KARNATAKA ELECTRICITY REGULATORY COMMISSION

TARIFF ORDER 2013

OF

CESC

(*UNDER MYT FRAMEWORK*)

ON

ANNUAL PERFORMANCE REVIEW FOR FY12

&

APPROVAL OF MYT FOR FY14-FY16

&

RETAIL SUPPLY TARIFF FOR FY14

6th May 2013

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ABBREVIATIONS	
AAD	Advance Against Depreciation
AEH	All Electric Home
ABT	Availability Based Tariff
A&G	Administrative & General Expenses
AG	Accountant General
APDRP	Accelerated Power Development and Reforms Programme
APR	Annual Performance Review
ARR	Annual Revenue Requirement
ATE	Appellate Tribunal for Electricity
ATL	Anti Theft Law
BBMP	Bruhut Bangalore Mahanagara Palike
BJ	Bhagya Jyothi
BMAZ	Bangalore Metropolitan Area Zone
BESCOM	Bangalore Electricity Supply Company
BNC	Billing & Collection
BPL	Below Poverty Line
BRAZ	Bangalore Rural Area Zone
BWSSB	Bangalore Water Supply Sewerage Board
CAG	Comptroller & Auditor General
CAGR	Compound Annual Growth Rate
CDT	Commission Determined Tariff
CERC	Central Electricity Regulatory Commission
CE	Chief Engineer
CEA	Central Electricity Authority
CESC	Chamundeshwari Electricity Supply Corporation
CGS	Central Generating Stations
CKM	Circuit Kilometre
CMD	Chairman & Managing Director
CPI	Consumer Price Index
CoS	Cost of Service
DA	Dearness Allowance
DC	Direct Connection
DC LINES	Double Circuit Lines
DCB	Demand Collection & Balance
DG PLANT	Diesel Generating Plant
DPR	Detailed Project Report
DTC	Distribution Transformer Centre
EC	Energy Charges
EHT	Extra High Tension

EHV	Extra High Voltage
ERC	Expected Revenue From Charges
ES&D CODE	Electricity Supply & Distribution Code
ESCOMs	Electricity Supply Companies
FAC	Fuel Adjustment Cost
FC	Fixed Charges
FY	Financial Year
GESCOM	Gulbarga Electricity Supply Company
GFA	Gross Fixed Assets
GIS	Geographical Information System
GoI	Government of India
GoK	Government of Karnataka
HESCOM	Hubli Electricity Supply Company
HP	Horse Power
HT	High Tension
HV	High Voltage
Hz	Hertz
IDC	Interest During Construction
IP SETS	Irrigation Pump Sets
IPPs	Independent Power Projects/ Producers
KEB	Karnataka Electricity Board
KER Act	Karnataka Electricity Reform Act
KERC	Karnataka Electricity Regulatory Commission
KJ	Kutira Jyothi
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
LT	Low Tension
MD	Managing Director
MESCOM	Mangalore Electricity Supply Company
MFA	Miscellaneous First Appeal
MGHE Station	Mahatma Gandhi Hydro Electric Station
MIS	Management Information System
MNR	Meter Not Recording
MoP	Ministry of Power
MU	Million Units
MUSS	Master Unit Sub Station
MVA	Mega Volt Ampere

MVAR	Mega Volt Ampere Reactive
MW	Mega Watt
MYT	Multi Year Tariff
NFA	Net Fixed Assets
NTPC	National Thermal Power Corporation
O&M	Operation & Maintenance
PCKL	Power Corporation of Karnataka Ltd.,
PFC	Power Finance Corporation Limited
PGCIL	Power Grid Corporation Of India Limited
PLF	Plant Load Factor
PPA	Power Purchase Agreement
PPCA	Power Purchase Cost Adjustment
SPV	Special Purpose Vehicle
PRDC	Power Research & Development Consultants
PTC	Power Trading Corporation
RE	Rural Electrification
RGGVY	Rajiv Gandhi Grameena Vidyuth Yojana
RLMS	Rural Load Management System
ROE	Return on Equity
ROR	Rate of Return
RST	Retail Supply Tariff
RTPS	Raichur Thermal Power Station
SC & ST	Schedule Caste & Schedule Tribe
SC LINE	Single Circuit Line
SEB	State Electricity Board
SERCs	State Electricity Regulatory Commissions
SLDC	State Load Despatch Centre
T&D	Transmission & Distribution
TCs	Transformer Centres
TERI	The Energy & Resource Institute
TPC	Tanirbavi Power Company
TRL	Total Revenue Management
UG CABLES	Underground Cables
VC	Variable Charges
VVNL	Visvesvaraya Vidyuth Nigama Limited
WPI	Wholesale Price Index
YOY	Year on Year

KARNATAKA ELECTRICITY REGULATORY COMMISSION,
BANGALORE - 560 001

Dated this 6th day of May, 2013.

ORDER ON CESC's APPROVAL OF Annual Performance Review for FY12, ARR for FY14 to FY16 & TARIFF FOR FY14.

In the matter of:

Application of CESC in respect of the Annual Performance Review for FY12, ARR for FY14 to FY16&TARIFF FOR FY14 under Multi Year Tariff framework.

Present:	***Shri M.R.Sreenivasa Murthry***	***Chairman***
	Shri Vishvanath Hiremath	***Member***
	Shri K.Srinivasa Rao	***Member***

O R D E R

The Chamundeshwari Electricity Supply Corporation Ltd., (hereinafter referred to as CESC) is a Distribution Licensee under the provisions of the Electricity Act 2003, and has on 30.11.2012 &10.12.2012 filed the following applications for consideration and orders:

a) Approval of the Annual Performance Review for the financial year FY-12 and ARR for FY-14 to FY-16.

b) Approval of the revised distribution and Retail supply Tariff for the financial year 2013-14 (FY14).

In exercise of the powers conferred under Sections 62, 64 and other provisions of the Electricity Act, 2003, read with KERC (Terms and conditions for Determination of Tariff for Distribution and Retail Sale of Electricity) Regulations 2006, and other enabling Regulations the Commission has carefully considered the applications and the views and objections submitted by the consumers and other stakeholders. The Commission's decisions are given in this order, Chapter wise.

CHAPTER – 1

INTRTODUCTION

1.0 Brief History of CESC:

Chamundeshwari Electricity Supply Corporation Ltd., (CESC) is a DistributionLicensee under Section 14 of the Electricity Act 2003(hereinafter referred to as the Act). CESC is responsible for purchase of power, distribution and retail supply of electricity to its consumers in its area of operation which includes five Districts of the State as indicated below:

1. Mysore
2. Hassan
3. Mandya
4. Chamarajanagara
5. Kodagu

CESC is a registered company under the Companies Act, 1956, incorporated on 19th August 2004. CESC has commenced its operations from 1stApril 2005.

Further, the Madikeri Division (Kodagu District) which was earlier under MESCOM was transferred to CESC with effect from 1st April 2006.

At present CESC's area of operations is organised into One Distribution zone headed by a Chief Engineer (Mysore zone). This zone is divided into four circles headed by Superintending Engineers. Further, these circles are divided into FifteenDivisions headed by Executive Engineers. These divisions are further divided into sixtysub-divisions with accounting / non accounting sections. 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 its consumers.

1.1 Multi Year Tariff Regulations:

In terms of KERC (Terms and Conditions for Determination of Distribution Tariff) Regulations, 2006 (MYT Regulations), CESC is filing its ERC & Tariff applications from FY08 onwards. Under this MYT regime, the incentive/penalty framework is based on over or under achievement of the licensee with respect to the targets set by the Commission on the distribution losses and expenses that are deemed 'controllable' in the tariff regulations.

1.2 CESC at a glance:

The profile of CESC is as indicated below:

Sl. No.	Particulars (As on 31.03.2012)		Statistics
1.	Area	Sq. km.	27772.82
2.	Districts	Nos.	5
3.	Taluks	Nos.	29
4.	Population	lakhs	81.55
5.	Consumers	lakhs	24.57
6.	Energy Consumption in FY12	MU	5551.59
7.	Zone	Nos.	1
8.	DTCs	Nos.	57196
9.	Assets (as on 31.03.2012)	Rs. in Crores	1206.04
10.	HT lines	ckt. kms	31252.12
11.	LT lines	ckt. kms	70392.07
12.	**Total employees strength:**		
A	Sanctioned	Nos.	7794
B	Working	Nos.	5173
13.	Demand in FY12	Rs. in Crores	1944.62
14.	Collection in FY12	Rs. in Crores	1917.56

CESC has filed its application for approval of Annual Performance Review for FY12, ERC for FY14 to FY16 and also a retail supply tariff petition for FY14 under MYT Regulations.

CESC's applications, as also the objections / views of stakeholders and the Commission's decisions on the approval of Annual Performance Review for FY12, ERC for FY14 to FY16 and the retail supply tariff for FY14 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 Order dated 28th October 2011 had approved the revised ERC and the retail supply tariff of CESC for FY12. CESC in its present application dated 10th December 2012 has sought approval of ERC for the third control period FY14 to FY16 and approval of the retail supply tariff for FY14 under the MYT principles. Further, CESC has also sought approval for the Annual Performance Review based on the audited accounts for FY12.

2.1 Preliminary Observations of the Commission

After preliminary scrutiny of applications the Commission had communicated its preliminary observations on 28th December 2012 which were mainly on the following points:

- Details to be furnished in formats
- Sales Forecast
- Power Purchase
- O&M Expenses
- Distribution losses
- Capex

CESCin response has furnished its replies on 4th January 2013. The replies furnished by CESC are considered in the respective Chapters of this Order.

2.2 Public Hearing Process

2.2.1 As per the Karnataka Electricity Regulatory Commission (Terms and Conditions for Determination of Tariff for Distribution and Retail Sale of Electricity) Regulations 2006, read with the KERC Tariff Regulations 2000, and KERC (General and Conduct of Proceedings) Regulations 2000, the Commission vide its letter dated 11th January 2013 accepted the application of CESC as petition and directed CESC to publish the summary of ERC and Tariff proposals in the newspapers and calling for objections if any from the interested persons.

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

Name of the News Paper	Language	Date of Publication
Udaya Vani	Kannada	17th& 18th January 2013
Vijaya Karnataka		
The New Indian Express	English	
Times of India		

CESC's ERC and Tariff Applicationswere also hosted on the web sites of CESC and the Commission for the ready reference and information of the general public.

In response to the application of CESC the Commission has received totally twenty one statements / letters of objections. CESC has furnished its replies to all these objections. The Commission has held a Public Hearing on 26th February 2013 at Mysore. The details of the written / oral submissions made by various stake holders and the response from CESC thereon have been discussed in Chapter - 3 of this Order.

2.3 Consultation with the Advisory Committee of the Commission

The Commission has also discussed the proposals of KPTCL and all ESCOMs in the State Advisory Committee meeting on 19th March 2013. Members of the Committee have offered their valuable suggestions on the proposals. The Commission has taken note ofthese suggestions while passing the order.

CHAPTER – 3

SUGGESTIONS & OBJECTIONS

The Commission had addressed the Members of Parliament and Members of the State Legislature, requesting them for their views/ opinion on the ARR and Tariff petitions filed by ESCOMs. In response, the Commission has received views from the following persons as detailed below:

3.1 Hon'ble Sri Pralhad Joshi, Member of Parliament.

The Hon'ble Member of Parliament has stated that inflation has increased enormously due to increase in the prices of Petrol, diesel and other essential commodities. In this situation if electricity tariff is also increased, it will cause much inconvenience to the general public. If the present proposals to increase the tariff are accepted, there would be further increase in inflation. The Hon'ble Member has further mentioned that, based on various studies, the following are the important reasons for the ESCOMs incurring losses.

a. Non recovery of dues by ESCOMs.
b. Increase in Technical losses.
c. Increase in Commercial losses and
d. Loss due to defective Distribution system.

Further the Hon'ble MP has suggested that the ESCOMs should control and bring down the Transmission and Distribution losses to the minimum level and take up system improvement works. He has urged the Commission to consider the above issues and to take a practical view on the proposal keeping in mind the interest of ESCOMs.

3.2 Hon'ble Shri M.V Rajashekharan, Former Union Minister of State for Planning, Sri MallikarjunaNilaya, No. 20/1, Kanakapura road, Basavanagudi, Bangalore -4.

The Hon'ble Former Minister and Member of the Karnataka Legislative Council has expressed the view that it is not desirable to allow increase in the price of Electricity as the State is facing a severe drought situation, and the people are experiencing a severe financial crunch.Also prices of essential commodities are sky rocketing.

CESC Replies

CESC has requested the Commission to consider the hike of 70 paise per unit in respect of all installations except IP sets up to and inclusive of 10HP and BJ/KJ installations to bridge the revenue gap in the ARR. As a drought relief measure, CESC has taken necessary action in respect of drinking water works. Tariff for all categories of consumers is determined by the Commission. CESC, Mysore abides by the Tariff Orders issued by the Commission from time to time.

3.3 Hon'ble ShriRamachandraGowda, MLC, Vice Chairman, State Planning Commission, VidhanaSoudha, Bangalore-1.

The Hon'ble member of the Karnataka Legislative Council has given the following suggestions/ views to the Commission.

1. The proposal for not increasing the Electricity charges in respect of BJ/KJ and IP sets up to 10HP is appropriate.

2. Electricity ratesshould not be raised in respect of consumers who are consuming up to 100 units.
3. Electricity ratesshould not be raised in respect of installations pertaining to students hostels of Backward Classes, SC/ST and others.
4. The proposal to hike Rs 0.70 per unit at a time is seem to be high and the same is to be reduced to Rs 0.35 per unit.

CESC Replies

Tariff for all categories of consumers is determined by the Commission. CESC, Mysore abides by the Tariff Orders issued by the Commission from time to time. LT (2) (a) tariff is applicable to Backward, SC/ST and Public student's hostels installations. The tariff rate applicable to these installations is low when compared to other categories of installations.

Commission's views:

The Commission has taken note of the points raised by the respected dignitaries and the views expressed by them are kept in mind while determining the retail tariff.

3.4 Other interested personswho have filed/ objections/ offered their suggestions/views on the ARR for the Financial Years 2013-14 to 2015-16 and Tariff petitions for FY14 & Truing up for FY12.

Sl No	Application No.	Name & Address of Objectors
1.	CA-01	Sri N Ravindranath and others Madhuvanahalli, KollegalTq, Chamarajanagar.
2.	CA-02.	Sri K. RavindraPrabhu, General Secretary, KIAMA, C-39, Hebbal Industrial Estate, Metagalli Post, KRS road, Mysore-570 016.

3.	CA-03.	Sri K. RavindraPrabhu, Chairman, Energy Sub Committee, Mysore Chamber of Commerce & Industry(R), #54, D. DevarajaUrs Road, Mysore-570 001.
4.	CA-04	Sri P.S. Subramani, Chairman, Codagu Planters Association, Post Box No.15, Madikeri, Kodagu- 571 201.
5.	CA-05	Sri C.A. Subbaiah (Nanda), Secretary, Kodagu District Irrigation Pump Set Owners' Association, Basavangudi Estate, Maldare, Sidapur, Kodagu-571 253.
6.	CA-06	Sri K.P Ganapathy (Nanda), Secretary, Kodagu District Small Growers' Association, Sidapur, Kodagu-571253.
7.	CA-07	Sri M.N.Suryanarayana, General Secretary, AkhilaBharatiyaGrahakPanchayat, No.356,1st Stage, Industrial Suburb, Vishvesweranagar, Mysore -570 008.
8.	CA-08	Sri Suresh Kumar Jain, Principal Secretary, Mysore Industries Association, KIADB, K R S Road, Metagalli, Mysore – 570 016
9.	CA-09	Sri Anil Savur.D, Secretary, The Karnataka Planters Association, Spencer Road, P B No. 18, Chikmagalur-577101
10	CA-10	Sri S.N. Eswar, Hon General Secretary, KASSIA, #2/106, 17th Cross, Magadi Chord Road, Vijayanagar, Bangalore-560 040.
11	CA-11	Sri S. Rajashekar, Secretary General, FKCCI, Federation House, K.G.Road, Bangalore- 560 009.
12	CA-12	Sri K Krishna Bhat, KoodanahallyEstate, Belagodu Post, SakleshpurTq- 573 134
13	CA -13	Sri Prem Chand, Chief Electrical Services Engineer, South Western Railway, Hubli.
14	CA-14	Sri Jameel Ahmed Khan, FA & CAO, Bangalore Water Supply & Sewerage Board, Cauvery Bhavan, Bangalore -9
15	CB-1	Sri B S RaghavendraRao, 291, Brindavan extension, Mysore.
16	AE-01	Sri M Lakshminarayan, Bangalore Chamber of Industry & Commerce, No. 3/4, 3rd Floor, Southern side of Oblong Block, Unity Buildings, J.C Road, Bangalore-560 002
17	AE-02	Sri Anish Shah, Vice President, M/s Doddanavar Global Energy Pvt Ltd., No.6, Lower Palace Orchards, Sankey Road, Sadashivanagar, Bangalore-560 003.
18	AE-03	Association of Health Care Providers (India), Ground Floor, Indian Medical Association House, IndraprasthaMarg, New Delhi – 110 002
19	AE-04	Sri.K.Padmanabha, No.16, First Cross, Binny Mill Road, GanganagarExtn., Bangalore -560 032.
20	AE – 05	Sri RamachandraGowda, MLC, Vice Chairman, State Planning Commission, VidhanaSoudha, Bangalore-1.
21	AE- 06	Sri M V Rajashekharan, Former Union Minister of State for Planning, Sri MallikarjunaNilaya, No. 20/1, Kanakapura road, Basavanagudi, Bangalore -4.

3.5 List of the persons who made oral submission during the Public Hearing on 26.02.2013

Sl No.	Name & Address of Objectors
1.	Sri C.A. Subbaiah, Kodagu District. Irrigation Pump set Owners Association.
2.	Sri. P.S. Subramani, Kodagu Planters Association.
3.	Sri K. RavindraPrabhu&SudhakarSheety, Mysore Chamber of Commerce & Industry & KIAMA.
4.	Sri. B.S. RaghavendraRao, Resident of Brindavan Layout.
5.	Sri. K.P. Ganapathy, Kodagu District Small Growers Association, Siddapur.
6.	Sri. B.G. Kushalappa, Karnataka Planters Association.
7.	Sri. P. Vishwanath& Suresh Kumar Jain, Mysore Industrial Association.
8.	Sri .RohitRao, Advocate, KASSIA & FKCCI
9.	Sri K.B. Lingaraju , Mysore taluk
10.	Sri.Chamaraju, Siddappanapura, KollegalTaluk.
11.	Sri.Ravidranath, Madhuvanahalli, KollegalTaluk.
12.	Sri S. Vasanth, Karnataka State Licensed Electrical Contractors Association, Mysore.
13.	Sri V.S. Arbathi, Advocate, BWSSB.
14.	Sri. V. Mahesh, Mysore
15.	Smt. SavithaRanganath, Mysore.
16.	Sri. D. Sagayamani Raj, Division Electrical Engineer, Southern Railways.
17.	Sri.Puttaswamy, Karnataka State Electrical Contractors Association, Mysore.

3.6 Brief outline of Objections raised response from CESC and Commission's view:

Sl.No	Appn. No.	Objections	CESC Replies
1	CA-01	**Sri N Ravindranath and others Madhuvanahalli, KollegalTaluk.** The stakeholders have raised the following main objections: 1) 20 to 22 hours of power supply is being given to urban areas whereas power supply for 6 hours during day	In our State generation of Electricity is not commensurate

		time and 6 hours during night time is being given to rural areas. The above petitioner urges to provide power supply to rural areas on par with urban areas. 2) Inordinate delay in attending to consumer's complaints in rural areas. 3) CESC is billing the urban and rural areas at uniform tariff rates. But discrimination is being made in providing power supply to urban and rural areas.	with the actual requirement. Electricity is being purchased from neighbouring States and private generating companies to meet the shortage of Electricity. As per the availability of power supply and in accordance with the GOK orders, power supply is being provided to urban and rural areas. Power shut down will have to be made when there is shortage of power supply. Already a service station with one vehicle and sufficient maintenance staff is functioning to attend the complaints in the rural areas of Holenarsipura, Kollegal, T Narasipura&Najangudu CESC is billing the urban and rural areas in accordance with the tariff orders issued by the Commission. In consideration of the number of hours power supply given to the rural areas the Commission has fixed

			separate tariff for urban and rural areas. In the present tariff filing CESC has only proposed to hike energy charges at the rate of 70 paise per unit.
2.	CA-02 CA-03.	**KIADB Industrial Area Manufacturers Association** **Mysore Chamber of Commerce & Industry(R)** CESC has not shown any improvement in its overall performance even after the last revision of Tariff. It is indicated that 2500 to 2700 numbers of distribution transformers are failing every year and CESC is incurring huge losses. As per the directives of the Commission, the CESC has to carry out energy audit, but so far CESC has not completed the DTC metering. **Cross subsidy on open access consumers and purchase cost of energy by CESC from IPP.** Some of the CESC bulk consumers are deserting it and opting for open access, which will bring down its bill of high cost purchase of energy,if bulk consumers are able to purchase energy from IPPs. Objector has questioned as to why CESC is not in a position to purchase power and requested to conduct a study.	CESC has requested the Commission to consider the hike of 70 paise per unit to bridge the gap in the ARR for the year 2013-14. Energy audit is being carried out regularly on urban DTCs. CESC is making power purchases from various IPPs. Details of power purchased from various sources are available in the MYT application.

		As per the analysis made by the CESC, the distribution losses will come down from 28.6% to 12.4% after the implementation of HVDS on 11 KV Ramapura feeder. If HVDS is implemented in all taluks of CESC's jurisdiction, the distribution loss will reduce drastically and in turn the ARR will also get reduced. The objector sought the reasons for not projecting realistic figures related to CESC's projections from 2013 to 2018.	The HVDS scheme is a capital intensive scheme and has to be executed in phases.HVDS scheme is proposed to be implemented in the entire K.R. Pet Taluk, which has 47 feeders at a total cost of about Rs. 60 Crores. The preparation of DPR is in progress.
		Trajectory of Distribution Losses. CESC is showing decrease in the distribution losses from15% to 14.9% with a reduction of 0.1% every year, whereas the reduction in distribution loss after implementation of HVDS is shown as 12.4% from 28.6%. This works out to 16.2% reduction in loss. But CESC has projected inflated losses to get higher tariff. Request the Commission to direct CESC to rework and to furnish a revised statement on trajectory of losses. The Details of metered and un-metered installations, billing/ collection efficiency and outstanding, receivables (Subsidies) from GOK for the last 3 years is not furnished by the CESC.	The actual losses incurred in FY-12 are 16.20%. CESC will reduce the distribution loss level and will ensure a loss of 15% in FY13 as HVDS, NJY and regularization of unauthorized IP sets is being implemented.

		CESC has not provided the audited Balance Sheet for FY12. The deletion of assets for FY12 was at Rs.91.05 Crores. The depreciated value and salvage value of deleted assets is not furnished. Uniform hike in tariff proposed by ESCOMs is objected.	Category wise number of metered and un-metered installations, details of billing / collection efficiency and Receivables (Subsidies) from GOK for the last 3 years has been furnished by the CESC. Annual Accounts of CESC for FY12 is published in the company's website. In the distribution Company, additions and deletions of assets in the form of lines, cables etc., will be done and in the course of this activity, old and bad assets will be released. This is a normal accounting procedure.Regarding deletion during 2012 the figure was wrongly stated as Rs.91.05 Crores instead of Rs. 42.85 Crores.

			CESC has requested a tariff increase of 70 paise per unit to bridge the shortfall in ARR for FY-14.
3.	CA04 CA05 CA-06. CA-09 CA-12	**Codagu Planters Association, Kodagu District Irrigation Pump Set Owners' Association.** **Kodagu District Small Growers' Association.** **Karnataka Planter's Association** **Sri. K. Krishna Bhat** **To merge LT4 (c) (i) and LT4 (c) (ii) with LT4 (a).** The above stakeholders have explained the various difficulties faced by the coffee planters in Karnataka. IP sets are used in coffee plantations for sprinklers for a maximum period of 6 weeksonly in a year between 15th Feb and 31st March which is the period of blossoming of coffee. During the remaining period the I.P. sets will be idle or in a few cases used sparingly for paddy or areca. The consumption of power by coffee growers is no way comparable to other agriculture crops including areca and coconut. Hence requested the Commission to extend the concession to coffee plantations on par with other agricultural crops by merging LT4(c) (i) & LT4(c) (ii) under	Tariff for all categories of consumers is determined by the Hon'ble Commission. CESC abides by the Tariff Orders issued by the Hon'ble Commission from time to time.

		LT4 (a) category.	
4.	CA-07	**AkhilaBharatiyaGrahakPanchayat** The stakeholder has objected to the CESC's proposal to hike power tariff even when the supply position is erratic and irregular. a) **Transmission Loss:**TheObjector has sought the details of improvements made in transmission losses with comparative figures of ESCOMs in the state of Karnataka & other States. b) **Recovery of old dues:** The objector has sought the details of outstanding dues as at the end of last year, added during the current year and actual recoveries during the current year and the balance outstanding, to make a comparative study. c) **Solar Energy:** It is suggested to give more incentives for using solar energy and conduct a study to know the reasons as to why the solar energy has not yet caught the imagination of the consumers.	The proposal for increase in hike to an extent of 70 paise per unit has been submitted to the Hon'ble Commission to bridge the shortfall in ARR for FY-14. The details are available in the MYT Application. CESC has stated that the Transmission Loss pertains to KPTCL. CESC has furnished the desired details. The encouragement for generation of solar energy pertains to KREDL.

5.	CA-08	**Mysore Industries Association (R)** In addition to the Government Subsidy the industries are also subsidizing by paying higher tariff. Further, CESC in its reply to the objections during the year 2003, 2005 & 2006 had agreed to reduce the cross subsidy in stages. It is further requested that the Commission may examine the reason for increasing the cross subsidy instead of reducing it. The objector has sought the year wise details of cross subsidy recovered from LT-2, LT-5 and HT consumers for the period 2007-08 to 2011-12. The quality of capital works undertaken have to be audited by a third party agency. Further, the details of the amount incurred for creating infrastructure in industrial areas out of the funds received from State and Central Governments are not available in the CESC filing. The objector has sought the following details. a) The yardstick to measure the quantum of theft of energy which is included in distribution and	The details of cross subsidy in respect of Industrial Installations (LT-5 & HT2 (a)) are furnished by the CESC. Action has already been taken for verification of works undertaken as per RAPDRP scheme by third party agency M/s CPRI. M/s CPRI has fixed a bench mark before issuing DPR. The RAPDRP scheme is sponsored by Ministry of Power GOI, with the intention of reducing the T&D loss by 15%.

		transmission loss and the progress achieved by the vigilance squad. b) The quantum of energy supplied to IP sets, Progress of IP set's metering, details of subsidy received from Government, the amount of cross subsidy contributed by industrial category to IP category. Further the objector has sought the Commission's approval for the following: a) Power factor bonus, as the same is allowed by Tamil Nadu and the Maharashtra States. b) Withdraw fixed cost completely. d) Requested the Commission to direct the CESC to control the unscheduled power cuts and to give prior intimation about load shedding and also to provide quality power supply during the prescribed hours in a day, otherwise the loss suffered by industries has to be made good by CESC. As per the Commission's directions the infrastructure for power supply to industrial area has to be developed by KIADB & KSSIDC. The same is	The quantum of theft is measured from the details of energy supplied to a particular area, the actual recorded consumption plus unmetered consumptions and the line loss. The Vigilance squad is functioning in CESC to detect cases of theft of energy. CESC has furnished the desired details. CESC will abide by the orders of the Commission. CESC will abide by the orders of the Commission. CESC is providing 24 hours power supply to industrial feeders. Under the circumstances of any break

		causing heavy burden to these organizations. Hence requested the Commission to direct the CESC to provide all the required Infrastructure for arranging power supply to industrial areas, including its street lights. As CESC has not provided audited financial statements in its filing, the true and fair financial picture is not available, hence CESC's tariff revision filing shall be rejected.	down at generating stations load shedding will be inevitable for one or two hours. However, load shedding on industrial feeders is done by giving prior notification in the newspapers as well as throughSMS. CESC is taking action in accordance with "Conditions of Supply of Electricity of Distribution Licensees in the State of Karnataka" Regulations issued by the Commission. Audited Annual Accounts of CESC for FY12 are published in the company's website.
6.	CA-10 CA-11	**KASSIA** **FKCCI** **Defective Filing.** CESC has not published all the documents filed before the	The following documents have

		Commission except the following. 1) The Petition for APR for FY12, ARR for FY14 –FY16, and determination of tariff for FY14. 2) Copy of preliminary observations by the Commission. 3) As per the Preliminary observations it is noticed that CESC has not filed, Audited Accounts for FY12 and half yearly accounts ending 30.09.2012, and Format D19 for FY12 as per actuals and other documents that the Commission has directed CESC to file. The objector would file an application before the Commission for necessary directions and reserves their right to file a detailed final objection to the CESC's petition. **Performance Review & Prudence Check.** CESC has not got any prudence check done of its figures pertaining to previous control period.	been uploaded on CESC's website. a) APR for FY-12. b) MYT application for the 3rdcontrol period FY-14 to FY-16 both in English and Kannada including all the formats. c) Preliminary observations of KERC and Compliance by CESC, Mysore. d) Audited Annual Accounts for FY-12. CESC has submitted the audited Annual Accounts for FY-12, half yearly accounts for the period ending 30.09.2012 and format D19 for FY12 as per actuals to the Hon'ble Commission and also uploaded the same on the official website. The audited accounts for the year FY-12 have been submitted

		Alteration/Modification of the Control Period. As per KERC, MYT Regulations the control period shall mean, at the first instance a period of 3 years commencing from FY 2008-09 and thereafter a period of 5 years. Whereas, CESC has considered 3 years which is contrary to MYT Regulations. **Non Adherence to Accounting Standards.** CESC has not drawn up its accounts in accordance with Companies Act 1956 and also not followed relevant Accounting standards.	to the Hon'ble Commission and uploaded on CESC website. Based on the previous year's actuals and adopting scientific methodology CESC has submitted ARR, CAPEX/Expenditure. KERC has entrusted the work of prudence check of CESC's Capex for the years FY10 to FY12 to M/s Price Water House Coopers Private Ltd, Bangalore and the work is in progress. Regulation 2.4 states that the first control period shall be of duration of 3 years commencing from FY-08 and thereafter each control period shall be normally a period of 5 financial years or such other period as may be specified from the commission from time to time. The second control period was for a period of 3 years from FY-11 to FY-13 as per the Commission's letter No. B/07/9/9373 dated 23.11.09. The third control period is for a

			period of 3 years from FY14 to FY16 as per the Commission's letter No. B/16/12/1454 dated 28.08.2012.
		Capitalization of Consumer Deposits CESC ought to be given a direction that the consumer contributions that have been capitalized, either under any order of the Government or otherwise, needs to be excluded from the capital. Further, requested for a prudence check on RoE, depreciation, interest or other income by the Commission. **Unlawful Power Allocation** The State Government is not empowered to allocate power between ESCOMs as there is no provision either in Electricity Act or Karnataka Electricity Reforms Act or in any of the Regulations issued by the KERC. Hence, requested the Commission to allocate power among ESCOMs as per Electricity Act 2003. **Objections to Petition for APR.** Any review of the performance at the beginning of the control period can	Due consideration has been given by taking the actuals and CAGR figures for arriving at MYT filing. The audited Accounts for FY-12 have been submitted to the Hon'ble Commission and also uploaded on the CESC website. CESC is following the Companies Act 1956, for preparation of Annual Financial statements by adopting historical convention. However, we are also adopting the provisions of Electricity Act 2003, and ESAAR 1985. Our Financial statement is subjected to audit by Statutory Auditors and AG audit and the accounts have been accepted on the recommendation of both the outside agencies with a due recommendation for

		only be a comprehensive review on prudence check of the earlier period. The KERC, MYT Regulations do not provide for APR in between two control periods. The KERC MYT Regulations clearly lay down that the distribution licensee shall be subject to an APR during the control period. A further reading of Regulation 2.8.1 would only reinforce that APR is not meant to be conducted in between two control periods, as such, the petition for APR is not maintainable and deserves dismissal. CESC has not filed its audited accounts for FY12 and half yearly accounts for the period ending September 2012. Hence petition for APR deserves dismissal. There are absolutely no details available from the petition as to how the figure of tariff subsidy amounting to Rs.743.46 Crores arrived at. It is further submitted that the increased sale of energy to IP set consumers, who are largely unmetered consumers cannot be verified. As such there is no basis for conducting a performance review of CESC. **Objections to the Contents in the Petition for ARR, ERC and Tariff.**	implementing the other Accounting Standards. CESC did not offer any Comments. The allocation of power to CESC is done by the GOK. CESC has filed APR for FY12 on 30.11.2011 before the Hon'ble

		CESC has not segregated the Accounts between distribution and retail supply business as required by the Regulations. CESC has regularized only 24052 unauthorized IP connections and still about 60000 connections are yet to be regularized. Hence any ARR or ERC for unmetered connections does not arise and ought to be disallowed. Since CESC has not achieved 100% metering, any ARR or ERC of unmetered connections does not arise and if claimed ought to be disallowed. An amount of Rs.393.88 Crores is due from urban and rural local bodies. Requested the Commission to give appropriate directions to the State Government in the matter. CESC is entitled to claim 14% Return on Equity on either 30% of its equity invested or on the actual equity invested whichever is lower.	Commission. The audited accounts were not available then, hence the Commission decided to take up the APR for FY12 during the application for MYT for FY-14 to FY-16. Regulations 2.8.1 of the MYT Regulations 2006 states that the distribution licensee shall be subject to an annual performance review during the control period and that an application for the annual performance review shall be made during each financial year in the control period. The application of APR for FY12 is maintainable. The audited Accounts for the year FY12 have been submitted to the Hon'ble Commission on 30.11.2012 and the half yearly accounts also submitted on 04.01.2013. Subsidy Calculation has been furnished in company's Annual Report 2011-12.

