthly minimum of Rs.100 per installation per month, shall be demanded and collected from these consumers by GESCOM.	

## 2. LT-2(a) - Domestic Consumers:

### GESCOM's Proposal:

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

<b>Domestic Consumers Category- EXISTING TARIFF</b>		
<b>PARTICULARS</b>	<b>LT-2(a)(i) Applicable to areas coming under City Municipal Corporations and all other Urban Local Bodies</b>	<b>LT-2(a)(ii) Applicable to Areas under Village Panchayats</b>
<b>Fixed Charges / KW /Month:</b>		
For the first KW	Rs.100/-	Rs.85/-
For every additional KW upto and inclusive of 50 KW	Rs.110/-	Rs.100/-
For every additional KW above 50 KW	Rs.175/-	Rs.160/-
<b>Energy Charges per kWh:</b>		
0 to 50 Units	410 paise	400 paise
51 to 100 Units	560 paise	530 paise
101 to 200 Units	715 paise	685 paise
For the balance Units	820 paise	770 paise



<b>Domestic Consumers Category- PROPOSED</b>		
<b>PARTICULARS</b>	<b>LT-2(a)(i) Applicable to areas coming under City Municipal Corporations and all other Urban Local Bodies</b>	<b>LT-2(a)(ii) Applicable to Areas under Village Panchayats</b>
<b>Fixed Charges / KW /Month:</b>		
For the first KW	Rs.150/-	Rs.140/-
For every additional KW upto and inclusive of 50 KW	Rs.250/-	Rs.200/-
For every additional KW above 50 KW	Rs.300/-	Rs.280/-
<b>Energy Charges per kWh:</b>		
0 to 50 Units	390 paise	385 paise
51 to 100 Units	545 paise	520 paise
101 to 200 Units	765 paise	715 paise
For the balance Units	850 paise	800 paise

#### **Commission's Decision:**

The Commission decides to rationalize the existing tariff structure of domestic consumers, as detailed below:

- (i) Merging LT-2(a)(i) & LT-2a(ii) categories
- (ii) Reducing fixed charges slabs to two from the existing three slabs.
- (iii) Introducing non-telescopic energy charges slabs.
- (iv) Consequent to the merging of rural category under urban category, the Commission decides to extend a rebate 30 paise per unit to the consumers falling under village panchayat areas.
- (v) As per the request of the ESCOMs, the Commission decides to classify "Gaushala" installations under tariff schedule LT-2(a).

<b>LT-2(a): Domestic Consumers as Approved by the Commission</b>	
<b>PARTICULARS</b>	<b>LT-2(a) [Applicable for all areas]</b>
<b>Fixed Charges / KW /Month:</b>	
Per KW Upto 50 KW	Rs.110/-
For every additional KW above 50 KW	Rs.210/-
<b>Energy Charges per kWh:</b>	
0 to 100 Units	475 paise
0 to All Units [if the total consumption exceeds 100 units]	700 paise

**3. LT-2 (b): Applicable to the Private Professional and other private Educational Institutions including aided, unaided institutions, Nursing Homes and Private Hospitals having only lightning or combined lighting & heating and motive power**

**GESCOM's Proposal:**

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

<b>LT-2(b): EXISTING TARIFF</b>		
<b>PARTICULARS</b>	<b>LT-2(b)(i) Applicable to areas coming under City Municipal Corporations and all other Urban Local Bodies</b>	<b>LT-2(b)(ii) Applicable to Areas under Village Panchayats</b>
<b>Fixed Charges / KW /Month:</b>		
Per KW upto 50 KW	Rs.120/-	Rs.110/-
Subject to a minimum per KW	Rs.150/-	Rs.135/-
For every additional KW above 50 KW	Rs.175/-	Rs.165/-
<b>Energy Charges per kWh:</b>		
0 to 200 Units	730 paise	675 paise
Above 200 Units	855 paise	800 paise

<b>LT-2(b): AS PROPOSED</b>		
<b>PARTICULARS</b>	<b>LT-2(b)(i) Applicable to areas coming under City Municipal Corporations and all other Urban Local Bodies</b>	<b>LT-2(b)(ii) Applicable to Areas under Village Panchayats</b>
<b>Fixed Charges / KW /Month:</b>		
Per KW upto 50 KW	Rs.200/-	Rs.130/-
Subject to a minimum per KW	Rs.250/-	Rs.160/-
For every additional KW above 50 KW	Rs.300/-	Rs.195/-
<b>Energy Charges per kWh:</b>		
0 to 200 Units	780 paise	700 paise
For the balance Units	905 paise	825 paise

**Commission's decision:**

The Commission decides to rationalize the existing tariff structure of LT-2(b) category as detailed below:

- (i) Merging LT-2(b)(i) & LT-2b(ii) categories
- (ii) Rationalizing the fixed charges slabs.
- (iii) Single slab for the energy charges.
- (iv) Consequent to the merging of rural category under urban category, the Commission decides to extend a rebate 30 paise per unit to the consumers falling under village panchayat areas.

<b>LT-2(b): Approved by the Commission</b>	
<b>PARTICULARS</b>	<b>LT-2(b) Applicable for all areas</b>
<b>Fixed Charges / KW / Month:</b>	
Per KW Upto 50 KW	Rs.180/-
For every additional KW above 50 KW	Rs.250/-
<b>Energy Charges per kWh:</b>	
For entire consumption	775 paise

**4. LT-3: Commercial Lighting, Heating & Motive Power:****GESCOM's Proposal:**

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

<b>LT-3: EXISTING TARIFF</b>		
<b>PARTICULARS</b>	<b>LT-3(i) Applicable to areas coming under City Municipal Corporations and all other Urban Local Bodies</b>	<b>LT-3(ii) Applicable to Areas under Village Panchayats</b>
<b>Fixed Charges / KW / Month:</b>		
Per KW upto 50 KW	Rs.125/-	Rs.115/-
For every additional KW above 50 KW	Rs.230/-	Rs.220/-
<b>Energy Charges per kWh:</b>		
0 to 50 Units	840 paise	790 paise
For the balance Units	940 paise	890 paise

<b>LT-3: Demand based Tariff (optional) where sanctioned load is above 5 KW but below 150 KW - EXISTING TARIFF</b>		
<b>PARTICULARS</b>	<b>LT-3(i) Applicable to areas coming under City Municipal Corporations and all other Urban Local Bodies -</b>	<b>LT-3(ii) Applicable to Areas under Village Panchayats</b>
<b>Fixed Charges per KW / Month of billing demand:</b>		
Per KW upto 50 KW	Rs.140/-	Rs.130/-
For every additional KW above 50 KW	Rs.245/-	Rs.235/-
<b>Energy Charges per kWh:</b>		
0 to 50 Units	840 paise	790 paise
For the balance Units	940 paise	890 paise

<b>LT-3: AS PROPOSED</b>		
<b>PARTICULARS</b>	<b>LT-3(i) Applicable to areas coming under City Municipal Corporations and all other Urban Local Bodies</b>	<b>LT-3(ii) Applicable to Areas under Village Panchayats</b>
<b>Fixed Charges / KW / Month:</b>		
Per KW upto 50 KW	Rs.250/-	Rs.140/-
For every additional KW above 50 KW	Rs.350/-	Rs.250/-
<b>Energy Charges per kWh:</b>		
0 to 50 Units	820 paise	770 paise
For the balance Units	920 paise	870 paise

<b>LT-3: Demand based Tariff (optional) where sanctioned load is above 5 KW but below 150 KW – AS PROPOSED</b>		
<b>PARTICULARS</b>	<b>LT-3(i) Applicable to areas coming under City Municipal Corporations and all other Urban Local Bodies -</b>	<b>LT-3(ii) Applicable to Areas under Village Panchayats</b>
<b>Fixed Charges per KW / Month of billing demand:</b>		
Per KW upto 50 KW	Rs.250/-	Rs.140/-
For every additional KW above 50 KW	Rs.350/-	Rs.250/-
<b>Energy Charges per kWh:</b>		
0 to 50 Units	820 paise	770 paise
For the balance Units	920 paise	870 paise

**Commission's decision:**

The Commission decides to rationalize the existing tariff structure of LT-3 category, as detailed below:

- (i) Merging LT-3(i) & LT-3(ii) categories
- (ii) Single slab for the energy charges.
- (iii) **Shifting of the consumers under LT-7(b) category (Applicable to power supply to Hoardings & Advertisement boards on Permanent connection basis) into LT-3 category.**
- (iv) Consequent to the merging of rural category under urban category, the Commission decides to extend a rebate 30 paise per unit to the consumers falling under village panchayat areas.

<b>LT-3: As Approved by the Commission</b>	
<b>PARTICULARS</b>	<b>LT-3 Applicable for all areas</b>
<b>Fixed Charges / KW / Month:</b>	
Per KW Upto 50 KW	Rs.200/-
For every additional KW above 50 KW	Rs.300/-
<b>Energy Charges per kWh:</b>	
For entire consumption	850 paise

<b>LT-3: Demand based Tariff (optional) where sanctioned load is above 5 KW but below 150 KW - As Approved by the Commission</b>	
<b>PARTICULARS</b>	<b>LT-3 Applicable for all areas</b>
<b>Fixed Charges per KW / Month of billing demand:</b>	
Per KW Upto 50 KW	Rs.220/-
For every additional KW above 50 KW	Rs.320/-
<b>Energy Charges per kWh:</b>	
For entire consumption	850 paise

#### 5. LT-4: Irrigation Pump Sets:

##### 5.1: LT-4(a)- Applicable to IP sets up to and inclusive of 10 HP

#### GESCOM's Proposal:

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

<b>LT-4(a): Applicable to IP sets up to and inclusive of 10 HP</b>		
<b>PARTICULARS</b>	<b>As Existing</b>	<b>As Proposed</b>
<b>Fixed Charges:</b>	<b>NIL</b>	<b>Rs.200/-</b>
<b>Energy Charges per kWh:</b>		
Commission Determined Tariff (CTD)	663 paise	670 paise

#### 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 upto and inclusive of 10 HP shall 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:

<b>LT-4(a): Approved CDT for IP Sets for FY24</b>		
<b>S.No.</b>	<b>PARTICULARS</b>	<b>GESCOM</b>
1	Approved ARR (Rs.in Crores)	7427.70
2	Sales to BJ/KJ installations – MU	263.05
3	Sales to IP set installations – MU	3659.87
4	Sales to other than BJ/KJ & IP set installations in MU	4566.43
5	<b>Total Sales in MU (2 + 3 + 4)</b>	8489.35
6	Average Cost of supply in Rs. Per unit (1 / 5 *10)	8.75
7	Cost of supply – other than IP sets / BJ/KJ sales (4 * 6 / 10)	3995.63
8	Rev. from other than IP & BJ/KJ installations (Rs.in Crores)	4556.04
9	Cross subsidy from other than IP & BJ/KJ installations in Rs.Crores (8 - 7)	560.41
10	Cost of supply to BJ/KJ installations in Rs.Crores (2 * 6 /10)	230.17
11	Revenue from sales to BJ/KJ installations in Rs.Crores	230.17
12	Cost of supply to IP sets sales in Rs.Crores (3 * 6 /10)	3202.39
13	Revenue to be collected from IP set installations (12 - 9)	2641.98
14	Approved sales to IP set in MU	3659.87
15	<b>Commission determined tariff (CDT) for IP set category for FY24 in Rs. Per unit (13 / 14 * 10)</b>	7.22

Accordingly, the Commission decides to approve tariff of Rs.7.22 per unit as CDT for FY24 for IP Set category under LT4 (a). In case the GoK does not release the subsidy in advance, the tariff of Rs.7.22 per unit shall be demanded and collected from these consumers.

<b>LT-4(a): Applicable to IP sets up to and inclusive of 10 HP- for GESCOM Area</b>	
<b>PARTICULARS</b>	<b>As Approved by The Commission</b>
<b>Energy Charges &amp; Energy Charges:</b>	
Commission Determined Tariff (CTD)	722 paise / Unit [CDT comprises of fixed charge component of Rs.3.42 and variable charge component of Rs.3.80 per unit]
<b>NOTE: 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 Rs.7.22 PER UNIT SHALL BE DEMANDED FROM THESE CONSUMERS.</b>	

The Commission has been issuing directives to ESCOMs 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 undertaking feeder segregation under NJY scheme, Deen Dayal Upadhyaya Gramma Jyothi Yojana, 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 ESCOMs have not fully complied with these directions and have initiated measures to achieve full compliance. The GESCOM need to ensure full compliance as this has direct impact on their revenues and tariff payable by other categories of consumers.

Government of Karnataka vide letter dated 29.03.2023 has informed the Commission that for FY24, Government have allocated an amount of Rs.13,143.00 Crores for providing free electricity supply to BJ/KJ consumers (consuming up to 40 Units) and IP sets consumers with a sanctioned load of 10 HP & below and requested the Commission to determine the tariff for these categories considering the same.

In this regard, it is explicitly made clear that the Commission is determining the tariff for various category of consumers duly considering the cross subsidy from other category of consumers. As such, while determining the tariff for BJ/KJ consumers (consuming up to 40 Units) and IP sets consumers with a sanctioned load of 10 HP and below, the Commission has to consider the level of cross subsidization from other consumer categories and also the increase in the various cost components. Resultantly, it is not possible for the Commission to determine the tariff for the above categories restricting to the amount of subsidy allocated by the Government. Further, as per Section 62 of the EA, 2003, the Commission is required to determine the tariff. Therefore, the request of the Government to limit the tariff of these categories to match the amount of allocated subsidy would be against the decision of the Government in the matter of providing free electricity supply to these categories vide its order 04.09.2008.

In the light of this, the Government shall fully meet the cost of such subsidized supply at the rate of Commission Determined Tariff in respect of for BJ/KJ



consumers (consuming up to 40 Units) and IP sets consumers with a sanctioned load of 10 HP & below. In case, the Government is not able to provide the subsidy to the extent of CDT approved by the Commission, then GoK shall direct the ESCOMs to regulate the power supply to the extent the subsidy provided.

### 5.2: LT-4(b)- Applicable to IP sets above 10 HP up to and inclusive of 10 HP.

#### GESCOM's Proposal:

LT-4(b): Applicable to IP sets above 10 HP up to and inclusive of 10 HP		
PARTICULARS	As Existing	As Proposed
<b>Fixed Charges / HP /Month:</b>		
Per HP	Rs.110/-	Rs.140/-
<b>Energy Charges per kWh:</b>		
For entire consumption	390 paise	400 paise

#### Commission's decision:

The Commission decides to revise the tariff for the category as below:

LT-4(b): Applicable to IP sets above 10 HP up to and inclusive of 10 HP	
PARTICULARS	As Approved by the Commission
<b>Fixed Charges / HP / Month:</b>	
Per HP	Rs.135/-
<b>Energy Charges per kWh:</b>	
For entire consumption	410 paise

### 5.3: LT-4(c)- Applicable to Pvt. Horticultural Nurseries, Coffee, Tea & Rubber plantations.

#### GESCOM's Proposal:

LT-4(c): Applicable to Private Horticultural Nurseries, Coffee, Tea & Rubber plantations		
PARTICULARS	As Existing	As Proposed
<b>Fixed Charges / HP / Month:</b>		
Per HP	Rs.100/-	Rs.150/-
<b>Energy Charges per kWh:</b>		
For entire consumption	390 paise	450 paise

**Commission's decision:**

The Commission decides to revise the tariff for the category as below:

<b>LT-4(c): Applicable to Private Horticultural Nurseries, Coffee, Tea &amp; Rubber plantations</b>	
<b>PARTICULARS</b>	<b>As Approved by the Commission</b>
<b>Fixed Charges / HP / Month:</b>	
Per HP	Rs.135/-
<b>Energy Charges per kWh:</b>	
For entire consumption	425 paise

**6. LT-5 : Industries:****GESCOM's Proposal:**

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

<b>LT-5: EXISTING TARIFF</b>		
<b>PARTICULARS</b>	<b>LT-5(a) Applicable to arrears under City Municipal Corporation</b>	<b>LT-5(b) Applicable to all areas other than those covered under LT-5(a)</b>
<b>Fixed Charges / HP / Month:</b>		
For 5 HP & below	Rs.90/-	Rs.80/-
For above 5 HP & below 40 HP	Rs.100/-	Rs.95/-
For 40 HP & above but below 67 HP	Rs.125/-	Rs.120/-
For 67 HP & above but below 100 HP	Rs.190/-	Rs.175/-
For 100 HP and above	Rs.225/-	Rs.210/-
<b>Energy Charges per kWh:</b>		
0 to 500 Units	585 paise	575 paise
501 to 1000 Units	685 paise	670 paise
For the balance Units	715 paise	700 paise

<b>LT-5: Demand Based Tariff (Optional) : EXISTING TARIFF</b>		
<b>PARTICULARS</b>	<b>LT-5(a) Applicable to areas under City Municipal Corporation</b>	<b>LT-5(b) Applicable to all areas other than those covered under LT-5(a)</b>
<b>Fixed Charges / KW / Month of billing demand:</b>		
Above 5 HP & less than 40 HP	Rs.120/-	Rs.110/-
For 40 HP & above but below 67 HP	Rs.155/-	Rs.145/-
For 67 HP & above but below 100 HP	Rs.240/-	Rs.230/-
For 100 HP and above	Rs.255/-	Rs.245/-
<b>Energy Charges per kWh:</b>		
0 to 500 Units	585 paise	575 paise
501 to 1000 Units	685 paise	670 paise
For the balance Units	715 paise	700 paise

<b>LT-5: ToD Tariff (at the option of consumers) – EXISTING</b>		
<b>Time of Day</b>	<b>From July to November (monsoon period)</b>	<b>From December to June)</b>
06.00 Hrs to 10.00 Hrs	0	0
10.00 Hrs to 18.00 Hrs	0	0
18.00 Hrs to 22.00 hrs	0	(+)100 Paise
22.00 Hrs to 06.00 Hrs	0	(-)100 Paise

<b>LT-5: PROPOSED TARIFF</b>		
<b>PARTICULARS</b>	<b>LT-5(a) Applicable to areas under City Municipal Corporation</b>	<b>LT-5(b) Applicable to all areas other than those covered under LT-5(a)</b>
<b>Fixed Charges / HP / Month:</b>		
For 5 HP & below	Rs.150/-	Rs.140/-
For above 5 HP & below 40 HP	Rs.160/-	Rs.150/-
For 40 HP & above but below 67 HP	Rs.185/-	Rs.175/-
For 67 HP & above but below 100 HP	Rs.290/-	Rs.275/-
For 100 HP and above	Rs.500/-	Rs.485/-
<b>Energy Charges per kWh:</b>		
0 to 500 Units	575 paise	560 paise
501 to 1000 Units	675 paise	655 paise
For the balance Units	705 paise	685 paise

<b>LT-5: Demand Based Tariff (Optional) : PROPOSED TARIFF</b>		
<b>PARTICULARS</b>	<b>LT-5(a) Applicable to areas under City Municipal Corporation</b>	<b>LT-5(b) Applicable to all areas other than those covered under LT-5(a)</b>
<b>Fixed Charges / KW / Month of billing demand:</b>		
Above 5 HP & less than 40 HP	Rs.160/-	Rs.150/-
For 40 HP & above but below 67 HP	Rs.185/-	Rs.175/-
For 67 HP & above but below 100 HP	Rs.290/-	Rs.275/-
For 100 HP and above	Rs.500/-	Rs.485/-
<b>Energy Charges per kWh:</b>		
0 to 500 Units	575 paise	560 paise
501 to 1000 Units	675 paise	655 paise
For the balance Units	705 paise	685 paise

GESCOM has not proposed for modification to the existing ToD Tariff.

#### **Commission's Decision:**

The Commission decides to rationalize the existing tariff structure of LT-5 category, as detailed below:

- (i) Merging LT-5(a) & LT-5(b) categories
- (ii) Reducing the fixed charge slabs to two from the existing five.
- (iii) Consequent to the merging of rural category under urban category, the Commission decides to extend a rebate 30 paise per unit to the consumers of village panchayat areas & Town Municipal Council Areas.
- (iv) As per the request of the ESCOMs, the Commission decides to classify "Transformer Repair Centre" installations under tariff schedule LT-5.
- (v) The Commission decides to include the "Data Centre" installations in the LT-5 tariff schedule.

<b>LT-5: As Approved by the Commission</b>	
<b>PARTICULARS</b>	<b>LT-5(a) Applicable for all areas</b>
<b>Fixed Charges / HP / Month:</b>	
Below 100 HP	Rs.140/-
100 HP and above	Rs.250/-
<b>Energy Charges per kWh:</b>	
0 to 500 Units	610 paise
Above 500 Units	710 paise

<b>LT-5: Demand Based Tariff (Optional) : As Approved by the Commission</b>	
<b>PARTICULARS</b>	<b>LT-5(a) Applicable for all areas</b>
<b>Fixed Charges / KW / Month of billing demand:</b>	
Below 100 HP	Rs.190/-
100 HP and above	Rs.300/-
<b>Energy Charges per kWh:</b>	
0 to 500 Units	610 paise
Above 500 Units	710 paise

<b>LT-5: ToD Tariff (at the option of consumers) – As Approved by the Commission</b>		
<b>Time of Day</b>	<b>From July to November (monsoon period)</b>	<b>From December to June)</b>
06.00 Hrs to 10.00 Hrs	0	0
10.00 Hrs to 18.00 Hrs	0	0
18.00 Hrs to 22.00 hrs	0	(+)100 Paise
22.00 Hrs to 06.00 Hrs	0	(-)100 Paise

### **Time of Day Tariff**

In view of the discussions made in the earlier paras, the decision of the Commission, in its previous 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 ToD Tariff which the Commission has approved in respect of EV charging stations in the Depots of BMTc / KSRTC / NEKRTC / NWKRTC will continue to be in force, until further orders.

**Accordingly, the Commission decides to continue the existing ToD Tariff structure without any modification.**

### **Rebate to Micro & Small scale industries under LT-5 category:**

In the Tariff Order 2022, the Commission has approved a Rebate of 50 paise per unit in Energy Charges to Micro & Small scale industries in order to mitigate the

financial crisis faced due to present economic slowdown in the State on account of pandemic Covid-19. This Rebate was allowed for only 12 months.

In the public hearing conducted by the Commission relating to the tariff revision application of ESCOMs and also in the written submission, several consumer organizations have requested to continue the Rebate for sustenance of Micro & Small scale industries.

**Considering the request, the Commission decides to continue the Rebate of 50 paise unit in Energy Charges to Micro & Small scale industries as certified by the Government of Karnataka for the consumers falling under Tariff Schedule LT-5, until further orders.**

**7. LT-6 (a) Water Supply Installations, (b) Public Lighting (c) Electric Vehicle Charging Stations/ Battery Swapping Stations:**

**GESCOM's Proposal:**

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

<b>LT-6(a): Applicable to Water Supply Installations</b>		
<b>PARTICULARS</b>	<b>As Existing</b>	<b>As Proposed</b>
<b>Fixed Charges / HP / Month:</b>		
For HP upto 67 HP	Rs.110/-	Rs.160/-
For every additional HP above 67 HP	Rs.215/-	Rs.250/-
<b>Energy Charges per kWh:</b>		
For entire consumption	500 paise	660 paise

<b>LT-6(b): Public Lighting Installations</b>		
<b>PARTICULARS</b>	<b>As Existing</b>	<b>As Proposed</b>
<b>Fixed Charges / KW / Month:</b>		
Per KW	Rs.125/-	Rs.175/-
<b>Energy Charges per kWh:</b>		
For entire consumption	665 paise	750 paise
<b>Energy charges for LED/ Induction Lighting</b>	560 paise	700 paise

<b>LT-6(c): Electric Vehicle Charging Stations/ Battery Swapping Stations (for Both LT &amp; HT)</b>		
<b>PARTICULARS</b>	<b>As Existing</b>	<b>As Proposed</b>
<b>Fixed Charges / KW / Month:</b>		
For KW upto 50 KW	Rs.70/-	Rs.70/-
For every additional KW above 50 KW	Rs.170-	Rs.170-
For HT (per KVA / Month of billing demand)	Rs.200/-	Rs.200/-
<b>Energy Charges per kWh:</b>		
For entire consumption	500 paise	500 paise

<b>LT-6(c): ToD Tariff for the EV charging stations in the Depots of BMTC / KSRTC / NEKRTC / NWKRTC who have availed HT power supply for charging the Electric Motor Vehicles- EXISTING</b>		
<b>Time of Day</b>	<b>From July to November (monsoon period)</b>	<b>From December to June)</b>
06.00 Hrs to 10.00 Hrs	0	0
10.00 Hrs to 18.00 Hrs	0	0
18.00 Hrs to 22.00 hrs	0	(+)100 Paise
22.00 Hrs to 06.00 Hrs	0	(-)100 Paise

**Commission's decision:**

The Commission decides to revise the tariff for the category as below:

<b>LT-6(a): Applicable to Water Supply Installations (Applicable to all areas)</b>	
<b>PARTICULARS</b>	<b>As Approved by the Commission</b>
<b>Fixed Charges / HP / Month:</b>	
Upto and inclusive of 67 HP	Rs.175/-
For every additional HP above 67 HP	Rs.275/-
<b>Energy Charges per kWh:</b>	
For entire consumption	550 paise

<b>LT-6(b): Public Lighting Installations (Applicable to all areas)</b>	
<b>PARTICULARS</b>	<b>As Approved by the Commission</b>
<b>Fixed Charges / KW / Month:</b>	
Per KW	Rs.175/-
<b>Energy Charges per kWh:</b>	
For entire consumption	700 paise
<b>Energy Charges for LED/Induction Lighting</b>	600 paise

<b>LT-6(c): Electric Vehicle Charging Stations/ Battery Swapping Stations (for Both LT &amp; HT) (Applicable to all areas)</b>	
<b>PARTICULARS</b>	<b>As Approved by the Commission</b>
<b>Fixed Charges / KW / Month:</b>	
Upto and inclusive of 50 KW	Rs.70/-
For every additional KW above 50 KW	Rs.170-
For HT (per KVA / Month of billing demand)	Rs.200/-
<b>Energy Charges per kWh:</b>	
For entire consumption	450 paise

In view of the discussions made in the earlier paras, the Commission decides to continue the existing ToD Tariff approved in respect of HT EV charging stations in the Depots of BMTC / KSRTC / NEKRTC / NWKRTC will continue to be in force until further orders, as follows:

<b>LT-6(c): ToD Tariff for the EV charging stations in the Depots of BMTC / KSRTC / NEKRTC / NWKRTC who have availed HT power supply for charging the Electric Motor Vehicles– As Approved by the Commission.</b>		
<b>Time of Day</b>	<b>From July to November (monsoon period)</b>	<b>From December to June)</b>
06.00 Hrs to 10.00 Hrs	0	0
10.00 Hrs to 18.00 Hrs	0	0
18.00 Hrs to 22.00 hrs	0	(+)100 Paise
22.00 Hrs to 06.00 Hrs	0	(-)100 Paise

#### **8. LT 7- Temporary Supply & Permanent supply to Advertising Hoardings:**

##### **GESCOM's Proposal:**

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

<b>LT-7(a): Temporary Power Supply for all purposes</b>		
<b>PARTICULARS</b>	<b>As Existing</b>	<b>As Proposed</b>
Less than 67 HP only	Energy charge at 1120 paise per unit subject to a weekly minimum of Rs.275 per KW of the sanctioned load.	Energy charge at 1200 paise per unit subject to a weekly minimum of Rs.300 per KW of the sanctioned load.



<b>LT-7(b): Applicable to power supply to Hoardings &amp; Advertisement boards on Permanent connection basis</b>		
<b>PARTICULARS</b>	<b>As Existing</b>	<b>As Proposed</b>
<b>Fixed Charges / KW / Month:</b>		
Less than 67 HP only	Rs.150/-	Rs.175/-
<b>Energy Charges per kWh:</b>		
For entire consumption	1120 paise	1200 paise

**Commission's decision:**

The Commission decides to reclassify the consumers falling under LT-7(b) category under LT-3 tariff category as tariff schedule LT-3(b). The existing LT commercial consumers shall be classified as LT-3(a). Thus, tariff schedule LT-3(b) shall appear below LT-3(a) schedule, as below;

<b>LT-3(b): Applicable to power supply to Hoardings &amp; Advertisement boards on Permanent connection basis</b>	
<b>PARTICULARS</b>	<b>As Approved by the Commission</b>
<b>Fixed Charges / KW / Month:</b>	
Less than 67 HP only	Rs.200/-
<b>Energy Charges per kWh:</b>	
For entire consumption	1050 paise

Further, by renaming LT-7(a) category as LT-7, the Commission has approved the revised tariff for the category as indicated below.

The temporary installations with sanctioned load / contract demand above 67 HP will continue under HT-5.

The Commission has also decided that the billing of LT-7 installations shall be on monthly basis, similar to other category of consumers, however, subject to the provisions of the Conditions of Supply of Electricity of Distribution Licensees in the State of Karnataka (CoS) (Eleventh Amendment), 2023.

<b>LT-7: Temporary Power Supply for all purposes (Applicable to all areas)</b>	
<b>PARTICULARS</b>	<b>As Approved by the Commission</b>
<b>Fixed Charges / HP / Month:</b>	
Less than 67 HP	Rs.200/-
<b>Energy Charges per kWh:</b>	
For entire consumption	1150 paise

### **HT Categories - Time of Day Tariff**

In view of the discussions made in the earlier paras, 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 ToD Tariff which the Commission has approved in respect of EV charging stations in the Depots of BMTC / KSRTC / NEKRTC / NWKRTC will continue to be in force until further orders.

### **9. HT-1- Water Supply & Sewerage**

#### **GESCOM's Proposal:**

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

<b>HT-1: Water Supply and Sewerage Installations</b>		
<b>PARTICULARS</b>	<b>As Existing</b>	<b>As Proposed</b>
<b>Demand Charges / KVA / Month of billing demand:</b>		
Per KVA	Rs.250/-	Rs.350/-
<b>Energy Charges per kWh:</b>		
For entire consumption	560 paise	810 paise

GESCOM has not proposed for modification to the existing ToD Tariff.

#### **Commission's decision:**

The Commission decides to revise the tariff for the category as below:

<b>HT-1: Water Supply and Sewerage Installations (Applicable to all areas)</b>	
<b>PARTICULARS</b>	<b>As Approved by the Commission</b>
<b>Demand Charges / KVA / Month of billing demand:</b>	
Per KVA	Rs.350/-
<b>Energy Charges per kWh:</b>	
For entire consumption	600 paise

#### 10. HT-2(a) – HT Industries

##### **GESCOM's Proposal:**

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

<b>HT-2(a): Industries (Applicable for all areas)</b>		
<b>PARTICULARS</b>	<b>As Existing</b>	<b>As Proposed</b>
<b>Demand Charges / KVA / Month of billing demand:</b>		
Per KVA	Rs.265/-	Rs.550/-
<b>Energy Charges per kWh:</b>		
For the first 1 lakh units	735 paise	585 paise
For the balance units	760 paise	610 paise

<b>HT-2(a): Railway Traction (Applicable for all areas)</b>		
<b>PARTICULARS</b>	<b>As Existing</b>	<b>As Proposed</b>
<b>Demand Charges / KVA / Month of billing demand:</b>		
Per KVA	Rs.275/-	Rs.550/-
<b>Energy Charges per kWh:</b>		
For entire consumption	660 paise	585 paise

<b>HT-2(a): Effluent Treatment Plants independently serviced outside the premises of any installation under HT2(a)</b>		
<b>PARTICULARS</b>	<b>As Existing</b>	<b>As Proposed</b>
<b>Demand Charges / KVA / Month of billing demand:</b>		
Per KVA	Rs.275/-	Rs.550/-
<b>Energy Charges per kWh:</b>		
For entire consumption	700 paise	585 paise

GESCOM has not proposed for modification to the existing ToD Tariff.

##### **Commission's Decision:**

The Commission decides to introduce a single slab by removing the existing two slabs in the energy charges.

The Commission decides to include the "Data Centre" installations in the HT-2(a) tariff schedule.