		CESC has sought for O&M expenses for the ensuing control period, in its petition without the audited accounts for the year previous to the base year, which is a mandatory requirement, it would be impossible to make projections for the ensuing control period.	
		CESC has calculated interest on working capital on the basis of 80:20 ratio. But it should be on normative ratio of 70:30 as per MYT Regulations.	The directions of the Hon'ble Commission will be followed.
		The CESC has sought for 70 paise per unit increase in tariff across all categories except BK/KJ and IP (Below 10 HP), but it has not submitted any details or justification for such an increase in tariff.	The details of Unauthorized IP sets regularized as on 31.01.2013 is as follows: Around 25,380 Nos. of Unauthorized IP set consumers have paid deposits and they have been regularized. 28,688 Nos. of Unauthorized IP set consumers have paid the registration fee only. Regularization of these IP sets will be taken up after the contributions are received. In CESC, no installations are

			being serviced without providing a meter. However, there are IP sets installations of the LT4 (a) category which are unmetered. CESC did not offer any Comments. The Hon'ble Commission has not been allowing the RoE since there is negative net worth. The audited Accounts for the year FY12 have been submitted to the Hon'ble Commission on 30.11.2012 and half yearly accounts also submitted on 04.01.2013. The directions of Hon'ble Commission will be followed.

			The proposal for increase in tariff to an extent of 70 paise per unit has been submitted to the Hon'ble Commission to bridge the shortfall in ARR for FY-14. The details are available in the MYT Application.
7	CA-13	**South Western Railway.** 1. The proposed hike in the tariff at Rs.0.70 per unit at a flat rate irrespective of categories is unjustified as it brings a variation of 10.77% to 30.43% hike in different categories. 2. Requested for single part tariff instead of present two part tariff. To award a special tariff at a much lower rate than the present rate of Rs.4.80/ Kwh. 3. BMRCL which is using electrical energy for traction purpose is presently being charged at Rs.4.60/ unit and MD charges at Rs.180/KVA. Requested to apply the same tariff to Railway Traction also. 4. Provide incentives for improved power factor above 0.9.	CESC has sought a tariff hike of 70 paise per unit in respect of all categories of consumers other than LT4 (a) and BJ/KJ to bridge the short fall in ARR during FY-14. The tariff for various categories of consumers is determined by the Hon'ble Commission, CESC will abide by the orders of the Hon'ble Commission. CESC has sought a tariff hike of 70 paise per unit in respect of all categories of consumers, other than LT4 (a) and BJ to bridge the short fall in ARR during FY-14.

		5. At present Railway Quarters are under HT-4 tariff, it is requested to charge a tariff of LT-2(a)(i) to Railway Quarters treating it as a special case. 6 Under Tariff LT2 (a), it is requested to introduce a new category for consumers taking bulk domestic supply at one point and further distributing themselves. The line maintenance and bill collection shall be undertaken by the ESCOMs.	The Hon'ble Commission determines the tariff of all categories of consumers. CESC will abide by the orders of the Hon'ble Commission. The tariff of all categories of consumers is approved by the Commission. CESC will abide by the orders of the Hon'ble Commission. CESC is following the norms laid down under Conditions of Supply and the latest Tariff Order of the Hon'ble Commission.
8	CA-14	**Bangalore Water Supply and Sewerage Board.** 1. Due to unscheduled interruptions in power supply and frequency of such interruptions the service provided by BWSSB gets affected. 2. The present application by CESC is not at all maintainable in view of the delay in filing. The application should	CESC did not offer any Comments. The APR for FY12 has been filed

		have been filed on or before 30.11.2012. The reasons for the delay are not furnished in the application. 3. Arrears amounting to Rs.1213.06 Crores is outstanding as on 30.6.2012. But, the CESC has not furnished any information about any pragmatic steps taken in this regard.	by CESC before the Hon'ble Commission on 30.11.2012. Approval has been accorded by the Commission to file ARR for FY14 to FY16 and tariff application for FY14 on or before 10.12.2012 vide letter No. KERC/B/16/12/1978 dated 30.11.2012.
		4. The power purchase cost figures presented by CESC for the control period FY14 to FY16 are based on the earlier inflated projections for FY12 and FY13, and it is submitted that it is self-evidently, inaccurate. 5. The track record of CESC indicates that the actual quantity of power that it purchases and sales in any year is generally lower than the projections made by it. Hence, power purchase costs projected for FY14 to FY16 needs to be reduced.	The detailed analysis for closing balance and the effective steps taken by CESC is explained in Page No.51 & 52 (a) to (h) of Tariff Application. The requirement of power for the control period has been worked out based on the sales forecast duly considering transmission and distribution losses. The power purchase cost has been arrived at on the basis of fixed and variable costs payable to various generators. Further, the energy procurement for the year 2012-13 has been worked out based on the actual energy purchased up to

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<td>6. The increase projected by CESC in all other heads of expenditure is also arbitrary and disproportionate and fails to explain the increases projected by it for expenses towards repairs and maintenance, employee cost, administration and general interest and finance charges.

7. CESC has not submitted Business plan for the five year 2013-14 to 2017-18.

8. The Capex programs apparently have not been gainfully used by CESC to further reduce the distribution losses.</td>
<td>September 2012 and the estimated energy available from various sources from October-12 to March-13 as furnished by PCKL.
The projected and actual power purchase made during last three years is as given below:
<table>
<tr><th>Year</th><th>Projected energy in Mu</th><th>Actual energy in Mu</th></tr>
<tr><td>2009-10</td><td>5542</td><td>4654</td></tr>
<tr><td>2010-11</td><td>4962</td><td>5058</td></tr>
<tr><td>2011-12</td><td>5298</td><td>5682</td></tr>
</table>

From the above it is very clear that the projections made by CESC are less than the actual power procurement made during the years FY-11 & FY-12. Hence the contention of the petitioner that the actual purchase of power by CESC compared to the projection made is less cannot be acceptable.

CESC has projected its expenditure on normative basis,</td>
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			based on the previous year's actual expenditure by taking into consideration other aspects.
		9. The Commission has approved power purchase cost approximately 73% to 77% of the CESC projections. The actual power purchase cost is about 75% of the projections. Hence the projected power purchase cost for FY14 to FY16 is to be reduced by 25%.	The perspective plan for the period FY14 toFY18 has been submitted to the Hon'ble Commission. The perspective plan contains sales forecast, Capex and power procurement plan for the years FY14 to FY18.
		10. Details about depreciation, advance against depreciation and the Interest and Finance charges are not provided in the filing. 11. As per the clause 3.10 of KERC Regulations, at least 2 years figures preceding the base year are required to be provided in the application. The same is not provided and the O&M expenses as projected by CESC are	CESC has proposed to reduce the distribution loss in 3rd control period as follows: 14.90% for FY-14 14.80% for FY-15 14.70% for FY-16 Some of the CAPEX programs undertaken by CESC are for providing better quality of power supply and reduction of interruption in power supply (NJY), Computerization and use of IT initiatives to be more consumer friendly (RAPDRP Part

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<td>not supported by sufficient details.

12. Considering a 25% reduction in power purchase cost, reducing/ removing the items relating to depreciation, interest and finance charges, the shortfall would be converted into surplus. It is clear from the above that with a meaningful modification of the figures projected by CESC and bringing it closer to the actuals and approved as per the preceding orders, CESC will still be left with an enormous surplus. Hence, requested to reject the proposed increase in tariff for HT1 category from the present Rs.3.80 per unit to Rs.4.50 per unit.</td>
<td>A and Web based TRM) and HVDS for loss reduction. All these projects are in progress.

The Average Cost of Supply (ACS) of Electricity for FY12 to FY16 is as follows:
<table>
<tr><td>Years</td><td>ACS in Rs/unit</td></tr>
<tr><td>FY-11</td><td>4.43</td></tr>
<tr><td>FY-12</td><td>4.66</td></tr>
<tr><td>FY-13</td><td>4.77</td></tr>
<tr><td>FY-14</td><td>4.66</td></tr>
<tr><td>FY-15</td><td>5.11</td></tr>
<tr><td>FY-16</td><td>5.45</td></tr>
</table>
As already explained, the projected power purchase by CESC was less than the actuals during the years FY11 and FY12.

CESC has prudently projected its expenditure and it will be subject to truing up by the Hon'ble Commission.

Due Consideration has been given for the preceding two years (2010-11 & 2011-12) of the base year while filing the application.</td>
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			CESC abides by the orders of the Commission. The projected figures by CESC are based on well accepted scientific methodology. It is quite obvious from the MYT filing data that CESC is finding the revenue gap. The same will be subject to truing up by the Hon'ble Commission. Hence the contention of petitioner is not correct.
9	CB-01	**Sri. B.S Raghvendra Rao** The stake holder has submitted the following views/ suggestions. 1. Power theft is on the increase in big industrial establishments like Malls, Cinemas etc., and incognito surprise visit to detect the theft should be done by CESC.	Vigilance wing of CESC has been conducting surprise raids and inspections on energy intensive industries for detecting theft of energy. The details of inspections conducted, back

		2. There should not be any discrimination in providing power supply between urban and rural areas. 3. The power bills of some big industries, influential persons, Govt. Agencies are not being collected. 4. To provide automatic off and on switches to Street lights. 5. Separate tariff shall be fixed for ornamental lights during festivals. 6. Suggested to replace the incandescent bulbs provided to Mysore Palace by LED bulbs. 7. The objector has sought the reasons for frequent increase in tariff and further sought to know whether the accounts are audited by the Government auditors.	billing charges demanded and collected have been mentioned in MYT application. CESC abides by the orders of GoK and the Hon'ble Commission in supplying power. All consumers of electricity are required to make payment as per the tariff order in force. In case of default in payment by consumers within the stipulated period as envisaged in the Conditions of Supply the installations are being disconnected. As per the directions issued by the Commission electronic Timer Switches are being installed for Street lights in Mysore city in the first phase. At present 16 numbers of electronic Timer Switches covering 225 numbers of street lights have been provided. All ornamental lights which are

		8. The objector requested to increase the existing first slab of 30 units under LT-2(a) (i) and LT-2(a) (ii) to 100 units.	provided for a limited duration are being charged at LT-7 tariff which is the highest tariff. CESC did not offer any Comments. The proposal for increase in tariff to an extent of 70 paise per unit has been submitted to the Hon'ble Commission to bridge the shortfall in ARR for FY-14. As per the Company's Act 1956, the Public undertaking Annual Accounts will be subject to Audit by Statutory Auditors and Accountant General Audit. Tariff for all categories of consumers is determined by the Hon'ble Commission. CESC abides by the tariff orders issued by the Commission from time to time.
10	AE-01	**M/s Bangalore Chamber of Industry & Commerce.** a) The industries in the Karnataka are facing hardship due to unscheduled power cuts and struggling to manage	Only when there is acute shortage in availability of power due to unforeseen outage of

		their production and growth. b) ESCOMs should also look at adopting Gujarat model of distributing power to farmers, as the Distribution companies are making enough profits to invest in developing new and competitive resources. c) The ESCOMs should improve their efficiency by reducing Distribution losses &curbing the pilferage of power, as the same will take care of their revenue deficit. d) Incentives shall be given to the industries with high load factors which are to be treated differently.	Generating units, unscheduled Load shedding is resorted to. Load shedding to industries is done as a last resort in emergent conditions only. CESC has taken up NJY to achieve the following objectives: a. Providing 24x7 power supply to non-agriculture loads in villages. b. Providing 6 hours 3 phase power supply to agriculture loads as envisaged by GOK. CESC has taken up new projects like HVDS, regularization of Unauthorized IP sets, and RAPDRP to improve the efficiency of the company. Vigilance wing of CESC is actively involved in detecting theft cases and performance of the wing is indicated in the MYT application. Hon'ble Commission may kindly take a view in this regard.
11	AE-02	**M/s Doddanavar Global Energy Pvt Ltd.** The Objector has stated that they are in the generation of wind power availing the wheeling and Banking	

		facilities in Karnataka, reintroduction of cross subsidy surcharges has put them to hardship and rendered their business unviable and hence sought: a) To withdraw the cross subsidy charges for wind power in order to make the infirm wind energy power projects economically viable. b) To treat the Wheeling and Banking Agreement with Long term consumers on similar lines ascaptive generation. c) The wind energy is contributing substantially to the grid especially in April to June when there is demand. d) Karnataka has exploited only 2000 MW in last 15 years against more than 7000 MW in a neighboring state. A viable W&B policy will accelerate wind power development. e) To provide option to Wheeling And Banking suppliers to switch over to PPA.	CESC did not offer any Comments. CESC did not offer any Comments. Does not lie within the purview of CESC. CESC abides by the decision of the Hon'ble Commission in this regard. Does not lie within the purview of CESC.

12	AE-03	**M/s Association of Health Care Providers (India).** **Tariff for Private Hospitals.** Objector has submitted that private hospitals are paying Electricity Charges on par with commercial installations though they are service oriented. In an effort to ensure a sterile and clean environment to patients, they tend to consume a large amount of Electricity. Electricity charge is a significant expenditure incurred by private hospitals. It is also indicated that the survey conducted by Hosmac, a hospital planning and management consultancy, has revealed that tertiary-care hospitals with 300 beds and above spend approximately 60% on their power expenditure on services directly related to patient care services such as OPD,IPD,ICU, Radiology and Diagnostic services. The expenditure towards Electricity by these hospitals is 2 to 4% of their total expenditure. Further stated that the hospitals in Karnataka rank high in terms of Electricity consumption per bed per day i.e. about Rs.450/bed/day. They requested to reduce the Tariff to	Hospitals dispensaries and health centers run by State/ Central Government and Local bodies are billed on LT2 (a)/HT4 tariff. Nursing Homes and private hospitals are billed on LT-3/HT-2(b). CESC did not offer any Comments.

		private hospitals, so as to enable them to reduce the costs of treatment to patients.	The tariff of various categories of consumers is determined by the Hon'ble Commission. CESC abides by the decision of the Commission.
13	AE-04	**Sri.K.Padmanbha,** **Tariff Schedule to Advertisement Boards/Hoardings.** The Objector has pointed out that in the existing Tariff schedule the advertising units, displaying sign boards and hoardings placed in public places and private premises are bifurcated into two categories. Private Advertising posts/ Sign boards in the interest of public are brought under LT-3 Commercial Tariff and all other advertisement boards are brought under LT-7 Temporary Power Supply tariff. The classification of tariff on the basis of public importance is unscientific and requested to review the same based on the license period granted by the Corporation/ Local Bodies. The Objector has further indicated that the mobile towers are also of similar nature of installations which are	Tariff to various categories of consumers is determined by the Hon'ble Commission and CESC abides by the decision of the Commission. CESC requests the Commission to kindly discard the classification of tariff of advertisement hoardings into LT-3 & LT-7. The CESC has proposed a new tariff LT3 (iii) in the MYT filing for private advertisement hoardings for kind approval by the Commission.

		classified under LT-3 tariff and requested for extending the same benefit.	
14		**Objections raised during the public hearing by Sri C.A. Subbaiah (Nanda).** Indiscriminate procurement of Power without seeing the economics and in violation of KERC directives has burdened the consumers with higher Tariff. Power to an extent of Rs. 2000 Crores is procured at a rate of Rs.8 per unit and Public Accounts Committee has also adversely commented on this. The Govt. has also not paid the subsidy amount totaling Rs 1600 Crores to ESCOMs which has adversely affected the finances of ESCOMs and consumers are burdened with higher tariff. It is further stated that poor maintenance of 11 kV lines in Elephant corridor and too much sag in 11 lines has led to many accidents involving Public and Elephants. No appropriate action by CESC despite bringing it to its notice several times.	The MD CESC has stated that CESC has given the details of power procurement in its tariff filing and there is transparency in its approach and Commission's approval was taken for procurement of Short term power. MD CESC has stated that the problem of sag in 11 kV lines in Elephant corridor has been identified and it will be attended to shortly to prevent occurrence of accidents.
15		**SudhakarGuptha** The distribution loss is to the tune of 16% in CESC, if this is controlled, there is no necessity to increase the tariff;	The MD CESC has stated that CESC has taken effective steps to reduce

		therefore, the Commission should not consider the CESC's tariff revision of 70 paise per unit. Agricultural consumers are not metered but the consumption is assessed resulting in under assessment compared to what they actually consume and urged CESC to meter all IP installations to arrive at correct calculation of energy in such category. It is further stated that farmers are ready to cooperate with CESC for fixing of meters but CESC is not providing the meters.	distribution losses and requested the Commission to allow 70 paise increase in Tariff. The MD CSEC has clarified that at present the IP set consumption is assessed and action is taken for fixing of meters to all the IP installations in a phased manner.
16		**RavindraPrabhu** CESC is getting the incentive for reducing the loss by 0.1% which is not substantial and hence not proper to award the incentive, as the loss reduction is CESC's legitimate duty.	The MD CESC, stated that distribution losses come down because of the improvement works undertaken by it and hence CESC is very much right in receiving allowable concession from the Commission.
17		One of the Industries Representative has stated that the infrastructure provided by KIADB layouts is of poor quality and CESC has to attend to the maintenance of such lay outs after the same are handed over by them and hence requested that infrastructure creation work be taken	The MD CESC has stated that as per prevailing Regulations KIADB has to develop infrastructure under self-execution and CESC is maintaining the system appropriately and this system is good as far as serving the industrial

		up by CESC in the interest of the industrial consumers to provide better quality power supply and CESC can collect appropriate infrastructure charges.	consumers are concerned.
18		**Lingaraju K.P** There is no safety tolinemen while working on lines/ equipment. It is further stated that CESC is not taking any action for illegal tapping of lines especially for public functions and also there is no complaint handling Mechanism to address the consumer grievances.	The MD CESC has stated that CESC consider the safety aspect as important and try to address this by undertaking consumerawareness programmes.At present complaints can be lodged through the Toll free number. The CESC attends to all complaints which are reported.

3.7 Commission'sFindings:

Regarding General Observations on Service made by the Objectors:

Several consumer organizations, and members of the public during the course of their oral submissions in the public hearing held on 26th February 2013 in Mysore, were generally appreciative of the services rendered by the company. They have also made several suggestions for further improvement in the service of CESC particularly with regard to the loading of transformers, safety of the equipment installed in public places, grant of service connections, etc.The Managing Director representing the CESC expressed her sincere thanks for the suggestions assured that the company will bring in further improvements in the services. The Commission also appreciates the efforts of the company in improving the quality of service and hopes that CESC will achieve still better standards of service.

Regarding to merge LT-4 (c)(i) & LT-4(c)(ii) with LT-4(a):

The demand for including coffee plantations in LT4 is not justified as LT-4(a) applies only to Agricultural Pump sets. The Commission has already clarified the same in the previous tariff ordersas cultivation of coffee plants cannot be treated as agriculture. The average electricity consumption by IP sets used by coffee growers is a small quantity, when compared to the consumption of IP sets used in agriculture. The tariff fixed for this category also being very low, it cannot be said to be a burden on this class of consumers. Cost of Electricity is within 1% of the total cost of production as submitted by Kodagu District Small Growers' Association and therefore the Commission is of the view that demands for merging coffee plantation under LT-4(a) category are not justified.

Regarding extending BMRCL rates for Railway Traction:

The Railways cannot seek application of BMRCL tariff to the Railways traction also, as they are not comparable. The BMRCL tariff has been fixed considering the cost of supply of BESCOM and the overall context in which BMRCL is required to operate.

Regarding the change of tariff for Railways Staff Colonies:

The South Western Railway has contended that at present Railway Quarters are under HT-4 Tariff and has requested that Railway Quarters should be charged tariff of LT-2(a), treating it as a special case. This Commission, after considering the request, by its Tariff Order 2011 for CESC, dated 28.10.2011, has rejected the same for the following reasons:

> *"As regards residential colonies, no change need be made as colonies cannot be compared with individual consumers. The Hon'ble High Court of Karnataka in the above-referred decision, after following the decision of AP High Court reported in AIR 1985 AP 299, has held that the colonies of HT consumers form a class by themselves and hence can be treated differently."*

For the same reasons mentioned above, this request of the Railways is also rejected.

Regarding P.F. Incentives:

The South Western Railway has requested for providing incentives for improved power factor above 0.9. This Commission, while considering a similar request made by Railways, in its Tariff Order

2011 for CESC, dated 28.10.2011, rejected the demand for Power Factor Rebate above 0.9 for the following reasons :

> *"As regards demand for incentive of power factor bonus, on the ground that Railway has invested on capacitors, it cannot be considered as maintenance of 0.90 or above power factor helps the consumers in terms of lesser demand charge besides reducing losses. The issue of grant of power factor bonus had also come before the Hon'ble High Court of Karnataka in the case reported in (1993) 1 KLJ 160. The Hon'ble High Court after considering the arguments advanced in support of grant of bonus rejected the same for the reasons that there is no justification to grant the bonus. This Judgment has been upheld by the Division Bench in W.A.No.189/83."*

For the same reasons mentioned above, the present request of the Railways is also not accepted.

Regarding BWSSB-Unscheduled interruptions in power supply:

The Commission has noted the several system improvements taken up by KPTCL as well as CESC for providing uninterrupted power supply to the installations of BWSSB. We are sure, KPTCL and CESC will continue to take corrective measures on unscheduled interruptions, keeping in view the nature and importance of service rendered by BWSSB in supplying water to the citizens.

Regarding Load Forecasts and Energy Estimation:

Even if the utilities have made their forecast on the higher side, The Commission is scrutinising the sales estimate while approving the same. The Commission is adopting the CAGR methodology for forecasting sales to all categories other than IP and BJ/KJ installations. In the last 5 years it is noted that the forecast has been close to the metered sales. Thus the Commission has adopted the same methodology for metered sales. For IP sets the Commission is considering the specific consumption based on the monthly reports furnished to the Commission. For BJ/KJ installations the Commission is considering the specific consumption based on the actuals duly segregating the consumption into those installations consuming less than or equal to 18 units and those consuming more than 18 units.

Regarding Prudence Check:

This issue is dealtseparately.

Regarding Altering Control period:

FKCCI and KASSIA have contended that as per KERC MYT Regulations, the Control Period shall mean, at the first instance a period of 3 years commencing from FY-2008-09 and thereafter a period of 5 years; whereas CESC has considered 3 years, which is contrary to MYT Regulations.

While raising the above contention, the objector has not noticed the Regulation fully. Regulation 2.4 of the KERC MYT Regulations, 2006 states that the Control Period normally shall be five years or such other period as may be specified by the Commission from time-to-time. Accordingly, the Commission has fixed present period again as three years. This is followed by CESC and the same cannot be found fault with.

Regarding Non-adherence to Accounting Standards:

It is contended by the objectors that CESC has not drawn up its accounts in accordance with the Companies Act, 1956 and also has not followed the relevant Accounting Standards.

The Hon'ble Appellate Tribunal for Electricity (ATE), while passing its Order dated 2.1.2013 in Appeal No.108/2010 filed by the objector (FKCCI), has ordered at Paragraph-57(ii)as follows :

> *"Since Section 69 of the 1948 Act was not applicable to the Companies those were in the business of supply of electricity prior to enactment of the Electricity Act 2003, it cannot be held to be applicable to the companies formed after the enactments of 2003 Act and restructuring of the Board under Section 172 of 2003 Act by virtue of 185(2)(d) of the 2003 Act. The Commission is accordingly directed to direct the 2nd Respondent to submit the Annual Accounts Statement in accordance with the Companies Act henceforth. Depreciation on Grants, consumer's contribution etc shall have to be treated in accordance with Accounting Standard 12 of Institute of Charted Accounts."* [Emphasis supplied]

As per the above Order, the accounts of CESC have to be in accordance with the provisions of the Companies Act after 2013. Therefore, the accounts filed by CESC along with the present application have to be considered. However, it is ordered that the CESC has to maintain its accounts hereafter as per the provisions of the Companies Act and file the same.

Regarding Capitalization of consumer security deposit:

The objector (FKCCI) has stated that the CESC ought to be given a direction that the consumer contributions that have been capitalized, either under any order of the Government or otherwise, need to be excluded from the capital. In the Appeal filed by the objector (FKCCI), the Hon'ble ATE, accepting the clarification filed by the Commission that CESC is regularly paying interest on consumer deposits despite capitalization of security deposits, has held a similar contention as infructuous. Therefore, this Commission again need not go into the same question, subject to the decision of the Hon'ble Supreme Court in the pending Appeal of the objector.

Regarding Power allocation:

It is contended by the objector that the allocation of power shall be done by this Commission and not by the Government. It is observed that the State is allocating the power based on the availability and requirement, the consumer profile and other factors of each ESCOM and the Commission is taking note of the same while determining the tariff. Therefore, while passing the present Tariff Order also, the Commission decides to go by the power allocation made by the State Government.

Regarding Cross-subsidy:

The Commission has been striving continuously to progressively reduce the cross-subsidy levels. The Commission will take appropriate measures in the matter as per the provisions of Electricity Act, 2003 and Tariff Policy.

Regarding RoE Calculation:

As per clause 3.9 of KERC (Terms and Conditions for determination of Tariff for distribution and retail sale of Electricity Regulations) 2006, the Rate of Return on Equity at 14% per Annum has been amended to 15.5% per Annum vide notification dated 1st February 2012. Hence, ESCOMs are entitled for RoE at the rate of 15.5% per Annum.

Regarding Uniform tariff increase sought by ESCOMs:

Even though ESCOMs filed their proposals for tariff increase proposal of 70 paise per unit, the Commission while determining the tariff takes into consideration factors like socio economic conditions, paying capacity of the consumers and all other norms and factors while deciding tariff increase for each category.

Regarding Levy of cross-subsidy surcharge:

It is contended on behalf of a wind power generator that due to re-introduction of the cross-subsidy surcharge, its business has become unviable and therefore the cross-subsidy surcharge shall be withdrawn, in order to make wind energy generation economically viable. The contention of the objector cannot be accepted, as the levy of cross-subsidy surcharge cannot take into account the economic viability of the generators. The cross-subsidy surcharge is statutory and is determined based on the loss of cross-subsidy suffered by the ESCOMs on account of allowing consumers to avoid open access,

It is contended by the objector that the long-term open access consumers be treated on similar lines as captive generators. This contention also does not merit acceptance, as the general open access consumers and captive open access consumers belong to two different classes and both are governed differently by the statutory provisions provided under the Electricity Act, 2003.

Regarding Tariff to Private Hospitals:

The Association of Health Care Providers (India)has pleaded for reduction in tariff to the private hospitals to enable them to reduce the cost of treatment to the patients.

From the material produced before the Commission, it is observed that the private hospitals do give service to the patients from different socio economic backgrounds. Like in education, providing medical facility is also a gigantic task and the State alone cannot do the same. Therefore, there is need to encourage private hospitals also, who are supplementing with their services the function of the State.

Regarding Tariff Schedule to Advertisement Boards/hoardings:

Shri K. Padmanabha has raised certain issues regarding Tariff Schedule to Advertisement / Hoardings. The said issues are dealt with while determining the Tariff.

Regarding Distribution loss:

The Commission has noted the response of CESC. The CESC shall take all necessary measures aimed at improving the performance and reducing the losses, as per the target set by the Commission and there will not be any letup on this issue.

Regarding Metering of IP installations:

The CESC should make all efforts in metering of IP sets taking farmers into confidence. Till then, the energy supplied and consumed shall be measured through DTC meters as per the directions issued by the Commission.

Regarding arrears due from Local Bodies:

All efforts shall be made by the CESC to collect dues from the Local Bodies as non-collection adversely affects its financialinterest.

Regarding Energy Audit:

CESC shall take action for conducting energy audit of all DTCs and proper analysis shall be done and necessary remedial action shall be taken to reduce losses based on the analysis.

Regarding incentives for reducing the losses.

As per the prevailing norms an incentive is allowed for reducing the Distribution losses.

Regarding uninterrupted power supply to rural areas:

The Commission observes that this issue needs to be attended to on priority. CESC shall expedite the implementation of NJY works so, as to arrange uninterrupted power supply to rural areas.

Regarding Infrastructure provided by KIADB layout:

This was approved by the Commission in the interest of the industrial consumers to facilitate ESCOMs arrange power supply speedily without any delay. MD CESC shalldiscuss with industry bodies and resolve the issues expeditiously.

Regarding Electrical Accidents and Consumer Complaints:

CESC shall take proper measures to address the problems relating to safety, as this is also an important duty of the company. It is suggested that in respect of handling of consumer complaints a similar system as in BESCOM can be adopted with some modifications to suit the local conditions. Further, consumer education has to be taken up by CESC on priority to create awareness in the use of electricity/Conservation measures.

Regarding Discrimination of Power Supply:

The CESC's classification of Rural & Urban consumers is justified in the present power situation.

Regarding Unscheduled interruptions in power supply:

The Commission agrees that unscheduled interruptions will causeundue inconvenience to the consumers especially the water supply installations. But, it is also a fact that the ESCOMs are resorting to unscheduled load shedding, only in case it is inevitable, in order to balance the power supply with demand. Given the power supply position it is not entirely possible to avoid such interruptions.

G E N E R A L :

The views expressed by some of the objectors, who did not file any objections within the time permitted, have also been considered by the Commission while determining the Tariff.

CHAPTER – 4

ANNUAL PERFORMANCE REVIEW FOR FY12

4.0 *CESC's Filing for APR for FY12:*

In its application dated 30th November 2012, CESC has filed for approval of the Annual Performance Review for FY12 based on the Audited Accounts for FY12.

The Commission in its letter dated 28th December 2012 had communicated its preliminary observations. CESChas replied to the preliminary observations of the Commission in its letter dated 4th January 2013.

The Commission in its tariff order dated 7th December 2010, had approved ERC for FY11 – FY13. In its tariff order dated 28th October 2011, the Commission hadalso approved the APR for FY11 and had revised ERC for FY12 along with retail supply tariff for FY12. Further, as per the tariff order dated 30th April 2012, the Commission hasrevised the ERC for FY13 along with retail supply tariff for FY13.

This Chapter contains the Annual Performance Review for FY12 based on the Audited Accounts filed by CESC.

4.1 *CESC's Submission:*

CESC has submitted its proposals for revision of ARR for FY12 as follows:

TABLE – 4.1
ARR for FY12 – CESC's Submission

Amount in Rs.Crs.

Sl. No.	Particulars	As per filing
	Expenditure	
1	Power Purchase	1575.11
2	Transmission Charges	165.46
3	SLDC Charges	1.41
4	Total Power Purchase cost	1741.98
5	R&M Expenses	22.34
6	Employee Expenses	233.33
7	A&G Expense	28.12
8	Total O&M Expenses	283.79
9	Depreciation	50.00
	Interest & Finance Charges	
10	Interest on Loan Capital	31.61
11	Interest on Working Capital	0.27
12	Interest on Consumer Deposits	18.42
13	Interest on belated payment of power purchase cost	99.18
14	Other Interest & Finance Charges	0.61
15	**Total**	**2225.86**
16	Less: Interest & other expenses capitalised	0.00
17	Other Debits (incl. Prov for Bad debts)	8.88
18	Extraordinary Items	
19	Other (Misc.)-net prior period credit	-31.18
20	Total	**2203.56**
21	ROE	0.00
22	Other Income	43.79
23	Provision for taxes	7.18
24	**NET ARR**	**2166.95**

As per the filings, taking into account the approved revenue of Rs.2043.50 Crores, CESC has projected a revenue deficit of Rs.123.45 Crores for FY12.

4.2 CESC's Financial Performance as per Audited Accounts for FY12:

The overview of the financial performance of CESC for FY12 as per their Audited Accounts is as follows:

TABLE – 4.2

Financial Performance of CESC for FY12

Amount in Rs.Crs.

Sl. No.	Particulars	As per Audited Accounts
	Expenditure	
1	Power Purchase	1575.11
2	Transmission Charges	165.46
3	SLDC Charges	1.41
4	Total Power Purchase cost	1741.98
5	R&M Expenses	22.34
6	Employee Expenses	233.39
7	A&G Expense	28.12
8	Total O&M Expenses	283.85
9	Depreciation	50.00
	Interest & Finance Charges	
10	Interest on Loan Capital	31.60
11	Interest on Working Capital	0.27
12	Interest on Consumer Deposits	18.43
13	Interest on belated payment of power purchase cost	99.19
14	Other Interest & Finance Charges	0.60
15	**Total**	**2225.92**
16	Less: Interest & other expenses capitalised	0.06
17	Other Debits (incl. Prov for Bad debts)	8.88
18	Extraordinary Items	0.00
19	Other (Misc.)-net prior period credit	-31.18
20	Total	**2203.56**
21	ROE	
22	Other Income	43.79
23	Provision for taxes	7.18
24	**NET ARR**	**2166.95**

As per the Audited Accounts,CESChas incurred a loss of Rs.123.45 Crores for FY12.

4.3 Commission's Analysis and decisions:

The Annual Performance Review for FY12 has been taken up duly considering the actual expenditure as per the Audited Accounts against the expenditure approved by the Commission in its tariff order dated 28th October 2011. The item wise review of expenditure and the decisions of the Commission thereon are as discussed in the following paragraphs:

i) Sales for FY12:

The Commission in its tariff order 28th October 2011, had allowed sales of 4207.49 MU for FY12. As per the Audited Accounts, CESC has reported sales of 4652.10 MU. Thus the actual sales are higher by 444.61 MU.

The approved and the actual sales for FY12 are as follows:

TABLE - 4.3

Comparison of sales – Approved V/s Actuals – FY12

Figures in MU

Particulars	As approved in tariff order dtd. 28.10.2011	As per audited accounts	Increase (+) / Decrease (-)
Sales to Categories other than IP set and BJ/KJ consumers	2492	2506	(+)14
Sales to IP & BJ/KJ	1716	2146	(+)430
Total sales	4208	4652	(+)444

From the above data, the Commission notes that, though the overall sales with respect to approved sales are higher by 11% , the sales to IP and BJ/KJ categories are higher by 25% and the sales to other categories are higher by 0.6%. As per the audited accounts, the Commission considers the actual sales of 4652 MU for the purpose of approval of APR for FY12.

ii) Distribution Losses for FY12:

The Commission in its tariff order dated 28th October 2011 had fixed the limit for distribution lossesat15.24% for FY12. CESC, in its filing has reported distribution losses of 16.20%. Thus the actual distribution lossesare0.96% higher than the approved limit.

The Commission in its preliminary observations directed CESC to furnish reasons with details for not meeting the loss levels approved by the Commission for FY12. CESC in its reply dated 4th January 2013 has stated that regularization of 10109 un-authorised IP sets has led to additional sales of 24.12 MU. Further, CESC has implemented RAPDRP in 12 towns and generation of Demand Collection Balance statements is not complete and hence the data is accounted on an average basis. CESC has reported that these factors have resulted in increased losses for FY12.

Since the actual loss is beyond the approved range of distribution losses, in accordance with the provisions of the MYT Regulations, penaltyas indicated in the following table is levied on CESC for not achieving loss levels as approved.

TABLE - 4.4

Penalty for exceeding approved loss target in FY12

Particulars	FY12
Actual Input at IF as per audited accounts in MU	5551.59
Retail Sales as per audited accounts in MU	4652.10
% Distribution Loss	16.20%
Target Upper Limit of Distribution Loss	15.75%
Increase in % Loss	0.45%
Input at Target Loss for actual sales in MU	5521.78
Excess in Input due to non-achievement of approved loss levels in MU	29.81

Average Cost of Power Purchase in Rs/Unit	3.07
Penalty for non-achievement of approved loss levels in Rs.Crs	**9.14**

The Commission decides to deduct this amount of Rs.9.14 Crs from the allowable ARR of FY12.

iii) Power Purchase for FY12:

In the tariff order dated 28th October 2011, the approved quantum and cost of power purchase are shown in the following table:

TABLE – 4.5

Approved Source wise Power Purchase for FY12

SL.NO.	Source of Power	Quantum in MUs	Cost Rs. in Crs.	Average Cost
1	KPCL Hydel	1364.36	63.55	0.47
2	KPCL Thermal	1300.42	393.32	3.02
3	CGS	1129.43	326.59	2.89
4	IPP Major	470.68	174.34	3.70
5	NCE & IPP Minor	625.13	212.65	3.40
6	Short Term/ Medium Term purchase	802.76	359.46	4.48
7	Others	28.86	6.34	2.20
8	Others for short term	-551.88	-220.75	4.00
9	Tr. charges	0.00	166.60	0.32
	TOTAL	5169.76	1482.10	2.87

CESC has submitted Audited Accounts of FY12 according to which the quantum and cost of power purchased are as follows:

TABLE – 4.6

Actual Power Purchase as per Audited Accounts for FY12

SL.NO.	Source of Power	Quantum in MUs	Cost Rs. in Crs.	Average Cost
1	KPCL Hydel	1429.63	76.79	0.54
2	KPCL Thermal	1349.63	435.83	3.23
3	CGS	1205.20	373.17	3.10
4	IPP Major	339.02	156.15	4.61
5	NCE & IPP Minor	707.19	239.00	3.38
6	Short Term/ Medium Term purchase	647.10	306.00	4.73
7	Others	4.21	-12.15	-28.86
8	Others Tran.charges	-	167.19	0.29
	TOTAL	5681.98	1741.98	3.07

From the tables above, the Commission notes that, there is a variation of 20 paise per unit between the approved power purchase cost per unit and the actual power purchase cost per unit. As per the MYT Regulations, the power purchase cost is considered as uncontrollable cost, thus the Commission approves the quantum and the cost of power purchase as in the table above which is based on the audited accounts for FY12.

iv) Operation and Maintenance Expenses:

The actual O&M Expenses reported by CESC is Rs.283.79 Crores.This includes Employees costs of Rs.233.33 Crores, Administrative & General Expenses of Rs.28.12 Crores and Repairs & Maintenance expenses of Rs.22.34 Crores. The Commission in its Tariff Order dated 28th October 2011, had approved O&M Expenses of Rs.310.73 Crores. Thus the actual O&M Expenses arelower than the approved expenses by Rs.26.94 Crores.

As per the provisions of the MYT Regulations, the normative O & M expenses are determined based on the actual O & M expenses of the base year,consumer growth rate and the applicable inflation factor.

The Commission in its tariff order dated 28th October 2011, while approving the O & M expenses for FY12, had allowed additional employee costs due to revision of pay, and increase in the number of employees as also increase in the contribution to the Pension and Gratuity fund. These additional expenses were considered as uncontrollable O & M expenses besides the normative O & M expenses. On the same principles, the Commission decides to allow O & M expenses as per norms plus actual additional employee cost incurred by CESC on account of revision of pay and change in Pension and Gratuity contribution.

As per the additional employee cost details furnished by CESC vide its letter dated 13th February 2013, CESC has incurred Rs.63.93 Crores of additional employee costs due to revision of pay, revision of HRA, contribution to new contributory pension scheme and contribution to P&G Trust. Since the Commission in its tariff order dated 28th October 2011 had factored additional employee costs of Rs.27.15 Crores in the APR for FY11, the Commission decides to allow the balance of Rs.36.78 Crores as additional employee costs treated as uncontrollable O & M expenses for FY12.

Thus the allowable O & M expenses for FY12 are as follows:

TABLE – 4.7

Allowable uncontrollable O & M Expenses for FY12

Particulars	Amt.in Rs. Crs
Total Employee Cost incurred for FY11 & FY12	63.93
Additional Employee Cost already factored in APR FY11	27.15
Additional Employee Cost to be allowed in FY12	**36.78**

TABLE – 4.8

Allowable O & M Expenses for FY12

Particulars	FY12
No. of Installations as per Audited Accts	2457105
Inflation rate*	5.49%
CGI based on 3 Year CAGR (Using actuals of FY10 for FY12)	4.21%
O&M Index= 0&M (t-1)*(1+WII+CGI-X) (Amt.in Rs.Crs.)	255.00
Allowable uncontrollable additional O&M cost (Amt.in Rs.Crs.)	36.78

Total allowable O&M Expenses (Amt.in Rs.Crs)	291.78

*** Inflation rate is as per CERC Order dated 25.09.2012**

v) Depreciation:

CESChas indicated an amount of Rs.50.00Crores towards depreciation for FY12. The Commission in its tariff order 28th October 2011, had approved Rs.46.64 Crores towards depreciation. As such the actual depreciation is higher by Rs.3.36 Crores.

The allowable depreciation has been determined by the Commission in accordance with the KERC (Terms and Conditions for Determination of Distribution Tariff) Regulations, 2006 as amended on 1st February 2012. Considering the actual opening and closing gross block of fixed assets for FY12, the weighted average rate of depreciation works out to 4.32%. Since CESC has determined the actual depreciation based on the opening block of gross fixed assets and the actual capitalization/retirement of assets from time to time, the Commission decides to allowdepreciation of Rs.50.00 Crores as claimed by CESC. Depreciation allowed in this order is subject to review in respect of depreciation on assets created if any out of consumer contribution and grants.

vi) Prudence Check of Capital Investment for the control period FY10to FY12:

In its Tariff Order dated 25th November 2009,the Commission had approved a Capital expenditure of Rs. 362.7 Crores for FY10as proposed by CESC. Further, the Commission in its Tariff Order dated 7th December 2010 had approved Capex of Rs. 438Crores and Rs. 485Crores for FY 11 and FY 12 respectively.

As against the approved Capex, the following is the actual Capex incurred by CESC:

Particulars	FY10	FY11	FY12
Capital Investment Proposed & Approved	362.7	438	485
Capital Investment actually incurred (Figures as per Annual Report)	174.89	162.61	183.27
Short fall	187.81	275.39	301.73
% Achievement	48.21	37.12	37.78

While the Annual Performance Review of CESC for FY 12 was being taken up, the Commission decided to carry out the assessment of the prudence of the capital expenditure incurred by CESC. The Commission engaged the services of a Consultant M/s Price Water House Coopers Pvt.LtdBangalore, to report on the following technical and financial parameters of the works:

I) Technical Parameters:

a) The objective of investment of the works as envisaged in the Detailed Project Reports (DPR) vis-a-vis the same realised after commissioning of the works (The objectives could be to meet load growth in the area, to reduce over loading of existing stations / lines, to reduce losses in the system or to improve quality and reliability of supply).
b) Capacity utilisation as envisaged in the DPRsvis-a-vis as actually realised.

c) Issues if any, pertaining to execution of works – to ascertain factors delayingthe commencement and completion / commissioning of works.
d) Energy savings as envisaged in the DPRs versus actually realized after commissioning of the works.

II) Financial Parameters:

a) Review of cost over runs with respect to the estimated cost.

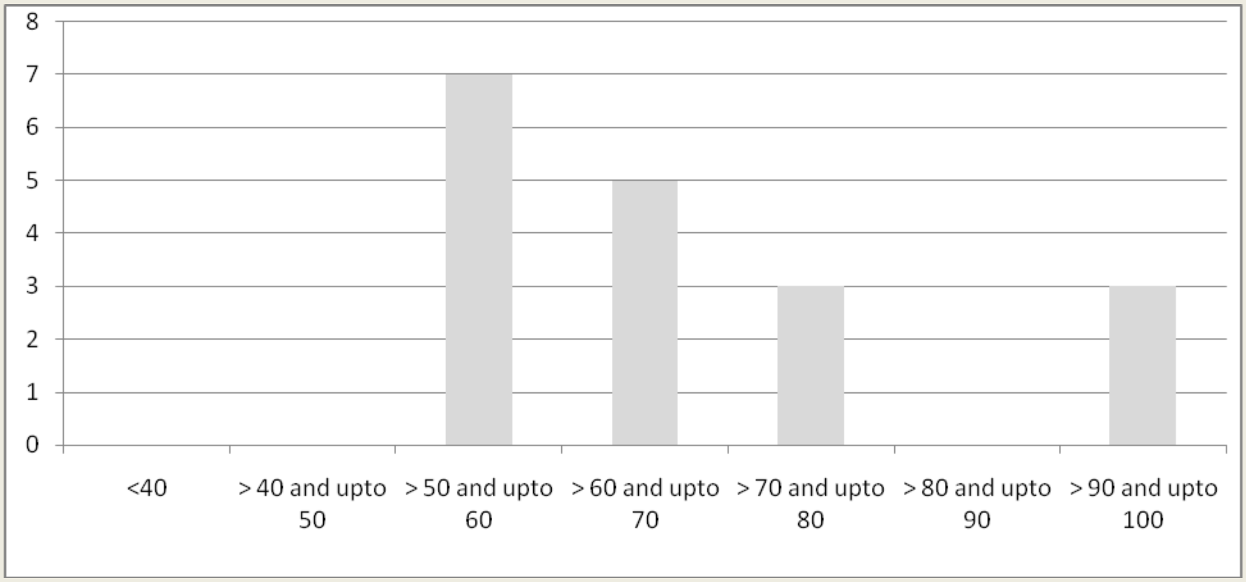
b) Review of cost to benefit as per actuals with respect to the ratio as envisaged in the DPR.
c) Review of capitalisation of interest with respect to works completed and commissioned on an annual basis.

The Consultant has examined a sample of 22 works completed during FY 10 to FY12 costing more than Rs. 10 Lakhs each with a total expenditure of Rs. 5 Crores. The consultant has considered all completed, sanctioned and under progress projects during the period under review. The projects broadly included works relating to Extension and Improvement, RGGVY and RE schemes.For the purpose of the study they are classified as under:

Type of Project	Sample/Field Visit done	Completed projects	Works under progress	Works to be taken up	Total Population
Improvement	11	14	3	6	22
Strengthening	6	6	2	5	14
DTC Metering	1	1	0	0	1
RGGVY	2	0	2	0	2
DSM	0	0	0	9	9
R&M	2	1	1	0	2
RAPDRP B	0	0	12	0	12
UNIP	0	0	14	0	14
Total	22	22	34	20	76

The consultant has observed that a large number of projects were not having cost benefit analysis worked outand detailed Project Reports prepared.

The consultants have broadly classified the objectives for the study as system improvement, strengthening of the network, DTC metering and DSM and have assigned marks and weightages to each objective based on a set of assumptions. The primary objective for which the project is taken up carries half the weightage, while the rest of the objectives make up the other half. Projects with a total marks of 40 or above out of 100 are assumed to have passed the prudence check. The details of the marks scored by the projects in the grading are as under:



The Consultants have stated that, even though they have obtained detailed information for all the 22 projects, they were not able to assign marks for 2 projects where the available information was not sufficient enough to take a quantitative view on the project.

The consultants have reviewed the cost and time over runs of the works undertaken by CESC and haven't observed any cost over runs. However, it is observed that, the sample taken being relatively small, commenting on the cost overrun cases would require a broader sampling spread all over the company.

Further, it is observed that, some instances of time over runs were reported due to either the company's resources being used in higher priority works or due to material shortage or issues with contractors and disputes with locals etc. But the consultant has not specifically brought out the details.

Based on the observations made during the study consultants have pointed out the following:

1. The cost benefit analysis is performed only for projects of high value.
2. In most cases it is found that benefits achieved are not measured by post commissioning analysis and compared with the benefits envisaged before taking up the project.
3. There is no centralized mechanism or database to monitor or review the capital projects being executed across divisions.
4. The data provided had consistency issues and there were also gaps in the information provided.
5. For some projects the reasons for which projects were taken up were clearly not indicated in the estimates.

Some other observations in the study are as follows:

1. In all the sample projects analysed, CESC has managed to execute the projects within the sanctioned estimates i.e. there were no cost overruns observed;
2. CESC's way of decentralised execution of projects aids in quick decision making and faster execution of the projects, i.e. administrative delays are being avoided; and
3. There is a clear demarcation of responsibilities as to which office takes care of RGGVY project, APDRP, NJY projects, UNIP etc. which helps the utility in focusing the resources in efficient manner.

The consultants have also stated that, there is need for a sound framework for monitoring capital works. Also, there has to be an internal system in place to verify if the benefits mentioned in the DPR/estimates prepared for, are actually realised.

Further to the prudence check by the consultant, the Commission also held a review meeting in March 2013 to assess the prudence of investments made during FY10 to FY12. The Zone wise Distribution works completed during these periods were broadly reviewed and the capacity utilisation as per the data furnished by the concerned Chief Engineers was considered. It was observed that:

a) Metering of Distribution Transformer Centres:

Though many of the DTCs are already metered, the CESC have not made use of them fully to carry out consistent energy auditing to detect losses and take corrective measures. There is a need to institutionalise a mechanism for Energy auditing at the DTC level in order to achieve loss reduction in the distribution system.

b) Downstream works of KPTCL substations:

It is noted that, out of **1115**nos of feeders, CESC has commissioned **821** feeders and **294** nos of feeders are yet to be commissioned as at the end of 31.01.2013 as informed by KPTCL. Hence, the CESC should ensure that balance feeders are commissioned and optimally utilised so as to achieve the envisaged benefit.

c) 11kV Link Line works:

The link line work and evacuation lines of 11kV interconnecting lines which have been furnished do not show significant reduction in the loading even after the line reconfigurations as stated.

During the meeting the Commission has directed CESC to take remedial measures to address the shortcomings mentioned in the prudence check and report compliance to the Commission. CESC has prayed for granting some more time to address the issues and submit detailed compliance report to the Commission.

The Commission has considered CESC's request and has decided to allow time up to 31st December 2013 to CESC to address the issues which have come up during the prudence check and submit compliance reports to the Commission. Also, the Commission is of the view that the scope of the prudence check should be further widened so as to cover categories of works which were not included and those not adequately covered in the earlier study. After considering the action taken by CESC in compliance of the above findings, the Commission will take a view on whether the entire capital expenditure during the relevant period should be considered as meeting the norms of prudence, or whether the Commission should consider disallowing any part of the capital expenditure. This will be factored into the annual performance review for the financial year 2012-13 to be taken up before 31st March 2014.

The report of the Consultant will be uploaded on the Commission's Website.

vii) Interest on Loans:

CESC has claimed an amount of Rs.31.61 Crores towards interest on loans. The Commission in its tariff order dated 28th October 2011, had approved an amount of Rs.41.44 Crores for the purpose. Thus, the actual interest on loans is lower than the approved interest on loans by Rs.9.83Crores.

As per the Audited Accounts and data furnished under format D9, considering the opening and closing balances of loans, the average loan for the year FY12 would be Rs.277.90 Crores.CESChas achieved a capex of Rs.183.00Crores against a proposed investment of Rs.483.00 Crores and has availed long term loans of Rs.28.52 Crores towards capex. Considering the average balance of loan for the year as per auditedaccounts, the weighted average rate of interest on these loans works out to 11.37%.

In view of the above, considering the prevailing interest rates, the actual rate of interest is comparable with the then prevailing interest rates in FY12. As such the Commission decides to allow actual interest on loans of Rs.31.61 Crores for FY12.

viii) Interest on Working Capital:

As per the format D9 of the filing, CESChas incurred interest on short term loans to an extent of Rs.0.27 Crores. CESCis entitled to interest on working capital as per the norms under MYT Regulations as amended. Accordingly, the allowable interest on working capital for FY12 is as follows:

TABLE – 4.9

Allowable Interest on Working Capital

Amount in Rs.Crs.

Particulars	FY 12
One-twelfth of the amount of O&M Exp.	24.31
Opening GFA	1121.38
Stores, materials and supplies 1% of Opening balance of GFA	11.21
One-sixth of the Revenue	339.56
Total Working Capital	375.09
Rate of Interest (% p.a.)	11.75%
Interest on Working Capital	**44.07**
Actual Interest on WC as per accts	0.27
As per regulations actual plus 50% of difference between actual and normative	22.17

*As per actual revenue for FY12

Thus the allowable interest on working capital is Rs.22.17 Crores.

ix) Interest on Consumer Deposits:

CESC in its filing / audited accounts has claimed an amount of Rs.18.43 Crores towards interest on consumer deposits for FY12.

In accordance with the KERC (Interest on Security Deposit) Regulations 2005, the interest rate to be allowed is the bank rate prevailing on the 1st of April of the relevant year. Accordingly, the Commission has considered thethen prevailingbank rate of 6% per annum for computation of interest on consumer deposits.

The Commission notes that, the claims of Rs.18.43 Crores made by CESC indicates the actual rate of interest of 5.41% on the average balance of consumer deposits for FY12. Since the claims are being computed on the basis of opening balances of deposits and deposits collected from time to time during the year, the Commission decides to allow an amount of Rs.18.43 Crores as claimed by CESC towards interest on consumer deposits for FY12.

x) Other Debits:

CESC in its filing has claimed an amount of Rs.8.88 Crores towards other debits. As per the audited accounts, this amount pertains to items like Provision / writeoff of bad and doubtful debts, material cost variance, loss relating to scrapped assets and miscellaneous losses and write offs.

The Commission notes that, as per the audited accounts the claims of other debits includes an amount of Rs.3.11 Crores pertaining to provisions for doubtful dues from consumers. The Commission decides to allow bad and doubtful debts actually written off. However provision for doubtful dues cannot be allowed to be passed on in the ARR as the same is not actually incurred. Thus the Commission decides to allow an amount of Rs.5.77 Crores towards other debits.

xi) Net Prior Period Credits:

CESC in its Audited Accounts has indicated an amount of Rs.31.18 Crores as net prior period credits. This amount pertains to the excess provision for depreciation of previous years, excess provision for interest and finance charges in prior period, other excess provision / other income relating to prior period of Rs.86.75 Crores and prior period expenses relating to purchase of power, employee cost, depreciation etc. of Rs.55.57 Crores. Thus the net prior period credits will be Rs.31.18 Crores.

The Commissiondecides toallownet prior period credit of Rs.31.18 Crores for FY12.

xii) Return on Equity:

CESCin its prayer has requested the Commission to allow normative RoE on distribution business without relating the same to the net worth.The Commission in its tariff order dated 28th October 2011 had not allowed RoE as there was negative net worth for FY12.

Considering the actual share capital, share deposits and reserves & surplus as per the Audited Accounts, in accordance with the MYT Regulations, the net equity is negative as shown below and hence the Commission decides not to allow RoE.

TABLE – 4.10

Allowable RoE for FY12

Particulars	FY12
Paid Up Share Capital	157.30
Share Deposit	25.00
Reserves & Surplus	-273.77
Equity Reserves & Surplus at the beginning of the year	-91.47
RoE	0.00

xiii) Provision for Taxation:

CESC, in its Audited Accounts has indicated an amount of Rs.7.18 Crores as expenses towards payment of tax for FY12. The Commission decides to allow the actual expenditure towards payment of tax of Rs.7.18 Crores for FY12.

xiv) Other Expenses Capitalized:

CESC in its filing has indicated an amount of Rs.0.06 Crores towards capitalization of employee cost. This mainly pertains to capitalization of employee cost used during construction.

The Commission allows an amount of Rs.0.06 Crores towardscapitalization of employee cost as claimed.

xv) Other Income:

CESCin its Audited Accounts has indicated an amount of Rs.43.79 Crores as other income. This mainly pertains to rent from staff quarters, income from sale of stores, miscellaneous recoveries, incentives received and income from interest on deposits etc. The Commission decides to allow an amount of Rs.43.79 Crores as other income for FY12.

xvi) Abstract of Approved ARR for FY12:

As per the above item wise decisions of the Commission, the consolidated Statement of ARR for FY12 is as follows:

TABLE – 4.11

Approved ARR as per APR for FY12

Amount in Rs.Crs.

Sl. No.	Particulars	Approved as per Order dated 28.10.2011	As per filing	Actual as per Audited Accounts	As appd in APR
	Expenditure				
1	Power Purchase	1315.51	1575.11	1575.11	1575.11
2	Transmission Charges	165.46	165.46	165.46	165.46
3	SLDC Charges	1.14	1.41	1.41	1.41
4	Total Power Purchase cost	1482.11	1741.98	1741.98	1741.98
5	R&M Expenses		22.34	22.34	
6	Employee Expenses		233.33	233.39	
7	A&G Expenses		28.12	28.12	
8	Total O&M Expenses	310.73	283.79	283.85	291.78
9	Depreciation	46.64	50.00	50.00	50.00

	Interest & Finance Charges				
10	Interest on Loan Capital	41.44	31.61	31.60	31.61
11	Interest on Working Capital	39.71	0.27	0.27	22.17
12	Interest on Consumer Deposits	17.28	18.42	18.43	18.43
13	Interest on belated payment of power purchase cost	0	99.18	99.19	0.00
14	Other Interest & Finance Charges	0.24	0.61	0.60	0.60
15	**Total**	**1938.15**	**2225.86**	**2225.92**	**2156.57**
16	Less: Interest & other expenses capitalised	0	0.00	0.06	0.06
17	Other Debits (incl. Prov for Bad debts)	0	8.88	8.88	5.77
18	Extraordinary Items	0.00		0.00	0.00
19	Other (Misc.)-net prior period credit	0	-31.18	-31.18	-31.18
20	Total	**1938.15**	**2203.56**	**2203.56**	**2131.09**
21	ROE	0.00	0.00		0.00
22	Other Income	21.79	43.79	43.79	43.79
23	Provision for taxes	0	7.18	7.18	7.18
24	Funds for consumer relation / consumer education	0.5	0.00	0.00	0.00
25	Power purchase cost as per decision in OP No. 8/2009 dated 11.12.2009	7.62	0.00	0.00	0.00
26	Penalty/ Incentive for increase in losses in FY12	0	0.00	0.00	9.14
27	**NET ARR**	**1924.48**	**2166.95**	**2166.95**	**2085.34**

xvii) Gap in Revenue for FY12:

Thus, as against an approved ARR of Rs.1924.48 Crores and the actual expenditure of Rs.2166.95 Crores, the Commission after the annual performance review for FY12, decides to allow an ARR of Rs.2085.34Crores for FY12. Considering the revenue of Rs.2037.36 Crores, there is a deficit of Rs.47.98 Crores for FY12. The Commission decides to carry forward this deficitto the proposed ARR for FY14 as discussed in the subsequent Chapter of this Order.

xviii) Additional Subsidy for FY12:

The Commission in its tariff order dated 28th October 2011 had approved a subsidy of Rs.589.49 Crores towards BJ/KJ and IP Set consumption for

FY12. However considering the actual consumption for FY12, the actual subsidy payable by Government of Karnataka is determined on the basis of the approved Commission Determined Tariff (CDT) as follows:

TABLE – 4.12

Approved additional Subsidy for FY12

Sl. No.	Particulars	As approved in Tariff Order dtd. 28.10.2011	As per actuals
1	Consumption of BJ/KJ in MU	72.63	30.15
2	Average cost of supply in Rs.per unit	4.72	4.72
3	Consumption of IP Sets less than 10 HP in MU	1643.36	2115.68
4	Commission Determined Tariff Rs.per unit	3.38	3.38
5.	Subsidy in Rs.Crs.	589.49	729.33
6.	Additional subsidy payable by GoK for FY12 in Rs.Crs.	139.84	

Accordingly, based on the actual consumption and approved CDT, the additional subsidy payable by Government of Karnataka for FY12 is Rs.139.84 Crores.

CHAPTER – 5

BUSINESS PLAN &ANNUAL REVENUE REQUIREMENT FOR FY14-16

5.0 BUSINESS PLAN:

In accordance with the provisions under Clause 2.5.4 of the KERC (Terms & Conditions for Determination of Tariff for Distribution & Retail Sale of Electricity) Regulations 2006, CESC in its filing dated 10th December 2012 has proposed the sales forecast, power procurement plan and capex for the period of five years i.e. from FY14 to FY18.

The Commission has considered the proposals of CESC for the period FY14 to FY16 for determination of ARR as discussed in the following paragraphs.

5.1 *ARR for FY14-16 - CESC's Filing:*

In its application dated 10th December 2012, CESC has sought approval for the ARR for FY14-16. The summary of the proposed ARR for FY14-16 is as follows:

TABLE – 5.1

ARR for FY14 – 16 – CESC's Submission

Amount in Rs.Crs.

Sl. No	Particulars	As Filed		
		FY14	FY15	FY16
	Expenditure in Rs Crs			
1	Power Purchase Cost	1746.15	2126.56	2547.87
2	Transmission charges of KPTCL	297.95	302.41	302.7
3	SLDC Charges	2.87	3.47	4.17
4	**Power Purchase Cost including cost of transmission**	**2046.97**	**2432.44**	**2854.74**
5	Employee Cost	293.54	331.9	377.27
6	Repairs & Maintenance	28.1	31.78	36.12
7	Admin & General Expenses	35.38	40	45.47
8	**Total O&M Expenses**	**357.02**	**403.68**	**458.86**
9	Depreciation	102.41	123.86	140.39

	Interest & Finance charges			
10	Interest on Loans	99.46	135.66	153.77
11	Interest on Working capital	45.01	46.19	48.91
12	Interest on belated payment on PP Cost	0	0	0
13	Interest on consumer deposits	19.61	21.57	23.73
14	Other Interest & Finance charges	0	0	0
15	Less interest capitalised	0	0	0
16	**Total Interest & Finance charges**	164.08	203.42	226.42
17	Other Debits	9.88	10.88	11.88
18	Net Prior Period Debit/Credit	-8.00	2.00	2.00
19	RoE	0.00	40.77	40.77
20	Other Income	52.88	55.52	58.3
21	**Net ARR**	**2619.48**	**3161.53**	**3676.76**

CESC has requested the Commission to approve the Annual Revenue Requirement as stated above and has proposed to increase the retail supply tariff by 70 paise per unit across all categories of consumers excluding BJ/KJ and IP set consumers for FY14 in order to bridge the gap in revenue of Rs.199.27 Crores.