<b>HT-2(a): Industries (Applicable for all areas)</b>	
<b>PARTICULARS</b>	<b>As Approved by the Commission</b>
<b>Fixed Charges / month / KVA of Billing Demand:</b>	
Per KVA	Rs.350/-
<b>Energy Charges per kWh:</b>	
For entire consumption	740 paise

<b>HT-2a: Railway Traction</b>	
<b>PARTICULARS</b>	<b>As Approved by the Commission</b>
<b>Fixed Charges / month / KVA of Billing Demand:</b>	
Per KVA	Rs.350/-
<b>Energy Charges per kWh:</b>	
For entire consumption	700 paise
Note: (i) ToD Tariff is not applicable to Railway Traction installations. (ii) 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".	

<b>HT2(a): Effluent Treatment Plants independently serviced outside the premises of any installation</b>	
<b>PARTICULARS</b>	<b>As Approved by the Commission</b>
<b>Fixed Charges / month / KVA of Billing Demand:</b>	
Per KVA	Rs.350/-
<b>Energy Charges per kWh:</b>	
For entire consumption	700 paise
NOTE: ToD tariff is applicable to these installations, if the Special Incentive Scheme is not opted.	

**11. HT-2 (b) HT Commercial****GESCOM's Proposal:**

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

<b>HT-2(b): Commercial (Applicable for all areas)</b>		
<b>PARTICULARS</b>	<b>As Existing</b>	<b>As Proposed</b>
<b>Demand Charges / KVA / Month of billing demand:</b>		
Per KVA	Rs.290/-	Rs425/-
<b>Energy Charges per kWh:</b>		
For the first 2 lakh units	905 paise	890 paise
For the balance units	915 paise	900 paise

GESCOM has not proposed for modification to the existing ToD Tariff.

**Commission's Decision:**

The Commission decides to introduce a single slab by removing the existing two slabs in the energy charges.

<b>HT-2(b): Commercial (Applicable for all areas)</b>	
<b>PARTICULARS</b>	<b>Tariff approved by the Commission</b>
<b>Fixed Charges / month / KVA of Billing Demand:</b>	
Per KVA	Rs.375/-
<b>Energy Charges per kWh:</b>	
For entire consumption	925 paise

**12. HT – 2 (c) – Applicable to Hospitals and Educational Institutions:**

**12.1: 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:**

**12.2: HT-2(c)(ii) Applicable to Hospitals and Educational Institutions other than those covered under HT2(c) (i)**

**GESCOM's Proposal:**

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

<b>HT-2(c)(i) (for all areas)</b>		
<b>PARTICULARS</b>	<b>As Existing</b>	<b>As Proposed</b>
<b>Demand Charges / KVA / Month of billing demand:</b>		
Per KVA	Rs.260/-	Rs.450/-
<b>Energy Charges per kWh:</b>		
For the first 1 lakh units	720 paise	700 paise
For the balance units	760 paise	740 paise

<b>HT-2(c)(ii) (for all areas)</b>		
<b>PARTICULARS</b>	<b>As Existing</b>	<b>As Proposed</b>
<b>Demand Charges / KVA / Month of billing demand:</b>		
Per KVA	Rs.265/-	Rs.450/-
<b>Energy Charges per kWh:</b>		
For the first 1 lakh units	820 paise	800 paise
For the balance units	860 paise	840 paise

GESCOM has not proposed for modification to the existing ToD Tariff.

#### **Commission's Decision:**

The Commission decides to introduce a single slab by removing the existing two slabs in the energy charges:

<b>HT-2(c)(i) (Applicable for all areas)</b>	
<b>PARTICULARS</b>	<b>Tariff approved by the Commission</b>
<b>Fixed Charges / month / KVA of Billing Demand:</b>	
Per KVA	Rs.300/-
<b>Energy Charges per kWh:</b>	
For entire consumption	750 paise

<b>HT-2(c)(ii) (Applicable for all areas)</b>	
<b>PARTICULARS</b>	<b>Tariff approved by the Commission</b>
<b>Fixed Charges / month / KVA of Billing Demand:</b>	
Per KVA	Rs.350/-
<b>Energy Charges per kWh:</b>	
For entire consumption	850 paise

<b>Applicable to HT-1 (optional), HT-2(a), HT-2(b), HT-2(c)(i) &amp; HT-2(c)(ii) categories ToD Tariff As approved by the Commission</b>		
<b>Time of Day</b>	<b>From July to November (monsoon period)</b>	<b>From December to June)</b>
06.00 Hrs to 10.00 Hrs	0	0
10.00 Hrs to 18.00 Hrs	0	0
18.00 Hrs to 22.00 hrs	0	(+)100 Paise
22.00 Hrs to 06.00 Hrs	0	(-)100 Paise

### 13. HT-3(a) Lift Irrigation Schemes:

#### GESCOM's Proposal:

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

<b>HT-3(a)(i): Applicable to LI Schemes under Government Departments / Government owned Corporations</b>	
<b>As Existing</b>	<b>As Proposed</b>
Energy charge at 315 paise per unit subject to annual minimum of Rs.1900/- per HP the sanctioned load.	Energy charge at 600 paise per unit subject to annual minimum of Rs.3000/- per HP the sanctioned load.

<b>HT-3(a)(ii): Applicable to all LI Schemes and Lift Irrigation Societies: fed through Express / Urban feeders</b>		
<b>PARTICULARS</b>	<b>As Existing</b>	<b>As Proposed</b>
<b>Fixed Charges / HP / Month:</b>		
Per HP	Rs.110/-	Rs.300/-
<b>Energy Charges per kWh:</b>		
For entire consumption	315 paise	550 paise

<b>HT-3(a)(iii): Applicable to private LI schemes and Lift Irrigation Societies other than those covered under HT-3(a)(ii) above</b>		
<b>PARTICULARS</b>	<b>As Existing</b>	<b>As Proposed</b>
<b>Fixed Charges / HP / Month:</b>		
Per HP	Rs.90/-	Rs.150/-
<b>Energy Charges per kWh:</b>		
For entire consumption	315 paise	550 paise

<b>HT-3(b): Applicable to Irrigation and Agricultural Farms, Government Horticultural Farms, Private Horticultural Nurseries, Coffee, Tea, Rubber, Coconut &amp; Arecanut plantations.</b>	
<b>As Existing</b>	<b>As Proposed</b>
Energy charge at 515 paise per unit subject to annual minimum of Rs.1960/- per HP the sanctioned load.	Energy charge at 550 paise per unit subject to annual minimum of Rs.3000/- per HP the sanctioned load.

**Commission's Decision:**

The Commission decides to merge HT-3(a)(i), HT-3(a)(ii) and HT-3(a)(iii) consumer categories under one common category i.e., HT-3: "Lift Irrigation" and renumbered the existing HT-3(b) category as HT-6 with revision of tariff, as detailed below.

<b>HT-3: Lift Irrigation (Applicable for all areas)</b>	
<b>PARTICULARS</b>	<b>Tariff approved by the Commission</b>
<b>Fixed Charges / month / HP:</b>	
Per HP	Rs.150/-
<b>Energy Charges per kWh:</b>	
For entire consumption	350 paise

<b>HT-6: Irrigation &amp; Agricultural Farms, Government Horticulture farms, Private Horticulture Nurseries, Coffee, Tea, Coconut &amp; Arecanut Plantations</b>	
<b>PARTICULARS</b>	<b>Tariff approved by the Commission</b>
<b>Fixed Charges / month / HP:</b>	
Per HP	Rs.150/-
<b>Energy Charges per kWh:</b>	
For entire consumption	550 paise

**14. HT4- RESIDENTIAL APARTMENTS/ COLONIES:****GESCOM's Proposal:**

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

<b>HT-4: Residential Apartments/ Colonies (Applicable for all areas)</b>		
<b>PARTICULARS</b>	<b>As Existing</b>	<b>As Proposed</b>
<b>Demand Charges / KVA / Month of billing demand:</b>		
Per KVA	Rs.175/-	Rs.400/-
<b>Energy Charges per kWh:</b>		
For entire consumption	705 paise	550 paise



**Commission's Decision:**

The Commission decides to revise the fixed and energy charges for the categories, as below.

<b>HT-4: Residential Apartments/ Colonies (Applicable for all areas)</b>	
<b>PARTICULARS</b>	<b>Tariff approved by the Commission</b>
<b>Fixed Charges / month / KVA of Billing Demand:</b>	
Per KVA	Rs.300/-
<b>Energy Charges per kWh:</b>	
For entire consumption	725 paise

**15. HT-5: Temporary Power Supply****GESCOM's Proposal:**

<b>HT-5: Temporary Power Supply (Applicable for all areas)</b>		
<b>PARTICULARS</b>	<b>As Existing</b>	<b>As Proposed</b>
<b>Fixed Charges / month / HP:</b>		
For entire sanctioned load	Rs.325/-	Rs.400/-
<b>Energy Charges per kWh:</b>		
For entire consumption	1120 paise	1140 paise

The Commission decides to revise the fixed and energy charges for the categories, as below.

<b>HT-5: Temporary Power Supply (Applicable for all areas)</b>	
<b>PARTICULARS</b>	<b>Tariff approved by the Commission</b>
<b>Fixed Charges / month / HP:</b>	
For entire sanctioned load	Rs.400/-
<b>Energy Charges per kWh:</b>	
For entire consumption	1150 paise

The Approved Tariff schedule for FY24 is enclosed in **Annexure- V** of this Order. **All other existing provisions / procedures / terms & conditions, which are not amended in this Order, will continue to be in force until further orders.**

## 6.7 Wheeling and Banking Charges:

GESCOM has proposed wheeling charges of 67.10 paise / unit for HT network and 156.57 Paise / unit for LT network and the corresponding distribution loss of 3.15% and 7.35% respectively. GESCOM has requested to levy the above charges to all OA/wheeling transactions including RE sources.

As far as wheeling charges and banking facility for RE sources is concerned, the Commission notes that the 2018 order in the matter of banking is pending before the Hon'ble Supreme court of India and the 2018 order on wheeling charges is pending before the Hon'ble High Court of Karnataka.

The Commission in the meanwhile had issued a discussion paper on wheeling charges and banking facility and considering the stakeholder's comments directed KPTCL/ ESCOMs to conduct a study in the matter. The study on Wheeling charges & Banking facility entrusted to Prayas, Pune by PCKL is completed and a public hearing on the above report was held by the Commission on 08.09.2022. The Commission would take appropriate action in the matter.

Further, the Central Government has notified the Electricity (Promoting Renewable Energy Through Green Energy Open Access) Rules, 2022, which has become effective from 06.06.2022 and as envisaged under Rule-5, this Commission has notified the GEOA Regulations, which has come into effect from 19.01.2023. Regulation 11 (1) of GEOA regulations specify that OA charges will be determined by the Commission considering the methodology specified by FoR under GEOA Rules. The FoR has finalised the methodology. In order to adopt the above methodology, certain amendments to MYT Regulations is necessitated and also it would take some time for the ESCOMs to collect the data necessary to compute various charges as per the FoR methodology. In the circumstances, the Commission has decided to continue the Transmission/Wheeling charges as per the methodology adopted in earlier orders, which shall be applicable to RE sources coming under GEOA Regulations also. In this regard the Commission vide

letter dated 06.04.2023, regarding the OA charges under GEOA has communicated as follows:

*' . . . Regulation 11(i) of KERC (Terms and Conditions for GEOA) Regulations, 2022 specify that the Open Access Charges shall be determined by the Commission considering the methodology specified by FoR. However, till the time the Commission adopts and determines the charges in accordance with the methodology specified by FoR, the KPTCL / SLDC / ESCOMs are directed to collect the following:*

- i. The Transmission charges, wheeling charges, additional surcharge and Cross-subsidy surcharge in full, as determined by the Commission in its Tariff Orders issued from time to time. Note: Additional surcharge shall not be applicable, if full fixed charges of the licensee are being recovered through retail supply tariff and such full fixed charges are paid by the Open Access consumers.*
- ii. Standby charges as per the Rules specified by the MoP;*
- iii. Banking charges as specified by FoR (8% of banked energy);*
- iv. Any other charges as determined by the Commission from time to time;*

*Other applicable charges are listed below:*

- a. Additional surcharge as determined by the Commission in its Tariff Order issued from time to time.*
- b. Monthly transaction charges of Rs. 3000 (Rupees Three Thousand only) for maintaining the transaction details,*
- c. Meter reading charges of Rs. 1000 (Rupees One Thousand only) per month, in case AMR meters having remote meter reading facilities are not functional,*
- d. Load despatch Centre fees and charges as determined by the Commission from time to time,*
- e. Scheduling and system operation charges as determined by the Commission from time to time,*

- f. *Applicable Parallel operation charges as determined by the Commission from time to time,*
- g. *Reactive power charges as determined by the Commission from time to time,*
- h. *Deviation settlement charges as specified under the Regulations as amended from time to time,*
- i. *Other charges as specified under the various KERC Regulations, if any.'*

**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:

#### **6.7.1 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	1138.05
Sales-MU	8489.30
Wheeling charges- paise/unit	134.06
	<b>Paise/unit</b>
HT-network	40.22
LT-network	93.84

In addition to the above, the following technical losses are applicable:

<b>Loss allocation</b>	<b>% loss</b>
HT	2.98
LT	5.31

**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 →		HT	LT
Drawal point ↓			
HT		40 (2.98%)	134 (8.28%)
LT		134 (8.28%)	94 (5.31%)

**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.

#### **6.7.2 Wheeling of Energy using Transmission Network or Network of more than one Licensee**

#### **6.7.3 In case the wheeling of energy 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 89.18 units, after accounting for Transmission loss of 2.764% & 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 134 paise per unit shall be payable to GESCOM. In case more than one ESCOM is involved, the above 134 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 134 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 →	KPTCL Network	BESCOM Network	MESCOM Network	CESC Network	HESCOM Network	GESCOM Network
Drawal point ↓						
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 →	KPTCL Network	BESCOM Network	MESCOM Network	CESC Network	HESCOM Network	GESCOM Network
Drawal point ↓						
			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 illustration-2 of 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

#### 6.7.4 Charges for Wheeling Energy by RE Sources, (Non-REC & REC route) to Consumers in the State

The charges shall be as specified under GEOA Regulations for projects coming under the purview of GEOA Regulations. For other projects the charges for wheeling shall be as per the orders issued by the Commission from time to time.

### 6.7.5 Charges for Wheeling Energy by RE Sources, Wheeling Energy from the State to consumers/others outside the State

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.

### 6.7.6 Banking Charges for RE sources:

The charges shall be as specified under GEOA Regulations for projects coming under the purview of GEOA Regulations. For other projects Banking Charges as determined in the separate Orders issued by the Commission from time to time, shall be applicable.

### 6.7.7 Cross Subsidy Surcharge [CSS]:

GESCOM has proposed the following CSS for FY24 based on formula specified in tariff policy, 2016:

		Paise/unit						
Voltage		HT1	HT2a	HT2b	HT2c	HT3	HT4	HT5
66kV & above		85.67	149.03	308.01	79.20	0.00	242.60	574.28
HT level		0.00	0.00	308.01	0.00	0.00	126.02	574.28

#### Commission's Observations:

GESCOM shall file CSS for each of the HT- tariff sub-categories separately, as per the KERC Regulations. GESCOM shall furnish working details for cost of supply at HT level and EHT level.

#### GESCOM's Reply:

The details of calculation of CSS in Paisa/Unit for each of the HT- tariff sub-categories existing in GESCOM is submitted as below.



CSS in Paisa/Unit

Voltage level	HT 1	HT- 2 a	HT 2 b	HT 2 c	HT 3a(i)	HT 3a(ii)	HT 3a(iii)	HT 4	HT 5
66kV & above	85.67	149.03	308.01	79.20	39.00	317.40	0.00	242.60	574.28
HT level-11 kV/33kV	0.00	0.00	308.01	0.00	0.00	317.40	0.00	126.02	574.28

**Note:- There are no installations exists in HT3a(iii) category in GESCOM.**

Also the working details for cost of supply at HT level and EHT level are already submitted in the Tariff Application for FY-24.

While, the Commission notes the reply furnished by the GESCOM, the determination of cross subsidy surcharge by the Commission is discussed in the following paragraphs: -

The Commission in its Regulations 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.

As there is no regulatory asset in FY24, the cost of carrying the regulatory asset is considered as zero.

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:

**a. EHT & HT categories**

Tariff category	Category Tariff paise/unit 'T' (Avg. of ESCOMs)	State Average Cost of supply @ 66 kV and above level* paise/unit $C/(1-L/100) + D + R]$	State Average Cost of supply at @ HT level** paise/unit $C/(1-L/100) + D + R]$	Paise/unit		
				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	699	629.30	685.60	69.70	13.40	139.80
HT-2a Industries	1025	629.30	685.60	395.70	339.40	205.00
HT-2b Commercial	1399	629.30	685.60	769.70	713.40	279.80
HT-2 (C) (i)	930	629.30	685.60	300.70	244.40	186.00
HT-2 (C) (ii)	1146	629.30	685.60	516.70	460.40	229.20
HT3 Lift Irrigation	544	629.30	685.60	-85.30	-141.60	108.80
HT6 Irrigation & Agricultural Farms	549	629.30	685.60	-80.30	-136.60	109.80
HT-4 Residential Apartments	953	629.30	685.60	323.70	267.40	190.60
HT5 Temporary	1657	629.30	685.60	1027.70	971.40	331.40

\* Includes weighted average power purchase costs of 526.51 paise/unit, transmission charges of 87.49 paise/unit and transmission losses of 2.82% including commercial losses at EHT.

\*\* Includes weighted average power purchase costs of 526.51 Paise per unit, transmission charges of 87.49 Paise per unit and transmission losses of 2.82% including commercial losses at EHT, HT distribution network / wheeling charges of 37.52 Paise/unit and HT distribution losses of 3.35% including commercial losses at HT.

Note: The carrying cost of regulatory asset of transmission licensee for the current year is zero.

## b. LT Categories

Tariff category	Category Tariff paise/unit 'T' (Avg. of ESCOMs)	State Average Cost of supply @ LT level* paise/unit $C/(1-L/100)+D+R]$	Paise/unit	
			Cross subsidy surcharge paise/unit @ LT level as per formula	20% of tariff payable by relevant category-paise/unit
1	2	3	5	7
LT-1 subsidised	892	815.59	76.41	178.40
LT-1 Non-subsidised	638	815.59	-177.59	127.60
LT2a Domestic	947	815.59	131.41	189.40
LT2b Pvt. Institutions	1100	815.59	284.41	220.00
LT3 Commercial	1199	815.59	383.41	239.80
LT-4a	647	815.59	-168.59	129.40
LT4b IP>10HP	899	815.59	83.41	179.80
LT4c Pvt. Nurseries	1054	815.59	238.41	210.80
LT5 Industrial	1137	815.59	321.41	227.40
LT6 Water Supply	748	815.59	-67.59	149.60
LT6 Public lighting	840	815.59	24.41	168.00
LT-6 EV charging	458	815.59	-357.59	91.60
LT7 Temporary Supply	2552	815.59	1736.41	510.40

- \* Includes weighted average power purchase costs of 526.51 Paise per unit, transmission charges of 87.49 Paise per unit and transmission losses of 2.82% including commercial losses at EHT, HT distribution network / wheeling charges of 37.52 Paise/unit, HT distribution losses of 3.35% including commercial losses at HT and LT distribution network / wheeling charges of 87.54 Paise/unit, LT distribution losses of 7.04% including commercial losses at LT

**Note: The carrying cost of regulatory asset of transmission licensee for the current year is zero**

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:

## a. EHT &amp; HT categories

## Paise/unit

Particulars	66 kV & above	HT level-11 kV/33kV
HT-1 Water Supply	70	13
HT-2a	205	205
HT-2b Commercial	280	280
HT-2 (C) (i)	186	186
HT-2 (C) (ii)	229	229
HT3	0	0
HT6 Irrigation & Agricultural Farms	0	0
HT-4 Residential Apartments	191	191
HT5 Temporary	331	331

Note: wherever CSS is one paise or less, it is made zero

## b. LT categories

## Paise/unit

Particulars	LT level
LT1 SUBSIDISED	76
LT1 NON-SUBSIDISED	0
LT2a	131
LT2b	220
LT3	240
LT4a	0
LT4b	83
LT4c	211
LT5	227
LT-6 WS	0
LT-6SL	24
LT-6 EV charging	0
LT7	510

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 BESCOM. 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.

The detailed calculation sheet of CSS is enclosed as **Annexure-4**.

#### **6.8 Additional Surcharge (ASC):**

GESCOM has proposed additional surcharge of 96 paise/unit for FY24 considering the ARR of FY24.

As regards the methodology for computation of additional surcharge, the Commission notes that, in Appeal No.260/2018 and 43/2021, the Hon'ble ATE in its order dated, 15.09.2022, as directed the Commission to bear in mind the submissions made by the Appellants, as and when the Commission sets about to pass an order in the matter and also to keep in mind the guidance on the subject provided not only by the NTP but also the Regulations framed by the Commission, wherein the muster prescribed is "conclusive demonstration on existence of factors justifying such levy". The said order is available on the ATE's Website. Keeping in view the observations of the Hon'ble ATE, GESCOM shall conclusively demonstrate and furnish the details of stranded costs involved to justify the claim of additional surcharge. In the absence of full details of the stranded costs to justify the Additional Surcharge, it would not be possible for the Commission to determine the Additional surcharge, so as to comply with the Orders of the Hon'ble ATE.

The relevant extract of the Orders of the Hon'ble ATE is as under:

7. "It is the contention of the appellants that most basic data that is essential to be gathered examining whether or not there is any stranded capacity on account of the drawal of power by the open access customers from other sources comprises the information as to the extent to which the licensees were compelled to back down any long term power source during the time blocks when there was open access concession, the distribution licensees were constrained to procure power on short term basis, and the distribution licensee had to take resort to power cuts or regulate the power supply in the

State this being indicative of insufficient availability of power to meet the actual demand.

8. In the submissions of the appellants, in order to examine and compute the claim of stranded capacity and computation of additional surcharge, information as to open access consumption, unscheduled capacity short term power purchase and power cuts imposed, if any, on time block basis is sine qua non. The submission is that since such exercise was not undertaken by the Commission, it cannot be said that the distribution licensees had conclusively demonstrated their case for approval of the rate proposed for determination of the additional surcharge."

#### **GESCOM's Reply:**

GESCOM has computed the additional surcharge as per KERC Order dated 30.05.2019. The additional surcharge proposed by GESCOM for FY-24 is 96 paisa /unit.

Presently, Karnataka is a Renewable Energy Rich State. Hence, the concept of concession to RE sources in additional surcharge may be revised.

Further, the details of Open access and Back down Energy for FY-22 to demonstrate the stranded cost of GESCOM is detailed as below:

It is at the very outset submitted that the issue with regard to the right to collect additional surcharge from open access consumers is no longer a question that has not been examined or passed upon. The Hon'ble Supreme Court has in the matter of SESA Sterlitevs OERC, reported in **(2014) 8 SCC 444** categorically held that Section 42(4) of the Electricity Act, 2003 permits the collection of additional surcharge from open access consumers of distribution licensees. In addition, Clause 8.5.4 of the National Tariff Policy- 2016 and Regulation 11 of the KERC (Terms and Conditions for Open Access) Regulations, 2004 also categorically permit the levy and collection of the same. Therefore, it is settled law that a distribution licensee can levy additional surcharge, if its existing power purchase

commitments are stranded and it is incurring additional fixed charges due to consumers opting to buy power through open access.

An analysis of open access and backed down energy for FY-22 has been made of the open access volume for the relevant period. It also considers the capacity charge paid for the relevant year. These elements considered are based on actuals and not based on any assumptions.

The following factual aspects demonstrates the fact that the State of Karnataka was in surplus scenario and in view of the open access volumes, back down instructions had to be issued, resulting in excess capacity charges being paid. In this regard, GESCOM has furnished the month-wise, station-wise details of backing down of thermal stations in FY22. As per the details furnished, the surplus power backed down / reserve shut-down in MU for FY22 is as indicated below:

Station Name	MU
UPCL	6287.21
RTPS 1-8	4849.63
BTPS 1-3	4048.83
CGS	8944.04
YTPS 1-2	1825.73
TOTAL	25955.44

**Further the Open Access Volume and Capacity for April-21 to Mar-22 is as follows:**

Sl. No	Month	Open Access (MU) (FY-21-22) Import	Open Capacity derived (MW) (FY-21-22) Import MW range (56.20MW - 106.09MW)
1	April	40.99	56.20
2	May	60.09	82.38
3	June	71.25	97.69
4	July	77.38	106.09
5	August	67.52	92.57
6	September	59.22	81.19
7	October	55.59	76.21
8	November	53.46	73.30
9	December	46.41	63.63
10	January	55.49	76.07
11	February	53.89	73.88
12	March	54.94	75.32
<b>Total</b>		<b>696.23</b>	<b>79.54 (Avg)</b>

The GESCOM has submitted that it has paid a sum of Rs. 86.71 Crores towards fixed cost without off taking Power from Thermal stations for the period April 2021 to March 2022.

#### Commission's views and decision:

The Commission keeping in view the orders of the Hon'ble ATE, vide its letter dated 19.01.2023 and 09.02.2023, had directed the PCKL to furnish month-wise consolidated data of standard capacity based on 15-minutes' time-block data and the open access capacity for the month along with the average month-wise fixed cost / MW. Accordingly, the PCKL submitted the data vide its letter dated 16.03.2023. The consolidated data furnished by PCKL is as follows:

Month	Capacity stranded MW	Open Access capacity including wheeling for the month (MW)	Average fixed cost for the month Rs/MW
Apr-21	2333	649	1151932
May-21	2957	666	1173102
Jun-21	2092	818	1111461
Jul-21	2111	868	1120003
Aug-21	3149	835	1058383
Sep-21	4280	851	976678
Oct-21	2590	798	1021783
Nov-21	3043	780	1215063
Dec-21	2042	753	979290
Jan-22	1197	758	1183060
Feb-22	2997	996	969827
Mar-22	2555	970	1060280
<b>TOTAL</b>	<b>2612</b>	<b>812</b>	<b>1085072</b>

The Commission notes that while arriving at the above data PCKL has considered total backed down data based on 15-minutes' time-block-wise MW-data. Also the month-wise open access energy is considered to arrive at the month-wise open access capacity in MW. The Commission has relied upon the above data furnished by PCKL to arrive at the additional surcharge.



The Commission has compared the stranded capacity with the open access capacity and has considered lower of the stranded capacity and open access capacity to arrive at the stranded cost attributable to the open access transactions. Accordingly, the Commission has worked out the Additional surcharge as follows:

Month	Capacity stranded MW	Open Access capacity including wheeling for the month (MW)	Stranded Capacity attributed to OA transactions- (MW)	Average fixed cost for the month Rs/MW	Stranded Cost attributed to OA transactions – Rs. 6=(5x4)
1	2	3	4	5	
Apr-21	2333	649	649	1151932	747603868
May-21	2957	666	666	1173102	781285932
Jun-21	2092	818	818	1111461	909175098
Jul-21	2111	868	868	1120003	972162604
Aug-21	3149	835	835	1058383	883749805
Sep-21	4280	851	851	976678	831152978
Oct-21	2590	798	798	1021783	815382834
Nov-21	3043	780	780	1215063	947749140
Dec-21	2042	753	753	979290	737405370
Jan-22	1197	758	758	1183060	896759480
Feb-22	2997	996	996	969827	965947692
Mar-22	2555	970	970	1060280	1028471600
<b>TOTAL</b>	<b>2612</b>	<b>812</b>	<b>812</b>	<b>1085072</b>	<b>10516846401</b>
<b>OA / Wheeling Cons. In MU as per PCKL</b>					<b>7102.33</b>
<b>Addl. Surcharge (Rs. / unit)</b>					<b>1.48</b>

Accordingly, the Commission determines the ASC for FY24 of Rs. 1.48 /Unit which shall be applicable to all open access transactions other than for captive use.

## 6.9 Other Issues:

### i) 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 give wide publicity about the availability of RE power through newspapers/ media/ interaction meeting with the industrial consumers.**

**ii) Withdrawal of Rebate for use of Solar Water Heater:**

The Distribution Licensees have requested the Commission to discontinue the Solar water heater rebate to the consumers. During the public hearing, some of the consumers have requested the Commission to withdraw the solar rebate extended for the installation of solar water heater. Some of the consumers have requested to increase the Rebate on Solar water heaters. The Commission, by considering mandatory installation of Solar heaters as per Government of Karnataka order, financial impact on ESCOMs and the availability of surplus power due to the commissioning of RE power projects in the State as made out in pre paras, **decides to withdraw the existing rebate for use of solar water heaters under tariff schedule LT2(a).**

**iii) Prompt payment incentive:**

The Commission has approved incentive for bill payment at the rate of 0.25% of bill in respect of:

- (i) monthly bill exceeding Rs.1,00,000 (Rs.one lakh), where payment is made 10 days in advance of due date and
- (ii) advance payment exceeding Rs. 10,000 made by the consumers towards monthly bills.

**However, as discussed in pre paras, the Commission decides to discontinue the prompt payment incentive towards payment of bills through ECS.**

**iv) 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).

**v) Power Factor:**

The Commission in its previous orders 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 has decided 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

**vi) 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.

**vii) 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.

**viii) Security Deposit (3 MMD/ 2 MMD):**

The Commission had issued the K.E.R.C. (Security Deposit) Regulations, 2007 on 01.10.2007 and the same has been notified in the Official Gazette on 11.10.2007. The payment of security deposit shall be regulated accordingly.

**ix) 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 **subject to informing the payment details to the concerned sub-division.**

The Commission, as decided in the Tariff Order 2018 dated 14<sup>th</sup> May, 2018, in order to encourage the consumers to opt for digital payments in line with the direction of the Ministry of Power (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/ Bangalore One and 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.**

**x) Cross Subsidy Levels for FY24:**

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  $\pm 20\%$  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.

**xi) Date of 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 30<sup>th</sup> November, 2022.
- b. 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 1<sup>st</sup> meter reading date falling on or after 1<sup>st</sup> of April 2023.

A statement indicating the proposed revenue and approved revenue is enclosed vide **Annexure-3** and detailed tariff schedule is enclosed vide **Annexure-5 respectively**.

**6.10 Summary of the Tariff Order:**

The following is summary of the Tariff Order 2023:

- ❖ The Commission has approved the revised ARR for GESCOM of Rs.7427.70 Crores for FY24, which includes the revenue surplus of Rs.357.44 Crores for FY22 as per APR, with the net gap in revenue of Rs.593.68 Crores. This is against GESCOM's proposed ARR of Rs.7938.95 Crores and a gap of Rs.1150.54 Crores.

- ❖ GESCOM, in its tariff application dated 30.11.2022 had proposed an average increase in the tariff by of 136 paise per unit for all categories of consumers resulting in average increase in retail supply tariff by 16.95%. The Commission has approved an average increase of 70 paise per unit. The average increase in retail supply tariff of all the consumers in GESCOM for FY24 is 8.69%.
- ❖ The Commission has allowed recovery of approved revenue gap of Rs.593.68 Crores with an average increase of 70 paise per unit (seventy paise) by appropriately increasing the demand and energy charges payable by the consumers.
- ❖ The Commission has introduced the non-telescopic tariff for LT2 Domestic category of consumers.
- ❖ The Commission under LT / HT has merged Urban and Rural categories into single category.
- ❖ The Commission has merged the HT-3(a)(i), HT-3(a)(ii) & HT-3(a)(iii) tariff categories and reclassified as HT-3(a) tariff schedule.
- ❖ The Commission has reclassified the consumer under LT-7(b) tariff schedule under LT-3 (b) tariff schedule with increase in energy charges.
- ❖ The tariff schedule HT-3(b) is renamed as HT-6 Tariff schedule.
- ❖ 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 reduced the energy charges to the Electric Vehicle Charging Stations including the Electric Vehicle battery swapping Stations under LT-6 tariff category from the existing energy charges of Rs.5.00 per unit to Rs.4.50 per unit, without increasing the fixed / demand charges.**
- ❖ The Commission decides to extend the concession of 50 paise per unit in the Energy Charges for the electricity consumed by the Micro and Small Scale Industries for a further period of 12 months only to LT-5 category as certified by the Government.
- ❖ The existing ToD tariff is continued.