5.2 Annual Revenue Requirement for FY12 & FY13:

As discussed in the preceding chapter of this order, the Commission has carried out the Annual Performance Review for FY12 based on the audited accounts furnished by CESC. Accordingly, the deficit of Rs.47.98 Crores from FY12 is to be carried forward in to the ARR of FY14.

Since the financial year FY13 is not yet ended, the Commission decides to take up APR of FY13 duringthe revision of ERC / Tariff for FY15.

5.3 Annual Revenue Requirement for FY14-16:

5.3.1 Capital Investments for FY14-16:

CESC Proposal:

Details of scheme wise capital expenditure proposed by CESC, Mysore for the third control period is here under:-

1. **The system improvements works:**

CESC has stated that, to improve the system reliability, reduce breakdowns & interruptions and Balance the load on the system the following measures are considered

- Providing additional Distribution Transformers in Towns and villages not covered under R-APDRP,
- Link lines from newly established Substations (MUSS),
- Express feeders from substations,
- Reconductoring of lines,
- Replacement of deteriorated Poles.

2. High Voltage Distribution System (HVDS):

CESC has stated that, it is implementing HVDS to have less LT line system and to avoid tapping of power supply by Unauthorized users and to reduce losses. CESC is implementing this scheme in 6 Taluks in its jurisdiction viz, Nanjangud, T.N.Pura, C.R.Patna, Somavarpete Taluk, Gundlupet, K.R.Pet.

3. Infrastructure for regularized, Unauthorized IP sets:

As per the directions of GoK all the unauthorized IP sets have to be regularized. As at the end of September-2012, 59552 Unauthorized IP Sets have been stated to be identified. The work of extension of HT Line, providing distribution transformer center and extension of LT line is being taken up.

4. Niranthara Jyothi Project:

CESC has stated that, this Scheme envisages segregation of agricultural loads from the existing rural feeders, by drawing separate 11 kV feeders and to provide 24 hours power supply to the rural areas. This will reduce power supply interruptions, improve the voltage etc. The above measure will increase the sale of electricity to the metered category of rural consumers. CESC has stated that, the Nirantara Joythi scheme will help them to control / manage of agricultural loads properly.

The following activities are stated to be carried out under NJY scheme:

a) Segregation of feeders in such a way that that all IP installations reside on an exclusive feeder and other loads are shifted to the segregated feeder
b) Ensure supply to IP sets as per the GoK guidelines
c) Ensure continuous supply of power to Non-IP feeders
d) After segregation of IP set loads by an exclusive IP feeder, the exact consumption of IP sets on that feeder could be arrived.

5. Repair/ replacement of failed DTC

CESC has planned to repair/ replace the overloaded/ aged existing Distribution Transformers by new transformers.

6. RGGVY (Restructured):

CESC has identified 1,17,624 unelectrified households which were left out during RGGVY 10^{th}&11^{th} plan. To provide electricity to un-electrified Habitations (Hamlets/ JC/ DB/ TC/ Thandas/Hadis) and BPL households, where grid connectivity is technically not feasible and not cost effective, especially in thick forests, hilly-terrain, remote and border areas in Mysore, Hassan, Chamarajanagar and Madikeri Districts, budget provision is made for Decentralized Distributed Generation (DDG) Scheme using Non-conventional energy sources.

7. RAPDRP works:-

CESC has undertaken R-APDRP (Re-structured- Accelerated Power Development and Reform Program) in 12 towns- Mysore, Nanjangud, KR Nagar, Hunsur, Madkeri, Mandya, Malvalli, Chamrajanagar, Kollegal, Channaraypatna and Arsikere.

8. Metering of DTC:-

CESC has programmed to provide meters to all the existing distribution transformers. Budget of Rs.98 Crores for providing meters to 44,525 nos of DTCs at the rate of Rs.22, 000 per DTC is planned. In the second phase of NJY works, the metering of DTCs in the rural areas is stated to be taken up.

The CESC has proposed Capex FY14 to FY 16 is as under:

TABLE – 5.2

CAPEX Projections for the control period FY-14 TO FY-18

Amount in Rs.Crores

Particulars		2013-14	2014-15	2015-16
1	**System Improvements works**			
a.	HT	56.50	50.00	80.00
b.	DTC			
c.	L.T			
d.	HVDS	20.00	20.00	20.00
e.	UNIP works	50.00		
2	**N.J.Y**	200.00	125.00	50.00
3	**Replacement of Failed DTC**	11.00	11.00	10.00
4	**Service Connection**	33.50	35.00	40.00
5	**RGGVY (Restructured) + DDG**	50.00	25.00	0.00

6	**R- APDRP (APDRP)**	100.00	50.00	50.00
7	**Rural Electrification**	5.00	5.00	10.00
a.	Electrification of Hamlets/DB/JC			
b.	I.P. Set			
c.	BPL Households			
8	**TSP**	3.00	3.00	3.00
a.	Electrification of T. C			
b.	I. P. Set			
c.	BPL Households			
9	**SCP**	10.00	10.00	10.00
a.	Electrification of DB/JC			
b.	I. P. Set			
c.	BPL Households			
10	**Metering DTC**	22.50	30.00	30.00
11	**T & P**	4.00	4.00	4.00
12	**Civil**	10.00	10.00	10.00
	Total	**575.50**	**378.00**	**317.00**

Commission's Analysis and Decisions:

The Capital investment proposed and the actual expenditure incurred during the first & second control periods are indicated below:

TABLE – 5.3

Capex for FY08 to FY13 – Approved V/s Actuals

Amount in Rs.Crores

Particulars	First Control Period			Second Control Period		
	FY 08	**FY 09**	**FY 10**	**FY 11**	**FY 12**	**FY 13**
Capital Investment Proposed & Approved	337.73	276.11	362.7 *	438	485	560
Capital Investment actually incurred (Figures as per Annual Report)	105.37	119.82	174.89	162.61	183.27	77.01**
Short fall	232.36	156.29	187.81	275.39	301.73	
% Achievement	31.19	43.39	48.21	37.12	37.78	

** The Proposed Capex for FY10 as per the MYT order dtd. 22-01-2008 was Rs.321.40 Crs. As per the Tariff Order dtd. 25-11-2009, the same was revised to Rs.321.50 Crs.*

*** The expenditure up to the end of Sep'2012.*

The Commission has noted that, from the statement of ongoing worksit is seen that a large number of work-in-progress are carried forward to subsequent years, which may result in very abnormal time and cost overrun in the projects taken under capex. The Commission directs CESC to chalk out concrete measures to complete and capitalize the works in a time bound manner.

TABLE – 5.4

The works in progress and proposed works for MYT period is tabulated as under:

Works in Progress

Amount in Rs. Crs

Description	FY 11	FY 12	FY13	FY14	FY15	FY16	FY17	FY18
	Actuals	Actuals	Estimated	Projected	Projected	Projected	Projected	Projected
Opening balance	**90.04**	**95.04**	**150.80**	**220.78**	**280.58**	**286.04**	**277.93**	**270.85**
i) Capital expenditure	187.37	183.27	560.00	575.00	378.00	317.00	312.00	302.00
Total capital expenditure for the year	**277.41**	**278.31**	**710.80**	**795.78**	**658.58**	**603.04**	**589.93**	**572.85**
Less: Expenditure Capitalised (Transferred to Form-T15/D15)	182.37	127.51	490.02	515.19	372.55	325.11	319.08	309.31
Closing Balance	**95.04**	**150.80**	**220.78**	**280.58**	**286.04**	**277.93**	**270.85**	**263.53**

The Commission decides to allow Capex as proposed by CESCsubject to prudence check while allowing the same in the APR for the relevant years with the observation that CESC should initiate concrete measures to achieve the capex as proposed in a time bound and cost effective manner.

The approved capex in respect of the classification of works as per the request of CESC is as under:

TABLE – 5.5

Approved Capex for FY14-16

Amount in Rs.Crs.

Sl. No.	Works	2013-14	2014-15	2015-16
1	System Improvements works	126.5	70	100
2	N.J.Y	200	125	50
3	Replacement of Failed DTC	11	11	10
4	Service Connection	33.5	35	40
5	RGGVY (Restructured) + DDG	50	25	0
6	R- APDRP (APDRP)	100	50	50
7	Rural Electrification	5	5	10
8	TSP	3	3	3
9	SCP	10	10	10
10	Metering DTC	22.5	30	30
11	T & P	4	4	4
12	Civil	10	10	10
	TOTAL	**575.5**	**378**	**317**

The Commission directs CESC to make sincere efforts towards achievement of the following objectives of the proposed schemes under capex on due priority:

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

5.3.2 Sales Forecast for FY14-16:

CESC's filing:

CESC in itsfilings, has stated that it has estimated the growth in the number of installations for the control period based on the CAGR for the period FY09 to FY 13 for categories other than BJ/KJ and IP sets.Sales for the Control period for all categories are estimated based on the specific consumption applying correction factors to account for unserved energy due to shortage. Based on the above methodology CESC has estimated the sales for the Control Period as indicated below:

TABLE – 5.6
Estimated Sales for FY14-16 – CESC's Submission

	FY14		FY15		FY16	
Particulars	No. of Installations	Sales-MU	No. of Installations	Sales-MU	No. of Installations	Sales-MU
Categories other than BJ/KJ and IP sets	1848398	2843.93	1917577	3064.79	1990568	3342.12
BJ/KJ and IP sets	808206	2775.26	846356	3116.24	886322	3398.15
Total	2656604	5619.19	2763933	6181.03	2876890	6740.27

1. **Preliminary observations of the Commission and Replies of CESC:**

The Commission in its preliminary observations had noted that the correction factors had been worked out by CESC as the ratio of hours of supply required to hours actually supplied.The correlation of energy consumption and hours of supply depends upon the category of consumers, duration of load shedding and the timing of load shedding. The Commission further noted that some of the consumers may shift their load to whenever supply is available and load shedding may not affect industries working in one or two shifts, if load shedding is done when the industry is not working. The Commission also observed that the correction factors needs to be linked to availability of power. As such the Commission noted that applying correction uniformly to all consumers based on hours of load shedding is not correct without detailed analysis feeder wise and category wise.

Considering the normal growth rates,the Commission had observed that the sales estimates made by CESC for LT2a, LT3, HT2a, HT2b were on the lower side and that for LT-5, LT-6, HT-1 and HT-4 were on the higher side.

In reply to the above, CESC has informed that correction factors are linked to availability and that load shedding is being done during peak hours and as such shifting of loads may not be possible to a large extent. Further, CESC has stated that depending upon the first year performance in the control period, the sales would be revised. CESC has replied that sales forecast has been done based on specific consumption of FY13 together with correction factors.

The Commission notes that in the absence of feederwise and categorywise analysis, applying correction factors on prorata basis as done by CESC would result in overestimation of sales. In the past CESC has not achieved the metered sales as approved by the Commission based on CAGR. Further, it is noted that in the five feeders where NJY is implemented the overall energy consumption has come down by 7.5% and in case of four circuits of street lights it has come down by 9%. However, the sample size is too small to make any generalised inferences on NJY and timer switches. As such Commission directs CESC to carry out detailed analysis feeder wise and category wise to assess the impact of load shedding.

Therefore, the Commission has adopted the CAGR methodology, as done earlier, for estimating the sales to categories other than BJ/KJ and IP sets.

Regarding BJ/KJ, the Commission had requested CESC to furnish the breakup of number of installations consuming less than or equal to 18 units/month and those consuming more than 18 units/month.

CESC has furnished the above details in its replies dated 04.01.2013 for the period January 2012 to October 2012. The Commission has considered the specific consumption as per the above actuals for estimating sales to BJ/KJ installations consuming less than or equal to 18 units/ month. The sales of remaining installations consuming more than 18 units/month is accounted in LT-2a category.

The Commission had also requested for additions of installations under RGGVY scheme during the control period. CESC has replied that BJ/KJ installations for the control period includes RGGVY and other Government schemes. As such no installations are considered by CESC under RGGVY under LT-2a category.

Regarding IP sets, the Commission had noted that for FY12, there is a difference in the number of installations, specific consumption and total consumption between the monthly reports furnished and the present filings. The Commission had sought for Consent of GOK, if any, for increasing the supply to IP sets beyond 6 hours, as CESC had considered correction factors to IP sets to supply beyond six hours.

CESC in their replies has stated that specific consumption of IP sets based on actuals from Apr-11 to March12 is 9063.92 units/IP/annum and from Apr-12 to Oct-12 is 757.86 units/month/IP. It is stated that the monthly reports do not include IP sets of Madikeri division and dead installations and hence, there is difference in the number of installations and consumption. Regarding hours of supply, CESC has informed that with NJY additional hours of supply is feasible and the consent of GoK and the Commission will be sought whenever the situation arises. Further, in response to issues raised in validation meeting, CESC has stated that it is supplying power to rural areas as per the prevailing directions of GoK depending on availability of power.

2. Commission's decision on sales forecast for the Control Period FY14-FY16.

a. Sales to categories other than BJ/KJ and IP sets:

After duly considering the replies of CESC and the Comments/suggestions of stakeholders in the matter of sales the Commission, has adopted the five year CAGR [FY07- FY12] for the purpose of estimating the number of installations for categories other than BJ/KJ and IP sets. The number of installations for BJ/KJ has been considered as proposed by CESC and apportioned between installations consuming less than or equal to 18 units and installations consuming more than 18 units per month in the ratio as furnished by CESC in their replies to preliminary observation / validation meeting. The estimation of number of IP sets is discussed under the heading sales to IP Sets.

For sales estimates for categories LT2(a), LT3, LT5, HT1, HT2(a) and HT2(b), the higher of three years CAGR and five yearsCAGR has been considered. For the remaining categories, other than BJ/KJ and IP sets, the sales have been estimated considering the five year CAGR, with suitable modifications. The base year FY13 estimates as revised by CESC have been considered after duly validating the same. On that basis the number of installations and sales as proposed and as approved for categories other than BJ/KJ and IP sets is as under:

Category	FY14 as proposed by CESC		FY14 as approved by the Commission		FY15 as proposed by CESC		FY15 as approved by the Commission		FY16 as proposed by CESC		FY16 as approved by the Commission	
	No. of Instls.	Sales in MUs	No. of Instls.	Sales in MUs	No. of Instls.	Sales in MUs	No. of Instls.	Sales in MUs	No. of Instls.	Sales in MUs	No. of Instls.	Sales in MUs
LT-2a	1551217	782.97	1761460	891.95	1601208	807.69	1796324	964.22	1652812	858.00	1831998	1042.38
LT-2b	2411	6.33	2783	6.59	2489	6.54	3315	7.30	2569	6.94	3949	8.08

LT-3	186510	229.23	185073	244.95	195298	240.04	192302	282.20	204500	258.66	199814	325.11
LT-4 (b)	202	0.71	190	0.59	211	0.79	190	0.59	219	0.87	190	0.59
LT-4 (c)	4564	14.84	4523	16.48	4752	16.69	4772	19.53	4946	18.21	5034	23.14
LT-5	33048	143.76	32930	141.14	34351	149.43	34105	146.52	35705	155.32	35323	152.11
LT-6	18169	158.74	18112	158.46	19038	166.32	18917	168.13	19947	174.27	19758	178.39
LT-6	19069	84.17	19541	83.43	19624	86.62	20608	87.98	20196	91.74	21733	92.78
LT-7	31549	14.34	31549	14.34	38754	17.61	38754	17.61	47605	21.64	47605	21.64
HT-1	89	356.03	85	322.81	100	397.53	89	332.86	111	443.88	94	343.22
HT-2 (a)	881	891.78	885	911.89	984	995.74	992	1060.44	1098	1111.83	1113	1233.19
HT-2 (b)	552	126.86	559	132.50	616	141.65	632	157.39	688	158.16	715	186.95
HT-3(a) & (b)	85	23.91	82	28.18	94	26.69	89	37.75	106	29.81	97	50.59
HT-4	50	9.94	46	9.63	56	11.09	48	10.61	63	12.39	49	11.69
HT-5	2	0.32	2	0.32	2	0.36	2	0.36	3	0.40	3	0.40
Total of categories other than BJ/KJ and IP ets	**1848398**	**2843.93**	**2057820**	**2963.26**	**1917577**	**3064.79**	**2111141**	**3293.49**	**1990568**	**3342.12**	**2167476**	**3670.26**

Note:

1. **LT 4b installations & sales retained at FY13 level as CAGR is negative.**
2. **Both Installations and sales as proposed by CESC retained for LT & HT temporary**

b) Sales to BJ/KJ:

As stated earlier the Commission has considered the specific consumption of 5.83 units/month as per the actuals for the period January 2012 to October2012 based on the information furnished by CESC on 04.01.2013, for installations under BJ/KJ who are consuming less than or equal to 18 units/month/installation. The remaining installations consuming30.83 units/installation/ month as per actuals, is already accounted in LT-2a sales. Considering specific consumption of 5.83 units/installation/month, the estimated BJ/KJ sales is as under:

Category	FY14 as proposed by CESC		FY14 as approved by the Commission		FY15 as proposed by CESC		FY15 as approved by the Commission		FY16 as proposed by CESC		FY16 as approved by the Commission	
	No. of Instls.	Sales in MUs	No. of Instls.	Sales in MUs	No. of Instls.	Sales in MUs	No. of Instls.	Sales in MUs	No. of Instls.	Sales in MUs	No. of Instls.	Sales in MUs
LT-1	528403	90.27	410434	27.39	555081	97.02	431156	28.77	583105	104.23	452924	30.22

c) Sales to IP Sets:

The process of determining annual consumption of IP Sets in an ESCOM involves assessment of specific consumption and identification of the number of IP sets connected to the distribution system of the ESCOMs.

The Commission had conducted studies through TERI for determining the specific consumption of IP Sets in all the ESCOMs across the State. The Commission in its first MYT Order for FY08 -10, had benchmarked the LT Line losses for each ESCOM as follows:

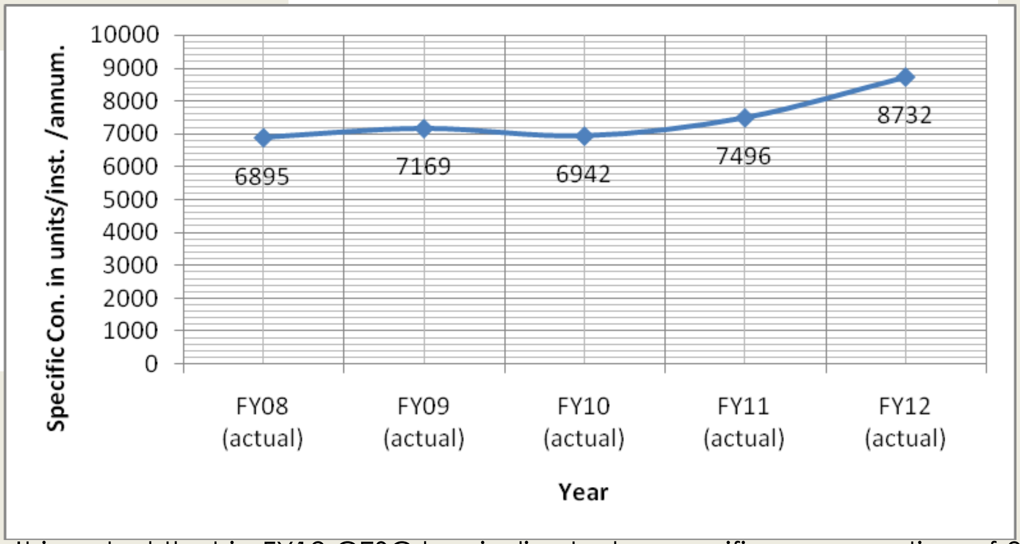
Benchmarked LT Line losses as per TERI Studies

ESCOM	Benchmarked LT Line losses in %
BESCOM	6.00
MESCOM	7.00
CESC	5.80
HESCOM	6.50
GESCOM	7.50

Further, the commission decided to arrive at the specific consumption based on the monthly reports of readings at the DTC level after deducting LT line losses as bench marked above. The Commission is consistently adopting the above methodology to arrive at the specific consumption and the consumption reported by ESCOMs is based on assessment using this methodology.

The specific consumption for the period FY08 to FY12 is depicted in the graph below:

Financial Year	FY08	FY09	FY10	FY11	FY12
Specific Con. in units/inst/annum.	6895	7169	6942	7496	8732



It is noted that in FY12 CESC has indicated a specific consumption of 8732 units/installation/annum which shows a 16.5 % growth over the actual of FY11. As seen from the graph it is observed that the trend in specific consumption from FY8 to FY11 is more or less the same, whereas in FY12 the specific consumption has increased suddenly which the Commission considers as abnormal.Also, CESC does not seem to have taken into account the unauthorized IP sets while computing specific consumption. The Commission takes into account the presence of 29218 Nos. of un-authorized installations in FY12 while arriving at the specific consumption in this tariff order.

As per the monthly reports received in the Commission, the number of IP installations in FY12 is 233779. Considering 29217 Nos. of un-authorized IP Set installations, the total No. of installations recognized for FY12 are 262996. Taking the total consumption of 1946.13 MU and the mid-year installations of 237478, the specific consumption for FY12 works out to 8195 units/inst./annum. The Commission freezes the specific consumption at 8195 units/installation/annum for the entire control period FY14 to FY16. On the basis of this specific consumption and the number of installations as proposed by CESC for the control period, the Commission has worked out the sales to IP category as indicated here under:

TABLE – 5.7

Approved specific consumption for FY4-16

Particulars	As per filing by CESC			As approved by the Commission		
	FY14	FY15	FY16	FY14	FY15	FY16
Sales in Mu.	2684.9	3019.22	3293.92	2243.77	2339.99	2435.93
No. of Installations	279803	291275	303217	279803	291275	303217
Mid Year No. of installations	271298	285539	297246	273798	285539	297246
Sp. cons. in units/installatio n /annum	9596	10366	10863	8195	8195	8195

Thus the number of installations, total sales and growth rate approved by the Commission for the Control Period is as under:

TABLE – 5.8

Approved Sales for FY14-16

Particulars	FY14			FY15			FY16		
	No. of Instls.	Sales in MUs	Growth in %age	No. of Instls.	Sales in MUs	Growth in %age	No. of Instls.	Sales in MUs	Growth in %age
Categories other than BJ/KJ and IP Sets	**2057820**	**2963.26**	12.61	**2111141**	**3293.49**	11.14	**2167476**	**3670.26**	**11.43**
BJ/KJ and IP Sets	690238	2271.16	2.62	722431	2368.76	4.29	756141	2466.15	4.11
Total	**2748058**	**5234.42**	**8.05**	**2833572**	**5662.25**	**8.17**	**2923617**	**6136.41**	**8.37**

5.3.3 Distribution Losses for FY14-16

CESC's Submission:

As per the audited accounts for FY12, CESC has reported distribution losses of 16.20% as against an approved loss level of 15.24%. The Commission in its tariff order dated 30th April 2012 has fixed the target level of losses for FY13 at 15%. CESC in its filing has proposed to achieve loss level of 15% for FY13.

The distribution loss levels projected for the control period FY14-16 are as follows:

Particulars	FY14	FY15	FY16
Distribution losses in %age of input at interface points	14.90	14.80	14.70

Commission's Analysis and Decisions:

The performance of CESCin achieving the loss reduction targets set by the Commission in the previous two control periods is as follows:

Particulars	FY08	FY09	FY10	FY11	FY12	FY13
Approved Distribution losses (%)	22.00	21.00	16.75	15.50	15.24	15.00*
Actual distribution losses (%)	22.62	17.35	16.42	15.48	16.20	15.00*

* As projected for FY13

From the above data, it is evident that CESC has been able to bring down its distribution loss levels from 22.62% in FY08 to 15.48% in FY11 i.e. a reduction by 7.14%. However, in FY12 as against an approved loss level of 15.24%, CESC has achieved a loss level of 16.20% i.e. an increase of 0.72% from the previous year. However, CESC has projected a loss level of 15.00% for FY13 as approved by the Commission in its tariff order dated 30th April 2012.

The Commission in its preliminary observations dated 28th December 2012, had directed CESC to revise its loss levels for the control period FY14-16 duly considering the capex incurred during FY11-13 and capex proposed for FY14-16.CESC in its replies dated 4th January 2013 has stated that, capex works like RAPDRP, regularization of unauthorized IP sets and RGGVY woks would not result in reduction of losses. CESC has requested to consider the loss levels as projected in its filing.

CESC has incurred capital expenditure of Rs.746.00 Crores during the period FY08 to FY12. Further, it has proposed capital expenditure of Rs.1270.00 Crores for the third control period i.e. FY14-16. The proposal of CESC indicates loss reduction of 0.10% from the existing levels for each year of the control period.

The Commission notes that, during the past two control periods i.e. from FY08 to FY13, CESC has incurred the following capital expenditure:

Capital Investment in Rs.Crs.	FY08	FY09	FY10	FY11	FY12	FY13	FY14	FY15	FY16
Approved	338	276	614	438	485	560			
Actuals/Proposed	105	120	175	163	183		575	378	317

The Commission notes that,Capex programme in the past and the proposed capex includes works that would enable reduction of distribution losses. However, consideringthe existing loss level of CESC at

16.20%,which is higher than the approved losses, the Commission decides to fix the loss levels for FY14-16 keeping the base year performance in view. Accordingly, the Commissiondecides to approve the following range of distribution losses for FY14-16:

TABLE – 5.9

Approved Distribution Losses for FY14-16

Particulars	FY14	FY15	FY16
Upper limit	**16.00**	**15.50**	**15.00**
Average limit	**15.50**	**15.00**	**14.50**
Lower limit	**15.00**	**14.50**	**14.00**

5.3.4 Power Purchase for the Control Period FY14 to FY16:

a) CESC's submission for procurement of Power for the Control Period FY14 to FY16:

In its fillings, CESC has submitted the proposal for procurement of 6873.50 MUs of energy at a cost of Rs.1700.67 Cr in FY14, 7551.06MUs of energy at a cost of Rs.2082.11Cr in FY15, and 8222.57MUs of energy at a cost of Rs. 2374.86 Cr in FY16. Source-wise procurement Proposal submitted for the Control Period FY-14-16 is indicated in the following tables:

TABLE - 5.10

Source-wise procurement Proposal submitted by CESC for FY-14

SL No	Sources	Energy as per Fillings (MUs)	Total Cost of Energy (Rs Cr)	Per Unit Cost of Energy (Rs./Kwh)
1	KPCL Hydro, Jurala& TB Dam Share	2171.29	121.55	0.56
2	KPCL Thermal	1559.66	539.29	3.46
3	CGS	1558.49	480.43	3.08
4	IPPs	789.23	246.79	3.13
5	NCE	794.83	315.02	3.96

6	Total Energy Available	6873.50	1703.08	2.47
7	**Energy proposed for procurement**	**6873.50**	**1700.67**	**2.47**

TABLE – 5.11

Source-wise procurement Proposal submitted by CESC for FY-15

SL No	Sources	Energy as per Fillings (MUs)	Total Cost of Energy (Rs Cr)	Per Unit Cost of Energy (Rs./Kwh)
1	KPCL Hydro, Jurala& TB Dam Share	2074.56	123.93	0.60
2	KPCL Thermal	1677.94	592.15	3.53
3	CGS	1660.10	534.02	3.22
4	IPPs	789.23	246.79	3.13
5	NCE	927.62	341.00	3.68
6	Short-term	411.60	195.51	0.00
7	Total Energy Available	7541.05	2033.40	2.70
8	Deficit Energy to be procured	10.01	48.71	
	Energy proposed for procurement	**7551.06**	**2082.11**	**2.76**

TABLE – 5.12

Source-wise procurement Proposal submitted by CESC for FY-16

SL No	Sources	Energy as per Fillings (MUs)	Total Cost of Energy (Rs Cr)	Per Unit Cost of Energy (Rs./Kwh)
1	KPCL Hydro, Jurala& TB Dam Share	2084.56	125.13	0.60
2	KPCL Thermal	3133.11	1262.72	4.03
3	CGS	1696.80	559.77	3.30
4	IPPs	789.23	246.79	3.13
5	NCE	965.02	357.78	3.71
6	Total Energy Available	8668.72	2552.19	2.94
7	**Energy proposed for procurement**	**8222.57**	**2374.86**	**2.89**
8	Excess Energy to be Disposed	446.15	177.33	3.97

b) Commission's Analysis and decision:

Energy Requirements

The total requirement of energy for a Distribution Company to meet the demand of its consumers would be the sum of estimated energy sales and the system losses (distribution losses and Transmission losses) as allowed by the Commission. Based on the energy sales, distribution losses and transmission losses in the system, as discussed in above paragraphs of sales forecast and distribution losses for FY14-16, the energy requirement for the Control Period FY14-16 is calculated and shown in the following table and the same is allowed for calculating the retail supply tariff.

TABLE – 5.13

Estimated Energy requirement allowed for the control period FY-14-16

PARTICULARS	UNIT	FY14 QUANTUM	FY15 QUANTUM	FY16 QUANTUM
Estimated Sales	MUs	5234.42	5662.25	6136.41
Percentage distribution losses	%	15.50	15.00	14.50
Energy at interface point	MUs	6194.58	6661.18	7176.61
Percentage transmission losses	%	3.94	3.92	3.90
Total energy requirement	**MUs**	**6448.66**	**6932.95**	**7467.86**

Further, The Commission has observed that due to the prevailing situation of Power shortage in the State, ESCOMs are resorting to short term / medium buying of power. Even though the per unit cost of short and medium term procurement of power has declined from Rs.6.93 in FY-09 to Rs.4.33 in 2013 the quantum of short / medium term power procured has increased from 1293.68 MUs in FY-09 (just 3.15% of the total energy consumption of 41060.60MUs) to about 10170 MUs in FY13 (over 17.84% of around 57000 MUs consumption of energy).This has significantly impacted on the average cost of power supplied. In the last tariff order dated 30th April 2012, the Commission has directed ESCOMs to plan its requirements in advance and make arrangements for procurement of power on medium and long term basis, so that the power purchase cost would be reasonable.

The Commission will continue to monitor the process of procurement of power on short term basis in order to moderate / minimize the cost of such procurement. The Commission therefore directs that any short term / medium term procurement of power in excess of Rs.4.50 per Kwh shall be made by ESCOMs only with the prior approval of the Commission.

The availability of each source is assigned to each one of the ESCOMs as per the allocation made by the Government of Karnataka vide its Order No. EN 11 PSR 2013, Bangalore, dated 22.03.2013 for FY14. Any variation in actual quantum and the actual cost of power purchase will be reviewed at the time of respective Annual Performance Review of FY14-16.

Taking into the energy availability as estimated and the latest costs per unit both variable and fixed costs, the Commission decides to approve the quantum and cost of procurement of power by CESC for FY14 to FY16 as detailed in the following tables.

The source wise, quantum and cost of Power to be procured by CESC for the control period FY14-16, is shown in the following tables:

TABLE – 5.14

Approved Power Purchase requirement of CESC for calculation of Retail tariff for FY-14

SL No	Name of the Generating Station	Allowed Energy in MUs	Cost of Energy Rs Cr	Unit Cost of Energy Rs/Kwh
1	KPCL HYDEL	1920.40	113.43	0.59
2	KPCL THERMAL	1821.81	679.79	3.73
3	CGS SUPPLY	1461.04	432.71	2.96
4	IPPS	447.32	185.05	4.14
5	NCE	794.83	280.14	3.52
6	SHORT - TERM (To be Procured)	3.26	1.62	4.96
	TOTAL	**6448.66**	**1692.74**	**2.62**

TABLE – 5.15

Approved Power Purchase requirement of CESC for calculation of Retail tariff for FY-15

SL No	Name of the Generating Station	Allowed Energy in MUs	Cost of Energy Rs Cr	Unit Cost of Energy Rs/Kwh
1	KPCL HYDEL	2086.40	123.05	0.59
2	KPCL THERMAL	1897.40	733.24	3.86
3	CGS SUPPLY	1540.26	460.17	2.99
4	IPPS	447.32	187.29	4.19
5	NCE	927.62	341.00	3.68
	SHORT - TERM (To be Procured)	33.96	16.84	4.96
	TOTAL	**6932.96**	**1861.59**	**2.69**

TABLE – 5.16

Approved Power Purchase requirement of CESC for calculation of Retail tariff for FY-16

SL No	Name of the Generating Station	Allowed Energy in MUs	Cost of Energy Rs Cr	Unit Cost of Energy Rs/Kwh
1	KPCL HYDEL	2086.40	124.30	0.60
2	KPCL THERMAL	2693.61	1300.81	4.83
3	CGS SUPPLY	1540.26	466.46	3.03
4	IPPS	182.57	77.34	4.24
5	NCE	965.02	357.78	3.71
	TOTAL	**7467.86**	**2326.69**	**3.11**

The source wise details of approved Primary charges, Secondary charges and the Total cost in case of KPCL Hydro Stations, and approved fixed charges and Variable/Energy charges and the Total Cost in case of KPCL and CGS Thermal Stations for the Control Period FY14-16 are shown in **Annexure- I (a) to(c).**

Abstract of approved Sales, Distribution losses and Power purchase for FY14-16:

As discussed above, the following is the abstract of approved Sales, Distribution losses and Power purchase for FY14-16:

TABLE – 5.17

Abstract of approved Sales, Distribution losses and Power purchase for FY14-16

Sl.No	Particulars	FY14		FY15		FY16	
		As filed	As approved	As filed	As approved	As filed	As approved
1	Energy @ Gen Bus MUs	6874.00	6448.66	7550.75	6932.95	8222.53	7467.85
2	Transmission Losses in %	3.95%	3.94%	3.92%	3.92%	3.90%	3.90%
3	Energy @ Interface in MU	6602.46	6194.58	7254.77	6661.18	7901.85	7176.61
4	Distribution Losses in %	14.90%	15.50%	14.80%	15.00%	14.70%	14.50%
	Sales in MU						
5	Sales to categories other than IP and BJ/KJ MUs	2843.43	2963.26	3064.82	3293.49	3342.13	3670.26
6	Sales to IP and BJ/KJ MUs	2775.26	2271.16	3116.24	2368.76	3398.15	2466.15
7	**Total Sales MUs**	**5618.69**	**5234.42**	**6181.06**	**5662.25**	**6740.28**	**6136.41**

5.3.5 O & M Expenses:

CESC's Proposal:

CESC in its filing has projected the O & M expenses for the years FY14-16 considering individual components of O & M expenses viz. employee cost, Repairs & maintenance and administrative & general expenses on the following basis:

- Inflation index of 8.26% based on the average of the composite index of WPI & CPI for preceding five years.
- Efficiency factor of 0.5% per year
- Consumer growth index on a 3 year CAGR

Accordingly, CESC has projected the O&M Expenses for the control period as follows:

TABLE – 5.18

O&M Expenses for FY14-16- CESC's Submission

O&M expenses (R&M, Employee cost and A&G expenses)			
Particulars	**FY 14**	**FY 15**	**FY 16**
Weighted inflation index of CPI and WPI (WII)	9.11%	9.57%	10.05%
Consumer Growth Index (CGI)	3.64%	3.92%	4.16%
Efficiency factor (X)	0.50%	0.50%	0.50%
O&M cost increase proposed for the year	12.25%	12.99%	13.70%
O&M Expenses (In Rs.Crs.)	**357.02**	**403.68**	**458.86**

Commission's Analysis & Decision:

As per the norms specified under the MYT Regulations, the Commission has computed the O & M expenses for the control period FY14-16 duly considering the actual O & M expenses for the base year FY12.

The Commission notes that, the actual O & M expenses for FY12 was Rs.283.85 Crores. As per the norms under the MYT Regulations, the normative O & M expenses for FY12 was Rs.255.00 Crores. The difference was mainly on account of additional employee costs due to revision of pay and revision of HRA during FY12. Though the O & M expenses are termed as 'controllable expenses', the Commission has considered the additional employee costsdue to revision of pay as uncontrollable O & M expenses.

For the purpose of determining normative O & M expenses for FY14-16, the Commission has considered the following aspects:

a) The actual O & M expenses for FY12without contribution to Pension and Gratuity Trust (since the contribution to Pension and Gratuity Trust is made by CESC on the basis of actuarial valuation report for each financial year).
b) The three year compounded annual growth rate (CAGR) of the number of installations considering the actual number of installations as per audited accounts for the period FY09 to FY12.
c) The inflation factor at 5.49% as per the CERC Notification dated25th September 2012.
d) Efficiency factor at 1% as considered in the earlier two control periods.

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

TABLE – 5.19

Approved Normative O & M expenses for FY14-16

Particulars	FY12	FY14	FY15	FY16
No. of Installations	2457105	2656606	2763934	2876891
CGI based on 3 Year CAGR (Using actuals of FY09 to FY12)	4.21%	4.21%	4.21%	4.21%
Inflation as per CERC Order dated 25.09.2012	5.49%	5.49%	5.49%	5.49%
Base Year O&M Cost excluding P&G Contribution (FY12 as per actuals) (Rs.Crs)	249.47			
O&M Index= 0&M (t-1)*(1+WII+CGI-X) (Rs.Crs.)		**289.36**	**311.64**	**335.64**

The contribution to pension and gratuity trust is determined on the basis of the present actuarial valuation report of the P & G trust of KPTCL. Further, the Commission has considered the additional employees costs on account of revision of HRA as per the orders of GoK / KPTCL with effect from 1st April 2012. The additional O & M expenses treated as uncontrollable O & M expenses for the control period are as follows:

TABLE - 5.20

Approved Uncontrollable O & M Expenses – FY14-16

Amount in Rs. Crs.

Particulars	FY14	FY15	FY16
Basic Pay	173.24	178.44	183.80
DA on Basic pay	20.79	35.69	51.46
Pension Contribution @ 29.11% on Basic+DP+DA	56.48	62.33	68.48
Gratuity Contribution @ 3.34% on Basic+DP	5.79	5.96	6.14
Increase in HRA due to Revision by GoK wef 01.04.2012	1.30	1.34	1.38
Allowable uncontrollable additional O&M cost	**63.57**	**69.63**	**76.00**

Thus, the approved O & M expenses for the control period are as follows:

TABLE – 5.21

Approved O& M Expenses for FY14-16

Amount in Rs.Crs.

Particulars	FY14	FY15	FY16
Normative O &M expenses	289.36	311.64	335.64
Uncontrollable O & M expenses	63.57	69.63	76.00
Total approved O&M Expenses	**352.93**	**381.27**	**411.64**

5.3.6 Depreciation:

CESC has stated that, the projected depreciation for the control period FY14-16is based on CERC prescribed rates adopting the following methodology:

- Gross block at the beginning of the year
- Capitalization
  - On opening balance
  - On current investment
- Additions to Fixed Assets account during the year
- Adjustments (retirement, replacement etc.)
- Total of OB+Additions+Adjustments
- Mid-year average of GFA
- Depreciation % (overall for the company) – on mid-year average of GFA
- Depreciation provision for the year

Accordingly, the following are the projected amounts of depreciation for FY14-16:

TABLE – 5.22

Projected Depreciation for FY14-16 – CESC's Submission

Year	Amount in Rs.Crs.
FY14	102.41
FY15	123.86
FY16	140.39

Commission's Analysis and Decision:

In accordance with the provisions of the MYT Regulations and its amendment, the Commission has projected depreciation for the period FY14-16. The following aspects have been considered for determination of depreciation:

a) The actual rate of depreciation of category wise assets is determined considering the actual depreciation and gross block of opening and closing balance of fixed assets as per audited accounts for FY12.

b) This actual rate of depreciation is considered on the gross block of fixed assets projected by CESC in its filing for FY14-16.

c) The projected depreciation for the control period by CESC does not separately indicate depreciation of assets on account of contribution by consumers / grants. Therefore, for the present the Commission has not considered projected depreciation on assets from contribution by consumers / Grants. However in accordance in with the orders of the Hon'ble ATE in Appeal No.108/2010, the Commission will factor the depreciation of assets created from contribution by consumers / Grants during the Annual Performance Review.

Accordingly, the depreciation for the control period is as follows:

TABLE – 5.23

Approved Depreciation for FY14-16

Amount in Rs.Crs.

Particulars	FY14	FY15	FY16
Buildings	1.75	2.12	2.41
Civil	0.06	0.07	0.08
Other Civil	0.03	0.03	0.04
Plant & M/c	17.09	20.75	23.52
Line, Cable Network	61.82	75.05	85.09
Vehicles	0.07	0.09	0.10
Furniture	0.21	0.26	0.29
Office Equipments	0.11	0.13	0.15

Total	81.13	98.50	111.67

5.3.7 Interest on Loans:

CESC has suggested to adopt the following methodology for computation of interest on loans:

a) Interest liability in respect of past loans to be allowed as per actual during the control period.
b) In respect of new loans, interest to be allowed as per actual but not to exceed SBI base rate + 250 basis points.

Accordingly, CESC has projected interest on term loans for the control period as follows;

TABLE – 5.24

Interest on Loans – CESC's Submission

Amount in Rs. Crs.

Particulars	FY14	FY15	FY16
Opening Balance	691.33	1,073.61	1,260.76
Receipts	460.00	302.00	254.00
Repayment	77.72	114.85	173.52
Closing Balance	1,073.61	1,260.76	1,341.25
Projected interest on loans	**106.41**	**141.47**	**158.26**

However, as per format D9 the interest on loans includes interest on short term loans. The interest on long term loans after excluding short term loans is Rs.99.46 Crores, Rs.135.66 Crores and Rs.153.77 Crore for FY14, FY15 and FY16 respectively.

Commission's Analysis and Decision:

As per the audited accounts for FY12, CESC has an average loan of Rs.277.90Crores and has incurred an interest of Rs.31.61 Crores. This works out to 11.37% of interest on loan.

Considering the existing loans and repayments as proposed by CESC and applying a normative interest of 11.5% per annum as against 11.37% in FY12, the interest on the loans for FY14-16 are as follows:

TABLE – 5.25

Approved Interest on Loans

Amount in Rs.Crs.

Particulars	FY14	FY15	FY16
Opening balance of loan	631.13	1024.19	1218.34
Add New Loans	440.78	302	254
Less repayment	47.72	107.85	159.52
Closing balance of loans	1024.19	1218.34	1312.82
Average loan	827.66	1121.27	1265.58
Rate of interest in %age	11.50%	11.50%	11.50%
Approved Interest on loans	95.18	128.95	145.54

5.3.8 Interest on Working Capital:

CESC has claimed interest on working capital at the base rate of SBI + 250 basis points duly considering working capital as per the provisions of the MYT Regulations. The following is the claim of interest on working capital for FY14-16:

TABLE – 5.26

Interest on Working Capital for FY14-16 – CESC's Submission

Amount in Rs.Crs.

Year	FY14	FY15	FY16
Interest on Working Capital	45.01	46.19	48.91

Commission's Analysis and Decision:

As per the norms specified under the MYT Regulations, the Commission has computed the interest on working capital considering the approved O & M expenses, opening GFA and revenue as proposed by CESC.

The interest rates for the working capital loans by the State Bank of India with effect from 1st June 2012 is the base rate of 10.00% plus spread of 2.50% for loans between Rs.1.00 Crore to Rs.100.00 Crores. Further, the base rate which was considered at 10% as on 1st June 2012 has reduced to 9.70% with effect from 4thFebruary 2013. Sinceinterest rates are at present on a downward trend,the Commission has decided to adopt the normative rate of interest of 11.75% p.a. approved in the earlier tariff orders. Accordingly, the approved interest on working capital is as follows:

TABLE – 5.27

Approved Interest on Working Capital for FY14-16

Amount in Rs.Crs.

Particulars	FY14	FY15	FY16
One-twelfth of the amount of O&M Exp.	29.41	31.77	34.30
Opening GFA	1651.07	2126.26	2458.81
Stores, materials and supplies 1% of Opening balance of GFA	16.51	21.26	24.59
One-sixth of the Revenue	423.94	453.91	495.29
Total Working Capital	469.87	506.94	554.18
Rate of Interest (% p.a.)	11.75%	11.75%	11.75%
Approved Interest on Working Capital	**55.21**	**59.57**	**65.12**

5.3.9 Interest on Consumer Deposit:

CESC in its filing has claimed the following interest on consumer deposit for the period FY14-16:

TABLE- 5.28

Interest on Consumer Deposits for FY14-16 – CESC's Submission

Amount in Rs.Crs.

	FY14	FY15	FY16
Interest on Consumer Deposit	19.61	21.57	23.73

Commission's Analysis and Decision:

In accordance with the KERC (Interest on Security Deposit) Regulations 2005, theinterest rate to be allowed is the bank rate prevailing on the 1st of April of the relevant year. Accordingly, the Commission has considered the present bank rate of 8.75% per annum for computation of interest on consumer deposits.

The Commission has considered the deposits as projected by CESC and has computed the allowable interest on consumer deposits based on the average deposit for each year of the control period.

Thus the approved interest on consumer deposits for the control period FY14-16 is as follows:

TABLE – 5.29

Approved Interest on Consumer Deposits for FY14-16

Amount in Rs.Crs.

Particulars	FY14	FY15	FY16
Opening balance of consumer deposits	344.01	378.42	416.26
Rate of Interest at bank rate to be allowed as per regulations	8.75%	8.75%	8.75%
Interest allowed.	**31.61**	**34.77**	**38.24**

The abstract of approved interest and finance charges for the control period are as follows:

TABLE – 5.30

Approved Interest andFinance Charges for FY14-16

Amount in Rs.Crs.

Particulars	FY14	FY15	FY16
Interest on Loans	95.18	128.95	145.54
Interest on Working Capital	55.21	59.57	65.12
Interest on Consumers Deposit	31.61	34.77	38.24
Total Interest & Finance Charges	**182.00**	**223.29**	**248.90**

5.3.10 Return on Equity:

CESC in its filing has computed theRoE @ 15.5% on share capital for the control period as follows:

TABLE – 5.31
Return on Equity – CESC's Submission

Amount Rs. in Crs.

Particulars	FY14	FY15	FY16
Share capital	263.01	263.01	263.01
ROE	0	40.77	40.77

Commission's Analysis and Decision:

The Commission has considered the share capital and reserves & surplus for computation of RoE. The share capital as per the audited accounts for FY12 has been considered for the period FY14-16. The reserves & surplus are considered as per the audited Balance Sheet of FY12 duly considering the RoE earned during each year of the control period. Further, the Commission has considered infusion of the additional equity of Rs.61.50 Crores during FY13 by Government of Karnataka.

In accordance with the provisions of the MYT Regulations, the Commission has considered 15.5% of Return on Equity duly grossed up with the applicable Minimum Alternate Tax (MAT) of 20.00775%. This works out to 19.377% per annum. Thus, the approved Return on Equity for FY14-16 will be as follows:

TABLE – 5.32
Approved RoE for FY14-16

Amt.in Rs.Crores

Particulars	FY14	FY15	FY16
Paid Up Share Capital	157.30	157.30	157.30
Share Deposit	167.21	167.21	167.21
Reserves & Surplus	-397.22	-397.22	-397.22
Equity Reserves & Surplus at the beginning of the year	-72.71	-72.71	-72.71
Approved Return on Equity	00	00	00

Since there is negative networth for each years of the control period, CESC is not entitled for any return on Equity.

5.3.11 Other Income:

CESC has indicated the following amount as other income for the period FY14-16.

TABLE – 5.33
Other Income for FY14-16 – CESC's Submission

Amount in Rs.Crs.

	FY14	FY15	FY16
Other Income	52.88	55.52	58.30

The other income mainly includes income from incentives, miscellaneous recoveries, interest on bank deposits, rent from staff quarters and sale of scrap.

The actualsof other income as per the audited accounts for FY12 is Rs.43.79 Crores. The projected other income being in the same range, the Commission decides to approve the same for the control period.

5.3.12 Fund towards Consumer Relations / Consumer Education:

The Commission has been allowing an amount of Rs.0.50 Crore per year towards consumer relations / consumer education. This provision has been specifically made by the Commission to meet the expenditure on consumer awareness and grievance redressal meetings periodically and institutionalize a mechanism for addressing common problems of the consumers. The Commission has already issued guidelines for consumer education and grievance redressal activities.

The Commission decides to continue providing an amount of Rs.0.50 Crore per year during the control period FY14-16 towards meeting expenditure on consumer relations / consumer education.

5.4 Abstract of ARR for FY14-16:

In the light of above analysis and decisions of the Commission, the following is the approved ARR for the control period FY14-16:

TABLE – 5.34
Approved consolidated ARR for FY14-16
Amount in Rs.Crs.

Sl.No	Particulars	FY14		FY15		FY16	
		As filed	As approved	As filed	As approved	As filed	As approved
	Expenditure in Rs Crs						
1	Power Purchase Cost	1746.15	1692.09	2126.56	1861.35	2547.87	2324.6
2	Transmission charges of KPTCL	297.95	238.57	302.41	261.87	302.7	259.72
3	SLDC Charges	2.87	2.11	3.47	2.23	4.17	2.10
4	**Power Purchase Cost including cost of transmission**	**2046.97**	**1932.77**	**2432.44**	**2125.45**	**2854.74**	**2586.42**
5	Employee Cost	293.54		331.9		377.27	
6	Repairs & Maintenance	28.1		31.78		36.12	
7	Admin & General Expenses	35.38		40		45.47	
8	**Total O&M Expenses**	**357.02**	**352.93**	**403.68**	**381.27**	**458.86**	411.64
9	Depreciation	102.41	81.13	123.86	98.50	140.39	111.67
10	**Interest & Finance charges**						
11	Interest on Loans	99.46	95.18	135.66	128.95	153.77	145.54
12	Interest on Working capital	45.01	55.21	46.19	59.57	48.91	65.12
13	Interest on belated payament on PP Cost	0		0		0	
14	Interest on consumer deposits	19.61	31.61	21.57	34.77	23.73	38.24
15	Other Interest & Finance charges	0		0		0	
16	Less interest capitalised	0		0		0	
17	**Total Interest & Finance charges**	164.08	182.00	203.42	223.28	226.41	248.90
18	Other Debits	9.88	0	10.88	0	11.88	0
19	Net Prior Period Debit/Credit	-8	0	2	0	2	0

20	RoE	0	0	40.77	0	40.77	0
21	Funds towards Consumer Relations/Consumer Education		0.5		0.5		0.5
22	Other Income	52.88	52.88	55.52	55.52	58.3	58.3
23	**Net ARR**	**2619.48**	**2496.45**	**3161.53**	**2773.48**	**3676.75**	**3300.83**

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

CESC's Proposal:

CESC in its filing has stated that it has continued to follow the existing apportionment of costs for segregation of the consolidated ARR into ARR for Distribution Business and ARR for Retail Supply Business.

Commission's Analysis and Decision:

CESC has not furnished its proposal for segregation of ARR and has requested the Commission to adopt the existing apportionment for the new control period also. As such the Commission decides to continue the existing ratio of segregation as given below:

TABLE – 5.35

Approved Segregation of ARR

Particulars	Distribution Business	Retail Supply Business
O&M	51%	49%
Depreciation	84%	16%
Interest on Loans	100%	0%
Interest on Consumer Deposits	0%	100%
RoE	75%	25%
GFA	84%	16%
Non Tariff Income	2%	98%

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

TABLE – 5.36

APPROVED ARR FOR DISTRIBUTION BUSINESS FOR FY 14-16 -CESC

Amount in Rs.Crs.

Sl. No	Particulars	FY14	FY15	FY16
1	O&M Expenses	180.00	194.45	209.93
2	Depreciation	68.15	82.74	93.81
3	**Interest & Finance Charges**			
4	Interest on Loan Capital	95.18	128.95	145.54
5	Interest on Working Capital	13.35	14.67	16.12
6	Interest on Consumer Deposits	0.00	0.00	0.00
7	Other Interest & Finance Charges	0.00	0.00	0.00
8	Less: Interest & other expenses capitalised	0.00	0.00	0.00
9	**Total**	**356.68**	**420.81**	**465.40**
10	ROE	0.00	0.00	0.00
11	Other Income	1.06	1.11	1.17
12	**NET ARR**	**355.62**	**419.70**	**464.24**

TABLE – 5.37

APPROVED ARR FOR RETAIL SUPPLY BUSINESS FOR FY 14-16 – CESC

Amount in Rs.Crs.

Sl. No	Particulars	FY14	FY15	FY16
1	Power Purchase including Transmission and SLDC charges	1932.77	2125.45	2586.42
2	O&M Expenses	172.94	186.82	201.70
3	Depreciation	12.98	15.76	17.87
4	**Interest & Finance Charges**			
5	Interest on Loan Capital	0.00	0.00	0.00
6	Interest on Working Capital	41.85	44.90	48.99
7	Interest on Consumer Deposits	31.61	34.77	38.24
8	**Total**	**2192.15**	**2407.70**	**2893.23**

9	ROE	0.00	0.00	0.00
10	Other Income	51.82	54.41	57.13
11	Fund towards Consumer Relations / Consumer Education	0.50	0.50	0.50
12	**NET ARR**	**2140.82**	**2353.79**	**2836.59**

5.6 Gap in Revenue for FY14:

The Commission in its tariff order dated 30th April 2012, had arrived at revenue gap of Rs.53.27 Crores for FY13. This was on account of the Regulatory Asset of Rs.120.00 Crores for FY13 as per the Commission's Tariff Order dated 28th October 2011 and a projected gap in revenue of Rs.(-) 8.89Crores on account of the unmet revenue gap of FY12 subject to APR of FY12. This gap in revenue of Rs.53.27 Crores for FY13 was met by the revision of retail supply tariff for FY13.

In this order, the Commission has approved the Annual Performance Review (APR) for FY12 and the revenue deficit of Rs.47.98 Crores has been carried forward to the ARR of FY14.

Since the financial year 2012-13 has not yet ended, the data on actual expenditure and gap in revenue is not available. Therefore, for the present, the Commission has not considered the same.

Considering the approved ARR and revenue at the existing rates for FY14, the gap in revenue for FY14 along with deficit of FY12 will be Rs.121.62 Crores.

5.7 Average Cost of Supply:

As per the approved ARR for FY14 and the approved sales, the average cost of supply for FY14 is computed as follows:

TABLE – 5.38

Average Cost of Supply for FY14

Sl.No.	Particulars	Amount in Rs.Crs.
1	Approved ARR for FY14	2496.45
2	Deficit of FY12	47.98
3	Net ARR for FY14 (1 +2 above)	2544.43
4	Approved Energy sales in MU for FY14	5234.42
5	Average cost of supply in Rs. Per unit	4.86

The determination of the retail supply tariff of CESC for FY14 on the basis of the approved ARR and the projected revenue deficit is taken up in the subsequent Chapter of this order.

CHAPTER – 6

DETERMINATION OF TARIFF FOR FY14

6.0 CESC'S Proposal and Commission's Analysis for FY14:

6.1 Tariff Application

As discussed in the preceding Chapters, CESC has projected an unmet gap in revenue of Rs.199.27 Crores for FY14. This includes the deficit in revenue of Rs.123.45 Crores for FY12. In order to bridge this gap in revenue, CESC, in its Tariff Application, has proposed a tariff increase of 70 paise per unit in respect of all the categories of consumers except BJ/KJ and irrigation pump sets consumers.

6.2 Statutory Provisions guiding determination of Tariff

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

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

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

6.3 Consideration for Tariff setting:

The Commission has considered the following relevant factors for determination of retail supply tariff:

a) **Tariff philosophy**:

As discussed in the earlier tariff orders, the Commission continues to fix tariff below the average cost of supply for consumers whose ability to pay is considered inadequate and fix tariff at or above the average cost of supply for categories of consumers whose ability to pay is considered to be greater. As a result the system of cross subsidy continues. However, the Commission has taken due care to progressively bring down the cross subsidy levels as envisaged in the Tariff Policy of the Government of India dated 6th January 2006.

b) **Average cost of supply:**

The Commission has been determining the retail supply tariff on the basis of the average cost of supply. The KERC (Tariff) Regulations 2000, require the licensees to provide details of embedded cost of electricity voltage / consumers category wise. This methodology requires the necessary data to be furnished by the licensee and the validation of the same by the Commission. Since this process of categorization of data / validation is not finalized, the Commission decides to continue with the existing method of determining retail supply tariff on the basis of average cost of supply.

c) **Differential Tariff:**

Beginning with its tariff order dated 25th November 2009 the Commission has been determining differential retail supply tariff for consumers in urban and rural areas. The Commission decides to continue the same in the present order also.

6.4 Revenue at existing tariff and deficit for FY14:

The Commission in its preceding Chapters has decided to carry forward the deficit in revenue of FY12 to the ARR of FY14. Further, the net unmet gap in revenue for FY14 is proposed to be filled up by revision of retail supply tariff as discussed in this Chapter.

Considering the approved ARR for FY14 and the revenue as per the existing tariff, the gap in revenue for FY14 is as follows:

TABLE – 6.1

Revenue Deficit for FY14

Amount Rs. in Crs.

Particulars	Amount
Approved Net ARR for FY14 including surplus of FY12	2544.43
Revenue at existing tariff	2422.81
Surplus / deficit	(121.62)

As per the approved ARR for FY14, the average cost of supply to be recovered through tariff is Rs.4.86 per unit.

Accordingly, in this Chapter, the Commission has proceeded to determine the retail supply tariff for FY14. The category-wise tariff as existing, as proposed by CESC and as approved by the Commission are as follows:

1. LT-1 Bhagya Jyothi

The existing tariff and the tariff proposed by CESC are given below:

Sl. No	Details	Existing (As per 2012 tariff order)	Proposed by CESC
1	Energy charges (including recovery towards service main charges)	464 Paise / Unit Subject to a monthly minimum of Rs. 30 per installation per month.	Nil Fully subsidized by GoK

Commission's Views/ Decision

The GoK, as a policy, has extended free power to all BJ/KJ consumers, whose consumption is not more than 18 units per month. Hence, the tariff payable by these consumers is the revised average cost, which is Rs. 4.86 per unit.

Further, the ESCOMs have to claim subsidy for only those consumers who consume 18 units or less per month per installation. If the consumption exceeds 18 units per month or any BJ/KJ installation is found to have more than one out let, it shall be billed as per the Tariff Schedule LT 2(a).

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

LT – 1 Approved Tariff for BJ / KJ installations

Commission determined Tariff	Retail Supply Tariff determined by the Commission
486 Paise per unit, Subject to a monthly minimum of Rs. 30 per installation per month.	-Nil- Fully subsidized by GoK

***Since GOK is meeting the full cost of supply to BJ / KJ, the Tariff payable by these Consumers is shown as Nil. However, if the GOK does not release the subsidy in advance, a Tariff of Rs. 4.86per unit subject to monthly minimum of Rs. 30/- per Installation per month shall be demanded and collected from these Consumers.**

Note: If the consumption exceeds 18 units per month or any BJ/KJ installation is found to have more than one light point being used, it shall be billed as per Tariff Schedule LT 2(a).

2. LT2 (a) Domestic Consumers:

CESC's Proposal:

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

Proposed Tariff for LT-2 (a)

LT-2 a (i) Domestic Consumers Category

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

Details	Existing as per 2012 Tariff Order	Proposed by CESC
Fixed Charges per Month	For the first KW Rs.25	For the first KW Rs.25
	For every additional KW Rs.35	For every additional KW Rs.35
Energy Charges 0-30 units (**life line Consumption**)	0 to 30 units 230 paise/unit	0 to 30 units 300 paise /unit
Energy Charges exceeding 30 Units per month	31 to 100 units 350 paise/unit	31 to 100 units 420 paise / unit
	101 to 200 units 460 paise /unit	101 to 200 units 530 paise /unit
	Above 200 units 560 paise /unit	Above 200 units 630 paise /unit

LT-2(a)(ii) Domestic Consumers Category

Applicable to Areas under Village Panchayats

Details	Existing as per 2012 Tariff Order	Proposed by CESC
Fixed charges per Month	For the first KW Rs.15	For the first KW Rs.15
	For every additional KW Rs.25	For every additional KW Rs.25
Energy Charges 0-30 units (**life line Consumption**)	0 to 30 units 220 paise /unit	0 to 30 units 290 paise /unit
Energy Charges exceeding 30 Units per month	31 to 100 units 320 paise / unit	31 to 100 units 390 paise / unit
	101 to 200 units 430 paise /unit	101 to 200 units 500 paise /unit

	Above 200 units 510 paise /unit	Above 200 units 580 paise /unit

Commission's Views/ Decision

The Commission has decided to continue the two tier tariff in respect of the domestic consumers as shown below:

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

(ii) Areas under Village Panchayats.

The Commission approves the tariff for this category as follows:

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

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

Details	Tariff approved by the Commission
Fixed charges per Month	For the first KW Rs.25
	For every additional KW Rs.35
Energy Charges up to 30 Units per month (0-30 Units)-**life line consumption.**	Upto 30 units: 250 paise/unit
Energy Charges in case the Consumption exceeds 30 Units per month	31 to 100 units: 370 paise/unit
	101 to 200 units: 485 paise/unit
	Above 200 units: 585 paise/unit

LT-2(a)(ii) Domestic Consumers Category:

Applicable to Areas under Village Panchayats

Details	Tariff approved by the Commission
Fixed charges per Month	For the first KW Rs.15
	For every additional KW Rs.25
Energy Charges up to 30 Units per month (0-30 Units)-**Lifeline Consumption**	Upto 30 units: 240 paise/unit

Energy Charges in case the Consumption exceeds 30 Units per month	31 to 100 units: 340 paise/unit
	101 to 200 units: 455 paise/unit
	Above 200 units: 535 paise/unit

3. **LT2 (b) Private Professional Educational Institutions etc.**

CESC's Proposal:

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

LT 2 (b) (i) Private and Professional Educational Institutions
Applicable to all areas coming underurban Local Bodies including Municipal Corporations

Details	Existing as per 2012 Tariff Order	Proposed by CESC
Fixed charges per Month	Rs.35 Per KW subject to a minimum of Rs.65 PM	Rs.35 Per KW subject to a minimum of Rs.65 PM
Energy Charges	For the first 200 units 570 paise per unit	For the first 200 units 640 paise per unit
	For the balance units 670 paise per unit	For the balance units 740 paise per unit

LT 2 (b) (ii) Private& Professional Educational Institutions
Applicable in Areas under Village Panchayats

Details	Existing as per 2012 Tariff Order	Proposed by CESC
Fixed charges per Month	Rs.25 Per KW subject to a minimum of Rs.50 PM	Rs.25 Per KW subject to a minimum of Rs.50 PM
Energy Charges	For the first 200 units 520 paise per unit	For the first 200 units 590 paise per unit
	For the balance units 620 paise per unit	For the balance units 690 paise per unit

Commission's Views/ Decision

Professional education and skill training institutions need to be supported in the use of machinery, equipment and tools to improve the quality of skills imparted. This in turn would have a positive impact on the socio economic conditions of the State. Therefore, in order to provide electricity at a reasonable rate to such installations, the Commission decides to retain the existing tariff to this category without any increase. Further, considering the representations received for rationalising the tariff for hospitals and nursing homes, it is decided to include private hospitals with LT power supply in this tariff category with the following tariff:

Approved Tariff for LT 2 (b) (i) Private Professional Educational Institutions& Private Hospitals and Nursing Homes

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

Details	Tariff approved by the Commission
Fixed charges per Month	Rs.35 Per KW subject to a minimum of Rs.65 PM
Energy Charges	0-200 units: 570 paise/unit
	Above 200 units: 670 paise/unit

Approved Tariff for LT 2 (b) (ii) Private Professional Educational Institutions& Private Hospitals and Nursing Homes

Applicable in Areas under Village Panchayats

Details	Tariff approved by the Commission
Fixed charges per Month	Rs.25 Per KW subject to a minimum of Rs.50 PM
Energy Charges	0-200 units: 520 paise/unit
	Above 200 units: 620 paise/unit

4. LT3- Commercial Lighting & Heating

CESC's Proposal:

The existing and proposed tariff is as follows:

LT- 3 (i) Commercial Lighting, Heating& Motive Power
Applicable in areas under all Urban LocalBodiesincluding City Municipal Corporations

Details	Existing as per 2012 Tariff Order	Proposed by CESC
Fixed charges per Month	Rs.40 per KW	Rs. 40 per KW
Energy charges	For the first 50 units 620 paise per unit	For the first 50 units 690 paise per unit
	For the balance units 720 paise per unit	For the balance units 790 paise per unit

Demand based tariff (optional) where sanctioned load is above 5 KW but below 50 KW.