- ❖ The TOD tariff approved by the Commission is also applicable for the power supply availed in the Depots of 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, the Commission has continued the “Discounted Energy Rate Scheme” by reducing the energy charges from the existing Rs.6.00 per unit to Rs.5.00 per unit for the HT2(a) (b) and (c) categories for usage of power beyond the base consumption until further order.**
- ❖ **The Commission decides to extend the DERS scheme to LT Industrial and LT Commercial consumers also.**
- ❖ The Commission, in order to increase the energy sales and to attract the consumers to consume power from ESCOMs, has decided to continue the existing “**Special Incentive Scheme**” to HT category until further order.
- ❖ The Commission has decided to continue the concessional tariff to the Railway Traction installations.
- ❖ The Commission has decided to continue Green tariff of additional 50 paise per unit over and above the normal tariff at their option, for HT industries and HT commercial consumers to promote purchase of renewable energy from ESCOMs.
- ❖ The Commission has continued to provide a separate fund for facilitating better Consumer Relations / Consumer Education Programmes.
- ❖ The Commission has issued a new directive to link the Aadhaar card no. with RR Numbers of IP sets to regulate payment of subsidy by the Government.
- ❖ As per directive issued to the ESCOMs, the Commission, would continue to impose penalty up to Rupees one lakh per sub-division on ESCOMs, 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 ESCOM.

- ❖ The Commission has decided to recover the revenue gap determined as per Chapter-5 of this Order, in the revised retail supply tariff effective from the 1<sup>st</sup> meter reading date falling on or after 1<sup>st</sup> of April 2023.

### **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 ARR as per APR for FY22 and determines the ARR for FY24 and notifies the retail supply tariff of GESCOM for FY24 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 1<sup>st</sup> April, 2023.
3. This Order is signed dated and issued by the Karnataka Electricity Regulatory Commission at Bengaluru this day, the 12<sup>th</sup> of May, 2023.

Sd/-

(P. Ravi Kumar)  
Chairman

Sd/-

(H.M. Manjunatha)  
Member (Legal)

Sd/-

(M.D.Ravi)  
Member



## APPENDIX

### REVIEW OF COMPLIANCE OF COMMISSION'S DIRECTIVES

The Commission, in its Tariff Order dated 4<sup>th</sup> April 2022, and the earlier Tariff Orders, has issued several Directives. 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 decides not to pursue few of the Directives which were dropped in the earlier Tariff Order as they are routine and the GESCOM is attending to them. The Commission besides reviewing the existing directives, decides to elaborate and clarify them for continued compliance. The same are discussed below:

#### **New Directives:**

#### **1. Linking of RR numbers to Aadhaar Numbers of IP sets having a sanctioned Load of 10 HP & Below:**

**The Commission hereby directs all the ESCOMs to take up a drive to obtain and link the RR Numbers to Aadhaar Numbers, in respect of all the IP set Installations of 10 HP & below. The ESCOMs shall complete this task within six months from the date of issue of this Order. In case the ESCOMs fail to link the RR numbers to Aadhaar Numbers, the Government shall not release subsidy in respect of such installations.**

#### **2. Setting up of Web Portal for Monitoring PPAs and payment of Power bills to the Generators:**

The Commission has noticed that the ESCOMs are not maintaining the details of Power Purchase Agreements (PPAs) to monitor the term of PPA, implementing the tariff in accordance with terms & conditions of PPA and other terms as approved by the Commission from time to time.

Further, it has also come to the notice of the Commission that payment to generators against power purchase bills submitted by them, are not properly

monitored to ensure timely payment of power purchase bills. This has resulted in abnormal delay in settling the generator's bill necessitating payment of Late payment surcharge (LPS). This is also giving room for increased litigations.

In view of the above facts, all the ESCOMs are hereby directed to set up a Web Portal for implementing the following activities:

- a. Creating complete database of all the executed PPAs, approved by the competent authorities and updating the data on a regular basis.
- b. On line payment of power purchase bills:
  - i) All the generators shall mandatorily upload their power purchase bills payable by the ESCOMs, on the web portal created by the respective ESCOMs.
  - ii) The ESCOMs shall arrange to pass the bills and make online payment through digital transfer of money and post the payment details on the Web Portal.

**The above Directive shall be implemented within a timeframe of three months from the date of this Order.**

1. **Non-compliance of this Directive will attract action under the provision of the Electricity Act, 2003 as amended from time to time. Existing Directives:**
1. **Issue of No Objections Certificates(NOC) for Wheeling and Banking facility to Open Access Consumers/ Captive generators:**

The Commission had observed that in the matter of issue of No Objection Certificates(NOC) for Wheeling and Banking facility to Open Access Consumers/ Captive generators, the KPTCL/SLDC/ ESCOMs are not adhering to the time frame prescribed by the Commission as per the KERC (Open Access) Regulations, 2004, as amended from time to time. As a result of the delay, substantial quantum of energy is being wheeled/ banked to the transmission/ distribution network under the provisions of 'deemed approval for the W & B facility'. The energy so wheeled/ banked remains unpaid and the generators are made to indefinitely wait for payment and ultimately they are filing petitions before this Commission for settlement of their claims.

Since the energy is wheeled/ banked from RE sources which are having must run status, any delay in giving NOC for wheeling / banking facility or non-payment of the charges for the deemed approved W & B is not justifiable. Whereas, timely action in clearing NOC for W & B facility would avoid all the complications/ litigations in the matter.

### **Compliance by the GESCOM**

GESCOM is strictly adhering to the time frame prescribed by the Commission as per the KERC (Open Access) Regulations, 2004 to dispose the applications of issue of No Objection Certificate (NOC) for Wheeling and Banking facility to Open Access Consumers/ Captive generators. In this regard, an internal Official Memorandum has been issued duly defining the responsibilities with definite time lines at each processing stages to Sections at Corporate office dealing the subject and the O&M Divisions to clear the files within specified time, thereby avoiding complications/ litigations in the matter.

The **progress of the Directive of issue of No Objection Certificate (NOC) for Wheeling and Banking facility** to Open Access Consumers/ Captive generators is as shown below:

<b>Month</b>	<b>Applications received</b>	<b>Applications disposed off</b>
Apr-22	7	7
May-22	3	3
Jun-22	6	6
Jul-22	11	11
Aug-22	1	1
Sep-22	4	4

In its replies to preliminary observations, GESCOM has submitted that as per the direction of the Commission, GESCOM has submitted compliance within two months from the date of issue of Tariff order 2022 vide letter No. GESCOM/CEE(O)/EE(RA)/AEE(RA)/22-23/29687-90 Dated: 12.09.2022 and also has submitted the monthly Compliances to this Directive.

### **Commission's view**

The Commission would like to draw the attention of GESCOM to third amendment to KERC (Terms and Conditions for Open Access) Regulations, 2015, and KERC

(Terms & Conditions for Green Energy Open Access) Regulations, 2022, wherein the Regulations prescribed timeline for approval of Open Access. Hence, GESCOM is directed to define the responsibility centers and fix definite timelines at each of the processing stages, within the timeline as per the Regulations.

**GESCOM has not reported explicitly as to how many number of requests received to convey for wheeling of energy from different generators and for how many such generators NOCs were issued.**

Further, the Commission notes that the report does not indicate the details of applications received, disposed of and balance, if any in particular, to confirm that the directives of the Commission have been complied with, in letter and spirit.

**Hence, the Commission reiterates its directive that GESCOM shall ensure the issue of NOC for Wheeling and Banking facility to Open Access Consumers/Captive Generators within time frame specified by the Commission as per relevant Regulations.**

**The Commission desires that, GESCOM shall furnish the details of applications received, NOCs issued within the time frame and details of NOCs issued after the timeline, duly giving reasons for the delay. GESCOM shall also ensure that for any deliberate delay in issue of NOC by respective officers, suitable action is taken against the concerned.**

**Compliance of this Directive shall be reported within two months from the date of issue of this Tariff Order.**

**2. Directive on conducting Consumers' Interaction Meetings (CIM) in the O & M sub- divisions for redressal of consumer complaints:**

The Commission, had directed that the GESCOM shall ensure that Consumer Interaction Meetings chaired by the Superintending Engineer 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 to be invited to such meetings giving advance notice through emails, letters, GESCOM's website, 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.

If GESCOM failed 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 directed that such penalty shall be recovered from the concerned Superintending Engineer failing to conduct such meetings.

In addition to quarterly meetings to be chaired by the jurisdictional Superintending Engineer (EI) or the jurisdictional Executive Engineer (EI), the concerned Assistant Executive Engineer (EI) 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 GESCOM as reported in the tariff filing.

#### **Compliance by the GESCOM:**

GESCOM is conducting Consumers Interaction Meetings in the O&M Sub-divisions chaired by jurisdictional SEEs/EEEs once in three months to redress the consumer grievance relating to supply of electricity as per Directives issued by the Commission in the Tariff Orders 2019, 2020, 2021 and 2022 and the earlier Tariff Orders. GESCOM has conducted CIMs in some of the Sub Divisions during the 1st and 2nd Quarter of FY22 due to Covid-19 pandemic. In FY-22 during 3<sup>rd</sup> and 4<sup>th</sup> quarter and till date, the consumers are invited to such meetings duly intimating in advance (at least 3 days prior) of the schedule date of CIM to facilitate more number of consumers participation. The consumers were informed and invited through e-mail, hoisting CIM notices on GESCOM's website, through SMS (by maintaining / updating consumer data base), publishing in local newspapers regarding the schedule of the Consumer Interaction meeting (date, time, venue etc.,).

In addition to the quarterly meetings chaired by the jurisdictional Superintending Engineer(Ele) / Executive Engineer(Ele), the concerned Assistant Executive Engineer(Ele) have conducted CIMs 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 CIMs conducted have been reported to the Commission regularly on monthly basis and also hoisted in GESCOM's website. GESCOM has noted the views of the Commission in the Tariff Order-2022 on the Directive of conducting CIMs in its jurisdictions and all the concerned officers including SEEs/EEs/AEEs have been instructed to implement this Directive. Applicable penalty of Rs one Lakh per O&M Sub-division/quarter will be levied against the erring officers i.e., SEEs for such non-compliance at each instance.

Abstract of CIMs conducted in GESCOM jurisdiction for FY-22(Apr-2021 to March-2022) chaired by SEEs/EEEs is tabulated as follows:

GESCOM	No. of Subdivisions existing	No. of Subdivisions in which CIMs conducted	No. of Consumers attended	No of Complaints Received	No. of Complaints disposed	Number of Complaints yet to be disposed.
Total	54	162	1779	1070	961	109

Abstract of CIMs conducted for FY-22 (Apr-2021 to March-2022) chaired by AEEs is tabulated as follows:

GESCOM	No. of Subdivisions existing	No. of Subdivisions in which CIMs conducted	No. of Consumers attended	No of Complaints Received	No. of Complaints disposed	Number of Complaints yet to be disposed.
Total	54	310	2551	1743	1644	88

Abstract of CIMs conducted for FY-22 (April 2022 to Sept2022) chaired by SEEs/EEEs is tabulated as follows:

GESCOM	No. of Subdivisions existing	No. of Subdivisions in which CIM is conducted	No. of Consumers attended	No of Complaints Received	No. of Complaints disposed	Number of Complaints Yet to be Disposed.
Total	54	66	669	460	377	83

Abstract of CIMs conducted for FY-23 (April 2022 to September- 2022) chaired by AEEs is tabulated as follows:

GESCOM	No. of Subdivisions existing	No. of Subdivisions in which CIM is conducted	No. of Consumers attended	No of Complaints Received	No. of Complaints disposed	Number of Complaints yet to be disposed.
Total	54	118	1425	727	455	272

GESCOM has issued regularly official memorandum from the Corporate office for conducting CIMs mentioning the venue, date and time at sub divisional level.

### Commission's Views:

The GESCOM has submitted the details of consumer interaction meetings conducted in its jurisdiction during FY22 and FY23 till September 2022, in its Tariff Filing.

The Commission had reiterated its directions to 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 address the consumer grievances. The Commission reiterates that, in every quarter, the jurisdictional Superintending Engineer (EI) or the Executive Engineer (EI) should ensure to chair the CIMs covering all the O&M Sub-divisions in their respective areas. The Commission also appreciates the fact that, GESCOM, in addition to conducting the CIMs as per the directions, is also conducting the CIMs in all the Sub-divisions on 3<sup>rd</sup> Saturday of every month to address the grievances of the consumers, which are chaired by the jurisdictional Assistant Executive Engineer (EI).

GESCOM reports have been received in the Commission's office at the end of each quarter in the format prescribed for reporting the conduct of CIMs. GESCOM shall ensure and maintain the same to submit such reports and reach the office of the Commission in future also, without fail.

Therefore, the Commission hereby 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. The proceedings of conduct of such meetings shall be uploaded in the website of the GESCOM for reference of the needy consumers and a report in the prescribed format shall be sent to the Commission after the end of each quarter.

In addition to the quarterly meetings to be chaired by the jurisdictional SEE or the jurisdictional EE, the concerned 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 now.

### **3. Directive on implementation of Standards of Performance (SoP):**

The GESCOM was directed to implement the specified Standards of Performance strictly, while rendering services related to supply of power as per the KERC (Licensee's Standards of Performance) Regulations, 2004. Further, the GESCOM was directed to display prominently, in both Kannada & English languages, the details of various critical services such as replacing the failed transformers, attending to fuse off call / line breakdown complaints, arranging new services, change of faulty meters, reconnection of power supply, etc., rendered by it as per Schedule-1 of the KERC (Licensee's Standards of Performance) Regulations, 2004 and Annexure-1 of the KERC (Consumer Complaints Handling Procedure) Regulations, 2004, on the notice boards in all the offices of O & M Section and O & M sub-divisions, in its jurisdiction for the information of consumers, as per the format given in the previous Tariff Orders.

#### **Compliance by the GESCOM:**

As per the directions of the Commission, GESCOM has conducted awareness campaigns at 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 power men in the area of operation. It was explained specifically about SoP implementation in detail during each and every CIM meeting conducted at Hobli as a venue. While conducting this it was directed to implement SoP effectively without any deviations as per the Directions of the Commission. The Standard of performance was explained in separate session



conducted for strictly adhering to each nature of service provided to the consumer in line with the subject of Electricity Rights of consumers (Rules 2020) as per Notification issued in December 2020 by MoP, GoI. It was also informed to give wide publicity regarding SoP and its benefits to the consumers/public. The campaigning was carried out both at Taluka and Hobli level and educated the consumers about benefits of the Standards of Performance in rendering various services to the consumers in time bound manner. The affected consumers can file complaint before CGRF in the form-A on any violation of SoP from the erring officers seeking compensation.

The Corporate office is keenly monitoring the Subject and has issued the schedule indicating the details of date and venue to conduct awareness campaigns in the Hobli levels along with the Consumer interaction Meetings. The copies of the Schedules indicating the details of date and venue for conducting the CIMs along with the SoP awareness campaigns at the Hobli levels are submitted in compliance to the Directive. In addition to the SoP awareness programmes conducted at each O&M Circle/Division/Sub-Division level, the Corporate office has conducted regularly the orientation programs/ Workshop to officers and field staff on SoP explaining the roles and functions of CGRF through Video Conference.

During inspection of Sub-divisions by the Senior Officers of GESCOM, it was found that services are rendered as per SoP and the compliance is being submitted every month to the Commission. GESCOM has instructed the SEEs/EEs to recognize the best performing Sub-division/ Section and incentivize the personnel to perform better. Accordingly, the Corporate office is also incentivizing the Officers at all levels for their best performance.

#### **Commission's Views:**

GESCOM reports have been received in the Commission's office at the end of each quarter. GESCOM shall ensure and maintain the same to submit such reports reach the office of the Commission in future also, without fail.

The MoP, Gol, has issued the Electricity (Rights of Consumers) Rules, 2020 to enhance the consumer satisfaction levels by incorporating the technological advancement in the power sector due to the application of information Technology, advancement in metering technology etc. For incorporating the provisions of the Electricity (Rights of Consumers) Rules, 2020, the Regulations issued earlier by the KERC were suitably amended and notified the KERC (Rights of Consumers Relating to Supply of Electricity, Standards of Performance (SoP) and allied matters) Regulations, 2022 on 14.10.2022

- a) In this notification, the Commission has specified the time frame, as required under the Rules issued by the MoP, by including the same in the respective Regulations which deal with Duty of the Licensee to Supply Electricity on Request, the Licensees' Standards of Performance and Consumer Complaints Handling Procedure and,
- b) Has Considered repealing the following Regulations in order to avoid duplication and redundancy:
  - (i) KERC (Duty of the Licensee to Supply Electricity on Request) Regulations, 2004
  - (ii) KERC (Licensees' Standards of Performance) Regulations, 2004 with amendments
  - (iii) KERC (Consumer Complaints Handling Procedure) Regulations, 2004

These Regulations specify automatic payment of compensation by the Distribution Licensees for their failure to meet the guaranteed standards of performance in respect of certain critical service areas. The mechanism for automatic payment of compensation, in respect of certain service areas, is expected to push the Distribution Licensees to strive for improving their quality of performance and enhancing their service standards.

In view of the above, it has become all the more essential duty of GESCOM to supply quality and reliable power to consumers. **Hence, the KERC (Rights of Consumers Relating to Supply of Electricity, Standards of Performance (SoP) and allied matters) Regulations, 2022** specified by the Commission need to be implemented in its letter and spirit.

**In order to make the consumers aware of the Rights of Consumers Relating to Supply of Electricity, Standards of Performance (SoP) and allied matters, Regulations, 2022** specified by the Commission and make consumers get prompt services from GESCOM, it is its duty to display the specified SoP parameters as per **KERC Rights of Consumers Relating to Supply of Electricity, Standards of Performance (SoP) and allied matters, Regulations, 2022** in all their offices, website etc.

As per the submissions made by GESCOM, in its Tariff application, it is observed that, GESCOM has not efficiently conducted the awareness campaigns on SoP for consumers at Hobli level. If it had conducted such awareness campaigns, GESCOM would have furnished the details of such campaigns.

**Further, the Commission directs the GESCOM to supervise 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 Quarterly Reports giving 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 the delay in service. GESCOM shall continue to display the specified SoP parameters as per KERC Rights of Consumers Relating to Supply of Electricity, Standards of Performance (SoP) and allied matters, Regulations, 2022 in each of the Section Offices and Sub-division Offices, in a conspicuous place, which can be viewed by all the visitors to the Office. At the end of SoP, it shall be mentioned that, consumers can claim the compensation automatically from the concerned officers for deficiency in service.**

The Commission reiterates and directs GESCOM to conduct awareness campaign at the Hobli levels for educating the public about the Rights of Consumers Relating to Supply of Electricity, Standards of Performance (SoP) and allied matters, Regulations, 2022 specified by the Commission. GESCOM shall continue to conduct necessary orientation programme for all the field officers and the staff up to linemen level to educate them on the SoP and the

consequences of non- adherence to the same. GESCOM shall consider and continue bringing in a system 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.

## **2. Directive on use of safety gear by linemen:**

With a view to reducing the electrical accidents to the linemen working in the field, the Commission directs the GESCOM to ensure that all the linemen in its jurisdiction are provided with proper and adequate safety gears and also ensure that the linemen use such safety gears while working on the network. The GESCOM should sensitize the linemen about the need for adoption of safety aspects in their work through suitably designed training and awareness programmes. The GESCOM is 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 shall implement this directive and submit compliance report to the Commission.

### **Compliance by the GESCOM:**

GESCOM has taken steps to prevent electrical accidents while carrying out the work on the distribution network by the field staff. Sufficient safety gears are provided to the power men and imparted appropriate training. Electrical safety workshops have been conducted in every Division to adhere to safety aspects/procedure so that they can carry out the works with all safety measures effectively. The necessary circulars are issued in this regard and also the inventory of all safety gears / equipment are maintained at various levels for having issued the materials to its maintenance staff. Actions are being taken on Field Officers/ Powermen for not adhering to Safety Principles.

Brief description on the methodology / practices adopted towards Safety

1. All kind of Safety Equipment such as helmets, safety Belts, Hand Gloves, Earthing Rods, live line testers, hand torches etc., have been distributed to power men.
2. Strict guidelines & instructions issued to all the Powermen to use the safety gear in day to day works & officers to ascertain the use of safety gear by Powermen working under them.
3. Penalty of Rs.1,000/- on power men at each instance of violations for not using the safety gear during work will be imposed in all the Divisions/sub-divisions/Sections. The Executive Engineers/Asst Executive Engineers/Police Inspectors of vigilance Wings are strictly instructed for taking action as per the Corporate office order. Surprise inspections conducted by CEE/SEE/EEE/AEE/PI Vigilance to ensure the using of safety Gear during execution of works as per Corporate Office Order and around 2959 number of inspections have been conducted during FY-23 i.e., from 01.04.2022 to 31.10.2022.
4. For the safety of the staff working in field, on need basis GESCOM is procuring safety equipment on regular basis. In the year 2014-15 and 2019-20 safety helmets with induction tester, in 2017-18 and 2019-20 Rubber hand Gloves and in 2017-18, 2019-20 & 2020-21 Tool Kit with bags were procured and provided to all the field staff. All the above safety gears are in good condition and are being used till date. Tender floated from the Corporate office for procuring 2000 safety helmets and 4000 safety Rubber Hand gloves and other Materials during FY-23. Further, on need basis Corporate office will release the purchase grants to O&M divisions.

GESCOM has conducted safety workshops at all Divisions for creating awareness among field staff and general public.

**In its replies to preliminary observations, GESCOM has submitted that:**

In GESCOM 3622 Maintenance staff are working. All essential safety gears like safety helmets, earthing rods, rubber hand gloves, Tool Kit with Bag etc., are provided to all Maintenance Staff and also the necessary safety gears are provided to all the 33/11KV Sub stations.

**Commission's Views:**

**The Commission is of the view that all the power men shall be provided with adequate safety gear while working on the network and considers that, non-supply of appropriate safety gears / equipment to the staff at work place, amounts to a serious violation of human rights by GESCOM.**

The Commission while taking note of the GESCOM's compliance 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 power men and other field staff should be imparted appropriate training periodically on adherence to safety aspects / procedure, and such training modules should include case studies on the safety aspects and related issues, so that the training highlights current and relevant issues which will go a long way in understanding the seriousness of the issues by the field staff.**

**The Commission reiterates its directive that the GESCOM shall ensure that, all the power men and other field staff are provided with adequate and appropriate safety equipment and they use the safety gears and equipment, while carrying out the work. 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 case studies.**

**The compliance in this regard shall be submitted once in a quarter to the Commission regularly.**

**3. 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 interruptions 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, 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 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 KERC 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.
- 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 5<sup>th</sup> 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:**

Urja Mitra mobile app has been introduced in GESCOM and consumers have been benefited by this app in knowing the scheduled outages and other issues related to power supply. Central Govt has ranked GESCOM as 3<sup>rd</sup> among all DISCOMs at the national level in usage of Urja Mitra portal in October-2019.

GESCOM has taken action to minimize power supply interruptions and presently the Reliability Index is 93.99%. GESCOM is having 36 number of Distribution Transformer repair centres in its jurisdiction. GESCOM is replacing the failed distribution transformers within 24 hours in cities and 72 hours in rural areas as per SoP and SAKAAL.

O&M Division offices are intimating 24 Hours in advance to the consumers regarding planned maintenance of transmission / distribution networks to be carried out. GESCOM is submitting the block wise day ahead requirement of power and energy on seasonal condition to the SLDC through e-mail as per requirement of 220 KV Stations and down streams Stations. In turn everyday SLDC will issue availability of power & energy one day in advance for GESCOM. Accordingly, re-scheduling of power & energy will be done at 220 KV level Receiving Stations.

Whenever there is loss of generation, 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 based on the 220KV R/S 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 there is scheduled load shedding in GESCOM area, the same is intimated to consumers through paper Notification duly publishing in local



Newspapers, Face book, Twitter and also SMS by URJA MITRA App. For unforeseen interruptions, only high yielding consumers are being intimated by the concerned O&M sub-divisional officers over phone. Also, consumers are being intimated the likely time of power supply restoration whenever consumers are enquiring through 1912.

At present no load shedding is being carried out in GESCOM area. Whenever there is a loss of generation, as per the instruction of SLDC, load shedding will be implemented and will be monitored by the concerned nodal officers to avoid frequent load shedding of the same Sub-stations/Feeders depending on rotation basis.

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 projection of availability is done from SLDC Bangalore. The Projections of Power Demand and Energy Requirement up to Sept-2022 is furnished as below:

Month	Requirement of Power	Daily Requirement
July-2022	800-1625 MW	28-31 MU
August-2022	700-1600 MW	24-30 MU
September-2022	800-1900 MW	29-31 MU

At present there is no Load shedding for Urban, NJY, Water Supply & Industrial Areas and for Rural Mixed & EIP feeders, power supply is being arranged as per GoK orders.

GESCOM is submitting feeder wise interruption details such as, No. of interruptions and duration of scheduled & unscheduled interruptions to KERC every month. 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.

GESCOM has already initiated the action to minimize power supply interruptions and ensure 24 x 7 hours power supply. In this regard, inspection of the elements of Distribution System for identifying and rectification of discrepancies for existing

/ ongoing / completed works are carried out on regular basis and also as per the directions of Energy Department GoK the Distribution transformer maintenance Abhiyana is carried out since from 01.05.2022. The progress of the Transformer maintenance drive as on 15.11.2022 is depicted as below.

### Transformer Maintenance Drive

Name of the DISCOM	GULBARGA ELECTRICITY SUPPLY COMPANY LIMITED							
Parameters	15KVA	25 KVA	63 KVA	100 KVA	250 KVA	500 KVA	Above 500 KVA	Total
No. Of Transformers existing	1897	61289	37485	17879	1800	203	0	120553
No. Transformers Inspected	1295	33591	15951	11250	1228	135	0	63450
No. Transformers - Maintenance carried out	1020	28245	12345	8825	985	105	0	51525

### Analysis of Transformer Inspection

Sl No	Parameters	15KVA	25 KVA	63 KVA	100 KVA	250 KVA	500 KVA	Above 500 KVA	Total
1	No. of Transformers that require immediate remedial action	65	1680	798	563	61	7	0	3174
	Action taken (No. of Transformers)	65	1680	798	563	61	7	0	3174
	Remarks	Transformer oil leakage arrested & breather's silica gel reconditioned							
2	No. of Transformers - Structure in Bad condition	130	3359	1595	1125	123	14	0	6346
	Action taken (No. of Transformers)	130	3359	1595	1125	123	14	0	6346
	Remarks	GUY set provided & inclined pole Straightened							
3	No. of Transformers centres found with Vegetation/ creepers/ garbage dumping/water logged condition	389	10077	4785	3375	368	41	0	19035
	Action taken (No. of Transformers)	389	10077	4785	3375	368	41	0	19035
	Remarks	Vegetation/Creepers & Garbage dumping and water logging cleared							
4	No. of Transformers in which LAs not installed/ disconnected	777	20155	9571	6750	737	81	0	38071

	Action taken (No. of Transformers)	777	20155	9571	6750	737	81	0	<b>38071</b>
	Remarks	Disconnected LAs reconnected and connected to ground properly							
<b>5</b>	<b>No. of Transformers in which oil level found below prescribed level</b>	130	3359	1595	1125	123	14	0	<b>6346</b>
	Action taken (No. of Transformers)	130	3359	1595	1125	123	14	0	<b>6346</b>
	Remarks	Oil leakage stopped and Action taken to top-up oil							
<b>6</b>	<b>No.. of Transformers in which oil leakage found</b>	130	3359	1595	1125	123	14	0	<b>6216</b>
	Action taken (No. of Transformers)	130	3359	1595	1125	123	14	0	<b>6216</b>
	Remarks	Stopped further Oil leakage by tighteneing nuts & bolts of tank cover etc							
<b>7</b>	<b>No. of Transformers with deteriorated/disconnected earthing</b>	162	4199	1994	1406	154	17	0	<b>7932</b>
	Action taken (No. of Transformers)	162	4199	1994	1406	154	17	0	<b>7932</b>
	Remarks	Reconditioned Earthing and reconnected grounding connections properly							
<b>8</b>	<b>No. of Transformers - GOS not in operating condition</b>	171	4434	2106	1485	162	18	0	<b>8376</b>
	Action taken (No. of Transformers)	171	4434	2106	1485	162	18	0	<b>8376</b>
	Remarks	Reconditioned by applying petroleum jelly, greasing and realignment and restored GOS Operation							
<b>9</b>	<b>No. of Transformers - HT jumps in bad condition</b>	97	2519	1196	844	92	10	0	<b>4758</b>
	Action taken (No. of Transformers)	97	2519	1196	844	92	10	0	<b>4758</b>
	Remarks	New HT jumps provided wherever necessary							
<b>10</b>	<b>No. of Transformers - HT fuse unit in bad condition</b>	69	1780	845	596	65	7	0	<b>3362</b>
	Action taken (No. of Transformers)	69	1780	845	596	65	7	0	<b>3362</b>
	Remarks	New HT fuses provided wherever necessary							
<b>11</b>	<b>No. of Transformers - HT bushing &amp; Terminal in bad condition</b>	58	1512	718	506	55	6	0	<b>2855</b>
	Action taken (No. of Transformers)	58	1512	718	506	55	6	0	<b>2855</b>

	Remarks	Cleaning and tightening of HT bushings and renewed HT terminal connections by providing washers wherever necessary							
<b>12</b>	<b>No. of Transformers - LT bushing &amp; Terminal in bad condition</b>	84	2183	1037	731	80	9	0	<b>4124</b>
	Action taken (No. of Transformers)	84	2183	1037	731	80	9	0	<b>4124</b>
	Remarks	Cleaning and tightening of LT bushings and renewed LT terminal connections by providing washers wherever necessary							
<b>13</b>	<b>No. of Transformers - LT wiring in bad condition</b>	281	7289	3461	2441	266	29	0	<b>13767</b>
	Action taken (No. of Transformers)	281	7289	3461	2441	266	29	0	<b>13767</b>
	Remarks	Renewed LT wiring							
<b>14</b>	<b>No. of Transformers - LT Distribution box/ kit is damaged/ direct/ burnt/box without door/ Box at lower level</b>	27	705	335	236	26	3	0	<b>1332</b>
	Action taken (No. of Transformers)	27	705	335	236	26	3	0	<b>1332</b>
	Remarks	Realigned box doors, wiring connections restored							
<b>15</b>	<b>No. of Transformers in which unbalanced load is identified (LT side RYB phase)</b>	104	2687	1276	900	98	11	0	<b>5076</b>
	Action taken (No. of Transformers)	104	2687	1276	900	98	11	0	<b>5076</b>
	Remarks	Load balancing done by loading the phases properly							
<b>16</b>	<b>No. of spans - Sag/ lose span identified</b>	91	2351	1117	788	86	9	0	<b>4442</b>
	Action taken (No. of spans)	91	2351	1117	788	86	9	0	<b>4442</b>
	Remarks	Loose span conductors restrung							
	<b>Any other important parameter may be included</b>								

Due to all the above efforts time taken for attending to the consumer complaints is minimum 00:20:22 minutes to maximum 06:00:00 Hrs during FY-22 and 00:22:00 minutes to maximum 06.00 Hrs during FY-23 up to Oct-22 which is well within the specified time duration as per the SoP.

Distribution Transformer Failure: To reduce the Transformer failures, GESCOM has taken several steps which are as follows:

1. Buffer stocks of repaired good transformers are kept in the 16 Divisional Stores and Regional stores. Further, as at the end of 31.10.2022 there are 1663 repaired good Transformers in Stock at various Stores & Transformer bank respectively.
2. The failed transformers at field are immediately replaced with the repaired good transformers available at bank i.e., within 24 Hrs. Subsequently, the transformers at bank are replenished again by repaired good transformers.
3. GESCOM has established 36 Transformer repair centers at Taluka level for carrying out repairs and reconditioning of failed Distribution Transformers.
4. Repair activities at Repair Center are monitored by GESCOM through DTR units.
5. Distribution Transformer Test benches are established in division levels of GESCOM to check the efficiency and quality of the repaired Good Transformers.
6. Consumers can register their complaints regarding transformer failure in PGRS application through toll free number 1912. The acknowledgement will be sent to consumers through SMS to their mobile.
7. GESCOM is also carrying out failure analysis of failure of Distribution Transformers by EEs of O&M and AEE Office of Division and DTRs.