Details	Existing as per 2012 Tariff Order	Proposed by CESC
Fixed charges	Rs. 55 per KW	Rs. 55 per KW
Energy Charges	For the first 50 units 620 paise per unit	For the first 50 units 690 paise per unit
	For the balance units 720 paise per unit	For the balance units 790 paise per unit

LT-3 (ii) Commercial Lighting, Heating& Motive Power
Applicable in areas under village Panchayats

Details	Existing as per 2012 Tariff Order	Proposed by CESC
Fixed charges per Month	Rs. 30 per KW	Rs.30 per KW
Energy Charges	For the first 50 units 570 paise per unit	For the first 50 units 640 paise per unit
	For the balance units 670 paise per unit	For the balance units 740 paise per unit

Demand based tariff (optional) where sanctioned load is above 5 KW but below 50 KW

Details	Existing as per 2012 Tariff Order	Proposed by CESC
Fixed charges per Month	Rs. 45 per KW	Rs. 45 per KW
Energy Charges	For the first 50 units 570 paise per unit	For the first 50 units 640 paise per unit
	For the balance units 670 paise per unit	For the balance units 740 paise per unit

Commission's Views/ Decision

As in the previous Tariff Order dated 30th April 2012, the Commission decides to continue tariff at two levels i.e.

(i) Municipal Corporation and areas coming under other urban local bodies

(ii) Areas under Village Panchayats

LT- 3 (i) CommercialLighting,Heating& Motive Power
Applicable to areas under all urban local bodiesincluding Municipal Corporations

Details	Approved by the Commission
Fixed charges per Month	Rs. 40 per KW
Energy Charges	For the first 50 units: 645 paise/ unit
	For the balance units: 745 paise/unit

Demand based tariff (Optional)where sanctioned load is above 5 kW but below 50 kW.

Details	Approved by the Commission
Fixed charges per Month	Rs. 55 per KW

Energy Charges	For the first 50 units: 645 paise /unit
	For the balance units: 745 paise/unit

LT-3 (ii) Commercial LightingHeating& Motive Power Applicable to areas under Village Panchayats

Details	Approved by the Commission
Fixed charges per Month	Rs. 30 per KW
Energy Charges	For the first 50 units: 595 paise per unit
	For the balance units: 695 paise per unit

Demand based tariff (Optional)where sanctioned load is above 5 kW but below 50 kW

Details	Approved by the Commission
Fixed charges per Month	Rs. 45 per KW
Energy Charges	For the first 50 units: 595 paise per unit
	For the balance units: 695 paise per unit

5. **LT4-Irrigation pump sets**:

CESC Proposal:

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

LT-4 (a) Irrigation pump sets
Applicable to IP sets upto and inclusive 10 HP

Details	Existing as per 2012 Tariff Order	Proposed by CESC
Fixed charges per Month	Nil	Free (In case GoK does not release the subsidy in advance, CDT of 348 paise per unit will be demanded and collected from consumers)
Energy charges	CDT 348 paise per unit	

Commission's Views/ Decision

The Government of Karnataka has extended free supply of power to farmers as per Government Order 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 is being borne by the GoK through tariff subsidy. In view of this all the categories under the existing LT-4a tariff are covered under free supply of power.

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

Approved CDT for IPSets for FY14

Particulars	CESC
Approved ARR in Rs Crores	2544.43
Revenue from other than IP & BJ/KJ in Rs Crores	1703.34
Amount to be recovered from IP & BJ/KJ in Rs Crores	841.09
Approved Sales to BJ/KJ in *MU*	27.39
Revenue from BJ/KJ at Average Cost of supply in Rs Crores	15.38
Amount to be recovered from IP Sets category in Rs Crores	825.71
Approved Sale to IP Sets in MU	2243.77

Commission Determined Tariff (CDT) for IP set Category for FY14 in Rs/Unit	3.68

Accordingly, the Commission decides to approve tariff of Rs.3.68 per unit as CDT for FY14 for IP Set category under LT4(a). In case the GoK does not release the subsidy in advance, a tariff of Rs.3.68 per unit shall be demanded and collected from these consumers.

Approved by the Commission

LT-4 (a) Irrigation pump sets

Applicable to IP sets upto and inclusive 10 HP

Details	Approved by the Commission
Fixed charges per Month Energy charges	**Nil***
CDT (Commission Determined Tariff): 368 paise per unit	

*** In case the GoK does not release the subsidy in advance, a tariff of Rs.3.68 per unit shall be demanded and collected from these consumers.**

LT4 (b) Irrigation pump sets above 10 HP:

CESC's Proposal

Existing and proposed tariff for LT-4(b) is as follows:

LT-4 (b) Irrigation pump sets:
Applicable to IP sets above 10 HP

Details	Existing as per 2012 Tariff Order	Proposed by CESC
Fixed charges per Month	Rs. 30 per HP	Rs. 30 per HP
Energy charges	150 paise per unit	220 paise per unit

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

LT-4 (c) (i) Irrigation pump sets :
Applicable to Private Horticultural Nurseries, Coffee and Tea plantations up to & inclusive 10 HP

Details	Existing as per 2012 Tariff Order	Proposed by CESC
Fixed charges per Month	Rs. 20 per HP	Rs. 20 per HP

Energy charges	150 paise per unit	220 paise per unit

LT-4 (c) (ii) Irrigation pump sets:
Applicable to Private Horticultural Nurseries, Coffee and Tea plantations above 10 HP.

Details	Existing as per 2012 Tariff Order	Proposed by CESC
Fixed charges per Month	Rs. 30 per HP	Rs. 30 per HP
Energy charges	150 paise per unit	220 paise per unit

Approved Tariff:

The Commission decides to include rubber plantations under LT4(c) category on par with the coffee and tea plantations. The Commission decides to revise the tariff in respect of these categories as shown below:

LT-4 (b) Irrigation pump sets:
Applicable to IP sets above 10 HP

Fixed charges per Month	Rs. 30 per HP per month.
Energy charges for the entire consumption	175 paise/unit

LT4(c) (i) Irrigation Pump sets
Applicable to Horticultural Nurseries,
Coffee,Tea&Rubber plantations upto & inclusive 10 HP

Fixed charges per Month	Rs.20 per HP per month.
Energy charges	175 paise / unit

LT4 (c)(ii) Irrigation pump sets
Applicable to Horticultural Nurseries, Coffee, Tea& Rubber plantations above 10 HP

Fixed charges per Month	Rs.30 per HP per month.
Energy charges	175 paise/unit

6. LT5 Installations-LT Industries:

CESC's Proposal

The existing and proposed tariffs by CESC are given below:

LT-5 LT Industries:
Applicable to all areas under CESC

i) Fixed charges

Details	Existing as per 2012 Tariff Order	Proposed by CESC
Fixed Charges per Month	i)Rs. 25 per HP for 5 HP & below ii) Rs. 30 per HP for above 5 HP & below 40 HP iii) Rs. 35 per HP for 40 HP & above but below 67 HP iv)Rs. 100 per HP for 67 HP & above	i) Rs. 25 per HP for 5 HP & below ii) Rs. 30 per HP for above 5 HP & below 40 HP iii) Rs. 35 per HP for 40 HP & above but below 67 HP iv)Rs. 100 per HP for 67 HP & above

ii) Demand based Tariff (optional)

Details	Description	Existing Tariff as per 2012 Tariff order	Proposed by CESC
	Above 5 HP and less than 40 HP	Rs. 45 per KW of billing demand	Rs. 45 per KW of billing demand
	40 HP and above but less than 67 HP	Rs. 60 per KW of billing demand	Rs. 60 per KW of billing demand
	67 HP and above	Rs. 150 per KW of billing demand	Rs. 150 per KW of billing demand

iii. Energy Charges

Details	Existing as per 2012 Tariff Order	Proposed by CESC
For the first 500 units	400 paise per unit	470 paise/ unit

For the next 500 units	470 paise per unit	540 paise/ unit
For the balance units	500 paise per unit	570 paise/ unit

Existing ToD Tariff for LT5 : At the option of the consumers

ToD Tariff

Time of Day	Increase (+)/ reduction (-) in energy charges over the normal tariff applicable
22.00 Hrs to 06.00 Hrs	(-) 125 paise per unit
06.00 Hrs to 18.00 hrs	0
18.00 Hrs to 22.00 Hrs	(+) 100 paise per unit

Proposed ToD Tariff for LT5 : At the option of the consumer

ToD Tariff

Time of Day	Increase (+)/ reduction (-) in energy charges over the normal tariff applicable
22.00 Hrs to 06.00 Hrs	(-) 125 paise per unit
06.00 Hrs to 18.00 hrs	0
18.00 Hrs to 22.00 Hrs	(+) 125 paise per unit

Approved Tariff:

Time of the Day Tariff:

As per the decision of the Commission in its Tariff Order dated 30th April 2012, the mandatory Time of Day Tariff for HT2(a) and HT2(b) consumers with a contract demand of 500 KVA and above is continued. The optional ToD would continue as existing earlier for HT2(a) and HT2(b) consumers with contract demand of less than 500 KVA. Further, for LT5 and HT1 consumers the optional ToD is continued as existing earlier.

The Commission approves the tariff under LT 5 as given below:

Approved Tariff for LT 5 :

Applicable to all the areas of CESC

i) Fixed charges

Details	Approved by the Commission
Fixed Charges per Month	i) Rs. 25 per HP for 5 HP & below ii) Rs. 30 per HP for above 5 HP & below 40 HP iii) Rs. 35 per HP for 40 HP & above but below 67 HP iv) Rs. 100 per HP for 67 HP & above

ii) Demand based Tariff (optional)

Demand based Tariff	Above 5 HP and less than 40 HP	Rs. 45 per KW of billing demand
	40 HP and above but less than 67 HP	Rs. 60 per KW of billing demand
	67 HP and above	Rs. 150 per KW of billing demand

iii) Energy Charges

Details	Approved tariff
For the first 500 units	425 paise/ unit
For the next 500 units	495 paise/ unit
For the balance units	525 paise/unit

Approved TOD Tariff for LT5 :At the option of the consumer

TOD Tariff

Time of Day	Increase (+)/ reduction (-) in energy charges over the normal tariff applicable
22.00 Hrs to 06.00 Hrs	(-) 125 paise per unit
06.00 Hrs to 18.00 hrs	0
18.00 Hrs to 22.00 Hrs	(+) 100 paise per unit

LT6 Water Supply Installations and Street Lights

CESC's Proposal:

The existing and the proposed tariffs are given below:

LT-6(a) : Water Supply

Details	Existing as per 2012 Tariff Order	Proposed by CESC
Fixed charges per Month	Rs. 35/HP/month	Rs. 35/HP/month
Energy charges	320 paise/unit	390 paise/unit

LT-6 (b) : Public Lighting

Details	Existing as per 2012 Tariff Order	Proposed by CESC
Fixed charges per Month	Rs. 50/KW/month	Rs. 50/KW/month
Energy charges	420 paise/unit	490 paise/unit

Commission's Views/ Decision:

The Commission decides not to increase tariff for water supply installations for the present.

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

Details	Approved Tariff
Fixed charges per Month	Rs. 35/HP/month
Energy charges	320 paise/unit

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

Details	Approved Tariff
Fixed charges per Month	Rs. 50/KW/month
Energy charges	445 paise/unit

8. LT 7- Temporary Installations:

CESC's Proposal:

The existing rate and the rate proposed byCESC are given below:
Temporary Supply

Details	Existing as per 2012 Tariff Order	Proposed by CESC
a) Less than 67 HP:	Energy charge at 820 paise per unit subject to a weekly minimum of Rs. 160 per KW of the sanctioned load.	Energy charge at 890 paise per unit subject to a weekly minimum of Rs. 160 per KW of the sanctioned load.

Commission's Views/Decision

The Commission decides to continue the inclusion of Hoarding & advertisement boards, which are temporary in nature under this Tariff category.

Hitherto 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 the Private Advertising Agenciesand bus shelters with advertising boards were billed under LT3 (a) (i) & (ii) categories. In this Order, the Commission decides to include these categories of consumers also under LT7 Category.

As decided in the previous Tariff Order, the tariff specified for installations with sanctioned load / contract demand above 67 HP is covered under the HT temporary tariff category under HT5.

TARIFF SCHEDULE LT-7

Applicable to Hoardings & Advertisement boards, Bus Shelters with Advertising Boards, Private Advertising Posts / Sign boards in the interest of Public such as Police Canopy Directionboards, and other sign boards sponsored by the Private Advertising Agencies. Temporary Power Supply of all categories

Details	Approved Tariff
Less than 67 HP:	Energy charge at 850 paise / unit subject to a weekly minimum of Rs. 160 per KW of the sanctioned load.

9. H.T. Categories:

Time of the Tariff (ToD)

The Commission decides to continue the mandatory Time of Day Tariff for HT2(a) and HT2(b) consumers with a contract demand of 500 KVA and above. Further, the optional ToD would continue as existing earlier for HT2(a) and HT2(b) consumers with contract demand of less than 500 KVA. The details of ToD tariff are indicated under the respective tariff category.

10. HT1 Water Supply & Sewerage

CESC's Proposal:

The Existing and the Proposed tariff by CESC

Sl. No.	Details	Existing tariff as per 2012 order	Proposed tariffs
1	Demand charges	Rs. 180 / kVA of billing Demand / month	Rs. 180 / kVA for billing demand / month
2	Energy charges	380 paise per unit	450 paise per unit

Existing ToD tariff to HT-1 tariff to Water Supply & Sewerage installations at the option of the consumer

Time of day	Increase (+) / reduction (-) in the energy charges over the normal tariff applicable
22.00 Hrs to 06.00 Hrs next day	(-) 125 Paise per unit
06.00 Hrs to 18.00 Hrs	0
18.00 Hrs to 22.00 Hrs	(+) 100 Paise per unit

Proposed ToD Tariff to HT-1

Time of day	Increase (+) / reduction (-) the energy charges over the normal tariff applicable
22.00 Hrs to 06.00 Hrs next day	(-) 125 Paise per unit
06.00 Hrs to 18.00 Hrs	0
18.00 Hrs to 22.00 Hrs	(+) 125 Paise per unit

Commission's Views/Decision:

The Commission decides not to increase tariff for water supply installations for the present.

The Commission approves the tariff for HT 1 Water Supply & Sewerage category as below:

Approved Tariff for HT 1

Details	Tariff approved by the Commission
Demand charges	Rs.180 / kVA of billing demand / month
Energy charges	380 paise/ unit

Approved ToD tariff to HT-1 tariff to Water Supply & Sewerage installations at the option of the consumer

Time of day	Increase (+) / reduction (-) in the energy charges over the normal tariff applicable
22.00 Hrs to 06.00 Hrs next day	(-) 125 Paise per unit
06.00 Hrs to 18.00 Hrs	0
18.00 Hrs to 22.00 Hrs	(+)100 Paise per unit

11. HT2 (a) – HT Industries & HT 2(b) – HT Commercial

CESC's Proposal:

Existing & proposed tariff – HT – 2 (a) - HT Industries

Applicable to all areas of CESC

Details	Existing tariff as per tariff order 2012	Proposed by CESC
Demand charges	Rs. 170 / kVA of billing demand / month	Rs. 170 / kVA of billing demand / month
Energy charges (iii) For the first one lakh units (iv) For the balance units	 510 paise per unit 540 paise per unit	 580 paise per unit 610 paise per unit

Railway traction and Effluent Plants

Details	Existing tariff as per tariff order 2012	Proposed by CESC
Demand charges	Rs. 180 / kVA at billing demand / month	Rs. 180 / kVA of billing demand / month
Energy charges	480 paise per unit for all the units	550 paise per unit for all the units

Existing TOD Tariff to HT-2(a)

Time of day	Increase (+) / reduction (-) the energy charges over the normal tariff applicable
22.00 Hrs to 06.00 Hrs next day	(-)125 Paise per unit
06.00 Hrs to 18.00 Hrs	0
18.00 Hrs to 22.00 Hrs	(+) 100 Paise per unit

Proposed TOD Tariff to HT-2(a)

Time of day	Increase (+) / reduction (-) the energy charges over the normal tariff applicable
22.00 Hrs to 06.00 Hrs next day	(-) 125 Paise per unit
06.00 Hrs to 18.00 Hrs	0
18.00 Hrs to 22.00 Hrs	(+) 125 Paise per unit

Commission's Views/Decision

The Commission approves the tariff for HT 2(a) category as below:

Approved Tariff for HT – 2 (a)

Applicable to all areas of CESC

Details	Approved Tariff
Demand charges	Rs. 170 / kVA of billing demand / month
Energy charges	
For the first one lakh units	535 paise/ unit
For the balance units	565 paise/ unit

Railway Traction & Effluent Treatment Plants

Details	Tariff approved by the Commission
Demand charges	Rs. 180 / kVA of billing demand / month
Energy charges	500 paise / unit for all the units

12. HT-2 (b) HT Commercial

CESC's Proposal:

Existing and proposed tariff for HT – 2 (b)-HT Commercial

Applicable to all areas of CESC

Details	Existing tariff as per tariff order 2012	Proposed by CESC
Demand charges	Rs. 190 / kVA of billing demand / month	Rs. 190 / kVA of billing demand / month
Energy charges		
(i) For the first two lakh units	650 paise per unit	720 paise per unit
(ii) For the balance units	680 paise per unit	750 paise per unit

Proposed ToD Tariff to HT-2(b)

Time of day	Increase (+) / reduction (-) the energy charges over the normal tariff applicable
22.00 Hrs to 06.00 Hrs next day	(-) 125 Paise per unit
06.00 Hrs to 18.00 Hrs	0
18.00 Hrs to 22.00 Hrs	(+) 125 Paise per unit

Commission's Views/Decision

The Commission approves the following tariff for HT 2 (b) consumers**:**

Approved tariff for HT – 2 (b) - HT Commercial
Applicable to all areas of CESC

Details	Tariff approved by the Commission
Demand charges	Rs. 190 / kVA of billing demand / month
Energy charges	
(i) For the first two lakh units	675 paise per unit
(ii) For the balance units	705 paise per unit

Note: The above tariff under HT2 (b) is not applicable for construction of new industries. Such power supply shall be availed under the new temporary category HT5.

13 HT – 2 (c) – Applicable to Hospitals and Educational Institutions:

During the public hearing representations have been received to provide electricity to Hospitals/Educational Institutions at lower rates as they are catering to the health care/educational needs of the society. Considering these requests, the Commission decides to introduce a new tariff category for all Hospitals and Educational Institutions in the HT category with the following tariff:

Approved tariff for HT – 2 (c) (i)

Applicable to Government Hospitals & Hospitals run by Charitable Institutions & ESI Hospitalsand
Educational Institutions belonging to Government, Local Bodies and Aided Institutions and Hostels of all Educational Institutions

Details	Tariff approved by the Commission
Demand charges	Rs. 170 / kVA of billing demand / month
Energy charges	
(i) For the first one lakh units	500 paise per unit
(ii) For the balance units	550 paise per unit

Approved tariff for HT – 2 (c) (ii) -

Applicable to Hospitals/Educational Institutions and Hostels of Educational Institutions other than those covered under HT2(c) (i)

Details	Tariff approved by the Commission
Demand charges	Rs. 170 / kVA of billing demand / month
Energy charges	
(i) For the first one lakh units	600 paise per unit
(ii) For the balance units	650 paise per unit

Time of the Day Tariff:

Approved ToD Tariff to HT-2(a), HT- 2(b) and HT2(c)

Time of day	Increase (+) / reduction (-) the energy charges over the normal tariff applicable
22.00 Hrs to 06.00 Hrs next day	(-)125 Paise per unit
06.00 Hrs to 18.00 Hrs	0
18.00 Hrs to 22.00 Hrs	(+) 100 Paise per unit

13. HT-3(a) Lift Irrigation Schemes under Government Departments / Government owned Corporations/ Lift Irrigation Schemes under Pvt /Societies:

CESC's Proposal:

Existing and proposed tariff by CESCfor HT – 3 (a) –Lift Irrigation Schemes are given below

HT 3(a) (i) Applicable to LI Schemes under Government Departments / Government owned Corporations

Details	Existing charges as per tariff order 2012	Proposed charges by CESC
Energy charges/ Minimum charges	125 paise / unit Subject to an annual minimum of Rs.1000 per HP / annum	195 paise / unit Subject to an annual minimum of Rs. 1000 per HP / annum

HT 3(a) (ii) Applicable to Pvt. LI Schemes and Lift Irrigation Societies:

Connected to Urban / Express feeders

Details	Existing Tariff	Proposed by CESC
Fixed charges	Rs. 30 / HP / Month of sanctioned load	Rs. 30 / HP / Month of sanctioned load
Energy charges	85 paise / unit	155 paise / unit

HT 3(a) (iii) Applicable to Pvt. LI Schemes and Lift Irrigation Societies: other than those covered under HT-3 (a)(ii)

Details	Existing Tariff	Proposed by CESC
Fixed charges	Rs. 10 / HP / Month of sanctioned load	Rs. 10 / HP / Month of sanctioned load
Energy charges	85 paise / unit	155 paise / unit

Commission's Analysis & Decision:

The approved Tariff is as follows:-

Approved tariff for HT 3 (a) (i)

Applicable to LI schemes under Govt. Dept. / Govt. owned Corporations

Energy charges / Minimum charges	150 paise/ unit subject to an annual minimum of Rs. 1000 per HP / annum

Approved tariff for HT 3 (a) (ii)

Applicable to Pvt. LI Schemes and Lift Irrigation Societies fed through express / urban feeders

Fixed charges	Rs. 30 / HP / Month of sanctioned load
Energy charges	110 paise / unit

Approved tariff for HT 3 (a) (iii)

Applicable to Pvt. LI Schemes and Lift Irrigation Societies other than those fed through express/ urban feeders

Fixed charges	Rs. 10 / HP / Month of sanctioned load
Energy charges	110 paise / unit

HT3 (b)- Irrigation & Agricultural Farms, Government Horticulture farms, Private Horticulture Nurseries, Coffee, tea, Coconut &Arecanut Plantations:

CESC's Proposal:

The existing and the proposed tariff by CESC are given below:

HT3 (b)- Irrigation & Agricultural Farms, Government Horticulture farms, Private Horticulture Nurseries, Coffee, tea, Coconut &Arecanut Plantations:

Details	Existing tariff order 2012	Proposed tariff by CESC
Energy charges / minimum charges	295 paise / unit subject to an annual minimum of Rs. 1000 per HP of sanctioned load	365 paise / unit subject to an annual minimum of Rs. 1000 per HP of sanctioned load

Commission's Views/Decision

The Commission decides to include rubber plantations under HT3 (b) category on par with the coffee and tea plantations.The Commission approves the tariff for this category as indicated below:

Approved Tariff

HT3 (b)- Irrigation & Agricultural Farms,Government Horticulture farms, Private Horticulture Nurseries, Coffee, tea, Rubber,Coconut &Arecanut Plantations:

Details	Approved Tariff
Energy charges / minimum charges	320 paise / unit subject to an annual minimum of Rs. 1000 per HP of sanctioned load

14. HT4- Residential Apartments/ Colonies

CESC's Proposal:

The existing & proposed tariff by CESC for this category is given below:

Existing and proposed tariff for HT – 4 - Residential Apartments/ Colonies Applicable to all areas of CESC

Details	Existing tariff order 2012	Proposed tariff by CESC
Demand charges	Rs. 100 / kVA of billing demand	Rs. 100 / kVA of billing demand
Energy charges	470 paise per unit	540 Paise/ unit

Commission's Views/Decision

The approved Tariff is as follows:-

Approved tariff
HT – 4 Residential Apartments/ Colonies Applicable to all areas of CESC

Demand charges	Rs. 100 / kVA of billing demand
Energy charges	490 Paise/ unit

TARIFF SCHEDULE HT-5

CESC's Proposal:

The existing & proposed tariff by CESC for this category is given below:

HT – 5 – Temporary supply

67 HP and above:	Existing	Proposed
Fixed charges / Demand Charges	Rs.210/HP/month for the entire sanction load / contract demand	Rs.210/HP/month for the entire sanction load / contract demand
Energy Charge	820 paise / unit (weekly minimum of Rs.160/- per KW is not applicable)	890 paise / unit (weekly minimum of Rs 160/- is not applicable)

Commission's Views/Decisions:

The Commission in its Tariff Order dated 30th April 2012, had introduced a new HT temporary supply category applicable to 67 HP and above. The Commission in the present order decides to continue with reclassification as below.

TARIFF SCHEDULE HT-5

Tariff applicable to 67 HP and above 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.

Approved Tariff for HT – 5 – Temporary supply

67 HP and above:	**Approved Tariff**
Fixed charges / Demand Charges	Rs.210/HP/month for the entire sanction load / contract demand
Energy Charge	850 paise / unit

The Approved Tariff schedule for FY14 is enclosed in **Annex – III** of this Order.

6.5 Other Issues

1) Tariff for Green Power:

In order to encourage generation and use of green power in the State, the Commission decides to slash the existing Green Tariff of Re.1.00 per unit to 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).

6.6 Determination of wheeling charges

In the current filings, CESC has not proposed any wheeling charges.In determining the wheeling charges, the Commission has considered the ARR pertainingto distribution wires business as done in the previous years.

6.6.1 Wheeling within CESC 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 under:

TABLE – 6.3

Wheeling Charges

Distribution ARR-Rs. Crs	355.62
Sales-MU	5234
Wheeling charges- paise/unit	68.00
	Paise/unit
HT-network	20.00
LT-network	48.00

In addition to the above, the following technical losses are applicable to all open access/wheeling transactions:

Loss allocation	% loss
HT	5.31
LT	8.63

Note: Total loss is allocated to HT, LT & Commercial loss based on energy flow diagram furnished by CESC.

The actual wheeling charges payable (after rounding off) will depend upon the point of injection & point of drawal as under:

paise/unit

Injection point →	**HT**	**LT**

Drawal point		
HT	20.00 [5.31%]	68.00 [13.94%]
LT	68.00 [13.94%]	48.00 [8.63%]

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 CESC's network, except for energy wheeled from NCE sources to the consumers in the State.

6.6.2 WHEELING OF ENERGY USING TRANSMISSION NETWORK OR NETWORK OF MORE THAN ONE LICENSEE

In case the wheeling of energy [other than NCE sources wheeling to consumers in the State] involves usage of Transmission network or network of more than one licensee, the charges shall be as indicated below:

i. If only transmission network is used, transmission charges determined by the Commission shall be payable to the Transmission Licensee.

ii. If the Transmission network and the ESCOMs' network are used, Transmission Charges shall be payable to the Transmission Licensee. Wheeling Charges of the ESCOM where the power is drawn shall be shared equally among the ESCOMs whose networks are used.

Illustration:

If a transaction involves transmission network &CESC's network and 100 units is injected, then at the drawal point the consumer is entitled for 82.67 units, after accounting for Transmission loss of 3.94% &CESC loss of 13.94%.

The Transmission charge in cash as determined in the Transmission Tariff order shall be payable to KPTCL & Wheeling charge of 68 paise per unit shall be payable to CESC. In case more than one ESCOM is involved the above 68 paise shall be shared by all ESCOMs involved.

iii. If ESCOMs' network only is used, 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:

If a transaction involves injection to BESCOM'S network & drawal at CESC's network, and 100 units is injected, then at the drawal point the consumer is entitled for 86.06 units, after accounting CESC's loss of 13.94%.

The Wheeling charge of 68 paise per unit applicable to CESC shall be equally shared between CESC& BESCOM.

6.6.3 CHARGES FOR WHEELING ENERGY BY NCE SOURCESTOCONSUMERS INTHE STATE

The Commission decides to continue existing wheeling charges at 5% of the injected energy. Further, Wind,MiniHydel and Solar sources of energy shall pay additional banking charges at 2% irrespective of the network used in addition to payment of UI charges between the time of injection and time of drawal of power.

The Commission decides not to charge any wheeling charge on transmission / wheeling of solar energy as an encouragement for solar energy generation.

6.6.4 CHARGES FOR WHEELING ENERGY BY NCE SOURCS WHEELING ENERGY FROM THE STATE TO A CONSUMER/OTHERS OUTSIDE THE STATE

In case the NCE energy is wheeled from the State to a consumer/others outside the State, the normal wheeling charges as determined in para 6.6.1 and 6.6.2 of this order shall be applicable.

6.7 Other tariff related issues:

i) Fuel Cost Adjustment Charge

The Commission in its tariff order dated 30th April 2012 had decided to introduce fuel cost adjustment charges. Accordingly, during FY13 the Commission had notified draft Regulations in the official gazette on 5th October 2012 seeking the suggestions / comments of interested persons. The Commission also held a public hearing in the matter on 14th December 2012.

Considering the suggestions / comments, the Commission has notified the Regulations on 22nd March 2013. Accordingly the Fuel cost adjustment charges will come into effect from the billing quarter beginning from 1st July 2013.

ii) Cross subsidy surcharge:

CESC has not proposed cross subsidy surcharge in its filings. However, the Commission in its MYT Regulations has specified the methodology for calculating the cross subsidy surcharge. Based on the above methodology, the category wise cross subsidy will be as indicated below:

Particulars	HT-1 Water Supply	HT-2a Industries	HT-2b Commercial	HT3 (a) Lift Irrigation	HT3 (b) Irrigation & Agricultural Farms	HT-4 Residential Apartments	HT5 Temporary
Average Realization rate-Paise/unit	422.30	616.75	795.93	177.04	439.02	539.00	905.90
Cost of supply at 5% margin @ 66 kV and above level	536.31	536.31	536.31	536.31	536.31	536.31	536.31
Cross subsidy surcharge paise/unit @ 66 kV & above level	-114.00	80.40	259.60	-359.30	-97.30	2.70	369.60
Cost of supply at 5% margin @ HT level	578.20	578.20	578.20	578.20	578.20	578.20	578.20
Cross subsidy surcharge paise/unit @ HT level	-155.90	38.50	217.70	-401.20	-139.20	-39.20	327.70

For the categories where the surcharge is negative, the surcharge is made zero at the respective voltage level. For the remaining categories, the Commission decides to determine the surcharge at 80% of the cross subsidy worked out above, as the cross subsidy surcharge has to be gradually reduced.Thus, the cross subsidy surcharge is determined as under:

Paise/unit

Voltage level	HT-2a	HT-2b	HT-4	HT-5
66 kV & above	64	208	2	296
HT level-11 kV/33kV	31	174	0	262

Since the realisation rate for the newly introduced categories HT2(c)(i) and HT2(c)(ii) is not available, the cross subsidy surcharge shall be calculated based on the actual realisation rate and adopting the surcharge formula as specified in the KERC (Terms and Conditions for Open Access) (First Amendment) Regulations 2006.