GESCOM has taken action to conduct orientation program workshop to the field staff to motivate them for attending to minor faults at site itself in co-ordination with the agencies who have been entrusted to carryout repairs to faulty Distribution transformers which are established at taluk a level.

#### **Commission's Views:**

The Commission notes that, GESCOM has taken several measures for refurbishment of distribution network especially maintenance of critical element like distribution transformers in order to improve the system so as to arrange reliable and quality power supply to the consumers. The enormous works undertaken to improve the network will surely reduce the interruptions and prevent revenue loss to the organization. The GESCOM shall continue to take such measures in the interest of its consumers.

The Commission also notes that the GESCOM is making use of the URJA Mitra App developed by RECTPCL for sending messages to provide the information of scheduled and unscheduled power outages, emergency outages, restoration time, power outage extension time, etc., due to reasons such as system constraints, breakdowns of lines / equipment, maintenance etc., to the consumers through SMS. The said application is effective only if the entire consumer data is updated into the system. GESCOM has to take further steps to update the database with the entire consumer strength of the Company to make the App effective.

As per the SoP set by the Commission, the GESCOM is required to restore power supply affected due to failure of DTC 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 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 three months of this order.**

The Commission hereby directs GESCOM to continue 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 early as possible. GESCOM is also directed to take action to effectively monitor and supervise the work of periodical maintenance & repairs to the transformers and fix personal responsibility on the erring staff / officer in case of poor maintenance and poor quality of repairs.

The GESCOM is directed to submit the projections of availability and demand for power and any unavoidable load shedding for every succeeding month in the last week of the preceding month regularly to the Commission 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.

#### **4. Directive on Establishing a 24 x 7 Fully Equipped Centralized Consumer Service Centre for Redressal of Consumer Complaints:**

The GESCOM is 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.

Every complaint, received through various modes in the center 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. Thereafter, the desk operator shall call the complainant and confirm with him 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 directs 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:**

1. GESCOM has established 24X7 Customer Care Centre earlier 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, power supply failure etc., with all necessary infrastructures.
2. GESCOM has reached more than 34 Lakhs consumers and receiving on an average of about 2 Lakhs per month (about 7,000 per day) phone calls / complaints by Centralized Customer Care Centre (CCC). Presently 20 Desks are functioning round the clock (in three shifts) which will be expanded to 38 desks to cater to receive more complaints and at a time 20 complaints can be registered.
3. Junior Engineer shift, Assistant Engineer and Assistant Executive Engineers are working to supervise the overall activities of the CCC.
4. The Employees (Executives) working in CCC are given suitable training for handling public relation issues. The awareness about CCC is brought to the notice of consumers by giving wide publicity regarding the complaint handling procedures /contact number of the centralized customer care center through local media, by hosting on GESCOM website for the information of the public to ensure that all the complaints are registered only through CCC for proper monitoring and disposal of complaints.
5. Once the complaints are addressed successfully the consumer is also intimated about the same through SMS.
6. Short Code '1912' has been made Toll-Free successfully w.e.f. 01.09.2016. 1912 is now integrated with PGRS for redressal of complaints.
7. Regular monitoring is being made with the concerned O&M Divisions to attend to the registered complaints within the stipulated time.
8. The complaints are being registered at 24X7 Customer Care Centre, Corporate office, GESCOM and the same is being dispersed to the concerned O&M Service stations to enable to attend the complaints within the stipulated time, through telephone. The 24X7 Customer Care Centre is obtaining feedback from consumers, every two hours.
9. GESCOM has also given facility to register their complaints through social media such as



1. Twitter : Address (Gescom official)
2. Facebook - ID : (Gescom Kalaburagi)
3. Whatsapp - No. 9480847593
4. GESCOM Website: <http://gescompgrs24x7.com>&[www.gescom.in](http://www.gescom.in)

Also GESCOM Consumer App, Urja Mitra App (to be downloaded from play store), PGRS Web site are available.

10. On 28-10-2022 all the existing 15 desks were replaced by new computer systems and for new additional 5 No's of Licenses is also provided by new systems for smooth function of customer care center.

**Statement Showing the Details of No of Calls Received/Answered & No of Complaints Registered/Redressed & pending in the Customer Care Center, GESCOM, Kalaburagi. From April-2021 to March-2022**

SI No	Month	No. of Calls		No. of Complaints			Time period	
		Received	Answer	Registered	Redressed	Pending	Min	Max
1	Apr-21	270207	173750	16181	16181	0	0:30	6:00
2	May-21	356753	210061	14023	14023	0	0:38	4:02
3	Jun-21	284055	201346	13846	13846	0	0:30	5:35
4	Jul-21	284749	200534	24398	24398	0	0:25	5:45
5	Aug-21	238351	185312	25965	25965	0	0:30	6:00
6	Sep-21	247170	173565	25388	25388	0	0:35	5:48
7	Oct-21	221508	153642	22055	22055	0	0:45	5:30
8	Nov-21	201691	142078	15979	15979	0	0:35	5:45
9	Dec-21	112406	86398	17023	17023	0	0:25	5:18
10	Jan-22	119311	96709	19201	19201	0	0:20	5:10
11	Feb-22	90815	81251	18009	18009	0	0:30	5:00
12	Mar-22	158044	135190	23415	23415	0	0:21	5:44
<b>Total</b>		<b>2585060</b>	<b>1839836</b>	<b>235483</b>	<b>235483</b>	<b>0</b>	<b>0:30</b>	<b>5:28</b>

**Statement Showing the Details of No of Calls Received/Answered & No of Complaints Registered/Redressed & pending in the Customer Care Center, GESCOM, Kalaburagi. From April-2022 to October-2022**

SI No	Month	No. of Calls		No. of Complaints			Time period	
		Received	Answer	Registered	Redressed	Pending	Min	Max
1	Apr-22	398029	260826	22482	22482	0	0:25	5:18
2	May-22	349996	242837	23885	23885	0	0:30	5:45
3	Jun-22	324799	261603	30585	30585	0	0:35	5:48
4	Jul-22	396152	288899	31451	31451	0	0:40	6:00
5	Aug-22	333442	265614	29259	29259	0	0:38	5:55
6	Sep-22	277437	231649	24760	24760	0	0:30	5:35

7	Oct-22	269502	214895	22010	22010	0	0:22	5:25
<b>Total</b>		<b>2349357</b>	<b>1766323</b>	<b>184432</b>	<b>184432</b>	<b>0</b>	<b>0:31</b>	<b>0:22</b>

**In its replies to preliminary observations, GESCOM has submitted that:**

GESCOM is continuously putting its efforts to address the consumer complaints within the stipulated time as per SoP, The regular follow up has been done by 24X7 Centralized customer care Centre and also regular supervision done by the senior level officers by reviewing the hourly complaints pending status. The O&M Circle/Division wise whatsapp groups are formed and regularly the details of consumer complaints registered, attended, balance is posted in the whatsapp group the same is being monitored by the higher officers and resolved as per the SoP Norms. The details of facility provided to the consumers to register the complaints, No of complaints received, redressed and time taken to resolve the complaints are explained at page No 88-92 of Tariff filing Application filed before the Commission.

The comparison of the downtime analysis for FY22 and FY23 is as follows:

SI No	Month	Avg time taken to redress the complaints during FY-21	Avg time taken to redress the complaints during FY-22	Avg time taken to redress the complaints during FY-23 (up to Nov-22)
1st quarter	April	3.05	3.25	2.85
	May	3.07	2.33	3.07
	June	3.05	3.03	3.11
2nd quarter	July	5.37	3.08	3.20
	August	3.45	3.25	3.16
	September	3.3	3.18	3.02
3rd quarter	October	3.1	3.12	2.52
	November	3.2	3.17	2.35
	December	3.0	2.86	
4 <sup>th</sup> quarter	January	2.4	2.75	
	February	3	2.75	
	March	3.12	3.03	
		3.35	2.96	2.14

**Note : On Comparison of the data of FY-21, FY-22 with FY 23 it is evident that average down time is reduced to attend to the consumer complaints.**

**Commission's Views:**

The Commission notes that the GESCOM has established the 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 is increasing year on year. If GESCOM has carried out the improvement works as it has claimed, then the number of consumer complaints should come down. But the same is not true going by the increase in number of complaints. GESCOM should ensure that the improvement and O&M works executed are as per the standards so that the number of complaints are reduced.

While appreciating the efforts put in by GESCOM, the Commission directs GESCOM to continue to instruct the agency employing and deploying such executives to impart suitable training on public relations and behavioral attitude, interpersonal relations etc. **GESCOM shall continue bringing in a system of recognizing the best performing customer care executive every week / fortnight / month and publicize such recognition so as to encourage and incentivize better performance from them. The Commission directs GESCOM to continue to deploy a Senior Level Officers to supervise and review all the activities of the CCC, and shall take disciplinary action against erring officials / executives.**

The Commission hereby directs GESCOM to continue its efforts in improving the delivery of consumer services, especially in reducing time required for resolving consumer complaints relating to breakdowns of lines / equipment, failure of transformers etc. The GESCOM is also directed to analyze the nature of complaints registered and take action to minimize the number of complaints by taking preventive / corrective action.

**The Commission reiterates that the GESCOM shall 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 the complaints registered.**

**As directed GESCOM has established and operating 24x7 fully equipped Centralized Consumer Service Centre for redressal of consumer complaints. Considering this, Commission decides not to pursue this directive further and drop the Directive.**

#### **5. 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 to a maximum of 15 percent in the towns / cities having a population of over 50,000, wherever the losses are above this level.

The Commission, in 2010 itself, had directed all the ESCOMs to complete installation of meters at the DTCs by 31<sup>st</sup> December, 2010. The ESCOMs were required to furnish to the Commission the following information on a monthly basis:

- i. Number of DTCs existing.
- ii. Number of DTCs already metered.
- iii. Number of DTCs yet to be metered.
- iv. Time bound monthly programme for completion of the work.

#### **Compliance by the GESCOM:**

In GESCOM jurisdiction, there are 2228 numbers of 11kV feeders of various categories as on 30.9.22. Also, there are 1,20,900 DTCs as on 30.9.22 out of which 75,004 DTCs are pertaining to IP category and 750 DTCs are pertaining to single installations. There are 45,146 Nos. of non-IP DTCs which require metering and energy audit, out of which 29,534 Nos. are metered and of which 13715 DTCs are being audited.

GESCOM is providing details of Feeder-wise Energy Audit, Energy Audit of Towns and Cities and DTCs every month in the KERC in the prescribed format and such details were submitted to the KERC for the period from April-22 to Sept-22.

Further, energy audit of feeders and DTCs are reviewed every month at Corporate Office by M.D., GESCOM in review meetings, wherein reason for high losses are analysed and instructed to take remedial action accordingly. Also energy audit meetings are conducted at Zonal/Circle/Division level. Also Energy audit of 11kV feeders and DTCs is regularly reviewed by Energy Department, GoK in MMR meetings chaired by ACS, Energy Dept GoK.

Further, in major towns and cities to reduce the distribution losses and to improve collection efficiency to achieve AT&C loss of less than 15% the measures such as vigilance activities, mass disconnection drives, replacement of DC/MNR Meters are carried out and also efforts are made for collection of pending dues from ULBs.

As per the directions of Commission, workshops are being conducted at division level regarding importance, methodology of conducting energy audit, and issues regarding tagging of installations to DTCs and DTCs to feeders are discussed and more than 90% of tagging has been completed.

As per the directions of the Commission, GESCOM has submitted the consolidated Energy Audit report for the FY-22 as per the prescribed formats.

## Energy Audit - 11 kV Feeder Loss Level

Month	Number of 11 kV Feeders Existing		Number of 11 kV Feeders Audited		11 kV Feeder level Losses in %							
	Urban (U+Ind+W/S)	Rural (IP+NJY+Mixed R)	Urban	Rural	< 15		15 to 20		20 to 30		> 30	
					Urban	Rural	Urban	Rural	Urban	Rural	Urban	Rural
Apr-22	489	1725	469	1699	466	1699	3	0	0	0	0	0
May-22	489	1729	464	1707	461	1707	3	0	0	0	0	0
Jun-22	483	1739	456	1719	449	1650	7	57	0	12	0	0
Jul-22	483	1739	456	1721	442	1669	14	38	0	14	0	0
Aug-22	473	1754	445	1736	406	1700	31	17	8	19	0	0
Sep-22	476	1752	453	1738	429	1707	19	11	5	20	0	0

## Energy Audit of Towns &amp; Cities

SL NO	Name of the Town / City having population of more than 50,000	Period	Energy Input to the City / Town in MU	Total sales in MU	Energy Loss in MU	Energy Loss - %	Remarks (Increase / Decrease in % Energy Loss)
	1	2	3	4	5	6	7
1	YADGIR	FY-23 (April-22 to September-22)	30.41	27.39	3.02	9.93	-2.08
2	SHAHAPUR		20.67	18.61	2.06	9.96	-3.34
3	SHORAPUR		13.48	12.35	1.13	8.39	-1.80
4	BIDAR		90.77	80.39	10.38	11.44	-1.66
5	BASAVA KALYAN		17.47	16.39	1.08	6.18	-4.43
6	RAICHUR URBAN		128.24	109.44	18.81	14.66	-2.49
7	SINDHANUR		24.76	22.71	2.05	8.28	-3.42
8	KOPPAL		29.12	25.92	3.20	10.99	-1.13
9	GANGAVATHI		34.22	30.19	4.03	11.78	-2.10
10	HOSPET URBAN		66.79	61.00	5.79	8.67	-1.85
11	BALLARI URBAN		154.66	137.94	16.72	10.81	-0.95
12	SIRUGUPPA		17.43	15.81	1.62	9.31	-0.41
13	KALABURAGI URBAN		257.70	227.09	30.61	11.88	-0.49

## Energy Audit of Distribution Transformer Centres (DTCs) from April -Sept 22

Month	No. of DTCs as at the beginning of the month	No. of DTCs added during the month	Total No. of DTCs	No. of DTCs metered as at the beginning of the month	DTCs metered during the month	Total no. of DTCs metered	Balance DTCs to be metered	No of DTCs where Meters Not Working / Faulty etc.,	Total DTCs where meter are working	No of DTCs for which Energy Audit is Done	No of DTC meters AMI enabled		No of DTCs for which consumer indexing completed	Analysis of DTC Level % Loss wrt Col. 10 (no.s)				
											Nos Communicating	Nos audited through AMI		< 5	5 to 10	10 to 15	15 to 20	> 20
	1	2	3=1+2	4	5	6=4+5	7=3-6	8	9	10	11	12	13	14	15	16	17	18
Apr-22	43577	323	43900	29399	41	29440	14460	15719	13721	13682	-	-	13682	2152	7439	3936	137	18
May-22	43900	538	44438	29440	2	29442	14996	15721	13721	13683	-	-	13683	2121	7524	3699	324	15
Jun-22	44438	279	44717	29442	0	29442	15275	15701	13741	13707	-	-	13707	2124	7538	3652	316	77
Jul-22	44717	184	44901	29442	0	29442	15459	15701	13741	13715	-	-	13715	2130	7557	3682	272	74
Aug-22	44901	166	45067	29442	30	29472	15595	15731	13741	13715	-	-	13715	1833	7679	3503	612	88
Sep-22	45067	79	45146	29472	62	29534	15674	15757	13741	13715	-	-	13715	1788	7368	3801	680	78

In its replies preliminary observations, GESCOM has stated that:

**Energy Audit of cities / towns**

As on 30.11.22, there are 32,20,256 installations of which Consumer Indexing has been completed for 31,88,694 installations and is balance for 31,562 installations which is likely to be completed by 31.03.2023

DTCs Energy Audit:

GESCOM is submitting monthly DTC Energy Audit to KERC regularly.

Following remedial measures are being taken to reduce DTC losses:

1. Replacement of DC/MNR Meters
2. Replacement of old/deteriorated/low capacity LT conductors.
3. Replacement of Electromechanical Meters by Electro -Static Meters
4. Increased vigilance activities in high loss areas.
5. Providing additional transformers for load relief.
6. Shifting of DTCs to load centers wherever necessary.
7. Phase balancing.

In GESCOM jurisdiction as on Sept-22 there are total no. of 45146 non-IP DTCs, of which 29534 are metered and out of the metered DTCs 13715 nos. are being audited.

Presently in GESCOM there are no DTC meters with AMI feature and DTC Energy Audit is being carried out manually.

As per Amendment Regulation w.r.t Bureau of Energy Efficiency (Manner and Intervals or Conduct of Energy audit in electricity Distribution Companies) Regulations, 2021 it is mandated for all DISCOMs to complete 100% DTC metering by December 2025.

The same shall be complied by GESCOM in a phased manner so as to achieve 100% DTC Metering by Dec-25. Further, the work will be covered under RDSS subject to approval of GoK otherwise the same shall be carried out under CAPEX plan in a phased manner in order to achieve 100% DTC metering by Dec-2025.

#### **Commission's Views:**

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 towns. The GESCOM is directed to focus on the towns and cities having a distribution loss of more than 8% and take corrective measures to bring down the losses. GESCOM is also directed to conduct such energy audit and submit compliance thereon every quarter, regularly to the Commission.

GESCOM has failed to conduct the energy audit of all the metered DTCs in spite of the provisions with Automatic Meter Reading facility established in RAPDRP towns. Similarly, GESCOM is not furnishing the information on the energy audit of all the 11 kV feeders operating in its jurisdiction regularly. The Commission has taken a serious note on the manual reading of the energy meters provided to the DTCs, despite incurring huge amounts on establishing the infrastructure for automatic reading of the energy meters. It seems that the GESCOM is not interested in adopting accounting / auditing of energy as its core function,



despite spending huge amounts of money on various projects like the TRM and many other software.

**The Commission notes that GESCOM should have taken action to continue the energy audit of the DTCs for which the metering is completed.**

**Therefore, 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 based on the results of the energy audit. The compliance in respect of energy audit conducted, with the details of analysis and the remedial measures initiated to reduce loss levels shall be regularly submitted to the Commission on a quarterly basis.**

**The Commission directs GESCOM to continue to conduct workshops at the Division Office level, for educating the officers of all cadre on the importance of conducting the energy audit, feeder-wise, DTC-wise etc., and motivating them to take action to reduce the losses in their areas besides addressing issues relating to consumer tagging, strictly servicing all the installations by providing appropriate energy meters, providing and maintaining energy meters to the DTCs, Metering of Street light installations, replacement of electromechanical meters etc. Further, the feeder-wise and DTC-wise energy audit shall be reviewed in the review meetings at the Circle level every month.**

**The Commission directs GESCOM to submit a consolidated energy audit report for the FY23, before 31<sup>st</sup> June 2023, as per the formats prescribed by the Commission.**

#### **6. 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. This has resulted in a serious mismatch between the power supplied, expenditure incurred and the revenue realized by the ESCOMs. 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:

Hon'ble Commission has directed GESCOM to fix the target to each of the divisions in order to achieve the overall target fixed by KERC for the Financial Year 2023 w.r.t to Distribution loss & to collect the required ARR for FY 2023.

The following target is fixed to the O&M Divisions based on distribution of losses & ARR of previous.

SI No	Division	Division wise Energy Allocation based on the GESCOM approved Energy at If Point in MU	Division wise Energy Sales based on the GESCOM approved Sales in MU	Division wise Distribution Loss target fixed in %	Division wise ARR based on the GESCOM approved ARR in Rs. Crores	Division wise ARR target in Rs/Unit
1	2	3	4	$5=(3-4)/3*100$	6	$7=6/4$
1	Gulbarga CSC	424.02	373.73	11.86	322.68	8.63
2	Gulbarga Div-I	614.84	557.10	9.39	433.44	7.78
3	Gulbarga Div-II	319.21	287.68	9.88	248.84	8.65
4	Sedam	304.92	276.67	9.26	236.15	8.54
5	Yadgir	736.74	657.05	10.82	494.79	7.53
6	Bidar	676.09	613.27	9.29	495.65	8.08

7	Humnabad	438.24	397.62	9.27	309.47	7.78
8	Ballari CSC	281.63	249.90	11.26	204.27	8.17
9	Ballari Rural	904.65	795.39	12.08	667.49	8.39
10	Hospet CSC	364.10	333.64	8.36	286.62	8.59
11	Hospet Rural	703.56	616.89	12.32	502.29	8.14
12	Raichur CSC	229.69	208.52	9.21	188.05	9.02
13	Raichur Rural	822.43	713.80	13.21	551.16	7.72
14	Sindhanoor	555.11	499.79	9.97	377.61	7.56
15	Koppal	830.00	767.88	7.48	668.08	8.70
16	Gangavathi	646.09	572.97	11.32	439.87	7.68
	Total	<b>8851.30</b>	<b>7921.91</b>	<b>10.50</b>	<b>6426.46</b>	<b>8.11</b>

Implementation of Financial Management Framework							
For FY-22 (April -2022 to Sept-2022)							
Sl No	Name of Division	Target		Achieved		Difference	
		Distribution Loss %	Average Realization Rate as per tariff order- FY21 Rs.	Distribution Loss - %	Average Realization Rate Rs.	Distribution Loss - %	Average Realization Rate Rs.
1	2	3	4	5	6	7=(5-3)	8=(6-4)
1	Gulbarga CSC	11.86	8.63	13.7	8.24	1.84	-0.39
2	Gulbarga Div-I	9.39	7.78	12.88	7.42	3.49	-0.36
3	Gulbarga Div-II	9.88	8.65	11.37	8.24	1.49	-0.41
4	Sedam	9.26	8.54	4.42	8.83	-4.84	0.29
5	Yadgir	10.82	7.53	15.82	7.61	5.00	0.08
6	Bidar	9.29	8.08	8.51	7.72	-0.78	-0.36
7	Humnabad	9.27	7.78	8.51	7.44	-0.76	-0.34
8	Ballari CSC	11.26	8.17	15.21	8.09	3.95	-0.08
9	Ballari Rural	12.08	8.39	12.37	8.23	0.29	-0.16
10	Hospet CSC	8.36	8.59	11.16	8.45	2.80	-0.14
11	Hospet Rural	12.32	8.14	11.99	7.86	-0.33	-0.28
12	Raichur CSC	9.21	9.02	13.36	9.01	4.15	-0.01
13	Raichur Rural	13.21	7.72	16.68	7.64	3.47	-0.08

14	Sindhanoor	9.97	7.56	9.25	7.49	-0.72	-0.07
15	Koppal	7.48	8.7	7.71	8.02	0.23	-0.68
16	Gangavathi	11.32	7.68	13.11	7.59	1.79	-0.09

**Financial Management frameworks FY-23 (up to Sept 23)**

<b>Top 5 Division in terms of Distribution Loss &amp; ARR</b>				
<b>Sl. No</b>	<b>Divisions</b>	<b>Dist. Loss in %age</b>	<b>Divisions</b>	<b>ARR</b>
1	Sedam	4.42	Raichur CSC	9.01
2	Koppal	7.71	Sedam	8.83
3	Bidar	8.51	Hospet CSC	8.45
4	Humnabad	8.51	Gulbarga Div-II	8.24
5	Sindhanoor	9.25	Gulbarga CSC	8.24

<b>Poor 5 Division in terms of Distribution Loss &amp; ARR</b>				
<b>Sl. No</b>	<b>Divisions</b>	<b>Dist. Loss in % age</b>	<b>Divisions</b>	<b>ARR</b>
1	<b>Raichur Rural</b>	<b>16.68</b>	<b>Gulbarga Div-I</b>	<b>7.42</b>
2	<b>Yadgir</b>	<b>15.82</b>	<b>Humnabad</b>	<b>7.44</b>
3	<b>Ballari CSC</b>	<b>15.21</b>	<b>Sindhanoor</b>	<b>7.49</b>
4	<b>Gulbarga CSC</b>	<b>13.7</b>	<b>Gangavathi</b>	<b>7.59</b>
5	<b>Raichur CSC</b>	<b>13.36</b>	<b>Yadgir</b>	<b>7.61</b>

As directed by the Commission in Review Meetings, the GESCOM has taken action for recovery of arrears from the Urban & Rural local bodies. An amount of Rs. 92.32 crores & Rs. 52.58 crores were collected from Rural and Urban Local Bodies respectively from April to Sept-2022. The amount to be recovered in respect of ULB is Rs.111.46 crore & is Rs. 1308.18 crore in respect of RLB at the end of sept 2022.

As of 31.03.2022 the outstanding amount is at Rs. 97.51 crore. The total demand for FY-22 is Rs. 5817.59 and collection stood at Rs.5641.37 with over all collection

efficiency of 96.97%. The demand for FY-23 up to Sept-2022 is Rs.3214.05 Crores out of which Rs 2972.04 Crores is collected with over all collection efficiency stood at 92.47%.

The GESCOM has achieved the overall T&D losses for FY-22 as 10.54 % against the T&D losses 10.75% approved by the Commission.

The average realization rate per unit fixed for FY-22 as per Tariff Order FY-21 is Rs. 7.74 per unit and including tax at a rate of 9% per month which amounts to Rs. 8.44 per unit.

In its replies to preliminary observations, GESCOM has stated that monthly sub division wise revenue review meetings are being conducted under the chairmanship of Managing Director wherein the recovery progress in respect of installations with arrears Rs. 5000 and more are reviewed and targets in respect of monthly collection and arrears collections are fixed for all subdivisions. The achievement of target is monitored and appreciation certificates are issued for having achieved the targets and to encourage the concerned officers. Similarly reviews meetings are conducted at Zonal/ Circle/ Divisional Levels.

Recovery of Government department dues is pursued on a continuous basis with the concerned departments at sub divisional/ divisional levels. Correspondence with the District CEOs/ Dept. Heads is done regularly from corporate office. Energy department, GoK, is also pursuing with the corresponding department for release of Grant towards clearing of electricity dues

#### **Commission's Views:**

The Commission notes that, though the GESCOM has implemented the financial framework model designed by it, it is not submitting the compliance in respect of implementation of Financial Management Framework, on quarterly basis, to the Commission, as directed.

The Commission directs GESCOM to continue to 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. 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-performing divisions in sales with low performing divisions, in terms of low AT & C loss levels and high revenue realization, so as to plug the loopholes in low performing divisions.
- g) Targets and 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 lacuna's / issues viz., tagging of consumers properly etc.

Based on the above analysis, GESCOM needs to take corrective measures to ensure 100 per cent meter reading, billing, and collection, through identification of feeders showing high losses, sub-normal consumption in meters, replacement of non-recording meters etc.

**The Matter of monitoring of revenue realization is a routine administrative function to be done at the Corporate level by MD and the Director Finance / Financial Advisers. Hence, the Commission decides not to pursue the directive hereafter.**

#### **7. 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 the 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 shall be submitted by the GESCOM to the Commission.

### Compliance by the GESCOM:

GESCOM is closely monitoring the progress of inspection of its distribution system including street light installations and other work under the control of local bodies by field staff and the discrepancies found in the system are set right on priority. During the review meetings held at Corporate/ Zone/Circle/Division levels, the officers are strictly instructed to take action for prevention of Electrical Accidents. As per the direction of the Commission the awareness programmes/ campaigns are being organized on electrical safety aspects and action taken for use of safety gear by powermen.

The officers are being informed to carry out the regular inspection of installations such as irrigation pump houses on priority and also cow sheds and under construction buildings for identification of hazardous installations. During such inspections the consumers are educated of likely hazard and the officer are persuading the consumers to take up the rectification work if any. GESCOM has taken action through print media for publishing the Do's and Don'ts for safely handling the electrical appliances.

### Details of preventive measures taken to reduce Electrical Accidents during FY-23 (up to September 2022)

Sl.no	FY-22	Number of Accidents Occurred (No of cases)	Departmental (No. of Victims)		Non-Departmental (No. of Victims)		No. of Animals/ Live Stock	Major Causes for accidents	Remarks/ Remedial Measures taken for prevention of accident
			Fatal	Non-Fatal	Fatal	Non-Fatal			
1	Apr-22	20	0	1	10	4	7	1) Accidental contact with live wires 2)snapping of conductors,	1) Technical/ safety Audit of Distribution system to identify hazardous
2	May-22	45	0	4	11	2	29		
3	Jun-22	39	0	2	6	9	46		
<b>Q1 Total</b>		104	0	7	27	15	82		
4	Jul-22	44	0	4	14	5	42		

5	Aug-22	31	1	0	7	7	21	3)consumer internal wiring fault 4)Grounding due to leakage of Current in cable joints 5) Unauthorized shifting of installation, extension of lines, meddling with ESCOM's properties and construction of building close to power lines.	locations and rectifying those locations. 2) Replacing deteriorated poles by good one. 3) Proving caution notice regarding electrical equipment/ line 4)Providing fencing around the DTCs. 5)Providing additional Transformers at loaded DTCs 6) Providing Safety Tools & Gears to all maintenance men 7) Creating Safety awareness 8) In Schools/ Colleges a Drawing Competition conducted regarding Safety awareness / Energy saving Program.
6	Sep-22	33	0	1	14	6	21		
<b>Q2 Total</b>		108	1	5	35	18	84		
<b>Total (Q1+Q2)</b>		212	1	12	62	33	166		

Every year GESCOM earmarks budget under CAPEX specifically for preventive measures to reduce electrical accidents and for safety.

The details of budget allocated for FY22 and hazardous location identified and rectified during the period are as follows:

SI No	Locations Identified including OB	Location Rectified	Balance	Capex Allocated in lakh	Capex utilized in lakh	Remarks
1	2975	2380	595	3562.44	1954.40	

The details of budget allocated for FY23 and hazardous locations identified and rectified up to Sept-22 are as follows:



SI No	Locations Identified including OB	Location Rectified	Balance	Capex Allocated	Capex utilized	Remarks
1	1309	676	633	2383.52	1370.11	

Further, identification and rectification of hazardous locations in and around Schools/Colleges and Hostel premises are taken on top priority.

The details of hazardous locations identified and rectified in and around Schools/Colleges and Hostel as during FY-22 and FY-23(up to Sept22) are as follows:

FY-22			FY-23 (up to Sept-22)		
Locations Identified including OB	Location Rectified	Balance	Locations Identified including OB	Location Rectified	Balance
769	743	26	85	81	4

As per directions of Energy Department, GoK GESCOM has carried out Distribution Transformer and Feeder Maintenance Abhiyan during which various activities pertaining to prevention of electrical accidents have been carried out. GESCOM is conducting regular inspection of the Elements of Distribution System for identifying and rectification of discrepancies for existing / ongoing / completed works and the targets are fixed to Divisions/Sub-divisions/ Sections for inspections of system. Also, the more stress is given to identify the hazardous locations and set right of such locations, and the progress is being monitored and reviewed during meetings conducted at Circle / Zonal / Corporate Office level on Monthly basis.

Inspection of all materials required for ongoing works are being carried out by the TA&QC wing of GESCOM at factory site before dispatch. And inspection of materials used in completed works is carried out by TA&QC as well concerned Works Unit Engineer at the time of joint inventory to ensure the quality of works.

**Further, the following programs have been conducted to bring awareness among the public.**

- News Paper and Deepawali Special Magazine notification on electrical safety and Energy conservation in Karnataka Sandhya Kala, Samyukta Karnataka, Karma veera, Kannad Prabha, Vijay Karnatka, Udayavani, Hosa Diganta, Vijaya Vani and Sanje Vani.

GESCOM has conducted workshops on safety aspects to the line men in each and every O&M division. The details of Do's and Dont's while handling electrical appliances and prevention of Electrical Accidents, also regarding saving of electricity by using energy efficient appliances along with the details of various facilities for bill payments published in the leading news papers and Depavali special magazines.

Remedial Measures :

GESCOM has taken remedial measures to reduce the accidents and regarding other system improvement works, lot of efforts are made to strengthen distribution system like:

- Stringing of loose spans in conductors
- Fencing of Distribution transformers
- Providing intermediate poles
- Replacing old aged poles by good one.
  - All field officers are instructed for proper supervision of installation and construction of electric lines/apparatus. EEs/SEE/CEEs are monitoring the works and use of safety tools.
  - Awareness 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 are trained in safety workshops held at divisional levels and mock drills to use safety gear and maintain safety equipment in sound and working condition.
  - Field staff are trained periodically to use safety gear and work on lines by creating safety zones and to maintain clearances of buildings from overhead lines & apparatus, DTCs etc., as per norms.
  - Awareness among general public created through advertisements to not to use grid AC supply for electric fencing.