The wheeling charges and cross subsidy surcharge determined in this order will supersede the charges determined earlier and are applicable to all open access/wheeling transactions in the area coming under CESC.

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.

iii)Rebate for use of Solar Water Heater

The Commission has decided to retain the existing rebate of 50 paise per unit subject to a maximum of Rs.50 per installation per month for use of solar water heaters.

iv) Prompt payment incentive

The Commission had approved a prompt payment incentive (i) in all cases of payment through ECS and (ii) in the case of monthly bill exceeding Rs.1,00,000/- (Rs. One lakh). The rate of incentive was 0.25 % of the bill amount. The Commission decides to continue the same.

v) Relief to Sick Industries

The Government of Karnataka has extended certain reliefs to sick industries under the New Industrial Policy 2001-06 vide G.O. No. CI 167 SPI 2001, dated 30.06.2001. 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 Tariff Order 2003/2005. The Commission decides to continue the same subject to the collection of the amount of relief from the GoK in advance.

vi) Power Factor

The Commission had retained the PF threshold limit and surcharge, both for LT and HT installations at the then existing levels 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

vii) Rounding off of KW / HP

In the 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 be followed accordingly. 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.

viii) Interest on delayed payment of bills by consumers

The Commission, in its previous Order had approved interest on delayed payment of bills at 12% per annum. The Commission decides to continue the same in this Order also.

ix)Security Deposit (3 MMD/ 2 MMD)

The Commission had issued K.E.R.C. (Security Deposit) Regulations, 2007 on 01.10.2007and the same has been notified in the official Gazette on 11.10.2007. The payment of security deposit shall be regulated accordingly, pending orders of the Hon'ble High Court in respect of WP 18215/2007.

6.8 Effect of Revised Tariff

As per the KERC (Tariff) Regulations 2000, read with 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 ESCOMs have filed their applications for revision of tariff on 10th December 2012. As the tariff revision is effective from **1st May 2013** onwards, ESCOMs would be recovering revenue for the entire year.

A statement indicating the proposed revenue and approved revenue is enclosed vide **Annexure – II** and detailed tariff schedule is enclosed vide **Annexure - III.**

6.9 Summary of Tariff Order 2013:

- The Commission has approved an ARR of Rs.2544.43 Crores as against CESC's proposed ARR of Rs.2742.93 Crores.
- The revenue gap as worked out by the Commission is Rs. 121.62 Crores as against CESC estimated gap of Rs.199.27 Crores.
- The Commission has allowed an additional revenue of Rs.121.62 Crores on tariff Revision as against the proposed additional revenue of Rs. 199.27Crores.
- Approved increase in revenue is 5% against MESCOM's proposed increase of 8 %.

- CESC has proposed an increase of 70 paise for all categories of consumers other than BJ/KJ & IP Sets. The Commission has increased the tariff for IP Sets and domestic category upto first 100 units by 20 paise per unit and the average increase in tariff for other categories is at 24 paise per unit.

- Private Hospitals under existing LT3 tariff are recategorised under LT2(b) on par with private educational institutions. Further there is no change in the existing tariff for educational institutions under LT2(b) category.

- The Commission has not increased the tariff for LT and HT Water Supply installations both in urban and rural areas.

- Time of the day tariff which was made mandatory in the previous Tariff Order for installations under HT2 (a) and HT2(b) with contract demand of 500KVA and above is continued in this Order.

- The Commission has notified the Regulations for introduction of Fuel Cost Adjustment charge and the same will be effective from 1st July 2013.

- Green tariff has been slashed by 50 paise per unit. Consumers opting for green tariff have to Pay Re. 0.50/unit over and above the normal tariff as against the earlier rate of Re.1.00 / unit. Green Tariff introduced in the previous tariff order for HT Industries & HT Commercial Consumers at their option, to promote purchase of energy from Renewable Sources and to reduce carbon footprint is continued.

- A new HT tariff category namely HT2(c) (i) is introduced for Government Hospitals & Hospitals run by Charitable Institutions & ESI Hospitals and Educational Institutions belonging to

Government, Local Bodies and Aided Institutions and HT2(c) (ii) applicable for all other hospitals and educational institutions not covered under HT2(c)(i). ToD tariff for HT2(c) category is exempted.

- ❖ As in the previous Order, the Commission has continued to provide a separate fund for facilitating better Consumer Relations /Consumer Education Programs.
- ❖ The cap on short-term power is revised to Rs.4.50 per unit to meet shortfall in supply.

6.10 Commission's Order

1. **In exercise of the powers conferred on the Commission under Sections 62, 64 and other provisions of the Electricity Act 2003, the Commission hereby determines and notifies the distribution and retail supply tariff of CESC for FY14 as stated in Chapter-6 of this Order.**

2. **The tariff determined in this order shall come into effect for the electricity consumed from the first metering date falling on or after 1st May 2013.**

3. **This order is signed dated and issued by the Karnataka Electricity Regulatory Commission at Bangalore this day, the6th May 2013**

(M.R.Sreenivasa Murthy) **Chairman**	**(Vishvanath Hiremath)** **Member**	**(K.Srinivasa Rao)** **Member**

Annexure-1(a)

I. Approved Energy and its costs from Hydro Power Stations for ARR of CESC for FY-14

Name of the Generating Station	Approved Energy in MUs	Per Unit Capacity Charges (Rs/Kwh)	Capacity Charges (Rs Cr)	Per Unit primary Charges (Rs/Kwh)	Primary Charges (Rs Cr)	Per Unit Secondary Charges (Rs/Kwh)	Secondary Charges (Rs Cr)	Total Cost of Energy (Rs Cr)	Per Unit Cost of Energy (Rs/Kwh)
SVP-	806.22	0.06	5.20	0.25	13.67	0.02	0.42	19.29	0.24
LDPH-	40.49	0.07	0.27	0.25	0.73	0.02	0.02	1.02	0.25
KVP-	458.48	0.08	3.81	0.56	16.03	0.03	0.45	20.29	0.44
Supa	71.32	0.07	0.51	0.56	1.81	0.01	0.05	2.37	0.33
VVP-	118.59	0.18	2.09	0.79	9.99	0.00	0.00	12.08	1.02
Mani Dam Power House	3.81	0.21	0.08	0.79	0.39	0.00	0.00	0.47	1.23
Varahi 3&4	0.00	0.00	4.72	3.94	1.95	0.00	0.00	6.66	0.00
KPH	58.67	0.40	2.33	1.05	6.83	0.00	0.00	9.16	1.56
KDPH	54.06	0.30	1.65	0.88	5.09	0.00	0.00	6.73	1.25
GPH	84.52	0.34	2.85	1.01	6.90	0.15	0.24	9.99	1.18
GHEP	15.06	0.19	0.28	0.80	1.04	0.15	0.03	1.36	0.90
BEH	9.56	0.16	0.16	2.97	2.32	0.14	0.03	2.50	2.62
ADPH	81.95	1.03	8.42	1.19	5.27	0.14	0.53	14.21	1.73
MGHE	46.06	0.12	0.56	1.07	1.96	0.03	0.09	2.61	0.57
Shlvasamudra	47.54	0.14	0.69	0.76	2.08	0.05	0.10	2.87	0.60
Shimsha	8.80	0.27	0.24	0.76	0.85	0.00	0.00	1.09	1.24
MPH	15.28	0.07	0.10	0.62	0.62	0.03	0.02	0.74	0.48
Total	**1920.41**		**33.96**		**77.53**		**1.98**	**113.44**	**0.59**

II. Approved Energy and its costs from Thermal Power Stations for ARR of CESC for FY-14

Name of the Generating Station	Approved Energy in MUs	Per Unit Fixed Charges (Rs/Kwh)	Fixed Charges (Rs Cr)	Per Unit Energy Charges (Rs/Kwh)	Energy Charges (Rs Cr)	Total Cost of Energy (Rs Cr)	Per Unit Cost of Energy (Rs/Kwh)
KPCL-RTPS: 1 to 7	955.61	0.67	63.67	3.24	309.39	373.06	3.90
KPCL-RTPS: 8	160.82	1.64	26.33	2.78	44.64	70.97	4.41
KPCL-BTPS: 1	350.83	1.09	38.39	2.01	70.40	108.79	3.10
KPCL-BTPS: 2	350.83	1.56	54.78	1.91	66.94	121.72	3.47
KPCL-DG-Plant	3.73	0.58	0.21	13.51	5.04	5.25	14.09
CGS-NTPC-Ramagundam: Stage-I & II	314.52	0.55	17.20	2.09	65.79	82.99	2.64
CGS-NTPC-Ramagundam: Stage-III	78.99	0.96	7.62	2.63	20.76	28.38	3.59
CGS-NTPC-Talcher: Stage-II	288.66	0.75	21.60	1.57	45.23	66.83	2.32
CGS-NTPC-Simhadri: Stage-II	158.36	1.72	27.24	2.21	34.97	62.21	0.00
CGS-NLC;TPS-II:Stage-I	95.93	0.34	3.23	2.03	19.51	22.74	2.37
CGS-NLC;TPS-II:Stage-II	143.72	0.33	4.72	2.03	29.18	33.90	2.36
CGS-NLC;TPS-I:Exp	78.25	1.27	9.95	1.89	14.80	24.75	3.16
CGS-NPCIL;MAPS	25.40	0.00	0.00	2.08	5.28	5.28	2.08
CGS-NPCIL;KAIGA-1&2	92.75	0.00	0.00	3.07	28.43	28.43	3.07
CGS-NPCIL;KAIGA-3&4	100.96	0.00	0.00	3.07	30.95	30.95	3.07
CGS-NTECL;STPS-Vallur-1	31.44	2.17	6.81	1.91	6.01	12.82	4.08
CGS-NTECL;STPS-Vallur-2	15.42	3.73	5.75	1.91	2.95	8.70	5.64
CGS-NTECL;STPS-Vallur-3	2.43	19.44	4.73	1.91	0.47	5.20	21.35
Tuticoran	3.69	25.38	9.37	1.91	0.71	10.08	27.29
Kudankulam (2x1000MW)	30.51	0.00	0.00	3.10	9.46	9.46	3.10
Total	**3282.85**		**301.60**		**810.91**	**1112.51**	**3.39**
UPCL-Unit-1 & 2 (Provisional charges subject to the final orders from CERC)	**447.32**		**63.16**		**121.89**	**185.05**	**4.14**

III. Approved Energy and its costs from NCE Sources for ARR of CESC FOR FY-14

	Approved Energy (MUs)	Total Cost of Energy (Rs Cr)	Per Unit Cost Of Energy (Rs per Unit)
Mini HYdel	447.38	149.56	3.343019
Wind Mill	186.39	64.72	3.472289
Co-Gen	149.1	54.52	3.656606
BioMass	1.92	0.92	4.791667
KPCL Wind Mill	0	0	0
KPCL Solar	10.04	10.42	10.37849
Total	**794.83**	**280.14**	**3.52**

Annexure-1 (b)

I. Approved Energy and its costs from Hydro Power Stations for ARR of CESC for FY-15

Name of the Generating Station	Approved Energy in MUs	Per Unit Capacity Charges (Rs/Kwh)	Capacity Charges (Rs Cr)	Per Unit primary Charges (Rs/Kwh)	Primary Charges (Rs Cr)	Per Unit Secondary Charges (Rs/Kwh)	Secondary Charges (Rs Cr)	Total Cost of Energy (Rs Cr)	Per Unit Cost of Energy (Rs/Kwh)
SVP-	876.14	0.06	5.65	0.25	14.85	0.02	0.45	20.96	0.24
LDPH-	44.00	0.07	0.29	0.25	0.79	0.02	0.02	1.10	0.25
KVP-	498.24	0.08	4.15	0.56	17.42	0.03	0.49	22.05	0.44
Supa	77.51	0.07	0.55	0.56	1.97	0.01	0.05	2.58	0.33
VVP-	128.88	0.18	2.27	0.79	10.86	0.15	-0.12	13.01	1.01
Mani Dam Power House	4.14	0.21	0.09	0.79	0.43	0.15	-0.02	0.49	1.19
Varahi 3&4	0.00	0.00	5.12	3.94	2.11	0.00	0.00	7.24	0.00
KPH	63.76	0.40	2.53	1.05	7.42	0.00	0.00	9.95	1.56
KDPH	58.75	0.30	1.79	0.88	5.53	0.00	0.00	7.31	1.25
GPH	91.85	0.34	3.09	1.01	7.50	0.15	0.26	10.86	1.18
GHEP	16.36	0.19	0.31	0.80	1.13	0.15	0.03	1.47	0.90
BEH	10.39	0.16	0.17	2.97	2.52	0.14	0.03	2.72	2.62
ADPH	89.06	1.03	9.15	1.19	5.73	0.14	0.57	15.45	1.73
MGHE	50.06	0.12	0.60	1.07	2.13	0.03	0.10	2.83	0.57
ShIvasamudra	51.66	0.14	0.75	0.76	2.26	0.05	0.11	3.12	0.60
Shimsha	9.56	0.27	0.26	0.76	0.93	0.15	-0.04	1.15	1.20
MPH	16.61	0.07	0.11	0.62	0.68	0.03	0.02	0.80	0.48
Total	**2086.97**		**36.88**		**84.26**		**1.95**	**123.09**	**0.59**

II. Approved Energy and its costs from Thermal Power Stations for ARR of CESC FOR FY15

Name of the Generating Station	Approved Energy in MUs	Per Unit Fixed Charges (Rs/Kwh)	Fixed Charges (Rs Cr)	Per Unit Energy Charges (Rs/Kwh)	Energy Charges (Rs Cr)	Total Cost of Energy (Rs Cr)	Per Unit Cost of Energy (Rs/Kwh)
KPCL-RTPS: 1 to 7	956.51	0.68	65.47	3.30	315.39	380.86	3.98
KPCL-RTPS: 8	160.97	1.59	25.61	2.83	45.50	71.12	4.42
KPCL-	351.16	0.98	34.26	2.04	71.77	106.03	3.02
KPCL-BTPS:	351.16	1.45	50.97	1.94	68.24	119.21	3.39
YARAMARUS-1	77.60	4.67	36.23	2.55	19.79	56.02	0.00
CGS-NTPC-Ramagundam: Stage-I & II	299.49	0.57	17.06	2.13	63.80	80.85	2.70
CGS-NTPC-Ramagundam: Stage-III	75.21	0.97	7.32	2.68	20.13	27.46	3.65
CGS-NTPC-Talcher: Stage-II	277.96	0.68	19.01	1.60	44.35	63.36	2.28
CGS-NTPC-Simhadri: Stage-II	150.33	1.92	28.93	2.25	33.81	62.74	0.00
CGS-NLC;TPS-II:Stage-I	91.63	0.37	3.36	2.07	18.98	22.34	2.44
CGS-NLC;TPS-II:Stage-II	137.28	0.36	4.98	2.07	28.39	33.37	2.43
CGS-NLC;TPS-I:Exp	74.74	1.32	9.87	1.93	14.40	24.27	3.25
CGS-NPCIL;MAPS	24.26	0.00	0.00	2.12	5.13	5.13	2.12
CGS-NPCIL;KAIGA-1&2	88.60	0.00	0.00	3.12	27.66	27.66	3.12
CGS-NPCIL;KAIGA-3&4	96.43	0.00	0.00	3.12	30.11	30.11	3.12
CGS-NTECL;STPS-Vallur-	30.03	2.25	6.75	1.95	5.85	12.60	4.20
CGS-NTECL;STPS-Vallur-	30.03	2.02	6.08	1.95	5.85	11.93	3.97
CGS-NTECL;STPS-Vallur-	30.03	1.82	5.47	1.95	5.85	11.32	3.77
Tuticoran (2x500MW)	44.89	2.25	10.10	1.95	8.74	18.84	4.20
Kudankulam	89.64	0.00	0.00	3.16	28.30	28.30	3.16
Total	**3437.95**		**331.47**		**862.04**	**1193.52**	**3.47**
UPCL-Unit-1 & 2 (Provisional charges subject to the final orders from CERC)	**447.32**		**63.16**		**124.13**	**187.29**	**4.19**

III. Approved Energy and its costs from NCE Sources for ARR of CESC FOR FY-15

	Approved Energy (MUs)	Total Cost of Energy (Rs Cr)	Per Unit Cost Of Energy (Rs per Unit)
Mini HYdel	536.03	182.78	3.409884
Wind Mill	186.39	64.72	3.472289
Co-Gen	149.1	55.88	3.74782
BioMass	1.92	0.92	4.791667
KPCL Wind Mill	31.6	14.63	4.629747
KPCL Solar	22.58	22.07	9.774136
Total	**927.62**	**341.00**	**3.68**

Annexure- 1 (c)

I. Approved Energy and its costs from Hydro Power Stations for ARR of CESC for FY-16

Name of the Generating Station	Approved Energy in MUs	Per Unit Capacity Charges (Rs/Kwh)	Capacity Charges (Rs Cr)	Per Unit primary Charges (Rs/Kwh)	Primary Charges (Rs Cr)	Per Unit Secondary Charges (Rs/Kwh)	Secondary Charges (Rs Cr)	Total Cost of Energy (Rs Cr)	Per Unit Cost of Energy (Rs/Kwh)
SVP-	876.14	0.06	5.63	0.26	15.55	0.02	0.45	21.63	0.25
LDPH-	44.00	0.07	0.29	0.26	0.83	0.02	0.02	1.14	0.26
KVP-	498.24	0.08	4.11	0.59	18.26	0.03	0.49	22.85	0.46
Supa	77.51	0.07	0.55	0.59	2.06	0.01	0.05	2.67	0.34
VVP-	128.88	0.18	2.26	0.83	11.36	0.15	-0.12	13.50	1.05
Mani Dam Power House	4.14	0.21	0.08	0.83	0.44	0.15	-0.02	0.51	1.23
Varahi 3&4	0.00	0.00	5.12	3.94	2.11	0.00	0.00	7.24	0.00
KPH	63.76	0.40	2.53	1.09	7.66	0.00	0.00	10.19	1.60
KDPH	58.75	0.30	1.79	0.91	5.72	0.00	0.00	7.50	1.28
GPH	91.85	0.34	3.09	1.04	7.70	0.15	0.26	11.05	1.20
GHEP	16.36	0.19	0.31	0.83	1.18	0.15	0.03	1.52	0.93
BEH	10.39	0.16	0.17	3.14	2.66	0.14	0.03	2.86	2.75
ADPH	89.06	0.83	7.38	1.21	5.82	0.14	0.57	13.77	1.55
MGHE	50.06	0.12	0.60	1.07	2.13	0.03	0.10	2.83	0.57
ShIvasamudra	51.66	0.14	0.75	0.76	2.26	0.05	0.11	3.12	0.60
Shimsha	9.56	0.27	0.26	0.76	0.93	0.15	-0.04	1.15	1.20
MPH	16.61	0.07	0.11	0.62	0.68	0.03	0.02	0.80	0.48
Total	**2086.97**		**35.03**		**87.35**		**1.95**	**124.33**	**0.60**

II.ApprovedEnergy and its costs from Thermal Power Stations for ARR of CESC FOR FY-16

Name of the Generating Station	Approved Energy in MUs	Per Unit Fixed Charges (Rs/Kwh)	Fixed Charges (Rs Cr)	Per Unit Energy Charges (Rs/Kwh)	Energy Charges (Rs Cr)	Total Cost of Energy (Rs Cr)	Per Unit Cost of Energy (Rs/Kwh)
KPCL-RTPS: 1 to 7	956.51	0.69	65.99	3.36	321.20	387.19	4.05
KPCL-RTPS: 8	160.97	1.55	24.91	2.88	46.34	71.25	4.43
KPCL-BTPS:1	351.16	0.93	32.73	2.08	73.09	105.82	3.01
KPCL-BTPS: 2	351.16	1.40	49.07	1.98	69.50	118.56	3.38
YARAMARUS-1 & 2	685.19	3.11	213.28	2.60	178.00	391.28	5.71
Bidadi CCPP	188.61	3.72	70.15	8.30	156.56	226.71	12.02
CGS-NTPC-Ramagundam: Stage-I & II	299.49	0.57	17.06	2.17	64.97	82.03	2.74
CGS-NTPC-Ramagundam: Stage-III	75.21	0.97	7.32	2.73	20.50	27.83	3.70
CGS-NTPC-Talcher: Stage-II	277.96	0.68	19.01	1.63	45.17	64.17	2.31
CGS-NTPC-Simhadri: Stage-II	150.33	1.92	28.93	2.29	34.43	63.37	0.00
CGS-NLC;TPS-II:Stage-I	91.63	0.37	3.36	2.11	19.33	22.69	2.48
CGS-NLC;TPS-II:Stage-II	137.28	0.36	4.98	2.11	28.91	33.89	2.47
CGS-NLC;TPS-I:Exp	74.74	1.32	9.87	1.96	14.66	24.53	3.28
CGS-NPCIL;MAPS	24.26	0.00	0.00	2.15	5.23	5.23	2.15
CGS-NPCIL;KAIGA-1&2	88.60	0.00	0.00	3.18	28.17	28.17	3.18
CGS-NPCIL;KAIGA-3&4	96.43	0.00	0.00	3.18	30.66	30.66	3.18
CGS-NTECL;STPS-Vallur-1	30.03	2.25	6.75	1.98	5.96	12.71	4.23
CGS-NTECL;STPS-Vallur-2	30.03	2.02	6.08	1.98	5.96	12.04	4.01
CGS-NTECL;STPS-Vallur-3	30.03	1.82	5.47	1.98	5.96	11.43	3.80
Tuticoran (2x500MW)	44.89	2.25	10.10	1.98	8.90	19.00	4.23
Kudankulam	89.64	0.00	0.00	3.22	28.82	28.82	3.22
Total	**4234.15**		**575.06**		**1192.32**	**1767.38**	**4.17**
UPCL-Unit-1 & 2 (Provisional charges subject to the final orders from CERC)	**182.58**		**25.78**		**51.57**	**77.35**	**4.24**

III. Approved Energy and its costs from NCE Sources for ARR of CESC FOR FY-16

	Approved Energy (MUs)	Total Cost of Energy (Rs Cr)	Per Unit Cost Of Energy (Rs per Unit)

Mini HYdel	573.43	199.56	3.480111
Wind Mill	186.39	64.72	3.472289
Co-Gen	149.1	55.88	3.74782
BioMass	1.92	0.92	4.791667
KPCL Wind Mill	31.6	14.63	4.629747
KPCL Solar	22.58	22.07	9.774136
Total	**965.02**	**357.78**	**3.71**

Annex - II

PROPOSED AND APPROVED REVENUE FOR FY-14 OF CESC

			Proposed by CESC		Approved as per RST	
Sl No	Category	Description	Sales-MU	Revenue Rs. crores	Sales-MU	Revenue Rs. crores
1	LT-1[fully subsidised by GoK]*	Bhagya Jyothi/Kutir Jyothi	90.27	41.88	27.39	15.38
2	LT-2(a)(i)	Dom. / AEH - Applicable to City Municipal Corporations areas and all area under Urban Local Bodies.	512.15	199.81	556.80	227.59
3	LT-2(a)(ii)	Dom. / AEH - Applicable to areas under Village Panchayats	270.32	88.34	335.15	117.10
4	LT-2(b)(i)	Pvt. Educational Institutions Applicable to all areas of Local Bodies including City Corporations	3.98	2.75	4.14	2.62
5	LT-2(b)(ii)	Pvt. Educational Institutions Applicable to areas under Village Panchayats	2.35	1.54	2.45	1.47
6	LT-3(i)	Commercial - Applicable in areas under all ULBs including City Corporations.	170.76	131.46	182.46	143.4
7	LT-3(ii)	Commercial - Applicable to areas under Village Panchayats	58.47	41.82	62.49	46.05
8	LT-4(a)*	IP<=10HP	2684.99	934.67	2243.77	825.71
	LT-4(a)(ii)*	IP<=10HP - Urban feeders	0.00	-	0.00	0
9	LT-4(b)	IP>10HP	0.71	0.41	0.59	0.39
10	LT-4 (c) (i)	Pvt. Nurseries, Coffee & Tea Plantations of sanctioned load of 10 HP & below	14.84	2.87	9.18	3.21
11	LT-4 (c) (ii)	Pvt. Nurseries, Coffee & Tea Plantations of sanctioned load of above 10 HP	0.00	3.26	7.30	3.55
	LT-5	LT Industrial	143.76	82.37	141.14	84.63
12	LT-6	Water supply	158.74	58.40	158.46	58.28
13	LT-6	Public lighting	84.17	42.17	83.43	44.10
14	LT-7	Temporary supply	14.34	17.26	14.34	17.69
	LT - TOTAL		**4209.85**	**1649.01**	**3829.09**	**1591.17**
1	HT-1	Water supply & sewerage	356.03	148.48	322.81	135.27
2	HT-2(a)	Industrial -	891.78	515.70	911.89	555.10
3	HT-2(b)	Commercial	126.86	96.82	132.50	103.97

4	HT-3(a)(i)	Lift Irrigation - Applicable to lift irrigation schemes under Govt Dept, / Govt. owned Corporations	23.89	10.19	28.16	11.17
5	HT-3(a)(ii)	Lift Irrigation - Applicable to Private lift irrigation schemes Lift Irrigaton societies on urban/express feeders	0.00	-	0.00	0.00
6	HT-3(a)(iii)	LI schemes other than those covered under HT 3(a)(ii)	0.00	-	0.00	0.00
7	HT - 3b	Irrigation & Agriculture Farms,Govt. Horticultural Farms, Pvt.Horticulture Nurseries, Coffee, Tea,Cocanut & Arecanut Plantations	0.02	0.06	0.02	0.06
8	HT-4	Residential Apartments -Colonies	9.94	5.83	9.63	5.79
9	HT-5	Temporary supply	0.32	0.32	0.32	0.33
		HT - TOTAL	**1408.84**	**777.40**	**1405.33**	**811.69**
		TOTAL	**5618.69**	**2426.41**	**5234.42**	**2402.86**
		Misc. Revenue		**117.25**		**141.57**
		Grand Total	**5618.69**	**2543.66**	**5234.42**	**2544.43**

*** These categories are subsidised by GoK. In case subsidy is not released by the Gok in advance, ESCOM shall raise demand & collect CDT of Rs.4.86/unit by BJ/KJ &Rs.3.68/unit from IP set Consumers.**

ANNEX - III

ELECTRICITY TARIFF - 2014

K.E.R.C. ORDER DATED: 06.05.2013

Effective for the Electricity consumed from the first metering date falling on or after 01.05.2013

Chamundeshwari
Electricity Supply Corporation Ltd.,

ELECTRICITY TARIFF-2014

GENERAL TERMS AND CONDITIONS OF TARIFF: (APPLICABLE TO BOTH HT AND LT)

1. **Supply of power is subject to execution of agreement by the Consumer in the prescribed form, payment of prescribed deposits and compliance of terms and conditions as stipulated in the Conditions of Supply of Electricity of the Distribution Licensees in the State of Karnataka and Regulations issued under Electricity Act 2003 at the time of supply and continuation of power supply is subject to compliance of the said Conditions of Supply / Regulations as amended from time to time.**

2. **The tariffs are applicable to only single point of supply unless otherwise approved by the Licensee.**

3. **The Licensee does not bind himself to energize any installation, unless the Consumer guarantees the minimum charges. The minimum charge is the power supply charges in accordance with the tariff in force from time to time. This shall be payable by the Consumer until power supply agreement is terminated, irrespective of the installation being in service or under disconnection.**

4. **The tariffs in the schedule are applicable to power supply within the Karnataka State.**

5. **The tariffs are subject to levy of Tax and Surcharges thereon as may be decided by the State Government from time to time.**

6. For the purpose of these tariffs, the following conversion table would be used:
   1 HP=0.746 KW. 1HP=0.878 KVA.

7. The bill amount will be rounded off to the nearest Rupee, i.e., the bill amount of 50 Paise and above will be rounded off to the next higher Rupee and the amount less than 50 Paise will be ignored.

8. Use of power for temporary illumination in the premises already having permanent power supply for marriages, exhibitions in hotels, sales promotions etc., is limited to sanctioned load at the applicable permanent power supply tariff rates. Temporary tariff rates will be applicable in case the load exceeds sanctioned load as per the Conditions of Supply of Electricity of the Distribution Licensees in the State of Karnataka.

9. No LT power supply will be given where the requisitioned load is 50 KW/67 HP and above. This condition does not apply for installations serviced under clause 3.1.1 of K.E.R.C. (Recovery of Expenditure for supply of Electricity) Regulations, 2004 and its amendments from time to time. The applicant is however at liberty to avail HT supply for lesser loads. The minimum contract demand for HT supply shall be 25 KVA or as amended from time to time by the Licensee with the approval of KERC.

10. The Consumer shall not resell electricity purchased from the Licensee to a third party except -
    (a) Where the Consumer holds a sanction or a tariff provision for distribution and sale of energy,

    (b) Under special contract permitting the Consumer for resale of energy in accordance with the provisions of the contract.

11. Non-receipt of the bill by the Consumer is not a valid reason for non-payment. The Consumer shall notify the office of issue of the bill if the same is not received within 7 days from the meter reading date. Otherwise, it will be deemed that the bills have reached the Consumer in due time.

12. The Licensee will levy the following charges for non-realization of each Cheque

1	Cheque amount upto Rs. 10,000/-	5% of the amount subject to a minimum of Rs.100/-
2	Cheque amount of Rs. 10,001/- and upto Rs. 1,00,000/-	3% of the amount subject to a minimum of Rs.500/-
3	Cheque amount above Rs. 1 Lakh:	2% of the amount subject to a minimum of Rs.3,000/-

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, which ever is higher, in respect of installations provided with Electronic Tri-Vector meter.

   will be considered.

   Penalty and other clauses shall apply if 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 / cellar floor.

21. **Reconnection charges:** The following reconnection charges shall be levied incase of disconnection and included in the monthly bill.

For reconnection of:

a	Single Phase Domestic installations under Tariff schedule LT 1 & LT2 (a)	Rs.20/-per Installation.
b	Three Phase Domestic installations under Tariff schedule LT2 (a) and Single Phase Commercial & Power installations.	Rs.50/-per Installation.
c	All LT installations with 3 Phase supply other than LT2 (a)	Rs. 100/-per Installation.
d	All HT& EHT installations	Rs. 500/-per Installation.

22. Revenue payments up to and inclusive of Rs.10, 000/- shall be made by cash or cheque or D.D and payments above Rs.10, 000/- shall be made by cheque or D.D only. Payments under other heads of account shall be made by cash or D.D up to and inclusive of Rs.10, 000/- and payment above Rs.10, 000/-shall be by D.D only.

Note: The Consumers can avail the facility of payment of monthly power supply bill through Electronic clearing system (ECS)/ Credit cards / on line E-Payment @ www.billjunction.com at counters wherever such facility is provided by the Licenseein respect of revenue payments up to the limit prescribed by the RBI.

23. For the types of installations not covered under any Tariff schedules, the Licensee is permitted to classify such installations under appropriate Tariff schedule under intimation to the K.E.R.C.

24. Seasonal Industries

Applicable to all Seasonal Industries.

i) The industries that intend to avail this benefit shall have Electronic Tri-Vector Meter fitted to their installations.

i) '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'.

ii) The Maximum Demand/consumption during any month of the declared off-season shall not be more than 50% of the contract demand/average consumption of the previous working season.

iii) 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.

iv) The Consumer can avail the facility of 'off-season' up to six months in a calendar year not exceeding in two spells in that year. During the 'off-season period, the Consumer may use power for administrative offices etc., and for overhauling and repairing plant and machinery.

25 Whether an institution availing Power supply can be considered as charitable or not will be decided by the Licensee on the production of certificate Form-12 Afrom the Income Tax department.