- Discussions held with customers at regular customer interaction meetings regarding electrical safety, Electricity conservation etc.
- GESCOM will continue to put all efforts to create awareness among general public and maintenance staff and aims to become accidents free utility.

**In its replies to preliminary observations, GESCOM has stated that:**

The details of hazardous locations identified and balance number to be rectified for FY 22 and FY 23 up to October 22 and Action Plan for FY 23 is submitted to the Commission.

During FY-22, 116 number of inspection reports and in FY23 (up to September-2022), 90 number of inspection reports are received from Electrical Inspectorate. The analysis is being done and found that majority of accidents are occurred due to violation of regulations governing maintenance of overhead lines and providing protection systems for overhead lines. Also, many accidents occurred due to violation of regulations governing safe use of electricity by consumers and safe transportation of materials near electric lines and un-authorized use of electricity by the victims. Brief analysis is as below:

Sl. No	Reason for Accidents	Violated Regulation	No of Instances	
			FY22	FY23(Up to Sept-22)
1	Operation and maintenance of transmission, distribution systems by qualified sub-station Staff	7	1	-
2	Due to creation of hazardous locations because of age old lines such as Snapping of conductor, failure of insulators etc.	12	65	63
3	Maintenance of Service lines and apparatus on consumer's premises by consumer and licensee.	13	16	21
4	Before any conductor or apparatus is handled, adequate precautions shall be taken, by earthing or other suitable means.	19	12	4
5	Non-usage of protective devices by consumer such as MCB/ELCB/Circuit Breaker etc.	35	23	1
6	Earthing & installation of Earth leakage protective device	41 & 42	25	-
7	Inter-locks and protection for use of electricity at voltage exceeding 650 Volts: Isolators and the controlling circuit breakers shall be interlocked so that the isolators cannot be operated unless the corresponding breaker is in open position	45	10	1
8	Vertical and horizontal clearances between buildings and LT, 11kV, 33kV lines etc to be violation of safety norms by consumer as per norms so that lines do not pose danger to life or property	58, 60 & 61	25	8
9	Transporting and storing of material near overhead lines without permission from licensee.	64	6	1

10	<i>PCC/PSC/RCC overhead lines supports and metallic fittings attached thereto like Guy set etc. shall be efficiently earthed.</i>	72	3	1
11	<i>Idle lines to be maintained as lines which are in service</i>	75	1	-
12	<i>Grid AC supply should not be used for electric fencing</i>	135	8	3

### Commission's Views:

The Commission notes that the GESCOM has taken several remedial measures to improve its distribution network and also has taken up programmes to create awareness and to educate the field staff as well as public about the electrical safety measures. However, despite all these measures taken by the GESCOM, the rate of fatal electrical accidents involving human, animal and livestock is on an increase, which is a matter of serious concern. Going by the number of preventive measures/ works taken up by GESCOM as reported by it, the accidents especially involving fatal should have been reduced or minimized. From the details of identification, rectification of hazardous locations submitted by GESCOM in its compliance to the observations, it is noted that still there are many identified hazardous locations are remaining unattended. GESCOM has not furnished any action plan for rectification of the these identified and remaining hazardous locations.

The increase in number 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. GESCOM should also 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 continue to carry out more effective periodical maintenance works, 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. GESCOM should direct the field staff to ensure that the earth leakage circuit breakers (ELCB) are installed by the consumers as per the safety

code/regulations while availing service to prevent accidents due to internal faults. Sufficient campaign in this regard needs to be done to create awareness among the public about the electrical safety.

The Commission is of the view that the existence of hazardous installations in the distribution network is because of the sub-standard works carried out without adhering to the best and standard practices in construction / expansion of the distribution network. To ensure quality in execution of the works conforming to the standards is the need of the hour to prevent any untoward incidents to public from the failure of equipment / snapping of conductors. GESCOM needs to carryout preventive maintenance works as per pre-arranged schedule as per the Safety Technical Manual issued by the Commission to keep the network equipment in healthy condition besides conducting regular safety audit of its distribution system. GESCOM should also take up regular inspection of consumer installations especially IP sets, pump houses, cow sheds and buildings under construction to identify hazardous installations, educate the consumers about likely hazards and persuade them to take up rectification of such hazardous installations.

**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 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.**

**GESCOM shall submit an action plan for reducing the accidents in its area and the details of envisaged programmes to create awareness and to educate the field staff and public about the electrical safety measures within three months of the date of this Order. The compliance thereon shall be submitted to the Commission on quarterly basis, regularly.**

## APPENDIX-1

**Gist of the objections of the stakeholders/public, GESCOM's response and the Commission's views:**

<b>Objections on Tariff Issues</b>	
<b>Objections</b>	<b>Replies by GESCOM</b>
<p>1. As per Regulation 2.7.1 of MYT 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 30<sup>th</sup> Nov 2022, which has not been done. (Done on 03-01-2023) On this count this Application is not maintainable.</p>	<p>GESCOM has filed Determination of Tariff Application for FY24 in time i.e., on 30.11.2022.</p>
<p><b>Commission' views:</b> The reply furnished by GESCOM is acceptable. The objectors should verify the facts properly before raising the objections. The year of filing is also not shown correctly.</p>	
<p>2. GESCOM should have clearly indicated steps taken for improvement of efficiency since the date of previous order and earlier orders issued by the Commission indicating the efficiency gains of GESCOM, which could be ultimately transferred to the consumers proportionately. Commission in its Tariff order 2022 has clearly commented that GESCOM should provide a brief note on steps taken to improve the Efficiency in the Tariff revision application. It is not done by GESCOM. <b>In the absence of any specific gains the application is not maintainable.</b></p>	<p>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 30.11.2022, are in the formats prescribed 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.</p> <p>Supply position and quality of supply have improved and interruptions are reduced as compared to previous year. 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 result of the implementation of DDUGJY/NJY, the IP set consumers are also provided with quality power supply. Hence, taking into consideration of the above, the present revision of Tariff has been filed as per Tariff Regulations 2006 and Tariff Order No. D/01/6 dated 31.05.2006.</p> <p>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 10.54% at end FY22. Further GESCOM is Planning to reduce the distribution loss by the end of FY23.</p>

	<p>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, 11KV 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 &amp; other Schemes. In spite of shortage of man power, GESCOM is thriving to improve its efficiency.</p> <p>GESCOM has made net profit of Rs. 10.11Crores in the FY22, as against loss of Rs.1116.68 Crores during FY21. The Distribution Loss for FY22 is reduced to 10.54 % as against 11.72 % in FY21. The GESCOM has submitted details in the petition filed before the Commission.</p> <p>GESCOM has transferred the efficiency gains to the consumers duly following the directives set by KERC.</p>															
<p><b>Commission's Views:</b> The Commission has taken note of the reply furnished by the GESCOM.the gains and losses are shared in terms of the MYT Regulations. The ESCOMs are being penalized for non-achivement of target losses. The compliance to directives is discussed in the relevant chapter.</p>																
<p>3. GESCOM has stated that the Gap for FY24 is Rs.1160.66 Crores and requested the Commission to hike the tariff by 137 paise per unit for all category of consumers. In the ARR of FY24. The figures in respect of purchase of power, transmission charges, employee cost, providing additional DTCs, Meters, DAS etc are found to be enhanced. Actually this much capital expenditure will not happen. Hence capital expenditure can be reduced by Rs.500 crores. GESCOM has asked hike of 137 paise per Unit, which is not justifiable.</p>	<p>GESCOM in its tariff petition has submitted the profit of FY22, at operational level Rs.116.96 Crores and the net profit of Rs.10.11 Crores. GESCOM has projected the ARR considering the reasonable estimated expenditure to be incurred for FY24. The statement of expenditure which is incurred as per financial statement is filed before the Commission. Hence the amounts include not only power purchased cost but other cost also.</p> <p>The gap of FY24 is Rs.1160.66 Crores is detailed as under:</p> <table border="1" data-bbox="711 1434 1375 1698"> <thead> <tr> <th>Sl. No</th> <th>Particulars</th> <th>Amount In Rs crores</th> </tr> </thead> <tbody> <tr> <td>1</td> <td>Power Purchase Cost including Transmission PGCIL, &amp; SLDC charges</td> <td>6188.53</td> </tr> <tr> <td>2</td> <td>O&amp;M Expenses</td> <td>1145.09</td> </tr> <tr> <td>3</td> <td>Interest and Finance Cost</td> <td>490.13</td> </tr> <tr> <td>4</td> <td>Depreciation</td> <td>246.20</td> </tr> </tbody> </table> <p>For which 137 paisa hike is required to meet out the entire gap for FY24. The legitimate expenses incurred during financial year FY22, shall be allowed in true up for FY22.</p>	Sl. No	Particulars	Amount In Rs crores	1	Power Purchase Cost including Transmission PGCIL, & SLDC charges	6188.53	2	O&M Expenses	1145.09	3	Interest and Finance Cost	490.13	4	Depreciation	246.20
Sl. No	Particulars	Amount In Rs crores														
1	Power Purchase Cost including Transmission PGCIL, & SLDC charges	6188.53														
2	O&M Expenses	1145.09														
3	Interest and Finance Cost	490.13														
4	Depreciation	246.20														

**Commission's Views:** The Commission has taken note of the reply furnished by the GESCOM and the matter has been dealt with appropriately in the relevant chapter of this Tariff Order.

4. The HT consumption has come down during FY22. Hence, the additional purchase goes to IP sets and HT consumers are made to pay this additional purchase which actually goes to IP sets. This results in greater increase in HT tariff. Hence, HT consumers are leaving Grid and opting private purchase. In order to prevent HT consumers from leaving the Grid, tariff of HT consumers should be reduced by at least 100 paise per unit.

HT Tariff hike sought is Rs. 5.85 per unit which is lesser than other Tariff Categories where tariff hike is sought to an extent of Rs.9.00 per unit.

The objector's contention that HT Consumption has come down during FY22 is completely incorrect. During FY22 consumption has increased across categories. Details as under:

Sales Comparison FY21 V/s FY22:

Category	Sales		
	FY21 in MU	FY22 in MU	Increase in %
LT –Other than IP Set	2709.72	2756.45	1.72%
LT - IP Set	3041.47	3497.60	15.00%
HT	1251.04	1573.25	25.76%
Total	7002.23	7827.30	11.78%

As indicated above the HT sale increased by 25.76% due to increase in industrial activities post recovery from the COVID-19 virus and removal of lockdown imposed by the Govt.

The IP set sales for FY22, stood at 3497.60 MU compared to previous year. The increase in sales to IP set is due to good rains received in GESCOM area and due to this the dried up IP sets are recharged. However, to consume more power from GESCOM grid the energy charges for HT consumer is proposed at Rs.5.85 per unit lower than the existing tariff.

The objector's contention that HT Consumers are leaving GESCOM Grid is also incorrect. The details of HT Consumers availing power supply during FY21 and FY22 are as under:

Particulars	FY21	FY22	Decrease
OA, W&B Consumers	730.02 MU	696.23 MU	33.79
No of installations	45	44	1

As indicated earlier that the HT Consumption has increased during FY22 YoY and Open access consumption has decreased. This shows that the objectors statement that HT consumers are leaving GESCOM Grid, is factually incorrect.



<p><b>Commission's Views:</b> The Commission has taken note of the reply furnished by the GESCOM. The sales to HT consumers and IP Sets is discussed in the relevant chapter. Further, the DERS and SIS schemes to attracts HT consumers is discussed in the relevant chapter.</p>	
<p>5. As per the tariff policy any tariff to be fixed should be with in +/-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 HT 2 (a) will have to be brought down by 50%, which KASSIA is trying to justify. GESCOM is giving non-convincing replies. At least in case of HT 2 (a) category cost to serve should be worked out. Hence this Tariff Application should be rejected.</p>	<p>The present tariffs orders issued by the Commission are within +/-20% of the average cost of supply except for certain categories. Further the tariffs are determined for various categories based on the Economic conditions and paying capacity of the consumers.</p>
<p><b>Commission's Views:</b> Reply furnished by GESCOM is noted. The Commission has been determining the tariff based on average cost of supply and is endeavouring to limit the cross subsidy to +/- 20% of the average cost of supply . Further, as per the directions of the Hon'ble ATE, the levels of cross subsidy surcharge with reference to voltage-wise cost to serve for different categories of consumers, has been indicated in the Annexure to the tariff order.</p>	
<p>6. 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 news papers a least 24 hours before, which is not done. In such cases GESCOM should resort to 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.</p>	<p>At Present, GESCOM is in surplus power situation and hence, no load shedding has been imposed for any category of consumers and also spot purchase of power through exchanges have been made on need basis for short time spans. For planned maintenance, notification is being published in the newspapers at least 24 hours before the scheduled time of availing line clear works.</p>

**Commission's Views:** The Commission has taken note of the reply furnished by the GESCOM and directs GESCOM to make arrangements to inform the consumers on scheduled outages for maintenance etc. GESCOM shall maintain and update the consumer database for sending messages indicating the power outages, restoration of power etc.the direction issued on load shedding shall be followed.

7. Average cost of supply is Rs.7.74 per Unit. But IP sets are charged only Rs.3.90. GOK should pay the difference as subsidy. But it is 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 difference should be recovered from Govt.

The Average cost of Supply(ACS) is 7.74 is approved by commission but actual ACS for FY22 is 7.63. The above energy charges do not pertain to GESCOM, either for APR of FY22 or ARR of FY24, tariff petition. However, IP Set consumers are billed at Commission Determined Tariff(CDT).

**Commission's Views:** The Commission advises the stakeholder to properly verify the facts before raising the objections, in order to enable the ESCOM to respond to the objection.further, for IP sets the Commission is determining CDT considering the cross subsidy from subsidizing categories, based on which the GoK has to release the subsidy. The CDT would be less than the average cost of supply depending upon the amount of cross subsidy available.

8. Commission has directed GESCOM to achieve HT/LT ratio of 1:1. In this tariff petition, the ratio is 1:1.27 GESCOM has not brought down the ratio.

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.

Sl. No	Year	HT:LT ratio
1	2013-14	1:1.82
2	2014-15	1:1.74
3	2015-16	1:1.58
4	2016-17	1:1.56
5	2017-18	1:1.49
6	2018-19	1:1.47
7	2019-20	1:1.29
8	2020-21	1:1.299
9	2021-22	1:1.284
10	2022-23 (Up to December-22)	1:1.270

Further, GESCOM is also taking up construction of new link lines wherever new substations and also new 11KV lines are constructed to bifurcate

	overload/lengthy feeders under Capex, that would contribute to further reduction of HT: LT ratio. Also the various system improvement works are proposed which will further reduce the HT: LT Ratio.
<b>Commission' views:</b> The Commission has taken note of the reply furnished by the GESCOM.	
9. The objector has submitted that the important directives in respect of the universal metering, cost of supply, paying capacity, and pre-paid meters which 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.	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.
<b>Commission' views:</b> The Compliance to directives has been exclusively discussed in the tariff order and the objector is advised to refer to it.	
10. Since, the applicant has totally failed to improve the efficiency of its operations by implementing the directives issued by the Commission to that effect; the hike in tariffs sought by the petitioner 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.  For the aforesaid reasons the Tariff Revision Petition is not maintainable.	The compliance to the Commission's Directives is submitted in chapter-2 (page 14 – page 113) of the Tariff petition providing a detailed explanation on the actions initiated by GESCOM for all the Directives during the year. The conditions of the power supply situation and quality of power in both urban and rural areas has significantly improved. The filings of the Company are not defective in the matter.
<b>Commission' views:</b> The Commission has taken note of the reply furnished by the GESCOM and the objectors are advised to give specific instances of non-compliance of directives or	

supply of poor quality power so that GESCOM could be directed to address the matter. Further, the Commission has provided rebate in tariff for the consumers in the rural area, which is discussed in the relevant chapter.	
11. Approved distribution losses were 10.75 %. But actual AT & T loss is much more than that. HVDS is not done. HT:LT ratio is not reduced. There are no honest efforts in reducing the losses.	The distribution loss for FY22 stands at 10.54% against the approved loss levels of 10.75%, whereby the Distribution loss target given by KERC has been achieved.
<b>Commission' views:</b> The Commission has taken note of the reply furnished by the GESCOM. . the Commission is not considering AT and C losses, as collection from some of the categories pertaining to Government installations would not be recovered in time and the collection efficiency would be inconsistent depending upon the release of arrears payment by such installations, distorting the ATC losses. Further, the Commission is penalizing the ESCOMs for non-achievement of target losses. Also the Commission has directed not to carry out HVDS works , until further orders, keeping in view the CAPEX involved.	
12. The Commission approved power purchase of 85.89 MU. for HT Commercial. But GESCOM has purchased 65.82 MU. This less purchase is due to fall in HT consumption. Many HT consumers have left the Grid. HT Tariff should be reduced so that HT Consumers may not leave the grid.	The above figures does not pertains to GESCOM.
<b>Commission's Views:</b> The Commission notes the reply furnished by GESCOM. As against the approved quantum of 85.89MU, GESCOM has sold 65.82MU in FY22. The Commission has continued the DERS and SIS, to attract HT consumers, which is discussed in the relevant chapter.	
13. The sales by GESCOM is Rs.7827.31 Crores, which is more than the KERC approved sales of Rs.7686.94 Crores for FY22. The additional sales have gone to IP sets.	HT revenue has increased for FY22 ie., Rs.1366 Crores compared to FY21 i.e. Rs.1141 Crores & there is increase of 19 % YoY compared to FY21.
<b>Commission' views:</b> The Commission notes that as against the approved sales of 7686.94 MU, the actual sales is 7827.30MU. The category-wise sales analysis is discussed in the relevant chapter. .	
14. GESCOM has not provided the details of expenditure made towards repairs of failed DTCs. It appears the failures are more than 5 %. This is inefficiency of GESCOM.	For FY22, the Funds allocated for Replacement of Failed Transformers was Rs.10.96 Crores and expenditure booked was Rs.17.07 Crores .
<b>Commission's Views:</b> The Commission has taken note of the reply furnished by the GESCOM.	

<p>15. Specific consumption of IP sets as approved was 7512, but actually it was 8367 in FY 22. Such a great variation. This will result in wrong calculation of losses and subsidy.</p>	<p>The IP Set Consumption depends on type of crop cultivation and rain fall during that year. The details are as under:</p> <table border="1" data-bbox="779 388 1307 850"> <thead> <tr> <th>Financial year</th> <th>Specific Consumption Approved by commission</th> <th>Specific Consumption as per Actuals</th> </tr> </thead> <tbody> <tr> <td>FY15</td> <td>9838</td> <td>9946</td> </tr> <tr> <td>FY16</td> <td>9503</td> <td>10131</td> </tr> <tr> <td>FY17</td> <td>9503</td> <td>9314</td> </tr> <tr> <td>FY18</td> <td>9743</td> <td>8409</td> </tr> <tr> <td>FY19</td> <td>9314</td> <td>9594</td> </tr> <tr> <td>FY20</td> <td>8964</td> <td>7824</td> </tr> <tr> <td>FY21</td> <td>7947</td> <td>7536</td> </tr> <tr> <td>FY22</td> <td>7510</td> <td>8368</td> </tr> </tbody> </table>	Financial year	Specific Consumption Approved by commission	Specific Consumption as per Actuals	FY15	9838	9946	FY16	9503	10131	FY17	9503	9314	FY18	9743	8409	FY19	9314	9594	FY20	8964	7824	FY21	7947	7536	FY22	7510	8368
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<p><b>Commission's Views:</b> The Commission has taken note of the reply furnished by the GESCOM and the matter has been dealt with appropriately in the relevant chapter of this Tariff Order.</p>																												
<p>16. <b>TOD:</b> GESCOM states that the availability of energy from different sources is more than the quantum required by GESCOM during FY22. In that case, GESCOM should give TOD power to HT consumers at RS.2 less than the tariff during day time Between 6 AM &amp; 10 AM.</p>	<p>HT industries are given special incentive schemes to those who opt for TOD tariff. Special incentive scheme will be charged Rs.1 &amp; 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. The benefits of DERS can be availed by HT Consumers for the consuming power over and above base consumption, at the rate of Rs. 6.00 per unit.</p>																											
<p><b>Commission' views:</b> The Commission has taken note of the reply furnished by the GESCOM and the ToD is discussed in the relevant chapter. .</p>																												
<p>17. Time switches 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 time Switches to street light installations. Then how peak load can be brought down? Thus GESCOM has failed to implement Demand Side Management. In the interest of controlling peak load ,time switches should be provided by GESCOM and cost may be recovered from BBMP.</p>	<p>GESCOM is perusing with concerned local bodies also with the Chief Executive officer, the commissioners of city corporation/Municipal commissioners of city municipality of GESCOM jurisdiction for fixing the timer switches for the street light installations and same is pursued by the Executive Engineers in the respective Divisions and also all The Executive Engineers of O&amp;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. As per directions of the Commission GESCOM is implementing by ensuring/adhering while servicing new or the extended circuit of street light installation by providing the timer switches only also the senior level officers are strictly instructed to inspect the newly serviced installations by randomly selecting 5% of serviced installations and progress of same is been</p>																											

	computed at company office.														
<b>Commission's Views:</b> The Commission has taken note of the reply furnished by the GESCOM. The matter is discussed in the relevant chapter on directives.															
18. Independent feeders are required for Industries. There are interruptions and load sheddings. Industries are suffering a lot. Small Industries insists that independent feeders should be provided for feeding to the industries.	As on Dec-22, Out of 2238 Nos. of 11 kV feeders existing in GESCOM. There are 56 feeders feeding to 20 Nos of predominantly industrial areas like KIADB and KSSIDC. As of now there is no power supply issues/constrains in these areas. However in case of any issue related to load shedding or low voltage GESCOM will take remedial measures immediately.														
<b>Commission' views:</b> The Commission has taken note of the reply furnished by the GESCOM. The objector should bring to the notice of GESCOM the specific case pertaining to interuptions and load shedding, so that GESCOM can take appropriate action.															
19. Solar Heating greatly helps in bringing down the morning peak load. Hence present solar rebate should be continued. GESCOM has not given the details of how many installations are yet to be serviced with solar water heaters.	All new installation are serviced only after installing of solar water heaters by prospective Consumers upon inspection by field staff.This is a mandatory requirement in line with the regulation laid down by the Commission														
<b>Commission' views:</b> The Commission has taken note of the reply furnished by the GESCOM and the issue is disccued in the relevant chapter .															
20. <b>Niranthar Jyothi</b> works being executed. GESCOM has not quantified as to 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.	<p>The details of feeders completed and commissioned under NJY and DDUGJY for bifurcation of agriculture and non-agriculture load are as follows.</p> <table border="1"> <thead> <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> </thead> <tbody> <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> </tbody> </table> <p>The progress under NJY and DDUGJY is 100%. The following are the improvements after implementation of feeder segregation under NJY and DDUGJY schemes.</p> <p>1) Before bifurcation of agricultural and non-agriculture load the power supply was given to rural areas for 16 to 17Hrs per day. Now, after successful implementation of NJY and DDUGJY scheme quality power supply is given for 22 to 24 Hrs per day for NJY feeders and 7Hrs continuous supply for EIP feeders. Since power supply to IP set consumers is restricted to 7Hrs per day, the</p>	Sl. No	Name of the scheme	No of feeders completed and commissioned	No of villages covered	1	NJY Phase-1	246	4019	2	NJY Phase-2	105	3	DDUGJY	272
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	<p>consumers of other category are relieved from paying for the excess drawl by IP set consumers.</p> <ol style="list-style-type: none"> <li>2) The failure rate of DTCs coming under NJY and EIP feeder has significantly reduced.</li> <li>3) Un-scheduled interruptions have been reduced significantly.</li> <li>4) The tail end voltage has improved.</li> <li>5) In respect of NJY and EIP feeders the losses have come down.</li> </ol> <p>DDUGJY scheme is sponsored by GOI with support of 75% grants 25% financed as long term loan availed from REC. Major portion of the scheme is borne by GOI.</p>
<p><b>Commission' views:</b> The Commission has taken note of the reply furnished by the GESCOM.</p>	
<p>21. <b>Implementation of HVDS</b> (High Voltage Distribution System) will bring down the losses by about 8-10%. Since Sept 2012, the Commission has been repeatedly instructing GESCOM to implement HVDS. There are 54 sub-divisions in GESCOM. It is not informed by GESCOM when they will complete in all subdivisions. It is stated that the work of evaluation is entrusted to third Party and reports are received. Then why the brief report is not supplied to the consumers. Any expenditure made towards the HVDS is loaded on to the consumers. Then why the contents of the report are not supplied to the consumers. We want to know how much expenditure is made and what % of losses are reduced. GESCOM is requested to supply while replying to our Objections.</p>	<p>The Commission has directed not to take up HVDS works and accordingly no budget provision is made in Capex for HVDS work.</p>
<p><b>Commission' views:</b> As per the directions of the Commission, HVDS works shall not be taken up by ESCOMs until further Orders.</p>	
<p>22. GESCOM proposed in 2013 for replacement of less efficient pump sets by high efficient pump sets. This will save about 30% of IP energy consumption and will reduce the demand. GESCOM has not stated anything in this regard. GESCOM has not done</p>	<p>It is mostly evident that peak load will be observed in morning between 7 to 9 AM and in the evening between 5PM to 10PM. 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 at cheaper rates. As supplying power for farming in daytimes is most suitable for farming and in</p>

<p>DSM at all. GESCOM has stated that Solar PV power is provided to 310 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.</p> <p>Solar power can be stated as stand alone power supply to IP sets. It is not DSM. GESCOM has not reported anything on DSM implementation.</p>	<p>a way beneficial to GESCOM as solar power is cheap, it is a win-win situation both for the consumers and ESCOMs. Also, as demand is shifted to non-peak times, it should be regarded as a DSM measure.</p>																								
<p><b>Commission' views:</b> The Commission notes that the reply furnished by GESCOM does not pertain to IP set DSM issue raised by the objector. GESCOM shall henceforth reply to the specific questions raised by the objector.</p>																									
<p>23. Commission has directed GESCOM to complete the work of metering of DTCs by 31-12-2010. Still many DTCs are to be metered. At this rate metering may take another more than 5 years. DTC metering is very important to calculate DTC-wise line loss. DTC wise line losses are not worked out even in case of DTCs which are metered and what action has been taken to reduce the losses. GESCOM is silent on this. DTCs are not metered, and where DTCs are metered line losses are not worked out. The whole exercise appears to be an eye wash.</p>	<p>GESCOM is submitting monthly DTC Energy Audit to KERC regularly.</p> <p>In GESCOM jurisdiction as on Dec-22 there are total no. of 121710 DTCs, out of which 76,253 DTCs are pertaining to IP category and 750 DTCs are pertaining to single installations. There are 45,457 Nos. of Non-IP DTCs which require metering out of which 29,629 Nos. are metered and of which -13715 Nos. of DTCs are being audited.</p> <p>Further action is being taken to carry out audit of remaining 15914 Nos. of metered DTCs as well.</p> <table border="1" data-bbox="760 1142 1333 1654"> <tr> <td>Total No. Of Distribution Transformers</td> <td>121710</td> </tr> <tr> <td>Non- IP DTCs</td> <td>76523</td> </tr> <tr> <td>No of Non-IP DTCs existing</td> <td>45457</td> </tr> <tr> <td>No of Non-IP DTC's meter</td> <td>29629</td> </tr> <tr> <td>No of Transformers audited</td> <td>13715</td> </tr> <tr> <td colspan="2">No of DTCs with Loss Level</td> </tr> <tr> <td>&lt;5%</td> <td>1617</td> </tr> <tr> <td>&gt;5% to 10%</td> <td>6930</td> </tr> <tr> <td>&gt;10% to 15%</td> <td>4522</td> </tr> <tr> <td>&gt;15% to &lt;20%</td> <td>566</td> </tr> <tr> <td>&gt;20% to &lt;30%</td> <td>49</td> </tr> <tr> <td>&gt;30%</td> <td>31</td> </tr> </table> <p>As per Amended Regulation of Bureau of Energy Efficiency (Manner and Intervals or Conduct of Energy audit in electricity Distribution Companies) Regulations, 2021 it is mandated for all DISCOMs to complete 100% DTC metering by December 2025.</p>	Total No. Of Distribution Transformers	121710	Non- IP DTCs	76523	No of Non-IP DTCs existing	45457	No of Non-IP DTC's meter	29629	No of Transformers audited	13715	No of DTCs with Loss Level		<5%	1617	>5% to 10%	6930	>10% to 15%	4522	>15% to <20%	566	>20% to <30%	49	>30%	31
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	<p>The same shall be complied by GESCOM in a phased manner so as to achieve 100% DTC Metering by Dec-25.</p> <p>Further, metering works are proposed under RDSS to ensure 100% DTC Energy Audit.</p> <p>Following remedial measures are being taken to reduce DTC losses:</p> <ol style="list-style-type: none"> <li>1. Replacement of DC/MNR Meters</li> <li>2. Replacement of old/deteriorated/low capacity LT conductors.</li> <li>3. Replacement of Electromechanical Meters by Electro -Static Meters</li> <li>4. Increased vigilance activities in high loss areas.</li> <li>5. Providing additional transformers for load relief.</li> <li>6. Shifting of DTCs to load centers wherever necessary.</li> <li>7. Phase balancing.</li> </ol>																		
<p><b>Commission' views:</b> The reply provided by the GESCOM is not satisfactory. Mere investment in DTC metering without taking up energy audit will result in wasteful expenditure and additional financial burden to the consumers. The directions issued by the Commission in the matter of energy audit shall be adhere to.</p>																			
<p>24. GESCOM has only narrated the proposed action plan to reduce accidents. Even 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. GESCOM has not attended. GESCOM resorted to third party for maintenance of equipment. GESCOM has not given the accident figures for FY22. The accidents may be more than FY21. Hence all proposed action plans are only on paper. The accidents have increased. What is the explanation of GESCOM? GESCOM has no value for the life. GESCOM should prove that accidents have come down which GESCOM has not done. In its replies to our objections, let GESCOM give the accident</p>	<p>Feeder-wise safety audit has been conducted in GESCOM, to identify hazardous locations and their rectification. For FY22, in order to ensure safety to life and property of public GESCOM, has allocated Capex of Rs.35.62 Crores, 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. As on 31.12.2022, the GESCOM has identified 2975 Nos of hazardous locations and rectified 2380 locations. An expenditure of Rs.19.52 Crores has been made out of Capex. Rectification of balance identified hazardous location is under progress and will be completed on top priority.</p> <table border="1" data-bbox="695 1465 1421 1570"> <thead> <tr> <th colspan="3">Budget Details</th> <th colspan="3">Hazardous location Details</th> </tr> <tr> <th>Allocated</th> <th>Utilized</th> <th>Balance</th> <th>Identified</th> <th>Rectified</th> <th>Balance</th> </tr> </thead> <tbody> <tr> <td>35.62Cr</td> <td>19.52Cr</td> <td>06.10 Cr</td> <td>2975</td> <td>2380</td> <td>295</td> </tr> </tbody> </table> <p>To ensure safety to its staff, GESCOM has imparted training to the maintenance staff of all the O&amp;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.</p> <p>Accident in GESCOM have Reduced as below: a. Department Fatal Accident Victim is 1 No. in 2022-</p>	Budget Details			Hazardous location Details			Allocated	Utilized	Balance	Identified	Rectified	Balance	35.62Cr	19.52Cr	06.10 Cr	2975	2380	295
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<p>figures.</p> <p>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 distances are not maintained and accidents are happening. Concerned Officers should be held responsible.</p>	<p>23 up to Sept-22.</p> <p>b. Department Non-Fatal Accident Victims 12 Nos in 2022-23 up to Sept-22.</p> <p>c. Human Victims in accidents is 108 Nos in 2022-23 upto Sep-22.</p> <p>Accident cases reduced to 212 in 2022-23 up to Sept-22.</p>
<p><b>Commission's Views:</b> The Commission has taken note of the reply furnished by the GESCOM. The directive in the matter of Accidents shall be adhered to.</p>	
<p>25. There were 75004 DTCs feeding the IP sets, during last year. GESCOM has not given how many DTCs are there feeding to IP sets this year. They are simply repeating that metering is done in sample DTCs. Why additional DTCs are not provided with meters. GESCOM has not stated 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.</p>	<p>As on 31.3.22, total No of DTCs feeding to exclusively IP sets are 75,652. Further, IP set DTCs are exempted from metering as per KEREC directions.</p> <p>And Specific Consumption of IP set is being calculated as per methodology prescribed by KEREC.</p> <p>After bifurcation of IP and Non-IP load in the feeders, there are 1062 Exclusive IP (EIP) feeders are formed as on 31.12.22. These EIP feeders are metered at substation point and consumption of all IP sets connected to the feeder are recorded at substation metering point only.</p> <p>Further, Specific consumption of IP set calculation is done as prescribed by KEREC, wherein exclusive IP feeder consumption available at sub-station is arrived at duly deducting the technical losses and dividing it by the nos. of IP set installations running on the feeder.</p>
<p><b>Commission's Views:</b> The Commission has taken note of the reply furnished by the GESCOM.</p>	
<p>26. It is obligatory for GESCOM to give annual abstract of Reliability Index of feeders. For how many feeders the index is within permissible limits and for how many it is beyond limits. For how many feeders there is improvement in reliability Index. GESCOM has not given this information. Consumers will not know if there is improvement in quality of supply. GESCOM is hiding this information. It appears</p>	<p>Reliability index is preparing for 2238 Nos. of 11 KV feeders pertaining to District Head Quarters, Taluk and Rural feeders by collecting the information from O&amp;M Divisions are being furnished regularly. Reliability index for 2022-23 (Upto December 2022) works out to be 96.70%. All 2238 Nos of 11kV Feeders are above 96.66%.</p> <p>In order to provide the reliability power supply to consumers GESCOM is taking action by means of various majors like conducting periodic maintenance work on the distribution system and also in GESCOM Care Centre, continuously following up on the</p>

there is no improvement in quality of supply. GESCOM has released to the News Papers that the reliability Index of GESCOM is 99.20%. But GESCOM has not supplied the work sheets in the tariff filing. GESCOM is making false claims.

complaints registered with the filed staff to attend within the limit as per the SOP.