26 **Time of the Tariff (ToD)**

The Commission as decides in the earlier tariff order, decide to continue compulsory Time of Day Tariff for HT2(a) and HT2(b) and also decided to extend the same to newly introduced HT2(c) consumers with a contract demand of 500 KVA and above. Further, the optional ToD would continue as existing earlier for HT2(a) and HT2(b) consumers with contract demand of less than 500 KVA. Also the ToD for HT1 consumers on optional basis would continue as existing earlier. Details of ToD tariff are indicated under the respective tariff category.

27. **SICK INDUSTRIES**: The Government of Karnataka has extended certain reliefs to sick industries under the New Industrial Policy 2001-06 vide G.O.No.CI 167 SPI 2001, dated 30.06.2001. 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 Tariff Order 2003. The Commission approves continuation of the implementation of reliefs to sick industries by the Licensees subject to collection of the amount of relief from the GOK in advance.

28. **Incentive for Prompt Payment / Advance Payment:** An incentive at the rate of 0.25% of such bill shall be given to the following Consumers by way of adjustment in the subsequent month's bill:
    (i) In all cases of payment through ECS.
    (ii) And in the case of monthly bills exceeding Rs.1, 00,000/- (Rs. one lakh), if the payment is made 10 days in advance of the due date.
    (iii) Advance Payment exceeding Rs.1000/- madeby the Consumers towards monthly bills

29. Conditions of Supply of Electricity of the Distribution Licensees in the State of Karnataka and amendments issued thereon from time to time and Regulations issued under 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 Section 26.01 of Conditions of Supply of Electricity of the Distribution Licensees in the State of Karnataka.

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ELECTRICITY TARIFF—2014

PART-1

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.

ELECTRICITY TARIFF - 2014

PART-1

HIGH TENSION SUPPLY

Applicable to Bulk Power Supply at Voltages of 11KV (including 2.3/4.6 KV) and above at Standard High Voltage or Extra High Voltages when the Contract Demand is 50 KW / 67 HP and above.

CONDITIONS APPLICABLE TO BILLING OF HT INSTALLATIONS:

1. **Billing Demand**

A) The billing demand during unrestricted period shall be the maximum demand recorded during the month or 75% 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 75% 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 No. 126(6) of Electricity Act 2003. If time of day Meter is fixed and is operational, there will be no penalty for over drawal upto 1. 2 times the Contract Demand during off peak hours, provided, the Licensee has declared the peak and off peak periods. For over drawal during peak periods, and over drawal above 1.2 times the Contract Demand during off peak hours, the penalty shall be two times the normal rate.

E) During the periods of disconnection, the billing demand shall be 75% of CD, or 75% of the demand entitlement that would have been applicable, had the installation been in service, whichever is less. This provision is applicable only, if the installation is under disconnection for the entire billing month.

F) During the period of energy cut, the Consumer may get his demand entitlement lowered, but not below the percentage of energy entitlement, (For example, In case the energy entitlement is 40% and the demand entitlement is 80%, the re-fixation of demand entitlement cannot be lower than 40% of the CD). The benefit of lower demand entitlement will be given effect to from the meter reading date of the same month, if the option is exercised on or before 15th of the month. If the option is exercised on or after 16th of the month, the benefit will be given effect to from the next meter reading date. The Consumer shall register such option by paying processing fee of Rs.100/- at the Jurisdictional sub-division office.

(i) The billing demand in such cases, shall be the "Revised (Opted) Demand Entitlement" or, the recorded demand, whichever is higher. Such option for reduction of demand entitlement, is allowed only once during the entire span of that particular "Energy Cut Period". The Consumer, can however opt for a higher demand entitlement up to the level permissible under the demand cut notification, and the benefit will be given effect to from the next meter reading date. Once the Consumer opts for enhancement of demand, which has been reduced under Clause (F), 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, he will be entitled to a rebate as indicated below:

Supply Voltage: Rebate

A) 33/66 KV 2 Paise/unit of energy consumed
B) 110 KV 3 Paise/unit of energy consumed
C) 220 KV 5 Paise/unit of energy consumed

The above rebate will be allowed in respect of all the installations of the above voltage class, including the existing installations, and also for installations converted from 13.2 KV and below to 33 KV and above and also for installations converted from 33/66 KV to 110/220 KV, from the next meter reading date after conversion / service / date of notification of this Tariff order, as the case may be. The above rebate is applicable only on the normal energy consumed by the Consumer, including the consumption under ToD Tariff, and is not applicable on any other energy allotted and consumed, if any, viz.,

i) Wheeled Energy.
ii) Any energy, including the special energy allotted over and above normal entitlement.
iii) Energy drawal under special incentive scheme, if any.

The above rebate is not applicable for Railway Traction.

4. In respect of Residential Quarters/ Colonies availing Bulk power supply by tapping the main HT supply, the energy consumed by such Colony loads, metered at single point, shall be billed under HT-4 tariff schedule. No reduction in demand recorded in the main HT meter will be allowed.

5. Energy supplied may be utilized for all purposes associated with the working of the installations, such as, Office, Stores, Canteens, Yard Lighting, Water Supply and Advertisements within the premises.
6. Energy can also be used for construction, modification and expansion purposes within the premises.
7. Power supply under HT-4 tariff schedule may be used for Commercial and other purposes **inside the colony,** for installations such as Canteen, Club, Shop, Auditorium etc., provided, this load is less than 10% of the CD.
8. In respect of **Residential Apartments** availing HT Power supply under HT-4 tariff schedule, the supply availed for Commercial and other purposes like Shops, Hotels, etc., will be billed under appropriate tariff schedule, (Only Energy charges) duly deducting such consumption in the main HT supply bill. No reduction in the recorded demand of the main HT meter is allowed. Common areas shall be billed at Tariff applicable to that of the predominant Consumer category.
9. **Seasonal Industries**

a. The industries, which intend to utilize seasonal industry benefit, shall conform to the conditionalities under Para no. 25 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 75% of the contract demand or the recorded maximum demand during the month, whichever is higher, plus the energy charges
d. Monthly charges during the off season, shall be demand charges on the maximum demand recorded during the month, or 50% of the CD which ever is higher plus the energy charges.

TARIFF SCHEDULE HT 1

Applicable to Water Supply, Drainage / Sewerage water treatment plant and Sewerage Pumping installations, belonging to Karnataka Urban Water Supply and Sewerage Board, other local bodies, State and Central Government.

RATE SCHEDULE

Demand charges	Rs.180/kVA of billing demand/month
Energy charges	380 paise/unit

ToD Tariff at the option of the Consumer

Time of Day	Increase + / reduction (-) in energy charges over the normal tariff applicable
22.00 Hrs to 06.00 Hrs	(-) 125 paise per unit
06.00 Hrs to 18.00 Hrs	0
18.00 Hrs to 22.00 Hrs	+ 100 paise per unit

Note: Energy supplied to residential quarters availing bulk supply by the above category of Consumer, shall be metered separately at a single point, and the energy consumed shall be billed at HT-4 Tariff. No reduction in the demand recorded in the main HT meter will be allowed.

TARIFF SCHEDULE HT-2(a)

Applicable to Industries, Factories, Workshops, Research & Development Centres, Industrial Estates, Milk dairies, Rice Mills, Phova Mills, Roller Flour Mills, News Papers, Printing Press, Railway Workshops/KSRTC Workshops/ Depots, Crematoriums, Cold Storage, Ice & Ice-cream mfg. Units, Swimming Pools of local bodies, Water Supply Installations of KIADB and other industries, all Defence Establishments. Hatcheries, Poultry Farm, Museum, floriculture, Green House, Bio Technical Laboratory, Hybrid Seeds processing Units, Stone Crushers, Stone cutting, Bakery Product Manufacturing Units, Mysore Palace illumination, Film Studios, Dubbing Theatres, Processing, Printing, Developing and Recording Theaters, Tissue Culture, Aqua Culture, Prawn Culture, Information Technology Industries engaged in development of Hardware & Software 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, alsoRailway Traction,Effluent treatment plants and Drainage water treatment plants owned other than by the local bodies, LPG bottling plants, petroleum pipeline projects, Piggery farms, Analytical Lab. for analysis of ore metals, Saw Mills, Toy/wood industries, Satellite communication centers, and Mineral water processing plants / drinking water bottling plants.

RATE SCHEDULE

HT-2(a): Applicable to all areas of CESC

• **Demand charges**	Rs.170/kVA of billing demand/month
Energy charges	
For the first one lakh units	535 paise per unit
For the balance units	565 paise per unit
Railway Traction and Effluent Treatment Plants	
Demand charges	Rs.180/kVA of billing demand/month
Energy Charges	500 paise per unit for all the units

TARIFF SCHEDULE HT-2(b)

Applicable to Commercial Complexes, Cinemas, Hotels, Boarding & Lodging, Amusement Parks, Telephone Exchanges, Race Course, All Clubs, T.V. Station, All India Radio, Railway Stations, Air Port, KSRTC bus stations, All offices, Banks, Commercial Multi-storied buildings.

APMC Yards, Stadiums other than those maintained by Government and Local Bodies, Construction power for irrigation, Power Projects and Konkan Railway Project, Petrol / Diesel and Oil storage plants, Information Technology (IT) enabled services and I.T. based medical transcription centers.

RATE SCHEDULE

HT-2 (b): Applicable to all areas of CESC

Demand charges	Rs. 190 /kVA of billing demand/month
Energy charges	
For the first two lakh units	675 paise per unit
For the balance units	705 paise per unit

TARIFF SCHEDULE HT-2(c)

RATE SCHEDULE

HT-2 (c) (i)- Applicable to Government Hospitals and Hospitals run by Charitable Institutions and ESI hospitalsand Universities, Educational Institutions belonging to Government, Local bodies, Aided Institutions andHostels of all Educational Institutions.

Demand charges	Rs.170/kVA of billing demand/month
Energy charges	
For the first one lakh units	500 paise per unit
For the balance units	550 paise per unit

RATE SCHEDULE

HT-2 (c) (ii) - Applicable to Hospitals and Educational Institutions and Hostels of Educational Institutionsother than those covered under HT-2 (c)(i).

Demand charges	Rs.170/kVA of billing demand/month
Energy charges	
For the first one lakh units	600 paise per unit
For the balance units	650 paise per unit

Note: Applicable to HT-2 (a) , HT-2 (b) & HT-2(c) Tariff Schedule.

1. Energy supplied may be utilized for all purposes associated with the working of the installation such as offices, stores, canteens, yard lighting, water pumping and advertisement within the premises.
2. Energy can be used for construction, modification and expansion purposes within the premises.

ToD Tariff applicable to HT 2(a).HT2(b) and HT2(c) category.

Time of Day	Increase + / reduction (-) in energy charges over the normal tariff applicable
22.00 Hrs to 06.00 Hrs	(-) 125 paise per unit
06.00 Hrs to 18.00 Hrs	0
18.00 Hrs to 22.00 Hrs	+ 100 paise per unit

TARIFF SCHEDULE HT-3 (a)

Applicable to Lift irrigation Schemes/ Lift irrigation societies,

RATE SCHEDULE

HT-3 (a)(i): Applicable to LI schemes under Govt Departments/ Govt owned Corporations

Energy charges/ Minimum Charges	**150 paise** per unit subject to an annual minimum of **Rs.1000** per HP/Annum

HT-3(a)(ii): Applicable to Private LI schemes and Lift Irrigation societies: Connected to Urban/Express feeders

Fixed Charges	Rs.30 /HP/PM of sanctioned load
Energy charges	110 paise/unit

HT-3(a)(iii): Applicable to Private LI schemes and Lift Irrigation societies other than those covered under HT-3 (a)(ii)

Fixed Charges	Rs.10 /HP/PM of sanctioned load
Energy charges	110 paise/unit

TARIFF SCHEDULE HT-3 (b)

HT-3 (b): Applicable to Irrigation and Agricultural Farms, Government Horticultural Farms, Private Horticulture nurseries, Coffee, Tea, Rubber, Coconut & Arecanut Plantations.

RATE SCHEDULE

Energy charges / Minimum Charges	**320 Ps. Per unit** subject to an annual minimum of **Rs.1000/- per HP** of sanctioned load.

Note: These installations are to be billed on quarter yearly basis.

TARIFF SCHEDULE HT-4

Applicable to Residential apartments and colonies (whether situated outside or inside the premises of the main HT Installation) availing power supply independently or by tapping the main H.T. line. Power supply can be used for residences, theatres, shopping facility, club, hospital, guest house, yard/street lighting, canteen located within the colony. Also applicable to Hospitals, dispensaries, Health Centres run by State/Central Govt. & Local bodies, Ashrams.

RATE SCHEDULE

Applicable to all areas

Demand charges	Rs.100/- per kVA of billing demand
Energy charges	490 paise/unit

NOTE: (1) In respect of residential colonies availing power supply by tapping the main H.T. supply,the energy consumed by such colony loads metered at a single point, is to be billed at the above energy rate. No reduction in the recorded demand of the main H.T. supply is allowed.

(2) Energy under this tariff may be used for commercial and other purposes inside the colonies for installations such as, Canteens, Clubs, Shops, Auditorium etc., provided, this commercial load is less than 10% of the Contract demand.

(3) In respect of Residential Apartments, availing HT Power supply under HT-4 tariff schedule, the supply availed for Commercial and other purposes like Shops, Hotels, etc., will be billed under appropriate tariff schedule (Only Energy charges), duly deducting such consumption in the main HT supply bill. No reduction in the recorded demand of the main HT meter is allowed. Common areas shall be billed at Tariff applicable to the predominant Consumer category.

TARIFF SCHEDULE HT-5

Tariff applicable to 67 HP and above 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.

RATE SCHEDULE – HT - 5

67 HP and above:	
Fixed charges / Demand Charges	Rs.210/HP/month for the entire sanction load / contract demand
Energy Charge	850 paise / unit

Note:

1. Temporary power supply with or without extension of distribution main shall be **arranged through a pre–paid energy meter** duly observing the provisions of Clause 12 of the Conditions of Supply of Electricity of the Distribution Licensees in the State of Karnataka.
2. This Tariff is also applicable to touring cinemas having licence for duration less than one year.
3. All the conditions regarding temporary power supply as stipulated in Clause 12 the Conditions of Supply of Electricity of the Distribution Licensees in the State of Karnataka shall be complied with before service.

ELECTRICITY TARIFF-2014

PART-II

LOW TENSION SUPPLY
(400 Volts Three Phase and
230Volts Single Phase Supply)

ELECTRICITY TARIFF - 2014

PART-II

LOW TENSION SUPPLY
(400 Volts Three Phase and
230Volts Single Phase Supply)

CONDITIONS APPLICABLE TO BILLING OF LT INSTALLATIONS:

1. In 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, which ever is higher. If the Maximum Demand recorded is more than the sanctioned load, penal charges at two timesthe 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 equipments, in a premises having permanent power supply, such equipments 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, (ie, Where bulk LT supply is availed), the billing for energy shall be done at the slab rate for energy charges matching the consumption obtained by dividing the bulk consumption by number of houses. In addition, fixed charges for the entire sanctioned load shall be charged as per Tariff schedule.
7. A rebate of 25 Paise per unit will be given for the House/ School/Hostels meant for Handicapped, Aged, Destitute and Orphans, Rehabilitation Centres under Tariff schedule LT 2(a).
8. **SOLAR REBATE:** A rebate of 50 Paise per unit of electricity consumed subject to a maximum of Rs. 50/- per installation per month will be allowed to Tariff schedule LT 2(a), if solar water heaters are installed and used. Where Bulk Solar Water Heater System is installed, Solar Water Heater rebate shall be allowed to each of the individual installations, provided that, the capacity of Solar Water Heater in such apartment / group housing shall be a minimum capacity of 100 Ltr. per household.
9. A rebate of 20% on fixed charges and energy charges will be allowed in the monthly bill in respect of public Telephone booths having STD/ISD/ FAX facility run by handicapped 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 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.60/-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. 60/-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, Diary 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, 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 alternate 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 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, which ever 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 premises of Commercial / Industrial Units respectively.
23. Fluorescent 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 who intend to utilize seasonal industry benefit, shall comply with the conditionalities under Para no. 25 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 50% of the fixed charges.

TARIFF SCHEDULE LT-1

LT-1: Applicable to installations serviced under Bhagyajyothi and Kutirajyothi (BJ/KJ) schemes.

RATE SCHEDULE

Energy charges (including recovery towards service main charges)	Nil* Fully subsidized by the GOK

Commission Determined Tariff for the above category i.e., LT-1 is Rs.4.86 per unit.

***Since GOK is meeting the full cost of supply to BJ / KJ, the Tariff payable by these Consumers is shown as Nil. However, if the GOK does not release the subsidy in advance, a Tariff of Rs.4.86 paise per unit subject to monthly minimum of Rs. 30/- per Installation per month shall be demanded and collected from these Consumers.**

Note: If the consumption exceeds 18 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)

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.

Also applicable to the installations of (i) Hospitals, Dispensaries, Health Centers run by State/Central Govt. and local bodies. (ii) Houses, schools and Hostels meant for handicapped, aged destitute and orphans (iii) Rehabilitation Centres run by charitable institutions, AIDS and drug addicts Rehabilitation Centres (iv) Railway staff Quarters with single meter(v) fire service stations.

It is also applicable to the installations of (a) Temples, Mosques, Churches, Gurudwaras, Ashrams, Mutts and religious/Charitable institutions (b) Hospitals, Dispensaries and Health Centres run by Charitable institutions including X-ray units (c) Jails and Prisons (d) Schools, Colleges, Educational institutions run by State/Central Govt.,/Local Bodies (e) Seminaries (f) **Hostels run by the Government, Educational Institutions, Cultural, Scientific and Charitable Institutions** (g) Guest Houses/Travelers Bungalows run in Government buildings or by State/Central Govt./Religious/Charitable institutions (h) Public libraries (i) Silk rearing (j) Museums (k) Installations of Historical Monuments of Archeology Departments(l) Public Telephone Booths without STD/ISD/FAX facility run by handicapped people (m) Sulabh / NirmalSouchalayas (n) Viswa Sheds having Lighting Loads only.

RATE SCHEDULE

LT 2 (a) (i): Applicable to areas coming under City Municipal Corporations and all areas under Urban Local Bodies

Fixed charges per month	For the first KW	Rs.25/- per KW
	For every additional KW	Rs.35/- per KW
Energy charges	For 0 - 30 units **(Lifeline consumption)**	250 Ps/unit
	31 to 100 units	370Ps /unit
	101 to 200 units	485Ps/unit
	Above 200 units	585 Ps/unit

LT-2(a)(ii): Applicable to Areas under Village Panchayats

Fixed charges per month	For the first KW	Rs.15/- per KW
	For every additional KW	Rs.25/- per KW
Energy charges	For 0 - 30 units **(Lifeline consumption)**	240 Ps/unit
	31 to 100 units	340 Ps /unit
	101 to 200 units	455 Ps/unit
	Above 200 units	535 Ps/unit

TARIFF SCHEDULE LT-2(b)

Applicable to the installations of Private Professional and other Private Educational Institutions including aided, unaided institutions, Nursing Homes and Private Hospitals having only lighting or combined lighting & heating, and motive power.

RATE SCHEDULE

LT 2 (b) (i): Applicable to all areas coming under Urban Local Bodies including City Corporations

Fixed charges	Rs.35 Per KW subject to a minimum of Rs.65 PM	
Energy charges	0 to 200 units	570 Ps/unit
	Above 200 units	670 Ps/unit

LT-2(b)(ii): Applicable in Areas under Village Panchayats

Fixed charges	Rs.25 Per KW subject to a minimum of Rs.50 PM	
Energy charges	0 to 200 units	520 Ps/unit
	Above 200 units	620 Ps/unit

Note: Applicable to LT-2 (a), LT-2 (b) Tariff Schedules.

1 A rebate of 25 Ps. Per unit shall be given for installation of a house/ School/ Hostels meant for Handicapped, Aged, Destitute and Orphans, Rehabilitation Centres run by Charitable Institutions.

2 (a) Use of power within the Consumer's premises for temporary purposes for bonafide use is permitted subject to the condition that, the total load of the installation on the system does not exceed the sanctioned load.

(b) Where it is intended to use floor polishing and such other portable equipment temporarily, in the premises having permanent supply, such equipment shall be provided with an earth leakage circuit breaker of adequate capacity.

3 The laboratory installations in educational institutions are allowed to install connected machinery up to 4 times the sanctioned load. The fixed charges shall however be on the basis of sanctioned load.

4. Besides lighting and heating, Electricity supply under this schedule can be used for fans, Televisions, Radios, Refrigerators and other house-hold appliances including domestic water pump and air conditioners, provided, they are under single meter connection. If a separate meter is provided for Air conditioner Load, the consumption shall be under commercial tariff till it is merged with the main meter.

5. **SOLAR REBATE:** A rebate of 50 Paise per unit of electricity consumed to a maximum of Rs.50/- per installation per month will be allowed to Tariff schedule LT 2(a), if solar water heaters are installed and used. Where Bulk Solar Water Heater System is installed, Solar Water Heater rebate shall be allowed to each of the individual installations, provided that, the capacity of Solar Water Heater in such apartment / group housing shall be a minimum capacity of 100 Ltr, per household.

TARIFF SCHEDULE LT-3

Applicable to **Commercial Lighting, Heating and Motive Power** installations of Clinics, Diagnostic Centers, X Ray units, Shops, Stores, Hotels/Restaurants/Boarding and Lodging Homes, Bars, Private guest Houses, Mess, Clubs, KalyanMantaps / 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, Xerox Copiers, Railway Installation excepting Railway workshop, KSRTC Bus Stations excepting Workshop, All offices, Police Stations, Commercial Complexes, Lifts of Commercial Complexes, Battery Charging units, Tyre Vulcanizing Centres, Post Offices, Bakery shops, Tailoring Shops, Beauty Parlours, Stadiums other than those maintained by

Govt. and Local Bodies. It is also applicable to water supply pumps and street lights not covered under LT 6, Cyber cafés, Internet surfing cafés, Call centers, Information Technology (IT) enabled services, I.T. based medical transcription centers, **Private Hostels not covered under LT -2 (a), Paying guests accommodation provided in an independent / exclusive premises.**

RATE SCHEDULE

LT-3 (i): Applicable in areas under all urban local bodies including City Municipal Corporations.

Fixed charges	Rs. 40 per KW	
Energy charges	For 0 - 50 units	645 Ps /unit
	Above 50 units	745 Ps /unit

Demand based tariff (optional) where sanctioned load is above 5 KW but below 50 KW	
Fixed charges	Rs. 55 per KW
Energy charges	As above

RATE SCHEDULE

LT-3 (ii): Applicable in Areas under Village Panchayats

Fixed charges	Rs. 30 per KW	
Energy charges	For 0 - 50 units	595 Ps /unit
	Above 50 units	695 Ps /unit

Demand based tariff (optional) where sanctioned load is above 5 KW but below 50 KW	
Fixed charges	Rs. 45 per KW
Energy charges	As above

Note: 1. Besides Lighting, Heating and Motive power, Electricity supply under this Tariff can also be used for Yard lighting/ air Conditioning/water supply in the premises.

2. The semi permanent Cinemas should have semi Permanent Structure with permanent wiring and licence for a duration of not less than one year.
3. Touring Cinemas having an outfit comprising Cinema apparatus and accessories taken from place to place for exhibition of cinematography film and also outdoor shooting units shall be billed under LT- 7 Tariff.
4. A rebate of 20% on fixed charges and energy charges shall be allowed in the monthly bill in respect of telephone Booths having STD / ISD/FAX facility run **by handicapped people.**
5. **Demand based Tariff at the option of the Consumer can be adopted as per Para 1 of the conditions applicable to LT installations.**

TARIFF SCHEDULE LT-4 (a), LT-4 (b) & LT-4(c)

Applicable to (a) Agricultural Pump Sets including Sprinklers (b) Pump sets used in (i) Nurseries of forest and Horticultural Departments (ii) Grass Farms and Gardens (iii) Plantations other than Coffee, Tea, Rubber and Private Horticulture Nurseries

TARIFF SCHEDULE LT-4 (a)

Applicable to I.P. Sets Up to and inclusive of 10 HP

RATE SCHEDULE

Fixed charges	Free
Energy charges	

Commission Determined Tariff (CDT) for LT4 (a) category is 368 Paise per unit. In case the GOK does not release the subsidy in advance in the manner specified by the Commission in K.E.R.C. (Manner of Payment of subsidy) Regulations, 2008, CDT of 368 Paise per unit shall be demanded and collected from these Consumers.

Note: This Tariff is applicable for Coconut and Areca nut plantations also.

TARIFF SCHEDULE LT-4 (b):

Applicable to IP sets above 10 HP

RATE SCHEDULE

Fixed charges	Rs.30 per HP per month.
Energy charges	175 paise per unit

TARIFF SCHEDULE LT-4 (c) (i):

Applicable to Private Horticultural Nurseries, Coffee, Tea and Rubber plantations of sanctioned load up to and inclusive of 10 HP.

RATE SCHEDULE

Fixed charges	Rs.20 per HP per month.
Energy charges	175 paise per unit

TARIFF SCHEDULE LT-4 (c)(ii):

Applicable to Private Horticultural Nurseries, Coffee , Tea and Rubber plantations of sanctioned load above 10 HP.

RATE SCHEDULE

Fixed charges	Rs.30 per HP per month.
Energy charges	175 paise per unit

Note:

1) The energy supplied under this tariff shall be used by the Consumers only for Pumping water to irrigate their own land as stated in the I.P. Set application / water right certificate and for bonafide agriculture use. Otherwise, such installations shall be billed under the appropriate Tariff (LT-3/ LT-5) based on the recorded consumption if available, or on the consumption computed as per the Table given under Clause 42.06 of the Conditions of Supply of Electricity of the Distribution Licensees in the State of Karnataka.

2) The motor of IP set installations **can be used with an alternative drive for other agricultural operations like sugar cane crusher, coffee pulping, 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 alternate 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, Diary farms and fish farms maintained by the Consumer in addition to agriculture.

5) Billing shall be made at least once in a quarter year for all IP sets.

6) A rebate of 2 paise per unit will be allowed if capacitors are installed as per Clause 23 of Conditions of Supply of Electricity of the Distribution Licensees in the State of Karnataka in respect of all metered IP Set Installations.

7) Only fixed charges as in Tariff Schedule for Metered IP Set Installations shall be collected during the disconnection period of IP Sets under LT 4(a), LT 4(b) and LT 4(c) categories irrespective of whether the IP Sets are provided with Meters or not.

TARIFF SCHEDULE LT-5

Applicable to **Heating & Motive power (including lighting)** installations of industrial Units, Workshops, Poultry Farms, Sugarcane Crushers, Coffee Pulping, Cardamom drying, Mushroom raising installations, Flour, Huller & Rice Mills, Wet Grinders, Milk dairies, Dry Cleaners and Laundries having washing, Drying, Ironing etc., Bulk Ice Cream and Ice manufacturing Units, Coffee Roasting and Grinding Works, Cold Storage Plants, Bakery Product Mfg. Units, KSRTC workshops/Depots, Railway workshops, Drug manufacturing units and Testing laboratories, Printing Presses, Garment manufacturing units, Bulk Milk vending Booths, Swimming Pools of local Bodies, Tyre retreading units, Stone crushers, Stone cutting, Chilly Grinders, Phova Mills, pulverizing Mills, Decorticators, Iron & Red-Oxide crushing units, crematoriums, hatcheries, Tissue culture, Saw Mills, Toy/wood industries, Viswa Sheds with mixed load sanctioned under Viswa Scheme, Cinematic activities such as Processing, Printing, Developing, Recording theatres, Dubbing Theatres and film studios, Agarbathi manufacturing unit., Water supply installations of KIADB & industrial units, Gem & Diamond cutting Units, Floriculture, Green House, Biotech Labs., Hybrid seed processing units. Information Technology industries engaged in development of hardware & Software as certified by the IT & BT Department of GOK/GOI, Silk filature units, Aqua Culture, Prawn Culture, Brick manufacturing units, Silk / Cotton colour dying, Stadiums maintained by Govt. and local bodies, Fire service stations, Gold / Silver ornament manufacturing units, Effluent treatment plants, Drainage water treatment plants, LPG bottling plants and petroleum pipeline projects, Piggery farms, Analytical Lab. for analysis of ore metals, Satellite communication centers, Mineral water processing plants / drinking water bottling plants and soda fountain units.

RATE SCHEDULE

LT 5 Applicable to all the areas of CESC

i. Fixed charges

Fixed charges	i) Rs. 25 per HP for 5 HP & below ii) Rs. 30 per HP for above 5 HP & below 40 HP iii) Rs. 35 per HP for 40 HP & above but below 67 HP iv)Rs. 100 per HP for 67 HP & above

ii. Demand based Tariff (optional)

Fixed charges	Above 5 HP and less than 40 HP	Rs. 45 per KW of billing demand
	40 HP and above but less than 67 HP	Rs. 60 per KW of billing demand
	67 HP and above	Rs. 150 per KW of billing demand

iii. Energy Charges

0 to 500 units	425 Ps/unit
501 to 1000 units	495 Ps/unit
Above 1000 units	525 Ps/unit

ToD Tariff applicable to LT-5:At the option of the Consumer

Time of Day	Increase+ / reduction (-) in energy charges over the normal tariff applicable
22.00 Hrs to 06.00 Hrs	(-) 125 paise per unit
06.00 Hrs to 18.00 Hrs	0
18.00 Hrs to 22.00 Hrs	+ 100 paise per unit

NOTE:

1. DEMAND BASED TARIFF

In the case of LT Industrial Consumers, **Demand based Tariff** at the option of the Consumer can be adopted. The Consumer is permitted to have more connected load than the sanctioned load. The billing demand will be the sanctioned load or Maximum Demand recorded in the Tri-Vector Meter during the month which ever is higher. If the Maximum Demand recorded is more than the sanctioned load, penal charges at two times the normal rate shall apply.

2. Seasonal Industries: The industries which intend to utilize seasonal industry benefit shall comply with the conditionalities under para no. 26 of general terms and conditions applicable to LT.

3. Electricity can also be used for lighting, heating, and air-conditioning in the premises.

4. In the case of welding transformers, the connected load shall be taken as (a) Half the maximum capacity in KVA as per the name plate specified under-IS1851 or (b) Half the maximum capacity in KVA as recorded during rating by the Licensee, whichever is higher.

TARIFF SCHEDULE LT-6

Applicable to water supply and sewerage pumping installations**and also Applicable to Public Street lights/Park lights** of village Panchayat, Town Panchayat, Town Municipalities, City Municipalities / Corporations / State and Central Govt. / APMC, Traffic signals, subways, water fountains of local bodies. Also applicable to Streetlights of residential Campus of universities, other educational institutions, housing colonies approved by local bodies/development authority, religious institutions, organizations run on charitable basis, industrial area / estate and notified areas,also Applicable to water supply installations in residential Layouts, Street lights along with signal lights and associated load of the gateman hut provided at the Railway level crossing.

RATE SCHEDULE

Water Supply- LT-6 (a)	
Fixed charges	Rs. 35/HP/month
Energy charges	320 Ps/unit
Public lighting- LT-6 (b)	
Fixed charges	Rs. 50/KW/month
Energy charges	445 Ps/unit

TARIFF SCHEDULE LT-7

Applicable to Hoardings& Advertisement boards, Bus Shelters with Advertising Boards, Private Advertising Posts / Sign boards in the interest of Public such as Police Canopy Directionboards, and other sign boards sponsored by the Private Advertising Agencies.Temporary Power Supply of all categories

RATE SCHEDULE

Less than 67 HP:	Energy charge at 850 Ps/unit, subject to a weekly minimum of Rs. 160 per KW of the sanctioned load.

Note:

1. Temporary power supply with or without extension of distribution main shall be **arranged through a pre–paid energy meter** duly observing the provisions of Clause 12 of the Conditions of Supply of Electricity of the Distribution Licensees in the State of Karnataka.
2. This Tariff is also applicable to touring cinemas having 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.

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