The details of month-wise Reliability index for the FY2022-23- (Up to December-2022) is as shown below: The information is also available in the GESCOM website <https://gescom.karnataka.gov.in/>.

FY-2022-23				
Month	No of 11KV Feeders	Feeder Reliability	Consumer Reliability	Average
Apr-22	2207	96.72	96.55	96.64
May-22	2210	96.54	96.29	95.94
Jun-22	2215	96.83	96.38	96.61
Jul-22	2215	96.76	96.49	96.63
Aug-22	2220	96.28	96.12	96.58
Sep-22	2222	96.70	96.31	97.26
Oct-22	2231	96.72	96.33	96.53
Nov-22	2235	96.07	96.01	96.97
Dec-22	2238	97.33	97.06	97.19
Average		96.66	96.39	96.70

**Commission' views:** The Commission has taken note of the reply furnished by the GESCOM and directs GESCOM to take appropriate action to improve the reliability index .

27. GESCOM has not given the number of IP sets after enumeration. To what extent this number differs from DCB figures. Whether enumerated figures are incorporated in DCB. 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.

GESCOM has completed the enumeration of all the IP sets.

**Commission' views:** The Commission has taken note of the reply furnished by the GESCOM and the matter is discussed in the relevant chapter.

28. 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 regularized only 563 unauthorized IP set which were identified about a year back. GESCOM is not serious.

The IP Set consumption has been considered as per the methodology by the Commission ie. 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 this 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

In view of the above, the tariff petition of GESCOM

<p>GESCOM wants to misuse the numbers by manipulation. This year GESCOM wants to regularize 1201 unauthorised IP Sets Many un-authorized IP sets are yet to be regularized.</p>	<p>may be kindly considered on merits</p>
<p><b>Commission's Views:</b> The Commission has taken note of the reply furnished by the GESCOM. This issue of number of installations has been appropriately dealt with in the Tariff Order.</p>	
<p>29. It is stipulated that the banked energy should be used in three months. Otherwise it will lapse. This is wrong. The banked energy should be allowed to be used in the next 12 months.</p>	<p>GESCOM is allowing banked energy upto 12 months, as per the present KERC Regulations &amp; Orders.</p>
<p><b>Commission' views:</b> The Commission has notified GEOA Regulations in January, 2023, which specify monthly banking. For transactions other than GEOA Regulations, the banking period shall be as per the orders of the Commission issued from time to time.</p>	
<p>30. <b>Implementation of SOP:</b> GESCOM has stated that instructions are issued. GESCOM cannot absolve its responsibility by merely stating that instructions are issued. GESCOM has not monitored the implementation. GESCOM has not mentioned in how many cases GESCOM Officers failed, how much penalty was imposed etc.</p>	<p>For implementation of SOP GESCOM has taken the following activities:</p> <p>GESCOM has implemented Standards of Performance (SoP) and is being practiced in offices of GESCOM to deliver quality service to its customers.</p> <p>SOP Boards have been displayed at GESCOM's Section, Subdivision, Division, Circle, and Zonal Offices.</p> <p>GESCOM submitting SOP report monthly to "The Consultant (Consumer Advocacy) KERC Bangalore.</p> <p>GESCOM 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.</p> <p>Details of Monitoring Over all Performance Standards Relating to Distribution and Supply of Power for the year FY22 &amp; FY23 upto Sept-22 is been furnished in Tariff Application vide Chapter-2, Table-12. &amp; Table-13.</p>
<p><b>Commission' views:</b> The Commission has taken note of the reply furnished by the GESCOM and the directive on S.O.P shall be adhered to.</p>	
<p>31. Increase of Fixed Charges and decrease of Energy charges. The definition of fixed charges is the charges necessary to carry the investment and to replace the equipment when it is worn out or</p>	<p>In the existing tariff structure, GESCOM is unable to recover the actual fixed charges incurred towards power generators &amp; other expenses from its consumers. Therecovery of existing fixed components of expenses and the actual fixed charges incurred for FY-22 is tabulated below:</p>

destroyed. Fixed charge is based on the original cost of establishing the Generating Stations. The cost of Machines reduces every year based on the depreciated cost of machines. Supreme Court has held that Fixed charge is fixed. It should not be increased. In the light of that, under any conditions the fixed charge should not be increased. Instead It should be reduced based on the depreciation. The present fixed charge of Rs.265 per KVA should be reduced to Rs.200 per KVA. due to depreciation. Under any circumstances Fixed charges should not be increased.

Tariff revision is not the adjustment of Fixed charges and Energy charges to get ARR. Fixed charges and energy charges are two different entities. They cannot be swiped. Fixed charges should not be increased. Energy charges are variables based on the fuel cost, If the fuel cost increase energy charges will increase.

For industries it is two part tariff as shown below. First part is demand charges or Fixed charges and the other is energy charges. Even if the industry is not working ESCOMS are collecting demand charges at 75% of the Contract Demand, which is towards the payment of fixed charges of generating stations charges. Where is the need to increase the fixed charges of non open access consumers.

Electricity Charges:

- A. Fixed Charges / Demand Charges/ Capital Cost  
Cost of equipment, land, financing, project management  
Grid connection and construction of the power plant to be recovered in 20 years.

				Rs. In Crores
Actual Fixed /Demand Charges recovered during FY-22	Fixed Expenditure incurred towards Generators during FY-22	Fixed Expenditure incurred towards Transmission of Energy during FY-22	Fixed Expenditure incurred towards Distribution of Electricity during FY-22	Total Fixed Expenditure incurred during FY-22
581.76	967.06	755.64	1797.65	3520.34

As it could be seen from the above table the GESCOM has incurred fixed expenses during FY-22 is Rs 3520.34 Crores where as actual recovery of Fixed Charges from consumers is only about 581.76 Crores.

In accordance to the KERC Discussion paper on increase in energy bills GESCOM has proposed for gradual increase in the fixed charges component.

However, the increase in fixed charges has been combined with suitable reduction in energy charges so as to ensure that the bill amount of the consumers do not increase due to these changes.

<p>B. Energy Charges : This has two components</p> <p>i) Fixed Charges is a long term commitment. It remains constant</p> <p>a) Rent b) Mortgage Payment c) Property Taxes d) Administrative Salaries or other costs which one does not have a control</p> <p>ii) Variable Cost : Variable Cost that rise and fall according to the economic conditions or ones action :</p> <p>a. Raw Material Cost( In this case Power purchase cost) b. Sales, Production, Salaries c. Product Inventory d. Utility / Services e. Food or fuel expenses</p> <p>Therefore, fixed cost component of energy charges shall not be claimed under the heading of fixed charges or demand charges which is totally a different component and is against the principle of fairly pricing of any product/service</p>	
<p>32. 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 cited examples of some states. From the examples we cannot generalize. Only test of fixed charges is "cost to serve ". Without cost to serve we should not consider hiking of fixed cost. <b>GESCOM should drop fixed cost hiking proposal.</b></p>	

<b>Commission' views:</b> The reply of GESCOM is noted. The FC is discussed in the relevant chapter. Further, the Commission is indicating the voltage-wise cost of supply in the tariff order as directed by the Hon'ble ATE.	
33. GESCOM cannot cite other States and demand higher demand charges. GESCOM should justify for the increase. MD billing is already as per half hourly indicated MD. Why add 85% billing. If no justification is given, we propose the 75% may be brought down to 70%. When the HT Consumer has not utilized why bill him 85%. It is only to make more money through MD billing. It does not help technically. Rather to support technically, the billing MD may be brought down to 70%.	<p>The Demand charges, is claimed as per the Tariff Order approved by the Commission and as per the Conditions of Supply.</p> <p>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 &amp; M Expenses, loan repayment, Interest &amp; Finance Costs &amp; Depreciation. The present total Fixed cost is much lower and still does not cover out fixed costs. Hence, a marginal increase is sought. The Tariff approved by the Commission has ensured that the Cross subsidy is +/- 20 of the Average Cost of Supply.</p>
<b>Commission's Views:</b> The request for increase in fixed cost has been appropriately dealt in this Tariff Order.	
34. The Service of reconnection should be free. Existing Reconnection charges are nominal and quite comparable to services rendered. Existing Reconnection charges should be continued or they should be dropped as a matter of service to the consumers.	GESCOM Strongly Objects for any reduction in the reconnection fee.
<b>Commission's Views:</b> The reply is noted. The reconnection charges shall be levied as per the CoS approved by the Commission.	
35. Capital Expenditure expected for FY24 is Rs.500.115 Crores, then why proposed budget is 648. 44 Crores. There is no clear justification. for increased Capex for FY24.	GESCOM has proposed CAPEX of Rs.648.44 Crores for FY:24. This is required for sanctioning of estimates of various proposed CAPEX works. However, all the proposed works may not be completed during that financial year and some of the work may get partially completed and spill over to next financial year. Capex of Rs.500.115 Crores is expected to be incurred for FY24.
<b>Commission' views:</b> The capex proposal has been appropriately dealt in this Tariff Order.	
36. To encourage solar water heaters rebate should be continued and enhanced to Rs.100/-.It is green energy and should be encouraged.	GESCOM has proposed for discontinuing rebate for solar water heater.
<b>Commission' views:</b> The request of GESCOM has been appropriately dealt with in this Tariff Order.	
37. GESCOM has not produced subsidy allocation letter.	Govt. of Karnataka has announced free power to IP sets upto and inclusive of 10 HP vide Govt. Order No.

	<p>EN 55 PSR 2008 Dtd. 04.09.2008. Order is enclosed as Annexure 1.1 &amp; to BPL consumers (Bhagya Jyoti &amp; Kuteer Jyoti) vide Govt. Order No. EN 22 PSR 2011 Dtd: 12.05.2011,</p> <p>The consumption charges in respect of both the categories are borne by GoK &amp; are reimbursed to GESCOM in the form of subsidy. The quantum of subsidy is determined based on the energy sold and Commission determined tariff. Govt. commitment already exists for these categories of consumers through budgetary support. Reference is drawn to Para 1 &amp; 2. Page No. 1 of the order which clearly mentions that the direction of the orders are in effect until further orders are issued in the matter.</p> <p>The requirement of subsidy is already communicated through out tariff petition in format D2 &amp; D21 which specifically highlights the subsidy requirement as these orders are consistently in practice since past several years and no modifications/ amendment is issued in this regard from Govt. a separate letters conveying the same again in the current year is felt not essential.</p> <p>The tariff petition filed by GESCOM includes the calculation of subsidy requirement in the format D2 &amp; D21 at the existing tariff and also proposed tariffs through these formats the quantum of subsidy requirement to GESCOM for the entire period of tariff filing is communicated to the Commission. Hence objection by the petitioner is factually incorrect.</p>
<p><b>Commission's Views:</b> The reply of GESCOM is noted. The subsidy commitment is being given in the Budget approved by the Government and the Government is informing the Commission through letters about the subsidy allocation towards free power to BJ/KJ and IP set installations.</p>	
<p>38. GESCOM has stated that 563 un-authorized IP sets are serviced. GESCOM has not given how many un-authorized IP sets are there. How many remain to be serviced. This figure can be misused in working out IP sets consumption.</p>	<p>GESCOM has invited Tenders for Regularization of Un-authorized IP Sets who have paid the requisite regularization fee of Rs. 10000/- on Labour Contract at the Division level. There are 7828 Nos. of un-authorized IP Sets pending as on 31.01.2023 and GESCOM has allotted Rs. 37.10 Crores for FY 2021-22 for creation of infrastructure for UAIPs. Apart from this GESCOM is taking up works of creation of infrastructure to UAIP through labour contract duly supplying the material departmentally.</p>
<p><b>Commission's Views:</b> The Commission has taken note of the reply furnished by the GESCOM.</p>	
<p>39. GESCOM has not achieved segregation of technical and commercial losses as per the tariff policy announced in 2006.</p>	<p>Action is being initiated to upgrade the distribution system, emphasize more on maintenance to reduce Technical losses and stringent action, regulations, inspections on field by vigilance wing &amp; O&amp;M field officers are being taken up to reduce Commercial losses</p>



<b>Commission's Views:</b> The Commission has taken note of the reply furnished by the GESCOM. The Commission notes that GESCOM in the energy flow diagram has indicated the commercial losses.	
40. GESCOM has not given the avg. number of interruptions per consumer and avg. duration of interruptions per consumer.	The annual average number of interruption per consumer is about 0.313 Nos and average hours of interruptions is approximately 3:27:26 hours per feeder for the year 2022-23 (upto Dec-2022).
<b>Commission's Views:</b> The Commission has taken note of the reply furnished by the GESCOM.	
41. Consumer indexing is not completed in GESCOM.	The Consumer indexing is under progress and Total 3204497 Nos of Installations Consumer indexing is Completed against the existing 3547142 number of installation and for balance installations Consumer indexing work is under process and will be completed shortly.
<b>Commission's Views:</b> The Commission has taken note of the reply furnished by the GESCOM. GESCOM is directed to complete this work within a definite time frame instead of furnishing reply as 'will be completed shortly'.	
42. Geographical positioning system is not completed in GESCOM.	Geographical positioning system is being done in R-APDRP area and GIS mapping of DTCs. DTCs are mapped under GPS in non- RAPDRP area.
<b>Commission's Views:</b> The Commission has taken note of the reply furnished by the GESCOM. GESCOM is directed to complete this work within a definite time frame.	
43. Booking of vigilance cases by police is wrong. It is to be booked by assessing officer. Commission has to give clear direction.	The cognizable and non-cognizable cases are registered as per the Electricity Act by designated officer.
<b>Commission's Views:</b> The Commission has taken note of the reply furnished by the GESCOM.	
44. Delayed payment charges to generators should not be passed on to consumers.	Interest on delayed payment of monthly bills of Generators is not passed on to the consumers as the interest and finance Charges are allowed on normative basis in accordance with the Regulations
<b>Commission's Views:</b> The Commission has taken note of the reply furnished by the GESCOM. The Commission is not allowing interest on belated power purchase payments, except in cases where there is specific Court orders.	
45. Why GESCOM has not Accepted Ujwal DISCOMs Assurance Yojana (UDAY)?	All ESCOMs of Karnataka including GESCOM are part of UDAY for operational performance and performance monitoring in this regards is done by both State/Central Government on a regular basis. The financial restructuring for ESCOMs has not been opted by the GoK.
<b>Commission's Views:</b> The Commission has taken note of the reply furnished by the GESCOM.	

<p>46. The average cost of hydel stations is 84.31 paise per unit. The average cost of thermal stations is 435.51 paise. Hence, GESCOM should utilize more and more Hydel Power.</p>	<p>As per Gok order Dtd 25-03-2021, source-wise percentage of allocation has been allocated to GESCOM for payment of monthly energy bills. The average Power purchase cost of Hydel Stations is less than the average Power Purchase cost of Thermal Stations during FY 21. However, the GESCOM has requested to the Energy Department, GoK, Bengaluru vide Ltr Dated 27.08.2019 and 29.01.2020 for more % of allocation of Hydel Source of Energy available from Various sources to GESCOM in place of high cost energy.</p>
<p><b>Commission's Views:</b> The Objector is perhaps aware that the hydel resources are limited and the scarce resources have to be allocated among the ESCOMs in certain proportions. Hence, to meet the demand power has to be source from other sources, which are costlier. Also, the allowcation of power comes under the purview of GoK.</p>	
<p>47. MSME firms are suffering a lot as they are bearing the load of cross subsidy and requested to make separate tariff for small scale industries at Rs.1 lesser than other tariff.</p>	<p>In the tariff revision petition for FY24 the proposal for reduction energy charges is submitted for LT Category of consumers by 15Paisa/unit and for HT Category of consumers by 1.50 Rs/unit Further, MSME Consumers can avail reduced power tariff TOD Tariff, Discounted Energy Rate scheme for reducing their monthly electricity bill.</p>
<p><b>Commission's Views:</b> The reply furnished by GESCOM is not satisfactory. The rebate allowed to MSME is discussed in the relevant chapter</p>	
<p>GESCOM may extend to give 300 units free power as in Delhi.</p>	<p>GESCOM Objects to provide free supply &amp; requests the Commission to allow us to recover our aggregate revenue requirement though tariff.</p>
<p><b>Commission' views:</b> This is a Policy matter to be decided by the State Government.</p>	
<p>48. <b>CONTRIBUTION TO P&amp;G FUND:</b> There is Tripartite Agreement between Govt of Karnataka, KPTCL and Employees Association and Union regarding contribution to the P &amp; G Fund. As per this Agreement, contribution to the P &amp; G Fund will be made by GOK. GOK has been making contribution since so many years. If it is to be recovered from the Consumers, then it will be violation of the Agreement. Naturally Consumers will oppose. Govt should not shirk its responsibility. Govt should continue to pay to the P &amp; G Fund.  Hence tariff revision petition of GESCOM should be rejected.</p>	<p>The KPTCL Bengaluru has filled the tariff as per the Government of Karnataka order.</p>

<b>Commission' views:</b> The matter has been appropriately dealt with, in the KPTCL tariff Order.	
<p>49. <b>POWER SCENARIO:</b> Since the passing of KER Act 1999 whenever there is tariff revision there is always upward increase. Never the tariff has been reduced. In the earlier revisions the hike was small and bearable. But now a day the hike happening is more. The hike has resulted in reduction in industrial consumption and some of the small industries have been closed down. The outside power is definitely costlier than the domestic generation. ARR of all ESCOMS will increase. ESCOMS will approach Commission for increase in tariff to pay for domestic and outside power purchase.</p> <p>This scenario will be quite disastrous to the industries. Commission should order ESCOMS to come out with short term and long term solutions.</p>	<p>There is year on year raise in thermal power purchase cost which results in tariff hike every year.</p>
<b>Commission' views:</b> The reply furnished by GESCOM is noted. The ARR is discussed elaborately in this order.	
<p>50. <b>PREPAID METERS:</b> 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 to HT industries. If power supply through pre-paid meters are introduced by GESCOM, and the consumer is prepared to take the supply through a 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 15years from coming into force of that provision, the applicant should not be allowed to take</p>	<p>GESCOM is Exploring the possibilities of implementing the pre-paid meters in accordance with the direction of GOI/GOK.</p>

<p>advantage of its own lapses to its advantage.</p> <p>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.</p> <p>In Vijayaa Steels Vs GESCOM, the Court has held that if the Consumer is willing to take supply through a pre-paid meter 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.</p>	
<p><b>Commission's Views:</b> The Commission has taken note of the reply furnished by the GESCOM. The prepaid meter installation shall be as per the orders of the Commission.</p>	
<p><b>51. Universal Metering:</b> Section 55 of Electricity Act has stipulated no installation would be Serviced without a meter after 10th June 2005. ESCOMS are still servicing Installations without meters.100% metering has not been achieved. This is a clear violation of the Act and Directive of the Commission. Any supply</p>	<p>All new installations are serviced with meters. GESCOM has taken action to replace the MNR/failed meters by new Electro Static Meter to all categories of consumers except IP sets.</p>

<p>without a meter is illegal. Any estimation based on an illegal Transaction cannot be deemed to be the basis for tariff determination. Hence, the Commission should not allow the cross subsidy in respect of un-metered category.</p>	
<p><b>Commission's Views:</b> The metering of all other installations, except IP sets is being done as per the provisions of the Act. However, the Government of Karnataka, has to take a policy decision on metering of IP sets.</p>	
<p><b>52. Generation by GESCOM:</b> Any generation made by KPCL or any other Private Generation gets divided in to five Companies. Bangalore City being important area GESCOM should have its own generation. Under Section 51 of 2003 EA 2003, Distribution Company can have its own generation. Hence Commission may direct GESCOM to have its own generation to the extent of 2000MW. In the Tariff Order 2016.</p> <p>ESCOM has stated that it won't be able to fund for installation of Generation facility. GESCOM has not understood our suggestion. We have suggested Competitive tariff bidding. GESCOM will not fund the Generation Station. Bidder will establish the Generation Station and will only sell energy exclusively to GESCOM at the competitive tariff.</p>	<p>GESCOM is a Distribution Licensee and distributing the energy to the consumers coming under 7 districts of north Karnataka. GESCOM is not a energy Generating company. Due to Financial crunch it may not be possible to generate the energy by GESCOM and distribute to its consumers. In this connection the suggestion given by the KASSAI to GESCOM for generation of energy is not viable.</p>
<p><b>Commission's Views:</b> The Commission has taken note of the reply furnished by the GESCOM. GESCOM may have its own generation, if and when required, and if the situation warrants.</p>	
<p>53. Open access may be extended to the consumers drawing power below 1 MW also.</p>	<p>As per the prevailing regulations the SLDC is allowing to import the energy under open access having sanctioned load of 1MW and above</p>
<p><b>Commission' views:</b> As per the existing law, open access to non-green energy is applicable only to consumers of one MW and above and the same is not applicable to consumers of less than one MW. However, under the Green Energy Open Access Regulations, the open access is applicabl consumers with CD / SL of 150 KW and above.</p>	
<p>54. Objector requested the Commission to re-negotiate with solar PPAs to reduce the earlier PPA rates to present reduced</p>	<p>if Commission allows for renegotiation of solar PPA's then the GESCOM will be benefitted by reducing the Tariff.</p>

rate.	
<b>Commission' views:</b> PPAs once executed are concluded contracts and cannot be legally renegotiated, unless agreed to by both the parties.	
55. <b>Comparison with other states:</b> APERC has not increased tariff of domestic consumers up to 500 units.	The Matter regarding not increase in tariff of domestic Consumers up to 500 Units is under the purview of Commission.
<b>Commission's Views:</b> The reply furnished by GESCOM is not satisfactory. The cost structure varies from State to State and hence the tariff cannot be compared.	
56. During 2013-14 five states have not increased industrial tariff to encourage the industries. This year there should not be hike in industrial tariff.	To meet the gap for FY24 GESCOM has proposed Tariff hike in the Tariff revision petition for FY24.
<b>Commission's Views:</b> The cost structure varies from State to State and hence the tariff cannot be compared.	
57. The objector has requested the Commission not to entertain the Tariff Petition for the reason that, the petition is filed without due approval of the Board. The petitioner has pointed by referring different judgments that, the authorizations are not valid if they are not duly stamped. The petitioner has further raised the point that, the regulations of the KERC is silent about the way of authorization and application is filed by controller (A&R).	<p>The GESCOM Application is not filed by Controller (A&amp;R) and filing is done as per KERC Regulations and authorisation to RA section issued in 89<sup>th</sup> BOD Meeting held on 27.04.2022.</p> <p>The authorization by the Board of Directors is not an instrument that is chargeable with the stamp duty. Therefore, there is no applicability of section 34.</p>
<b>Commission' views:</b> The Commission has taken note of the reply furnished by the GESCOM. The objectors should verify the facts properly before raising the objections and are raising the issue repeatedly.	
58. The petitioner has pointed that; the ARR /APR is not filed based on Audited Accounts.	<p>GESCOM is seeking true up of FY22 based on the accounts of the Company which has been audited by the statutory auditors and also by the Comptroller and Auditor General of India.</p> <p>Audited accounts are also available at the website of GESCOM.</p>
<b>Commission' views:</b> The Commission has taken note of the reply furnished by the GESCOM. The Commission has carried out the APR based on the audited accounts submitted by GESCOM.	
59. Commission is required to frame Regulations prescribing the manner in which the reduction of surcharge and cross subsidy is to be made, as provided under third proviso to Section 42(2) of the	The Cross subsidy surcharge is computed as per the formula stipulated in the National Tariff Policy. The same is also incorporated by KERC in its Open Access Regulations.

Electricity Act, 2003.	
<p><b>Commission' views:</b> The Commission has taken note of the reply furnished by the GESCOM. The CSS is being determining as per KERC OA Regulations, wherein the methodology specified in the tariff policy is adopted. Further, the Commission is endeavoring to limit the cross subsidy to +/- 20% of average cost of supply.</p>	
<p>60. The petitioner by referring the KERC Tariff Order 2000 has objected to the proposal for levy of Grid Support Charges, for the reason that, there is no clear definition the term "Captive Power Plant" and there is no identifiable cost so as to levy the Grid Support Charges.</p>	<p>The bulk consumers were given supply on high voltage and extra high voltage levels. The contract demand of the bulk consumers with the utility used to be large enough to take care of the return on investment (RoI) made on the infrastructure by the utility.</p> <p>Initially the CPPs were having contract demand roughly equivalent to their peak demand so that the utility was getting the fixed charges. These fixed costs were able to cover the cost of infrastructure provided by the utilities. Of late the bulk consumers (particularly the CPPs) have entered into group captive have started to lower their contract demand to minimize the bill payable to the utility. This has resulted in loss of revenue to the utilities and at the same time CPPs have enjoyed the benefits of the grid at no cost or least cost to them.</p> <p>The cost of providing infrastructure to maintain reliability and stability is not fully recovered due to non-accounting of reliability and stability cost which are not forming part of the tariff. This has resulted in utilities not giving sufficient importance to these concerns.</p> <p>However, the grid support being an additional service extended by the utility to the consumers, it has to be charged to the consumers who utilize the grid support.</p> <p>As per article 5.3 of Article 5 of Wheeling and Banking Agreement, grid support charges are yet to be determined by the Commission. Hence, GESCOM is proposing 285 paise/kWh from the captive consumers of GESCOM who are utilizing GESCOM grid.</p> <p>The Grid Support Charges/Parallel Operation charges levied by various States distribution companies are stated at page 320 of GESCOM tariff application.</p>
<p><b>Commission' views:</b> The reply is noted. The grid support / parallel operation charges shall be as per the orders of the Commission and shall be made applicable as specified in the orders.</p>	
<p>61. Hike in the Demand Charges for HT Consumers is opposed.</p>	<p>GESCOM's proposal of increasing Demand charges and reducing Energy charges is in view of the HT consumers opting for Open access. The objector is quoting Tariff Order 2000 when there was no Open</p>

	<p>access. The present scenario of power sector is different from that during 2000. Also, the Open access regulation was implemented vide Notification No. Y/03/4 dated 12.11.2004.</p> <p>GESCOM in its tariff application has proposed tariff hike to LT4a categories at 26% and for HT-3a category at 90% from the existing tariff as against a tariff hike of 7% for HT industrial categories.</p> <p>From the above it is clear that GESCOM has proposed hike in all the category. It is given importance to the HT consumers by proposing decrease in energy charges.</p>
<p><b>Commission' views:</b> The Commission has taken note of the reply furnished by the GESCOM. This issue has been appropriately dealt with in the Tariff Order.</p>	
<p>62. Discontinuance of Special Incentive Scheme is objected by the petitioner.</p>	<p>GESCOM has proposed discontinuation of Special Incentive Scheme (SIS) for all HT categories as the response from the consumer on availing the SIS is less.</p>
<p><b>Commission' views:</b> The Commission has taken note of the reply furnished by the GESCOM. This issue has been appropriately dealt with in the Tariff Order.</p>	
<p>63. Discontinuance of Solar Rebate is objected by the petitioner.</p>	<p>GESCOM has proposed the withdrawal of solar rebate to domestic consumers for the reason as explained below.</p> <p>To encourage consumers to use environmental friendly energy i.e. renewable energy and also to reduce the morning peak, solar rebate was introduced to domestic consumers who install solar water heater. It was presumed that, by installing the solar water heater, morning peak load will reduce, thus deferring the interest on that investment. That deferred interest was shared with the consumer as incentive.</p> <p>Now, the situation is entirely different,</p> <ul style="list-style-type: none"> <li>• Distribution system is now strengthened and interest and depreciation on these investments are being passed through tariff.</li> <li>• Government has notified mandatory installation of solar water heaters.</li> <li>• The Commission approved tariff for solar energy generation from Solar rooftop PV plants.</li> <li>• Government of Karnataka is also providing subsidy for solar generation to an extent of 30%.</li> <li>• The present slab rates after 200 units are more or less equal to Average cost of supply. Hence, consumers are voluntarily not only installing solar water heaters but also providing solar street light to their parks around their residential apartments</li> </ul>



	<p>and approaching GESCOM for extension of rebates to their premises on similar lines.</p> <p>Under the above circumstances, the extension of solar rebate has become futile. Hence, Solar rebate is to be withdrawn.</p>
<p><b>Commission' views:</b> The Commission notes the reply furnished by the GESCOM. This issue has been delt in relevant chapters of this Tariff Orders.</p>	
64. Wheeling Charges and Cross Subsidy surcharges not shown in the revenue of the applicant.	<p>The Cross subsidy surcharges is calculated for the Consumer RR Nos at the jurisdictional O&amp;M Sub division &amp; is demanded/collected &amp; taken into account in the Revenue collection. The wheeling charges of 5% in kind is deducted from energy injected to the Grid by the RE-IPPs &amp; is accounted in the energy statements &amp; is taken into account in the Annual Energy Balance.</p>
<p><b>Commission' views:</b> The reply furnished by GESCOM is noted. The wheeling charges and CSS is discussed in the relevant chapter.</p>	
65. Exorbitant increase in temporary power tariff.	<p>The aggregate demand of a temporary installation (not a registered consumer) is not estimated for future year demand forecasting. Furthermore, the temporary installation load is continuously added to the system, which cannot be predicted. The distribution system should be able to handle all temporary loads; additionally, the majority of temporary loads are motive and inductive in nature, requiring more power from the system. As a result, temporary tariffs cannot be compared to permanent load.</p>
<p><b>Commission' views:</b> The reply furnished by GESCOM is noted. The tariff for temporary supply is discussed in the relevant chapter.</p>	
66. The petitioner has suggested not to collect the additional surcharge.	<p>KERC under its Open access regulation 2004 has under clause 5(2) stated 'Provided further that the Existing Customers shall pay the applicable surcharge and other charges as may be specified by the commission from time to time'. Hence the same can be levided. Additional surcharge is being paid by all open access consumers.</p>
<p><b>Commission' views:</b> Payment of Additional Surcharge is as mandated in the Electricity Act, 2003 and the Regulations issued by the Commission.</p>	
67. Violation of KERC (Tariff) Regulations, 2000 by not providing the statement of any subsidy committed by the Govt. along with the tariff application and Compliance of directives issued by the Commission.	<p>GESCOM has submitted a detailed chapter in its tariff application regarding compliance to Commission's directive. The objector is not specific has to which directive GESCOM has not complied with.</p>
<p><b>Commission' views:</b> The Commission notes the reply furnished by the GESCOM. The subsidy commitement for the year is announced in the Annual Budget of the GoK and also the GoK</p>	

informs the Commission about the subsidy allocation. The directives is discussed in the relevant chapter.																						
68. GESCOM to examine & arrange to demand & collect amounts from the respective Nigams & Corporations, instead of burdening the other consumers.	GESCOM is taking timely action for collection of dues from Various GK Corporations.																					
<b>Commission' views:</b> The Commission notes the reply furnished by the GESCOM.																						
69. Recovery of Pension & Gratuity of the "Then KEB Employees' through consumer Tariff of GESCOM.	Action will be taken to file the petition to waiver of the P&G amount.																					
<b>Commission' views:</b> The matter has been dealt with appropriately in KPTCL tariff Order.																						
70. ದಿನಾಂಕ: 09.01.2023 ರಂದು ಪತ್ರಿಕೆಯಲ್ಲಿ ಪ್ರಕಟಿಸಿರುವ ವಿದ್ಯುತ್ ದರಗಳ ಹೆಚ್ಚಳಕ್ಕೆ ನಮ್ಮ ಸಂಘವು ತೀವ್ರವಾಗಿ ಖಂಡಿಸುತ್ತದೆ. ಎಚ್.ಟಿ.-2ಎ ಕೈಗಾರಿಕಾ ಸ್ಥಾವರಗಳಿಗೆ ನಿಗದಿತ ಶುಲ್ಕ ಮಾಸಿಕ ಪ್ರತಿ ಕೆ.ವಿ.ಎ ಗೆ ಪ್ರಸ್ತುತ ರೂ. 265/- ಇದ್ದು, ಈಗಿನ ಪ್ರಸ್ತಾಪಿತ ದರ ರೂ. 550/-ಕ್ಕೆ ಹೆಚ್ಚಿಸಲಾಗಿದೆ. ಆದರೆ ನಾವು ಇಲ್ಲಿಯವರೆಗೂ ಮಾಸಿಕ ಪ್ರತಿ ಕೆ.ವಿ.ಎ.ಗೆ ರೂ. 265/-ರಂತೆ ಪಾವತಿಸುತ್ತಿರುವೆವು. ಕಾಟನ್‌ಮಿಲ್ ಜಿನ್ನಿಂಗ್ ಫ್ಯಾಕ್ಟರಿಗಳು ಸೀಜನಲ್ ಇಂಡಸ್ಟ್ರಿಗಳಾಗಿರುವುದರಿಂದ ಈ ಹೆಚ್ಚಳವು ನಮಗೆ ಬಹಳಷ್ಟು ಹೊರೆಯಾಗುತ್ತದೆ. ನಮ್ಮ ಕಾಟನ್ ಜಿನ್ನಿಂಗ್ ಫ್ಯಾಕ್ಟರಿಗಳನ್ನು ಮುಚ್ಚುವ ಪರಿಸ್ಥಿತಿ ಬರುತ್ತದೆ. ಈ ರೀತಿಯ ಇಂಡಸ್ಟ್ರಿಗಳಿಗೆ ಪ್ರತಿ ಯೂನಿಟ್‌ಗೆ ರೂ. 5.85 ಪೈಸೆಯಂತೆ ತಾವುಗಳು ನಿಗದಿಪಡಿಸಿರುವುದನ್ನು ನಾವು ಸ್ವಾಗತಿಸುತ್ತೇವೆ. ಆದರೆ ಪ್ರತಿ ಕೆ.ವಿ.ಎ.ಗೆ ಯಥಾಪ್ರಕಾರ ಅಂದರೆ ರೂ. 265/-ರಂತೆ ತೆಗೆದುಕೊಂಡು ಪ್ರತಿ ಯೂನಿಟ್‌ಗೆ ರೂ. 5.85 ಪೈಸೆಯಂತೆ ಕೊಟ್ಟರೆ ಸಹಾಯವಾಗುತ್ತದೆಯೆಂದು ನಮ್ಮ ಸಂಘದ ವತಿಯಿಂದ ತಮ್ಮಲ್ಲಿ ಕೇಳಿಕೊಳ್ಳುತ್ತೇವೆ.	<p>ಜೆಸ್ಕಾಂ ವತಿಯಿಂದ ವಿದ್ಯುತ್ ಉತ್ಪಾದಕರಿಗೆ ಮತ್ತು ಕರ್ನಾಟಕ ವಿದ್ಯುತ್ ಪ್ರಸಾರಣ ನಿಯಮಿತಕ್ಕೆ ಪಾವತಿಸಬೇಕಾಗಿರುವ ಪೂರ್ಣ ಪ್ರಮಾಣದ ನಿಗದಿತ ಶುಲ್ಕ ಗ್ರಾಹಕರಿಂದ ಮರು ಪಡೆಯಲು ಸಾಧ್ಯವಾಗುತ್ತಿಲ್ಲ.</p> <p>ಆರ್ಥಿಕ ವರ್ಷ 22ನೇ ಸಾಲಿಗೆ ಆದ ನಿಗದಿತ ಶುಲ್ಕ ಒಟ್ಟು ಖರ್ಚು ರೂ. 3520.34 ಕೋಟಿಗಳ ಪೈಕಿ ಈಗಿರುವ ವಿದ್ಯುತ್ ದರಗಳಂತೆ ಗ್ರಾಹಕರಿಂದ ಕೇವಲ ರೂ. 581.76 ಕೋಟಿ ನಿಗದಿತ ಶುಲ್ಕವನ್ನು ವಸೂಲಾತಿ (16.52%) ಆಗಿರುತ್ತದೆ. ಇನ್ನೂಳಿದ ಬಾಕಿ 83.48% ನಿಗದಿತ ಶುಲ್ಕವು ಗ್ರಾಹಕರಿಂದ ವಸೂಲಾತಿ ಮಾಡಬೇಕಾಗಿರುತ್ತದೆ. ಇದನ್ನು ಸರಿದೂಗಿಸಲು ಜೆಸ್ಕಾಂವು ಮಾನ್ಯ ಕೆಇಆರ್‌ಸಿಗೆ ಅರ್ಜಿಯನ್ನು ಸಲ್ಲಿಸಿ ಎಚ್.ಟಿ.-2ಎ ಗ್ರಾಹಕರಿಗೆ ಈಗಿರುವ ನಿಗದಿತ ಶುಲ್ಕ ರೂ. 265/- ಅನ್ನು ಹೆಚ್ಚಳ ಮಾಡಿ ರೂ. 550/- ಕ್ಕೆ (51.81%) ಹೆಚ್ಚಿಸಲು ಮನವಿಯನ್ನು ಸಲ್ಲಿಸಲಾಗಿರುತ್ತದೆ. ಗ್ರಾಹಕರ ಮೇಲೆ ಬೀಳುವ ಈ ಹೊರೆಯು ಸರಿದೂಗಿಸಲು ವಿದ್ಯುತ್ ಶುಲ್ಕವು ರೂ. 1.50 ಪ್ರತಿ ಯೂನಿಟ್‌ಗೆ ಕಡಿಮೆ ಮಾಡಲು ಕೂಡ ಮಾನ್ಯ ಕೆಇಆರ್‌ಸಿಗೆ ಮನವಿ ಅರ್ಜಿಯನ್ನು ಸಲ್ಲಿಸಲಾಗಿದೆ.</p> <p>ನೆರೆಯ ರಾಜ್ಯಕ್ಕೆ ಹೋಲಿಸಿದರೆ ಕರ್ನಾಟಕ ರಾಜ್ಯದಲ್ಲಿ ಕೈಗಾರಿಕಾ ವಿದ್ಯುತ್ ಸ್ಥಾವರಗಳಿಗೆ ವಸೂಲಾತಿ ಮಾಡುತ್ತಿರುವ ನಿಗದಿತ ಶುಲ್ಕವು ಅತ್ಯಂತ ಕಡಿಮೆಯಾಗಿರುತ್ತದೆ. ಕರ್ನಾಟಕ ರಾಜ್ಯದ ನೆರೆಯ ರಾಜ್ಯಗಳು ವಸೂಲಾತಿ ಮಾಡುತ್ತಿರುವ ನಿಗದಿತ ಶುಲ್ಕ ವಿವರಗಳು ಈ ಕೆಳಗಿನಂತೆ ಇರುತ್ತವೆ.</p> <table border="1"> <thead> <tr> <th>ರಾಜ್ಯ</th> <th>ಪ್ರಚಲಿತ ನಿಗದಿತ ಶುಲ್ಕ ಪ್ರತಿ ಕೆವಿ.ಎ ರೂ. ಗಳಲ್ಲಿ</th> <th>ಪ್ರಚಲಿತ ವಿದ್ಯುತ್ ಶುಲ್ಕ ಪ್ರತಿ ಯೂನಿಟ್‌ಗೆ ರೂ. ಗಳಲ್ಲಿ</th> </tr> </thead> <tbody> <tr> <td>ಆಂಧ್ರಪ್ರದೇಶ</td> <td>475</td> <td>7.80</td> </tr> <tr> <td>ತೆಲಂಗಾಣ</td> <td>475</td> <td>7.65</td> </tr> <tr> <td>ಮಹಾರಾಷ್ಟ್ರ</td> <td>450</td> <td>6.89</td> </tr> <tr> <td>ಕೇರಳ</td> <td>390</td> <td>6.10</td> </tr> <tr> <td>ಮಧ್ಯಪ್ರದೇಶ</td> <td>372</td> <td>7.20</td> </tr> <tr> <td>ಕರ್ನಾಟಕ(ಜೆಸ್ಕಾಂ)</td> <td>265</td> <td>7.35</td> </tr> </tbody> </table>	ರಾಜ್ಯ	ಪ್ರಚಲಿತ ನಿಗದಿತ ಶುಲ್ಕ ಪ್ರತಿ ಕೆವಿ.ಎ ರೂ. ಗಳಲ್ಲಿ	ಪ್ರಚಲಿತ ವಿದ್ಯುತ್ ಶುಲ್ಕ ಪ್ರತಿ ಯೂನಿಟ್‌ಗೆ ರೂ. ಗಳಲ್ಲಿ	ಆಂಧ್ರಪ್ರದೇಶ	475	7.80	ತೆಲಂಗಾಣ	475	7.65	ಮಹಾರಾಷ್ಟ್ರ	450	6.89	ಕೇರಳ	390	6.10	ಮಧ್ಯಪ್ರದೇಶ	372	7.20	ಕರ್ನಾಟಕ(ಜೆಸ್ಕಾಂ)	265	7.35
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<b>ಆಯೋಗದ ಅಭಿಪ್ರಾಯ:</b> ನಿಗದಿತ ಶುಲ್ಕದ ಬಗ್ಗೆ ಸಂಬಂಧಪಟ್ಟ ಅಧ್ಯಾಯದಲ್ಲಿ ಚರ್ಚಿಸಲಾಗಿದೆ.																						
71. No justification to impose POC on CPP for a service for which CPP is making payment to the distribution licensee according to	The variation in the voltage and frequency at the time of starting large motors and heavy loads, is minimized in the industry, as the grid supply acts as an infinite bus. The active and reactive power demand																					

the tariff determined by the State Commission which also includes the transmission charges for the transmission system as it would amount to double payment.	due to sudden and fluctuating load is not recorded in the meter.
<b>Commission' views:</b> The grid support / parallel operation charges shall be as per the orders of the Commission and shall be made applicable as specified in those orders.	
72. KERC should impose a moratorium on the revision of power tariff for three years or five years in order to protect the interests of consumers especially MSMEs which otherwise hampers the industrial development of the region and MSME consumers needs the protection of KERC and also requested the KERC to drop the proposal of all ESCOMS to raise the power tariff.	The KERC analyzes all the facts and figures submitted by the electricity companies in balance sheet and also after analyzing the Objections filed by the customers the tariff will be hiked as per actual price index basis, it is a mandatory process of KERC to decide the hike in Tariff.
<b>Commission' views:</b> The revision of tariff annually is done as per the provisions of the EA, 2003, Tariff Regulations and the MYT Regulations. The same is considered as per the actual expenses w/r to audited accounts and the anticipated expenses for the ensuing financial year.	
73. Out of 350 MSME units of Dall Mills only 150 are surviving with great difficulty. One of the reasons for the closure of these much of Dall Mills is costly power supply to Dall Mills thereby denting their profit component.	To promote the Dall Industries and its activities as per the request made by the MSE representation for conversion of 11KV HT power supply to LT 440 Voltage upto 200 HP has been granted and many of the Dall industries have availed such facilities, thereby reduction in fixed charges and also a rebate of 50 paisa per unit on energy charges has been extended during the period FY23 and further can be extendable for the consumption of MSME category.
<b>Commission' views:</b> The reply furnished by GESCOM is noted. The rebate for MSME is discussed in the relevant chapter.	
74. The ESCOMS should strive for minimising the transmission losses and cutting costs on various overheads including human resources. We desist from making any suggestions for it as we are unaware of the dynamics of costs/ economies of power production and procurement, the over heads and the technical issues involved in power distribution.	The GESCOM is having essential program every year to improve the infrastructure thereby reducing the Transmission and Distribution losses in a phased manner as per the targets fixed by the KERC.
<b>Commission' views:</b> The reply furnished by GESCOM is noted. The licensees are being penalized for non-achievement of target losses.	
75. Frequent power tariff increase not only impacts domestic consumers	The price index as per RBI varies and increases 8% to 10% every year resulting in high cost purchase of the

<p>but also commercial and industrial ones. That will have cascading effect on the general public as they have to bear the brunt of not only as domestic users but also the burden passed on by the commercial and industrial establishments.</p>	<p>spare materials and also maintenance cost increases every year as per inflation rate, which necessitates increase in tariff in all categories once in a year.</p>															
<p><b>Commission' views:</b> The reply furnished by GESCOM is noted. The ARR is discussed elaborately in order.</p>																
<p><b>76. Levy of Wheeling Charges:</b> A. It is observed that the Discom has proposed significant increase in the wheeling charge from the current levels approved by the Commission. The table below shows the wheeling charge approved by the Commission for FY 2022-23 vide Tariff Order dated 04.04.2022 and wheeling charge proposed by the state discoms.</p>	<p>GESCOM has submitted the wheeling charges of Rs. 0.67 in Tariff revision application, this is based on the calculations made duly considering the Distribution ARR &amp; Sales in MU. Further, GESCOM has requested the Commission to approve the wheeling charges proposed in the present petition.</p>															
<table border="1"> <thead> <tr> <th data-bbox="183 955 329 1155">Category</th> <th data-bbox="329 955 516 1155">Wheeling charges approved as per Tariff order dtd. 04.04.2022 (Rs./kWh)</th> <th data-bbox="516 955 683 1155">Wheeling Charges proposed in the Present Petition (Rs./kWh)</th> </tr> </thead> <tbody> <tr> <td data-bbox="183 1155 329 1186">BESCOM</td> <td data-bbox="329 1155 516 1186">0.29</td> <td data-bbox="516 1155 683 1186">0.3745</td> </tr> <tr> <td data-bbox="183 1186 329 1218">CESC</td> <td data-bbox="329 1186 516 1218">0.396</td> <td data-bbox="516 1186 683 1218">0.5374</td> </tr> <tr> <td data-bbox="183 1218 329 1249">GESCOM</td> <td data-bbox="329 1218 516 1249">0.414</td> <td data-bbox="516 1218 683 1249">0.6710</td> </tr> <tr> <td data-bbox="183 1249 329 1276">HESCOM</td> <td data-bbox="329 1249 516 1276">0.367</td> <td data-bbox="516 1249 683 1276">0.4080</td> </tr> </tbody> </table>	Category	Wheeling charges approved as per Tariff order dtd. 04.04.2022 (Rs./kWh)	Wheeling Charges proposed in the Present Petition (Rs./kWh)	BESCOM	0.29	0.3745	CESC	0.396	0.5374	GESCOM	0.414	0.6710	HESCOM	0.367	0.4080	
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<p>B. From the data submitted in the Petitions it was observed that the Distribution Licensees have proposed increase in wheeling ARR in the range of 20% to 73% whereas very minimal or nearly no increase in the total sales of the Discoms, leading to determination of significantly high wheeling charges for FY 2023-24. The Commission is requested to conduct due prudence of the proposed ARR and sales for FY 23 and approve a rational level of wheeling charge.</p>																

C. The Commission is requested to conduct due prudence of the proposed wheeling charges.	
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<b>Commission' views:</b> The reply furnished by GESCOM is noted. The matter has been dealt with appropriately in this Order.
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ESCOMS TOTAL POWER PURCHASE FOR FY24						Annexure-1	
SI 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
<b>A</b>	<b>KPCL THERMAL</b>						
1	RAICHUR THERMAL POWER STATION_RTPS 1-7 (7x210)	4934.88	868.00	2234.02	4.53	3102.02	6.29
2	RAICHUR THERMAL POWER STATION_RTPS 8 (1x250)	963.06	228.00	436.17	4.53	664.17	6.90
3	BELLARY THERMAL POWER STATIONS_BTPTS-1 (1x500)	1200.00	351.00	552.84	4.61	903.84	7.53
4	BELLARY THERMAL POWER STATIONS_BTPTS-2 (1x500)	1494.18	424.00	723.18	4.84	1147.18	7.68
5	BELLARY THERMAL POWER STATIONS_BTPTS-3 (1x700)	3234.79	743.00	1315.59	4.07	2058.59	6.36
6	YTPS	5020.71	2400.00	2103.18	4.19	4503.18	8.97
	TOTAL KPCL THERMAL	16847.62	5014.00	7364.98	4.3715	12378.98	7.3476
<b>B</b>	<b>CGS SOURCES</b>						
1	N.T.P.C-RSTP-I&II (3X200MW+3X500MW)	2923.69	214.33	1250.75	4.28	1465.08	5.01
2	N.T.P.C-RSTP-III (1X500MW)	767.69	65.23	299.71	3.90	364.94	4.75
3	NTPC-Talcher (4X500MW)	2667.39	188.00	492.13	1.85	680.13	2.55
4	Simhadri Unit -1 &2 (2X500MW)	1388.03	187.97	534.11	3.85	722.08	5.20
5	NTPC Tamilnadu Energy Company Ltd (NTECL)_Vallur TPS Stage I &2 &3 (3X500MW)	891.54	188.65	293.49	3.29	482.14	5.41
6	Neyveli Lignite Corporation_NLC TPS-II STAGE I (3X210MW)	798.17	65.61	219.74	2.75	285.35	3.58
7	Neyveli Lignite Corporation_NLC TPS-II STAGE 2 (4X210MW)	1083.21	91.70	298.21	2.75	389.91	3.60
8	Neyveli Lignite Corporation_NLC TPS I EXP (2X210MW)	701.39	70.17	171.70	2.45	241.87	3.45
9	Neyveli Lignite Corporation_NLC TPS2 EXP (2X250MW)	563.77	169.14	148.50	2.63	317.64	5.63

SI 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
10	NLC TAMILNADU POWER LIMITED (NTPL) (TUTICORIN) (2X500MW)	721.68	215.67	320.86	4.45	536.53	7.43
11	MAPS (2X220MW)	87.79	0.00	22.77	2.59	22.77	2.59
12	Kaiga Unit 1&2 (2X220MW)	821.84	0.00	286.58	3.49	286.58	3.49
13	Kaiga Unit 3 &4 (2X200MW)	893.52	0.00	311.57	3.49	311.57	3.49
14	NPCIL-Kudankulam Atomic Power Generating Station (KKNPP U1 (1X1000MW)	1466.74	0.00	610.16	4.16	610.16	4.16
15	NPCIL-Kudankulam Atomic Power Generating Station (KKNPP) U2(1X1000MW)	1448.87	0.00	602.73	4.16	602.73	4.16
16	DVC-Unit-1 & 2 Meja TPS (2x500MW)	1354.78	203.84	426.35	3.15	630.19	4.65
17	DVC-Unit-7 & 8 - KODERMA TPS (2x500MW)	1693.47	293.93	602.20	3.56	896.13	5.29
18	Kudgi	2051.25	1590.04	1094.75	5.34	2684.79	13.09
19	New NLC thermal Project	433.77	92.04	117.29	2.70	209.33	4.83
	TOTAL CGS Energy @ KPTCL periphery	22758.59	3636.32	8103.61	3.56	11739.93	5.16
<b>C</b>	<b>MAJOR IPPS</b>						
1	UDUPI POWER CORPORATION LIMITED_UPCL (2x600)	1500.00	1091.48	1620.00	10.80	2711.48	18.08
<b>D</b>	<b>KPCL HYDEL STATIONS</b>						
1	SHARAVATHI VALLEY PROJECT_SVP (10x103.5+2x27.5)	5049.99		301.38	0.60	301.38	0.60
2	MAHATMA GANDHI HYDRO ELECTRIC POWER HOUSE_MGHE (4x21.6+4x13.2)	346.50		25.04	0.72	25.04	0.72
3	GERUSOPPA_GPH (SHARAVATHI TAIL RACE_STR) (4x60)	542.52		97.12	1.79	97.12	1.79
4	KALI VALLEY PROJECT_KVP (2x50+5x150+1x135)	3371.94		283.18	0.84	283.18	0.84

SI 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
5	VARAHI VALLEY PROJECT_VVP (4x115+2x4.5)	1077.12		189.78	1.76	189.78	1.76
6	ALMATTI DAM POWER HOUSE_ADPH (1x15+5x55)	504.90		116.84	2.31	116.84	2.31
7	BHADRA HYDRO ELECTRIC POWER HOUSE_BHEP ((1x2+2x12)+(1x7.2+1x6))	59.40		29.08	4.90	29.08	4.90
8	KADRA POWER HOUSE_KPH (3x50)	396.00		90.81	2.29	90.81	2.29
9	KODASALLI DAM POWER HOUSE_KDPH (3x40)	396.00		63.85	1.61	63.85	1.61
10	GHATAPRABHA DAM POWER HOUSE_GDPH (2x16)	85.14		21.25	2.50	21.25	2.50
11	SHIVASAMUDRAM (4x4+6x3) & SHIMSHAPURA (2x8.6) HYDRO STATIONS.	279.18		37.33	1.34	37.33	1.34
12	MUNIRABAD POWER HOUSE (2x9+1x10)	95.04		9.21	0.97	9.21	0.97
	TOTAL KPCL HYDRO	12203.73	0.00	1264.87	1.04	1264.87	1.04
<b>E</b>	<b>OTHER HYDRO</b>						
1	PRIYADARSHINI JURALA HYDRO ESLECTRIC STATION (6x39)	162.43		61.40	3.78	61.40	3.78
2	TUNGABHADRA DAM POWER HOUSE_TBPH (4x9+4x9)	44.85		2.10	0.47	2.10	0.47
	TOTAL OTHER HYDRO	207.28		63.50	3.06	63.50	3.06
<b>F</b>	<b>RE SOURCES</b>						
1	WIND-IPPS	6263.80		2463.52	3.93	2463.52	3.93
2	KPCL-WIND (9x0.225+10x0.230)	6.95		2.67	3.84	2.67	3.84
3	MINI HYDEL-IPPS	1494.18		504.15	3.37	504.15	3.37
4	CO-GEN	719.71		465.43	6.47	465.43	6.47
5	CAPTIVE	18.57		5.71	3.07	5.71	3.07
6	Wind MOA	136.53		49.50	3.63	49.50	3.63
7	BIOMASS	146.66		81.50	5.56	81.50	5.56
8	Solar Existing /SRTPV	9428.46		3694.19	3.92	3694.19	3.92



SI 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	SOLAR-KPCL (YELESANDRA,ITNAL,YA PALDINNI,SHIMSHA) (3x1+3x1+1x3x1x5)	7.43		10.68	14.37	10.68	14.37
	TOTAL RE	18222.29		7277.35	3.99	7277.35	3.99
<b>G</b>	<b>BUNDLED POWER</b>						
1	Bundled power Coal	505.86		299.33	5.92	299.33	5.92
2	Bundled power Solar(OLD)	120.50		126.85	10.53	126.85	10.53
3	Bundled power Solar(NEW)	1380.80		843.25	6.11	843.25	6.11
	Total Bundled Power	2007.16		1269.43	6.32	1269.43	6.32
<b>H</b>	<b>TOTAL TRANSMISSION &amp; LDC CHARGES</b>						
1	KPTCL TRANSMISSION CHARGES		5575.8505			5575.8505	
2	CTUIL CHARGES		2118.411			2118.411	
3	SLDC		27.740			27.740	
4	POSOCO CHARGES		4.340			4.340	
<b>I</b>	<b>TOTAL INCLUDING TRANSMISSION &amp; LDC CHARGES</b>	<b>73746.6760</b>	<b>17468.1410</b>	<b>26963.7395</b>	<b>3.656</b>	<b>44431.880</b>	<b>6.02493</b>

GESCOMs APPROVED POWER PURCHASE FOR FY24							Annexure-2	
Sl no	Name of the Generating Station	% share of energy allowed	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
<b>A</b>	<b>KPCL THERMAL</b>							
1	RAICHUR THERMAL POWER STATION_RTPS 1-7 (7x210)	16.0000	789.58	138.88	357.44	4.53	496.32	6.29
2	RAICHUR THERMAL POWER STATION_RTPS 8 (1x250)	16.0000	154.09	36.48	69.79	4.53	106.27	6.90
3	BELLARY THERMAL POWER STATIONS_BTPTS-1 (1x500)	16.0000	192.00	56.16	88.45	4.61	144.61	7.53
4	BELLARY THERMAL POWER STATIONS_BTPTS-2 (1x500)	16.0000	239.07	67.84	115.71	4.84	183.55	7.68
5	BELLARY THERMAL POWER STATIONS_BTPTS-3 (1x700)	16.0000	517.57	118.88	210.49	4.07	329.37	6.36
6	YTPS	16.0000	803.31	384.00	336.51	4.19	720.51	8.97
	TOTAL KPCL THERMAL		2695.62	802.24	1178.40	4.37	1980.64	7.35
<b>B</b>	<b>CGS SOURCES</b>							
1	N.T.P.C-RSTP-I&II (3X200MW+3X500MW)	13.1907	385.66	28.27	164.98	4.28	193.25	5.01
2	N.T.P.C-RSTP-III (1X500MW)	13.1907	101.26	8.60	39.53	3.90	48.14	4.75
3	NTPC-Talcher (4X500MW)	13.1907	351.85	24.80	64.92	1.85	89.71	2.55
4	Simhadri Unit -1 & 2 (2X500MW)	13.1907	183.09	24.79	70.45	3.85	95.25	5.20
5	NTPC Tamilnadu Energy Company Ltd (NTECL)_Vallur TPS Stage I & 2 & 3 (3X500MW)	13.1907	117.60	24.88	38.71	3.29	63.60	5.41
6	Neyveli Lignite Corporation_NLC TPS-II STAGE I (3X210MW)	13.1907	105.28	8.65	28.98	2.75	37.64	3.58
7	Neyveli Lignite Corporation_NLC TPS-II STAGE 2 (4X210MW)	13.1907	142.88	12.10	39.34	2.75	51.43	3.60
8	Neyveli Lignite Corporation_NLC TPS I EXP (2X210MW)	13.1907	92.52	9.26	22.65	2.45	31.90	3.45
9	Neyveli Lignite Corporation_NLC TPS2 EXP (2X250MW)	13.1907	74.37	22.31	19.59	2.63	41.90	5.63
10	NLC TAMILNADU POWER LIMITED (NTPL) (TUTICORIN) (2X500MW)	13.1907	95.19	28.45	42.32	4.45	70.77	7.43
11	MAPS (2X220MW)	13.1907	11.58	0.00	3.00	2.59	3.00	2.59
12	Kaiga Unit 1&2 (2X220MW)	13.1907	108.41	0.00	37.80	3.49	37.80	3.49
13	Kaiga Unit 3 & 4 (2X200MW)	13.1907	117.86	0.00	41.10	3.49	41.10	3.49

SI no	Name of the Generating Station	% share of energy allowed	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
14	NPCIL-Kudankulam Atomic Power Generating Station (KKNPP U1 (1X1000MW))	13.1907	193.47	0.00	80.48	4.16	80.48	4.16
15	NPCIL-Kudankulam Atomic Power Generating Station (KKNPP) U2(1X1000MW)	13.1907	191.12	0.00	79.50	4.16	79.50	4.16
16	DVC-Unit-1 & 2 Meja TPS (2x500MW)	13.1907	178.70	26.89	56.24	3.15	83.13	4.65
17	DVC-Unit-7 & 8-KODERMA TPS (2x500MW)	13.1907	223.38	38.77	79.43	3.56	118.21	5.29
18	Kudgi	13.1907	270.57	209.74	144.41	5.34	354.14	13.09
19	New NLC thermal Project	13.1907	57.22	12.14	15.47	2.70	27.61	4.83
	TOTAL CGS Energy @ KPTCL periphery		3002.02	479.66	1068.92	3.56	1548.58	5.16
<b>C</b>	<b>MAJOR IPPS</b>							
1	UDUPI POWER CORPORATION LIMITED_UPCL (2x600)	19.0977	286.47	208.45	309.38	10.80	517.83	18.08
<b>D</b>	<b>KPCL HYDEL STATIONS</b>							
1	SHARAVATHI VALLEY PROJECT_SVP (10x103.5+2x27.5)	6.0000	303.00	0.00	18.08	0.60	18.08	0.60
2	MAHATMA GANDHI HYDRO ELECTRIC POWER HOUSE_MGHE (4x21.6+4x13.2)	6.0000	20.79	0.00	1.50	0.72	1.50	0.72
3	GERUSOPPA_GPH (SHARAVATHI TAIL RACE_STR) (4x60)	6.0000	32.55	0.00	5.83	1.79	5.83	1.79
4	KALI VALLEY PROJECT_KVP (2x50+5x150+1x135)	6.0000	202.32	0.00	16.99	0.84	16.99	0.84
5	VARAHI VALLEY PROJECT_VVP (4x115+2x4.5)	6.0000	64.63	0.00	11.39	1.76	11.39	1.76
6	ALMATTI DAM POWER HOUSE_ADPH (1x15+5x55)	6.0000	30.29	0.00	7.01	2.31	7.01	2.31
7	BHADRA HYDRO ELECTRIC POWER HOUSE_BHEP ((1x2+2x12)+(1x7.2+1x6))	6.0000	3.56	0.00	1.74	4.90	1.74	4.90
8	KADRA POWER HOUSE_KPH (3x50)	6.0000	23.76	0.00	5.45	2.29	5.45	2.29
9	KODASALLI DAM POWER HOUSE_KDPH (3x40)	6.0000	23.76	0.00	3.83	1.61	3.83	1.61

Sl no	Name of the Generating Station	% share of energy allowed	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
10	GHATAPRABHA DAM POWER HOUSE_GDPH (2x16)	6.0000	5.11	0.00	1.27	2.50	1.27	2.50
11	SHIVASAMUDRAM (4x4+6x3) & SHIMSHAPURA (2x8.6) HYDRO STATIONS.	6.0000	16.75	0.00	2.24	1.34	2.24	1.34
12	MUNIRABAD POWER HOUSE (2x9+1x10)	6.0000	5.70	0.00	0.55	0.97	0.55	0.97
	TOTAL KPCL HYDRO		732.22	0.00	75.89	1.04	75.89	1.04
<b>E</b>	<b>OTHER HYDRO</b>							
1	PRIYADARSHINI JURALA HYDRO ESLECTRIC STATION (6x39)	13.1907	21.43	0.00	8.10	3.78	8.10	3.78
2	TUNGABHADRA DAM POWER HOUSE_TBPH (4x9+4x9)	13.1907	5.92	0.00	0.28	0.47	0.28	0.47
	TOTAL OTHER HYDRO		27.34	0.00	8.38	3.06	8.38	3.06
<b>F</b>	<b>RE SOURCES</b>							
1	WIND-IPPS		1354.86	0.00	532.86	3.93	532.86	3.93
2	KPCL-WIND (9x0.225+10x0.230)			0.00	0.00	3.84	0.00	3.84
3	MINI HYDEL-IPPS		162.25	0.00	54.74	3.37	54.74	3.37
4	CO-GEN		69.53	0.00	44.96	6.47	44.96	6.47
5	CAPTIVE			0.00	0.00	3.07	0.00	3.07
6	Wind MOA			0.00	0.00	3.63	0.00	3.63
7	BIOMASS		43.17	0.00	23.99	5.56	23.99	5.56
8	Solar Existing /SRTPV		1049.865	0.00	409.30	3.90	409.30	3.90
9	SOLAR-KPCL (YELESANDRA,ITNAL,YAP ALDINNI,SHIMSHA) (3x1+3x1+1x3x1x5)		2.47	0.00	3.55	14.37	3.55	14.37
	TOTAL RE		2682.14	0.00	1069.41	3.90	1069.41	3.90
<b>G</b>	<b>BUNDLED POWER</b>							
1	Bundled power Coal	14.8631	75.19	0.00	44.49	5.92	44.49	5.92
2	Bundled power Solar(OLD)	14.8631	17.91	0.00	18.85	10.53	18.85	10.53
3	Bundled power Solar(NEW)	15.12091	208.79	0.00	127.51	6.11	127.51	6.11
	Total Bundled Power		301.89	0.00	190.85	6.32	190.85	6.32

SI no	Name of the Generating Station	% share of energy allowed	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
<b>H</b>	<b>TOTAL TRANSMISSION &amp; LDC CHARGES</b>							
1	KPTCL TRANSMISSION CHARGES			604.5184			604.5184	
2	CTUIL CHARGES			265.163			265.163	
3	SLDC			3.139			3.139	
4	POSOCO CHARGES			0.540			0.540	
<b>I</b>	<b>TOTAL INCLUDING TRANSMISSION &amp; LDC CHARGES</b>		<b>9727.7040</b>	<b>2363.7042</b>	<b>3901.2258</b>	<b>4.010</b>	<b>6264.9300</b>	<b>6.4403</b>

Proposed and Approved Revenue, Average Tariff and Level of Cross Subsidy for FY24.						ANNEXURE-3	8.75	8.32	8.04
GESCOM						Level of Cross Subsidy (%)			
Tariff	PARTICULARS	@ Proposed by GESCOM		@ Approved as per RST			W.R.T.	W.R.T.	W.R.T.
		Energy Sales (MU)	Revenue (Rs.in Crores)	Energy Sales (MU)	Revenue (Rs.in Crores)	Avg. Tariff (Rs./Unit)	ACS (Rs.8.75)	LT & HT Voltage (Rs.8.89 & Rs.8.32)	EHT Voltage (Rs.8.04)
LT-1 (Subsidized)	Bhagya Jyothi / Kutir Jyothi <=40 units (*1)	270.41	261.25	263.05	230.17	8.75	0.00%	-1.57%	
LT-1	Bhagya Jyothi / Kutir Jyothi >40 units	6.32	4.41	7.60	5.07	6.67	-23.77%	-24.97%	
LT-2(a)	Domestic Consumers, etc.	1426.35	1347.23	1426.35	1218.99	8.55	-2.29%	-3.82%	
LT-2(b)	Pvt. Educational Institutions and Hospitals, etc.	13.07	10.97	13.48	13.98	10.37	18.51%	16.65%	
LT-3	Commercial	404.78	459.94	428.58	531.15	12.39	41.60%	39.37%	
LT-4(a) (Subsidized)	Irrigation Pump Sets <=10 HP (*1)	3659.87	3061.75	3659.87	2641.49	7.22	-17.49%	-18.79%	
LT-4(b)	Irrigation Pump Sets >10 HP	4.17	1.67	3.73	7.23	19.38	121.49%	118.00%	
LT-4c	Pvt. Nurseries, Coffee / Tea Plantations, etc.	5.33	3.04	5.33	2.83	5.31	-39.31%	-40.27%	
LT-5	Industrial	188.32	262.51	192.92	267.58	13.87	58.51%	56.02%	
LT-6(a)	Water Supply	478.33	349.15	441.00	279.30	6.33	-27.66%	-28.80%	
LT-6(b)	Public Lighting	220.93	175.02	244.96	181.08	7.39	-15.54%	-16.87%	
LT-6(c)	EV Charging Stations	-	-	-	-	-	-	-	
LT-7	Temporary Power Supply	29.30	35.17	29.30	65.84	22.47	156.80%	152.76%	
LT-7(b)									
<b>LT-Total</b>		<b>6707.18</b>	<b>5972.11</b>	<b>6716.17</b>	<b>5444.71</b>	<b>8.11</b>	<b>-7.31%</b>	<b>-8.77%</b>	
HT-1	Water Supply & Sewerage pumping	143.39	137.89	141.09	105.75	7.50	-14.29%	-9.86%	-6.72%
HT-2(a)	Industrial	1356.76	1390.71	1356.76	1376.26	10.14	15.89%	21.88%	26.12%
HT-2(b)	Commercial	67.14	103.40	76.12	106.07	13.93	59.20%	67.43%	73.26%
HT-2c(i)	Govt. Educational Institutions and Hospitals, etc.	47.93	45.79	51.96	49.32	9.49	8.46%	14.06%	18.03%
HT-2c(ii)	Pvt. Educational Institutions and Hospitals, etc.	-	-	-	-	-	-	-	-
HT-3(a)	Lift Irrigation consumers	116.65	76.22	116.65	62.20	5.33	-39.09%	-35.94%	-33.71%
<b>HT-3(b)/HT-6</b>	Agricultural Forms, Govt. Horticultural Forms, etc.	-	-	-	-	-	-	-	-
HT-4	Residential Apartments	15.73	19.08	15.31	13.32	8.70	-0.57%	4.57%	8.21%
HT-5	Temporary Power Supply	15.29	43.91	15.29	22.76	14.89	70.17%	78.97%	85.20%
<b>HT-Total</b>		<b>1762.89</b>	<b>1817.00</b>	<b>1773.18</b>	<b>1735.68</b>	<b>9.79</b>	<b>11.89%</b>	<b>17.67%</b>	<b>21.77%</b>
	Miscellaneous	0.00	159.95	0.00	247.31				
	<b>GRAND TOTAL</b>	<b>8470.07</b>	<b>7949.06</b>	<b>8489.35</b>	<b>7427.70</b>	<b>8.75</b>			

(\*1) These categories are subsidized by GoK. In case subsidy is not released by GoK in advance, GESCOM shall raise demand & collect CDT of Rs.8.75 by BJ/KJ and Rs.7.22 by IP set consumers.

(\*2) Voltage class wise Cost of Supply per unit LT: Rs.8.89, HT: Rs.8.32, EHT: Rs.8.04 per unit

Karnataka Electricity Regulatory Commission, Bangalore.			Annexure-4
Calculations for surcharge payable by Open Access Customers -FY24			
Energy Input for FY24-MU		73746.68	
Power Purchase Cost(PPC) including RE sources and excluding KPTCL Transmission/SLDC charges -Rs. Crs.		38828.29	
<b>PPC Paise/ unit(SI.No2/SI.No.1*1000)</b>		<b>526.51</b>	
	<b>Details of surcharge at 66 kv level-paise/unit</b>	<b>Details of surcharge at 33 kv/11 kv level-paise/unit</b>	<b>Details of surcharge at LT level-paise/unit</b>
Power purchase cost /unit (=SI.No.3)	526.51	526.51	526.51
Transmission loss % including Comm. Losses	2.82	2.82	2.82
PPC after accounting for transmission loss (SI.No.4/(1-SI.no.5/100))	541.81	541.81	541.81
ESCOM's Loss at 33 kv/11kv level % including commercial losses	0.00	3.35	3.35
Power purchase cost after accounting for 33 kv/11kv loss(SI.No.6/(1-SI.no.7/100))	541.81	560.60	560.60
ESCOM's Loss at LT level % including commercial losses	0.00	0.00	7.04
Power purchase cost after accounting for LT loss(SI.No.8/(1-SI.no.11/100))	541.81	560.60	603.05
Overall Transmission charge per unit including carrying cost of Regulatory asset	87.49	87.49	87.49
ESCOM's Average Wheeling charge at 33 kv./11 kVlevel	0.00	37.52	37.52
ESCOM's Average Wheeling charge at LT kVlevel	0.00	0.00	87.54
Add carrying cost of Regulatory asset/unit	0.00	0.00	
Add cost of REC to meet RPO/unit	0.00	0.00	
Overall Cost of supply (SI.nos. 10+11+12+13+14+15)	629.30	685.60	815.59

	1	2	4	5	6	7	8	9	10
HT Category	HT-1	HT-2a	HT-2b	HT-2c(i)	HT-2c(ii)	HT-3	HT-4	HT-5	HT-6
Average Tariff- [Based on Annexure-3 of all ESCOMs]	699.00	1025.00	1399.00	930.00	1146.00	544.00	953.00	1657.00	549.00
Cross subsidy at 66 kv & above [SI.No.17-629.30]	69.70	395.70	769.70	300.70	516.70	-85.30	323.70	1027.70	-80.30
Cross subsidy at HT level [SI.No.17-685.60]	13.40	339.40	713.40	244.40	460.40	-141.60	267.40	971.40	-136.60
Cross subsidy at LT level [SI.No.17-815.58]	NA	NA	NA	NA	NA	NA	NA	NA	NA
20% of Tariff [20% of SI. No.17]	139.80	205.00	279.80	186.00	229.20	108.80	190.60	331.40	109.80
Applicable Cross subsidy at 66 kv & above [lower of SI.No.18 & SI.No.21]	70	205	280	186	229	-85	191	331	-80
Applicable Cross subsidy at HT level [lower of SI.No.19 & SI.No.21]	13	205	280	186	229	-142	191	331	-137
Applicable Cross subsidy at LT level [lower of SI.No.20 & SI.No.21]	NA	NA	NA	NA	NA	NA	NA	NA	NA

	11	12	14	15	16	17	18	19	20	21	22	23
HT Category	LT-1 (SUBSIDISED)	LT-1 (unsubsidise d)	LT2b	LT3	LT-4a	LT-4b	LT-4c	LT-5	LT-6a	LT-6b	LT-6c	LT-7
Average Tariff- [Based on Annexure-3 of all ESCOMs]	892	638	1100	1199	647	899	1054	1137	748	840	458	2552
Cross subsidy at 66 kv & above [SI.No.17-629.30]	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Cross subsidy at HT level [SI.No.17-685.60]	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Cross subsidy at LT level [SI.No.17-815.58]	76.41	-177.59	284.41	383.41	-168.59	83.41	238.41	321.41	-67.59	24.41	-357.59	1736.41
20% of Tariff [20% of SI. No.17]	178.40	127.60	220.00	239.80	129.40	179.80	210.80	227.40	149.60	168.00	91.60	510.40
Applicable Cross subsidy at 66 kv & above [lower of SI.No.18 & SI.No.21]	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Applicable Cross subsidy at HT level [lower of SI.No.19 & SI.No.21]	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Applicable Cross subsidy at LT level [lower of SI.No.20 & SI.No.21]	76	-178	220	240	-169	83	211	227	-68	24	-358	510

## **ANNEXURE - 5**

### **ELECTRICITY TARIFF - 2024**

**K.E.R.C. ORDER DATED: 12<sup>th</sup> MAY 2023**

**Effective for the Electricity consumed from the first meter  
reading date falling on or after 01.04.2023**

**Gulbarga  
Electricity Supply Company Ltd.,**



**ELECTRICITY TARIFF-2024****GENERAL TERMS AND CONDITIONS OF TARIFF:****(APPLICABLE TO BOTH HT AND LT)**

1. The 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 and compliance of all other Regulations issued / 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 payment of minimum charges. The minimum charges are the power supply charges, in accordance with the tariff in force from time to time. This shall be payable by the Consumer until the 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 factor 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 can 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:
- Where the Consumer holds a sanction or a tariff provision for distribution and sale of energy,
  - 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 of bills. If the bill is not received within 7 days from the meter reading date, the Consumer shall notify the licensees' office, which issues the bill. 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 up to Rs. 10,000	5% of the amount subject to a minimum of Rs.100
2	Cheque amount of Rs. 10,001 and up to 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 No. 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 Bhagya Jyothi and Kutir Jyothi 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 meter or Electronic Tri-Vector meter or static 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 upto 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, Bankers Cheque up to and inclusive of Rs. 10,000 and payment above Rs.10, 000 shall be by D.D or Bankers Cheque only.

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/ Bangalore One and Karnataka One website, on-line E-Payment / Digital mode of payments as per 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. If any of installations is not covered under any Tariff schedule, the Licensee is permitted to classify such installations under appropriate Tariff schedule under intimation to the K.E.R.C and approval thereon.

24. **Seasonal Industries**

**Applicable to all Seasonal Industries.**

- i) The industries that intend to avail this benefit shall have Electronic Tri- Vector Meter installed 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-10AC** form the Income Tax department.

26 **Time of the Tariff (ToD)**

The Commission as decided in the earlier tariff orders, decides 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 will continue as existing for HT2 (a), HT2 (b) and HT 2(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 BMRCL and Railway Traction installations.**

**The TOD tariff penalty / incentive in all the cases is applicable for the period specified by the Commission in the Tariff Order.**

**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 the case of monthly bills exceeding Rs.1,00,000 (Rs. One lahs), if the payment is made 10 days in advance of the due date.
- (ii) Advance payment exceeding Rs.1000 made by the Consumers towards monthly bills.

**Note: The incentive for payment through ECS is discontinued.**

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.

# **ELECTRICITY TARIFF-2024**

## **PART-I**

### **LOW TENSION SUPPLY**

**(400 Volts Three Phase and  
230 Volts Single Phase Supply)**



**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 4 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: The Solar Rebate of 50 Paise per unit of electricity consumed subject to a maximum of Rs.50/- per installation per month hitherto allowed to tariff schedule LT-2(a) is now discontinued.**
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 people, 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.100 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. 100/-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 of 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 Panchayaths, Town Panchayaths or Municipalities 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 conditionality specified 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 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.

<b>LT-1: RATE SCHEDULE</b> Applicable for GESCOM Area	
<b>Fixed Charges &amp; Energy Charges:</b>	
Commission Determined Tariff (CTD)	875 paise / Unit subject to a monthly minimum of Rs.100 per installation per month <b>[CDT comprises of fixed charge component of Rs.4.15 and variable charge component of Rs.4.60 per unit]</b>
<b>NOTE:</b>	
(i) GOK is meeting the full cost of supply to BJ / KJ installations. However, if the GOK does not release the subsidy in advance, a Tariff of Rs.8.75 per unit subject to a monthly minimum of Rs.100 per installation per month, shall be demanded and collected from these consumers by GESCOM.	
(ii) If the consumption exceeds 40 units per month or any BJ/KJ installation is found to have more than one out let, it shall be billed as per Tariff Schedule LT 2(a).	

## TARIFF SCHEDULE LT-2(a)

**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/Travellers Bungalows run in Government buildings or by State/Central Govt./Religious/Charitable institutions; (h) Public libraries; (i) Museums; (j) Installations of Historical Monuments of Archaeology 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; (n) Gaushalas.

<b>LT-2(a): RATE SCHEDULE</b> <b>Applicable for all areas</b>	
<b>Fixed Charges / KW /Month:</b>	
Per KW Upto 50 KW	Rs.110/-
For every additional KW above 50 KW	Rs.210/-
<b>Energy Charges per kWh:</b>	
0 to 100 Units	475 paise
0 to All Units <b>[if the total consumption exceeds 100 units]</b>	700 paise
Note:	
(i) <b>Consequent to the merger of rural category under urban category, a rebate of 30 paise per unit shall be allowed to the consumers falling under village panchayat areas.</b>	
(ii) 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)

**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.

<b>LT-2(b): RATE SCHEDULE</b> <b>Applicable for all areas</b>	
<b>Fixed Charges / KW / Month:</b>	
Per KW Upto 50 KW	Rs.180/-
For every additional KW above 50 KW	Rs.250/-
<b>Energy Charges per kWh:</b>	
For entire consumption	775 paise / Unit
Note: <b>Consequent to the merger of rural category under urban category, a rebate of 30 paise per unit shall be allowed to the consumers falling under village panchayat areas.</b>	

**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: The Solar Rebate of 50 Paise per unit of electricity consumed subject to a maximum of Rs.50/- per installation per month hitherto allowed to tariff schedule LT-2(a) is now discontinued.**

## TARIFF SCHEDULE LT-3(a)

**LT-3(a):** 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, BMTc / 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 cafes, 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..

<b>LT-3(a): RATE SCHEDULE</b> <b>Applicable for all areas</b>	
<b>Fixed Charges / KW / Month:</b>	
Per KW Upto 50 KW	Rs.200/-
For every additional KW above 50 KW	Rs.300/-
<b>Energy Charges per kWh:</b>	
For entire consumption	850 paise

<b>LT-3(a): RATE SCHEDULE [Applicable for all areas]</b> <b>DEMAND BASED TARIFF (optional)</b> <b>where sanctioned load is above 5 KW but below 150 KW</b>	
<b>Fixed Charges / KW / Month:</b>	
Per KW Upto 50 KW	Rs.220/-
For every additional KW above 50 KW	Rs.320/-
<b>Energy Charges per kWh:</b>	
For entire consumption	850 paise

**Note: [Applicable to LT-3(a)]**

1. **Consequent to the merger of rural category under urban category, a rebate of 30 paise per unit shall be allowed to the consumers falling under village panchayat areas.**
2. 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.
3. The semi-permanent Cinemas should have semi-Permanent Structure with permanent wiring and licence for duration of not less than one year.
4. 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.
5. 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 people.**
6. **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-3(b)**

**LT-3(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.**

<b>LT-3(b): RATE SCHEDULE Applicable for all areas</b>	
<b>Fixed Charges / KW / Month:</b>	
Less than 67 HP only	Rs.200/-
<b>Energy Charges per kWh:</b>	
For entire consumption	1050 paise

### TARIFF SCHEDULE LT-4 (a), LT-4 (b) & LT-4(c)

**LT-4:** 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.

<b>LT-4(a): RATE SCHEDULE</b> Applicable to I.P. Sets up to and inclusive of 10 HP Applicable for GESCOM Area	
<b>Fixed Charges &amp; Energy Charges:</b>	
Commission Determined Tariff (CTD)	722 paise / Unit [CDT comprises of fixed charge component of Rs.3.42 and variable charge component of Rs.3.80 per unit]
<b>NOTE:</b>	
(i) 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 Rs.7.22 per unit shall be demanded and collected from these consumers.	
(ii) This Tariff is applicable for Coconut and Arecanut plantations also.	

<b>LT-4(b): RATE SCHEDULE</b> Applicable to IP sets above 10 HP Applicable for all areas	
<b>Fixed Charges / HP / Month:</b>	
Per HP	Rs.135/-
<b>Energy Charges per kWh:</b>	
For entire consumption	410 paise

<b>LT-4(c): RATE SCHEDULE</b> Applicable to Private Horticultural Nurseries, Coffee, Nurseries of forest and Horticultural Departments, Grass Farms and Gardens, Tea and Rubber plantations Applicable for all areas	
<b>Fixed Charges / HP / Month:</b>	
Per HP	Rs.135/-
<b>Energy Charges per kWh:</b>	
For entire consumption	425 paise

**Note: [Applicable to LT-4]**

- 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 pump house and well limited to 2 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

**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., Tailoring shop, Bulk Ice Cream and Ice manufacturing Units, Coffee Roasting and Grinding Works, Cold Storage Plants, Bakery**

Product Mfg. Units, BMTC/ 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 dyeing, 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 the installation 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 centres, Mineral water processing plants / drinking water bottling plants soda fountain units and Solid Waste Processing Plant, Animal husbandry activities, Transformer Repair Centres, Data Centres (on production of necessary certificate issued by Department of Electronics, Information Technology & Biotechnology and Science & Technology).

<b>LT-5: RATE SCHEDULE</b> <b>Applicable for all areas</b>	
<b>Fixed Charges / HP / Month:</b>	
Below 100 HP	Rs.140/-
100 HP and above	Rs.250/-
<b>Energy Charges per kWh:</b>	
0 to 500 Units	610 paise
Above 500 Units	710 paise

<b>LT-5: RATE SCHEDULE</b> <b>DEMAND BASED TARIFF (Optional)</b> <b>[Applicable for all areas]</b>	
<b>Fixed Charges / KW / Month:</b>	
Below 100 HP	Rs.190/-
100 HP and above	Rs.300/-
<b>Energy Charges per kWh:</b>	
0 to 500 Units	610 paise
Above 500 Units	710 paise

**Note: [Applicable to LT-5]**

1. Consequent to the merger of rural category under urban category, a rebate of 30 paise per unit shall be allowed to the consumers falling under village panchayat and Town Municipal Council areas.
2. Rebate of 50 paise per unit in Energy Charges shall be extended to Micro & Small scale industries as certified by the Government of Karnataka/ Government of India, until further orders.
3. Rebate of Re.1/- per unit in Energy Charges shall be extended to Ice Manufacturing Units / Cold Storage plants used for fisheries purpose that are situated in the coastal belt area of Karnataka State within radius of 5 Kms from Sea. In case these plants are situated beyond the radius of 5 Kms from Sea, such consumers are also eligible to avail the rebate benefit, provided that such consumers have to submit a certification from the authorities of Fisheries Department that their activities are actually meant for fisheries purpose only.

<b>LT-5: ToD Tariff (Optional)</b>		
Time of Day	From July to November (monsoon period) (paise / unit)	From December to June (paise / unit)
06.00 Hrs to 10.00 Hrs	0	0
10.00 Hrs to 18.00 Hrs	0	0
18.00 Hrs to 22.00 hrs	0	(+ )100
22.00 Hrs to 06.00 Hrs	0	(-)100

**Note: [Applicable to LT-5 DEMAND BASED TARIFF]**

1. 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**

**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 including the gateman's shed with associated equipment 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 Vehicle Charging Station.**



<b>LT-6(a): RATE SCHEDULE WATER SUPPLY - Applicable for all areas</b>	
<b>Fixed Charges / HP / Month:</b>	
Upto and inclusive of 67 HP	Rs.175/-
For every additional HP above 67 HP	Rs.275/-
<b>Energy Charges per kWh:</b>	
For entire consumption	550 paise

<b>LT-6(b): RATE SCHEDULE PUBLIC LIGHTING - Applicable for all areas</b>	
<b>Fixed Charges / KW / Month:</b>	
Per KW	Rs.175/-
<b>Energy Charges per kWh:</b>	
For entire consumption	700 paise
<b>Energy charges for LED / Induction Lighting</b>	600 paise

<b>LT-6(c): RATE SCHEDULE Electric Vehicle Charging Stations/ Battery Swapping Stations (for Both LT &amp; HT) - Applicable to all areas</b>	
<b>Fixed Charges / KW / Month:</b>	
LT: Upto and inclusive of 50 KW	Rs.70/-
LT: For every additional KW above 50 KW	Rs.170/-
<b>HT: (per KVA / Month of billing demand)</b>	<b>Rs.200/-</b>
<b>Energy Charges per kWh:</b>	
For entire consumption	450 paise

<b>LT-6(c): ToD Tariff for the EV charging stations in the Depots of BMTC / KSRTC / NEKRTC / NWKRTC who have availed HT power supply for charging the Electric Motor Vehicles</b>		
Time of Day	From July to November (monsoon period) (paise / unit)	From December to June (paise / unit)
06.00 Hrs to 10.00 Hrs	0	0
10.00 Hrs to 18.00 Hrs	0	0
18.00 Hrs to 22.00 hrs	0	(+ )100
22.00 Hrs to 06.00 Hrs	0	(- )100

**TARIFF SCHEDULE LT-7**

**LT-7: Temporary Supply**

<b>LT-7: RATE SCHEDULE Applicable for all areas</b>	
<b>Fixed Charges / KW / Month:</b>	
Less than 67 HP	Rs.200/-
<b>Energy Charges per kWh:</b>	
For entire consumption	1150 paise

**Note: [Applicable to LT-7]**

1. **Billing of LT-7 installations shall be on monthly basis, similar to other category of consumers, however, subject to the provisions of the Conditions of Supply of Electricity of Distribution Licensees in the State of Karnataka (CoS) (Eleventh Amendment), 2023.**
2. 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.
3. This Tariff is also applicable to touring cinemas having licence for duration less than one year.
4. 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 - 2024**

## **PART-II**

### **HIGH TENSION SUPPLY**

**Applicable to Bulk Power Supply of Voltages at 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 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 15<sup>th</sup> of the month. If the option is exercised on or after 16<sup>th</sup> 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 upto 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), 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 up to 3 decimals (ignoring figures in the other decimal places), and then rounded off to the nearest second decimal as illustrated below:
- (a) 0.8949 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, then consumer 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 BMRCL and 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 conditionality's 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 for the energy consumed.
- d. Monthly charges during **the off season** 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** for the energy consumed.

- e. Monthly charges during off season 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 85% of the contract demand whichever is higher at 50% of the normal demand charges plus energy charge for the energy consumed.
- f. *In addition to the concession in the Demand Charges, a rebate in the energy charges by Re.1 per unit for the energy consumed during the year shall be allowed 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 Kms. from Sea and also to extend the similar benefit to such plants which are situated beyond the radius of 5 Kms from Sea provided that such consumers have to submit a certification from the authorities of Fisheries Department that their activities are actually meant for fisheries purpose only.*
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

**HT-1:** Applicable to Water Supply, Drainage / Sewerage water treatment plant and Sewerage Pumping installations, belonging to Bangalore Water Supply and Sewerage Board, Karnataka Urban Water Supply and Sewerage Board, other local bodies, State and Central Government..

<b>HT-1: RATE SCHEDULE</b>	
<b>Applicable for all areas</b>	
<b>Demand Charges per KVA of billing demand / month:</b>	
Per KVA	Rs.350/-
<b>Energy Charges per kWh:</b>	
For entire consumption	600 paise

<b>HT-1: ToD Tariff (Optional)</b>		
<b>Time of Day</b>	<b>From July to November (monsoon period) (paise / unit)</b>	<b>From December to June (paise / unit)</b>
06.00 Hrs to 10.00 Hrs	0	0
10.00 Hrs to 18.00 Hrs	0	0
18.00 Hrs to 22.00 hrs	0	(+ )100
22.00 Hrs to 06.00 Hrs	0	(- )100

**Note: [Applicable to HT-1]**

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)

**HT-2(a):** Applicable to Industries, Factories, Industrial Workshops, Research & Development Centres, Industrial Estates, Milk dairies, Rice Mills, Poha 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 Theatres, 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, Data Centres (on production of necessary certificate issued by Department of Electronics, Information Technology & Biotechnology and Science & Technology.

<b>HT-2(a): RATE SCHEDULE [Applicable for all areas]</b>	
<b>Demand Charges per KVA of Billing Demand / month:</b>	
Per KVA	Rs.350/-
<b>Energy Charges per kWh:</b>	
For entire consumption	740 paise

<b>HT-2(a) – Bangalore Metropolitan Railway Corporation Limited (BMRCCL) RATE SCHEDULE</b>	
<b>Demand Charges per KVA of Billing Demand / month:</b>	
Per KVA	Rs.300/-
<b>Energy Charges per kWh:</b>	
For entire consumption	525 paise
<b>Note: Special Incentive scheme and ToD Tariff is not applicable to BMRCCL installations.</b>	

<b>HT-2(a) – Railway Traction: RATE SCHEDULE</b> Applicable for all areas	
<b>Demand Charges per KVA of Billing Demand / month:</b>	
Per KVA	Rs.350/-
<b>Energy Charges per kWh:</b>	
For entire consumption	700 paise
<b>Note:</b> Special Incentive scheme and ToD Tariff is not applicable to Railway Traction installations.	

<b>HT2(a): Effluent Treatment Plants independently serviced outside the premises of any installation: RATE SCHEDULE</b> Applicable for all areas	
<b>Demand Charges per KVA of Billing Demand / month:</b>	
Per KVA	Rs.350/-
<b>Energy Charges per kWh:</b>	
For entire consumption	700 paise
<b>Note:</b> The ToD tariff is applicable to these installations if the Special Incentive Scheme is not opted.	

### TARIFF SCHEDULE HT-2(b)

**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, BMTC,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 centres / BPO / KPO, Diagnostic centres, concrete mixture (Ready Mix Concrete) units, Private Guest Houses / Travelers Bungalows.

All the activities listed under LT3 tariff schedule and not included under HT2(b) tariff schedule shall be classified and billed under HT-2(b), if they avail power under HT supply.

<b>HT-2(b): RATE SCHEDULE</b> <b>Applicable for all areas</b>	
<b>Demand Charges per KVA of Billing Demand / month:</b>	
Per KVA	Rs.375/-
<b>Energy Charges per kWh:</b>	
For entire consumption	925 paise

### **TARIFF SCHEDULE HT-2(c)(i)**

**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.

<b>HT-2(c)(i): RATE SCHEDULE</b> <b>Applicable for all areas</b>	
<b>Demand Charges per KVA of Billing Demand / month:</b>	
Per KVA	Rs.300/-
<b>Energy Charges per kWh:</b>	
For entire consumption	750 paise

### **TARIFF SCHEDULE HT-2(c)(ii)**

**HT-2(c)(ii):** Applicable to Hospitals and Educational Institutions other than those covered under HT-2 (c) (i).

<b>HT-2(c)(ii): RATE SCHEDULE</b> <b>Applicable for all areas</b>	
<b>Demand Charges per KVA of Billing Demand / month:</b>	
Per KVA	Rs.350/-
<b>Energy Charges per kWh:</b>	
For entire consumption	850 paise

**Note: [Applicable to HT-2a, HT-2b, HT-2c(i) and HT-2c(ii) tariff category]**

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 consumer 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 Plant and Drainage Water Treatment Plants shall be billed at the respective applicable tariff schedule for which the power supply is availed for the installation.

<b>HT-2(a), HT-2(b), HT-2c(i) &amp; HT-2c(ii): ToD Tariff</b>		
<b>Time of Day</b>	<b>From July to November (monsoon period) (paise / unit)</b>	<b>From December to June (paise / unit)</b>
06.00 Hrs to 10.00 Hrs	0	0
10.00 Hrs to 18.00 Hrs	0	0
18.00 Hrs to 22.00 hrs	0	(+)100
22.00 Hrs to 06.00 Hrs	0	(-)100
<b>Note: The ToD tariff is not applicable to BMRCL &amp; Railway Traction installations.</b>		

### TARIFF SCHEDULE HT-3

**HT-3: Applicable to all Lift Irrigation schemes and Lift Irrigation Societies**

<b>HT-3: RATE SCHEDULE Applicable for all areas</b>	
<b>Fixed Charges per HP / month:</b>	
Per HP	Rs.150/-
<b>Energy Charges per kWh:</b>	
For entire consumption	350 paise

### TARIFF SCHEDULE HT-4

**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 and Temple, Church's, Mosques, Gurudwaras, Ashrams, Mutts and Religious /Charitable institutions using power for religious activities.**

<b>HT-4: RATE SCHEDULE</b> <b>Applicable for all areas</b>	
<b>Fixed Charges per KVA / month:</b>	
Per KVA	Rs.300/-
<b>Energy Charges per kWh:</b>	
For entire consumption	725 paise

**Note: [Applicable to HT-4 category]**

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****HT-5: Temporary Power Supply:**

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 and power projects and also applicable to power supply availed on temporary basis with the contract demand of 67

HP and above of all categories.

<b>HT-5: RATE SCHEDULE</b> <b>Applicable for all areas</b>	
<b>Fixed Charges per HP / month:</b>	
Per HP for the entire contract demand	Rs.400/-
<b>Energy Charges per kWh:</b>	
For entire consumption	1150 paise
<b><u>Tariff applicable to Bangalore International Exhibition Centre,</u></b> <b><u>for power supply availed on temporary basis with the contract demand of 67 HP</u></b> <b><u>and above:</u></b>	
<b>Fixed / Demand Charges</b>	<b>Energy Charges</b>
<b>Nil</b>	<b>1300 paise per unit</b>

**Note: [Applicable to HT-5 category]**

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 licence 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.

### TARIFF SCHEDULE HT-6

**HT-6:**           **Applicable to Irrigation and Agricultural Farms, Government Horticultural Farms, Private Horticultural Nurseries, Coffee, Tea, Rubber, Coconut & Arecanut plantations.**

<b>HT-6: RATE SCHEDULE</b> <b>Applicable for all areas</b>	
<b>Fixed Charges per HP / month:</b>	
Per HP of the sanctioned load	Rs.150/-
<b>Energy Charges per kWh:</b>	
For entire consumption	550 paise
<b>Note:</b> These installations are to be billed on monthly basis.	

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